



Securities Market Internal Code of Conduct Regulation of CIE Automotive, S.A.

Bilbao, 27 February 2017

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1. Purpose

This securities market internal conduct regulation (the “**Regulation**”) was approved by the Board of Directors of CIE Automotive, S.A. (the “**Company**”) in its meeting of 27 February 2017 in compliance with the mandate established in article 225 of Royal Legislative Decree 4/2015, of 23 October, approving the consolidated Securities Market Act (*Ley del Mercado de Valores*, “**LMV**”).

The purpose of this Regulation is to establish the rules of conduct to be observed by persons subject to its scope of application in their activities relating to the securities market, in order to prevent and avoid any potential case of market abuse, in accordance with Regulation (EU) 596/2014 of the European Parliament and of the Council, of 16 April 2014 on market abuse (“**MAR**”).

2. Definitions

The following definitions are applied for the purpose of this Regulation:

- **Senior Executives** are the executives who directly report to the Board of Directors or the Managing Director, who hold responsibility for the Company's internal audit.
- **External Advisers** are the individuals or legal entities and, in the latter case, their executives or employees, who are not employees of the Company or of any of the companies of its Group, but who provide advisory, consultancy or any other similar service to the Company or any companies of its Group, and who, as a result, have access to Inside Information.
- **Audit and Compliance Committee** is the Company's audit and compliance committee pursuant to article 529 *quaterdecies* of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*, “**LSC**”).
- **CNMV** is the Spanish Securities Market Commission.
- **Business Days** are the days from Monday to Friday of trading on the Spanish stock markets that list Affected Marketable Securities or Financial Instruments.
- **Confidential Documentation** is Inside Information in written, computerised or any other format, which is strictly confidential in nature.
- **Group or CIE Group** is the group of companies headed by the Company in the terms established in article 5 of Royal Legislative Decree 4/2015 of 23 October, passing the consolidated Spanish Corporate Enterprises Act.
- **Important Event** means all disclosures of Inside Information that securities issuers must immediately release to the public.
- **Inside Information** means all specific information that has not been made public and that directly or indirectly refers to Affected Marketable Securities or Financial Instruments, or the issuer thereof, and that, if made public, could considerably influence the price of the Affected Securities and Instruments or related derivative instruments, in accordance with article 7 MAR and 226 LMV.

The information will be considered concrete if it indicates a series of circumstances that occur, or could be reasonably expected to occur, or a fact that has occurred, or that could be reasonably expected to occur, when the information is sufficiently concrete to enable a conclusion to be drawn on the possible effects that this series of circumstances

or facts would have on the price of Affected Marketable Securities or Financial Instruments or, if appropriate, of related derivative financial instruments.

In this respect, if the generation process is lengthy or results in certain circumstances or a specific event, both the said circumstance or future events and the interim stages of the process linked to the generation or triggering of the circumstances or futures facts could be considered specific information. An interim stage of a lengthy process will be considered Inside Information if it, alone, meets the inside information criteria herein established.

Moreover, information that a fair investor would likely use as one of the core elements of their investment decisions will be considered information that, if public, could appreciably influence the prices of Affected Marketable Securities or Financial Instruments or, if appropriate, of derivative instruments related to these.

- **Insiders** means those persons, including External Advisers, who temporarily have access to the Group's Inside Information for the duration of their inclusion in the Insiders Registry. Such persons will no longer be considered as such when the Inside Information in question is released to the market through an Important Event
- **Permanent Insiders** are the Liable Parties with permanent access to Inside Information due to the nature of their functions.
- **Authorized Liaisons** are the persons appointed by the Head of Compliance according to applicable regulations in order to respond to queries, verifications or information requests concerning the release of Inside Information to the CNMV.
- **LMV** has the meaning given in article 1.
- **LSC** means Royal Legislative Decree 1/2010 of 2 July, passing the consolidated Spanish Corporate Enterprises Act, pursuant to any further modifications.
- **MAR** has the meaning given in article 1.
- **Secondary Market** means any official secondary market or other regulated secondary markets, multilateral trading systems or organized secondary markets.
- **Liable Parties** are any of the following persons:
 - (i) Members of the Company Board of Directors and, if not directors, the Secretary of the Board, the Board's legal counsel (where this is not also the Secretary).
 - (ii) Senior Executives of the Company.
 - (iii) Employees and executives of the Group deemed appropriate by the Head of Compliance, either permanent or temporary, due to pursuing work in areas related to the securities markets or due to regularly having access to related Inside Information, directly or indirectly, with the Company and its subsidiaries and affiliates and, in any event, the executives and employees forming part of investor relations departments and executives and employees who manage the Company's treasury shares.
 - (iv) Any persons decided by the Head of Compliance to be included in the scope of application of the Regulation pursuant to the circumstances at hand.
- **Related Parties** are, pursuant to article 1(26) MAR and with regards to each Liable Party, any of the following persons:

- (i) The spouse or any other equivalent person to a spouse pursuant to applicable regulations.
 - (ii) Dependent children, pursuant to applicable regulations.
 - (iii) Any other family member with whom the Liable Party has co-inhabited for at least a year before the date of the transaction in question.
 - (iv) A legal entity, trust or association in which a person with management responsibilities or a person mentioned in paragraphs (i), (ii) or (iii) above has an executive role, or which is directly or indirectly controlled by the said person, or which has been created for the benefit of the said person, or whose economic interests are largely equivalent to those of the said person.
- **Regulation** has the meaning given in article 1.
 - **Insiders Register** means the register, divided into sections, which shall be created by the Company in accordance with article 18 MAR and Commission Implementing Regulation (EU) 2016/347 of 10 March 2016 laying down implementing technical standards with regard to the precise format of insider lists and for updating insider lists in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council.
 - **Liable Parties Register** means the register containing information on Liable Parties pursuant to article 3 of this Regulation.
 - **Register of Marketable Securities and Financial Instruments** means the register containing information related to Marketable Securities and Financial Instruments owned by Liable Parties or, if appropriate, Related Parties, pursuant to article 6.6 of this Regulation.
 - **Head of Compliance** means the person instructed to oversee compliance with this Regulation and perform the duties entrusted under this Regulation, i.e. the Secretary of the Board of Directors.
 - **Company** has the meaning given in article 1.
 - **Affected Marketable Securities or Financial Instruments** means:
 - (i) Equity and fixed-interest securities issued by the Company or any member of its Group that are traded on a Secondary Market.
 - (ii) Financial instruments and contracts of any type that grant a call option on the foregoing securities, including those traded on secondary markets.
 - (iii) Financial instruments and contracts, including those not traded on secondary markets, the basis of which is securities or instruments issued by the Company.
 - (iv) For the sole purposes of article 4 of this Regulation (“Processing of Insider Information”), securities or financial instruments issued by other companies or entities for which there is Insider Information.

3. Subjective scope of application

This Regulation shall apply to the Liable Parties and, where expressly indicated, the Insiders. The Head of Compliance shall create and continually update a Register of Liable Parties containing the following details:

- (i) Identity of the Liable Parties.
- (ii) The reason for which the said persons have been included in the Register of Liable Parties.
- (iii) The date of creation and date of updating the Register of Liable Parties.

The Register of Liable Parties shall be immediately updated when the reasons why a person was initially included therein change, when a new person is to be included in the Register, and when a Liable Party included in the Register requests their removal, in which case the date of effective removal will be recorded.

The Head of Compliance shall inform the Liable Parties of their inclusion in the Register of Liable Parties, of the obligations imposed by this Regulation and of all other details envisaged in the Spanish Data Protection Act (*Ley Orgánica 15/1999 de 13 de diciembre, de Protección de Datos de Carácter Personal*).

Liable Parties shall send the Head of Compliance the opt-in declaration appended hereto as Appendix 1 duly signed, within ten days from the date of this Regulation being delivered.

The Head of Compliance will provide the CNMV and any other competent authorities with an up-to-date copy of the Register of Liable Parties at all times.

