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2011
SUSTAINABILITY
REPORT

Sustainability

Tradition and Commitment

The Company

ALFA comprises five business groups: Alpek (petrochemicals), Nemak (high-tech aluminum auto components), Sigma (refrigerated food), Alestra (information technologies and telecommunications), and Newpek (natural gas and hydrocarbons).

ALFA is the world's leading manufacturer of aluminum engine heads and blocks, and one of the world's largest producers of PTA and PET. In addition, it leads the Mexican market in petrochemicals such as polypropylene, EPS and caprolactam. It is leader in the North American processed meats market, as well as in value-added telecom services for the enterprise segment in Mexico.

In 2011, ALFA reported revenues of Ps. 182,763 million (U.S. \$14.7 billion), and EBITDA of Ps. \$21,166 million (U.S. \$1.7 billion). Currently, ALFA has manufacturing operations in 17 countries and employs 57,000 people. ALFA's shares are quoted on the Mexican Stock Exchange and on Latibex, the market for Latin American shares of the Madrid Stock Exchange.

Profile

ALFA, S.A.B. de C.V. was founded in Monterrey, Mexico in 1974, when a group of entrepreneurs decided to integrate their interests in various businesses in a single company. However, ALFA origins go back to the ending of the XIX century, when the first industries were established in the north of Mexico. Its headquarters are located in Gómez Morín 1111 sur, Col. Carrizalejo, San Pedro, Garza García, N.L., Mexico.

ALFA is a Mexican public company, and consequently its articles of associations are enshrined to the Mexican laws and regulations governing the Mexican securities market.

MARKETS SERVED

ALFA products serve the following industries: foods and beverages, automotive, packaging, textiles, construction, furniture, telecommunications and energy, mainly. Its principal markets are located in Mexico, U.S., Germany and Brazil.

Inside Front Flap

Contents	
	The Company
01	2011 Highlights
02	ALFA, Presence and Business
04	Corporate Structure
05	2011 Financial Highlights
06	Message from the Chairman of the Board and the President
08	Our Vision of Sustainability
12	ALFA's Philosophy
13	Corporate Governance and Business Ethics
16	Our Employees
24	Our Communities
34	Our Environment
42	Sustainability without Borders
44	About this Report
46	Principles of the United Nations Global Compact
47	Certifications and Awards
49	GRI Index

2011 Highlights

12

plants established records for one or more years without lost-time injuries.

1.86 million

man-hours of training for employees in 3,545 courses.

More than 110

education, health and social assistance institutions supported.

293,000

people visited the ALFA Planetarium, including 82,000 scholars.

4.4x10⁶GJ

in energy savings, 7% more than in 2010.

Avoided emissions of

8.9 million

tonnes of CO₂ thanks to the energy saving and recycling programs.

Over the past 11 years, CO₂ emissions have been

reduced by **34%** even though production grew by 75%.



GRI 2.2, 2.3, 2.5, 2.8

ALFA, Presence and Businesses



One of the world's largest producers of PTA and PET. It is the only producer of polypropylene in Mexico. It operates the largest expandable polystyrene site in America.

- **Main products:** PTA, PET, polypropylene, EPS, caprolactam, ammonium sulphate, urethanes, glycols, polyester fibers and nylon polymer.
- **Main brands:** Laser, Melinar, Hydropur Fibers, Delcron, Dacron, Styropor, Hydrotec, Profax, Valtec, IntegRex y Mel-Tek.
- **Plants:** 20 in 3 countries.
- **Capacity:** 6.5 million tonnes per year.
- **Employees:** 4,502.



The world's leading manufacturer of high-tech aluminum auto components.

- **Main products:** Aluminum heads and blocks for gas and diesel engines, and transmission parts.
- **Plants:** 28 in 13 countries.
- **Capacity:** 43 equivalent heads per year.
- **Employees:** 18,004.

For more information on Nemak, please visit: <http://www.nemak.com>



The leader company of the processed meats market in North America and of cheese market in Mexico.

- **Main products:** Processed meats, cheese, yogurt and prepared meals.
- **Main brands:** FUD, San Rafael, Chimec, Bar-S, Iberomex, Tangamanga, San Antonio, Zar, Chen, Braedt, La Villita, Chalet, Yoplait, Guten, Sosúa, Checo and Norteña.
- **Plants:** 34 and 135 distribution centers in 9 countries.
- **Capacity:** 1.25 million tonnes per year.
- **Employees:** 29,226.

For more information on Sigma, please visit:
<http://www.sigma-alimentos.com>



A leading company in the information technology and telecommunication services for the enterprise segment in Mexico.

- **Main services:** Data Transmission, Data Center Hosting, Services In the Cloud, Information Security, Managed Services, Consulting, Vertical Applications for specific industries, among others.
- **Main brands:** Alestra and Master Net.
- **Presence:** 200 cities in Mexico.
- **Employees:** 1,669.

For more information on Alestra, please visit:
<http://www.alestra.com.mx>



Company in start-up phase dedicated to the exploration and exploitation of natural gas and hydrocarbon resources.

- **Main products:** Natural gas and hydrocarbons.

GRI 2.3

ALFA Corporate Structure

The company has four staff areas:

- Development
- Legal and Corporate Affairs
- Finance
- Human Capital

04
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*ALFA's ownership percentage

GRI 3.8

ALFA'S JOINT VENTURES WITH INTERNATIONAL COMPANIES			
SUBSIDIARY	ALFA SHARE	PARTNER	SHARE
Poliolos	51%	BASF	49%
Indelpro	51%	Basell	49%
Temex	91.5%	BP	8.5%
Nemak	92.5%	Ford	7.5%
Terza	51%	Shaw Industries	49%

GRI EC4

In 2011, ALFA did not receive any kind of financial support from governments, except for minor tax incentives for technology development projects. It is important to point out that ALFA has no joint shareholding agreements with any government whatsoever.

2011 Financial Highlights

FINANCIAL HIGHLIGHTS

	2010	2011
Net Sales (U.S. \$ million)	10,733	14,728
Operating Income (U.S. \$ million)	850	1,195
Share Value (Mexican pesos)	124.40	152.00
Majority Net Income (U.S. \$ million)	392	429
EBITDA (U.S. \$ million) ⁽¹⁾	1,260	1,706
Direct Economic Value (U.S. \$ million) ⁽²⁾	10,794	14,740
Distributed Economic Value (U.S. \$ million) ⁽³⁾	10,146	13,608
Retained Economic Value (U.S. \$ million) ⁽⁴⁾	648	1,132

⁽¹⁾ EBITDA = Operating income + depreciation and amortization.

⁽²⁾ DEVC = Net sales + financial income + sales of assets.

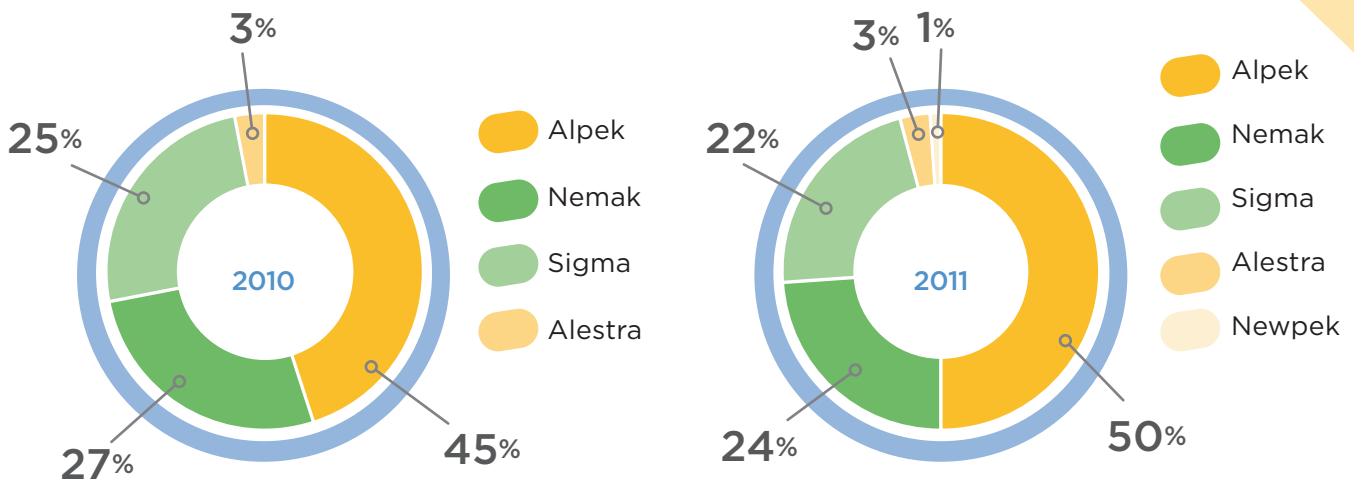
⁽³⁾ DEV = Sales costs + salaries + social benefits to employees + other expenses + taxes payments + dividends + interests payments + investments in the community.

⁽⁴⁾ REV = Direct economic value - distributed economic value.

NUMBERS

Direct jobs	57,000
CAPEX	U.S. \$1,365 million
Taxes Paid	U.S. \$390 million
Payments to Suppliers	U.S. \$306 million
Total Assets	U.S. \$9,912 million

REVENUE CONTRIBUTION



*In 2011 Newpek was consolidated as a new Alpek independent company.

Message from the Chairman of the Board and the President

06
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ARMANDO GARZA SADA
Chairman of the Board

We are delighted to present our eighth Sustainability Report, the second under the Global Reporting Initiative (GRI G3) methodology. This document is a summary of the most relevant actions, advances and initiatives carried out in 2011, over the three axis on which we have been working since 1974: our employees, community and environment.

In line with a tradition that extends for 37 years, in 2011 we continued to fulfill our commitment to generate economic value, and at the same time, contributing to our employees and our host communities development.

We put this commitment into practice through four fronts:

- Operating our companies based



ALVARO FERNANDEZ GARZA
President

on efficiency and productivity criteria, to meet a suitable performance for our shareholders' investments.

- Providing our employees with worthy and competitively paid jobs, as well as a safe, healthy, participatory and inclusive working environment.
- Enhancing education at all levels, especially on the least fortunate communities.
- Running our facilities with responsibility, in order to minimize the impact of their processes on the environment.

In 2011 we achieved important goals, which are detailed in this report. In short, we worked on industrial safety, development and training of our employees and implemented actions to

contribute to their good health through education and active life campaigns. Unfortunately, this year there was a slight increase in our accidents and frequency rates, which encourages us to continue improving on this topic. In our involvement with the community, we provided support to educational institutions at all levels, refocusing our Foundation mission and extending its coverage. Regarding the environment, we continued to strive improving on our operative performance, reduce energy consumption and emissions, and to increase the use of recycled raw materials.

We are also working on enhancing the transparency of our actions on sustainability matters. In recognition to this, our company's shares were included in the new Sustainability Index of the Mexican Stock Exchange, which includes the listed Mexican companies with the best practices on sustainability and transparency.

