
IDENTIFYING DATA OF THE ISSUER

Final date of the financial year in question:

31/12/2019

Tax identification number:

A-20014452

Corporate name:

[**CIE AUTOMOTIVE, S.A.**]

Registered Office:

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

A. COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

- A.1.** Explain the current director remuneration policy applicable to the current financial year. To the extent that it is relevant, certain information may be included by referring to the remuneration policy approved by the General Shareholders Meeting, provided that this inclusion is clear, specific, and concrete.

The specific conditions for the current financial year must be described, regarding both the directors' remuneration for their role as directors and their remuneration for any executive duties performed by the Board, under the contracts signed with the executive directors and under the remuneration policy approved by the General Shareholders Meeting.

In any case, at least the following aspects must be reported:

- Description of the Company's procedures and bodies involved in establishing and approving the remuneration policy and its conditions.
- Indicate and explain, if applicable, whether comparable companies were considered in establishing the Company's remuneration policy.
- Information on whether an external advisor was involved, and, if so, their identity.

The Board Remuneration Policy applicable to the 2020 financial year is the policy approved by the General Shareholders Meeting of 24 April 2018 for the 2018, 2019, and 2020 financial years.

The Remuneration Policy for the Company's Board seeks to achieve remuneration that is adequate given its directors' time commitment and responsibilities, based on the shareholders' long-term interests and always in line with the conditions of other comparable national and international companies.

The remuneration established for the Company's directors in their capacity as such is a fixed annual remuneration, payable exclusively to non-executive directors who have a special time commitment to the Company, i.e., (i) the Chair of the Board and (ii) the independent directors. Proprietary directors do not receive remuneration, due to the nature of their relationship with the Company, with the exception of the Chair of the Board (due to his special time commitment to the Company). In addition, the Chair of the Board will receive remuneration in kind, consisting of the use of a company vehicle.

Moreover, the following is established as remuneration for the Company's directors with executive duties:

- Fixed remuneration for the CEO and the director responsible for corporate operations and M&A.
- Short-term variable remuneration for the CEO, tied to certain parameters such as Net Profit and Net Operating Profit (EBITDA), which may not exceed 100% of the fixed remuneration.
- Long-term variable remuneration for the CEO, tied to his permanence at Grupo CIE Automotive over the following 10 financial years and based on the increase in the value of the Company's shares, using the following formula: (Incentive in each Reference Period = 1,450,000 x [Listed value - Initial value]).

The Appointments and Remuneration Committee is the body empowered to propose adopting decisions on the proposal to set the remuneration policy for directors, in accordance with the Board Regulations, the Appointments and Remuneration Committee Regulations, and the duties that are assigned to them.

With regard to the bodies involved, the body responsible for proposing a Board Remuneration Policy is the Appointments and Remuneration Committee. This Committee subsequently submits the proposal to the Board, which is responsible for approving or rejecting its submission for final approval by the General Shareholders Meeting, in accordance with applicable law and the Articles of Association.

Both the Appointments and Remuneration Committee and the Board organise their operations based on a schedule of annual meetings and a specific agenda for each meeting, notwithstanding any additional meetings that are held as a result of supervening, unexpected circumstances.

Regarding the manner in which the Appointments and Remuneration Committee deliberates on the application of the Board Remuneration Policy, in the first stage, the Chair of the Board meets with the members of the Appointments and Remuneration Committee and presents his vision for the directors' remuneration during the financial year, based on the current Board Remuneration Policy. Subsequently, after this first opinion has been received, the members of the Appointments and Remuneration Committee deliberate on the decisions to be adopted. At the meeting normally held in December, they propose to the Board the proposals for the remuneration of the directors during the financial year, which are discussed and approved (if applicable) at the Board meeting in December.

All of the members of the Appointments and Remuneration Committee must be non-executive directors, at least two of whom must be independent directors. The Appointment and Remuneration Committee is made up of the following directors: (i) Chair: Mr. Carlos Solchaga Catalán (independent director); (ii) Member: Mr. Francisco J. Riberas Mera (proprietary director); and (iii) Member: Mr. Ángel Ochoa Crespo (independent director).

It has not worked with external advisors in the performance of its duties; comparable companies have not been (expressly) considered in establishing the current Board Remuneration Policy.

- Relative importance of the variable remuneration items with respect to the fixed remuneration items (remuneration mix); the conditions and targets that have been taken into account when setting the remuneration and to guarantee an appropriate balance between the fixed and variable items of the remuneration. In particular, list the actions taken by the Company with respect to the remuneration system in order to reduce exposure to excessive risks and bring it in line with the Company's long-term objectives, values, and interests.
This will include, where appropriate, the measures established to ensure that the remuneration policy responds to the Company's long-term earnings; the measures implemented regarding categories of staff whose professional activities have a material impact on the Company's risk profile; and the measures established to prevent conflicts of interest, if applicable.

Also indicate whether the Company has established an accrual or consolidation period for certain variable remuneration items, in cash, shares, or other financial instruments; a deferral period for payment of amounts or delivery of financial instruments that have already been accrued and consolidated; or a clause to reduce deferred remuneration or that requires the director to repay the remuneration received when such remuneration has been based on data whose inaccuracy was later clearly demonstrated.

In accordance with the current Board Remuneration Policy and with the approval by the General Shareholders Meeting of 24 April 2018 of the long-term incentive based on changes in the share price, the variable items provided for the CEO of the Board are based on the following essential purpose: ensuring the permanence, commitment, incentive, and motivation of the CEO of Grupo CIE Automotive for a period of ten (10) years (until 2028).

