



*Non-Financial  
Information Statement  
(NFIS) 2019*

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## Law 11/2018, of 28 December on Non-financial and Diversity Information

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## I. Business Model

A brief description of the group's business model, including:

- 1) Its business environment.
- 2) Its organisation and structure.
- 3) The markets in which it operates.
- 4) Its objectives and strategies.
- 5) The main factors and trends that may affect its future development.

CIE Automotive is an international industrial group that manages high added-value processes. It applies this concept in its management, with a comprehensive vision in all the phases of the value chain of sectors with good long-term forecasts.

CIE Automotive supplies components and sub-assemblies to the global automotive market using complementary technologies and a range of associated processes. We are growing sustainably and profitably with the aim of positioning ourselves as a benchmark partner by satisfying our customers with comprehensive, innovative, competitive, high value-added solutions.

### Cornerstones of the business model

- **Multiple locations:** over 100 production centres in 16 countries and 10 research centres.
- **Commercial diversification:** both OEMs (car manufacturers) and TIER 1 customers.
- **Multi-technology:** offering seven technologies: machining, metal stamping and tube forming, forging, plastics, aluminium injection, roof systems and casting. CIE Automotive has a multi-technological portfolio: Roof Systems, Body, Chassis & Steering; Interior & Exterior Trim; Commercial Vehicles; Engine; Transmission & Gearbox.
- **Investment discipline:** quality and flexibility in facilities, high returns and conversion of EBITDA into operating cash over 55%.
- **Decentralized management:** with geographic areas and one cross-cutting corporate network.

### CIE Automotive's values

- **People:** respecting their fundamental rights and providing them with fair working conditions. Fostering their initiative, creativity and originality, their engagement and teamwork, their ability to achieve objectives and add value and their openness to change and to continuous improvement.
- **The environment:** maintaining a preventive approach and working to minimise any adverse impact.
- **Management transparency:** promoting accountability, integrity and commitment to a job well done. Making clear disclosure of all information of relevance to our activities, so that it is known and understood.
- **Stakeholders:** promoting a honest relationships and respecting their rights. CIE Automotive recognises nine groups of stakeholders that interact with the Company and are affected directly or indirectly by the Company's activity: shareholders, professionals, customers, business partners, suppliers, society, public authorities, the sector in which it operates and financiers.
- **Compliance:** heeding national and international regulations.

For further detail on information of interest (points 1) to 5) of the section of the Law), see the Group's corporate website ([www.cieautomotive.com](http://www.cieautomotive.com)), sections:

- **What we do:** detailing the Company's various technologies, products and customers:
- **Investors and Shareholders:** to see the **official corporate presentation** and reports the Company produces annually and as required by Spain's National Securities & Exchange Commission (CNMV), such as section 1 of the **Consolidated Annual Accounts for the 2019 financial year** or sections 1 and 2 of the **Director's Report**, included after the Consolidated Annual Accounts, which refers to the Company environment, organisation, structure, development, objectives and strategy.

## II. Policies

A description of the policies the Group applies in these matters includes:

1) The due diligence procedures applied to identify, assess, prevent and mitigate significant risks and significant impacts.

2) Procedures for verification and control, including what measures have been adopted.

The results of these policies, which must include relevant non-financial performance indicators to enable:

1) Monitoring and evaluation of progress, and

2) facilitating comparison between companies and sectors, in line with the national, European or international reference frameworks used in each matter.

CIE Automotive has a series of Corporate Policies, formulated by each of the responsible departments and mandatory for all members of the Company. These policies were first approved by the Board of Directors in December 2015, and revised, updated and re-approved for the most part in 2019.

### Corporate Social Responsibility (CSR) policies

- Corporate Social Responsibility.
- Purchasing.
- Supplier CSR Commitment.
- Human rights.
- Anti-corruption and fraud.
- Social action.

### Good Governance Policies

- Internal Control over Financial Reporting (ICFR).
- Risk and Control Management.
- Corporate Governance.
- Board members' remuneration.
- Tax policy
- Information and Communication Policy for Shareholders and the Markets.
- Shareholder remuneration policy.
- Policy governing the selection of candidates for the post of director and diversity on the Board.
- Procurement policy and relations with the accounts auditor.

The Compliance Department is responsible for continuously reviewing and improving the internal control system and ensuring compliance with external regulations and with the policies and procedures implemented for mitigating the principal legal, corruption and fraud risks. It is also responsible for CIE Automotive's Criminal Risks Prevention Model and establishing and developing its corporate ethical framework.

An analysis of company Compliance Model maturity was carried out in 2019, with the consultancy company Deloitte, to achieve the level of maturity desired by CIE Automotive.

### Tasks undertaken

1. Analysing and identifying the entire regulatory landscape and the key aspects as regards regulatory compliance.
2. Understanding the current status of CIE Automotive's Compliance Model.
3. Requesting key information from the Company related to the Compliance Model.
4. Interviews with company senior managers to identify the current situation and their expectations for the target level of maturity.
5. Comparison of the Company's current situation with best market practices (UNE 19601 standard) in various aspects:
  - a. **Governance and leadership:** analysis of the assignment of roles and responsibilities in the field of compliance and their relationship with other departments involved. Analysis of the provision of resources to Compliance bodies.
  - b. **Rules, procedures and policies:** analysis of the internal rules that, together, create controls to address the key areas of ethical and compliance risk the organisation faces.
  - c. **Risk identification and assessment:** analysis of criminal risk identification and assessment, as

- well as the development of procedures related to contracting third parties.
- d. **Training and communication:** analysis of the training strategy as regards compliance and of the Communications Plan designed for communication of expectations and developments as regards compliance and prevention of criminal risks.
  - e. **Reporting:** existence of protocols for informing and communicating reports to the relevant control bodies.
  - f. **Code of Conduct and whistle-blower channel:** the existence of a Code of Conduct and a system for managing incidents and investigations that captures, categorises, prioritises and assigns responsibility for these.
  - g. **Supervision:** entrusting the supervision and operation of the Compliance Model to a body with autonomous powers of initiative and control.
  - h. **Compliance of third parties:** the existence of a comprehensive compliance programme for third parties to help manage the various areas of risk throughout the life cycle of the relationships with third parties.
6. Preparation of the diagnostic report and the “target situation” model to which CIE Automotive aspires in the short to medium term.
  7. Identification of aspects for improvement and gaps existing in the information currently reported to Senior Management and Executive Team, enabling the Company to reach the target situation in each dimension of the Maturity Model. The actions to be taken between 2019 and 2020 for the dimensions analysed are indicated below:
    - a. **Governance and leadership:** defining the roles and responsibilities as regards Compliance corresponding to Senior Management.
    - b. **Rules, policies and procedures:** inclusion of new controls within the Criminal Risks Prevention Model, and identification of relevant Group subsidiaries in the field of Criminal Compliance, analysing the differences with the applicable law in Spain, and adapting the control activities for each country.
    - c. **Risk identification and evaluation:** new controls have been introduced to mitigate the criminal offences from: computer damage, company secrets, privacy, Inland Revenue fraud, town planning malpractice, smuggling, bribery/influence peddling and corruption in business. Additionally, in line with the Circular from the Office of the General Spanish State Prosecutor 1/2016 and best practices in the field, the methodology for assessing criminal risks is to be detailed, based on the risk management methodology contained in the corporate risk control and management policy.
    - d. **Training and communication:** is to be updated and a Training Plan on compliance, ethics and prevention of criminal risks is to be presented. Furthermore, the internal and external communications system relating to ethics and the Compliance Model has been improved through communications to all employees, as well as new recruits, of the compliance policy by giving specific training in the field; internal publications on all updates made to the Compliance Model; or simply information snippets on the Compliance Model, as well as on the Code of Conduct.
    - e. **Reporting:** in addition to the usual communications to the Audit and Compliance and Corporate Social Responsibility Committees, as well as to Senior Management and the Executive Team, the Management Plan for each plant is to include a balanced scorecard of non-financial information in 2020, where indicators of levels of compliance model effectiveness will be reported.
    - f. **Code of Conduct and whistle-blower channel:** work is to be done to insert resolute clauses into contracts with third parties, enabling CIE Automotive to terminate these contracts in case of malpractice by the third party in relation to the Compliance Model or the Code of Conduct.
    - g. **Supervision:** work is being carried out to improve the indicators for model effectiveness, identified shortcomings and, where appropriate, monitoring of plans in progress on recommendations from previous reports.
    - h. **Compliance of third parties:** analysis and study prior to initiating professional or commercial relationships has been improved, so minimising a potential transfers of liability to the Group as a result of the materialisation of a corruption risk.

All the information relating to corporate policies and the Compliance Model is available on the Group's corporate website, as well as in the various reports the Company prepares annually as required by the Spanish National Securities Market Commission, [CNMV](#).

### III. Short-, medium- and long-term risks

The principal risks related to those issues linked to Group activities, including, where relevant and proportionate, its commercial relationships, products or services that could have adverse effects in these areas, and:

- How the Group manages those risks.
- Explaining the procedures used to identify and assess them, in line with the national, European or international reference frameworks in each matter.
- Information on the impacts identified must be included, offering a breakdown of these, in particular for the main short-, medium- and long-term risks.

CIE Automotive is exposed to a series of risks inherent in its activity and in the markets in which it operates that, if these materialise, could jeopardise the Company's strategic objectives. To reduce these to tolerable levels, the Group has a **Risk Control and Management Policy** and has been equipped with a Risk Management System (RMS) based on ISO 31000 methodology. This is the responsibility of the Board, which delegates its supervision and proper operation to the Audit and Compliance Committee.

CIE Automotive's RMS enables it to ensure reasonably that all significant risks – strategic, operational, financial (see **Internal Control over Financial Reporting (ICFR) Policy**), compliance, and ESG (Environmental, Social, and Governance) risks – are identified, prevented, assessed and subject to continual monitoring. These risks are approved by the Board and managed in keeping with the defined risk appetite and tolerance.

With firm and sustained commitment of Senior Management and the Executive Team, along with rigorous strategic planning, CIE Automotive aims to achieve an environment that enables work with risks to be performed in a controlled manner, managing those risks actively, in the belief that new opportunities will arise from their appropriate management and contribution of value.

#### Risk management system principles

- To promote a constructive vision of the concept of risk.
- Commitment and competence of participants.
- To use a common language.
- Transparent communication throughout the organisation.

#### Risk Map

Annual preparation of the Risk Map, which applies throughout the organisation, is the responsibility of Senior Management and the Executive Team, who assess the risks previously identified from a residual perspective, considering the controls that CIE Automotive already has in place to mitigate the potential effect of those risks, based on their probability of occurrence (past and future) and their impact (in three dimensions: economic, organisational and reputational). The probability of future occurrence is measured as follows:

- **High:** Materialisation of the risk will affect the organisation imminently (in the short term).
- **Medium:** Materialisation of the risk will affect the organisation within two to five years (medium term).
- **Low:** Materialisation of the risk will affect the organisation in over five years (long term).

