

METALSA



2022 SUSTAINABILITY REPORT

2022 MILESTONES

SBTi near-term targets setting

All manufacturing sites are ISO 14001:2015 certified

Creation of our 2050 Net-Zero roadmap

We updated our vision, purpose and values to position **Metalsa as a key player in the new electrified mobility world**

Sustainability 2030 strategy definition

New Guanajuato facility began operations; **this plant is the first to be built within an OEM manufacturing campus**, ensuring a sustained collaboration in the future.

Metalsa has established a Transformation & Sustainability Office to manage change initiatives and support the company’s goal of becoming a “Future Ready Company” and “Making a Positive Impact”. The office will primarily focus on mid to long-term projects, aimed at improving corporate functions, business processes, and operational efficiency to ensure sustainable growth, competitiveness, and market presence.

AWARDS & RECOGNITIONS

PACCAR
10 PPM Quality Award by PACCAR

 **TOYOTA**
Excellent Quality Performance Award by Toyota

PACCAR
Leader Level – Supplier Performance Metric by PACCAR

ABOUT METALSA

GRI 2-1, 2-6

Metalsa S.A.P.I. de C.V. was founded in 1956 by Don Guillermo Zambrano Jr. and has its headquarters in Monterrey. We are the automotive subsidiary of Grupo Proeza, an industrial Mexican group privately owned, controlled and operated by the Zambrano Family. The Group maintains operations and exports its products globally.

Revenues
US \$2.7 BILLION



12 manufacturing plants

7 countries

+11,000 collaborators

19 facilities

Metalsa is proud to be
part of Grupo Proeza



The Metalsa logo features the word "METALSA" in a bold, white, sans-serif font.

Engineered assembled products,
serving the automotive industry.

The Proeza Ventures logo features a circular icon with diagonal white and green stripes, followed by the words "Proeza Ventures" in a white, sans-serif font.

VC firm investing in early-stage
start-ups exclusively in the
mobility space.

The Citrofrut logo features a stylized white fruit icon, followed by the word "Citrofrut" in a white, sans-serif font.

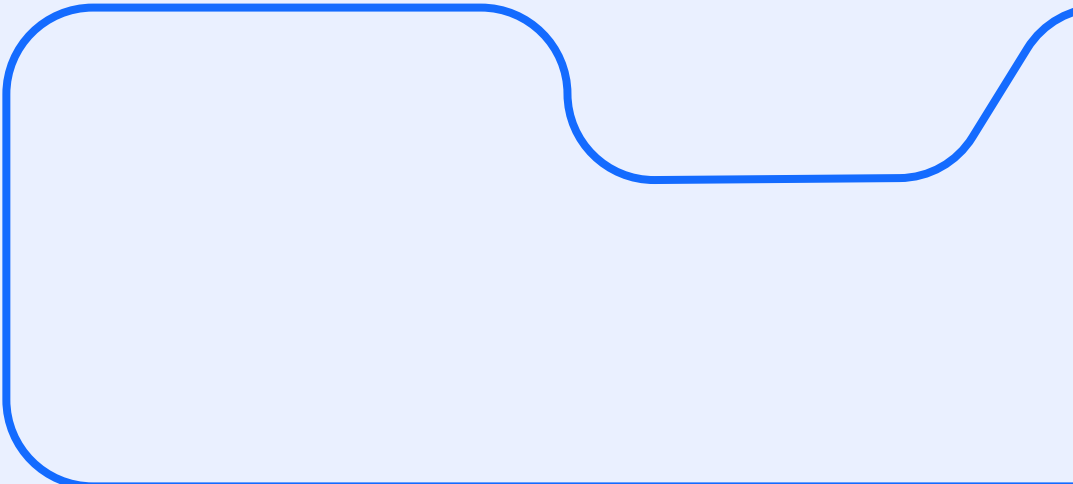
Agro-industrial company,
specialized in fresh and
processed fruit products and
characterized by producing
quality fruit juice.

The Astrum logo features a stylized white "A" icon, followed by the word "Astrum" in a white, sans-serif font.

Digital transformation and
communication solutions.

The Premier Healthcare Professionals logo features a stylized white "PHP" icon, followed by the words "Premier Healthcare Professionals" in a white, sans-serif font.

Nursing staffing company serving
hospitals in the U.S.



Our Services **and Products**

Metalsa manufactures chassis and body structure components for light and commercial vehicles. Furthermore, we provide additional services such as:



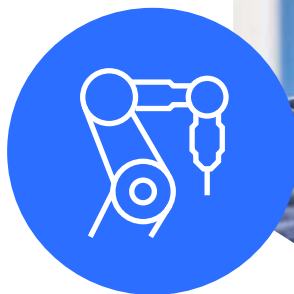
**Design &
Development**



**Prototype
& Testing**



**Value &
Engineering**



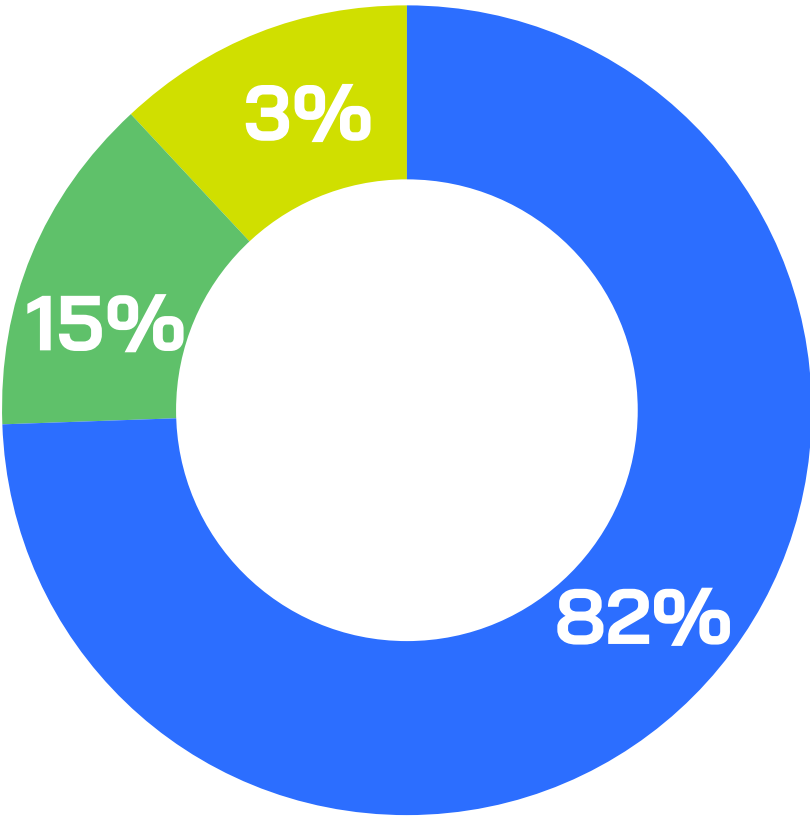
**Production
& Launch**

We supply products and solutions for multiple customers worldwide in several brands and markets, from basic utility vehicles through high luxury vehicles.

We strive to deliver the best products with outstanding quality, while minimizing environmental impacts through process and product innovation.

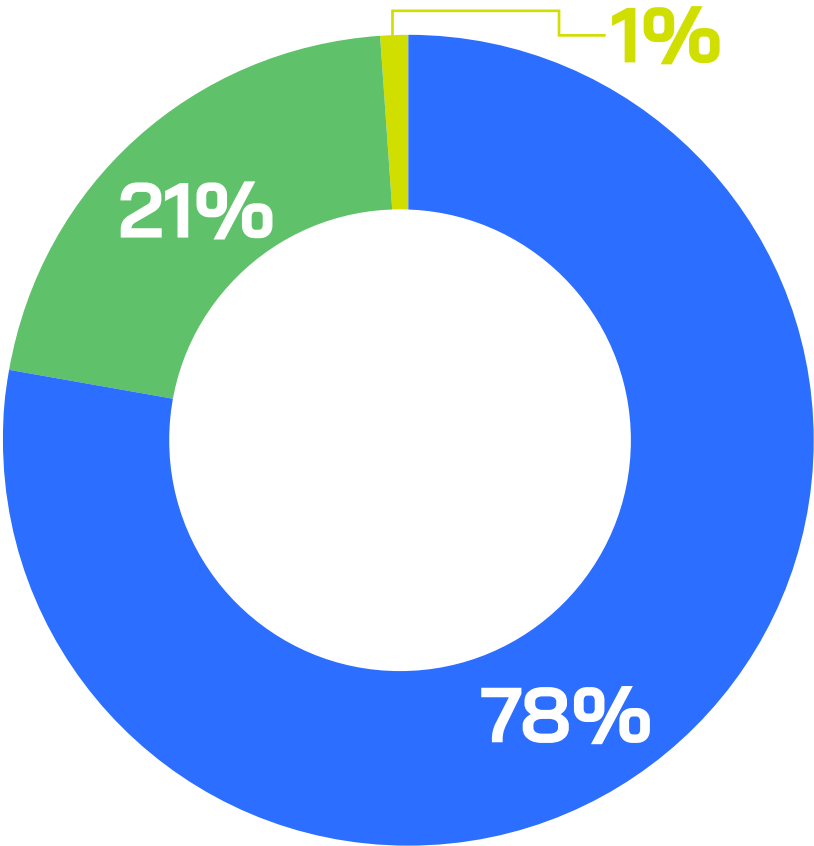


Sales by region



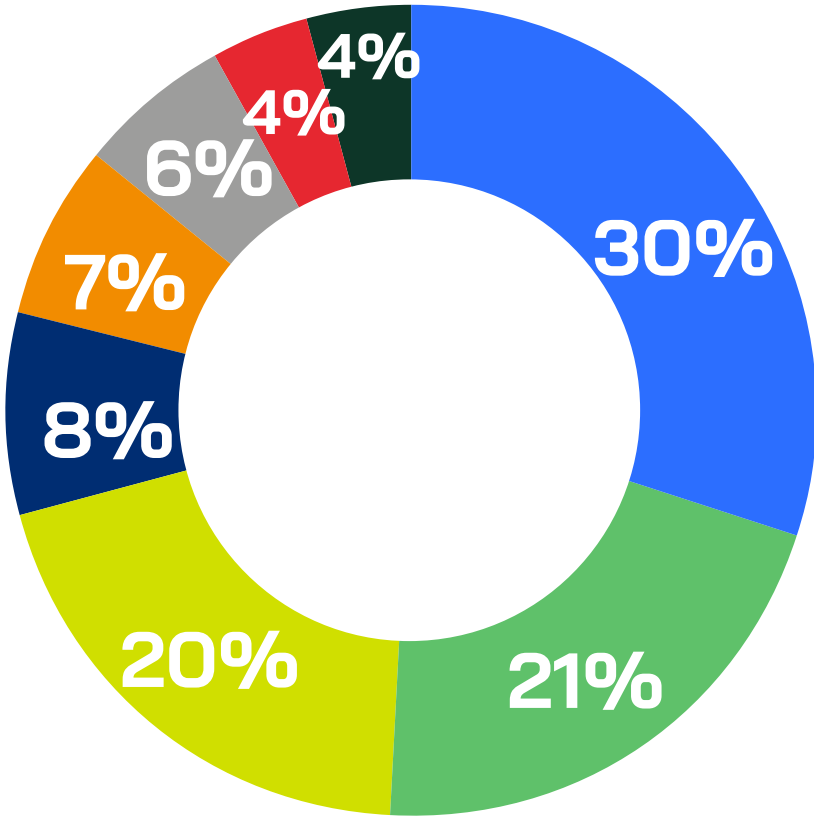
- North America
- South America
- Rest of the world

Sales by product



- Frames
- Rails
- Hinges and transformation

Sales by costumer



- Stellantis
- Ford
- Toyota
- PACCAR
- Volvo
- GM
- VW
- Others

We provide the right tailored solution to meet our customers’ needs.

MARKET PRESENCE

We have operations in Mexico, the United States, Brazil, Argentina, India, Thailand and Japan.

New Guanajuato facility

Kicked off in September 2021 and began construction at the end of the year, this is our first facility built within an OEM manufacturing campus, ensuring collaboration for the next 16 years. This plant is expected to manufacture 100% of the frame production for the next-generation Tacoma, supplying both Toyota Guanajuato and Baja California.

USA

-  Hopkinsville, Owensboro, Roanoke and Elizabethtown
-  San Antonio
-  Detroit

Mexico

-  Apodaca, Saltillo, Coahuila and Guanajuato
-  Mexicali
-  Monterrey

Brazil

-  Campo Largo and Osasco

Argentina

-  El Talar

India

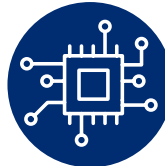
-  Jamshedpur
-  Pune

Thailand

-  Rayong



Manufacturing plant



Sequencing center



Commercial office

*Japan is not included in the map because it's only a commercial office in Nagoya.



Financial Highlights

GRI 201-1

During 2022, Metalsa delivered strong growth, landing above pre-pandemic levels, despite continued supply chain constraints and uncertain economic market conditions. Our revenue increase was driven by a strong recovery in chassis structure and side rails in North and South America.

Sales increased

16% YEAR OVER YEAR.

	2021	2022
Direct economic value generated (revenue)	2,306,441	2,684,132
Economic value distributed	2,727,678	3,203,586
Economic value retained	(421,237)	(519,454)

Culture

At Metalsa we are aware an aligned culture is key for a successful transformation. Thus, we defined an updated reference framework seeking to capture hybrid skills, based on social behaviors and knowledge applicable in the business context. We considered critical thinking, tolerance to complexity and ambiguity, future thinking, active learning.

