

Alfagres  
**Sustainability  
Report**

**2022**

Executive Summary







The future is not  
what we are going  
to do someday,  
but what we have  
already done.



Video

# > Content

**1** Alfagres overview Page. 8

- 1.1 ¿Who we are?
- 1.2 Sustainability in Alfagres
- 1.3 We grew stronger in 2022

**2** Evolving our sustainability strategy Page. 18

- 2.1 Sustainable path

**3** Creating economic value for better real life Page. 24

- 3.1 Innovation and sustainability: products for real life
- 3.2 Evolution for our clients
- 3.3 Industrial capacity transformation
- 3.4 Supply chain management

**4** Better real life for people: growing together Page. 32

- 4.1 Our talent and DNA: Ser Alfa
- 4.2 Building together with communities

**5** Better real life for the planet: taking care of the environment Page. 36

- 5.1 Climate action
- 5.2 Water management
- 5.3 Circularity
- 5.4 Preserving ecosystems





What we have accomplished in more than 60 years enthuses me, as well as who we are, and the future that awaits us.



## Message from the CEO

I am pleased to share this 2022 sustainability report that highlight the achievements and the evolution of Alfagres Group allowing us to understand our environment and stay consistent with our way to act in a sustainable manner, always aligned with the principle of our founder Pier Carlo Boggio **“Always strive to leave things better than how you found them”**.

**Alfagres design for real life**, represents our reason to be: to understand, improve and elevate the lives of our clients and everyone around us. In this past year, we achieved extraordinary economic results as part of the development and the execution of strategic initiatives framed by sustainability and innovation.

I want to highlight the great contribution of all my coworkers, who have been the main cause of the results we obtained this year and will be the promoters for our future growth. I want to bring out the most relevant financial results of 2022: we reached an EBITDA of \$32 million USD, 58% growth in sales, 72% growth in exports and a net profit of \$25 million USD.

We continue our efforts to integrate sustainability more deeply into our business and with more materiality. We think that sustainability is not only a corporate matter, it also has to be a reflection of our products and services. For this reason, we are working to establish metrics and dynamics with our stakeholders, which will allow us to demonstrate our progress, producing more with fewer resources and having a positive impact on people and the environment.

We have made progress in the implementation of our environmental management system, to strengthen our initiatives for the rational use of natural resources. Thus we achieved in our production process a 5.4% reduction in energy consumption and increased the use of recirculated water by 16%.

We continue to impact our communities, by participating and promoting social programs such as those done in collaboration with La Cayena Foundation, benefiting more than 2,500 people in 2022.



At Alfa we are committed with the development of our collaborators because we know they can make a difference. We have strengthened “Ser Alfa” our talent brand, in order to solidify our essence, purpose, principles and values. We know that we can achieve great results, work as a team, grow the business, motivate and promote our employees’ personal and family growth, raise standards and improve the way we do things on a daily basis, to encourage us to create value in constructing sustainable cities and communities.

We will continue to develop sustainable products and solutions, based on the following principles: artist-artisan, attention to detail, always seeking to make designs that work and that are relevant for our clients’ real life.

With this in mind, I’d like to present our brand evolution in this report, that preserves our essence for which we are and have been recognized over time. It is a new visual identity that reflects closeness to our clients and audiences, as well as how we live of our product creation and express our identity in today’s modern life.

What we have accomplished in more than 60 years inspire me, as well as who we are, and the future that awaits us. I’d like to thank all our stakeholders: particularly our shareholders, collaborators and the entire value chain, for their encouragement and motivation in helping us achieve the positive results that we share in this report.

I am confident that we will fulfill our purpose by working to improve our financial health, our communities and our environment, creating a better future. Convinced that throughout our work we can enhance real life.

  
**Emilio Álvarez**  
CEO Grupo Alfagres



Sustainability  
Report 2022  
Spanish

**We will  
continue**  
to develop sustainable  
products and solutions,  
based on the following  
principles: **artist-artisan,  
attention to detail**, always  
seeking to make **designs  
that work and that are  
relevant** for our clients’  
real life.



# 1. Alfagres overview

## 1.1 ¿Who we are?

We are a **67-year-old company**, dedicated to the production and marketing of floor and wall tile solutions for construction. We work to generate collective prosperity, with the goal of improving each person's real life by devoting ourselves to understanding life and creating spaces for people to express themselves authentically.

The future is leveraged on **innovation, quality and process efficiency** by applying our principles: attention in detail, designs that work, artist-artisan and continued relevance.



Artist  
artisan



Designs  
that work



Continued  
relevance



Attention  
in detail





> Our products

We offer comprehensive solutions for decorating and remodeling residential, commercial and institutional spaces:

**Floor and wall coverings**

Ceramic, porcelain, stoneware, terrazzo tile, laminated wood, synthetic grass and vinyl.