From a financial and operative standpoint, in 2011 we

achieved very favorable results. We increased our revenues and EBITDA. In addition, we continued to expand our businesses, both through acquisitions as well as direct investments on fixed assets. These actions allowed us to strengthen our leadership position in the relevant markets. Our achievements this year are even more commendable if we take into account the difficult business environment, particularly on the second half of the year, and are due mainly to the effort and commitment of our employees to the company. The constant change on the conditions beyond our control that affect us directly, such as climate change or stricter demands of international standards, have been a driver to keep us working harder. Under this focus, in 2011 we acquired three PET and PTA plants in the U.S., we built an auto component facility in India, and bought AT&T's 49% share in Alestra in Mexico. In addition, we accelerated the growth of our natural gas and hydrocarbons business.

 **We believe that to operate with a focus on sustainable development, is an essential requirement to achieve profitable growth”.**

We know that constant innovation faces challenges, and for ALFA, environmental ones are the most outstanding. First, we face the optimum handling of energy and reduction of emissions resulting from our operations, in which we have been working on since 2006. Second is the use of recycled materials, which is increased year after year.

We believe that to operate with a focus on sustainable development, is an essential requirement to achieve profitable growth. To

continue improving our performance on this matter, we created in 2011 a corporate office in charge of such topic. The target in the short and medium term of the new Vice-Presidency of Innovation and Sustainability, is to establish a sustainable strategy at ALFA, for all business units, to make all of our plants and processes meet international standards. With this, we strive to turn ALFA's business model into a more sustainable one in the long term.

We are convinced that the investment on social responsibility produces benefits for the community, and consequently, for ALFA. Moreover we will identify the business opportunities that are generated from working under a socially responsible approach.

In 2012, we will continue to increase our efforts on the sustainability area. That is our tradition and commitment.

San Pedro Garza García, N.L., México, January 31st, 2012.

ARMANDO GARZA SADA
Chairman of the Board

ALVARO FERNANDEZ GARZA
President

Our Vision of Sustainability

ALFA has maintained a great tradition in the sustainability area, which goes back to the companies from those it emerged, pioneers in Mexico in providing health services, training and saving plans for their employees. To date, this philosophy remains as the foundation for the company growth.

For ALFA, to execute its operations under a sustainable development scheme is one of the main factors for business success. Through such actions, it seeks a balance between productive, social and environmental elements. In addition to generate economic value, ALFA seeks to promote its employees and communities' development and welfare, as well as to operate in harmony with nature.

For the company, sustainability comes from generating good economic results, in order to meet its employees, shareholders, customers, suppliers, communities and authorities' needs, while operating with a profound respect for the environment.

The most significant impacts on sustainability matters that ALFA currently faces are those related to industrial safety (impact on its employees), emissions on air and ground (community) and product life-cycle (community and environment).

To counteract this, ALFA is strengthening its lost-time accidents rate programs, reducing water and carbon footprints derived from its processes and increasing plastics and aluminum recycling, as well as the energy efficiency projects and the manufacturing

of even more sustainable products. The company achieved an important improvement on these topics throughout 2011.

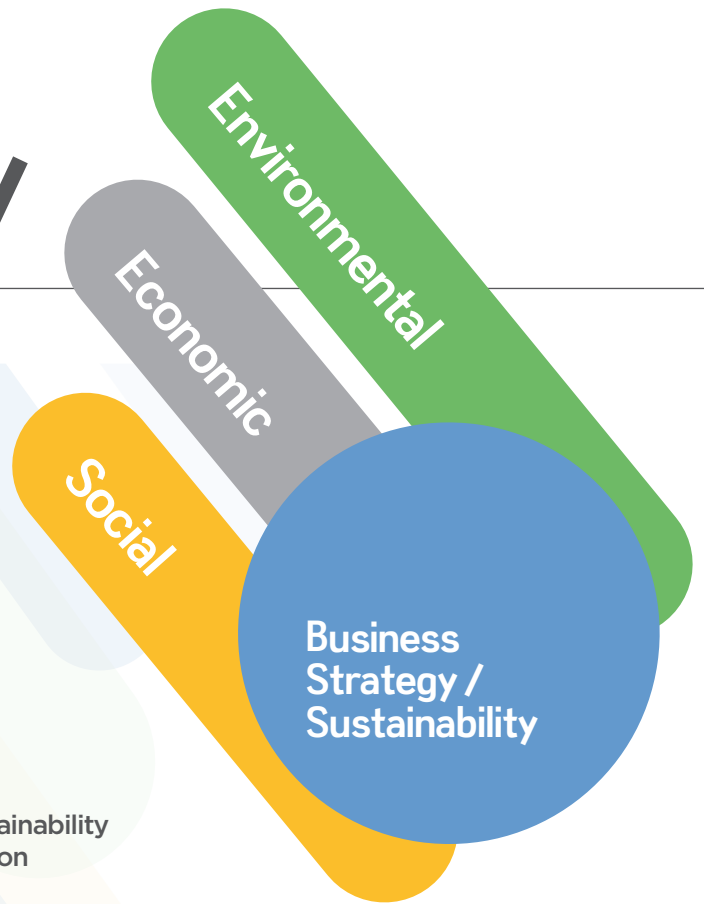
In addition, it seeks to leverage on the opportunities resulting from the current business and environment atmosphere, such as continue to optimize energy, water and raw materials consumption, as well as sharing sustainability projects among its companies.

From a financial standpoint, ALFA also faces other challenges, such as some of its business-

es cyclical nature, their margins volatility, and the risk of lower availability and/or greater costs on raw materials.

To counteract this, ALFA has established a strategy for continuous growth on relevant markets. It focuses on less cyclic industries to boost products and value added services development, to reach a greater geographical diversification and seek for global supply sources.

ALFA is a company truly committed with the innovation and development of sustainable



Our efforts on sustainability matters are based on three pillars:

- **ECONOMIC WELFARE**

Attractive business performance, growth and development opportunities for employees.

- **COMMUNITY**

Company's impact and proactive involvement in community projects.

- **ENVIRONMENT**

Emissions reduction, energy and water consumption per tonne.



products: in Alpek, by producing lighter and more resistant plastics; Nemak, by manufacturing autocomponents that help its customers build more energy efficient cars; Sigma, with healthier foods and lighter packages; Alestra, providing services that improve communication and information management;

and Newpek, by exploring and exploiting new energy sources.

Year after year, ALFA increases its efforts on sustainability matters, supported by a greater supervision from the Board, a regular evaluation of the business strategy and adapting to new circumstances, as well as the issuance

and review of policies aligned to its strategy and sustainability programs. All this is carried out always complying with local and international standards and laws to benefit and fulfill ALFA's stakeholders expectations.

Throughout 2011, ALFA worked on the establishment of the Innovation and Sustainability Vice-Presidency on a corporate level, which target is to generate guidelines and goals under a joint sustainability vision applied to each business unit, which, because of their nature, have been separately committed to different causes on their own. Even so, they all share ALFA's social vision and converge on the same results.

The main goal of this unified model is to turn ALFA into a company with an Integral Environmental Care program and replicate this action in every business unit. It expects to have the first tangible outcomes throughout 2012.

GRI 4.14, 4.15, 4.16

Stakeholders

ALFA promotes a relationship of trust with all its stakeholders, convinced that is the only way to foster revival development.

In 2011, ALFA launched the Sustainability Committee with the participation of representatives of all business units.

Also, in 2010 ALFA carried out a process of redefinition of its Mission, Vision and Values. The review of every business unit's stakeholders and those generic for the whole group was also made and approved, resulting in the shown graphic as the official ones, in alignment to the new business dynamic and times.



The Sustainability Committee meets at least twice a year to review results, dialogue, communication and accountability with

stakeholders to develop plans and strategies for implementation on the short, medium and long term.

Communication and Dialogue

ALFA promotes aperture and transparency towards those organizations and authorities it interacts with. The information and

feedback that ALFA receives from any of its stakeholders, allows it to detect new opportunity areas to improve its performance. To facili-

tate this communication, several channels exists:

10
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COMMUNICATION AND DIALOGUE						
	SHAREHOLDERS	CUSTOMERS	EMPLOYEES	SUPPLIERS	COMMUNITIES	PERIODICITY
The Annual Shareholder's meeting	✓					ANNUAL
Investors Relations	✓					PERMANENT
Transparency Mailbox	✓	✓	✓	✓	✓	PERMANENT
Dialogue with Neighbors		✓			✓	PERMANENT
Working Environment			✓			ANNUAL
Focus Groups		✓				PERMANENT
Internet, Facebook and Twitter	✓	✓	✓	✓	✓	PERMANENT
Sigma Escucha		✓	✓	✓	✓	ANNUAL

In 2011, the main concerns expressed through these channels were the following:

DIALOGUE RESULTS	
STAKEHOLDERS	CONCERN
Shareholders	Atractive return on investment. Competitive business portfolio with growth potential.
Customers and Consumers	More efficient, innovative and price competitive products and services. Healthier products (Sigma).
Employees	Development opportunities. Competitive compensation.
Communities	Employment opportunities. Emmissions reduction.
Suppliers	Support for their development.

These concerns are analyzed and brought into the strategic planning of the company in the corresponding area. As an example, this year Sigma had its first face to face feedback session with its stakeholders through the "Sigma Escucha"

program, in which they had the opportunity of listening first hand opinions and concerns of the community, and to develop plans on them.

For years, the concerns of ALFA's stakeholders have been

alike; however, the most recent is the demand for healthier products. This report shows the actions ALFA's been taking on the subject, through its subsidiary Sigma.

Transparency Mailbox

One of the channels available for all of ALFA's stakeholders is the Transparency Mailbox. Through this mechanism, ALFA receives concerns, demands or complaints in relation to its companies' operations. This Mailbox is available 24/7, via telephone or e-mail. It operates in nine languages in the 17 countries in which ALFA has productive facilities. Comments are gathered by the internal audit and human capital departments, who analyze each case and take the required actions to solve any specific situation. All ALFA employees have access to this channel. In 2011, 302 reports were received via the Transparency Mailbox, and each one had a strict follow-up and resolution procedure.

Sigma operates a Call Center where it listens and provides attention to its customers and consumers. In 2011 it received more than 340,000 phone calls, which were attended with a satisfaction rate of 98%.

All employees of the security areas in ALFA have received proper training in human rights subjects covered by the Global Compact.

ALFA procures its more significant suppliers and contractors to be aware of and also complying with the United Nations Global Compact principles.

ALFA has no facilities located on indigenous communities, but it is important to mention that thanks to the measures taken regarding of respect to human rights, there is no record of any kind of violation to the indigenous people's rights with whom ALFA could have any community and/or working relationship.

Ever since 2006, ALFA has been subscribed to the United Nations Global Compact.

