

ASI Plant Report

Introduction

Nemak, S.A.B. de C.V. (“Nemak”) is a leading provider of innovative lightweighting solutions for the global automotive industry, specializing in the development and manufacturing of aluminum components for e-mobility, structure & chassis, and ICE powertrain applications. In 2023, the Company employed approximately 24,000 people at 38 production facilities worldwide. For more details about the Company, please refer to Nemak’s most recent version of the Annual Report.

This report has been created for the Plants 5&6, Prototype Development Center (PDC) and Melting Center (MC) which are within Nemak Mexico (García), with the main address of Libramiento Arco Vial Km. 3.8, García Nuevo León 66017 México. Therefore, all information disclosed in this report is only relevant for the scope of the location, unless otherwise specified.

Policy and Management

Impact Assessments

At Nematik's location in Mexico García, Environmental and Social Impact Assessments for new projects or major changes to the existing facilities are conducted. Such environmental and social impact assessments strive to identify and address risks associated with developments, expansions, exploration activities and significant changes to Nematik's plants in Mexico.

Since June 2022 (start of ASI membership), Plants 5&6 have been working on the installation of a Thermal desanding line (TSR Furnace GMET6 LD); PDC has initiated an experimental heat treatment furnace. The plants have conducted thorough impact assessments that can be provided upon request to the relevant stakeholders.

Human Rights Impact Assessments

Since June 2022 (start of ASI membership), Nematik's site in Mexico has not undergone any major changes or expansions that might negatively affect human rights of its workers or the communities within its area of social influence.

However, Nematik had a global Human Rights Due Diligence process described in the Global Human Rights Policy that can be found here: <https://nematik.com/sustainability/?sc=0#sustainabilityPolicies>.

Furthermore, Nematik Mexico has undergone a few projects to improve working conditions in its location in García. Examples include:

- Canteens revamps
- Restrooms revamps and constructions
- Lactation rooms

Impacts on Communities:

The area of social influence for Nematik Mexico (García site) is defined as the area within 5 Km radius from the site:



Figure 1:
Area of Social Influence – Nematik Mexico García

A materiality assessment has been conducted through interviews with several internal and external stakeholders, within its area of influence and in more in neighboring areas, to identify the needs of the communities which Nematik could support as well as potential negative impacts which Nematik could avoid and mitigate. Stakeholder interviews provided feedback regarding the relevance of focus topics across 4 social impact categories: Economic empowerment, Circularity, Well-being and Education, in addition to providing a ranking of associated risks and opportunities.

Nematik Mexico (García site) regularly engages with the local communities through initiatives such as:



Scholarships: 93 students were benefit to study college in schools UANL, UDEM and Tecnológico de Monterrey



Food donation: Donated in 4 events during the year and impacted +3000 people. Worked with associations that help immigrants and people in vulnerability.



Reforestation: Nematik volunteers, staff government and neighbors from García's communities participated in the reforestation activity. 50 trees were planted. The activity was a Nematik initiative in alliance with the local government.



Race with benefit: Participated in race "Carrera Azul" whose objective is to raise funds for the Arena foundation that helps young people with autism



Race with benefit: Trough the inscription of our runners in Carrera Rosa Fuerte we donated the total amount of the inscriptions.



Two can collection campaigns were carried out with the purpose of reinforcing the recycling culture and the proceeds were donated to "Autismo Arena" and "Unidas Contigo" foundation.



Nematik at your school: workshops and improvements



School for parents: Topics: relationships, emotions, values, etc.

On the other hand, Nematik recognizes the potential risks and negative impacts that its operations can have on communities. The company is committed to proactively addressing these challenges by implementing measures to minimize risks and mitigate impacts. When required, relevant information is communicated with relevant stakeholders and responsive actions are taken to address any adverse effects on the communities.

