CIE Automotive

2022 Tax Contribution Report

Letter of CEO

Dear readers,

The last few years have presented significant challenges for everyone and, in particular, for companies. Although the years 2020 and 2021 were particularly marked by the pandemic, the year 2022, which was presented as the year that would mark the beginning of the recovery and the return to normality after COVID-19, had a discouraging start, marked by various factors, exacerbated by Russia's invasion of Ukraine. The impact that this conflict has had on the world economy has aggravated other problems that were already affecting the normal functioning of countries and companies, with a global inflationary environment derived from the increase in the cost of raw materials and energy, and of problems in complex supply chain situations.

Despite moving in such a complex environment, CIE Automotive we have managed to follow a positive course and have remained on the path set by the strategic plan we presented in 2021, reaching the goals that we had set for its first year. The results obtained in 2022 have been excellent, achieving new historical maximums in sales, as a reflect that our business model is prepared to respond efficiently to changes and take advantage of opportunities wherever and whenever they arise. We have also made progress in aspects related to sustainability, where we continue to progress in the responsibilities that we have acquired with our stakeholders.

As part of our commitment to transparency and contribution to society, **we attach special importance to matters related to taxes**

Precisely, as part of **our commitment to transparency and contribution to society, we attach special importance to matters related to taxes**, which at CIE Automotive we contribute both directly and indirectly. And we manage this concern from a double perspective:

In the first place, we are fully convinced that our tax contribution must be fair and adequate, logically contributing to the livelihood and development of the communities in which we are present and with which we interact, always respecting the legislation in force in each territory. This is contemplated in our Corporate Tax Policy and, as such, we provide the means to ensure that it is duly complied with. In addition, we strive to follow the best practices in this matter, and for this reason we adhere to the Code of Good Tax Practices of the State Tax Administration Agency.

On the other hand, and as a logical consequence of the foregoing, **we understand that timely and adequately informing our stakeholders about our tax contribution is important** so that they have a complete picture of our activity. The preparation of this report fulfills this purpose of providing any reader with contextualized data that will help them to better understand our approach, management and annual results.

In this way, I encourage all those interested to delve into this document, in which we delve into our tax contribution, which has been a total of 468.5 million euros in 2022, 20% more than the previous year, of which 237 million correspond to borne taxes. This figure results from the work of more than a hundred companies in 21 different countries, present in 23 tax jurisdictions, with their own rules and criteria that must be met in each case.

The professionals at CIE Automotive make a great effort to meet all regulatory requirements in tax matters and, at the same time, inform our stakeholders in the most understandable way possible. However, we believe that the results of such work are worthwhile, so we promise to continue striving in this line in the future.

Executive Summary

CIE has long adopted a **Tax Contribution model based on responsibility, transparency, and sustainability** as fundamental axes of its management in tax matters.

Starting in 2020, we adopted an integrated model, the result of which is the **annual publication of the tax contribution report**, prepared for all countries in accordance with the expected international regulations and standards. This model ensures a broad and detailed vision of the organization's contributions to economic and social development in the regions in which CIE operates and demonstrates CIE Automotive's commitment to respond to the growing tax concerns of its concerned parties.

TAXES BORNE **236.5 M€**	**TAXES COLLECTED** **232.0 M€**
TOTAL DISTRIBUTED VALUE **1,161.1 M€**	**2022 TAX CONTRIBUTION RATIO** **56.3 %**

TOTAL TAX CONTRIBUTION CIE AUTOMOTIVE 2022

468.5 M€

For every € 1 of Corporate Income Tax paid, CIE Automotive has additionally contributed with

1€

1.84€ of taxes borne

2.78€ of taxes collected

IN THE LAST THREE YEARS, THE TAX CONTRIBUTION OF THE CIE AUTOMOTIVE GROUP HAS EXCEEDED

1,200 M€

CIE AUTOMOTIVE PUBLISHES THE THIRD EDITION OF ITS TAX CONTRIBUTION REPORT | MORE TAX INFORMATION ON OUR WEBSITE: www.cieautomotive.com

2022 Tax contribution

Context and methodology

The growing interest in the impact that companies generate in the economic environments in which they operate has recently been the focus of attention on sustainability matters. Likewise, tax transparency plays an increasingly important role in the transition towards a fairer and more sustainable future.

There have been many initiatives in recent years aimed at promoting and developing a framework of tax transparency with ever higher levels of disclosure.

Following the numerous actions carried out internationally in relation to the role of taxes and tax transparency in the perspective of a more equitable and sustainable future, CIE once again publishes its Tax Contribution report for the year 2022, in which it describes the approach of the group on the strategy and tax governance, together with the detail of the total tax contribution paid in the different locations in which we are present.

The way in which tax information is presented in this Report aims to make it more versatile, visual and intelligible, so that the different parameters required by stakeholders can be met, facilitating a better understanding of the company's real tax contribution.

With this report, **CIE reaffirms its defense of a fair and adequate tax framework in which the different agents can contribute, through responsible activity** and with **full transparency**, to the creation of a **more sustainable socioeconomic model.**

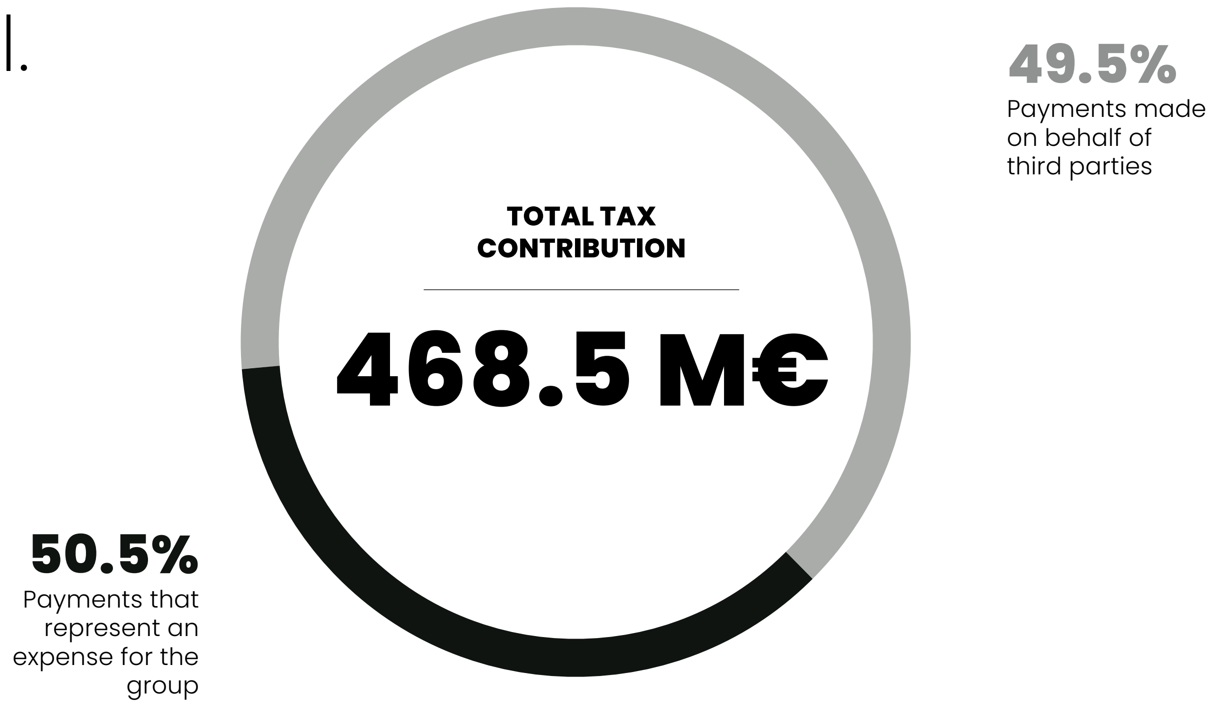
The Total Tax Contribution (TTC) methodology used to prepare and present the data is described in Appendix (page 52).

CIE Automotive

2022 Main figures

CIE automotive pays **close to 1,300 thousand euros** per day to its tax administrations

I.



The total tax contribution of the CIE Group in 2022 amounted to €468.5M: 50.5% of it corresponds to payments that represent an expense for the group and 49.5% to payments made on behalf of third parties.

The total tax burden is equal to **12% of the turnover** in the year 2022

II.

TAX CONTRIBUTION INCREASE 2021/2022

19.8%

The total tax contribution of the CIE Group in 2022 represents almost 20% more than that the one made in 2021.

III.

TAX BURDEN ON TOTAL INCOME

56.3%

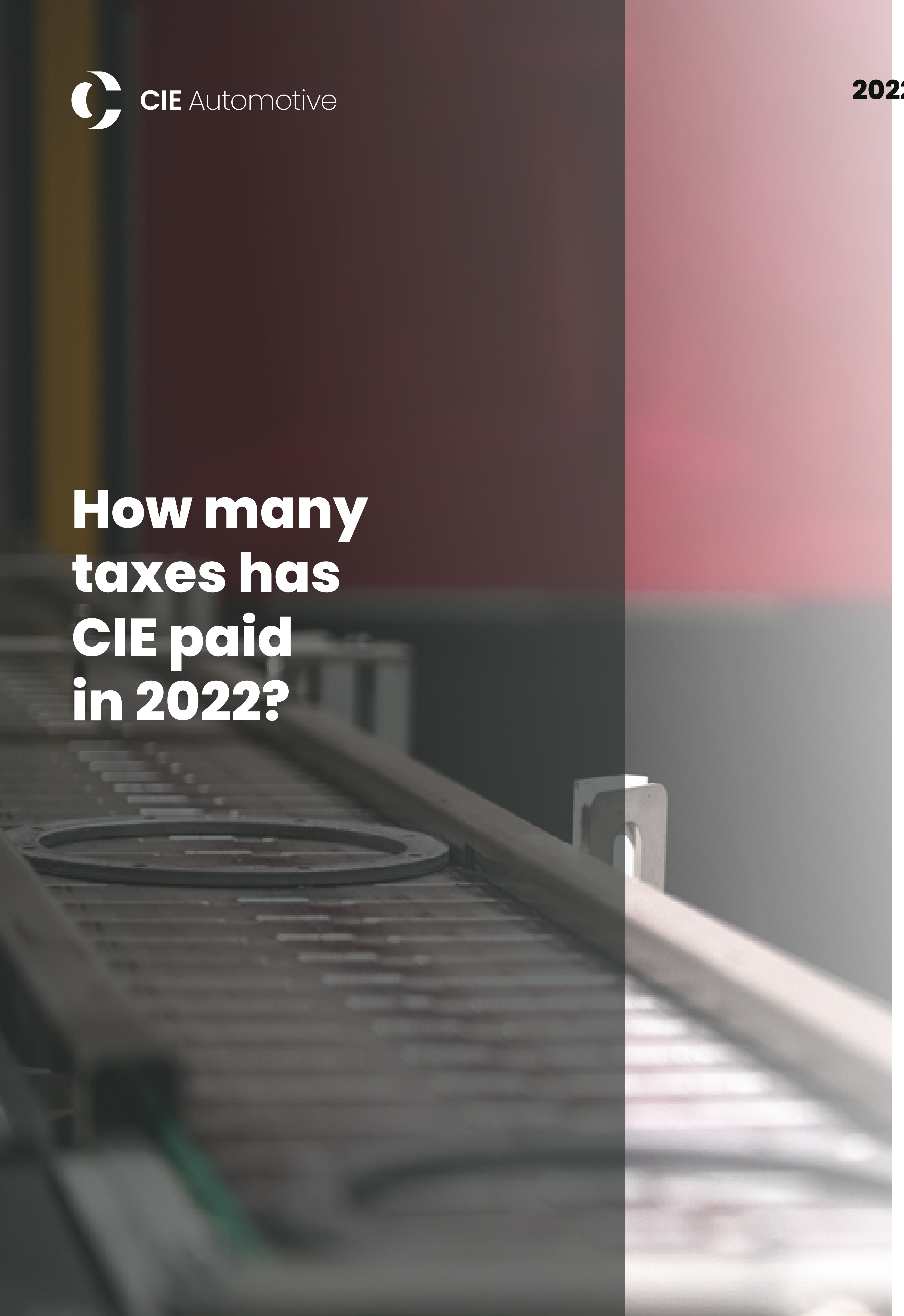
The taxes paid by CIE Automotive reveal that the total tax burden represents 56% of its total income.

IV.