This process is coordinated by the Compliance Department, which presents the result to the Audit and Compliance Committee for oversight and approval and, subsequently, this Committee informs the Board.

Listed below are the **principal non-financial risks** faced by the Group, which are assessed for the preparation of the Risk Map, categorised according to issues linked to Group activities:

#### Environmental issues (section V):

- Adverse impact of climate change on the achievement of strategic objectives.

#### Matters relating to staff (section VI):

- Ensuring the health and safety of people in the Group in the exercising their activities.
- Loss of corporate culture, which is the basis for the success of the Company's business model.
- Non-existence of a succession plan for key personnel.
- Lacking the team to maintain company growth.
- Lack of a training and talent policy.

Human Rights (section VII):

- Failure of Group members to comply with the Code of Conduct.

Corruption and bribery (section VII):

- Fraud and corruption.
- Failure to comply with the legislation in any region where the Company operates.
- Failure to comply with the ten principles of the UN Global Compact, to which the Company has been a signatory since 2015.

Society (section IX):

- Reputational risk deriving from activities not directly linked to company operations.
- Failure to align the supply chain with the Group's Corporate Social Responsibility commitments.
- Changes in market trends.
- Failure to meet customer expectations.
- Management of inorganic growth.
- Cybersecurity.

**Principal risks in 2019**

Detailed below are the main risks from the Company's Risk Map with **medium probability** of materialising within the Strategic Plan, and with a **medium impact** at an economic, organisational and/or reputational level. It should be noted that no risk has been assessed as having a high probability of materialising, or as having a critical or severe impact.

- **Management of inorganic growth:** In line with the Strategic Plan, the current rate of inorganic growth requires greater control of operations and investments. New additions will require an initial effort to adjust their respective cultures and values to CIE Automotive's way of doing things, management methods and profitability thresholds. Furthermore, having local partners (Joint Ventures and/or partnerships with both public and private companies and organisations) that could be the focus of corruption in fulfilment of international regulations can generate conflict and mistrust that impact business development. For this reason, CIE Automotive is making a great effort to implant its business model and corporate culture in the latest acquisitions.
- **Changes in market trends:** Disruptive changes are occurring in the car sector, requiring preparedness, and the Company needs to be flexible to adapt to customers' current or future needs. New car technologies (such as electric vehicles or the evolution of the diesel engine) are reducing demand for some of our strategic products and introducing other components (electronics, etc.) for which the Company is analysing various alternatives. In addition, the arrival of Factory 4.0 may involve changes that CIE Automotive needs to keep working on, such as impacts on HR management, for example, due to changes in the skills required.
- **Lacking the team to maintain company growth:** Managing the current pace of growth calls for consolidation and development of the Company's best asset; its people. For this reason, not only have working conditions been improved for the current team, beyond that they are capable of attracting talent to the organisation. The human resources structure needs to cover the knowledge, skills, experience or authority to appropriately take on responsibilities, and to avoid saturating project management teams as far as possible.
- **Fraud and corruption:** We are witnessing an upturn in fraud (in any of its categories and regions globally), and CIE Automotive is working on a twin objective: preventing and mitigating possible irregular behaviour and informing the market of the internal mechanisms available to ensure the reliability of financial information. In the current international environment, with multiple locations, the Group's exposure is greater and consequently the possibility of having cases of fraud as well. This is why work is being done to strengthen anti-fraud controls. CIE Automotive has a Criminal Risks Prevention Model, using which it identifies what crimes could occur and establishes the internal controls needed to mitigate or eliminate them.

**Response plans and monitoring**

The following actions were carried out in 2019 to minimise the main risks identified in 2019, some of which were also considered as main risks in the 2018 Risk Map.

- **Management of inorganic growth:** The Company is performing the following actions with the aim of accelerating and optimising integration of new incorporations to the Group:
  - o Participation of the Executive Team in corporate M&A operations.

- Definition and implementation of a clear management model to enable rapid taking of control of new companies.
- Increasing the flexibility and availability of internal people key to tackling the influx.
- **Changes in market trends:** The Company is working to achieve flexibility in the face of new trends and to adapt to customers' current and future needs. The main lines of action are as follows:
  - Integrating electric vehicle parts in the portfolio by setting annual commercial targets.
  - Focusing commercial efforts on functions not affected by electrification.
  - Planning the drop in diesel engines and saturating current facilities with petrol engines.
- **Lacking the team to maintain company growth:** The corporate HR department, in collaboration with Senior Management and with the different geographical areas and Business Divisions, has launched a project that includes the following initiatives:
  - Annual recruitment plans for recent graduates, with personalised tracking from each Business Division.
  - Personalised follow-up plans for profiles with high potential.
  - Professional Development Plan (PDP) for executives and middle managers in each of the Business Divisions.
- **Fraud and corruption:** The Group has had a Criminal Risks Prevention Model since 2015. This was updated in October 2019 based on the project carried out in collaboration with the external consultant, Deloitte. The Company relies on this model, along with its internal control system, to ensure compliance with external regulations and with the policies and procedures implemented to mitigate this risk. The main tasks and action plans resulting from the update to the Criminal Risks Prevention Model are detailed in section *II. Policies*.

#### Risks mitigated during the financial year

Thanks to actions taken during 2019, the likelihood of materialisation of the following risks, considered a priority in 2018, was mitigated and these are not considered to be priorities in the Risk Map for 2019.

- **Failure to comply with the Code of Conduct:** The organisation distributed the Code of Conduct globally in 2016 and 2017 for signing. During 2018 and 2019 it took advantage of the global deployment of the *CIE Automotive CSR Days* to insist on compliance with the Code, reminding that CIE Automotive has a whistle-blower channel that it is the responsibility of the Corporate Social Responsibility Committee, under collegial management of by corporate management of Human Resources departments, Compliance and Legal Advice, meaning that anyone employed in the Group can make complaints about issues related to non-compliance with the indicated guidelines for conduct. This work has resulted in wider distribution and increased awareness and implementation of the Code.
- **Cybersecurity:** Cybersecurity, understood as the protection of information assets by dealing with threats that endanger information that is processed, stored and transported by interconnected IT systems, has become one of the largest risks companies face today. This is why in 2018 CIE Automotive began a project to protect such assets with a process re-engineering and social engineering methodology, based on the principal international reference standards to manage information security in real time, maintaining traceability of all management processes. The services on which work was performed in both 2018 and 2019 were:
  - SOC: Security Operations Centre.
  - SIEM: Security Information and Event Management.
  - Incident Response.

In addition to these lines of action, work has also been carried out to improve policies for IT system access and use, contingency plans in case of loss of data and facilities and antivirus improvements.

- **Succession plan for key personnel and Training and talent policy:** The corporate HR department, in collaboration with Senior Management and with the different geographical areas and Business Divisions, has worked to develop succession plans for those positions key to achieving CIE Automotive's strategic objectives, and proceeded to identify successors or strategies to be followed to ensure that if the Company cannot count on them any longer, it will not be affected. General and personalised training plans have also been augmented, as shown by the fact that the number of training hours have risen continuously in recent years.

- **Reputational risk:** The relationship with stakeholders can be affected by negative comments in any medium and can generate a large impact on the organisation's main intangible assets, which is the image attained due to its track record and good business practice. In this situation, CIE Automotive has reinforced its Marketing and Communications strategy, as well as enhancing the open channels with its stakeholders, to mitigate and/or eliminate the risk associated with not being able to respond immediately and robustly.

#### Controlling risks in each production centre

CIE Automotive has also defined a methodology for assessing and prioritising risks at production centre level worldwide. This assessment involves each plant's entire management team and is carried out by following the process map, defining the types of risks that can affect each process and evaluating it in binary form, depending on their impacts and occurrence level, in short, establishing a prioritisation of these risks. Minimising or eliminating them, if possible, then becomes one more objective within each production centre's management plan.

Additionally, various forms of risk analysis are already carried out in the plants, such as:

- FMEA (Failure Mode and Effects Analysis) on products and production processes.
- Identification and evaluation of environmental impacts.
- Assessment of health and safety risks to people.
- Assessment of legal compliance.
- SWOT.

#### Criminal Risks Prevention Model

The Group has had a Criminal Risks Prevention Model since 2015. This was updated in October 2019 based on the project carried out in collaboration with the external consultant, Deloitte. The main tasks and action plans resulting from the update to the Criminal Risks Prevention Model are detailed in section *II. Policies*, of this report. There is a Support Unit, with autonomous powers of initiative and control within the organisation, which is responsible for ensuring compliance with the Criminal Risks Prevention Model. The Company uses this model as a measure to combat money laundering.

#### Improving indicators

In line with its Strategic Plan 2016-2020, CIE Automotive works to establish indicators that cover not only ICFR risks, but also criminal compliance or tax risks or those of any other kind, such as strategic or ESG (Environmental, Social and Governance) risks.

#### Impact, supervision and control

The result of the 2019 risk assessment demonstrates the alignment of CIE Automotive's risk map with its strategy, as well as the effectiveness of the internal control system in the operational field, as none of the key risks identified materialised during the financial year.

Supervision and control is performed by means of the Risk Management and Process Control modules of the SAP GRC tool operational in all production centres worldwide. In this, a certain number of controls are included for each risk (in many cases of automatic type), to be applied by the various people responsible. Compliance with these is monitored by the Group Compliance Department and the result is subject to review by the Internal Audit Department within its Annual Audit Plan.

#### IV. KPIs

Key indicators of non-financial results relevant to the particular business activity and that meet the criteria of comparability, materiality, relevance and reliability.

- With the aim of facilitating comparison of information, both over time and between entities, standards for non-financial key indicators that can be generally applied and that comply with European Commission guidelines and Global Reporting Initiative standards will be used especially and the report must mention the national, European or international framework used for each matter.
- The key indicators of non-financial results must apply to each of the sections of the non-financial information statement.
- These indicators must be useful, taking the specific circumstances into account and they must be consistent with the parameters used in their internal management procedures and risk assessments.
- In any case, the information presented must be precise, comparable and verifiable.

CIE Automotive's 2019 Non-financial Information Statement provides information on the economic, financial, social, environmental and governance activity of CIE Automotive S.A. and its subsidiaries during the financial year in the 16 countries where it has a presence, and integrates into its bounds the Group's latest incorporations: Aurangabad Electricals Limited, Inteva Roof Systems (renamed to CIE Golde) and Mapremex.

Non-financial information is presented following the GRI Standards, 2016 version, as a framework for reporting, and it is audited independently by the auditor PricewaterhouseCoopers, the same company that audits the Group's Annual Accounts. The Audit and Compliance Committee is responsible for ensuring its independence.

This report has been prepared with the collaboration and supervision of all the heads of the various departments and areas:

- The ultimate responsibility for its preparation and coordination lies with the Compliance Department, although it relies on collaboration from the Cross-cutting CSR Committee and the Corporate Controlling Department.
- Ultimate responsibility for its approval and formulation, together with the Director's Report, lies with the Board, which is informed regularly by the Corporate Social Responsibility Committee on the most significant issues in ESG (Environmental, Social and Governance) matters.

