

ISSUER'S PARTICULARS

Reporting date: 31/12/2018

TAX ID NO: A-20014452

Company name:

CIE AUTOMOTIVE, S.A.

Registered office:

ALAMEDA MAZARREDO, 69, 8° (BILBAO) VIZCAYA

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

A.1. Explain the current directors' remuneration policy applicable to the current year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved at the General Shareholders Meeting, provided that the information included is clear, specific and concrete.

A description must be given of the specific determinations for the current year, both of the remuneration of directors acting as such and for the performance of executive functions, which would have been carried out by the board in accordance with the contracts signed with the executive directors and with the remuneration policy approved at the general meeting.

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

- Description of the Company's procedures and bodies involved in determining and approving the remuneration policy and its terms.
- Indicate and, if necessary, explain whether comparable companies have been taken into account in establishing the Company's remuneration policy.
- Information on whether any external advisors have been involved and, if so, their identity.

The Appointments and Remuneration Committee is the body responsible for proposing the adoption of decisions on the proposed directors' remuneration policy, in accordance with the Board Regulations and the Appointments and Remuneration Committee Regulations and the functions assigned thereto in these regulations.

The Company's Appointments and Remuneration Committee organises its operations on the basis of a schedule of annual meetings and a specific agenda for each meeting, without prejudice to any additional meetings that may be held as a result of unforeseen circumstances at the outset. With regard to the way in which the Appointments and Remuneration Committee deliberates on the proposed remuneration of the directors, it should be noted that, in the initial phase of deliberations, the Chairman of the Board meets with the members of the Appointments and Remuneration Committee and sets out his vision for the remuneration of directors during the year, based on the Company's remuneration policy (the policy currently in force was that approved at the General Shareholders Meeting held on 24 April 2018).

Once this initial opinion has been laid out, the members of the Appointments and Remuneration Committee discuss the decisions to be taken and, at the meeting normally held in December, submit to the Board the proposed remuneration of the directors for the year, and these decisions are adopted at the Board meeting held in December.

The members of the Appointments and Remuneration Committee must be non-executive directors, two of whom will be independent directors. The Appointments and Remuneration Committee is currently composed of the following directors, (i) Chairman: Ángel Ochoa Crespo (independent), (ii) Member: Francisco J. Riberas Mera (proprietary) and (iii) Member: Carlos Solchaga Catalán (independent).

The Committee did not collaborate with external advisors in exercising its functions, nor have comparable companies been expressly taken into account in establishing the Company's remuneration policy.

- Relative weight of variable to fixed remuneration items (remuneration mix) and the criteria and objectives taken into account in their determination to ensure an appropriate balance between fixed and variable components of remuneration. In particular, indicate the actions taken by the Company in relation to the remuneration scheme to reduce exposure to excessive risk and to bring it into line with the Company's long-term objectives, values and interests, including, where applicable, reference to measures envisaged to ensure that the remuneration policy takes into account the long-term performance of the Company, measures taken with regard to those categories of staff whose professional activities have a material impact on the Company's risk profile, and measures envisaged to avoid conflicts of interest, if any.

In addition, indicate whether the Company has established an accrual or vesting period for certain variable remuneration items, in cash, shares or other financial instruments, a period for deferring payment of amounts or delivery of financial instruments already vested, or whether a clause has been agreed to reduce deferred remuneration or that requires the director to return the remuneration received, when such remuneration has been based on data that have subsequently proven to be manifestly misstated.

The variable components are reserved for the Chief Executive Officer within the framework of the Board, on the basis of the following essential purpose (all in accordance with the remuneration policy of CIE Automotive, S.A. approved at the General Shareholders Meeting on 26 April 2018 and the long-term incentive plan based on the performance of the share price also approved at this Meeting): to guarantee the long-term service, commitment, incentive and motivation of the Chief Executive Officer of the CIE Automotive Group for a period of ten (10) years (until 2028). This is why long-term, retention and non-compete incentives are linked to this time frame, which is considered the next essential cycle in the performance of the Company and its Group, its growth and its strategic challenges.

Therefore, the variable components will be as follows:

(a) Short-term variable remuneration

The variable remuneration of the Chief Executive Officer will be linked to the objectives included in the annual report on directors' remuneration and will be related to parameters such as the net profit and the gross operating profit (EBITDA) approved in the annual budget by the Board.

Short-term variable remuneration may not exceed 100% of the fixed remuneration.

The Board, following a proposal of the Appointments and Remuneration Committee (which will have verified the degree of compliance with the established parameters), will determine the degree of compliance for the short-term variable remuneration and its corresponding amount.

(b) Long-term variable remuneration

The long-term variable remuneration of the Chief Executive Officer is based on the performance of the share price, provided that it is approved at the Annual General Meeting.

Once the final amount is determined, this incentive will entitle the Chief Executive Officer to receive a bonus equal to the difference between a reference price and the quoted price in each exercise window, multiplied by a number of units also to be determined at the General Meeting.

