



**CIE** *Automotive*


***Criminal Risks Prevention Manual***  
***General part***

***Preventive criminal defence***

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## I. INTRODUCTION

This Criminal Risks Prevention Manual (the “**Manual**”) defines the model for organising, preventing, managing and controlling risks in Spain for CIE Automotive S.A. (“**CIE Automotive**” or the “**Group**”, indistinctly) and the other companies in its group, based on the definition provided in section 42 of the Spanish Commercial Code [*Código de Comercio*] in relation to the rules on corporate liability under **section 31 bis of the Spanish Criminal Code** [*Código Penal*].

This Manual is thus the product of a review that, in view of changes to criminal law, was conducted to develop a plan to prevent crime from being committed in the Company and to compile the procedures and controls that currently exist to effectively prevent and mitigate criminal risks, culminating in the updating and development of the **criminal risks prevention model or plan**. Therefore, this Manual was prepared based on a detailed analysis of the criminal risks that might arise in the various departments of CIE Automotive, taking into account, on one hand, the policies and controls already in place, and on the other hand, the sensitivity to criminal risks detected in specific processes, based on CIE Automotive’s industry and the work it performs.

The Manual is thus based on the existing control systems and those that, based on the review conducted due to **section 31 bis of the Criminal Code**, have been strengthened or introduced at CIE Automotive to meet the goal of preventing and mitigating crime in the Company.

## II. THE RULES ON CORPORATE LIABILITY AT CIE AUTOMOTIVE

### 1. Regulatory Context

23 December 2010 saw the entry into force of Spanish Organic Law 5/2010, on Criminal Code Reforms [*Ley Orgánica 5/2010 de reforma del Código Penal*], which regulates corporate liability for certain crimes as a consequence of various international legal instruments that have been calling for a clear criminal law response to delineate this special liability, mainly in the types of crimes where their possible intervention would be clearer.


**Section 31 bis of the Criminal Code** regulates corporate liability for:

- (i) Crimes committed for them or on their behalf and in their direct or indirect benefit by their legal representatives or those who, acting individually or as members of the Company, are authorised to make decisions on behalf of the Company or who have powers of organisation and control in it.
- (ii) Crimes committed in exercise of companies’ activities, on their behalf and in their direct or indirect benefit, by those who are subject to the authority of the individuals mentioned in the preceding paragraph, and who were able to commit the deeds due to the Company having severely breached its duties of oversight, supervision and control of its activities in view of the specific circumstances of the case.

### 2. CIE Automotive and its organisation

CIE Automotive and its investee companies comprise a group dedicated to designing, manufacturing and selling parts for the automotive industry.

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## Structure

CIE Automotive, S.A. currently directly holds 100% of the companies CIE Berriz, S.L., Advanced Comfort Systems Ibérica, S.L.U., Advanced Comfort Systems France, S.A.S. and Autokomp Ingeniería, S.A.U., most of which are portfolio companies that depend on the Group's production companies. CIE Automotive, S.A. also held 50.01% of Global Dominion Access, S.A.-- a leading Company in the solutions and services (Smart Innovation) sector-- until 03 July 2018.

CIE Automotive, S.A.'s registered office is at Alameda Mazarredo 69, 8<sup>th</sup> floor, Postal Code 48009 - Bilbao (Bizkaia), Spain.

## Corporate Governance

CIE Automotive's governing bodies function under the principles of transparency, diligence, independence, avoiding conflicts of interest and access to information.

In this regard, CIE Automotive has put a corporate governance system in place that ensures healthy and prudent governance and that includes adequate distribution of functions in the organisation and prevention of conflicts of interest. CIE Automotive's governance system is structured organically as follows:

- General Shareholders Meeting
- Board of Directors.
- Strategy and M&A Committee.
- Audit and Compliance Committee.
- Appointments and Remuneration Committee.
- Corporate Social Responsibility Committee.

## Lines of business

CIE Automotive had been conducting its activities in two different segments of activity: the automotive segment and the solutions and services (smart innovation) segment. As of 31 December 2018 and now that it has sold off its solutions and services (Smart Innovation) segment, the Group only operates in the automotive segment.


Its work in the automotive business is thus performed by an industrial group made up of various companies that mainly focus on designing, manufacturing and selling parts and sub-assemblies for the global automotive market in supplemental technologies: aluminium injection, machining, forging, stamping and forming pipes, plastic, foundry and roof systems, with various associated processes such as welding, painting and assembly.

Its main facilities are located in Europe, North America (Mexico and the United States), South America (Brazil), India, the People's Republic of China, Morocco and Russia.