4. Processing of inside information

4.1. Standards of conduct

In general, Inside Information will only be disclosed to internal or external persons of the Group when strictly necessary. Liable Parties and Insiders who possess any kind of Inside Information:

- (i) Shall abstain from executing any kind of transaction on Affected Marketable Securities and Financial Instruments to which the Inside Information refers. An exception to the foregoing is the preparation and execution of operations, the existence of which is Inside Information in itself, as well as operations executed in compliance with a due obligation to acquire or dispose of Affected Marketable Securities and Financial Instruments, when this obligation is contemplated in an agreement entered into before the Liable Party and the Insider have been in possession of the Inside Information. An additional exception to the foregoing are operations executed pursuant to applicable regulations. However, a transaction with Inside Information will be considered to exist when based on the cancellation or modification of an order on Affected Marketable Securities or Financial Instruments to which Inside Information refers that had been given before there was knowledge of the Inside Information.
- (ii) Shall not disclose Inside Information to third parties except in the normal exercise of their work, profession or functions, and with the requisites envisaged in this Regulation.
- (iii) As a result of having the Inside Information, third parties will not be recommended or incited to buy, assign or sell the Affected Marketable Securities or Financial Instruments.
- (iv) In general, will comply with the provisions of applicable legislation and this Regulation.

Access to External Advisers and Inside Information will require prior signature of a non-disclosure agreement, unless when subject to professional secrecy due to their professional status. External Advisers will be included in the corresponding section of the Insiders Registry and will be informed in the same terms as other Insiders and are subject to the same obligations.

Likewise, Liable Parties and Insiders who possess Inside Information must notify the Head of Compliance that they do and will safeguard it, without prejudice to their reporting and collaboration duties with court and administrative authorities in the terms set out in the LMV and other applicable legislation, and to adopt the appropriate measures to avoid Inside Information being used abusively or disloyally. The Liable Parties and the Insiders (other than External Advisers) must also notify the Head of Compliance immediately of any abusive or disloyal use of the Inside Information of which it has knowledge.

The necessary security measures will be necessary to ensure the custody, filing, access, reproduction and distribution of Confidential Information in accordance with the rules hereunder, so that the normal pricing of the Affected Marketable Securities and Financial Instruments cannot be affected by third-party knowledge thereof.

The Head of Compliance shall oversee the market performance of the Affected Marketable Securities or Financial Instruments and the news that professional broadcasters of economic information and media issue and that may affect them.

In the event of an abnormal trend in traded volumes or prices and if there are reasonable grounds to believe that these changes are the result of premature, partial or distorted reporting of the Inside Information, the Head of Compliance, following consultation with the Chairman of the Board of Directors, shall take the necessary measures to immediately report an Important Event, providing clear and precise information on the status of the transaction in progress or containing advanced notice of any other information to be made public in relation to the Inside Information.

Without prejudice to the foregoing, when the foregoing persons believe that the information must not be made public, due to affecting the Group's legitimate interests, the CNMV must immediately be informed of these circumstances in order for it to appraise whether or not to apply exceptions to the reporting obligation set out in applicable regulations.

4.2. Insiders Register

For each piece of Inside Information, the Head of Compliance will appoint a person responsible for creating, updating and preserving a section of the Insiders Registry in accordance with article 18 MAR and its development regulations. The format and contents of the various sections of the Insiders Registry will be adjusted to article 18 MAR and its development regulations.

In order to avoid the same persons appearing multiple times in different sections of the Insiders Registry, the Head of Compliance may decide to create a permanent section that will include information on permanent Insiders, which will be his/her responsibility, must be kept up to date and that will be preserved in accordance with article 18 MAR and its development regulations. The persons included in this section shall not appear in the other sections of the Insiders List. The format and contents of the permanent section of the Insiders Registry will be adjusted to article 18 MAR and its development regulations.

The head of each section of the Insiders Register will send a copy to the Head of Compliance each month and whenever so requested, who will provide a copy to the CNMV and any other competent authority.

The head of each section of the Insiders Register (or, if appropriate, the Head of Compliance in the case of the permanent section) will inform Insiders of their inclusion in the Insiders Register and of other aspects envisaged in the Data Protection Act, of their mandatory compliance with this Regulation, of the privileged nature of the insider information, of their confidentiality duty with regards to the said information, that its use is prohibited and of the infractions and sanctions that, if appropriate, will be occasioned from the misuse of the Inside Information, as well as the obligation to inform the head of each section of the Insiders Register (or, if appropriate, the Head of

Compliance in the case of the permanent section) of the identity of any other person provided with Inside Information in the normal exercise of their work, profession or functions, in order for such persons to also be included in the Insiders Register.