In October, we held the official roll out with key leaders and communicated action plans to broadcast it to the entire company. In 2023 we will carry out onboarding and training sessions for all collaborators on the new principles.

Purpose

Drive for a better tomorrow

We contribute to build a better world for future generations. Our people and communities go beyond expectations and leave a positive mark.

2030 Vision

To deliver the best chassis solutions that drive the future forward.





Values



We Care

We care about you



We grow

We are humble
and seek to learn



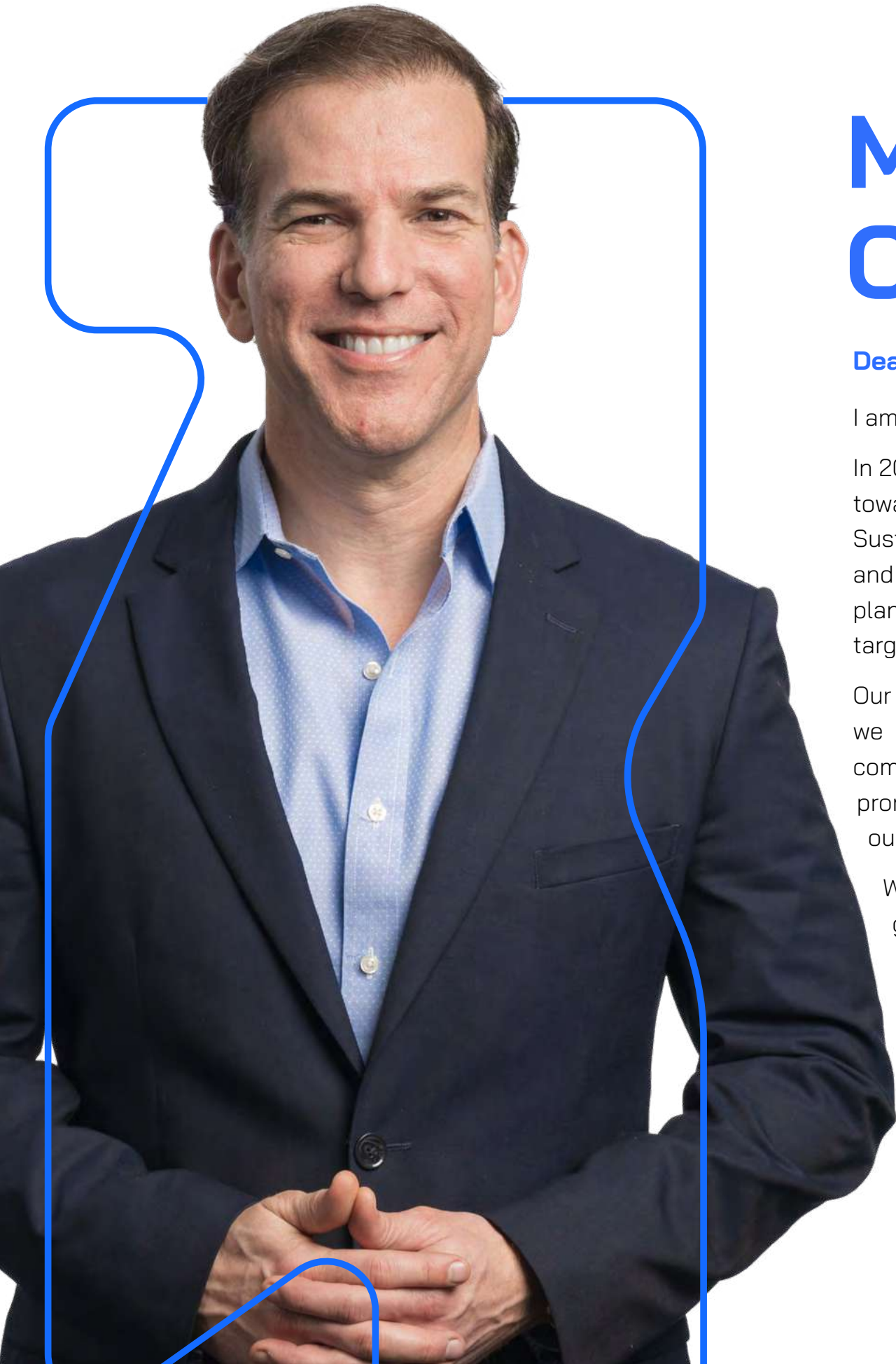
We thrive

We are passionate
about success



We dare

We create bolder
and better solutions



MESSAGE FROM OUR COORDINATOR

GRI 2-22

Dear Metalsa Family and Stakeholders,

I am happy to give you an update on our sustainability efforts.

In 2022, Metalsa achieved a significant milestone in its journey towards a sustainable future. Our new Vision prioritizes Sustainability as a critical pillar to fulfill our long-term strategies and transform toward being agents of change in caring for our planet. For the first time, we have set challenging long-term targets for Environmental, Social, and Governance.

Our success depends on our financial performance and how we engage with our collaborators, customers, suppliers, communities, and the environment. We are dedicated to promoting sustainable development and creating value for all our stakeholders.

We recognize the importance of our contribution to the global effort to address climate change. Therefore, we have committed to adopting sustainable practices throughout our operations to reduce our carbon footprint. Sustainability gives us an opportunity for growth and innovation, and we are enthusiastic about being part of this movement and leading the way.

In pursuit of our goal, we have pledged to become a Net-Zero emissions company by 2050 and have set Science-

Based Targets for decarbonization by 2030. This will involve introducing initiatives like transitioning to renewable energy sources and improving our manufacturing processes. We are also aiming to establish 2030 context-based water targets.

Our people drive our success, and we strive to provide a safe and inclusive workplace where everyone is treated with respect and dignity. We have implemented policies and programs to promote Diversity, Equity, and Inclusion and regularly engage with our collaborators to understand their needs and concerns.

Our commitment to transparency and accountability is reflected in our adherence to the highest ethical standards of governance. We have established robust governance practices to ensure that we operate with integrity and report on our sustainability performance to all stakeholders.

I'm excited about the positive impacts that our sustainability strategy will have as we work toward driving a better tomorrow for our present and future generations.

Sincerely,
Jorge Garza Garza
Metalsa Co. / CEO

A large, stylized graphic of wind turbines at sunset, with the word 'Sustainability' overlaid in a large, white, italicized font.

Sustainability

Sustainable businesses are resilient and create economic value, healthy ecosystems, and strong communities.

A blue-tinted illustration of two workers in hard hats. One worker is holding a laptop, and a large blue arrow points from the laptop towards the top right of the page.

METALSA

Materiality **Assessment** GRI 3-1, 3-2, 3-3

During 2022, we updated our Materiality Assessment with a third-party expert to respond to the current automotive context, considering all the social and environmental issues in the regions where Metalsa has presence. To determine the material issues, we analyzed priority topics and the importance and impact they have for our stakeholders, as well as for Metalsa itself, due to how they could affect the achievement of the business objectives. The methodology used considered:

- 1
- Our Leadership Team and Board of Directors shared the strategic business vision.
- 2
- Diagnosis of Metalsa’s sustainability status.
- 3
- Analysis of direct and indirect competition.
- 4
- Research of sustainability and corporate standards, such as: SASB, GRI, Sustainalytics, Bloomberg, Fitch, SBTi.
- 5
- Strategic Top Mgmt. workshop to define motivators, SWOT, sustainability risks, and stakeholders.
- 6
- Engagement with relevant internal and stakeholder through interviews and focus groups.
- 7
- Prioritization of information and material issues based on frequency, impact, and qualitative assessment.
- 8
- Validation of results by sustainability leader and directors.



RELEVANCE TO STAKEHOLDERS



Material topics:

Principles of Governance

- Growth and sustainable EV transition
- Governance, ethics and compliance
- ESG performance aim to customers
- Sustainable supply chain

People

- Career planning, development and training
- Sustainable leadership
- Diversity, equity and inclusion
- Attraction and retention talent strategy
- Well-being and quality of life

Planet

- Climate change, net zero and energy efficiency
- Responsible water use and treatment
- Strategic environmental management
- Waste management

Prosperity

- Community and social vitality
- Communication and strategic multi-sectorial alliances

Stakeholder

Engagement

GRI 2-29

Below we present the list of our most important stakeholders and the communication type we maintain with each of them.

	Internal communications	Email	Surveys	Interviews	Events	Transparency line	Media	Website	Volunteering	Social media	Annual reports	Quarterly reports	Annual meetings	Quarterly reports	Monthly meetings	Weekly meetings	Workshops	Phone calls	Community visits	Monthly reports
Proeza’s shareholders	x	x		x		x		x				x		x				x		x
Associations	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Government authorities						x		x												
Rating agencies		x				x		x					x					x		
Educational centers	x	x	x	x	x	x		x	x		x		x					x	x	
Customers and distributors						x		x												
Collaborators	x	x	x			x		x												
Industry peers		x				x		x												
Community	x			x	x	x	x		x	x	x		x				x	x	x	
Board of Directors	x	x				x		x												
Directors	x	x				x		x												x
Financial brokers		x		x		x												x		
Investors		x				x						x		x				x		
NGOs	x	x			x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
Suppliers						x														
Business associates						x														
Media						x														



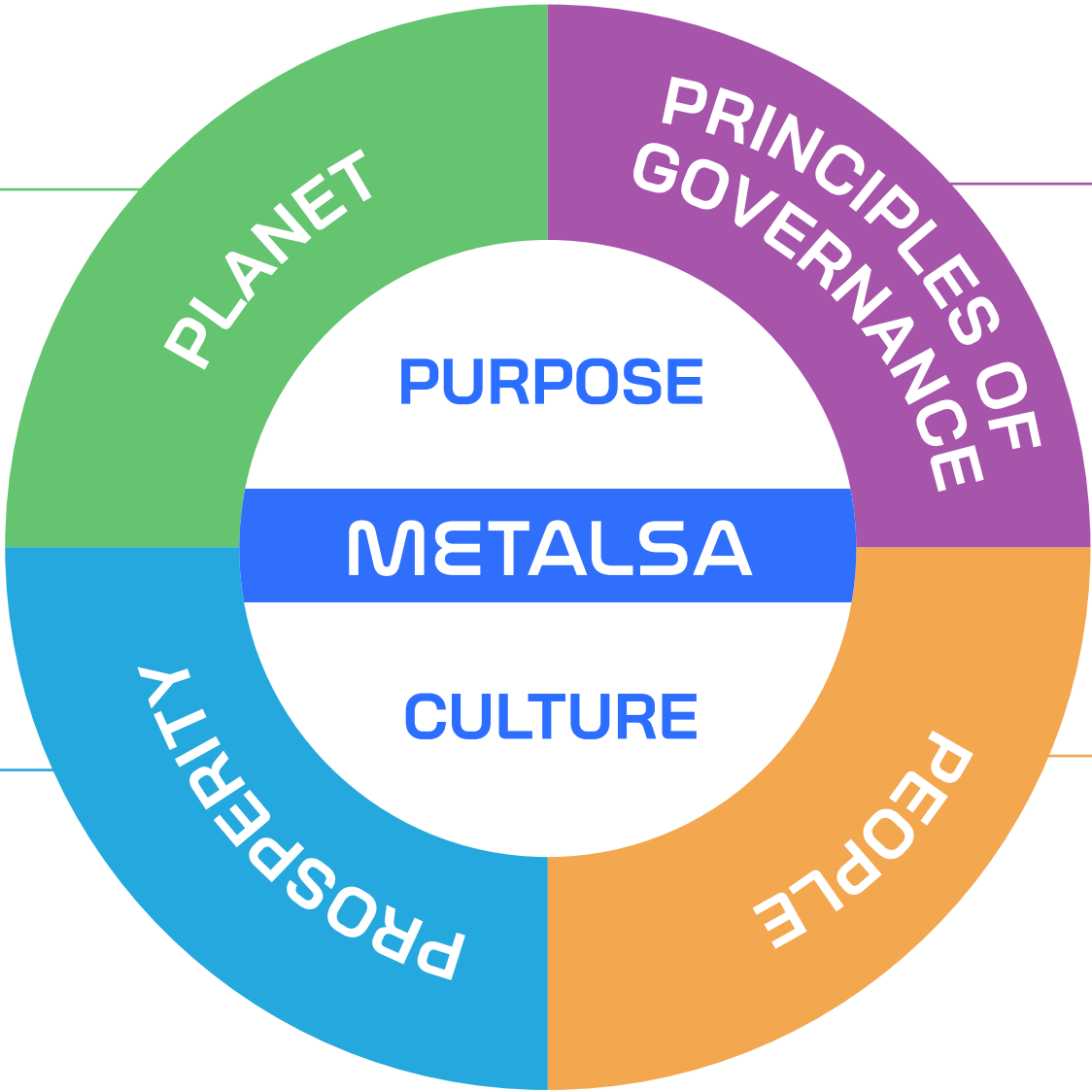
SUSTAINABILITY FRAMEWORK

*Protect the environment
for future generations*

Address climate change and
water conservation.

*Empower & educate
communities to create
wealth*

Transcend by developing better,
sustainable communities.



*Enhance responsible
& ethical business practices*

Be a place where our collaborators
act respectfully and ethically.

*Foster engagement
& meaningful work*

Contribute to building a better society
with inclusive environment and equal
opportunities.

