



CIE Automotive

**REMUNERATION POLICY OF THE MEMBERS OF THE
BOARD OF DIRECTORS OF
CIE AUTOMOTIVE, S.A.
("CIE Automotive" or the "Company")**

I. Regulatory framework

Article 529.novodecies.1 of the Corporate Enterprises Act (the "**LSC**"), states that the approval of the Directors' remuneration policy is the responsibility of the General Meeting of Shareholders at the proposal of the Board of Directors in accordance with Article 249 bis j) of that Act.

In accordance with Article 529.novodecies.1 of the LSC, the remuneration policy for Directors will be adjusted as appropriate to the remuneration system laid down in the Company's Bylaws.

Therefore, the statutory basis for this policy will be Article 24 of the Company's Bylaws, as amended by the Company's General Meeting of Shareholders of April 28, 2022, which has the following content:

"Article 24. Remuneration of directors

1. *The members of the Board of Directors will receive remuneration, except for those cases in which the Board of Directors expressly so determines, taking into account the services and responsibilities assumed by the various directors.*
2. *The remuneration of the members of the Board of Directors will consist, in cash, of a fixed annual part, appropriate to the services and responsibilities assumed. In addition to the foregoing, certain members of the Board of Directors, depending on their services and responsibilities, may also receive (a) a variable part, in cash, linked to objective indicators relating to the individual performance of the director or the company; and (b) a health care part, which will include the appropriate insurance.*



3. *Determination of the amounts that make up the fixed remuneration of Board members, of the indicators used to calculate the variable portion (which, in no case, may consist of a share in the company's profits), and of the elements comprising the health care portion, will be agreed by the General Meeting of Shareholders.*
4. *The General Meeting of Shareholders is expressly authorized to establish incentive systems for all, one or some of the directors as well as for the senior executives of the company or of the group companies, which may include the delivery of shares or stock options or remuneration indexed to the value of the shares, subject to the requirements established in the legislation in force from time to time.*
5. *In the case of directors who have been attributed executive functions in the company, the remuneration corresponding to the CEOs and other directors to whom functions of this nature are attributed by virtue of other titles must comply with the provisions herein and, in any case, with the remuneration policy approved by the General Meeting and the contracts approved by the Board of Directors and signed with them, in accordance with applicable legislation. In the case of directors who have executive functions in the company, they may receive:*
 - a) *a fixed allowance,*
 - b) *variable remuneration in the long and short term with general reference indicators or parameters,*
 - c) *remuneration in shares or linked to their performance, under the terms laid down in paragraph 4 above,*
 - d) *indemnities for early termination, provided that the termination was not due to a breach of the duties of a director, and amounts related to non-competition, permanence and exclusivity commitments assumed; and*
 - e) *the savings or pension systems deemed appropriate.*



6. *The Board of Directors will prepare an annual report on the remuneration of its directors, with the content and for the purposes laid down in applicable legislation."*

II. Basic principles

The Remuneration Policy seeks to ensure that the remuneration of CIE Automotive's directors is appropriate to the dedication and responsibility assumed, and in line with the remuneration paid in the market at comparable companies in Spain and abroad, taking into account the long-term interest of all shareholders.

Accordingly, the Remuneration Policy must be appropriate to the circumstances prevailing at any given time, paying special attention to the evolution of the regulations, best practices, recommendations and trends - both national and international - in the area of compensation of directors of listed companies and the prevailing market conditions.

Therefore, the basic principles on which the Remuneration Policy for directors in their capacity as directors is built are as follows:

- a) To compensate adequately the dedication and responsibility assumed by the directors, in accordance with that which is paid in the market in comparable companies in terms of capitalization, size, ownership structure and international presence.
- b) To ensure that compensation contributes directly to the achievement of CIE Automotive's strategic objectives.
- c) To ensure proper attraction, motivation and retention of the best professionals.