This report will develop the **relevant issues identified in the materiality analysis** conducted in 2017 with its stakeholders, as well as in surveys conducted in 2018 during the *CIE Automotive CSR Days* with 140 of the organisation's managers in Brazil, the USA, Mexico, India and China. These are as follows: attracting and retaining talent; ethics; corporate governance; compliance; risk management; customer satisfaction; tax transparency; responsible management of the supply chain; climate change; health and safety of people; human rights; innovation and efficiency; and cybersecurity.

Throughout the information gathering and presentation process, CIE Automotive heeds the principles of transparency, relevance, comparability, frequency, clarity and reliability, necessary to ensure the quality of the information reported.

To complete the information on Group activities throughout the year, see the legal documents available on the corporate website: Annual Accounts and Director's Report, Annual Corporate Governance Report and Annual Report on Board Member Remunerations, as well as all the presentations published on different aspects of the Group or in the other sections intended for the various stakeholders.

**V. Environmental issues**
**1. Global environment**

- 1) Detailed information on current and foreseeable effects of company activities on the environment and, where applicable, on health and safety, environmental assessment or certification procedures.
- 2) Resources assigned to preventing environmental risks.
- 3) Application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.

CIE Automotive has a Corporate Environment Department responsible for setting the guidelines and coordinating actions in this area for all Group plants. Information is managed by various means, such as the corporate intranet.

CIE Automotive addresses its environmental commitment by maintaining a preventive approach. Accident risk is covered by the Company's global Civil Liability policy. This is not the case for gradual pollution, which began to be covered in December 2019 for the following Spanish companies:

- CIE Alcasting, with aluminium technology.
- CIE Amaya, with two technologies: aluminium and machining.
- Three IPPC (Integrated Pollution Prevention Control) plants: CIE Galfor (forging technology), CIE Inyectametal y CIE Vilanova (both with aluminium technology).

The limit set for the gradual pollution policy for these five Spanish companies is €3 million. Work is also being performed to minimise the adverse impacts that could result from the Company's activity in manufacturing and distributing components and roof systems for the automotive industry, as contained in the Mission, Vision and Values and in the Quality, Environmental and Risk Prevention Policy.

For this purpose, the Company manufactures its products trying to have as little environmental impact as possible, introduces energy efficiency measures in its processes and facilities, uses water and raw materials rationally and conducts appropriate waste management.

During this financial year, the Company has adapted its production facilities to the conditions required by the environmental legislation in the countries where it is located. As such, it made investments aimed at minimising environmental impacts and protecting and improving the environment and has incurred expenses arising from environmental actions, basically to cover expenditure arising from waste removal, consultancy, measurements and environmental certifications. The amounts, both for investments made and costs accrued during 2019 for protecting and improving the environment totalled €6.9 million.

All CIE Automotive plants have been working in recent years to achieve triple environmental certification: ISO 14001, ISO 45001 (previously OHSAS 18001) and IATF (certification replacing the former ISO/TS 16949).

Certification	2018 certified plants	2019 certified plants
IATF 16949	81	97
ISO 14001	68	80
ISO 45001	41	56

As in 2018, no significant fines were received in 2019 due to breaches of environmental laws and regulations. Fines exceeding €30,000 are considered significant.

**2. Pollution**

- 1) Measures to prevent, reduce or repair carbon emissions that seriously affect the environment.
- 2) Taking any form of atmospheric pollution specific to an activity into account, including noise and light pollution.

CIE Automotive has environmental management systems based on ISO 14001 with which it ensures that the levels in the local regulations in force will not be exceeded. In section V. *Environmental issues* subsections 4. *Sustainable use of resources* and 5. *Climate change* of this same report, information is provided on the Company's use of energy from renewable sources, highlighting that 100% of the energy consumed in plants in Spain comes from renewable sources.

With the aim of evaluating its environmental impact more precisely, in 2019 the Company worked on developing a new indicator that has been included in the Process Map: the **carbon price**, calculated in EUA (European Emission Allowances). This term refers to considering pollution or the so-called negative externality of emitting greenhouse gases (GHG) as an economic cost or, as its name suggests, a price for carbon emissions. However, CIE Automotive does not participate in the global emissions market and, therefore, it is a dummy cost that does not affect its results.

This value is added to the environmental cost over revenue, incorporated in 2018, which factors in the cost of all things related with environmental management in the production process, from energy and water inputs to outputs with the waste generated and their final management.

Finally, CIE Automotive has its premises on industrial estates, so that the noise that is measured and controlled is not a significant factor in the Company's business. Furthermore, light pollution is not considered material to the group, so information on this is not included in this report.

**3. Circular economy and waste prevention and management**
**Circular economy**

CIE Automotive is advancing on several fronts to move closer to the circular economy with the aim of reducing both materials inputs and waste generation, closing the economic and ecological loops or flows of resources.

**Suppliers:**

- Raw materials: encouraging the purchase of raw materials from recycling processes, especially steel and aluminium, the materials used most intensively in its industrial processes.
- Energy: promoting the purchase of electricity from renewable sources. Now, close to 100% of the energy purchased in Spain is renewable (the energy summary table shows its origin in detail by geographical area).

**Internal process:**

- Reusing the waste generated in its processes. This is of great importance in processes with aluminium, but also in the steel casting process. In plastic injections, due to technical requirements, internal recycling occurs to a lesser extent.
- Enhancing waste recyclability.

**Sales process:** Using returnable packaging in collaboration with customers.

**Wastes:** Measures of prevention, recycling, reuse, other forms of recovery and disposal.

CIE Automotive boosts the recyclability of its wastes by seeking managers capable of providing a second use to them, sending less to landfill. The following table shows total industrial waste for recycling:

Indicator	Definition	Units	2018	2019
GRI 306-2	Hazardous industrial waste managed	t	26,907	25,239
	Non-hazardous industrial waste managed		348,470	339,856
	<b>Total</b>		<b>375,377</b>	<b>365,095</b>

Additionally, CIE Automotive has a recycling system that enables it to reuse thousands of tons of returns from its various production processes internally, so promoting the circular economy mentioned above.

**Recycling systems by technology:**

- **Aluminium:** it generates large quantities of returns as runners, sprues, starting parts, etc. from the injection process or swarf from the machining process, which are returned to the internal aluminium casting process.
- **Plastics:** runners and other returns from its injection process.
- **Stamping, forging and machining:** where the Group generates the largest volume of waste when using steel, which as it cannot be integrally recycled within the Group’s plants, is sold to various local suppliers for full reuse.

The remaining waste that cannot be recycled internally is sent to waste managers, where they prioritise recycling over dumping in landfills.

Actions to combat food waste.

Although food handling is not part of CIE Automotive’s principal activity, all plants that have a canteen service or machines to sell food to workers, whether these are outsourced services or not, are subject to the highest standards of food quality and safety, avoiding any food waste, as far as possible.

**4. Sustainable use of resources**

Water consumption and water supply in accordance with the local limitations.

CIE Automotive consumes water and its proper management is a priority for the Company, given the need to cool materials from high temperatures. To comply with local limitations for reducing discharges to a minimum and enhancing recycling, the Company has its own water treatment systems and facilities.

Indicator	Definition	Units	2018	2019
GRI 303-1 (i)	Surface	m <sup>3</sup> /year	306,015	328,251
GRI 303-1 (ii)	Groundwater		212,896	355,167
GRI 303-1 (iii)	Rainwater		28,199	31,808
GRI 303-1 (v)	Public mains		1,045,628	934,006
<b>GRI 303-1:</b>	<b>Total</b>		<b>1,592,738</b>	<b>1,649,232</b>

Raw material consumption and the measures adopted to improve efficiency in their use.

The Company reviews all its processes continually to achieve responsible use of raw materials. An example of these good practices is the constant effort to reduce the gross weight of the products the Company manufactures, which is a key aspect in improving raw material efficiency. This also avoids generating waste and decreases consumption of energy and other products needed in the manufacturing process.

Indicator	Definition	Units	2018	2019
GRI 301-1	Raw material used	kg	1,472,819,976	1,510,283,589
GRI 301-2	Raw material recovered	kg	460,625,898	411,191,542
		%	31%	27%

Direct and indirect energy consumption, measures taken to improve energy efficiency and use of renewable energies.

CIE Automotive has achieved significant progress in energy efficiency in recent years. This is a priority task because it contributes to reducing the impact of its environmental footprint and represents a significant improvement in competitiveness.

The most demanding technologies, aluminium injection moulding and steel forging, lead this issue, with highly diverse actions ranging from efficiency in using compressed air (with the use of the heat generated by the air compressors themselves and proper management of the distribution network, electric motors, ovens, etc.), to small details such as proper lighting.

Indicator	Definition	Units	2018	2019
GRI 302-1 (D)	Energy, direct consumption (fuels)	GJoules	1,608,941	1,662,755
GRI 302-1 (I)	Energy, indirect consumption (electricity):		3,924,977	3,955,226
- Electricity			2,216,060	2,093,458
- Electricity from renewable sources			1,708,917	1,861,768
<b>GRI 302-1</b>	<b>Total</b>		<b>5,533,918</b>	<b>5,617,981</b>

### Energy intensity

Indicator	Definition	Units	2018	2019
GRI 302-3 (D)	Energy, direct consumption (fuels)	GJoules/€k	0.53	0.48
GRI 302-3 (I)	Energy, indirect consumption (electricity):		1.30	1.14
- Electricity			0.73	0.60
- Electricity from renewable sources			0.56	0.54
<b>GRI 302-3</b>	<b>Total</b>		<b>1.83</b>	<b>1.62</b>

In this area, it is to be emphasised that 100% of the energy consumed in plants in Spain comes from renewable energy sources.

## 5. Climate change

The important elements of greenhouse gas emissions generated as a result of the Company's activities, including the use of goods and services it produces.  
Measures adopted to adapt to the consequences of climate change.

In recent years, the automotive industry has managed to reduce pollutant emissions from vehicles, although the latest regulations to fight climate change, the most restrictive in Europe and China, are forcing manufacturers and their suppliers to implement additional solutions to reduce their environmental footprint.

The automotive supplier sector is committed to achieving the decarbonisation objectives of the **Paris Agreement** by providing technology and supporting the design of an efficient and effective regulatory framework to preserve employment and competitiveness for a vital part of European industry.

For decades, the entire value chain that makes up the Spanish automotive sector has been investing heavily in R&D in order to put increasingly clean and efficient vehicles on the market, in accordance with the following trends:

- Electrification of new components.
- Reduction in engine size.
- Lighter vehicles.
- More comfortable interior spaces.

CIE Automotive has an impact on the climate throughout its value chain and, consequently, the Company assumes responsibility with respect to climate change. Therefore, all actions the Group performs in terms of the environment will in one way or another be aimed at minimising this impact.

