

# METALSA, S.A. DE C.V. SUSTAINABILITY-LINKED BOND FRAMEWORK

## PRE-ISSUANCE 2<sup>ND</sup> PARTY OPINION

### Scope and Objectives

DNV Business Assurance USA, Inc. (henceforth referred to as "DNV") has been commissioned by Metalsa, S.A. de C.V. (henceforth referred to as "Metalsa" or "ISSUER") to provide a 2<sup>nd</sup> party opinion on Metalsa's Sustainability-Linked Bond Framework (the "Framework").

Metalsa is the automotive subsidiary of Grupo Proeza S.A. de C.V., a Mexican Industrial Group, and is a Tier 1 supplier of structural components for the automotive light vehicle and commercial vehicle markets in North and South America. As noted in the Framework, Metalsa has a mission to provide structures that help its customers move the world more efficiently while protecting the environment and ensuring the long-term economic and social value generation for stakeholders.

The Framework enables Metalsa to issue Sustainability-Linked Bonds (henceforth referred to as "SLB") for financing general purposes where Metalsa commits to future sustainability improvements within a predefined timeline.

Metalsa has chosen to measure performance against the SPT through the following Key Performance Indicator (KPIs):

- Greenhouse Gas (GHG) Emissions Intensity - Scope 1 and 2 in tCO<sub>2</sub>e per million USD of revenue (tCO<sub>2</sub>e/USDm)

Metalsa will assess its sustainability performance against Sustainability Performance Targets (SPTs) annually from the period 2021 to 2031 providing a trajectory towards:

- GHG Emissions Intensity (Scopes 1 and 2) equal to or less than 70 tCO<sub>2</sub>e/USDm for the year 2026 which is a 10 percent reduction from the 2019 baseline
- GHG Emissions Intensity (Scopes 1 and 2) equal to or less than 62 tCO<sub>2</sub>e/USDm for the year 2031 which is a 20 percent reduction from the 2019 baseline

Our objective has been to provide an assessment on whether the Sustainability-Linked Bond to be issued under the Framework meet the criteria established on the basis set out below. The scope of this DNV opinion is limited to the Sustainability-Linked Bond Principles June 2020 (SLBP) set out by the International Capital Market Association (ICMA). Our methodology to achieve this is described under 'Work Undertaken'.

### Responsibilities of the Management of Metalsa and DNV

The management of Metalsa has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Metalsa's management and other interested stakeholders in the SLB as to whether the established criteria have been met, based on the information provided to us. In our work, we have relied on the information and the facts presented to us by Metalsa. DNV is not responsible for any aspect of the nominated assets

referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Metalsa's management and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have utilized our Sustainability-Linked Bond Principles methodology, which incorporates the requirements of the SLBP, (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a Sustainability-Linked Bond should "provide an investment opportunity with transparent sustainability credentials". As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the five Principles:

- **Principle One: Selection of Key Performance Indicators (KPIs).** The ISSUER of a sustainability-linked bond should clearly communicate its overall sustainability objectives, as set out in its sustainability strategy, and how these relate to its proposed SPTs. The KPI should be reliable, material to the ISSUER's core sustainability and business strategy, address relevant ESG challenges of the industry sector and be under management control.
- **Principle Two: Calibration of Sustainability Performance Targets (SPTs).** The SPTs should be ambitious, meaningful and realistic. The target setting should be done in good faith and based on a sustainability improvement in relation to a predetermined performance target benchmark.
- **Principle Three: Bond Characteristics.** The bond will need to include a financial and/or structural impact depending on whether the selected KPIs reach (or not) the predefined SPTs. The bond documentation needs to require the definitions of the KPI(s) and SPT(s) and the potential variation of the SLB's financial and/or structural characteristics. Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner, should be explained.
- **Principle Four: Reporting.** ISSUERS should publish and keep readily available and easily accessible up to date information on the performance of the selected KPI(s), as well as a verification assurance report (see Principle 5) outlining the performance against the SPTs and the related impact and timing of such impact on the bond's financial and/or structural characteristics, with such information to be provided to those institutions participating in the loan or to investors participating in the bond at least once per annum.
- **Principle Five: Verification (Post-issuance).** The ISSUER should have its performance against its SPTs independently verified by a qualified external reviewer with relevant expertise, at least once per annum. The verification of the performance against the SPTs should be made publicly available.