Finally, it should be noted that the nature of their relationship has been taken into account, insofar as it has been decided not to grant remuneration to proprietary directors (except for the Chairman of the



Board of Directors, due to his special dedication), although this last decision is subject to review in the future and could well give rise to a new remuneration policy (or a modification of the current one) in subsequent years that would take this specific fact into account.

In addition to the foregoing, in the case of those directors who perform executive functions in the Company, the basic principles governing their compensation are as follows:

- d) To reward with a comprehensive offer of monetary elements that recognizes and respects the diversity of his needs and expectations related to the professional environment, while at the same time serving as a tool for communicating organizational goals and business targets.
- e) To ensure that the compensation, in terms of its structure and overall amount, complies with best practices and is competitive with the market.
- f) To include a significant annual variable component linked to performance and the achievement of specific, predetermined and quantifiable objectives.
- g) To strengthen and encourage the achievement of the Company's strategic objectives through the incorporation of long-term incentives, reinforcing continuity in the competitive development of the Group, its directors and its management team, fostering a motivating and loyalty-building effect, as well as retaining the best professionals.
- h) To foster a culture of commitment to the Group's objectives, where both personal and team contributions are fundamental.
- i) To establish adequate mechanisms so that the Company can obtain reimbursement of the variable components of the remuneration when



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the payment has not been adjusted to the conditions under which they were granted.

This Remuneration Policy distinguishes between the compensation system for the performance of the position of director and the compensation system for the performance of executive functions by executive directors.

III. Remuneration policy for directors in their capacity as such

A fixed annual allowance is established as a remuneration policy for directors in their capacity as directors, which will be payable exclusively to those non-executive directors who have a special dedication to the Company, i.e. (i) the Chairman of the Board of Directors and (ii) the independent female directors. However, the Board of Directors is empowered, subject to the prior approval of the Appointments and Compensation Committee, to establish compensation for proprietary directors in line with market compensation and always within the maximum amount approved by the Ordinary General Meeting of Shareholders for the compensation of directors in their capacity as directors for each year.

It is left to the discretion of the Board of Directors to establish the frequency of payment of the annual allocation.

Except as provided in this section and in the provisions of Article 24 of the Bylaws, the freedom of configuration reserved by law for the Board of Directors is respected.

In addition to the above, the Chairman of the Board of Directors will receive compensation in kind for the use of the company car.

There are no other types of compensation, such as per diems or payments of pension fund contributions or assistance bonuses.

For 2023, the Board of Directors, with the prior favorable report of the Appointments and Compensation Committee, has approved the



following compensation for the aforementioned directors, which may be subject to adjustment -upward or downward- for each year, always within the maximum amount that the Ordinary General Meeting of Shareholders approves for the compensation of the directors in their condition as directors for each year:

Director	Fixed remuneration amount (€)
Chairman of the Board of Directors	€1,250,000
Independent directors	€100,000

IV. Remuneration policy for executive directors

The remuneration policy of the Directors for the performance of executive functions with full dedication will be similar in structure to the remuneration policy of the Company's management personnel and will include:

(a) Fixed remuneration

This part of the compensation must be in line with that paid in the market by comparable companies in terms of capitalization, size, ownership structure and international presence.

Thus, in 2023, the Chief Executive Officer will be entitled to receive a fixed gross annual compensation of 600 thousand euros, and the Director responsible for corporate operations and M&A will be entitled to receive 220 thousand euros gross annual compensation.

The compensation of executive directors will vary according to the responsibilities and specific characteristics of the functions performed and will be reviewed annually by the Board of Directors at the proposal of the Remuneration Committee.



To this end, the Committee may rely on external advisors to carry out the market studies and analyses it deems appropriate.

(b) Short-term variable compensation

For the Chief Executive Officer, the targets to which his variable compensation will be linked will be reflected in the Annual Directors' Remuneration Report and will be related to parameters such as Net Profit and Gross Operating Profit (EBITDA) approved in the Annual Budget by the Board of Directors.

