



The future starts with you



2021 Sustainability Report



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Message from the Metalsa Coordinator

102-14, 102-15

Our Coordinator, **Jorge Garza**, gave us an overview of our company's achievements, milestones, and challenges in 2021.





I have the pleasure to present our Sustainability Report 2021, detailing the key sustainability initiatives and activities carried out throughout the year at Metalsa. We are particularly proud of our adherence to the UN Global Compact and its ten principles, strengthening our commitment to promote human and labor rights, environmental protection, and anti-corruption. Becoming members of the Global Compact is an essential milestone for Metalsa and coincides with our first sustainability bond issuance.

Also, during this year, we launched a Diversity, Equity, and Inclusion program to become a more inclusive workplace. These initiatives were driven by our Sustainability Committee and will allow us to transform into a more sustainable company. In addition, we brought forward to 2022 our adherence to the Science-based Target Initiative, which sets ambitious carbon reduction targets and will guide us towards a net-zero future.

Having a clear sustainability conviction and developing strategies accordingly, has helped us to face emerging risks and opportunities. Aligning

to the World Economic Forum Principles and its four pillars has also helped our company better connect to environmental, economic, social, and governance topics and reinforce our sustainability strategy. Furthermore, Grupo Proeza and Metalsa as its subsidiary, have committed to updating the Impact Materiality Study defining social and environmental targets for 2030 to fulfill our purpose and to improve our Sustainability indicators.

We faced a challenging context during this period due to the COVID-19 pandemic. The crisis and its consequences required teamwork, adaptation, and resilience from all of us. Despite this, in 2021, we worked hard to become a company with better environmental management and ready to generate value and prosperity for our employees, communities, and society.

The results of these efforts are reflected throughout the pages of this report and tell the story of our sustainability journey. I want to take the opportunity to thank all the teams that made this possible and all our stakeholders for always driving us to improve and contribute positively to society.

JORGE GARZA
METALSA COORDINATOR

“ We worked hard to become a company with better environmental impact and more ready to **generate value and prosperity for our employees, communities and society.**”

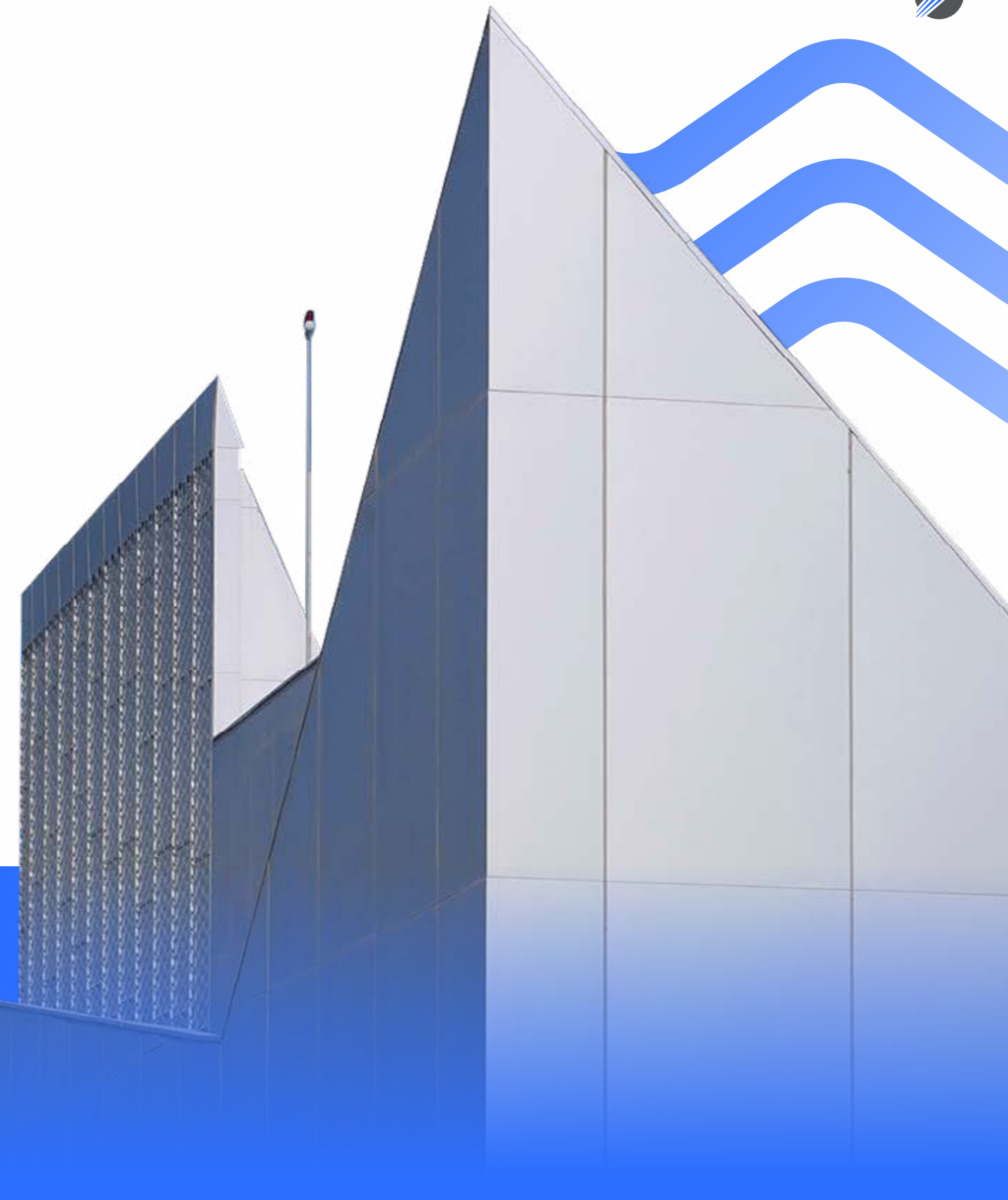




About us

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 201-1

We are a company with a global presence, leading manufacturer of automotive components. Metalsa is a subsidiary of Grupo Proeza based in Monterrey, Nuevo Leon in Mexico, an industrial Mexican group owned, managed, and operated by the Zambrano family.



METALSA IN NUMBERS

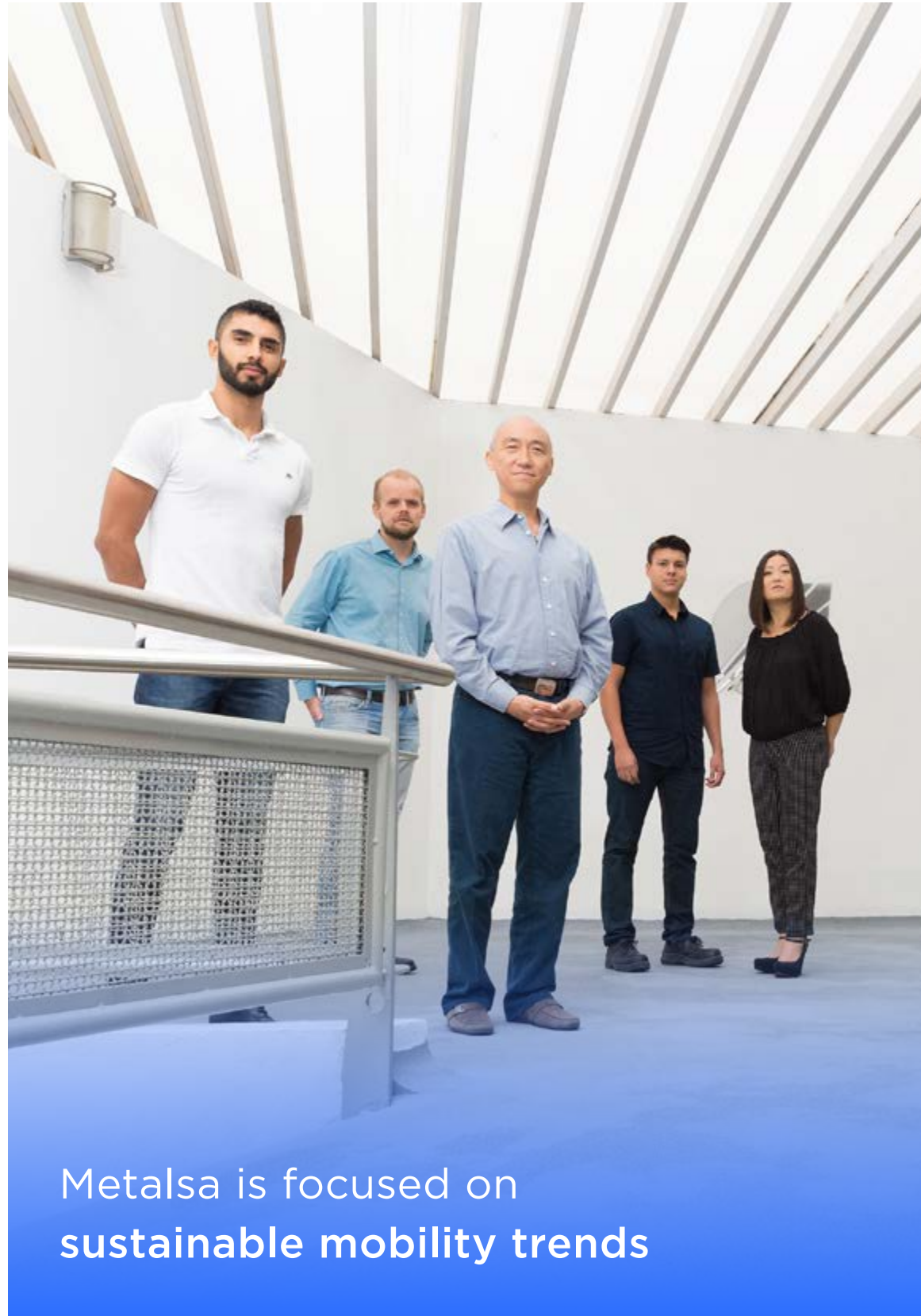
+60
years of
experience

+10
thousand
employees

8
countries
presence

12
manufacturing
plants

2.3
billion usd
in revenues



Metalsa is focused on sustainable mobility trends

What we do?

102-2

“We specialize in manufacturing chassis and body structure components for light and commercial vehicles sectors. Our products can be found in several brands and markets, from utility vehicles to luxury ones.”

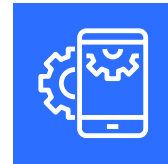


Specialized services 102-2, 103-1

We also provide specialized services for the automotive industry, such as:



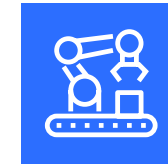
DESIGN AND DEVELOPMENT



PROTOTYPE AND TESTING



VALUE AND ENGINEERING



PRODUCTION AND LAUNCH





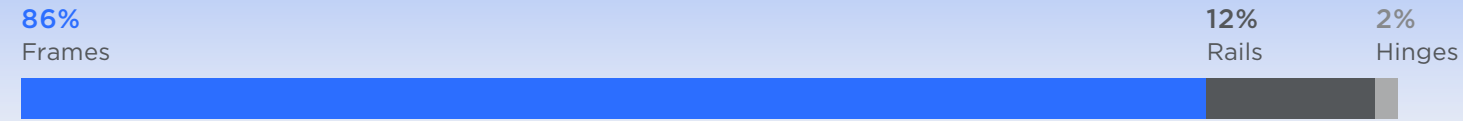
Our markets

102-6, 102-7, 102-8

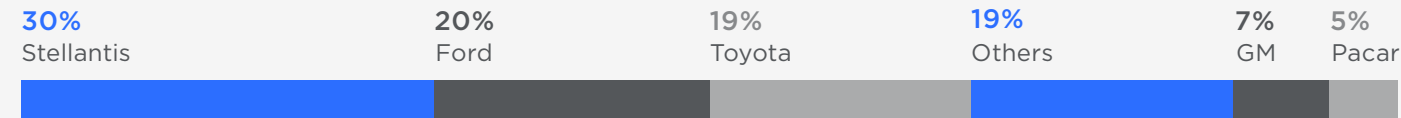




Revenues 102-7, 102-15, 201-1



SALES BY PRODUCT



SALES BY CUSTOMER

SALES BY REGION



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (000) USD

Direct economic value generated	2,306,441
Income	2,306,441
Economic value distributed	2,201,006
Operating costs	1,636,407
Employee wages and benefits	458,694
Payments to government	56,762
Payments to suppliers	48,304
Community investment	839
Economic value retained	105,435

NEW OPPORTUNITIES ON THE HORIZON



We are focusing on structural solutions for electric vehicles and expanding our product portfolio. To capitalize on the growing electric vehicle market, we develop technology, build new capabilities, and launch new products. Thus, we expect to enter attractive markets by leveraging our core manufacturing, technology, and supply chain capabilities.