## Relations with employees and external suppliers

The Company's employees are one of its main assets as the key to its business activities. CIE Automotive works to consolidate its professional team by promoting their improvement in the field of equal opportunities and professional and personal development, and by strengthening their capacity for teamwork, their work environment and their level of satisfaction.

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Lastly, when it comes to selecting and retaining its suppliers, the Group takes aspects into consideration that are related to corporate social responsibility, the fight against corruption, criminal risk prevention and helping protect the environment.

### 3. Purpose of the Manual and the control measures that have been adopted

#### 3.1 Purpose of the Manual

The reforms to Spanish Organic Law 1/2015 made important changes, most notably the **new section 31 bis** of the Criminal Code, which **literally exempts companies from criminal liability** in cases of crimes committed by their representatives and directors if:

- a) An organisational and managerial model has been effectively adopted and implemented that includes suitable monitoring and control measures for preventing crimes of the same nature, or to significantly reduce the risk of them being committed.
- b) Supervision of the functioning of the implemented prevention model and compliance with it have been entrusted to a body in the Company that has autonomous initiative and control powers or that has been legally assigned the function of supervising the effectiveness of the corporate internal controls.
- c) In committing the crimes, the perpetrators fraudulently evaded the organisational and prevention models.
- d) There were no omissions or insufficient exercise of the body's supervision, oversight and control functions.


Section 31 *bis* (4) also stipulates that the Company will not attract liability for crimes committed by its employees if an organisational and managerial model that duly prevents the types of crimes that were committed or to reduce their risk significantly had been adopted and put into place.

Organic Law 1/2015 **specifies the following requirements for an organisation, management and prevention model to mitigate criminal risks effectively:**

- a) Activities must be identified that have a context in which crimes that need to be prevented may be committed.
- b) Protocols or procedures must be put in place that will result in a process to form the Company's intent to make and implement decisions related to the protocols or procedures.
- c) Financial resource management models must be in place that are adequate for preventing the crimes from being committed that need to be prevented.
- d) There must be an operation to report any possible risks and violations to the body in charge of monitoring the functioning and compliance of the prevention model.
- e) A disciplinary system must be established that properly penalises violations of the measures set forth in the model.
- f) There must be a periodic verification of the model and any modifications to it in the event of relevant violations of the model's provisions, or if there are organisational changes, or changes to the control structure or the activity the Company performs that make doing so necessary.

Section 31.1 *quater* of the Criminal Code also provides for mitigating factors of **corporate liability** that include: having put measures into place before trial begins that are effective at preventing and uncovering any crimes that may be committed in the future with the corporate resources or under its cover.

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Therefore, **the ultimate objectives of this Manual** are:

- i. **To ensure the effectiveness of a series of control rules and procedures that minimise the risk from illegal behaviour** by CIE Automotive employees.
- ii. **To verify that the Company has exercised proper control over its corporate activities**, thus complying with the requirement under the Criminal Code.

To this end, this Manual lays out the Crime Risks Prevention Model that CIE Automotive has put in place, which is divided into:

- a) **General Part:** Includes the design and structure of:
  - (i) The supervision, monitoring and verification model.
  - (ii) The oversight body.
  - (iii) The financial and material resource management system.
  - (iv) The disciplinary system.
  - (v) The whistle-blower channel.
  - (vi) Training.
  - (vii) CIE Automotive's general controls for preventing crimes.
- b) **Special Part:** This part identifies the criminal risks<sup>1</sup> that may arise in CIE Automotive due to the activities it performs, with these risks listed in detail in the appendices together with the control framework for mitigating them.<sup>2</sup>

This Manual is a dynamic document. Therefore, its scope will be revised periodically with regard to the criminal risks that might affect the Company, and if necessary it will be updated.

CIE Automotive has therefore implemented its **Criminal Risks Prevention Model** by adopting the necessary oversight, supervision and control measures to prevent any criminal risks that may arise in the Company due to its activities. In this regard: (i) the **Audit and Compliance Committee** has been granted autonomous powers of initiative and control as an **oversight and control body**; and *inter alia* (ii) the existence of the disciplinary system has been verified as a reactive measure for any violations of the rules on preventing criminal risks.


### 3.2. Methodology and risk assessment

As a specific step to implement proper control of CIE Automotive's corporate activities and to prepare this Manual, an in-depth review was conducted of the controls in place in the Company. This review consisted of the following actions, some of which will be discussed over the course of this Manual:

- (i) CIE Automotive's **activities, processes, subprocesses and controls** in Spain were examined.
- (ii) The **hypothetical criminal risks were located** in the various activities performed by CIE Automotive. This was done by taking an inventory of the criminal risks that CIE Automotive is exposed to because of its activities, to create a risks/processes matrix (Appendix 1).

