

IDENTIFYING INFORMATION OF ISSUER

Ending date of reporting period: [31/12/2019]

Tax identification number: [A-20014452]

Company name:

CIE AUTOMOTIVE, S.A.

Registered office:

ALAMEDA MAZARREDO, 69, 8º, BILBAO (VIZCAYA)

A. OWNERSHIP STRUCTURE

A.1. Complete the following form with information on the Company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
06/06/2014	32,250,000.00	129,000,000	129,000,000

Indicate whether there are different classes of shares with different associated rights:

[] Yes

[✓] No

A.2. Provide information on the direct and indirect holders of significant shareholdings on the closing date of the year, excluding Board members.

Name or company name of shareholder	Percentage of voting rights attributed to shares		Percentage of voting rights through financial instruments		Total percentage of voting rights
	Direct	Indirect	Direct	Indirect	
CORPORACION FINANCIERA ALBA, S.A.	0.00	10.13	0.00	0.00	10.13
MAHINDRA & MAHINDRA LTD	0.00	7.44	0.00	0.00	7.44
ALANTRA ASSET MANAGEMENT, SGIIC, S.A	0.00	3.54	0.00	0.00	3.54



**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED JOINT-STOCK COMPANIES**

ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	5.51	9.40	0.00	0.00	14.91
ELIDOZA PROMOCIÓN DE EMPRESAS, S.L	10,00	0,00	0,00	0,00	10,00
ADDVALIA CAPITAL, S. A	5,00	0,00	0,00	0,00	5,00

Information on indirect shareholdings:

Name or company name of indirect holder	Name or company name of direct holder	Percentage of voting rights attributed to shares	Percentage of voting rights through financial instruments	Total percentage of voting rights
CORPORACION FINANCIERA ALBA, S.A.	ALBA EUROPE SARL	10.13	0.00	10.13
MAHINDRA & MAHINDRA LTD	MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD.	7.44	0.00	7.44
ALANTRA ASSET MANAGEMENT, SGIIC, S.A	CONCERTED ACTION	3.38	0.00	3.38
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	RISTEEL CORPORATI ON, B.V.	9.40	0.00	9.40

Indicate the most significant changes in shareholder structure that took place in the year:

ALANTRA EQMC ASSET MANAGEMENT, S.G.I.I.C. S.A. and ALANTRA ASSET MANAGEMENT, S.G.I.I.C, S.A. have concluded an agreement for the concerted exercise of the voting rights of the shares of the company owned by the investment entities managed by them (EQMC EUROPE DEVELOPMENT CAPITAL FUN PLC; MERCER INVESTMENT FUND (sub-fund of MERCER QIF COMMON CONTRACTUAL FUND) ; QMC III IBERIAN CAPITAL FUND FIL)

A.3. Provide information on the Company's Board members that hold voting rights on the Company's shares:

Name or company name of Board member	Percentage of voting rights attributed to shares		Percentage of voting rights through financial instruments		Total percentage of voting rights	Percentage of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. FERMIN DEL RIO SANZ DE ACEDO	0.02	0.00	0.00	0.00	0.02	0.00	0.00
Mr. ANTONIO MARIA PRADERA JAUREGUI	0.00	10.00	0.00	0.00	10.00	0.00	0.00
Mr. JESUS MARIA HERRERA BARANDIARAN	1.35	0.00	0.00	0.00	1.35	0.00	0.00
ADDVALIA CAPITAL, S.A.	5.00	0.00	0.00	0.00	5.00	0.00	0.00



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ELIDOZA PROMOCION DE EMPRESAS, S.L.	10.00	0.00	0.00	10.00	0.00	0.00	0.00
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Total percentage of voting rights held by the Board of Directors	26.37
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Information on indirect shareholdings:

Name or company name of Board member	Name or company name of direct holder	Percentage of voting rights attributed to shares	Percentage of voting rights through financial instruments	Total percentage of voting rights	Percentage of voting rights that may be transferred through financial instruments
Mr. ANTONIO MARIA PRADERA JAUREGUI	GRUPO INVERSIONES INSSEC, S.L.	10.00	0.00	10.00	0.00

Grupo Inversiones INSSEC, S.L. directly holds 5% of the shares of the Company and indirectly holds (through Inversiones, Estrategia y Conocimiento Global CYP, S.L.) another 5% of the shares of the Company. Grupo Inversiones INSSEC, S.L. and Inversiones, Estrategia y Conocimiento Global CYP, S.L. are companies in which Mr. Antonio María Pradera Jáuregui holds a controlling stake.

A.4. Indicate any relationships of a family, commercial, contractual or corporate nature that exist among the significant shareholders, to the extent that the relationships are known by the Company, except those that are of little importance or arise in the ordinary course of business and omitting those indicated in section A.6:

Related name or company name	Type of relationship	Brief description
No information		

A.5. Indicate any relationships of a commercial, contractual or corporate nature that exist among the significant shareholders, and the Company and/or its group, except those that are of little importance or that arise in the ordinary course of business.

Related name or company name	Type of relationship	Brief description
No information		

A.6. Describe the relationships, except those that are of little importance for the two parties, which exist among the significant shareholders or their representatives in the Board and the Board members or their representatives in the event that there are legal entities acting as Board members.

If applicable, explain the nature of the representation of the significant shareholders. Specifically, indicate Board members that have been appointed in representation of significant shareholders, those whose appointment had been promoted by significant shareholders or were associated with significant shareholders and/or group entities, specifying the nature of the associating relationships. If applicable, specific information is to be provided on the existence, identities and positions held by Board members or their representatives of the listed company who are also members of the governing body or their representatives in companies that hold significant shareholdings of the listed company or in group entities of the aforementioned significant shareholders:

Name or company name of associated Board member or representative	Name or company name of associated significant shareholder	Company name of group company of significant shareholder	Description or relationship/position
Mr. SANTOS MARTÍNEZCONDE GUTIÉRREZ BARQUÍN	CORPORACION FINANCIERA ALBA, S.A.	CORPORACION FINANCIERA ALBA, S.A.	Santos Martínez-Conde Gutiérrez Barquín is Chief Executive Officer (CEO) of Corporación Financiera Alba, S.A.
Mr. JUAN MARÍA RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	Juan María Riberas Mera is representative of one of the administrators of ACEK Desarrollo y Gestion Industrial, S.L.

Mr. ANTONIO MARIA PRADERA JAUREGUI	INVERSIONES, ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S.L.	INVERSIONES, ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S.L.	Antonio María Pradera Jáuregui is president and Chief Executive Officer (CEO) of Inversiones, Estrategia y Conocimiento Global CYP, S.L.
Mr. ANTONIO MARIA PRADERA JAUREGUI	GRUPO INVERSIONES INSSEC, S.L.	GRUPO INVERSIONES INSSEC, S.L.	Antonio María Pradera Jáuregui is the administrator of Grupo Inversiones Inssec, S.L.
Mrs. GOIZALDE EGAÑA GARITAGOITIA	ELIDOZA PROMOCION DE EMPRESAS, S.L.	ELIDOZA PROMOCION DE EMPRESAS, S.L.	Goizalde Egaña Garitagoitia, representative of Board member and significant shareholder Elidoza Promoción de Empresas, S.L., is an administrator of Elidoza Promoción de Empresas, S.L.
Mrs. MARIA TERESA SALEGUI ARBIZU	ADDVALIA CAPITAL, S.A.	ADDVALIA CAPITAL, S.A.	Maria Teresa Salegui Arbizu, representative of Board member and significant shareholder Addvalia Capital, S.A., is an administrator of Addvalia Capital, S.A.
Mr. FRANCISCO JOSÉ RIBERAS MERA	Mr. ANTONIO MARIA PRADERA JAUREGUI	INVERSIONES, ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S.L.	Francisco José Riberas Mera is a Board member of Inversiones, Estrategia y Conocimiento Global CYP, S.L.
Mr. FRANCISCO JOSÉ RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	Francisco José Riberas Mera is representative of one of the administrators of Acek Desarrollo y Gestion Industrial, S.L.
Mr. VANKIPURAM PARTHASARATHY	MAHINDRA & MAHINDRA LTD	MAHINDRA & MAHINDRA LTD	Vankipuram Parthasarathy is CFO and CTO of Mahindra & Mahindra Ltd and an Executive Board member of Mahindra & Mahindra Ltd.
ALANTRA ASSET MANAGEMENT, SGIIC, S.A	Mr. JACOBO LLANZA FIGUEROA	Mr. JACOBO LLANZA FIGUEROA	Jacobo Llanza Figueroa is CEO of Alantra Asset Management, SGIIC, S.A.
Mr. SHRIPRAKASH SHUKLA	MAHINDRA & MAHINDRA LTD	MAHINDRA & MAHINDRA LTD	Shriprakash Shukla is the head of Aerospace & Defence of Mahindra's Group, is the president of Mahindra Sanyo Special Steels Private Limited and is an Executive Board member of Mahindra & Mahindra Ltd.

A.7. Indicate whether the Company has been given notice of shareholders agreements that may affect it, pursuant to sections 530 and 531 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*). If applicable, describe the agreements briefly and provide information on the shareholders who are associated through the agreements.

Yes

No

Indicate whether the Company is aware of the existence of concerted actions among the shareholders. If so, please describe them briefly.

Yes

No

Parties involved in concerted actions	Percentage of affected share capital	Brief description of agreement	Expiry date of agreement (if applicable)
ALANTRA EQMC ASSET MANAGEMENT, SGIIC, S.A., ALANTRA ASSET MANAGEMENT, SGIIC, S.A	3.38	According to the notice (form 1) available at the CNMV website with entry number 2018139166, Alantra Asset Management, SGIIC, S.A. and Alantra EQMC Asset Management, SGIIC, S.A. (management companies of collective investment institution of Grupo Alantra) maintain a shared policy in relation to the voting rights of the shares of the Company owned by the investment companies that manage the shares in question).	Not specified in notice.

If, over the course of the year, there have been any changes or finalisation of the agreement or concerted actions, please indicate expressly:

A.8. Indicate whether there are any individuals or legal entities that control or may control the Company, pursuant to section 5 of the Spanish Securities Market Act (*Ley del Mercado de Valores*). If so, please identify them:

Yes

No

A.9. Provide information on the Company's treasury stock:

On closing date of the year:

Number of directly held shares	Number of indirectly held shares (*)	Total percentage of share capital
		0.00



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

(*) Through:

Name or company name of direct holder of shares	Number of directly held shares
No data	

Describe the significant changes that took place over the course of the year:

Describe significant changes

The company's treasury stock in its portfolio on 31 December 2017 amounted to 1,502,587 shares (252,587 held directly and 1,250,000 held indirectly), which comprise 1.165% of share capital and voting rights. In the first half of 2018, the Company sold the whole of its directly and indirectly held treasury stock, according to the filing submitted to Spain's stock-market authority CNMV on 30 May 2018. Hence, the Company had none of its own shares in portfolio from the date of the sale until 31 December 2018.

A.10. Provide information on the conditions and compulsory period established by the shareholders' mandate regarding the Board's issuance, repurchase or transfer of treasury stock.

The mandate approved at the 8 May General Shareholders Meeting will be in force up to and including 8 May 2019. The mandate establishes that the Board has powers to acquire shares of the Company at any time and as often as it wishes, by any legal means, even charging the acquisitions to the year's profit and/or unrestricted reserves, and that it may dispose of or subsequently amortise the shares, all of this being pursuant to and subject to the limitations established under section 146 et seq. of the Spanish Corporate Enterprises Act.

A.11. Estimated floating capital:

	Percentage
Estimated floating capital	37.39

A.12. Indicate whether there are any restrictions (statutory, legislative or of any nature) on the transferability of securities and/or any restrictions on voting rights. Specifically, state any type of restriction that might hamper a takeover of the Company through the acquisition of its shares in the market, as well as any authorisation or reporting procedures applicable under sector regulation that must be obtained or followed prior to acquisitions or transfers of the Company's financial instruments.

Yes

No

A.13. Indicate whether the General Shareholders Meeting has resolved to take countermeasures in the event of a takeover bid, pursuant to Spanish Law 6/2007.

Yes

No

If applicable, describe the measures taken and the conditions in which the restrictions may be considered inefficient:

Describe the measures taken and the conditions in which inefficiency arises

The 23 April 2008 General Shareholders Meeting resolved to pass the following resolution as the sixth item of its agenda:
SIXTH.- Authorisation not to apply limitations on the actions of the governing bodies and management of the Company and of its group in the terms of subsection 2 of section 60 bis of Spanish Law 24/1988 of 28 July of the Spanish Securities Market and subsection 5 of section 28 of Royal Decree 1066/2007 of 27 July. Pursuant to subsection 2 of section 60 bis of Spanish Law 24/1988 of 28 July of the Spanish Securities Market and subsection 5 of section 28 of Royal Decree 1066/2007 of 27 July on takeover bids, authorise that the limitations on the actions of the bodies referred to under section 60 bis, subsection 2 and section 28 subsection 5 of Royal Decree 1066/2007 of 27 July will not be applied to the governing bodies and management of the Company and of its group in the event that the Company is the subject of a takeover bid from an entity whose registered office is not in Spain and that is not subject to Spanish law or similar, including that which refers to rules that are considered necessary to pass resolutions of the General Shareholders Meeting or by an entity controlled by the latter directly or indirectly, pursuant to section 4 of Spanish Law 24/1988 of 28 July of the Spanish Securities Market".



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

A.14. Indicate whether the Company has issued securities that are not traded on a regulated market in the European Union.

Yes

No

If applicable, indicate the different classes of shares and, for each class, the rights and obligations assumed:

B. GENERAL SHAREHOLDERS MEETING

B.1. Indicate and, if applicable, provide information on whether there are differences with regard to the minimum quorum regime established under the Spanish Corporate Enterprises Act (SCEA) in relation to the quorum for General Shareholders Meetings.