Thus, the variable elements will be the following:

a) Short-term variable remuneration

The objectives that will determine the CEO's variable remuneration in the current financial year will be connected to parameters such as the Net Profit and Gross Operating Profit (EBITDA) approved in the annual Budget by the Board. The amount of the short-term variable remuneration may not exceed 100% of the fixed remuneration. The Board will determine the degree of compliance with the short-term variable remuneration parameters and the corresponding amount, at the proposal of the Appointments and Remuneration Committee, which will have verified the degree of compliance with the established parameters.

b) Long-term variable remuneration

For the CEO, long-term variable remuneration will be based on changes in the listed share price, as approved by the General Shareholders Meeting of 24 April 2018.

Subject to final determination of the amount, this is an incentive under which the CEO will be entitled to receive a bonus equivalent to: the difference between a reference price and the listed price in each exercise window, multiplied by a number of units that is also to be determined by the General Shareholders Meeting.

The Ordinary General Shareholders Meeting has established four exercise windows (third, fifth, eighth, and tenth year of the plan) that will consolidate the right to receive the incentive based on changes in the listed price up to that date and, if the incentive is exercised, will set the reference value for the next window as the amount exercised in the previous window. The specific details of the long-term variable remuneration, its conditions, and its monetary components will be determined by the Ordinary General Shareholders Meeting.

Regarding the manner of reducing exposure to excessive risks, there are two ways of modifying remuneration in line with the circumstances and mitigating excessive risks. On the one hand, the long-term variable remuneration depends on the generation of value for Company shareholders, given its connection to the listed share price. (This value will reflect, if applicable, that the most basic objectives have been achieved.) In this way, the Company's long-term objective is brought in line with the long-term interest reflected by the variable remuneration.

In addition, and without prejudice to the foregoing, the Board, in response to the proposal, if applicable, presented by the Appointments and Remuneration Committee, has the power to ask the CEO to return the remuneration already paid in relation to the permanence commitment (claw-back clauses). Furthermore, additional claims may be made in special situations such as fraud and serious breach of the law.

- Amount and nature of the fixed items to be accrued during the financial year by the directors in their capacity as such.

The fixed items of the directors' remuneration in their capacity as directors, established for the current financial year, are as follows:

- Chair of the Board EUR 1.2 million;
- Chair of the Audit and Compliance Committee and Coordinating Independent Director: EUR 140,000.
- Chair of the Appointments and Remuneration Committee: EUR 100,000.

There is no fixed remuneration for the other Board members in their capacity as such.

- Amount and nature of the fixed items to be accrued in the financial year for the performance of senior management duties by the executive directors.

The fixed items of the executive directors' remuneration for the performance of their duties for the current financial year are as follows:

- CEO: EUR 525,000.
- Executive director with corporate operations and M&A duties: EUR 200,000.

- Amount and nature of any remuneration in kind to be accrued in the financial year, including but not limited to any insurance premiums paid for the director.

The Chair of the Board, the CEO, and the director with executive duties in corporate operations and M&A matters receive the use of a company vehicle, which is classified as remuneration in kind.

- Amount and nature of the variable items, distinguishing between short- and long-term items. Financial and non-financial parameters, where non-financial parameters include social, environmental, and climate change parameters, selected to determine the variable remuneration in the current financial year; an explanation of the extent to which such parameters are related to the performance of both the director and the Company, as well as its risk profile; and the methodology, necessary term, and techniques established to determine the degree of compliance with the parameters used in designing the variable remuneration.

Indicate the rank, in monetary terms, of the various variable items that vary based on the degree of achievement of the targets and compliance with the parameters established, and whether there is any maximum monetary amount in absolute terms.

The variable items will be the following:

Short-term variable remuneration

The CEO will receive remuneration based on achievement of certain parameters such as Net Profit and Gross Operating Profit (EBITDA), approved in the annual budget. In any event, such remuneration may not exceed 100% of the fixed remuneration.

c) Long-term variable remuneration

For the CEO, long-term variable remuneration will be based on changes in the listed share price. Subject to final determination of the amount, this will be an incentive under which the CEO will be entitled to receive a bonus equivalent to: the difference between a reference price and the listed price in each exercise window, multiplied by a number of units determined by the General Shareholders Meeting.

The Ordinary General Shareholders Meeting has established four exercise windows (third, fifth, eighth, and tenth year of the plan) that will consolidate the right to receive the incentive based on changes in the listed price up to that date and, if the incentive is exercised, will set the reference value for the next window as the amount exercised in the previous window.

The specific details of the long-term variable remuneration, its conditions, and its monetary components will be determined by the Ordinary General Shareholders Meeting.

From a quantitative point of view, simulating the current payment of the entire remuneration as of 28 February 2020 at the listed price on that date, the amount of the remuneration would be 0 euros.

The parameters for calculating the CEO's variable remuneration do not include non-financial parameters such as social, environmental, and climate change parameters.

- Main characteristics of the long-term savings systems. The information will include the contingencies covered by the system; whether it is a defined contribution or defined benefit system; the annual contribution to be made under the defined contribution systems; the benefit to which the beneficiaries are entitled under the defined benefit systems; and the conditions for the consolidation of the directors' economic rights and their compatibility with any kind of payment or compensation due to termination, early termination or the end of the contractual relationship, in the terms established, between the Company and the director.