Material Stewardship

Environmental Life Cycle Assessment

In general, Nemak relies on the ISO 14040/44 (Life Cycle Assessment -LCA methodology) to estimate through internal tools a product carbon footprint (PCF) considering a Cradle-to-Gate scope to guide its Sustainability Strategy and improve its understanding of the environmental impacts of its products throughout the entire value chain. The Cradle-to-Gate approach measures each product's environmental and climate impacts from the extraction of raw materials to delivery to customers. Nemak has successfully conducted LCAs for three of its product categories and aims to have completed Cradle to-Gate LCAs for all electrified portfolio products by 2030. At the same time, Nemak actively provides key customers with information about the carbon footprints of products, demonstrating its ability to apply LCA methodologies on demand.

For Nemak Plants 5&6, 5 products Cradle to Gate- PCF have been estimated. For MC 66% of the alloys Cradle to Gate- PCF have been estimated. Due to confidentiality, Nemak does not disclose the results of the assessments, which can be provided to relevant stakeholders upon request.

Greenhouse Gas Emissions

Energy Consumption & GHG Emissions

Nemak acknowledges the environmental impact of its operations and is actively engaged in initiatives to enhance energy efficiency. In line with its commitment to sustainability, All Nemak plants within Mexico site closely monitor the energy consumption and continually explores innovative methods to reduce its carbon footprint. The following graph provides a breakdown of the energy consumption data, for Plants 5&6, PDC and Melting Center, highlighting the contribution from various energy sources.

GRI 302-1			
Energy consumption Millions of GJ	2023		
Total Energy consumption	Plants 5&6	PDC	MC
Direct use	1,470,211.6	33,323.3	2,026,111
Natural gas	1,425,413.4 GJ	29,059.5	1,975,468.3 GJ
LGP	31,142.1 GJ	0	7,837.7 GJ
Gasoline	186.9 GJ	208.3	461.1 GJ
Diesel	13,469.2 GJ	4,055.5	42,344.0 GJ
Fuel Oil	0	0	0
Indirect use	488,081.2	31,299.1	78,090.7
Electricity consumption (non-renewable)	431,412.3 GJ	27,665.1	69,024
Renewable energy	56,668.9	3,634	9,066.8

Building upon its commitment to sustainability, Nematik extends its transparency to encompass Greenhouse Gas (GHG) emissions. Acknowledging the interconnected relationship between energy consumption and environmental impact, the company diligently tracks its emissions data. The table below indicates the GHG emissions (in tons CO₂e), categorizing them into Scope 1, Scope 2.

GRI 305-1/2/3			
Emissions in tons CO ₂ e			
Total***	Plants 5&6	PDC	MC
Scope 1*	82,606.1	1,925.0	114,088.8
Scope 2 (market-based)	42,838.2	2,747.1	6,853.91
Scope 2 (location-based)	57,349.5	3,677.6	9,175.66

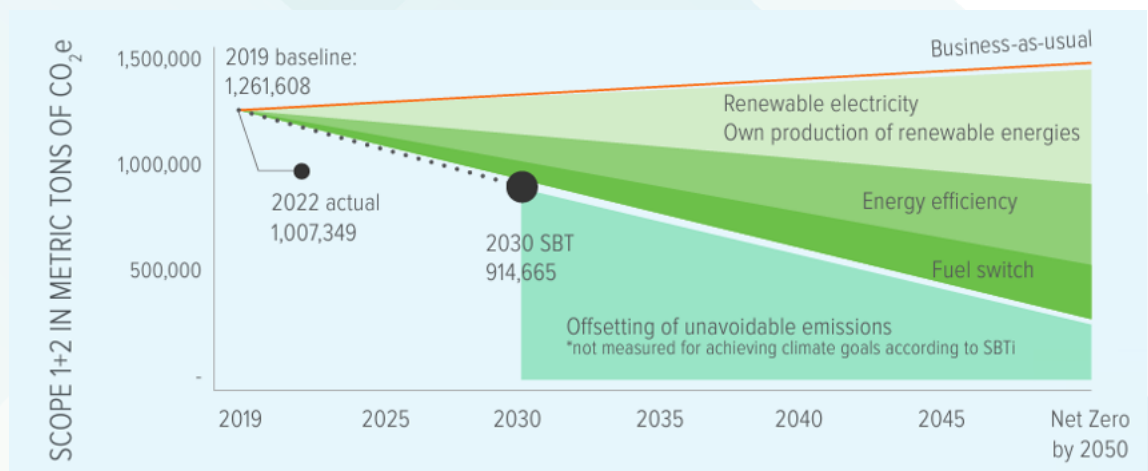
*Scope 1 covers fuels, excluding process and refrigerants emissions.
 ***Total uses Scope 2 market-based emissions.
 Scope 1 and 2 emissions for all reported years have been verified by a third party.