The shareholders at the Annual General Meeting have established four exercise windows (third, fifth, eighth and tenth year of the plan) that will vest the right to receive the incentive based on the performance of the share price up until that date and, if exercised, set the reference value of the next window at the amount at which the previous window was exercised. The specific details of the long-term variable remuneration, its terms and monetary components will be determined at the Annual General Meeting.

With regard to reducing exposure to excessive risk, there are two ways in which remuneration is brought into line with the circumstances and excessive risk is mitigated; on one hand, long-term variable remuneration depends on the generation of value for the Company's shareholders and is linked to the performance of the share price (and this value will reflect, where applicable, the achievement of the most basic objectives). Accordingly, the Company's long-term objectives are aligned with the long-term interest of the variable remuneration.

In addition, without prejudice to the foregoing, the Board, in accordance with the proposal, if any, put forward by the Appointments and Remuneration Committee, has the power to demand that the Chief Executive Officer return the remuneration already paid in relation to the long-term service commitment (claw-back clauses). Furthermore, additional measures may be put in place to claim repayment in special situations such as fraud or a serious breach of law.

- Amount and nature of the fixed components that directors acting as such are expected to earn during the year.

The fixed remuneration components of the various directors acting as such for the current year are as follows:

- Chairman of the Board: EUR 1,200 thousand
- Chairman of the Audit and Compliance Committee and lead independent director: EUR 140 thousand
- Chairman of the Appointments and Remuneration Committee: EUR 100 thousand

There are no attendance fees or other fixed remuneration components for the other Board members.

- Amount and nature of the fixed components that will be earned by executive directors for exercising senior management functions.

The fixed remuneration components of the various executive directors for the current year are as follows:

- Chief Executive Officer: EUR 525 thousand;
- Executive director with functions involving corporate and M&A transactions: EUR 200 thousand.

There are no attendance fees or other fixed remuneration components for the other Board members.

- Amount and nature of any component of remuneration in kind to be earned during the year including, but not limited to, insurance premiums paid on behalf of directors.

Prior to his appointment as such, the Chief Executive Officer had received a loan that implies the existence of remuneration in kind because of the interest rate applied to this loan.

In addition, the Chairman of the Board, the Chief Executive Officer, and the director with executive functions in corporate and M&A transactions are allowed to use a company vehicle, which is considered remuneration in kind.

- Amount and nature of the variable components, differentiating between short- and long-term components. Financial and non-financial parameters, which include social, environmental and climate change parameters, selected to determine variable remuneration in the current year, explanation of the extent to which these parameters are related to the performance of both the director and the Company and its risk profile, and the methodology, time frame and techniques envisaged to be able to determine, at the end of the year, the degree of compliance with the parameters used in determining variable remuneration.

Indicate the range in monetary terms of the different variable components in accordance with the degree of compliance with the established objectives and parameters, and whether there is a maximum monetary amount in absolute terms.

The variable components are reserved for the Chief Executive Officer within the framework of the Board, on the basis of the following essential purpose (all in accordance with the remuneration policy of CIE Automotive, S.A. approved at the General Shareholders Meeting on 24 April 2018 and the long-term incentive plan based on the performance of the share price also approved at this Meeting): to guarantee the long-term service, commitment, incentive and motivation of the Chief Executive Officer of the CIE Automotive Group for a period of ten (10) years (until 2028). This is why long-term, retention and non-compete incentives are linked to this time frame, which is considered the next essential cycle in the performance of the Company and its Group, its growth and its strategic challenges.

Therefore, the variable components will be as follows:

(a) Short-term variable remuneration

The variable remuneration of the Chief Executive Officer will be linked to the objectives included in the annual report on directors' remuneration and will be related to parameters such as the net profit and the gross operating profit (EBITDA) approved in the annual budget by the Board.

Short-term variable remuneration may not exceed 100% of the fixed remuneration. Full compliance with the parameters was verified in the current year and he will receive an amount equal to the fixed remuneration.

The Board, following a proposal of the Appointments and Remuneration Committee (which will have verified the degree of compliance with the established parameters), will determine the degree of compliance for the short-term variable remuneration and its corresponding amount.

(b) Long-term variable remuneration

The long-term variable remuneration of the Chief Executive Officer is based on the performance of the share price, provided that it is approved at the Annual General Meeting.

Once the final amount is determined, this incentive will entitle the Chief Executive Officer to receive a bonus equal to the difference between a reference price and the quoted price in each exercise window, multiplied by a number of units also to be determined at the General Meeting.

The shareholders at the Annual General Meeting have established four exercise windows (third, fifth, eighth and tenth year of the plan) that will vest the right to receive the incentive based on the performance of the share price up until that date and, if exercised, set the reference value of the next window at the amount at which the previous window was exercised. The specific details of the long-term variable remuneration, its terms and monetary components will be determined at the Annual General Meeting.