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Metalsa in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Assessment of documentary evidence provided by Metalsa and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology
- Discussions with Metalsa management
- Review of relevant documentation including Metalsa's Materiality Analysis, Sustainability Report, CDP submittals, CDP Score Report, SLB Strategy and Roadmap, Revenue, and Draft Description of the Notes
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

## Findings and DNV's Opinion

DNV has conducted the external review engagement in accordance with the Sustainability-Linked Bond Principles (SLBP). The review has included i) checking whether the provisions of the SLBP were consistently and appropriately applied and ii) the collection of evidence supporting the review. DNV's findings are listed below:

- 1. Principle One: Selection of Key Performance Indicators (KPIs).** DNV confirms that Metalsa's selected KPI is material to the company's overarching sustainability strategy. The rationale and process for KPI selection, as well as its definition, measurability and verifiability, are deemed to be robust, reliable and in accordance with the SLBP.
- 2. Principle Two: Calibration of Sustainability Performance Targets (SPTs).** DNV concludes that the SPTs are meaningful and relevant in the context of Metalsa's broader sustainability and business strategy and that the SPTs represent a material improvement over a predefined timeline.

DNV considers the SPTs to be aligned with Metalsa's sustainability strategy and are reflective of Metalsa's sustainability priorities.

The SPTs related to GHG emissions intensity were developed considering the company's historic performance, contributions to Sustainable Development Goals (SDGs), as well as informed by customer requirements and ambition. DNV concludes that -10% and -20% reduction in emissions by 2026 and 2031 respectively as compared to its 2019 baseline is ambitious compared to the company's past performance as well as peers and is consistent with the overall aim of the Paris Climate Goals. DNV has reviewed the credibility of Metalsa's approach to achieving the SPTs by reviewing the SLB Strategy and Roadmap and concludes that this plan is viable and possible to meeting the SPT targets outlined in the Framework.

- 3. Principle Three: Bond Characteristics.** DNV confirms that the financial characteristics of Sustainability-Linked instruments issued under the framework are impacted based on KPI performance under SPTs, in line with SLBP.

The occurrence of a Trigger Event will result in a premium payable by Metalsa, such as a step-up in the coupon margin. The timing and mechanism for payment will be specified in the indenture and other final terms of the instrument. The premium payment shall be applicable if a KPI has not achieved the SPT, or cannot be calculated or reported in a satisfactory manner as supported by an independent verification statement, on the target observation date or if the verification of the SPT has not been provided and made public within the time limit as prescribed by the terms and conditions of the indenture.

- 4. Principle Four: Reporting.** DNV concludes that the framework will ensure that the required information, as outlined in SLBP, will be published at an appropriate interval and kept publicly available.
- 5. Principle Five: Verification.** DNV confirms that Metalsa will have its performance against the SPTs independently verified annually at least until the date/period relevant for assessing the achievement of the SPT has been achieved.

On the basis of the information provided by Metalsa and the work undertaken, it is DNV's opinion that the Metalsa Sustainability-Linked Bond Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of Sustainability-Linked Bonds within the SLBP, which is to "incentivize the issuer's achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified sustainability (ESG) objectives through KPIs and SPTs", thereby providing "an investment opportunity with transparent sustainability credentials".

**For DNV Business Assurance USA, Inc**

19 April, 2021



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## SCHEDULE 1: DESCRIPTION OF METALSA'S KEY PERFORMANCE INDICATORS (KPIs) AND SUSTAINABILITY PERFORMANCE TARGET (SPTs)

Number	KPI	SPT 2026	SPT 2031
1	GHG Emissions Intensity, Scope 1 and Scope 2 (in tCO <sub>2</sub> e/USDm)	<b>70 tCO<sub>2</sub>e/USDm</b>	<b>62 tCO<sub>2</sub>e/USDm</b>

### KPIs

Metalsa has chosen to measure performance through the following KPI:

1. GHG Emissions Intensity, Scope 1 and Scope 2 (in tCO<sub>2</sub>e/USDm)

Scope 1 and 2 GHG emissions are widely used metrics in the automobile and components sector to monitor and report operational impacts of manufacturing and production. Revenue comprises the fair value of the consideration of received for the sale of goods and services in the ordinary course of the transactions presented in millions of USD (USDm).