Indicate whether the accrual or consolidation of any of the long-term savings plans is connected to the achievement of certain targets or parameters associated with the directors' short- and long-term performance.

There is no remuneration of this kind.

- Any kind of payment or compensation for early termination or due to the end of the contractual relation between the Company and the director, in the terms established, whether prompted by the Company or by the director, as well as any

kind of covenants, such as exclusivity, post-contractual non-compete, and permanence or exclusivity covenants, entitling the director to any kind of remuneration.

The CEO is entitled to receive amounts for the following items:

(i) Non-compete covenant

Given his knowledge of the design and execution of the Company's business strategies and plan, the CEO's contract in all cases includes a non-compete clause regarding companies and activities of a similar nature for the duration of his relationship with the Company and for a subsequent period of one or two years. As consideration for these commitments, the CEO will receive a net remuneration of 650 thousand euros per year, which he must reimburse the Company if he terminates his relationship with the Company in advance.

(ii) Permanence bonus and exclusivity covenant.

The CEO assumes an exclusivity and permanence commitment for at least a period of ten years. As consideration for these commitments, the CEO will receive a net remuneration of 650 thousand euros per year, which he must reimburse the Company if he terminates his relationship with the Company in advance.

In addition, in the event of the termination of the contractual relationship at the request of the Company, the CEO will be entitled to receive the full amounts included in the non-compete covenant, the permanence and exclusivity bonus, the long-term variable remuneration, and remuneration equal to the amount of the fixed and variable short-term remuneration received in the immediately preceding financial year. All of the above will apply unless the reason for the termination is (i) the serious breach by the CEO of the obligations established in the contract; or (ii) the breach of ethical or regulatory obligations (stock market, competition, etc).

- Indicate the conditions to be met in the contracts of executive directors who discharge senior management duties. Among others, report on the duration, the limits on the compensation amounts, the permanence clauses, the notice periods, payment as a replacement for the notice period, and any other clauses pertaining to contract bonuses, as well as any compensation or protection for early termination or the end of the contractual relation between the Company and the executive director.

Include, among others, any non-compete, exclusivity, permanence, and post-contractual non-compete covenants or agreements, unless they have been specified in the previous section.

The essential characteristics of the CEO's contract are as follows:

(i) Term

The contract is for an unlimited duration and may be freely terminated by the Company at any time, without the need for prior notice and with the compensation consequences described in section 8 above. On the other hand, the CEO may freely terminate the contract and resign from his position at any time, with a minimum notice of three months, and must return the amount arising from the non-compete and permanence covenant described below.

(ii) Governing law

The governing law is that provided by law in each case.

(iii) Non-compete covenant

Given his knowledge of the design and execution of the Company's business strategies and plan, in all cases there is a non-compete clause regarding companies and activities of a similar nature for the duration of his relationship with the Company and for a subsequent period of one or two years. As consideration for these commitments, the CEO receives a payable remuneration that he must reimburse the Company if he terminates his relationship with the Company in advance.

(iv) Permanence bonus and exclusivity covenant.

The CEO assumes an exclusivity and permanence commitment for at least a period of ten years. As consideration for these commitments, the CEO receives remuneration that he must reimburse the Company if he terminates his relationship with the Company in advance.

(v) Confidentiality and return of documents

A strict duty of confidentiality is established for executive directors, both during the term of the contracts and once the relationship is terminated. In addition, upon the end of their relationship with the Company, executive directors must return to the Company any documents and items related to the Company's activities that are in their possession.

(vi) Ethical duties

Executive directors must behave in accordance with the duties of good faith and loyalty. They must refrain from directly or indirectly participating in situations that could lead to a conflict between their personal interests and those of the Company.

- The nature and estimated amount of any other complementary remuneration accrued by the directors in the current financial year as consideration for any services provided other than those inherent to their positions.

The director with executive functions involving corporate operations and M&A, in addition to his fixed remuneration, is entitled to receive a percentage (0.25%) of the value of the Company being acquired in each business acquisition operation, with a maximum of 800,000 euros per operation.

- Other remuneration items such as those resulting, if applicable, from the Company's granting the director advance payments, credits, security interests, and other forms of remuneration.

There is no remuneration of this kind, because the CEO has paid back the loan for the acquisition of shares that was reported in previous reports.

- The nature and estimated amount of any other complementary remuneration not included in the previous sections, whether paid by the Company or by another group company, to be accrued by the directors in the current financial year.

N/A.

A.2. Explain any significant change in the remuneration policy applicable to the current financial year, resulting from:

- A new policy or change in the policy already approved by the General Meeting.
- Relevant changes in the specific resolutions of the Board for the current financial year pertaining to the remuneration policy in force with respect to the resolutions applied in the previous financial year.
- Proposals that the Board decided to submit to the General Shareholders Meeting that will receive this annual report, and that are proposed to apply to the current financial year.

The current Board Remuneration Policy was approved by the General Shareholders Meeting of 24 April 2018. There have been no modifications made to the policy, relevant changes to the resolutions applicable to the policy, or new proposals from the Board in this regard.

A.3. Specify the direct link to the document describing the Company's current remuneration policy, which must be available on the Company website.

<https://www.cieautomotive.com/documents/125060/603351/CIE+Automotive+-+Politica+Remuneraciones+20180320.pdf/eeb09fbb-f5f3-4a7e-b6d0-84438d607b2a>

A.4. In light of the information provided in section B.4, explain how the shareholders' votes at the General Shareholders Meeting to which the annual report on remuneration in the previous financial year was put to the vote, on an advisory basis, were taken into account.