Yes

No

	Percentage of quorum different from that established under art. 193 SCEA for normal circumstances	Percentage of quorum different from that established under art. 194 SCEA for special circumstances of art. 194 SCEA
Quorum on first call	50.00	50.00
Quorum on second call	0.00	25.00

Description of the differences

With regard to normal circumstances, article 13 of the Articles of Association states that, for the ordinary and extraordinary General Shareholders Meetings, it will suffice on first call when the attending shareholders or their representatives are the holders of at least 50% of subscribed capital with voting rights. On second call, any proportion of attending capital will suffice for the General Shareholders Meeting. Consequently, a sufficient forum is determined for normal circumstances in relation to section 193 of the Spanish Corporate Enterprises Act for the meeting to be held on first call. No differences are established in relation to the quorum defined in section 194 of the Spanish Corporate Enterprises Act for the special circumstances defined therein.

B.2. Indicate and, if applicable, provide detailed information on whether there are differences with the regime defined under the Spanish Corporate Enterprises Act regarding passing resolutions:

Yes

No

B.3. Indicate the rules that may be applied to the amendment of the Company's Articles of Association. In particular, indicate the majorities required for the amendment of the Articles of Association, and, if applicable, the rules defined for the protection of the rights of the shareholders in the amendment of the Articles of Association.

The regulation that may be applied to the amendment of the Company's Articles of Association is included in the Spanish Corporate Enterprises Act (the detail in question appearing in section B.1 above). In the Articles of Association, there are no majorities that differ from legally applicable majorities, nor are there rules defined for the protection of the shareholders that differ from those established in general regulation.

B.4. Indicate data on attendance of the General Shareholders Meetings that were held in the year that is the subject of this report and in the two preceding years:

Date of General Shareholders Meeting	Attendance data				
	Percentage of physical presence	Percentage by proxy	Percentage of distance voting		Total
			Electronic voting	Other	
04/05/2017	64.37	16.19	0.00	0.00	80.56
Of which floating capital	0.56	16.19	0.00	0.00	16.75
24/04/2018	86.37	8.55	0.00	0.00	94.92
Of which floating capital	22.48	8.55	0.00	0.00	31.03
08/05/2019	63.55	4.40	0.00	0.00	67.95
Of which floating capital	11.73	4.40	0.00	0.00	16.13

B.5. Indicate whether or not in the General Shareholders Meetings held in the year there were any items on the agenda that, for any reason, were not authorised by the shareholders:

Yes

No

B.6. Indicate whether there are any statutory restrictions that establish a minimum number of shares required to attend the General Shareholders Meeting or for distance voting:

Yes

No

B.7. Indicate whether it has been established that certain decisions other than those established by law that involve acquisition, disposal, contribution to another company of core assets or other similar corporate transactions require authorisation by vote at the General Shareholders Meeting.

Yes

No

B.8. Indicate the URL and form of access to the Company's website and its information on corporate governance and other information on General Shareholders Meetings that must be made available to shareholders through the Company's website:

The company's website where one may access information on corporate governance and other information on General Shareholders Meetings is <http://www.cieautomotive.com/web/investors-website>.

C. ADMINISTRATIVE STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 Maximum and minimum numbers of Board members established in Articles of Association and number established by General Shareholders Meeting:

Maximum number of Board members	15
Minimum number of Board members	6
Number of Board members established by GSM	13

C.1.2 Provide information on the Board members:

Name or company name of Board member	Representative	Type of Board member	Position held on Board	Date of first appointment	Date of last appointment	Form of election
Mr. SANTOS MARTÍNEZCONDE GUTIÉRREZ BARQUÍN		Proprietary	DIRECTOR	24/04/2018	24/04/2018	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. JUAN MARÍA RIBERAS MERA		Proprietary	DIRECTOR	27/10/2010	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. FERMIN DEL RIO SANZ DE ACEDO		Executive	DIRECTOR	21/12/2005	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. ANTONIO MARIA PRADERA JAUREGUI		Proprietary	CHAIRMAN	24/06/2002	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. CARLOS SOLCHAGA CATALÁN		Independent	LEAD INDEPENDENT DIRECTOR	27/10/2010	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. JESUS MARIA HERRERA BARANDIARAN		Executive	CHIEF EXECUTIVE OFFICER	21/01/2013	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. ÁNGEL MANUEL OCHOA CRESPO		Independent	DIRECTOR	27/10/2010	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. FRANCISCO JOSÉ RIBERAS MERA		Proprietary	DIRECTOR	27/10/2010	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
ADDVALIA CAPITAL, S.A.	Mrs. MARIA TERESA SALEGUI	Proprietary	DIRECTOR	26/04/2007	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING

	ARBIZU					
Mr .VANKIPURAM PARTHASARAT HY		Proprietary	DIRECTOR	04/10/2013	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
QMC DIRECTORSHIP S, S.L.	Mr. JACOBO LLANZA FIGUEROA	Proprietary	DIRECTOR	12/05/2005	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
ELIDOZA PROMOCION DE EMPRESAS, S.L.	Mrs. GOIZALDE EGAÑA GARITAGOITIA	Proprietary	VICE CHAIRMAN	24/06/2002	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING
Mr. SHRIPRAKASH SHUKLA		Proprietary	DIRECTOR	25/06/2015	26/04/2016	RESOLUTION GENERAL SHAREHOLDERS MEETING

Total number of Board members	13
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Indicate any departures of Board members that took place in the reporting year, whether due to resignation, dismissal or any other cause:

Name or company name of Board member	Type of Board member on date of departure	Date of last appointment	Termination date	Appointments to special committees	Indicate whether departure took place prior to end of term
No data					

C.1.3 Provide information on the Board members and their positions:

EXECUTIVE DIRECTORS		
Name or company name of Board member	Position held	Profile
Mr. FERMIN DEL RIO SANZ DE ACEDO	Executive director	Fermin del Rio holds a degree in Business Studies from the University of San Sebastián. He began his career as a tax advisor in 1975 and is the founder of Norgestión (a consultancy specialised in M&A, tax law and finance). He provided services to this firm until 2008. He also headed up ADEGI (the Guipuzcoa business association) and was a member of Basque business-owners association CONFEBASK. He has chaired Autometal, S.A. and currently sits on the boards of Fegemu, S.A., Viveros San Antón, S.A. and Global Dominion Access, S.A.
Mr. JESUS MARIA HERRERA BARANDIARAN	CEO	Jesús María Herrera holds a degree in Business Studies and Economics from the Basque University and holds a Master of International Expansion (from Euroforum). He joined CIE Automotive as CFO in 1991, also heading up the HR function for CIE Orbelan. He was named deputy manager in 1995 general manager in 1998. He took over management of CIE Brazil in 2000 and of CIE Plasfil in 2002. The same year he was named global director of CIE Plástico, a position he held until 2005, when he took up the general manager spot at CIE America. He has been the CEO of Autometal S.A. since 2010. In 2011, he was named COO for the entire group, and just a year later he took over as general manager of CIE Automotive. In 2013, the Board of Directors appointed him CEO of CIE Automotive, and he is a director at Global Dominion Access, S.A.
Total number of executive directors		2
Percentage of total Board members		15.38

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name or company name of Board member	Name or company name of represented or nominating significant shareholder	Profile
Mr. SANTOS MARTÍNEZ-CONDE GUTIÉRREZ BARQUÍN	CORPORACION FINANCIERA ALBA, S.A.	Santos Martínez-Conde holds a bachelor's degree in Engineering (roads, canals and bridges), an MBA from ICADE and a degree in Nuclear Technology from ICAI. Regarding his present activity, he has been executive director at Corporación Financiera Alba since 2006 and he holds other positions, such as member of the boards of Acerinox, CIE Automotive, Bolsas y Mercados Españoles, Indra, Banca March and Artá Capital. Prior to this, he worked at several engineering and financial firms such as Sener, Técnicas Reunidas, Bestinver, Corporación Borealis and Banco Urquijo. He has been a board member of many listed and unlisted firms in a wide variety of sectors.
Mr. JUAN MARÍA RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	Juan Riberas holds a degree in Law and Business Studies and Economics (dual degree) from Universidad Pontificia de Comillas (ICADE E-3) of Madrid. He began his career in 1992 in the area of business development at Grupo Gonvarri, where he later assumed the role of CEO. In 2005, he helped to create ACEK Renewables, taking on the position of executive chairman in 2007. Since 2010 he has been the chairman of Gonvarri Steel Industries and co-chairman of ACEK, the family holding company. He is also a trustee of the Juan XXIII Foundation.
Mr. ANTONIO MARIA PRADERA JAUREGUI	Mr. ANTONIO MARIA PRADERA JAUREGUI	Antonio María Pradera holds a degree in Road Engineering from Polytechnic University of Madrid. His career began in 1979 at Banco Bilbao, where he worked as a director until 1985. In 1988, he was named executive director of Nerisa, holding this position until 1993, when he moved to SEAT as director of strategy. He played an important role in the creation of INSSEC in 1995, where he served as CEO until 2010. He has served as the executive chairman of CIE Automotive since 2002, working in the areas of strategy and financial design, as well as in Global Dominion Access, S.A. He has been a director at Tubacex since May 2015 and a director at Corporación Financiera Alba since June 2015. On 31 December 2017, he stepped down from his executive duties at CIE Automotive, thus reinforcing the Company's corporate governance practices.
Mr. FRANCISCO JOSÉ RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	Francisco J. Riberas Mera was born in Madrid, June 1 st , 1964. He holds a degree in law (1787) and in Economics and Business Administration (1988) from the University Pontificia de Comillas (ICADE E-3), Madrid. In 1989 he began his professional career working in Business Management at Gonvarri Group. He then became Director of Corporate Development, and was subsequently named CEO. In 1997 he promoted the creation of Gestamp, assuming his role of Executive Chairman and shaping along these years what Gestamp is today. He is member of the Board of Telefónica, CIE Automotive and General de Alquiler de Maquinaria (GAM). Furthermore, Riberas is also board member in other companies of Gestamp and of the family holding, ACEK, such as Gonvarri Group, Acek Energías Renovables, Inmobiliaria Acek and Sideacero. Moreover, Riberas is Chairman of the Family Business Institute and he also takes part of Endeavor foundation, among others.
ADDVALIA CAPITAL, S.A.	ADDVALIA CAPITAL, S.A.	María Teresa Salegui holds a degree in Business Studies and Economics from Deusto University. Her career began in the transport company La Guipuzcoana, where she worked between 1988 and 2002), reaching the position of general manager during this period. She held the same position in DHL Express Iberia between 2002 and 2004. She is currently chairwoman of Addvalia Capital and Perth Espacio y Orden and sits on the governing bodies and boards of companies such as One Facility Management and Baztango.
Mr. VANKIPURAM PARTHASARATHY	MAHINDRA & MAHINDRA LTD	A Commerce graduate from Gujarat University, Mr. Parthasarathy also holds an AMP from Harvard Business School. He began his career at Xerox, where he reached the position of associate director. In 2000, he joined Mahindra&Mahindra, Ltd., where he has held various executive positions. He is currently the CFO and CTO of Mahindra & Mahindra, Ltd. as well as sitting on the group's Executive Committee and on the boards

		of 14 subsidiaries (four of which are listed). He has won a number of accolades in the areas of finance, M&A and IT.
QMC DIRECTORSHI PS, S.L.	ALANTRA ASSET MANAGEMENT, SGIIC, S.A	Jacobo Llanza holds a degree in Business Studies and Economics from the University of Paris. He built his career in investment banking, starting out in 1989 in a number of positions at Banque Indosuez and Bancapital before going on to create and run AB Asesores Moneda in 1992, an AB Asesores group company. After this company was acquired by Morgan Stanley in 1999, he joined Dresdner Kleinwort Wasserstein, serving as managing director of Equities & Derivatives in LatAm, Eastern Europe, Africa and the Middle East. In 2002, he joined Alantra (formerly N+1), where he is currently a managing partner and the CEO of Alantra Asset Management.
ELIDOZA PROMOCION DE EMPRESAS, S.L.	ELIDOZA PROMOCION DE EMPRESAS, S.L.	Goizalde Egaña holds a degree in Business Studies and Economics from Deusto University in San Sebastián, where she also completed post-graduate studies in business competitiveness and regional development and an executive financial management programme. She began her career in the finance department of Compañía Ibérica de Encuadernaciones S.A. (CIBENSA) in 1989 and later joined the team of auditors at Attest Consulting (1990–92). She was a board member of INSSEC and is currently a director at Global Dominion Access, S.A.
Mr. SHRIPRAKASH SHUKLA	MAHINDRA & MAHINDRA LTD	Shriprakash Shukla holds a degree in Technology from the Indian Institute of Technology at Banaras Hindu University and an MBA from the Indian Institute of Management of Ahmedabad. His career has developed in several companies, including Dunlop India, Swisscom Essar (currently Vodafone Essar) and Reliance Infratel, where he served as executive chairman before joining the Mahindra Group. At this time, he runs the latter group's Aerospace & Defence unit, he chairs Mahindra Sanyo Special Steels and he sits on the executive committee of Mahindra & Mahindra. Previous posts at this group included director of strategy and of brand management. He is also affiliated with prestigious industrial forums in several countries.



**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED JOINT-STOCK COMPANIES**

NON-EXECUTIVE PROPRIETARY DIRECTORS

Total number of proprietary directors	9
Percentage of total Board members	69.23

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name or company name of Board member	Profile
Mr. CARLOS SOLCHAGA CATALÁN	Carlos Solchaga holds a degree in Business Studies and Economics from the Complutense University of Madrid, and he completed post-graduate studies at the Alfred P. Sloan School at the Massachusetts Institute of Technology (MIT). In 1980, he was elected member of the Spanish Parliament as deputy for the PSOE Socialist party and was subsequently re-elected in 1982, 1986, 1989 and 1993, ultimately presiding the party's parliamentary group between 1993 and 1994. Other noteworthy appointments: member of the Basque regional government prior to approval of the Euskadi Autonomous Statute (1979–80); president of the IMF's Interim Committee (1991–93), Minister of Industry and Energy (1982–85); and Minister of Economy and Finance (1985–93) in Spain. He is currently an international consultant and president of the firm Solchaga & Recio Asociados. Other current appointments include chairman of the Euroamerica Foundation; president of the Arquitectura y Sociedad Foundation, chairman of the advisory board of the Roca Junyent law firm, member of the scientific board of the Elcano Royal Institute and member of the board of Pharma Mar, S.A.
Mr. ÁNGEL MANUEL OCHOA CRESPO	Ángel Manuel Ochoa holds a degree in Business Studies and Economics from the Basque University and a Master of International Business Administration (MIBA) from the United States International University of San Diego. In his 24 years of experience in the financial sector, he has held a number of positions, including that of manager of the Multinationals Department at Barclays Bank, deputy director of corporate banking at Lloyds Bank, deputy general manager at Banque Privée Edmond de Rothschild Europe in Spain and director for the Basque and Cantabria regions at Banco Sabadell Atlántico. He has also sat on the boards of several open-end investment companies (SICAVs). At present, he is a financial advisor in the area of investment and a partner at the firm Angel Ochoa Crespo EAFI, and he is also the chairman of ISLOPAN, S.A.