Metalsa's greenhouse gas emissions intensity for the baseline year have not yet been verified. The company intends to have engage with a third-party verifier and commence independent verification activities, including of historic data from 2018, in 2021.

### SPTs

- **GHG Emissions Intensity (Scopes 1 and 2) equal to or less than 70 tCO<sub>2</sub>e/USDm for the year 2026 which is a 10 percent reduction from the 2019 baseline**
- **GHG Emissions Intensity (Scopes 1 and 2) equal to or less than 62 tCO<sub>2</sub>e/USDm for the year 2031 which is a 20 percent reduction from the 2019 baseline**

Metalsa has chosen to assess its GHG Emissions Intensity objectives for its operations against a predefined trajectory towards 2031. The SPTs follow a linear trajectory with a 10% reduction in GHG emissions intensity targeted in 2026 and 20% targeted in 2031 of all its key manufacturing sites where it has operational control from a 2019 baseline. The emissions calculation excludes fugitive emissions and Scope 2 emissions associated with

central, commercial, and administrative offices along with tech and sequencing centers. As noted in the framework, these excluded sites represent less than 1.9% of total Scope 2 emissions in the baseline year.

## SCHEDULE 2: SUSTAINABILITY-LINKED BOND ELIGIBILITY ASSESSMENT PROTOCOL

### 1. Selection of Key Performance Indicators (KPIs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	KPI – material to core sustainability and business strategy	<p>The issuer’s sustainability performance is measured using sustainability KPIs that can be external or internal. The KPIs should be material to the issuer’s core sustainability and business strategy and address relevant environmental, social and/or governance challenges of the industry sector and be under management’s control. The KPI should be of high strategic significance to the issuer’s current and/or future operations;</p> <p>It is recommended that issuers communicate clearly to investors the rationale and process according to which the KPI(s) have been selected and how the KPI(s) fit into their sustainability strategy.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Metalsa Materiality Assessment 2020</li> <li>- Metalsa Sustainability Report 2019</li> <li>- 2019 CDP Score Report (Grupo Proeza)</li> <li>- 2020 CDP Score Report (Grupo Proeza)</li> <li>- Climate Change – CDP submittal in 2018-2020, (Grupo Proeza)</li> <li>- Metalsa – SLB Strategy &amp; Roadmap</li> <li>- Metalsa – Revenue 2018-2020</li> </ul> <p>Discussions with Metalsa’s management</p> <p>Review of GHG emissions commitments of sustainability leaders and Metalsa sector peers</p>	<p>DNV has reviewed Metalsa’s KPI and can confirm that the chosen KPI is material and relevant to the company’s core sustainability and business strategy.</p> <p>Metalsa’s redefined its sustainability strategy in 2019 to align with the global transition to a low-carbon economy and has identified as its purpose creating added value for all stakeholder in the dimensions of people, planet, and profit. Through review of the company’s materiality process and findings, DNV can confirm that issues of climate change and energy efficiency are among the most material topics for the business.</p> <p>Metalsa has a stated commitment to sustainable operations. The company aims to increase efficiency in the use of energy, fuels, water, and materials to decrease their footprint. The company establishes annual performance objectives based on performance of previous years, sales conditions, and number of projects assigned to the sites. Since 2019, the company has focused on stabilizing energy consumption in its operating processes and designing and implementing measures to increase efficiency through reducing waste and exploring renewable and clean energy sources at competitive costs. This is communicated in the sustainability-linked bond framework.</p> <p>The chosen KPI is outlined in more detail in Schedule 1, and entail:</p> <ul style="list-style-type: none"> <li>• GHG Emissions Intensity, Scope 1 and Scope 2 (in tCO2e/USDm)</li> </ul>