We commit to be agents of change and contribute to society and the environment

Sustainability Strategy

GRI 2-14

At Metalsa, we want to contribute to a better world for future generations and go beyond expectations from a business perspective by leaving a positive mark on the people and the communities we are part of. We are aware that the world is changing at a fast pace. Therefore, topics such as regionalization vs globalization, the future of work related to workforce expectations, exponential growth in urbanization, global warming, resource scarcity, and tech breakthrough are considered as part of our 2030 vision.

We are seeking to evolve and be part of our industry’s future while ensuring profitable growth, protecting our planet, and caring for our people and communities through a clear and structured governance framework that allows us to succeed in this endeavor. We are evolving the way to create value to be at the forefront of the automotive industry. We exist to create a positive impact on our people, communities, and planet.

Our stakeholders in general (customers, collaborators, financial institutions, rating agencies, governments, communities, etc.) are increasingly expecting more decisive actions from us, to contribute to a more sustainable future. We are up to this challenge by being committed to be agents of change. The deployment of our new corporate sustainability framework will enable us to actively participate for a better tomorrow.

The following actions in each of our four pillars will allow us to continue thriving in our sustainability journey.



Planet

- SBTi 2030 Near-Term Targets Setting
- 2050 Net-Zero Roadmap creation
- Sustainability-Linked Bond (SLB) progress tracking
- 2030 Water Stewardship Program creation
- Zero-Waste-to-Landfill Program strengthening
- The continuation of certified Environmental Management Systems (ISO 14001:2015)

People

- Sustainability communication campaigns implementation
- Diversity, Equity & inclusion program deployment
- Well-being & Quality of Life program deployment



Principles of Governance

- Creation of the Transformation & Sustainability Office
- Definition of the 2030 ESG Strategy
- Sustainability Committee in Operation
- Materiality assessment renewal
- Belonging as signatories of the UN Global Compact
- Climate Change Risks Assessment
- Ethics & Compliance program deployment
- Disclosing information and sustainability performance through CDP, NQC, EcoVadis, and our GRI Annual Sustainability Report

Prosperity

- Community & Social Vitality program creation and implementation
- Supply chain partnerships for sustainability program design and implementation
- Health & Safety Management Systems (ISO 45001:2018) certification on all manufacturing sites

Sustainability Risks

GRI 201-2

In 2022 we conducted an assessment to identify and prioritize the risks and opportunities associated with environmental, social, and governance issues that could affect our company’s long-term sustainability and financial performance. We identified 17 risks and through thorough prioritization, 12 out of those 17 were defined as relevant. In 2023 we will complete the development of the risk management strategies to address them.



Unsafe conditions in our plants

This possibility may lead to serious injuries, financial losses (fines, insurance, delays on product delivery), and potential shutdowns, impacting our collaborator’s well-being and operational integrity.



Insufficient human and time resources

This may cause delay on program execution, resulting in falling behind on strategic goals, leading to a loss of competencies for growth and decreased business performance.



Non-eco-friendly solutions for expansion

Focusing exclusively on economic growth for business expansion and innovation without considering eco-friendly solutions may result in increased reputation damage, waste management complexity, loss of competitiveness, higher expenses, and potential delays or failure to deliver products.



Climate change impacts on our facilities

The possibility of severe climate change impacts on our facilities causes destruction on asset and shutdowns of some manufacturing sites, affecting production and disrupting the supply chain causing loss of income and profitability, consequently putting us out of the business.



Neglective due diligence and corrective actions in our supply chain

This may result in environmental damage, failure to meet stakeholder expectations, tarnished reputation, reduced competitiveness, and potential fines and loss of business.



Environmental capital in existent & future product

The possibility of not including environmental capital (energy & water mgmt., renewable energy sources) for our existent and future productions sites, causes interruptions on business continuity and the communities we are part of, generating bad reputation, loss of competitiveness and profitability.



Adverse economic geopolitical events

Events such as fiscal policies or inflation may disrupt our supply chain, inflate raw materials cost, reduce income, profitability, and cause production delays and manufacturing sites disruptions.



Failing to execute and communicate strategy

The possibility of failing to execute and communicate effectively Metalsa’s strategy (including ESG purpose), causes misalignment of the objectives, generating competitive losses and affecting income by offering no differentiators to our clients.



Bureaucratic decision making

This may lead to delayed responses to market challenges and trends, resulting in competitive losses and an adverse impact on income, hindering our ability to offer differentiators to clients, ultimately affecting the company’s market position.



Non-compliance of Third-Party Contracting policy

This possibility may lead to suppliers violating international labor standards (child labor, forced labor, human rights violations, etc.), resulting in reputational and economic consequences, including sanctions and damaged client relationships.



Cybersecurity network breaches

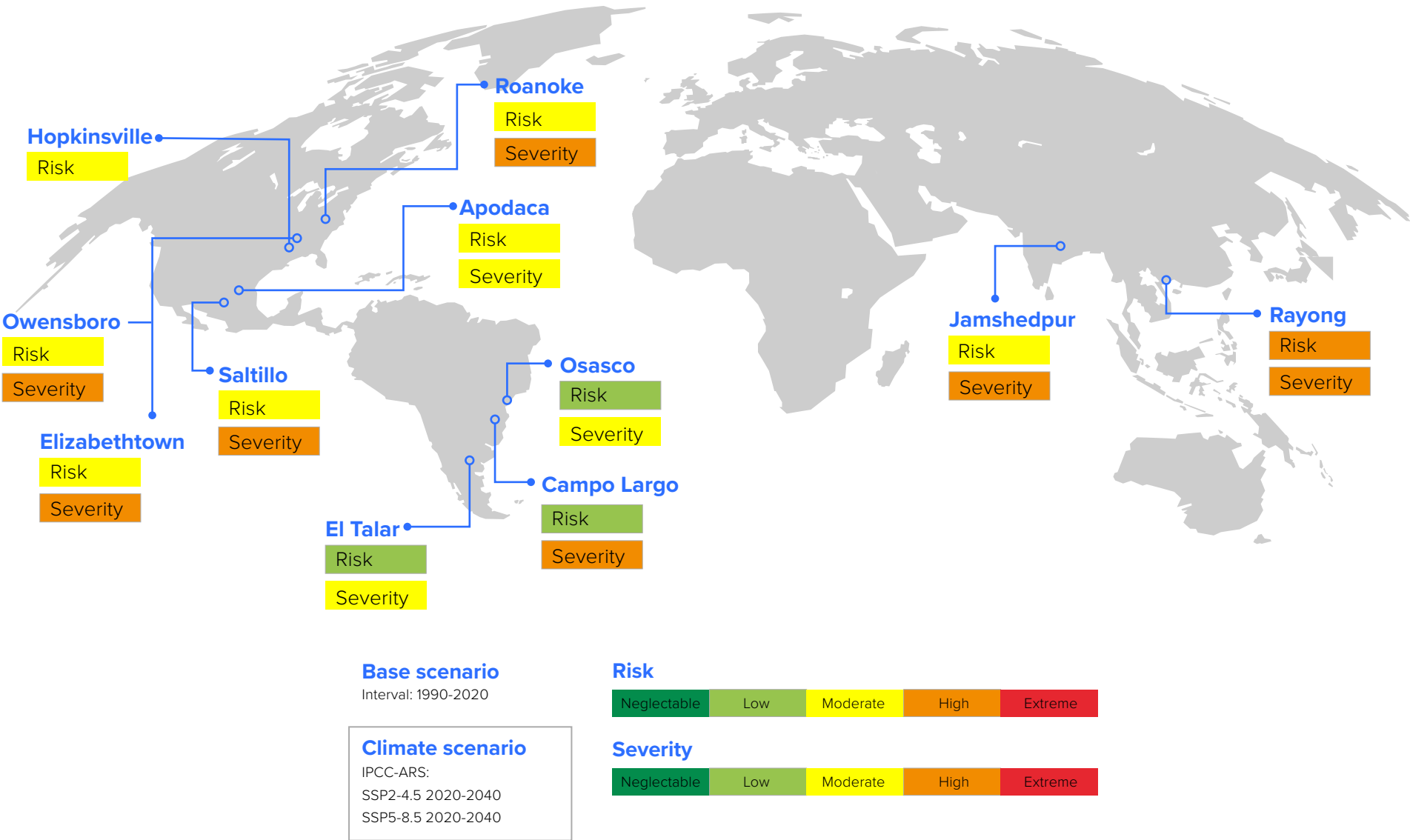
A network breach caused by ransomware, spyware, or malware poses a risk of disrupting day-to-day operations, damaging reputation, leading to income loss, and potentially exposing sensitive information of stakeholders.



Sensitize the organization

Sensitize the organization to ensure better controls and perceptions of the initiatives implemented.

Furthermore, we carried out a climate change risk assessment to acknowledge the possible meteorological impacts on our operations and prevent any risk on our business. This assessment focused specifically on acute and/or chronic climate physical risks associated with extreme weather events globally and per each one of our manufacturing facilities. During 2023 we will work on this global risk quantification and develop strategies to mitigate them.



CLIMATE CHANGE IMPACT	OPERATIONAL RISK	PLANTS AT RISK
Heat Waves	- Rising energy costs - Increased risk of blackouts/ power outages - Stress in the workforce	Apodaca, Elizabethtown, Hopkinsville, Jamshedpur, Owensboro, Rayong, Roanoke
Floods	- Property and building damage - Compromised infrastructure - Business interruptions - Physical damage to products in stock	Campo Largo, Elizabethtown, Hopkinsville, Jamshedpur, Owensboro, Rayong, Roanoke
Extreme winds	- Physical damage to infrastructure - Loss of production due to direct damage - Physical damage to raw materials - Physical damage to products in stock - Increased risk of blackouts/ power outages	El Talar, Campo Largo, Elizabethtown, Hopkinsville, Jamshedpur, Owensboro, Osasco, Owensboro, Rayong
Electrical storms	Business interruptions	Elizabethtown, Hopkinsville, Jamshedpur, Owensboro, Rayong
Drought	- Reduced water supply - Increased waters costs	Apodaca, Campo Largo, Roanoke
Tornadoes	Serious property damage	Hopkinsville, Owensboro
Tropical storms	- Serious material damage to infrastructures - Permanent loss of property value - Relocation costs - Recovery and reconstruction costs	Rayong

Contribution to SDGs

We are committed to contribute to the 2030 Agenda and its SDGs. This agenda was approved in September 2015 by heads of state and member countries of the United Nations. The 2030 Agenda explicitly calls on the business sector to align its operations to ensure sustainable and inclusive development. The 169 goals set for 2030 serve as our guiding principles, ensuring that our sustainability strategy effectively delivers a positive impact on our stakeholders and future generations.

Based on the findings of our materiality assessment, we identified six key SDGs and associated goals that are most impacted by our operations and where our contributions can have the greatest impact.





Principles of Governance

METALSA

Corporate Governance

GRI 2-9, 2-10, 2-11, 2-17

All governance organs in Metalsa are controlled by Grupo Proeza’s guidelines and integrated by several committees. The Proeza Board is comprised by members of the Zambrano family, business owners and independent members from international industries with no conflict of interests.

Board and Committees

The Board of Directors is composed of eleven members, including the Chairman and 10 directors, 5 family members and 5 independent members. Grupo Proeza’s Governance Committee defines the criteria and process for the selection of Board members and supporting committees. In 2022, there were five Board meetings with 100% of assistance.

During 2022, several trainings, workshops and awareness sessions were held with internal and external leaders on ESG and Sustainability topics to provide the necessary knowledge and tools to adequately understand sustainability-related issues. Likewise, we established guidelines to keep the Board updated on the implementation of objectives, action plans and measures to meet the 2030 defined goals.

Group members

- **Enrique Zambrano Benítez**
Chairman
- **5 family members**

Independent members:

- **Eduardo Padilla Silva**
Former CEO of Fomento Económico Mexicano (FEMSA)
- **Nanxi Liu**
Co-CEO of Blaze, CFO of Nanoly Bioscience and Board member of CarParts.com
- **Peter Hawthorne**
Former VP of Corporate Strategy and Development of Cargill
- **Salvador Alva Gómez**
Tecnológico de Monterrey President
- **León Kraig Ezkenazi**
Venture Partner at Ignia Partners LLC

Metalsa Board

The Board includes independent industry experts and internal executives who address business strategy and performance management.

The objective of the Board is to authorize and monitor Metalsa’s strategy plans in terms of growth and development, financial planning and investments and human development and cultural processes.

Independent members

- **Troy Clarke**
Former CEO Navistar
- **Tony Posawatz**
CEO Invictus iCar
Board Member of Lucid Motors,
InrixInrix, Nexeon, Beam Global
- **Ralf Cramer**
Former Board Member of Continental
AG Board member of PSM
International & BBS Automation
- **Julia Steyn**
CCO VectoIQ
Board Member of Garrett Motion and
Commonwealth Rolling Products
Senior Advisor to McKinsey

Company & Family Related Members

- **Leopoldo Cedillo Villarreal**
CEO Proeza - Metalsa Board President
- **Jorge Garza Garza**
Metalsa Co. / CEO
- **Juan Carlos Zambrano Benítez**
Family Member
- **Mauricio Morales Zambrano**
Family Member
- **Guillermo Zambrano Martínez**
Family Member
- **Manuel Sada Zambrano**
Family Member
- **Andrés Sada Zambrano**
Family Member

The main committees that support the Board with its responsibilities are:

Compensation and Development Committee (CDC)

Manages the Diversity, Equity and Inclusion objectives and incentives to reach all targets. Also, approves compensation packages for Board members and executives.

Risk, Audit & Compliance Committee (RACC)

Oversees the Internal and External audit processes, the compliance with legal and regulatory requirements, the risk management function and the ethical framework.