Total number of independent directors	2
Percentage of total Board members	15.38

Indicate whether any independent directors receive from the Company or its group any amounts of money or benefits for reasons other than remuneration for their positions as directors, or whether they maintain or have maintained in the last year a business relationship with the Company or any group companies, regardless of whether this takes place in the director's own name or as a significant shareholder, board member or member of upper management of an entity that maintains or would have maintained the relationship.

If applicable, provide a reasoned statement prepared by the Board, indicating why it is considered that the director may act as an independent director.

Name or company name of Board member	Description of relationship	Reasoned statement
No data		

OTHER NON-EXECUTIVE DIRECTORS

Identify any other non-executive directors, stating why they cannot be considered proprietary or independent directors and describing their relationships with the Company, its management and its shareholders:

Name or company of Board member	Reasons	Company, management or shareholders with whom relationship is held	Profile
No data			



**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED JOINT-STOCK COMPANIES**

Total number of non-executive directors	n.a.
Percentage of total Board members	n.a.

List any changes to director type that may have occurred during the period:

Directors name or company name	Date of change	Previous type	Current type
No data			

C.1.4 Fill in the following table with details of the number of female directors at the close of the last four financial years and the types of directorship they held:

	Number of directors				% of total directors of each type			
	Financial year 2019	Financial year 2018	Financial year 2017	Financial year 2016	Financial year 2019	Financial year 2018	Financial year 2017	Financial year 2016
Executive					0.00	0.00	0.00	0.00
Proprietary	2	2	2	2	25.00	25.00	25.00	25.00
Independent					0.00	0.00	0.00	0.00
Other External					0.00	0.00	0.00	0.00
Total	2	2	2	2	15.38	15.38	15.38	15.38

C.1.5 State whether the Company has diversity policies for the Company's Board of Directors concerning such areas as age, gender, disabilities, or professional training and experience. Small and medium companies as defined in the Spanish Auditing Act (*Ley de Auditoría de Cuentas*) must report at least on their gender diversity policy.

Yes

No

Partial policies

If yes, describe the diversity policies, their goals, measures taken and how the policy has been applied, and results during the financial year. Further indicate the specific measures taken by the Board of Directors and the Appointments and Remuneration Committee to achieve director balance and diversity.

If the Company does not have a diversity policy, give the reasons why.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained
<p>The diversity policy of the company is directly accessible on the corporate website, where the information can be easily consulted. The recent approval during the year 2019 of the diversity policy is the most recent concrete measure carried out by the company to achieve a balanced and diverse presence of female directors.</p> <p>The Company considers that the composition of its board of directors reflects the objectives pursued in the diversity policy, considering a balanced and diverse presence of directors</p> <p>This policy of diversity will ensure that, with the selection of candidates, the composition of the Board of Directors is diverse and balanced as a whole, which enriches the decision-making and provides plural points of view to the debate of the matters of its competence.</p> <p>In this regard, the Board of Directors is committed to promote diversity in its composition and, for this purpose, in the selection of candidates for members. Candidates whose appointment favors that the members of the Board of Directors have different capacities, knowledge, experiences, origins, nationalities, age and gender will be evaluated.</p> <p>The diversity criteria will be chosen based on the nature and complexity of the businesses developed by the Group, as well as the social and geographical context in which it is present.</p> <p>Additionally, depending on the needs of the Board of Directors, other criteria may be taken into consideration.</p> <p>In the process of selection of candidates, any type of bias that may imply any discrimination, among others, for reasons of sex, ethnic origin, age or disability will be avoided.</p> <p>The Board of Directors will periodically evaluate the degree of compliance and effectiveness of its diversity policy and, in particular, the percentage of female directors at any time, in order to assess the degree of compliance with the recommendations on corporate governance matters in relation to the presence of women in the Board of Directors.</p>

- C.1.6 Explain any measures the Appointments Committee may have taken to avoid implicit bias in selection procedures that would act to block the selection of female directors and to encourage the Company to deliberately seek and include women who have the professional profile sought among the potential candidates to achieve an equal balance in the presence of women and men:

Explanation of the measures
The Appointments and Remuneration Committee will ensure that persons of both sexes who fulfil the necessary requirements and skillsets for the post will be taken into consideration

Where the number of female directors is nil or very low despite the measures that may have been taken, explain the reasons why:

Explanation of the measures
The company considers the number of female directors to be sufficient.

- C.1.7 Explain the conclusions of the Appointments Committee concerning verification of compliance with the director selection policy. In particular, how that policy is promoting the goal of at least 30% of Board members being female directors by 2020.

The Appointments and Remuneration Committee is aware of the objective of at least 30% of Board members being female directors by 2020. In this respect, as stated above, the Appointments and Remuneration Committee will ensure that appointments of new directors are not subject to implicit bias by reason of sex, mainly in the case of non-proprietary directors (since this is where it has greater room for manoeuvre in the selection process) and will ensure that, insofar as possible, the number of female directors is promoted, without prejudice to always taking into account persons who have the necessary requirements and skillset for the position.

- C.1.8 Explain, where appropriate, the reasons why proprietary directors have been appointed at the request of shareholders having a shareholding of less than 3% of the share capital:

Shareholder's name or company name	Reason
No data	

State whether formal requests for membership on the Board from shareholders whose shareholdings are greater than or equal to others at whose request proprietary directors have been appointed have been disregarded. If appropriate, explain the reasons why they were disregarded:

- Yes
 No

- C.1.9 List any powers or authorities delegated by the Board of Directors to directors or Board committees:

Director's or committee's name or company name	Brief description
JESUS MARIA HERRERA BARANDIARAN	The CEO holds all the powers of the Board except those that may not be delegated.

C.1.10 Identify any Board members who hold positions as directors, representatives of directors, or executives in other companies making up the listed company's group:

Director's name or Company name	Company name of the Group entity	Position	Has executive duties?
Mr. FERMIN DEL RIO SANZ DE ACEDO	Gescrap-Autometal Comercio de Sucatas México, S.A.	DIRECTOR	NO
Mr. FERMIN DEL RIO SANZ DE ACEDO	Gescrap-Autometal México S.A. de C.V.	DIRECTOR	NO
Mr. FERMIN DEL RIO SANZ DE ACEDO	Gescrap-Autometal México Servicios S.A. de C.V.	DIRECTOR	NO
Mr. FERMIN DEL RIO SANZ DE ACEDO	Autometal, S.A.	CHAIRMAN	NO
Mr. ANTONIO MARIA PRADERA JAUREGUI	Autokomp Ingeniería S.A.U.	CHAIRMAN	NO
Mr. ANTONIO MARIA PRADERA JAUREGUI	Autometal, S.A.	DIRECTOR	NO
Mr. ANTONIO MARIA PRADERA JAUREGUI	CIE Berriz, S.L.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE Galfor, S.A.U.; CIE Legazpi, S.A.U.; Autokomp Ingeniería S.A.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Mahindra CIE Automotive, LTD	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Mahindra Forgings Europe, AG	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Plasfil Plásticos da Figueira, S.A.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE Berriz México Servicios Administrativos, S.A. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE Celaya, S.A.P.I. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Forjas de Celaya, S.A.P.I. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Maquinados Automotrices y Talleres Industriales Celaya S.A. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Percaser de México, S.A. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Pintura Estampado y Montaje, S.A.P.I. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Pintura y Ensamblajes de México, S.A. de C.V.	CHAIRMAN	NO

Mr. JESUS MARIA HERRERA BARANDIARAN	Servicat Servicios Contables Administrativos y Técnicos, S.A. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	GAT México, S.A. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Newcor, Inc	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE Automotive USA, Inc	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE Autometal de México, S.A.P.I. de C.V.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Nova Recycd, S.A.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Gameko Componentes de Automoción, S.A.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Mecanizaciones del Sur Mecasur, S.A.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Transformaciones Metalurgicas Norma, S.A.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Inyectametal, S.A.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Orbelan Plásticos, S.A.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Industrias Amaya Tellería, S.A.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE Udalbide, S.A.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Recycle, S.A.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE Mecauto, S.A.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Alurecy, S.A.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Componentes de Automoción Recytec, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Alcasting Legutiano, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Autometal, S.A.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Componentes de Automoción Recylan, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Denat 2007, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Egaña 2, S.L.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Advanced Comfort Systems Ibérica, S.L.	DIRECTOR	NO

Mr. JESUS MARIA HERRERA BARANDIARAN	Biodiesel Mediterráneo, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Reciclado Ecológico de Residuos, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Grupo Componentes Vilanova, S.L.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Biosur Transformación, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Reciclado de Residuos Grasos, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	Leaz Valorización, S.L.U.	DIRECTOR	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIF ROOF SYSTEMS, S.L.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE AUTOMOTIVE GOIAIN, S.L.	CHAIRMAN	NO
Mr. JESUS MARIA HERRERA BARANDIARAN	CIE AUTOMOTIVE BOROIA, S.L.	CHAIRMAN	NO

C.1.11 Name any directors or representatives of legal persons serving on the Board of your company who are directors or representatives of legal persons serving on the Boards of other companies that are listed on official stock exchanges and are not members of your group of which your company has been notified:

Director's name or corporate name	Corporate name of the listed entity	Office
Mr. SANTOS MARTÍNEZ-CONDE GUTIÉRREZ BARQUÍN	CORPORACIÓN FINANCIERA ALBA, S.A.	CHIEF EXECUTIVE OFFICER
Mr. SANTOS MARTÍNEZ-CONDE GUTIÉRREZ BARQUÍN	ACERINOX, S.A.	DIRECTOR
Mr. SANTOS MARTÍNEZ-CONDE GUTIÉRREZ BARQUÍN	INDRA SISTEMAS, S.A.	DIRECTOR
Mr. SANTOS MARTÍNEZ-CONDE GUTIÉRREZ BARQUÍN	BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE SISTEMAS Y MERCADOS FINANCIEROS, S.A.	DIRECTOR
Mr. JUAN MARÍA RIBERAS MERA	GESTAMP AUTOMOCIÓN, S.A.	DIRECTOR
Mr. ANTONIO MARIA PRADERA JAUREGUI	TUBACEX, S.A.	DIRECTOR
Mr. ANTONIO MARIA PRADERA JAUREGUI	CORPORACIÓN FINANCIERA ALBA, S.A.	DIRECTOR
Mr. CARLOS SOLCHAGA CATALAN	PHARMA MAR, S.A.	DIRECTOR
Mr. FRANCISCO JOSÉ RIBERAS MERA	GESTAMP AUTOMOCIÓN, S.A.	CHAIRMAN
Mr. FRANCISCO JOSÉ RIBERAS MERA	TELEFÓNICA, S.A.	DIRECTOR
ADDVALIA CAPITAL, S.A.	VIDRALA, S.A.	DIRECTOR
Mr. ANTONIO MARIA PRADERA JAUREGUI	GLOBAL DOMINION ACCESS, S.A.	CHAIRMAN
Mr. FRANCISCO JOSÉ RIBERAS MERA.	GAM GENERAL DE ALQUILER DE MAQUINARIA, S.A.	DIRECTOR
Mr. FERMÍN DEL RIO SANZ DE ACEDO	GLOBAL DOMINION ACCESS, S.A.	DIRECTOR
Mr. JESUS MARIA HERRERA BARANDIARAN	GLOBAL DOMINION ACCESS, S.A.	DIRECTOR
Mr. JUAN MARÍA RIBERAS MERA	GLOBAL DOMINION ACCESS, S.A.	DIRECTOR
Mrs. GOIZALDE EGAÑA GARITAGOITIA	GLOBAL DOMINION ACCESS, S.A.	DIRECTOR

C.1.12 State, and if necessary explain, whether the Company has implemented rules regarding the maximum number of company boards on which its directors may sit and, if appropriate, specify where this is regulated:

- Yes
 No

C.1.13 State the amounts of the total remuneration of the Board of Directors broken down into the following categories:

Remuneration paid to the Board of Directors in the financial years (thousands of euros)	6.782
Amount of pension rights accumulated by the current directors (thousands of euros)	
Amount of pension rights accumulated by former directors (thousands of euros)	

C.1.14 Name senior executives who are not also executive directors and state the total remuneration they were paid in the financial year:

Name or Company name	Office(s)
MR. ALEXANDER TORRES COLOMAR	Director of plastics, Brazil and Mexico.
MR. AITOR ZAZPE GOÑI	Director of plastics Europe, roof systems and Human Resources
MR. JUSTINO UNAMUNO URCELAY	Director of foundries, CIE Europe and China and Director of metal, Europe
MS. SUSANA MOLINUEVO APELLÁNIZ	Director of internal audit, corporate social responsibility and compliance
MR. JOSÉ LUIS CASTELO SÁNCHEZ	Director of stamping, Mexico
MRS. IRACHE PARDO VILLANUEVA	Director of finance and treasury and Corporate Purchasing Officer
MS. MARÍA MIÑAMBRES GARCIA	Director of corporate controlling and tax
MR. ANDER ARENAZA ALVAREZ	Director of aluminum and machining Europe and CEO Mahindra CIE Automotive Limited
MS. LOREA ARISTIZÁBAL ABÁSOLO	Director of corporate development and investor relations
Total Remuneration of the senior executives	5.999

C.1.15 Indicate any changes to the Board of Director regulations made during the financial year:

Yes

No

C.1.16 State the selection, appointment, re-appointment, and removal procedures for directors.