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Greenhouse Gas emissions is a widely used metric in the automobile and components sector to monitor and report operational performance efficiency. It is a suitable metric to be used to address the environmental challenge for the industry being the needed reduction in GHG emissions.</p> <p>The KPI is material, as GHG emissions impact Metalsa’s own approach to creating value and is an issue of significance to the company’s external stakeholders. Therefore, the KPI is of high strategic relevance for the ISSUER, now and for the foreseeable future, to measure GHG emissions intensity reductions within its operations. The elements which make up the KPI are under management control and are monitored at the Board Level. In addition, the business reviews monthly performance at the site-level and quarterly performance at the global level.</p>
1b	KPI - Measurability	<p>KPIs should be measurable or quantifiable on a consistent methodological basis; externally verifiable; and able to be benchmarked, i.e. as much as possible using an external reference or definitions to facilitate the assessment of the SPT’s level of ambition.</p> <p>Issuers are encouraged, when possible, to select KPI(s) that they have already included in their previous annual reports, sustainability reports or other non-financial reporting disclosures to allow investors to</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Metalsa Materiality Assessment 2020</li> <li>- Metalsa Sustainability Report 2019</li> <li>- 2019 CDP Score Report (Grupo Proeza)</li> <li>- 2020 CDP Score Report (Grupo Proeza)</li> <li>- Climate Change – CDP submittal in 2018-2020, (Grupo Proeza)</li> <li>- Metalsa – SLB Strategy &amp; Roadmap</li> </ul>	<p>DNV concludes that the GHG emissions intensity KPI is measurable on a consistent methodological basis, externally verifiable and able to be benchmarked to external references.</p> <p>DNV concludes that it is a robust and reliable metric to measure</p> <ol style="list-style-type: none"> <li>1. GHG emissions intensity for all plants where Metalsa has full operational control</li> </ol> <p>The KPIs are consistent with reporting on GHG emissions for the industry. We confirm that Metalsa provides absolute Scope 1 and 2 emissions as well as GHG emissions intensity performance figures dating back to 2018 in the Framework. We note Metalsa has not yet externally verified the baseline data (year 2019) nor performance for years 2018 and 2020. The company has a plan to engage with a third-party verifier and conduct annual verification of its performance beginning in</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>evaluate historical performance of the KPIs selected. In situations where the KPIs have not been previously disclosed, issuers should, to the extent possible, provide historical externally verified KPI values covering at least the previous 3 years.</p>	<ul style="list-style-type: none"> <li>- Metalsa – Revenue 2018-2020</li> </ul> <p>Discussions with Metalsa’s management</p> <p>Review of GHG emissions commitments of sustainability leaders and Metalsa sector peers</p>	<p>2021. At the time of this assessment, DNV notes that GHG verification activities have not commenced.</p> <p>Metalsa’s goal of reducing 20% of its GHG emissions intensity was developed using a review of key customer requirements to enact year over year reductions as well as through a review of its historic performance. In addition, the company intends to align with the Science-based Target initiative by 2024.</p>
1c	KPI – Clear definition	<p>A clear definition of the KPI(s) should be provided and include the applicable scope or perimeter as well as the calculation methodology</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Metalsa Materiality Assessment 2020</li> <li>- Metalsa Sustainability Report 2019</li> <li>- 2019 CDP Score Report (Grupo Proeza)</li> <li>- 2020 CDP Score Report (Grupo Proeza)</li> <li>- Climate Change – CDP submittal in 2018-2020, (Grupo Proeza)</li> <li>- Metalsa – SLB Strategy &amp; Roadmap</li> <li>- Metalsa – Revenue 2018-2020</li> </ul> <p>Discussions with Metalsa’s management</p>	<p>DNV confirms that the KPI chosen by Metalsa provide a clear scope and calculation methodology.</p> <p>The boundaries of Scope 1 and 2 GHG emissions calculations includes carbon dioxide equivalent emissions of all key manufacturing sites where Metalsa has full operational control. In years 2018 and 2019, this included 16 plants. In year 2020, this included 12 plants.</p> <p>The calculations use the parameters of electricity and fuel consumption and is reported in tonnes of CO<sub>2e</sub>. The emissions calculations exclude Scope 2 emissions associated with central offices, administrative sites, tech centers, sequencing centers and commercial offices. These represent less than 1.9% of total Scope 2 emissions in 2019. The calculation also excludes fugitive emissions.</p> <p>Revenue comprises the fair value of the consideration received for the sale of goods and services in the ordinary course of the transactions, and are presented in the consolidated statement of income of each facility, net of the amount of variable considerations, which comprise the estimated amount of</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			Review of GHG emissions commitments of sustainability leaders and Metalsa sector peers	<p>returns from customers, rebates and similar discounts. Revenue is reported in millions of USD (USDm).</p> <p>DNV notes that Metalsa intends to align with GHG Protocol guidance for calculating and reporting its GHG emissions data by 2023. The company highlights in the Framework that it may update calculation methodology and baseline if it results in a material change in the KPI.</p>