GRI PR2, PR3, PR4, PR6, PR7, PR8, PR9

RESPONSIBLE MARKETING

ALFA assumes complete responsibility over its actions concerning the making of foodstuffs by its subsidiary Sigma, and over the design and implementation of marketing campaigns. A 100% of the company's products labels and packages, provide the consumer with all the information required by the existing laws of each country in which it operates, as well as its correct handling and disposal, specially on those that might cause social or environmental impacts.

Sigma adheres to the Food and Non-alcoholic Beverages Marketing Self-regulation Code, aimed to children, and the CONMEXICO Initiative, which promotes front labeling for food products, hoping it leads to a greater nutrition culture. Sigma also complies with the National Agreement for Food Safety: Strategy for fighting against obesity and overweight in Mexico, because this disease has become a public health problem in this country.

Alestra has an evaluation and customer's satisfaction system towards the marketing of their services, applied by quarterly surveys. There is also an annual survey managed by a third par-

ty that compares the company against its direct competition. In the Code of Ethics, there is a special section about marketing and sales, and the commitment of the company to respect the customer and speak truthfully in their marketing and sales arguments.

The marketing implemented on the other ALFA business units does not require this kind of details, for their products are for industrial use.

ALFA companies do not manufacture products prohibited, nor any that may cause controversy among its stakeholders or public opinion.

As a result of these practices, in 2011 ALFA had no incidents or fines derived from the non-compliance of government regulations on the matter.

In 2011, the Federal Data Protection Act was published in Mexico. ALFA has implemented actions for its thorough fulfillment in every global operation, strengthening the already existing controls over this matter.

As a result, in 2011 there were no substantial fines, complaints or incidents regarding this topic in ALFA.

ALFA's Philosophy

ALFA has established a framework that guides its way of being and acting in the declaration of its Mission, Vision and Values. Based on that plan, it develops its labor, trade, social and financial relationships.

MISSION

To become a source of pride for our workers and shareholders; to exceed our stakeholders' expectations through leadership, innovation and long-term exceptional performance.

12
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VISION

Commitments with our stakeholders:

Shareholders: To achieve outstanding long-term value creation through profitable growth, continuous portfolio optimization and by carefully investing in new business opportunities.

Employees: To be a great place to work. To attract and develop the best talent, motivating them to achieve their full potential.

Customers: To exceed their expectations with superior experiences and innovative offerings.

Suppliers: To build long lasting mutually beneficial relationships.

Community: To promote safe and sustainable operations. To contribute to the development of our communities.

VALUES

Integrity

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

Respect and Empathy

We consider diversity as a strength. We seek to incorporate individuals with different backgrounds and experiences. We aspire to promote a work environment that promotes trust and cooperation.

Results Oriented

We are committed to value creation and to the continuous improvement of our businesses. All our employees embody a personal commitment towards improving the company's performance.

Innovation and Entrepreneurial Approach

Encourage and reward innovation and development of new business opportunities.

Focus on Clients

Dedicated to exceeding our clients' needs.

ALFA companies, such as Sigma and Alestra, have a Code of Ethics which are applied on daily operations and are based on group corporate Values.

These Codes are available on the Internet, Intranet, and training and communication permanent campaigns. 90% of Sigma employees have signed this Code to

date. On a corporate level, ALFA is in the process of making a Code of Ethics applicable to every business unit, which is scheduled to be ready by 2013.

Corporate Governance and Business Ethics

Since its foundation, ALFA has maintained a solid structure of Corporate Governance, something that has contributed to its development and long-term viability. The company's corporate governance pillars are based on the Mexican regulation on the matter.

ALFA has maintained a solid structure of Corporate Governance, something that has contributed to its development and viability.

The company faithfully complies, in time and manner, with all the information disclosure requirements and every other obligation established by the Mexican Stock Exchange (BMV). Plus, ALFA adheres substantially to Mexico's Code of Best Corporate Practices.

democratic background, professionalism, business careers and adherence to ALFA values. For more information about the directors, please visit: www.alfa.com.mx.

The Chairman of the Board himself does not occupy an operating position in the structure of the company.

Furthermore, it has instruments to identify and handle possible risks (economic, labor, environmental and community) to which its operations are exposed to. Tools are revised and actualized periodically to adequate them to a changing business environment.

All of the directors participate at least in one of these Committees. The Audit and Corporate Practices Committees are formed by independent members only.

BOARD OF DIRECTORS

The Board of Directors of ALFA defines the vision, the middle and long term strategy, and the criteria and guidelines followed by ALFA, including sustainability issues. It also supervises and approves the performance of top management, it examines and approves budgets, investments, and major divestitures, as well as companies' results.

Board of Directors

In order to carry out its functions correctly, three Committees give support to the Board of Directors:

- A) Audit
- B) Corporate Practices
- C) Planning and Finance

Every Committee is headed by an independent member and meet twice a year to resolve matters within their sphere of competence.

The Audit Committee is responsible for studying and issuing recommendations to the Board on matters such as the selection and determination of fees to the external auditor and internal control, coordinating with the internal audit area of the company, studying accounting policies and accounting information, among others.

The Board has 12 proprietary members, who have no alternates. Nine of them are independent directors. Each director was elected on the basis of his academic background, professional-

ALFA has internal control systems, and their guidelines are submitted to the Audit Committee to receive their opinion. In addition, the external audit firm validates the effectiveness of the internal control system and reports on it.

The Corporate Practices Committee is responsible for issuing recommendations to the Board in matters such as hiring conditions of senior executives, the criteria to determine their compensation, their retirement and separation conditions, among others.

The Planning and Finance Committee is responsible for evaluating and issuing recommendations to the Board on matters such as: feasibility of investments, the company's strategic positioning, financial policies, risk management and treasury, as well as review investment projects, among others.

The Senior Vice President of Human Capital and the Audit Vice President, along with the Corporate Practices and Audit Committees, are in charge of observing the ethical performance of the members of the company. The compensation of the members is determined based on standard practices for companies of similar size and industry in Mexico.

The President of ALFA and the Human Capital Senior Vice-President, are in charge of expressing the employees' concerns towards the company and vice versa.

The performance evaluation system for the Board of Directors is based on measuring aspects such as the attendance to meetings, the committees to which each member belongs to, participation on the deliberations and the effectiveness of the strategic decisions taken by the directors.

Other company officers and executives have both fixed and variable compensation plans, with the latter being calculated based on established targets accomplished and overall company results of conduct and expected behavior, as well as the companies results.

To supervise the economic, environmental and social performance of the company, the



Board of Directors relies on the appointed committees.

ALFA adheres to international standards on environmental aspects, such as ISO 14000, and on social aspects standards, such as the United Nations Global Compact.

GRI 4.4, 4.17

ALFA encourages an open and permanent dialogue between the Board and both majority and minority shareholders. This task is made through several channels:

- The Corporate Communication Vice-President provides information and attention to shareholders, as well as informing the Board about the company-related concerns these might have.
- The Annual Shareholders Meeting, where they may express their doubts and points of view directly to the Board.
- The Transparency Mailbox, available for shareholders and any other external public.

Some of the concerns expressed by shareholders in 2011 are:

- To obtain an attractive return on their investment.
- To have a competitive business portfolio, in attractive and sustainable industries with growth potential in the long run.
- To fully comply with the company's obligations before the proper authorities.

GRI SO2, SO3, SO4, SO6, SO8

CONFLICTS OF INTEREST

ALFA has a Conflicts of Interest policy for the Board Members as well as for its employees, which seeks to promote a complete transparency on the company's activities.

This policy establishes that those Board members that might be facing a conflict of interest, must inform the other members of such situation, and abstain from participating in the discussion and of exercising their vote in the Board meetings.

Policy for employees establishes that they must avoid any situation in which their interests differ

from the company's. Employees that have interests with suppliers, and/or actual or potential clients, must inform their immediate bosses about it.

Plus, ALFA promotes responsibility and honesty values at all

levels of the organization. It has trained a 100% of its employees in every business unit, on matters of corruption. In 2011 there were no sanctions on acts of corruption registered in any of ALFA companies. Therefore there was no need of any legal action on ALFA's part.

By policy, ALFA does not participate nor collaborate in political campaigns. It neither makes any cash or in kind donations to support a political party or candidate, nor executes political lobbying activities among its employees.

GRI 4.13, SO5, SO7, SO8

INVOLVEMENT IN BUSINESS CHAMBERS AND INSTITUTIONS

In order to promote a free enterprising philosophy, to be associated with companies with the same objectives, to exchange successful experiences and share common issues, to encourage the development of communities and disseminate a business culture, ALFA participates in about 80 business chambers at a global level. Its involvement goes from being a member of the governing bodies, specific committees or associates.

Main chambers and institutions to which ALFA belongs:



• Mexican Council of Businessmen (CMHN)



• Business Coordination Council (CCE)



• Confederation of Industrial Chambers (CONCAMIN)



• Mexican Employers' Confederation (COPARMEX)



• National Chamber of Manufacturing Industry (CANACINTRA)



• Chamber of Manufacturing Industry of Nuevo León (CAINTRA)



• Mexican Business Council for Foreign Trade, Investment and Technology (COMCE)



• Civic Council of Nuevo León Institutions (CCINLAC)



• National Chemical Industry Association (ANIQ)



• National Chamber of Milk Producers (CANILEC)



• Mexican Council of the Consumer Industry (CONMEXICO)



• Mexican Council of Meat (COMECARNE)



• Commission for the Study of the Private Sector for Sustainable Development (CESPEDES)



• National Council of Textile Organizations (NCTO)



• American Fiber Manufacturers Association (AFMA)



• Agro Cluster of Nuevo León



• Mexican Institute of Financial Executives (IMEF)

Through these business and commerce chambers and institutions, ALFA contributes to the development of public policies on issues that might affect its operations, always within law limits

and following the highest ethical standards.

Thanks to such respectful and transparent market policies, ALFA has never gotten any fines or sanc-

tions over monopolistic or against free enterprising practices.

01

Our Employees

16
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ALFA puts constant efforts in offering its employees a safer, healthier and inclusive working place, giving them personal and professional development opportunities.

ALFA seeks to attract human talent, and give the necessary support so that it reaches its highest potential. At the same time, ALFA promotes a culture of loyalty from and towards the company, to facilitate mutual collaboration.

In 2011, health and safety programs were implemented, as well as opportunities for the promotion of employees and their families' development.

Highlights

Nemak Tennessee, Nemak Alabama, Indelpro, DAK Americas' Cape Fear, and Terza (Mina) set the record on 7, 5, 2, 2 and 2 consecutive years without lost-time accidents, respectively.

141

health and nutrition programs implemented in benefit of 22,339 employees.

15,000

employees enrolled in Sigma University.

130,000

participants in the recreation programs organized by Nemak Monterrey.

Workforce

ALFA has operations in 17 countries. As a consequence, there is a great diversity of ages, cultures, races and religions among its employees, which contributes to enrich its labor and professional experience.