CORPORATE INCOME TAX

83.3M€

Of the 468.5M€ paid, 18% corresponds to the payment of Corporate Income Tax, that is, CIE Automotive has paid 83M€ of Corporate Income Tax in the different jurisdictions where it resides.



How many taxes has CIE paid in 2022?

Corporate income tax paid only represents **35% of total** taxes borne and **only 18%** of the total tax contribution of cie automotive

Taxes borne

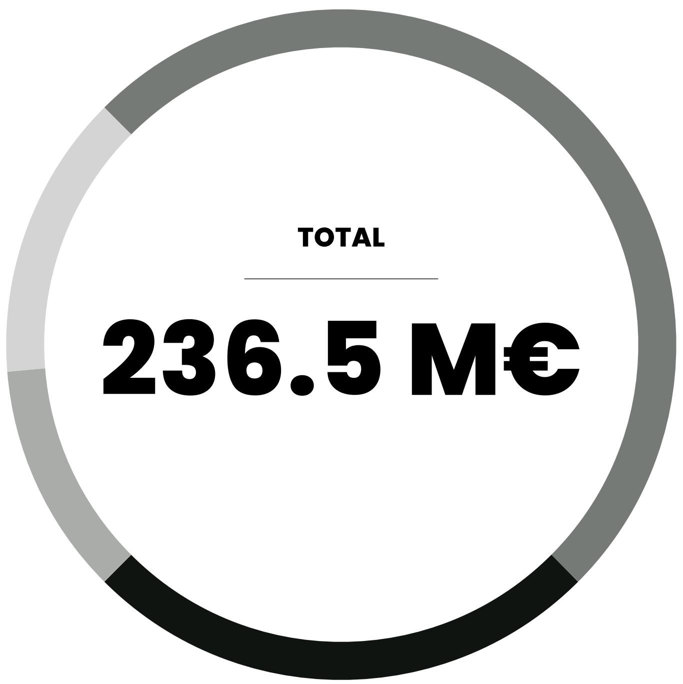
Taxes borne **represent a cost for companies** and have a direct impact on the generated profit (own taxes). Hence, they are also called own taxes..

Taxes collected

CIE Automotive collects **taxes from customers, employees, suppliers and shareholders** for tax authorities.

Taxes borne

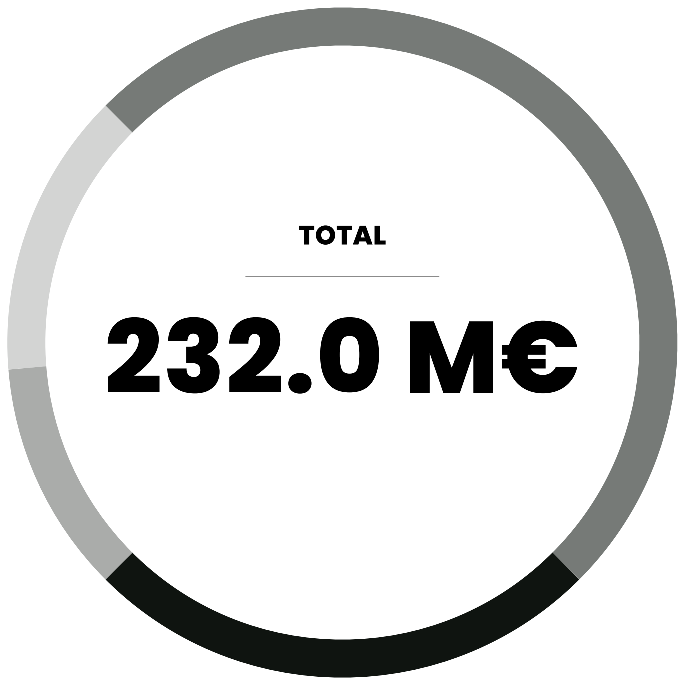
In the case of CIE Automotive, the profile of taxes borne in 2022 is as follows:



- **45.5%** Profit taxes
- **40.0%** Taxes associated with employment
- **10.7%** Taxes about products and services
- **3.8%** Other taxes

Taxes collected

In 2022 the profile of taxes collected is as follows:



- **3.8%** Profit taxes
- **46.2%** Taxes associated with employment
- **49.9%** Taxes about products and services
- **0.2%** Other taxes

Total Tax Contribution ratio

Total Tax Rate ratio (TTR) is a measure of the cost of all taxes borne in relation to the benefits obtained by a company, benefits not considering all taxes borne.

The calculation is performed as the percentage of the taxes borne with respect to the profit before said taxes1.

In the 2022 financial year, CIE Automotive's tax contribution through borne taxes has involved a payment to the administrations of 56 euros for every 100 euros of profit before taxes.

TOTAL TAX CONTRIBUTION RATIO

100€ → **56€**

For every 100 euros of profit

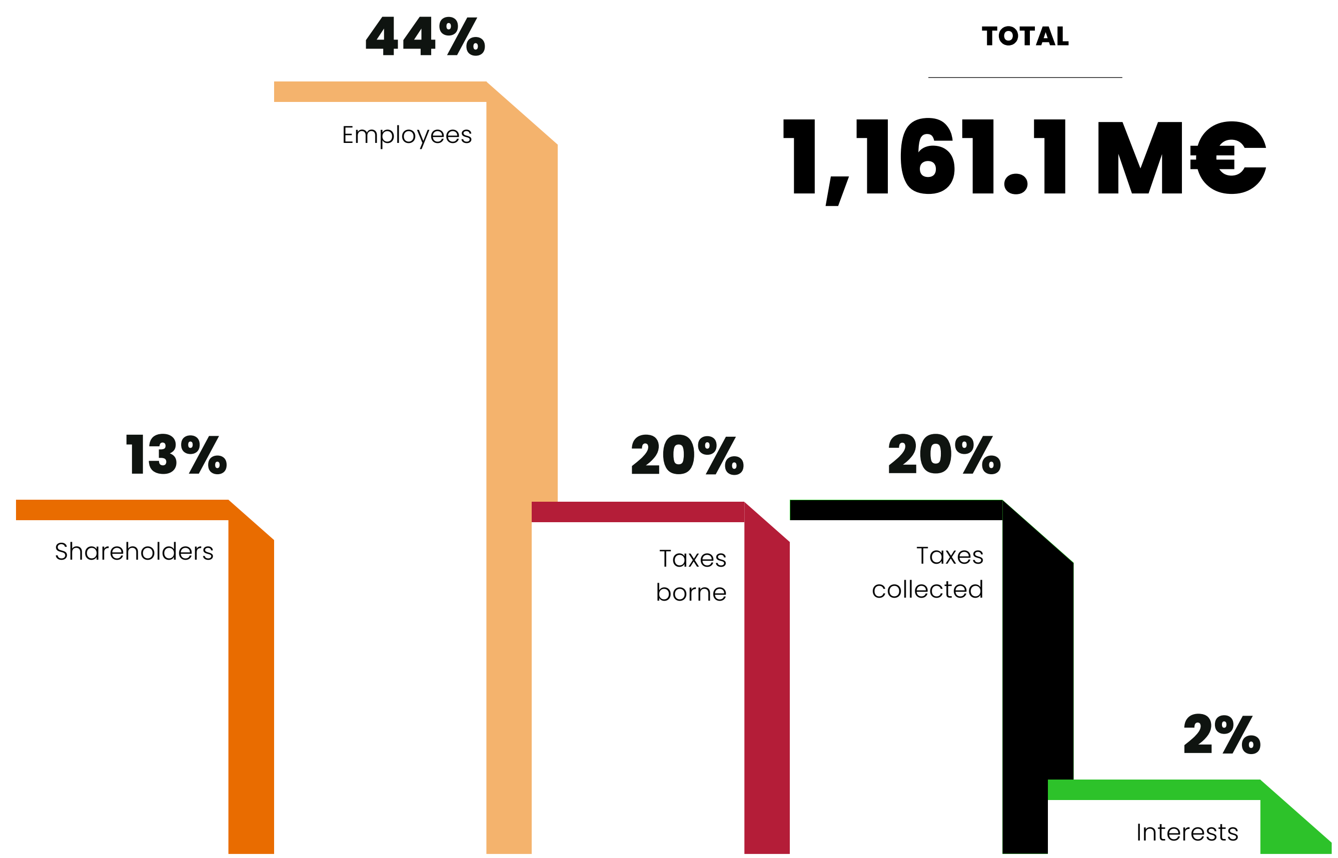
A payment to the administrations of 56 euros

2022 Economic contribution

Our goal is to have a positive impact on society and become a facilitator of development in the areas where we operate. For us this means integrating sustainability into our business through a fair economic, social and environmental contribution, also in tax matters. It means delivering value not only to our shareholders, but also to our employees and communities. Thus, the taxes we pay, the jobs we generate and the partners who have joined us are essential in this mission.

The economic contribution made by CIE Automotive in 2022 amounts to more than 1,161 million euros. It consists both of the payment of own and third parties' taxes to tax administrations, interests to financial institutions, distribution of dividends to shareholders and the payment of wages and salaries to employees.

In financial year 2022 CIE economic contribution is composed of:



Total distributed value

The ratio of total distributed value is a measure to calculate and reflect, not only the value generated by the payment of taxes borne and collected to public authorities, but also to fully represent the economic value that CIE Automotive generates and contributes to society.

In accordance with CIE Automotive TTC methodology, the value distributed is made up of the sum of the following elements::

Remuneration to shareholders

154.8 M€

+

Wages and salaries

512.3 M€

+

Taxes borne and collected

468.5 M€

+

Net interests paid to financial institutions

25.5 M€

Geographic distribution

CIE Automotive is a global group of automotive component manufacturers made up of a structure of almost 140 companies with presence in more than 20 countries and close to 25,000 employees.

The group focuses its activity on different areas of the automotive sector, from the design and manufacture of components, to the sale and distribution to manufacturers and TIER 1.

Present on five continents, CIE has a diversified activity structure subject to tax in multiple tax jurisdictions, under a balance between traditional and emerging markets and tax systems of different degrees of maturity.

CIE pays taxes **in all the territories in which our activities** are carried out

Operational structure of the CIE Automotive group

1. UNITED STATES

- CIE USA (multitech.)
- CIE Newcor RGI Clifford
- CIE Newcor MTG Corunna
- CIE Newcor MTG Owosso
- CIE Somaschini North America
- Golde Auburn Hills

2. MEXICO

- CIE Amaya Mex
- CIE Celaya (multitech.)
- CIE Matic
- CIE Nugar
- CIE Nugar Puebla
- CIE PEMSA Celaya
- CIE Plásticos México
- CIE PEMSA Saltillo
- CIE Forjas de Celaya
- Bill Forge de México
- Golde Puebla
- CIE Mapremex

3. BRAZIL

- CIE Autoforjas
- CIE Autometal SBC
- CIE Dias D'Ávila
- CIE Autocom
- CIE Jardim Sistemas
- CIE Nakayone
- CIE Durametal
- CIE Taubaté
- CIE Autometal Diadema (multitech.)
- CIE Autometal Pernambuco
- CIE Autometal Minas

4. SPAIN

- CIE Alcasting
- CIE Alurecy
- CIE Amaya
- CIE Denat
- CIE Egaña
- CIE Galfor
- CIE Gameko
- CIE Inyectametal
- CIE Legazpi
- CIE Mecasur
- CIE Mecauto
- CIE Norma
- CIE Nova Recyd
- CIE Orbelan
- CIE Recyde
- CIE Recylan
- CIE Recytec
- CIE Udalbide
- CIE Vilanova
- ACS Ibérica

5. PORTUGAL

- CIE Stratis
- CIE Plasfil

6. FRANCE

- CIE Compiègne
- ACS France

7. ITALY

- Metalcastello Spa
- CIE Somaschini
- CIE Somaschini Automotive

8. MOROCCO

- CIE Maroc

9. GERMANY

- Falkenroth Umformtechnik GmbH
- GSA Gesenkschmiede Schneider GmbH
- Schöneweiss & Co. GmbH

