

Global Business Code for Suppliers

©Nemak | Public

Preface

Nemak seeks to advance our commitment to forge business relationships with our supply base, in all respects, based on Nemak's Values: Costumer Focus, Trust and Collaboration, Innovation, and Respect & Responsibility (social, environmental, and economic). This means that the company will be respectful and responsible towards its people, the environment, and the communities in which it operates, as it strives to drive its business forward. Nemak intends to achieve this commitment through long-term, mutually beneficial partnerships with our suppliers.

Therefore, we expect our suppliers to comply with this Global Business Code for Suppliers (the "Code") and to bind their own suppliers accordingly.

This Code is based on Nemak's Values and high standard business principles set forth in Nemak's Code of Conduct and in the following international treaties and agreements: The Organization for Economic Cooperation and Development´s (OECD) Guidelines for Multinational Enterprises, the Global Compact and the Universal Declaration of Human Rights of the United Nations (UN) and the Conventions of the International Labor Organization (ILO).

This Code reflects our commitment to a culture of integrity, honesty and accountability and outlines the basic principles that all suppliers are expected to follow when doing business with Nemak. Nemak expects its suppliers to cascade this expectation through their own supply chain.

Declarations

Suppliers shall be aware that Nemak's Purchasing department is the only department authorized to initiate and close business with suppliers. Official documents such as contracts and purchase orders are the only mechanisms to formalize business agreements with Nemak.

Nemak reserves the right to withhold compliance with any of its obligations or to terminate its business relationships if a supplier decides to deliver products or services in breach with any of the requisites described herein.

Suppliers are expected to adopt sustainable and responsible practices that promote conservation of resources and raw materials and to refrain from providing products containing materials that contribute to human rights abuses, bribery and violation of ethics, or negatively impact the environment.

Suppliers shall source all products and services within their supply chain in an ethical way, which includes upholding by the business practices, environment and product safety, human rights and working conditions listed and detailed below. Nemak expects its suppliers to implement a strong due diligence process to ensure the above-mentioned and mitigate or remediate any risk of violation. Suppliers shall disclose information according to applicable laws and regulations.

In addition, Nemak does not purchases direct materials or alloys, containing conflict minerals such as Tungsten, Tantalum, Tin and Gold (3TG) from the DRC (Democratic Republic of the Congo).

English is the official language for external corporate communications with suppliers and official documents such as contracts and purchase orders. However local language can be used for convenience in day-to-day operations to facilitate an appropriate and professional dialogue.

Suppliers shall have proper management systems in place, as well as applicable policies and processes related to the following sections:

©Nemak | Public

I. Business Practices, Ethics & Compliance

Compliance with laws.
Suppliers shall comply with all applicable laws and regulations and comply with the above-mentioned international treaties and agreements in all respects. Suppliers are expected to monitor business processes and policies to ensure compliance with applicable law and regulations that apply to its products and business operations, including antitrust and competition, anti-corruption, money laundering prevention, sanctions, export control, and data privacy and protection.

Prohibition of corruption.
Supplier shall not engage in any form of corruption or bribery and shall have adequate compliance programs to ensure that its employees do not engage in any such conduct. Nemak will enforce this prohibition strictly and will take appropriate corrective actions in the event of non-compliance, including the termination of business relationships, cooperation with authorities and bringing any applicable legal action.

Account and financial reporting.
Supplier shall accurately and completely record all data. Supplier shall disclose information about their financial situation punctually in accordance with applicable accounting regulations and make sure that such information is supported by evidence. Supplier shall follow all applicable accounting, financial reporting and recordkeeping laws, regulations policies and procedures. Transparency and correctness must be the top priorities.

Fair competition.
Supplier shall respect the rules of fair competition and shall comply with all applicable competition and antitrust laws. Supplier shall not take unfair advantage of its market position in any particular product or geographic area, nor it shall enter into agreements with competitors to unlawfully restrain trade (including but not limited to price fixing, group-boycotts and bid rigging).

Prohibition of money laundering.
The proceed of any Supplier resources used to fund its business shall not be in any way related to any criminal activity, such as drug trafficking, human trafficking, terrorism, corporate fraud, bribery, or corruption. Supplier shall not take part in any form of money laundering, nor it shall facilitate or support the covering up of illicit funds sources.

Privacy and intellectual property.
Supplier shall make appropriate use of confidential information and intellectual property rights. Supplier shall take adequate safeguards to protect and respect the intellectual property rights of its business partners and the privacy of its employees.

Supplier shall process third parties' personal data abiding the principles of lawfulness, fairness, transparency, purpose limitation, data minimization, accuracy, storage limitation, security, responsibility, integrity, confidentiality, accountability, consent, information, quality and proportionality, and shall only use personal data for the purposes for which it was transferred. Supplier shall only provide access to personal data within its organization on a need-to-know basis and shall take extensive technical and operational safeguards to protect personal data from accidental or intentional manipulation, loss, destruction or access by unauthorized persons, regularly reviewing its security procedures and adapting to technological progress.