Given that the 2018 Annual Remuneration Report was approved, on an advisory basis, with 84.954810% of votes for, 14.460861% of the votes against, and 0.584329% of abstention, no action with regard to the Board Remuneration Policy was considered.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE PREVIOUS FINANCIAL YEAR

B.1. Explain the process followed to apply the remuneration policy and establish the individual remuneration described in section C of this report.

This information will include the role played by the remuneration committee, the decisions made by the board of directors and, if applicable, the identity and role of any external advisers whose services were used in the process of applying the remuneration policy in the previous financial year.

The Appointments and Remuneration Committee is the body empowered to propose the remuneration policy for the Board and adopt decisions on the remuneration of the directors, in accordance with the Board Regulations, the Appointments and Remuneration Committee Regulations, and the duties that are assigned to them. Furthermore, the Board is responsible for approving the proposals of the Appointments and Remuneration Committee (including the submission of the Board's Remuneration Policy for approval of the General Shareholders Meeting).

The Company's Appointments and Remuneration Committee, as part of the duties assigned to it in the Board Regulations, the Appointments and Remuneration Committee Regulations, and the duties assigned to it in such Regulations, organises its operations based on a schedule of annual meetings and a specific agenda for each meeting, notwithstanding any additional meetings that are held as a result of supervening, unexpected circumstances.

Regarding the manner in which the Appointments and Remuneration Committee deliberates on the application of the Board Remuneration Policy, in the first stage, the Chair of the Board meets with the members of the Appointments and Remuneration Committee and presents his vision for the directors' remuneration during the financial year, based on the current Board Remuneration Policy.

Subsequently, after this first opinion has been received, the members of the Appointments and Remuneration Committee deliberate on the decisions to be adopted. At the meeting normally held in December, they propose to the Board the proposals for the remuneration of the directors during the financial year, which are discussed and approved (if applicable) at the Board meeting in December.

Neither the Board nor the Appointment and Remuneration Committee has worked with external advisors in the performance of their duties.

B.2. Indicate the actions taken by the Company regarding the remuneration system and how such actions have contributed to reducing exposure to excessive risks and bringing the remuneration system into line with the Company's long-term goals, values, and interests, including the measures implemented to ensure that the remuneration accrued took into account the Company's long-term earnings and achieved an adequate balance between the fixed and variable remuneration items; the measures implemented regarding categories of staff whose professional activities have a material impact on the Company's risk profile; and the measures established to prevent conflicts of interest, if applicable.

Regarding the manner of reducing exposure to excessive risks, there are two ways of modifying remuneration in line with the circumstances and mitigating excessive risks.

On the one hand, the long-term variable remuneration depends on the generation of value for Company shareholders, given its connection to the listed share price. (This value will reflect, if applicable, that the most basic objectives have been achieved.) In this way, the Company's long-term objective is brought in line with the long-term interest reflected by the variable remuneration.

On the other hand, and without prejudice to the foregoing, the Board (in response to the proposal, if applicable, presented by the Appointments and Remuneration Committee) has the power to ask the CEO to return the remuneration already paid in relation to the permanence commitment (claw-back clauses). Furthermore, additional claims may be made in special situations such as fraud and serious breach of the law.

B.3. Explain how the remuneration accrued during the year complies with the remuneration policy in force.

Furthermore, indicate the relationship between the remuneration obtained by the directors and the earnings or other short- and long-term Company performance measures, explaining, as the case may be, how variations in the Company's performance have affected the changes in the directors' remuneration, including any remuneration accrued whose payment was deferred, and how such remuneration contributes to the Company's short- and long-term earnings.

The CEO is the only Board member whose variable remuneration is tied to performance both in the short and the long term. Thus, when determining the CEO's short-term variable remuneration, compliance with the budget's Net Profit and EBITDA was taken into account. Therefore, he was granted short-term variable remuneration equal to 100% of the fixed remuneration (which in 2019 equalled 100% of the fixed remuneration [525,000 euros]).

Given that his long-term variable remuneration is tied to the evolution of the share price, it includes a connection to the Company's long-term performance. From a quantitative point of view, simulating the current payment of the entire remuneration as of 28 February 2020 at the listed price on that date, the amount of the remuneration would be 0 euros.

B.4. Report on the outcome of the General Shareholders Meeting advisory vote on the remuneration in the previous year, specifying the number of votes against, if any, that were cast.

	Number	% of total
Votes cast	87,657,4 28	100.00
	Number	% of votes cast

Votes against	12,676,019	14.46
Votes in favour	74,469,201	84.95
Abstentions	512,208	0.58

Comments

- B.5.** Explain how the fixed items accrued during the financial year by the directors in their capacity as such were established, and how they changed with respect to the previous year.

The fixed items accrued by the directors in their capacity as such are those approved by the General Shareholders Meeting of 24 April 2018; they did not change in the financial year in question compared to 2018.

- B.6.** Explain how the salaries accrued during the previous financial year by each of the executive directors for the performance of management duties were established, and how they changed with respect to the previous year.

The fixed items accrued by the executive directors are those approved by the General Shareholders Meeting of 24 April 2018; they did not change in the financial year in question compared to the preceding year.

- B.7.** Explain the nature and the main characteristics of the variable items of the remuneration accrued in the previous year.