By the end of 2011, ALFA had 57,000 employees. 47% of this total was unionized, and 24% were women. 967 employees had executive positions, of which 76 were women. There is no difference between the base salary for men and women in a same position, because the compensation is not based on gender but in capacity and experience of the person who fills it.

94% of ALFA unionized workers and 98% of administrative employees have a permanent labor contract.

GRI 4.17

ALFA has several channels of communication with its employees. The main one is the subordinate/boss relationship. Plus, there are print and electronic media through which all the useful or relevant information is transmitted to its employees.

GRI EC3, EC5, EC7, LA3, LA5

The compensations plans at ALFA seek to offer a competitive salary and a benefits package based on the labor market, the profile and the position's responsibility, making no distinctions and observing the employment laws of the countries in which it operates.

The benefits provided to ALFA employees exceed those established and required by the local laws in the countries where they work. ALFA seeks to be a competitive option to attract and retain human talent. Pension plans, support for education and medical assistance are available for employees under a permanent contract. ALFA pension system consists of a fixed contribution plan, fully supported by the company, which ranges from 4% to 17% of an employee's salary.

As an example, the initial standard salary in ALFA companies, compared to the minimum salary in Mexico in 2011, was 2.3 to 1. Also, all the U.S. employees paid with the minimum salary ALFA's plants, received approximately 1.85 times the minimum salary of the region in which the company operates. Offering a greater salary than the minimum established

is a common practice in ALFA irrespective of the country in which it operates. For management and executive positions, ALFA has determined an incentive plan based on individual performance and the achievements of previously established goals.

In accordance with collective employment agreements, any organizational changes are reported to the union within two weeks time.

ALFA employs local personnel in the companies it establishes. Likewise, it keeps the workforce of the companies it incorporates to its business portfolio. In accordance to the foregoing, a great percentage of its companies is operated and it's managed by local personnel. As an example, at the end of 2011, 90% of the executive positions of all ALFA companies were filled with local executives.

EMPLOYEES IN THE WORLD			
COUNTRY	EMPLOYEES	COUNTRY	EMPLOYEES
Mexico	41,615	Peru	572
U.S.	5,959	Austria	492
Germany	1,469	Argentina	377
Brazil	1,430	China	417
Costa Rica	1,121	Canada	345
Dominican Republic	1,048	Guatemala	303
Hungary	859	Czech Republic	236
Poland	818	Honduras	165
Slovakia	587	Nicaragua	81
El Salvador	514	India	64

WORKFORCE									
	STAFF	%	PERMANENT	%	TEMPORARY	%	MONTHLY ROTATION	%	
Administrative	31,296	53	29,989	98	691	2	5,647	2	
Unionized	27,176	47	25,133	94	1,687	6	5,469	2	
Men	44,683	76							
Women	13,789	24							

Industrial Safety

To safeguard the physical integrity of ALFA employees in its work centers continued to be the top priority in 2011. It worked intensely in creating the necessary conditions to reduce accident and sickness rates, supported by the collaboration of an important number of employees enrolled in safety, health and hygiene committees. Also, collective contracts with unionized workers take these aspects into account.

The main role of the mentioned committees is to improve workforce's health and safety conditions. Committees are formally established, with annual programs that entail particular objectives, strategies and action plans, as well as their follow up and results review. A given number of employees participate in them, always representing Human Capital, Unions and Safety and Health departments. As an example, in Nematik Monterrey there is a Committee where 140 out of 6,000 employees participate, which represents 2.3% of the total. The average percentage varies between 2% and 4% of the total of employees of each plant.

In 2011, ALFA invested a total of U.S. \$6.7 million on industrial safety by implementing 168 programs in its plants. Despite this effort, frequency and accidents rates went slightly up compared to the year before. This makes even more pressing the need to implement more preventive actions and emphasize the safety culture amongst all employees, with educational and training campaigns to meet the permanent goal of zero work-related accidents. Before any employee enters the organization, it goes through a training period, in



Nematik Tennessee, an industrial safety model

Nematik Tennessee was again distinguished for its achievements on industrial safety. It got two important certifications in 2011. One of them was the "Millionaires Safety Award", which is granted by the American Foundry Society (AFS) to every company that reaches one or more million consecutively worked man-hours without suffering any lost-time accidents. This Nematik plant set a record of 4.7 million man-hours without these kinds of accidents. The other award was the "Commissioners Award of Excellence", granted by the Tennessee Occupational Health and Safety Administration, for setting the above mentioned record and also having a record below industry average.

which Safety and Health topics are a priority. Also, every one of ALFA's working centers has specific training in accordance to its operations.

On the positive side, 12 working centers achieved more than one or more years without lost-time accidents, while others significantly reduced their accidents and frequency rates.

	2009	2010	2011
Lost-time accidents	1,469	1,476	1,735
Lost days**	23,684	8,648	10,442
Fatal accidents	0	0	2
Frequency	11%	11%	12%
Work-related accidents rate	242%	87%	103%

*Data does not include Nematik plants outside of Mexico
 **Lost days mean working days

Health

In 2011, 141 health programs were implemented, mostly preventive, which included vaccination campaigns, fairs and workshops, medical check-ups in work centers, nutritional consulting and fitness programs. Additionally, the great majority of ALFA companies gave medical services to its employees.

Nemak Mexico's health programs benefited more than

9,500

employees.

10,000

employees from 22 work centers of Sigma participated in nutritional support programs.



In DAK Americas, more than

900

employees were benefited with the company's health and welfare programs.

GRI LA10, LA11, LA12

Training

In 2011, U.S. \$14.2 million were invested on training and development programs at all levels, including courses and technical workshops, managerial abilities, among others. This was equivalent to 1.9 million man-hours of training.

At the same time, performance evaluations were held for nearly

80% of the employees, in order to design particular plans to encourage their development.

As an example, "Mentoring" program was implemented through which employees from the corporate area of ALFA improved their essential abilities to reach professional growth. The

"Líderes ALFA" (ALFA Leaders) program was also implemented, which promoted the development of young professionals who have shown exceptional qualities of leadership, innovation and learning capacity.

Some of the most important achievements were:

224

scholarships and support plans were given for employees.

501

high performance teams operated in SIGMA, with 5,018 employees that developed 1,354 projects.

Terza and Colombin Bel gave out scholar packages to

400 & 100

employees' children, respectively.

Family-Work Balance



23

Sigma plants have been granted the award “Family Responsible Company”, six more than in 2010.

21
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2,250

people participated in the ANSPAC program, which promotes personal and professional improvement of the employees and their spouses.

In TEMEX

1,200

people attended Family Day and 100 children attended their summer camp.

9,800 and 2,700

people enjoyed social and recreational activities in Nemak Brazil and Terza, respectively.

Formative and recreational activities for ALFA employees’ families are a tradition, to which recently some initiatives to create a better balance between work and family have been added. Said initiatives include flexible working hours, alternative working schedules, specific considerations for pre and post maternity leave, breastfeeding rooms, days of parental leave, among others.

In 2011, ALFA companies implemented more than 80 programs of integration and family development including Family Day, visit to the plants, summer camps and

personal improvement talks and conferences, among others.

Sigma Mexico runs an assistance program for employees and their families, which includes a free phone service to give emotional, legal, financial and nutritional consulting 24/7, 365 days a year. In 2011, 2,130 phone calls were received through this media.

Nemak Mexico’s CAVIDA Center (Quality of Life) gives psychological support to employees and their families in order to improve their quality of life. In 2011, 810 psychological consultations in presence were held.

Diversity

ALFA offers employment and development opportunities to all employees, irrespective of nationality, gender, creed, race or economic condition. Its presence in 17 countries, allows ALFA to have a vast mixture of nationalities, which makes for even richer working culture.

ALFA belongs to the Movimiento Congruencia (Congruence

Movement) in Monterrey, Mexico, an organization that promotes the integration of people with disabilities into the workforce. ALFA has implemented awareness-raising campaigns in its work centers and encourages the employment of people with disabilities for positions in which these do not stop them from carrying out their activities.

151
persons with disabilities worked in our companies in 2011. Nemak Dillingen, with 51 and Nemak Brazil with 41 stand out.





GRI HR4, HR5, HR6, HR7

Human Rights

ALFA encourages a culture of diversity amongst its employees. In 2011, there were no reports on discriminative actions in any of ALFA companies.

ALFA allows absolute freedom of association and adherence to collective working agreements or contracts to its employees. As an example, 94% of ALFA employees, have a collective labor contract. In Mexico, 100% of the operative staff are unionized. This right is monitored by the Human Capital area of every business unit.

For recruiting, ALFA's policy stipulates that the minimum hiring age is 18 years, which is clearly established on the collective labor contracts. In 2011, there was no registry of complaints

Flex-time working schedules, maternity and paternity leave, are a demonstration of ALFA's flexibility apart from those established by labor laws.

on recruiting practices, nor of operations related to forced or non-consented labors. This was ensured by labor contracts. Flex-time working schedules, maternity and paternity leave, breastfeeding rooms inside facilities and home office jobs, are a demonstration of ALFA's flexibility apart from those established by labor laws.

On the other hand, ALFA emphasizes a policy to keep as much as possible the current workforce of the companies it acquires.

ALFA still does not have a program for supporting the continued employment of the people that stopped working in the company because of retirement or layoff.

02

Our Communities

24
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ALFA plays an active role in the development of the communities where it operates, in order to improve their quality of life and build trustworthy and mutual beneficial relationships.

The efforts are focused on three priorities: education, nutritional health and protection of the environment. Each of the ALFA companies implements particular community engagement programs, with the support of the ALFA Foundation.



Highlights

25
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Sigma donated

1,175

tonnes of product to the Food Bank, benefiting 207,000 people.

110

institutions were benefited by ALFA community support programs.

Nemak Tennessee gave support to six schools, benefiting

3,700
students.

85

agreements with universities in 15 countries.

1,860

students visited ALFA's plants, among other facilities.

Education

Regarding the communities, education is the top priority for ALFA. With this in mind, it gives support to schools at all levels, particularly in the most disadvantaged areas. These contributions are made in cash and in kind, like computing equipment donations, classrooms improvement, aid packages of trash cans, cleaning and reforestation works, as well as conferences about values and environmental topics.

Through joint research agreements with a number of leading technical schools and universities in almost every country in which it operates, ALFA facilitates students to put into practice their skills and knowledge in its working centers.

Nemak Monterrey donated

80

computers for two schools of García and Santa Catarina.

950

were benefitted through economic and in kind donations made by Nemak Slovakia unto five schools in their community.

651

students performed professional practices in ALFA plants.

4

scholarships for university-level studies were granted through the program Líderes Empresariales UDEM-ALFA.

Nemak in your School

This program consists in adopting a public elementary school from the municipality of García, in Nuevo León, for a three year period. In such schools, a group of Nemak's volunteer employees teach children and parents on family values. 2011 was the second year running this program, in which 54 volunteers participated. More than 800 children and 100 parents were benefitted. In total, 400 man/hours of volunteering were invested.