The amount of short-term variable compensation may not exceed 100% of the fixed compensation.

The Board of Directors, at the proposal of the Appointments and Compensation Committee (which must verify the degree of compliance with the established parameters), will determine the degree of compliance with the short-term variable compensation and its corresponding amount.

(c) Long-term variable compensation

The Chief Executive Officer is expected to receive a long-term variable compensation linked to his permanence in the CIE Automotive Group over the next ten

(10) years and as long as the General Meeting and the Board of Directors decide to maintain him in office.

This long-term variable compensation will be based on the increase in value of the shares of CIE Automotive, S.A. in accordance with the following basic characteristics:

The compensation will consist of the allocation of 1,450,000 units to the Chief Executive Officer, which include compensation based on the increase in value of the

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



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same number of shares of CIE Automotive, S.A. over a period of time, taking as a reference their market value, and which will be paid in cash, in accordance with the following formula:

If the General Meeting and the Board of Directors decide not to maintain him in office for whatever circumstances, the Chief Executive Officer is entitled to receive the full amount of such compensation in identical terms to those agreed upon.

The 2018 Annual General Meeting of Shareholders determined the detailed characteristics of the long-term variable compensation, which was subject to approval, in a separate vote. In addition, the Ordinary General Meeting of Shareholders of 2021 has approved certain adjustments to this long-term variable compensation, to adapt such compensation. Likewise, the Ordinary General Meeting of Shareholders of 2023 is expected to approve certain adjustments to the reference value in line with the extraordinary compensation provided for in section VI below.

(d) Non-competition commitment

The Chief Executive Officer may not hold positions in the governing bodies of companies in the automotive sector or other competing companies or participate, in any other way, in their management or advice during the period of his appointment and during the three (3) years following the termination of his appointment. In compensation for this circumstance, the Chief Executive Officer will receive a net amount of 650 thousand euros per year.

If the General Meeting and the Board of Directors decide not to maintain him in office for whatever circumstances, with the aforementioned undertaking remaining in force, the Chief Executive Officer is entitled to receive the full amount of such compensation in identical terms to those agreed upon.



(e) Tenure

The Chief Executive Officer is entitled to additional compensation conditional upon remaining at the CIE Automotive Group for the next ten (10) years, provided that the Meeting of Shareholders and the Board of Directors decide to retain him in his position. Thus he will receive a net amount of 650 thousand euros per year for each of the next ten years (until the end of 2027). If he voluntarily resigns from his position as Chief Executive Officer during this period, he will not be entitled to receive the unearned amount and must reimburse the amount accrued for this concept.

If the General Meeting and the Board of Directors decide not to maintain him in office for whatever circumstances, the Chief Executive Officer is entitled to receive the full amount of such compensation in identical terms to those agreed upon.

(f) Health care and ancillary benefits

The compensation system for executive directors may be supplemented with health and life insurance in line with market practice for comparable companies in terms of capitalization, size, ownership structure and international presence. In addition, executive directors may receive compensation in kind for the use of the company car.

The Company does not currently have any commitments, either of contribution or defined benefit, to any retirement or long-term savings system for any director.

(g) Claw-back clauses

The Board of Directors, in accordance with the proposal made by the Appointments and Compensation Committee, as the case may be, has the power to claim the return of the compensation already paid in relation to the commitment of permanence and non-competition (claw-back clauses) in the



aforementioned circumstances. In addition, additional grievance measures may be taken in special situations such as fraud, serious non-compliance with the law.

(h) Indemnification clauses

The Chief Executive Officer will be entitled to receive the full amount of his long-term variable compensation and the full amount of his tenure and non-competition commitment in the event that the General Meeting and the Board of Directors decide not to retain him in office for any circumstances within the ten (10) year period from January 1, 2018.

In addition to the above, he may be entitled to receive an additional amount (at most, equivalent to two annuities of his fixed and short-term variable compensation) to be included, if applicable, in his contract.

(i) Compensation considerations of the director in charge of corporate operations and M&A

Directors with executive functions related to corporate and M&A transactions will be entitled to receive, in addition to their fixed compensation, an additional compensation consisting of 0.25% of the Enterprise Value of the company effectively acquired in the M&A deal, with a maximum amount in each transaction of 800 thousand euros.

V. Basic terms and conditions of the contract with the Chief Executive Officer and executive officers

(i) Term

The contract is of indefinite duration.

The Chief Executive Officer's contract may be freely terminated at any time by the Company, without prior notice and with the indemnification consequences indicated in section IV(h) and (g) above.



For his part, the Chief Executive Officer may freely terminate the contract and resign from his position at any time, with at least three months' notice and with the consequences indicated in section IV(e) and (g).

(ii) Applicable regulations

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

(iii) Non-competition agreement

In view of his degree of knowledge of the design and execution of the Company's strategy and business plans, the Chief Executive Officer's contract establishes in any case a non-competition obligation in relation to companies and activities of a similar nature during the term of his relationship with the Company and for a subsequent period of three years. In compensation for these commitments, the Chief Executive Officer is entitled to the compensation provided for in section IV(d) above.

(iv) Exclusivity and tenure agreement

The CEO assumes a commitment of exclusivity and tenure. In compensation for these commitments, the Chief Executive Officer is entitled to the compensation provided for in section IV(e) above.

(v) Confidentiality and return of documents

For executive directors, a strict duty of confidentiality is established, both during the term of the contracts and after the termination of the relationship. In addition, upon termination of their relationship with the Company, executive directors must return to the Company the documents and objects related to their activity that are in their possession.



(vi) Deontological duties

Executive directors must conduct themselves within the duties of good faith and loyalty, refraining from participating, directly or indirectly, in situations that could result in a conflict between their personal interests and those of the Company.

VI. Extraordinary compensation measures in the face of exceptional circumstances

The Appointments and Compensation Committee may propose to the Board of Directors adjustments to the amounts, elements, criteria, thresholds and limits of the compensation of executive directors, in the event of exceptional circumstances caused by extraordinary internal or external factors or events. The detail and justification for such adjustments will be included in the corresponding Annual Report on Directors' Remuneration.

Specifically, on February 24, 2023, with the prior favorable report of the Appointments and Compensation Committee, the Board of Directors agreed to grant the Chief Executive Officer an extraordinary, non-consolidable remuneration in the gross amount of TWENTY MILLION EUROS (€20,000,000).

Almost six years have passed since the terms of the CEO's compensation package were defined, and unfortunately, geostrategic, pandemic and sectoral circumstances have rendered the premises on which the CEO's compensation package was based no longer valid and in force.

On the one hand, the economic crisis caused by (i) the most important health crisis the planet has had to face in more than a century (the Covid-19 pandemic) and (ii) the escalation of war tensions in Europe resulting from Russia's invasion of Ukraine and the war whose first anniversary has just passed. On the other hand, the crisis that the automotive sector - and therefore the automotive component manufacturers' sector - has had to face is the result of



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(i) a paradigm shift linked to electrification and the progressive abandonment of power units associated with combustion; (ii) an unprecedented crisis in the supply and logistics chain; (iii) the impact of the war in Ukraine and the pandemic on the cost of raw materials; (iv) the impact of the semiconductor and chip crisis.

In short, a radical change in the socio-political, socio-economic and geostrategic premises that were taken into account when shaping the CEO's compensation package mentioned above.

In spite of this, or perhaps as a consequence of it, the CEO's performance and ability to react, manage and execute in such a context has been, without doubt, extraordinary. The Company and its Group have been able to weather all the storms and five years after the signing of the Contract, the profitability, leverage, revenue, cash generation and earnings metrics of the Company and its Group are at all-time highs.

These historical highs, however, do not correlate with the performance of CIE Automotive's share price on the capital markets - the cornerstone of the CEO's compensation package - or with its corresponding valuation by the financial markets. The closing price of CIE Automotive shares on December 31, 2017 was €24.21 and on December 31, 2022 it was €24.06. However, as a graphic example, the Group's sales at year-end 2017 were 2.881 billion (automotive) and at year-end 2022 were 3.838 billion (after making the German forging business of MCIE available for sale). EBITDA at year-end 2017, 472 million (automotive); at year-end 2022, 633 million.

As a complement to everything stated in the preceding paragraphs, the Chief Executive Officer has demonstrated his commitment to the CIE Automotive Group by aligning his personal interests with the company's performance, insofar as he has proceeded to acquire in March 2018 shares representing -at the time- 1% of the share capital of CIE Automotive S.A.



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At its October 2022 meeting, the Company's Board of Directors instructed the Appointments and Compensation Committee to redefine the basic framework of the Chief Executive Officer's compensation package, considering that the premises on which it was based could not materialize due to the circumstances envisaged. In this context, different variables and different formulas for correcting erroneous assumptions have been analyzed.

After the corresponding deliberations, the Committee proposed to the Board of Directors -who endorsed the proposal and included it in this Directors' remuneration policy for the period until 2026- the granting of an extraordinary and non-consolidable compensation to the Chief Executive Officer, to (i) offset the compensation deficit that he was unable to consolidate in the period; (ii) also to recognize the effort, value and results of the Chief Executive Officer's management in the period and (iii) reward his alignment and personal -and equity- commitment to the interests of the CIE Automotive Group, with which he shares objectives.

This compensation will also entail the need to adjust the minimum value of the long-term variable compensation linked to the evolution of the Company's share price, so that this minimum value assumes in its determination the agreed extraordinary compensation and that the new value is the reference element for future years of this compensation in the scenario of share revaluation between now and December 31, 2027. Thus, and subject to the approval of the Ordinary General Meeting of Shareholders, although to date the trading value at which the Incentive could be exercised was €27.41, from now on the Incentive may only be exercised when the share price reaches €34.00.



VII. Review of Directors' remuneration

In accordance with Article 217.4 of the Corporate Enterprises Act, which establishes that the compensation of the Directors must in any case be in reasonable proportion to the importance of the Company, its economic situation at any given time and the market standards of comparable companies, the compensation of the Directors will be reviewed or updated periodically.

These changes will be disclosed in the Annual Report on Directors' Remuneration, which will be submitted to a binding vote as a separate item on the agenda at the first General Meeting of Shareholders to be held.

VIII. New appointments

The compensation of any new director will be governed by this Remuneration Policy, considering the candidate's experience and knowledge, their background and their level at the time of appointment.

The Board of Directors will approve the compensation of the new director at the proposal of the Appointments and Compensation Committee.

IX. Adaptation to the situation and context applicable at any given time

The application of this Policy will be suitably adapted to the economic situation and the international context at the proposal of the Appointments and Compensation Committee. Where appropriate, full details and reasons for any adjustments will be provided to shareholders in the next annual report on directors' compensation to be published.

X. Other compensation considerations

The Company has taken out and pays the lump-sum premium for civil liability insurance for directors and executives of CIE Automotive, S.A. and most of the



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companies belonging to its group which, therefore, also covers all the Board Members, including the executive Board Members for the liabilities that may be demanded of them as a consequence of the performance of the activities inherent to their functions.

Furthermore, and in addition to the compensation items referred to previously, the Chairman of the Board of Directors and the executive directors receive certain compensation in kind, corresponding to the use of a company car and health care.

XI. Term of the Remuneration Policy

The Company will apply this directors' remuneration policy as of the General Meeting of Shareholders of May 4, 2023 and during 2024, 2025 and 2026.

Any modification or substitution of the policy during its term will require the prior approval of the General Meeting of Shareholders in accordance with the provisions of the aforementioned article 529 novodecies of the LSC.

Bilbao, February 24, 2023