Investment Committee (IC)

Responsible for supervising sustainable criteria investments, acquisitions and business valuation.

Governance Committee (GC)

Defines the criteria and process for the selection of family and independent members in the Board and supporting committees, provides a periodic assessment of the Board’s and Committee’s performance; and oversees the ESG governance structure and roles.

Leadership Team

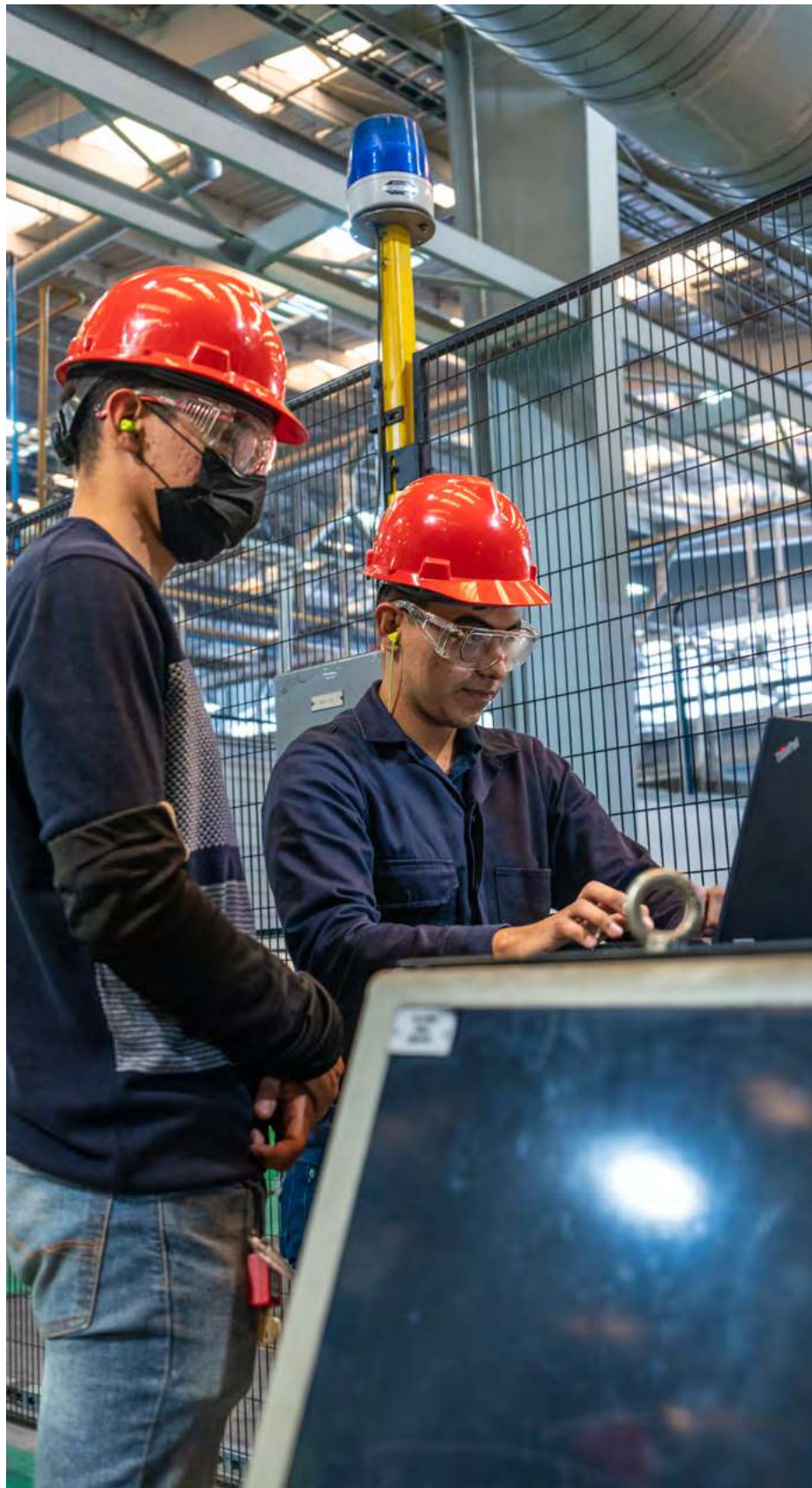
GRI 2-12, 2-13

Metalsa’s Leadership Team is responsible for business decisions and performance observance in different aspects of the operation, as well as the development and implementation of our purpose, values, mission, strategies and goals. Metalsa’s Co. has the responsibility to translate Proeza’s requirements into business objectives and strategies, while Metalsa’s Leadership Team will ensure that the business operations are supporting those goals and strategies.

Our Leadership Team is composed of highly executive professionals with diverse skill sets and broad global expertise.

- Jorge Garza Garza**
Metalsa Co. / CEO
- Liliana Durán Jauregui**
Human Development Co.
- Eduardo Barrera Cantú**
Corporate Development & Finance Co.
- Ciro Valdés Espinoza**
Light Vehicles SBU Co.
- Rubén de León González**
Commercial Vehicles SBU Co.
- Joe El-Behairy**
Emerging Business Unit Co.
- Marcia Gallegos Rodríguez**
Transformation & Sustainability Office Co.





Ethical Operations

GRI 2-15, 2-23, 2-24, 407, 408, 409

We carry out all our operations with the highest ethical and integrity standards, complying with all applicable laws and in accordance with our values.

The Ethics & Compliance Committee (ECC) is the highest control body in ethics and compliance matters. It shall monitor, approve, interpret, and supervise all policies and procedures as well as investigate the complaints received through the Transparency Line.

Code of Conduct

Our Code includes all Metalsa's values and guidelines that regulate the daily behavior of all collaborators. The main topics addressed are the defense of human rights, including no child or forced labor, freedom of association, non-discrimination, promotion of equal opportunities, client service, free market competition, personal data privacy, environmental protection, regulatory compliance and the expected relationship with suppliers.

Furthermore, we establish our strict adherence to transparency, with a deep ethics understanding and avoiding conflicts of

interest –complying with Proeza's Conflict of Interest policy– and corruption, including bribes, gifts, fraud, extortion and facilitation payments, among others.

We are committed to preventing, protecting, respecting and remedying violations of human rights, so collaborators must avoid any kind of harmful conduct and refrain from violating the human rights of other collaborators, suppliers and related parties.

We have a Conflicts of Interest policy that aims to establish general criteria to avoid possible conflicts of interest of the parties related to Metalsa. All conflicts of interest are managed by the Compliance Officer of Metalsa, who reports any conflict of interest to Metalsa's ECC for approval of the mitigation process.

We expect all collaborators, suppliers and related parties to conduct themselves in accordance with the laws that promote appropriate working conditions and those that prohibit forced labor, child labor and human trafficking. We also expect them to guarantee freedom of association and the right to participate in collective bargaining.

Anticorruption Policy

GRI 205-1

As part of Grupo Proeza, we are committed to executing business with integrity. This requires a consistent high global standard and a zero-tolerance approach toward bribery and corruption.

Our anticorruption policy strictly prohibits any form of offering, paying, promising to pay, or authorizing payments, whether directly or indirectly, to local or foreign government officials. This prohibition aims to prevent the influencing of official acts or decisions, as well as the seeking of improper advantages to secure or maintain business relationships.

This policy aims to set forth the mandatory requirements related to the prevention of corruption activities, and includes, among other matters, mandatory policies relating to dealings with government officials, third parties, business partners and suppliers; anti-bribery practices, management of books, management and accounting records; and describes the appropriate way of handling contributions to political parties and charitable organizations.



Transparency Line

GRI 2-25, 2-26

Our Ethics and Compliance program was designed under the highest ethical standards with the help from external experts. Through our “Letica” tool, we can provide feedback related to the design, review, operation and improvement of this mechanism when making a report.

At Metalsa, to maintain transparency across all business operations, we have established the Transparency Line managed by an independent third-party. Anyone may report any ethical breach or concern; all reports are sent to the Proeza’s Ethics & Compliance Committee (ECC) to ensure the corresponding investigations and resolutions of all matters reported.

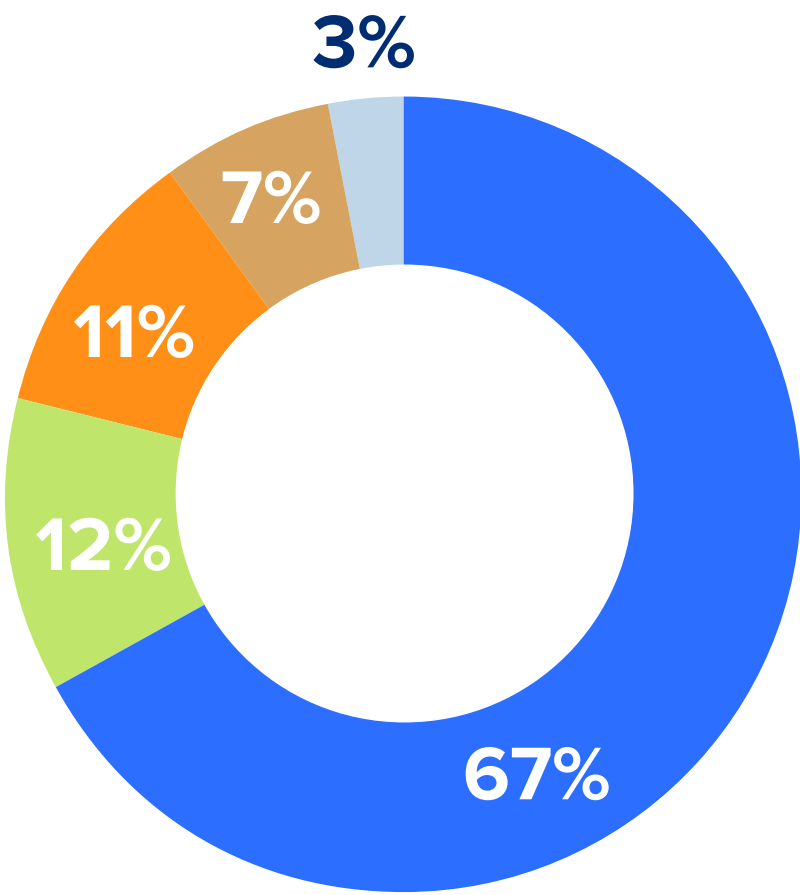
The Transparency Line can be accessed by any person who is affected by any of Grupo Proeza’s enterprises or who observes any issue in business operations; all complaints are completely anonymous and confidential.

Process for reports:

1. Report is submitted through either the “Letica” platform, mail, app, or phone number.
2. The ECC is notified and a case is assigned to an investigator.
3. An investigation and follow-up are carried out through the report investigation owner.
4. The case is documented and the necessary support is provided, subsequently closing the case.
5. Relevant cases and statistics are presented to Grupo Proeza’s ECC and RACC on a quarterly basis.

In 2022, a total of 130 cases were reported, of which 120 were closed the same year.

Report breakdown



- DEI & work environment
- Abuse & extortion
- Other
- Financial issues
- Fraud & corruption

GROWTH & SUSTAINABLE EV TRANSITION

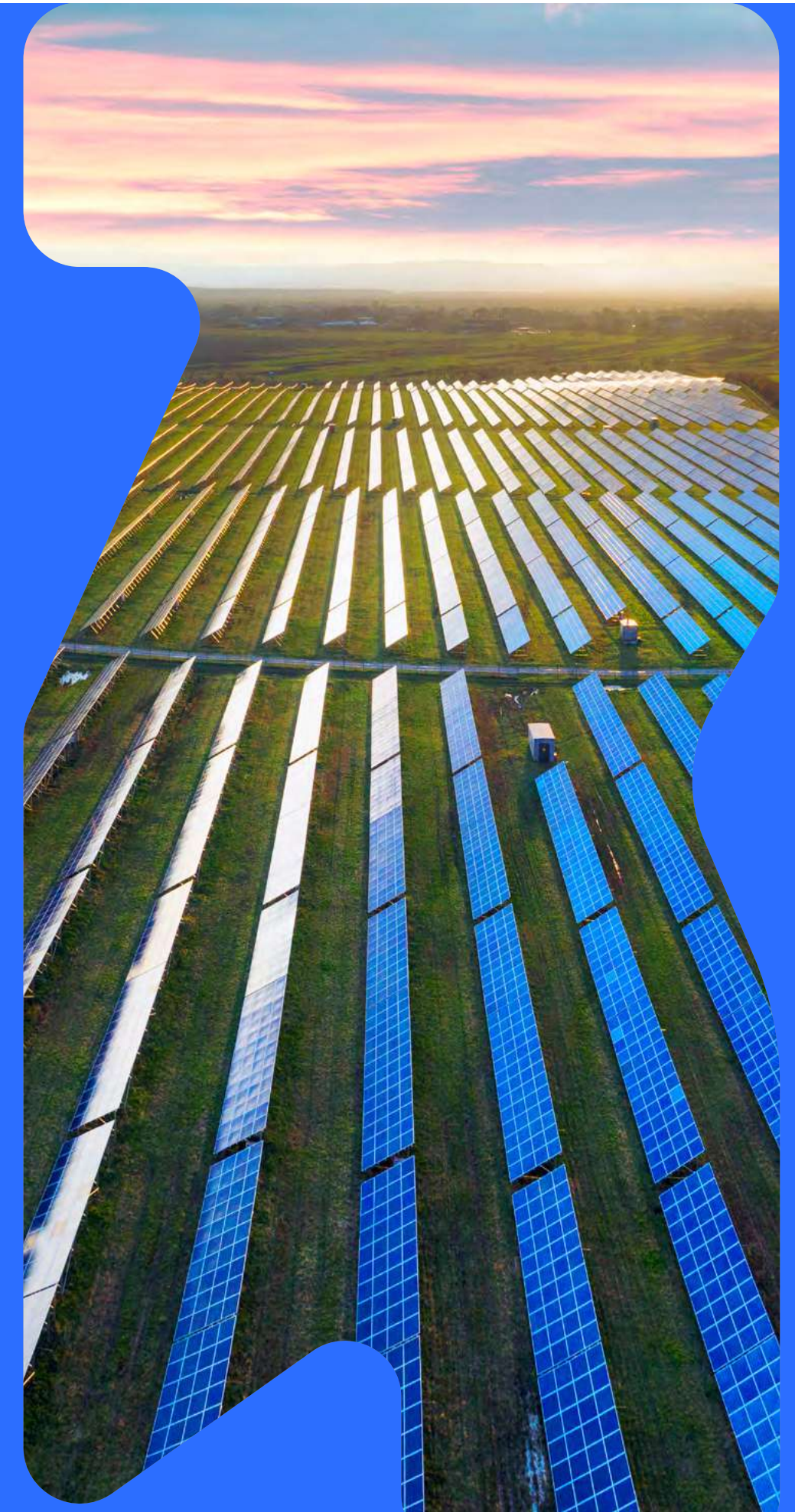
Metalsa is at the forefront of our industry's evolution through early engagement in the electrification of our customers and technology development.