Health and Nutrition

ALFA is the leading company in the refrigerated foods market in Mexico through its subsidiary Sigma. Therefore, it knows the influence power that it has to promote healthier lifestyles.

For such purpose, it supports the implementation of health programs aimed at the general population, in areas such as design, formulating and making of its products, the establishment of nutritional standards, the design of a consistent marketing with the health goals in mind, and the promotion of healthy eating habits in general.

As an example of the foregoing, Sigma adhered to the “Nutritional Health National Agreement”, that seeks to develop a strategy to fight overweight and obesity in Mexico. It also participates in the program “Nutrición de Impacto” (Impact Nutrition), which promotes healthy lifestyles through nutritional orientation and promotion of physical activity among students from low income elementary schools. In addition, the company approved a nutrition policy that establishes the maximum levels of fats, salts and sugars in their food products.

ALFA knows the influence power it has to promote healthier lifestyles.



Sigma contributes to prevent childhood obesity

In 2011, Sigma joined the “Strategic Alliance with Food and Beverages Industry” initiative, implemented by the Government of Mexico. This initiative seeks to prevent public health childhood obesity related problems. For this, Sigma has developed a voluntary program aimed for school-age children, and promotes healthier eating habits and more physical activity. In August, Sigma worked in a pilot program implemented in two schools in Monterrey. The company’s objective is to create a model supported by a comparative study, and then replicate it into other educational campuses. In addition to the foregoing, the company works in the development of increasingly healthier products.



Social Assistance

ALFA supports the communities where it operates, responsibly contributing on life improving initiatives, and applying socio-economic surveys to determine each community needs. It also is actively involved in helping communities in emergency situations, both as a company and also facilitating volunteer employee groups that bring help in such cases. Within this context, in 2011, more than 110 institutions received support, standing out Food Banks and Teleton, in Mexico, and United Way, in the U.S. and Canada.

28
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Sigma donated to Teleton
Ps. 5.2 million
 and its employees
Ps. 1.2 million

3,200 employees participated in Sigma Sonrisas, donating toys and gifts to
2,500
 children.

Nemak Poland employees donated
200
 liters of blood to the Red Cross in Bielsko-Biala.



Red SumaRSE

In 2010, as a result of the impact caused by the Alex hurricane in Nuevo León, a citizens and companies initiative branched out: Red SumaRSE, which supports the most affected communities by this disaster. Now the objective of this initiative is to support programs oriented to the rebuild of social structure and the generation of civic conscience of those and other marginalized communities. The project covers several action lines such as: family integration, economic development opportunities, citizenry, image, identity and culture, recovery of public spaces, intersectoral communication and protection of the environment. Several companies of the entity participate in this project, including ALFA.

Goose Communities

These communities are integrated by volunteer employees from ALFA companies that, through innovative practices, seek to make the company a better place to work. They also contribute in community actions, such as visits and toys delivery to orphans and natural disasters' assistance. In 2011, 690 employees participated in these groups, in 26 work centers.

Value Chain

Depending on inputs and necessary equipments, plus quality, price and service factors, ALFA companies procure to obtain their materials through local suppliers in the places where they operate. Some of them, like Nemak and Sigma, have supported supplier's specific programs, which are also trained to improve their business practices.

Sigma has a Suppliers Development Department, that counsels and supports them so they can comply with the standards and certifications required by the company. It also participates in the Cadenas Productivas program, with NAFINSA resources, to help finance small and medium sized companies' development. Currently, there are 114 suppliers enrolled in this program.

VALUE CHAIN	
COMPANY	LOCAL SUPPLIERS PERCENTAGE
Akra Polyester	95%
Nemak Brazil	95%
Alestra	80%
Nemak China	80%
Nemak Poland	70%

The percentage of local supply within the totals fluctuates between **30% & 95%**

74% of Univex's suppliers are micro, small and medium size companies.

Sigma's "Proyecto Lechero" benefited **286** milk producers of the Bajío, Western and the Laguna regions of Mexico.



ALFA Foundation

30
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This institution was created in 2007, to encompass ALFA's initiatives in favour of the communities.

The foundation engages in sustainable projects at all levels, thus ensuring that this will benefit as many people as possible year after year.

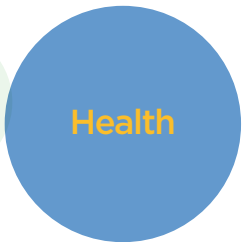
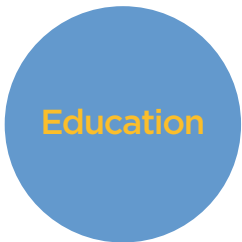
Highlights

50

Institutions received donations from the ALFA Foundation.

159

events carried out by ALFA Planetarium in 2011.



ALFA Foundation focuses its efforts on:

The ALFA Planetarium is the most visited museum of its kind in northeastern Mexico.

The Foundation operates with resources coming mainly from ALFA companies. In 2011, it went through a restructuring process, redefining its objectives and strategies in order to foster the impact of its actions in the community. Accordingly, it supports institutions that attend population centers that suffer from lack of education and health, and also malnutrition and extreme poverty problems. This information is gathered by socioeconomic surveys carried out periodically, before and during the development of ALFA activities.

The main program fostered by the Foundation is the ALFA Planetarium, an interactive museum aimed mainly to children and youngsters, seeking to generate a greater appreciation for

science, technology and general culture. The ALFA Planetarium is the most visited museum of its kind in northeastern Mexico.

Throughout the year, it opened its doors to more than 293,000 visitors, 17% more than last year's attendance. This number includes 82,000 scholars from 751 schools, from kindergarten to universities.

The collaboration agreement between the Foundation and the Ministry of Social Development of the state of Nuevo Leon stands out. The goal is to bring science and technology closer

to the most vulnerable communities in the state. Thus, ALFA Planetarium gives free access to different groups from community centers, with touring and educational film projections.

Among the 159 events held at the Planetarium this year, the astronomic evenings and the interactive exhibit "Bob the Constructor: Build it yourself Project" were outstanding. In addition, the ALFA Planetarium decided to go out into the city and visit 24 schools, benefiting with this a total of 3,522 students.

Other outstanding exhibits were:

POP ART

Andy Warhol's Workshop, a joint interactive exhibit from the Pittsburgh Children's Museum and the Warhol Museum.



MR. POTATO FACE ADVENTURES

Presented for the first time in Mexico in collaboration with the Betty Brinn Children's Museum from Milwaukee, Wisconsin.



GLOBAL SHOES

Brooklyn's Children Museum interactive exhibit in which, through 180 kinds of shoes, it shows the cultural and craftwork diversity, and the different ways of life around the world.



6,576 people participated in the **XTREME-BIKE EVENT** where visitors proved their strength and learned about physics.



In commemoration of **"INTERNATIONAL DAY OF CHEMISTRY, ART IN EVERY ELEMENT"**

144 projects from 24 academic institutions were received.



RECICLA FEST

500 people assisted to the Recicla Fest, an event that promotes the recycling of paper, plastics and batteries.



BODY FORWARD OF FIRST LEGO LEAGUE

Along with the Oxford School Barragán.

03

Our Environment

34
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ALFA works permanently in minimizing the impact of its operations on the environment.

Through initiatives that optimized the use of natural resources in processes and energy consumption from cleaner sources, reduction of waste and emissions, waste water treatment and materials recycling, ALFA works permanently in minimizing the impact of its operations on the environment. In addition, ALFA encourages a cleaner distribution system, as well as the use of more environmentally friendly containers and packages.

To ensure the compliance of environmental management standards, ALFA continuously supervises its processes and conducts regular performance audits (both internal and external). This allows it to comply with all of the existing environmental laws of the countries in which it operates. In 2011, there were no sanctions or fines concerning this matter.

ALFA acknowledges its responsibility towards climate change, that's why its companies have taken measures to detect risks and opportunities that come out of this situation. They are working in technologies and processes that ensure them to be able to face changes in raw materials, as well as new regulations on the subject.

Highlights

In the last five years, ALFA has implemented more than

280

projects, with a total energy savings of 4.4×10^6 GJ per year.

ALFA avoided the emission of

8.9 million

tonnes of CO₂ into the atmosphere, through the implementation of six energetic efficiency and recycling programs.

The energy savings related to PET containers recycling is

1×10^6 GJ

per year, which is equivalent to the annual energy consumption of 8,200 homes in the U.S.

Energy

ALFA companies make an intensive use of energy in their processes. Because of this, in 2007 ALFA created a Senior Vice-Presidency in charge of everything related to energy. The goal is to optimize the energy consumption, and consequently reduce the emissions into the atmosphere. From that year to date, it has had significant results.

In the period 2007-2011, U.S. \$58 million were invested in the

In the period 2007-2011, U.S. \$58 million were invested in the implementation of 280 energy efficiency projects.

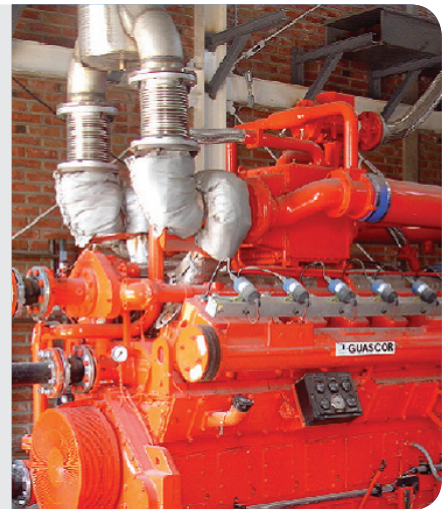
implementation of 280 energy efficiency projects, with the use of cutting edge technology. Power cogeneration, change of fuels, implementation of better practices on plants, and many other

similar projects have been developed. The total energy savings resulting from said projects is 4.4×10^6 GJ per year, which is equivalent to removing 397,000 cars off the road in the same period.

36
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Cogeneration Equipments

As part of the Energy Efficiency program, in 2011 two cogeneration turbines were installed in the Sigma plants at Atitalaquia, Hidalgo, and Polioles at Lerma, Estado de Mexico. These turbines work with natural gas instead of other fossil fuels and use the boilers' steam to produce electricity. These two projects together help to avoid emission of 18,200 tons of CO₂ per year, compared against the conventional electric generation, savings equal to the emissions of 7,100 cars.



In 2011, DAK Americas started running a project consisting on using condensed steam in the coal-fired furnaces area. This steam coming from the monomers' process is sent to the fur-

naces area for the pre-heating of different water and air currents. Originally, once these preheatings were done, the steam got condensed and returned to the monomers area as water, where

it was wasted. This project allows recovering remnant heat, generating an annual saving of 283,000 GJ, which is equivalent to energy consumption of 2,300 homes in the U.S.

Since the beginning of the energy reduction program

in 2006, DAK Americas has reduced energy consumption per unit of production by 16% .