As the use, utilisation and consumption of raw materials, water and energy by the Company is inevitable, this is managed by means of an annual risk analysis at each of the locations, based on ISO 14001 standards, and under continuous monitoring.

### CIE Automotive emissions

Indicator	Definition	Units	2018	2019
GRI 305-1	Direct emissions	CO <sub>2</sub> t	94	96
GRI 305-2	Indirect emissions		365	355
<b>GRI 305</b>	<b>Total</b>		<b>459</b>	<b>451</b>

Below we present the emissions savings due to purchasing energy from renewable sources.

### Emissions intensity

Indicator	Definition	Units	2018	2019
GRI 305-2	Indirect emissions	CO <sub>2</sub> t	138	146

Indicator	Definition	Units	2018	2019
GRI 305-4 (D)	Direct emissions	CO <sub>2</sub> t/€k	0.03	0.03
GRI 305-4 (I)	Indirect emissions		0.12	0.10
<b>GRI 305-4</b>	<b>Total</b>		<b>0.15</b>	<b>0.13</b>

In 2019, CIE Automotive launched a project to calculate its Corporate Environmental Footprint (CEF). This project is being carried out in collaboration with IHOBE (a public environmental management company belonging to the Basque Government in Spain), based on the RECIPE tool, enabling evaluation of each of the Group's production plants.

The CEF evaluation consists of five stages, starting with objective setting and ending with an interpretation of the environmental impact results corresponding to the inputs and outputs that occur within the organisation.

#### Steps in calculating the CEF:

1. Setting **objectives** for the study.
2. Defining the **scope** of the study.
3. Collecting the **inventory** of resource use and emissions.
4. Evaluating the **impact**.
5. Interpreting **results**.

Seventeen impact categories will be evaluated, from destruction of the ozone layer to transformation of natural soil. A first prototype was run in a plant during 2019, with positive results, and it will start to be applied in different Group plants during 2020.

The reduction targets established voluntarily in the medium and long term for reducing greenhouse gas emissions and the means implemented for this purpose.

In line with the United Nations' 2030 Agenda, CIE Automotive has set environmental targets to be met by each of the plants and regions where it operates, based on Global Reporting Initiative (GRI) standards.

	GRI	Description	Annual target	2030 Agenda target
Energy	302-1	<b>Energy consumption within the organisation</b> Reduction of energy consumption (electricity) Reduction of energy consumption (gas)	2%	20%
	305-1	<b>Direct GHG emissions (scope 1)</b> Reduction of GHG emissions	2%	
	305-2	<b>Indirect GHG emissions on generating energy (scope 2)</b> Increase in electricity from renewable sources	5%	100%
Waste	301-2	<b>Recycled input materials</b>		
	306-2	<b>Waste by type and disposal method</b> Decrease in the total amount of waste generated Increase in waste for recycling	5% 5%	90%
Water	303-1	<b>Water withdrawal by source</b> Reduce water consumption	2%	
		Increase the use of recycled water	2%	

**6. Protection of biodiversity**

Measures taken to preserve or restore biodiversity.  
Impacts caused by activities or operations in protected areas.

CIE Automotive carries out its activity on industrial estates, where impacting biodiversity is not considered to be significant. It is not therefore considered material for the Group and no information in this regard is included in this report.

**VI. Social matters relating to staff**
**1. Employment**

Total number and distribution of employees by gender, age, country and professional classification.

**Total number and distribution of employees by gender, age and professional classification**

2018	Men (M)			Total M	Women (W)			Total W	Total
	<30	30-50	>50		<30	30-50	>50		
Steering Committee	-	3	4	7	-	3	-	3	10
Managers	10	462	211	683	4	44	17	65	748
Graduates	1,469	2,914	680	5,063	286	588	118	992	6,055
Skilled workers	4,449	7,311	1,947	13,707	679	1,680	383	2,742	16,449
<b>Total</b>	<b>5,928</b>	<b>10,690</b>	<b>2,842</b>	<b>19,460</b>	<b>969</b>	<b>2,315</b>	<b>518</b>	<b>3,802</b>	<b>23,262</b>

2019	Men (M)			Total M	Women (W)			Total W	Total
	<30	30-50	>50		<30	30-50	>50		
Steering Committee	-	2	4	6	-	4	-	4	10
Managers	13	618	240	871	11	85	15	111	982
Graduates	1,877	3,721	770	6,368	389	722	141	1,252	7,620
Skilled workers	5,294	8,787	2,221	16,302	767	1,961	482	3,210	19,512
<b>Total</b>	<b>7,184</b>	<b>13,128</b>	<b>3,235</b>	<b>23,547</b>	<b>1,167</b>	<b>2,772</b>	<b>638</b>	<b>4,577</b>	<b>28,124</b>

**Total number and distribution of people employed by country**

Country	2018	2019
India	6,391	8,772
Mexico	4,545	5,318
Brazil	3,652	3,499
Spain	2,602	2,490
China	755	1,763
USA	1,678	1,652
Germany	834	1,058
Slovakia	243	829
Czech Republic	794	707
Romania	328	616
France	371	346
Portugal	330	317
Italy	280	284
Lithuania	231	242
Morocco	41	132
Russia	111	92
The Netherlands	0	5
Guatemala	1	1
England	75	1
<b>Total</b>	<b>23,262</b>	<b>28,124</b>

Total number and distribution of employment contract types.

	2018	2019
Permanent contract	19,019	22,738
Temporary contract	4,243	5,386
<b>Total employees</b>	<b>23,262</b>	<b>28,124</b>
Full-time	23,097	27,933
Part-time	165	191
<b>Total employees</b>	<b>23,262</b>	<b>28,124</b>

Annual average of permanent, temporary and part-time contracts by gender, age and professional classification.

In **2019**, the **average number of permanent contracts** was 19,357 for men and 3,878 for women; 5,767 for employees under the age of 30 years, 13,960 for employees between 30 and 50 years of age and 3,509 for those over the age of 50. On the other hand, the annual average of permanent contracts was 930 for managers, 6,966 for graduates (specialists and administrative staff included) and 15,339 for skilled workers.

In **2018**, the **average number of permanent contracts** was 15,487 for men and 3,023 for women; 4,580 for employees under the age of 30 years, 11,049 for employees between 30 and 50 years of age and 2,880 for those over the age of 50. On the other hand, the annual average of permanent contracts was 703 for managers, 5,218 for graduates (specialists and administrative staff included) and 12,588 for skilled workers.

In **2019**, the **annual average of temporary contracts** was 4,623 for men and 779 for women; 2,960 for employees under the age of 30 years, 2,083 for employees between 30 and 50 years of age and 360 for those over the age of 50. On the other hand, the annual average of temporary contracts was 74 for managers, 827 for graduates (specialists and administrative staff included) and 4,502 for skilled workers.

In **2018**, the **annual average of temporary contracts** was 3,837 for men and 734 for women; 2,444 for employees under the age of 30 years, 1,805 for employees between 30 and 50 years of age and 322 for those over the age of 50. On the other hand, the annual average of temporary contracts was 70 for managers, 882 for graduates (specialists and administrative staff included) and 3,620 for skilled workers.

In **2019**, the **average number of full-time contracts** was 23,849 for men and 4,569 for women; 8,659 for employees under the age of 30 years, 15,962 for employees between 30 and 50 years of age and 3,797 for those over the age of 50. On the other hand, the annual average of full-time contracts was 1,001 for managers, 7,709 for graduates (specialists and administrative staff included) and 19,708 for skilled workers.

In **2018**, the **average number of full-time contracts** was 19,221 for men and 3,696 for women; 6,898 for employees under the age of 30 years, 12,853 for employees between 30 and 50 years of age and 3,165 for those over the age of 50. On the other hand, the annual average of full-time contracts was 778 for managers, 6,083 for graduates (specialists and administrative staff included) and 16,056 for skilled workers.

In **2019**, the **average number of part-time contracts** was 132 for men and 88 for women; 68 for employees under the age of 30 years, 81 for employees between 30 and 50 years of age and 71 for those over the age of 50. On the other hand, the annual average of part-time contracts for managers was 4, 84 for graduates (specialists and administrative staff included) and 133 for skilled workers.

In **2018**, the **average number of part-time contracts** was 98 for men and 66 for women; 40 for employees under the age of 30 years, 65 for employees between 30 and 50 years of age and 60 for those over the age of 50. On the other hand, the annual average of part-time contracts was 3 for managers, 59 for graduates (specialists and administrative staff included) and 102 for skilled workers.

Number of dismissals by gender, age and professional category.

2018	Men (M)			Total M	Women (W)			Total W	Total
	<30	30-50	>50		<30	30-50	>50		
Managers	0	26	21	47	0	2	1	3	50
Graduates	118	249	43	410	41	57	2	100	510
Skilled workers	444	538	138	1,120	105	195	35	335	1,455
<b>Total</b>	<b>562</b>	<b>813</b>	<b>202</b>	<b>1,577</b>	<b>146</b>	<b>254</b>	<b>38</b>	<b>438</b>	<b>2,015</b>

2019	Men (M)			Total M	Women (W)			Total W	Total
	<30	30-50	>50		<30	30-50	>50		
Managers	1	11	16	28	1	3	2	6	34
Graduates	113	279	38	430	28	62	9	99	529
Skilled workers	359	480	157	996	74	185	40	299	1,295
<b>Total</b>	<b>473</b>	<b>770</b>	<b>211</b>	<b>1,454</b>	<b>103</b>	<b>250</b>	<b>51</b>	<b>404</b>	<b>1,858</b>

Average remuneration and its evolution broken down by sex, age and professional classification or equal value.

Wage gap, remuneration for similar or average job posts in the Company.

**The wage gap in CIE Automotive is 5%**, with men paid an average annual gross income of €15,450 and women an average of €14,750. In 2018 the wage gap was 13%, with men paid an average annual gross income of €15,641 and women an average of €13,532.

Moreover, workers under the age of 30 years are paid an average annual gross income of €7,786, workers between 30 and 50 years of age are paid €15,805 and those over the age of 50 an average of €29,690. In 2018, workers under the age of 30 years were paid an average annual gross income of €8,335, workers between 30 and 50 years of age were paid €15,941 and those over the age of 50 an average of €28,706.

CIE Automotive managers receive an average annual gross income of €52,771, graduates an average of €18,799 and skilled workers an average of €12,081. In 2018, managers received an average annual gross income of €52,374, graduates an average of €17,756 and skilled workers an average of €13,013.

All the above-mentioned average gross annual remunerations are calculated by adding together all the CIE Automotive employees in the category to be broken down, regardless of their origin or place of work.

The average remuneration of board members and managers, including variable remuneration, allowances, compensations, payment to long-term savings systems and any other receipts, broken down by sex.

CIE Automotive's Remuneration Policy establishes that the remuneration of its board members must match their dedication and the responsibility assumed, and must be in line with what is paid in the market by comparable companies at national and international level, taking the shareholders' long-term interests into consideration.