Forecasts indicate the market will get flooded with EV versions throughout this decade, an important sign of maturity and commitment by OEMs to the powertrain.

Future-impacting trends:

- Risks and opportunities emerging as OEMs are looking for higher integrated products.
- Traditional & growing OEMs are shifting focus & capital investments towards mobility & costumer centric areas.
- Frames & structure could become ancillary with the development of higher tier integrated products.
- Advancement of architectures and integration presents an opportunity to enhance value through optimization & integration.

Metalsa has been pursuing EV projects with current customers and new entrants to ensure long-term relationships and business continuity.

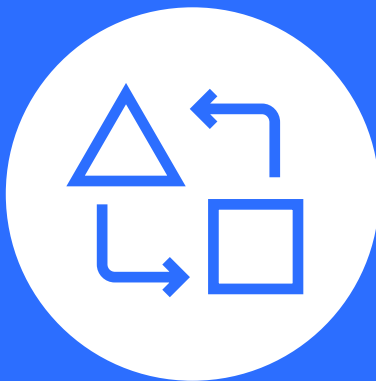


CUSTOMER WELFARE

GRI 417-1

We strive to manufacture the best products with exceptional quality, considering our client’s needs. Our products are assessed in quality, delivery, cost, warranty, durability, among others.

We implement a variety of processes to ensure safe and quality products:



Assess welding and geometry processes through our Welding System Assessment (CQI=15) Standard.



Physical tests for prototypes and virtual simulations for all our designs.



Verification of chemical substances and material compositions of our products through the International Material Data System (IMDS).



RESPONSIBLE SUPPLY CHAIN

GRI 2-6, 204-1, 308-1, 414-1

The main input for the products manufactured by Metalsa is steel. Additionally, there are components that are purchased such as bolts, metal stamped parts, iron components, chemicals for the painting process, industrial gases and welding wire, to name a few. In most cases, customers handle the supply or direct the purchase to their own suppliers.

The change in the volume and mix of products we produce had an effect on the supply chain, as well as the incorporation of new models and customers; hence, there was an increase in the number of suppliers controlled by Metalsa. Among the most significant changes is the increase in spending on local vs. imported suppliers, due to the effect of nearshoring derived from the pandemic.

442 SUPPLIERS IN 2022 almost 100% are domestic.

Supplier Business Assessment

The Metalsa Suppliers' Business Agreement (MSBA) is a global assessment that will allow to clearly understand the capabilities of our supply base. This assessment is fully aligned with process audit standards such as ISO 9001, IATF 16949, ISO 45000, ISO 31000, OSHAS 18000, BIQ, VDA 6.3 and the requirements in our Metalsa Operating System (MOS), as a holistic overview of the information we demand from our supply chain.

Regardless of the results, the purpose of this assessment is to determine if there are areas within the suppliers' operative system that require attention and encourage them to go forward with a continuous improvement process. The eight modules evaluated in the MSBA are: Leadership, Supply chain, Manufacturing, Quality, Maintenance, Project management, HS&E, and Sustainability.



100%
of new suppliers were assessed using social criteria, including topics like Health and Safety, working conditions, child labor, compliance with Code of Ethics, among others.

100%
of new suppliers were assessed using environmental criteria through a third-party screening.

Additionally, within the Metalsa Supplier Business Assessment (MSBA) there is a section dedicated to environmental issues, which contributes to the total score to accept a new supplier, requesting improvement plans in topics with low scores. We provide additional points to suppliers who are certified with ISO-14001.



People

METALSA

Talent Attraction & Retention

GRI 2-7, 2-8, 2-30, 401-1, 402-1

We strive to attract and retain the most competent and professional collaborators, with the precise abilities and skill set for the position; thus, we provide the best services experiences and increase the Company’s profitability. We are completely focused on attracting talent with great knowledge and key specialization, providing our clients with the highest quality products. Moreover, we respect the right to freedom of association and collective bargaining.

11,518
collaborators¹

9,254
unionized
collaborators

¹In addition, we have 466 workers who are not collaborators, 350 interns and 116 subcontractors.



Women - New hires



Women - Dismissals



Men - New hires

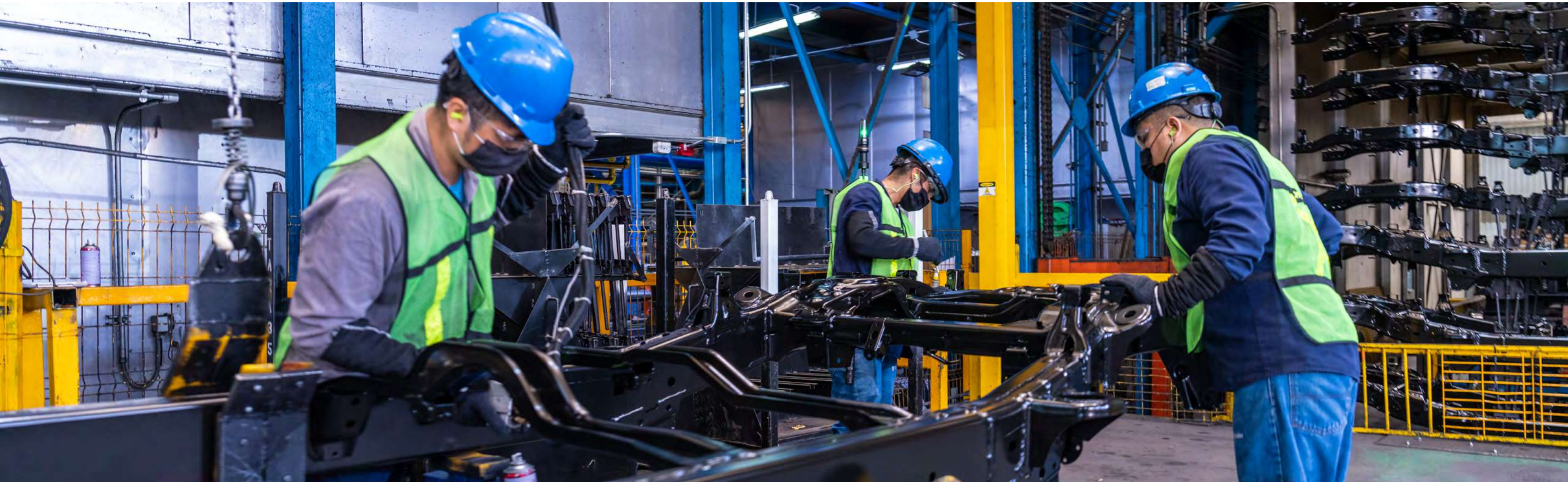


Men - Dismissals



1,900
New hires

3,192
Dismissals



Diversity, Equity & Inclusion

GRI 2-7, 405-1, 406-1

A diverse workforce strengthens our overall growth strategy. Being inclusive and providing all our collaborators with the same opportunities will help us enhance decision-making processes and be a more responsible company.

Regardless of gender, race, religion, or any other subjective issue, we categorically reject any type of discrimination. Our focus is to promote personal development based on talent, character, education, knowledge, discipline, and effort.

During 2022, several actions, programs and initiatives were implemented:



February

Creation of 'Women as Leaders', an initiative focused on gender inclusion.

March

Metalsa had an Inclusion speaker for International Women's Day, Tara Mohr, focused on gender inclusion.

July

Implementation of 'TogetHER Program', a mentorship program for female talent development.

August

A role fully dedicated to DEI was created.

September

Transformation of the DEI Committee was concluded, with a more 'hands on' approach and substitution of members.

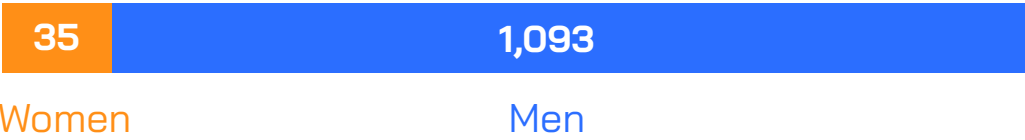
November

Creation of a Level up to Strategy, an integration of DEI to Metalsa's Strategy through ESG.

Furthermore, we are working to close the pay gap between men and women. During 2022-2023 we will be working to properly establish the ratio of remuneration between men and women and set KPIs accordingly.



Argentina



Brazil



India



Mexico



Thailand



USA



*698 collaborators have temporal contracts and are not included in the above chart.
*Japan is not included because there are only 3 collaborators in the office.

13%

women

|

87%

men

At Metalsa, diversity, equity and inclusion are evaluated in different dimensions, which are: age/generation, gender, nationality, and multicultural origin, LGBTQ+ community, and people with disabilities. We have a DEI Committee composed of members of different generations, genders and countries, to supervise these issues.

We implemented the DEI Awareness Program, in which collaborators are trained on topics such as the foundations of Diversity, Equity and Inclusion, what is unconscious bias and how to stop it, how to have more inclusive conversations and how to put it into practice what was learned in simulations. Also, we carried out a DEI survey aimed at collecting information on the current understanding and perception of these topics in Metalsa and how it can be improved.



Quality of Life

GRI 2-25

Every two years we carry out Metalsa’s Employee Satisfaction Survey across all our facilities in order to assess our organization’s work environment. This survey measures several significant categories for our collaborators’ quality of life, and thus, our business’ profitability. If the results are low, we carry it out again the following year. The last global survey was in 2021, and in 2022 it was applied again in the Elizabethtown, Hopkinsville and Roanoke facilities.

Metalsa listens and responds: through the MyHD platform, employees can make questions, suggestions, comments or complaints to improve the work environment. We follow up all queries and reply on the same platform.

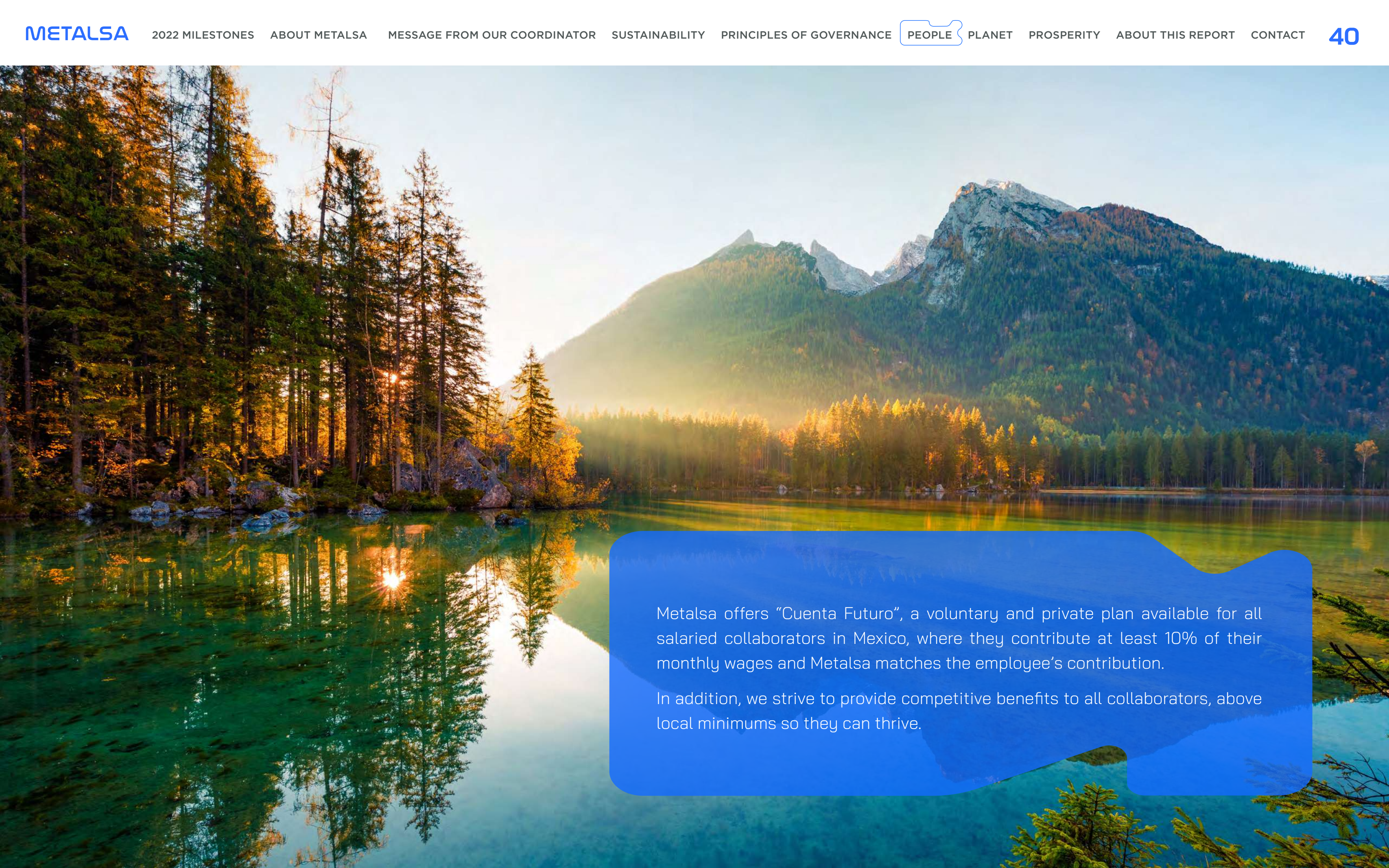
Benefits

GRI 201-3, 401-2

We offer competitive benefits above the law’s requirements. Some of them are:

- Base salary
 - Employee profit sharing
 - Variable compensation based on indicator’s results
 - Christmas bonus
 - Vacation bonus
 - Savings fund
 - Grocery vouchers
 - Social benefits
 - Major medical insurance
- Life insurance
 - Long-term savings plan
 - Savings bank
 - Event for acquisition of goods on credit
 - Sale of promotional items at affordable prices
- Discounts on the purchase of products with our clients
 - Discounts with establishments for the purchase of services at preferential prices
 - Vacations
 - Flexible schedule
 - Days off granted by law or granted by the company in commemoration of a historical event.
- Paid leave/permission
 - Maternity leave during pregnancy and lactation
 - Economic support (Marriage, Childbirth, Passing and Scholarships)
 - Medical service
 - Seniority recognition





Metalsa offers “Cuenta Futuro”, a voluntary and private plan available for all salaried collaborators in Mexico, where they contribute at least 10% of their monthly wages and Metalsa matches the employee’s contribution.

In addition, we strive to provide competitive benefits to all collaborators, above local minimums so they can thrive.

Health & Safety

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8

At Metalsa, we are responsible for the Health and Safety of all collaborators and any other person who may be affected by our activities. This includes actively fostering and protecting their physical and mental health.

In compliance with the requirements established by the ISO 45001:2015 Standard, we designed and implemented the Metalsa Health and Safety Management System (H&SMS) in all manufacturing plants.

This system seeks to establish collaborative initiatives between the company and its workforce, aiming to define comprehensive Health and Safety measures. This includes improving working conditions and the overall environment, as well as effectively controlling workplace hazards and risks.

Five facilities hold the ISO 45001:2018 Health and Safety Management System Certification; the rest will complete their certification process within the next two years.

For this purpose, we address the prevention of occupational injuries and illnesses, the protection and promotion of workers’ health through the implementation of a logical and phased method, whose principles are based on the PDVA cycle (Plan, Do, Verify and Act).

The H&SMS is adapted to the size and characteristics of Metalsa so we can focus on the identification and control of hazards and risks associated with our operations. The management system scheme is described in the following stages:

- Policy
- Organization
- Planning
- Application
- Assessment
- Audit
- Improvement





We strive to implement an H&SMS that guarantees the continuous improvement of the health, work conditions, and well-being of all our collaborators. This will enable them to perform optimally and efficiently, nurturing their professional and personal growth while improving the company's productivity.

With an active participation of leaders from different areas and H&S specialists, the risk mitigation process includes activities such as: safety tours, training, feedback on unsafe acts, hazard risk identification, leadership in accident investigation, and recognitions for the plants that reach milestones in days without accidents.

The EHS department of each manufacturing site is responsible for continuously assessing their workstation's risks and hazards, establishing the necessary controls to prevent, mitigate, or eliminate these risks. We also have a General Hazard Identification Matrix for operations, common areas, facilities and buildings.

Our management system is audited annually and must undergo a recertification process every three years. Furthermore, the facilities' leadership teams carry out monthly assessments to ensure the quality of all processes. Every facility has a Health & Safety committee, which oversees the plant's performance on these topics, reviewing the accidents that occurred and all their respective corrective measures.

We developed a control board with the key indicators to measure Health and Safety performance. In case a collaborator wants to report any risk, hazard, or possible unsafe condition, they may use a SOS observation card. This serves as a proactive reporting mechanism, mitigating any possible danger for our collaborators.

We provide mandatory safety training in our onboarding program. Global and local safety departments collaboratively choose the pertinent topics, customized to each manufacturing site's conditions and needs. Plant personnel must undergo safety training sessions at least once a year, ensuring their knowledge remains up-to-date on potential risks and industry best practices.

In addition, our main facilities have medical services that offer different care resources, including prevention and advice on several illnesses. We also carry out vaccination or wellness campaigns for our collaborators (beneficial nutrition, physical activity, etc.). In addition, we execute annual medical exams

During 2022, all our collaborators were trained on Health and Safety topics.

We constantly train collaborators on their benefits, such as life insurance, discounts at hospitals, medical check-ups, and nutritional or psychological consults.

that include clinical charts, employment history, audiometry, examinations, x-rays, spirometry, among others. These studies are sent to clinical laboratories with the necessary certifications to ensure trustworthy results.

Every year we implement the Safety Awareness Campaign, which aims to communicate any issue related to our collaborator’s occupational safety. During 2022, a digital and print campaign was implemented to reinforce the information and safe-handling use of the tools provided by Metalsa such as risk assessment permits, materials and power industrial vehicles. This contributes significantly to a more secure work environment for all plant processes.

All administrative personnel have a major medical expense insurance, and they have the option to expand their coverage or include dental and sight services, as well as minor medical expenses.

Sustainable Leadership

Bob Willard, founder and Chief Sustainability Champion for Sustainability Advantage and member of the Directors College Association, provided the insightful lecture ‘The New Environmental, Social and Governance (ESG) Imperative’ to our Board of Directors and Top Mgmt. Its objective was to equip our leaders with an ESG overview and inform them about upcoming climate change impacts, reaching a level of understanding needed for them to drive our organization forward.



Training & Development

GRI 404-1, 404-2, 404-3

It is imperative to constantly train our collaborators, enabling them to perform their functions with the best integrity, innovation and professionalism possible, updating them to the industry’s best practices. We strive to continually improve their skills, knowledge and competencies to ensure our business’ resilience and sustainability for the future.

During 2022, some of the most important training programs were:

Leadership

Global program that covered the development of four competencies: self-awareness, connecting with diverse teams, tolerance of complexity and ambiguity, and prioritization. The entire program lasted six months and was provided virtually to 125 participants.

Team Coordinators Program

Global online program for our coordinators team-management skills training. The topics covered were vision and purpose, talent management, and high-performance teams. This program had a duration of eight months, with two generations for a total of 60 participants.

Plant Coordinators Program

Online program developed specifically for all our ten plant coordinators, training them in useful topics for their position such as finance, human development, and Metalsa’s Operating System, among others.

180,213

training hours

during 2022

28

hours/woman

trained

13

hours/men

trained

Number of trained collaborators

Job category	Women	Men
Directors	1	7
Managers	53	243
Operators and administrators	1,594	10,226
Total	1,648	10,476

Number of training hours

Job category	Women	Men
Directors	138	642
Managers	3,700	17,653
Operators and administrators	42,205	115,875
Total	46,043	134,170

In addition, we carry out our annual performance review for all administrative personnel, in which we evaluate the goals established the previous year. This process begins with the collaborator’s self-evaluation to be later reviewed by their respective coordinator; subsequently, there is a feedback session where both of them can talk about objective-setting, competencies development, and whether or not Metalsa’s values are being lived within the team.

Percentage breakdown of collaborators with performance reviews

Job category	Women	Men
Directors	1%	1%
Managers	2%	5%
Administrators	21%	71%

100%

of our collaborators had a

performance review in 2022



Planet

METALSA

Strategic Environmental Management

All our facilities are ISO14001:2015 certified to ensure our Environmental Management Systems are robust enough to be competitive in the industry.

In every facility, we are running a problem-solving methodology to achieve reduction in GHG emissions, water withdrawals, and waste production. Some of our most relevant actions are:

- To counter water scarcity at [Apodaca Plant](#), we have implemented water reuse practices in our painting processes, reusing up to 26% of treated water through reverse osmosis.
- At our [Roanoke Plant](#), we have achieved a remarkable 100% zero-waste-to-landfill policy. Through recycling, reusing, and innovative waste-to-energy solutions, we minimize our environmental impact while conserving natural resources.
- At [Saltillo Plant](#), we are undergoing a LP gas-to-electric forklift transition. In 2022, we replaced 80% of our forklifts, resulting in a 93% decrease in our Scope 1 CO₂ emissions related to the internal movement of materials and finished goods.



For the first time ever at our Commercial Vehicles SBU, we completed a LCA (Life Cycle Analysis) of one of our most relevant side rail products. This intended to evaluate its environmental impact throughout its entire life cycle, from raw material extraction to end-of-life disposal. It considers several environmental indicators, such as GHG emissions, energy use, water consumption, and resource depletion.

Based on this analysis, we seek to complete in 2023 an EPD (Environmental Product Declaration) to provide transparent and verified information on the environmental impact of products throughout their life cycle to our stakeholders.

Climate Change and Energy Ecoefficiency

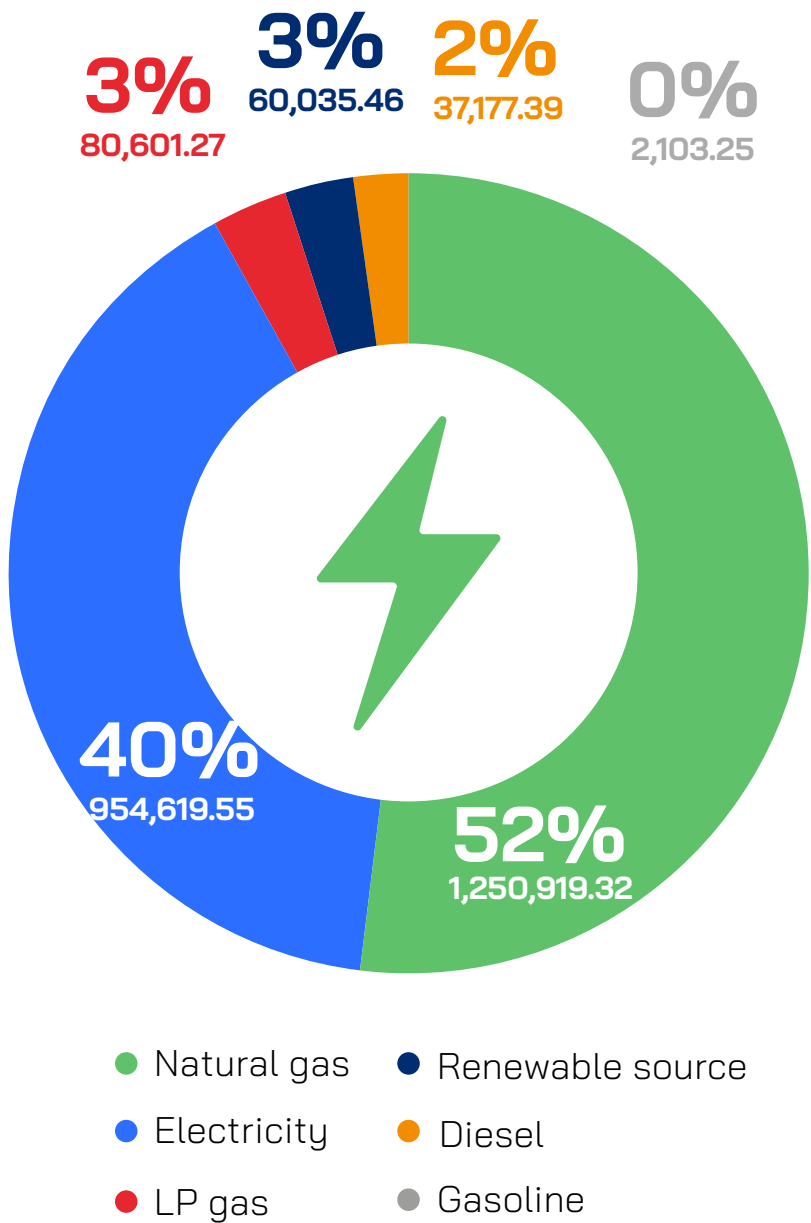
GRI 302-1, 302-3, 302-4, 305-1, 305-2, 305-4, 305-5

Energy consumption:
2,385,456.23 GJ

Energy intensity:
848.50 GJ/MILLION US DOLLAR
5.12% reduction vs 2021 baseline



Energy consumption (GJ)



We increased our renewable energy consumption by 14%.



Each facility has initiatives and projects to reduce their energy consumption.

Emissions²:

SCOPE 1: 82,144.90 TONS CO₂e

-7.33% vs 2019 baseline

SCOPE 2: 116,559.79 TONS CO₂e

-20.29% vs 2019 baseline

Total emissions: 198,705 tons CO₂e

15% reduction in GHG emissions vs 2019

Emissions intensity³:

70.68 tons CO₂e/million US dollar;

-6.05% vs 2021 baseline

² Scope 1 emissions include: diesel, gasoil, gasoline, natural gas, propane (LPG / liquid) and welding gases. Considers information from Mexico, United States, Brazil, Argentina, India and Thailand sites.