Insiders and Permanent Insiders shall sign a document declaring their knowledge of their inclusion in the Insiders Register, the privileged nature of the Inside Information and the obligations imposed by this Regulation and, in particular, the obligations concerning Inside Information and applicable sanctions.

5. Public release of inside information

5.1. Broadcasting methods

The CNMV will immediately be informed of Inside Information by any of the Authorised Liaisons through Important Events. The CNMV shall be informed before or at the same time as its release by any other means and as soon as the fact is discovered, the decision is made or the agreement or contract in question is signed. If a notified Important Event requires rectification, a new release will be issued, which will clearly identify the original communication rectified and the changes made.

The communication shall contain true, clear and complete information, in order to not mislead or confuse. The information will be neutral, without bias or value judgements that prejudice or distort its scope, even though they may favorably or adversely influence the price of a marketable security or financial instrument. The content of communications shall be quantified wherever possible, indicating the corresponding amount if applicable. It will be stated when data are approximated, and where possible, an estimated range will be provided. Background information, reference or points of comparison will be included where deemed appropriate, in order to facilitate its understanding and scope. In cases in which the information refers to decisions, agreements or projects that depend on a prior or subsequent authorization or ratification by another body, person, entity or public authority, this will be expressly stated.

When projections, forecasts or estimations of accounting, financial or operative figures are made public, the contents of which are considered Inside Information, the following conditions shall be respected:

- (i) Estimations or projections of accounting figures, subject to basic hypotheses or scenarios used for their calculations, shall have been prepared coherently with accounting rules and principles applied in the preparation of financial statements, and must be comparable with prior financial information published and with that subsequently published by the Company.
- (ii) They shall be clearly identified, specifying that these are estimations or projections of the Group or the Company that, as such, are not guarantees of future compliance and are conditioned by risks, uncertainties and other factors that could mean that final

developments and results differ from the contents of these projections, forecasts or estimations.

- (iii) They shall clearly distinguish if the reported figures are operative targets or mere estimations or forecasts on the expected performance of the Group or the Company. Likewise, the time scale to which the estimations or forecasts refer shall be identified and the basic hypotheses or scenarios on which they are based shall be stated.

The Important Events shall be accessible through the section "Investors and Shareholders" on the Company's corporate website as soon as they have been reported to the CNMV. The Head of Compliance, or the person or persons allocated to such end, shall regularly oversee that the Company's website content is compliant with this requirements and, in general, with all reporting demands in its conditions as a listed company.

The Chairman of the Board of Directors or the Authorized Liaisons shall confirm or deny, as appropriate, rumors and public information on the circumstances considered to be Inside Information.

In order to ensure that the Inside Information is released to the market symmetrically and fairly, the Liable Parties and the Insiders shall abstain from providing analysts, shareholders, investors or press with information, the contents of which are considered to be Inside Information, which has not been previously or simultaneously provided to the market in general.

5.2. Authorized Liaisons

The Head of Compliance shall appoint the person or persons who will act as Authorised Liaisons, who shall meet statutory conditions for the performance of this office. The CNMV shall be informed of these appointments in accordance with regulations in force. Without prejudice to the foregoing, the Secretary of the Board of Directors shall be considered the Authorized Liaison.

5.3. Delay in the release of Inside Information

The Company may delay the public release of Inside Information, under its own responsibility, provided the following conditions are met:

- (i) Immediate release may harm the Company's legitimate interests.
- (ii) A delayed release cannot confuse or mislead the public.
- (iii) The Company is in a position to guarantee the confidentiality of the Inside Information.

If there is a lengthy period of time developing into various stages in the attempted generation of or which results in certain circumstances or a specific event, the Company may delay the public release of Inside information on this process and its various stages, under its own responsibly and subject to the stipulations of paragraph one, points (i), (ii) and (iii).

If the release of Inside Information is delayed in accordance with the foregoing and the confidentiality ceases to be guaranteed, the Company will release the information as soon as possible.