#### Basic principles of the remuneration policy

- Appropriately rewarding the dedication and responsibility assumed by the board members, in line with what is paid in the market in companies comparable in capitalisation, size, ownership structure and international presence.
- Ensuring that the remuneration contributes directly to the achievement of CIE Automotive's strategic objectives.
- Ensuring proper attraction, motivation and retention of the best professionals.

The average remuneration of board members and managers in euros, including variable remuneration, allowances, compensations, payment to long-term savings systems and any other receipts, broken down by sex, was as follows:

2018	Total people	Men	Average remuneration €	Women	Average remuneration €
Board Members*	5	5	1,102,548	0	-
Senior Management	10	7	675,351	3	495,932

\*Remunerated Board Members: two executives, two independent and the chair.

2019	Total people	Men	Average remuneration €	Women	Average remuneration €
Board Members*	5	5	1,357,000	0	-
Senior Management	9	5	954,000	4	307,000

\*Remunerated Board Members: two executives, two independent and the chairman.

For further detail, see the Notes *Costs of benefits to employees* and *Transactions with related parties* of CIE Automotive's Consolidated Annual Accounts for the year ended 31 December 2019 of the Annual Report of Board Members' Remuneration 2019 and the Remuneration Policy, both documents available on the corporate website.

Implementation of policies for disconnection from work.

There are seven factories of CIE Automotive's located in five different countries (Germany, France, Slovakia, Brazil and China), that have a policy adopted as regards disconnection from work and, in addition, they ensure that the necessary steps are taken to make sure of digital disconnection (computers, company mobile phones, etc.) outside of business hours, as well as during leave and holidays.

Disabled employees.

CIE Automotive employs 363 people with some kind of disability, 1.3% of its workforce (in 2018 there were 366 people with some kind of disability). As a manifestation of the Group's commitment to diversity in employment, it is a member of the Advisory Board of the organisation for social inclusion *Foro Inserta* in the Basque Country, led by ONCE, the Spanish national organisation for the blind, with the objective of facilitating integration and employability of people with some degree of disability.

## 2. Work organisation

Organisation of working time.

Measures to facilitate enjoyment of balance and to promote the exercise of joint responsibility by both parents.

Surveys are conducted in all plants annually on organisation of working time and measures for work-life balance.

In 2019, 70% of locations had measures to facilitate enjoyment of balance and to promote the exercise of joint responsibility by both parents.

Some of these measures are: flexibility in work centre arrival and departure times, adaptation of working hours to preserve the family environment, the possibility of teleworking, granting of additional days of paternity and maternity leave in addition to those already established by law, and measures for protecting pregnant women.

Number of hours of absenteeism.

Absenteeism in the Company was 5% in 2019, over 3 million and twenty thousand hours of absenteeism. In 2018 the rate was also 5% (with over 3 million hours of absenteeism).

CIE Automotive uses the most prudent version of this concept by considering any absence from work as absenteeism, which could result from occupational or common accidents, sick leave of long duration or time off for maternity and paternity leave, except for holidays.

## 3. Health and safety

Occupational health and safety conditions.

Accidents at work, in particular their frequency and severity, occupational diseases; broken down by sex.

The Company maintains a preventive approach to ensuring the health, safety and welfare of its employees: it heeds higher standards than the legal requirements established in each country, it provides training for workers appropriate to their work centre and with their activity and it monitors the effectiveness of improvements through internal audits. Occupational risk prevention is articulated around the Strategic Risk Prevention Plan 2020, adopted in 2017, on the following lines:

- **Indicators:** Continuous improvement of frequency and severity indicators and reduction in the number of accidents.
- **CIE SAFETY:** Implementation of a self-assessment questionnaire in all plants. The target for completion of this questionnaire is 85% and it requires the implementation of specific measures in the annual risk prevention plans to improve the results obtained.
- **ISO 45001 (previously OHSAS 18001):** all production centres (within 2017 bounds) must obtain certification in 2020, and new plants must obtain it within a maximum of three years after their integration.

At the organisation level, CIE Automotive has an external risk prevention service that covers the four prevention specialities and a coordinator in Occupational Risk Prevention in each production plant with over 100 people around the world. Risk prevention is complemented by a corporate department that regularly audits plants, maintains the corporate intranet and serves as a point of contact for matters related to occupational risk prevention.

At plant level, Occupational Risk Prevention personnel verify the suitability of the facilities by means of inspections, conduct emergency drills, give training, participate in investigating incidents and perform awareness-raising activities. Each plant has its own Occupational Risk Prevention plan, drawn up based on a framework system, which is continuously subject to auditing of Group occupational risk management systems. This activity allows the risk prevention measures to be adapted for each plant, on the one hand, and the effectiveness of the package of occupational risk activities to be evaluated, on the other. Individual action plans are established annually to meet the improvement targets set based on performance in the year before. All production centres have an occupational health and safety coordinator.

Accident Rate	Men	Women	Total
2018	461	56	517
2019	517	50	567

	2018	2019
Frequency Rate	9.1	9.7
Severity Rate	0.2	0.17

Occupational diseases	2018	2019
Men	5	16
Women	8	9
Total	13	25

#### 4. Labour relations

Organisation of dialogue between management and staff, including procedures for informing and consulting staff and negotiating with them.

The Company respects freedom of association and the right to collective bargaining, maintaining a dialogue with workers' representatives in its European plants, but also in those countries where the trade union tradition is more limited.

Relations with employees are based on respect and transparency. Communication with workers takes place, mainly, through the balanced scorecard and the corporate intranet. There is also a six-monthly internal communication magazine, "News", where the Company reveals the most significant advances in financial and business, as well as in social and environmental aspects.

To understand employees' concerns, CIE Automotive conducts a work environment survey in each production centre every other year. This frequency can vary depending on the particular situation of each location: new acquisitions, specific situations in the country, negotiation of agreements, among others.

The average result of the 69 surveys undertaken between 2018 and 2019 was 7 out of 10. It should also be emphasised that there are always action plans for improving the survey results and, therefore, the satisfaction of CIE Automotive's employees.

Percentage of workers covered by collective agreements by country.

Country	2018			2019		
	Total workforce	Workforce covered	% coverage	Total workforce	Workforce covered	% coverage
India	6,391	2,380	37%	8,772	2,660	30%
Mexico	4,545	3,101	68%	5,318	3,247	61%
Brazil	3,652	3,524	96%	3,499	3,350	96%
Spain	2,602	2,371	91%	2,490	2,253	90%
China	755	401	53%	1,763	358	20%
USA	1,678	0	-	1,652	0	-
Germany	834	816	98%	1,058	921	87%
Slovakia	243	243	100%	829	230	28%
Czech Republic	794	252	32%	707	205	29%
Romania	328	327	100%	616	616	100%
France	371	370	100%	346	342	99%
Portugal	330	330	100%	317	316	100%
Italy	280	280	100%	284	280	99%
Lithuania	231	0	-	242	0	-
Morocco	41	0	-	132	0	-
Russia	111	0	-	92	0	-
The Netherlands	-	-	-	5	0	-
Guatemala	1	0	-	1	0	-
England	75	0	-	1	0	-
<b>Total</b>	<b>23,262</b>	<b>14,395</b>	<b>62%</b>	<b>28,124</b>	<b>14,778</b>	<b>53%</b>

The balance of collective agreements, particularly as regards occupational health and safety.

Throughout 2019, 36 collective agreements or pacts (geographic, sector or production centre) were signed in several production centres in the following countries: Romania, Spain, France, Czech Republic, Mexico, Brazil and India. Agreements were signed in over 40 production centres in 2018.

As a rule, all agreements include specific references to risk prevention and health and safety matters, constituting one of the most important issues.

## 5. Training

Policies implemented in the field of training.  
Total number of training hours by professional category.

Vocational training is focused on developing the abilities required for effective performance in achieving CIE Automotive's objectives.

Professional category	No. of training hours		Total personnel trained	
	2018	2019	2018	2019
Managers	19,144	29,140	606	766
Graduates	262,332	231,994	6,307	6,748
Skilled workers	417,494	504,982	13,578	17,103
<b>Total</b>	<b>698,970</b>	<b>766,116</b>	<b>20,491</b>	<b>24,617</b>

	2018	2019
Total people employed	23,262	28,124
Total people trained	20,491	24,617
% people trained	88%	88%
No. training hours	698,970	766,116
No. hours/Total people trained	34.1	31.1
No. hours/Total people employed	30	27

The company management decentralisation promotes also the training, as decisions are taken focusing actions on operational nature. In any case, CIE Automotive has a Training Plan Procedure indicating all the stages to be followed to design such plans: identification of needs, planning, definition, execution, assessment and feedback.

Additionally, an open proposal is presented annually to CIE Automotive plants that contains all the training actions to be carried out in the following financial year, such as sessions aimed at training in advanced management and interpersonal skills for those people with certain capabilities and/or potential (soft skills).

## 6. Universal accessibility for disabled people

CIE Automotive employs 363 people with some kind of disability around the world, 1.3% of its workforce. As a manifestation of the Group's commitment to diversity in employment, it is a member of the Advisory Board of the organisation for social inclusion *Foro Inserta* in the Basque Country, led by ONCE, the Spanish national organisation for the blind, with the objective of facilitating integration and employability of people with some degree of disability.

## 7. Equality

Measures adopted to promote equal treatment and opportunities between women and men. Equality plans (Chapter III of Spanish Organic Law 3/2007, of 22 March, for effective equality between women and men), measures adopted to promote employment, protocols against sexual harassment and gender discrimination, integration and universal accessibility for people with disabilities. Policy against all forms of discrimination and, where appropriate, on diversity management.

CIE Automotive is in the midst of developing a corporate Equality and Diversity Plan, specifically at the diagnostic phase, in which individual interviews have been conducted with 15 leaders of the organisation, as well as 14 focus groups with global coverage. One of the measures in this Plan will be to establish a protocol against sexual harassment and gender discrimination, among other things.

CIE Automotive provides its workers with a working environment free from discrimination on the basis of gender, race, religion, age, sexual orientation, nationality, marital status or socio-economic status.

To ensure compliance with the Code of Conduct, CIE Automotive makes it possible for all those who form part of the organisation to raise queries and report irregularities or breaches that lack ethics or integrity or violate the established guidelines, through an ethical channel, by e-mail, physical mail or the web. This channel ensures the anonymity of the sender.

## VII. Human rights

Application of due diligence procedures as regards human rights. Prevention of risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses. Complaints about cases of human rights violations.

CIE Automotive guides its actions in accordance with its corporate values, based on which it has created internal regulations to ensure the upright behaviour of its members, tools for monitoring and mechanisms for action in the event of non-compliance. The **Professional Code of Conduct** and **Corporate Policies** developing this ethical framework were updated in October 2019.

The Code of Conduct provides members of the organisation with a guide to ethics and principles for action in their work activity.