<sup>1</sup> Categories of crimes that may result in companies attracting criminal liability under the Criminal Code.

<sup>2</sup> The list of identified risks in the special part does not mean that these crimes were detected to have been committed; rather it simply means that since the risks are intrinsic to CIE Automotive's activities, they have been subject to special study and analysis to prevent them properly.

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- (iii) CIE Automotive's **most relevant policies, manuals and contracts** were reviewed.
- (iv) The **manuals, procedures and controls** were checked to ensure they were appropriate for preventing criminal risks effectively (**making any necessary adjustments**), and the custody of evidence was verified to ensure effective compliance with the controls.
- (v) The Board designated the **Audit and Compliance Committee** as a key element for overseeing the implementation, development and compliance of CIE Automotive's crime prevention plan.
- (vi) The **financial reporting policies and procedures** were reviewed to make sure that the **financial resource allocation system** monitors CIE Automotive's expenditures to ensure its cash flows are not used for illegal activities.
- (vii) The **allocation of the necessary financial and material resources** for the Criminal Risks Prevention Model to work properly was also verified.
- (viii) A **supervision and oversight model** has been designed that allows CIE Automotive to monitor the process of verifying controls that cover criminal risks, monitoring of changes in subprocesses, risks and controls, and proposals for improvements of, where necessary to create new controls to strengthen risk coverage.
- (ix) A **process for reporting and analysing breaches and violations in conduct** called the *Whistle-blower Channel* to notify CIE Automotive and let it react to potentially unlawful situations.
- (x) A **disciplinary system** has been verified to apply in cases of violations of the principles and obligations in this Manual.
- (xi) The Company has implemented periodic verification of the **Criminal Risks Prevention Model** and any modifications to it in the event of relevant violations of the model's provisions, or if there are organisational changes, or changes to the control structure or the activity the Company performs that make doing so necessary.

However, this Manual is a dynamic document, so it will be revised to add any new preventive controls, areas of activity and entities that may join the Company.


### 3.3 Objectives of the Manual

The main objective of this Manual is to define the Criminal Risks Prevention Model in place at CIE Automotive, the policies and rules for action and conduct that regulate its activities, and the control systems for preventing the crimes specified in the Criminal Code.

The main objectives of this Manual are therefore:

- (i) To optimise and facilitate the continuous improvement of the Company's risk management system.
- (ii) To establish a structured and organic prevention and control system designed to reduce the risk of crimes being committed.
- (iii) To inform all CIE Automotive personnel of the importance of complying with the Criminal Risks Prevention Model and the ethical principles in CIE Automotive's internal regulations.
- (iv) To inform all CIE Automotive employees that a violation of this Manual will result in disciplinary measures, and to notify any other stakeholders acting for the Company, on its behalf or otherwise in its interests, that violating the Manual may result in their current relationship being terminated.

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- (v) To leave an express public record of CIE Automotive’s convictions for all types of illegal conduct, emphasising that in addition to being against the law, it is also contrary to the ethical principles that are the Company’s key values for achieving its business objectives.
- (vi) To adapt the control measures in place to the processes, so that CIE Automotive can prevent these crimes being committed, and if a crime is committed despite the controls in place, so that it can intervene immediately.
- (vii) To train all CIE Automotive employees and raise their awareness about the importance of regulatory compliance, and especially about criminal risk prevention.
- (viii) To conduct special tracking of the controls in place in operations and processes that might result in criminal risks.
- (ix) To supervise the functioning of the system in place and of this Manual with its subsequent updates, whether due to changes in CIE Automotive or because of changes in the legislation in force.

#### 4. Adoption of the Manual by CIE Automotive: scope of application

##### 4.1. Scope of application of the Manual

This Manual covers the assessment of (i) any criminal risks that might affect CIE Automotive **due to its activities in Spain and anywhere outside of Spain where Spanish courts have jurisdiction**; and (ii) the controls for mitigating those risks.

##### 4.2. Recipients of the Manual: Subject individuals

This Manual applies to members of the Board and all CIE Automotive employees (“**Employees**”<sup>3</sup>).

Where applicable to it, CIE Automotive promotes the adoption of the appropriate preventive measures for the companies and professionals with which it may subcontract or collaborate.

### III. ELEMENTS OF THE CRIMINAL RISKS PREVENTION MODEL

Based on the review and adjustment work that was performed due to the requirements of the Criminal Code, this Manual defines CIE Automotive’s model for organising, preventing, managing and controlling criminal risks in Spain.

This **Criminal Risks Prevention Manual** is mainly divided into two sections: a **general part** and a **special part** that discusses the control framework that CIE Automotive has adopted for the risks identified based on its activities in Spain.