Specify the competent bodies, steps to be taken, and criteria to be used in each of the procedures.

The General Meeting is responsible for appointing the Board members, without prejudice to the Board's authority to appoint members by co-option in the event of vacancies. In that respect, article 23 de the Company's Articles of Association provide that:

- "4. Members of the management body are not required to be shareholders.
5. Members of the management body will be appointed to four (4)-year terms and may be re-appointed for one or more periods of equal length.
6. The terms of members of the management body appointed by co-option will run until the date of the next General Meeting.
7. A member of the management body will cease to be a member by decision of the General Meeting, upon giving the Company notice of resignation, or upon expiry of the term to which the member was appointed. In this last-mentioned case, a director's appointment will lapse on the date on which the next General Meeting meets or the legal time limit for holding the General Meeting to decide on approval of the accounts for the preceding financial year has expired.
8. Members of the management body will perform the statutory duties of their office with the necessary reasonable care required for such post, taking into account the nature of the office and the duties assigned to each. Furthermore, members of the management body will perform the duties of their office with the loyalty of a faithful representative, acting in good faith and in the Company's best interest. The Board of Directors Regulations will set out the specific obligations of directors based on the duties prescribed by law, in particular confidentiality, non-competition, and loyalty, paying special attention to conflicts of interest."

Rule 23 of the Board of Directors Regulations provides:

- "1. Directors will be appointed by the General Shareholders Meeting or by the Board of Directors in accordance with the law.
2. Proposals for the appointment and re-appointment of Directors submitted to the General Shareholders Meeting by the Board of Directors for consideration and appointments made by the Board of Directors by virtue of their powers of co-option under the law will be preceded by the corresponding proposal by the Appointments and Remuneration Committee for independent Directors or by the Committee's report for all other Directors. Where the Board disregards the report by the Appointments and Remuneration Committee, it will state the reasons for its action and will make a record of those reasons in the minutes.
3. Proposals and reports by the Appointments and Remuneration Committee will expressly assess the candidates' honesty, suitability, solvency, competence, experience, qualifications, training, availability, and commitment to their duties. For this purpose the Appointments and Remuneration Committee will estimate the time non-executive Directors should spend on work, in number of hours per year, and will include that estimate in the corresponding report or proposal.
4. The Appointments and Remuneration Committee will propose or report on the assignment of the Director to one of the categories included in these Regulations and will review it annually."

C.1.17 Explain to what extent the Board's annual assessment has resulted in significant changes to its internal organisation and to the procedures used for its activities

Description of the changes

Throughout 2019 the implementation of the conclusions reached by the evaluation process carried out by an external expert has been deepened (Evaluación de Consejos S.L.)

No significant changes have been proposed in the internal organization, but actions have been developed aimed at:

- Deepen in succession plans and protocols.
- Improve selection procedures for Board members and training plans.
- Deepening the role of certain statutory roles.
- Provide more time for the Board's dedication to the strategy. I.

Describe the assessment process and the areas assessed by the Board of Directors, if appropriate in association with an external adviser, in respect of the operation and composition of the Board and its committees and any other area or aspect that has been assessed.

Description of the assessment process and the areas assessed

In 2019, an external expert assessment has not been commissioned (the assignment was in relation to the year 2018 and was carried out in the first two months of 2019). Throughout 2019 the evaluation has been carried out through personal interviews held by the Chairman of the Board of Directors (assisted by the department in charge of internal auditing, compliance and CSR) to evaluate the functioning of the Board of Directors and its committees.,



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

C.1.18 For those years in which the review has been made with the assistance of an external adviser, break down the business relationships of the adviser or any company in its group with the Company or any company in its group.

The board of directors has not had the help of an external consultant in its evaluation for the financial year.

C.1.19 State the cases in which directors must resign.

Rule 26 of the Board of Directors Regulations provides:

"1. The appointments of the Directors, or the appointment of any individual Director, will cease as specified by the legislation applicable at any given time.

2. Directors will offer their resignations to the Board of Directors and, if the Board so determines, submit their resignations, in the following cases:

- a) In the case of a proprietary director, when the director, or the shareholder the director represents, sells its shareholding to the Company.
- b) In the case of an executive director, whenever the Board considers it appropriate and at all events when the director ceases to hold the executive office he or she performs in the Company and/or the companies in its Group.
- c) Where they become ineligible or disqualified under any of the cases prescribed by law.
- d) Where they have been charged for a presumably criminal offence or disciplinary proceedings have been opened against them by the supervisory authorities on grounds of serious or gross misconduct.
- e) The term of the CEO will lapse when the officer turns 65 years of age, though the officer may continue as a director, without prejudice to the content of item b) above.
- f) Where they have been seriously reprimanded by the Board of Directors for breach of their duties as directors following a report by the Audit and Compliance Committee.

C.1.20 Are any qualified majorities, other than those required by law, required for any decisions?

Yes

No

Describe any differences, if appropriate.

C.1.21 Explain whether there are specific requirements for being appointed Chair of the Board of Directors other than the requirements to be a director.

Yes

No

C.1.22 State whether the Articles of Association or Board of Directors Regulations prescribe an age limit for directors:

Yes

No

	Age limit
President	N.A.
CEO	65
Director	N.A.

C.1.23 State whether the Articles of Association or Board of Directors Regulations prescribe term limits or further stricter than statutory requirements for independent directors apart from those prescribed by law.

Yes

No

C.1.24 State whether the Articles of Association or Board of Directors Regulations prescribe specific rules for delegating Board of Director votes to other directors, how it is done, and, in particular, the maximum number of proxies a director may hold, and whether there are any limits as to the categories to which votes may be delegated, apart from the constraints prescribed by law. Briefly specify those rules, if appropriate.

Rule 22, paragraph 2, of the Board of Directors Regulations provides:

"Directors should attend sessions of the Board of Directors, and when unable to do so themselves, should appoint another director as their proxy and issue any appropriate instructions. Non-executive directors may only appoint another non-executive director as their proxy. No proxy may be issued in any matter involving a conflict of interest for a director. Proxies are to be specially issued for each meeting of the Board of Directors, and this may be done using any of the same means prescribed for convening meetings.

C.1.25 State the number of meetings of the Board of Directors held during the year. Also, if appropriate, state the times the Board has met without the Chair being in attendance. Attendance by a proxy holding specific instructions will be considered attendance.

Number of Board meetings	6
Number of Board meetings not attended by the Chair	0

State the number of meetings held by the coordinating director with the other directors without attendance or proxy representation by any executive director:

Number of meetings	0
--------------------	---

State the number of meetings held by the various Board committees during the year.

Number de meetings of the Auditing and Compliance Committee	6
Number of meetings of the Strategy and Operations Committee	0
Number of meetings of the Appointments and Remuneration Committee	3
Number of meetings of the Corporate Social Responsibility Committee	5

State the number of meetings held by the Board of Directors during the year with details of attendance by Board members:

Number of meetings at which at least 80% of directors were in attendance in person	6
% attendance in person vs. total votes during the year	84,61
Number of meetings attended by all the directors personally or as proxies with specific instructions	2
% votes issued in person and by proxy with specific instructions vs. total votes during the year	93,58



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

C.127 State whether the individual and consolidated financial statements are certified before being submitted to the Board for approval:

Yes

No

If appropriate, state the person(s) who certified the Company's individual and consolidated financial statements for approval by the Board:

C.128 Explain any mechanisms set up by the Board of Directors to avoid the individual and consolidated accounts it approves from being submitted to the General Meeting with auditor's reservations.

According to Rule 3 of the Audit and Compliance Committee's Regulations, the Committee has, *inter alia*, the following duties:

e) To assess, with the auditor, significant weaknesses in the internal control system disclosed during the performance of the audit.

f) To supervise the process of drawing up and submitting requisite financial reporting.

g) To propose the appointment, re-appointment, or replacement of the auditor to the Board of Directors for submission to the General Shareholders Meeting together with its terms of engagement pursuant to applicable law and regulations, and to regularly receive information from the auditor on the auditing plan and performance while preserving its independence in the performance of its duties.

h) To oversee the activity of the Internal Audit Department, functionally subsidiary to the Audit and Compliance Committee.

i) To establish suitable relations with the auditor to receive information on those questions that might compromise its independence for examination by the Committee together with any other information relating to the auditing process and any other communications prescribed by the auditing legislation and other auditing regulations.

In any case, it should receive written confirmation of their independence vis-à-vis the Company or entities directly or indirectly linked to the Company from the auditor annually along with information from the auditor or from persons or entities related to the auditor concerning any additional services of any kind provided and the corresponding fees received from those entities as stipulated in the auditing legislation and regulations.

C.129 Is the Secretary of the Board a director?

Yes

No

If the Secretary of the Board is not a director, fill in the following table

Secretary's name or company name	Representative
MR. ROBERTO ALONSO RUIZ	

C.130 State the specific mechanisms put in place by the Company to safeguard external auditor independence and any mechanisms to safeguard the independence of the financial analysts, investment banks, and rating agencies, including how the statutory stipulations have been implemented in practice.

Relations with the external auditor are dealt with in Rule 46 of the Board of Directors Regulations:

"Rule 46. Relations with the auditor

1. The Board of Directors' relations with the Company's external auditor will be routed through the Audit and Compliance Committee as specified in the Articles of Association and the Audit and Compliance Committee Regulations.
2. The Board of Directors will provide information on the fees paid to the auditor by the Company for the various auditing services in each financial year in the annual report.
3. The Board of Directors will endeavour to draw up the financial statement that does not elicit any reservations by the auditor. However, where the Board considers it should follow its own criterion, it will explain the content and scope of the discrepancy."

Pursuant to that mandate, the Audit and Compliance Committee will be in charge of establishing suitable relations with the auditor to receive information on those questions that might compromise its independence together with any other information relating to the auditing process and any other communications prescribed by the auditing legislation and other auditing regulations.

C.131 State whether the external auditor has been changed during the financial year. If appropriate, name the incoming and outgoing auditors.

Yes

No

Explain the nature of any disagreements with the outgoing auditor:

Yes

No

C.132 State whether the auditor does other work for the Company and/or its group apart from the audit, and, if so, state the amount of the fees paid for that work and the percentage of the fees charged to the Company and/or its group that they represent.

Yes

No

	Company	Group companies	Total
Amount paid for other work apart from the audit (thousands of euros)	222	297	519
Amount paid for other work apart from the audit / amount paid for the audit (thousands of euros)	58.39	18.51	26.15

C.133 State whether the audit of the financial statement for the preceding financial year encountered reservations or qualifications. If appropriate, state the reasons given to the General Shareholders Meeting by the Chair of the Audit Committee to explain the substance and scope of those reservations or qualifications.

Yes

No

C.134 State the number of consecutive financial years the auditor has been auditing the Company's individual and/or consolidated financial statement. Further state the percentage of the number of financial years audited by the current auditor on the total number of financial years in which the financial statement has been audited:

	Individual	Consolidated
Number of consecutive financial years	18	18

	Individual	Consolidated
No. of financial years audited by the current auditor / No. of financial years in which the Company or its group have been audited (%)	51.43	51.43

C.135 State, and if appropriate specify, whether there is a procedure in place for directors to be able to obtain the necessary information to prepare for meetings of the management bodies in good time.

Yes

No

Details of the procedure

In accordance with Rule 20 of the Board of Directors Regulations, the relevant information for meetings will be sent to directors with the notice of meeting. Furthermore, directors are sent a copy of the basic document for the meeting sufficiently in advance so that they will be made aware of the different agenda items to enable them to prepare for meetings in good time.

Furthermore, Rule 29 of the Board of Directors Regulations states that any director may ask the Company to hire, at its expense, the legal, accounting, financial, technical, or business advisers or other experts they may consider necessary for the proper performance of their duties to assist them in the performance of those duties. Any such request will necessarily concern specific issues that are particularly complicated.

C.136 State, and if appropriate specify, whether the Company has rules in place compelling advisers to report any circumstances that may be detrimental to the Company's standing and reputation and to resign if appropriate.

Yes

No

Details of the procedure

Rule 26.2(d) of the Board of Directors Regulations compels directors to tender their resignation from the Board where ... they have been charged for a presumably criminal offence or where disciplinary proceedings have been opened against them by the supervisory authorities on grounds of serious or gross misconduct.

C.137 State whether any Board member has informed the Company that they have been charged, or verbal proceedings have been opened against them for any of the criminal offences enumerated in Section 213 of the Spanish Corporate Enterprises Act.

Yes

No



**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED JOINT-STOCK COMPANIES**

C.138 List any significant agreements arranged by the Company that will take effect, be amended, or be concluded in the event of a change of control of the Company as a result of a takeover bid, and their effects.

| There are not such significant agreements |

C.139 List, in detail, separately where they apply to directors and combined in other cases, the agreements between the Company and its managers or executives or employees that provide for compensation, severance benefits, or golden parachutes where they resign or are unfairly dismissed or where the contractual relationship is terminated by a takeover bid or other type of operation.

Number of beneficiaries	1
Type of beneficiary	Description of the agreement
Company CEO	<p>The agreement with the executive director complies with the stipulations of subsection (g) (clawback) and (h) (termination) in Section IV in the Director Remuneration Policy. "(g) In response to a proposal by the Appointments and Remuneration Committee, the Board of Directors is authorised to claim reimbursement for any compensation already paid in relation to a minimum term and non-compete commitment (clawback clauses) in the aforesaid circumstances.</p> <p>Furthermore, additional clawback measures may be arranged for special situations such as fraud, serious breach of law." "(h) The CEO will be entitled to payment of all of his or her variable long-term compensation and full payment for his or her minimum term and non-compete commitment should the General Meeting and Board of Directors decide to remove him or her from his or her position for any reason for ten (10) years starting from 1 January 2018. In addition to the foregoing, the CEO may be entitled to payment of an additional amount (at most two annual fixed salaries and short-term variable remuneration), to be included in his or her contract, where appropriate.</p>

State any such contracts have to be reported to and/or approved by the Company's or its group's management bodies in the cases stipulated in the legislation and regulations. If so, please specify. the procedures, the cases envisaged, and the nature of the bodies responsible for approval or giving notice:

	Board of Directors	General Meeting
Body approving the clauses	✓	

	Yes	No
Is the General Meeting informed of the clauses?	✓	

C.2. Board of Directors Committees

C.2.1 Specify all the Board of Directors committees, their members, and the proportion of executive, proprietary, independent, and other external directors who are members of them:

Audit and Compliance Committee		
Name	Office	Type
MR. CARLOS SOLCHAGA CATALÁN	MEMBER	Independent
MR. ÁNGEL MANUEL OCHOA CRESPO	CHAIR	Independent
ADDDVALIA CAPITAL, S.A.	MEMBER	Proprietary

% executive directors	0.00
% proprietary directors	33.33
% independent directors	66.67
% other external directors	0.00

Explain the duties assigned to that committee, including any in addition to its statutory duties, and describe the committee's procedures and organisational and operational rules. State the most significant activities during the year for each of these duties and how each of the duties assigned to it by law, in the Articles of Association, or by other corporate agreements have been exercised in practice.

