

Modern Slavery Statement

August 2024

Introduction

This statement is made by Nemark, S.A.B. de C.V. (together with its subsidiaries, “Nemark” or the “Company”) voluntarily as part of its commitment to ethical business practices and global human rights standards, to outline the steps Nemark has taken and is continuing to take to ensure that modern slavery is not taking place within its operations or supply chain.

This statement has been created based on data gathered from all consolidated entities under Nemark. Furthermore, consultations have been held with pertinent legal entities to ensure coherence with their respective policies and practices.

Our Commitment

Nemark condemns and prohibits modern slavery in any form, including, but not limited to indentured labor, bonded labor, prison labor, slave labor, child labor and human trafficking in any form. Additionally, Nemark upholds zero tolerance for the use of physical punishment, threats of violence or other forms of physical, sexual, psychological, or verbal abuse as a method of discipline or control. Further, Nemark upholds the fundamental right to freedom of movement for all employees, contractors, and authorized visitors within the organization.

Nemark is committed to treating its employees and people connected to our business with dignity and respect and to combating modern slavery in all its forms within its operations and supply chains. Its efforts encompass all aspects of the Company's business activities, including but not limited to, production units and subsidiary entities. At Nemark, we are committed to conducting our business with integrity and responsibility, and have implemented measures to identify, prevent, and combat all forms of modern slavery.

Our Business

Nemark is a leading and multinational 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 and generated a revenue of US\$5.0 billion. Nemark, S.A.B. de C.V. is publicly listed in the Mexican Stock Exchange.

Further information about Nemark's global operations can be found at www.nemark.com

Our Structure and Supply Chain

Nemak maintains a highly efficient and ethical supply chain, focusing on quality, sustainability, and strong customer partnerships for collaborative product development. Our core objective is to deliver innovative lightweighting solutions to the automotive industry while managing a large number of direct and indirect global suppliers. The following visual representation of the value chain highlights these benefits to stakeholders.



**Suppliers
& Supplier
Communities**



**Nemak Employees
Nemak's Communities
Nemak's Investors**

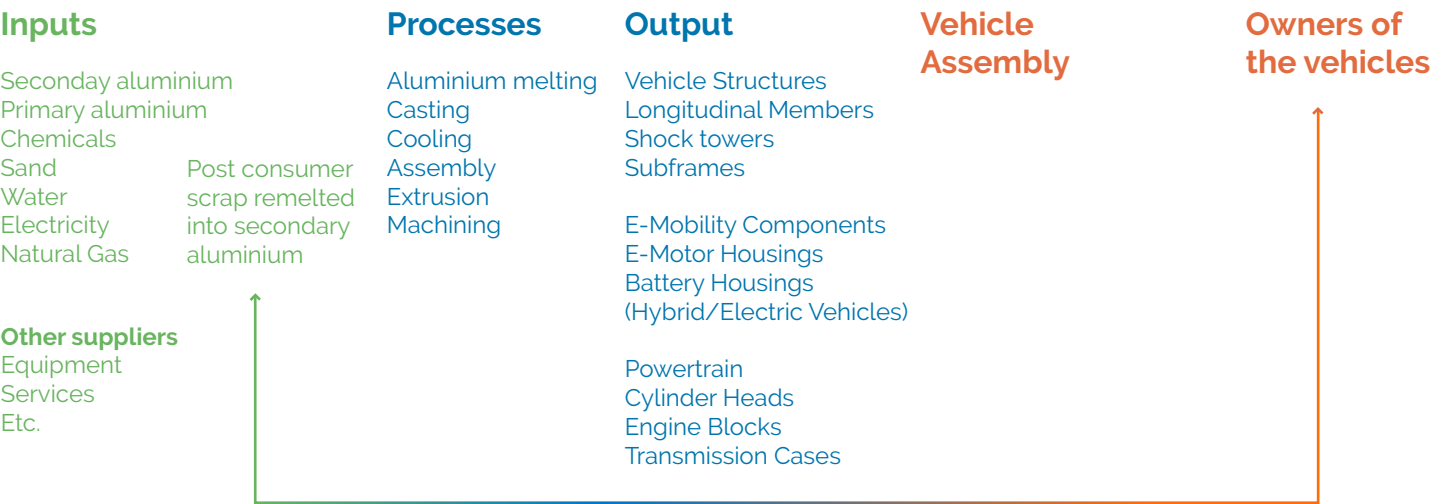


**Nemak's
Customers**



**End
Consumers**

Inputs, Processes and Outputs



Key Benefits

- | | | | |
|--|--|---|--|
| <ul style="list-style-type: none">Responsible sourcing practicesStrong supplier relationsEconomic support of supplier businessCollaboration with key suppliers for innovation | <ul style="list-style-type: none">Economic benefit for Nemak communities through job creationEngagement with the local communities through local activitiesROi for Nemak investors + engagement with a company pursuing sustainable alternatives | <ul style="list-style-type: none">High-quality products to Nemak's customersCollaborations with customers for new products | <ul style="list-style-type: none">Essential parts to overall vehicle functioningAbility to endlessly recycle Nemak components made from aluminium |
|--|--|---|--|