#### 1. General Policies, Procedures and Controls

CIE Automotive’s Criminal Risks Prevention Model divides criminal risk prevention into:

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<sup>3</sup> This Manual uses the term “**Employees**” in the broadest sense of the word to refer to anyone who may act under CIE Automotive’s authority in the terms provided in section 31 *bis* of the Spanish Criminal Code, whether in a labour and/or business relationship. This definition of the term “**Employees**” may not be the same in other fields outside the scope of this Manual.



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- (i) **General Controls** that form the basis for controlling risk and are effective at mitigating the generic risk of crime being committed (“**General Controls**”).
- (ii) **Specific Controls** that consist of specific measures aimed at mitigating a specific criminal risk or a group of specific criminal risks (“**Specific Controls**”) and that correspond to controls of specific processes.

The **controls** outlined in the Manual make CIE Automotive’s crime prevention plan a **structured and organic prevention system and an effective control for reducing the risk of crimes** related to its activities.

CIE Automotive’s Criminal Risks Prevention Model is therefore divided into the following **general policies, procedures and controls**:<sup>4</sup>


- **Code of Professional Conduct:** CIE Automotive has an ethics code for all of its employees, who are required to understand and comply with its rules of conduct. The Code of Professional Conduct stipulates that employees must perform their functions in the organisation not only in strict compliance with the applicable law, but also avoiding any practises that are not ethically acceptable under the criteria of moral honesty and integrity. Breaches of the rules in the Code of Conduct will result in the corresponding penalties under the applicable legislation. CIE Automotive also has a procedure for ensuring that its employees understand the organisation's Code of Professional Conduct in general.
- **Internal Control over Financial Reporting (ICFR)** CIE Automotive has a full series of specific controls, rules and principles to ensure the reliability of the financial information it distributes internally and externally so that it faithfully reflects its economic, financial and equity position in accordance with the generally accepted accounting principles.
- **Security policy:** the objective of which is to ensure that any confidential and special data and information are handled properly. Due to having developed this policy, CIE Automotive also has other control activities in this area, such as its Information Security Function and its procedures associated with personal data protection.
- **Quality control policy:** CIE Automotive has implemented a quality control, environmental and risk prevention policy that covers the Company's commitments and objectives, including compliance with legislation.
- **Internal training:** CIE Automotive provides its employees periodic training that includes teaching of the general and specific knowledge for them to perform their work.
- **External certifications:** CIE Automotive has received external certificates in specific areas (ISO 14001, OSHAS 18001).
- **Power delegation system:** CIE Automotive has a power delegation system in which certain powers are delegated by scale of amounts and as joint or joint and several powers.

## 2. Financial Resource Management

### 2.1 Budget and cash management controls

CIE Automotive has a series of policies, procedures and controls on financial reporting and expenses that make its system completely transparent.

<sup>4</sup> The general policies, procedures and controls are not closed concepts.

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In this regard, CIE Automotive has a Financial Model with the following basic characteristics:

- Existence of a Corporate Controlling Department and a Finance and Treasury Department in charge of economic/financial management tasks and financial and accounting control.
- CIE Automotive conducts external audits of its financial statements.
- In the Company there are limits on the powers of disposal of the Company (on buying, selling, swapping, assigning, encumbering and on acquiring and disposing all manner of assets for any title, making payments, providing bonds, opening and closing current accounts, etc.) that are joint and several and limited.
- Existence of budget control and tracking based on controlling expenditures.

These control and management systems are also useful for ensuring proper management of financial resources as required under the Criminal Code. All of this holds true because they ensure its books, records and accounts are kept precisely, whilst providing an adequate internal accounting system and controls in the area of financing.

## 2.2. Human and material resources

CIE Automotive has allocated the **Audit and Compliance Committee** the necessary financial and human resources for the Criminal Risks Prevention Model to function properly as described throughout this Manual.

Each year CIE Automotive's budget includes a specific allocation or account for correct and effective compliance with the criminal risk prevention, organisation and management model.

## 3. Tracking, compliance and sufficiency of this Manual: Oversight and tracking bodies

To exercise the proper oversight required under the Criminal Code, continuous oversight mechanisms must be implemented and internal oversight bodies must be designated to track the controls in place and any criminal risks.

In view of the requirements under the Criminal Code, CIE Automotive has defined an oversight structure that consists of (i) the **Board of Directors** as the highest decision-making body; (ii) the **Audit and Compliance Committee** as the oversight and control body; and (iii) the **Support Unit**.


CIE Automotive has entrusted its oversight and control tasks to the **Audit and Compliance Committee** as the body that the Board has delegated because it has independence and autonomy in terms of control power and the necessary initiative in this control framework.