## 2. Calibration of Sustainability Performance Targets (SPTs)

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Target Setting - Meaningful	The SPTs should be ambitious, realistic and meaningful to the issuer's business and be consistent with the issuers' overall strategic sustainability/ESG strategy	Review of: <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Metalsa Materiality Assessment 2020</li> <li>- Metalsa Sustainability Report 2019</li> <li>- 2019 CDP Score Report (Grupo Proeza)</li> <li>- 2020 CDP Score Report (Grupo Proeza)</li> </ul>	<p>DNV confirms that the SPTs are consistent with the Issuer's overall strategic sustainability strategy and are aligned with one of the company's four sustainability targets. This SPT is meaningful to the Issuer's business, as it addresses the environmental challenge for automobile and components industry being the needed reduction in GHG emissions and water use.</p> <p>After review of GHG emissions reduction roadmap, DNV concludes that the SPTs are realistic and that the plan is viable and possible to meeting the SPT targets outlined in the framework.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> <li>- Climate Change – CDP submittal in 2018-2020, (Grupo Proeza)</li> <li>- Metalsa – SLB Strategy &amp; Roadmap</li> <li>- Metalsa – Revenue 2018-2020</li> </ul> <p>Discussions with Metalsa’s management</p> <p>Review of GHG emissions commitments of sustainability leaders and Metalsa sector peers</p>	
2b	Target Setting - Meaningful	SPTs should represent a material improvement in the respective KPIs and be beyond a “Business as Usual” trajectory; where possible be compared to a benchmark or an external reference and be determined on a predefined timeline, set before (or concurrently with) the issuance of the bond.	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Metalsa Materiality Assessment 2020</li> <li>- Metalsa Sustainability Report 2019</li> <li>- 2019 CDP Score Report (Grupo Proeza)</li> <li>- 2020 CDP Score Report (Grupo Proeza)</li> <li>- Climate Change – CDP submittal in 2018-2020, (Grupo Proeza)</li> <li>- Metalsa – SLB Strategy &amp; Roadmap</li> <li>- Metalsa – Revenue 2018-2020</li> </ul> <p>Discussions with Metalsa’s management</p>	<p>Metalsa reports that the chosen SPTs represent a material improvement of the KPI. Metalsa will not achieve the targets without the deployment of technical and operational measures at its key manufacturing sites.</p> <p>DNV concludes that -10% and -20% reduction in GHG emissions intensity by 2026 and 2031 respectively as compared to its 2019 baseline and is ambitious compared to the company’s past performance. The company’s SPT is consistent with its sector peers and is informed by the GHG emissions reductions of some of its key customers. Furthermore, the SPTS are consistent with the overall aim of the Sustainable Development Goals (SDG), in particular, SDG 7 (Affordable and Clean Energy) and SDG 9 (Industry, Innovation, and Infrastructure). This highlights that improvements beyond what is considered the standard industry trajectory will have to occur and can thus be deemed to go beyond what is considered ‘business-as-usual. DNV considers the company approach to achieving the SPTs to be credible.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			Review of GHG emissions commitments of sustainability leaders and Metalsa sector peers	
2c	Target Setting – benchmarks	<p>The target setting exercise should be based on a combination of benchmarking approaches:</p> <ol style="list-style-type: none"> <li>1. The issuer's own performance over time for which a minimum of 3 years, where feasible, of measurement track record on the selected KPI(s) is recommended and when possible forward-looking guidance on the KPI</li> <li>2. The SPTs relative positioning versus the issuer's peers where comparable or available, or versus industry or sector standards</li> <li>3. Systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets) or official country/regional/international targets or to recognised Best-Available-Technologies or other proxies</li> </ol>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Metalsa Materiality Assessment 2020</li> <li>- Metalsa