Record EBITDA year
in Metalsa history

All our suppliers were assessed
using social and environmental criteria

Metalsa is **ISO 14001:2015**
certified in all manufacturing sites

93% of our personnel received
Ethics and Integrity training

We launched our **Sustainable
Community Development and
Social Investment Policy**

**Metalsa's first Sustainability-Linked
Bond was issued**, becoming one of the
first Tier-1 suppliers to issue it and the
first-ever USD-denominated Sustainability-
Linked Bond offering by a Mexican issuer



We launched our **Diversity, Equity,
and Inclusion Strategy**

More than 60% of our procurement
budget was spent on **local suppliers**

1,516 team members received **Diversity,
Equity and Inclusion training**

We carried out more than 2,500
risk assessments to **protect the
safety of our personnel**

**More than 5,000 training courses
for our team** were provided
throughout the year

We became **a signatory of the UN
Global Compact**, the world's largest
corporate responsibility initiative



Our culture

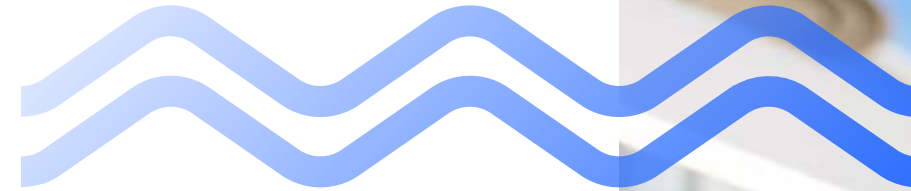
102-16

Our vision

“To become a leading mobility manufacturer of chassis & electrified solutions for the automotive, trucking, and off-highway industries.”

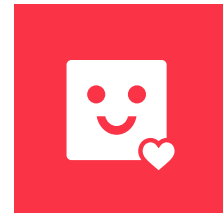
Our mission

“To provide solutions for the global transportation industry and structures that help our customers move the world more efficiently, while protecting the environment and ensuring long-term economic and social value for our stakeholders.”





Our values 102-16



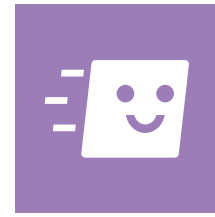
PERSON ORIENTED

We work to build our own happiness and contribute to everyone else's.



HUMBLE

We leverage our strengths and overcome our weaknesses



AGILE

We learn fast, adapt and move forward to add value



TRANSCENDENT

We ensure our actions have a positive impact



HIGH PERFORMING

We always collaborate and exceed expectations





Awards & recognitions

102-12



Excellent Quality Performance Award



10 PPM Quality Award



Leader level - Supplier Performance Metric (SPM)



Quality Excellence Award



Climate Change Assessment



Water Security Assessment



In 2021, **we continued to excel as an automotive industry supplier and received awards** from some of our key customers.



Safe products

103-2, 103-3

We are committed to manufacture the best products with exceptional quality and considering our client's needs. Our products are assessed in quality, delivery, cost, warranty, durability, etc.

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)



All our designs are submitted to virtual simulations of the forming process and vehicle durability



Governance

102-18, 102-21, 102-22

Good governance contributes to the company's sustainability. Our leadership and the advisory board are committed to driving the company towards a responsible and sustainable path.



102-18

Leadership team

Diverse leadership skills with global experience.

JORGE GARZA GARZA
Metalsa Coordinator

CIRO VALDÉS ESPINOSA
LV BU Coordinator

RUBÉN DE LEÓN GONZÁLEZ
CV BU Coordinator

JOE EL-BEHAIRY
Mobility BU Coordinator

RICARDO ALEMÁN FLORES
Diversification BU Coordinator

EDUARDO BARRERA CANTÚ
Finance Coordinator

LILIANA DURÁN JAUREGUI
HD Coordinator

Advisory group

Our advisory board comprises industry experts and executives who advise on business strategy and management.

LEOPOLDO CEDILLO VILLARREAL
Proeza Coordinator

JORGE GARZA GARZA
Metalsa Coordinator

PABLO ZAMBRANO BENÍTEZ
Areya Coordinator

JUAN CARLOS ZAMBRANO BENÍTEZ
Family Member

MAURICIO MORALES ZAMBRANO
Family Member

KARLA BAILLÉRES ZAMBRANO
Family Member

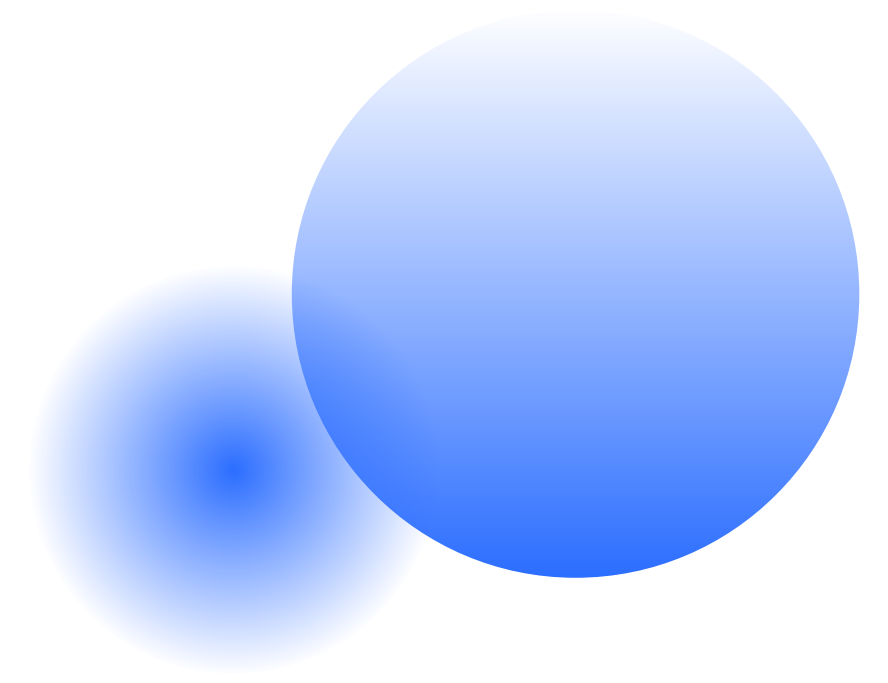
ANDRÉS SADA ZAMBRANO
Family Member

EXTERNAL MEMBERS

TROY CLARKE
Former President and CEO of Navistar International

RALF CRAMER
Member of the Executive Board of Continental AG and former President & CEO of Continental China

ANTHONY POSAWATZ
President and CEO of Invictus iCAR





102-18

FINANCE COMMITTEE

MAURICIO MORALES ZAMBRANO
GUILLERMO ZAMBRANO MARTÍNEZ
RALF CRAMER
LEOPOLDO CEDILLO VILLARREAL
JORGE GARZA GARZA
JOSÉ OSWALDO LOZANO GONZÁLEZ
EDUARDO BARREDA CANTÚ

HUMAN DEVELOPMENT COMMITTEE

JUAN CARLOS ZAMBRANO BENÍTEZ
MANUEL SADA ZAMBRANO
TROY CLARKE
ANTHONY POSAWATZ
LEOPOLDO CEDILLO VILLAREAL
JORGE GARZA GARZA
MIGUEL A. DUVERGÉ
LILIANA DURÁN JAUREGUI





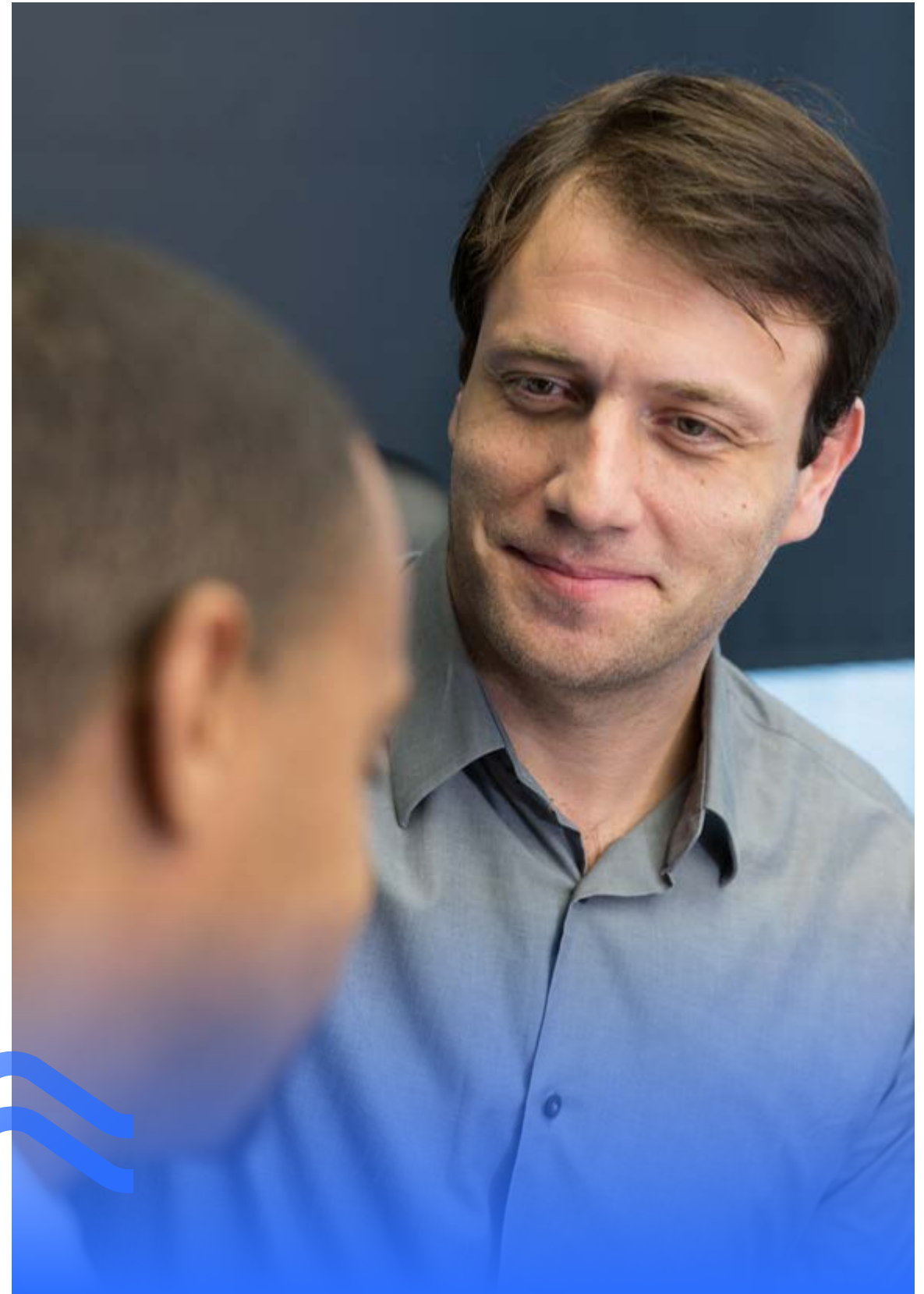
Ethics and anticorruption

102-16, 102-17, 205-1, 205-2

“Aiming to conduct our business ethically and responsibly, we have implemented policies and procedures that ensure a transparent operation. In addition, all our operations comply with the Foreign Corrupt Practices Act requirements, which forbids acts of corruption or bribery of US entities in foreign countries.”