6. Trading by liable parties and insiders on marketable securities and financial instruments and their registering

6.1. Prior authorization

Liable Parties shall request and obtain prior authorization from the Head of Compliance in order to execute any voluntary acquisition or sale of Affected Marketable Securities or Financial Instruments, either for themselves or on behalf of another party.

Transactions that may be executed for Related Parties are compared to transactions executed for themselves.

The Head of Compliance will notify the Liable Party of the granting of a request or, if appropriate, of refusal thereof, within five Business Days from having received such request. If after such deadline of five Business Days the Head of Compliance has not issued a decision, this authorization will be considered to be granted.

Once authorization has been given, the Liable Party will have five Business Days to execute the authorized transaction on the Marketable Securities and Financial Instruments. If the transaction has not been executed after the said period, the Liable Party must make another authorization request before the Head of Compliance.

The Chairman of the Board of Directors is authorized to approve the personal trades of the Head of Compliance on Affected Marketable Securities or Financial Instruments. The procedure set out above will be applicable *mutatis mutandis*.

6.2. Subsequent reporting and registration

Without prejudice to other reporting obligations pursuant to applicable regulations, the Liable Parties must report trades they and their Related Parties have executed on Affected Marketable Securities or Financial Instruments to the Head of Compliance as of the date of their inclusion in the corresponding Register of Liable Parties. These must be reported without delay and within three Business Days from the date of the transaction. The Head of Compliance will immediately update the Registry of Affected Marketable Securities and Financial Instruments. Likewise, the members of the Board of Directors and the Senior Executives shall notify the CNMV of such transactions.

The notification will include the following information:

- (i) The name of the Liable Party and, if appropriate, the Related Party.
- (ii) The reason for mandatory notification.
- (iii) The name of the issuer.
- (iv) Description of the Affected Marketable Securities or Financial Instruments.
- (v) The nature of the transaction.
- (vi) The date and market in which the operation is performed.
- (vii) The price and volume of the transaction.

Without prejudice to any other reporting obligations established in applicable regulations, no reporting will be required when, in a single calendar year, the total amount of transactions executed does not exceed 5,000 euros or any higher amount (below 20,000 euros) set by the CNMV. The threshold will be calculated by adding up the total amount of all transactions

executed (without offsetting buys and sells), without considering remuneration.

6.3. Restricted trading periods

The Liable Parties shall refrain from buying or selling Affected Marketable Securities or Financial Instruments during the following restricted periods:

- (i) In the thirty days prior to the date that the Company submits the corresponding biannual or annual financial report or interim management statement to the CNMV and Governing Organizations of the Securities Markets, until the publication thereof.
- (ii) From the moment they have access to any Inside Information until it is disclosed or becomes public knowledge.
- (iii) During the other periods established by the Head of Compliance, when circumstances so require.

Without prejudice to the foregoing, the Head of Compliance may authorize the Liable Parties to deal on their own behalf or on that of third parties during the periods envisaged above, in any of the following instances:

- (i) on a case-by-case basis due to exceptional circumstances, such as serious financial difficulties requiring the immediate sale of shares.
- (ii) when trading in the context of or in relation to an employee stock option or savings plan or in relation to the classification and subscription of shares.
- (iii) when concerning transactions that do not change the ultimate holder of the security in question, due to the trading of this type of transaction having special characteristics.

6.4. No resale

The Liable Parties may not sell the Affected Marketable Securities and Financial Instruments on the same trading day that they have bought them, unless where expressly authorized by the Head of Compliance in writing. The Chairman of the Board of Directors shall authorize such sales when performed by the Head of Compliance.

6.5. Portfolio management

Portfolio management contracts entered into by Liable Parties with companies for the performance or such investment services shall be subject to the following rules:

- (i) **Content of discretionary portfolio management contracts:** when such contracts entrust investment decision making to a manager acting for and on behalf of the principal in a professional and independent capacity, the Liable Parties shall ensure that these contracts contain clauses establishing any of the following conditions:
 - That the manager is expressly prohibited from executing investments on Affected Marketable Securities and Financial Instruments.
 - That there is an absolute and irrevocable guarantee that the transactions will be executed with no involvement of the Liable Parties, therefore being exclusively pursuant to the manager's professional criteria and in accordance with general directives for similar clients with financial and investment profiles.