Sustainability Report 2019</li> <li>- 2019 CDP Score Report (Grupo Proeza)</li> <li>- 2020 CDP Score Report (Grupo Proeza)</li> <li>- Climate Change – CDP submittal in 2018-2020, (Grupo Proeza)</li> <li>- Metalsa – SLB Strategy &amp; Roadmap</li> <li>- Metalsa – Revenue 2018-2020</li> </ul> <p>Discussions with Metalsa's management</p> <p>Review of GHG emissions commitments of sustainability leaders and Metalsa sector peers</p>	<p>DNV confirms that the SPT target setting exercise has been based on an appropriate combination of benchmarking approaches:</p> <ol style="list-style-type: none"> <li>1. DNV confirms that the framework provides a KPI performance track-record going back to 2018 and provides forward year-on-year guidance leading up to 2031 – in accordance with the ICMA principles.</li> <li>2. DNV concludes that the SPTs outlined are in line with top performers within the sector. In addition, key customer demands to demonstrate year-over-year improvements of between 2% to 3% have driven the target setting exercise.</li> <li>3. DNV concludes that the SPT is put in an appropriate context of international Sustainable Development Goals.</li> </ol>
2d	Target setting – disclosures	<p>Disclosures on target setting should make clear reference to:</p> <ol style="list-style-type: none"> <li>1. The timelines of target achievement, the trigger event(s), and the frequency of SPTs</li> </ol>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Metalsa Materiality Assessment 2020</li> <li>- Metalsa Sustainability Report 2019</li> </ul>	<p>DNV confirms that the relevant disclosures on target setting are appropriately referenced:</p> <ol style="list-style-type: none"> <li>1. The timelines of SPT target achievement are clearly referred to with achievements in 2026 and 2031. Securities issued under the framework will need to deliver on applicable</li> </ol>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<ol style="list-style-type: none"> <li>2. Where relevant, the verified baseline or reference point selected for improvement of KPIs as well as the rationale for that baseline or reference point to be used</li> <li>3. Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place</li> <li>4. Where possible and taking into account competition and confidentiality considerations, how the issuers intend to reach such SPTs</li> </ol>	<ul style="list-style-type: none"> <li>- 2019 CDP Score Report (Grupo Proeza)</li> <li>- 2020 CDP Score Report (Grupo Proeza)</li> <li>- Climate Change – CDP submittal in 2018-2020, (Grupo Proeza)</li> <li>- Metalsa – SLB Strategy &amp; Roadmap</li> <li>- Metalsa – Revenue 2018-2020</li> </ul> <p>Discussions with Metalsa’s management</p> <p>Review of GHG emissions commitments of sustainability leaders and Metalsa sector peers</p>	<p>SPT(s) – in accordance with corresponding target observation dates for specified trigger events.</p> <p>2. The reference point for the SPT will be a baseline from 2019. 2019 was considered the first year in which Metalsa was able to obtain a more robust and complete accounting of its GHG emissions data.</p> <p>3. The framework appropriately defines the situations that could lead to a recalculation of the KPI baseline/trajjectory. Specifically, Metalsa has committed to modify its KPI baseline calculation and SPT if the SBTi-approved targets and recalculation of GHG emissions in line with The GHG Protocol result in a materially different emissions intensity reduction from the stated SPTs. DNV notes that the Framework highlights that any such changes will be included in the annual reporting. The company will determine at its sole discretion whether to re-baseline.</p> <p>4. After review of SLB Strategy and Roadmap, DNV concludes that the SPTs are realistic and that the plan is viable and possible to meeting the SPT targets outlined in the framework.</p> <p>Metalsa has detailed that capital expenditure approvals to invest in infrastructure actions such as retrofits, automated energy managements systems and efficient lighting, increased diversification of the energy mix, and investment in awareness programs to drive behavior changes will be factors that supports achievement of the SPTs.</p>