³ Data assured by ERM CVS. Please see the ERM CVS Assurance Statement.

Water Management

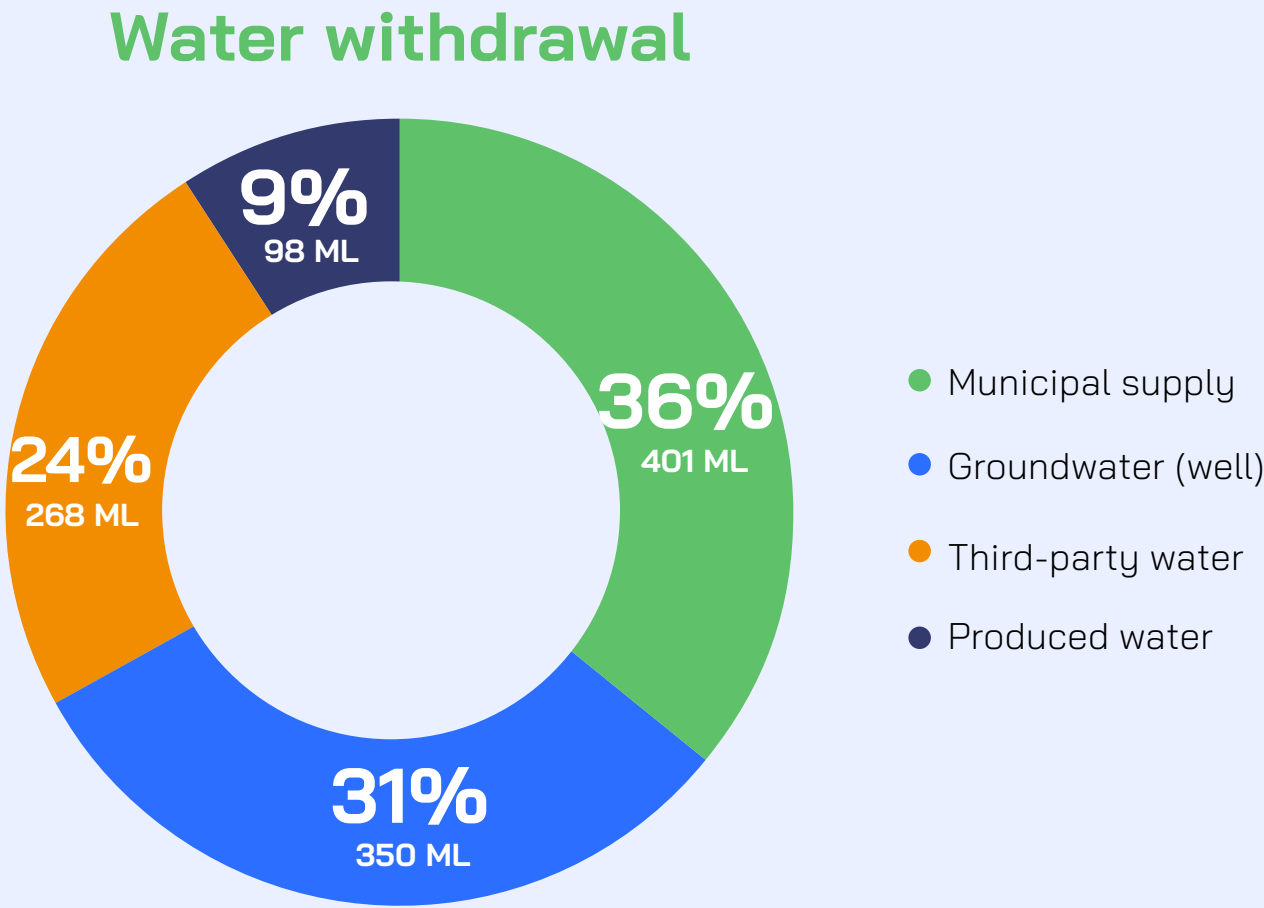
GRI 303-1, 303-2, 303-3, 303-4, 303-5

We identify the sources of water withdrawal (mainly municipal, well, and/or purchased industrial water) of our operations, accounting for those on each of our manufacturing plants.

We mainly use water during the painting process, except in those plants that either do not have this procedure or they carry it out without water. Besides that, it is used in bathrooms, kitchens and irrigation of green areas. Overall, all water used is directed to an internal treatment plant prior to discharge. In compliance with local legislation, we carry out periodic chemical analysis at all facilities to measure our water discharge quality.

Occasionally, we prepare an environmental matrix to clearly identify our industrial activity footprint on water resources. Moreover, we develop and implement action plans to mitigate identified impacts that include awareness campaigns, trainings, and water consumption reduction projects. We define goals based on the past year’s performance, always seeking to reduce our water extractions in relation to each plant’s sales.

In 2023, we will implement a Water Stewardship Program to establish context-based objectives.



Total water withdrawal: :
1,117 ML; -19% vs 2021 baseline

Total water discharged: :
189 ML; -19% vs 2019 baseline

Total water consumption:
928 ML

ML: Megaliters
(1 ML = 1 million liters)

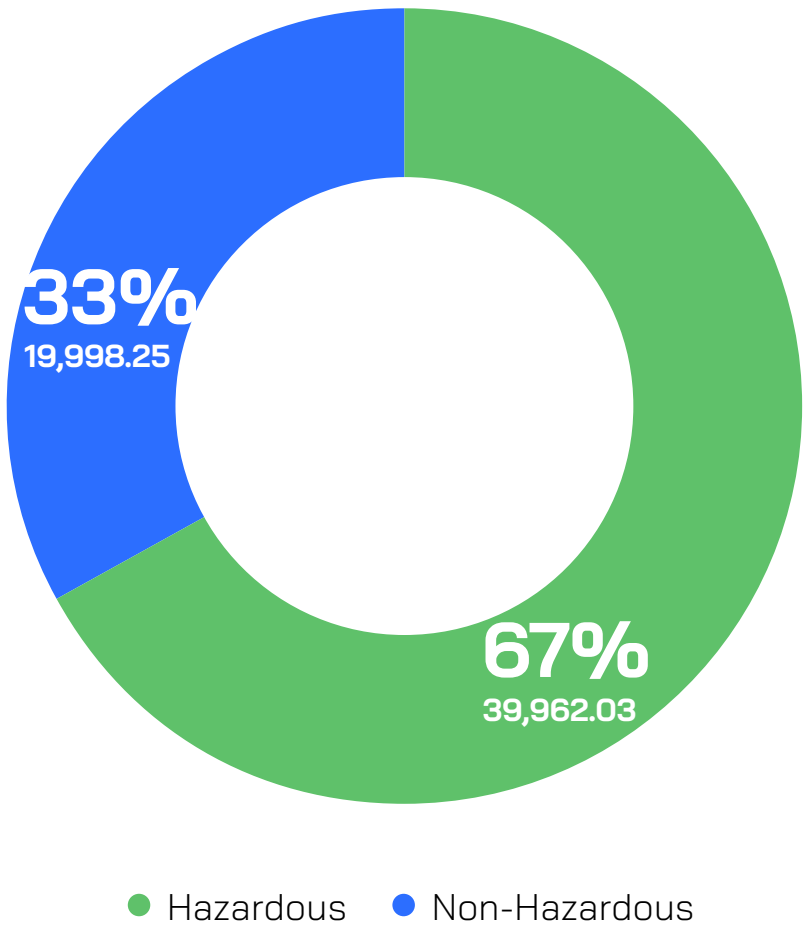
Waste Management

GRI 306-1, 306-2, 306-3, 306-4, 306-5

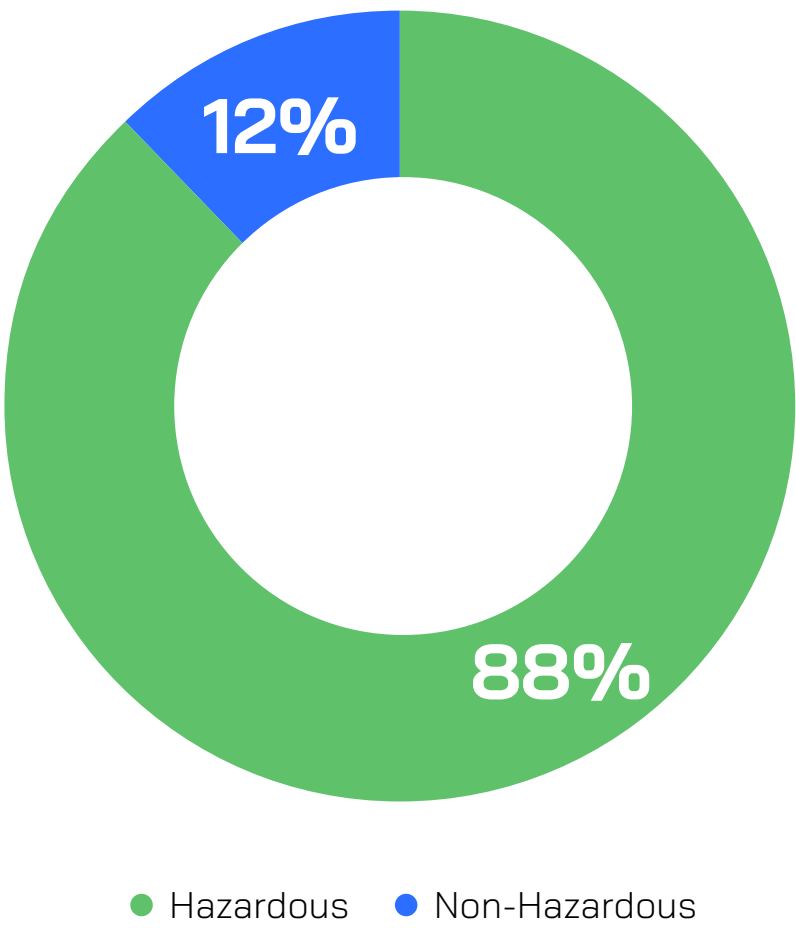
Each manufacturing site has its own process regarding waste management according to local legislation. Overall, we monitor the total waste production, including operational and supporting processes (offices, cafeterias, warehouses). We classify waste as hazardous and non-hazardous; the latter is divided into confined and co-processed while the former is divided into recycables and landfill one, separating it more consistently and arranged according to each plant’s country/city regulation.

At our Roanoke Plant, we have achieved a 100% zero-waste-to-landfill policy where everything such as PET, cardboard, aluminum, wood, scrap steel, and the used shot and used shot dust is recycled and reused. In addition, general waste is incinerated to generate “waste to energy”, strongly mitigating the environmental impact of our operation and contributing to the conservation of natural resources.

Waste breakdown



Waste recycled



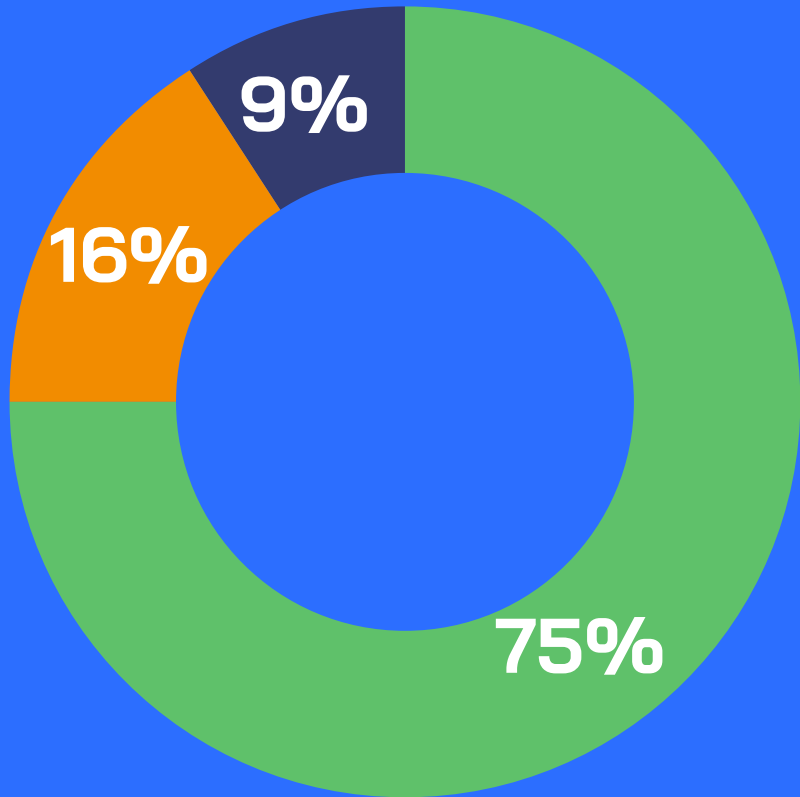
*Only Roanoke plant sends its hazardous waste to a third-party recycler. All non-hazardous waste recycling is carried out in our facilities, whether offsite or onsite, depending on the plant.

59,960.28
tons of waste generated in 2022.

20,088
tons of waste recycled.



Waste disposal



- Incineration (hazardous)
- Other disposal operations (hazardous)
- Landfill (non-hazardous)





Prosperity

Our Prosperity goal is to develop mutual trusting relationships and collaborate with stakeholders through programs that promote community development and self-sufficiency to improve quality of life.