In any event, the rules set out in article 6.1 above will not apply to transactions on Affected Marketable Securities and Financial Instruments in the context of discretionary portfolio management contracts, unless where they require the express

agreement of the Liable Parties, which is the party subject to the obligations established therein.

- (ii) **Reporting:** the Liable Parties who enter into a discretionary portfolio management contract shall send a copy to the Head of Compliance within five Business Days of its signature. If the Head of Compliance should find with good reason that the contract is not compliant with section (i) above, he/she shall notify the Liable Party in order to make the appropriate changes. Until such changes have been made, the Liable Parties will order the manager to not perform any deal on the Marketable Securities and Financial Instruments.
- (iii) **Manager information:** the Liable Party shall ensure that his/her portfolio manager knows the rules of conduct to which they are subject and that the manager acts accordingly. The Liable Party will be responsible for deciding to end the contract in the event of the manager's breach of this Regulation.
- (iv) **Prior contracts:** contracts entered into by Liable Parties before this Regulation came into force shall be adapted to the provisions of this section, including articles 6.1 and 6.2 prohibiting trades of Marketable Securities and Financial Instruments.

6.6. Registration

The Head of Compliance shall keep a Registry of Affected Marketable Securities or Financial Instruments owned by the Liable Parties and their Related Parties. With a frequency of at least every twelve months, the Head of Compliance will ask the Liable Parties to confirm balances of Affected Marketable Securities and Financial Instruments on file.

7. Non-manipulation of prices of company marketable securities and financial instruments

The Liable Parties and the Insiders shall abstain from preparing or performing practices that falsify the free formation of prices of the Affected Marketable Securities and Financial Instruments, such as:

- (i) Executing transactions or issuing orders in the market that provide or may provide false or misleading indications as to supply, demand or the price of Affected Marketable Securities or Financial Instruments.
- (ii) Executing transactions or issuing orders that ensure, via a one or multiple persons acting in concert, the price of one or various Affected Marketable Securities or Financial Instruments at an abnormal or artificial level, unless the person who executed the transactions or issued the orders shows their legitimate reasons and that they are acting in accordance with accepted practices in the regulated market in question, as well as the actions of one or multiple persons in concert to ensure a dominant position in the supply or demand of an Affected Marketable Security or Instrument, with the result of directly or indirectly setting buy or sell prices or other unfair trading conditions.
- (iii) Executing transactions or issuing orders based on or using fictitious devices or any other kind of deceit or plot, as well as the buying or selling of an Affected Marketable Securities or Financial Instruments at market close that misleads investors acting based on closing prices.

- (iv) Disseminating, through the media, including the Internet, or through any other means, information that includes providing or potentially providing false or misleading indications on the Affected Marketable Securities or Financial Instruments, including the spreading of rumors and false or deceptive news, when the disseminating person knows or must have known that the information was false or misleading.
- (v) Benefiting from occasional or regular access to traditional or digital media, offering an opinion on the Marketable Securities and Financial Instruments or, directly on its issuers, after having purchased the Affected Security or Financial Instrument and having benefited from the effects of the expressed opinion on the price of the said Security or Financial Instrument, without having simultaneously adequately and effectively reported this conflict of interest.

The following transactions or orders will not be included among the foregoing:

- (i) Those originating from the Company's execution of share buyback programs, provided that statutory conditions to such end have been met.
- (ii) In general, those executed in accordance with prevailing regulations.

8. Transactions with treasury shares

For the purpose of this Regulation, treasury shares shall be considered those directly or indirectly executed by the Company of companies of the CIE Group with Affected Marketable Securities and Financial Instruments.

Transactions with treasury shares shall always have legitimate purposes, including to provide investors with appropriate liquidity and depth in the Company's share trading, reducing price fluctuations, executing share calls approved by the Board of Director or resolutions of the General Shareholders' Meeting, meeting legitimate commitments entered into or any other purposes admitted under applicable regulations. Transactions with treasury shares shall never be for the purpose of intercepting in the free formation of prices.