### 3. Bond Characteristics

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Bond Characteristics – SPT Financial/structural impact	The SLB will need to include a financial and/or structural impact involving trigger event(s) based on whether the KPI(s) reach the predefined SPT(s).	Review of: <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked bond framework</li> <li>- Draft Description of the Notes</li> </ul> Discussions with Metalsa's management	DNV can confirm that the inclusion of trigger event(s) under the framework is in line with the requirements outlined by ICMA's SLBP.  Trigger events, with corresponding target observation date(s) and performance requirements under specific SPTs - as outlined in each specific financial security issued under the framework - will ensure that the financial characteristics of the security changes in accordance with performance. The extent of this impact will be outlined in the specific Bond documentation.
3b	Bond Characteristics – Fallback mechanism	Any fallback mechanisms in case the SPTs cannot be calculated or observed in a satisfactory manner should be explained.  Issuers may also consider including, where needed, language in the bond documentation to take into consideration potential exceptional events	Review of: <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked finance framework</li> </ul> Discussions with Metalsa's management	As detailed in the Framework, Section 3.3., a premium, such as a step-up of the coupon margin, shall be triggered if: <ol style="list-style-type: none"> <li>1) For any reason the performance level against each SPT cannot be calculated or reported in a satisfactory manner supported by the verification statement of a third-party auditor</li> <li>2) The verification of the SPTs has not been provided and made public within the time limit, as prescribed by the terms and conditions of the indenture of the Sustainability-Linked Instrument</li> </ol>

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Reporting	<p>Issuers of SLBs should publish, and keep readily available and easily accessible:</p> <ol style="list-style-type: none"> <li>1. Up-to-date information on the performance of the selected KPI(s), including baselines where relevant</li> <li>2. A verification assurance report relative to the SPT outlining the performance against the SPTs and the related impact, and timing of such impact, on the bond's financial and/or structural characteristics</li> <li>3. Any information enabling investors to monitor the level of ambition of the SPTs</li> </ol> <p>This reporting should be published regularly, at least annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLB's financial and/or structural characteristics.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Metalsa sustainability-linked finance framework</li> </ul> <p>Discussions with Metalsa management</p>	<p>DNV concludes that the framework will ensure that required information, as required by the SLBP, will be published in a timely manner and kept publicly available:</p> <ol style="list-style-type: none"> <li>1. KPI performance relative to the SPT targets will be published annually in the Sustainability-Linked Instrument Report which will be made available on the company's Investor Relations website as part of its annual sustainability reporting. This report will be published during the April-May window, after each calendar year-end, and will be provided annually, at least until the date/period relevant for assessing the achievement of the SPT has been reached. Thereafter, Metalsa will provide updates related to its GHG emissions performance through its consolidated annual sustainability reporting</li> <li>2. Metalsa's performance relative to outlined SPTs will be subject to annual verification from an independent reviewer – and made public within the Sustainability-Linked Instrument Report</li> <li>3. Metalsa's Sustainability-Linked Instrument Report will provide updates that are relevant to monitoring progress and the level of ambition of the SPTs.</li> </ol>



5. Verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	External Verification	Issuers should have its performance against each SPT for each KPI independently verified by a qualified external reviewer with relevant expertise, at least once a year and for each SPT trigger event.	<ul style="list-style-type: none"> <li>- Metalsa sustainability-linked finance framework</li> </ul> <p>Discussions with Metalsa management</p>	DNV confirms that Metalsa has committed in their Sustainability-Linked Bond Framework to obtain external and independent verification of its annual KPI performance relative to the SPT and in connection with any trigger event as specified in specific Bond documentation. Within the Framework, the company highlights that it will seek independent verification, to a limited level, for its historic data from 2018.

### **About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.