Through 120 energy saving projects,

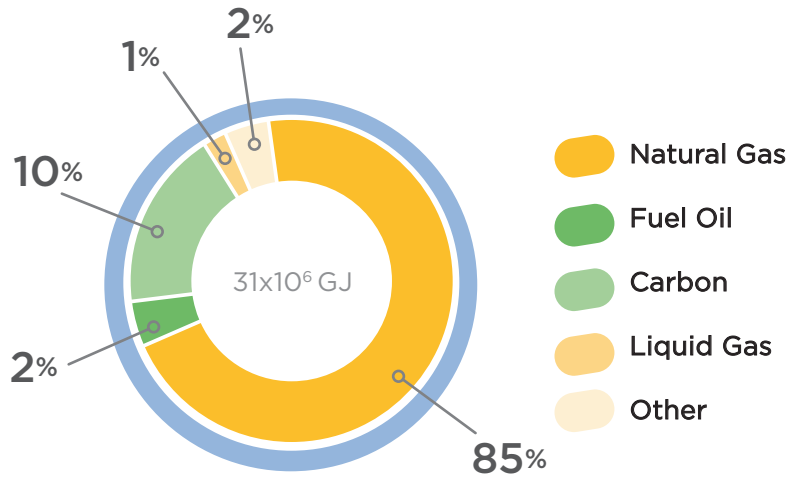
in 2011 Sigma saved 8,280 GJ per year.

Nemak Monterrey reached savings

of 84,402 GJ per year, which is equivalent to avoid emissions from 7,650 cars.

In 2011, ALFA energy consumption was of approximately 31×10^6 GJ. Out of this total, 85% came from natural gas, the cleanest fuel from an environmental stand point, representing a 78% of total.

Sigma's distribution network in Mexico and the U.S., consumed in 2011, 1.22×10^6 GJ of fuels, mainly diesel. The company is constantly working in improving the efficiency of its transportation fleet through better practices, continuous maintenance and unit renovation.



*This info does not include Enertek steam, nor DAK Columbia steam, nor bought gasses by Polioles Lerma.

*This info does not include transportation.

GRI EN16, EN18

Emissions

Energy saving projects have produced a significant reduction of emissions in all business units of ALFA.

The following chart shows emissions figures by energy consumption of our petrochemical, auto components and refrigerated foods plants in 2011.

EMISSIONS			
(TONNES CO ₂)	DIRECT ⁽¹⁾	INDIRECT ⁽²⁾	TOTAL
Emissions	1'980,000	1'615,000	3'595,000

⁽¹⁾The direct emissions include Sigma's transportation.

⁽²⁾The indirect emissions include electricity, Enertek gasses, DAK Columbia gasses and Polioles Lerma gasses.

EMISSIONS REDUCTIONS (TONNES CO ₂)		
	2010	2011
Aluminum recycling	4'600,000	4'860,000
Cogeneration Projects	1'200,000	1'205,000
Indelpro Pemex Project	1'000,000	1'000,000
Energy Efficiency	865,000	881,000
PET Recycling	150,000	805,000
Energy Integration	120,000	120,000
TOTAL	7'935,000	8'871,000



The cogeneration plant in Petrocel at Altamira,

operates with natural gas, avoiding the emission of 86,439 tonnes of CO₂ per year compared with the use of other fuels.

Thanks to its energy efficiency program

Petrotemex achieved in 2011, a reduction of 10,053 tonnes of CO₂ compared to 2010.

The maintenance and reengineering program

at the fumes collector in Nemak Monterrey's Fusion Center resulted in 80% less emissions compared to 2010.

DAK Americas

exceeded its 3% annual reduction goal of emissions of green house gases (GHG) in the 2009-2011 period.

To make Green House gases measurements, ALFA uses "GHG Protocol Corporate Standard" tools, from GreenHouse Protocol Initiative.



Indelpro and Pemex reduce emissions

In the year 2000, Indelpro and Pemex started a joint project to make the most of the propane-propylene gasses, a residue from Pemex refineries in Madero, Cadereyta and Tula. Back then, part of those residues was used in other processes or for liquid fuel (LP). A big part of residue's surpluses, were burnt without any other end-use other than damaging the atmosphere. Indelpro's technology allowed it to fully exploit these residues to use them as raw material for the making of polypropylene, which substituted the importation of the product and ended the emissions derived from its burning. In 2005, Indelpro also started using the gas streams from the refineries in Salamanca, Minatitlán and Salina Cruz. As a result, in 2011 Pemex stopped sending almost 1'000,000 tonnes of CO₂ per year into the atmosphere, equivalent to avoid the emissions produced by 390,000 cars per year.

Recycling

Recycling continued to be an issue of great relevance for ALFA, given the benefits this activity brings, such as space clearing, energy and water saving, as well as emissions avoidance. Every work center in ALFA runs recycling programs: from waste separation in offices, to collecting cardboard, plastics, wood, steel and aluminum in plants.

In the packaging aspect, some companies do not use package materials for their products, given that they get supplies via hoppers or tanks; other recycle and reuse materials such as dais and sacks, while others, like Sigma, do use bottles and packages. This company in particular has managed to make them lighter and environmental friendlier.



Nemak used 486,000 tonnes of recycled aluminum in its process, and stopped sending out 4.9 million tonnes of CO₂ per year into the atmosphere, versus having used bauxite as raw material. This is equivalent to avoid emissions of 1.9 million cars in a year.

Movimiento Verde (Green Movement) in Alestra collected 9.8 tonnes of recyclable material (paper, PET and aluminum) and 62 kg. of batteries.

Clear Path Recycling, joint venture company of Shaw Industries, recycled 43,600 tons of PET bottles. This action avoided the use of 262,000 m³ of landfill.

The Acciones Verdes program (Green Actions) at Corporate ALFA gave results such as 217 non-logged trees and 35m³ of non-used landfill.

Residues

ALFA seeks to eliminate the majority of residues generated by its plants, or if applicable, to send them to an authorized location for their disposal, always complying with the current legislations on the matter. For this, it has made important investments in equipment that allow an ideal use of raw materials, and to add value to the residues in such a way that they can be used in other productive processes. In 2011 there were no significant cases of spillage.

Akra Polyester avoided the confinement of 7,000 liters of oil used in transformers and compressors by burning them in low pressure steam boilers.

DAK Americas Zero Residues

In 2009, DAK Americas started the implementation of a new program to avoid completely the residue disposal in landfills. The objective, in a five year horizon, was to reach the complete elimination of residues. The Cape Fear site reached this target in June, 2011. Cooper River and Cedar Creek sites are near reaching it. This has been possible thanks to an increase of residues recycling.

Water

40
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ALFA has 33 water treatment plants, and in some cases, this service is hired from outside contractors. In addition, each ALFA company operates specific programs and projects aimed to the saving of this resource. It has managed to reduce water consumption, which was of 102'212,277 m³ in 2011.

The water treated by ALFA companies is reused in their own processes and garden watering, or goes to local drainage, complying with the regulations on the matter.



In 2011, Sigma treated 2 million m³ of water in its plants, the same volume that 19,710 people would consume in a year.

Akra Polyester recycled 456,000 m³ of water in 2011, which was reused in its boilers for steam generation processes.

Temex implemented two purge and waste water recovery systems, retrieving 294,000 m³ of liquid per year.

Nemak Monterrey reduced more than 100,000 m³ of water consumption in 2011.

During 2011, ALFA had no reports or registries of significant affectations to water sources, derived from water consumption and/or extraction by its companies.

Biodiversity and Environmental Awareness

Several ALFA plants are surrounded by natural areas. For this reason, ALFA companies carry out actions for their preservation. The foregoing goes from maintenance and safeguarding of areas where various species of wildlife and flora live, to cleaning and reforestation labors.

Monterrey, which is inside a Yuca Forest. For this reason, it carries out activities such as relocation and maintenance of the Yucas near the facility. No other ALFA plant or building is located near to, or leases, manages nor owns high biodiversity areas or areas protected by environmental laws.

high biodiversity and/or environmental law protected areas, it does implement strategies and actions for the safeguarding of all natural areas around its facilities.

The only facility that is located near a natural area is Nemark

Even though ALFA does not have a specific policy regarding

ALFA operations do not affect any endangered species. Every reforestation, recovery and care actions carried out by ALFA companies are guided and supervised by themselves.

Univex protected and managed 21 hectares of ecological reserves that surround its facilities. It also planted 5,000 Greggii pines.

Petrotemex safeguards 350 hectares around its facilities, allowing the growth of native species of the region.

Nemark Monterrey donated 3.5 tonnes of food for the fauna displaced by the forest fires in Coahuila, Mexico, last year.

Nemark Monterrey, Monclova and Saltillo plants donated more than 800 trees and palms to their municipalities.

During Earth Day's celebration, Nemark Canada promoted the planting of more than 200 trees in its community.

Poliolos supported the reforestation of Sierra Morelos Park in Estado de Mexico.

114 Petrotemex's volunteers instructed 2,228 students from elementary schools on environmental awareness.

Turtle Release

As in the last years, 200 people from Indelpro, among employees and relatives, attended a meeting at Tesoro beach, Altamira, Tamaulipas, to carry out the ritual of releasing sea turtles to the Gulf of Mexico. During summer, proper conditions gather for the birth of sea turtles hatchlings, who spawn in this Mexico zone. Indelpro makes the most of this situation by organizing a family event with its employees, motivating them to contribute to the hatchlings protection when they hatch out of their eggs and move into the sea to complete their cycle of life.

ALFA operations do not affect any endangered species.

Sustainability without Borders

Nemak Dillingen, Germany

- 51 employees with disabilities worked in the plant, 10 of them with extreme disabilities.
- 364 employees were benefited by health and nutrition programs.
- 626 training programs for employees were held.
- 12 institutions received support, including orphanages, food banks, fire departments, Red Cross and Civil Defense.

Nemak Wernigerode, Germany

- 20% of its energy consumption was generated from renewable sources.
- U.S. \$173,000 were invested in training programs.
- U.S. \$79,800 were invested in health programs.
- The company supported an Evaluation Center for junior-high students and a cultural group in their community.

Nemak Nanjing, China

- U.S. \$492,000 were invested in training for its employees.
- More than 300 employees participated in recreational and sporting events.

Nemak Linz, Austria

- 300 employees were benefitted with 13 health and nutrition programs.
- Thanks to its recycling program, 54 tonnes of sand were daily recovered in its processes.

Nemak Brazil

- 41 people with disabilities worked in the plant, 15 of them were hired in 2011.
- 9,800 people participated in company's recreational programs.
- 50 students benefitted by Crescer program, which offers vocational orientation, educational talks and outdoor activities.
- The Brazilian Association for Fighting Cancer, the Brazilian Red Cross and the victims of Rio de Janeiro flooding, were supported with donations by the company and volunteer employees.

Nemak Windsor, Canada

- U.S. \$645,000 were invested on emissions reductions, including a dust collector equipment.
- Reduction of a 12.5% on gas and electricity consumption by unit produced.
- Institutions such as Juvenile Diabetes Research Foundation, United Way and an Unemployed Help Center were supported, among others.
- Thanks to "Bike to Work" program, Nemak Canada convinced 13 employees to exchange their cars for bikes when going to work.