It is the remit of the Audit and Compliance Committee to assist the Company's Board of Directors in supervising the Company's financial status and in exercising its duties of oversight of CIE Automotive, S.A. and the companies making up its group.

To that effect, the committee will have jurisdiction:

- To regularly review risk policies and propose changes and updates to the Board of Directors.
- To approve policy in relation to hiring the auditor.
- To report to the General Shareholders Meeting on questions falling within its purview raised by shareholders at the Meeting.
- To supervise the effectiveness of the Company's and the Group's internal controls and its risk control systems, including tax risks.
- To assess, with the auditor, significant weaknesses in the internal control system disclosed during the performance of the audit.
- To supervise the process of drawing up and submitting requisite financial reporting.
- To propose the appointment, re-appointment, or replacement of the auditor to the Board of Directors for submission to the General Shareholders Meeting together with their terms of engagement pursuant to applicable law and regulations, and to regularly receive information from the auditor on the auditing plan and performance while preserving its independence in the performance of its duties.
- To oversee the activity of the Internal Audit Department, functionally subsidiary to the Audit and Compliance Committee.
- To establish suitable relations with the auditor to receive information on those questions that might compromise its independence for examination by the Committee together with any other information relating to the auditing process and any other communications prescribed by the auditing legislation and other auditing regulations. In any case, it should receive written confirmation of their independence vis-à-vis the Company or entities directly or indirectly linked to the Company from the auditor annually along with information from the auditor or from persons or entities related to the auditor concerning any additional services of any kind provided and the corresponding fees received from those entities as stipulated in the auditing legislation and regulations.
- To issue an annual report in advance of the auditor's report setting out its opinion regarding the auditor's independence. This opinion should at all events deal with provision of the additional services referred to in the preceding item in the terms and conditions stipulated by law.
- To report, in advance of the Board of Directors meeting, regarding the financial reporting the Company should periodically disclose as a listed company, ensuring that interim financial statements are drawn up to the same accounting standards as the annual financial statement, and to that end it will consider whether it is appropriate for the auditor to conduct a limited review.
- To report to the Board of Directors on the creation or purchase of shares in special purpose vehicles or entities based in countries or territories classified as tax havens and any other transactions or similar operations that, by their complexity, could be detrimental to the Group's transparency, before the Board takes the corresponding decision.
- Any other tasks that may be assigned by the Company's Board of Directors.

The most relevant activities during the year were:

- Evaluating the Periodic Public Information before it is forwarded to the CNMV [*Spanish National Securities Market Commission*] and the companies that manage the Bilbao and Madrid Stock Exchanges.
- Assessing the annual financial statement (balance sheet, profit and loss account, cash flow statement and statement of net assets, and annual report) and the management report of CIE Automotive, S.A. and its Consolidated Group for the financial year that closed on 31 December 2018.
- Monitoring the external audit procedures.
- Assessing the internal audit procedures and, more particularly, those relating to the Internal Control System for procedures for drawing up financial reports.
- Verifying the accounting status of liquid assets in relation to approving an interim dividend against the profit and loss account for 2019.
- Approving the Company's tax strategy.
- Analysing the Company's risk map.
- Reporting on the General Meeting agenda items within the scope of its remit and, in particular, the item on re-appointment of the external auditor.

Name the directors appointed to the Audit Committee on the basis of their knowledge and experience in accounting or auditing matters, or both, and report the date of the appointment of the sitting Chair of the committee.

Names of experienced directors	MR. CARLOS SOLCHAGA CATALÁN
Date of appointment of the sitting Chair	22/02/2019

Strategy and Operations Committee		
Name	Office	Type
MR. SANTOS MARTÍNEZ CONDE GUTIÉRREZ BARQUÍN	MEMBER	Proprietary
MR. FERMIN DEL RIO SANZ DE ACEDO	MEMBER	Executive
MR. ANTONIO MARIA PRADERA JAUREGUI	CHAIR	Proprietary
MR. JESUS MARIA HERRERA BARANDIARAN	MEMBER	Executive
MR. FRANCISCO JOSE RIBERAS MERA	MEMBER	Proprietary

% executive directors	40.00
% proprietary directors	60.00
% independent directors	0.00
% other external directors	0.00

Explain the duties assigned to that committee and describe the committee's procedures and organisational and operational rules. State the most significant activities during the year for each of these duties and how each of the duties assigned to it by law, in the Articles of Association, or by other corporate agreements have been exercised in practice.

Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Committee will have the following basic duties:

- To evaluate and propose to the Board of Directors strategies for growing, developing, or diversifying the business of the Company and the Group.
- To propose to the Board of Directors opportunities to make new investments (both those fomenting organic growth and those enabling inorganic growth by acquiring new companies, activities, or sectors) and to submit alternative investments in assets that will produce a long-term increase in the value of the Company and its Group.
- To review and propose recommendations or enhancements to the strategic plans and updates to those plans to the Board of Directors at all times.
- Any other tasks that may be assigned by the Company's Board of Directors.

Without prejudice that no formal meeting has been held during the reference year, the members of the Committee have analyzed outside the Committee's area the strategic transactions carried out by the Company

Appointments and Remuneration Committee		
Name	Office	Type
MR. CARLOS SOLCHAGA CATALÁN	CHAIR	Independent
MR. ÁNGEL MANUEL OCHOA CRESPO	MEMBER	Independent
MR. FRANCISCO JOSÉ RIBERAS MERA	MEMBER	Proprietary

% executive directors	0.00
% proprietary directors	33.33
% independent directors	66.67
% other external directors	0.00

Explain the duties assigned to that committee, including any in addition to its statutory duties, and describe the committee's procedures and organisational and operational rules. State the most significant activities during the year for each of these duties and how each of the duties assigned to it by law, in the Articles of Association, or by other corporate agreements have been exercised in practice.

The Committee is an internal advisory and consultancy body having no executive duties, whose remit is to report, advise, and propose within the scope of its purview.

To that effect, the Committee will have jurisdiction:

- a) To propose to the Board of Directors remuneration policies for directors and senior executives and to review them from time to time, proposing amendments and updates to the Board of Directors as appropriate.
- b) To review the criteria on the make-up of the Board of Directors and for candidate selection and to report accordingly, and, more particularly, in relation to the skills, knowledge, and experience needed and how to estimate the time and work required for directors to properly perform their duties.
- c) To ensure that, when filling vacancies or appointing new directors, the selection procedures are not subject to implicit bias, and, more to the point, do not impede the selection of female directors.
- d) To set a target for representation by the sex less represented on the Board of Directors and to draw up guidelines on how to achieve that goal.
- e) To submit to the Board of Directors proposals for the appointment of independent directors by co-option or for submission to the General Shareholders Meeting and proposals for the re-appointment or removal of those directors by the General Shareholders Meeting, and to report on proposals for the removal of directors made by the Board of Directors.
- e) To submit proposals for the appointment of the other directors by co-option or for submission to the General Shareholders Meeting for decision, and proposals for the re-appointment or removal of those directors by the General Shareholders Meeting.
- g) To draw up proposals and report on the appointment of internal officers on the Board of Directors and on the Board members who should join each of the committees.
- h) To review and arrange for succession of the Chair of the Board of Directors and the Company's CEO and, if appropriate, to submit proposals to the Board of Directors so that succession can take place in an orderly and planned manner in accordance with the succession plan approved by the Board of Directors.
- i) To propose to the Board of Directors the annual remuneration scheme and amount of remuneration for the directors and the individual remuneration for the executive directors and the other basic terms and conditions of their contracts, including possible compensation or indemnities that may be arranged in the event of severance, in all cases in keeping with the director remuneration policy approved by the General Shareholders Meeting.
- j) To supervise the process of selecting candidates for senior executives of the Company and to report on proposals to appoint or remove top executives made by the Company's CEO.
- k) To report on and submit to the Board of Directors proposals by the Company's CEO regarding the remuneration structure for senior directors and the basic terms and conditions of their contracts.
- l) To ensure compliance with the Company's remuneration schemes and to report on the documents to be approved by the Board of Directors for public disclosure in relation to information concerning remuneration, including the Annual Report on Director Remuneration and the corresponding sections in the Company's Corporate Governance Report.
- m) Any other tasks that may be assigned by the Company's Board of Directors.

In relation to the basic functions attributed to it by the Board of Directors Regulations, the main actions of the committee in relation to the year ended 31 December 2019 were:

- (a) Analyzing the Corporate governance annual report, the Board of directors remuneration annual statement and the Annual Financial Report within the framework of its competencies
- (b) Reporting on the remuneration of the members of the board of directors.
- (c) Monitoring the evaluation of board members.
- (d) Informing about the typology of each of the members of the board of directors.
- (e) Reporting on the process of finding new independent members of the Board of Directors

Corporate Social Responsibility Committee		
Name	Office	Type
MR. SANTOS MARTÍNEZ CONDE GUTIÉRREZ BARQUÍN	MEMBER	Proprietary
ADDVALIA CAPITAL, S.A.	MEMBER	Proprietary
ELIDOZA PROMOCIÓN DE EMPRESAS, S.L.	CHAIR	Proprietary

% executive directors	0.00
% proprietary directors	100.00
% independent directors	0.00
% other external directors	0.00

Explain the duties assigned to that committee and describe the committee's procedures and organisational and operational rules. State the most significant activities during the year for each of these duties and how each of the duties assigned to it by law, in the Articles of Association, or by other corporate agreements have been exercised in practice.

The CSR Committee is an internal advisory and consultancy body having no executive duties, whose remit is to report, advise, and propose within the scope of its purview.

To that effect, the Committee will have jurisdiction:

- a) To regularly review corporate governance policies and to propose amendments and updates appropriate for ongoing growth and enhancement to the Board of Directors for approval or for submission to the General Shareholders Meeting.
- b) To foment the Company's corporate governance and sustainability strategy.
- c) To supervise compliance with statutory requirements and standards for corporate governance.
- d) To examine, foment, steer, and supervise the Company's activities in the area of corporate governance and to report on this to the Board of Directors and to the Executive Committee, as appropriate.
- e) To evaluate and review the Company's plans for executing social responsibility policies and to monitor the degree of compliance.
- f) To report on the activities assigned to and carried out by the foundations linked to the Group in the areas of general interest and corporate social responsibility.
- g) To report on the Company's Annual Corporate Governance Report, compiling the sections of the reports of the Auditing and Compliance Committee and the Appointments and Remuneration Committee that fall within its remit, and, if one is released, the annual report on sustainability, prior to their approval.
- h) To promote drafting of the Company Code of Ethics, to propose it and possible subsequent amendments to it to the Board of Directors for approval, and to promote all other relevant issues relating to promotion of, awareness of, and compliance with the Code of Ethics.
- i) To review the Company's internal policies and procedures to verify their effectiveness in preventing inappropriate conduct and to identify policies or procedures that would potentially be more effective in promoting the highest ethical standards.
- j) Any other tasks that may be assigned by the Company's Board of Directors.

During the financial year the most significant activities have been the following:

- (i) Reporting on the Corporate governance annual report, the Board of directors remuneration annual statement and the Annual Financial Report within the framework of its competencies;
- (ii) Reporting on the Consolidated Financial Statement and circumstances relating to its contents.
- (iii) Develop the 2020-2025 CSR Strategic Plan
- (iv) Monitoring the operation of the Code of Ethics and any incidents that arose during the year reported using the Ethical Reporting Channel; and
- (v) Evaluating corporate social responsibility policies and steps that were taken during the year, as well as making suggestions for modifications to existing policies.

C.2.2 Fill in the following table with details of the number of female directors on the Board of Director's Committees at the close of the last four financial years:

	Number of female directors							
	Financial year 2019		Financial year 2018		Financial year 2017		Financial year 2016	
	Number	%	Number	%	Number	%	Number	%
Audit and Compliance Committee	1	33.33	1	33.33	1	33.33	2	50.00
Strategy and Operations Committee		0.00	0.00	0.00	N.A.	N.A.	N.A.	N.A.
Appointments and Remuneration Committee		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corporate Social Responsibility Committee	2	66.66	2	66.66	2	66.66	2	66.66

C.2.3 If appropriate, state the Board of Directors' committees that have regulations, where they are available for reference, and amendments made to them during the year. Also, state whether any annual report on the activities of each committee has been drawn up voluntarily.

Each of the Board of Directors' Committees described in the preceding sections has its own rules and regulations. They are available on the Company's website at (<http://www.cieautomotive.com/web/investors-website/comisiones-del-consejo-de-administracion>). The committees have drawn up the corresponding reports on their activities during 2019, and they have been posted on the above-mentioned website.



D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1. If appropriate, explain the procedure and the competent bodies for approving related-party and intra-group transactions.

Transactions concluded by the Company or its affiliates with their directors, significant shareholders, or representatives on the Board of Directors or with parties related to them have to be submitted to the Board of Directors beforehand for prior approval (especially in the case of transactions that do not ensue from the ordinary course of business of the companies in the group. In any case, regardless of their nature, all related-party transactions are carried out at market prices in compliance with the laws and regulations in force.

D.2. Specify any significant transactions in terms of their amount or in terms of their subject matter performed between the Company or entities in its group and the Company's significant shareholders.