### 3.1. Board of Directors

The Board of Directors is responsible for the Company's management, administration and representation. CIE Automotive's Board has been assigned the responsibility for the performance of the general function of oversight and control. In exercise of this responsibility and its corporate responsibility, and in accordance with the Company's values, with its culture of preventing irregularities, and with its commitment to preventing criminal risks, it is in charge of approving the Criminal Risks Prevention Model.

CIE Automotive's board must be informed at least once a year of the tracking and the work done in relation to the Criminal Risks Prevention Model.

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The board has thus assigned the Audit and Compliance Committee, with assistance from the Support Unit, the task of overseeing the functioning and compliance of the Criminal Risks Prevention Model and the updates to it.

### 3.2. Audit and Compliance Committee


Made up necessarily of non-executive directors, two of whom must be independent, in accordance with its internal regulations, this committee's most important criminal risk prevention activities include:

- Periodically reviewing the risk policies and propose amendments and updates to the Board of Directors.
- Supervising the effectiveness of the internal control mechanisms of the Company and its Group, as well as its risk management systems, including tax risks.
- Analysing, together with the auditors, any major weaknesses of the internal control system detected during the audit.
- Supervising the process of preparing and reporting regulated financial information.
- Providing preliminary reports to the Board of Directors on the financial information.

Based on the above, the **Audit and Compliance Committee** is responsible for implementing the crime prevention plan and, in general for the Company's crime prevention policy, assisted by any other units that are not an organic part of the committee but can work together with it to implement the policy. With regard to crime prevention, the **Audit and Compliance Committee's** functions include:

- **Overseeing the functioning, effectiveness and compliance of the crime prevention plan**, without prejudice to the responsibilities of other bodies.
- Promoting a **preventive culture based on the principle of "zero tolerance"** of unlawful acts and situations of fraud, and on application of the principles of ethics and responsible behaviour by all of CIE Automotive's professionals, regardless of their hierarchical level and the country where they work.
- Analysing any **legislative changes and other changes** that might affect the Criminal Risks Prevention Model.
- Making sure that the **values system** adopted in the Code of Professional Conduct is up-to-date, proposing any updates and additions that may be necessary.
- **Helping resolve any concerns** that may arise in application of the codes and manuals.
- Receiving, analysing and intervening in cases of any reports by employees and third parties filed via the specific channels put in place.
- Working together with the Human Resources Department, the Compliance Department and the competent body to ensure that the principles of the Manual are disseminated in the Company. Promoting and supervising initiatives focused on disseminating concepts and on understanding the control system.
- Promoting the **preparation and implementation of adequate training programmes**.
- **Complying with the penalty procedure and proposing the application of the appropriate disciplinary measures** in coordination with Human Resources and the Compliance Department. To this end, it must ensure that all of the agreed disciplinary measures are adopted to apply penalties in cases of violations of the *Code of Professional Conduct* and this Prevention Manual.

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- Verifying compliance with the penalties that should be applied in cases of violations of ethics rules and compliance with the controls in the Model.
- Analysing and approving the model's **periodic review/control/audit plans**. Requesting additional revisions were considered necessary.
  - **Periodically verifying the prevention model at least once a year**, and proposing any changes to it when circumstances dictate (evidence that it is not working, organisational changes, legislative changes, etc.)
  - **Receiving on an annual report from each division of the Company** (the departments in charge of policies, procedures and controls) on the evolution of criminal risks, the preventive measures that have been adopted, and any additional measures proposed.
  - **Periodically notifying CIE Automotive's Board of Directors about the activities it has performed**, the work on revising the Manual, and the resources that have been allocated to ensure the work is completed. The Audit and Compliance Committee must report its conclusions to the Board of Directors at least once a year.
  - Preparing a **work plan** for overseeing the Criminal Risks Prevention Model.
  - Adopting and/or coordinating **the adoption of the measures it considers best for ensuring compliance with the Manual** and for accounting for the implementation and maintenance of the procedures for systematically revising the Manual, to provide CIE Automotive's Board of Directors reasonable certainty as to the tracking, compliance and sufficiency of this Manual.
  - To this end, the **Audit and Compliance Committee's** responsibilities will include:
    - (i) Developing an annual plan with the activities that will be performed during the year for revising this Manual.
    - (ii) Identifying any new risk areas that may arise, and tracking conducts in the risk areas.
    - (iii) Tracking the policies, procedures and controls established in this Manual and, in general, compliance with it and with the principles defined in the Code of Conduct by implementing the activities outlined in the corresponding annual plan.
    - (iv) Immediately and unequivocally notifying the Board of Directors of any violations of the Manual that are discovered in its periodic reviews.