Everyone who works at CIE Automotive is obliged to know it and comply with it. In addition, the Group encourages its business partners (joint ventures, suppliers, customers, contractors and collaborating companies) to act in a manner consistent with the code and to implement ethical programmes that are consistent with its standards.

CIE Automotive revised the Code of Conduct during the 2019 financial year based on proposals of people in charge in various geographical areas. Among the main changes is that it goes into greater depth on the fight against fraud and corruption and on protection of personal data.

### **CIE Automotive's guidelines for conduct**

- Acting ethically and legally.
- Respect for people and society.
- Health and safety.
- Relationships with Authorities and third parties.
- Transparency, integrity and confidentiality of information.
- Tax obligations and use of public funds.
- Use of resources and assets.
- Protection of information.
- Intellectual and industrial property

Failure to comply with the Code of Conduct by members of CIE Automotive may lead to the application of sanctions in accordance with the applicable law.

The Corporate Social Responsibility Committee, which reports to the Board, is responsible for

supervising proper implementation of the Code of Conduct.

**Ethical (whistle-blower) channel**

To promote compliance with the Code of Conduct, CIE Automotive has established a procedure for managing reports and queries concerning irregularities or breaches of the Code of Conduct.

Both members of the organisation and its stakeholders can raise queries and report irregularities or breaches that lack ethics or integrity or violate the guidelines established in the Code of Conduct, through the following channels:

- Electronic ethical channel: [whistleblowerchannel@cieautomotive.com](mailto:whistleblowerchannel@cieautomotive.com)
- Post addressed to the Compliance Department at the following address: Alameda Mazarredo 69, 8º. C.P. 48009 Bilbao (Bizkaia), Spain.
- Information and a communications channel on the intranet and the corporate website.

One change is that the new Code of Conduct stipulates that all reports or queries can be made anonymously. The Compliance Department processes the reports and queries, which will be studied and handled confidentially. The information on those involved will be managed in accordance with the applicable data protection laws in the country concerned.

Eighteen complaints were received through this ethical channel in 2019. The complaints were mostly related to lack of professional ethics and breach of the Code of Conduct (13 out of a total of 18), and to a lesser extent to corruption (three) and discrimination (two). The appropriate actions were taken in all cases to study, follow up on and resolve or close these complaints. Within these actions were the dismissal of workers who participated in the reported cases of fraud and corruption, as well as mediation of Management and the HR departments concerned to resolve cases of discrimination reported and to prevent their recurrence, by means of enhanced workforce training in company values and the guidelines in the Code of Conduct. However, no complaints were received related to violation of human rights.

Promotion of and compliance with the International Labour Organisation’s core conventions relating to respect for freedom of association and the right to collective bargaining.  
 Elimination of discrimination in employment and occupation.  
 Elimination of forced or compulsory labour.  
 Effective abolition of child labour.

CIE Automotive rejects child labour or forced labour and discrimination in employment and occupation. It fosters respect for freedom of association and the right to collective bargaining and complies with the laws of the countries where it operates, in accordance with internationally recognised rights and with its own Human Rights Policy. This policy complies with the International Labour Organisation’s core conventions relating to respect for freedom of association and the right to collective bargaining. The total number of people covered by these conventions is shown in section VI. *Matters relating to staff*, subsection 4. *Labour relations*.

Although all plant HR managers and directors sign this policy, pledging to abide by and enforce it, a survey is conducted annually to identify plants where there is a risk of these events occurring and appropriate measures are applied if necessary. Of the plants, 100% completed the survey and 100% of plants answered in a satisfactory manner to confirm that no risks were identified in this matter.

The **Purchasing Policy** is distributed to suppliers through the following communications channels: corporate website, General Purchasing Conditions, the Supplier Portal, CSR Days at country level, as well as the publishing of a video hosted on our website and the signing of the CSR Commitment document for suppliers. As such, CIE Automotive can affirm that suppliers representing over 90% of purchases have been informed and have ratified their acceptance of the CSR Commitment.

Therefore, CIE Automotive confirms that there are no operations or suppliers in the entire supply chain with significant risk of cases of child labour, forced labour, unfair treatment, discrimination or any other practices that imply putting profit ahead of social and/or environmental concerns. The absence of complaints received in the whistle-blower channel in 2019 related to the supply chain reflects this.

## VIII. Corruption and bribery

Measures adopted to prevent corruption and bribery.  
Anti-money laundering measures.

CIE Automotive has an **Anti-corruption and Fraud Policy** that indicates that the relationship with civil servants and public authorities must be based on principles of transparency, integrity, objectivity, fairness and legality. All Group members must comply with the guidelines for conduct of the Code of Conduct, which indicates the corporate values to guide the behaviour of CIE Automotive' professionals, as well as guidelines for behaviour and general lines of action to direct decision-making in the Group. Furthermore, one of the Internal Audit Department's functions is to confirm that Group companies operate in line with the corporate values and always in accordance with the law.

The Company's commitment to the fight against fraud and corruption is evident in its adherence to the ten principles outlined in the United Nations Global Compact. As anticipated in the tenth principle, CIE Automotive is committed to fighting corruption in all its forms, including extortion and bribery, and to developing specific policies in relation to this area.

The Company is politically neutral and does not finance political parties or their representatives or candidates, either directly or indirectly, in Spain or abroad.

In addition, as indicated in sections *II. Policies* and *III. Short-, medium- and long-term risks* of this report, the Group has had a Criminal Risks Prevention Model since 2015, which was updated in October 2019, with a Support Unit with autonomous powers of initiative and control within the organisation, responsible for ensuring compliance with the Model. The Company depends on this model as a measure to combat the money laundering, in addition to training in the Code of Conduct and the implementation of corporate policies.

To ensure compliance with the Code of Conduct, the guidelines of which push for the fight against fraud and corruption, as well as against money laundering, CIE Automotive makes it possible for all those who form part of the organisation to raise queries and report irregularities or breaches that lack ethics or integrity or violate the established guidelines, through an ethical channel by e-mail, physical mail or the web. This channel ensures the anonymity of the sender.

As stated in section *VII. Human rights*, 18 complaints were received in 2019 through the ethical channel, three of which were directly related to fraud and corruption. The appropriate actions were taken in all cases to study, follow up on and resolve or close these complaints. Within these actions was the dismissal of workers who participated in the cases of fraud and corruption reported.

Contributions to foundations and non-profit entities.

CIE Automotive's contributions to foundations and non-profit organisations totalled over €0.5 million in 2019, and over €0.8 million in 2018. The participation of staff employed in them remained at the same levels as 2018, at over 2,700.

For greater detail on the type of social action carried out in each of the geographical areas in which the Group operates, see the **Annual Report 2019**, *Committed social development* section.

**IX. Society**
**1. Company commitments to sustainable development**

The impact of company activity on employment and local development.  
 The impact of company activity on local populations and on the territory.  
 Relationships with local community representatives and means of dialogue with them.

CIE Automotive contributes to the development of the places where it is present by boosting their business fabric, generating direct and indirect jobs and paying taxes. As well as the direct impact of its business activity, it collaborates with other local organisations in various social activities and actively participates in sector organisations.

Section VI. *Matters relating to staff*, subsection I. *Employment* shows impact on local employment generated by the Group. For greater detail on the type of social action carried out in each of the geographical areas in which the Group operates, see the **Annual Report 2019**, *Committed social development* section.

The location of CIE Automotive's suppliers close to Group plants generates wealth in local communities, reduces logistics costs and tariff barriers and decreases exchange risks. For these reasons, **91.6%** of CIE Automotive's **suppliers** were **local** companies in 2019, 1.2% higher than in 2018. These suppliers account for 79% of total Group purchase volume in 2019.

Training of professionals working in the purchasing function in each geographical area is, therefore, necessary to explain CIE Automotive's demands in terms of quality and sustainability and request this from local suppliers. To that end, training days were held with the management teams in India, China, Mexico and Europe in 2019.

Partnership or sponsorship actions.

**Partnership actions**

As a leading member of the automotive components sector, CIE Automotive promotes fair, responsible organisation of its activity for the benefit of the sector, of its stakeholders and of society.

Thus, as a member of the Management Board of SERNAUTO (the Spanish Association of Automotive Suppliers), and in line with its environmental commitment, it supports the design of an efficient, effective regulatory framework for reducing polluting emissions, which preserves jobs and the competitiveness of a vital part of the industry at the same time. As such, the legislation needs to set environmentally ambitious, but technically and economically viable targets, and to recognise efficient technologies for reducing emissions, thereby maintaining the principle of technological neutrality.

In addition to belonging to SERNAUTO, the Group also belongs to other associations such as:

- ACICAE: Automotive Cluster of the Basque Country, where he is part of the Presidency of the Board of Directors.
- CLEPA (European Association of Automotive Suppliers), in which it is a member of the R&D Committee.
- EGVIA (European Green Vehicles Initiative Association): European association for the green vehicles initiative.
- TECNALIA: Private Centre for Applied Research, where it is a member of the Board of Directors.
- AIC (Automotive Intelligence Center): automotive centre located in the Basque Country, where it is a founding member and holds the vice-presidency of the Board of Directors.

For further detail on all the associations of which CIE Automotive is a member, see the **Annual Report 2019**, *Institutional relationships* section.

### Sponsorship actions

The following are some examples of the main sponsorship actions undertaken by CIE Automotive in 2019:

- *Real Sociedad Fundazioa.*
- *EITB Maratoia* for childhood cancer research.
- *Korrika.*
- Youth hockey team of Valašské Meziříčí (Czech Republic).
- Universal Festival of Instrumental Music of Maracanaú (Brazil).
- COB Ourense.

For further detail on all the sponsorships of CIE Automotive, see the [Annual Report 2019](#).

## 2. Subcontracting and suppliers

The inclusion in the purchasing policy of social, gender equality and environmental issues. Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility.

CIE Automotive's supply chain comprises over 25,000 suppliers, which billed the Company over €1,900 million in 2019. The Group continued to refine its purchasing model during the year, performing quality controls and integrating social and environmental criteria into the management of its suppliers, as well as implementing the model in its most recently acquired companies.

The new **Supplier Portal**, a free on-line platform accessible from the **Supply chain** section of the corporate website, is where current and potential suppliers of products and services to CIE Automotive can register. This new means of interaction pursues a twofold objective: on the one hand, it facilitates the registration of companies interested in working with CIE Automotive, standardising their assessment prior to incorporation into the supplier panel; and on the other hand, it serves as a reference tool for purchasing managers at worldwide.

Implementation of the Supplier Portal was consolidated in Europe in 2019, with the registration of over 90% of production material suppliers, and it was deployed worldwide, where implementation to European standards is expected to be achieved in 2020. The operational process for monitoring and controlling the required global standards, as well as for gradually incorporating non-production material suppliers, is performed by means of internal audits and internal controls.