**Bathrooms**

Toilets, sinks, taps, bathroom furniture, mirrors, tubs and accessories.

**Kitchens**

We make custom-made kitchens, furniture, dishwashers, countertops, faucets, electrical appliances, water filters and accessories.

**Decoration**


Decorative coverings, rugs and lighting.

**Adhesives and paints**

Vinyl paints and enamels for interiors and exteriors. Additives for the installation of coatings, joints and waterproofing.

> Our business channels

  
**Retail**  
37 stores in Colombia.

  
**E-commerce**  
Digital ecosystem for customer service and sales (alfa.com.co & alfagres.com)

  
**Distributors**  
Wide network of +500 dealers in Colombia and +380 abroad.

  
**Construction**  
Specialized service for construction companies dedicated to building housing and, commercial and institutional projects.

  
**International**  
Business presence in the United States, Caribbean, Asia and Latin America.

1.2 Sustainability in Alfagres

Value creation for better real life

 1.514  
Employees

 Direct Impact:  
160 permanent  
contractors

 Industrial  
facility in  
Soacha



4  
Product  
marketing  
channels

67 **ALFA**  
Years of  
history



More than  
**+500**  
distributors



International presence  
with our products in: **33** Countries



**10** Production  
lines



More than  
**+2.400**  
construction projects  
with Alfagres products



**37** Stores

**964**  
Active  
suppliers



**11%** More product  
tonnage  
mobilized

**28%**  
Of sales are  
product innovations



Sales of up to  
**USD \$132**  
million with a growth of 58%



Net profit of  
**USD \$25**  
Millon



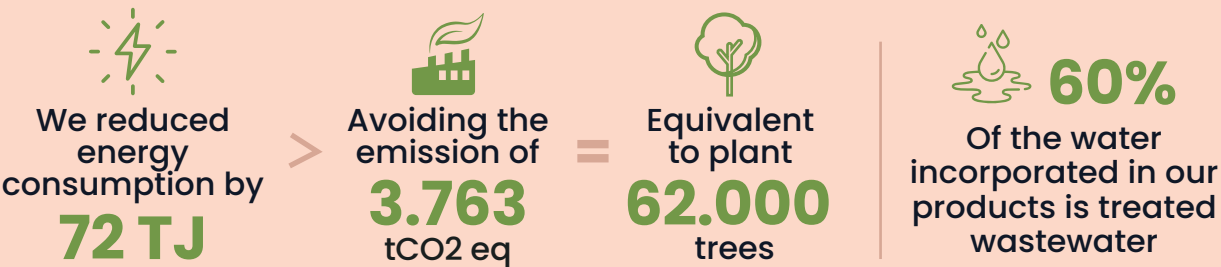
**72%**  
Growth in exports



EBITDA growth  
**207%**



Better real life for the planet



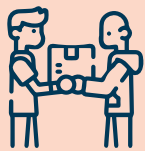
**Zero** wastewater discharges in our industrial facility

Better real life for people



Impacted more than **2.500** people in other areas

Through “Programa Creadores” we trained



**711** people benefited through social provision of construction materials



**83%**

of purchases are from national distributors

**100%** of our clay is processed in a dry mill, reducing water consumption compared to the industry norm that uses wet milling processes, saving up to 69 million liters of water per year.<sup>1</sup>

<sup>1</sup> Compared to the equipment’s consumption based on the manufacturer’s efficiency data.



1.3 We grew stronger in 2022



We are on track to get the revenues and profitability proposed, achieving in 2022 an **EBITDA of \$32 million USD**, with growth in sales of **58%** vs. 2021.



We deepened our strategic commitment with **sustainability** throughout our entire **value chain**, thus generating a positive impact in our environment.



We have evolved the way of interacting with customers, both physically and digitally. We opened four (4) new stores in Colombia.



We created **Ser Alfa**, which reflects and enhances our organizational **DNA** as a talent brand, as part of an inspiring story that invites people to follow it.



We **strengthened stakeholder** relationships, by implementing dialogues with our employees, clients, suppliers, trade unions and the community in order to know their **expectations and relevant topics** related to sustainability.



We consolidated our industrial capacity, due to our operational excellence strategy, thus we managed to increase the square meters produced by 32% compared to 2021.



We made progress in the implementation of the **Environmental Management System** that allowed us to strengthen initiatives related to the **rational and efficient use of natural resources**. We recycle more than **94% of the waste generated** and compared to 2021, we saved **5.4% in energy consumption** and increased the **use of recirculated wastewater by 16%**.