Transactions with treasury shares in the CIE Group shall never be executed based on Inside Information. Treasury shares shall be managed with full transparency in relations with market supervisory and governing bodies. The Secretary of the Board of Directors will perform the following functions with regards to treasury shares:

- Management of the treasury shares portfolio in accordance with this article and prevailing regulations, without prejudice to the possibility of subscribing a liquidity agreement with a financial institutions for the independent management of the Company's treasury shares in accordance with regulations on these contracts as an accepted market practice.
- Oversee the performance of the Company's shares in the markets, reporting any significant price fluctuation to the Head of Compliance.
- Keep a file of all approved and executed treasury share transactions.
- Report all treasury share transactions to the Audit and Compliance Committee at least every twelve months.

All Company personnel acting in the context of treasury shares transactions will assume a special confidentiality commitment.

The Secretary of the Board of Directors will exercise his/her functions in relation to compliance with this article and will regularly report treasury shares transactions to the Audit and Compliance Committee.

In addition to faithful compliance with prevailing legislation at all times, the Secretary will endeavor that the treasury share portfolio is aligned to the recommendations issued by the CNMV.

Efforts will be made to separate the management of treasury shares from the Company's other activities.

When the CNMV has been notified of an Important Event on the acquisitions of another company or merger with another company, to be executed fully or partially through the acquisition of treasury shares, the following reporting guidelines will be followed:

- a) The purpose of the acquisition, the number of treasury shares to be acquired and the total duration will be made public before the acquisition, through the corresponding notice of relevant information to the CNMV.
- b) The details of the transactions with treasury shares will be made public through the corresponding notice of an Important Event to the CNMV no later than the end of the seventh trading day following execution of the transactions.
- c) If the acquisition or merger with another company justifying the acquisition of treasury shares is not eventually carried out, this will be made public, through the corresponding notice of an Important Event to the CNMV, and the destination of the acquired treasury shares will be reported.

The CIE Group will observe all obligations and requirements of applicable regulations in transactions with treasury shares, in addition to the provisions of this article.

9. Conflicts of interest

9.1. Cases of conflict

In addition to the situations envisaged in applicable regulations, a conflict of interest will be deemed to exist when the Liable Party is in a situation that generates conflicting or opposing interests to those of the CIE Group (or any of its group companies) (the "**Conflict of Interest**").

9.2. General operating principles

- (i) **Independence:** the Liable Parties must act at all times with freedom of opinion, with loyalty to the Company and its shareholders and independently from its own and others' interests. Consequently, they shall abstain from prioritizing their own interests over those of the Company and the subsidiaries.
- (ii) **Abstention:** the Liable Parties must abstain from intervening in and influencing decision making or from accessing Inside Information affecting this conflict. If a Conflict of Interest refers to a certain transaction, the same rules shall apply.
- (iii) **Notification:** the Liable Parties must inform the Head of Compliance of any potential Conflicts of Interest in which they find themselves due to their activities outside of the Company, their family relationship, their personal equity or for any other reason, with:
 - The Company or any of the companies forming part of the CIE Group.

- Significant suppliers or clients of the Company or the companies forming part of the CIE Group.
- Entities engaged in the same kind of business or which are competitors of the Company or of any of its subsidiaries.

Any doubt as to the possibility of a conflict of interest shall be queried with the Head of Compliance, who shall make the final decision.

10. Filing of notifications

The Head of Compliance is obliged to duly file notifications and any other action relating to the obligations contained in this Regulation.

The contents of the said filing will be strictly confidential. The Head of Compliance will inform the Board of Directors, by virtue of its Secretary, of the content of such files on a regular basis and whenever the Board so requests.

11. Oversight of compliance with the internal conduct regulation the head of compliance

Under the strict supervision of the Audit and Compliance Committee, the Head of Compliance is entrusted with the following functions in order to correctly monitor effective compliance with the obligations of this Regulation:

- (i) To comply and ensure compliance with the rules of conduct of the securities market and the rules hereunder, their procedures and additional current or future rules.
- (ii) To promote knowledge of the Regulation and the remaining rules of conduct of the securities market by Liable Parties. To such end, the Head of Compliance will develop training plans in the areas and for the persons with the frequency deemed necessary.
- (iii) To develop, if appropriate, development procedures and rules deemed appropriate for the application of the Regulation.
- (iv) To interpret the rules contained in the Regulation and resolve queries or questions made by the Liable Parties.
- (v) To instruct the disciplinary proceedings for the Liable Parties due to breach of this Regulation.
- (vi) To propose reforms or improvements to this Regulation as deemed appropriate, before the Company's Board of Directors.