©Nemak | Public

Gifts, services and favors.
Gifts, services and favors should never be offered to, or received by, Nemak's employees. Unless prohibited or restricted under any applicable law, symbolic promotional gifts of a nominal value of up to $30 USD may be offered provided that they do not compromise, or appear to compromise, the employee's ability to make objective business decisions in the best interest of Nemak.

Nemak shall never accept, offer or give cash or cash equivalent gifts.

Business relation.
Nemak provides suppliers with fair opportunities to bid on and ensures that decisions are taken through an impartial, confidential and consensual process, based on bidding, internal evaluations and supplier assessment results.
Nemak employees are expected to refrain from engaging in unfair, deceptive or misleading practices when interacting with suppliers.

Business relations with direct family members.
If a direct family member* of a Nemak employee is employed by or has investments in a supplier, this can create a conflict of interests or an apparent conflict of interests, especially if the employee has discretionary authority in dealing with suppliers as part of their job at Nemak or if their direct family member deals with Nemak on behalf of suppliers. Such situations call for extra scrutiny in order to prevent security or confidentiality breaches and to avoid conflicts of interest.

Nemak employees are expected to excuse themselves from any business dealing with suppliers in the event a conflict of interest arises.

If a supplier becomes aware or identifies a conflict or a potential conflict of interest they should disclose this to the Purchasing team and/or via our Transparency Hotline. Nemak will ensure that appropriate actions are taken when a violation is detected.

*Spouse, partner, parent, stepparent, child, stepchild.

Counterfeit parts.
Supplier shall develop, implement, and maintain methods and effective processes that are appropriate to their products and services minimizing the risk of introducing counterfeit parts into deliverable products.

II. Environment & Product Safety

Resource conservation.
Supplier shall commit to responsible environmental practices such as waste avoidance, recycling, optimizing water use, and energy conservation. Supplier is expected to take a precautionary approach to any environmental challenges and engage with Nemak in its decarbonization strategy, prioritizing the use of renewable energy and working on energy efficiency to reduce greenhouse gas emissions.

Reducing environmental impact and all types of emissions.
Supplier shall seek to minimize the environmental impact of its operations and to control and minimize its emissions to the water and to the air, including noise.

©Nemak | Public

Hazardous materials and product safety.
Supplier shall identify any hazardous materials used in its operations and ensure that they are safely handled, moved, stored, and disposed, and shall procure to recycle or reuse its materials. Supplier is expected to comply with all product safety requirements set by applicable laws and regulations.

Environmental management systems.
Supplier shall establish and maintain a robust environmental management system (e.g. ISO 14001 EMAS).

Water management, waste and air quality.
Supplier is expected to preserve water resources and reduce water consumption in all activities related to maintain its operations, as well as minimize emissions that damage air quality.

Biodiversity and ecosystem services.
Supplier undertakes to follow the Nemak Biodiversity & Ecosystem Services Policy and the ecosystem service, respecting the fauna, flora, land, forest, water rights and maintaining the quality of the soil. In alignment, Supplier shall respect both local and international biodiversity standards, including no deforestation and no development in protected areas.

III. Human Rights

Respect for human rights.
Supplier shall be committed to protecting internationally accepted human rights and treat all employees, clients and suppliers with respect and dignity and enforce the following conditions at all its locations:

Conflict-Affected and High-Risk Areas.
Supplier shall not be involved in armed conflict or Human Rights abuses.
Supplier shall neither tolerate, nor profit from, contribute to, assist or facilitate by any party the commission of:

- Torture, cruel, inhuman and degrading treatment
- Gross Human Rights violations and abuses such as widespread sexual violence
- War crimes or other serious violations of international humanitarian law, crimes against humanity or genocide

Supplier shall neither directly, nor indirectly support:

- Non-state armed groups carrying out illegal activities as identified through UN Security Council resolutions
- Public or private security forces that illegally control, tax or extort money from mine sites, transportation routes or at points along the upstream supply chain
- Bribery and fraudulent misrepresentation of the origin of minerals
- Money laundering and non-payment of taxes, fees and royalties due to governments.

Supplier shall have a proper management system in place to identify, assess and mitigate potential risks.

Prohibition of child labor.
Supplier shall not use child labor or employ any person under the age of 15 or below the legal minimum age, if higher.

©Nemak | Public

Freely chosen employment; prohibition of forced labor.
Supplier shall not use any form of forced, bonded, indentured, involuntary or compulsory labor, slavery or human trafficking. Supplier shall not hold employees' government-issued paperwork (passport, ID, work permit, etc.) unless required by law.