Name or company name of the significant shareholder	Name or company name of the Company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Sales of finished or not finished goods	176.569
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Purchases of finished or not finished goods	22.078
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Reception of services	1.799
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Delivery of services	17
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	MCIE GROUP	Commercial	Reception of services	8
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	MCIE GROUP	Commercial	Sales of finished or not finished goods	5.555
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	MCIE GROUP	Commercial	Sales of finished or not finished goods	14.979
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	MCIE GROUP	Commercial	Purchases of finished or not finished goods	466

The lines related to the operations between ACEK Desarrollo and Gestión Industrial, S.L. and CIE Automotive Mexico have been calculated considering the expression "CIE Automotive Mexico" to various Mexican companies of the group.

D.3. Specify any significant transactions in terms of their amount or in terms of their subject matter performed between the Company or entities in its group and the Company's directors or executives

Name or company name of the directors or executives	Name or company name of the related party	Relationship	Type of transaction	Amount (thousands of euros)
JESUS MARIA HERRERA BARANDIARAN	CIE AUTOMOTIVE, S.A.	JESUS MARIA HERRERA BARANDIARAN IS CEO OF CIE AUTOMOTIVE, S.A.	Others	10.400
MANAGEMENT TEAM	CIE AUTOMOTIVE, S.A.	SOME DIRECTORS OF THE GROUP	Financing agreements: loans	25.022

- D.4. Report of significant transactions carried out by the Company with other entities belonging to the same group that are not eliminated when drawing up the consolidated financial statements and are not part of the Company's purpose and the Company's terms and conditions in its ordinary course of trade.

In any event, all intra-group transactions carried out with entities established in countries or territories classified as tax havens are to be reported:

Name or company name of the group entity	Brief description of the transaction	Amount (thousands of euros)
No data		N.A.

- D.5. Specify any significant transactions performed between the Company or entities in its group and other related parties not reported in previous sections

Name or company name of the related party	Brief description of the transaction	Amount (thousands of euros)
SAMAP	Sales	3.673
OMR Bagia Automotive Systems India Ltd	Sales	279
BG LI-IN Electricals Limited	Sales	17
OMR Bagla Automotive Systems Indis Ltd	Purchases	198
Bagla Electricals & Electronics Pvt Ltd	Purchases	2
Bagla Electricals & Electronics Pvt Ltd	Reception of services	5
BG Fastering & Engineering Industries Pvt Ltd	Purchases	137
SAMAP	Delivery of services	3.039
Rishikumar Bagla-Director	Sales	50
Rishikumar Bagla-Director	Reception of services	5

Vinayak A Pol – Executive Director	Reception of services	78
FUNDACIÓ N CIE AUTOMOT IVE I+D+i	Reception of services	3.485
FUNDACIÓ N CIE AUTOMOT IVE I+D+i	Delivery of services	16
Banca March, S. A.	Financial expenses	201

D.6. Indicate the mechanisms established to detect, determine, and resolve potential conflicts of interest between the Company and/or its group and its directors, executives, or significant shareholders.

Rule 34 of the Board of Directors Regulations provides:

"Rule 34. Conflicts of Interest

1. Directors will take the necessary steps to avoid conflicts of interest as stipulated by law.
2. A conflict of interest will exist in those situations in which the Company's interests and the personal interest of the Director clash, directly or indirectly. A personal interest on the part of a director exists where the matter affects the director him or herself or a Related Person. For purposes of these Regulations, Related Persons will be:
 1. The director's spouse or persons in a comparable sentimental relationship.
 2. Parents, children, and siblings of the director or the director's spouse.
 3. Spouses of the director's parents, children, and siblings.
 4. Companies in which the director, him or herself or through an interposed person, is in any of the circumstances set forth in Section 4 of the Spanish Securities Market Act.

Where the director is a legal person, Related Persons will be:

1. Members who are in any of the circumstances set forth in Section 4 of the Spanish Securities Market Act with respect to the legal person serving as director.
2. *De facto* or *de jure* directors, liquidators, or legal representatives vested with general power of attorney of the legal person serving as director.
3. Members who are in any of the circumstances set forth in Section 4 of the Spanish Securities Market Act with respect to the legal person serving as director.
4. Persons who are Related Parties to the directors in respect of the representative of the legal person serving on the Board in accordance with this section.

3. The following rules apply to conflict of interest situations:

- a) Notice: the director will notify the Board of Directors and the Audit and Compliance Committee of any conflict of interest situation in which the director is involved, through the person of the Chair or the Secretary.
- b) Abstention: the director will abstain from attending and taking part in the deliberation and voting procedures relating to any matters in which the director faces a conflict of interest. In the case of proprietary directors, they will abstain from voting on any matters that may represent a conflict of interest between the shareholders who nominated him or her for appointment and the Company.
- c) Transparency: where appropriate in conformity with the law, the Company will report any and all conflicts of interest involving directors during the year in question of which it is aware by virtue of a notice from the party concerned or any other means.

D.7. Is more than one company in the Group listed in Spain?

Yes

No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Describe the Risk Control and Management System in place at the Company, including tax-related risks.

CIE Automotive is subject to several risks inherent in the various countries, markets and businesses in which it operates and the activities carried out in each of them. Aware of the importance of adequate risk management, the Board has developed a general policy for global risk management and identification, which is implemented and monitored by the Audit and Compliance Committee ("ACC").

The overall process for managing corporate risks at CIE Automotive is based on the ISO 31000 methodology and on a continuous cycle, broken down into five phases:

- I. Identify the key risks that may affect the achievement of the organisation's objectives, including all objectives regarding control over financial reporting, including tax-related risks.
- II. Evaluate them based on their probability of occurrence and impact on the organisation, taking into account the existing controls. These scales are useful to place each risk on the Risk Map, the main risk assessment tool.
- III. Establish a response for each of them.
- IV. Monitor the actions taken.
- V. Report the results of the analysis performed.

E.2. Identify the corporate bodies responsible for developing and implementing the Risk Control and Management System, including tax-related risks.

The Board is responsible for implementing the risk management system, including tax risks, and relies specifically on the ACC for its monitoring and proper operation.

The risk management policy of CIE Automotive requires all business divisions to identify and assess the risks to which they are exposed in the pursuit of their business objectives, for the purpose of identifying sufficiently in advance the appropriate mitigating measures to reduce or eliminate the probability of the risk occurring and/or its potential impact on the objectives if they were to materialise.

E.3. List the main risks, including tax risks and, to the extent that they are significant, those arising from corruption (understood within the scope of Royal Decree Law 18/2017), that may impact the achievement of the business objectives.

In performing its activity, CIE Automotive is exposed to a variety of risks inherent to the different business activities in which it engages and to the countries in which they are carried out.

In addition, the different degree of socio-economic uncertainty that exists in the markets in which CIE Automotive carries out its activity may lead to the appearance of risk factors, currently unknown or not considered relevant, which could eventually affect the business, results and/or financial position of the Company.

The main risks to which CIE Automotive is exposed in complying with its business objectives are briefly detailed as follows:

a) Corporate risks:

- Regulatory risks: arising from securities market regulations, the data protection law, potential changes in Spanish and international tax regulations and third-party liability on equity integrity.
- Financial risks: Market risks (exchange rate, price and interest rates), liquidity, credit and price variation of raw materials
- Information risks: reputational risks that may affect CIE Automotive's image and those relating to transparency and its relationship with analysts and investors.

b) Business risks: those that specifically affect each of the business areas and change depending on the unique nature of each business activity.

- Operational risks: risks relating to contracting and customer relations, product quality, and environmental, purchasing and subcontracting risks.
- Non-operational risks: risks related to prevention, safety and health at work, human resources, specific taxation applicable to business, the reliability of accounting and financial information and the management of financial resources and debt and ASG risks (Environmental, Social and of Governance)

For more information on the risks and the measures taken to manage these risks, please see the Non-Financial Reporting Statement - 2019 Annual Report.

E.4. Identify whether the entity has risk tolerance levels, including tax risks.

The Board approves the acceptable level of risk for each type of risk, business and geographical location, as well as the levels of deviation allowed based on the strategic objectives and its strategic lines to achieve them. The acceptable levels of risk are regularly updated in accordance with any changes in the corporate strategy and the risk profile of the businesses.

Any risks that threaten the achievement of the business objectives are identified on an annual basis, including tax risk, and they are assessed based on their probability of occurrence and potential impact on financial profit, to determine the severity of the risk.

E.5. Indicate any risks, including tax risks, that have arisen during the year:

The result of the 2019 risk assessment shows the alignment of the risk map with the CIE Automotive strategy, as well as the effectiveness of the internal control system in the operational field, since none of the risks have materialized during the year key identified.

E.6. Explain the response and monitoring plans for the Company's main risks, including tax risks, as well as the procedures followed by the Company to ensure that the board responds to the new challenges that arise:

CIE Automotive has a corporate risk control and monitoring system, on which the system of each business unit depends, whereby each management level is responsible for the compliance with applicable internal rules and procedures.

Their effectiveness is assessed and verified on a regular basis by the Compliance department, which has qualified and experienced personnel, independent of the business lines. Alerts, recommendations and conclusions generated are communicated to CIE Automotive management.

The measures taken by CIE Automotive for monitoring risks include the following:

- Setting objectives and internal regulations (policy, procedures and manuals).
- Definition, monitoring and continuously evaluating the design and performance of internal control systems and compliance.

During the process of drafting the 2019 Risk Map, the Company has worked on the identification of new responses and consolidation lines for its most significant risks.

It is important to highlight that CIE Automotive has analysis, monitoring and control units in various areas of risk management, such as:

- Financial risk management and control.
- Tax risk reporting and control.
- Information system risks.
- Safety and the environment.
- Corporate Social Responsibility, where ASG (Environmental, Social and Governance) risks are monitored

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)

Describe the mechanisms that comprise the internal control and risk management systems in relation to the financial reporting process (ICFR) at the entity.

F.1. The entity's control environment.

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its oversight.

The Board of CIE Automotive is the body responsible, among other matters, for the updating and on-going improvement of the Company's corporate governance system, in accordance with current legislation, and generally recognised good corporate governance recommendations, through the resolutions it considers necessary or advisable, which are either passed by the Board itself, when they fall within the scope of its competence, or proposed at the General Meeting. These functions are understood to include its responsibility as regards the existence and maintaining of the Internal Control over Financial Reporting System ("ICFR System").



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

The CIE Automotive Audit and Compliance Committee ("ACC") is the body responsible for monitoring the effectiveness the Company's ICFR System, the internal audit function, and the risks management process, and for discussing with the auditors or audit firms any significant weaknesses in the internal control system detected during the course of the audit.

The ACC is supported by the Compliance department to perform these functions, being responsible for the implementation of the ICFR System and, in general, the entire internal control system of CIE Automotive, overseeing the definition and design of the internal control procedures that should be implemented in the Company's operations, compliance with legal regulations, internal policies and the procedures established.

F.12 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the entity:

The Board is the ultimate body responsible for defining and reviewing on a regular basis the organisational structure of CIE Automotive, and delegates to senior management the task of ensuring that subordinate structures have sufficient human and material resources. With regard to the process of preparing the financial information, there is a global interrelated finance department that is composed of the Controlling and Tax departments and the Treasury and Finance department.

The responsibilities and functions of all persons directly involved in the preparation and review of financial information are defined and adequately communicated within the framework of CIE Automotive's internal policies and procedures.

There are internal protocols ensuring that information on any change in relation to the preparation of financial information is distributed to the appropriate personnel in due time and form. There are also controls in place to identify any irregularity in this regard.

- Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

CIE Automotive currently has an Internal Code of Professional Conduct and Internal Regulations on Conduct in relation to Securities Markets, in which there is a specific section on the reliability of the financial information, which establishes a series of specific rules aimed at anyone involved in the financial reporting process.

Both documents are published on the corporate website and are distributed to all personnel subject thereto through the communication channels established for this purpose. In both cases, the body responsible for their definition and approval is the Board.

The Internal Code of Professional Conduct lays down certain basic rules and principles that aim to ensure the commitments to and transparency in relations and transactions with customers, suppliers and employees, the maximisation and protection of shareholders' investments and the safeguarding of health, safety and the environment. The Code also establishes the need for controls over payments and any situation of conflict of interests involving employees.

The functions of the Corporate Social Responsibility Committee ("CSRC") include monitoring compliance with the aforementioned code and regulations on conduct.

- Whistle-blowing channel, for reporting to the audit committee any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

CIE Automotive has an ethics channel for the receipt of notices and/or reports related to irregular conduct or activities implying any breach of the principles and ethical rules laid down in the Internal Code of Professional Conduct or the Internal Regulations on Conduct in relation to Securities Markets.

There are regulations setting out the process for the functioning of the ethics channel, which ensures that reports can be submitted by either named staff members or anonymously, whereby the confidentiality of the whistleblower is guaranteed at all times, if so desired, and an action protocol for analysing the complaints received and reporting them to the CSRC for monitoring.

- Training programmes and periodic refresher courses for personnel involved in preparing and reviewing financial information and evaluating the ICFR system, which at least cover accounting standards, auditing, internal control and risk management.

As well as a variety of staff training programs, CIE Automotive has the following additional training resources and support for personnel involved in preparing and reviewing financial information and evaluating the ICFR system

- There is an Accounting Policies Manual, which is updated on an on-going basis.
- There is an ICFR Policy.
- There is a Controlling and Tax department, which is responsible for resolving any doubts regarding interpretation of the Accounting Policies Manual, and providing advice on the treatment of complex transactions.
- There are division/regional controllers who are involved in providing support to everyone that forms part of the financial function at all its plants and companies, through on-going internal assessment and training.
- When a new company joins the Group, support strategies are developed to train the new employees in accordance with CIE Automotive's standards and criteria.
- Advice is received from external advisors in relation to changes in accounting, legal and tax regulations that may affect the Company.