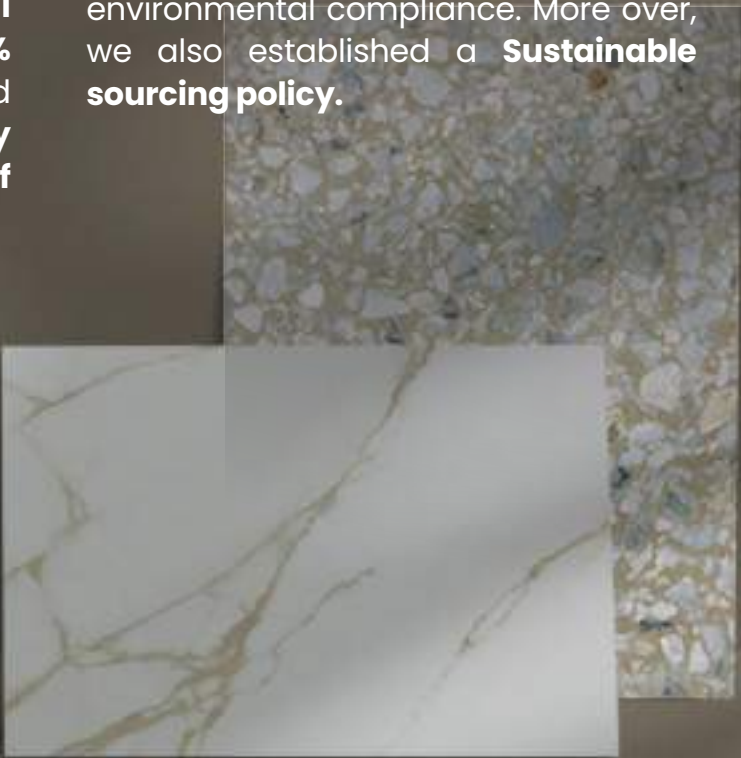
We assessed **339 suppliers** in **sustainable** practices, including aspects related to human rights, ethics, social management and environmental compliance. More over, we also established a **Sustainable sourcing policy**.



We launched a new collection **Natural Minimalism**, with which we seek to **use only what is necessary** for spaces to stand through design.



We achieved **28%** of our sales through **innovative products**, reaffirming our proposal with solutions that improve the lives of people and enrich spaces.





## 2. Evolving our sustainability strategy

We are an organization that works with the firm conviction of generating value for our stakeholders. This is done by obtaining economic results that allow us **to contribute to the construction of sustainable cities and communities** through a portfolio of innovative products that generate impact, thus contributing to global challenges.

Considering this vision, we consolidated our strategy under three pillars.



The world is constantly being remodeled. So are we. We focus on innovation and sustainability so that each of our products and solutions improve people's spaces and real lives.



A photograph of two people in a laboratory setting. They are wearing white lab coats, safety glasses, and face masks. They are looking down at a piece of paper or a small object they are holding together. The background shows laboratory equipment and shelves.

1

**Value creation for better real life**

Innovating and developing sustainable products and solutions for spaces that transform people's lives.

A photograph showing a lush green landscape from an elevated perspective. A river or stream flows through the center of the image, surrounded by dense vegetation and hills. The sky is overcast.

2

**Better real life for the planet**

Adapting our processes to make efficient use of natural resources, proactively contributing to global challenges.

A photograph of three people in a social setting, likely a bar or restaurant. A man and a woman are in the foreground, smiling and holding glasses of wine. Another woman is partially visible in the background. The setting has warm lighting and wooden accents.

3

**Better real life for people**

Alfagres is committed to make each person's real life much better, both for our people and for our communities.



## 2.1 Sustainable value path

We generate shared value through specific actions that respond to the relevant topics that we had identify, this is how we contribute towards sustainable development.

### Alfagres purpose

**Alfagres is dedicated to improve each person’s real life. By understanding it and helping to create spaces in which real life can genuinely express it self.**



### Principles



**Attention in detail**



**Designs that work**



**Artist artisan**



**Continued relevance**

### Values



**Humility**



**Collaboration**



**Adaptability**



**Commitment**

### SDGs



### Strategic pillar: Value creation for better real life

We innovate and develop sustainable products and solutions for spaces that transform people’s lives.

### Relevant topics



**Profitable and sustainable growth**



**Innovation thought to improve sustainability and people’s lives**



**Improving our industrial and supply chain capacities**



**Sustainable supply chain**



**Ethics and compliance**

### Actions that create value

- > Generating added value with our product portfolio through innovation and sustainability.
- > Profitable and sustainable growth.

- > Design based in real life, thinking about the people that uses the spaces.
- > Products with sustainable features.
- > An innovation model for new ideas and product development.

- > Innovation focused on managing production processes and efficient use of resources.
- > Manufacturing technological modernization.
- > Operating considering business and market needs.