Principle of non-discrimination.
Supplier shall not engage in discriminatory practices based on age, gender, race, ethnic or social background, national origin, religion or beliefs, disability, marital status, sexual orientation, gender reassignment, pregnancy, union activity, political affiliation or any other personal characteristic or other status protected by law.

Diversity and inclusion.
Supplier is expected to promote a culture of inclusion and diversity, where everyone is treated with dignity and respect at all times and diversity is fully embraced and encouraged in all level of their workforce, reflecting these conducts during work, at work functions on or off the work site, and at all other company-sponsored and participative events.

Supplier should be aware of and respect the rights of indigenous people, vulnerable groups, including, but not limited to migrant workers, women, children, and disabled people, as well as local communities in connection with the supplier's activities and operations.

Supplier must offer equal opportunities to everyone, respecting and protecting their rights. Their employees should be chosen, hired, and supported based on their qualifications and skills.

Safe Workplace.
Supplier shall ensure a safe and respectful workplace to its employees and third parties with whom it conducts business, free of inhumane treatment, including but not limited to mental or physical violence or coercion, harassment and bullying.

Use of private or public security forces.
Supplier shall ensure, that contracted private or public security forces work in accordance to basic human rights. If Supplier engage internal employees for security services, they shall ensure training on human rights related to the job description.

Supplier shall implement a strong human rights due diligence process to ensure the above-mentioned and mitigate or remediate any risk of violation.

IV. Working Conditions

Occupational health and safety.
Supplier shall ensure that its work environment meets or exceeds applicable occupational health, safety and hygiene standards for all workers and special employee needs.

Freedom of association and collective bargaining.

©Nemak | Public

Supplier shall respect its employees' freedom of association and right to collective bargaining. In locations where these rights do not exist due to legal constraints, supplier shall provide adequate channels for employees' concerns to be heard.

Fair wages.
Supplier shall provide its employees with compensation and benefits that are fair and comply with applicable laws (including minimum wages, overtime pay/rate and equal remuneration).

Fair working hours.
Supplier shall comply with all applicable laws regulating working hours.

V. Information Security and Privacy

Confidentiality.
Supplier shall take proactive measures in order to correctly safeguard personal data or confidential information that is disclosed to it for the purpose of the supply of products and services.

Supplier represents and warrants that personal data or confidential information may only be used for business purposes and in strict alignment with any agreements between the parties, as well as with any Nemak policies and the applicable law.

Information security awareness.
Supplier shall implement awareness and learning programs (across their employees) with respect to information security, taking preventive measures, and implementing policies, procedures and controls on how to classify and manage information.

Access controls and password management.
Supplier shall define process and policies and take the necessary measures to have a controlled and secure access to data sources and systems.

Supplier shall implement password policies (e.g. validity period, strong mandatory combination of characters, etc.) in order to protect and correctly safeguard access to data from unauthorized persons.

Cybersecurity risks and incidents management.
Supplier shall identify cybersecurity risks and take appropriate action towards preventing any security incidents.

Supplier shall have the appropriate mechanisms to promptly report severe risks or inappropriate management of personal data or confidential information.

Business continuity.
Supplier shall develop business continuity plans for critical systems. These plans shall include, but not be limited to, disaster recovery procedures that are tested at least once a year.

Malware management.
Supplier shall have appropriate antivirus software with firewall features in all computers in order to block any malware attempt.

©Nemak | Public

Physical access.
Supplier shall ensure that personal data and confidential information are only accessed by authorized personnel under the need-to-know basis.

For further details regarding Information Security Requirements for suppliers please refer to the following annex.

VI. Implementation and Compliance

This Code is part of the contracts entered into between Nemak and its suppliers.

Suppliers shall establish all necessary measures to allow its employees, subcontractors, clients and suppliers to gain an appropriate level of knowledge and understanding of this Code and require their compliance with the provisions set forth herein.

Nemak reserves the right to audit and verify suppliers' compliance with these guidelines and to take appropriate action in case of violations.

Suppliers may report violations or suspected violations to this Code anonymously to our Transparency Helpline by sending an email to: transparency@nemak.com or by calling any of the Helpline´s toll-free numbers in the countries where Nemak operates.

Nemak will not take any retaliatory actions against stakeholders who report a violation or who cooperate in the investigation of a violation reported by someone else.

If a supplier is found to have breached this Code, Nemak may develop a corrective action plan and monitor the progress of the supplier for a specified timeframe (depending on the severity of the breach). Nemak may terminate its relationship with any supplier that repeatedly and knowingly violates this Code and refuses to implement improvement plans.

Nemak Global Headquarters
Libramiento Arco Vial Km 3.8., García, N.L., México, 66017.
Tel. +52 81 87 48 52 00
http://www.nemak.com

©Nemak | Public