To ensure the utmost effectiveness of their respective activities, the **Audit and Compliance Committee** will have free access to any CIE Automotive that may be of use to it. In this regard, anyone who is in charge of an area or division will be required to provide the Audit and Compliance Committee any information it may request on their division or department's activities in relation to potential crimes that have been committed.

### 3.3 Senior Management

Senior management is responsible for complying with the policies and procedures CIE Automotive has put in place and for acting ethically and responsibly. In this regard, senior management will be in charge of maintaining an effective control environment, ensuring that the areas under its authority act in accordance with the applicable legislation and any other applicable internal regulations, and it will be responsible for ensuring that the controls are implemented optimally, making sure that the various departments implement them correctly.

Senior management will do this by performing the following functions:

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- Demonstrating its **commitment to the design, development, implementation, maintenance and improvement of the Criminal Risks Prevention Model** by keeping it in line with CIE Automotive’s strategic objectives, regulatory compliance and values. Senior management must therefore make sure that the operational objectives are in line with the obligations derived from regulatory compliance. Senior management must also make sure that the requirements under the Model are incorporated into the existing policies and procedures.
- **Allocating adequate and sufficient resources** to each department in the organisation for the development, maintenance and continuous improvement of the Criminal Risks Prevention Model in their respective areas of action.
- **Transmitting a clear message to the organisation** that **complying** with the Criminal Risks Prevention Model is mandatory.
- **Promoting the use of the Whistle-blower Channel** to report any potential crimes that might affect the organisation and its activities. Senior management must ensure that no CIE Automotive employees are subjected to any kind of reprisals for having reported in good faith any type of violations they know of or suspect, or for refusing to participate in any type of criminal activity, even if it led to the Company losing business. All of this will be without prejudice to ensuring the utmost confidentiality with regard to the functioning of the Company's ethics framework.

### 3.4. Support Unit


The Audit and Compliance Committee has the constant assistance of the Support Unit, which is made up of trusted members to whom it may delegate its functions for the everyday tasks associated with the Criminal Risks Prevention Model, such as continuous tracking of procedures, rules and controls, and any other functions that may be specified.

The Support Unit may also propose that the Audit and Compliance Committee adopt any measures it considers appropriate to ensure compliance with this Manual and, in general, to best attain the objectives that have been set.

The Support Unit therefore has been assigned the following **functions**:

- **Tracking the controls defined** in the Model and, in general, compliance with it and with the principles set forth in the Code of Professional Conduct.
- **Proposing additional measures to the Audit and Compliance Committee** that it considers appropriate to ensure proper compliance with this Manual and, in general, compliance with the objectives achieved.
- Reasonably making sure that the **values system** adopted in the **Code of Conduct** is **up-to-date**, proposing any updates and additions that may be necessary to the Audit and Compliance Committee.
- Immediately and unequivocally **notifying** the **Audit and Compliance Committee** of any **violations** of the Manual that are discovered in its reviews.
- Periodically **reporting** to the Audit and Compliance Committee on the results of the analysis activities performed.

The Audit and Compliance Committee's Support Unit **consists of**:

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- The Secretary General of CIE Automotive, who will act as the Support Unit's chair and perform its management and coordination functions.
- A **representative** from CIE Automotive's **Internal Audit Department**.
- The required individuals, depending on the subject matter.

### 3.5. Employees in charge of controls

The Criminal Risks Prevention Model must be evaluated periodically to check its implementation and effectiveness. This evaluation is conducted using a dynamic self-assessment process that contains information on compliance with the policies, procedures and controls in place.

This evaluation makes it possible to assess confidence in the system and to analyse its evolution in the event of deficiencies and in the case of external changes and internal changes in the Company.

The employees in charge of the controls in the various divisions are the ones who are responsible for filling out the self-assessment statements and reporting to the Audit and Compliance Committee each year on the evolution of the criminal risks, the preventive measures that have been adopted, and any additional proposed measures.

Each year these employees must fill out a self-assessment statement to confirm whether:

- (i) The policies and procedures related to their departments have been followed.
- (ii) The controls related to their departments are still valid.
- (iii) There have been changes to the control activities.
- (iv) Any identified incidents have been resolved and reported to the proper level.

Once the key controls have been identified, the employees in charge of the controls must have evidence to prove whether the controls have been implemented as designed: i.e., they must keep the necessary evidence for determining the effectiveness of the Criminal Risks Prevention Model.

### 3.6 Internal Audit

In this regard, the Internal Audit Department represents an oversight and maintenance taskforce for the Criminal Risks Prevention Model.

Working together with the Support Unit, the Internal Audit Department must verify whether the controls in place in the organisation are sufficient and effective: i.e., whether they reasonably mitigate the risk based on its magnitude and likelihood of occurring. Internal Audit does this by keeping a plan to test compliance with the criminal risks prevention controls in accordance with the changes to the Criminal Code.

