



# **Corporate Social Responsibility**

**2020**

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# Letter from the president



Dear all,

I am pleased to share with you our annual report on Corporate Social Responsibility, which attempts to offer an overview of Ficos's performance to face the challenges of the automobile sector and describes our actions to integrate the United Nations Global Compact and its principles into our values, culture, business strategy and daily operations.

Last year I mentioned the challenges that the automotive industry was and is going through, who could then foresee what 2020 would bring us? COVID-19, a world cataclysm!

First of all, I would like to have a few words to express my condolences to the families and friends of all those who passed away due to COVID-19 and my wishes for recovery for all those currently

suffering from this disease, especially among our employees and their families.

This pandemic has caused a drop in annual sales in the automotive industry worldwide of more than 16% and the forecasts together with the uncertainties due to the disruptive changes in this sector show a progressive recovery that will not reach the volumes of 2018 until 2025, as recent studies show (IHS Global Insight). In this environment, the first actions taken were to protect our employees and establish contingency plans to safeguard the company and be able to navigate in this scenario of strong turbulences. This pandemic should be an encouragement to enhance our creativity and solidarity.

One of the keys to our success lies in our ability over the years to anticipate future changes, in conjunction with our clear commitment to innovation. Likewise, the secret of our success can also be found in our philosophy of doing a lot with very little, our solid human values of humility, hard work and entrepreneurship, and the great team that has made up this company at the various points throughout its history.

At our company, we continually strive to ensure excellence in our products and therefore we continue to work to provide the most innovative solutions, develop and manufacture products with high added value and high quality standards, always ensuring their sustainability.



The automotive industry is undergoing an amazing technological transformation. Traditional mechanical systems have become more automated mechatronic systems and much more electronics. ADAS systems (Advanced Driving Assistance Systems) progressively increase driver assistance functionalities. The rear view mirrors coexist with intelligent systems that incorporate cameras and displays to have a better vision, greater safety and a more comfortable driving experience such as surround view, parking cameras or Ficosa's CMS (Camera Monitoring System).

Vehicles are telematically connected, becoming the most powerful multiplatform communication source in which the interconnection between people, objects and infrastructure has no limits. At the same time, the challenge of better energy efficiency and less pollution is being established with hybrid, electric and fuel cell vehicles.

Our social vocation for improvement and innovation has a direct impact on our commitment to corporate social responsibility, materializing in the reduction of accidents, connectivity, energy efficiency, less pollution, driver assistance and comfort.

All these new technological products aimed at more assisted driving, the autonomous vehicle, the connected car and less polluting have become the pillars of Ficosa's growth. In this sense, let me highlight the following 2020 achievements in technological products:

- Market launch of our Surround View System with one of the largest OEMs worldwide, implementing this product in several of its models and brands. This system incorporates cameras and the electronic control unit (ECU) and Ficosa's own management software.

- Ficosa was a pioneer in developing and manufacturing a CMS (Camera Monitoring System) digital external rear vision system since the end of 2018. In 2020, the second project of these characteristics was launched with a Japanese OEM in which Ficosa also developed and manufactures the exterior modules of the CMS that incorporate two cameras - one for the 'surround view' and the other for the rear view.
- In addition, Ficosa has achieved important nominations in the second generation of these CMS systems, a strategic product for the company, as in the medium term it is the evolution of rear-view systems and a key element for the future autonomous car.

The mentioned technological changes, the new consumer habits, the rapid advances towards electric mobility, connected and autonomous, present a series of legislative, technological, cultural and economic changes that are causing disruptive effects in the value chain of the automotive sector, but all this, in 2020, has been in the background due to the effects of the pandemic. We have to be alert and prudent; the next few years will be characterized by great opportunities and, in turn, great risks. Ficosa will work to manage and mitigate risks, taking advantage of the opportunities that arise from this transformation situation.

I invite you to explore all the details of our activities through this report that strongly reflects the commitment and dedication of Ficosa.

Sincerely yours,

**Josep Maria Pujol**  
President

# About our report

This Report aims to offer readers a transparent and balanced overview of Ficosa's performance in relation to the sustainability challenges that the company has faced in 2020.

## Objective of the Report

In this report, Ficosa aims to explain how non-financial and diversity risk and CSR challenges are approached, and the company performance in 2020, for the purpose of offering stakeholders complete and reliable information. The company has centred this report on explaining how it takes environmental, ethical, labour, social, and human rights aspects into consideration during the daily operation of the company. Likewise, it describes the annual progress made by the company in implementing the Ten Principles of the United Nations Global Compact in terms of human and labour rights, the environment and the fight against corruption. Furthermore, this report describes how our company is progressing in each of the Sustainable Development Goals (SDGs). Our core business determines which of the global sustainability goals Ficosa supports first and foremost. In particular, our activities focus on health and safety (SDG3) and combating climate change (SDG 13). In addition to this, our commitment to sustainable practices includes decent work and economic growth (SDG 8), responsible consumption and production (SDG 12), and promoting peace and justice (SDG 16).

For the preparation of this report, some standards of the Global Reporting Initiative

(GRI) have been selected according to their materiality for the company. Therefore, in determining the content to be included in this report, we consider the pertinent developments, initiatives and the materiality analysis carried out in 2018. The materiality analysis took the Ficosa CSR diagnosis (gap analysis) as the starting point and the action plan prepared in 2015 involving the CEO, the members of the Executive Committees and our key Management subsidiaries. It was complemented with external sources such as the GRI Pilot version of the Automotive Sector Supplement and the Auto Parts Sustainability Accounting Standard prepared by the SASB (Sustainability Accounting Standards Board).

Other key drivers included the Drive Sustainability (biggest world automaker partnership to promote sustainability) guidelines set out in the Automotive Sustainability Guiding Principles which outline expectations for suppliers on key responsibility issues including human rights, environment, working conditions and business ethics.

In addition, the EcoVadis CSR assessments requested by several of our OEMs (Original Equipment Manufacturer) have also been taken into

consideration. EcoVadis provides an entire Corporate Social Responsibility (CSR) ratings service for companies.

To summarize, the key points to highlight in this report are:

- Customer satisfaction through quality
- Sustainable innovation and technology
- Diversity and Integration
- Development, training and knowledge management
- Occupational Health and Safety
- Healthy lives and well-being promotion
- Climate change mitigation
- Commitment to society
- Responsible Sourcing, Consumption and Production





## Scope and boundary

This report covers the period from 1 January 2020 to 31 December 2020. Unless indicated otherwise, the quantitative information reported in this document shows the performance of the company at global level and includes 100% of the facilities and sites where Ficosa holds a majority stake and, is consequently, responsible for their operation and control. Thus, the report includes information from our operations in Asia, Africa, Europe, North America and South America.

To provide a better understanding of the company's performance, previous years' data - if available - has also been included.

The report focuses on the company's main business lines: research, development, production and sales of high-technology vision, safety, energy efficiency and connectivity solutions (connected cars, driverless vehicles, assisted driving and e-mobility).

Biodiversity is not included in the scope of this report, as Ficosa operational sites are not located in protected areas or areas of high biodiversity value. Additionally, the impact of our activities, products, and services on biodiversity are not significant.

There are no IUCN Red List species or national conservation listed species with habitats in areas affected by the operations of our organization.

On the other hand, this report does not include the company Tata Ficosa Automotive Systems Ltd as it is a 50% - 50% Joint Venture.

In addition, the indicators regarding occupational Health, Safety and Environment only cover the Ficosa sites where there are vehicle parts manufacturing plants due to their materiality. So, the following sites have not been considered in the OHSE indicators: Le Neubourg (France), Rüsselsheim (Germany), Köln (Germany), Hyderabad (India), Venaria Reale (Italy), Kuala Lumpur (Malaysia), Detroit (USA) and Tokyo (Japan).

# Ficosa at a glance

## Group Highlights

The company, with headquarters in Barcelona (Spain), generated sales of €922.6 million in 2020 and has a team of more than 8,500 employees, with manufacturing plants, technological centres and commercial offices located throughout 18 countries in Europe, North America, South America, Africa and Asia. Ficosa has been expanding its international presence based on its strategy to be located near the decision and production centres of the majors OEMs in order to be able to offer a more competitive and global service. The alliance with Panasonic, signed in 2015, has boosted regional synergies and the international activity of the company. Ficosa has gained new customers and initiated new programs in all regions, mainly in Asia. In addition to boosting its global presence, Panasonic and Ficosa are combining their respective technologies to jointly develop products such as electronic mirror systems, next-generation cockpit systems and Advanced Driver Assistance Systems (ADAS), which will facilitate business expansion in fields where future growth is anticipated. With this transaction, Ficosa will accelerate the commercialization of products jointly developed by both companies.

- €922,6 million sales
- Production plants, technical centres or sales offices in 18 countries, over 4 continents.
- Established in 1949 in Barcelona (Spain)
- 8,509 employees
- Pioneers in high-technology vision, safety, connectivity and efficiency systems for the automotive and mobility sectors
- 20 manufacturing plants
- 13 R&D and technical centres



- Barcelona
- Soria
- Sant Guim



- Detroit (Mi)
- Cookeville (TN)
- Shelbyville (KY)



- Salinas-Victoria
- Escobedo



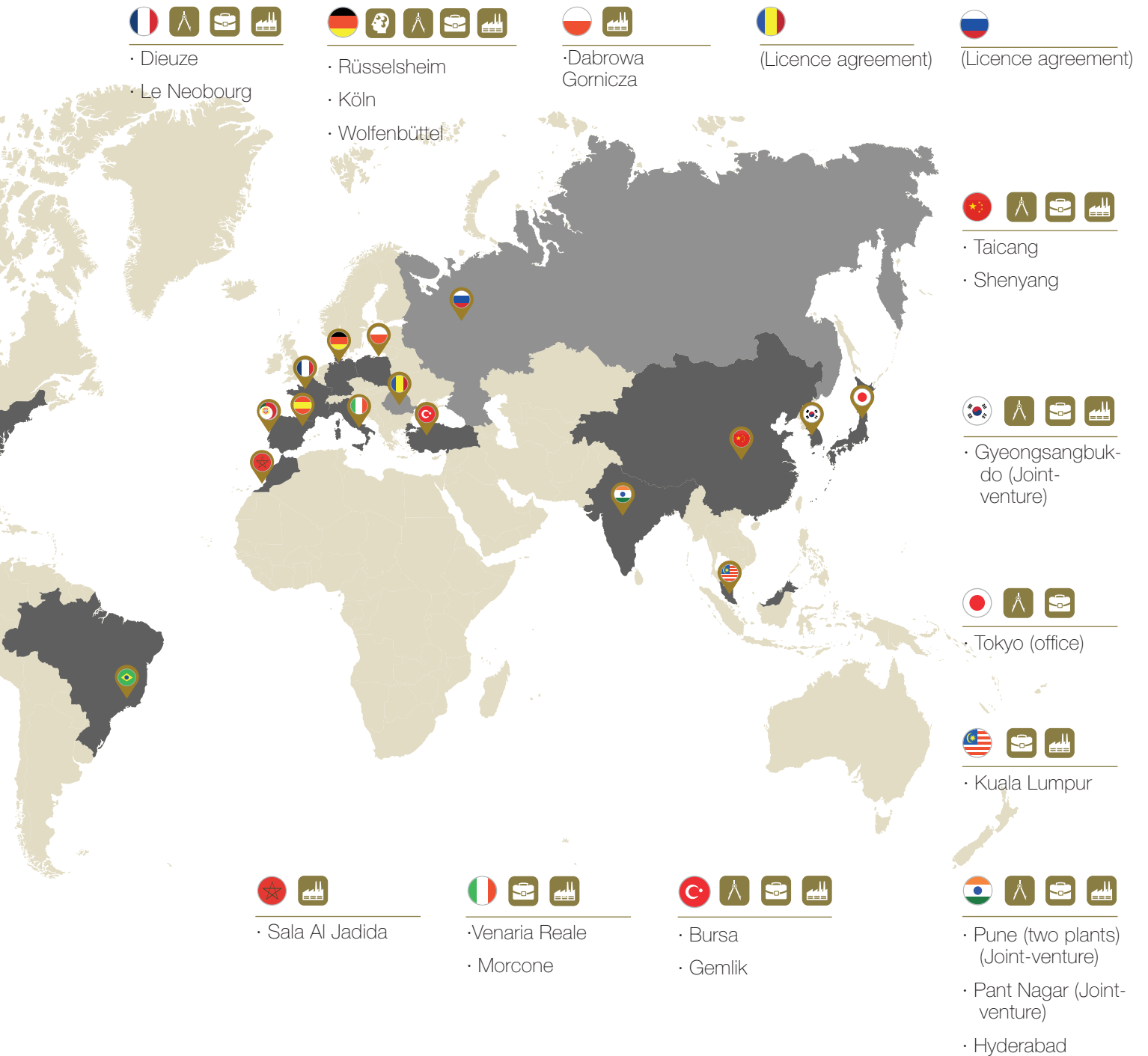
- Sao Paulo



- Porto



 Plants  Technical Center  Commercial Office  Research



Ficosa is now one of the top-tier global providers operating in the research, development, manufacturing and marketing of high-technology vision, safety, connectivity and efficiency systems for the automotive and mobility sectors.

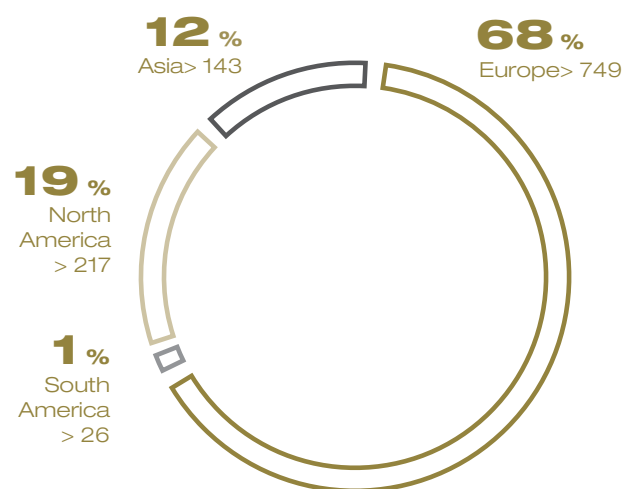
Ficosa ended 2020 with annual sales below 1 billion euros. The solid growth experienced by the company in recent years, due to a clear commitment to globalization, operational efficiency, innovation and diversification of activity, was affected by the advent of the global coronavirus pandemic (COVID-19) that affected all the world's key economies.

Certainly, the year 2020 has been characterized by the COVID-19 pandemic. In February 2020 the virus paralyzed activity in China, passing a month later to Europe, the United States and Brazil. As a result of all this, global automobile production has fallen by 16.2% or 14.4 million units<sup>1</sup>. The impact by markets has been uneven, depending on the starting situation and the pace of recovery. China presents the best balance, with only a 4.2% reduction

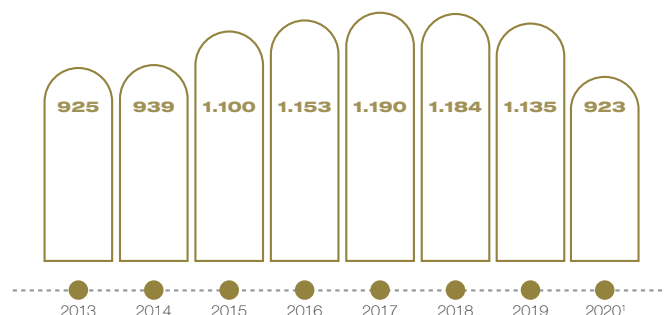
in production, coming from a year 2019 that already presented negative data and for having recovered activity quickly. In contrast, South America shows a reduction of 31.4%.

When we compare figures against the budget, the group's fall has been 23% or almost 300 million euros.

Sales per region 2020 (€ million, %)



Sales (€ million)



<sup>(1)</sup> The sales reduction in 2020 is mainly explained by the advent of the coronavirus pandemic in all the key economies of the world and by the slowdown in the world economy that began in previous years.

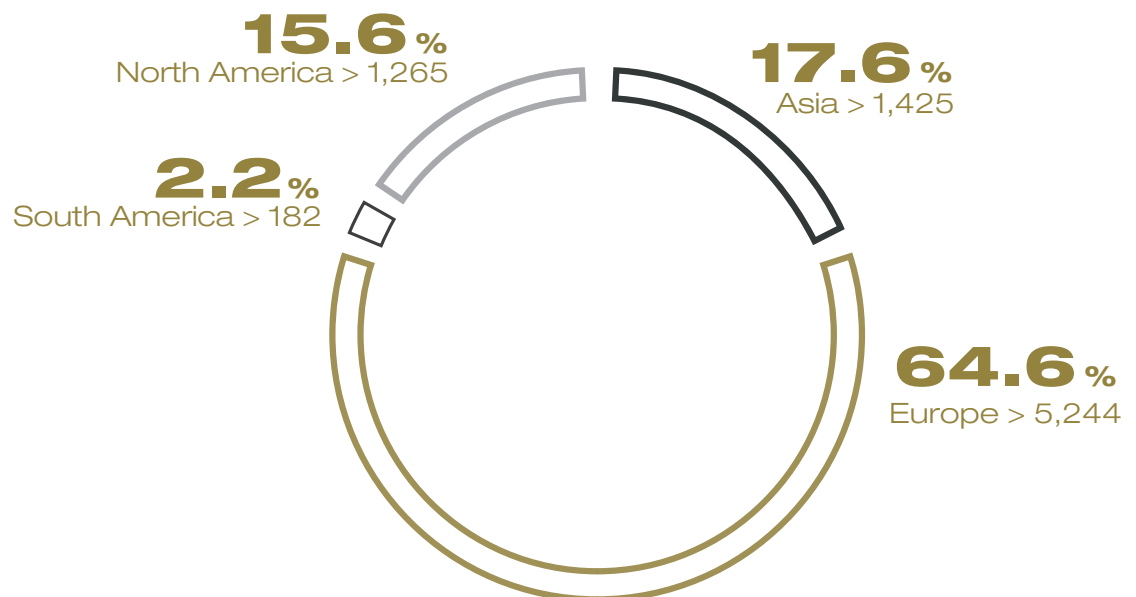
<sup>(1)</sup> According to IHS Auto production data from February 2021



The outlook for 2021 is cautious due to the uncertainty in the markets caused by the advance of the containment of COVID-19. Global uncertainty has taken the sector and added to the multiple commercial, political, social and economic conflicts that have been opening up over the last few years have resulted in a fall in demand, transversal in all regions. As in 2020, a complicated year is expected where it will be necessary to put the proper measures to mitigate the effects of this uncertainty in demand and, at the same time, the impact derived from the shortage of electronic components and plastic materials.