Nemak Ziar, Slovakia

- 20,000 men-hours of training were provided.
- 950 students from five schools were benefitted with cash and in kind donations.
- 5,000 people attended the three cultural events sponsored by the plant. The Children Folklore Ensemble in Ziar stands out.

DAK Americas Zárate, Argentina

- At the Earth Day celebration, a group of volunteer employees gave talks about the environment to 540 students from eight elementary schools of their community.
- The company participated one more time in the National Paper Recycling Program.



Nemak Győr, Hungary

- There was a 10% reduction on natural gas consumption without reducing plant productivity.
- Approximately U.S. \$1 million was invested in the cleaning and air extraction system installed at the smelting area.
- The anti-smoking program was implemented among its employees. As a result, 40 of them quit smoking.
- The plant financially supported the Technologic Innovation Programs of Miskolc and Széchenyi universities.
- Several classrooms and one gymnasium were rebuilt in two local high schools with Nemak's financial support.
- Three students received scholarships for entering Miskolc University.

DAK Americas, U.S. (North and South Carolina)

- Cape Fear plant achieved two years without lost-time accidents.
- U.S. \$1.1 million invested in 41 industrial safety programs.
- The Cedar Creek plant started the installation of a residue disposal system on ground instead of underground, reducing pollution.
- Financial and volunteering support was given to the United Way programs, Cumberland Co., Mental Health programs and Adopt a Highway program.
- 365 people, among employees and their families, attended Family Day at the South Carolina State Museum.

Nemak Tennessee, U.S.

- The plant achieved seven years without lost-time accidents.
- 99% of water used in its processes in 2011 was recycled.
- U.S. \$33,000 invested in family development activities and scholar support for employees' children.
- Four social assistance institutions were supported: Habitat for Humanity, American Kidney Foundation, American Cancer Society and Angel Tree.
- Six schools received donations, benefiting 3,700 students.

Nemak Bielsko-Biała, Poland

- In 2011, it reduced in 12%, 7.9% y 2.5% water consumption, natural gas and electricity, respectively by produced unit, compared to 2010.
- 5,663 employees participated in the family recreational and integration activities.
- Support to the Foundation for Development in Bielsko-Biała and giving out gifts for handicapped children of the "Dziecięce Marzenia" Foundation.

Nemak Alabama, U.S.

- The plant reached a record of five years without lost-time accidents.
- U.S. \$1.3 million were invested on environmental programs.
- The plant supported United Way, American Cancer Society and the victims of the Sylacauga tornado.
- The Marble City Festival, in Sylacauga, was sponsored one more time.

Nemak Most, Czech Republic

- U.S. \$200,000 invested in energy use and saving optimization processes.
- U.S. \$56,300 invested in training programs.
- Financial support to the fire station and nursery school in Havraň municipality.
- Its employees gave out gifts to children of a kindergarten in Most.

About this Report

This document comprises the activities of ALFA in sustainability matters in 2011. This is the eighth consecutive report on the subject and covers the five business groups of ALFA: Alpek, Nemark, Sigma, Alestra and Newpek. There is also information on other subsidiaries, such as Colombin Bel, Terza and Alliax, besides the ALFA Foundation.

Likewise, all ALFA operations in 17 countries are included.

This report is published annually, so it follows the one published in 2011. For the second consecutive year, the information gathering and analysis is based on the Global Reporting Initiative (GRI G3) methodology. For the sixth year in a row, ALFA

manifests its support to the 10 Principles of the United States Global Compact. Throughout the document, you may find the reference to a specific reported GRI indicator on the superior part of each section title. In 2011, we have reported 47 indicators fully.

This year, we report new operations in the following areas:

Acquisition of a new PTA plant

and one PET plant from Eastman Chemicals Co., in the U.S.

Acquisition of a PET plant

from Wellman, Inc., in the U.S.

Acquisition of AT&T's 49%

shareholding in Alestra, S. de R.L., in Mexico

Newpek LLC's expansion

in the U.S.

The foregoing information must be considered when making comparisons of data included on ALFA's previous reports. The content definition was based on three criteria: first, consistency with the data reported in 2011; second, agreement with the

most relevant activities of 2011; third, based on the materiality of the indicators for the industries served by ALFA and in reference to the expressed concerns by our stakeholders, through the different communication channels the company offers.

The materiality of the indicators was based on the following:

Business analysis

financial, social and environmental

Analysis of business,

risks and opportunities

Analysis of ALFA stakeholders'

concerns

Analysis of the most relevant events

of the year

The measuring methods were based on those defined by GRI. To make the translations from Mexican pesos to U.S. dollars, an average of the exchange rate of the months in which these transactions took place was used. For the balance sheet items, the exchange rate at the end of the year, which was of \$13.98 pesos per U.S. dollar was used. This methodology has been used by

ALFA for 20 years, to report numbers in U.S. dollars of its financial statements.

For a clearer understanding, the report contents are organized in several sections: the first one includes a statement of achievements in 2011, followed by a brief description of ALFA. After that, the Chairman of the Board and the President of ALFA present

their vision. In the second section, a description of the company is given including every business unit, countries in which it operates, as well as main financial data. Next, ALFA's vision on sustainability and the description of its Corporate Governance and company's business ethics are presented.

The third section of the document describes the three action cores of ALFA's sustainability plan, as well as each of its activities.

Core 1: Our Employees

Core 2: Our Communities

Core 3: Our Environment

The fourth section, called "Sustainability without Borders", comprises the most outstanding programs in social responsibility carried out by ALFA companies around the world. The final part includes the GRI Index, the letter of verification of the IdeaRSE Center of the Anahuac University, the GRI application

level certificate, followed by the support manifest to the 10 Principles of the United Nations Global Compact. The report closes with the main certifications in social responsibility matters received during the year. For 2012 ALFA commits to achieve a better comparability of the reported data in previous years.

This Sustainability Report is the first having a GRI check and a third party check. For this, ALFA has joined efforts with Ética y Estrategia Consulting for the report development process and IdeaRSE Center of the Anahuac University experts, who have validated the application of the GRI methodology. This ratifies the level **B+** qualification.

Principles of the United Nations Global Compact



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Human Rights

Principle I (GC I)

To support and respect human rights protection.

Principle II (GC II)

To not be an accomplice of rights abuse.

Labor Conditions

Principle III (GC III)

To support the principles of freedom of association and the right to collective negotiation.

Principle IV (GC IV)

To eliminate forced and obligatory labor.

Principle V (GC V)

To abolish any way of child labor.

Principle VI (GC VI)

To eliminate discrimination on employment and job positions matters.

Environment

Principle VII (GC VII)

To support the preventive focus towards environmental challenges.

Principle VIII (GC VIII)

To promote a greater environmental responsibility.

Principle IX (GC IX)

To encourage development and spreading of environmental respectful technologies.

Fight against Corruption

Principle X (GC X)

To act against every form of corruption, including extortion and bribery.

Certifications and Awards

Alpek

AKRA Polyester

- SARI Certification (Integral Responsibility Management System) ANIQ
- OEKO-TEX Certificate (Hohenstein Textile Testing Institute)
- Clean Industry (SEMARNAT)

Indelpro

- Clean Industry (SEMARNAT)

Petrotemex

- Clean Industry (SEMARNAT)
- Self-management of Health and Safety at Work (STPS)
- SARI Certification (Integral Responsibility Management System) ANIQ

Polioles

- Clean Industry (SEMARNAT)
- Safe Industry, Lerma Plant (STPS)
- SARI (Integral Responsibility Management System) Altamira Plant, ANIQ

TEMEX

- Clean Industry (SEMARNAT)
- Family Responsible Company (STPS)

Nemak

Nemak Wernigerode, Germany

- BS OHSAS 18001:2007 (A+G Schutz)

Nemak Nanjing, China

- ISO 14001 (Zhongshui Yuanshu authentication center)
- OHSMS 18001 (Zhongshui Yuanshu authentication center)
- Green Supplier (Shanghai General Motors)

Nemak Tennessee, U.S.

- ISO 14001 (KIWA International Cert GmbH)
- Millionaires Safety Award (AFS)
- Commissioner's Award of Excellence - Safety (Tennessee Dept. of Labor and Workforce Development)

Nemak Alabama, U.S.

- Millionaires Safety Award for HPDC (North American Die Casting Association NADCA)
- Manufacturer Alabama Safety Award for LFO (Manufacturer Alabama)
- ISO 14001 (ICS/KIWA)

Nemak Győr, Hungary

- AEO Certification (aeo.hu Consulting Ltd.)

Nemak Monterrey, Mexico

- ISO 14001 Certification (ABS Quality Evaluations)
- Clean Industry (SEMARNAT)
- Recognition for supporting fauna care in Coahuila (SEMARNAT)
- Emissions Reduction (Nuevo León State Government)

Nemak Monclova, Mexico

- Clean Industry (SEMARNAT)

Nemak Ziar, Poland

- Safety Certificate OHSAS 18001:2007
- ISO 14001
- OHSAS 18001

Nemak Most, Czech Republic

- OHSAS 18001:2008 (TÜV International)

Sigma

- Family Responsible Company for 23 work centers (STPS)
- Clean Industry for seven plants (SEMARNAT)
- SQF (Quality and innocuous food certification) for eight plants (Safe Quality Food Institute)
- Socially Responsible Company to Celaya plant (Mexican Center for Philantropy)

Alestra

- Clean Industry (SEMARNAT)
- Recognition for "Effective Management of Health and Safety at Work" (STPS)