The Head of Compliance will have all powers necessary to perform his/her functions and will be specially qualified to:

- (i) Request any data or information deemed necessary from the Liable Parties and the Insiders.
- (ii) Establish information requests, rules for control and other measures deemed appropriate.

The Head of Compliance will inform the Board of Directors on an annual basis and when deemed necessary or so requested, of the measures adopted to ensure compliance with the provisions of this Regulation, of the degree of compliance and incidences and cases opened in each period.

The Head of Compliance may engage the internal audit, compliance and corporate social responsibility department of the Company to exercise the functions entrusted by virtue of this Regulation.

12. Update

This Regulation will be updated by the Board of Directors wherever necessary to align its contents to applicable legislation, once the Audit and Compliance Committee has been notified.

13. Non-compliance

Failure to comply with the provisions of this Conduct Regulation will have the repercussions envisaged in prevailing legislation.

14. Entry into force

This Conduct Regulation will remain in force indefinitely and will be effective as of 1 January 2017.

The Company's Head of Compliance will inform the Liable Parties of the Regulation, ensuring that the contents are known, understood and accepted by the applicable persons within the CIE Group.

Likewise, the Head of Compliance will inform the Company's subsidiaries of the Regulation, wherever necessary to configure their capital structure and administration, for approval by the respective boards of directors and for dissemination to the Liable Parties in these companies.

Appendix 1

***OPT-in commitment to the Securities Market Internal Conduct
Regulation of CIE Automotive, S.A.***

CIE AUTOMOTIVE, S.A.
Alameda Mazarredo, 69, 8
48009 Bilbao (Bizkaia)

To the Secretary of the Board of Directors

[●], on [●] [●] [●]

Dear sir,

Ref.: *Internal Conduct Regulation*

The undersigned, [●], with Tax Identification Number (*NIF*) [●], declares that he/she has received a copy of the Securities Market Internal Conduct Regulation of CIE Automotive, S.A. (the "**Regulation**"), and expressly agrees with the rules therein contained. The undersigned also declares to directly or indirectly hold the following Affected Marketable Securities and Financial Instruments (pursuant to the definition thereof given in the Regulation)

Nature of the Security	Issuer	Direct securities	Indirect securities ^(*)

(*) via:

Name of the direct Holder of the Security	NIF of the direct Holder of the Security	Issuer	Number

The undersigned also declares that:

- (i) The misuse of Inside Information to which it may have access may entail as very serious infraction pursuant to article 282.6 of Legislative Decree 4/2015, of 23 October, passing the consolidated Securities Market Act (*Ley del Mercado de Valores - "LMV"*), of a serious infraction pursuant to article 295.5 of the said Act or an offence of insider trading pursuant to article 285 of the Criminal Code (*Ley Orgánica 10/1995, de 23 de noviembre, del Código Penal - the "Criminal Code"*).

- (ii) The misuse of inside information is punishable pursuant to articles 302, 303 and 305 of the LMV and in article 285 of the Criminal Code, by fine, public caution, removal from office and custodial punishment.

Lastly, in accordance with the Spanish Data Protection Act (*Ley Orgánica 15/1999, de 13 de diciembre, de Protección de Datos de Carácter Personal*), the undersigned has been informed that the personal data included in this declaration and any data contained in releases made in compliance with the Regulation will be included in the automated data file of CIE Automotive, S.A., the data controller, with address at Alameda Mazarredo, 69, 8, 48009 Bilbao (Bizkaia), in compliance with the provisions of the Regulation. ,

The undersigned also declares that he/she has been informed of the possibility of exercising his/her rights of access, correction, cancellation and opposition, based on prevailing legislation in this respect, made in writing to the data controller.

If any data has been provided that refers to other individuals, such individuals have been previously informed that their data will be processed by CIE Automotive, S.A. and of their corresponding rights, in the terms indicated above.

Signed: