

APPENDIX 1

ANNUAL REPORT ON REMUNERATION PAID TO THE DIRECTORS OF LISTED COMPANIES

IDENTIFICATION DATA OF ENTITY

CLOSING DATE PERIOD OF REFERENCE	12/31/2016
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C.I.F.	A-20014452
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BUSINESS NAME

CIE AUTOMOTIVE, S.A.

REGISTERED OFFICE

ALAMEDA MAZARREDO N° 69, 8° PISO BILBAO (BIZKAIA)

ANNUAL REPORT ON REMUNERATION PAID TO THE DIRECTORS OF LISTED COMPANIES

A COMPANY'S REMUNERATIONS POLICY FOR THE CURRENT YEAR

A.1 Explain the Company's remunerations policy. This section will include information on:

- General principles and reasons for the remunerations policy
- Most significant changes made in the remunerations policy compared with the previous year and any changes made during the year in the exercise conditions for stock options already granted.
- Criteria applied and composition of comparable corporate groups the remunerations policy of which have been examined to establish the company's remunerations policy.
- Relative importance of variable remuneration items with respect to fixed items and criteria applied to determine the components of directors' remuneration package (salary mix).

Explain the Company's remunerations policy

Throughout organisation, the remunerations policy is viewed as a factor key to the creation of value. This is also the view of CIE Automotive in relation to the remuneration of the members of its Board of Directors, the creation of value being the principle underlying Article 24 of the Articles of Association, which regulates directors' remuneration.

Article 24. Directors' remuneration

1. The members of the Board of Directors shall be entitled to receive remuneration. This remuneration shall consist of: (a) a fixed portion, concordant with the services and responsibilities assumed; (b) a variable portion, linked to objective indicators of the director's individual performance or the company's performance; (c) a portion corresponding to welfare benefits, which shall include the pertinent insurance. Items (a) and (b) shall be paid in cash.

2. The setting of the amounts of fixed remuneration, of the indicators used to calculate the variable portion (which may in no circumstances consist of a stake in the Company's profits), and of the items to be included in the welfare portion shall be resolved upon by the General Shareholders' Meeting. The General Shareholders' Meeting is expressly authorised to establish incentives schemes for all, any or some of the directors and for the senior managers of the company or group companies. These schemes may include the award of shares or share options or remuneration linked to the value of shares, subject to the requirements established in the legislation in force at each given moment.

3. In addition, administrators who have been assigned executive functions in the company shall be entitled, in the event of their dismissal not due to a breach of duty, shall be entitled to an indemnity set by the Company."

The remuneration reserved for directors is aimed at recognising the Board Members' commitment and sense of responsibility towards the Company and is based on criteria that take into consideration the levels of responsibility and dedication inherent in the offices that they hold.

In this respect, directors classed as executive directors receive remuneration insofar as they show particular dedication to the performance of their duties within the Company.

According to the policy already included within the Annual Report on Remuneration paid to the directors in 2015, the Chairman of the Board of Directors has received in 2016 an extra remuneration because of the compliance with corporate earnings, without being it classified as variable remuneration.

At the same time, the Director Fermín Río Sanz de Acedo, in the measure in which he performs executive functions related to the development of corporate operations, has received an extraordinary amount during the year as a result of winding up various corporate operations.

In view of their particular dedication to the Company, remuneration has also been paid to the Chairman of the Audit and Compliance Committee and to the Chairman of the Nomination and Compensation Committee.

The Company pays its directors no remuneration or benefits of other kinds (neither per diem expenses for attendance of meetings, nor share-based remuneration, nor savings or retirement plans, nor advances or loans, guarantees, etc.), except for the loan granted for the Chief Executive Officer to purchase shares in the Company and the use of company cars by three directors.

The directors receive said remuneration directly from the parent company.

A.2 Information on preparatory work and the decision-taking process followed to determine the remunerations policy and the role-played, if any, by the Remunerations Committee and other supervisory bodies in the design of the remunerations policy. This information will include, where necessary, the mandate and composition of the Remunerations Committee and the identity of any external advisors used to define the emoluments policy. Likewise, the nature of the directors taking part, if appropriate, in the definition of the remunerations policy will be indicated.

Explain the process for determining the remunerations policy

The Appointments and Remuneration Committee, as specified in the Board of Directors Regulation and the duties under in Section 3 of the Appointments and Remuneration Committee Regulation, is the organ in which there are placed the primary faculties regarding the proposition of the adoption of decisions related to the Directors' remuneration.

This Committee is made up of the following three (3) Directors:

Mr. Ángel Ochoa Crespo (Chairman Independent External Director)
Mr. Carlos Solchaga Catalán (External independent Board Member)
Mr. Francisco José Riberas Mera (Nominee Institutional Director)

Members of Appointments and Remuneration Committee have to be non-executive directors, and two of them will be independent.

Without prejudice to other tasks may be assigned by the Board to the Nomination and Compensation Committee, its basic responsibilities are the following:

- a) Propose to the Board of Directors the remuneration policies for directors and senior executive and review them periodically, proposing, if necessary, its amendment and updating to the Board of Directors.
- b) Report and review the criteria to be followed regarding the composition of the Board of Directors and the selection of candidates, and in particular, the required skills, knowledge and experience as well as the evaluation of the time and devotion required in order to perform correctly their duties.
- c) Ensure that when there are new vacancies or the appointment of new directors, there are no bias within the selection procedures, and particularly, ones that might obstruct the selection of a female director.
- d) Set up a goal of representation for the under-represented sex on the Board of Directors and develop guidance on how to achieve that objective.
- e) Submit to the Board of Directors suggestions for the appointment of independent directors to be appointed by co-optation or for their submission to the decision of the General Meeting of Shareholders; suggest for re-election or removal of such directors by the General Meeting of Shareholders; and inform about the separation proposals of such directors made by the Board of Directors.
- f) Report the suggestions for the appointment of the remaining directors to be appointed by co-optation or for their submission to the decision of the General Meeting of Shareholders, as well as suggestions for re-election or removal of such directors made by the General Meeting of Shareholders.
- g) Report or draw up proposals for the appointment of internal positions of the Board of Directors, as well as members who should form part of each committee.
- h) Examine and organize the succession of the Board of Directors Chairman and the Chief Executive of the Company and in this case, where appropriate, make suggestions to the Board of Directors so that such succession occurs in an ordered and planned way in accordance with succession plan approved by the Board of Directors.
- i) Suggest to the Board of Directors the system and the amount of annual remuneration of directors, as well as the individual remuneration of executive directors and other basic terms of their contracts, including any eventual allowance or compensations that may be established in case of separation, in accordance with the directors remuneration policy that has been approved by the General Meeting of Shareholders.
- j) Monitor the candidates' selection process for senior executives of the Company and report the proposals made by the Chief Executive Officer of the Company concerning the appointment or removal of senior managers.
- k) Report and submit to the Board of Directors proposals made by the Chief Executive Officer of the Company related to the structure of remuneration of senior managers and the basic terms of their contracts.
- l) Ensure that remuneration programs of the Company are compliance, and inform about the documents to be approved by the Board of Directors for its general dissemination with regard to information of remuneration, including the Annual Report on Remuneration paid to the Directors and sections corresponding to the annual Corporate Governance Report of the Company.

The Committee met three times during the year ended 31 December 2016.

The Nomination and Compensation Committee has not received assistance from external advisors in the fulfilment of its functions.

A.3 Indicate the amount and nature of the fixed components, broken down where necessary, of the remuneration for the performance of senior management functions of the executive directors, the additional remuneration as chairman or member of any board committee, fees for participation in board and committee meetings and other fixed payments in their capacity as directors, and an estimate of the fixed annual remuneration they give rise to. Identify other benefits that are not paid in cash and the basic criteria for their payment.

Explain the fixed remuneration components
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The fixed component (the only remuneration item for directors apart from the one referred to the Chief Executive Officer) is related to the performance of executive duties or the directors' special dedication to the Company.

The Chairman, the CEO, Mr. Fermín del Río Sanz de Acedo and the chairmen of the Audit Committee and the Nomination and Compensation Committee are the only directors that receive emoluments in CIE Automotive.

A.4 Explain the amount, nature and main characteristics of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration plans of which directors are beneficiaries, their scope, date of approval, implementation date, validity period and its main features. For stock option plans and other financial instruments, the general features of the plan will include information on the exercise conditions of such options or financial instruments for each plan.
- Indicate any remuneration from profit sharing or bonuses and why they were granted.
- Explain the basic parameters and reasons for any annual bonus system.
- The classes of directors (executive directors, external nominee directors, external independent directors or other external directors) who are beneficiaries of remuneration systems or plans that incorporate variable remuneration.
- The basis of such variable remuneration systems or plans, performance evaluation criteria chosen, as well as the evaluation components and methods to determine whether or not the valuation criteria have been met, and an estimate of the total amount of variable remuneration generated under the current remuneration plan, based on the degree of compliance with targets or benchmarks.
- Where appropriate, information should be provided concerning the deferral or deferment periods established and/or holding periods for shares or other financial instruments, if any.

Explain the variable components of the remuneration systems

CIE Automotive's directors do not receive emoluments of this kind, unless the Chief Executive Officer, who has a variable component in this annual remuneration linked to the compliance of certain business parameters.

The Board of Directors Chairman is the beneficiary of an extra remuneration, to be accrued in 2017 because of the compliance with corporate earnings, without being classified as variable remuneration. The executive director Mr. Fermín Sanz Río de Acedo will receive extra remuneration if it is obtained a satisfactory closing regarding corporate operations by the Group, as long as these operations are materialized.

Finally, note that under the agreement achieved by the General Meeting of Shareholders celebrated on 30 April 2014, the Chief Executive Officer is the beneficiary of a payment linked to the performance of the Company's shares. In any case, this remuneration shall be effective during the first quarter of 2018 and must be agreed, case by case, by the Appointments and Remuneration Committee.

A.5 Explain the main features of the systems of long-term savings, including retirement and any other survival benefit, funded partly or wholly by the company, whether provided internally or externally, with an estimate of their amount or annual equivalent cost, indicating the type of plan, whether defined benefit or defined contribution, vesting conditions for the economic benefits in favour of directors and their compatibility with any type of compensation for early termination or recession of the contractual relationship between the company and the director.

Also, indicate contributions to defined contribution pension plans in favour of the director, or the increase in the director's vested rights in the case of contributions to defined benefit plans.

Explain long-term savings arrangements

CIE Automotive's directors do not receive emoluments of this kind.

A.6 Indicate any indemnities agreed or paid in case of termination of a director's appointment.

Explain indemnities

CIE Automotive's directors do not receive emoluments of this kind.

A.7 State the conditions that must be met by to the contracts of persons exercising senior management functions as executive directors. Among other items, information is to be provided concerning the duration, limits on the amounts of compensation, permanence conditions, notice periods and payments in lieu of such notice period, and any other clauses regarding hiring bonuses, as well as compensation or "golden parachutes" for early termination of the contractual relationship between the company and the executive director. Include, among other items, covenants or agreements not to compete, exclusivity, permanence or loyalty and post-contractual non-competition.

Explain executive directors' contractual conditions

There are no agreements or other applicable factors other than generally applicable legal conditions.

A.8 Explain any additional remuneration paid to directors for services rendered other than those inherent to their position.

Explain supplementary remuneration

CIE Automotive's directors do not receive emoluments of this kind.

A.9 Indicate any remuneration in the form of advances, loans and guarantees granted, indicating interest rates, key features and any amounts reimbursed, as well as the obligations undertaken on their behalf by way of guarantee.

Explain advances, loans and guarantees granted

The Chief Executive Officer, Mr. Jesús María Herrera Barandiarán, was granted a loan by CIE Automotive to acquire shares in the Company with a par value of 454.5 thousand euro.

A.10 Explain the main characteristics of benefits in kind

Explain benefits in kind

The loan referred to in A.9 above entails the existence of a benefit in kind due to the interest rate applied.

In addition, three directors with executive functions receive the use of a company car, which is listed as a payment in kind.

A.11 Indicate the remuneration accrued by the director by virtue of payments made by the listed company to a third party in which the director provides services when such payments are aimed at remunerating the director's services in the company.

Indicate the remuneration incurred by the director by virtue of payments made by the listed company to a third party in which the director provides services

CIE Automotive's directors do not receive emoluments of this kind.

A.12 Any remuneration items other than the above, whatever their nature or the group company that pays them, especially when regarded as consideration for a related party transaction or if their issuance distorts the a true and fair view of the total remuneration earned by the director.

Explain the other remuneration items

CIE Automotive's directors do not receive emoluments of this kind.

A.13 Explain the actions taken by the company in connection with the remuneration system to reduce excessive risk exposure and bring it into line with the company's objectives, values and long-term interests, which shall include, where appropriate, a reference to: measures envisaged to ensure that the remuneration policy takes into account the company's long-term results, measures ensuring an appropriate balance between fixed and variable compensation, measures taken in relation to those components and categories of staff whose professional activities have a material impact on the risk profile of the entity, recovery formulas or clauses to claim the reimbursement of the variable remuneration components based on results when such components were paid based on data the inaccuracy of which has subsequently been manifestly evidenced, and measures envisaged to avoid conflict of interest, if any.

Explain actions taken to reduce risk

For the purpose of determining the remuneration of those directors that actually receive them, the Nomination and Compensation Committee evaluates the Company's long term objectives, values and interests and adopts the measures it considers pertinent to adjust and mitigate risk.

B REMUNERATIONS POLICY ENVISAGED FOR FUTURE YEARS

Abolished.

C GLOBAL SUMMARY OF HOW THE REMUNERATIONS POLICY WAS APPLIED DURING THE YEAR

C.1 Briefly explain the main features of the structure and pay items of the remunerations policy applied during the year, which form the basis of the analysis of the individual remunerations earned by each of the directors that are reflected in Section D of this report and a summary of the decisions taken by the board to implement these items.

Explain the structure and remuneration items in the remunerations policy applied during the year

As mentioned above, the remuneration reserved for directors is aimed at recognising the Board Members' commitment and sense of responsibility towards the Company and is based on criteria, which take into consideration the levels of responsibility and dedication inherent in the offices, which they hold.

In this respect, directors classed as executive directors receive remuneration insofar as they show particular dedication to the performance of their duties within the Company.

D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period FY 2016
ANTONIO MARIA PRADERA JAUREGUI	Executive	01/01/2016 to 12/31/2016.
ELIDOZA PROMOCION DE EMPRESAS, S.L.	Nominee	01/01/2016 to 12/31/2016.
JESUS MARIA HERRERA BARANDIARAN	Executive	01/01/2016 to 12/31/2016.
FRANCISCO JOSE RIBERAS MERA	Nominee	01/01/2016 to 12/31/2016.
JUAN MARÍA RIBERAS MERA	Nominee	01/01/2016 to 12/31/2016.
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	Nominee	01/01/2016 to 12/31/2016.
ADDVALIA CAPITAL, S.A.	Nominee	01/01/2016 to 12/31/2016.
QMC DIRECTORSHIPS, S.L.	Nominee	01/01/2016 to 12/31/2016.
SHRIPRAKASH SHUKLA	Nominee	01/01/2016 to 12/31/2016.
VANKIPURAM PARTHASARATHY	Nominee	01/01/2016 to 12/31/2016.
ÁNGEL MANUEL OCHOA CRESPO	Independent	01/01/2016 to 12/31/2016.
CARLOS SOLCHAGA CATALÁN	Independent	01/01/2016 to 12/31/2016.
FERMIN DEL RIO SANZ DE ACEDO	Executive	01/01/2016 to 12/31/2016.

D.1 Complete the following tables concerning the individual remuneration of each of the directors (including remuneration for executive functions) accrued during the year.

a) **Remuneration accrued in the company referred to in this report:**

i) **Cash remuneration (Thousand Euros)**

Name	Salary	Fixed remuneration	Per diems	Variable remuneration, short term	Variable remuneration, long term	Remuneration due to membership of Board committees	Indemnities	Other items	Total 2016	Total 2015
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L	0	0	0	0	0	0	0	0	0	0
ADDVALIA CAPITAL, S.A.	0	0	0	0	0	0	0	0	0	0
ÁNGEL MANUEL OCHOA CRESPO	0	0	0	0	0	80	0	0	80	50
ANTONIO MARIA PRADERA JAUREGUI	450	0	0	0	0	0	0	1,760	2,210	463
CARLOS SOLCHAGA CATALÁN	0	0	0	0	0	120	0	0	120	120
ELIDOZA PROMOCION DE EMPRESAS, S.L.	0	0	0	0	0	0	0	0	0	0
FERMIN DEL RIO SANZ DE ACEDO	0	120	0	0	0	0	0	2,020	2,140	1,109
FRANCISCO JOSÉ RIBERAS MERA	0	0	0	0	0	0	0	0	0	0
JESUS MARIA HERRERA BARANDIARAN	400	0	0	400	0	0	0	341	1,141	178
JUAN MARÍA RIBERAS MERA	0	0	0	0	0	0	0	0	0	0
QMC DIRECTORSHIPS, S.L.	0	0	0	0	0	0	0	0	0	0
SHRIPRAKASH SHUKLA	0	0	0	0	0	0	0	0	0	0
VANKIPURAM PARTHASARATHY	0	0	0	0	0	0	0	0	0	0

ii) **Share-based remuneration systems**

iii) **Long-term savings arrangements**

b) Remuneration accrued by company directors by virtue of their being members of boards in other group companies:

i) Cash remuneration (Thousand Euros)

Name	Salary	Fixed remuneration	Per diems	Variable remuneration, short term	Variable remuneration, long term	Remuneration due to membership of Board committees	Indemnities	Other items	Total 2016	Total 2015
ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.	0	0	0	0	0	0	0	0	0	0
ADDVALIA CAPITAL, S.A.	0	0	0	0	0	0	0	0	0	0
ÁNGEL MANUEL OCHOA CRESPO	0	0	0	0	0	0	0	0	0	0
ANTONIO MARIA PRADERA JAUREGUI	0	0	0	0	0	0	0	0	0	0
CARLOS SOLCHAGA CATALÁN	0	0	0	0	0	0	0	0	0	0
ELIDOZA PROMOCION DE EMPRESAS, S.L.	0	0	0	0	0	0	0	0	0	0
FERMIN DEL RIO SANZ DE ACEDO	0	0	0	0	0	0	0	0	0	0
FRANCISCO JOSÉ RIBERAS MERA	0	0	0	0	0	0	0	0	0	0
JESUS MARIA HERRERA BARANDIARAN	0	0	0	0	0	0	0	0	0	1,562
JUAN MARÍA RIBERAS MERA	0	0	0	0	0	0	0	0	0	0
QMC DIRECTORSHIPS, S.L.	0	0	0	0	0	0	0	0	0	0
SHRIPRAKASH SHUKLA	0	0	0	0	0	0	0	0	0	0
VANKIPURAM PARTHASARATHY	0	0	0	0	0	0	0	0	0	0

ii) Share-based remuneration systems

iii) Long-term savings arrangements

c) Summary of remunerations (Thousand Euros):

Include amounts relating to all remuneration items included in the present report accrued by the director, in thousand euro:

In the case of long-term savings arrangements, include contributions to arrangements of this kind:

Name	Remuneration accrued in the Company				Remuneration accrued in Group companies				Total		
	Total cash Remuneration	Value of shares granted	Gross profit on the options exercised	Total FY 2016 company	Total cash Remuneration	Value of shares granted	Gross profit on the options exercised	Total FY 2016 group	Total FY 2016	Total FY 2015	Contribution to savings arrangements during
ACEK DESARROLLO Y GESTON INDUSTRIAL, S.L	0	0	0	0	0	0	0	0	0	0	0
ADDVALIA CAPITAL, S.A.	0	0	0	0	0	0	0	0	0	0	0
ÁNGEL MANUEL OCHOA CRESPO	80	0	0	80	0	0	0	0	80	50	0
ANTONIO MARIA PRADERA JAUREGUI	2,210	0	0	2,210	0	0	0	0	2,210	463	0
CARLOS SOLCHAGA CATALÁN	120	0	0	120	0	0	0	0	120	120	0
ELIDOZA PROMOCION DE EMPRESAS, S.L.	0	0	0	0	0	0	0	0	0	0	0
FERMIN DEL RIO SANZ DE ACEDO	2,140	0	0	2,140	0	0	0	0	2,140	1,109	0
FRANCISCO JOSÉ RIBERAS MERA	0	0	0	0	0	0	0	0	0	0	0
JESUS MARIA HERRERA BARANDIARAN	1,141	0	0	1,141	0	0	0	0	1,141	1,740	0
JUAN MARÍA RIBERAS MERA	0	0	0	0	0	0	0	0	0	0	0
QMC DIRECTORSHIPS, S.L.	0	0	0	0	0	0	0	0	0	0	0
SHRIPRAKASH SHUKLA	0	0	0	0	0	0	0	0	0	0	0
VANKIPURAM PARTHASARATHY	0	0	0	0	0	0	0	0	0	0	0
TOTAL	5,691	0	0	5,691	0	0	0	0	5,691	3,482	0

D.2 Provide information concerning the relationship between the remuneration received by the directors and the profits or other performance indicators in the organisation, explaining, where appropriate, how variations in the company's performance have influenced fluctuations in directors' remuneration.

Directors' remuneration is directly linked to the company's performance.

D.3 Indicate the results of the votes cast during the general shareholders' meeting concerning the annual remunerations report in the previous year, indicating the number of negative votes issued:

	Number	% of total
Votes issued	107,267,322	100.00%

	Number	% of total
Votes against	5,348,203	4.98%
Votes in favour	101,919,119	95.01%
Abstentions	0	0.00%

E OTHER INFORMATION OF INTEREST

Briefly describe any relevant aspect of the director remuneration policy not included in this report but which is necessary to include to provide complete and detailed information on the company's compensation structure and practices in relation to its directors.

Nothing to include.

The present annual remunerations report was approved by the Company's Board of Directors on 02/27/2017.

State whether any director voted against, or abstained from voting in relation to, the present report.

Yes

No