Nemak engages with suppliers to align with its sustainability objectives through comprehensive and periodic screening, third-party assessments, and regular stakeholder engagement. Using EcoVadis, Nemak monitors critical suppliers' corrective action plans and global compliance to ensure adherence to environmental, labor, ethical, and sustainable procurement standards.

Our Policies on Modern Slavery

The promotion and respect of human rights both within the Company and throughout its value chain is of critical priority to Nemak, including topics such as modern slavery. As part of Nemak's initiative to combat, identify and mitigate modern slavery, a comprehensive set of policies for responsible business conduct has been developed, including the topics of modern slavery, forced labor, and human trafficking. These policies ensure that Nemak operates with integrity and respect for human rights at every level:

- Global Code of Conduct
- Global Human Rights Policy
- Global Business Code for Suppliers
- Global Sustainable Purchasing Policy
- Violence and Harassment Policy

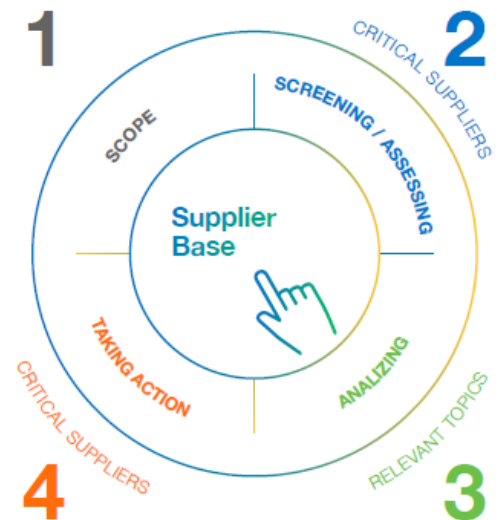
Due Diligence Process

As part of Nemak's commitment to monitor respect for human rights throughout its operations, we procure that third parties within our supply chain are reputable and comply with our values and human rights standards. Nemak rigorously examines both new and existing suppliers to ensure ethical and legal alignment.

The Company has also developed a Global Human Rights Due Diligence Process, based on key frameworks that define human rights principles for businesses:

- The UN Global Compact's Ten Principles
- UN Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidelines for Responsible Business Conduct (2023)
- German Due Diligence Act (LkSG)

Due diligence process continuous cycle summary



1. Critical suppliers and list of **relevant topics** are identified suppliers must adhere to Business Code and T&C's

2. Critical suppliers are **monitored and assessed** for risk identification

- Self-assessment
- EcoVadis assessment
- Social media & news screening
- Financial score

3. Analyzing resulting data, cases are **classified** as:

- Critical: confirmed issue or high level of exposure. Risk caused my Nemak
- Not Critical: potential risk/issue, indirect linked

4. Action plan must be performed and **followed up** in risk committee for:

- Mitigation
- Remediation
- Compensation

Formed in 2022, Nemak's Supplier Risk Committee is responsible for the implementation of sustainable purchasing practices and supplier due diligence processes. This includes monitoring critical suppliers, with consideration for adverse media, sustainability ratings, and financial reporting, in order to identify and mitigate against risks in the value chain.

Before contracting with new suppliers, Nemak's Supplier Onboarding Process must be performed following internal policies and guidelines. All suppliers are required for relevant information via a self-assessment. After carefully assessing and analyzing such information, a decision is made whether to move forward with any such supplier.

At least once per year, Nemak's purchasing team performs an internal risk assessment on all category 1 and 2 suppliers, those with goods directly incorporated into customer products such as alloy components, liners, plugs, inserts and resin, and other critical suppliers, to monitor product, quality, financial or business continuity risks. Further to the scheduled risk assessments, the team undertakes continuous risk monitoring on all critical suppliers based on external data, including social media, news, financial scores and sustainability assessments, to identify any further risk related to suppliers' conditions. At least once a quarter, the Supplier Risk Committee meets to discuss suppliers' risk status, mitigation and action plans and potential strategic business decisions.