METALSA

Community Engagement

GRI 413-1

During 2022, the most important programs were:

- **Support United Way.** Activities such as volunteering, tackling hunger, fighting COVID, supporting small businesses, and developing virtual learnings. +15,000 people benefited in our American communities.
- **Congruence Movement.** Initiative with a mission to promote, raise awareness and facilitate the social and labor inclusion of people with disabilities with equal opportunities in the business sector. +7,000 people benefited in our Mexican communities.

Mexico: Apodaca, Saltillo and Pabellón

11,265
benefited people through 14 programs

- | | |
|---------------------------|-------------------------|
| • ANSPAC groups | • Adopt a School |
| • Developing talents | • Adopt a Tree |
| • Congruence Movement | • Building Community |
| • Blood donation campaign | • Taking Care of Church |
| • Water supply campaign | • Furniture Donation |
| • Give Christmas Meaning | • Earth Challenge |
| • Cap Bank for a Cause | • Zaber Foundation |

India

490
benefited people through 13 programs

- | | |
|--|---|
| • Knowledge sharing program in the local school | • Football kit for local football club |
| • Industrial visit for university students | • Tuberculosis elimination program |
| • Short term projects with students at technical institutes / universities | • Traffic light for road safety |
| • Blood Donation Camp | • Rations distribution at old age home: 'Cheshire Homes Society of BC': Cheshire has been a non-profit, government funded organization that works to enable adults with significant physical disabilities |
| • Voter Awareness Forum | • State Level "Khelo Jharkhand 2022-23" |
| • Drinking water solution for local school and community | |
| • Drinking water at government-public place | |
| • Flag distribution under "Har Ghar Tiranga Campaign" | |

Thailand

393
benefited people through 10 programs

- Blood donation campaign with Hemaraj
- Donation for a vulnerable school
- WeCylcle. Metalsa, together with WHA Eastern Seaboard Industrial Estate Rayong, promote this campaign to s people donate and recycle bottles to be a part in improving the quality of life among the communities and environment.
- CSR fundraising half-marathon for hospital donation
- Turtle releasing
- Tree reforestation planting
- Air conditioning cleaning equipment courses
- Blood donation campaign direct to hospital
- Donation of stationary, food and water for local school and community
- Mangrove forest planting activities in Chanthaburi province to conserve the environment and carry out social activities

Brazil

522
benefited people through 15 programs

- Party balloon decoration training for additional income of employees’ family
- Training to craft preparation with “String Art” lines; people will be able to prepare paintings and sell them to generate additional income
- Training for capacity building in laying floors and coverings to generate additional income and improve the quality of life of our collaborators and local community
- Residential painting training
- Welding school in the plant
- Winter clothes donation campaign

USA-Hopkinsville

5,158
benefited people through 5 programs

- Adopt a child
- Food handout
- Golf Scramble Charity Event / Bass Tournament
- Blood drive
- Engineering Co-Op program

USA-Elizabethtown

59,545
benefited people through 16 programs

- Halloween event
- Hardin county veterans’ day parade
- Elizabethtown Christmas Parade
- Youth sports sponsorships
- Goodwill works project support
- Engineering Co-op program
- Toys for Tots annual sponsorship
- Local united way support
- Metalsa Etown scholarship
- Local industrial foundation support
- Etown green initiative
- Hardin county schools co-op program
- Monthly initiatives to support women

USA-Owensboro

90
benefited people through 8 programs

- Owensboro Community and Technical College 2022
- Junior achievement of West Kentucky
- Kentucky Lightning Fastpitch Softball
- Greater Owensboro Chamber
- St. Jude’s Cornhole Fundraiser
- GOFAME Program
- Shop with a Cop
- MentorKids Kentucky



USA-Roanoke

350
benefited people
through 12 programs

- Back to School Blast Supplies
- Blood drive - volunteer church location
- Thanksgiving food drive
- Coat drive
- Angel Tree
- Habitat for Humanity house
- Blue Ridge marathon
- Immigrants refugee program
- Job Shadowing (Shaping your future)
- Team member job shadowing (Your future grows here)
- College student project support

About this Report

GRI 2-2, 2-3, 2-4, 2-5

In accordance with our commitment to sustainability, we disclose our 2022 Sustainability Report, which outlines our performance on economic, environmental, social and governance topics during the period between January 1st and December 31st, 2022, for all of Metalsa's worldwide operations. There are no restatements of information.

This report was prepared in reference to the 2021 Standards of the Global Reporting Initiative.

Given our Sustainability-Linked Bond (SLB) issuance, we are committed to verifying the intensity of our base 2019 emissions, complying with the published framework. The decision to issue a SLB was approved by the highest governance bodies, including our parent company. Hence, only GHG emissions intensity data is externally assured by a third party: ERM CVS. Our ESG team conducts a comprehensive review of the remaining information presented in this report to ensure its accuracy..



ERM CVS

Assurance Statement

Independent Limited Assurance Statement to Metalsa S.A.P.I. de C.V.

ERM Certification & Verification Services Incorporated ("ERM CVS") was engaged by Metalsa S.A.P.I. de C.V. ("Metalsa") to provide limited assurance in relation to the selected information set out below and presented in the Metalsa Sustainability Report 2022 (the "Report").

Engagement summary	
Scope of our assurance engagement	Whether the 2022 information and data for the following selected GHG KPI's are fairly presented, in all material respects, with the reporting criteria and in the Report. <u>Greenhouse Gas (GHG) Emissions Intensity:</u> - Total Scope 1 GHG Emissions in tCO2e per million USD of revenue (tCO2e/USDm)* - Total Scope 2 (location-based) GHG Emissions in tCO2e per million USD of revenue (tCO2e/USDm)* *ERM CVS placed reliance on the accuracy and completeness of the revenue data, which was then used to assure the intensity figures.
Reporting period	1 January 2022 – 31 December 2022
Reporting criteria	WBCSD/WRI Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004, as updated January 2015)
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Metalsa is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the [Report/Selected Information].
Respective responsibilities	ERM CVS' responsibility is to provide conclusions to Metalsa on the agreed scope based on our engagement terms with Metalsa, the assurance activities performed and exercising our professional judgement. We accept no responsibility, and deny any liability, to any party other than Metalsa for the conclusions we have reached.

Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the 2022 data and information for the disclosures listed under 'Scope' above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Interviews with management representatives responsible for managing the selected issues.
- Interviews with relevant staff to understand and evaluate the relevant management systems and processes (including internal review processes) used for collecting and reporting the selected disclosures.
- A review at corporate level of a sample of qualitative and quantitative evidence supporting the reported information, including interviews with representatives to review reporting processes and consistency of reported annual data with selected underlying source data for each indicator, checked calculations and assessed the internal quality and assurance process;
- An analytical review of the consolidated year end data for the selected disclosures which included testing the completeness and accuracy of corporate and site level data, including confirming conversion factors and assumptions used;
- A review of qualitative and quantitative evidence supporting the reported information at facility level sites in Mexico (Apodaca) and the United States (Elizabethtown, Kentucky);
- A review of the year end financial results to confirm the total revenue; and,
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

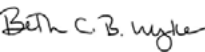
The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of Parts A & B of the IESBA Code relating to assurance engagements.

The team that has undertaken this assurance engagement has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Metalsa S.A.P.I. de C.V. in any respect.


Beth Wyke
Head of Corporate Assurance Services
Malvern, PA

May 18, 2023
ERM Certification & Verification Services Incorporated
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GRI Content Index

METALSA

DECLARATION OF USE	Metalsa, S.A.P.I. de C.V. presents the information listed in this GRI content index for the period from January 1 to December 31, 2022, using the GRI Standards as a reference.
GRI 1 USED	GRI 1: Foundation 2021

GRI Standard		Content	Page, direct response or reason for omission
1. THE ORGANIZATION AND ITS REPORTING PRACTICES			
GRI 2: General disclosures 2021	2-1	Organizational details	3
	2-2	Entities included in the organization’s sustainability reporting	59
	2-3	Reporting period, frequency and contact point	59, 71
	2-4	Restatements of information	59
	2-5	External assurance.	59
2. ACTIVITIES AND WORKERS			
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	6, 32
	2-7	Collaborators	35, 37
	2-8	Workers who are not collaborators	35

GRI Standard		Content	Page, direct response or reason for omission
3. GOVERNANCE			
GRI 2: General disclosures 2021	2-9	Governance structure and composition	23
	2-10	Nominating and selecting the highest governance body	23
	2-11	Chair of the highest governance body	23
	2-12	Role of the highest governance body in overseeing the management of impacts	26
	2-13	Delegation of responsibility for managing impacts	26
	2-14	Role of the highest governance body in sustainability reporting	17
	2-15	Conflicts of interest	27
	2-16	Communication of critical concerns	All concerns are communicated to the Board through quarterly meetings, monthly reports to the Board and the permanent communication among the Chairman, committee members and executives. Metalsa does not have critical concerns recorded.
	2-17	Collective knowledge of the highest governance body	23

GRI Standard		Content	Page, direct response or reason for omission
	2-21	Annual total compensation ratio	Ratio of total annual compensation for the highest-paid employee to the average annual compensation of all collaborators: 56.96%
4. STRATEGY, POLICIES AND PRACTICES			
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	11
	2-23	Policy commitments	27
	2-24	Embedding policy commitments	27
	2-25	Processes to remediate negative impacts	29, 39
	2-26	Mechanisms for seeking advice and raising concerns	29
	2-27	Compliance with laws and regulations	During 2022, we had fines in Elizabethtown for water discharges with heavy metals above permissible limits. We are working on our processes to avoid this happening in the future.

GRI Standard		Content	Page, direct response or reason for omission
	2-28	Membership in associations	We belong: In Mexico, to CLAUT Nuevo León, CLAUT Coahuila, CLAUT Guanajuato / Querétaro, INA, COPARMEX, CAINTRA, COMC. In the United States to: MEMA / OESA, Bluegrass Automotive Manufacturers Association. In Argentina to AFAC. In Brazil to SINDIPECAS and SINEAS.
5. STAKEHOLDER ENGAGEMENT			
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	15
	2-30	Collective bargaining agreements	35
GRI 3: MATERIAL TOPICS 2021			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	13
	3-2	List of material topics	13
	3-3	Management of material topics	13
GRI 200: ECONOMIC STANDARDS			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	8
	201-2	Financial implications and other risks and opportunities due to climate change	19
	201-3	Defined benefit plan obligations and other retirement plans	39

GRI Standard		Content	Page, direct response or reason for omission
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	The breakdown of senior management hired from local communities is as follows: Latin American plants (Argentina, Brazil & Mexico) have less than 2%; our American facilities have the lowest at 1%, while our Asian plants in India and Thailand have the highest percentages with 3.7% and 5%, respectively.
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	32
GRI 205: Anticorruption 2016	205-1	Operations assessed for risks related to corruption	28
	205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption in 2022.
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behavior, anti-trust or monopoly practices.
GRI 300: ENVIRONMENTAL STANDARDS			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	49
	302-3	Energy intensity	49
	302-4	Reduction of energy consumption	49

GRI Standard		Content	Page, direct response or reason for omission
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	51
	303-2	Management of water discharge-related impacts	51
	303-3	Water withdrawal	51
	303-4	Water discharge	51
	303-5	Water consumption	51
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions.	49
	305-2	Energy indirect (Scope 2) GHG emissions.	49
	305-4	GHG emissions intensity	49
	305-5	Reduction of GHG emissions	49

GRI Standard		Content	Page, direct response or reason for omission
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	52
	306-2	Management of significant waste-related impacts	52
	306-3	Waste generated	52
	306-4	Waste diverted from disposal	52
	306-5	Waste directed to disposal	52
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	32
GRI 400: SOCIAL STANDARDS			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	35 Partial Due to confidentiality reasons, we don't report our turnover rate.
	401-2	New employee hires and employee turnover	39
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	35 At least a week with unions.

GRI Standard		Content	Page, direct response or reason for omission
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	41
	403-2	Hazard identification, risk assessment, and incident investigation	41
	403-3	Occupational health services	41
	403-4	Worker participation, consultation, and communication on occupational health and safety	41
	403-5	Worker training on occupational health and safety	41
	403-6	Promotion of worker health	41
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	41
	403-8	Workers covered by an occupational health and safety management system	41
	403-9	Work-related injuries	72 injuries; 0.57% rate of work-related injuries 2 fatalities; 0.15% rate Lost day rate: 8.48
	403-10	Work-related ill health	4 work-related illnesses. Hearing problems, carpal tunnel and De Quervain's syndromes.

GRI Standard		Content	Page, direct response or reason for omission
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	44
	404-2	Programs for upgrading employee skills and transition assistance programs	44
	404-3	Percentage of collaborators receiving regular performance and career development reviews	44
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and collaborators	37
GRI 406: Nondiscrimination 2016	406-1	Incidents of discrimination and corrective actions taken	37 During 2022 there were 4 cases of discrimination reported. None of them were corroborated; however, we strive to mitigate these risks and therefore implemented actions to improve teams' communication and working efficiency.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	During 2022 there were no operations or suppliers where the rights to freedom of association was at risk.
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	During 2022 there were no operations or suppliers with child labor incidents.
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	During 2022 there were no operations or suppliers with forced labor incidents.

GRI Standard		Content	Page, direct response or reason for omission
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	55
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	32
GRI 415: Public Policy 2016	415-1	Political contributions	We do not make political contributions of any kind.
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	We have no programs of these type since we are a B2B company.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During 2022, there were no incidents related to the health and safety of our products.
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	31
	417-2	Incidents of non-compliance concerning product and service information and labeling	During 2022 there were no incidents related to our product’s information.
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2022 there were no incidents related to customer privacy or data.

Contact / Contacto

GRI 2-1, 2-3

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METALSA

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