From a quantitative point of view, and simulating the full remuneration for the current year (a quoted price of EUR 25 at 18 February 2019), this remuneration would amount to EUR 5,365 thousand.

Within the calculation parameters, the Chief Executive Officer's variable remuneration does not include non-financial components, such as those relating to social and environmental matters and climate change.

- Main characteristics of the long-term savings schemes. Among other information, a description must be provided of the contingencies covered by the system, whether it is a defined contribution or benefit plan, the annual contribution to be made to the defined contribution schemes, the benefit to which the beneficiaries are entitled in the case of defined benefit schemes, the terms for vesting the economic rights in favour of the directors and their compatibility with any type of payment or compensation for early termination or arising from the termination of the contractual relationship, under the terms provided, between the Company and the director.

Indications should be provided as to whether the accrual or vesting of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the short- and long-term performance of the director.

There is no such remuneration.

- Any type of payment or compensation for early termination or arising from the termination of the contractual relationship, under the terms provided, between the Company and the director, regardless of whether it is the Company or the director that decides to end the relationship, as well as any type of agreements, such as exclusivity, post-contractual non-compete and long-term service or loyalty agreements, which entitle the director to any type of payment.

The Chief Executive Officer is entitled to receive amounts for the following:

- (i) Non-compete agreement

Given the extent of his knowledge of the design and execution of the Company's strategy and business plans, the Chief Executive Officer's contract contains a non-compete obligation in relation to companies and activities that are similar in nature during the term of his relationship with the Company and for a subsequent period of between one and two years. As compensation for these commitments, the Chief Executive Officer will be entitled to annual net remuneration of EUR 650 thousand, which must be repaid to the Company in the event of early termination of the relationship with the Company.

- (ii) Long-term service bonus and exclusivity agreement

The Chief Executive Officer assumes a commitment of exclusivity and long-term service for a period of at least ten years. As compensation for these commitments, the Chief Executive Officer will be entitled to annual net remuneration of EUR 650 thousand, which must be repaid to the Company in the event of early termination of the relationship with the Company.

Furthermore, if the Company decides to terminate the contractual relationship, the Chief Executive Officer will be entitled to receive the full amounts included in the non-compete agreement, the long-term service and exclusivity bonus, the long-term variable remuneration and termination benefits equal to the amount of the short-term fixed and variable remuneration received in the immediately preceding year. All of the foregoing will be applicable unless the reason for termination is (i) a serious breach by the Chief Executive Officer of the obligations set out established this Agreement or (ii) a breach of ethical or regulatory obligations (stock market, competition, etc.).

- Indicate the terms to apply to the contracts of executive directors exercising senior management functions. Among other information, indicate the term, limits on termination benefits, long-term service clauses, notice periods, as well as payment as a substitute for the aforementioned notice

period, and any other clauses relating to hiring bonuses, termination benefits or golden parachutes in the event of early termination of the contractual relationship between the Company and the executive director. Include, among others, non-compete, exclusivity, long-term service or loyalty and post-contractual non-compete covenants or agreements, unless explained in the previous section.

The essential characteristics of the Chief Executive Officer's contract are as follows:

(i) Term

The contract has an indefinite term.

The Chief Executive Officer's contract may be freely terminated at any time by the Company, without prior notice and with the termination benefits indicated in section 8 above.

Accordingly, the Chief Executive Officer may freely terminate the contract and resign from his position at any time, giving prior notice of at least three months, and must return the amount corresponding to the non-compete agreement and long-term service bonus described below.

(ii) Applicable regulations

The regulations applicable to the contracts of executive directors are those provided for in each case by law.

(iii) Non-compete agreement

Given the extent of his knowledge of the design and execution of the Company's strategy and business plans, the Chief Executive Officer's contract contains a non-compete obligation in relation to companies and activities that are similar in nature during the term of his relationship with the Company and for a subsequent period of between one and two years. As compensation for these commitments, the Chief Executive Officer will be entitled to remuneration payable that must be repaid to the Company in the event of early termination of the relationship with the Company.

(iv) Long-term service bonus and exclusivity agreement.

The Chief Executive Officer assumes a commitment of exclusivity and long-term service for a period of at least ten years. As compensation for these commitments, the Chief Executive Officer will be entitled to remuneration that must be repaid to the Company in the event of early termination of the relationship with the Company.

(v) Confidentiality and return of documents

A strict duty of confidentiality is established for executive directors, both during the term of their contracts and once the relationship has been terminated. In addition, when their relationship with the Company has been terminated, executive directors must return to the Company any documents and objects related to their activity that are in their possession.

(v) Ethical duties

Executive directors must conduct their business in good faith and with loyalty, and refrain from directly or indirectly taking part in situations that could give rise to a conflict between their personal interests and those of the Company.

- The nature and estimated amount of any additional remuneration that will be earned by directors in the current year as consideration for services rendered other than those inherent to their position.

The director with executive functions in corporate and M&A transactions, in addition to their fixed remuneration, is entitled to receive a percentage (0.25%) of the value of the Company being acquired in each business acquisition transaction, with a maximum limit of EUR 800 thousand per transaction.

No remuneration was received in this regard in 2018.

- Other remuneration items such as advances, loans and guarantees and other remuneration granted by the Company to the director.

The Chief Executive Officer has an account payable to the Company by virtue of a loan agreement for the acquisition of shares in the Company, which currently amounts to EUR 152 thousand.

- The nature and estimated amount of any other additional remuneration envisaged not included in the previous sections, whether paid by the Company or another group company, which will be earned by the directors in the current year.

There is no additional remuneration in this regard.

A.2. Explain any relevant changes in the remuneration policy applicable in the current year as a result of:

- A new policy or an amendment to a policy already approved at the general meeting.
- Relevant changes in the specific determinations established by the board for the current year of the remuneration policy in force with regard to those applied in the previous year.
- Proposals that the Board has agreed to present at the general shareholders meeting at which this annual report will be submitted and that are intended to apply to the current year.

CIE Automotive's remuneration policy was approved at the General Shareholders Meeting on 24 April 2018.

There are no amendments to this policy, no relevant changes in the determinations for the application of this policy and no new proposals from the Board in this regard.

A.3. Identify the direct link to the document containing the Company's current remuneration policy, which should be available on the Company's website.

<http://www.cieautomotive.com/documents/25060/603351/CIE+Automotive+-+Politica+Remuneraciones+20180320.pdf/eeb09fbb-f5f3-4a7e-b6d0-84438d607b2a>

A.4. Explain, taking into account the data provided in section B.4, how the shareholders' vote at the general meeting at which the annual remuneration report for the previous year was submitted to an advisory vote was taken into account.

As the 2017 annual remuneration report was approved in an advisory vote with 89.363252% of the votes in favour, 10.462462% of the votes against and 0.174286% abstentions, no circumstances have been considered in relation thereto.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS IMPLEMENTED DURING THE YEAR

B.1. Explain the process followed to implement the remuneration policy and determine the individual remuneration reflected in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board and, where applicable, the identity and role of external advisors whose services were used in the process of implementing the remuneration policy in the year ended.

The Appointments and Remuneration Committee is the body responsible for proposing the adoption of decisions on the remuneration of directors, in accordance with the Board Regulations and the Appointments and Remuneration Committee Regulations and the functions assigned thereto in these regulations.

The Company's Appointments and Remuneration Committee, in accordance with the functions attributed thereto in the Board Regulations and the Appointments and Remuneration Committee Regulations, organises its operations on the basis of a schedule of annual meetings and a specific agenda for each meeting, without prejudice to any additional meetings held as a result of circumstances unforeseen at the outset. With regard to the way in which the Appointments and Remuneration Committee deliberates on the proposed remuneration of the directors, it should be noted that, in the initial phase of deliberations, the Chairman of the Board meets with the members of the Appointments and Remuneration Committee and sets out his vision for the remuneration of directors during the year, based on the Company's policy. Once this initial opinion has been laid out, the members of the Appointments and Remuneration Committee discuss the decisions to be taken and, at the meeting normally held in December, submit to the Board the proposed remuneration of the directors for the year, and these decisions are adopted at the Board meeting held in December.

The Committee did not collaborate with external advisors in exercising its functions.

B.2. Explain the various actions taken by the Company in relation to the remuneration scheme and how they have contributed to reducing exposure to excessive risk and bringing it into line with the Company's long-term objectives, values and interests, including reference to measures that have been taken to ensure that the remuneration earned has taken into account the Company's long-term performance and achieved an appropriate balance between fixed and variable components of remuneration, what measures have been taken with regard to those categories of staff whose professional activities have a material impact on the Company's risk profile, and what measures have been taken to avoid conflicts of interest, if any.

With regard to reducing exposure to excessive risk, there are two ways in which remuneration is brought into line with the circumstances and excessive risk is mitigated; on one hand, long-term variable remuneration depends on the generation of value for the Company's shareholders and is linked to the performance of the share price (and this value will reflect, where applicable, the achievement of the most basic objectives). Accordingly, the Company's long-term objectives are aligned with the long-term interest of the variable remuneration.

In addition, without prejudice to the foregoing, the Board, in accordance with the proposal, if any, put forward by the Appointments and Remuneration Committee, has the power to demand that the Chief Executive Officer return the remuneration already paid in relation to the long-term service commitment (claw-back clauses). Furthermore, additional measures may be put in place to claim repayment in special situations such as fraud or a serious breach of law.

B.3. Explain how the remuneration earned during the year complies with the current remuneration policy.

Likewise, report on the relationship between the remuneration obtained by the directors and the Company's results or other performance measures, both short and long term, explaining, where applicable, how changes in the Company's performance may have influenced a change in directors' remuneration, including any remuneration earned but where payment was deferred, and how this contributes to the Company's short- and long-term results.

The Chief Executive Officer is the only Board member with variable remuneration linked to performance. When determining his short-term variable remuneration, the fulfilment of the net profit and EBITDA indicated in the budget was taken into account and, therefore, variable remuneration equal to 100% of his fixed remuneration was granted (which in 2018 corresponded to 100% of the fixed remuneration for 2017 (EUR 450 thousand).

His long-term variable remuneration, insofar as it is tied to the performance of the share price, is linked to the Company's long-term performance.

B.4. Report on the result of the advisory vote at the general meeting on the annual remuneration report of the previous year, indicating the number of votes cast against the report, if any.

	Number	% of total
Votes cast	122,442,435	100.00

	Number	% of votes cast
Votes against	12,810,493	10.46
Votes for	109,418,542	89.36
Abstained	213,400	0.17

Remarks

B.5. Explain how the fixed components earned during the year by the directors acting as such were determined and how they varied compared to the previous year.

The fixed components earned by the directors acting as such are those approved at the General Shareholders Meeting held on 24 April 2018 and have not changed in the current year compared to 2018.

B.6. Explain how the salaries earned during the year by each of the executive directors for performing management functions were determined and how they varied compared to the previous year.

The fixed components earned by executive directors are those approved at the General Shareholders Meeting held on 24 April 2018 and have not changed in the current year compared to 2018.

B.7. Explain the nature and main characteristics of the variable components of the remuneration schemes earned during the year ended.

In particular:

- Identify each of the remuneration plans that have given rise to the different variable remuneration earned by each of the directors during the year ended, including information on their scope, approval date, implementation date, accrual periods and validity, criteria used to evaluate performance and how this has an impact on setting the variable amount earned, as well as the measurement criteria used and the period required to be able to adequately measure all the terms and criteria stipulated.

In the case of share option plans or other financial instruments, the general characteristics of each plan must include information on the terms both for acquiring unconditional ownership (vesting) and for being able to exercise these options or financial instruments, including the price and exercise period.

- Each of the directors, and their category (executive directors, proprietary non-executive directors, independent non-executive directors or other non-executive directors), who are beneficiaries of remuneration schemes or plans that include variable remuneration.

- Where applicable, information will be provided on any accrual payment deferral periods that may have been applied and/or periods for retaining or not disposing of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration schemes:

The Chief Executive Officer is entitled to short-term variable remuneration that is related to the fulfilment of the level of net profit and gross operating profit (EBITDA) approved in the annual budget.

The Board, following a favourable report from the Appointments and Remuneration Committee, verified fulfilment of these parameters in 2018 and agreed to pay short-term variable remuneration equal to the fixed remuneration (which in 2018 corresponded to 100% of the fixed remuneration for 2017 (EUR 450 thousand)).

Explain the long-term variable components of the remuneration schemes:

The Chief Executive Officer ("the Beneficiary") is the holder of a long-term incentive based on the increase in value of the shares of CIE Automotive, S.A., due to his special relationship with the Company ("the Incentive"), with the following basic characteristics:

I. Purpose

The Incentive consists of the assignment of 1,450,000 units to the Beneficiary, which includes the option to receive remuneration based on the increase in value of the same number of shares of CIE Automotive, S.A. during a period of time, using their market value as a reference and that will be paid in cash.

II. Beneficiary and number of units.

The beneficiary of the Incentive is the Chief Executive Officer.

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

These units will be assigned for the sole purpose of calculating the Incentive and will not imply that the status of shareholder or of any other rights linked to such status by the Beneficiary is acquired.

III. Determining the Incentive

The Beneficiary will be entitled to receive, on the dates indicated below, long-term variable remuneration that will consist of an amount in euros (€) as a result of applying the following formula:

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

where

- Initial value corresponds to the amount of EUR 21.30 per share.
- Market value is equal to the average quoted price of CIE Automotive, S.A.'s shares 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 purpose of the calculation, the average quoted price will be calculated by dividing the sum of the cash traded in CIE Automotive shares in the reference period of ninety (90) calendar days by the sum of the total number of securities traded on the Bilbao, Madrid, Barcelona and Valencia stock exchanges during this reference period of ninety (90) calendar days.
- Reference Period corresponds, at the choice of the Chief Executive Officer, to the period of ninety (90) calendar days prior to a date between either (i) 1 January 2020 and 31 December 2020; (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 Chief Executive Officer may therefore exercise the Incentive partially and –under the terms indicated below– for the final settlement thereof, in any of the Reference Periods.

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

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

- The amount received by the Beneficiary in exercising the Incentive corresponding to the periods from (i) 1 January 2020 to 31 December 2020; or (ii) 1 January 2022 to 31 December 2022; or (iii) 1 January 2025 to 31 December 2025, will be deducted from the amount of the Incentive to be received in relation to the reference period from 1 January 2027 to 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 last reference period, the Beneficiary will not be required to repay any amount of the Incentive received to date, vesting the amount received when the Incentive is collected in each of the first three Reference Periods.

If the Market 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 (a right that is not lost due to the fact that the Beneficiary cannot exercise the Incentive in any Reference Periods).

IV. Terms for settlement of the Incentive.

The Beneficiary's right to the Incentive cannot be consolidated, nor will it be automatically extended.

The amount received by the Beneficiary, if any, under this remuneration scheme will not under any circumstances count as a parameter for calculating any potential termination benefits to which the Beneficiary may be entitled, for whatever reason, from now on.

The Incentive regulated in this proposal will be paid in each of the Reference Periods and no later than thirty (30) calendar days from the date on which corresponding ninety (90) calendar days within the Reference Period are determined, as described in section III above.

Consequently, if the Beneficiary voluntarily terminates his relationship with the CIE Automotive Group prior to each Reference Period, the right to receive the remuneration (or, in the case of partial exercise in a Reference Period, the remainder of the Incentive) referred to in this remuneration proposal will be considered to have been automatically and irrevocably extinguished.

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

- (i) death; or
- (ii) retirement or early retirement, either at the initiative of the Beneficiary or CIE Automotive; or
- (iii) permanent disability of the Beneficiary; or
- (iv) unilateral withdrawal by the CIE Automotive Group company by means of a resolution of the General Shareholders Meeting against the re-election of the Chief Executive Officer or his dismissal; or by means of a resolution of the Board not to propose the renewal of or to dismiss the Chief Executive Officer; or
- (v) wrongful dismissal recognised as such by CIE Automotive; in conciliation or declared as such by final court ruling;

the Beneficiary, or his successors, will receive in advance, on the termination date, the outstanding Incentive taking as a reference, *mutatis mutandis*, the market value of the shares on the date of termination.

B.8. Indicate whether certain variable components have been reduced or returned when payment has been vested and deferred in the first case, or vested and paid in the second case, based on data that have subsequently proven to be manifestly misstated. Describe the amounts reduced or returned by application of clawback clauses, why they have been enforced and the years to which they correspond.

These circumstances did not arise during the year.

B.9. Explain the main characteristics of the long-term savings schemes, the whose amount or equivalent annual cost of which is shown in the tables in Section C, including retirement and any other survivor's benefits, which are financed in part or in full by the Company, whether they are provided internally or externally, indicating the type of plan, whether it is a defined contribution or benefit plan, the contingencies covered, the terms for vesting dividend rights in favour of the directors and their compatibility with any type of compensation for early termination of the contractual relationship between the Company and the director.

Board members of CIE Automotive, S.A. do not receive this type of remuneration.

- B.10. Explain, if applicable, any termination benefits or other type of payment arising from early termination, regardless of whether it is the Company or the director that decides to end the relationship, or the termination of the contract, under the terms thereof, earned and/or received by the directors during the year.

These circumstances have not arisen.

- B.11. Indicate whether any significant changes have been made to the contracts of executive directors that exercise senior management functions and, if so, explain these changes. Likewise, explain the main terms of the new contracts signed with executive directors during the year, unless they have already been explained in section A.1.

The changes made are due to the new remuneration policy and the characteristics are those expressed in section A.1.

- B.12. Explain any additional remuneration earned by directors as consideration for services rendered other than those inherent to their position.

No remuneration has been earned in this regard.

- B.13. Explain any remuneration in the form of advances, loans and guarantees granted, indicating the interest rate, their essential characteristics and any amounts repaid, as well as the obligations assumed on their behalf by way of guarantee.

The Chief Executive Officer has an account payable to the Company by virtue of an interest-free loan agreement for the acquisition of shares in the Company, which currently amounts to EUR 152 thousand.

- B.14. Give details of the remuneration in kind earned by directors during the year, briefly explaining the nature of the different salary components.

Antonio María Pradera Jauregui: remuneration for the use of a vehicle in the amount of EUR 13,937.
Jesus Maria Herrera Barandiaran: remuneration for the use of a vehicle in the amount of EUR 14,462.
Fermin del Rio Sanz de Acedo: remuneration for the use of a vehicle in the amount of EUR 14,526.

- B.15. Explain the remuneration earned by the director by virtue of payments made by the listed company to another entity at which the director provides services, when the purpose of these payments is to compensate their services at the Company.

No remuneration was earned during the year in this regard.

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

The Company and the Chief Executive Officer

C. DETAIL OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	Accrual period 2018
ANTONIO MARIA PRADERA JAUREGUI	Proprietary Chairman	From 01/01/2018 to 31/12/2018
ELIDOZA PROMOCION DE EMPRESAS, S.L.	Proprietary Deputy Chairman	From 01/01/2018 to 31/12/2018
JESUS MARIA HERRERA BARANDIARAN	Chief Executive Officer	From 01/01/2018 to 31/12/2018
CARLOS SOLCHAGA CATALAN	Lead Director	From 01/01/2018 to 31/12/2018
FERMIN DEL RIO SANZ DE ACEDO	Executive Director	From 01/01/2018 to 31/12/2018
ANGEL OCHOA CRESPO	Independent Director	From 01/01/2018 to 31/12/2018
FRANCISCO JOSE RIBERAS MERA	Proprietary Director	From 01/01/2018 to 31/12/2018
JUAN MARIA RIBERAS MERA	Proprietary Director	From 01/01/2018 to 31/12/2018
QMC DIRECTORSHIPS, S.L.	Other Non-Executive Director	From 01/01/2018 to 31/12/2018
ADDVALIA CAPITAL, S.A.	Proprietary Director	From 01/01/2018 to 31/12/2018
VANKIPURAM PARTHASARATHY	Proprietary Director	From 01/01/2018 to 31/12/2018
SHRIPRAKASH SHUKLA	Proprietary Director	From 01/01/2018 to 31/12/2018
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN	Proprietary Director	From 26/04/2018 to 31/12/2018

C.1. Complete the following tables regarding the individual remuneration of each of the directors (including remuneration for exercising executive functions) earned during the year.

a) Remuneration of the reporting company:

i) Remuneration earned in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salaries	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2018	Total 2017
ANTONIO MARIA PRADERA JAUREGUI	1,200							14	1,214	1,214
ELIDOZA PROMOCION DE EMPRESAS, S.L.										
JESUS MARIA HERRERA BARANDIARAN	525				450			2,870	3,845	17,729
CARLOS SOLCHAGA CATALAN	140								140	120
FERMIN DEL RIO SANZ DE ACEDO	200							14	214	1,323
ANGEL OCHOA CRESPO	100								100	80
FRANCISCO JOSE RIBERAS MERA										
JUAN MARIA RIBERAS MERA										
QMC DIRECTORSHIPS, S.L.										
ADDVALIA CAPITAL, S.A.										
VANKIPURAM PARTHASARATHY										
SHRIPRAKASH SHUKLA										
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN										

Remarks

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments.

Name	Name of the plan	Financial instruments at the beginning of 2018		Financial instruments granted in 2018		Financial instruments consolidated in the year				Expired instruments not exercised	Financial instruments at the end of 2018	
		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 consolidated shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
JESUS MARIA HERRERA BARANDIARAN	LONG-TERM INCENTIVE PLAN LINKED TO PERFORMANCE OF THE SHARE PRICE	1,450,000						0.00				

Remarks

iii) Long-term savings schemes.

Name	Remuneration for vesting rights to savings schemes
ANTONIO MARIA PRADERA JAUREGUI	
ELIDOZA PROMOCION DE EMPRESAS, S.L.	
JESUS MARIA HERRERA BARANDIARAN	
CARLOS SOLCHAGA CATALAN	
FERMIN DEL RIO SANZ DE ACEDO	

Name	Remuneration for vesting rights to savings schemes
ANGEL OCHOA CRESPO	
FRANCISCO JOSE RIBERAS MERA	
JUAN MARIA RIBERAS MERA	
QMC DIRECTORSHIPS, S.L.	
ADDVALIA CAPITAL, S.A.	
VANKIPURAM PARTH ASARAT H Y	
SHRIPRAKASH SHUKLA	
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN	

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with economic rights vested		Savings systems with economic rights not vested		Savings schemes with economic rights vested		Savings systems with economic rights not vested	
	2018	2017	2018	2017	2018	2017	2018	2017
ANTONIO MARIA PRADERAJAUREGUI								
ELIDOZA PROMOCION DE EMPRESAS, S.L.								
JESUS MARIA HERRERA BARANDIARAN								
CARLOS SOLCHAGA CATALAN								
FERMIN DEL RIO SANZ DE ACEDO								

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with economic rights vested		Savings systems with economic rights not vested		Savings schemes with economic rights vested		Savings systems with economic rights not vested	
	2018	2017	2018	2017	2018	2017	2018	2017
ANGEL OCHOA CRESPO								
FRANCISCO JOSE RIBERAS MERA								
JUAN MARIA RIBERAS MERA								
QMC DIRECTORSHIPS, S.L.								
ADDVALIA CAPITAL, S.A.								
VANKIPURAM PARTHASARATHY								
SHRIPRAKASH SHUKLA								
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN								

Remarks

iv) Details of other items

Name	Item	Amount of remuneration
ANTONIO MARIA PRADERA JAUREGUI	Vehicle in kind	14

Name	Item	Amount of remuneration
JESUS MARIA HERRERA BARANDIARAN	Vehicle in kind	14
JESUS MARIA HERRERA BARANDIARAN	NON-COMPETE AGREEMENT AND LONG-TERM SERVICE BONUS	2,846
FERMIN DEL RIO SANZ DE ACEDO	Vehicle in kind	14

Remarks

b) Remuneration paid to directors for sitting on the boards of other group companies

i) Remuneration earned in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salaries	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2018	Total 2017
ANTONIO MARIA PRADERA JAUREGUI										
ELIDOZA PROMOCION DE EMPRESAS, S.L.										
JESUS MARIA HERRERA BARANDIARAN										
CARLOS SOLCHAGA CATALAN										
FERMIN DEL RIO SANZ DE ACEDO										
ANGEL OCHOA CRESPO										
FRANCISCO JOSE RIBERAS MERA										
JUAN MARIA RIBERAS MERA										
QMC DIRECTORSHIPS, S.L.										

Name	Fixed remuneration	Attendance fees	Remuneration for membership on board committees	Salaries	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2018	Total 2017
ADDDVALIA CAPITAL, S.A.										
VANKIPURAM PARTH ASARAT H Y										
SHRIPRAKASH SHUKLA										
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN										

Remarks

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments.

Name	Name of the plan	Financial instruments at the beginning of 2018		Financial instruments granted in 2018		Financial instruments consolidated in the year				Expired instruments not exercised	Financial instruments at the end of 2018	
		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 consolidated shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

Remarks

iii) Long-term savings schemes.

Name	Remuneration for vesting rights to savings schemes
ANTONIO MARIA PRADERA JAUREGUI	
ELIDOZA PROMOCION DE EMPRESAS, S.L.	
JESUS MARIA HERRERA BARANDIARAN	
CARLOS SOLCHAGA CATALAN	
FERMIN DEL RIO SANZ DE ACEDO	
ANGEL OCHOA CRESPO	
FRANCISCO JOSE RIBERAS MERA	
JUAN MARIA RIBERAS MERA	
QMC DIRECTORSHIPS, S.L.	
ADDVALIA CAPITAL, S.A.	
VANKIPURAM PARTH ASARAT H Y	
SHRIPRAKASH SHUKLA	
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN	

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with economic rights vested		Savings systems with economic rights not vested		Savings schemes with economic rights vested		Savings systems with economic rights not vested	
	2018	2017	2018	2017	2018	2017	2018	2017
ANTONIO MARIA PRADERAJAUREGUI								
ELIDOZA PROMOCION DE EMPRESAS, S.L.								
JESUS MARIA HERRERA BARANDIARAN								
CARLOS SOLCHAGA CATALAN								
FERMIN DEL RIO SANZ DE ACEDO								
ANGEL OCHOA CRESPO								
FRANCISCO JOSE RIBERAS MERA								
JUAN MARIA RIBERAS MERA								
QMC DIRECTORSHIPS, S.L.								
ADDVALIA CAPITAL, S.A.								
VANKIPURAM PARTH ASARAT H Y								
SHRIPRAKASH SHUKLA								

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with economic rights vested		Savings systems with economic rights not vested		Savings schemes with economic rights vested		Savings systems with economic rights not vested	
	2018	2017	2018	2017	2018	2017	2018	2017
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN								

Remarks

iv) Details of other items

Name	Item	Amount of remuneration
No data		

c) Summary of remuneration (thousands of euros)

The summary should include amounts for all remuneration items referred to in this report earned by the director, in thousands of euros.

Name	Remuneration earned at the Company					Remuneration earned at Group companies				
	Total remuneration in cash	Gross profit from consolidated shares or financial instruments	Remuneration for savings schemes	Other remuneration items	Total 2018 - Company	Total remuneration in cash	Gross profit from consolidated shares or financial instruments	Remuneration for savings schemes	Other remuneration items	Total 2018 - Group
ANTONIO MARIA PRADERA JAUREGUI	1,214				1,214					
ELIDOZA PROMOCION DE EMPRESAS, S.L.										
JESUS MARIA HERRERA BARANDIARAN	3.845				3,845					
CARLOS SOLCHAGA CATALAN	140				140					
FERMIN DEL RIO SANZ DE ACEDO	214				214					
ANGEL OCHOA CRESPO	100				100					
FRANCISCO JOSE RIBERAS MERA										
JUAN MARIA RIBERAS MERA										
QMC DIRECTORSHIPS, S.L.										
ADDVALIA CAPITAL, S.A.										
VANKIPURAM PARTH ASARAT H Y										
SHRIPRAKASH SHUKLA										
SANTOS MARTINEZ CONDE GUTIERREZ BARQUIN										
TOTAL	5,513				5,513					

Remarks

D. OTHER INFORMATION OF INTEREST

If there is any salient feature of directors' remuneration that has not been addressed in the other sections of this report, and that is necessary to provide a more comprehensive view of the Company's remuneration structure and practices with regard to directors, provide a brief description.

There are no additional issues.

This annual remuneration report was approved by Board at its meeting held on:

22/02/2019

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

Yes

No