KEY TRANSPARENCY AND ANTICORRUPTION POLICIES

- Operational and organizational manual
- Anti-corruption policy
- Conflict of interest policy
- Hiring and supplier veto policy
- Integrity policy
- Transparency line protocol
- Anti-Money Laundering Policy





102-16, 102-17, 205-1, 205-2

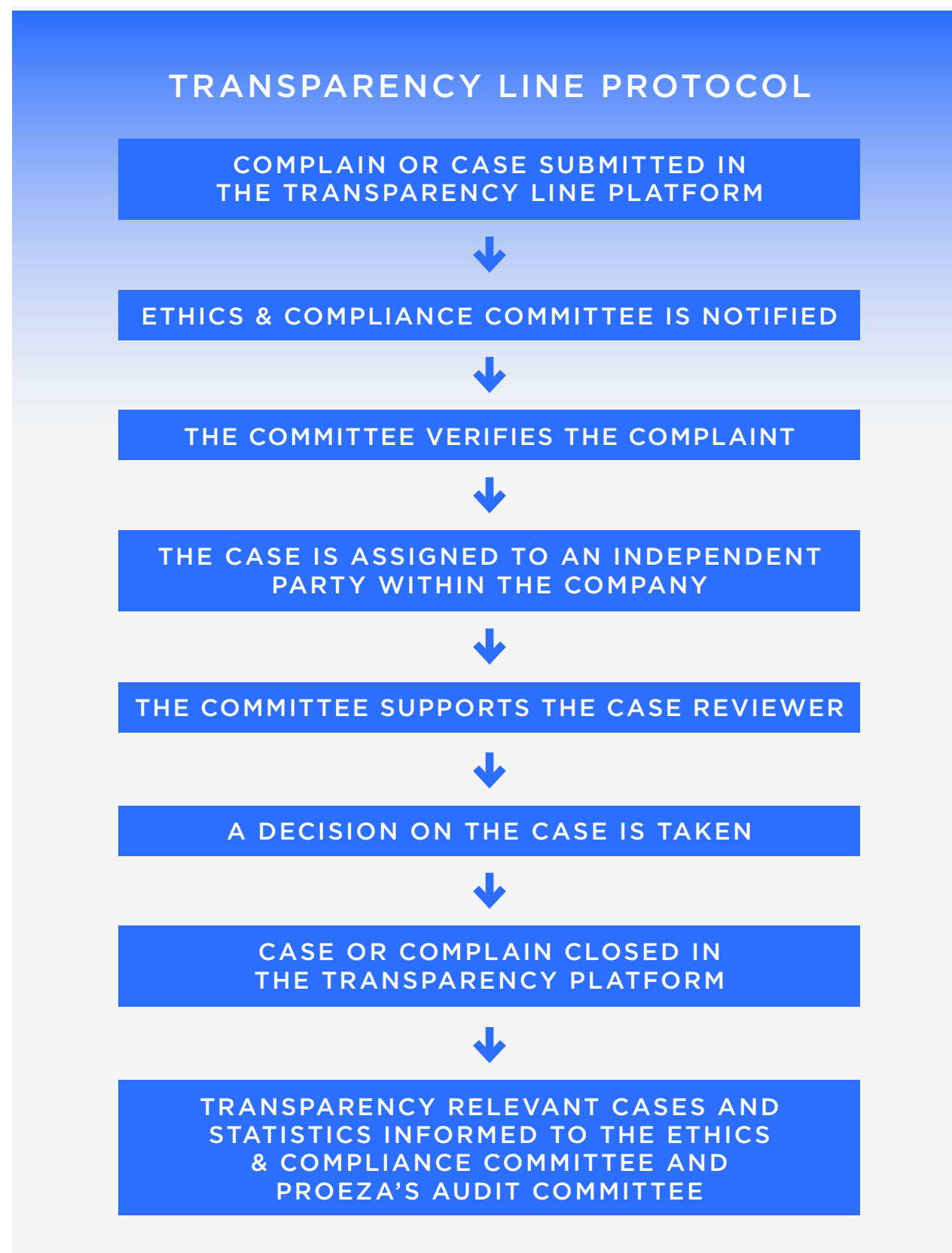
In this reporting period, 93% of our employees received training in anti-corruption and integrity topics. In addition, all our board members know Metalsa's anti-corruption procedures and help ensure their implementation. Also, in 2021, 75 of our key commercial partners have signed an anti-corruption clause, and we expect all our commercial partners to do so in the upcoming years.

Code of conduct

Our company is guided by Proeza's Code of Conduct which sets the expected behavior within the Group. This document is the foundation for ethical behavior and a trusting work environment. The Ethics & Compliance Committee oversees its implementation and ensures that our employees receive the appropriate training.

Transparency line

In 2021 we received 111 reports that Proeza's Transparency Committee timely handled. We have a robust protocol to manage the reports and appropriately review them.



DUE DILIGENCE PROGRAM



Our program aims to identify corruption risks through due diligence activities in the company's key projects.

ETHICS AND ANTICORRUPTION COMMITMENTS 2022

- To include an anti-corruption clause in new purchase orders
- Require more suppliers to sign an anti-corruption clause
- Increase the percentage of employees trained in anti-corruption and integrity topics



Sustainability

102-20, 102-26, 102-29, 102-40, 102-42, 102-43, 102-44, 102-47

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





We create value by:



PROMOTING QUALITY OF LIFE OF OUR STAFF AND THEIR FAMILIES



CREATING A ROBUST VALUE CHAIN



PROTECTING THE ENVIRONMENT



SUSTAINABLE DEVELOPMENT OF THE COMMUNITIES WHERE WE OPERATE





Sustainability framework

102-20, 102-26

Our sustainability key objectives are to reduce the negative environmental impacts of the company, improve the condition of the communities where we operate and address our stakeholders' concerns and requirements.

To ensure that those objectives are met, we put in place a sustainability framework overseen by:

Metalsa's Leadership Team: Sets the tone at the top regarding the importance of sustainability and supports the integration of sustainability into the business strategy.

Sustainability Committee: Helps develop and ensure the sustainability strategy's execution and accountability. It comprises representatives of different company areas and meets regularly to assess progress.

Sustainability Business Units Teams: Implements initiatives and programs aligned to the sustainability strategy and helps to create a sustainability culture.

We use this framework to implement our strategy according to Proeza's Sustainability Guidelines.





Sustainability strategy

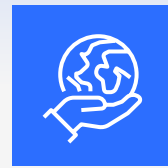
Our sustainability strategy is based on **three pillars**:



ENVIRONMENTAL SUSTAINABILITY



SUSTAINABLE DESIGN PROCESS AND PERFORMANCE

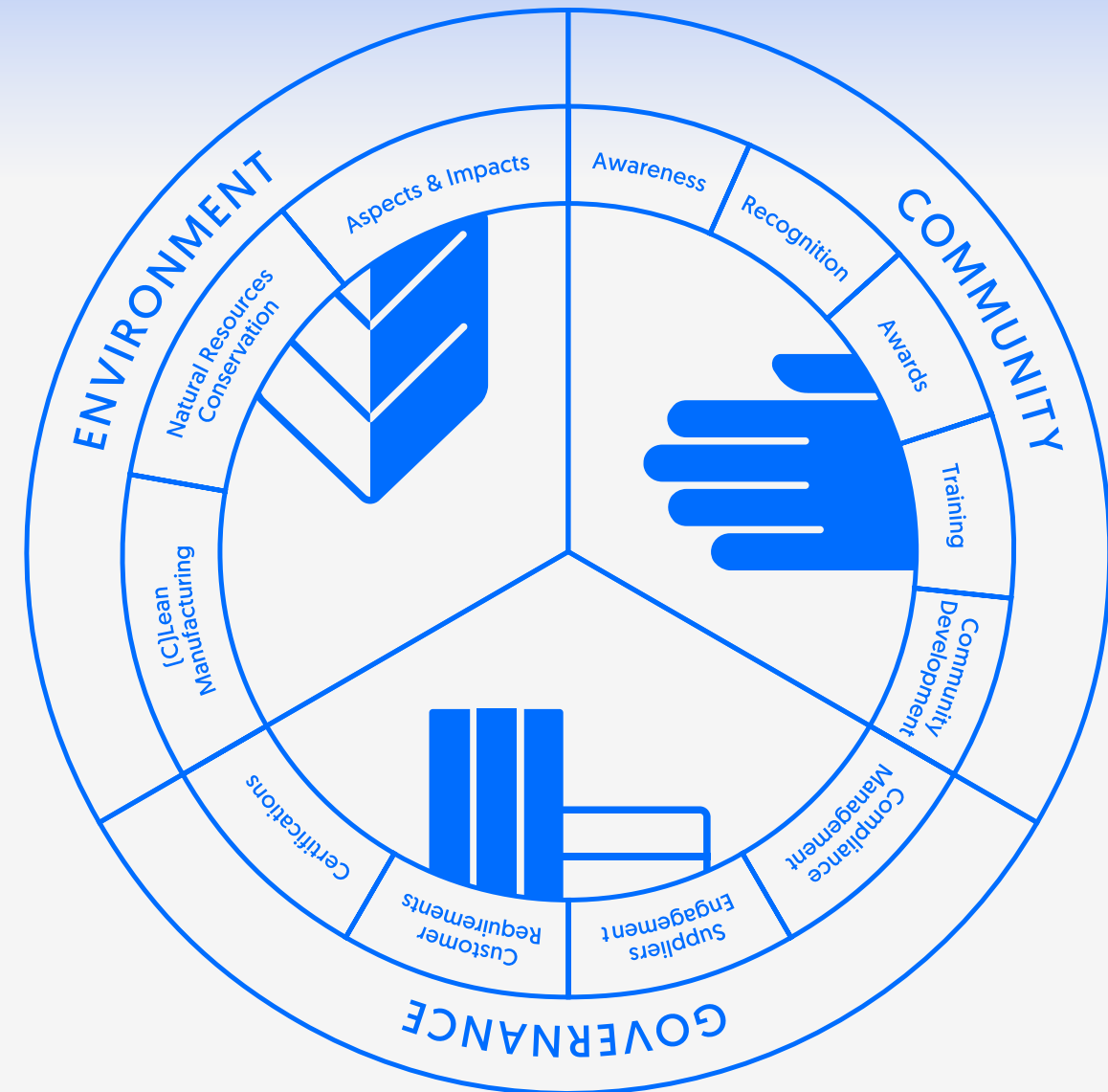


SOCIAL SUSTAINABILITY

In 2019 we carried out a **materiality assessment** based on the following methodology.



We also have a **sustainability model** that guides our efforts.



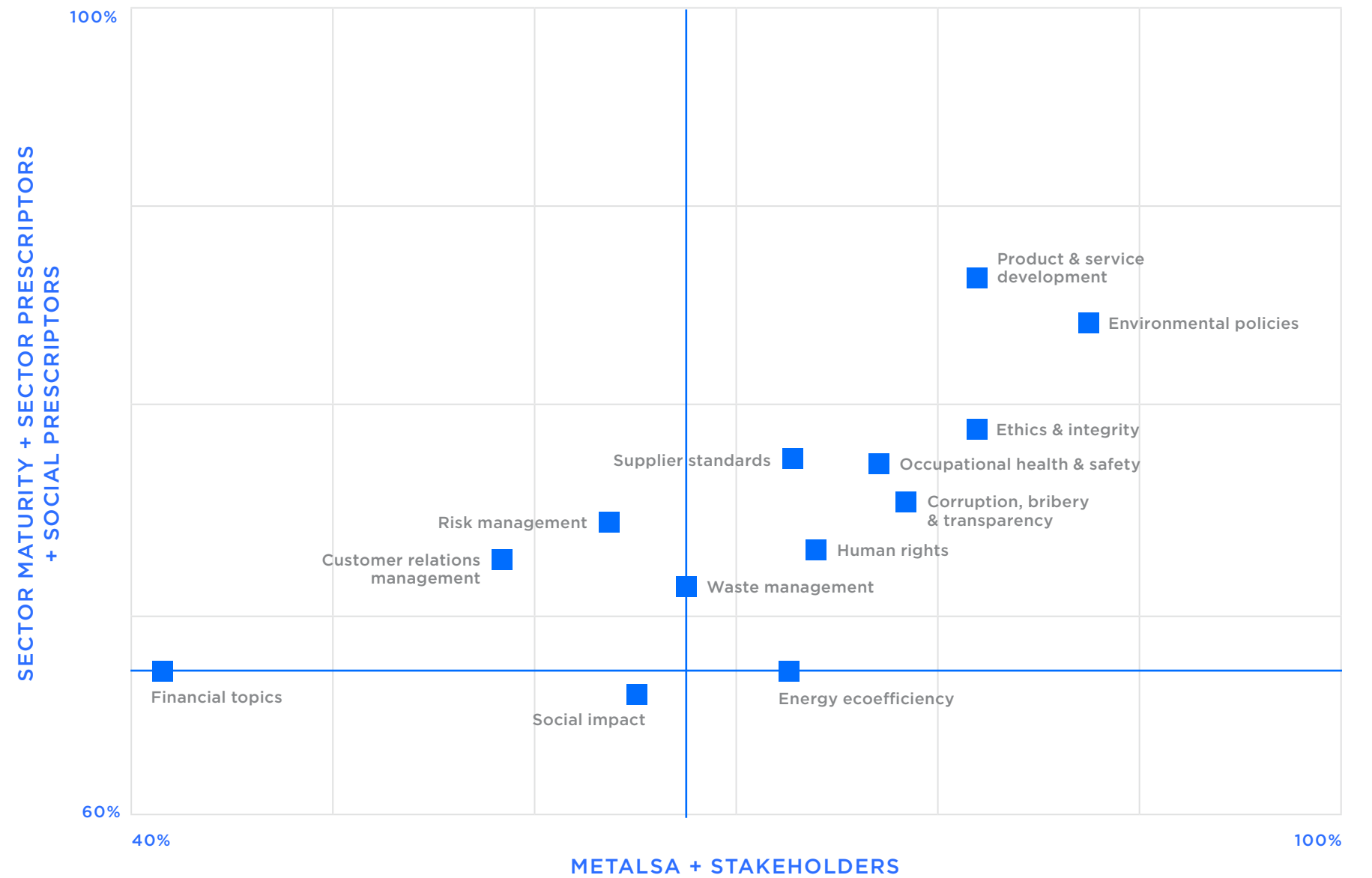


Materiality assessment

102-42, 102-46, 102-47



This assessment allowed us to identify the sustainability priorities of our company and stakeholders.