The long-term impact on the sector is still uncertain. The forecasts are very conservative due to the strong impact that the COVID-19 pandemic has generated, but the experience of past crises in the sector indicates that the recovery may be faster than expected.

Distribution of employees per region 2020 (N. employee, %)





## Structure of Ficosa International

At present, Ficosa is a conglomerate of companies formed by engineering centres, manufacturing plants and commercial offices, distributed all over the world. The group is organized into different Business Units, most of which are detailed below.

01

### Rear-view systems:

Develops, produces and commercializes rear-view mirrors and vision systems - forward, backward and lateral - for vehicles.

05

### Commercial vehicle:

Develops, produces and commercializes all Ficosa's product portfolio for buses, trucks and industrial and commercial vehicles.

02

### Command and control systems:

Develops, produces and commercializes systems which interact between the driver and the vehicle, such as shifters, parking brakes, and drive cables.

06

### Advanced Driver Assistance systems:

Develops, produces and commercializes systems that assist drivers during the driving process.

03

### Under hood systems:

Develops, produces and commercializes fluid and ventilation systems installed in the vehicles' underhood.

07

### E-mobility:

Develops, produces and commercializes electric powertrain technologies and connected infrastructures to enable the electric propulsion of vehicles and fleets.

04

### Advanced communications:

Develops, produces and commercializes antenna systems for vehicles, communication modules and antennas for navigation systems.

Ficosa is composed of two business groups: Traditional products and New Tech products. Within the traditional products category, the most significant is the rear-view systems which represent around 64% of total sales. Ficosa is one of three global leading companies in this area.

In terms of product, the major increase in sales has occurred in new technological products focused on safety and comfort systems (ADAS) and e-Mobility.

## Ficosa participates in the design and approval of an automatic emergency respirator

In March 2020, in the full impact of COVID-19, many altruistic projects emerged worldwide to put a grain of sand in the fight against the pandemic.

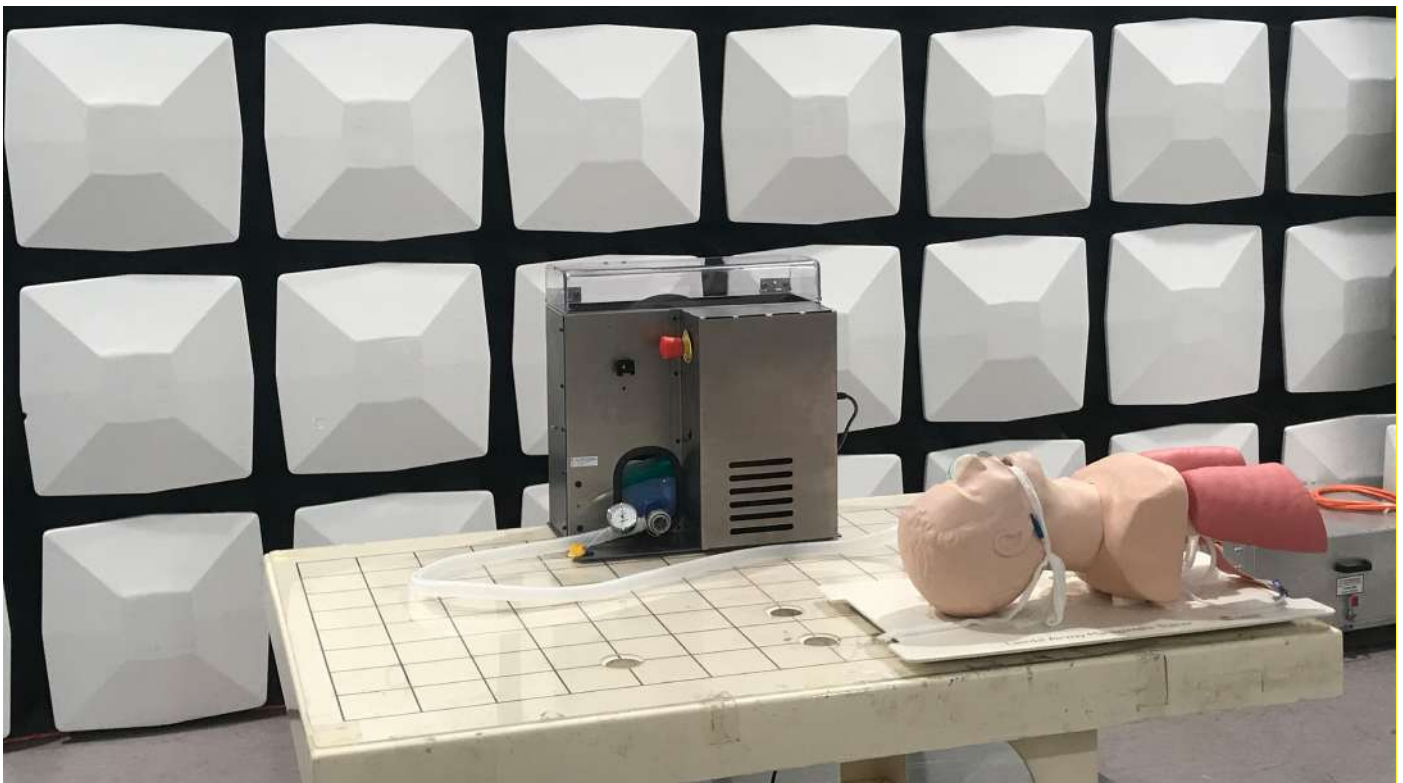
One of these initiatives, an automatic emergency respirator called OxyGEN, designed in free hardware by the Catalan company Protofy.xyz was a collaborative race against the clock at many levels (engineers, doctors, researchers, universities, companies, hospitals) to do it a reality.

This device emulates ambulance respirators, helping ventilation in the absence of conventional respirators in patients with severe respiratory problems, such as those caused by COVID-19. It is only contemplated for temporary use in emergencies and in the absence of a conventional ventilator available. Thanks to this system, the health personnel who actuate the conventional breathing balloons will be able to attend several patients at the same time.

Ficosa actively participated in its development, contributing with the experience in project management, the supply of the necessary materials, the 3D printing of prototypes and acting as a certification and homologation laboratory.

Finally, on April 3rd, 2020, the Spanish Agency for Medicines and Health Products for clinical research gave its authorization to put OxyGEN into production. The industrialization process was led by SEAT.

The OxyGEN has become a phenomenon of global impact, reaching its materialization in more than 60 countries. Ficosa also collaborated in many of these international working groups.



# How do we work?



## Mission

In particular, our mission is to innovate, develop and create high added value products that contribute towards improving mobility in key aspects of progress such as safety, comfort, communications and the environment, exceeding market and customer expectations.

## Vision

Our strength comes from our commitment. For us, success is not measured by size, but by flexibility, speed and creativity, and in understanding that being the best means meeting the needs of our employees, customers, community and shareholders alike.

## Values

At Ficoso, we believe that success depends on how we live our Vision and the Values on which it is based. Our Values reflect the spirit of our company, the way we think and how we believe we should act, and have become the mainstay of our Code of Ethics. We are convinced that if we act in accordance with our values, we can achieve our Vision. The company values are on display at the different company sites and every new employee receives an explanatory leaflet informing them about our values when joining the company.

The values that guide our conduct and identify us as a company are as follows:



### **Caring for People:**

People are a key part of our corporate project. Learning and training, respect, diversity, concern, friendly and informal relationships should reflect the very essence of us as a company.



### **Teamwork /Learning together**

Sharing knowledge, openly communicating, learning from mistakes, cooperating, and understanding that personal success is the company's overall success.



### **Commitment & Passion for Work**

Enthusiasm for the corporate project, knowing how to live our values. Feeling part of the fulfilment of our vision, persevering with hard work, enjoying work and a job well-done. Everybody's work is equally important.



### **Innovation & Creativity**

All our employees have the capacity to exhibit and create; therefore, we have to enable their ideas to emerge through our leadership. Brave the market by being bold and assuming risks, but always with sound judgement.



### **Customer Focus**

Helping our customers achieve success is key to us achieving ours. We should be able to build relationships based on trust with them, understanding and anticipating their needs.



### **Honesty & Integrity**

Being honest and acting with integrity in all our actions and behaviors. Ethical principles and our values should guide us in our day-to-day decisions.



### **Leadership**

Modesty, not taking center stage, understanding that everybody's work is equally important, is essential in Ficosa's leadership style. Lead by example and showing appreciation for people. Delegate, decentralize, and trust in the ability of people. Live the values that constitute the essence of the company.



# FICOSA and the Sustainable Development Goals



The company's strengths come from its commitment and its understanding that being the best means being able to respond to the needs of our employees, customers, community and shareholders in equal manner. In this regard, Ficosa continues its efforts to generate shared value among its stakeholders and add sustainability practices in its business strategy and culture. As a member of the United Nations Global Compact since 2002, we have adopted the Sustainable Development Goals (SDGs).

Sustainable Development Goals (SDGs), introduced in 2016, are an ambitious plan of action defining sustainable development priorities at a global level for 2030, with the aim of eradicating poverty and promoting decent lives with opportunities for all. There are 17 goals and 169 universal targets that are inter-connected, applicable to all nations

and people, and that represent a call to action for governments, civil society and the private sector. The company reviews all the SDGs to identify areas where we can maximize our positive contributions. We focus our activities related to sustainability on those SDGs that greatly influence our business model and value chain and help us bring about real change. This mainly affects the following SDGs and associated sustainability activities:



### SDG 3 —

#### Ensure healthy lives and promote well-being for all at all ages

According to the World Health Organization (WHO), traffic accidents kill approximately 1.35 million people worldwide every year, which means that every day around 3,500 people die on the roads. Tens of millions of people suffer injuries or disabilities each year. Children, pedestrians, cyclists and the elderly are the most vulnerable users of public roads. Additionally, about 50 million people are injured in traffic accidents. If preventive measures are not taken, death from a car accident is likely to become a top five cause of death in the coming years from ninth place in 1990. By collaborating with national and international programs to accelerate the development and standardization of connected cars and autonomous vehicles and by developing new emergency systems or new tools and products to improve the vision of the driver, help prevent collision or estimate the degree of attentiveness of the driver, Ficosa is contributing to the Health Goal to reduce road traffic fatalities.

*Learn more: [Innovation in our products.](#)*





## SDG 13 –

### Take urgent action to combat climate change and its impacts

The transportation sector is responsible for 20% of global greenhouse gas emissions. Reducing emissions from transport is therefore an important part of any strategy to combat climate change and its impacts, in line with Sustainable Development Goal 13. The widespread electrification of transport through the adoption of electric vehicles (EVs) is one strategy to reduce GHG emissions. If EVs are charged with electricity from emission-free sources, their use can also increase the share of renewables in the global energy mix (Target 7.2 – Affordable and clean energy), and contribute to reducing air pollution and related health impacts (Target 3.9 - Ensure healthy lives and promote well-being for all at all ages and Target 11.6 - Reduce the adverse per capita environmental impact of cities). By investing in research and development to improve efficiency, reducing the complexity of electric vehicles and developing new generations of Battery Management Systems or On-Board Chargers (OBC), Ficosa is contributing to combating climate change and its impact. Furthermore, Ficosa is working to reduce its CO<sub>2</sub> emissions associated with its manufacturing processes.

*Learn more: [Innovation in our products](#); [Commitment to environment](#).*



## SDG 12 –

### Responsible Consumption and Production

Ficosa is designing and manufacturing products through the responsible use of raw materials and natural resources. The company is working to reduce its waste generation throughout the companies' life cycle. For example, Ficosa is working in some its operational facilities to increase the recovery of cleaning solvents and other chemicals and to reduce the amounts of these substances emitted from its plants. Furthermore, one of the main objectives of the company is the continuous improvement of quality, reducing the number of defective parts and improving both its processes and the skills of its employees with the aim of achieving zero defects. Additionally, the Taicang (China) and Maia (Portugal) plants have solar panels to generate electricity.

*Learn more: [Commitment to environment](#); [Commitment to quality](#).*





### SDG 16 –

**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

Ficosa is working to ensure that conflict-free minerals are used in the manufacture of its automotive components. Ficosa implemented an annual supplier inquiry to collect the Standard Survey (EICC/Gesi template) on conflict minerals from all its suppliers. The information collected is internally processed and provides useful information to ensure procurement that is free from conflict minerals originating in the Democratic Republic of the Congo or adjoining countries.

*Learn more: [Conflict minerals](#).*



### SDG 8 –

**Promote inclusive and sustainable economic growth, employment and decent work for all**

The company has a team of about 10,000 employees, with manufacturing plants, technological centres and commercial offices located throughout 18 countries in Europe, North America, South America, Africa and Asia. In all the countries where Ficosa operates, the company is building a safe and secure workplace where employees feel valued, where their rights are respected, and where they can do meaningful work.

*Learn more: [Commitment to our people](#); [Commitment to health and safety](#).*

# Compliance and business ethics



At Ficosa, we are committed to meeting high ethical standards and complying with all applicable local, national, and international laws wherever we do business. Behaving ethically is fundamental to establishing and sustaining legitimate and productive relationships between organizations.

In this direction, a new release of the Ficosa's Code of Ethics was approved by the Board of Directors in 2017. Our Code of Ethics is an extension of our values and defines the standards and responsible behaviour expected of all those related to the company, and which is of obligatory compliance. We are all responsible for complying with these benchmark standards, which are essential guidelines in order to guarantee our management model.

Our Code is available in all FICOSA languages (English, Spanish, French, German, Italian, Portuguese, Polish, Turkish, Chinese and Arabic).

Since 2018, Ficosa organized training sessions and awareness campaigns to ensure that employees are aware of Ficosa's new commitments and confirm their compliance with the Code of Ethics. The Code of Ethics was provided to all indirect employees (job positions with mail address) and to all FICOSA countries through a database system requiring acknowledgement by employees. At the end of December 2018, the Code's employee acknowledgement was 97% (2,551 employees, 10 countries out of 11 showed 100% ratio). The Code is available for all employees in the Ficosa intranet and it is included in the welcome package given to new employees, to be signed the first working day together with the contract.

In October 2019, the e-learning of our Code of Ethics was launched to the indirect employees, available in the 9 languages of Ficosa. This training is interactive and uses graphics, text and sound, making the training easy to understand and very easy to manage.

Upon completion, employees must pass a 15-question exam (randomly generated from a sample of 45 questions) following corporate training guidelines. The completion rate at the end of 2020 was over 95%, based on a target of 2,457 employees, with the 2021 target of reaching 100%.

At Ficosa, we have a body called the Compliance Committee responsible for distributing and ensuring compliance of the Code of Ethics among all the company's employees. In order to guarantee the effective application of the regulations and the guidelines of this Code, the company has established a whistleblowing channel to notify any breach of the Code of Ethics.

Furthermore, Ficosa's policies and procedures, available worldwide, ensure compliance with J-SOX in all activities performed in the day-to-day operation of Ficosa. Controls have been implemented to monitor compliance with these procedures and are periodically evaluated to ensure their effectiveness. Periodic self-assessments, internal and external audits are carried out.

At Ficosa, we are convinced that emphasizing the compliance culture makes a significant contribution to securing the sustainable success of our company. In this regard, the company has decided to define a Crime Prevention Mode, which was introduced in 2016. The goal was to adopt and effectively implement the appropriate measures to prevent and detect criminal risks and ensure ethical practices within the company. This compliance is integrated as part of a corporate culture, which has always been centred on the promotion of ethical values at all levels.

Under this framework, several regulations, procedures and protocols were implemented to support crime prevention in areas such as money laundering, antitrust, corruption in business, treasury and social security and subsidy fraud, fraudulent and

unfair behaviour, gifts and hospitality, intellectual and industrial property, the transportation of persons, goods and other related activities. All the different regulations, procedures and protocols focus on company and sector-specific risks and priorities and cover the facilities and sites where Ficosa holds a majority stake and is consequently responsible for their operation and control.

In 2018, a Compliance Information and Training Programme was launched in order to raise awareness in our organization. In addition, in 2019 a specific workshop on competition law was prepared and launched, covering the most sensitive positions in our commercial, purchasing and R&D teams, including examples of real situations. In 2020, this workshop was updated including new examples and risks detected during the last year.

In 2020, the second anonymous Compliance Awareness Survey was carried out with the aim of increasing awareness of Compliance and detecting opportunities for improvement. The questions, available in all Company languages, were sent to 2,423 employees in 12 countries. The survey covered various areas such as the level of knowledge of the Company's values, the Code of Ethics, the Whistle-blower Channel, awareness-raising in Compliance at the different levels of Management, etc. The overall result on a weighted score of 10 was 8.2, slightly improving the result of the previous year despite the potential negative impact of COVID-19.

The results of the survey will be shared in 2021 with the management teams of each country to promote internal forums in all the Group's subsidiaries where they can discuss and increase awareness of Compliance and be able to establish the relevant improvement actions.

# Living by the values at Ficosa

Ficosa's values underpin everything we do and must be reflected in our day-to-day behaviour. To ensure every employee understands and truly experiences the corporate values of Ficosa, the company turned them into specific operating principles and communicates them often.

At all sites, the values are displayed inside the factories and offices to make it clear what matters to us.