10. LITHUANIA

- CIE LT Forge

11. CZECH REPUBLIC

- CIE Zdanice
- CIE Metal CZ
- CIE Plasty
- CIE Unitools Press
- CIE Praga Louny

12. SLOVAKIA

- CIE Mar Sk
- Golde Lozorno

13. ROMANIA

- CIE Matricon
- ACS Romania
- Golde Oradea

14. RUSSIA

- CIE RUS

15. CHINA

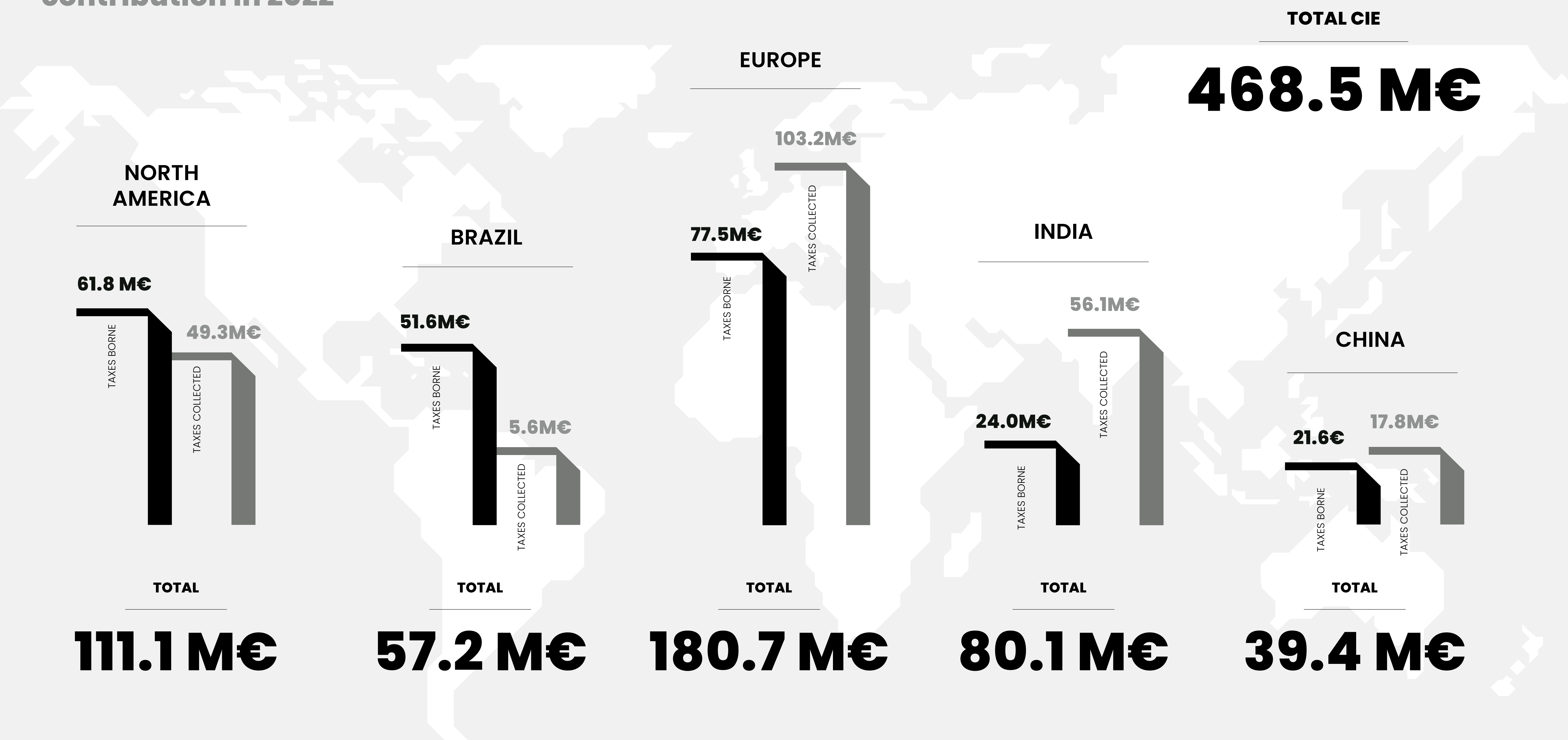
- CIE Automotive Parts Shanghai (multitec.)
- Nanjing Automotive Forging
- ACS Shanghai
- ACS Wuhan
- Golde Changchun
- Golde Shanghai
- Golde Tianjin
- Golde Wuhan
- Golde Shandong
- SAMAP Ningde
- SAMAP Shanghai

16. INDIA

- MCIE Forgings Pune
- MCIE Gears Pune
- MCIE Gears Rajkot
- MCIE Stampings Rudrapur
- MCIE Stampings Nashik
- MCIE Stampings Kanhe
- MCIE Stampings Kanhe II
- MCIE Stampings Zaheerabaad
- MCIE Stampings Pantnagar
- MCIE Stampings Nagpur
- MCIE Composites Division
- MCIE Foundry Division
- MCIE Magnetic Products Division
- Bill Forge Bommasandra
- Bill Forge Jigani (Plant 2)
- Bill Forge Attibele
- Bill Forge Coimbatore
- Bill Forge Haridwar
- Bill Forge Jigani (Plant 6)
- AEL Aurangabad HPDC
- AEL Aurangabad GDC
- AEL Pantnagar
- AEL Pune
- CIE Hosur
- Golde Pune

Refer to the Notes to the Consolidated Financial Accounts for further details of the corporate structure.

Geographic distribution of the tax contribution in 2022



CIE Automotive tax contribution

NORTH AMERICA

23.7%

Tax contribution in North America represents 24% of CIE Automotive's tax contribution, with a total of 111 million euros of taxes paid both in Mexico, with a large number of employees and a simple and administratively centralized tax system, and in the United States, where the tax system follows a complex scheme of different levels (federal, state and local), marked in the case of CIE by its presence in the states of Delaware and Michigan.

BRAZIL

12.2%

It represents 12% of the tax contribution (57 million euros). In this territory, the multiplicity of taxes and its complex tax structure result on a tax burden very high proportionally compared to other territories. Despite the progress of the tax reform proposal towards tax reduction, with the last electoral results of 2022 the possibilities of the proposal prospering are reduced, only isolated adjustments are expected and the date of approval of said reform is postponed. Once put into practice, it could condition the contribution of this geography in the coming years.

EUROPE

38.6%

Region that concentrates the largest volume of sales and number of CIE Automotive plants and where the parent company of the group is located. Composed of classic tax systems, tending towards homogeneity and mature, CIE Automotive's tax contribution in Europe amounts almost to 39% of the total.

Of the 181M€ of total tax contribution in Europe, 45% is concentrated in Spain, the country where its holding company, CIE Automotive S.A., resides.

ASIA

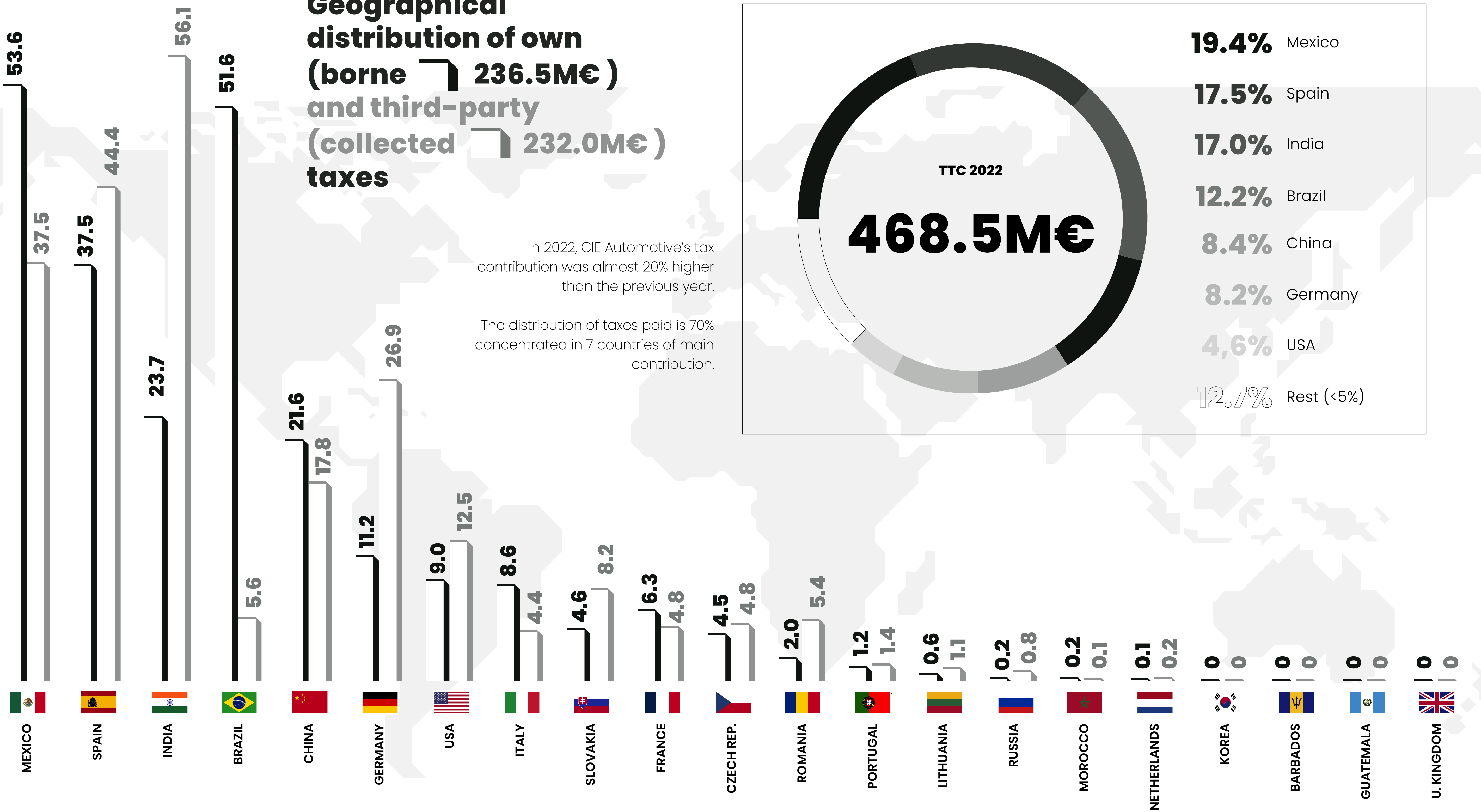
25.5%

With 25% of the total contribution (119 million euros), Asia is in second place, adding the contributions in India and China, without major variations in trend with respect to previous contributions or expected regulatory changes in the medium term that could condition them.

Geographical distribution of own (borne 236.5M€) and third-party (collected 232.0M€) taxes

In 2022, CIE Automotive's tax contribution was almost 20% higher than the previous year.

The distribution of taxes paid is 70% concentrated in 7 countries of main contribution.



CIE Automotive

2022 Country by Country Report

Following the terms established by the OECD, and in order to provide maximum transparency, CIE Automotive publishes its Country-by-Country Report taking into account the Corporate Income Tax accrued and paid in each country, and incorporating additionally the other parameters contained in said report and thus guaranteeing its total transparency in tax information to third parties, even before being shared this Information with tax authorities.

Tax jurisdiction*	Revenue Third-party	Revenue Related party	**REVENUES TOTAL**	Pre-tax profit	Corporate Income tax Paid	Corporate Income tax Accrued	Capital declared	Retained Earnings	Average number of employees	Tangible assets
GERMANY	257	22	**279**	21	0	2	29	(4)	795	75
BARBADOS	1	0	**1**	1	0	0	0	(1)	0	0
BRAZIL	348	0	**348**	55	5	16	358	374	2,832	162
CZECH REPUBLIC	105	6	**111**	0	1	1	48	25	585	76
CHINA	461	1	**462**	73	11	12	42	193	1,494	121
SLOVAKIA	150	1	**151**	7	0	0	78	(35)	604	37
SPAIN	755	97	**852**	24	4	6	738	840	2,334	404
FRANCE	130	3	**133**	39	1	2	3	58	298	36
GUATEMALA	0	0	**0**	0	0	0	3	(5)	0	1
NETHERLANDS	52	1	**53**	52	0	0	0	58	4	0
INDIA	664	6	**670**	75	16	19	67	287	7,229	267
ITALY	141	1	**142**	19	2	3	15	8	431	92
KOREA	0	1	**1**	0	0	0	0	0	2	0
LITHUANIA	49	0	**49**	5	1	1	8	8	224	30
MOROCCO	6	0	**6**	0	0	0	3	0	85	4
MEXICO	806	12	**818**	99	39	26	416	457	5,442	464
PORTUGAL	21	2	**23**	1	0	0	5	9	287	12
ROMANIA	70	12	**82**	8	1	1	5	27	546	35
RUSSIA	4	0	**4**	(11)	0	0	2	11	57	0
UNITED KINGDOM	0	0	**0**	0	0	0	16	(24)	0	0
UNITED STATES	421	0	**421**	12	(1)	0	160	161	1,656	193
TOTAL	**4,441**	**165**	**4,606**	**480**	**80**	**89**	**1,996**	**2,447**	**24,905**	**2,009**

Data in the table above correspond to the information for the year 2022 and will be used in the filling of form 231 presented to tax administration. These figures may vary if new guidelines or recommendations for the preparation of the Report Country by Country from the OECD are published after the publication of this tax contribution report but prior to the submission deadline to the tax agency.

See in appendix "5.2. Glossary of terms and definitions" a summary of the definitions and considerations taken for the preparation of the Country-by-Country Report and in the appendix "5.3. We self-evaluate" a description of the ratios used for the self-analysis of the data included in 231 form of 2022 CIE Automotive Country by Country Report based on the Tax Responsibility Thermometer model developed by the Alliance for Tax Responsibility working group.

(*) All the data in the table are in million euros except that corresponding to "Average number of employees".

2022 Corporate income tax

Corporate Income Tax has traditionally been considered the main tax contribution rate for companies, although, in the case of CIE Automotive, for the year 2022 it represents only 18% of the total tax contribution. In any case, it continues to be the tax figure on which the different Tax Administrations, as well as the rest of the public bodies and interest groups, focus the most.

All the information related to CIE's corporate income tax expense is specifically included in the Groups' consolidated annual accounts and in standalone annual accounts of each of its subsidiaries, where the breakdown of the tax expense is provided.

CHECK OUR CORPORATE WEBSITE FOR MORE INFORMATION:

https://www.cieautomotive.com/web/investors-website/informe-de-auditoria-cuentas-anuales-auditadas-informe-de-gestion-y-memoria-anual

According to the standards established by the accounting regulator, Corporate Income Tax expense in the income statement is recorded following the accrual principle, while the payment of taxes, on a cash basis, forms part of the statement of cash flows. These magnitudes may differ to the extent that taxes are not always paid at the time the accounting income occurs, the tax authorities of each country establishing the rules on the time for said payment.

In 2022, the CIE Automotive Group's consolidated Corporate Income Tax expense amounted to 90 million euros, representing 21.9% of its Profit Before Taxes (effective rate).

The nominal tax rate of the group, resulting from multiplying the result before taxes taxable in each jurisdiction by its nominal rate applicable in 2022, is 26.4%.

In 2022, the CIE Automotive Group's consolidated Corporate Income Tax expense amounted to **90 million euros**

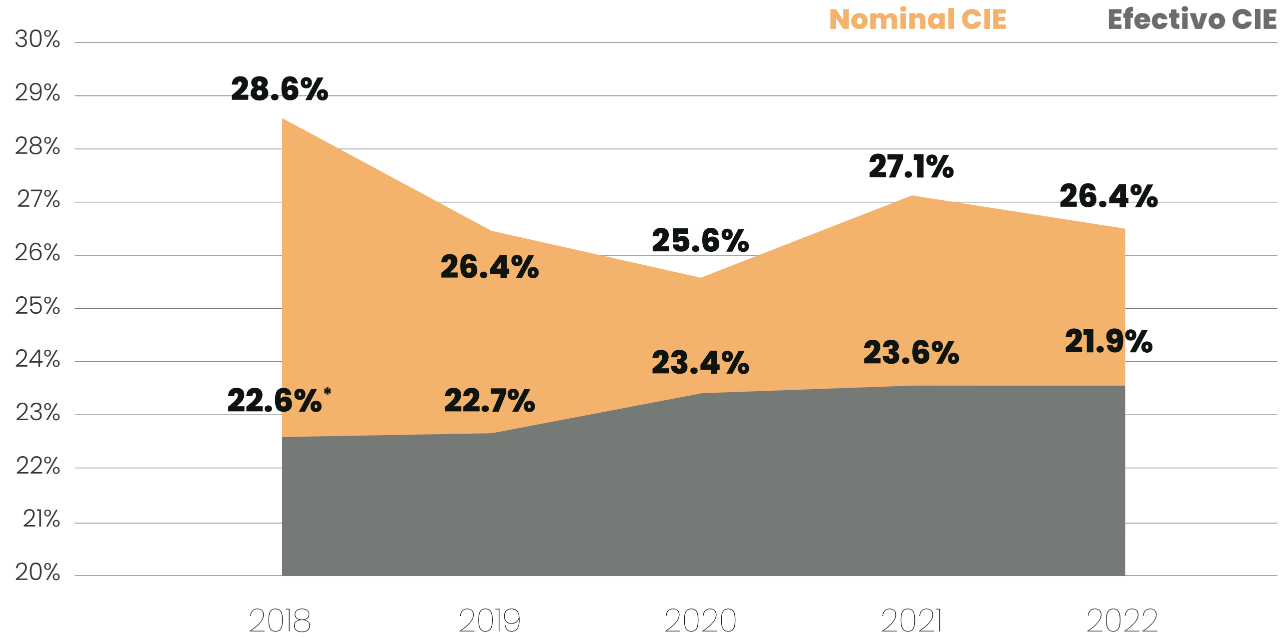
The reconciliation between the consolidated Earnings Before Tax (EBT) and the consolidated tax base and the reconciliation between the nominal and the effective rate are presented below:

Millions of euros	**2022**
Profit before tax*	**420.7**
Adjustments to profit before tax and permanent differences	(70.1)
Temporary differences	17.6
Consolidated taxable income before application of losses carried-forward	**368.2**
Application of losses carried-forward	(43.9)
Consolidated taxable income	**324.3**
Current income tax at nominal rate in each country	87.3
Deductions	(3.9)
Current Income tax	**83.4**
Deferred income tax	3.5
Others	1.8
Consolidated income tax expense	**88.7**
% Effective tax rate	21.6%

(*) Profit before taxes excluding the share of companies integrated by the equity method.

Percentage	**31/12/2022**
Nominal rate in Bizkaia	**24.0%**
Difference between Bizkaia and other jurisdictions	2.4%
Permanent differences	(4.3%)
Tax credits	(0.6%)
Withholdings and other taxes	1.4%
Other	(1.3%)
Effective rate	**21.6%**

The table below shows the comparative evolution of CIE Automotive's effective rate with its theoretical nominal rate over the last five years:



(*) 2018 values are related to recurring results according to public financial information

Additionally, as can be seen in the consolidated annual accounts made public for the year 2022, the consolidated balance sheet includes the amounts related to temporary differences in the accounting and tax treatment when recognizing certain expenses, as well as certain tax credits or capitalized losses from prior years.

As of December 31, 2022, CIE Automotive has recorded the following amounts for concepts as tax assets and liabilities on its balance sheet:

DEFERRED TAX ASSETS

Millions of euros	**2022**
Non-deductible provisions and other temporary differences	137.8
Losses carried forward (tax losses)	26.0
Other tax credits	34.2
TOTAL	**198.0**

DEFERRED TAX LIABILITIES

Millions of euros	**2022**
Goodwill	72.1
Fair value gains	26.9
Hedge instruments	0.3
Accelerated depreciation and others	76.9
TOTAL	**176.2**

Commitment and compliance

Principles of tax management

CIE makes prudent and reasonable interpretations of the tax legislation, not relying on aggressive tax planning mechanisms

The rigor with which we act in relation to compliance with our tax obligations also responds to CIE's commitment to creating value and a positive social impact.

Under this premise, CIE's principles of tax action focus on the following aspects:

1. Legality and integrity

CIE carries out exhaustive monitoring to guarantee compliance with all laws, regulations and regulatory obligations in the tax field, both nationally and internationally, strictly respecting its objective. Likewise, the company maintains a close cooperative relationship with the tax authorities, having mutual respect, transparency, trust and dialogue as principles.

In this sense, one of our priorities is to make it known that the basis of this compliance and contribution is the diligent application of responsible practices. In this way, all decisions on tax matters are adopted based on a reasonable and responsible interpretation of the applicable regulations.

CIE complies in a timely and proper manner with its tax obligations in all its jurisdictions

2. Tax transparency

Fostering transparency in tax information is a material aspect for CIE Automotive, which is why it increasingly provides it with greater visibility and accessibility, in line with the growing demand for information from the different groups of interest.

For this reason, it is crucial to keep the highest tax transparency standards updated as new data is requested. To this end, CIE assumes the commitment to comply with the best responsible tax practices, through voluntary monitoring of the most prestigious national and international principles or recommendations, such as the GRI 207 international tax standard, the review and Haz Fundación's rating in the ranking of IBEX 35 companies with best transparency and tax responsibility practices, OECD recommendations or compliance with the Code of Good Tax Practices, promoted by the State Tax Administration Agency, to which CIE continues its adherence.

3. Close cooperative relationship with tax administrations

CIE Automotive maintains a relationship with the tax and regulatory authorities based on the principles of cooperation, mutual trust and good faith. In this way, the company guarantees a continuous dialogue with tax bodies based on transparency, respect for legality, loyalty, professionalism, collaboration and honesty.

An example of this relationship is that CIE not only provides relevant information and documents when required and necessary, but also proactively requests advice and instructions from regulatory agencies on each relevant tax operation carried out or analyzed as a basis for this dialogue.

4. Tax risk management and prevention system

Another of CIE Automotive's priorities is the identification, management and supervision of tax risks. For the correct development of this area, we have a proven management model made up of policies, processes, systems and internal controls whose purpose is to identify, evaluate and mitigate tax compliance risks. Said processes and systems are subject to different levels of approval, as well as to systematic audits, both internal and external, in addition to being subject to continuous supervision by the Audit and Compliance Committee, the Board of Directors and the Internal and Audit Control Department.

On an annual basis, CIE Automotive publishes its periodic monitoring and evaluation report of the Internal Control System for Financial Information (ICSFR), in which the correct definition and application of the risk management framework is evaluated, including all risks related to tax matters.

Additionally, on its corporate website, CIE provides access to an ethical channel to anonymously communicate behaviors that may involve the commission of any irregularity or act contrary to legality or internal rules, including tax matters.

Corporate tax policy

CIE promotes and carries out **responsible tax management**

Tax and Compliance Strategy, approved by the Board of Directors, establishes that, in its tax practices, the company applies the tax legislation of the territories in which it is present and, preferably, the interpretative criteria decreed by the authorities or courts of justice of said territories, thus addressing their tax management based on the standards of good practice in each territory.

In this way, CIE Automotive's Tax and Compliance Strategy defines an approach to tax issues that is aligned and consistent not only with the business strategy, but also with the corporate interest and with the generation of shareholder value.

With the aim of guaranteeing the protection of shareholder value and complying with tax legislation, this strategy aims to manage tax obligations in a proactive, transparent and responsible manner with all stakeholders, while minimizing any risk or tax inefficiency that could occur in the execution of the group's decisions.

Likewise, and without neglecting its economic and social profitability, CIE promotes and carries out responsible tax management that takes into account the interests and sustainable economic development of the surrounding communities, ensures proper application of good tax practices and guarantees a rigorous contribution to sustaining public finances.

CIE Automotive's tax strategy is governed by six principles:

1 Ensuring compliance with tax rules in the different countries and territories in which the Group operates, paying the corresponding taxes in accordance with the legal system. For this, the tax regulations are permanently reviewed for the continuous incorporation of the best tax practices, adapting to the continuous changes in the environment and, more specifically, to the greater tax requirements generated by the globalized environment and to the tax excellence that the group maintains from the beginning of its trajectory.

2 Adopting decisions related to tax matters based on a reasonable interpretation of the applicable legislation and in close connection with the activity of the Group.

3 Preventing and reducing tax risks, ensuring that taxation is appropriately related to the structure and location of CIE Automotive's activities, human and material resources and business risks.

4 Conceiving taxes that the Group companies pay in the countries and areas in which they operate as the main contribution to supporting public expenditure and, therefore, one of CIE Automotive's contributions to society.

5 Fostering a relationship with authorities in relation to tax matters based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity and good faith, regardless to legitimate disputes that, respecting the preceding principles and in defense of corporate interest, may arise with the aforementioned authorities in relation to the interpretation of the applicable rules.

6 Reporting to the Board regarding the main tax implications of the transactions or matters submitted for its approval when they are a relevant factor for decision making.

CIE GROUP'S TAX STRATEGY AVAILABLE ON OUR WEBSITE

For CIE, taxation is not a static matter, rather it is constantly reviewed, which requires the company to keep up to date with the changes that are taking place. For this reason, the corporate tax strategy is subject to constant reviews to incorporate best practices and adapt to changes in the environment, always satisfying the highest tax requirements and the tax excellence that CIE imposes on itself to meet the highest tax transparency standards.

https://www.cieautomotive.com

Policies and tax risk management

The possibility of incurring administrative or judicial sanctions, the obligation to assume economic-financial losses or seeing reputation diminished due to non-compliance with the laws and regulations that regulate tax obligations is defined as tax risk.

For risk mitigation, a series of processes, controls and procedures are developed within a policy framework that defines operating instructions, good tax practices and tax risk maps.

CIE automotive's tax risk control and management policy has established a series of conducts with a more extended scope than mere compliance with tax laws and regulations. This tax risk control and management policy is continuously and actively supervised by the audit and compliance committee, as well as by the board of directors itself.

CIE automotive's tax risk control and management policy has established a series of conducts **with a more extended scope than mere compliance with tax laws and regulations**.

Since its creation, CIE Automotive has positioned itself as an active and ambitious contributor to the social, economic and environmental improvement of the territories where it operates. Consistent with this role, performed proactively, CIE carries out its activities under solid principles, which include the definition and monitoring of an orderly and diligent tax policy, embodied in the following acquired commitments:

A robust tax management model allows cie automotive to obtain and dedicate the necessary resources to guarantee **responsible and efficient tax performance**

- Promote practices aimed at preventing and reducing significant tax risks through internal information and control systems. The reflection of tax risk management at CIE Automotive resides in the existence of internal processes, systems and controls, subject to systematic internal and external audits, which are determined and reviewed annually under the periodic monitoring and evaluation of the Internal Control System of Financial Information (ICSFR).
- Have mechanisms to report on behaviors that deviate from the Code of Ethics and Conduct. CIE Automotive has an ethical channel through which all the people who are part of the organization can report irregularities or breaches that lack ethics or integrity or go against the guidelines established in the Code of Conduct. All communications received through this ethical channel, available on the website, are treated confidentially. CANAL ÉTICO - CIE AUTOMOTIVE
- Clarify any conflict or questioning that may arise from the interpretation of the applicable regulations. A close, transparent and continuous relationship with the tax authorities makes it possible to anticipate any divergence of interpretation.
- Comprehensive evaluation, in advance, of investments and corporate transactions or restructuring processes that, a priori, may present a potential risk or tax contingency.
- Avoidance of artificial or opaque corporate structures whose tax purposes make it difficult for the competent tax administrations to know who is ultimately responsible for the activities.
- Prohibition of the incorporation or acquisition of companies resident in tax havens with the purpose of avoiding tax obligations, with the sole exception of the cases in which it is obliged to do so because it is an indirect acquisition in which the company resident in a tax haven or low tax territory is part of a group of companies to be acquired. In this particular case, CIE Automotive has the commitment to liquidate these companies. Proof of this is that, at the end of 2022, the liquidation agreement of the company Inteva Products (Barbados), Ltd has been signed; inherited from the corporate structure incorporated in the acquisition of Inteva in fiscal year 2019 and presence in the Netherlands has been reduced.
- Not to transfer benefits artificially from one jurisdiction to another with the sole purpose of minimizing the payment of taxes.

CIE Automotive proactively assumes the duty to keep up to date with regulatory and legal changes in a changing environment such as the current one, continually reviewing its Corporate Tax Policy, adapting it to the changes that apply and incorporating the best and most demanding practices in terms of transparency and tax conduct.

The company has also equipped itself with a Corporate Governance system aimed at guaranteeing its long-term sustainability, providing trust and generating value for its stakeholders. This model, inspired by ethical principles and committed to transparency, is built around its own regulatory framework, which regulates and controls the actions of its Governing Bodies, establishes mechanisms to mitigate eventual risks and frames relations with its stakeholder groups. interest.

Specifically, the tax risk control model developed by CIE Automotive is intended to respond to the different requirements that, in terms of transparency and tax responsibility, have been incorporated both by current legislation and by the different interest groups. When adopting decisions on tax matters, CIE Automotive will always choose to make well-founded interpretations of the regulation, at all times following the principles established in the Tax Strategy approved by the Board of Directors and taking into account not only the risk assumed, but also the probability that the criteria adopted are accepted by the Tax Administrations, as well as the corresponding reputational risk. If there are several tax alternatives for the same objective, the most efficient one is chosen from the tax point of view, always under the strict compliance approach and aligned with business operations.

CIE applies policies and practices that Identify it as an **integral and Responsible company** in tax matters

Governing boards

The main Governing Bodies of CIE Automotive in relation to the tax area and which ensure responsible and sustainable management are the Tax Function, the Board of Directors and the Audit and Compliance Committee.

Tax Function

Its mission is to ensure compliance with tax regulations, corporate principles and tax strategy. Internally, it is organized as follows, in accordance with the needs and structure of the rest of the group's areas:

CORPORATE TAX AREA

integrated into the finance area and reporting directly to the group's CEO. Among its objectives are:

- Guarantee the coherence and coordination of tax decisions
- Ensure compliance with the Tax Strategy
- Establish and monitor a tax control and governance system throughout the group
- Advise internally on the tax implications of any transaction, keeping permanently updated on the changing tax context and the applicable regulatory framework
- Guarantee the relationship of collaboration with the administrations

LOCAL TAX AREAS

present in each of the countries and integrated into the local finance area, also reporting to the corporate tax area. They pursue the following objectives:

- Application of tax strategy
- Presentation of tax declarations
- Maintenance of the relationship with the administrations

This tax contribution report has been **approved by the audit committee and by the board of directors** in february 2023

Board of Directors

It is the highest decision-making body of CIE Automotive. Its operation is regulated by the Bylaws and the Board Regulations, aligned, in turn, with the group's sustainability and good governance commitments.

In relation to tax matters, the CIE Automotive Board of Directors has the following functions:

- Determine and approve the group's tax strategy.
- Analyze and authorize operations and investments of special tax risk.
- Promote the dissemination and monitoring of the principles, guidelines and good practices of action in tax matters in all the companies that make up CIE Automotive Group regardless of the jurisdiction or country in which they are located and that have significant significance in the tax field.
- Coordinate the general management strategies and guidelines of the group and ensure their compliance in all the companies that are part of CIE Automotive by adopting the necessary control mechanisms and dedicating adequate and sufficient material and human resources.

Audit and Compliance Committee

The Audit and Compliance Committee is in charge of supervising the process of comprehensive preparation of financial and non-financial information, as well as ensuring the independence and effectiveness of the internal audit function.

The Audit and Compliance Committee has been assigned the following informative functions in relation to matters of a tax nature:

- Furnish the Board information regarding the tax policies and criteria applied by the Company in the year and, in particular, regarding the degree of compliance with the Corporate Tax Policy. Likewise, in the case of transactions or matters that must be submitted for Board approval, it will report on the tax consequences when they represent a relevant factor.

- Report to the Board, based on the information received from the head of tax matters, on the tax policies applied by the Company and, in the case of transactions or matters that must be submitted for Board approval, on the tax consequences when they represent a relevant risk factor.

On the other hand, it is the Audit and Compliance Committee that supervises the proper functioning and effectiveness of the group's internal control and risk management systems, both financial and non-financial, including tax risks.

Additionally, among its responsibilities are the selection, appointment and substitution of auditors, as well as the receipt of information from the external auditor, from which it must ensure its independence. The Audit and Compliance Committee ensures the independence of the financial accounts' auditor by authorizing, prior to its formalization, any contract intended to be signed with the auditor or with any member of its network for the provision of services other than auditing, in order to be able to analyze individually and globally the threats to independence that could derive from said contracts.

This same analysis is applied to the services related to tax matters which, being very limited, are carefully analyzed, so that the independence that is sought to be safeguarded is not compromised in any case.

The Audit and Compliance Committee is in charge of **supervising the process of comprehensive preparation of financial and non-financial information**

Cooperation with authorities

CIE Automotive is aware of the interest that its tax policies and actions generate for its stakeholders, as well as the repercussions that these practices have for them, both in terms of trust and reputation. Within this interaction with interest groups, the relationship with the tax authorities is included. The close collaboration and proactive participation with this group allows CIE to not only understand the expectations related to taxation, but also to have a greater perspective of possible future regulatory changes and, with this, anticipate any impact that may apply. In short, better management of the tax risk underlying legal and regulatory developments.

Consequently, CIE Automotive promotes relationships based on cooperation, both with the Public Administrations of the different jurisdictions where it is present and with other interest groups. These relationships are based on ongoing dialogue and collaboration under principles of transparency, compliance with the Law, loyalty, professionalism, honesty and collaboration.

Among the great challenges facing tax administrations around the world, the inability to find exhaustive and detailed information on the tax planning strategies of business groups stands out. The fact of being able to access this information quickly and directly makes it possible to respond effectively to eventual tax risks, either through the proper assessment of said risks, the pertinent tax inspections or, where appropriate, the applicable legislative and regulatory changes.

CIE Automotive is aware of the interest that its tax policies and actions generate for its stakeholders

In recent years, the need for greater interaction with the Public Administrations and competent regulatory bodies has been confirmed, both locally and internationally. Within this framework, the growing need for the different Tax Administrations to exchange tax information related to business groups that are established in different jurisdictions has also become evident.

CIE Automotive, within its Corporate Tax Policy, includes a firm commitment to strengthen a relationship with the different tax administrations in accordance with the current legal framework in each jurisdiction, always with a sense of loyalty, trust and professionalism that fosters collaboration between the parts. However, in the face of possible legitimate controversies that could arise from the interpretation of tax regulations by the administrations, CIE will always seek to reach agreements under a premise of commitment to the corporate interest and its stakeholders.

Since its inception, CIE has developed its exponentially growing industrial activity accompanied by cooperation with administrations, proactively meeting with their representatives on their own initiative and will to publicize, inform, consult and request indications regarding tax practices. followed and the tax impacts that its industrial and corporate operations could pose.

CIE has developed its exponentially growing industrial activity accompanied by **cooperation with administrations**

In terms of collaboration with administrations, CIE Automotive supports and commits itself to the following good tax practices:

1. Collaborate in identifying and seeking solutions to fraudulent tax practices that may be used in the markets in which the Group is present.

2. Collaborate in identifying and seeking solutions to fraudulent tax practices that may be used in the markets in which the Group is present and with due scope.

3. Properly inform and discuss with the corresponding body of the competent tax authorities any matters related to significant events of which it is aware to commence, where applicable, the proceedings in question and to promote, to the extent reasonably possible and without harming good business management, the agreements and conformities within audit proceedings.

As an example of this proactive attitude and good faith that prevails in the relationship with the tax authorities, it is worth noting the presentation in the financial year 2021 and 2022 of several prior tax proposals in the Provincial Treasury of Bizkaia, the administration under which the parent company of the group is located. These are prior information procedures on particularly complex operations related to corporate restructuring so that this administration can assess their compliance with the tax treatment proposed by CIE, thus serving as a mechanism for preventing risk situations, increasing legal security and potential reduction of litigation, in addition to reinforcing the close and transparent relationship with the authorities.

Presence in tax havens

CIE Automotive recalls that the presence of an entity in a low-tax jurisdiction is not necessarily linked for tax purposes, but even when legal industrial activities are carried out, the presence of multinational groups in tax havens is penalized.

Being aware of the reputational impact that this fact can have, CIE has always opted for a clear and firm policy regarding not investing in or through territories classified as tax havens in order to reduce taxation. The incorporation of companies at CIE Automotive always obeys activity criteria and the use of opaque or artificial structures that conceal or reduce transparency in the development of activities is expressly prohibited.

CIE Automotive publishes its **list of subsidiaries twice a year** on its website

In this year 2022, CIE Automotive has **significantly reduced its already limited presence** –from acquisitions of previous businesses– in controversial territories

Pursuant to the provisions of the Capital Companies Law, CIE Automotive's Board of Directors exclusively has the power to create or take a share in special purpose entities or entities domiciled in tax havens, trying in any case to reduce their presence to the strictly necessary and making public any information related to it at all times. In the past, CIE has only maintained commercial companies in tax havens when justified by the industrial activity itself or by having acquired groups with companies present in these territories.

At the end of 2021, the CIE Automotive Group only owned a stake in two companies located in the Netherlands and a third in Barbados, both territories included in the aforementioned definitions. Those were holding companies, which did not carry out any activity and came from indirect acquisitions of groups of companies with an already established structure.

During the 2022 financial year, CIE has reduced its presence in these jurisdictions, through corporate restructuring processes and liquidations that respond, precisely, to that purpose of transparency.

It should also be noted that, at CIE, legal figures considered hybrid, fraudulent or for evasive purposes are not used (absence of tax residence, permanent establishments, relocation of income, invoicing in companies without substance or employees, etc.).

Country	Name of the company	Activity	Revenue	Pre-tax profit	Corporate Income tax Paid	Corporate Income tax Accrued	Capital declared	Retained Earnings	Average number of employees	Tangible assets
NETHERLANDS	Golde Netherlands BV	Holding company	52,764,794	51,786,769	83,298	18,000	102	58,098,689	4	0
BARBADOS	Inteva Products (Barbados) Ltd *	Holding company	638,177	638,177	0	(531,814)	0	(1,114,471)	0	0

Data in euros except for the average number of employees.
(*) Company in the process of liquidation.

Management of tax procedures and litigations

Being a multinational company listed on the Stock Exchange, CIE Automotive's taxation is subject to constant review by the regulatory bodies of the 21 countries in which the company is present.

Therefore, it is common to be under verification procedures in different territories, especially if we take into account that the existence of interpretative divergences between the company and the regulatory bodies is lawful.

The management of all litigation and verification procedures, both in the cases of routine reviews and in those of inspections of a specific scope, is carried out according to the bases of the Corporate Tax Policy and under the coordination and supervision of internal and external advisors, with the objective of supporting and justifying that all the tax decisions adopted have been carried out under reasonable and correct interpretations of the tax regulations and in close connection with the activity of the group.

During the 2022 financial year, more than 60 inspection procedures or administrative actions have been managed, in addition to the multiple information requirements related to routine reviews.

In all these cases, based on precedents and reasonable interpretations of the regulation, these are routine verification procedures for the main applicable taxes, and no controversy has been raised in this .

CIE Automotive's taxation is subject to **constant review by the regulatory bodies**

Both for the cases already closed and for those still in progress, CIE does not consider that the liquidation proposals and resulting minutes will have a notable significant impact.

Generally, there are no significant tax litigations in the different jurisdictions in which CIE Automotive operates, with the exception of Brazil, a country in which, due to the particularities of its tax system, there is a high number of litigations and administrative and judicial processes in continuous monitoring and with an estimate of favorable resolution.

Regarding the rest of the litigation in progress, most of them refer to refunds of undue income, having been the relevant taxes already paid in due time and form, not sharing the interpretative criteria followed by the administration. Its resolution is a remote risk for CIE as it does not imply, in the event of loss, negative effects in terms of cash or results.

CIE does **not consider** that the liquidation proposals and resulting minutes **will have a notable significant impact**

International taxation and transfer pricing

CIE Automotive's business model is decentralized, seeking to satisfy the needs of customers in all the geographies in which it is required. Over the years, the company has developed geographical growth and a strengthening of its presence in different countries through alliances, acquisitions and construction of new facilities with the aim of bringing the production centers closer to the assembly plants of vehicle manufacturers.

With this geographical growth, together with the effect of the globalization of businesses and markets, it is necessary to guarantee that the results of intercompany operations remain in line with the creation of value, adopting the principle of arm's length competition as a cornerstone in transfer pricing determination.

However, this decentralized operating model represents a reduced level of risk for the purposes of related-party transactions since, due to the nature of its industrial activity, CIE Automotive does not relocate profits or use tax base erosion mechanisms. There are no shared product transformation transactions that could be questioned, centralizing companies, shared functions or services, or cost distributions that follow an exclusively tax purpose.

CIE does **not relocate profits or use base erosion mechanisms**, in accordance with the principles of the BEPS project*

(*) Base erosion and profit Shifting

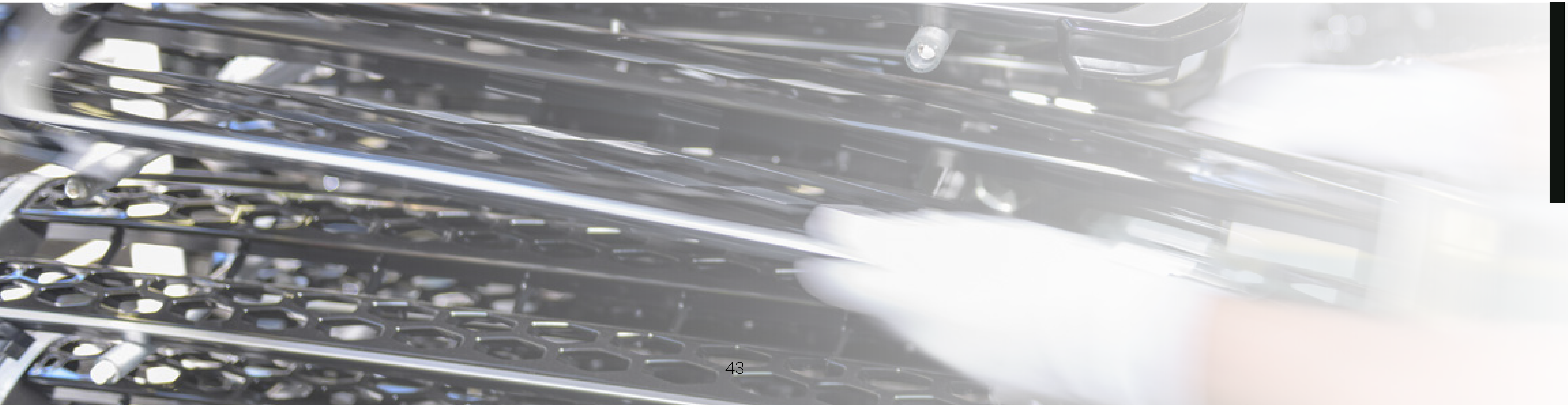
All related-party transactions are carried out at market price, faithfully following the OECD transfer pricing guidelines

In any case, for the related-party transactions carried out and which, for the most part, correspond to corporate support services provided by the parent company to the subsidiaries (management and administration support services, quality, commercial, financial, IT services, etc.), CIE Automotive applies valuation criteria at market price in all group companies, aligned with the OECD transfer guidelines adapted to BEPS standards.

In addition, CIE dedicates the necessary efforts to keep all the documentation related to existing operations up to date, under the terms provided in the regulations of the different countries, aligned with the principles and contents of Action 13 of the BEPS plan.

Supported by expert external advisors, compliance with the group's documentation obligations in this area is periodically reviewed and validated by external auditors, guaranteeing rigorous attention to the obligations arising from said operations.

For greater control, transactions with related parties, in accordance with current mercantile regulations, are presented to the Board of Directors and prior validation of compliance with transfer pricing regulations is carried out. In addition, its documentation is carried out according to the legislative terms provided and its maximum transparency in front of authorities is ensured.



Good tax practices

As time passes, the good practice of making public the tax policies and/or strategies that describe the position of companies with respect to some key issues in tax matters has become universal, such as the express commitment to comply with tax regulations in all jurisdictions where activity is carried out; the cooperative relationship with the tax administrations; the avoidance of artificial structures, of an opaque nature or abusive practices in order to avoid tax obligations or obtain undue advantages; and the commitment to transparent communication of the main tax magnitudes.

Recent years have witnessed increased attention, by the media, the public, and organizations, to the sustainability of large multinationals, the tax policies applied, and the transparency of tax information disclosed.

With governments around the world increasingly concerned about receiving their share of tax contributions, the challenge to achieve responsible taxation is emerging as one more obligation.

CIE Automotive, as a company committed to building a fairer and more sustainable society, aspires to meet these expectations by complying with the best tax practices. We are convinced that the anticipation and application of the highest standards in transparency and tax responsibility will reinforce the confidence and security of our interest groups in terms of tax compliance.

Recent years have witnessed increased **attention to the sustainability of large multinationals**

As an example of the application of these good practices, the following can be highlighted:

- **Compliance with all tax obligations** through a reasonable interpretation of the regulations and acting with integrity in all decisions of tax significance, following the codes of good practices approved in the various countries in which CIE carries out its activity.

- **Maximum communication effort** through the preparation and voluntary publication of an ad hoc Tax Contribution Report, reinforcing transparency on the main aspects and positions on tax matters of CIE Automotive and updating content on tax matters on the corporate website. For the preparation of this report, the main international standards are voluntarily followed, so homogeneous information is provided to other organizations and their access and understanding is facilitated (GRI 2071, OECD standard for tax risk control, recommendations of various working groups on this matter such as the B-team).

- **Breakdown of tax information Country by Country**, detailing the profits obtained and taxes paid.

- **Preservation of the reputational prestige** generated over the years by maintaining a business structure consistent with industrial activity, by renouncing tax engineering structures or income relocation to more favorable or controversial tax jurisdictions, and reducing the residual presence that may derive from corporate operations. For the limited cases of presence in tax havens, complete, clear and transparent information is provided on the locations, activities carried out and perspectives of permanence.

- **Compliance with the OECD Guidelines** on tax matters for multinational companies, following the principle of free competition in determining their transparent prices.

- **Alignment with the BEPS principles and actions** to combat the erosion of tax bases and the relocation of income (Base Erosion and Profit Shifting).

- **Approval in 2021**, by the Board of Directors, **of CIE Automotive's adherence to the Code of Good Tax Practices**, adopted by the Tax Agency (AEAT) within the framework of the Large Companies Forum. Good Tax Practices are defined in this Code as "all those that lead to the reduction of significant tax risks and the prevention of those behaviors that may generate them." The Code aims to increase the effectiveness of the controls of the Tax Administration and reduce legal uncertainty in companies and the litigation that arises between them.

CIE MAINTAINS THE PRINCIPLES OF CONTINUOUS IMPROVEMENT AND SEARCH FOR EXCELLENCE AT THE HIGHEST LEVELS

1 **The Global Reporting Initiative** (GRI) issued a new tax standard (GRI 207) that became effective for reporting on January 1, 2021. This is the first and only standard of globally applicable public information for tax transparency that enables organizations to better understand and communicate information about their tax practices, supporting the disclosure of their business activities and tax payments on a country-by-country basis.

2 **The B Team Principles of Tax Responsibility** were developed in 2018 by a group of multinational companies, with the help of representatives of civil society, investors and international institutions. They represent the first consolidated effort by a group of intersectoral and interregional companies to define good practices in seven key tax areas, from corporate governance to relations with authorities and with all interest groups, to promote and support behaviors based on transparency.

Awards obtained

At present, there are many agencies that evaluate the strategy, performance and information regarding sustainability of companies. These evaluations also include transparency and social responsibility factors in which the tax field has a great impact.

That is why, rewarding the effort carw ried out in recent years in terms of tax responsibility and transparency in the information provided, CIE Automotive has obtained during this last financial year 2022 the recognition of independent organizations regarding the information it publishes to the market.

In 2022 CIE has voluntarily **requested the Fundación HAZ to evaluate its degree of compliance with transparency standards in tax matters and accredit the Group's reliability in this area** in front of all its stakeholders

Mention to CIE Automotive **Business Transparency from AECA**

CIE ranks second in the **prestigious Reporta ranking**

AWARDS

- The Spanish Association of Accounting and Business Administration (AECA) held a new edition of its prestigious awards, which are intended to recognize the effort and results of Spanish companies in terms of transparency and disclosure of financial information, good governance and sustainability.

  During the event, the award jury recognized CIE Automotive with **the honorable mention for Business Transparency for the "Greatest improvement compared to the previous edition".**

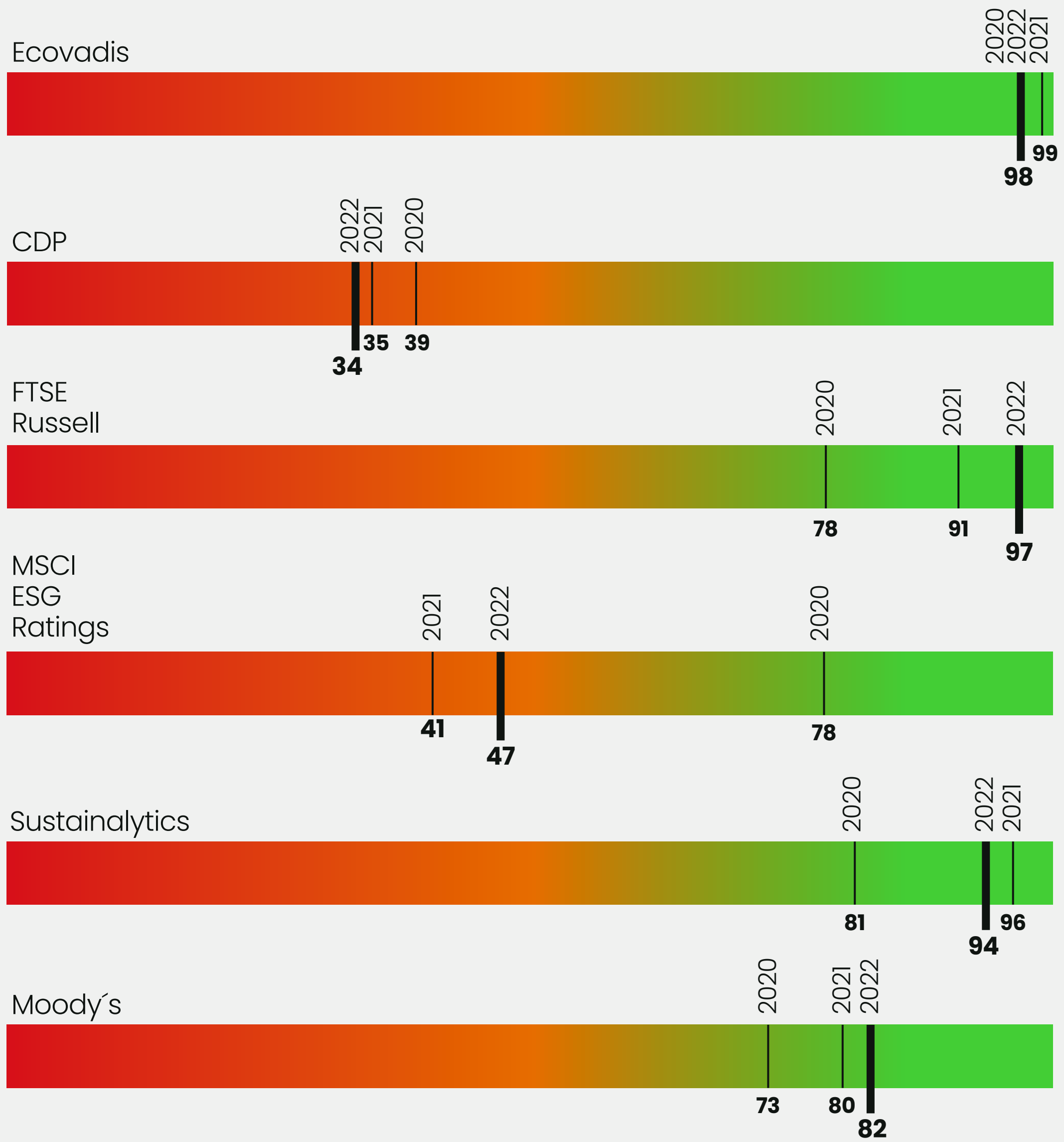
  - This is a consolidated award, highly valued by companies and a benchmark in corporate information –financial and government– and of a social and environmental nature.

- **CIE ranks second in the prestigious Reporta ranking**, which assesses the reports of listed companies. The general classification is obtained from scores in more than thirty indicators, grouped into four principles: transparency, commitment, relevance and accessibility. It is worth noting the gradual and very positive evolution of the CIE Automotive Annual Report, which, in just eight years, has risen from 51st to 2nd position. In the latest edition, CIE Automotive ranked first in information accessibility and relevance and second in transparency in companies in its sector.

- **Haz Foundation makes special mention of how CIE Automotive has come to prepare a specific report on tax issues and to have links on its corporate web** where complete information on tax matters is provided. The Haz Foundation grants CIE the "Transparent" category, this being the highest of the three established. With the development of the latest published content, CIE expects a new ranking, up to its maximum ranking, for the next edition of this publication. Additionally, CIE Automotive has requested to this body a detailed evaluation as mechanism for improvement with the expectation of receiving a recognition seal, in line with other listed companies.

- There are **several independent ESG agencies that evaluate CIE's performance** in this matter using public information. All of them show a **very positive trend in the rating**, which is improving each year and which, in addition, positions us in very high percentiles in our sector, which demonstrates the great commitment that CIE makes to also achieve excellence in this area of communication. and transparency.

Percentil position within the sector



For all these reasons, and in view of the acceptance that the efforts we have been making have among stakeholders, CIE continues to work for this voluntary transparency, both in its reports and on its website, seeking to disseminate and publish relevant tax information on the organization, under the conditions of:

Visibility

The information must be presented in a simple way and be located in a visible place on the web pages.

Accessibility

Information must be obtained without the need for registration.

Update

The information must be updated periodically.

Comprehensiveness

The information on the contents must be complete.

Commitment to sustainability

Inclusive economies depend on fair and effective tax systems. A strong tax contribution helps create the conditions for investment in critical infrastructure and services, which, in turn, ensure sustainable development and growth.

CIE Automotive's taxation is inspired by the commitment to ethical principles, good corporate governance and transparency, the basic foundations of sustainable, responsible taxation that is committed to society in general.

In its legitimate obligation to maximize the economic return of its shareholders, it maintains the optimal balance between the expectations of the various interest groups, without undermining compliance with its tax obligations.

But, above all, CIE Automotive ensures sustainable taxation, understanding and assessing all the implications that decisions on tax matters may have in environmental, social and corporate governance terms.

Taxation is called upon to play an important role in facilitating the achievement of the Sustainable Development Goals (SDG) of the United Nations 2030 Agenda. Tax policies are essential to meet these objectives, since they determine the economic environment in which they occur, from investment, employment and innovation, while offering the government revenue to finance public spending.

Ethics and transparency are the principles that govern our tax activities

CIE's corporate tax policy classifies the taxes paid by the companies of the CIE Automotive Group as the main contribution to society and, together with the Corporate Tax Strategy, are aimed at meeting these objectives.

Responsibility prevailing as the motor axis of its action in tax matters and extending CIE's commitment to each and every one of the objectives, the link with the **first objectives (end of poverty), eighth (decent work and economic growth), tenth (reduction of inequalities between countries and within each country) and seventeenth (alliances to achieve the objectives)** is clear**.**

From our point of view, it is not enough to contribute with the necessary resources, in accordance with current legislation, so that the tax authorities are capable to exercise their policies aimed at complying with the SDGs. At CIE we have proactively adopted an attitude of cooperation with said authorities and we have assumed responsibility in the tax field as an essential element of our actions.

We assume and address tax challenges
committed to the **sustainable development goals**

Appendix

Preparation bases. Scope and methodology

TTC Methodology (Total Tax Contribution)

CIE Automotive's Total Tax Contribution (TTC) framework measures the total contribution made by each of the companies of the Group to different tax authorities considering a cash-flow criterion.

There are two different types of taxes when taking about tax contribution:

- **TAXES BORNE (Tax charge):**

Taxes that represent an effective expense for CIE Automotive, reducing its profit (corporate income tax, taxes on production, social welfare paid by the company, etc.). They are also called own taxes.

- **TAXES COLLECTED (Tax collection):**

Taxes withheld or passed on to the final taxpayer, where CIE Automotive assumes the responsibility of their collection, but not bearing the cost (value added tax, sales tax of products, taxes collected from employees, etc.).

TTC framework measures the total contribution made by each of the companies of the Group to different tax authorities

The methodology applied by CIE Automotive is consistent with the OECD approach that highlights the relevance of the role of business groups in the tax system as taxpayers of taxes that represent a cost and as tax collectors of others.

Likewise, GRI 207 standard includes, among other recommendations, the incorporation in the external tax reporting, the breakdown of the taxes borne and collected by country in line with the CTT methodology.

Since taxes are given different denominations depending on the country, the CTT methodology classifies and simplifies taxes into 4 broad categories depending on their nature:

- **Taxes on profits:** includes taxes borne/collected on profits made by companies such as corporation tax.
- **Other taxes:** other types of taxes that do not fall into the above categories (property, environmental and other taxes).
- **Employment-related taxes:** Social Security contributions and other similar charges borne or collected by the employer.
- **Taxes on products and services:** those that tax the consumption of goods and services.

The methodology highlights the **relevance** of the role of business groups in the **tax system**

Terms and definitions glossary

- **Tangible assets:** Sum of the net accounting values of the tangible fixed assets resulting from the balance sheet, of all the entities included in the scope of application in each tax jurisdiction. It does not include cash and cash equivalents, intangible assets or financial assets.
- **Profit before tax:** Result obtained after subtracting from income all expenses incurred, with the exception of corporation tax.
- **BEPS:** Base Erosion and Profit Shifting. The BEPS term refers to the tax planning strategies used to, taking advantage of the discrepancies and inconsistencies between national tax systems, artificially change profits to places of little or no taxation, where the company hardly carries out economic activity.
- **Declared capital:** shared capital integrating the company's equity.
- **EBT:** Earnings before tax o result before tax.
- **Stakeholders:** Entity or individual who could be significantly affected by the activities, products and services of the reporting organization or whose actions could affect the organization's ability to successfully implement its strategies and achieve its objectives. Stakeholders may include those who are engaged in the organization (such as employees and shareholders), as well as those who have other relationships with the organization (such as other workers who are not employees, suppliers, vulnerable groups, local communities, NGOs, or other civil society organizations, among others).
- **IBEX35:** is the main benchmark stock market index of the Spanish stock exchange prepared by Bolsas y Mercados Españoles. It is formed by the 35 companies with the most liquidity that are listed on the Spanish Stock Exchange Interconnection System in the four Spanish stock exchanges.

- **ICMS:** Imposto sobre Circulação de Mercadorias e Serviço.
- **IFRS:** International Financial Reporting Standards are accounting standards that are issued by the International Accounting Standards Board (IASB) with the objective of providing a common accounting language to increase transparency in the presentation of financial information.
- **Corporate income tax accrued:** Sum of current taxes (corresponding to the current year) on the taxable income in the reference year of all entities included in the scope of application in each tax jurisdiction, regardless of whether they have been paid.
- **Corporate income tax Paid:** Sum of corporate taxes paid in the reference year by all entities within the scope of application in each tax jurisdiction, regardless of whether or not they refer to the current year.
- **Revenue Third-party:** Sum of third-party revenue accounted by entities within the scope of application in the relevant tax jurisdiction in the reference year. The term "income" is understood in the broadest possible sense to include all income, including income from extraordinary operations.
- **Income from related entities:** Sum of income from transactions between entities of the scope resident in different jurisdictions in the reference year, including income from extraordinary operations and excluding dividends, impairments and profits from associated companies.
- **Tax jurisdiction:** Country or territory with autonomous tax powers similar to those of a country.
- **SDGs:** Sustainable Development Goals. Goals adopted in 2015 by the United Nations as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity.
- **OECD:** Organization for Economic Cooperation and Development. It is an international cooperation body composed of 38 states, whose objective is to coordinate their economic and social policies.
- **Tax havens:** To determine which tax jurisdictions are likely to be perceived as tax havens, low-tax territories or non-cooperative jurisdictions, CIE Automotive takes into consideration the definition of a tax haven in Article 529 of the Spanish Capital Companies Law, and the European Union's list of non-cooperative countries and territories for tax purposes
- **TIER1:** Level 1 suppliers who are responsible for developing solutions adapted to the finished vehicle, without making excessive modifications.
- **Effective Tax Rate (ETR):** Relationship between the tax expense accounted in the financial account (i.e., including current taxes, any provision for tax debts that are not yet certain as to their amount or existence, income tax adjustments for prior years, and for anticipated and deferred taxes) and the pre-tax result
- **CIE nominal rate:** Applying to the result before taxes of each jurisdiction its nominal country rate, a theoretical tax expense is obtained whose relationship with the consolidated result before taxes gives the vision of the nominal tax rate of CIE Automotive Group.
- **CIE effective rate:** CIE Automotive's overall effective tax rate is the ratio of its accrued consolidated tax on consolidated taxable income from its activity in all the companies that make up the perimeter and countries where it is present.

Country By Country Report Definitions

Perimeter and List of entities and main activities

CIE Automotive is present in 23 tax jurisdictions through almost 140 commercial companies. The Country-by-Country Report includes country aggregated data of the entities that consolidate by global integration (no information is collected on joint ventures or associated entities).

Practically all the companies of CIE Automotive Group develop their activity in different areas of the automotive sector, from the design and manufacture of components, to the sale and distribution to manufacturers and TIER-1.

The list of all subsidiaries, joint ventures and associates and the information related to them, including their activity and domicile, is detailed in the document Appendix a of the Consolidated Annual Accounts.

Data Source

The source of information for the preparation of the Country by Country Report is the same as for the preparation of the Consolidated Annual Accounts of CIE Automotive Group, that is, the individual financial statements for 2021 of each of the companies that are part of the Group under the International Financial Reporting Standards (IFRS).

Revenue

Revenue is presented in two columns:

- Income received from related entities that are part of the perimeter of the country-by-country report but that belong to jurisdictions other than the one shown, that is, income within the jurisdiction itself is eliminated.
- Income received from third parties. Third parties also include associated entities as well as joint ventures

In addition to income relating to turnover, operating income and financial income, income relating to changes in the fair value of financial instruments and exchange differences are included, provided their net worth is positive.

Tax on profit paid

According to the OECD approach, the income tax paid must follow the cash criterion and therefore include any tax refunds, minute payments and settlements arising from litigation and withholdings. Thus, in several of the jurisdictions of CIE Automotive Group, the tax paid refers to results of previous years and therefore differs from that accrued in the current year.

Corporate Income tax Accrued

In this case, it includes, in accordance with the provisions of the OECD, the current tax expenditure accrued in the year of each of the companies according to their financial statements prepared under IFRS regulations. Current tax expenses will only reflect the activities of the current year, excluding deferred taxes or provisions for uncertain tax liabilities.

Declared capital and undistributed results

In the case of declared capital, the information referring to the share capital of the individual financial statements under IFRS regulations used for the preparation of the consolidated accounts of CIE Automotive Group with its conversion into euros at a historical rate has been taken.

In the case of undistributed results, the legal reserve values, other reserves and results of previous years have been considered under the same scheme.

Employees

The data presented as the number of workers correspond to the average workforce at the end of 2021 following the IFRS criteria.

Tangible assets

This is the sum of fixed assets recognized as tangible fixed assets as well as those corresponding to inventory balances.

Self-assessment

Self-Assessment Country-by-Country Report

In its eagerness to share and provide tax information in a clear and transparent manner, CIE Automotive has chosen to follow the model defined by the working group "Alliance for Tax Responsibility", called ***thermometer of Tax Responsibility*** and carry out under its indicators a self-assessment of the tax contribution of CIE Automotive Group.

ADEQUATE	ACCEPTABLE	CAN BE IMPROVED				DEFICIENT
		ADEQUATE	ACCEPTABLE	CAN BE IMPROVED	DEFICIENT	
Tax contribution and geographical distribution	1. Effective rate *(global, three year average)*	>20%	15%-20%	15%-20%	<10%	ADEQUATE
	2. Effective rate as a percentage of nominal rate *(global, three year average)*	>90%	75%-90%	50%-75%	<50%	ACCEPTABLE
	3. Invoicing *(controversial territories / total)*	0%-10%	10%-20%	20%-35%	>30%	ADEQUATE
	4. Benefits *(controversial territories / total)*	0%-10%	10%-20%	20%-35%	>30%	ADEQUATE
Location of profits	5. Profitability *(controversial territories / other countries)*	<1,5x	1,5x-2x	2x-3x	>3x	ADEQUATE
	6. Profitability per employee *(controversial territories / other countries)*	<2x	2x-2,5x	2,5x-3x	>3x	ADEQUATE
	7. Return on assets *(controversial territories / other countries)*	<1,5x	1,5x-2x	2x-3x	>3x	ADEQUATE
Economic substance	8. Productivity per employee *(controversial territories / other countries)*	<1,5x	1,5x-2x	2x-3x	>3x	ADEQUATE
	9. Invoicing on assets *(controversial territories / other countries)*	<1,5x	1,5x-2x	2x-3x	>3x	ADEQUATE
	10. Employees by subsidiary *(other countries / controversial territories)*	<2x	2x-4x	4x-6x	>6x	ADEQUATE

Data Source

The data used for the calculation of ratios come from the Country-by-Country Report model

In the case of valuation of effective rates, the same methodology used in the Tax Transparency Report and described in the previous section has been used for consistency.

Country categories

- *Controversial tax territories*: reflects the calculation of each concept for all countries and territories considered as tax controversial according to the definition made in the corresponding section. In the case of CIE Automotive are Barbados and the Netherlands.
- *Other countries*: it reflects the calculation of each concept for all countries that are not tax havens, nor tax controversial territories.
- *Total*: reflects the calculation of each concept for all countries.

The complete model of the thermometer is available in ***www.oxfamintermon.org***.

GRI 207 Self-Assessment

CIE voluntarily follows best practice's trends and recommendations towards responsible and transparent taxation

CIE Automotive is committed to complying with the best practices of responsible and transparent taxation through the voluntary follow-up of the principles or recommendations of greatest international prestige.

To this end, it wanted to carry out a self-assessment that helps to demonstrate its exceptional compliance with the international standards of taxation GRI 207, launched in 2021.

The contents on the management approach and thematic contents, included in the standard, and their application in CIE Automotive Group are detailed below:

CONTENTS ON THE MANAGEMENT APPROACH

	Requirement	Guidelines	Check	Evidence of CIE Automotive compliance
207-1 Fiscal approach	Tax strategy.	Existence of a public tax strategy applicable to all companies and employees of a Group.	●	The CIE Automotive Group has publicly and accessible on the corporate website the group's Tax Policy promoting its dissemination within the group at all levels and geographies.
	Fiscal Strategy Review Body.	Involvement of the Board of Directors in the approval and periodic monitoring of Fiscal Policies.	●	The Governing Bodies play a fundamental role in fiscal matters. In the group, the Board of Directors approves the Fiscal Policy and oversees the execution of the strategy and the management of fiscal risks together with the Audit and Compliance Committee on an annual basis.
	Compliance approach.	Commitment to regulatory compliance.	●	One of the principles on which the group's fiscal performance is based is legality and integrity, governed by strict compliance with tax regulations in each of the countries in which it carries out its activity, through the payment of taxes that are payable in accordance with the legal system.
	Relationship between the tax approach, business strategy and sustainable development.	Alignment of the Fiscal Policy and Strategy with the reality of the business and the commitment to sustainability.	●	Having understood that taxation has also become a sustainability issue for many stakeholders, CIE Automotive ensures that it carries out sustainable tax management based on the principles of good practice and aligned with the development of its business. All this is thus defined in the corporate tax policy published on the corporate website. The new ESG 2025 Strategic Plan reinforces the strategic lines with its commitment to sustainability.
207-2 Tax governance, control and risk management	Responsible body for compliance with the tax strategy.	Identify the highest governing body in charge of reviewing the fiscal strategy.	●	The Board of Directors is the governing body in charge of approving the Fiscal Policy of CIE Automotive which contains the fiscal strategy. The execution and monitoring of the tax strategy is subject to supervision together with the Audit and Compliance Committee.
	Tax strategy in the organization.	Description of the processes, projects, programmes and initiatives that support tax strategy and procedures.	●	The integration of the tax approach in CIE Automotive is governed by an orderly regulatory management model composed of policies, standards (global and specific), internal procedures and standardized processes, all subject to the guidelines of the Code of Ethics and Conduct, aimed at mitigating the most relevant tax risks.
	Tax risk management.	Identification, management and supervision of tax risks.	●	The management of fiscal risks in CIE Automotive, is integrated into the Risk Control and Management Policy, within the Corporate Governance policies. Likewise, the group has internal processes, systems and internal controls in order to mitigate risks. The group publishes annually the Report of the Internal Control System of Financial Information (ICFR), which validates the controls associated with fiscal processes subject to systematic internal and external audits. ICFR controls are subject to continuous supervision by the Audit and Control Committee and the group's Board of Directors and follow-up by the Internal Control Management and the Audit Management. The rules and procedures are reviewed by the General Management with the aim of ensuring the integrity, homogeneity, validity, availability and accessibility of the Company's internal regulatory documents, as well as facilitating the management through the established channels and their approval at the appropriate level.
	Reporting channels.	Mechanisms for reporting unethical or illegal conduct as a mechanism for interest groups.	●	On the CIE Automotive corporate website, a complaints channel is available where any employee or third party can communicate anonymously and confidentially any indication or possible breach of the Code of Ethics and Conduct. To reinforce the commitment to an ethical code of conduct, training actions are carried out on a recurring basis on this code of ethics and conduct, criminal responsibility, fraud and corruption.
	Compliance with tax governance and the control framework.	Explanation of the tax governance compliance assessment process.	●	CIE Automotive supervises, checks, and maintains the tax governance and control framework. CIE Automotive relies on both internal and external auditors for the annual review of compliance with tax governance and the control framework.

Check: ● Complies ● Partially complies ● Does not comply

THEMATIC CONTENTS

	Requirement	Guidelines	Check	Evidence of CIE Automotive compliance
207-3 Stakeholder engagement and management of tax concerns	Commitment to tax authorities.	Cooperative relations with tax administrations.	●	Adherence and application of the Spanish Code of Good Tax Practices. Voluntary publication of the Tax Contribution Report. CIE Automotive not only provides the necessary information, but also requests in advance recommendations and indications from the relevant regulatory bodies for each relevant tax operation it carries out. Presentation of previous tax proposals to the competent administration in those operations with potential relevant tax impact.
	Consideration and participation of the views of internal and external stakeholders.	Public positioning on tax issues and active participation in forums/platforms to manage the regulatory environment.	●	The CIE Automotive Group, in its search for transparency, presents its point of view on taxation policies. Subscription in various platforms of multinational companies where they expose and interact with stakeholders on the continuous changes that occur in the fiscal field (member of the Cluster of Transparency, Integrity and Good Governance created by the business platform Forética). Affiliation to different newsletters where it is kept up to date. Participation in webinars in order to resolve possible interpretations of the tax environment.
207-4 Country-by-country reporting	Tax jurisdictions of group entities.	Complete information at the level of tax jurisdiction, referring to the place where they are resident for tax purposes.	●	Publication of the Country by Country Report. Description of companies in disputed territories (Netherlands and Barbados) and included in the corporate tax liability thermometer (with an "Adequate" valuation, the maximum in the barometer).
	Entity names.	Detailed list of entities resident in each tax jurisdiction.	●	Information included in country report and Consolidation Annual Accounts.
	Main activity.	General description of the activity carried out by the Group in each jurisdiction.	●	Information included in country report and Consolidation Annual Accounts.
	Employees.	Number of employees and the calculation used.	●	Information included in country report and Consolidation Annual Accounts.
	Revenue.	Income from transactions with third parties and related parties in case of belonging to a different jurisdiction.	●	Information included in the Country by Country Report and this Tax Contribution Report.
	Profit/loss before tax.	Criterion followed to determine the consolidated gain/loss attributable to each jurisdiction.	●	Information included in the Country by Country Report and annex to this Tax Contribution Report.
	Tangible assets other than cash and cash equivalents.	Criterion followed to determine the volume of assets attributable to each jurisdiction.	●	Information included in the Country by Country Report and annex to this Tax Contribution Report.

Check: ● Complies ● Partially complies ● Does not comply

THEMATIC CONTENTS

	Requirement	Guidelines	Check	Evidence of CIE Automotive compliance
207-4 Country-by-country reporting	Corporate income tax paid by cash criterion. Corporate taxes accrued in profit/ loss.	Criterion used to determine the tax paid and its imputation to other tax jurisdictions.	●	Information included in Country by Country Report and in this Tax Contribution Report.
	Nominal vs. Accrual IS Reconciliation.	Nominal vs effective IS reconciliation.	●	Information included in Country by Country Report and Consolidated Annual Accounts.
	Reference exercise.	Preference for providing contemporaneous information of the CbC (same exercise / period as that of the public information in Annual Accounts). Otherwise, specify the reason.	●	It does not differ.
	Employee remuneration.	Inclusion of information on remuneration costs as an indicator of the value generated in a jurisdiction.	●	The Annual Report contains information on the average remuneration by jurisdiction.
	Employee withholdings.	Inclusion of information on remuneration costs as an indicator of the value generated in a jurisdiction.	●	Included in the Tax Contribution Report.
	Taxes collected.	Disaggregated information on taxes collected (by jurisdiction and type).	●	Included in the Tax Contribution Report.
	Other payments to governments.	Description of other taxes or tax figures supported/collected by jurisdiction.	●	Included in the Tax Contribution Report.
	Uncertain fiscal positions.	Description of the main litigations of a tax nature and quantification of their impact.	●	Included in the Consolidated Annual Accounts.

Check: ● Complies ● Partially complies ● Does not comply

CIE Automotive

2022 Tax Contribution Report

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