GRI Index

GRI	DESCRIPTION	PAGE	REPORTED
STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision-maker of the organization.	6-7	Fully
1.2	Description of key impacts, risks, and opportunities.	6-9	Fully
ORGANIZATIONAL PROFILE			
2.1	Name of the organization.	dust jacket inside front flap	Fully
2.2	Primary brands, products, and/or services.	dust jacket inside front flap, 2-3	Fully
2.3	Operational structure of the organization.	2-4	Fully
2.4	Location of organization's headquarters.	dust jacket inside front flap	Fully
2.5	Number of countries where the organization operates.	dust jacket inside front flap, 2-3	Fully
2.6	Nature of ownership and legal form.	dust jacket inside front flap	Fully
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	dust jacket inside front flap	Fully
2.8	Scale of the reporting organization.	dust jacket inside front flap, 2-3, 5	Fully
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	dust jacket inside front flap, 6-7, 44	Fully
2.10	Awards received in the reporting period.	47-48	Fully
REPORT PARAMETERS			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	6-7, 44	Fully
3.2	Date of most recent previous report (if any).	6-7, 44	Fully
3.3	Reporting cycle (annual, biennial, etc.)	44	Fully
3.4	Contact point for questions regarding the report or its contents.	dust jacket outside back flap	Fully
3.5	Process for defining report content.	44-45	Fully
3.6	Boundary of the report.	44-45	Fully
3.7	State any specific limitations on the scope or boundary of the report.	44-45	Fully
3.8	Basis for reporting on joint ventures.	44-45	Fully
3.9	Data measurement techniques and the bases of calculations.	44-45	Fully
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	44-45	Fully
3.11	Significant changes from previous reporting periods.	44-45	Fully
3.12	Table identifying the location of the Standard Disclosures in the report.	dust jacket inside front flap	Fully
3.13	Policy and current practice with regard to seeking external assurance for the report.	44-45	Fully
GOVERNANCE, COMMITMENTS AND ENGAGEMENT			
4.1	Governance structure of the organization, including committees under the Board's supervision.	13-14	Fully
4.2	Indicate whether the Chairman of the Board is also an executive officer.	13-14	Fully
4.3	Number of members of the Board that are independent and/or non-executive members.	13-14	Fully
4.4	Mechanisms for shareholders and employees to provide recommendations to the Board.	14	Fully
4.5	Linkage between compensation for members of the Board and company's performance.	13-14	Fully
4.6	Processes in place for the Board to ensure conflicts of interest are avoided.	12-13	Fully
4.7	Process for determining the qualifications and expertise of the members of the Board.	13-14	Fully
4.8	Mission, Vision and Values.	12	Fully
4.9	Adherence and compliance of international standards.	13-14	Fully
4.10	Evaluation of the Board performance.	13-14	Fully
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Note 1	Fully
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives.	26, 32, 42	Fully
4.13	Memberships in associations.	15	Partially
4.14	List of stakeholder groups engaged by the organization.	9-10	Fully
4.15	Basis for identification and selection of stakeholders with whom to engage.	9-10	Fully

GRI	DESCRIPTION	PAGE	REPORTED
4.16	Approaches to stakeholder engagement, including frequency of engagement.	9, 10	Fully
4.17	Key topics and concerns that have been raised through stakeholder engagement and company's response.	10, 13-14, 18	Fully
PERFORMANCE INDICATORS			
ECONOMIC			
EC1	Direct economic value generated and distributed	5	Fully
EC2	Financial implications, risks and opportunities for the organization's activities due to climate change.	35	Fully
EC3	Coverage of the organization's defined benefit plan obligations.	18	Fully
EC4	Significant financial assistance received from government.	4	Fully
EC5	Initial standard salary.	18	Fully
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	29	Fully
EC7	Procedures for local hiring	18	Fully
EC8	Development and impact of infrastructure investments and services provided for public benefit	28, 32	Fully
ENVIRONMENTAL			
EN2	Percentage of materials used that are recycled input materials.	39	Fully
EN3	Direct energy consumption by primary energy source.	36-37	Fully
EN4	Indirect energy consumption by primary source.	36-37	Partially
EN5	Energy	36-37	Fully
EN6	Energy	36-37	Fully
EN7	Energy	36-37	Fully
EN9	Water sources significantly affected by withdrawal of water.	40	Fully
EN10	Percentage and total volume of water recycled and reused.	40	Partially
EN11	Biodiversity	41	Partially
EN12	Biodiversity	41	Partially
EN13	Biodiversity	41	Partially
EN14	Biodiversity	41	Fully
EN15	Biodiversity	41	Fully
EN16	Emissions	37-38	Fully
EN18	Emissions	37-38	Fully
EN21	Total water discharge by quality and destination.	40	Fully
EN23	Total number and volume of significant spills.	39	Fully
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	35	Fully
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	39	Fully
EN28	Fines and sanctions for non-compliance with environmental laws and regulations.	35	Fully
SOCIAL: LABOR PRACTICES AND DECENT WORK			
LA1	Total workforce.	18	Fully
LA2	Total number and rate of employee turnover by age group, gender, and region.	18	Partially
LA3	Benefits	18	Fully
LA4	Percentage of employees covered by collective bargaining agreements.	18	Fully
LA5	Notice period(s) regarding significant operational changes.	18	Fully
LA6	Health and safety committees.	19-20	Partially
LA7	Rates of injury, occupational diseases, lost days, and absenteeism.	19-20	Partially
LA8	Health	19-20	Partially
LA9	Health	19-20	Fully
LA10	Training	20	Fully
LA11	Training	20	Partially
LA12	Performance and career development reviews.	20	Fully
LA13	Diversity	18, 22	Partially
LA14	Ratio of basic salary of men to women	18	Fully
SOCIAL: HUMAN RIGHTS			
HR4	Incidents of discrimination	23	Fully
HR5	Freedom of association and collective bargaining	23	Fully
HR6	Operations identified as having significant risk for incidents of child labor	23	Fully
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor	23	Fully
HR8	Security personnel trained in the organization's policies or procedures concerning human rights	11	Fully
HR9	Rights of indigenous people	11	Fully
SOCIAL: SOCIETY			
SO2	Risks related to corruption	11, 14-15	Fully
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	14-15	Fully
SO4	Actions taken in response to incidents of corruption.	11, 14-15	Partially
SO5	Public policy positions and participation in public policy development and lobbying.	15	Fully
SO6	Contributions to political parties, politicians, and related institutions	14-15	Fully
SO7	Anti-competitive behavior, anti-trust, and monopoly practices	15	Fully

GRI	DESCRIPTION	PAGE	REPORTED
SO8	Fines and total number of non-monetary sanctions for non-compliance with laws and regulations	14-15	Fully
SOCIAL: PRODUCT RESPONSIBILITY			
PR2	Regulations and voluntary codes concerning health and safety impacts of products and services	11	Fully
PR3	Type of product and service information required by procedures	11	Fully
PR4	Incidents of non-compliance with regulations and voluntary codes concerning product information.	11	Fully
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	11	Partially
PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	11	Fully
PR8	Customer privacy and losses of customer data	11	Fully
PR9	Legal.	11	Fully

Note 1: At the time of the issuing of this report, ALFA does not have a Precautionary Principle.

DISCLOSURES ON MANAGEMENT APPROACH			
DISCLOSURE ON MANAGEMENT APPROACH ECONOMIC			Fully
ASPECTS	Economic Performance	Dust jacket inside front flap, 5,18	Fully
	Market presence	2, 18, 29	Fully
	Indirect economic impacts	28	Fully
	DISCLOSURE ON MANAGEMENT APPROACH ENVIRONMENT		
ASPECTS	Materials	39	Fully
	Energy	36, 37	Partially
	Water	40	Partially
	Biodiversity	41	Partially
	Emissions, effluents and waste	37-40	Fully
	Products and services	35, 39	Fully
	Compliance	35	Fully
DISCLOSURE ON MANAGEMENT APPROACH LABOR			Partially
ASPECTS	Employment	18	Partially
	Labor/management relations	18	Fully
	Occupational health and safety	19, 20	Partially
	Training and education	20	Partially
	Diversity and equal opportunity	18, 22	Partially
DISCLOSURE ON MANAGEMENT APPROACH HUMAN RIGHTS			Partially
ASPECTS	Non-discrimination	23	Fully
	Freedom of association and collective bargaining	23	Fully
	Child labor	23	Fully
	Forced and compulsory labor	23	Fully
	Security practices	11	Fully
	Indigenous rights	11	Fully
DISCLOSURE ON MANAGEMENT APPROACH SOCIAL			Partially
ASPECTS	Corruption	11, 14-15	Partially
	Public policy	14, 15	Fully
	Anti-competitive behavior	15	Fully
	Compliance	14, 15	Fully
DISCLOSURE ON MANAGEMENT APPROACH PRODUCT RESPONSIBILITY			Partially
ASPECTS	Customer health and safety	11	Fully
	Product and service labelling	11	Fully
	Marketing communications	11	Partially
	Customer privacy	11	Fully
	Compliance	11	Fully



Statement GRI Application Level Check

GRI hereby states that ALFA has presented its report "2011 ALFA Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 14th of February 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because ALFA has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3rd of February 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Huixquilucan, State of Mexico, 31st of January 2012.

ALFA, S.A.B. de C.V.

External Verification Statement for the 2011 ALFA Sustainability Report

To the Directors and management of ALFA,

In response to the request from ALFA, we conducted an independent external verification of its Sustainability Report covering its 2011 operations; in this process we reviewed the application of the content and quality principles for sustainability reporting according to the Global Reporting Initiative (GRI) G3 Guidelines, and the description of the organizational profile, its management approach to sustainability, and the economic, social and environmental performance indicators proposed in these Guidelines.

Director's Responsibility

The preparation and presentation of the 2011 Sustainability Report of ALFA, its content and performance indicators, and the B+ level self-declaration according to GRI G3 Guidelines are the sole responsibility of the Directors of ALFA.

Scope of our work

The IDEARSE Centre at Anahuac University is responsible for expressing its conclusions about the third-party verification process conducted for the 2011 Sustainability Report of ALFA, in accordance to GRI G3 content and quality principles for sustainability reporting and the inclusion of economic, social and environment indicators, based on the methodology and procedures applied in its review. This statement could not be considered as an audit report.

Verification Process

The external verification process was carried out in three stages by applying specific guidelines for collecting and analyzing information:

- Review and analysis of the content of the sustainability report and the annexes provided by ALFA.
- Interviews with specific executives and managers of various related areas and those responsible for the preparation of the sustainability report, to validate cross-sectional information on sustainability.

- Analysis of information and presentation of a critical-reading report containing the conclusions and process improvement recommendations for future reports.

During all the process, the application of GRI G3 Guidelines for the report preparation was validated, and the mainstreaming of sustainability in the management approach towards economic, social and environmental performance was verified. The alignment with the quality and content principles proposed by GRI was checked, the consistency between the qualitative and quantitative information about specific practices was reviewed, and the application of GRI Guidelines for the content of the report was analyzed. *(All complementary information that was requested was timely provided by ALFA and there was no limitation to the access of any background or evidence).*

Conclusions

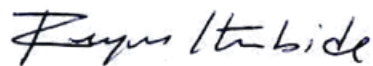
The results of the third-party verification process does not show significant deviations or omissions in the application of GRI G3 Guidelines for Sustainability Reporting, and no inconsistencies in the information reported by ALFA were identified, which allows them to self-declare its 2011 sustainability report as a B+ level report.

Recommendations

Additionally, we have submitted to the Directors and management of ALFA a critical-reading report containing the details and conclusions of our verification process and the recommendations arising from it, in order to give feedback for the continuous improvement of the organization.



Sybil Aréchiga Vargas
Responsible for Verification



Jorge Reyes Iturbide
IDEARSE Centre Director



This report has been designed to be published electronically. Only 250 copies have been printed. ALFA reaffirms its commitment to the environment by using innocuous materials.



This report has been printed using FSC certified stock, recycled and free of chlorine in its process.



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The Alfa logo consists of the word "alfa" in a bold, blue, lowercase sans-serif font. A small orange square is positioned at the top right corner of the letter 'a'.

alfa

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