## Global Campaign of Ficosa Values and Ficosophy

In 2019, it was launched a global campaign to reinforce the concept of Ficosophy and the values of Ficosa, which constitute the DNA of our employees, what identifies us in any of our centres and plants in the world, as well as being the mainstay of our code of conduct.

Ficosophy is the values that unite all the people who are part of Ficosa. A unique way of doing things that helps us move forward into the future together.

Having values is important, but we need to apply them. That is why, we always put our Ficosophy at the centre of everything we do and we encourage our employees to live them in their day to day.

This campaign reached all Ficosa employees as different tools and formats were used to be able to work, during the 18 weeks that the campaign lasted, with all levels of the organization. Emails, pop-ups, social networks, posters, murals, tablecloths with messages were used also in the centres that had a canteen, activities connected with each value, etc.

In addition, a Ficosa 2020 Values Calendar have been created to keep this campaign alive during this year. This calendar is the result of a photography contest in which the employees participated by contributing with their own photographs that represent the values of Ficosa.

**FICOSA PEOPLE**

# FICOSOPHY

Our way of  
doing things

## INTEREST IN PEOPLE

People are at the core of our business. Training, learning, respect, diversity and friendly relationships are part of who we are.



## LEADERSHIP



Humility, not taking sole credit, and understanding all persons are equally important is essential to Ficosa's leadership style. Lead by example and with high regard for people's abilities. Delegate, decentralize, have faith in people's abilities. Integrate the company's values in the workplace.

## INNOVATION & CREATIVITY



All our employees have the ability to innovate and create, therefore we must encourage the expression of these ideas through our leadership.

## TEAMWORK

Knowledge-sharing, open communication, learning from mistakes, cooperation and understanding that personal success contributes to overall success.



## CUSTOMER FOCUS



Helping our customers succeed is key to achieving our success. Being able to build trusting relationships with our customers; understanding and anticipating their needs.

## COMMITMENT & PASSION FOR ONE'S WORK



Enthusiasm for doing a good job and knowing how to live the values. Participating in achieving our vision through perseverance, work enjoyment and a job well done.

## HONESTY & INTEGRITY



Honesty and integrity in our actions and behaviors. Ethical principles and values should guide our daily decisions.







# Human Rights

Ficosa is responsible not only for its own decisions and activities, but it also wants to ensure its suppliers and business partners operate in line with the company's sustainability principles and respect the Universal Declaration of Human Rights and environmental protection.

In addition to following the General Purchasing Conditions, and all laws and regulations applicable to the supplier. It is also their obligation to

respect social responsibility duties and especially the requirements based on the Universal Declaration of Human Rights (UDHR) and the International Labour Organizations (ILO) conventions to respect employees' rights, age and working-hours limits, etc. The purchase orders sent by any Ficosa company or any of its subsidiaries must include the terms and clauses of the General Purchasing Conditions.

Learn more: [Responsible sourcing](#).

Furthermore, the company performs a yearly control through the central employee database by calculating the age of their employees to ensure all Ficosa staff are above the legal age to work and assure no child labour is permitted.

# Information security

In 2017, Ficosa strengthened its Information Security Management System (ISMS onwards) based on ISO/IEC 27001:2013 standard. A Security Committee was formally appointed and is authorized by the Board of Directors to govern the ISMS. The Committee is responsible for defining and establishing the information security strategy and management system. The current scope of the ISMS includes engineering, prototypes and testing business functions.

Currently the scope of the ISMS covers the areas dealing with most highly sensitive information, shared sensitive information with customers and contract, intellectual and industrial property law, and protected information. ISMS aims, among other internal goals, to increase the confidence of stakeholders regarding information management and the security of its information systems.

The ISMS includes the implementation of risk assessment and management scenarios based on the MAGERIT methodology (Version 3).

Ficosa has also implemented zoning (S1-S2-S3) where S3 zones correspond to those related to confidential and secret classified projects. Each zone has been provided with its own security criteria, controls, alarms, cameras, procedures, training, etc.

As part of the ISMS project, Ficosa has developed and enhanced a training and awareness program. More than 938 employees have already attended the training sessions, including the Management.

Furthermore, the company has implemented an incident management procedure to enable any employees and stakeholders to report security concerns regarding information in order to prevent recurrences.

In 2019, an e-learning was also launched to increase the awareness of all employees on the correct use of Software licenses, including intellectual property, the purchase and use of software, examples of cases of illegal use, false beliefs on software licenses and the potential impacts of illegal use. The completion rate at the end of 2020 was more than 48% (out of a target of 2,457 employees), with the goal of reaching 100% by 2021. To achieve this goal, this e-learning has been translated into all Ficosa languages.





# Commitment to quality



## Policies

The rating given to a car and the value of an automotive manufacturer's brand are dependent on the customer's appraisal of quality. In this context, Ficosa believes that the automotive part and equipment industry has an important responsibility to constantly provide top-level quality to customers at every stage, from the planning of new products, through to development, manufacturing, distribution and sales to after-sales service.

In 2009, Ficosa implemented the Corporate Quality 3Q3 program, which aimed to improve quality threefold within three years' time, thus propelling the business to the top of the automotive sector. The 3Q3 program is annually updated, accompanied by a specific roadmap and quality targets to make sure that all the regions are following the best practices in this area. Through the 3Q3 program, the company performs more than 100 audits per year to ensure that all the sites comply with the company's quality requirements.

In 2015, the company implemented stricter rules in the 3Q3 audits related to internal supplier management, project management and technical centres, using the same criteria as for Ficosa manufacturing plants. In 2016, the company implemented a new internal 3Q3 Process Design Audit to certify the design of the production process at Ficosa sites (plastic & metal injection, injection tooling, paint shop). The new internal audit is applicable to all the Company's technical centres and manufacturing plants.

Additionally, in 2016, the company added three new checklists in the 3Q3 Plant Audit to make sure that each site adheres to Ficosa standards for the proactive management of warranties. More demanding rules were added in the 3Q3 audits for technical centres. The main goals of the new checklist is to certify that any software developed by Ficosa is aligned with the ISO/IEC 15504 guidelines. Furthermore, these stricter rules have been implemented to guarantee that the design and production of safety products comply with the highest standards of the automotive industry.

In 2018, the notice period for the communication of a 3Q3 Plant Audit was reduced from ten to two days. The objective is to obtain a true picture of the Ficosa site and avoid any ad hoc preparations being made in advance.

During 2019, the 3Q3 program was carried out, auditing all the company's support centres and manufacturing plants.

During 2020, the 3Q3 face-to-face audit could not be carried out due to travel restrictions generated by COVID-19 pandemic, so it has been replaced by a self-evaluation carried out by each of the plants and functions of Ficosa. During the month of March 2021, the corporate quality team will conduct virtual reviews of these self-assessments.

The aim is to maintain a tool that has given very good results despite the problems that a self-assessment may generate, as the corporate quality team, independent of the audited function, does not do it. Virtual reviews will help to correct possible deviations.

## Quality Management

IATF 16949:2016 (replaces ISO/TS 16949:2009) defines the quality management system requirements for the design and development, production and, when relevant, installation and service of automotive-related products. It is a specific standard to the automotive industry and is based on the ISO 9001 standard.

Operational Ficosa facilities certified  
IATF 16949 and ISO 9001 (%)

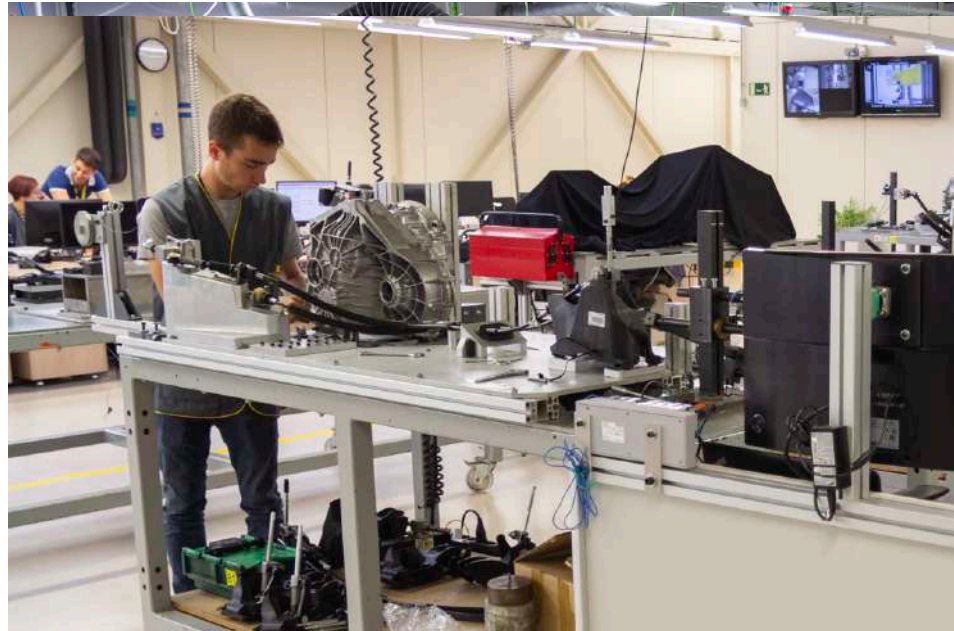
**100%**



## Governance

The mission of the quality function is to improve the performance of Ficosa, thereby ensuring customer satisfaction. To do this, it is endowed with a corporate structure and local quality control organizations in the production plants and support centres (technical centres, purchasing, project management, etc.).

The main tool to ensuring the mission of the quality function is achieved, is the quality system, which is deployed on a corporate level in order to comply with international, national and local standards, and those of our customers.



## Main Risks and Challenges

Customer warranties are a significant part of our quality management system. In 2018, a new warranty reporting system was launched in all Ficosa manufacturing sites. This system continuously monitors our OEMs B2B warranty applications to obtain a better picture of the current and future scenario, helping us to react quickly to any possible incident before an official warranty analysis request is issued.

In 2020 the system has been consolidated, having a global guarantee indicator, by plant, customer and product, which, through standardized analysis, allows the control and reduction of the number of charges for guarantees.

Parallel to this, the collaboration between Design and Manufacturing has been strengthened in order to analyse the “No Fault Found cases” (NFF) to provide faster support to our customer in the resolution of problems.

The company remains focused on improving both our processes and our employees’ skills, using problem solving, analysis tools and techniques in an aim to reach zero defects. We monitor the customer portals to reduce response times, since we do not have to wait to receive the official notification of defective parts in order to take action. We continuously monitor any possible warranty incidents thanks to the improved monitoring of our

customer portals. Furthermore, we will use statistical tools to predict any future trends and contrast the effectiveness of our actions. In addition, the company is focused on implementing the Lean Six Sigma methodology in all the manufacturing plants and technical centres and improving the communication between operation and product design. Finally, the company continuously improve its development system to ensure top-level quality in the design and development of new technology products.

## Key results

Company quality is managed through the monitoring of KPIs. The company has defined a balanced scorecard system that displays the site's monthly values versus target figures. This monthly reporting enables the company to pinpoint areas where improvement is needed. In 2019, the scope of some indicators has been revised to increase their rigor, so the historical data is not comparable.

	2019	2020	Target 2020	Target 2021
Customer satisfaction (%)	95%	95%	95%	95%
Number of Customer claims due to Suppliers	113	79	122	100
Number of Customer claims	791	537	720	585
Number of defective parts per million delivered to Customer (ppm)	21.5	22.0	6.5	6.5
Number of defective parts per million delivered to Ficosa due to Suppliers responsibility (ppm)	12.0	7.4	24.0	7.5
Non-Quality Costs over sales (NQC) (%)	0.59%	1.28%	0.49%	0.49%

The 2020 deviations in ppms and non-quality costs are focused on the launch of a new technology product in the optimization phase. Removing the effect of this product, the 2020 targets would have been achieved.

Quality management goes beyond Ficosa activities. The company wants to ensure that its suppliers also operate in line with the company's commitment to excellence. All our suppliers must have a quality certification (ISO 9001, VDA, EAQF, and IATF) and must provide Ficosa with written evidence of the most recent certification renewal.

Since 2015, the supplier's internal management system audits have been following the same criteria as the ones used for Ficosa's manufacturing plants. Furthermore, Ficosa reviewed and made the criteria used to select suppliers for its Purchasing Optimum Panel (POP) more restrictive. From 2017 on, the company has implemented a strict program to reduce the impact of suppliers on customers by enforcing stringent rules and consolidating supplier audits in all the countries where the company operates.

## Awards and recognition

General Motors awarded the Ficocables Ltda plant, in Maia (Portugal), with the 2019 Supplier Quality Excellence Award, in recognition of the quality results, deliveries and services of this plant, which manufactures and supplies cables and comfort systems. The ceremony, held in March 2020, was virtual due to the effects of the COVID-19 pandemic.

Toyota awarded Ficosa Otomotiv with the "Certificate of Recognition" in the Project Management category during the Toyota Annual Business Meeting, which was held by videoconference, on the grounds of the COVID-19 pandemic, on June 19th, 2020.

## Continuous improvement (FIT Program)

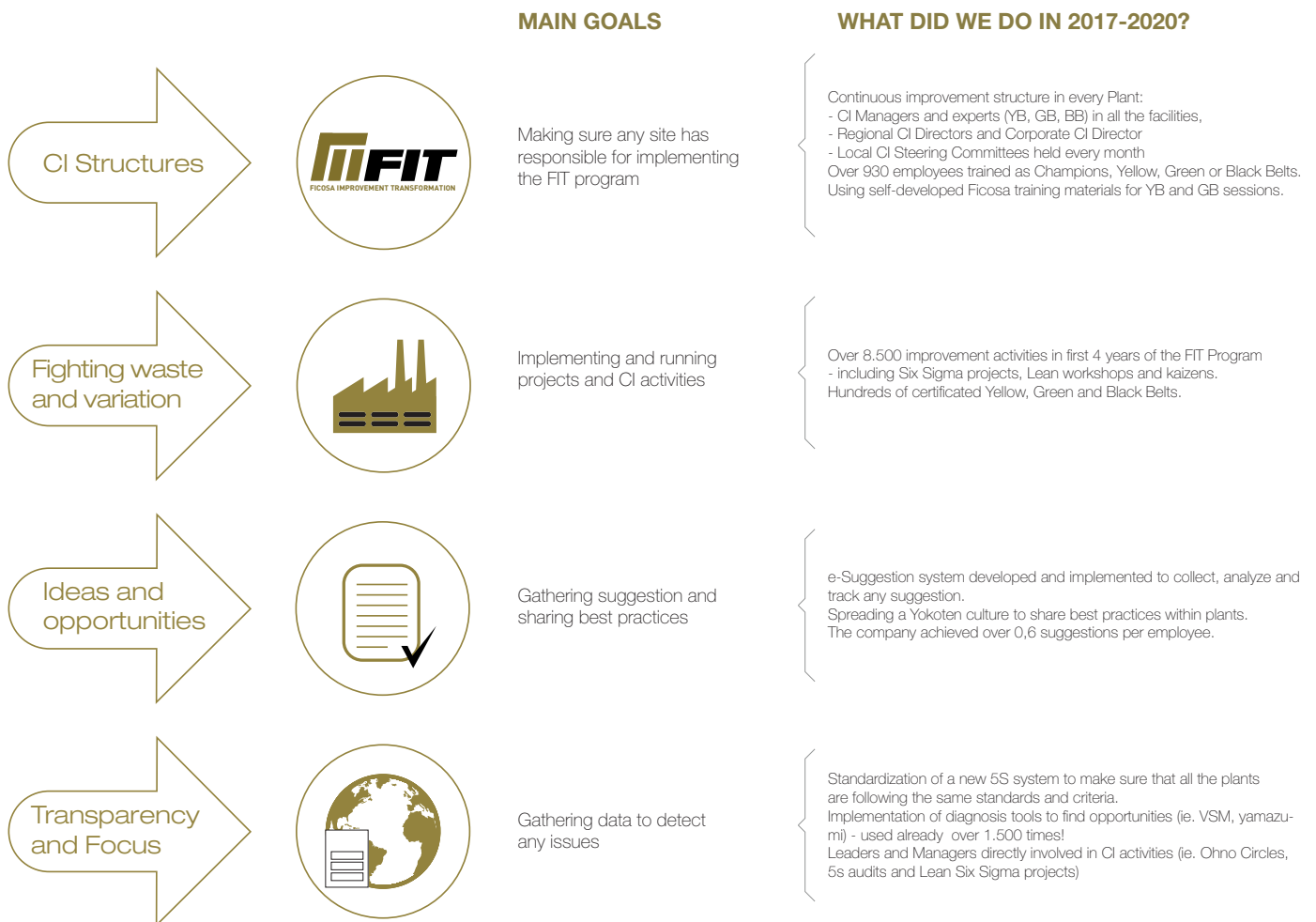
Within the aim of consolidating its market positions as an automotive manufacturer and strengthening its presence in all markets, Ficosa bases its strategy on continuous improvement in terms of both products and all the processes involved in them.

Ficosa understands that continuous improvement is any change of direction to improve processes by eliminating inefficiencies and maintaining consistent quality. All Ficosa employees are responsible for continuous improvement, from the first operator to the last manager of the company. Continuous improvement affects all departments related to

production as well as the financial-administrative, purchasing, commercial and R&D departments.

To ensure there is structured support in continuous improvement, the Ficosa Improvement Transformation (FIT) Program was launched at the end of 2016. This Continuous Improvement (CI) program is supported by top management and has been implemented in all of Ficosa's operational facilities. The project is supported by an action plan aimed at implementing self-sufficient CI teams in all the countries where Ficosa operates. The program has been divided into 4 main pillars:





The program involves the use of continuous improvement methodologies, such as Lean Six Sigma, as well as soft skills that support employees in their everyday quest for better products and processes. Ficosa allows for the development of human resources in its broadest sense, by adapting organizational structures to globalization process needs. We have active experts (called Belts) with different levels: White,

Yellow, Green and Black Belts, sharing a common goal of everyday improvements. The company's new FIT program is not only about optimizing the manufacturing process, but also changing the culture of the company and training people to give them greater capacity to make the right decisions every day.