Our stakeholders

102-42, 102-43, 102-44

We aim to maintain open and honest communication with all the stakeholders and listen to and address their key concerns. In 2021 we carried out 10,428 surveys for employees and suppliers, the meetings and conferences we held throughout the year, and our financial and non-financial reporting.



EMPLOYEES & THEIR FAMILIES



PROEZA SHAREHOLDERS



SUPPLIERS



COMMUNITY



CUSTOMERS

KEY CONCERNS

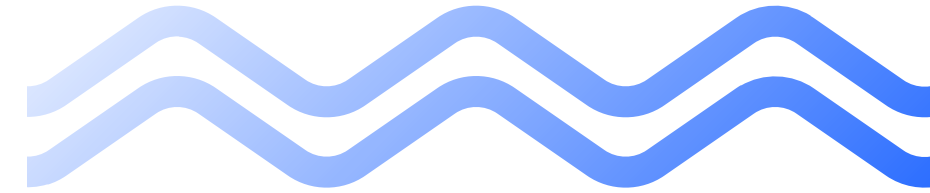
- | | | | | |
|--|---|---|--|--|
| <ul style="list-style-type: none"> ▪ Organizational culture ▪ Work conditions ▪ Equal opportunities for women ▪ Diversity and inclusion ▪ Wellbeing | <ul style="list-style-type: none"> ▪ More frequent communications ▪ Up to date relevant information | <ul style="list-style-type: none"> ▪ Supplier development ▪ Contract conditions | <ul style="list-style-type: none"> ▪ Work opportunities for young people ▪ Community health and wellbeing ▪ Community investment and development programs | <ul style="list-style-type: none"> ▪ Contract terms ▪ Sustainability credentials |
|--|---|---|--|--|

METALSA'S INITIATIVES

- | | | | | |
|---|--|--|--|---|
| <ul style="list-style-type: none"> ▪ Work environment surveys ▪ Day care services ▪ Social and sports events ▪ Diversity and inclusion programs | <ul style="list-style-type: none"> ▪ KPIs website ▪ Regular conference calls | <ul style="list-style-type: none"> ▪ Supplier development programs ▪ Contacts update ▪ Connection with local businesses | <ul style="list-style-type: none"> ▪ Community and social responsibility programs ▪ Equal opportunity programs | <ul style="list-style-type: none"> ▪ Contract updates ▪ Local investment ▪ Sustainability strategies |
|---|--|--|--|---|



Sustainability initiatives and external frameworks



102-12

We are aligned with the most relevant sustainability frameworks to ensure that our efforts meet the highest standards. In 2021, we became members of the largest corporate responsibility initiative, The UN Global Compact, and thus, we strengthened our commitment to social, labor, and environmental rights and its ten principles.

ecovadis

In 2021 we also undertook the EcoVadis Sustainability Rating that assessed our performance in Ethics, Environment, Responsible Procurement, Labor, and Human Rights topics. The EcoVadis Scorecard provided us with essential insights on the way forward to improve our sustainability.

Metalsa is in the top 28% of companies rated by EcoVadis in the Manufacture of parts and accessories for motor vehicles industry in the Environmental topic

Metalsa has been awarded a Bronze medal as a recognition of our Sustainability Performance



We participated in the CDP Climate Change and Water Security assessments. Our D Climate Change Assessment rating was lower than the North American regional average (C). However, we are already making progress in some of the areas assessed. In 2021, we worked on establishing better environmental governance and strengthen our emissions measuring process. Regarding the Water Security Assessment, Metalsa's rating was C was lower than the North American regional average (B-), and we will continue our work on water policies, targets, and governance.



SUSTAINABILITY GOALS FOR 2022

- Increase our EcoVadis score and ranking
- Update our Materiality Assessment
- Set new ESG targets to 2030
- Set Near-term Science-Based Targets and Net Zero



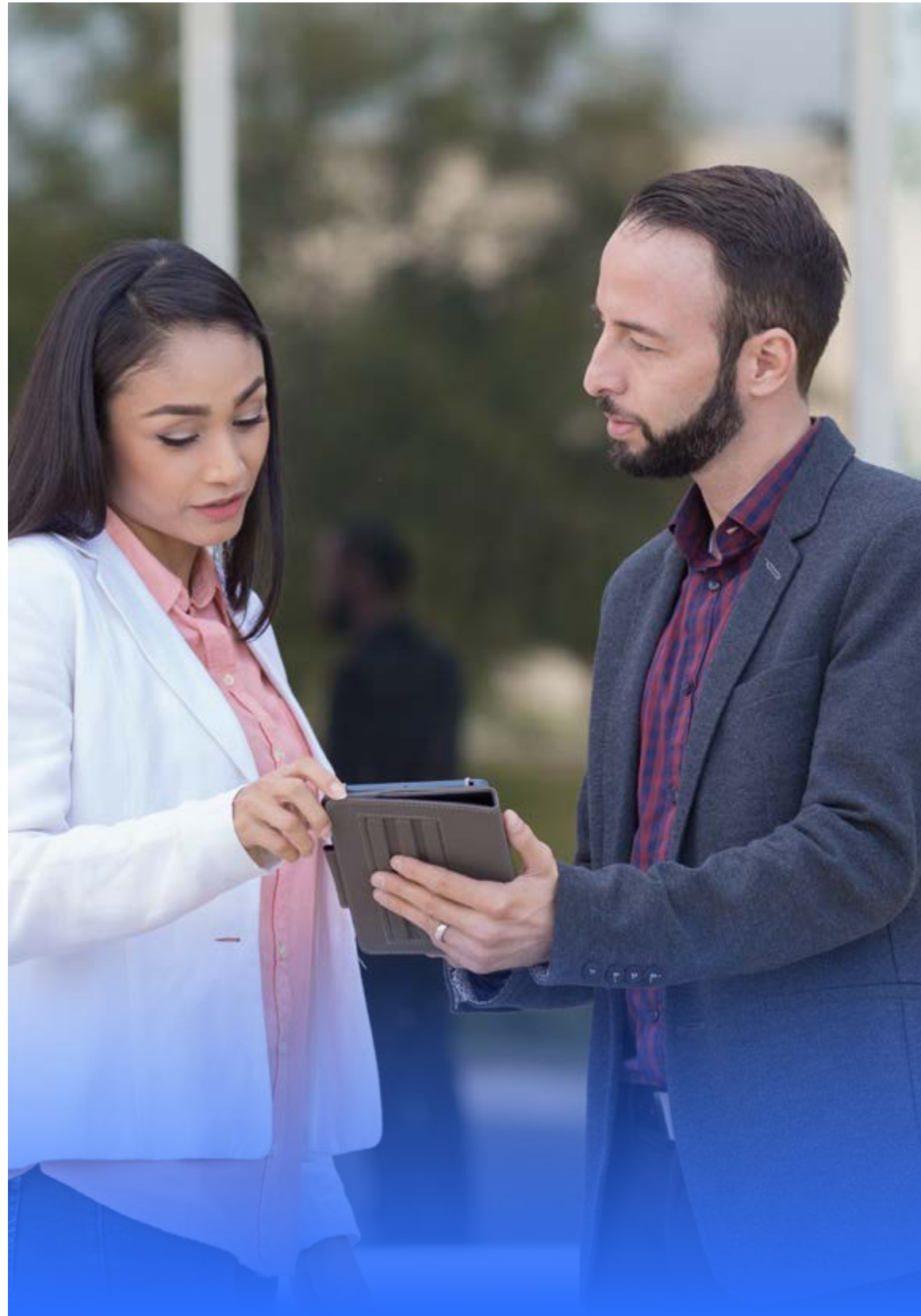
Sustainable operation

102-9, 204-1, 308-1, 414-1

Sustainability is a key element in our operation. As part of Grupo Proeza we are committed to **“Complying with environmental regulations, following international best practices, and using natural resources sustainably”**

GRUPO PROEZA'S CODE OF CONDUCT





Responsible supply chain

102-40, 103-1, 103-2, 204-1

“We are committed to extend our sustainability approach to our value chain. In 2021, all our new suppliers were assessed with social and environmental criteria through our supplier risk assessment.”

Two new suppliers have committed to reducing their environmental footprint, and due to our high standards, none of our suppliers is at risk of hiring child or forced labor.

We are aware of the importance of suppliers in our Sustainability Performance. Therefore, one of our goals is to promote a responsible and compliant behavior throughout our supply chain.

KEY PURCHASED PRODUCTS



Steel, extruded aluminum, fasteners, welding wire, wire forms, metallic stamping parts and chemicals for coating



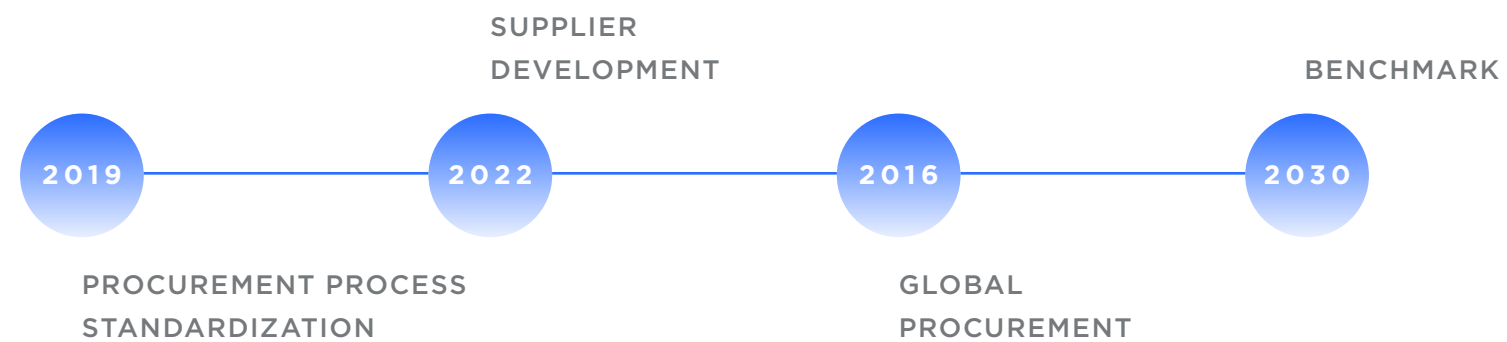
Metalsa Supplier Business Assessment

102-9, 103-1, 103-2, 103-3

All our suppliers are evaluated and selected based on an assessment that includes topics regarding quality, employment conditions, human rights, ethics, corporate governance, legal compliance, sustainability, as well as criteria aligned to institutions and standards such as the International Automotive Task Force (IATF) and the Automotive Industry Action Group (AIAG), ISO 14001:2015.

Our Procurement Group delivers a world-class supply base that enables innovation-driven solutions that foster sustainable growth and add value to all our stakeholders. We have developed a strategy to enhance our supply chain and drive it towards innovation and sustainability.

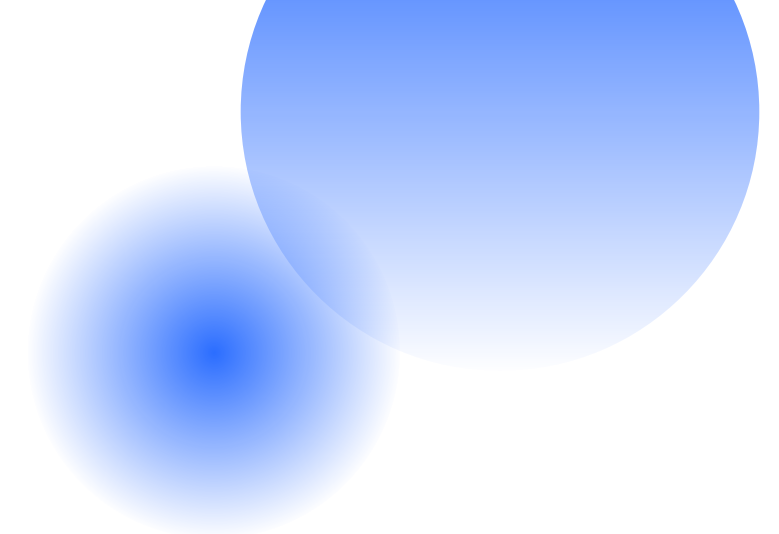
SUPPLY CHAIN ROADMAP 2030



63%
of our procurement budget
was spent on local suppliers



We train our suppliers on Proeza's Code of Conduct and the Conflict Minerals Policy



In addition, we developed a [Supplier Manual](#) that establishes behavior, ethics and sustainability guidelines for our suppliers to comply:

METALSA SUPPLIER'S MANUAL

Proeza's Code of Conduct provides guidelines to conduct our commercial relations with integrity, fairness and respect in all countries where we have operations. In addition, our Supplier's Manual defines the requirements and expectations from Metalsa's suppliers regarding compliance, ethics, sustainability, health and safety. The Manual provides an overview of Metalsa's understanding of sustainability as well as detail on the 10 principles of the UN Global compact that suppliers are required to follow. The Manual also provides guidelines to respect human and labor rights and Metalsa's Environmental Policy.



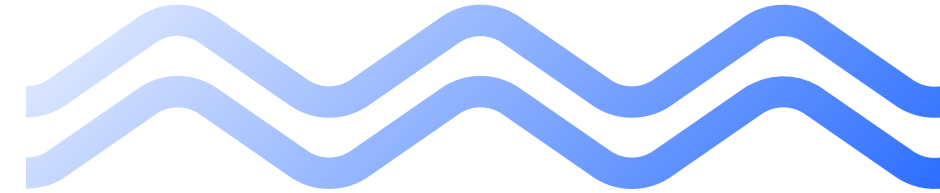
Support program for SMEs

We aim to positively impact the communities where we operate and have implemented a supplier support program for SMEs to help them face the COVID crisis. The program includes benefits such as advance purchases, reduction of payment timeframe, and tailored support.

Our suppliers can also benefit from the new **Development Program for SMEs** that consist of:

- Financial support
- Advisory support
- Training and capacity building

With these programs, we want to ensure our suppliers develop along with us in terms of growth and positioning in the sector.





Safe operation

403-1, 403-2, 103-1, 103-2, 103-3

At Metalsa we value the well-being of our workforce, and we have put in place a variety of programs, policies, and initiatives to ensure a zero-rate accident and a safe work environment. In 2021, we launched our health and safety management system aligned to the ISO 45001:2018, the OSHA, and all relevant Mexican regulations. Two of our sites are currently ISO 45001:2018 certified, while the rest will complete their certification in 2022 and 2023.

+47,000

hours of Health & Safety training to members of our team



KEY HEALTH INITIATIVES IN 2021



- Vaccination campaigns
- Blood donation campaigns
- Ergonomic program
- Psychology program

PREVENTION APPROACH

We apply a preventive approach and a methodology based on the PDCA (Plan-Do-Check-Act) to improve our work environment and control risks, including policies, organization, planning assessment, due diligence, and improvement actions.

SAFETY AROUND THE CLOCK AND AROUND THE WORLD

The staff take responsibility as a team for identifying and correcting unsafe practices. In 2021 our staff carried out 2,600 safety risk assessments.

SAFETY TUTORING PROGRAM

We provide training and one-to-one tutoring for new workers on safety risks ensuring that they know the risks involved in their specific roles and how to prevent them.

RAG (RED, AMBER, GREEN) SAFETY PROGRAM

This system has improved workstations' overall safety. We label workstations as red, amber, and green according to their risk level and the operational level of experience required. For example, for workstations with a low-risk level (green), only one month of experience is required.

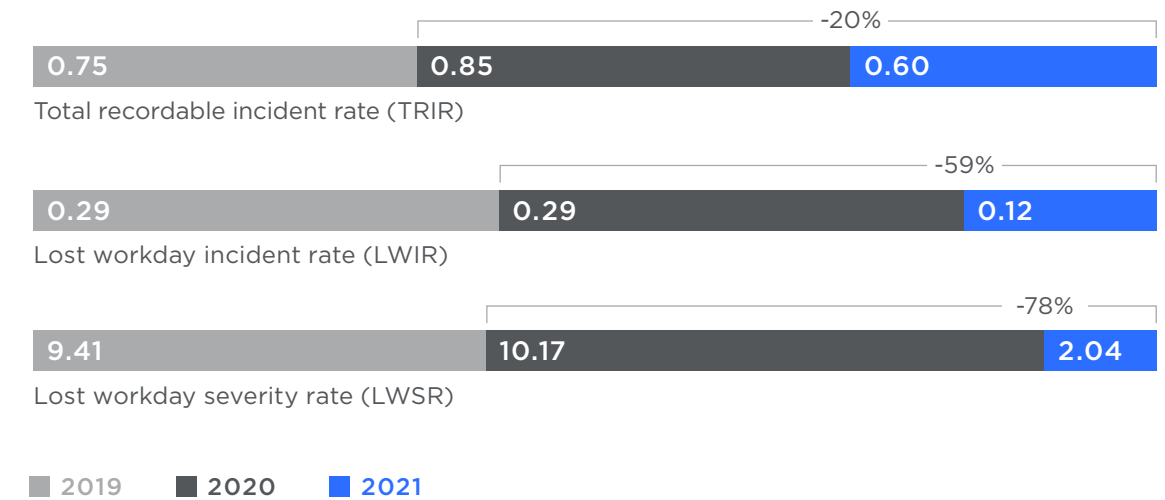


HEALTH & SAFETY TRAINING PROGRAM 403-2, 103-2, 103-3

At Metalsa, we work towards a safe operation throughout our business areas and sites. Thus, we have developed a robust H&S training program for all our personnel. The courses include incident management, emergency response, and safety in our hands.

Our H&S results reflect all these measures and initiatives. Since 2019, our incident rate has been decreasing.

INCIDENT AND WORKDAY LOST RATES



SUSTAINABLE OPERATION GOALS 2022

- Increase the number of sites ISO 4500:2018 certified by 20%
- Develop new requirements and a sustainability training for suppliers
- Decrease our total recordable incident rate target by 11% vs the 2021 target



Environment

302-3, 302-4, 303-3, 303-4, 303-5, 305-1, 305-2, 305-4, 305-5, 306-3, 306-4, 306-5

We aim to promote and implement actions and **solutions that allow us to reduce our environmental impact.**



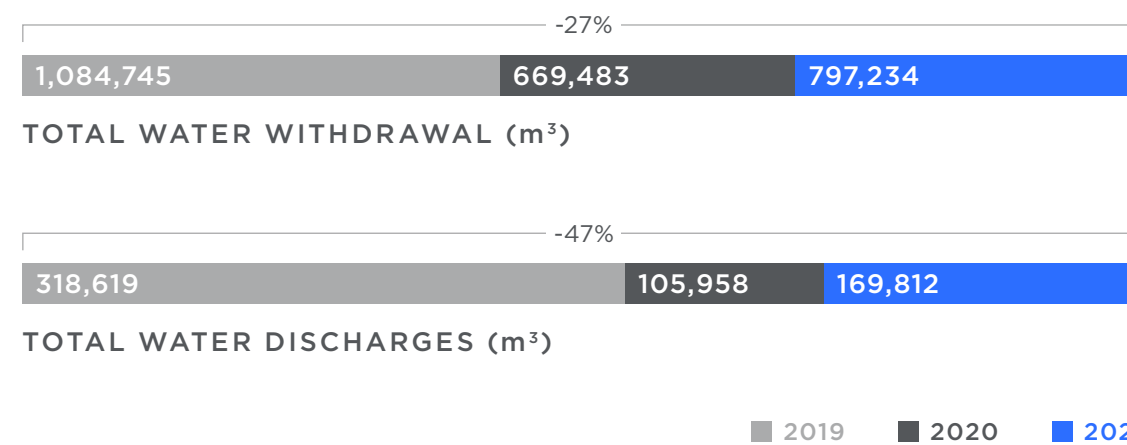


Resource management

Our great responsibility while we conduct operations is focused on protect the environment by creating awareness of the best practices and implementing actions to mitigate our environmental footprint.

Water 103-1, 103-2, 103-3, 303-3, 303-4

Our Environment, Health, and Safety unit oversees all our sites' environmental performance and establishes annual goals. Every plant collects monthly reports of water withdrawals. During this reporting period, we reduced our water footprint.



BIOLOGICAL WATER TREATMENT SITE



The treatment site, which opened in 2020, helps reuse water used in the painting process, which is the most water-intensive process of the plant. Thanks to this water treatment process, we reused 3,890m³ for the painting processes.



Waste 103-1, 103-2, 103-3, 306-3

Every site has its own waste management process; however, at a central level we organize and classify the overall waste generated by our productive and support processes.

WASTE CLASSIFICATION

Hazardous waste

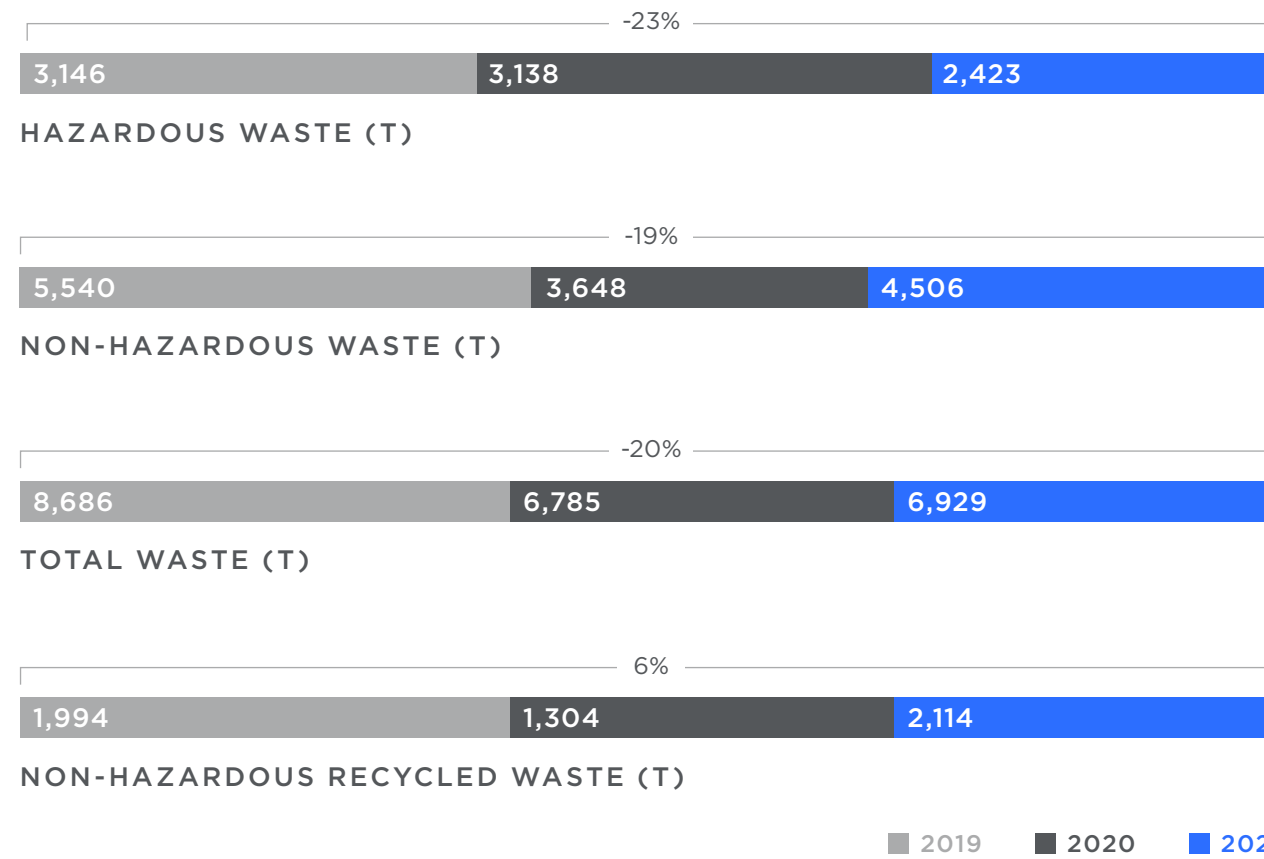
- Confined waste
- Co-processed waste

Non - hazardous waste

- Recyclable waste
- Landfill waste

WASTE GENERATION

In 2021, carried out a series of projects to reduce the generation of waste and adopt a circular economy approach. Monitoring and measuring our waste help us to promote circular economy solutions aiming to become a zero-waste to landfill company.

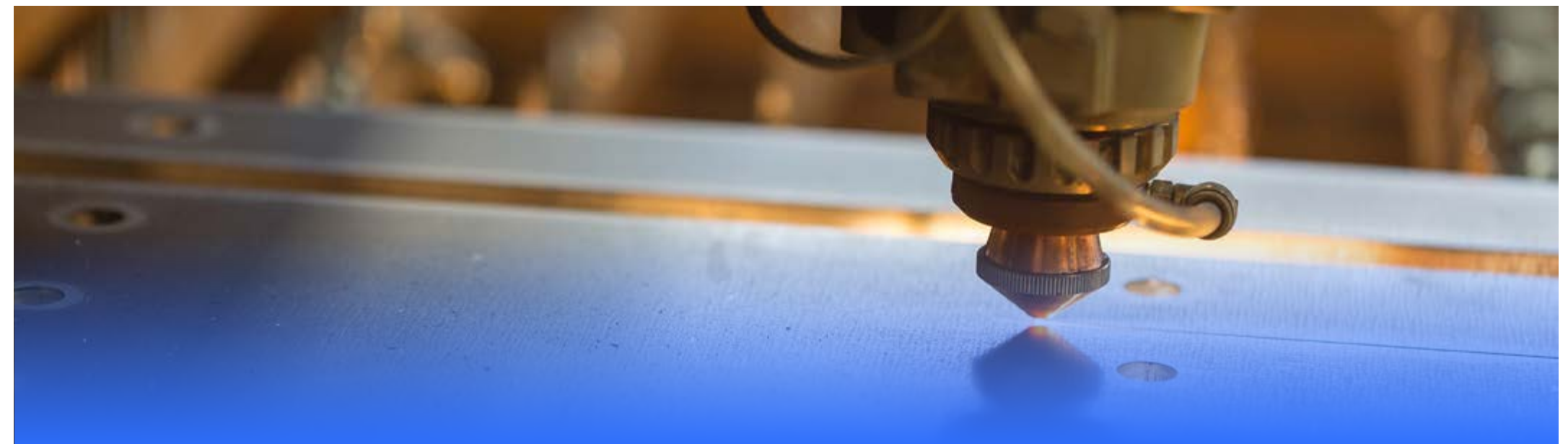


RECYCLING METAL SLAG

At our Saltillo site, we implemented a metal slag segregation program that has contributed to reduce our generation of hazardous waste by 6.8 tons per month. Through this project we collected a total of 82 tons of metal slag which was sold.

REUSE OF WELDING INPUTS

We started this project with the objective to reduce waste and promote a reverse logistics approach. By returning cardboard containers, pallets and reels we reduced our waste by 56.26 tons.





Energy and emissions 103-1, 103-2, 103-3, 302-1, 302-4, 305-1, 305-2, 305-4, 305-5

Reducing our carbon emissions has become a key objective for our company. For this reason, we planned to join the Science Based Targets initiative (SBTi) in 2024, and this year, we moved the date forward to 2022. The SBTi will require us to set robust carbon reduction targets and thus, improve our energy efficiency strategies.

We are working on setting new GHG emissions and energy consumption targets to lead us to our Net-Zero objective.

ENERGY CONSUMPTION

	2019	2020	2021	2021 vs 2019
Non-renewable fuel consumed (Gj)	966,546	747,855	852,101	-11.84%
Non-Renewable electricity consumed (Gj)	1,128,785	864,727	896,251	-20.60%
Renewable electricity consumed (Gj)	49,823	43,393	52,660	5.69%
Total energy consumption in the organization (Gj)	2,145,154	1,655,975	1,801,012	-16.04%
Annual energy intensity (Gj/mUSD)	712	811	740	3.93%

GHG EMISSIONS

	2019	2020	2021	2021 vs 2019
Scope 1 emissions (tCO ₂ e)	88,639	49,109	70,200	-20.80%
Scope 2 emissions (tCO ₂ e)	146,223	105,504	118,665	-18.85%
Scope 3 emissions (tCO ₂ e)			N/A ¹	
Annual GHG total emissions (tCO ₂ e)	234,861	154,613	188,866	-19.58%
Annual GHG Emissions intensity (tCO ₂ e/mUSD)	77.96 ²	75.71	77.61 ²	-0.45%

¹ In 2022 we will start accounting for Scope 3 emissions as Metalsa is planning to commit to the Science Based Targets initiative.
² Data assured by ERM CVS. Please see the [ERM CVS Assurance Statement](#).



FORKLIFTS REPLACEMENT

In 2020 our forklift fleet was made of 60% diesel and 40% gas, which contributed 916.5 tons of CO₂. In 2021, we began to integrate electric technology in our processes reducing in 60% the CO₂ emissions of our total fleet. In 2022 we will replace all of our forklift fleet with electric alternatives and expect to achieve a reduction of 93% of CO₂ emissions compared to 2020.

SUSTAINABILITY-LINKED BOND



In April 2021, Metalsa issued its first Sustainability-Linked Bond with the target to reduce its greenhouse gas emissions intensity by 20% by 2031, considering a 2019 baseline. A progress review will take place in 2026. This initiative will drive our sustainability efforts and strategies Metalsa by having a meaningful and direct contribution to climate change.





Our team

102-8, 401-1, 403-2, 404-2, 404-3

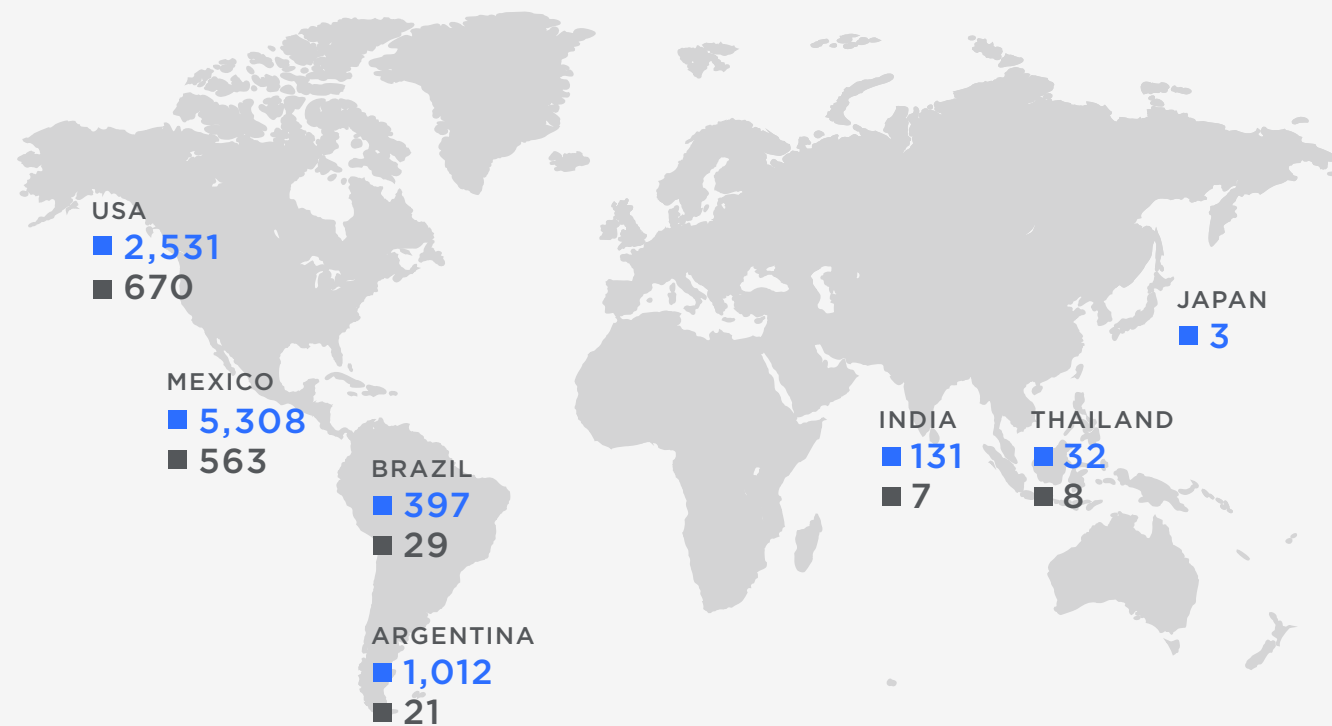
At Metalsa, we aim to provide the best working conditions for our personnel, an inclusive environment, and development opportunities tailored to their needs.





Workforce 102-8

We are committed to promote a healthy and productive work environment based on legal compliance and adherence to labor and human rights. Our senior management implements programs and mechanisms to achieve the best working conditions, a safe and inclusive environment and development opportunities for all our personnel.



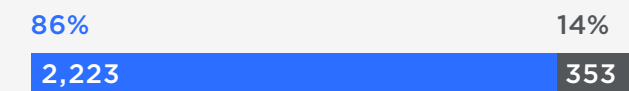
10,712

TOTAL WORKFORCE

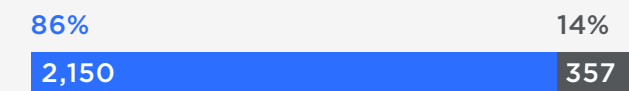


WORKFORCE BY REGION AND CONTRACT

REGION	ADMINISTRATIVE	OPERATIONS
México	1,058	4,813
USA	541	2,660
Brazil	112	314
Argentina	173	860
India	56	82
Thailand	14	26
Japan	3	0



NEW HIRES



DISMISSALS

1.77%

TURNOVER RATE

■ MEN
■ WOMEN



Organizational culture

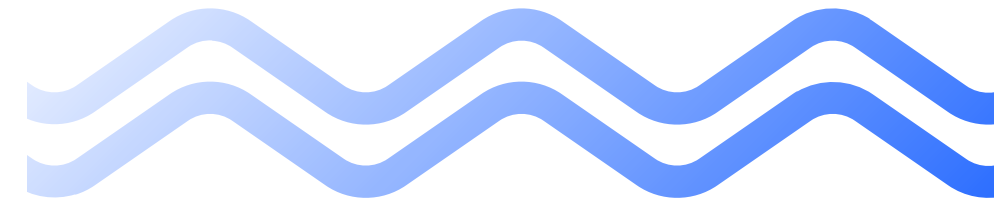


PEOPLE AS DRIVERS OF COMPETITIVE ADVANTAGES

Only quality people can produce quality products and services.

PEOPLE AS AGENTS OF CHANGE FOR A BETTER WORLD

Everything we do as a company should contribute to sustainable solutions for the transportation industry and the world.





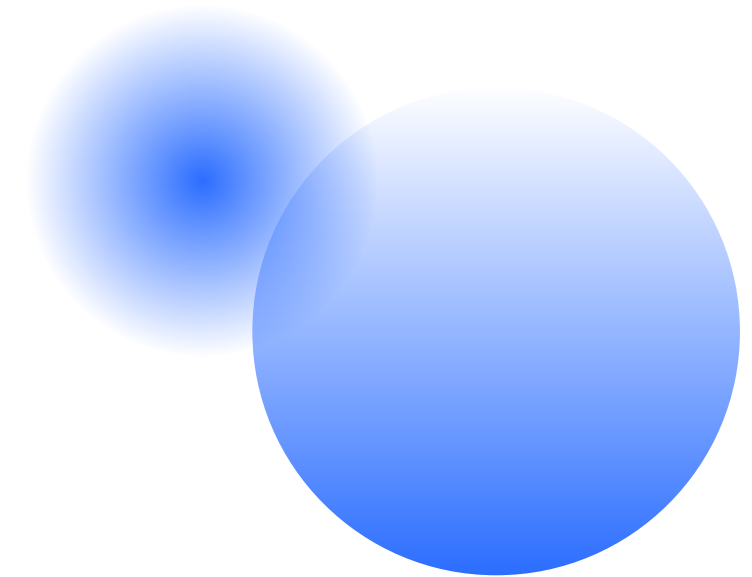
Staff wellbeing

103-1, 103-2

To promote our workers physical and mental well-being, we have established a health service that includes ergonomic programs, check-ups, and work environment (noise, lighting, chemical agents, vibrations) analysis.

In 2021, we surveyed more than 10,000 team members on topics such as the company's values, ethics, integrity, and culture. The survey helps us understand the perceptions and views of our personnel and take them into account in our programs, policies, and initiatives. The survey results provide valuable insights for improvements. We obtained a global average of 73% response rate during this reporting period.

We offer on-site full-time medical service 24/7 infirmary service in our sites in Mexico and Argentina and specialized local medical services in the rest of our sites



HEALTH CAMPAIGNS



In 2021, Metalsa organized 14 health campaigns for our 10,000+ team members. The campaigns include vaccinations, visual, and auditive check-ups.









Wellbeing activities

Across our sites we implemented wellbeing initiatives for our team members. We adopt a preventive approach by promoting healthy habits, mental health care, and family-oriented policies.

We want to provide benefits adjusted to the specific needs and life stage of each member of our company. In 2021:

- **108 families benefited** from day-care discounts for up to 75% for their children from 1.5 months to 6 years old
- **2,867 school material grants were provided to children** of our team members between the ages of 3 and 25 years old
- **127 families received economic support** for family bereavement
- **13 team members took a sabbatical benefit** that gave them a 12-month non-paid leave for study, caring duties or personal reasons. During this time Metalsa continued covering their medical insurance.

COUNTRY	TOPIC	INITIATIVE
Thailand	 Healthy Eating	Metalsa Vegetable Garden Campaign: Employees participated in a project to plant a vegetable patch to promote organic vegetables consumption.
USA	 Wellbeing campaign	Communication campaign around tips and hacks of financial, social, and physical wellbeing.
Brazil	 Day care assistance	Support for women who return to work. The company provides day care assistance for children of up to six months.
Argentina	 Emotional support	A virtual platform and regular sessions to provide psychological, financial, and legal support.
India	 Health webinars	Webinars in association with doctors and hospitals to raise wareness about health topics including cancer, covid, and health lifestyles.
Mexico	 Mindfulness sessions	Self-control and relaxation techniques for emotional management and meditation.

METALSA LISTENS AND RESPONDS



This initiative aims to consider the concerns and feedback of our colleagues. The staff can submit their questions, complaints, and feedback, trusting that they will be listened to and considered. Currently this program is available in our sites in Mexico, USA, Argentina, and Brazil. We expect to expand it to all our locations and to improve the current technology to enhance the user-experience and the communication across the Company. In 2021, we received 72 feedback messages:

- 16 compliments
- 26 questions
- 16 suggestions
- 14 complaints

All the feedback was followed up and 97% was closed leaving 3% pending for 2022.



Diversity, Equity & Inclusion

103-1, 103-2, 103-3



1,516
employees received diversity training

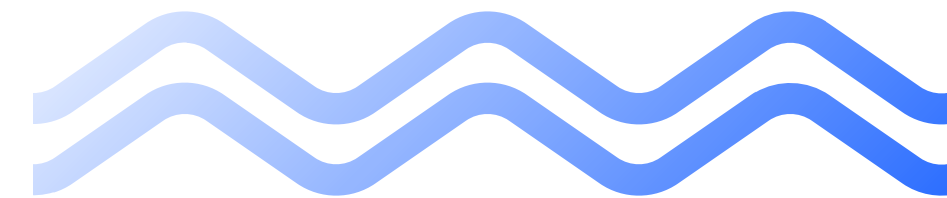
We believe that anyone can reach their full potential by being themselves. At Metalsa, we established a DEI Committee responsible for complying with policies and are committed to building a better society and creating an inclusive environment with equal opportunities where our team members enrich the value-added while combining the diversity of their unique perspectives and knowledge.

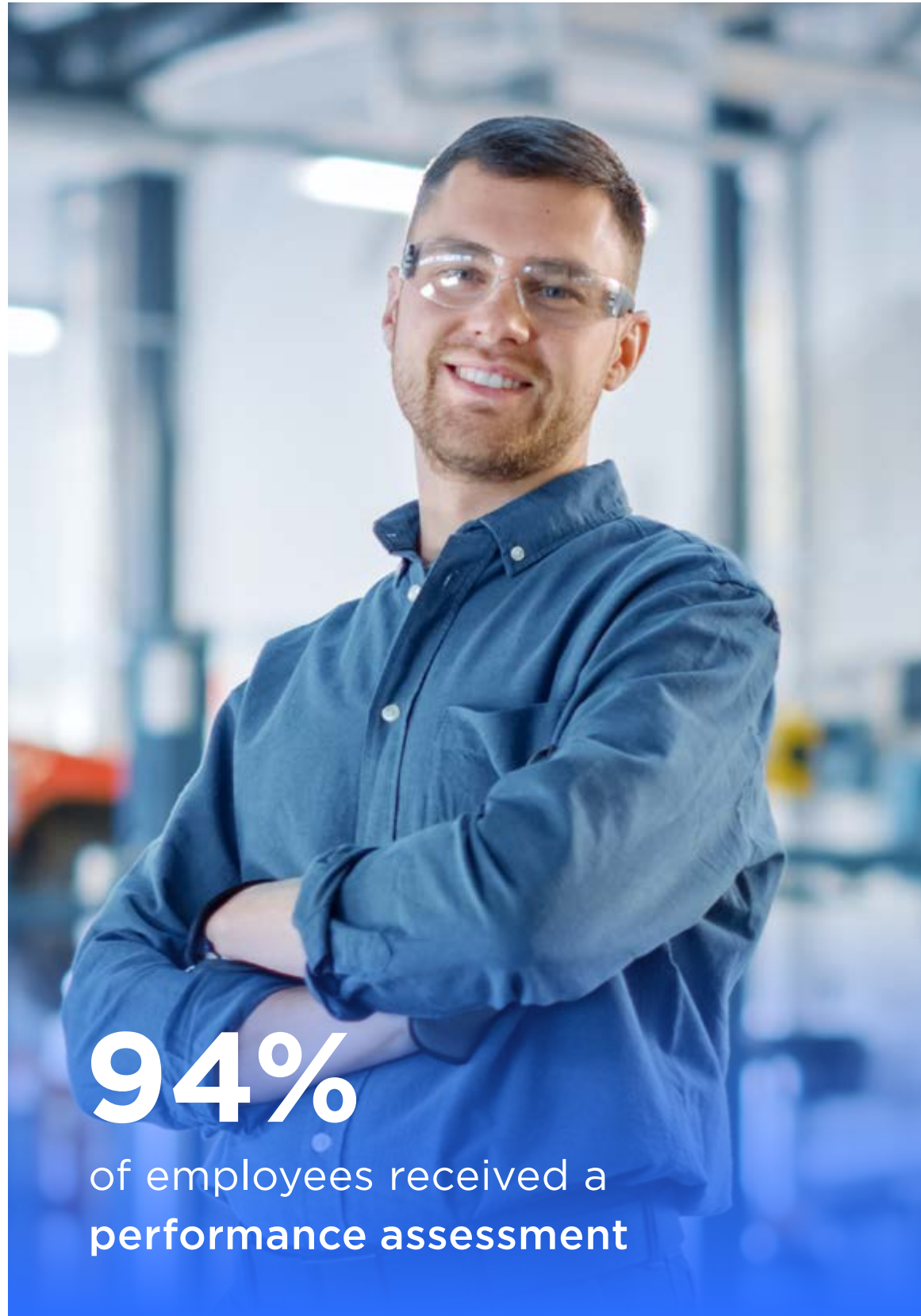
We are working on five **diversity dimensions**:

- Age
- Gender
- Nationality and culture
- LGTB+
- Disability

In 2021, we provided diversity training to 1,516 staff members and established a DEI dashboard to monitor progress. The training included diversity dimensions, unconscious bias, and tools to create an inclusive environment. In addition, 712 coordinators received inclusive leadership training to help them identify affinity bias in their decisions and how to lead inward and outward, making their team members feel more valued, heard, and included.

We work to create a work environment with non-discrimination. Through our Transparency Line we monitor potential incidents. In 2021 we identified 5 discrimination cases which have been reviewed and for which we put in place remediation plans.



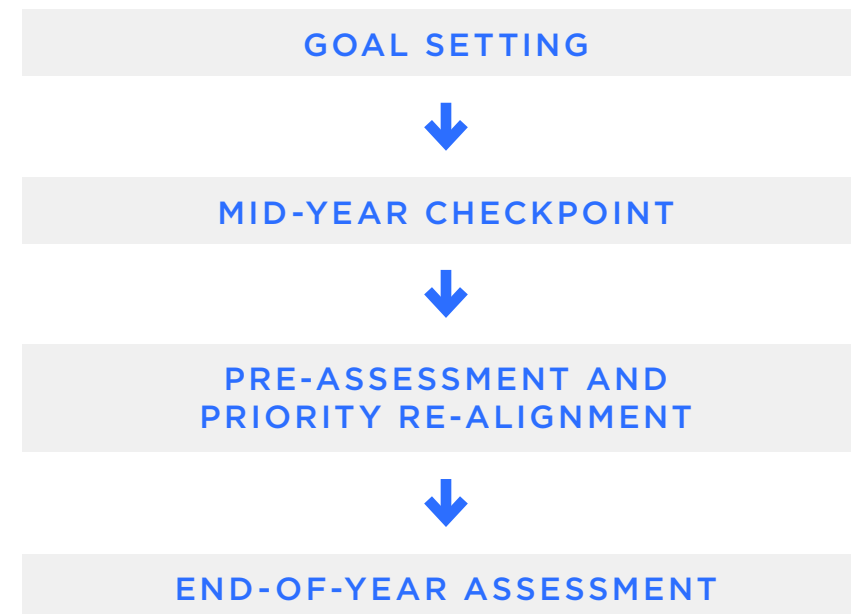


Training & development

103-2, 103-3, 404-1, 404.2, 404-3

Performance assessment

To help our employees to succeed we have a robust performance review process:





Development plan

404-3, 103-1, 103-3

At Metalsa, we help our personnel be prepared and have the right tools for their work at the company and their long-term individual objectives. To that end, we established a Talent Review Program that assesses each team member talent and training development needs. The result is a training development plan for employees to complete throughout the year. In this reporting period, 81% of the women and 77% completed their development plan.

Training

404-1, 404-2

We provide training and skill-development programs to all our colleagues, and in 2021 we invested more than 1 million USD in training and capacity-building activities, amounting to 5,627 courses.



KEY COURSES



Onboarding program

To achieve a smooth integration of new staff into the company.

Individual training

Following staff development plans and career development in the company.

Diversity and inclusion training program

To raise awareness about diversity and inclusion issues at all company levels.

19 hours of training per worker



Community engagement

At Metalsa, we are working for a better future where we look out for each other and where we enrich communities every day by being committed to people and our planet.





Social investment strategy

103-1, 103-2, 103-3, 413-1



KEY INVESTMENT PROGRAMS FOR TEAM MEMBERS



High school program 'Spark your talent'

Traineeship and mentorship program for family members of our employees studying high school.

University scholarships

For employee family members.



413-1

We carried out ten community activities in Mexico on health, environment, and safety topics. These include charitable donations and blood-giving campaigns for school refurbishments.

In 2021 we established a comprehensive Sustainable Community Development and Social Investment Policy to guide and promote trusting community relationships and provide a framework for our initiatives. We want to help thrive in the communities where we operate by investing, volunteering, and promoting strategic philanthropy.



43

social investment initiatives implemented in our global locations with an investment of more than 60,000 USD



About this report

102-50, 102-52, 102-53, 102-54

METALSA

Metalsa, S.A.P.I. de C.V.
Pabellón M | 44-47
Av. Benito Juárez 1102, Col. Centro
Monterrey, Nuevo Leon 64000
Mexico

USA SUBSIDIARIES

- Metalsa Structural Products, Inc.
- Metalsa Roanoke, Inc.
- Metalsa Sterling Heights, Inc.

This report has been prepared in accordance with the GRI Standards: Core Option. It covers the period between January 1st 2021 and December 31st 2021 and includes information regarding our social, environmental and governance performance. The content of the report is based on our 2019 Materiality Assessment.

ERM Certification and Verification Services (ERM CVS) has conducted independent assurance of selected 2019 and 2021 GHG Emissions Intensity data. To understand the scope, activities and conclusions of the assurance process, please see the ERM CVS Assurance Statement.

For additional information, please visit:

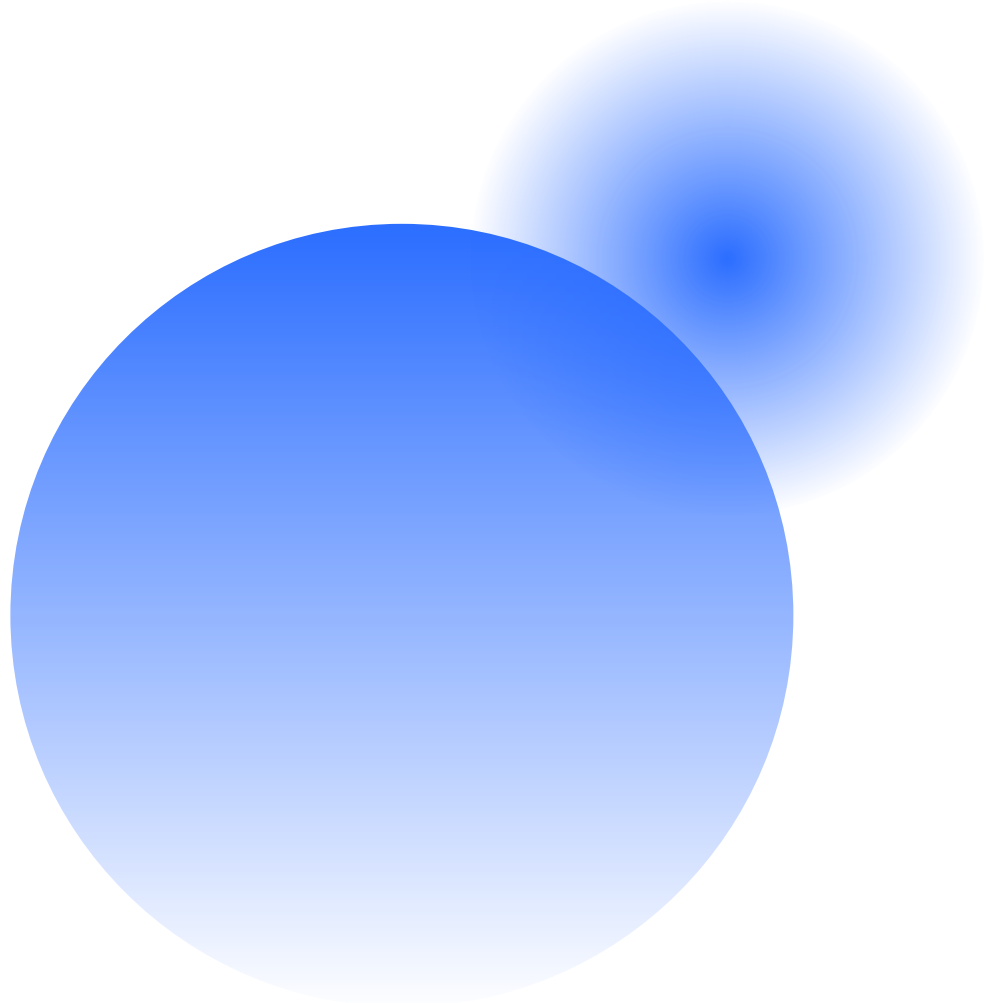
www.metalsa.com

For any questions regarding Metalsa's sustainability activities and reporting please contact:

sustainability@metalsa.com



ERM CVS Assurance Statement



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

ERM Certification and Verification Services Ltd (“ERM CVS”) was engaged by Metalsa S.A.P.I. de C.V. (“Metalsa”) to provide assurance in relation to the information set out below and presented in Metalsa’s 2021 Sustainability Report (“the Report”).

Engagement summary	
Scope of our assurance engagement	Greenhouse Gas (GHG) Emissions Intensity: Total Scope 1 and Scope 2 (location-based) GHG Emissions in tCO ₂ e per million USD of revenue (tCO ₂ e/USDm)* *ERM CVS placed reliance on the accuracy and completeness of the revenue data, which was then used to assure the intensity figures.
Reporting periods	1 st January - 31 st December 2019 1 st January - 31 st December 2021
Reporting criteria	• WBCSD/WRI GHG Protocol (2004, as updated January 2015) • Metalsa’s internal reporting criteria and definitions
Assurance standard	ERM CVS’ assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised)
Assurance level	Limited assurance
Respective responsibilities	Metalsa is responsible for preparing the Report and for the collection and presentation of the information within it. ERM CVS’ responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our conclusions

Based on our activities, as described below, nothing has come to our attention to indicate that the 2019 and 2021 data and information for the disclosures listed under ‘Scope’ above are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

A multi-disciplinary team of sustainability and assurance specialists performed a range of assurance procedures which varied across the disclosures covered by our assurance engagement, as follows:

- Interviews with management representatives responsible for managing the selected data;
- Interviews with relevant staff and data partners to understand and evaluate the management systems and processes (including internal review processes) used for collecting and reporting the selected data;
- 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 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;
- A review of qualitative and quantitative evidence supporting the reported information at facility level sites in Mexico (Apodaca) and the United States (Elizabethtown, Kentucky and Owensboro, Kentucky); 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. Due to COVID travel restrictions, we planned our assurance engagement to include virtual visits. While we believe this approach does not affect our limited assurance conclusion(s) above, we draw attention to the possibility that if we had undertaken in person visits we may have identified errors and omissions in the assured information.

Our independence

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Metalsa in any respect.

Beth Wyke
Head of Corporate Assurance Services, Inc., London, United Kingdom
23 May 2022
ERM Certification and Verification Services Ltd
www.ermcvs.com Email: post@ermcvs.com





GRI Content Index

102-55

GRI STANDARD	DISCLOSURE	PAGE / DIRECT RESPONSE	
	1. Organizational profile		
GRI 102: General disclosures 201	102-1	Name of the organization	5
	102-2	Activities, brands, products and services	5
	102-3	Location of headquarters	5
	102-4	Location of operations	5
	102-5	Ownership and legal form	5
	102-6	Markets served	5, 8
	102-7	Scale of the organization	5, 8, 9
	102-8	Information of employees and other workers	8, 39, 40
	102-9	Supply Chain	27, 28, 29, 30
	102-10	Significant changes in the organization and its supply chain	No significant changes were reported
	102-11	Precautionary principle or approach	At Metalsa we follow a precautionary principle regarding the environment.
	102-12	External Initiatives	10, 13, 26



GRI STANDARD	DISCLOSURE	PAGE / DIRECT RESPONSE
	102-13	Membership of associations
		<ul style="list-style-type: none"> ▪ Cámara de la Industria de Transformación Nuevo León, A.C. ▪ Confederación Patronal de la República Mexicana ▪ Industria Nacional de Autopartes, A.C. ▪ Clúster Automotriz de Nuevo León A.C. ▪ Clúster de Herramientales, AC. ▪ Consejo Mexicano de Comercio Exterior del Noreste, A.C. ▪ Consejo Empresarial Mexicano de Comercio Exterior, Inversión y Tecnología, A.C. ▪ AINDA Energía & Infraestructura
	2. Strategy	
	102-14	Statement of senior decision-maker
	102-15	Key impacts, risks, and opportunities
	3. Ethics and integrity	
	102-16	Values, principles, standards and norms of behavior
	102-17	Mechanisms for advice and concerns about ethics
	4. Governance	
	102-18	Governance structure
	102-20	Executive level responsibility for economic, environmental and social topics
	102-21	Executive-level responsibility for economic, environmental, and social topics
	102-22	Consulting stakeholders on economic, environmental, and social topics
	102-26	Role of the highest governance body in setting purpose, values and strategy
	102-29	Identifying and managing economic, environmental, and social impacts
GRI 102: General disclosures 2016		



GRI STANDARD	DISCLOSURE	PAGE / DIRECT RESPONSE
	5. Stakeholder engagement	
	102-40 List of stakeholder groups	20, 28
	102-41 Collective bargaining agreements	82% of our employees are covered by collective bargaining agreements.
	102-42 Identifying and selecting stakeholders	20, 24, 25
	102-43 Approach to stakeholder engagement	20, 25
	102-44 Key topics and concerns raised	20, 25
	6. Reporting practice	
	102-45 Entities included in the consolidated financial statements	50
	102-46 Defining report content and topic boundaries	24
	102-47 List of material topics	20, 24
	102-48 Restatements of information	No restatements of information were reported.
	102-49 Changes in reporting	No changes in reporting were made.
	102-50 Reporting period	50
	102-51 Date of most recent report	50
	102-52 Reporting cycle	50
	102-53 Contact point for questions regarding the report	50
	102-54 Claims of reporting in accordance with the GRI standards	50
	102-55 GRI Content Index	52
	102-56 External assurance	Only GHG Emissions Intensity data is externally verified by a third party: ERM CVS. For the rest of the information in this report, our internal audit team reviews its accuracy.
	Material aspects	
GRI 102: General disclosures 2016		
GRI 201: Financial performance	201-1 Direct economic value generated and distributed	5, 9
	201-4 Financial assistance received from government	N/A



GRI STANDARD	DISCLOSURE		PAGE / DIRECT RESPONSE
	Consumer management		
GRI 103: Management approach	103-1	Explanation of the material topic and boundary	7
	103-2	The management approach and its components	14
	103-3	Evaluation of the management approach	14
	Training and Education		
GRI 103: Management approach 2016	103-1	Explanation of the material topic and boundary	45
	103-2	The management approach and its components	45, 46
	103-3	Evaluation of the management approach	45, 46
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	39, 45, 46
	404-2	Programs for upgrading employee skills	39, 45, 46
	404-3	Percentage of employees receiving regular performance and career development reviews	39, 45, 46
	Health and Safety		
GRI 103: Management approach 2016	103-1	Explanation of the material topic and boundary	32, 42
	103-2	Management approach and its components	32, 33, 42
	103-3	Evaluation of the management approach	32, 33
GRI 403: Occupational health and safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	32
	403-2	Types of injury and rates of injury, occupational diseases	33, 39
	Supplier standards		
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	28
	103-2	Management approach and its components	28, 29
	103-3	Evaluation of the management approach	28, 29



GRI STANDARD	DISCLOSURE		PAGE / DIRECT RESPONSE
GRI 204: Procurement Practices 2016	204-1	Proportion of spending in local suppliers	28, 29
Gri 308: Supplier Environmental Assessment	308- 1	New suppliers that were screened using environmental criteria	27
	Environment policies		
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	34
	103-2	Management approach and its components	35
	103-3	Evaluation of the management approach	34, 35, 36, 37, 38
	Energy efficiency		
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	37
	103-2	Management approach and its components	37
	103-3	Evaluation of the management approach	37
GRI 302: Energy 2016	302-1	Energy consumption within the organization	34, 37
	302-4	Reduction of energy consumption	34, 37
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	34, 37
	305-2	Indirect (Scope 2) GHG emissions	34, 37
	305-4	GHG emissions intensity	34, 37
	305-5	Reduction of GHG emissions	34, 37
	Water		
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	35
	103-2	Management approach and its components	35
	103-3	Evaluation of the management approach	35



GRI STANDARD	DISCLOSURE		PAGE / DIRECT RESPONSE
GRI 303: Water and effluents 2018	303-3	Water withdrawal	34, 35
	303-4	Water discharge	34, 35
Waste management			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	36
	103-2	Management approach and its components	36
	103-3	Evaluation of the management approach	36
GRI 306: Waste 2020	306-3	Waste generated	34, 36
Social Impact			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	48
	103-2	Management approach and its components	48
	103-3	Evaluation of the management approach	48, 49
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	28, 48, 49
Corruption Bribery and Transparency			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	18
	103-2	Management approach and its components	19, 43
	103-3	Evaluation of the management approach	19, 43
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	18, 19
	205-2	Communication and training about anti-corruption policies and procedures	18, 19