And specifically:

- Identify each of the remuneration plans that have established the various variable remunerations accrued by each of the directors during the previous year, including information about their scope, their approval date, their implementation date, the accrual and validity periods, the criteria used to assess performance, and the impact of such performance on the establishment of the variable amount accrued, as well as the measurement criteria used and the period required to be able to adequately measure all of the stipulated conditions and criteria.

In the case of stock option plans or other financial instruments, the general characteristics of each plan will include information about the conditions for acquiring unconditional ownership (consolidation) and conditions for exercising such options or financial instruments, including the price and period of the exercise.

- Each of the directors, and their category (executive directors, proprietary external directors, independent external directors, and other external directors), who are the beneficiaries of remuneration systems or plans that include variable remuneration.
- If applicable, indicate the accrual or payment deferral periods established applied and/or the withholding/non-disposal periods for shares or other financial instruments, if any.

Indicate the short-term variable items of the remuneration systems:

The CEO is entitled to short-term variable remuneration calculated based on compliance with the levels of Net Profit and Gross Operating Profit (EBITDA) approved in the annual budget. The Board, with the prior favourable report by the Appointments and Remuneration Committee, verified compliance with these parameters in the 2019 financial year and resolved to grant as short-term variable remuneration an amount equal to the fixed remuneration (which in 2019 was 100% of the fixed remuneration for the 2019 financial year [525 thousand euros]).

Indicate the long-term variable items of the remuneration systems:

The CEO (the "Beneficiary") holds a long-term incentive based on the increase in value of the Company's shares, due to his special connection to the Company (the "Incentive"), in accordance with the following basic characteristics:

I. Objective

The remuneration will consist of the allocation of 1,450,000 units to the CEO, which includes the option to receive remuneration based on the increase in value of the same number of shares of CIE Automotive, S.A. over a period of time, based on their listed value, and that will be paid in cash:

II. Beneficiary and number of units.

The CEO is the beneficiary of the Incentive.

The number of units allocated to the Beneficiary of the Incentive will be 1,450,000.

Such units will be allocated solely for the purpose of calculating the Incentive and will not imply the acquisition of the status of shareholder or any other rights by the Beneficiary linked to such condition.

III. Calculation of the Incentive.

On the dates indicated below, the Beneficiary will be entitled to receive long-term variable remuneration consisting of the amount in Euros (EUR) resulting from the application of the following formula:

Incentive in each Reference Period = 1,450,000 x (Listed value - Initial value) where

- Initial value is the amount of EUR 21.30 per share.

- Listed value is equal to the average listed value of a share of CIE Automotive, S.A. in the period of ninety (90) calendar days that, within each Reference Period, the Beneficiary determines as the calculation period for the purposes of the Incentive.

For the purposes of the calculation, the average listed value will be calculated by dividing the sum of the cash traded in shares of CIE Automotive in the reference period of ninety (90) calendar days and the sum of the total number of securities traded on the stock exchanges of Bilbao, Madrid, Barcelona, and Valencia during the aforementioned reference period of ninety (90) calendar days.

- As chosen by the CEO, the Reference Period is the period of ninety (90) calendar days prior to a date between any of the following dates: (i) 1 January 2020 and 31 December 2020; or (ii) 1 January 2022 and 31 December 2022; (iii) 1 January 2025 and 31 December 2025; and (iv) 1 January 2027 and 31 December 2027.

The CEO may, therefore, exercise the Incentive partially and—as provided below—charged to the final settlement of the Incentive, within any of the Reference Periods.

For the purposes of exercising the Incentive in each of the Reference Periods, the following will apply:

- The maximum amount to be received in a partial exercise of the Incentive in the periods between (i) 1 January 2020 and 31 December 2020; or (ii) 1 January 2022 and 31 December 2022; and (iii) 1 January 2025 and 31 December 2025, will be EIGHT MILLION (EUR 8,000,000) EUROS. That is, if the amount resulting from the calculation is greater than such amount on the Reference Date, the Beneficiary will only receive EIGHT MILLION (EUR 8,000,000) EUROS.

- The sum of the Incentive received by the Beneficiary in the financial year corresponding to the periods between (i) 1 January 2020 and 31 December 2020, or (ii) 1 January 2022 and 31 December 2022, or (iii) 1 January 2025 and 31 December 2025 will be discounted from the amount of the Incentive to be received for the reference period between 1 January 2027 and 31 December 2027.

If the sum of the amounts of the Incentive received in the first three Reference Periods is greater than the amount of the Incentive to be received in the final reference period, the Beneficiary will not be required to reimburse any amount of the Incentive received previously, and the Incentive received will have been consolidated in the collection of the Incentive in each of the first three Reference Periods.

If the listed value—as defined above—is less than the Initial Value, the Beneficiary will not be entitled to receive any Incentive in each of the Reference Periods, without prejudice to the possibility of exercising the Incentive in the following Reference Periods. (Such right is not lost due to the fact of being unable to exercise the Incentive in any Reference Periods.)

IV. Conditions for the settlement of the Incentive.

The Beneficiary's right to the Incentive may not be consolidated, nor will it be renewed automatically.

The amount received by the Beneficiary, if applicable, under this remuneration system will under no circumstances count as a parameter for the calculation of any compensation to which the Beneficiary may be entitled, for any reason, in the future.

The Incentive governed by this proposal will be paid, in each of the Reference Periods and no later than thirty (30) calendar days from the date of selection of the ninety (90) calendar days of the Reference Period, as described in section III above.

Thus, if the Beneficiary voluntarily terminates his relationship with Grupo CIE Automotive before each of the Reference Periods, the right to receive the remuneration described in this remuneration proposal (or in the event of a partial exercise in a Reference Period, the rest of the Incentive) will be deemed to have been automatically and irrevocably extinguished.

Notwithstanding the foregoing, when the Beneficiary's relationship is terminated due to

(i) death; or

(ii) retirement or early retirement, whether prompted by the Beneficiary or CIE Automotive; or

(iii) the permanent disability of the Beneficiary; or

(iv) the unilateral withdrawal of the Company Grupo CIE Automotive by resolution of the General Shareholders Meeting against the re-election of the CEO or by his removal; or by Board resolution not to propose the renewal or to remove the CEO; or

(v) unfair dismissal recognised as such by CIE Automotive in mediation or declared as such by a judicial ruling that is not subject to appeal;

the Beneficiary, or his successors, will receive the pending Incentive in advance, on such termination date, taking as reference, mutatis mutandi, the listed share price on the termination date.

B.8. Indicate whether certain variable items have been reduced or whether the repayment of such items has been claimed when, in the former case, payment has been consolidated and deferred, or, in the latter case, the item has been consolidated and paid,

based on data whose inaccuracy was later clearly demonstrated. Describe the amounts reduced or repaid through application of the claw back clauses, why this took place, and the relevant years.

No such circumstances occurred during the financial year.

B.9. Describe the main characteristics of the long-term savings systems whose equivalent annual cost or amount is given in the tables in Section C, including retirement and any other survival benefit, which are partially or totally financed by the Company, whether they are paid internally or externally. Specify the type of plan; whether it is a defined contribution or benefit plan; the contingencies covered; and the conditions for the consolidation of the directors' economic rights and their compatibility with any kind of compensation due to early termination or the end of the contractual relationship between the Company and the director.

There is no remuneration of this kind.

B.10. Explain, if applicable, any compensation or any other kind of payment resulting from early removal, whether prompted by the Company or by the director, or resulting from the termination of the contract, in the terms established therein, which was accrued and/or received by the directors during the previous financial year.

These circumstances have not taken place.

B.11. Indicate whether there have been any significant changes in the contracts of the senior management in their capacity as executive directors, and, if applicable, explain them. Also explain the main conditions of the new contracts entered into with executive directors during the year, unless already explained in section A.1.

These circumstances have not taken place.

B.12. Explain any complementary remuneration accrued by the directors as consideration for the services provided other than those inherent to their position.

No remuneration of this kind has been accrued.

B.13. Explain any remuneration resulting from the granting of advance payments, credits, and security interests, specifying the interest rate, their essential characteristics, and any amounts repaid, as well as the obligations taken on by them as a security interest.

No remuneration of this kind has been accrued.

B.14. Specify the remuneration in kind accrued by the directors during the financial year, briefly explaining the nature of the various salary items.

Mr. Antonio María Pradera Jauregui: remuneration consisting of vehicle use for the amount of 9,466.39 euros.

Mr. Jesus María Herrera Barandiaran: remuneration consisting of vehicle use for the amount of 9,787.64 euros and interest on the loan of 4,260 euros.

Mr. Fermin del Río Sanz de Acedo: remuneration consisting of vehicle use for the amount of 10,277.63 euros.

B.15. Explain the remuneration accrued by the director by virtue of the payments made by the listed company to a third-party company where the director provides their services, when such payments are intended to remunerate them for their services to the Company.

There were no remunerations accrued in the financial year for this item.

B.16. Explain any remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be deemed a related party transaction or when its omission would detract from the fair presentation of the total remuneration accrued by the director.

n/a

C. DETAILS OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR

Name	Type	2019 accrual period
Mr. ANTÓN MARÍA PRADERA JAUREGUI	Proprietary Chair	From 1/1/2019 to 31/12/2019
Ms. GOIZALDE EGAÑA GARITAGOITIA	Proprietary Deputy Chair	From 1/1/2019 to 31/12/2019
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	CEO	From 1/1/2019 to 31/12/2019
Mr. ANGEL MANUEL OCHOA CRESPO	Independent Director	From 1/1/2019 to 31/12/2019
Mr. CARLOS SOLCHAGA CATALÁN	Independent Director	From 1/1/2019 to 31/12/2019
Mr. FRANCISCO JOSÉ RIBERAS MERA	Proprietary Director	From 1/1/2019 to 31/12/2019
Mr. JUAN MARÍA RIBERAS MERA	Proprietary Director	From 1/1/2019 to 31/12/2019
Mr. FERMÍN DEL RÍO SANZ DE ACEDO	Executive Director	From 1/1/2019 to 31/12/2019
Mr. SHRIPRAKASH SHUKLA	Proprietary Director	From 1/1/2019 to 31/12/2019
Mr. VANKIPURAM PARTHASARATHY	Proprietary Director	From 1/1/2019 to 31/12/2019
Ms. MARÍA TERESA SALEGUI ARBIZU	Proprietary Director	From 1/1/2019 to 31/12/2019
Mr. JACOBO LLANZA FIGUEROA	Proprietary Director	From 1/1/2019 to 31/12/2019
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN	Proprietary Director	From 1/1/2019 to 31/12/2019

C.1. Complete the following tables pertaining to the individual remuneration accrued by each of the directors (including remuneration for the performance of executive duties) during the year.

a) Remuneration from the reporting company:

i) Remuneration accrued in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership in Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2019	Total 2018
Mr. ANTÓN MARÍA PRADERA JAUREGUI	1,200							14	1,214	1,214
Ms. GOIZALDE EGAÑA GARITAGOITIA										
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	525				525			2,865	3,915	3,845
Mr. ANGEL MANUEL OCHOA CRESPO	100								100	100
Mr. CARLOS SOLCHAGA CATALÁN	140								140	140
Mr. FRANCISCO JOSÉ RIBERAS MERA										
Mr. JUAN MARÍA RIBERAS MERA										
Mr. FERMÍN DEL RÍO SANZ DE ACEDO	200				1,198			15	1,413	214
Mr. SHRIPRAKASH SHUKLA										
Mr. VANKIPURAM PARTHASARATHY										
Ms. MARÍA TERESA SALEGUI ARBIZU										
Mr. JACOBO LLANZA FIGUEROA										
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN										

Comments

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ii) Table specifying the movements of share-based remuneration systems and gross profit from the consolidated financial instruments or shares.

Name	Plan Name	Financial instruments at the start of 2019		Financial instruments granted in 2019		Financial instruments consolidated in the year				Instrument s matured and not exercised	Financial instruments at the end of 2019	
		No. of instruments	No of equivalent shares	No. of instruments	No of equivalent shares	No. of instruments	No. of equivalent/c consolidated shares	Price of the consolidated shares	Gross profit from the consolidated financial instruments or shares (thousands of euros)	No. of instruments	No. of instruments	No of equivalent shares
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	LONG-TERM INCENTIVE PLAN BASED ON EVOLUTION OF THE SHARE PRICE	1,450,000						0.00				

Comments

iii) Long-term savings systems.

Name	Remuneration from consolidation of rights to savings systems
Mr. ANTÓN MARÍA PRADERA JAUREGUI	
Ms. GOIZALDE EGAÑA GARITAGOITIA	
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	

Name	Remuneration from consolidation of rights to savings systems
Mr. ANGEL MANUEL OCHOA CRESPO	
Mr. CARLOS SOLCHAGA CATALÁN	
Mr. FRANCISCO JOSÉ RIBERAS MERA	
Mr. JUAN MARÍA RIBERAS MERA	
Mr. FERMÍN DEL RÍO SANZ DE ACEDO	
Mr. SHRIPRAKASH SHUKLA	
Mr. VANKIPURAM PARTHASARATHY	
Ms. MARÍA TERESA SALEGUI ARBIZU	
Mr. JACOBO LLANZA FIGUEROA	
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN	

Name	Company contribution for the year (thousands of euros)				Amounts of the accumulated funds (thousands of euros)			
	Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights	
	2019	2018	2019	2018	2019	2018	2019	2018
Mr. ANTÓN MARÍA PRADERA JAUREGUI								
Ms. GOIZALDE EGAÑA GARITAGOITIA								
Mr. JESÚS MARÍA HERRERA BARANDIARÁN								
Mr. ANGEL MANUEL OCHOA CRESPO								



ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS IN LISTED STOCK COMPANIES

Mr. CARLOS SOLCHAGA CATALÁN								
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Name	Company contribution for the year (thousands of euros)				Amounts of the accumulated funds (thousands of euros)			
	Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights	
	2019	2018	2019	2018	2019	2018	2019	2018
Mr. FRANCISCO JOSÉ RIBERAS MERA								
Mr. JUAN MARÍA RIBERAS MERA								
Mr. FERMÍN DEL RÍO SANZ DE ACEDO								
Mr. SHRIPRAKASH SHUKLA								
Mr. VANKIPURAM PARTHASARATHY								
Ms. MARÍA TERESA SALEGUI ARBIZU								
Mr. JACOBO LLANZA FIGUEROA								
Mr. SANTOS MARTINEZ- CONDE GUTIÉRREZ BARQUÍN								

Comments

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iv) Specifics of other items

Name	Item	Remuneration amount
Mr. ANTÓN MARÍA PRADERA JAUREGUI	VEHICLE IN KIND	14
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	NON-COMPETITION COVENANT AND PERMANENCE BONUS	2,846
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	VEHICLE IN KIND	15
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	INTEREST ON LOANS	4
Mr. FERMÍN DEL RÍO SANZ DE ACEDO	VEHICLE IN KIND	15

Comments

b) Remuneration of Company directors for their membership in the boards of other group companies:

i) Remuneration accrued in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership in Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2019	Total 2018
Mr. ANTÓN MARÍA PRADERA JAUREGUI										
Ms. GOIZALDE EGAÑA GARITAGOITIA										
Mr. JESÚS MARÍA HERRERA BARANDIARÁN										
Mr. ANGEL MANUEL OCHOA CRESPO										
Mr. CARLOS SOLCHAGA CATALÁN										

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Name	Fixed remuneration	Attendance fees	Remuneration for membership in Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total 2019	Total 2018
Mr. FRANCISCO JOSÉ RIBERAS MERA										
Mr. JUAN MARÍA RIBERAS MERA										
Mr. FERMÍN DEL RÍO SANZ DE ACEDO										
Mr. SHRIPRAKASH SHUKLA										
Mr. VANKIPURAM PARTHASARATHY										
Ms. MARÍA TERESA SALEGUI ARBIZU										
Mr. JACOBO LLANZA FIGUEROA										
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN										

Comments

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ii) Table specifying the movements of share-based remuneration systems and gross profit from the consolidated financial instruments or shares.

Name	Plan Name	Financial instruments at the start of 2019		Financial instruments granted in 2019		Financial instruments consolidated in the year				Instruments matured and not exercised	Financial instruments at the end of 2019	
		No. of instruments	No of equivalent shares	No. of instruments	No of equivalent shares	No. of instruments	No. of equivalent/consolidated shares	Price of the consolidated shares	Gross profit from the consolidated financial instruments or shares (thousands of euros)	No. of instruments	No. of instruments	No of equivalent shares
Mr. ANTÓN MARÍA PRADERA JAUREGUI	Plan							0.00				
Ms. GOIZALDE EGAÑA GARITAGOITIA	Plan							0.00				
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	Plan							0.00				
Mr. ANGEL MANUEL OCHOA CRESPO	Plan							0.00				
Mr. CARLOS SOLCHAGA CATALÁN	Plan							0.00				
Mr. FRANCISCO JOSÉ RIBERAS MERA	Plan							0.00				
Mr. JUAN MARÍA RIBERAS MERA	Plan							0.00				

Mr. FERMÍN DEL RÍO SANZ DE ACEDO	Plan							0.00				
Mr. SHRIPRAKASH SHUKLA	Plan							0.00				
Mr. VANKIPURAM PARTHASARATHY	Plan							0.00				
Ms. MARÍA TERESA SALEGUI ARBIZU	Plan							0.00				
Mr. JACOBO LLANZA FIGUEROA	Plan							0.00				
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN	Plan							0.00				

Comments

iii) Long-term savings systems.

Name	Remuneration from consolidation of rights to savings systems
Mr. ANTÓN MARÍA PRADERA JAUREGUI	
Ms. GOIZALDE EGAÑA GARITAGOITIA	
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	

Mr. ANGEL MANUEL OCHOA CRESPO	
Mr. CARLOS SOLCHAGA CATALÁN	
Mr. FRANCISCO JOSÉ RIBERAS MERA	
Mr. JUAN MARÍA RIBERAS MERA	
Mr. FERMÍN DEL RÍO SANZ DE ACEDO	
Mr. SHRIIPRAKASH SHUKLA	
Mr. VANKIPURAM PARTHASARATHY	
Ms. MARÍA TERESA SALEGUI ARBIZU	
Mr. JACOBO LLANZA FIGUEROA	
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN	

Name	Company contribution for the year (thousands of euros)				Amounts of the accumulated funds (thousands of euros)			
	Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights		Savings systems with consolidated economic rights		Savings systems with non-consolidated economic rights	
	2019	2018	2019	2018	2019	2018	2019	2018
Mr. JACOBO LLANZA FIGUEROA								
Mr. SANTOS MARTINEZ- CONDE GUTIÉRREZ BARQUÍN								

Comments

iv) Specifics of other items

Name	Item	Remuneration amount
Mr. ANTÓN MARÍA PRADERA JAUREGUI	Item	
Ms. GOIZALDE EGAÑA GARITAGOITIA	Item	
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	Item	
Mr. ANGEL MANUEL OCHOA CRESPO	Item	
Mr. CARLOS SOLCHAGA CATALÁN	Item	
Mr. FRANCISCO JOSÉ RIBERAS MERA	Item	
Mr. JUAN MARÍA RIBERAS MERA	Item	
Mr. FERMÍN DEL RÍO SANZ DE ACEDO	Item	
Mr. SHRIPRAKASH SHUKLA	Item	

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Name	Item	Remuneration amount
Mr. VANKIPURAM PARTHASARATHY	Item	
Ms. MARÍA TERESA SALEGUI ARBIZU	Item	
Mr. JACOBO LLANZA FIGUEROA	Item	
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN	Item	

Comments

c) Summary of remunerations (in thousands of euros):

The summary should include the amounts for all the remuneration items included in this report that have been accrued by the director, in thousands of euros.

Name	Remuneration accrued in the Company					Remuneration accrued in group companies				
	Total remuneration in cash	Gross profit from consolidated financial instruments or shares	Remuneration from savings systems	Remuneration from other items	Total 2019 company	Total remuneration in cash	Gross profit from consolidated financial instruments or shares	Remuneration from savings systems	Remuneration from other items	Total 2019 group
Mr. ANTÓN MARÍA PRADERA JAUREGUI	1,214				1,214					
Ms. GOIZALDE EGAÑA GARITAGOITIA										
Mr. JESÚS MARÍA HERRERA BARANDIARÁN	3,915				3,915					
Mr. ANGEL MANUEL OCHOA CRESPO	100				100					
Mr. CARLOS SOLCHAGA CATALÁN	140				140					
Mr. FRANCISCO JOSÉ RIBERAS MERA										
Mr. JUAN MARÍA RIBERAS MERA										
Mr. FERMÍN DEL RÍO SANZ DE ACEDO	1,413				1,413					



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Mr. SHRIPRAKASH SHUKLA										
Mr. VANKIPURAM PARTHASARATHY										
Ms. MARÍA TERESA SALEGUI ARBIZU										
Mr. JACOBO LLANZA FIGUEROA										
Mrs. SANTOS MARTINEZ-CONDE GUTIÉRREZ BARQUÍN										
TOTAL	6,782				6,782					

Comments

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D. OTHER INFORMATION OF INTEREST

If there are relevant aspects regarding the remuneration of the directors that has not been included in the other sections of this report, but that must be included to provide more complete and reasoned information on the Company's remuneration structure and practices in relation to its directors, briefly describe them.

| There are no additional matters. |

This annual remuneration report was approved by the Company's Board at its meeting held on:

| 28/2/2020 |

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

Yes

No