# Commitment to our people



Dragon ceremony in Taicang site.





Ficosa's commitment to people is at the foundation of the company's culture.

## Policies

For Ficosa, being a responsible employer involves a number of challenges: training employees, promoting them, providing them with fair salaries, looking after their well-being at work, combining operational excellence and personal development and encouraging a fluid social dialogue. Ficosa has numerous internal guidelines, policies and procedures to ensure that all their sites are following the best practices in recruitment, career management and talent development. The main ones are: Management of Personnel Database, Management of Short Term Benefits,

Management of Other Employee Benefits, Procedure for Recruitment and Hiring, Procedure for Performance Evaluation, International Assignments Management Procedure, Procedure for the Planning and Follow-up of the Training and New Employees Welcome Procedure.

Furthermore, the company has defined an employee handbook available for all employees. The handbook includes information about fair business practices at work, our code of ethics, health & safety, training, performance development, prevention of discrimination and promotion of diversity, etc.

## Governance

The Chief Human Resources Officer, member of the Executive Committee, is the highest responsible person for labour practices in the workplace. The Corporate Human Resource department is responsible for defining the above guidelines, policies and procedures. Every site has a Human Resources Manager, who is responsible for implementing the policies defined at corporate level in every country where the company operates.

## Main risks and Challenges

Ficosa develops its activity in a very competitive and demanding industry. Since 2008, the company has tapped into new business areas and international markets and integrated them into the corporation. In this regard, Ficosa has firmly committed to creating high-value jobs in all areas of the organization, with a special focus on engineering. The need to hire new staff is posing new challenges for the company as competition for specialist and managerial staff is increasing in some areas of the global labour markets. We are therefore implementing all the necessary mechanisms to get the best out of our teams and recruit the best professionals in order to maintain our competitive advantage in the long term. The following areas have been identified as the most significant areas:

- Diversity and integration
- Development, training and knowledge management
- Dialogue and communication, internal and external
- Health promotion and well-being
- Safe and healthy working conditions (see "Commitment to Health and Safety")
- Absenteeism management

## Key results

	2018	2019	2020	Variance from previous year
Average number of employees (FTE)	10,243	9,978	8,116	-18.7%
Number of employees at year end	9,279	9,049	8,509	-6.0%
Non-production Indirect Turnover (%)	7.0%	8.6%	10.2%	1.6%
Female staff in total (%)*	44.3%	45.4%	46.6%	1.2%
Female staff in executive positions (%)*	15.2%	16.0%	15.4%	-0.6%
Employees with a disability	133	127	116	-8.7%
Dismissals	277	495	627	26.7%

\*.- To measure these indicators, the company uses the workforce at the end of the year (8,509 employees).

## Workforce by country

	2019 (FTE)	2020 (FTE)	2019 (at year end)	2020 (at year end)
Brazil	273	182	247	203
China	1,493	1,331	1,050	765
France	295	206	277	261
Germany	262	203	243	216
India	64	57	59	56
Italy	275	201	224	226
Japan	5	5	4	4
Malaysia	55	32	53	0
México	661	479	582	554
Morocco	263	465	467	570
Poland	965	822	777	748
Portugal	1,244	890	1,104	1,015
Spain	2,183	1,725	2,151	2,062
Turkey	1,004	732	916	904
USA	936	786	895	925
<b>Total general</b>	<b>9,978</b>	<b>8,116</b>	<b>9,049</b>	<b>8,509</b>

## Group Workforce - age\*

	2019	2020
Employees < 30 years	1,806	1,582
30 < Employees < 50 years	5,695	5,325
Employees > 50 years	1,548	1,602

## Group Workforce - job category\*

	2019	2020
Senior executives	162	155
Area managers	463	427
Engineers and technicians	1,766	1,520
Administrative personnel	195	179
Direct Production staff	4,944	4,811
Indirect Production staff	1,519	1,417

## Contract types (2019)\*

	Full time	Part time	Total
Permanent	7,919	288	8,207
Temporary	805	37	842
Total	8,724	325	9,049

## Contract types (2020)\*

	Full time	Part time	Total
Permanent	7,466	289	7,755
Temporary	673	81	754
Total	8,139	370	8,509

Working hours are organized in the same way in all production centres depending on the workload. Operations areas with three daily shifts (morning, afternoon and night) and the rest of the departments with a central shift.

## Diversity and Integration

At Ficosa, the criteria and procedures for the recruitment of employees embraces the principle of equality and non-discrimination based on the grounds of gender, race, national or social origin, social class, birth, religion, disability, sexual orientation, union association, political opinion, age or any other condition.

Additionally, our Code of Ethics states that Ficosa Management will take all appropriate measures to prevent acts of harassment, discrimination or violence within the company. At the same time, its employees undertake not to promote or allow situations of abuse, harassment, violence or discrimination in the workplace. These prevention actions are enhanced locally with specific equality and anti-harassment plans, like those at the Cookeville, Detroit, Soria and Viladecavalls sites.

Furthermore, all job agencies that work with us must guarantee equality in gender, origin, ethnicity, political affiliation and religious beliefs for all candidates pre-selected for our company. All managers and middle management are responsible for ensuring non-discriminatory treatment to employees and collaborators.

In 2018, we started a specific corporate training plan focused on increasing the cultural intelligence among different cultures and nationalities. In 2019, the Viladecavalls (Spain) and Maia (Portugal) plants underwent a training program related to communication, leadership and how to act in the event of discrimination. All the operations team leaders of these centres have participated.

In Soria (Spain), all managers have already received training on equality and harassment in the workplace. In

Turkey, the manufacturing plants have defined local gender equality training for their employees. All employees at US plants carry out specific diversity and harassment prevention training every three years; new hires have mandatory diversity, harassment and proper communication training in the workplace, being instructed on how to report any non-compliance.

Soria (Spain) collaborates with correctional institutions to foster the rehabilitation of former prisoners. In 2015, the company received a special prize “Empresa Socialmente Responsable” (Socially Responsible Company) from FADESS (“Fundación de Ayuda al Discapacitado y Enfermo Psíquico de Soria” – The Soria Foundation for Physical and Intellectual Disabilities) that recognizes the commitment towards this group. The company collaborates with FADESS and ASOVICA (“Asociación Virgen del Camino de Familiares de Personas con Enfermedad Mental” – Association for families with mental illness members) to promote the social inclusion of physically and intellectually disabled people and hires new employees through entities that promote the employment of people with disabilities (Asamis, Ilunion).

The plants in Mexico have a program called “total well-being” where awareness sessions are done by psychologists on issues of sexual harassment, discrimination, emotional intelligence, conflict resolution and stress management. In turn, Ficosa México belongs to the local Automotive Cluster, participating in the conference “Forward for Gender Equality”.

In 2015, Dabrowa Gornicza (Poland) received a special prize “Icebreaker” for its commitment to promoting the







inclusion of people with disabilities, awarded by the Foundation for Vocational Activation of People with Disabilities and the Polish Organization of Employers of Disabled Persons. One of the main goals of the site is to reach six percent of employees with disabilities (in 2020 4.7% was achieved, increasing this ratio by almost one point). Since 2010, the site has been using a specific programme defined to promote the employment of disabled people. Every disabled employee at the site receives special treatment with external doctors. Furthermore, the company regularly checks workplaces or job positions to make sure that working conditions are adapted to disabled people's needs.

In Taicang (China), the company defined an action plan to improve the employment of people with disabilities. The action plan included interviews and on-site visits to various

local manufacturing plants to share best practices and review different examples of infrastructure adaptation to accommodate employees with disabilities with the collaboration of the Rotary Club of Shanghai. Furthermore, employees from the Human Resources, Quality and Operating departments participated in an awareness training course conducted by the Social Inclusion Academy (SIA) and Inclusion Advisory Group. The Social Inclusion Academy training programme is the result of a cooperation between the Inclusion Factory and the German Chamber of Commerce to promote the successful integration of people with disabilities in a variety of positions in a cross-sectoral environment.

Brazil has made workplace adjustments and provided new infrastructure on the assembly line to accommodate deaf or hard of hearing (HOH) employees.

Furthermore, the company has updated its emergency procedure and visual aids to effectively alert its deaf or HOH employees in an emergency situation. The company has staff trained in sign language to support these employees.

All Ficosa employees are covered by local labour collective bargaining agreements except in those countries where these collective bargaining negotiations do not exist as the collective labour rights are protected and guaranteed by national laws. This is the case for Ficosa sites located in USA, China, India and Morocco. Consequently, the percentage of group employees covered by the collective agreement is 73%.



## Employee development

Employee development is a priority for Ficosa. Since 2011, Ficosa has adopted system-wide performance, which focuses on setting performance goals for employees according to their responsibilities and departmental objectives. This is complemented by a mid-year review in order to update the existing objectives with the new information provided during the first half of the year. Every site sets the performance goals at the beginning of the year, taking into account process implementation and local conditions and shares this decision with corporate development.

The skills and knowledge associated with each position are also evaluated, generating development opportunities for each person. This evaluation process is enriched throughout the year with an informal communication flow between employees and managers, which is the basis of the main dynamics of people development generated in Ficosa.



	2019	2020	Variance from previous year
No. of employees with access to performance and career development review (target)	2.300	2.072	-9,9%
% of employees receiving regular performance and career development reviews	95.0%	78,1%	-16,9%

The 2020 reduction in the number of employees with access to the performance review is mainly due to the decrease in the number of employees caused by the impact of the COVID-19 pandemic on demand.

## Growing @Ficosa

In 2014, Ficosa launched a Competency Development Programme with the aim of identifying and maximizing the potential of key employees.

This programme starts with an external assessment that enables each one of the participants to gain in self-awareness and to map their strengths and development areas. This analysis forms the foundation of Growing@Ficosa, a programme that provides the resources and support for accelerated development adapted to the needs and motivation of each of the participants.

Growing @Ficosa is a long-term global program with a duration of two years. The option of turning it into an online or “blended” program, which can be adapted to the

extraordinary circumstances generated by the COVID-19 pandemic, is being studied. We hope to inaugurate this new modality in 2021 with a new group of participants.

Since its launch, a total of 136 employees have participated. In 2020, we already have more than 92 graduates on the Growing @Ficosa staff. This program is helping to create a consistent people development culture throughout the organization. It involves participants with different profiles who work as a team with Human Resources, managers and the main lines of management of the company around the world.

The programme is based on a 3-tier commitment (manager, human resources and the participant) and is structured around:

### 01 An Individual Development Plan (IDP):

an ad-hoc plan resulting from one-to-one interviews with the participants and their managers to better understand and define their main expectations and development. This is a blended programme based on the 70-20-10 model with a strong focus on learning on-the-job and social learning.

### 02 A Corporate Program:

with training in areas such as Leadership, Teamwork, People Development, Impact and Influence, and supported by coaching, mentoring and specific metrics, as 360° or other behavioural KPIs.

**70**

Experimental learning

Work-related collaboration  
On-the-job performance support

**20**

Social learning

Peer learning and coaching  
Mentoring

**10**

Formal learning

Learning program support  
High potential development

## Successfactors

Until 2015, the company used different Human Resources systems and tools that supported personnel administration processes and that needed a global and integrated solution. To improve the efficiency, Ficosa has implemented a new Human Resources Information System called SuccessFactors. This new tool is an employee-centred system and enables each employee to complete HR tasks more quickly and perform strategic HR activities more frequently such as their annual goals, performance, development plans, training programmes, etc. Since 2019, SuccessFactors includes the company's development module and training program, facilitating the creation and monitoring of development plans for each of the employees. In 2020, the foundations of the new Talent Review & Succession process were created, which will be implemented throughout next year 2021.

## Training and knowledge management

	2019	2020	Variance from previous year
Total number of training hours provided to employees	152,514	97,798	-35.9%
Training investment (€)	864,877	418,611	-51.6%
Average cost training per employee*	96	49	-48.6%
Average training hours per employee*	17	11	-32.4%

In 2020, despite the exceptional circumstances caused by the pandemic, it has been possible to maintain employee training, especially thanks to online training (see below).

At Ficosa, we understand that the best way to learn is to build on previous knowledge and experience, and to put into practice what our employees learn in their job positions. Thus, working along with some of our best professionals is the most valuable and direct way to improve our employees' knowledge. This hands-on experience is supplemented in each case with specific training programs given by professionals in our company, as well as business and training institutes and universities.

Each year, each site defines a quantified and budgeted annual training plan and submits it for formal approval by the corresponding Plant Manager, Country General Manager or Region/Business Unit Director. The company records the annual training data from each site to detect areas for improvement in the training activities implemented worldwide. More than 50% of the training sessions are related to manufacturing, quality, health & safety or engineering contents.

In order to ensure that all employees have the technical knowledge required to perform their duties successfully and are familiar with Ficosa's tools and methodologies, Ficosa implemented a robust learning system for plant positions

### Total number of training hours provided to employees\*

	2019	2020
Direct employees	84,268	72,043
Indirect employees	68,246	25,755
<b>Total general</b>	<b>152,514</b>	<b>97,798</b>

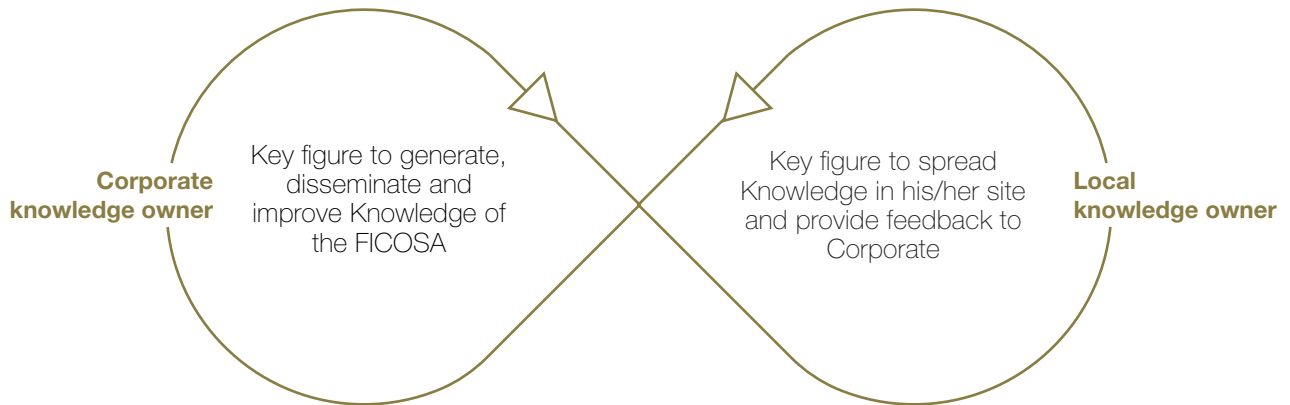
\*.- To measure these indicators, the company takes the workforce figures at the end of the year

that includes diverse training modules related to assembly and injection process, OHSE, quality, supply chain, painting process, lean manufacturing, etc.

First of all, the company prioritizes the technical knowledge required for the job position in new business and technologies. Secondly, Ficosa selects the Corporate Knowledge Owners and Local Knowledge Owners to generate, distribute and improve knowledge in the plants, technical & development centres. Ficosa has 25 Corporate Knowledge Owners who meet regularly to work on specific training materials & content adapted to Ficosa standards and processes (e.g. case studies, practical exercises & evaluation). The training materials focus on error prevention, practical cases & activities that ensure learning through close-to-reality situations and assessment tools. The Local Knowledge Owner is responsible

for adapting the corporate training materials to train employees at their site. This learning system has already been implemented in the new manufacturing plants of Morocco, so in 2019, this new learning system was implemented in all the plants where the company operates.

In recent years, the offer of technical e-learning accessible to the entire organization has been expanded, improving agility and efficiency in accessing such training. In 2020 there were more than 20 online training available to employees.



In addition, internal training continues to be one of our pillars when developing the skills and abilities of our employees.

In 2020, due to the pandemic generated by COVID-19, a pilot test focused on a 100% virtual platform called LearningHUB was launched in Viladecavalls site. This platform integrates courses and resources with different content and levels, all of them articulated based on our 9 competencies. It also includes some important topics as a consequence of the pandemic: mindfulness, emotional intelligence and working from home. It is important to note that it is a platform open to all employees, both direct and indirect.

This platform has also been enriched with the contents of Coursera, a leading online teaching platform that has 3,000 courses from the best international universities, and that allows employees to certify the courses they have completed.

## Employee communication and satisfaction

Ficosa strives to foster strong and effective communication with its employees to make sure they understand where the organization is heading and are up-to-date with key information about the company. To do this, the company has developed different channels to communicate with its employees, such as intranet, suggestion box, employee newsletter, round table meetings with plant managers, one-on-one interviews, town hall meetings, etc.

At a local level, some sites, such as Cookeville (USA), Shelbyville (USA), Dabrowa Gornicza (Poland), Dieuze (France), Taicang (China), Salinas and Escobedo (Mexico), Porto (Portugal), Bursa and Gemlik (Turkey), Morcone (Italy) have introduced an employee survey in the past four years. The results are presented to the top management, including an action plan. In 2018, the Viladecavalls site has implemented a new employee satisfaction survey and we expect to deploy the same one in all sites worldwide in 2019-2021. The sites that already carried it out in 2019 are:

Jandira (Brazil), Wolfenbüttel (Germany), Morcone (Italy) and Soria (Spain). In 2020, due to the effects of the COVID-19 pandemic, it has not been possible to give continuity to this initiative, which will be addressed again in 2021. The result will be not only a specific action plan adapted to each site, but also a global analysis to deploy certain corporate actions to be implemented worldwide if needed.

Furthermore, all our company sites promote and facilitate structured labour relations through the local employee representatives bodies and/or trade unions with periodical meetings to discuss and follow-up different labour topics.