### Standard and objective selection

Once registered in the portal, providers need to respond to four questionnaires on the following topics, each with a specific level of relevance: activity management (35%), environmental management (20%), CSR management (25%) and management of conflict minerals (20%). The questionnaires can be seen in detail on the [corporate website](#), and the abolition of any discrimination of the basis of race or gender, among others, is demanded both on the Supplier Portal and in the Global Supply Chain Manual.

After the objective assessment of the answers, a final score is sent to the supplier automatically. If this is positive, this score accredits membership of the supplier panel. If it is not positive, the supplier receives detail on those aspects it needs to work on to improve and CIE Automotive's commitment to collaborate to achieve their implementation.

With this procedure, CIE Automotive ensures standardisation of the purchasing process under criteria of objectivity, impartiality and equal opportunities, which govern its purchasing model and that are reflected in the Global Supply Chain Manual.

This manual, published in December 2017 and last updated in July 2019, details, in a simple, graphical manner, the Company **Mission** and **Purchasing Policy**, the types of products and service purchasing, the purchasing flowchart and the internal procedures associated with it, as well as the CSR demands suppliers must fulfil to work with CIE Automotive.

### Supplier approval

The requirements on suppliers depend on their classification according to the product or service they provide. Over 90% of suppliers to CIE Automotive of families considered susceptible to assessment are certified to IATF 16949 (certification replacing the former ISO/TS 16949) or ISO 9001. Environmental

certification to ISO 14001 and ISO 45001 (previously OHSAS 18001) are considered a plus.

Over 24% of the total number of production material suppliers provided their environmental certificate ISO 14001 in 2019, a figure the Company wishes to improve on in 2020, being one of the requirements requested on the *Environment* questionnaire on the portal.

The General Purchasing Conditions and the Global Supply Chain Manual confirm the requirement and commitment of the supply chain to comply with and enforce the law applicable in each country as regards ESG (Environmental, Social and Governance). In addition, section 15 of the CSR Commitment for suppliers outlines the demands on them in the exercise of their activity with respect to the environment.

Suppliers who do not have these certifications must generate a work plan for obtaining them or present third-party accreditation attesting to them meeting the standards required by CIE Automotive.

In 2018, the Company defined its environmental requirements on suppliers, implementation of which will be phased in over the next few years. Aware of the difficulties involved in developing these for small and medium-sized enterprises, CIE Automotive provides them with training if required.

Supervision systems and audits and their results.

The assessments are completed through process audits in which the following parameters are evaluated and weighted: planning, suppliers, receipt, training and qualification, process, maintenance, inspection, packaging, storage, continuous improvement and the environment, customer satisfaction, documentation and corporate social responsibility. Several of these sections explicitly mention and audit supplier performance in such important aspects as the environment and occupational safety.

The CSR section also checks that the processes of both existing suppliers and new audited suppliers comply with the ESG (Environmental, Social and Governance) requirements that CIE Automotive declares and promotes in its supply chain.

Four supplier classification levels result from the application of this assessment procedure, depending on the degree of compliance:

- **Unacceptable:** ceases to be a supplier to CIE Automotive, because its level of compliance is below 55%.
- **Conditional:** supplier(s) from which an improvement plan in the form of company management is required, as they only comply with between 55% and 74% of the requirements set out in the assessment.
- **Acceptable:** supplier(s) required to perform some specific actions as they only comply with 75%-89% of the requirements set out in the assessments.
- **Preferred:** supplier(s) with a result after auditing of between 90% and 100%.

Failure to obtain a 100% score in the CSR section immediately assigns a supplier the classification of *Unacceptable*. However, the result of the 687 audits carried out in 2019 (35% more than in 2018) underscored the solidity of the supply chain in that less than 1% of audited suppliers were classified as *Unacceptable*.

### 3. Consumers

Measures for consumer health and safety.  
Claims systems, complaints received and complaint resolution.

CIE Automotive has no direct contact with final consumers in its activity, only with manufacturers in the sector. The Company complies with all the health and safety requirements its customers demand, in addition to sector specific norms such as the IATF standard, full compliance with which is indicated in section V. *Environmental issues*, subsection 1. *Global environment*.

The IATF 16949 standard is considered the international standard for quality management systems most widely used in the automotive industry, harmonising the various assessments and certification systems in the global automotive industry supply chain.

In line with the operational model of the automotive sector to which CIE Automotive belongs, the Company manages claims and complaints from its customers (manufacturers) by means of their

corporate channels, and it does not have its own systems for managing claims and complaints from final consumers as it has no direct contact with them.

No complaints related to health and safety were received from final consumers in 2019, neither in 2018.

#### 4. Tax information

Profits obtained country-by-country.  
Corporate income tax paid.

The information below is presented in the Form 231. Disclosure Statement from the Vizcaya Regional Government, model following Directive (EU) 2016/881 of the Council of 25 May 2016, amending Directive 2011/16/EU with regard to mandatory automatic exchange of information in the field of taxation, regulates the country-by-country report that “multinational enterprise groups” must provide each year and for each tax jurisdiction in which they operate, and that will be useful for globally assessing the transfer pricing risk, where the principle objective is to provide the information necessary to analyse the risk of linked transactions, thus facilitating the work of the tax authorities, which may turn to it to assess other risks related to base erosion and profit shifting.

In adapting to this Directive, the obligation to present country-by-country information is regulated in sections 10 and 11 of Article 43 of Local Regulation 11/2013, of 5 December on Corporation Tax, Article 21bis of Local Government Decree of the Vizcaya Regional Government 203/2013, of 23 December, approving Regulation of Corporation Tax.

Tax jurisdiction	2018		2019	
	Profit/(Loss) before Corporation Tax	Corporation Tax paid (cash basis)	Profit/(Loss) before Corporation Tax	Corporation Tax paid (cash basis)
Basque Country	66.4	0	169.5	0.2
Mexico	131.9	33	135.5	22.1
Brazil	21.6	5	48.7	5.7
China	31.3	7.5	48.1	9.7
India	30.7	10.2	42.4	7.6
Spain	29	6.9	36.6	8.0
USA	15.7	0.3	20.4	0.3
Lithuania	5.4	0.2	7.7	0.1
Russia	1	0	6.8	0.0
Italy	7.5	0	6.5	0.8
Romania	(0.3)	0.9	6.1	0.1
Czech Republic	4.4	0.8	5.5	1.1
France	4.5	1.5	5.2	1.8
Slovakia	4.3	0.4	3.4	0.3
Navarre	2.5	0	3.3	0.0
Portugal	2.3	0.4	2.5	0.5
Morocco	0.6	0	1.0	0.0
England	(6.3)	0	0.0	0.0
Barbados	-	-	0.0	0.0
Guatemala	(0.1)	0	(0.1)	0.0
The Netherlands	-	-	(0.5)	0.0
Germany	3.6	0	(8.4)	0.5
<b>Total (€ million)</b>	<b>356.1</b>	<b>66.9</b>	<b>540.3</b>	<b>58.8</b>

*These data are without consolidation adjustments and under IFRS.*

Public subsidies received.

CIE Automotive received €1.4 million euros in operating subsidies in 2019, €0.6 million less than in 2018. Of the total received, €0.7 million was received in Spain, €0.2 million in Russia, Germany and Portugal respectively and €0.1 million in China.

**X. Traceability of fulfilment of the Spanish Law on non-financial and diversity information**

SPANISH LAW 11/2018 ON NON-FINANCIAL AND DIVERSITY INFORMATION	GRI STANDARDS, 2016 VERSION
<b>I. BUSINESS MODEL</b>	
<p>A brief description of the group's business model, including:</p> <ol style="list-style-type: none"> <li>1) its business environment,</li> <li>2) its organisation and structure,</li> <li>3) the markets in which it operates,</li> <li>4) its objectives and strategies,</li> <li>5) the principal factors and trends that could affect its future evolution.</li> </ol>	<ul style="list-style-type: none"> <li>102-1 Name of the Company</li> <li>102-2 Activities, brands, products, and services</li> <li>102-3 Location of headquarters</li> <li>102-4 Location of operations</li> <li>102-5 Ownership and legal form</li> <li>102-6 Markets served</li> <li>102-7 Scale of the organisation</li> <li>102-10 Significant changes to the organisation and its supply chain</li> <li>102-16 Values, principles, standards, and norms of behaviour</li> <li>102-18 Governance structure</li> <li>102-20 Executive-level responsibility for economic, environmental and social topics</li> <li>102-29 Identifying and managing economic, environmental and social impacts</li> <li>102-30 Effectiveness of risk management processes</li> <li>102-31 Review of economic, environmental and social topics</li> <li>102-32 Highest governance body's role in sustainability reporting</li> <li>102-33 Communicating critical concerns to the highest governance body</li> <li>102-34 Nature and total number of ethical concerns</li> <li>102-40 List of stakeholder groups</li> <li>102-42 Identifying and selecting stakeholders</li> <li>102-44 Key topics and concerns raised</li> </ul>
<b>II. POLICIES</b>	
<p>A description of the policies the Group applies in these matters includes:</p> <ol style="list-style-type: none"> <li>1) the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and significant impacts,</li> <li>2) procedures for verification and control, including what measures have been adopted.</li> </ol>	<p>103 Management approach for each field</p>
<b>III. SHORT-, MEDIUM- AND LONG-TERM RISKS</b>	
<p>The principal risks related to those issues linked to Group activities, including, where relevant and proportionate, its commercial relationships, products or services that could have adverse effects in these areas, and:</p> <ul style="list-style-type: none"> <li>- How the Group manages those risks.</li> <li>- Explaining the procedures used to detect and assess them, in line with the national, European or international reference frameworks in each matter.</li> <li>- Information on the impacts identified must be included, offering a breakdown of these, in particular for the main short-, medium- and long-term risks.</li> </ul>	<ul style="list-style-type: none"> <li>102-15 Key impacts, risks and opportunities</li> <li>102-30 Effectiveness of risk management processes</li> </ul>