- > Working together with our suppliers to promote sustainability practices in our value chain.
- > Self-assessment evaluation in sustainability matters.

- > Ethics and compliance programs



Strategic pillar: Better real life for people

At Almagres we are committed to improve the real life of each person, for our people and for our communities.

Relevant topics

 **Talent and culture management**



Actions that create value

- > Promoting a high-performance culture and empowerment, so people can adopt our pillars and values.
- > Recognition of our team's skills and potential.
- > Supporting the creation of new employment and making efforts to preserve and enhance the working conditions of our employees
- > Prioritizing people from our communities to be enrolled in the organization.

 **Well-being and quality of life**



- > We developed "Ser Alfa" as a path to transform and empower human talent.
- > We offer programs that promote the quality of life and well-being of our collaborators, including their families.

 **Health and Safety**



- > Health and Safety promotion with our collaborators and contractors.
- > Implementing programs and other actions aimed to protect the health and promote good practices.

 **Promoting inclusion**



- > Promoting diversity and inclusion in our workplace.

 **Partnership for sustainable development of communities**



- > Promoting strategic partnerships with non-profit organizations.
- > Main lines of action to work with communities: education, habitability, employment and entrepreneurship.
- > Active participation in the most relevant associations and trade unions.

Strategic pillar: Better real life for the planet

We adapt our processes to make efficient use of natural resources, proactively approaching global challenges.

Relevant topics

 **Climate change**



- > Efficient energy consumption; permanent monitoring.
- > Technological changes to reduce energy consumption.

 **Atmospheric emissions**



- > We measure and manage Greenhouse Gas Emissions in our value chain.
- > Emission control.
- > Innovative technologies to minimize emissions throughout our value chain.

 **Circular Economy**



- > Efficiently manage waste generation.
- > Incorporation of by-products and material optimization.
- > Recovering and reusing containers and packaging.

 **Water Management**



- > Dry milling process, using less resources than most ceramic manufacturers.
- > Efficiently manage water resources.
- > Zero wastewater discharges in our production process.
- > We use 100% of the waste water generated.

 **Land and biodiversity management**



- > Compensations and other activities to protect ecosystems.
- > Restoring intervened areas.



### 3. Creating economic value for a better real life

As Grupo Alfa, at the end of 2022 we **achieved extraordinary** revenues. This result reflects the portfolio value-add strategy and the consolidation of our productive capacity.

Economic value generated and distributed	2022
Direct economic value generated (revenues)	\$ 131.928.320
Economic value distributed	\$ 84.244.418
Economic value retained	\$ 49.565.687

\*Figures expressed in USD



Financial Statements 2022

### 3.1 Innovation and sustainability: products for real life

We are creating new products, capturing market segments and strengthening existing business lines by focusing on sustainability, this has resulted in the inclusion of innovative products in our portafolio.

We have good practices that promote product sustainability, through which we achieve the following benefits:



#### > Taking care of water

**Dry milling clay production process that reduces water and energy consumption** compared to the industry norm that uses wet milling process. This type of dry milling adds a high level of complexity and attention to detail to achieve high-quality standards. **Alfagres was a pioneer in implementing this technology and we still consider it the most sustainable way to produce ceramic tiles.**

- > In our portfolio we have **certified faucets under the NCh 3196/2-2010 standard, which are more efficient with low water consumption.**
- > We offer toilets with **Dual Flush technology** that **saves more than 60% of water compared to traditional toilets.**
- > The **Maui toilet** is **Watersense Certified**, which proves its water consumption efficiency.
- > **60%** of the water used in our product manufacturing process is treated wastewater.



**We designed a grooved cement tile, which allows water to filter and return to its habitat.**



> Working with our people and the supply chain



> We assess the sustainability performance of our **suppliers** reviewing **environmental, social and governance criteria**.



> **30%** of imported products portfolio suppliers have sustainable practices.



> **63** of our **suppliers** are from the nearby municipalities of the Industrial facilities.



> We support the **development of inclusive businesses** by purchasing part of our workers' personal equipment from ACIMA, a women's association promoted by the La Cayena Foundation.

> Caring for health

> **Alfagres paints** are **100% water based**, do not contain heavy metals and have a **minimum level of volatile organic compounds**, contributing to a low odor level.



> The components of our **Protec+** paint product line prevent bacteria reproduction.

> Our faucet product portfolio offers products with **Bio Safe technology**, which prevents the growth of bacteria.

> Incorporating circularity



> We use **paper packaging** for our adhesives, avoiding the use of more than **1.6 million bags** equivalent to **80 tons of plastic** in 2022.

> We are ensuring that our cardboard and plastic **packaging** are **made from recycled materials**.