## International assignments

One of our objectives as a company consists of promoting the development of our people through the creation of a dynamic and attractive environment with opportunities for lateral, vertical, functional and geographical movements. In this sense, international assignments are a key part of people development at Ficosa. Employees benefit by gaining international experience, growing personally and developing professionally; Ficosa also benefits by expanding the distribution of knowledge and skills, increasing technical expertise and promoting a consistent global culture.

Ficosa has defined a specific International Assignments Management procedure to guarantee the application of homogeneous practices within all the sites of the company. In all cases, the company guarantees that employees returning to their home country will have a job position with the same level as that which they had before the international assignment and a salary level in the home country equivalent to the level of the last position held in the destination they are posted.

## Workplace health promotion & work-life balance

Ficosa is working to ensure that the entire workforce receives an annual medical examination in all their countries of operation. The majority of sites have a specific healthcare program for employees. The workplace health promotion and work-life balance initiatives depend on each site and are led by the Human Resources department.

The company has specific local programs to ensure that all centres implement measures related to promoting health in the workplace, including formal goals for stress prevention.

During 2020, a corporate communication and training campaign was launched for the entire Company focused on combating the adverse effects of the pandemic on our employees with more than 40 emails, videos, webinars and infographics with recommendations for healthy habits during the pandemic, advice for working from home, suggestions on mental health, ergonomics in teleworking, management of work stress, prevention of mental fatigue, mindfulness exercises, etc.

Employee absences have a huge impact on results and productivity. Knowing the factors that drive absenteeism and monitoring our employees are key to preventing it. All Ficosa work centres monitor these factors using an integrated system to track absences together with corporate managers.

The main actions for its prevention focus on changing employee behaviour through wellness programs to promote healthier lifestyles. Local Health and Safety Committees periodically evaluate absenteeism records to launch countermeasures.

On the other hand, despite the fact that Ficosa has not developed an internal policy that establishes the right of employees to digitally disconnect from work, at the local level many initiatives have been launched to ensure that employees' rest time, as well as the of their families, is respected.

## Main local "Commitment to our people" actions:



- Official measures to promote work-life balance
- Telework policy (remote work)
- Guaranteed acceptance for part-time job applications for parents with children under 12 and choice of work shifts
- Flexible time for employees
- Shuttle bus to connect with public transport
- Flexible payment options
- Medical and nursing service in the main centres
- Physiotherapy service for employees
- Same holiday periods for couples working in Ficosa
- Contest of Christmas drawings among the children / relatives of the employees for the institutional cards of FICOSA. All participants receive a gift
- Offers to employees / collaborations with gyms, local vehicle dealers



- Health week (vaccinations, health talks, visits by optometrists and dentists, etc.)
- Total wellness program (program offered to our employees through psychologists specialized in emotional intelligence, stress management, etc.)
- Campaign against breast cancer (conferences to promote early detection)



- Time flexibility for employees

The health crisis caused by COVID-19 has forced a large part of society to adapt quickly and unexpectedly to remote work, a relatively reduced practice in most countries and companies. In this sense, Ficosa has promoted teleworking in all its centres and countries as an effective mechanism to maintain jobs and ensure the continuity of economic activity in the context of COVID-19.





- Psychology service for all employees
- Wellness campaigns (promoting healthy lifestyles)
- Promotion of sport with offers to employees / collaborations with gyms
- Implementation of teleworking
- B-Ergo program (to promote ergonomics in the workplace)
- Assistance initiatives (psychologist and occupational medical service, medical examinations)
- Job rotation for operators
- Regular health and safety campaigns
- Air quality and temperature monitoring



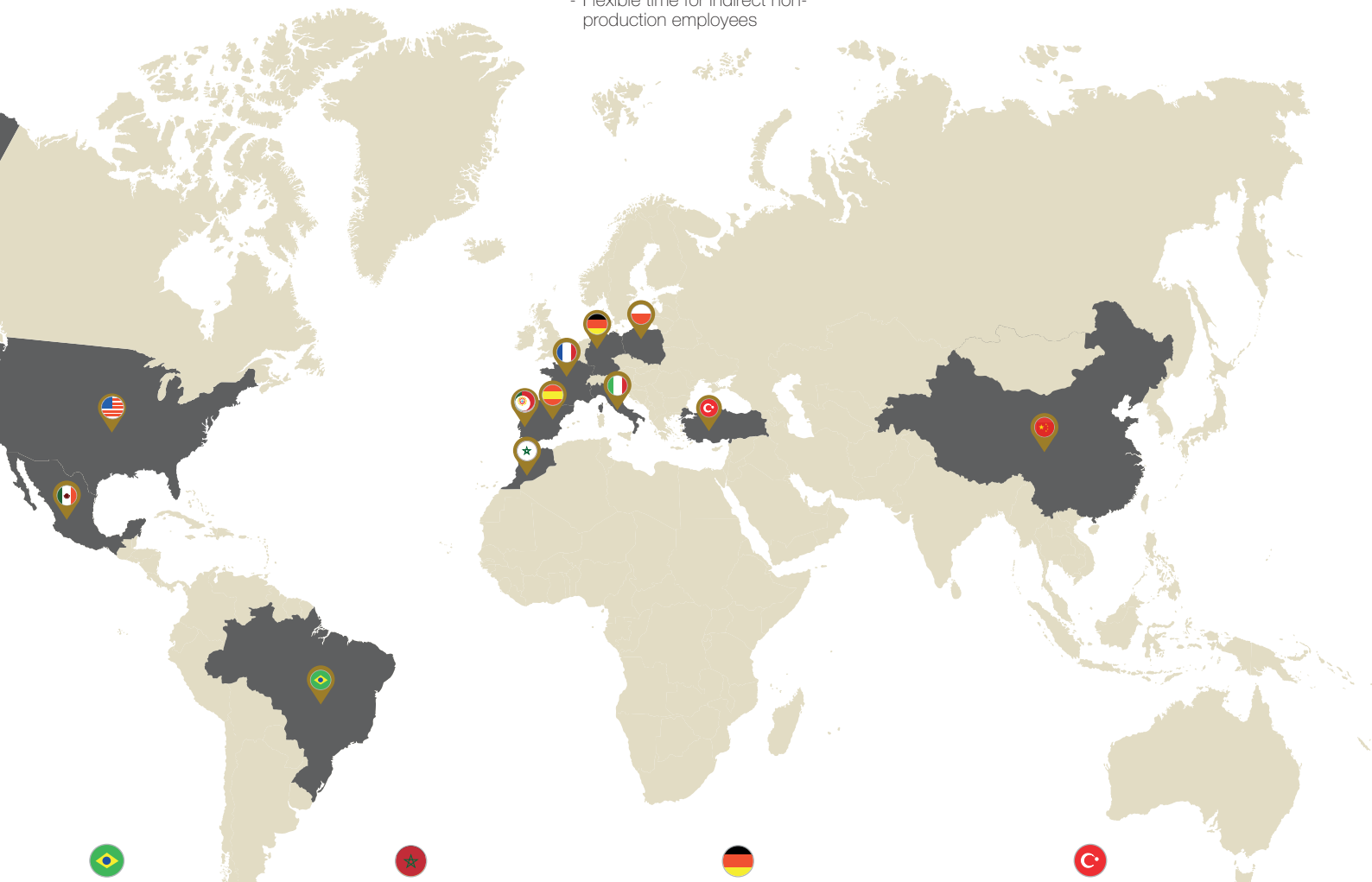
- Welfare campaigns (influenza vaccination, first aid kits)
- Sport promotion



- Association with a public organization for the adaptation of jobs for people with disabilities
- Guaranteed acceptance for part-time job applications for parents
- Teleworking
- Flexible time for indirect non-production employees



- Wellness campaigns (promotion of a multifunctional room for the care of employees in pregnancy, lactation, etc.)
- Sport promotion (participation in the 2020 SHANGHAI CHAPTER FOOTBALL TOURNAMENT organized by The Chamber of Commerce of the European Union in China)



- Assembly lines and emergency procedures tailored to accommodate deaf or hard of hearing employees. The company has staff trained in sign language to be able to support these employees



- Telecommuting
- Transportation service for employees (bus)



- Flexible time for employees
- Teleworking
- Promotion of sport with offers to employees / collaborations with gyms



- Welfare campaigns (overtime restraint)
- Employee transportation service (bus)

# Commitment to health and safety



## Policies

At Ficosa, we believe that all injuries, occupational illnesses and incidents can be prevented, and we strive for zero harm by:

- Complying with the laws, regulations and Ficosa operational policies and standards
- Establishing measurable OHS objectives and targets, recognizing and celebrating their achievement
- Identifying, assessing and controlling hazards and impacts, and adopting an approach that will strive to eliminate or reduce the risk to a residual level
- Informing employees, contractors, visitors and the public of these hazards and impacts
- Identifying, implementing, monitoring and reinforcing the safe behaviour we expect in our business to eliminate unsafe acts and practices
- Providing appropriate OHS training to employees and contractors
- Investigating incidents and sharing the experiences learnt to prevent them
- Guarantee participation and consultation among our employees, in aspects related to health and safety.

Operational facilities  
certified OHSAS 18001 -  
ISO 45001\* (%)

96%

(\*) - OHSAS 18001: 2007  
certification in the process of  
migration to ISO 45001: 2018  
certification



We adopted a common approach across the company to manage health & safety. In addition to strict compliance with legal regulations, we implement our own Occupational Health, Safety and Environment (OHSE) policy and stringent OHS procedures that include hazard identification and risk assessment, employee health control, risk control planning, chemical products management, PPE management for employees as well as contractors, etc.

Annually we review all the Policies and procedures including the improvement options identified during the internal and external audit processes, new requirements from our clients, as well as the best practices identified within the group. In this way, we guarantee continuous improvement in the performance of all our activities.

Currently, all Ficosa's production centres have audited the occupational health and safety management system based on the ISO 45001: 2018 standard, with the exception of the Shenyang centre, which has changed its production activity to an advanced logistics warehouse during 2020.

Additionally, risk assessments are carried out in all production centres and internal health and safety audits are carried out periodically to guarantee the highest safety standards in all our operations.

Since 2016, the corporate quality audit "3Q3" questionnaire has included OHS issues regarding safe behaviour and equipment safety.

Furthermore, the corporate OHS department is leading the ISO 45001:2018 internal audits in Europe. These audits are carried out in all production sites and constitute the tool to ensure compliance with homogeneous standards in the field of safety, health and the environment. During 2020, due to mobility restrictions, as a result of the COVID-19 pandemic, internal audits have been carried out online, with the exception of the Moroccan plant, where it could be done face to face in February 2020.

The internal audit checklist has been improved compared to previous versions:

- Including criteria related to working conditions that measure the level of implementation of operational control requirements.
- Simplifying the existing verification of documentary aspects compliance.
- Establishing a new scoring system by weighing the two previous points.

## COVID-19

The year 2020 has definitely been marked by the COVID-19 pandemic, which has had a great impact on productive activity globally due to forced confinements that drastically reduced and even paralyzed the activity of our production centers during certain periods.

In April, aware of the global situation, Ficosa published a corporate standard on "Business continuity during the COVID-19 pandemic." This procedure describes the minimum preventive measures that must be taken to help prevent the spread and contagion of respiratory infections such as COVID-19 in all Ficosa work centers, as well as the procedure for action when detecting a positive case in the workplace. Its purpose is to ensure business continuity and recovery of industrial activity at Ficosa plants, ensuring the protection of our employees.

Additionally, given the scarcity and different mask supply in the countries where Ficosa is present, the company took the initiative to manufacture hygienic masks for the use of our employees at the Taicang plant in China. Tests were passed in accredited laboratories in China, Spain and France and comply with the regulations in force in all the countries in which they are used.

The masks manufactured by Ficosa began to be used the first week of May 2020. Currently they are used in plants in the United States (Cookeville and Shellbyville), Mexico (Salinas and Escobedo), Portugal (Maia), Spain (Viladecavalls, Soria and Sant Guim) and France (Dieuze). Germany has recently stopped using them due to a regulatory change.

Some of the remarkable initiatives in the management of COVID-19 are:

- **COVID Committees:** COVID Committees have been formed in most of our plants, their members are the plant's senior management, worker representatives and safety specialists who continuously monitor the impact of the pandemic and guarantee continuous improvement in the application of mitigation protocols.
- **COVID forums:** throughout 2020 there have been two meetings led by Corporate OHSE team, in which OHSE technicians from all Ficosa plants participated. During the meetings, the evolution and impact of the pandemic in our centers has been monitored and practices in the fight against the spread of the disease in different countries have been shared, strengthening and consolidating the anti COVID-19 protocols.
- **Redesign of the layout of the production lines,** where possible, to minimize their occupation and guarantee the safety distance.
- **Voluntary audits on management measures against COVID-19.** The audit, carried out by TÜV, was successfully passed at the Bursa and Gemlik plants.
- **Automatic temperature measurement:** these temperature meters have been installed in the plants of the group with the largest number of employees such as Viladecavalls, Dieuze, Bursa, Soria and Gemlik.
- **Massive tests:** antigen tests have been carried out on a massive scale, in periods of high epidemiological risk, to prevent the spread of the virus. This action has been carried out at the Viladecavalls, Soria, Gemlik and Portugal plants.
- **Strengthening the dissemination of preventive measures:** through the "Ficosa people" account, different messages have been sent to raise awareness about preventive measures to prevent the spread of the virus. Some plants have reinforced them, through the glasses dispensed by the coffee and tea machines.



## Governance

The corporate OHSE team is responsible for developing any new OHS standards and procedures. Furthermore, the department is responsible for establishing a global system to collect the main OHS data from all countries, and ensuring that each subsidiary complies with the internal standards and procedures. Each plant has specialists in charge of implementing the company's health & safety standards and procedures.

Plant managers are held accountable for the OHS performance of each plant, and all employees are expected to take personal responsibility for their actions, and to get involved in improvement initiatives and developing and setting standards. Creating the right safety culture at our sites is important. It takes strong leadership and an active commitment to safe operating from our workforce.

In 2020, due to restrictions as a result of COVID-19, the global OHSE forum was held online. The strategic lines and objectives for the year were presented.

All the Ficosa manufacturing plants have local health and safety committees or employee representatives aimed at promoting safety activities and sharing with management the responsibilities for implementing and monitoring Ficosa's safety programme.

## Main Risks and Challenges

The main incidents that our employees may face are related with ergonomics, cuts and entrapments occurring mainly during the injection and assembly process.

## Key Results

	2018	2019	2020	Target 2020	Target 2021
Group - ORIR	1.07	1.05	1.08	1.00	0.95
ORIR - South Europe	1.64	1.47	1.43	1.40	1.40
ORIR - North Europe	0.89	0.98	1.40	1.33	1.33
ORIR - Asia	0.44	0.44	0.82	0.50	0.50
ORIR - NAFTA	0.76	0.86	0.25	0.70	0.50
ORIR - South America	0.86	0.49	0.72	0.50	0.50

The accident indicator used by Ficosa at the corporate level is ORIR (OSHA Recordable Incidents Rate) and each production centre has its own annual objective, in addition to establishing objectives by country, region and group level. ORIR is a widely used measure in the US industry to track on-the-job injuries. The ORIR in the tables represents the number of Ficosa employee injuries per 200,000 hours worked. The lower the number, the closer we are to the objective of our Policy.

Each Plant Manager is responsible for successfully achieving the annual goals. Our corporate ORIR has been reduced year after year. Although this is encouraging, we continue to focus our efforts on safety to reduce incidents, mostly due to ergonomic issues, possible bumps, cuts and burns in the injection or assembly process. Every month, we analyse the ORIR of each site to track not only what types of injuries tend to be recurring, but also in which production process they occur. This monitoring helped us to target our OHS training and action plans. In 2021, the challenging goal will be to maintain a corporate ORIR below 0.95.



	2018	2019	2020	Variance from previous year
Group - Injury severity rate <sup>1</sup>	0.14	0.11	0.18	70%
Group - Injury frequency rate <sup>2</sup>	5.33	5.26	5.38	2%
Number of fatalities	0	0	0	-
OHS training (hours)	29,901	18,677	17,520	-6%
N° OHS improvement actions	2,737	2,258	1,390	-38%

<sup>(1)</sup> No. of days lost due to accident \* 1,000 / Total No. of hours worked

<sup>(2)</sup> Incidence of accidents with more than one day lost for every 1,000,000 hours you work

	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Group - Injury severity rate <sup>(1)</sup>	0.17	0.10	0.11	0.10	0.23	0.12
Group - Injury frequency rate <sup>(2)</sup>	6.63	3.67	5.90	4.48	5.61	5.11
Number of accidentes <sup>(1)</sup>	62	27	49	31	39	31
Number of professional illness	1	14	1	14	4	14

<sup>(1)</sup> Not including accidents in itinere.

Training hours have been reduced in 2020 compared to the previous year, due to the cancellation of many training sessions due to COVID-19.

Likewise, the decrease in the number of improvement actions is due to the partial stoppages in the activity. The severity and frequency indices have been affected in 2020 by the sensitivity of these indicators with the reduction in hours worked due to COVID-19 impact.

To prevent occupational diseases, some affected centres have implemented the following activities:

- Portugal: has implemented a protocol to offer Kinesiotherapy sessions and ergonomic training in the workplace with the aim of improving postures and preventing long-term injuries that lead to occupational disease.
- Dieuze: ergonomic adaptations in some lines, such as adjustable heights or adaptations of workstations, lightening the workload on those occupied by more vulnerable personnel.

The company is investing in training to make employees aware of the health and safety risks associated with operations. In the last year, Safety Dojo training areas have been deployed into operation at the Soria and Mexico plants, in addition to the one already existing at the Gemlik plant.

The Safety Dojo is a training concept based on "Learning by doing", through which our workers can safely experience the consequences of different safety failures: trapping, projections, handling loads, etc.

Throughout 2020, and despite the restrictions imposed by COVID-19, a total of 1,139 Ficosa workers have received Safety Dojo training.