IV. KPIs	
<p>Key indicators of non-financial results relevant to the particular business activity and that meet the criteria of comparability, materiality, relevance and reliability.</p> <ul style="list-style-type: none"> <li>- With the aim of facilitating comparison of information, both over time and between entities, standards for non-financial key indicators that can be generally applied and that comply with European Commission guidelines and Global Reporting Initiative standards will be used especially and the report must mention the national, European or international framework used for each matter.</li> <li>- The key indicators of non-financial results must apply to each of the sections of the non-financial information statement.</li> <li>- These indicators must be useful, taking the specific circumstances into account and they must be consistent with the parameters used in their internal management procedures and risk assessments.</li> <li>- In any case, the information presented must be precise, comparable and verifiable.</li> </ul>	<ul style="list-style-type: none"> <li>102-45 Entities included in the consolidated financial statements</li> <li>102-46 Defining report content and topic Boundaries</li> <li>102-47 List of material topics</li> <li>102-48 Restatements of information</li> <li>102-49 Changes in reporting</li> <li>102-50 Reporting period</li> <li>102-51 Date of most recent report</li> <li>102-52 Reporting cycle</li> <li>102-53 Contact point for questions regarding the report</li> <li>102-56 External assurance</li> </ul>
V. ENVIRONMENTAL ISSUES	
1. Global environment	
<ul style="list-style-type: none"> <li>1) Detailed information on current and foreseeable effects of company activities on the environment and, where applicable, on health and safety, environmental assessment or certification procedures.</li> <li>2) Resources assigned to preventing environmental risks.</li> <li>3) Application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.</li> </ul>	<ul style="list-style-type: none"> <li>103 Management approach for each field</li> <li>102-11 Precautionary principle or approach</li> <li>307-1 Non-compliance with environmental laws and regulations</li> <li>419-1 Non-compliance with laws and regulations in the social and economic area</li> </ul>
2. Pollution	
<ul style="list-style-type: none"> <li>1) Measures to prevent, reduce or repair carbon emissions that seriously affect the environment.</li> <li>2) Taking any form of atmospheric pollution specific to an activity into account, including noise and light pollution.</li> </ul>	<ul style="list-style-type: none"> <li>103 Management approach on Emissions // Biodiversity</li> </ul>
3. Circular economy and waste prevention and management	
Circular economy	103 Management approach on Emissions // Circular economy
Wastes: Measures of prevention, recycling, reuse, other forms of recovery and disposal.	103 Management approach on Effluents and wastes 306-2 Waste by type and disposal method
Actions to combat food waste.	103 Management approach on Effluents and wastes // Food waste
4. Sustainable use of resources	
Water consumption and water supply in accordance with the local limitations.	303-1 Water withdrawal by source
Raw material consumption and the measures adopted to improve efficiency in their use.	103 Management approach on Materials 301-1 Materials used by weight or volume 301-2 Recycled input materials
Direct and indirect energy consumption, measures taken to improve energy efficiency and use of renewable energies.	103 Management approach on Energy 302-1 Energy consumption within the organisation 302-3 Energy intensity
5. Climate change	
The important elements of greenhouse gas emissions generated as a result of the Company's activities, including the use of goods and services it produces.	103 Management approach on Emissions 305-1 Direct (Scope 1) GHG emissions 305-2 Indirect (Scope 2) GHG emissions on generating energy 305-4 GHG emissions intensity
Measures adopted to adapt to the consequences of climate change.	103 Management approach on Emissions
The reduction targets established voluntarily in the medium and long term for reducing greenhouse gas emissions and the means implemented for this purpose.	103 Management approach on Emissions
6. Protection of biodiversity	
Measures taken to preserve or restore biodiversity. Impacts caused by activities or operations in protected areas.	103 Management approach on Biodiversity 304-2 Significant impacts of activities, products and services on biodiversity

VI. SOCIAL MATTERS RELATING TO STAFF	
<b>1. Employment</b>	
Total number and distribution of employees by gender, age, country and professional classification.	103 Management approach on Employment 102-8 Information on employees and other workers 405-1 Diversity of governance bodies and employees
Total number and distribution of employment contract types.	102-8 Information on employees and other workers
Annual average of permanent, temporary and part-time contracts by gender, age and professional classification.	102-8 Information on employees and other workers
Number of dismissals by gender, age and professional category.	401-1 New employee hires and employee turnover
Average remuneration and its evolution broken down by sex, age and professional classification or equal value.	405-2 Ratio of basic salary and remuneration of women to men
Wage gap, remuneration for similar or average job posts in the Company.	405-2 Ratio of basic salary and remuneration of women to men 103 Employment + Diversity and Equal opportunities
The average remuneration of board members and managers, including variable remuneration, allowances, compensations, payment to long-term savings systems and any other receipts, broken down by sex.	103 Management approach on Diversity and Equality - giving values of average Board Member remuneration by sex 102-35 Governance: Remuneration policies 102-36 Processes for determining remuneration
Implementation of policies for disconnection from work.	103 Management approach on Employment
Disabled employees.	405-1 Diversity of governance bodies and employees
<b>2. Work organisation</b>	
Organisation of working time. Measures to facilitate enjoyment of balance and to promote the exercise of joint responsibility by both parents.	103 Management approach on Employment
Number of hours of absenteeism.	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities
<b>3. Health and safety</b>	
Occupational health and safety conditions. Accidents at work, in particular their frequency and severity, occupational diseases; broken down by sex.	103 Management approach on Occupational Health and Safety 403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities 403-3 Workers with high incidence or high risk of diseases related to their occupation 403-4 Health and safety topics covered in formal agreements with trade unions
<b>4. Labour relations</b>	
Organisation of dialogue between management and staff, including procedures for informing and consulting staff and negotiating with them. Percentage of workers covered by collective agreements by country.	103 Management approach on Worker-company relations 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
The balance of collective agreements, particularly as regards occupational health and safety.	102-41 Collective bargaining agreements
<b>5. Training</b>	
Policies implemented in the field of training. Total number of training hours by professional category.	103 Management approach on Training and teaching 404-1 Average hours of training per year per employee
<b>6. Universal accessibility for disabled people</b>	
103 Management approach on Diversity and Equal Opportunities + Non-discrimination	
<b>7. Equality</b>	
Measures adopted to promote equal treatment and opportunities between women and men. Equality plans (Chapter III of Spanish Organic Law 3/2007, of 22 March, for effective equality between women and men), measures adopted to promote employment, protocols against sexual harassment and gender discrimination, integration and universal accessibility for people with disabilities. Policy against all forms of discrimination and, where appropriate, on diversity management.	103 Management approach on Diversity and Equal Opportunities + Non-discrimination

VII. HUMAN RIGHTS	
<p>Application of due diligence procedures as regards human rights</p> <p>Prevention of risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses.</p> <p>Complaints about cases of human rights violations.</p> <p>Promotion of and compliance with the International Labour Organisation's core conventions relating to respect for freedom of association and the right to collective bargaining.</p> <p>Elimination of discrimination in employment and occupation.</p> <p>Elimination of forced or compulsory labour.</p> <p>Effective abolition of child labour.</p>	<p>103 Management Approach on Human rights assessment + Freedom of association and collective bargaining + Child labour + Forced or compulsory labour</p> <p>102-16 Values, principles, standards and norms of behaviour</p> <p>102-17 Mechanisms for advice and concerns about ethics</p> <p>406-1 Incidents of discrimination and corrective actions taken</p> <p>407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</p> <p>408-1 Operations and suppliers at significant risk for incidents of child labour</p> <p>409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour</p>
VIII. CORRUPTION AND BRIBERY	
<p>Measures adopted to prevent corruption and bribery.</p> <p>Anti-money laundering measures.</p>	<p>103 Management approach on Anti-corruption</p> <p>102-16 Values, principles, standards and norms of behaviour</p> <p>102-17 Mechanisms for advice and concerns about ethics</p> <p>205-2 Communication and training about anti-corruption policies and procedures</p> <p>205-3 Confirmed incidents of corruption and actions taken</p> <p>415-1 Political contributions to parties and/or representatives</p>
<p>Contributions to foundations and non-profit entities.</p>	<p>413-1 Operations with local community engagement, impact assessments and development programmes</p>
IX. SOCIETY	
1. Company commitments to sustainable development	
<p>The impact of company activity on employment and local development.</p> <p>The impact of company activity on local populations and on the territory.</p> <p>Relationships with local community representatives and means of dialogue with them.</p>	<p>102-42 Identifying and selecting stakeholders</p> <p>102-43 Approach to stakeholder engagement</p> <p>103 Management approach to Local communities + indirect economic impacts</p> <p>203-2 Significant indirect economic impacts</p> <p>204-1 Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation</p> <p>413-1 Operations with local community engagement, impact assessments and development programmes</p>
<p>Partnership or sponsorship actions.</p>	<p>102-12 External initiatives</p> <p>102-13 Membership of associations</p>
2. Subcontracting and suppliers	
<p>- The inclusion in the purchasing policy of social issues, gender equality and environmental issues.</p> <p>- Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility.</p>	<p>102-9 Supply chain</p> <p>103 Environmental assessment of suppliers + Social assessment of suppliers + Acquisition practices</p> <p>204-1 Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation</p> <p>308-1 Environmental assessment of suppliers</p> <p>414-1 Social assessment of suppliers</p>
<p>Supervision systems and audits and their results.</p>	<p>103 Management approach on acquisition practices</p>
3. Consumers	
<p>Measures for consumer health and safety.</p> <p>Claims systems, complaints received and complaint resolution.</p>	<p>103 Management approach on Health and Safety in customers + Marketing and labelling + Customer privacy</p>
4. Tax information	
<p>Profits obtained country-by-country.</p> <p>Corporate income tax paid.</p>	<p>103 Management approach to economic performance + quantitative data on taxes and profits</p> <p>201-1 Direct economic value generated and distributed</p>
<p>Public subsidies received</p>	<p>201-4 Financial assistance received from government</p>

**XI. External verification**



**CIE Automotive S.A.  
and subsidiaries**

Independent Verification Report  
31 December 2019



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## Independent Verification Report

To the sole shareholder of CIE Automotive, S.A.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Consolidated Non-financial Statement (hereinafter "NFS") for the year ended 31 December 2019 of CIE Automotive, S.A (the Parent company) and subsidiaries (hereinafter "CIE" or "CIE Automotive" or "the Group") which forms part of the Group's Consolidated Management's Report (hereinafter "CMR").

### Responsibility of the directors

The preparation of the NFS included in CIE's CMR and the content thereof are responsibility of the Board of Directors of CIE Automotive, S.A. The NFS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") selected, described in line with the details provided for each matter in the table included in the section named "Traceability of fulfilment of the Spanish Law on non-financial and diversity information" of the mentioned NFS.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to ensure that the NFS to be free of any immaterial misstatement due to fraud or error.

The directors of CIE Automotive, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFS is obtained.

### Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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*PricewaterhouseCoopers Auditores, S.L., Plaza de Euskadi, 5, 48009 Bilbao, España  
Tel.: +34 944 288 800 / +34 902 021 111, Fax: +34 944 288 805, [www.pwc.es](http://www.pwc.es)*

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Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

### Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out. Our work has been aligned with the requirements set by the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several CIE Automotive's units that were involved in the preparation of the NFS, in the review of the processes for compiling and validating the information presented in the NFS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with CIE Automotive personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFS for 2019, based on the materiality analysis carried by CIE, and described in section IV of the NFS, considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in NFS for 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFS for 2019.
- Verification, through sample testing, of the information relating to the content of the NFS for 2019 and its adequate compilation using data supplied by the Group's information sources.
- Obtainment of a management representation letter from the directors and management of the Parent company.



### Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to light that might lead us to believe that CIE Automotive's NFS, for the year ended 31 December 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and following the criteria of the Standards of the Global Reporting Initiative ("GRI Standards") selected, described in line with the details provided for each matter in the table included in the section named "Traceability of fulfilment of the Spanish Law on non-financial and diversity information" of the mentioned NFS.

### Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Pablo Bascones

February 28<sup>th</sup>, 2020