F.2. Risk assessment in financial reporting

Report at least:

F21. The main characteristics of the risk identification process, including risks of error or fraud, with regard to:

- Whether the process exists and is documented:

The overall process for managing corporate risks at CIE Automotive is based on the ISO 31000 methodology and on a continuous cycle, broken down into five phases:

- I. Identify the key risks, including risks of error or fraud, that may affect the achievement of the organisation's objectives, including all objectives regarding control over financial reporting, including tax-related risks.
- II. Evaluate them based on their probability of occurrence and impact on the organisation, taking into account the existing controls. These scales are useful to place each risk on the Risk Map, the main risk assessment tool.
- III. Establish a response for each of them.
- IV. Monitor the actions taken.
- V. Report the results of the analysis performed.

The process of identifying and assessing risks falls upon senior management and executive team, who self-assess the risks identified, with the Compliance department acting as the coordinator in this process.

The result obtained is a Risk Map, and a list of steps to be taken to properly manage the risks.

This is supplemented by activities for monitoring the management of certain risks, which are carried out by the Compliance department.

- Whether the process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.

As is indicated in the procedure, the identification and analysis of risks cover all aspects of financial reporting that may have a material impact on its reliability.

The Risk Map must be updated at least on an annual basis. However, if circumstances arise during the year that require specific steps to be taken to manage a potential risk, the appropriate measures would be adopted.

- Whether a specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.

The process of identifying and assessing risks takes into consideration all processes, Group companies and their various structures, and the specific characteristics of each country and business line, with particular attention being paid to risks arising from those transactions that, owing to their foreseen level of complexity or significance, require specialised management.

- Whether the process addresses other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they may affect the financial statements.

As indicated above, the model is based on the ISO 31000 methodology, which, on the basis of the organisation' objectives, results in a Risk Map that is updated annually, monitoring financial, tax, legal and other types of risks (operational, strategic, compliance, environmental, Corporate Social Responsibility, good governance, and those relating to the supply chain, etc.).

- Which of the Company's governing bodies is responsible for overseeing the process.

This entire process is reviewed and approved by the ACC, which is the body that ultimately determines whether the process of identifying, assessing and monitoring the Company's risks and, specifically, the measures aimed at identifying material risks in relation to financial reporting, are appropriate and sufficient.

F.3. Control activities

Specify at least the following components with a description of their main characteristics:

F31. Procedures for reviewing and authorising financial reporting and the description of the ICFR system to be disclosed to the securities markets, indicating those in charge, as well as documentation describing the flows of activities and controls (including those addressing the risk of fraud) for the various types of transactions that may have a material effect on the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimates, evaluations and projections.

The Board is the highest body responsible for approving and monitoring the Group's financial statements.

CIE Automotive sends quarterly information to the securities market. This information is prepared by the Controlling and Tax department, which performs a number of control activities during the accounting closing period to ensure the reliability of financial information.

In addition to the actual accounting close procedure, and prior to the process of preparing and reviewing financial information, CIE Automotive has control procedures and activities in other key areas of the Company, the purpose of which is to ensure that transactions are properly recorded, measured, presented and broken down, and to prevent and detect fraud and thus cover all transactions that may have a material effect on the Company's financial statements.

The company's key processes, including closing, for which risk and control matrices have been defined, are as follows:

- Closing, consolidation and reporting
- Non-current assets
- Inventories
- Revenue/Accounts receivable
- Cash
- Provisions
- Procurements/Accounts payable
- Human resources
- Taxes

The financial statements are prepared based on a reporting schedule and deadlines, known by all those participating in the process, and taking into account the legal deadlines.

Furthermore, and to review the judgements, estimates, evaluations and projections, the Accounting Policies Manual defines the applicable criteria existing at CIE Automotive.

These significant transactions are reviewed by the Company's Board through various processes (review, approval and monitoring of the Strategic Plan and the Budget, and review of the most significant accounting estimates and judgements used in preparing the financial information), once the ACC has confirmed that the information is adequate.

F32. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

CIE Automotive has internal control policies and procedures in place for the IT systems that support its significant processes, including the process of preparing and reviewing financial information. This policy and the associated regulatory framework is based on a catalogue of international standards ISO 27000.

CIE Automotive uses IT systems to correctly record and control its operations and, therefore, it is highly dependent on their correct functioning.

As part of the process of identifying risks of misstatement in financial reporting, CIE Automotive identifies the relevant systems and applications in each of the areas or processes considered significant. The systems and applications identified include both those that are used directly in the preparation of financial information, and those that are relevant to the effectiveness of the controls that mitigate the risk of misstatement in such information.

CIE Automotive has a security system policies defined at the corporate level aimed at achieving the general security objectives identified.

The objective is to take the appropriate measures of an organisational, technical and documentary nature necessary to guarantee the desired level of security. The work performed in this regard relates to the following areas:

- Access control and user management.
- Management of change.
- Back-up and recovery.
- Physical security.
- Control of subcontractors.
- Provision of resources, risk purging and business maintenance.

Critical business processes for CIE Automotive have different organisational and technological solutions that guarantee business continuity.

F.3.3. Internal control policies and procedures for overseeing the management of activities outsourced to third parties and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

In general, CIE Automotive does not outsource any activities considered relevant that could have a material effect on the financial information.

In any case, the Company has a management procedure in place for activities outsourced to third parties, the purpose of which is to define the controls to be applied to outsourced activities that have a significant impact on the financial information prepared by the Company.

Based on the analysis performed, in 2019 the only outsourced area with a potential significant impact on the financial information was considered to be the IT Systems area. In this respect, the Company has verified that the supplier has obtained the necessary certificates to evidence an adequate control environment, and that these certificates are regularly validated by an external party.

In addition, control activities are carried out on a regular basis at CIE Automotive (included in the aforementioned risk and control matrices), which contribute to validating the control environment in this area.

Responsibility with regard to other activities in relation to significant transactions entrusted to independent experts (e.g., tax advisory services, relationship with actuaries and derivative management) remains within CIE Automotive, which requires specific monitoring work to guarantee their reliability. In addition, the ACC authorises all actions of the Company's external auditor to ensure their independence.

F.4. Information and communication

Specify at least the following components with a description of their main characteristics:

F.4.1. A specific function in charge of defining and updating accounting policies (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations; and a manual of accounting policies regularly updated and communicated to all the Company's operating units.

The accounting policies function is assumed by the Controlling and Tax department, which reports directly to the CEO.

In performing this function, the department assumes the following responsibilities:

- Maintenance and dissemination of the Accounting Policies Manual (continuously updated) to other Group companies.
- Update any changes in accounting rules applicable to all members of the financial function.
- Resolution of conflicts that may arise (at an individual or consolidated level) in the interpretation of the standards to be applied. Mechanisms for collecting and preparing financial information in a homogeneous manner.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

CIE Automotive has a specific system for financial reporting and consolidation that is used in all units of the Group and that allows financial information to be collected in a homogeneous manner. This system, which is underpinned by the SAP BPC tool, is used in turn for the aggregation and consolidation of the data reported.

Additionally, to ensure the reliability of the ICFR information, CIE Automotive has implemented the SAP GRC tool in all units of the Group.

F.5. Monitoring

Specify at least the following components with a description of their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the audit committee and whether the entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the entity has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The ACC has the following oversight responsibilities with regard to ICFR:

- Supervision of periodic financial reporting.
- Monitoring and evaluation of the ICFR system.
- Knowing the financial reporting process and internal control systems associated with the Company's significant risks.
- Review internal control and risk management systems on a regular basis, so that the main risks are properly identified, managed and disclosed.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

CIE Automotive has an Internal Audit department that depends on the CAC, which coordinates the Internal Audit teams of Europe (with Russia and Morocco within its reach), North America, Brazil and Asia, whose members are dedicated exclusively to these functions

The main function of the Internal Audit department is overseeing the internal control system, which includes aspects sections monitoring the correct implementation of the risk management system, including the risk of fraud, and the controls aimed at the reliability of the financial information.

Based on the results of the risk assessment, the Internal Audit department prepares an annual ICFR assessment plan, which will be submitted each period for approval by the ACC as the body responsible for overseeing ICFR.

The information on ICFR will be provided to the market or stakeholders on an annual basis and will cover the financial year of the corresponding financial report.

F.52. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the Company's senior management and its audit committee or board. State also whether the entity has an action plan to correct or mitigate the weaknesses identified.

The auditor actively participates in the meetings of the ACC. Furthermore, the auditor issues an annual report on internal control weaknesses, which is submitted to the ACC in order to take any measures considered appropriate.

In addition, CIE Automotive has a procedure allowing any external advisor, in the exercise of their activity, to detect the existence of internal control weaknesses, and communicate the incidents detected to the ACC, through the Compliance department, for discussion, analysis and evaluation.

F.6. Other relevant information

There is no relevant information to highlight regarding the SCIIF implemented in the group that has not been broken down in the previous sections of this section.

F.7. External auditor review.

Report on:

F.7.1. Whether the ICFR information reported to the markets has been reviewed by the external auditor. If "yes", the related report should be included in the corresponding report as an Appendix. If "no", give reasons. If "no", give reasons.

CIE Automotive has submitted for review by the External Auditor the effectiveness of ICFR system, in relation to the financial information contained in its consolidated financial statements accounts at 31 December 2019.

A copy of the report with the opinion of the External Auditor is attached.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the Company's degree of compliance with the recommendations of the code of good governance for listed companies.

Should the Company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the Company's behaviour. General explanations are not acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by means of share purchases on the market.

Compliant [X]

Explain []

2. When a parent and a subsidiary are listed companies, both should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

Compliant [] Partially compliant [] Explain [] Not applicable [X]

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the Company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a) Changes taking place since the previous annual general meeting.
- b) The specific reasons why the Company does not follow certain recommendations of the Corporate Governance Code and the alternative rules applied in this connection, should any exist.

Compliant [] Partially compliant [X] Explain []

Within the framework of the normal running of the General Shareholders Meeting, they are informed of any relevant changes that have taken place since the last meeting, including issues of corporate governance (i.e., approval of new Board of Directors Regulations, creation of the Corporate Social Responsibility Committee, etc.).

However, it is not considered important to emphasize the reasons why CIE Automotive, S.A. does not follow any specific recommendation since (i) no circumstances seem sufficiently relevant, and (ii) those circumstances, if appropriate, are included in the Annual Corporate Governance Report, (to which all shareholders have timely access).

4. The company should draw up and implement a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the Company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant [X] Partially compliant [] Explain []

5. The board should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emption rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emption rights, the Company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant [X] Partially compliant [] Explain []

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reviews of the operation of the audit committee and the appointments and remuneration committee.
- c) Audit committee report on third-party transactions.
- d) Report on corporate social responsibility policy.

Compliant [X] Partially compliant [] Explain []

7. The company should broadcast its general meetings live on the corporate website.

Compliant [] Explain [X]

Given the characteristics of its shareholder structure and the level of attendance at meetings, CIE Automotive, S.A. does not consider it necessary to broadcast of the General Shareholders Meeting live on its website.

In view of its size, capitalisation, composition of share capital and the normal development of the general meetings, the Company considers that live streaming would not be widely received or have a significant following. Consequently, the measure would entail more costs than benefits involved and its implementation would not add value

to the Company's corporate governance.

8. The audit committee should strive to ensure that the board can present the Company's accounts to the general shareholders meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant Partially compliant Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general shareholders meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant Partially compliant Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general shareholders meeting, the Company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general shareholders meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant Partially compliant Explain Not applicable

11. In the event that a company plans to pay for attendance at the general shareholders meeting, it should first establish a general, long-term policy in this respect.

Compliant Partially compliant Explain Not applicable

12. The board should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the Company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant Partially compliant Explain

13. The board should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant Explain

14. The board should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

The results of the prior analysis of board needs should be written up in the appointments committee's explanatory report, to be published when the general shareholders meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The appointments committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant Partially compliant Explain

15. Proprietary and independent directors should constitute an ample majority on the board, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Compliant Partially compliant Explain

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion of the capital represented on the board by these directors to the remainder of the Company's capital.

This criterion may be relaxed:

- a) In large cap companies where few or no ownership interests attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant Explain

In line with section (b) of this recommendation, CIE Automotive, S.A. has a plurality of significant shareholders represented on the Board that are otherwise unrelated.

The potential overrepresentation of proprietary directors that might be detected is mitigated by the diversity of shareholders with a variety of interests that form part of the Board.

The Company therefore considers that the balance expressed by the recommendation is sufficiently mitigated by the variety of interests of the significant shareholders that are represented by proprietary directors with different profiles, knowledge and experience.

17. The number of independent directors should represent at least half of all board members.

However, when the Company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of board places.

Compliant Explain

CIE Automotive, S.A. considers that the number of independent directors correctly reflects the current shareholder structure of the Company.

Since the Company is not consider a large-cap company, the ratio of independent directors over total directors is 15% and, therefore, it does not reach the recommended ratio of one third. However, if both independent directors and non-executives directors are included, the ratio is 77%.

The Company considers that these proportions are adequate for the configuration of the Board considering the shareholder structure and, therefore, that it is not necessary to include more independent directors at the moment. The Company considers that the number of non-executives directors (almost three-quarters of total directors) enables Board to take decisions with the necessary levels of quality, objectivity and independence for the right formation of the corporate will. However, the inclusion of independent directors in subsequent appointments that may be proposed by the Board at the General Shareholders Meeting will be promoted.

18. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) An indication of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or are related thereto.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the Company and any options thereon.

Compliant [] Partially compliant [] Explain []

Although there is no specific section on the website that groups together the information indicated in the recommendation, all information on directors referred to in this recommendation is contained in the Annual Corporate Governance Report (accessible at all times from the website) and in the section of the website reserved for the Board; and the Company considers the recommendation is partially compliant.

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital and explain any rejection of a formal request for a board place from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant [] Partially compliant [] Explain [] Not applicable []

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their ownership interest, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant [] Partially compliant [] Explain [] Not applicable []

21. The board should not propose the removal of independent directors before the expiry of their tenure as mandated by the Articles of Association, except where they find just cause, based on a proposal from the appointments committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the Company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant [] Explain []

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is prosecuted or tried for any of the offences stated in company legislation, the board should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant [] Partially compliant [] Explain []



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

Recommendation 22 includes two reasons or circumstances to resign: (i) circumstances that may harm the Company's name or reputation, and (ii) the director in question is prosecuted or tried for any of the offences stated in company legislation.