The rest of the plants are in the process of designing and building the training stations and it is expected that by 2021 100% of the plants will have these training areas completed.

## Local and corporate initiatives to strengthen the commitment towards health and safety

Interest in people is one of the values of our company and guaranteeing their safety and health is our priority. All our plants work to strengthen a culture of safety in all our activities.

### CARE Program

In 2020, the OHSE teams of each plant, as well as the plant and human resources directors, were mentored on the Ficosa CARE program. It is a five-year plan that aims to consolidate the company's safety culture.

The plan turns on four aspects:



**Commitment**, of the entire health and safety command line. Leading by example, participation and communication are key to achieving excellence in safety.



**Attitude**, improving the attitude of all our workers towards safety-related aspects is the basis for achieving safe behaviors.



**Recognition**, the job well done and the efforts to contribute to company safety must be recognized. Thus, we manage to motivate employees and guarantee continuous improvement towards excellence in safety.



**Empowerment**, the ultimate goal is to ensure that our employees are able to identify and self-correct behaviors or unsafe behaviors.

### World Day for Health and Safety at Work

On the occasion of the celebration of World Day for Health and Safety at Work, on April 28th, Ficosa organized some awareness-raising activities. Since in April most of the indirect workforce was teleworking, the awareness campaigns were adapted to this circumstance and carried out online. We highlight the following:

- Bursa and Gemlik: information on the World Day for Safety and Health at Work was sent via email, attaching relevant information on the psychological effects of the pandemic and how to prevent them.
- Portugal: a challenge was organized online asking workers who were teleworking to send photographs of their jobs at home, with the aim of identifying positive and negative points in terms of ergonomic configuration.

All these actions promoted the participation of workers and their involvement in the different fields of occupational safety and well-being at work. With activities such as Safety Day we contribute to SDG 3, Promotion of the health and well-being of our team.

### Germany - OHS One Pager

A One pager document is "a summary of the executive summary" in this case of the lessons learned in health and safety in the last month. You can only use one page and look for employees' attention to highlight a specific message, arousing their interest.

The Wilke plant (Germany) has implemented monthly OHS One Pager to share with the center employees the most relevant OHS information.

# Commitment to environment



Solar panels in Taicang plant

## Policies

The increasing global population and the rapid growth of the world economy have complex and diverse connections with the global environment. They also affect the environment in numerous ways. At Ficosa, we are committed to bringing and offering safer, more connected and efficient systems for the automotive and mobility sectors, and to reducing our environmental impact as we do so. Our commitment to the environment extends to our whole activity cycle from R&D

product design to acquiring raw materials and manufacturing, and the use and disposal of our products.

In addition to strict compliance with legal regulations, we implement our own OHSEQ<sup>1</sup> policy, which ensures environment protection, energy efficiency, the mitigation and adaptation to climate change, and a responsible resources and waste management.

<sup>(1)</sup> Please see Appendix 1

# 96%

Operational facilities  
certified ISO 14001 (%)

The Group's commitment to environmental protection remains clearly demonstrated in our activities through the implementation of an integrated management system in the different sites where the company operates. Ficosa's environmental management model is based on the international ISO 14001:2015 standard. All the group's production centres have this certification except for the Shenyang centre, which has changed its production activity to an advanced logistics warehouse during 2020.

Since 2016, the corporate quality audit "3Q3" questionnaire has included environmental questions regarding waste disposal, waste storage, environmental emergency means, prevention of spills, industrial hygienic protection of equipment and machines, etc. In 2017, the corporate OHSE department implemented a new methodology for all plants in order to identify the main environmental risks and opportunities related to Ficosa's environmental aspects, compliance with obligations and other issues. In 2019, the corporate environmental department reinforced the OHSE internal audit governance and procedure by making sure that all operational facilities are following the same standard for ISO 14001:2015 and ISO 45001:2018. The corporate department leads and performs the ISO 14001:2015 internal audits at group level. Accordingly, an internal audit checklist has been introduced to perform

the internal environmental audits. The checklist has more than 200 scored questions (96 related to Environment) and gives a global scoring of the ISO 14001:2015 implementation system status for each site.

The goal achieved in 2020 was to improve the checklist:

- Including criteria related to working conditions that measure the level of implementation of operational control requirements, through the creation of a specific checklist.
- Simplifying the existing verification of compliance with documentary aspects.
- Establishing a new scoring system by weighing the two above points.

During 2020, due to mobility restrictions, as a result of the COVID-19 pandemic, internal audits have been carried out online, with the exception of the Moroccan plant that could be done face to face in February 2020.

Ficosa applies the precautionary approach introduced by the United Nations in Principle 15 of 'The Rio Declaration on Environment and Development' in order to prevent environmental degradation. Applying the Precautionary Principle help us to reduce or avoid negative

impacts on the environment. In order to avoid environmental damage that could be caused by the acquisition of new products and / or processes, and in order to determine effective actions to counter any damage, Ficosa has established different internal procedures in relation to the purchase of chemical products, purchase of productive and non-productive equipment, and the purchase of new industrial facilities. All the company investments include the corporate OHSE department verification and approval.

In addition, in 2020 a new analysis category was included in the document for the acquisition of new products and / or processes that allows analysing the impact of each purchase on the environmental indicators established by the Corporate OHSE department for each plant.

These procedures are aimed at evaluating, in advance, any environmental impacts that may occur due to the purchases mentioned above in order to be able to authorize or reject acquisitions. In the case of authorization, a series of preventive measures are determined, implemented and monitored, ensuring a final effectiveness check.



## Governance

The corporate OHSE team is responsible for developing any new environmental standards and procedures. Furthermore, the department is responsible for establishing a global system for collecting the main environmental data from all the countries and ensuring that each subsidiary complies with the internal standards and procedures. Each plant has managers or technicians in charge of implementing the company's environmental instructions and systems.

During 2020, due to mobility restrictions, as a result of the COVID-19 pandemic, it has not been possible to hold face to face, the third global OHSE meeting that has been organized since 2018 at the Viladecavalls facilities. This time, the meeting was done on line in order to present the strategic lines and objectives of the year.

In compliance with current Spanish legislation, it is reported that the costs incurred in the acquisition of systems, equipment and facilities whose purpose is the elimination, limitation or control of the possible impacts that the normal development of the

company's activity could cause on the environment, these amounts are considered investments in fixed assets. In 2020, investments amounting up to 0.3 million euros have been made. In the previous year, the Group made investments amounting to 0.5 million euros.

The rest of the expenses related to the environment, other than those incurred for the acquisition of fixed assets, have been recorded in the consolidated income statement. In 2020, expenses of 1,536 thousand euros were incurred. In the previous year, expenses amounted 1,630 thousand euros for this concept.

Ficosa has registered a civil liability insurance including coverage for accidental contamination, for material and / or personal damage and its consequences caused by contamination of the soil, water or atmosphere, provided that its cause is accidental, sudden, or not foreseen by the Insured. The contracted limits are 30 million euros per claim and year worldwide.

## Main Risks and Main Challenges

At Ficosa, our activities are carried out paying special attention to protect the environment and to ensure the efficient use of natural resources. Each manufacturing plant evaluates and maps its environmental impacts every year. The painting and injection processes account for the largest share of environmental impact during the manufacture of Ficosa products in terms of air pollution, energy consumption and waste generation. The paint shop is a manufacturing area that raises concern because of its Volatile Organic Compounds (VOC) emissions. Furthermore, the injection process is a large energy consumer and contributes actively to carbon dioxide emissions (CO<sub>2</sub>). In the environmental impact analysis of each plant, issues related to noise and light pollution have not emerged as relevant issues. Even so, all Ficosa plants carry out periodic controls following local laws to ensure compliance.

In this context, the technology used in the paint application and injection machines must meet high quality standards,

remain cost efficient, and also be environmentally responsible. In 2020, with the introduction of sustainability criteria in the contractor selection process, the reduction of CO<sub>2</sub> emissions associated with our value chain has been promoted. Other main points of attention were focused on improving our energy efficiency and waste management activities.

Since 2016, all manufacturing plants have implemented individual reduction targets to reduce their greenhouse gas (GHG) emissions, electric and water consumption and waste generation, and specific action plans to achieve them. These targets follow the corporate guidelines and from 2018 (base year), under the strategic line "Climate Change Mitigation", a midterm goal have been set: to Reduce Ficosa CFP and Energy consumption (target year 2023) based on the historical annual reduction goal trend.

Furthermore, each plant establishes its own objectives based on the significant environmental aspects detected in the environmental impact assessment.

## Key results

### Reducing local pollution

A current challenge is to reduce volatile organic compounds (VOCs), which readily evaporate and produce gas in the atmosphere. VOCs are carbon-based materials that can be toxic and create adverse health and environmental impacts. The company has implemented different systems and control standards in its manufacturing plants with painting process to monitor and reduce the amount of air pollutants emitted during their operation.

In Taicang (China), Cookeville (USA), Soria (Spain) and Dabrowa Gornicza (Poland), the company installed a catalytic burner (RTO – Regenerative Thermal Oxidizer) to reduce the volatile organic compounds (VOC) present in the paint shops. The RTO destroys VOC emissions by creating a chemical reaction within the air pollutant and oxygen at elevated temperatures. This reaction destroys VOC emissions in the airstream by converting them to gas, water and heat. Additionally, the recovered heat is used to adjust



the temperature values within the painting process itself, as it done in the Poland production facility. Thanks to RTOs, VOC emissions have been reduced by 92-95%.

A real-time VOC monitoring system has been installed at the Taicang plant (China), allowing the plant to react immediately to any unforeseen issue.

From 2018, the CFP analysis has included the air conditioning and emissions from climatic chamber refrigerants in order

to monitor and prevent any leakage. Ficosa advocates the use of refrigerant gases with zero ozone depletion potential and fully supports the use of refrigerants with lower Global Warming Potential (GWP). These refrigerants are mandatory in all related investments.

Furthermore, the company is working on several initiatives to optimize the transportation and distribution of purchased products or products sold by the company:

01

Consolidation of shipping containers: Shipments to the USA from Barcelona are consolidated in the port and no shipment is made until the container is full. Ficosa has a similar initiative in Mexico and China. In China containers also have to be full before sending them to the manufacturing plants of Viladecavalls and Soria (Spain).

04

The Group's inter-company sales seek to optimize routes between production plants, delivering at an agreed point where the other Ficosa plant has a regular route.

02

The manufacturing plants of Dabrowa Gornicza (Poland) and Rabat (Morocco), import their moulds from Asian suppliers through containers by train.

05

From 2018, the freight transportation emissions have been monitored to be included in the scope 3 of CFP.

03

Most Ficosa manufacturing plants have implemented a milk run delivery method. Instead of each supplier sending a vehicle every week to meet Ficosa's needs, one vehicle visits each supplier on a weekly basis and picks up the purchased products for Ficosa. This way, each vehicle load delivers Ficosa's full weekly requirements from each supplier, minimizing the kilometres and the associated logistics.

## Addressing Climate Change

Since 2016, we have defined guidelines to reduce our greenhouse gas (GHG) emissions annually at site levels. Each site has to reduce its GHG emission intensity by a % determined based on the results obtained the previous year. Each plant manager is responsible for successfully achieving this goal. Since 2018, the company worked to improve the gathering and consolidation of carbon footprint data, by implementing a more robust internal tool to ensure

that each operational facility reports the data in accordance with the Ficosa standards and criteria. The tool has enabled the company to increase its reporting on GHG emissions throughout its value chain and products.

In 2020 the intensity indicator was modified, substituting the net sales of the denominator for number of produced pieces.

## Greenhouse gas (GHG) emissions by type of source

Since 2014, we have been conducting an inventory of our GHG emissions, using the Greenhouse Gas Protocol. Since 2018, we completed our GHG inventory with the relevant categories for our company (through size, influence and reporting availability assessment).

(In t of CO <sub>2</sub> e)	2018	2019	2020	Variance from previous year
Scope 1, direct GHG emissions	12,034	12,070	11,003	-8.8%
From refrigerant and other	1,019	1,662	1,412	-15.0%
From fossil fuels	11,005	10,365	9,579	-7.6%
From owned vehicles	10	43	12	-72.7%
Scope 2, indirect GHG emissions				
Location-based emissions from electricity consumption <sup>2</sup>	52,332	51,384	42,871	-16.6%
Market-based emissions from electricity consumption <sup>2</sup>	43,468	42,784	35,596	-16.8%
Scope 3, other indirect GHG emissions				
Waste generated in operation <sup>3</sup>	1,227	1,187	1,082	-8.8%
Total GHG emissions (Scope 1 & 2) <sup>1</sup>				
Total market-based GHG emissions	55,502	54,854	46,599	-15.1%
Total location-based GHG emissions	64,366	63,454	53,874	-15.1%
Total location-based GHG emissions per sales (tCO <sub>2</sub> e/MEUR)	54	56	58	4.5%

<sup>1</sup> Total emissions are based on actual data. The most appropriate emission factors have been used for each type of activity data, from internationally recognized sources (GHG protocol, IPCC AR5) and regional or, if more relevant, from country-specific sources (MAGRAMA, US EPA, DEFRA).

<sup>2</sup> For the location-base emissions of electricity consumption, the emission factors of the International Energy Agency 2018 were used for the countries where Ficosa operates. For the emissions of electricity consumption market-based, the emission factors of the International Energy Agency 2018 were used, with the exception of the data reported for the plants in Spain, since they have guarantees of origin (GDO), which prove that all the energy used comes from renewable sources. The emissions for the years 2018 and 2019 published in this report differ from the values published in the previous reports since the data has been updated based on the latest available emission factors (corresponding to 2018).

<sup>3</sup> This category includes emission from disposal treatment of the following solid waste that goes to the landfill: Asbestos, wood, glass, clothing, mixed municipal waste, organic waste, waste electrical / electronic equipment, batteries, metals, plastics and paper. This category also includes the emissions from the disposal of wastewater. The values corresponding to the years 2018 and 2019 published in this report differ slightly from the values published in previous reports due to the expansion of the scope of total waste as well as the inclusion of emissions associated with wastewater treatment. The data for France and Mexico for 2019 have been updated based on the latest ones available.

## Greenhouse gas (GHG) emissions by region

(In t of CO <sub>2</sub> e)	South Europe	North Europe	Nafta	Asia	South America
Total location-based GHG emissions (Scope 1&2)	16,540	14,344	15,587	7,161	242
Total market-based GHG emissions (Scope 1&2)	9,265	14,344	15,587	7,161	242
Scope 1, direct GHG emissions	3,319	2,539	4,009	1,105	31
From refrigerant and other	261	265	425	435	26
From fossil fuels	3,049	2,273	3,582	670	5
From owned vehicles	9	1	2	0	0
Scope 2, indirect GHG emissions					
Location-based emissions from electricity consumption	13,221	11,805	11,578	6,056	211
Market-based emissions from electricity consumption	5,946	11,805	11,578	6,056	211
Scope 3, other indirect GHG emissions					
From waste management	452	105	471	41	13

Each country has to annually reduce its local-base GHG emissions on produced parts. The reduction targets are in a range between -0.5% and -19%.

## Reporting CDP

CDP Global is an international non-profit organization made up of CDP Worldwide Group and CDP North America, Inc. CDP has regional offices and local partners in more than 50 countries. Currently, companies, cities, states, and regions in more than 90 countries report through CDP annually.

CDP Global's vision and mission is to aspire to see a prosperous economy that works for people and the planet in the long term. CDP Global focuses investors, companies and cities in taking steps to build a truly sustainable economy by measuring and understanding its environmental impact.

The CDP valuation report enables companies to understand their scoreboard and indicate which categories require attention to reach higher levels. This enables companies to move

towards environmental management through benchmarking and comparison with their peers, in order to continually improve their climate governance.

Ficosa subscribes to this initiative. During the 2020 evaluation, Ficosa received a B, which is in the Management band. This result is higher than the regional average for Europe, which is C, and higher than the average for the Powered Machinery sector, which is C.

## Energy efficiency and renewable energy

Reducing greenhouse gas (GHG) emissions in Ficosa is mainly about reducing energy consumption. In this regard, the company is committed to mitigating its impact on climate change by defining a solid energy strategy based on energy efficiency, the increased use of renewable energy, and process optimization.

In 2017, the OHSE policy was updated to include each employee's responsibility for the company's energy saving

strategy. To do this, the different sites organize regular employee meetings and energy awareness campaigns. In its manufacturing process, Ficosa engages in a variety of energy saving activities to reach the lowest energy consumption by introducing highly efficient equipment, improving manufacturing techniques and the acquisition of low consumption lighting and presence detectors.

	2018	2019	2020	Variance from previous year
Electricity consumption (MWh)	133,491	127,299	109,816	-13.7%
Electricity consumption in kWh per sales (kWh/MEUR)	112.8	112.2	119.0	6.1% <sup>(1)</sup>
Electricity from renewables in Spain (MWh)	33,997	32,296	28,177	-12.8%
Electricity from renewables in China (MWh)	619	1,586	1,611	1.5%
Electricity from renewables in Portugal (MWh)	0	917	3,266	256.2%
Electricity from renewables in FICOSA (MWh)	34,616	34,799	33,053	-5.0%
Renewables vs total consumption ratio	26%	27%	30%	2.8%

<sup>(1)</sup> Total electricity consumption in absolute value has been reduced with respect to last year's value by 13.7%; however, the objective of reduction in intensity has not been achieved, since sales have been reduced by a percentage slightly higher. The COVID-19 pandemic has caused sudden drops and fluctuations in demand, affecting productive activity at a global level, generating inefficiencies in electricity consumption due to the non-optimization of processes and machines.

The increased use of renewable energy is critical to the transition to a low-carbon economy. The company is striving to reduce emissions by using renewable energy. From March 2016, 100% of the electricity in Spain sites (Vladecavalls, Soria and Sant Guim) has come from renewable sources or high-efficiency cogeneration.

At the end of 2017, the manufacturing plant in Taicang (China) set up 6,160 solar panels on its roof with an expected annual generation of 275Wh per panel. This action has helped the company to actively contribute to the mitigation of climate

change in addition to reducing grid electricity consumption by 1.61 GWh during 2020.

At the end of 2019, the Maia (Portugal) manufacturing plant installed 644 solar panels on its roof with an expected annual generation of 270Wh per panel. This action has allowed the company to actively contribute to the mitigation of climate change, in addition to increase the group renewable energy ratio by 3% in 2020 compared to the previous year, with renewable energy representing 30% of total energy power consumed by Ficosa.

In 2020, the intensity indicator was modified, substituting the net sales of the denominator for parts produced. Each plant had to reduce its energy intensity by between -0.5% and -2.5% in 2020, depending on the result obtained in the previous year.

The pandemic situation, as a result of COVID-19, with sudden drops in production of parts, made difficult for our plants to achieve their annual reduction targets as they had to face many inefficiencies coming from strong fluctuations in demand. The overview is positive as a reduction in energy consumption in absolute value with respect to the previous year was achieved (-13.7%) with a reasonable deviation of the intensity indicator.

The new reduction target for 2021 has been set individually for each plant, based on the trend observed in energy consumption in the last two years and the actions implemented in previous years. The reduction targets are in a range between -0.5% and -2.5%.

The EU aims to be climate neutral by 2050, an economy with net zero greenhouse gas emissions. This objective is in line with the EU's commitment to global climate action under the Paris

Agreement. The transition to a climate neutral society is both an urgent challenge and an opportunity to build a better future for all. All parts of society and economic sectors will play a role, from the energy sector to industry, mobility, buildings, agriculture and forestry.

Ficosa endorses this vision and during 2020 has worked on the foundations of a future plan for decarbonisation. This plan consists of applying a global vision that assesses all the reduction and / or compensation actions that would be necessary to achieve neutrality in each of our facilities, as well as the necessary financial investment.

In addition, the objective for 2021 is to include in the decarbonisation plan all those actions related to Scope 3 (other indirect emissions).

Most of Ficosa's production processes work with electricity, in addition, various plants use natural gas for general uses not associated with production, with a consumption of 26,033.2 MWh in 2020.

## Water management

Most Ficosa manufacturing plants do not use water for industrial processes. Nevertheless, all the plants have to reduce their water consumption intensity (m<sup>3</sup>/net sales) between 1% and 3% based on the results obtained in the previous year. In 2020 the intensity indicator was modified, substituting the net sales of the denominator for the number of workers.

A significant portion of our manufacturing plants use water in cooling towers or in the painting process. In most cases, manufacturing plants are using closed cooling systems. The company is committed to employing new technologies to reduce its water consumption and increase the amount of recycled water in the painting process. In Bursa, Turkey, the manufacturing plant reduced its water consumption in the paint shop by removing the water curtain and using a new dry filter paint system.

The Ficosa plants of Soria (Spain) and Bursa (Turkey) with painting facilities are distilling the used paint to obtain pure solvent, which can be used as an internal cleaning agent.

The Salinas plant (Mexico) recovers the solvent used through an external supplier and reuses it in cleaning the paint tanks, floors and pumps of the paint facility.

In Viladecavalls (Spain) during 2020 the water reused for garden watering has been increased from 38% to 100%.

Ficosa also subscribes the CDP initiative regarding water management. This module collects information on the quantitative and qualitative objectives related to water of our organization to demonstrate the commitment to the progress of water handling and safety by improving its management.

During the 2020 evaluation, Ficosa received a B-, which is in the Management band. This result places Ficosa in the same band as the European regional average and the Powered Machinery sector average.



	2018	2019	2020	Variance from previous year
Water consumption in m <sup>3</sup>	245,632	229,217	193,634	-15.5%
Water consumption in m <sup>3</sup> per sales (m <sup>3</sup> /MEUR)	207.5	202.0	209.9	3.9%
Water consumption in m <sup>3</sup> per employees* (m <sup>3</sup> /employees)	25.9	23.8	24.6	3.6%

(\*) Employees of manufacturing plants

The actions implemented in recent years, together with awareness campaigns on the proper use of water, have allowed us to achieve a significant improvement of 4.7%, in the ratio of intensity of water consumption in 2020 (m<sup>3</sup>/employee number) if we take as reference 2018 (base year).

During 2020, due to the increase in the use of water for personal hygiene and the increased frequency in the cleaning service of the facilities, as a result of the COVID-19 pandemic, it has not been possible to reduce the intensity ratio for water consumption obtaining, however, a slight increase of 3.6% compared to the previous year.

## Waste management

During 2018, the waste reporting systems have been improved to comply with the GHG Protocol. The plants report the tons of waste that go to landfill (waste that is not recycled or reused) and the total waste generated at the different sites, in this way, the waste recovery ratio is monitored, consisting of identifying the % of waste that does not go to the landfill and that receives other types of treatment, including recycling, reuse and energy recovery.



	2019*	2020	Variance from previous year
Total waste generated in tonnes	10,959	9,393	-14.3%
Total waste generated in tonnes per sales (Tm/MEur)	9.7	10.2	5.5%
Waste recovery ratio (%)	83.3%	82.5%	-0.8%

(\*) Data for France and Mexico 2019 have been updated based on the latest available

Ficosa plants have different waste containers in all areas (production and otherwise) in order to segregate waste by type and character, facilitating specific future treatment. Ficosa is working in all its operational facilities to increase the recovery of cleaning solvents and other chemicals and to reduce the amounts of these substances emitted from its plants. Furthermore, all the manufacturing plants organized awareness campaigns for workers aimed at reducing packaging waste and sorting at source. Ficosa considers that the involvement of its employees is essential to reducing waste generation.

The slight decrease in the waste recovery ratio is related to an increase in the scope of this indicator with the incorporation of new data not available in previous years. On the other hand, the relocation process of the production lines among the US plants has penalized this indicator. During 2020, the waste from the Shenyang plant has ceased to be reported as it has become an advanced logistics warehouse.

## Waste recovery ratio (%) by sites

	2019	2020	Variance from previous year
Morcone (Italy)	100%	100%	0.0%
Dabrowa (Poland)	99%	100%	0.5%
Bursa (Turkey)	96%	92%	-4.3%
Gemlik (Turkey)	95%	86%	-8.9%
Maia (Portugal)	95%	99%	4.3%
Viladecavalls (Spain)	94%	95%	0.2%
Wofenbüttel (Germany)	93%	96%	3.0%
Taicang (China)	90%	92%	2.3%
Cookeville (USA)	83%	72%	-11.4%
Rabat (Morocco)	76%	92%	15.4%
Escobedo & Salinas (México) <sup>1</sup>	76%	76%	-3.6%
Sao Paulo (Brazil)	76%	87%	11.3%
Dieuze (France) <sup>2</sup>	74%	52%	8.0%
Sant Guim (Spain)	71%	79%	7.7%
Soria (Spain)	63%	70%	6.8%
Shelbyville (USA)	51%	56%	4.8%

In order to increase the percentage of Ficosa waste recovery (82.5%), a 2021 individual plant waste recovery objective has been established based on the table below. The target depends on the previous year result.

2020 Result	Target 2021 (% of improvement)
0 - 50%	9.0%
50-90%	5.0%
90-99%	1.0%
>99%	0.01%

<sup>(1)</sup> The scope of waste in Mexico has been expanded, also updating the data for 2019

<sup>(2)</sup> The 2019 data for France has been updated based on the latest available

## Local initiatives to protect the environment

The Group's subsidiaries have managed various initiatives in 2020 to raise awareness and promote the commitment of their employees towards the environment. The main initiatives are:

### Turkey - World Environment Day

The two production plants in Turkey (Bursa and Gemlik), took advantage of the celebration of World Environment Day (June 5th), promoted by the United Nations, to carry out different activities aimed at raising awareness among workers by displaying a video in which a pet nicknamed "GRENIEE" proposes a series of actions and guidelines to follow in the day-to-day work to reduce the impact generated on the environment.

### Viladecavalls - Fight plastic! *Planta cara al plástico!*

In 2020, our headquarters, located in Viladecavalls (Spain), launched the "Fight plastic! *Planta cara al plástico!*" campaign with the aim of reducing the CO<sub>2</sub> emissions generated in the centre. Through the dissemination of a video to all the employees of the site, the actions that integrate this campaign were explained:

- Elimination of plastic bottles from the daily menu
- Use of compostable coffee capsules
- Replacement of plastic cups in vending machines with paper cups and thus promote the use of the 2019 environmental campaign cups (GOT)

During 2020, due to the hygienic measures established in the production site, as a result of the COVID-19 pandemic, the implementation of the campaign has not been completed and it will be established as a target for 2021.

The 2019 environmental campaign that consisted of the use of GOT in the cafeteria and vending machines to reduce the generation of waste from plastic cups has contributed to a 13% reduction in plastic cups in 2019 and a reduction of 24% in 2020.

### STAND UP TO PLASTIC!



**FICOSA**  
Committed to Environment

#### DID YOU KNOW...?

In FICOSA Viladecavalls each person generates an average of **51.8 kilograms of CO<sub>2</sub> / year** into the atmosphere **only by the use of plastic?**

To offset these emissions we would need to plant **1.223 trees!**

**FOR THIS REASON...**

**WHAT WILL WE DO DURING 2020?**

#### ELIMINATION OF PLASTIC BOTTLES FROM THE MENU

In February we are going to install **4 water fountains** in the main dining room. You can choose between **Cold, Natural or Gas Water**. The goal is to remove the water bottles of the noon menu from summer.

#### COFFEE CAPSULES

We bet on compostable capsules that will replace the current aluminum ones.

**Everything adds up!**

#### PAPER CUPS

We will remove plastic cups from cafeterias and vending machines and replace them with **paper cups and compostable pallet**. Remember to use your "GOT"! If you do, the price of coffees, juices, etc. it keeps! \*\*

#### WHAT WILL WE GET?

- ✓ Reduce our **Carbon Footprint**
- ✓ Reduce the generation of plastic waste
- ✓ Implement **good environmental practices**
- ✓ Walk towards a sustainable future

**THANK YOU FOR YOUR COOPERATION!**

**\*\* If the "GOT" is not used, the prices of coffees, infusions and juices will increase between €0.10 & €0.12 in cafeteria and €0.05 in vending machines**

## Sant Guim - Reusable water bottles

The best impact on the environment is the one that does not occur and, for this reason, the Sant Guim production plant has distributed, in 2020, each of its employees a reusable bottle of water in order to reduce the amount of plastic glasses that are generated every time an employee drinks water.

## Gemlik, Soria and Taicang - Safety Dojo

The Gemlik, Soria and Taicang plants have training stations specifically dedicated to environmental aspects within their practical training areas and / or Safety Dojo.

The Safety Dojo is a training concept based on "Learning by doing", through which our workers can practice dynamics such as the segregation of waste or the containment of spills, to facilitate its assimilation and implementation in their daily routines.

Throughout 2020, and despite the restrictions imposed by COVID-19, a total of 1,191 Ficosa employees have received Safety Dojo training.



## Dieuze - Installation of LED panels

The Dieuze plant in France carried on the initiative to replace traditional luminaires with LEDs, completing the areas of the Technical Centre, the areas of the production building and, also, the parking area of the production building.



# Responsible sourcing





## Policies

Ficosa works with two types of suppliers:

- **Productive Suppliers:** suppliers that are essential to the performance of the company's operations. Ficosa's purchases are oriented towards a specialization in product families, which are divided into three large areas: Electrics and Electronics (Batteries, connectors, semiconductors, PCB, glass mirrors, pumps, etc.), Chemicals (painted parts, chromed parts, blow moulding, etc.) and Metals Commodity (zamak, aluminium parts, tubes, wire rope, etc.).
- **Indirect Suppliers:** Suppliers that supply products and services of a general nature, not directly related to the business, such as office materials, paper, computer consumables, maintenance, suppliers, travel, training, temporary employment agencies, consulting, legal services, insurance, investment, etc.

Our production processes demand the achievement of optimum quality and service levels, as well as competitive prices when buying the materials used to supply our production line. In this context, the company has developed its own standards and quality processes that regulate the company's purchasing activity.

The Ficosa Purchasing Policy and Procedures and the segregation of duties ensure compliance with J-SOX and with all applicable laws. Additionally, the General Purchasing Conditions establish the relationship between Ficosa and its suppliers. The purchase orders sent to suppliers by any Ficosa company or any of its subsidiaries or affiliates have to be accepted in accordance with these terms and conditions. The Supplier and any products or services supplied by them must comply with all laws and regulations applicable to the destination countries where the product is going to be produced and/or used, or related to the production, labelling, transportation, importation, exportation, approval and certification of products or services. This includes, but is not limited to, those related to the environmental issues directive set out in the ELV, REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), CLP/GHS (Classification, labelling and packaging of substances and mixtures) and the Dodd-Frank-

Act relating to Conflict Minerals (gold, tin, tantalum and tungsten sourced from conflictive regions as the Democratic Republic of Congo and adjacent countries); labour laws in general, working hours and employment conditions, workers' rights, employment benefits, subcontractor selection, safety of vehicles and installations, etc.

In addition to all applicable laws and regulations to be observed by the suppliers, it is also their obligation to respect social responsibilities and duties, especially, but not limited to, the requirements based on the Universal Declaration of Human Rights and the International Labour Organization (ILO) conventions for the respect for employees' rights, age and working hour limits, etc.

At the beginning of 2019, the general purchasing conditions were updated to include a business ethics and anti-corruption provision requiring suppliers to act in accordance with the highest standards of integrity and ethical conduct, in compliance with current laws, and to follow all relevant regulations and standards, particularly with regards to local and international anti-corruption law, in addition to Ficosa's Code of Ethics.

Furthermore, the company has developed a Supplier Quality Manual that details the main procedures and systems used for supplier selection, business assignment, component approval, performance follow up and supplier development. The supplier quality manual specifies that all suppliers wishing to be included in the Ficosa Supplier Panel should base their code of conduct on the ten principles of the United Nations (Global Compact) in the areas of human rights, labour, environment and anticorruption. This manual is available on Ficosa's website.

Lastly, the company has developed other standards and procedures in order to improve the communication and simplify processes for better logistics.



## Governance

The Corporate Team consists of the Purchasing Director, Commodities and Project Managers, as well as support and consultancy teams such as Quality, Human Resources, Logistics, and Control functions who coordinate all purchasing activities worldwide. Every country has a Local Purchasing team led by a LPD (Local Purchasing Director), who is managed by both the Purchasing and Regional Directors. The LPD coordinates the country's purchasing functions (Commodity Buyers, Purchasing Project Leaders, and STAs).

## Main risks and challenges

Our production processes demand optimum quality and service levels, as well as competitive prices, and continuous assurance of the responsible sourcing of our supply chain.

The supplier selection process is key to guaranteeing the quality levels and the sustainability of our supply chain, and is focused on working together with our suppliers to attain the highest standards in business integrity and social and environmental performance.

Ensuring that Ficosa is using conflict-free minerals is also essential to our organization and our customers.

## Key results

To become a new Ficosa component supplier it is compulsory to have the ISO/TS IATF 16949 certification. All the suppliers must provide Ficosa with written evidence of the most recent certification renewal. Ficosa specially appreciates and promotes IATF 16949, OSHAS 18001 and ISO 14001 certifications from their suppliers.

	2018	2019	2020	Variance from previous year
Suppliers certified ISO 9001* (%)	100%	100%	100%	-
Suppliers certified ISO/TS 16949* (%)	61%	67%	64% <sup>1</sup>	-3%

<sup>(\*)</sup> Productive suppliers

<sup>(1)</sup> The number of ISO / TS 16949 certified suppliers remains the same as in 2019, the small % decrease is justified by the balance of new suppliers and old suppliers eliminated.

In addition, any new supplier must fulfil a specific company self-assessment and be approved by the Ficosa audit process. The aim here is to examine the supplier's suitability to provide throughout the term established by using specific indicators including financial and quality criteria as well as general corporate aspects.

Ficosa regularly monitors the performance of its suppliers and evaluates them to confirm its performance versus the defined targets. These assessments enable the company to track improvements in its suppliers and determine the potential support they may need from Ficosa. In 2019, the supplier audit (known as 3Q3) was revised with a new specific section on CSR, including questions on compliance with the REACH Authorization regulation, conflict minerals, reporting with the IMDS system, the commitment to compliance and adherence

to the principles of the Ficosa's Code of Ethics and to good practices in the field of Occupational Health and Safety and respect for the Environment. This section of the audit ends with the identification of the degree of requirement of these same concepts to the sub-suppliers or value chain. This new section is part of the supplier's final score, a score that implies, depending on the value obtained, corrective action plans, proposals for specific improvements or recognition of the good work carried out by the supplier.

Ficosa has developed an internet platform for suppliers called FPSS (Ficosa Purchasing System Software) that is used for the different purchasing Processes: Supplier Registration, Offers, Assignments, Quality and Service incidents management and Suppliers Development.

The platform includes all the relevant documents from each supplier (REACH declaration, conflict minerals declaration, certifications, etc.). This platform is a quick, preferential, and clear communication channel linked to the Purchasing Department, allowing Ficosa to manage the purchases of all materials. All the productive suppliers must be registered in the FPSS and the company expects to increase the scope and include the indirect suppliers too.

On the other hand, Ficosa customers (OEMs) encourage and support the use of sustainable, renewable natural resources while reducing waste and increasing reuse and recycling. Accordingly, the raw materials used by Ficosa, follows the customer technical requirements or belongs to their certified

material list. To promote reuse, most automotive parts are shipped through returnable packing to our customers. These initiatives also come from Ficosa. As an example, our Morcone plant in Italy implemented a new packaging in 2018 to reduce CO2 emissions by more than 75% compared to the previous system. This initiative strengthens our commitment to sustainability and was launched by us thanks to our involvement in "CONAI" (private non-profit consortium which in Italy is the instrument through which producers and packaging users guarantee the recycling and recovery targets for packaging waste set by law).