> In 2022, we reused **28,000 tons of waste** resulting from production processes.



> **We recovered 343 tons of packaging** placed on the market.



> **We incorporated 116 tons of recycled glass** for manufacturing terrazzo tiles.

> **We recycle 100% of our non-conforming materials** incorporating it into our processes.

> We offer customers kitchens that has **PEFC sustainable forest management certification**.



3.2 Evolution for our clients

- > **Evolution of our business model** through new **technologies and digital tools** to give a full experience to our customers, creating an innovative communication model based on **an immersive showcases**. We continue to **integrate** our **omnichannel commercial system**.
- > **We build capacities along with our distributors, strengthening** our long-term relationships, reaching more than **85% of Colombian territory** with our products through our distributor's network.
- > **Alfagres participated with products in the best housing and institutional projects** serving around **1,000 construction clients**, with tailor made commercial offers.



Building Cities in 2022

- > We reach more than **380 international clients** through **OPA international Corporation BDA Alfagres**, including wholesale distributors and stores, in the United States, Latin America and the Caribbean, and some countries in the Asian market (Japan, Taiwan, and Singapore).

Among the most relevant projects we participated in 2022:

- > Turrialba and Punta Arena Hospitals in Costa Rica
- > Peru Ajé bottler

ALFAGRES



> Some of our clients





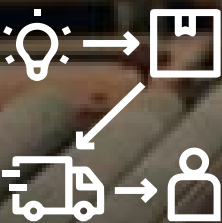
### 3.3 Industrial capacity transformation

We managed to increase our production reaching historical production peaks. This was achieved by improving our quality standards, executing initiatives to be more efficient and using fewer natural resources. Aligned with our environmental management system we accomplished the following:

**During 2022, we achieve the following results:**

- > Established the **GHG emissions baseline for manufacturing processes**.
- > Evaluate **alternatives for the reduction of GHG emissions by using technology** appropriate for the use of clean fuels (hydrogen) and renewable energy sources (solar).
- > **Strengthening our water recycling programs:** by using rainwater, **increasing the use of treated water** within the production complex and reinforcing our **cero-waste water discharge** initiative.
- > Through energy management we achieved a **reduction of 5.4%** in the **specific consumption of energy** for the manufacture of ceramic and stoneware.

### 3.4 Supply Chain management



At Alfagres we consider important promoting sustainability in our supply chain. Suppliers become strategic allies, which allows us to guarantee high standards in operations, share good practices, reduce risks and most importantly, maintain long-term relationships.

- > Direct delivery models that avoid unuse transit and **minimize carbon footprint**.
- > **76%** of the company's total purchases were made through national suppliers, contributing to the development and growth of the local economy.



## 4. Better real life for people: growing together

### 4.1 Our talent and DNA: Ser Alfa

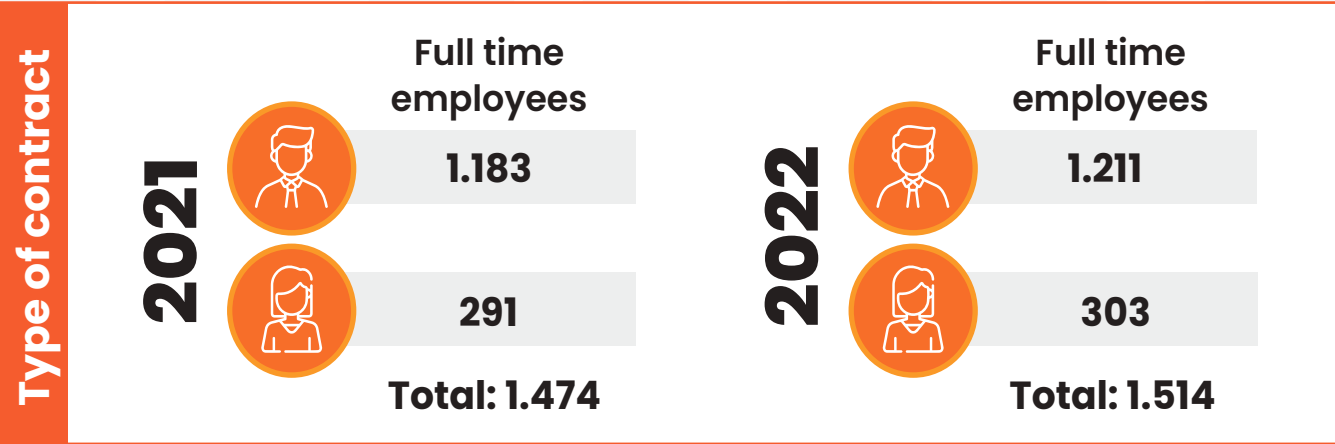
We created **Ser Alfa**, a talent management model that reflects our DNA. It is a talent brand focused on empowering our employees by accompanying them in their professional development, recognizing their extraordinary work and generating well-being for them and their families.

> **We train and educate the best human talent**

As a result of our commitment to training and developing our employees, during 2022 **we provided a total of 16,864 training hours, an increase of 265% compared to 2021.**

> **Figures**

By the end of the 2022, we have 1,514 employees who carry out their work full-time.



> **Health and safety**

The health and safety of our employees and contractors are key factors for a successful business. Among the main results involving the health and safety management system in 2022 we achieved:

- > **Work accidents reduced by 3%.**
- > **18% reduction in job absences.**
- > **Specialized preventive occupational medical examinations** for collaborators.
- > Performed periodic and random H&S audits to contractors, **90% coverage.**





> Education

- > Seeking excellence: strengthening the quality of education, managing to benefit **159 children and adolescents** in Soacha and another **966 children in Juan Mina**.
- > **Educational Infrastructure:** We improved the Eugenio Diaz Castro Educational Institution, Funsunga campus, thus benefiting more **than 66 boys and girls**.
- > **“Cuenta conmigo”:** This is a youth entrepreneurship program, **benefiting 120 boys, girls and adolescents**, with the ‘Fútbol con Corazón’ methodology.

> **Habitability: building dreams with Alfagres**

In partnership with “Banco de Alimentos de Bogotá”, during 2022 **we delivered 772 units of different construction materials, benefiting 711 people**.

> Employability

In partnership with the Soacha municipality, we participated in job fairs in order to **promote local employment**.  
By the end of 2022, **51% of our total employees are from our neighbor communities, Soacha and Sibate**.

> Entrepreneurship

**Programa Creadores**  
We continue to train builders, architects, engineers and interior designers with the **“Programa Creadores”**, on topics related to design, architecture and project management.  
**Inclusive bussiness**  
**We continue to support social business such as ACIMA**, which brings together 30 single mothers, dedicated to make personal equipment and biosafety elements to supply Alfagres.

4.2 Building together with communities

In Alfagres we continue to strengthen our communities, which is why we have been committed to the following strategic lines of action: **education, habitability, employability and entrepreneurship**.



**La Cayena Foundation video:**  
10 years of impacts  
[www.fundacionlacayena.org](http://www.fundacionlacayena.org)



## 5. Real life for the planet: taking care of the environment

### 5.1 Climate action

We work to propose and promote clear strategies for the reduction and compensation of GHG (Green House Gases) emissions, derived from our activities.

We are participating in sector, academy and government initiatives to strengthen our knowledge and capacities to enhance climate change management.

#### National Carbon Neutrality Program

Led by the Ministry of Environment and Sustainable Development of Colombia.

#### ANDI Chamber of Hydrogen:

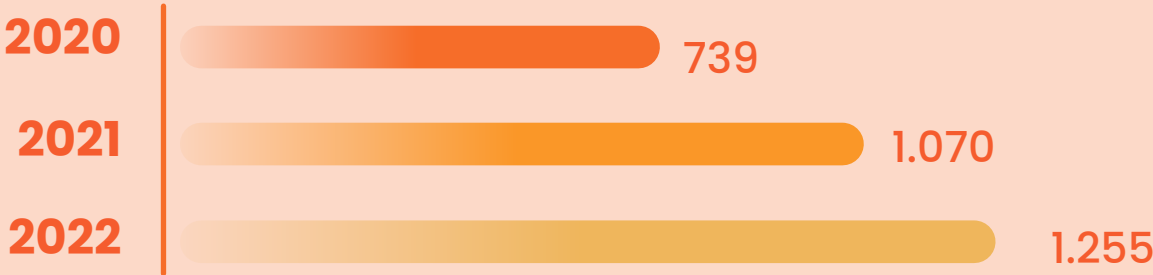
Guild space to establish the implementation path of hydrogen as a sustainable energy source in Colombia.

#### 'Giro Zero'

Initiative of the University of Los Andes in association with the University of Cardiff, in the United Kingdom for transport decarbonizing initiatives.

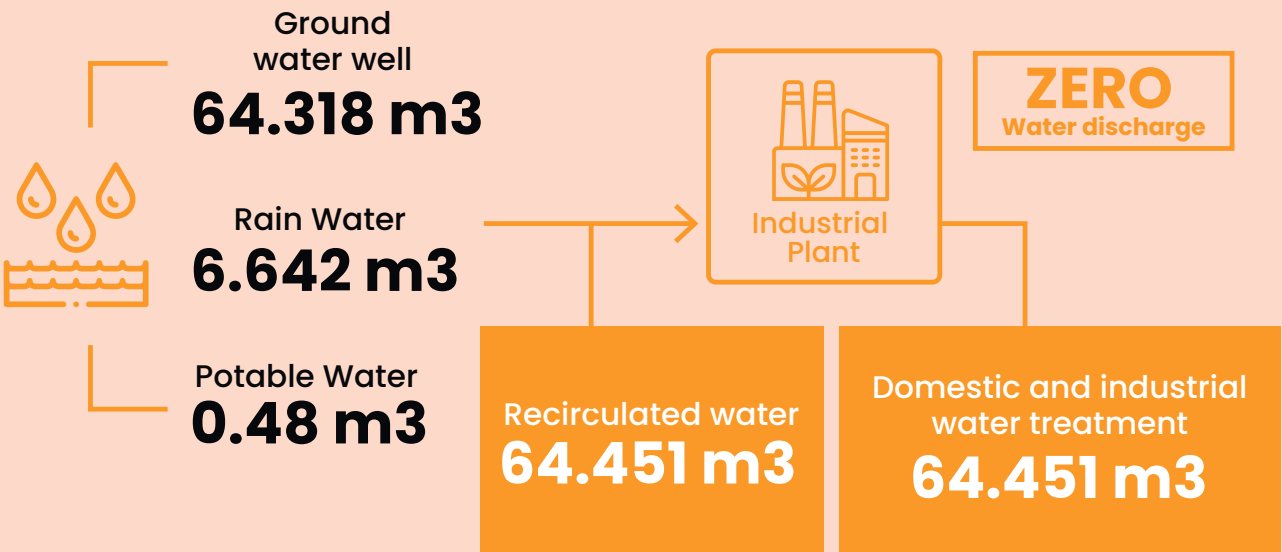
### > Energy management

Total energy consumption in manufacturing processes (TJ<sup>2</sup>)



With our energy initiatives, we achieved a **72 TJ reduction** in energy consumption compared to 2021. **Avoiding** the emission of **3,763 tCO2 eq.** Equivalent to plant **62.000** trees.

### 5.2 Water management



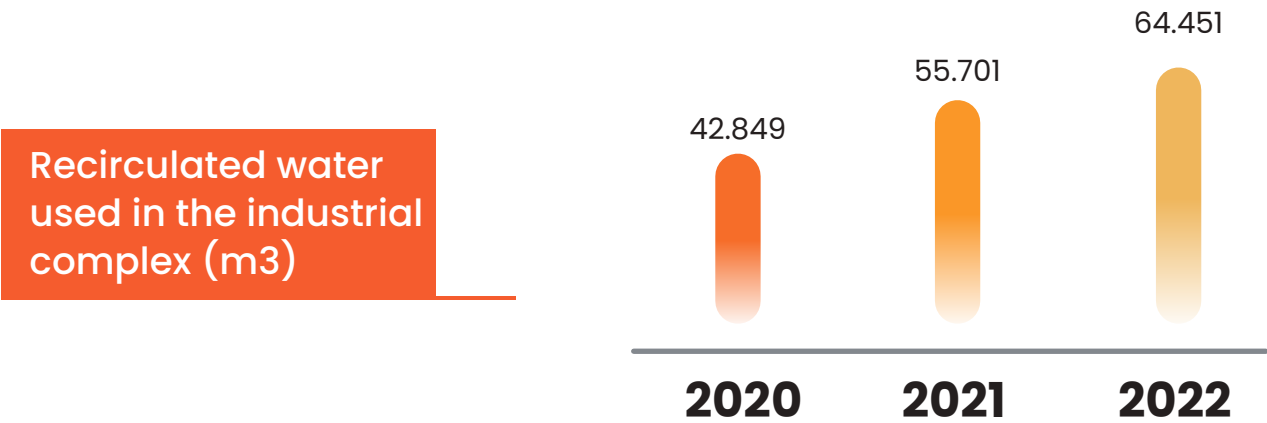
<sup>2</sup> TJ: terajoules or tera joules, a unit of energy equal to one trillion joules or 1012 joules.