The Company reserves the right to audit and verify suppliers' compliance and take appropriate action in the event of violations. Where a non-compliance occurrence is identified, a full supplier investigation is conducted, and a resulting action plan created with options for mitigation, remediation, or compensation. As a final resort, Nemak will phase out or terminate a supplier contract.

As of the end of 2023, 97% of suppliers are signatories to Nemak's Global Business Code for Suppliers, with any non-compliant organizations unable to engage in new business with the Company.

Along with all other ESG related issues, Nemak's due diligence process assesses and monitors supplier compliance with Nemak's stance on prohibiting forced labor, including any type of modern slavery.

Actions, Trainings and Progress

To assess the potential and actual adverse human rights impacts within its workforce, in 2023 Nemak undertook a comprehensive employee engagement survey 'YOUR VOICE', where any employee, including those in vulnerable groups, can communicate its concerns. The survey is conducted in all Nemak locations every three years. All data is processed by an independent consulting firm, in order to guarantee confidentiality for participants. In parallel, our Transparency Helpline provides a secure communication channel for all stakeholders, including employees exposed to greater risks. Specifically for women, Nemak has created a Business Resource Group "Women Belong", providing the opportunity for individuals across the entire organization to connect, discuss, and continue promoting female equity at Nemak.

Within the same year, Nemak also concluded a corporate citizenship materiality and impact assessment. This involved engaging with employees across a variety of departments and hierarchical levels, as well as external stakeholders including suppliers, customers, NGOs, Associations, and community representatives. The assessment is conducted every three years, in alignment with the Sustainability Materiality Assessment. 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. The corporate citizenship assessment, and more than 80 stakeholder interviews, were conducted across all regions in which Nemak operates. As a result, Nemak defined a more impactful corporate citizenship engagement strategy, the details of which can be seen in Nemak's most recent Annual Report.

In line with Nemak's values, all stakeholder interactions must demonstrate respect and protect all parties' human rights. All employees are required to complete training to understand the Company's Global Code of Conduct, which encourages awareness of, and sensitivity to, various cultural and social issues, including those that arise whilst engaging with stakeholders.

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To procure a high level of understanding of, and compliance with, respect for human rights, Nemak provides mandatory training for all salaried employees, with a focus on the practical application of respecting human rights.

As part of its due diligence approach, Nemak has also established the Transparency Helpline. The Transparency Helpline provides a secure and trusted channel for all employees, stakeholders, directors, officers, suppliers, contractors, customers and other third parties, to report any situation that is not aligned with, or that may be a violation of, any applicable law or regulation, Nemak's Code of Conduct, or any other of Nemak's values, procedures, or policies. The Transparency Helpline is accessible to all stakeholders via the Nemak website, with all allegations thoroughly investigated to ensure the Global Code of Conduct and Nemak's values are upheld. This includes any suspected violations of Nemak's stance on modern slavery and forced labor.

The Company's Transparency Helpline tracks the effectiveness of Nemak's measures to promote and uphold human rights. Incorporating outcomes from the Transparency Helpline and any associated investigations. The procedure also identifies opportunities to improve employees' commitments to respect and promote human rights with all stakeholders. The Transparency Helpline is available 24 hours a day, every day of the year, in local language and through various communication channels, and the confidentiality of the information and the anonymity of the whistleblower is maintained at all times. Nemak strictly prohibits retaliation against anyone who raises concerns in good faith regarding actual or suspected misconduct or who cooperates in any investigation. Such retaliation would be grounds for discipline, against whoever intends to exercise it, including potential termination of employment.

All incidents reported through the Transparency Helpline are directed to Nematik's Process Assessment and Governance Manager, and the Senior Management Team. Investigations into violations will be raised if deemed necessary, and all findings will be brought to the attention of the Executive Management Team and the Legal and Compliance Department. Any employees found in violation of the policy are subject to disciplinary actions and termination of their employment contract. In 2022 and 2023, there were no reported or investigated instances of forced labor, or modern slavery. The effectiveness of the Transparency Helpline is monitored by Nematik's Ethics Committee, which includes representatives from different departments, such as Legal and Compliance, Human Resources, and Operations.

Revisions

0, July – 2024

Approved by

CEO – August – 2024

Related Documents

- 1.1. Nemak Code of Conduct
- 1.2. Nemak Business Code for Suppliers
- 1.3. Human Rights Policy
- 1.4. Violence and Harassment Policy
- 1.5. Human Rights Due Diligence Process (internal)
- 1.6. Supplier Risk Management Process (internal)
- 1.7. Supplier Onboarding (internal)
- 1.8. Supplier Risk Assessment (internal)