Article 26.2(d) of the Company's Board of Directors Regulations establish the following circumstances for resignation: "When the directors are prosecuted for an allegedly criminal offence or are subject to disciplinary proceedings due to a serious or very serious breach brought by the supervisory authorities".

With regard to the second reason or circumstance described in recommendation 22, this is included in the Board of Directors Regulations (the expression "are prosecuted" includes having a court order issued for the initiation of trial proceedings, comparable to an order for abbreviated proceedings. Furthermore, the requirements in the Board of Directors Regulations are greater than those recommended, as they include any type of offence (not only those indicated in company legislation) and exceed the scope of jurisdiction in criminal matters, as they include the possibility of bringing action in administrative sanctioning proceedings, such as the initiation of disciplinary proceedings. The Company is therefore compliant with regard to the second reason.

With regard to the first reason or circumstance described in recommendation 22, the Company considers that it is extremely broad and abstract, and that its objectives is sufficiently covered by the cases envisaged in sections (d) to (f) of article 26.2 of the Board of Directors Regulations.

In any case, the Company is not fully compliant, as it deviates from the literal wording of the recommendation.

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary to the board, even if he or she is not a director.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all board members. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Compliant [X] Partially compliant [] Explain [] Not applicable []

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Compliant [] Partially compliant [] Explain [X]

The Company's Board has a balanced composition with regard to the type of directors. Those directors that act as directors in other companies, have evidenced that these functions do not prevent them from dedicating sufficient time to their tasks as director at CIE Automotive.

In addition, the Appointments and Remuneration Committee, when appointing an independent director or when receiving information on any other type of director proposed, assesses the candidate's capacity of dedication to the Company, among other matters.

The Company therefore considers that it is not necessary to include this limitation in the Board of Directors Regulations.

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Compliant [] Partially compliant [X] Explain []



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

The Company considers that it is not necessary to comply with the minimum recommended frequency (6 meeting per year) for various reasons, such as, the existence of three executive directors (with autonomous decision-making capacity in the case of the CEO, on the basis of the functions delegated) or the fact that, up until now, in practice the number of meetings each year that are held (6) have been shown to be sufficient to monitor business activities and provide directors with information and the ability to take the necessary decisions regarding strategy and management of the Company and its group.

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant [] Partially compliant [] Explain []

Directors absences are quantified in the Annual Corporate Governance Report. It should be noted that in the majority of cases, absent directors delegate their representation to other directors, although they do not grant representation with specific instructions, but leave direction of the vote up to the representative director.

Although this practice does not comply with the recommendation, at all meetings at which this circumstance has occurred, the number of absences (although represented without instructions) was not significant, and the absent directors were duly represented through their representatives indicated.

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the Company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant [] Partially compliant [] Explain [] Not applicable []

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the Company's expense.

Compliant [] Partially compliant [] Explain []

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant [] Explain [] Not applicable []

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Compliant [] Partially compliant [] Explain []

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the Company and its group.

Compliant [] Partially compliant [] Explain []

33. The chairman, as the person charged with the efficient functioning of the board, in addition to the functions assigned by law and the Company's Articles of Association, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the Company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Compliant [X] Partially compliant [] Explain []

34. When a lead independent director has been appointed, the Articles of Association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board in the absence of the chairman or vice chairmen; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the Company's corporate governance; and coordinate the chairman's succession plan.

Compliant [X] Partially compliant [] Explain [] Not applicable []

35. The board secretary should strive to ensure specifically that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the Company.

Compliant [X] Explain []

36. The board in plenary session should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board and the Company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board, while that of the board itself should start from the report of the appointments committee.

Every three years, the board should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the appointments committee.

Any business dealings that the facilitator or members of its corporate group maintain with the Company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant [X] Partially compliant [] Explain []

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary to the board should also act as secretary to the executive committee.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Compliant [X] Partially compliant [] Explain []

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant [X] Partially compliant [] Explain []

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant [X] Partially compliant [] Explain [] Not applicable []

42. The audit committee should have the following functions over and above those legally assigned:

1. With regard to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the Company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate and feasible, anonymous manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.

2. With regard to the external auditor:

- a) Investigate the issues giving rise to the resignation of any external auditor.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

- c) Ensure that the Company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor holds an annual meeting with the board in plenary session to inform it of the work performed and developments in the Company's risk and accounting positions.
- e) Ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [] Partially compliant [] Explain []

Despite the fact that some of the functions mentioned are not expressly attributed to the committees in company regulations, they are carried out on a de facto basis, particularly those expressly stipulated by the sections 529 quaterdecies and 529 quidecies of the Spanish Corporate Enterprises Act (and, therefore, directly applicable).

The Company's Audit Committee Regulations expressly include the following functions (in reference to the matters contained in recommendation 42), which, at least partially and certainly not with a literally meaning, account for the set of recommendations indicated for the systems for preparing information and internal control systems, and in relation to the external auditor:

- "e) Analyse, along with the auditors, any significant weaknesses in the internal control system detected during the audit. (Recommendation 42:2b))
- f) Supervise the process of preparing and submitting the required financial information. (Recommendation: 42:1a))
- g) Propose to the Board, to then be submitted at the General Shareholders Meeting, the appointment, re-election or replacement of the external auditor, as well as the terms of their engagement, in accordance with applicable legislation, and regularly gather information from the auditors regarding the audit plan and its implementation, in addition to preserving their independence in the performance of their duties.
- h) Supervise the activity of the Internal Audit department, which will report functionally to the Audit and Compliance Committee. (Recommendation 42:1b))
- i) Establish the appropriate relationships with the auditor to receive information on those matters that may jeopardise its independence and that will be studied by the Committee, and any other matters related to the audit process, as well as those communications envisaged in audit legislation and other audit regulations. In any case, written confirmation must be received, on an annual basis, from the auditor of its independence with regard to the Company or entities directly or indirectly related thereto, as well as information on any type of additional services provided and the related fees received from these entities by the auditor or by persons or entities related to the auditor pursuant to that provided in accounting legislation. (Recommendation 42:2)"

43. The audit committee may call on any company employee or manager to be present at its meeting, even ordering their presence without another manager.

Compliant [] Partially compliant [] Explain []

44. The audit committee should be informed of any fundamental changes or corporate transactions the Company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant [] Partially compliant [] Explain [] Not applicable []

45. The risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the Company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the Company sees as acceptable.
- c) The measures in place to mitigate the impact of risk events should they occur.
- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant [] Partially compliant [] Explain []

46. Companies should establish a risk control and management function in the charge of one of the Company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks to which the Company is exposed are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively within the framework of the policy defined by the board.

Compliant Partially compliant Explain

47. Appointees to the appointments and remuneration committee – or of the appointments committee and the remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge and that the majority of their members should be independent directors.

Compliant Partially compliant Explain

48. Large cap companies should operate separately constituted appointment and remuneration committees.

Compliant Explain Not applicable

49. The appointments committee should consult with the Company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the appointments committee to propose candidates that it might consider suitable.

Compliant Partially compliant Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior executive contracts.
- b) Monitor compliance with the remuneration policy set by the Company.
- c) Periodically review the remuneration policy for directors and senior executives, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior executives in the Company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on the remuneration of the directors and senior executives contained in the various corporate documents, including the annual report on directors' remuneration.

Compliant Partially compliant Explain



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

The Company's Appointments and Remuneration Committee Regulations expressly include the following functions (in reference to the matters contained in recommendation 50), which, at least partially and certainly not with a literally meaning, account for the set of recommendations indicated:

"a) Propose to the Board the remuneration policies for directors and senior executives and review them on a regular basis, proposing any amendments and updates to the Board, where applicable. (Recommendation 50 a) and c))

k) Notify and submit to the Board the proposals of the Company's executive officer concerning the remuneration structure of senior executives and the standard terms of their contracts. (Recommendation 50 a)).

l) Ensure the compliance of the Company remuneration programmes and report on the documents to be approved by the Board for general disclosure with regard to information on remuneration, including the annual report on directors' remuneration and the corresponding sections of the Annual Corporate Governance Report. (Recommendation 50 b) and e))".

51. The remuneration committee should consult with the Company's chairman and chief executive officer, especially on matters relating to executive directors and senior executives.

Compliant [X] Partially compliant [] Explain []

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.
- b) Committees should be chaired by an independent director.
- c) The board should appoint the members of such committees having regard to the knowledge, skills and experience of its directors and remit of each committee and discuss their proposals and report; and the committees should report the business transacted and account for the work performed at the first plenary session of the board following each committee meeting.
- d) Committees may engage external consultants, when they feel this is necessary for the discharge of their duties.
- e) Meetings should be recorded in minutes and a copy made available to all board members.

Compliant [] Partially compliant [X] Explain [] Not applicable []

With regard to the Corporate Social Responsibility Committee and the Strategy and Operations Committee, the Company does not comply with the recommendation corresponding to paragraphs a) and b), as there are no independent directors on the committee. The Company considers that the functions attributed to this committee are adequately carried out by non-executive directors, who have the same criteria correctness and independence of judgement as independent directors, with which there would be an analysis unit; it is therefore not considered necessary for the chairman or any committee members to be elected from among the Company's independent directors.

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the appointments committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:

- a) Monitor compliance with the Company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small- and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

- d) Review the Company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess the level of compliance therewith.
- f) Monitor and evaluate the Company's interaction with its stakeholders.
- g) Evaluate all aspects of the non-financial risks the Company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant [X] Partially compliant [] Explain []

54. The corporate social responsibility policy should state the principles or commitments the Company will voluntarily adhere to in its dealings with stakeholders, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the Company's honour and integrity.

Compliant [X] Partially compliant [] Explain []

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Compliant [X] Partially compliant [] Explain []

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant [X] Explain []

57. Variable remuneration linked to the Company's profit and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant [X] Partially compliant [] Explain []

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the Company and include non-financial criteria that are relevant for the Company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [] Partially compliant [] Explain [X] Not applicable []

The CEO earns an annual variable remuneration that depends on compliance with general, since target levels of compliance are not determined, economic objectives (EBITDA) that can be valued and assessed by Appointments and Remuneration Committee.

The Company does not considered relevant to the purpose of variable remuneration to link this remuneration to objective, measurable and direct components that time remuneration to the Company's performance, beyond a general element of compliance with EBITDA levels expected for the year (budget).

As a result of the relationship between the Company and its CEO, his dedication, capacity to generate value and his loyalty shown towards the Group, there is no need to introduce control or correction mechanisms such as those indicated in sections b and c of the recommendation.

The executive directors who receive this type of remuneration have typically been very committed and dedicated to the Company and the Company's performance has been sufficiently satisfactory so that these correlation measures have not been necessary.

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Compliant [] Partially compliant [X] Explain [] Not applicable []

In accordance with recommendation 58, the Company does not consider the variable remuneration of the CEO should be deferred until compliance with the objective is verified understanding that there are other ex-post mechanisms that cover that risk more effectively.

However, the CEO has a variable long-term remuneration based on the evolution of the share price that can be generated over a period of ten years, with which there is a long-term link to be able to link the remuneration with the creation of value over time (which indirectly is related to its performance)

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant [] Partially compliant [] Explain [X] Not applicable []

The variable remuneration of the CEO does not take into account these circumstances, essentially as a result of the absence of qualifications by the external auditors in the financial statements.

If there are qualifications, the circumstances under which they arose would have to be understood and, therefore, the consequences deriving from this fact would be assessed by the Board in each particular case.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant Partially compliant Explain Not applicable

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant Partially compliant Explain Not applicable

The Company considers that the limitations included in this recommendation are unreasonable with regard to the intent of the remuneration policy for the CEO and that it does not support the incentive of the plan. In this regard, the explanation lies in the nature of the plan's remuneration, and the fact that it is not necessary to establish additional components linking the remuneration of an executive director whose entire professional career has been with the Group and with regard to which there are no doubts as to his commitment.

63. Contractual arrangements should include provisions that permit the Company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant Partially compliant Explain Not applicable

The Company does not comply with the recommendation under the terms proposed.

The reasoning applicable to this circumstance is the following: the remuneration to which the executive directors are entitled is not linked to performance or equivalent objective parameters; it is the Board that determines, in an autonomous and discretionary manner, the amounts to be paid as variable remuneration (except for the CEO, whose variable remuneration does depend on objective criteria, although not quantified).

That is why, to the extent that they are not taken into account when granted, mechanisms that entail reimbursement linked to a possible ex post demonstration of the performance failure cannot be introduced.

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the Company confirms that he or she has met the predetermined performance criteria.

Compliant Partially compliant Explain Not applicable

The contract between the CEO of CIE Automotive, S.A. and the Company includes a clause granting a compensation in case of early termination that does not strictly comply with the second part of the recommendation. In accordance with the directors remuneration policy available on the Company's website:

"h) Indemnity clauses: The CEO will be entitled to receive all of his long-term variable remuneration and the entire amount of his undertaking to remain at the Company and non-compete clause in the event that the shareholders at the General Meeting and the Board decide to remove him from his position under any circumstances within a period of ten (10) years from 1 January 2018. He will also have the right to receive an additional amount (a maximum equal to two year's salary of his fixed and short-term variable remuneration) to be included, where applicable, in his contract."



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED JOINT-STOCK COMPANIES

H. OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and that is necessary to provide a more comprehensive view of the corporate governance structure and practices at the Company or group, explain briefly.
2. This section can include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.

Specifically indicate whether the Company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. Also state whether the Company voluntarily adheres to other international, industry-specific or other ethical principles or good practices. If applicable, identify the code and date of adoption. In particular, indicate whether the Company adheres to the Code of Best Tax Practices of 20 July 2010:

On 15 October 2015, the company joined the Global Compact, an international initiative that promotes the implementation of 10 universally accepted principles to advance corporate social responsibility (CSR) in the areas of human rights, labour standards, the environment and anti-corruption in corporate activities and business strategy.

This annual corporate governance report was approved by the Company's board at its meeting held on:

February 28, 2020

Indicate whether any directors voted against or abstained in relation to the approval of this report.

Yes

No