This way, the internal auditor has a test plan for each of the auditable controls identified in the Criminal Risks Prevention Model that is updated each year and that is included in the approved Audit Plan. The results from all of the evaluated controls is recorded in a report with any deficiencies that were detected. This report is sent to the Support Unit for consideration and analysis and so that it can be forwarded to the Audit and Compliance Committee.

## IV. OVERSIGHT AND SUPERVISION OF THE CRIMINAL RISKS PREVENTION MODEL

The primary objective of the **supervision, monitoring and verification model** is to continuously validate the implementation of CIE Automotive's **Criminal Risks Prevention Model**, in order to periodically verify the effectiveness of the existing policies, procedures and controls and their evolution, so that CIE Automotive will have an overview of its Criminal Risks Prevention Model that will allow it to take the necessary actions to ensure that it is appropriate and effective in performance of its functions in the prevention, management and control of criminal risks.

Since CIE Automotive understands that supervision, oversight and verification are crucial for the **Criminal Risks Prevention Model** to be effective, to prevent crime it has designed its model based on risk management by getting various areas involved in the certification of its processes and controls, and it has endowed its system with full supervision, oversight and control by the assigned body.

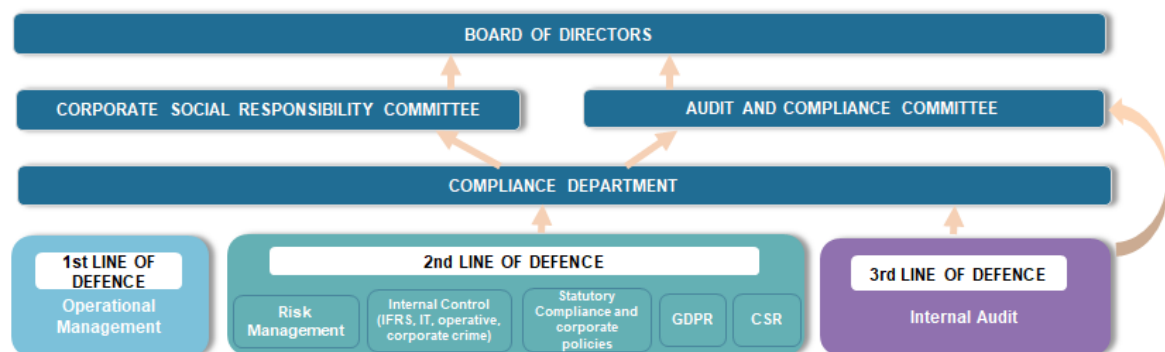
The **Audit and Compliance Committee** is responsible for managing this model together with its support unit and the **divisions in charge of the controls**.

The objectives the oversight bodies must pursue are:

- (i) Supervising the effectiveness of the rules and procedures that CIE Automotive has put in place to minimise the risk of illegal conduct by its Employees.
- (ii) Making sure that CIE Automotive has exercised due oversight over its business activities in compliance with the requirements under the Criminal Code.

### 1. Structure of the supervision, oversight and verification model


CIE Automotive's supervision, oversight and verification model is structured based on the following organisational chart:



#### 1.1. The supervision and oversight process

The supervision and oversight process of the **Criminal Risks Prevention Model** is performed continuously in time, and it is therefore configured as a process in which a situation is observed regularly or continuously.

#### Supervision

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The Criminal Risks Prevention Model must be evaluated periodically by the employees responsible for the existing controls and it must be supervised by the oversight body at least once a year, to make sure it is appropriate, adequate and effective.

A self-assessment process will need to be implemented with regard to compliance with the criminal risk prevention controls. The employee responsible/evaluator of the control that mitigates the risk event must make sure that the control was performed during the specified period (weekly/yearly) based on its description, by personnel with sufficient authority and competence to ensure its effectiveness, whilst also making sure that the necessary evidence proving this has been retained.

### Oversight

The oversight of the model includes, in particular, any necessary modifications when relevant violations of its provisions have come to light, or when changes occur in the organisation, its control structure and the activities it performs, and even any legislative changes that make adaptations necessary to ensure it functions properly. For this, specific periodic reviews are recommended to detect possible deficiencies and to suggest the corresponding changes and improvements.

The Company will also need to implement:

- A procedure for controlling and holding the documents and records generated in the verification and oversight process.
- A procedure for controlling and holding the documents comprising the Criminal Risks Prevention Model, such as the risk map, the protocol for action, the disciplinary system, the prevention manual, etc.

