



REPORT ISSUED BY THE AUDIT AND COMPLIANCE COMMITTEE OF CIE AUTOMOTIVE, S.A. REGARDING ITS ACTIVITIES IN 2021.

1. PURPOSE OF THIS REPORT

The purpose of this report (the “**Report**”) is to reflect the activities carried out in 2021 by the Audit and Compliance Committee of CIE Automotive, S.A. (the “**Committee**” and the “**Company**”), in such a way that the shareholders of the Company and other interested parties can understand the activities carried out by the Committee during the year.

2. JUSTIFICATION FOR THE REPORT

This Report is issued in accordance with and for the purposes established by Article 3 of the Audit and Compliance Committee Regulations, Recommendation 6 of the Good Governance Code for Listed Companies and Section 79 of Technical Guideline 3/2017 regarding Audit Committees at Public Interest Entities.

3. RECIPIENTS OF THE REPORT

This report is prepared for the Board of Directors and the General Shareholders Meeting.

4. REGULATIONS GOVERNING THE COMMITTEE

The Committee’s Regulations are established, in general, by the Spanish Companies Act, the Company’s Bylaws and the Audit and Compliance Committee Regulations, as well as the recommendations set out in the Good Governance Code of Listed Companies, as reported in the Annual Corporate Governance Report.

5. COMPOSITION OF THE COMMITTEE

Annex 1 of the Report presents the composition of the Committee during the year, including the category and seniority of each of its members and identifying those that have ceased to be members during 2021. The information and descriptions of those members and their significant capabilities in terms of knowledge and experience are included in this report through reference to the relevant section of the Company’s website.

In practice, the Board of Directors determines the composition of the Committee based on the requirements set out in the regulations mentioned in Section 4, the content of the guidelines mentioned in Section 12 and, in particular, the experience and professional depth of the candidates, always seeking to achieve a balance combining a diversity of origins and possible contributions, and prior knowledge



of the matters that make up the Committee's functions.

6. FUNCTIONS AND TASKS PERFORMED

The functions of the Committee throughout the year have been those attributed to it by the Spanish Companies Act, the Company's bylaws and Audit and Compliance Committee Regulations. The tasks performed in practice by the Committee throughout the year are identified and described in Section 9.

7. MEETINGS HELD BY THE COMMITTEE

The Committee has met on seven occasions during the year, and members of the Company's senior management, as well as the Finance Department participated, depending on the meeting's agenda.

The Secretary of the Board of Directors has attended the meetings, also acting as its secretary.

8. NUMBER OF MEETINGS HELD WITH THE EXTERNAL AUDITOR

The Committee has met on five occasions with the external auditor, PriceWaterhouseCoopers Auditores-

9. SIGNIFICANT ACTIVITIES CARRIED OUT

The main activities carried out by the Committee during 2021 were as follows:

A) Selection of a new external audit firm for the years 2023, 2024 and 2025

During 2021, the Committee developed a process for the identification and selection of a new external audit firm for the 2023 - 2025 financial years, since the current external audit services firm must cease being the Company's auditor of the financial statements after 2022.

Audit firms have been contacted and an assessment and selection process has been carried out and in which the Committee has actively participated, interviewing the possible candidate firms and, through an objective system of points and evaluations, has submitted to the Board of Directors, for approval by Shareholders at a General Meeting, a proposal for the appointment of the firm KPMG Auditores as the Company's auditor for its individual and consolidated financial statements during the years ending on December 31, 2023, 2024 and 2025.



B) Financial and non-financial information and associated internal control mechanisms

The Committee has reported on all the periodic public financial information that the Company published during 2021, in accordance with applicable legislation (annual financial report covering the 2020 financial year, including the non-financial information statement, interim management statement regarding the first and third quarters of 2021 and the semi-annual financial report regarding the first half of 2021).

As part of the review of the annual financial report covering 2020, the Committee reported on the Annual Corporate Governance Report and the Annual Remuneration Report (within the scope of its authority) corresponding to that financial year.

The Committee has validated the conclusions reached by the Internal Financial Reporting Control System (IFRCS) regarding the Company's mechanisms associated with internal control.

Finally, it has reported favorably on the liquidity statement, which must be approved in order for the Board of Directors to adopt a resolution to make payment of an interim dividend out of 2021 profits.

c) Related-party transactions

As a result of the entry into force on July 3, 2021 of the Spanish Companies Act regarding the approval of related-party transactions by listed companies, the Committee has exhaustively analyzed the possible transactions that qualified as related-party transactions and has issued the relevant reports aimed at supporting their conditions, with a view to their approval by the Company's Board of Directors.

D) Risk management and control

The Committee has analyzed, together with senior management, certain relevant risks inherent to the business, as well as the manner in which their materialization is controlled and mitigated.

The Corporate Policies and the Criminal Risk Prevention Manual of CIE Automotive Group have been updated. It has also approved the proposal for the new wording of the CIE Automotive Group's risk control and management policy.



E) Internal audit

The Company has launched the update of the Internal Audit area by approving a regulatory standard for the Company's internal audit function and the subsequent internal audit strategic plan.

F) Relations with the external auditor

The Committee has maintained fluid communications with the external auditor when performing its duties, and the auditor has been invited to all the meetings held by the Committee.

The main purpose of this communication has been (i) the review of the periodic public information (half-yearly and annual), and (ii) the planning of audit activities for 2021.

The Committee has assessed and approved (if applicable) the services provided by the audit firm, other than the audit services themselves, which have been submitted for approval by the Company and has ensured the firm's independence and the mandatory report for such purposes has been issued with respect to 2021.

The fees charged by the external auditor for the current year have also been analyzed and the renewal of its appointment and the proposal for the firm's renewal to be submitted to shareholders at an Ordinary General Meeting have been assessed.

G) Nature and scope of communications, if any, with regulators

The Committee has not maintained communications with regulators and it has reviewed any reporting requests that have been made with respect to the matters for which the Committee is responsible.

H) Tax strategy

The tax strategy for the year has been presented and a favorable report has been issued and submitted for the approval of the Company's Board of Directors.

10. SCOPE OF THE ASSESSMENT

No specific assessment of all of its activities during the year has been carried out by the Committee, but all of its members are committed to continuous improvement.



11. COMMITTEE OPINION REGARDING THE AUDITOR

On February 23, 2021, the Committee issued an opinion regarding the independence of the external auditor in relation to the year ended December 31, 2020. As a result, the Committee issued the subsequent report containing its opinion on the independence of the external auditor, which was made available to Company shareholders at the last General Meeting.

On the date the Report was prepared the Committee had not yet reached a decision regarding the independence of the external auditor with respect to the year ended December 31, 2021, which is expected to occur at the Committee meeting to be held on February 24, 2022, based on the agenda included in the call to the meeting that has already been issued.

The resulting report issued by the Committee containing its opinion on the independence of the external auditor will be made available to Company shareholders at the next General Meeting.

12. INFORMATION ON WHICH PRACTICAL GUIDELINES ON ARE BEING FOLLOWED

The Committee follows Guideline 3/2017 on Audit Committees of Public Interest Entities. In addition, the Committee seeks to adapt its decisions and the performance of its activity to best market practices within the scope of its actions and area of responsibilities to the extent possible and advisable taking into account the circumstances affecting the Company.

13. CONCLUSIONS

Based on the above, the Committee concludes that an adequate level of activity has been maintained and that it has complied with its obligations during 2021. Without prejudice to the foregoing and its duty to continue complying with its obligations, the Committee maintains the principle of continuous improvement principle and will therefore seek to improve in those areas it deems necessary.

14. DATE OF PREPARATION

This Report was unanimously prepared by the Committee on Thursday, February 24, 2022.

15. DATE OF PRESENTATION

The Report was presented to the Board of Directors by the Committee on February 25, 2022.



16. PUBLICATION OF THE REPORT

This Report will be made available to the public (particularly to the Company's shareholders at the next General Meeting) through its publication on the Company's website starting of the date the General Meeting is called.

Bilbao, Thursday, February 24, 2022.

The Audit and Compliance Committee

ANNEX 1

COMPOSITION OF THE AUDIT AND COMPLIANCE COMMITTEE DURING THE YEAR

Director	Category	Position	Length of Service on the Committee
Members of the Committee between December 31, 2020 and December 15, 2021			
Mr. Ángel Ochoa Crespo	Independent	Chair	Since October 27, 2010, having been appointed Chair on February 22, 2019.
Mr. Carlos Solchaga Catalán	Independent	Member	Since February 25, 2015
Ms. Maria Teresa Salegui Arbizu	Proprietary	Member	Since October 27, 2010 (originally as the natural person representative of Addvalia Capital, S.A.).
Ms. Arantza Estefanía Larrañaga	Independent	Member	Since Wednesday, April 29, 2020.
Members of the Committee between December 31, 2021, after the changes on December 15, 2021			
Ms. Elena Orbegozo Laborde	Independent	Chair	She was appointed member of the Committee and Chair on December 15, 2021

Director	Category	Position	Length of Service on the Committee
Ms. Arantza Estefanía Larrañaga	Independent	Member	Since Wednesday, April 29, 2020.
Ms. María Eugenia Girón Dávila	Independent	Member	She was appointed member of the Committee on December 15, 2021
Ms. María Teresa Salegui Arbizu	Proprietary	Member	Since October 27, 2010 (originally as the natural person representative of Addvalia Capital, S.A.).