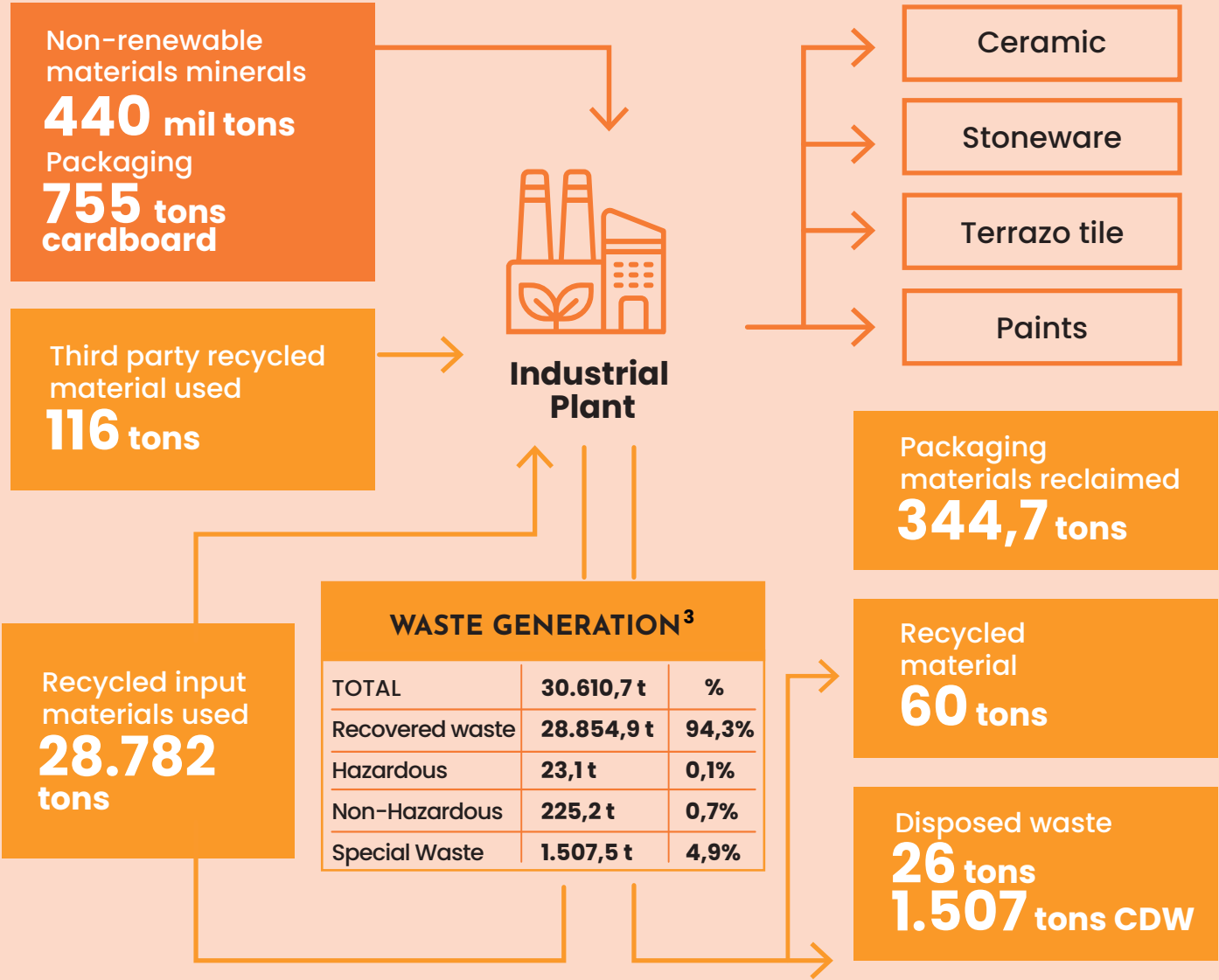


> Recirculating water

We have managed to improve the rational use of water, reducing it's consumption. To meet water demand we have undertaken an initiative **to use 100% of the treated wastewater, both domestic and industrial.**



5.3 Circularity



<sup>3</sup> Includes mineral wastes from reject clays and sludge from WWTPs.



> Waste management

During 2022, we generated 30,164 tons of waste, of which 28,354 tons were recovered, reused or recycled internally or through third parties.

- > **24,761 tons** of process sludge and non-conforming clay were recovered for the manufacture of ‘chamote.’
- > **36,2%** of the pallets put into circulation were recovered and more than 90% of the defective pallets were repaired, thus extending their use-life.
- > We use **paper packaging** for our adhesives, avoiding the use of more than **1.6 million bags** equivalent to **80 tons of plastic** in 2022.

5.4 Preserving ecosystems

We have implemented restoration processes in our own quarries, recovering more than **6,000 ha**. In 2022, **we planted 1,498 trees** in an environmentally protected zone in Sibate “**Paramo de Cruz Verde**”, as compensation for our groundwater extraction permit.



Sustainability  
Report 2022  
Spanish





The image features a central red rectangular card with the word "ALFA" in a stylized, embossed font. To the right of the logo is a vertical line, followed by the tagline "Para la vida real" in a clean, sans-serif font. The card is layered over a textured, light-colored rectangular piece, which is itself layered over a dark, speckled rectangular piece. The entire composition is set against a light beige background.

ALFA

Para  
la vida  
real

Sustainability  
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