This means that if relevant violations arise of CIE Automotive's rules, or if there are changes in its organisation, its control structure, the activities it performs or even legislative changes that make an adaptation necessary to ensure proper functioning, this model allows CIE Automotive to monitor its criminal risk and make sure that its criminal risks are reasonably covered.

### 1.2. The verification process

The verification process is the procedure that has been defined for verifying the effectiveness of **CIE Automotive's supervision and oversight model** at the end of each year, including the details of any significant incidents and deficiencies affecting it.

#### 1.2.1. Reports and analysis of violations and/or infringements of the conducts (Whistle-blower Channel)


Any employees and third parties that have evidence or suspicions of conduct that may be illegal and/or that might result in a criminal risk must report it immediately through the *Whistle-blower Channel* to the **Audit and Compliance Committee**, as the designated body,

In all cases, the utmost confidentiality will be ensured regarding the identity of the reporting employee, except where the employee must be identified to the authorities by law.

It is strictly prohibited to make any reprisals against anyone who, in good faith:


- (i) Notifies the Company of a possible violation of its Code of Professional Conduct.
- (ii) Reports conduct that may be illegal and/or may result in a criminal risk coming to fruition.



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(iii) Works to investigate the conduct or helps to resolve it. However, this guarantee does not apply to anyone acting in bad faith to spread false information or harm others.

The **Audit and Compliance Committee** is in charge of processing and investigating any reports received over the Whistle-blower Channel.

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### 1.2.2. Disciplinary procedure

The disciplinary procedure consists of implementing corrective actions/disciplinary measures and a disciplinary proceeding for violations of the general principles outlined in the Criminal Risks Prevention Manual.

This disciplinary procedure may take the form of a reference to the current labour regulations/Spanish Workers Statute [*Estatuto de los Trabajadores*]/the Company's collective bargaining agreement, or it may result in a specific disciplinary proceeding for the violations in question.

The oversight body may be entrusted with imposing disciplinary measures with assistance from the Human Resources Department, which may be in charge of processing and investigating the proceeding.

If the analysis and conclusions of the study and investigation by the **Audit and Compliance Committee** result in the detection of a violation of the *Internal Code of Professional Conduct*, then the Audit and Compliance Committee will act immediately, sending the case to Human Resources to initiate the appropriate administrative or legal actions in each case, which must be reported.

On an internal level, the **Audit and Compliance Committee** will also assign Human Resources to apply disciplinary measures in accordance with the rules on violations and sanctions envisaged in the applicable collective bargaining agreements.

Under no circumstances may crimes be justified by the fact that benefits were obtained by the Company. CIE Automotive will reject any direct and indirect revenues and benefits that may be received due to criminal conduct by any of its Employees.

### 1.2.3. Dissemination and training

Implementation of the control measures in this Manual must be accompanied by adequate dissemination of the Manual and an explanation of it to CIE Automotive Employees. The importance of complying with it must be emphasised, together with CIE Automotive's responsibility for any actions to prevent crimes.

To this end, CIE Automotive has adopted the following methods for dissemination and training:


- Specialised training on the Code of Conduct, from both a general and specialised perspective; annual training plan; and signing by students in training.
- The **Audit and Compliance Committee** will be responsible for disseminating this Manual, and it must ensure that it is disclosed to all of its intended audience. This disclosure will emphasise the importance of complying with it and of CIE Automotive's assumption of the principles represented in the *Code of Conduct* and this Manual.

CIE Automotive has thus developed a **specific criminal risk training plan** for its key Employees. This training plan is managed by the HR Department, together with the Compliance Department.

**Attending the criminal risk prevention training courses is mandatory**, and key Employees must leave a written record of their attendance and take an evaluation test on what they learned.

The training plans will insist on the Employees being familiar with the Code of Professional Conduct. All Employees must provide confirmation once they have received all the appropriate information

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and they must confirm that they understand it and agree to it, promising to comply with the principles, rules and procedures in this document whilst performing any activities for CIE Automotive or in its interest.

### 1.3. Archives and documents

The Criminal Risks Prevention Model generates evidence that makes it possible to develop, track and supervise the model and to verify that the prevention model is working properly in a process of continuous improvement.

CIE Automotive therefore identifies, standardises and ensures the storage of the key evidence proving that the designed controls are being applied effectively.

Any documents generated in the Criminal Risks Prevention Model will be retained for at least 10 years.

## V. APPROVAL OF THE GENERAL PART OF THE CRIMINAL RISKS PREVENTION MANUAL

This Manual was approved by the Board of Directors of CIE Automotive, S.A. in October 2019.

As the oversight and control body, the **Audit and Compliance Committee** may propose that the Board of Directors make changes to this Manual to keep proper control over CIE Automotive's activities at all times in order to ensure the minimisation of the risk of crimes being committed.

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