GHG Emissions Reduction

As an organization, Nematik has defined Science Based Targets to reduce its Scope 1&2 emissions by 28%, using a 2019 baseline. On a site level, Nematik Mexico aspires to the same level of ambition. To achieve this target, specific initiatives such as energy efficiency and purchase of renewable energy have been identified.

Nematik Mexico is dedicated to both saving energy and reducing emissions. The site is actively implementing energy-saving initiatives while also crafting a solid plan to reduce its emissions in line with Nematik’s global Science Based Targets. Our goal is to make a positive impact on the environment while producing high-quality products.

The figure illustrates Nematik’s global emissions pathway to achieve the **28% reduction goal by 2030**.



Emissions, Effluents and Waste

Emissions to Air

In addition to GHG emissions, Nematik diligently monitors other air emissions as part of its comprehensive environmental management strategy. Recognizing the importance of maintaining air quality standards, both at the regulatory and community levels, the company remains steadfast in its commitment to mitigating potential environmental impacts. By closely monitoring these emissions and implementing proactive measures, Nematik Mexico endeavors to ensure compliance with legal regulations and safeguard the well-being of both the environment and surrounding communities.

To minimize the exposure to and impacts from Emissions to Air, Nematik Mexico has established the following actions:

- Implementation of an Air Quality Program
- Implementations of a drone assisted monitoring system
- Upgrade dust collectors controls & capacity expansion
- \$3.7M CAPEX Investment approved directly related to air quality improvement.

Water Management

At Nematik Mexico (García site), water is mainly used for Cooling towers, HTT's (Heat Treatment Oven), Molding cooling system. The following table below breaks down the water withdrawal and discharges for Nematik Mexico (García Site) in 2023.

GRI 303-3/4	
Details on water withdrawal and discharge in megaliters	2023
Water withdrawal total MTY	582.8
groundwater	184.7
third party withdrawal	398.1
Water discharge total Nematik MTY	83.9
Water consumption total Nematik MTY	498.9

Discharges to Water

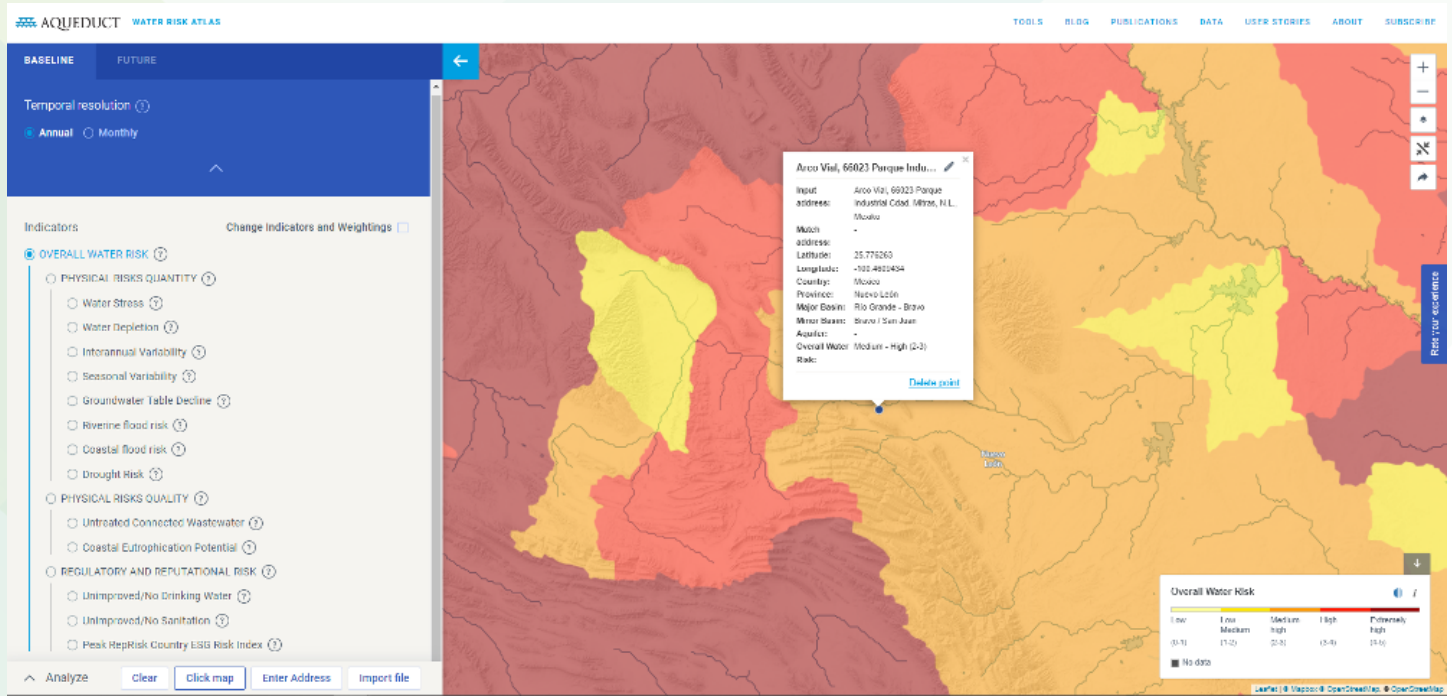
Nemak Mexico (García) site's discharge water analysis extract is described in the following table:

Parámetros (unidades)	NOM-001-SEMARNAT-2021	Muestreo 15 de Agosto 2023 (Descarga Final)					
NOM-001-SEMARNAT-2021	LIMITE MAX. PERMISIBLE (LMP) NOM P.M. / P.D	Muestras					
		1	2	3	4	5	6
Cianuros (mg/L)	2/2.5	0.0042					
Demanda Química de oxígeno (mg/L)	60/72	15					
Fosforo Total (mg/L)	NA	0.098					
Grasas y Aceites(mg/L Promedio Ponderado en Función del Caudal)	15/18	5.7					
Huevos de Helmintos (huevos/litro)	1	<0.2					
Nitrógeno Total (mg/L como N)	NA	16.308					
Potencial de Hidrógeno (U de pH)	6-9	7.4	7.5	7.5	7.5	7.6	7.5
Sólidos Suspendidos Totales (mg/L)	30/36	13					
Carbono Orgánico Total (mg/L)	15/18	2.628					
Enterococos Fecales (NMP/100ml)	250/400	31					
Escherichia coli (NMP/100ml)	250/500	3					
Temperatura (°C)	35	32	31	30	30	29	29

To minimize the exposure to and impacts from Discharge to Water, Nemak Mexico (García Site) has validation of discharge water parameter out of specification, root cause analysis, preparation of a correction plan for findings to avoid recurrenc.

Assessment and Management of Water

The Company performs a water risk assessment by using the Aqueduct tool, developed by the World Resources Institute, to identify water stressed zones where the Company has operations. In the reporting year, the water risk at Nemak Mexico (García Site) has been identified as medium-high (see Figure below).



To minimize the physical water risks, Nemak Mexico (García Site) developed the Contingency Plan Water Supply (internal document).

Nemak Mexico plants have defined a target to reduce their water consumption by 2 % annually. To reduce water consumption Nemak Mexico plants are implementing initiatives such as water-saving bathrooms in plants 5&6 and in Melting Center, as well as water reuse from condensers, AC and treatment in PDC.

Assessment and Management of Spills and Leakage

To prevent, detect and remediate Spills and Leakages Nemak Mexico (García Site) has an emergency response procedure identifies the hazards and evaluates risks. Establishing controls to mitigate the impacts of an incident in order to ensure business continuity.

Since June 2022, Nemak plants 5&6, PDC and Melting Center did not have any material spill or leakage incident.

Waste Management

As a responsible steward, Nematik strives to minimize the environmental impact of its products and maximize material efficiency. In alignment with the Company's Standard for Waste Management, Nematik recovers, recycles, and/or reuses aluminum and sand, wherever possible. The site continuously works on minimizing waste disposal and finding opportunities to reuse and recycle resources.

The generated waste in 2023 at Nematik México García Site is summarized in the table below:

Waste generated in tons	
Total waste diverted from disposal	Total (MTY)
thereof non-hazardous materials	
prepared for reuse	610,396
prepared for recycling	3,751
thereof hazardous materials	
prepared for recycling	14
Total waste directed to disposal	
thereof non-hazardous materials	
directed to landfilling	31,778.4
thereof hazardous materials	
directed to landfilling	279.5
other disposal methods	61,135.6

Biodiversity

Biodiversity management

Nemak is committed to conserving and promoting biodiversity across all sites. A Global Biodiversity Policy is in force since 2023 and meets the requirements of international standards for biodiversity, including Global Reporting Initiative (GRI) disclosure 304. A supporting Biodiversity Standard is in place to facilitate the assessment of operations, analysis of risks, development of action plans to mitigate risks, and reporting the results of conservation and preservation efforts.

In 2023, Nemak Mexico (García Site) conducted a Biodiversity assessment covering the scope of direct operations. The analysis was conducted using Integrated Biodiversity Assessment Tool (IBAT) and Species Threat Abatement and Restoration (STAR) methodologies.

The results indicated that Nemak Mexico has no significant (low) impacts related to key biodiversity or protected areas. Local laws regarding biodiversity protection were taken into consideration for the analysis of the IBAT results. Nemak Mexico is not directly on Ecosystem Services, although it relies on the availability of natural resources such as minerals, bauxite etc.

Occupational Health & Safety

The Company measures its safety performance using the Total Recordable Incident Rate (TRIR), which specifies the frequency of injuries requiring medical treatment beyond first aid for every 100 employees. Each location sets annual targets, which should not exceed the previous year's TRIR, Lost Time Case Rate (LTC) and Days Away, Restricted or Transferred (DART). The latter metric refers to injuries that result in days away from work, job restrictions or job transfers. At a company-wide level, Nemak also strives to deliver year-over-year improvements.

The OH&S indicators at Nemak Mexico (Plants 5&6, PDC and MC) are summarized in the table below:

GRI 403-10 Health and safety metrics			
	Plants 5&6	PDC	MC
Lagging KPIs	2023		
Total recordable incidents	21	3	1
Accidents with serious consequences*	0	0	1
Accidents with lost time	4	1	1
Fatalities*	0	0	0
Total recordable incidents rate*	0.89	0.45	0.07
Lost time case rate	0.17	0.15	0.07
Leading KPIs			
Preventive health care – Total examinations carried out	732	250	127
OH&S Initial & Specialized Trainings Participants (% of workforce)	100%	100%	100%

Comparative Analysis

Nemak conducted a comparative analysis of its Occupational Health & Safety (OH&S) data to foster a culture of workplace safety and well-being. By scrutinizing incident rates, near-misses, and adherence to safety protocols, Nemak strives to identify trends, areas for improvement, and best practices. This commitment underscores the company's dedication to prioritizing the health and safety of its employees across all operational facets.

For comparative analysis, the table aligns key Occupational Health & Safety (OH&S) metrics, from the year 2022, at a global level, compared to peer businesses within the Aluminum market:

Health and safety metrics		
Lagging KPIs (2022)	Average Peer Businesses**	Nemak (global)
Total recordable incidents	x	301
Fatalities*	0	2
Total recordable incidents rate*	1.09	1.26
Lost time case rate	0.31	0.50

* Total recordable incidents per 100 employees

** Based on benchmarking with Peer businesses based on public data from 2022