## Conflict Minerals

In recent years, there has been an increasing international focus on "conflict minerals" emanating from mining operations in the Democratic Republic of the Congo (DRC) and adjoining countries. Armed groups engaged in mining operations in this region are believed to subject workers and indigenous people to serious human rights abuses and are using proceeds from the sale of conflict minerals to finance regional conflicts.

On August 22, 2012, in response to these concerns, the US Securities and Exchange Commission (SEC) adopted a final rule to implement reporting and disclosure requirements related to "conflict minerals". The "conflict minerals" are cassiterite (tin), columbite-tantalite (coltan), gold and wolframite (tungsten), as well as their derivatives and other minerals that the US Secretary of State may designate in the future (Dodd-Frank Section 1502).

Tin, tungsten, tantalum and gold (3TG) are used in some vehicle parts and components made by Ficosa, such as circuit boards or heater terminals. We enforce due diligence to investigate the origin of the conflict minerals in our products. Our goal is to work with DRC conflict-free productive suppliers. Accordingly, Ficosa implemented an annual supplier's inquiry and collect, from all its suppliers, the Standard Survey (EICC/Gesi template) on conflict minerals. The collected information is internally processed and provides useful information to monitor suppliers and report to clients about the company's use of minerals for each plant.

In the last years, there has been a growing international focus on another mineral called mica. Mainly from Madagascar and India, where a variety of factors contribute to poor working conditions, including the use of child labour.

Mica is used in various applications in the automotive supply chain. In paints and coatings, mica creates a pearly visual effect. Vehicle bumper plastics, mirror housings and insulating materials use mica as filler.

Ficosa launched a process to identify the processes or purchased parts or components that use mica. Natural mica was found only in paints, but it came from reliable sources that had already implemented a number of supervisory mechanisms in previous years (monitoring, audits, inspections, etc.). These providers confirm that they take these matters very seriously. Most of them are members of the "Responsible Mica Initiative" (RMI) that was formed in Paris on January 31, 2017 with the aim of sharing resources to implement responsible supply practices and eradicate child labour, improving the livelihood of communities within the supply chain in India in the next 5 years.

	2018	2019	2020	Variance from previous year
% of productive suppliers and materials for which conflict mineral information is available	100%	100%	100%	0%



# Commitment to society



## Visits to the factory

Every year, the manufacturing plants in Dieuze (France), Salinas and Escobedo (Mexico), Dabrowa (Poland), Cookeville (USA), Taicang (China), Gemlik and Bursa (Turkey), Maia (Portugal), Soria and Viladecavalls (Spain) organize factory visits for students, employee family members, and local businesses to explain the main characteristics of the production process. These visits enable the company to attract new members and demonstrate the strength of their manufacturing capabilities. The COVID-19 pandemic has limited these activities in most plants during 2020.

## Ficosa and the Polytechnic University of Catalonia (UPC)

In collaboration with the Universitat Politècnica de Catalunya (UPC), Ficosa has designed the Automotive Embedded Systems course addressed to Master's students in Telecommunications Engineering.

After detecting the need to offer a specialization to all those engineers interested in the development of electronic communications systems for the automotive sector, Ficosa, the UPC and CARNET (academic-industrial consortium to support new mobility) created and launched the first pilot test of this training course at the beginning of 2018. Due to the great success of the first edition, the UPC has decided to include this course again in its new academic programme for 2019, 2020 and 2021. The course has been updated in 2020 including an Advanced Driver Assistance Systems (ADAS) module.

Ficosa, whose specialists teach part of this course, offers the possibility to join the company once the course has finished. In this way, the company strengthens its links with the university and fulfils the objective of training and attracting new talent in electronics, communications and telematics for the automotive industry, a key field for the car and the mobility of the future.

## Socially Responsible Company Distinction for Ficosa North America (Mexico)

The Mexican Center for Philanthropy (Cemefi) and the Alliance for Corporate Social Responsibility (AliaRSE) awarded the ESR® Distinction to Ficosa North America (Mexico) in 2020. This recognition was announced by both institutions in the framework of the commemoration of the two decades of existence of the Program to promote Corporate Social Responsibility (CSR) in Mexico and Latin America, as well as the twenty years of the ESR® Distinctive.

In Mexico, this is the main business distinctive that recognizes the work carried out by companies in the field of CSR in the country, and that have a direct and positive impact on the internal environment of their companies and on their social environment.

With the recognition granted to Ficosa, the existing business management commitment with the real and sustainable development is valued.



## Ficosa social initiatives worldwide

Each decentralized location is responsible for organizing its own charity projects, donations and other social initiatives. The social initiatives depend on the site-specific challenge and are led by the local Human Resources department.

Examples of Ficosa social initiatives in locations where the company operates:



- Food and cleaning supplies drive
- Farm and warehouse distribution centre collaboration for disadvantaged citizens
- Soup kitchen for the homeless
- Adopting a family for Christmas
- Popular walks in support of research on diseases such as cancer (physical exercise and collection of funds / donations for cancer research)
- Adopt a road Programme
- Campaigns encouraging employee donations to local charities



- Programme "Adopt a tree" to promote reforestation
- Small citizen programme (training programme for elementary students)
- Collection of PET plastic to be donated to the Children's Anticancer Centre
- Donation of school supplies to the local primary school



- Participation and collaboration with entities that promote the employment of people with disabilities

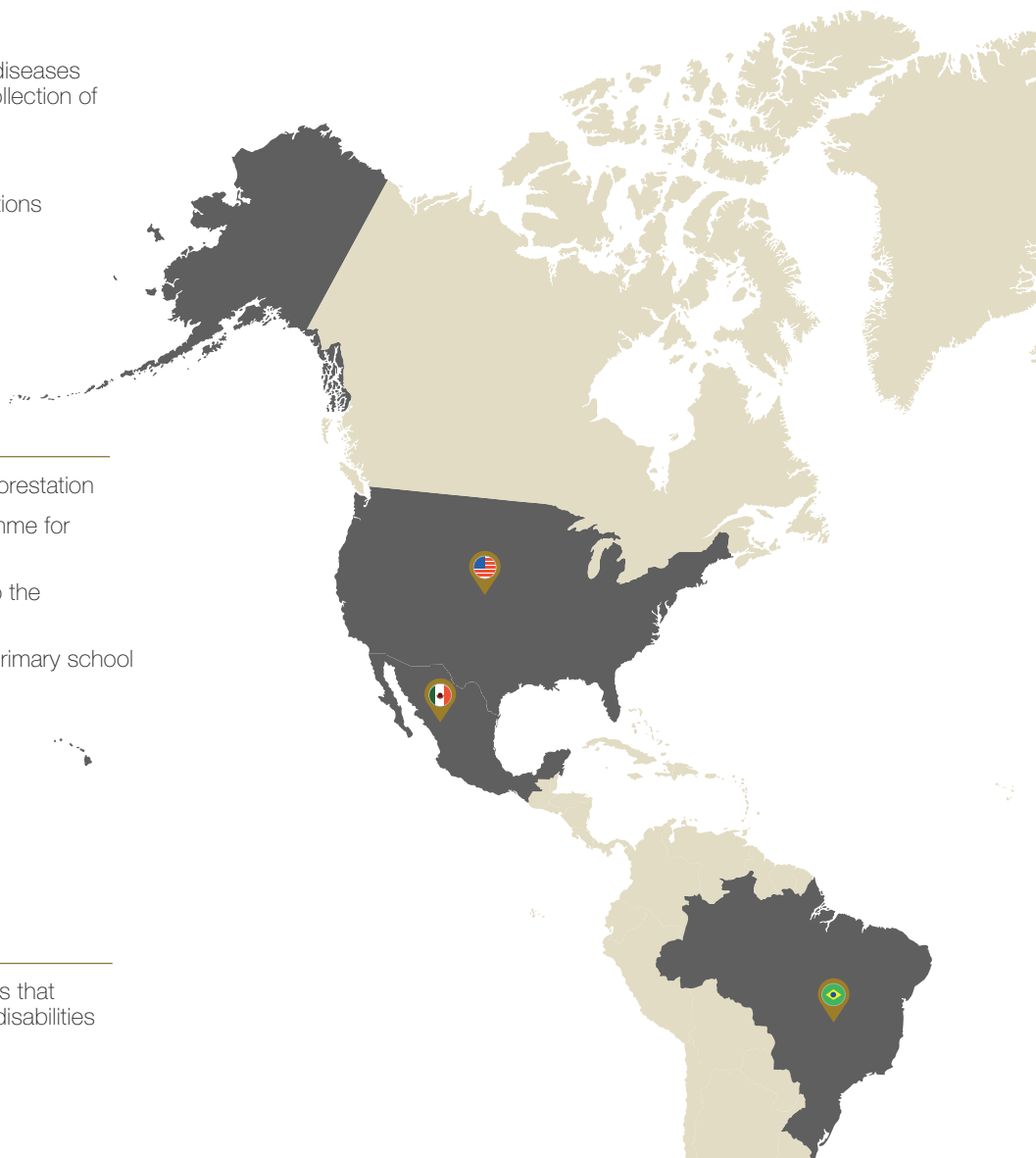


### Soria:

- Partnership and collaborations with entities who promote employment for disabled people (Asamis, Ilunion)
- Sponsorship of sports activities
- Collaboration with correctional institutions for fostering the rehabilitation of prisoners

### Viladecavalls:

- Hiring of entities that promote the employment of people with disabilities in services such as water fountains, office supplies and business travel management.
- Sponsorship of the e-Tech Racing Team made up of 32 students from the EEBE (Escola d'Enginyeria de Barcelona Est), from the Polytechnic University of Catalonia (UPC) who compete in the international Formula Student competitions.





- In-kind and financial donations to several institutions, such as the Holy House of Mercy of Maia (delivery of basic food for families with few resources)



- Sponsorship of sports activities (BC Germania Wolfenbüttel, football club of the region)
- Members of the BYOH (BeYourOwnHero) association, sponsoring a project in South Africa focused on the aid and development of children and young people in rural areas with lack of resources.
- Collaboration with entities that promote the employment of people with disabilities (Lebenshilfe)



- Collaboration with local universities (for interns and host students)



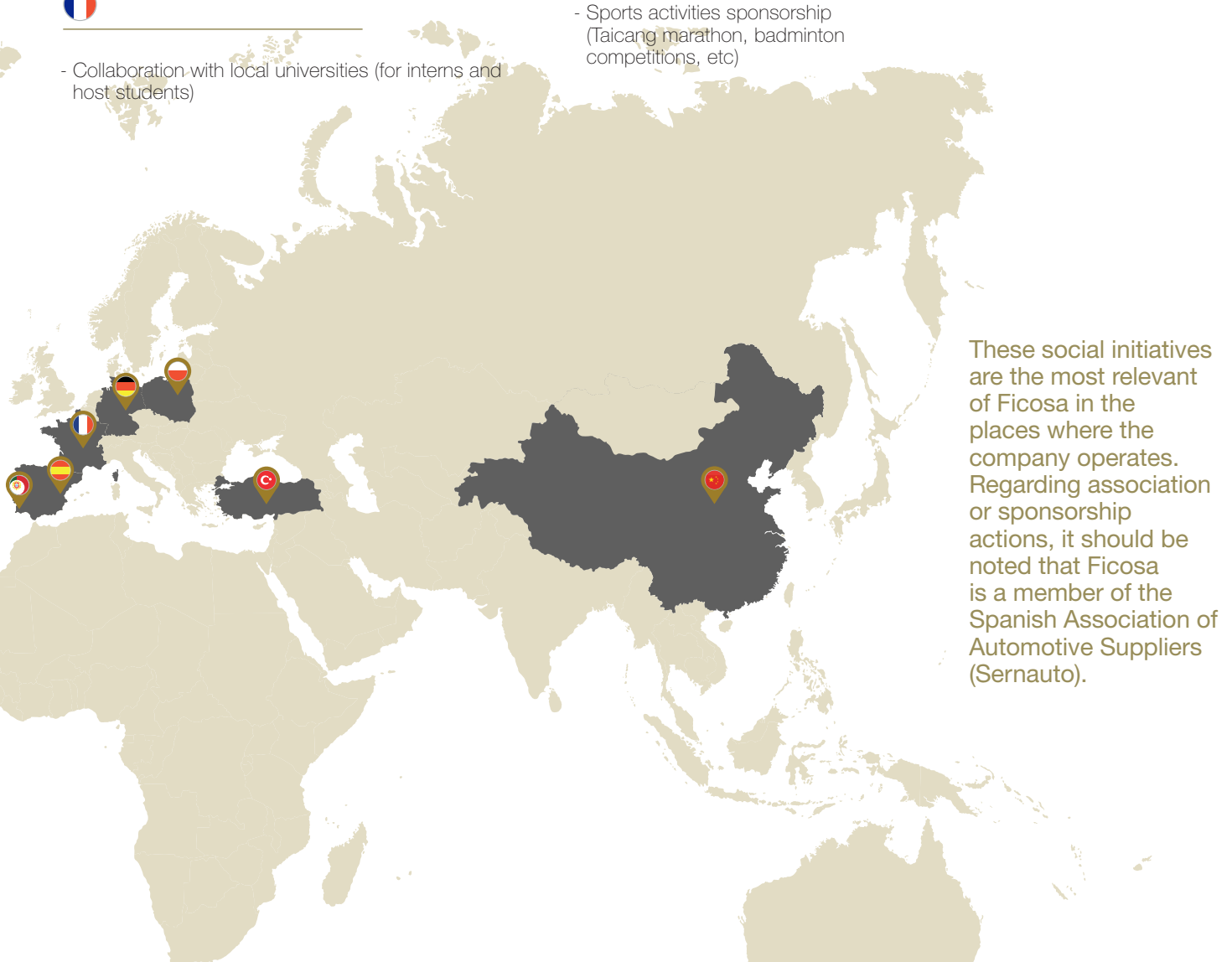
- In-kind and financial donations for local institutions or events (charity with the Centre for Special Education and Child Care)
- Sponsorship of sports activities
- Collaboration with Silesia University of Technology in dual studies, annually several students carry out 6-month internships in our company



- Campaign to collect plastic caps to get a chair for people with disabilities
- Campaigns to involve employees in sustainability initiatives promoted by local organizations



- Sports activities sponsorship (Taicang marathon, badminton competitions, etc)



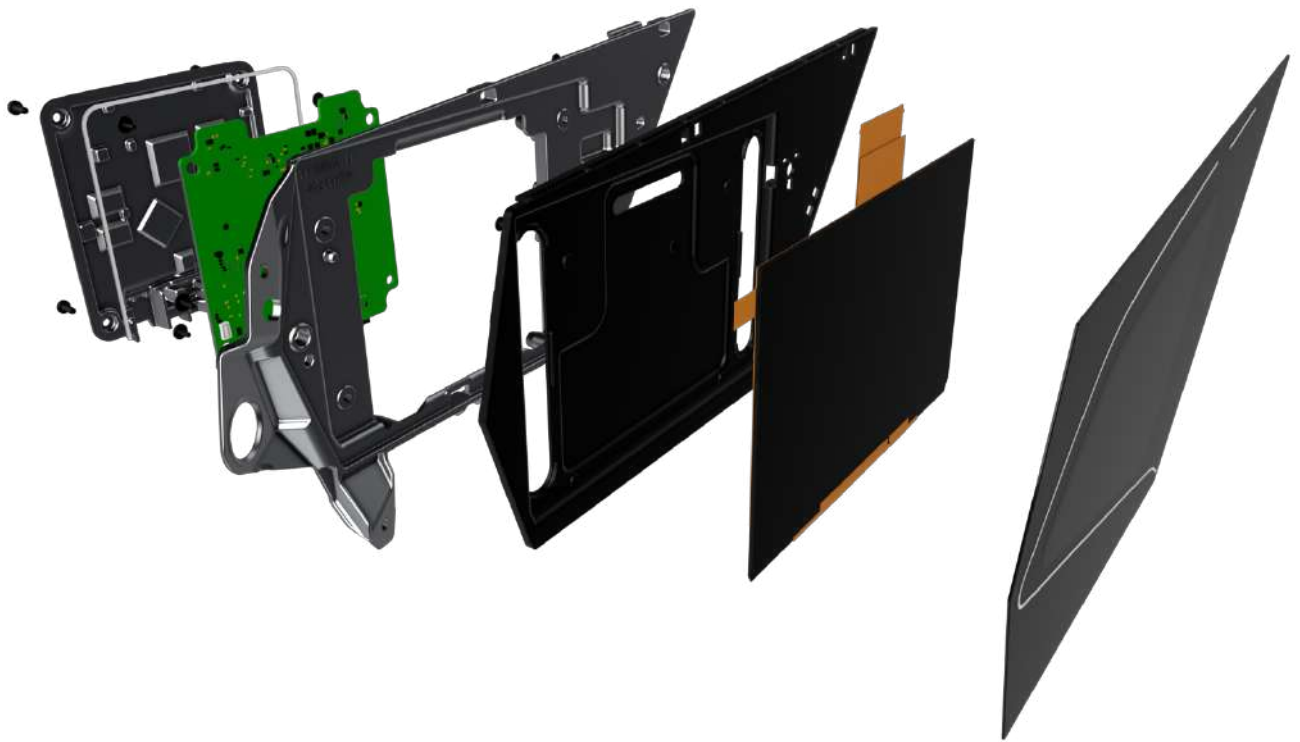
These social initiatives are the most relevant of Ficosa in the places where the company operates. Regarding association or sponsorship actions, it should be noted that Ficosa is a member of the Spanish Association of Automotive Suppliers (Sernauto).

# Innovation in our products

Ficosa's vision of innovation is based on our commitment to the most advanced technology. In this regard, the company invests in the research and development of products and solutions based on the fields of connectivity, safety and efficiency to maintain its position of leadership and anticipate the needs of the mobility industry.

The company is now a technological partner of a vast majority of automotive companies from all over the world and seeks new ways to bring about further optimization and contribute to sustainable mobility.





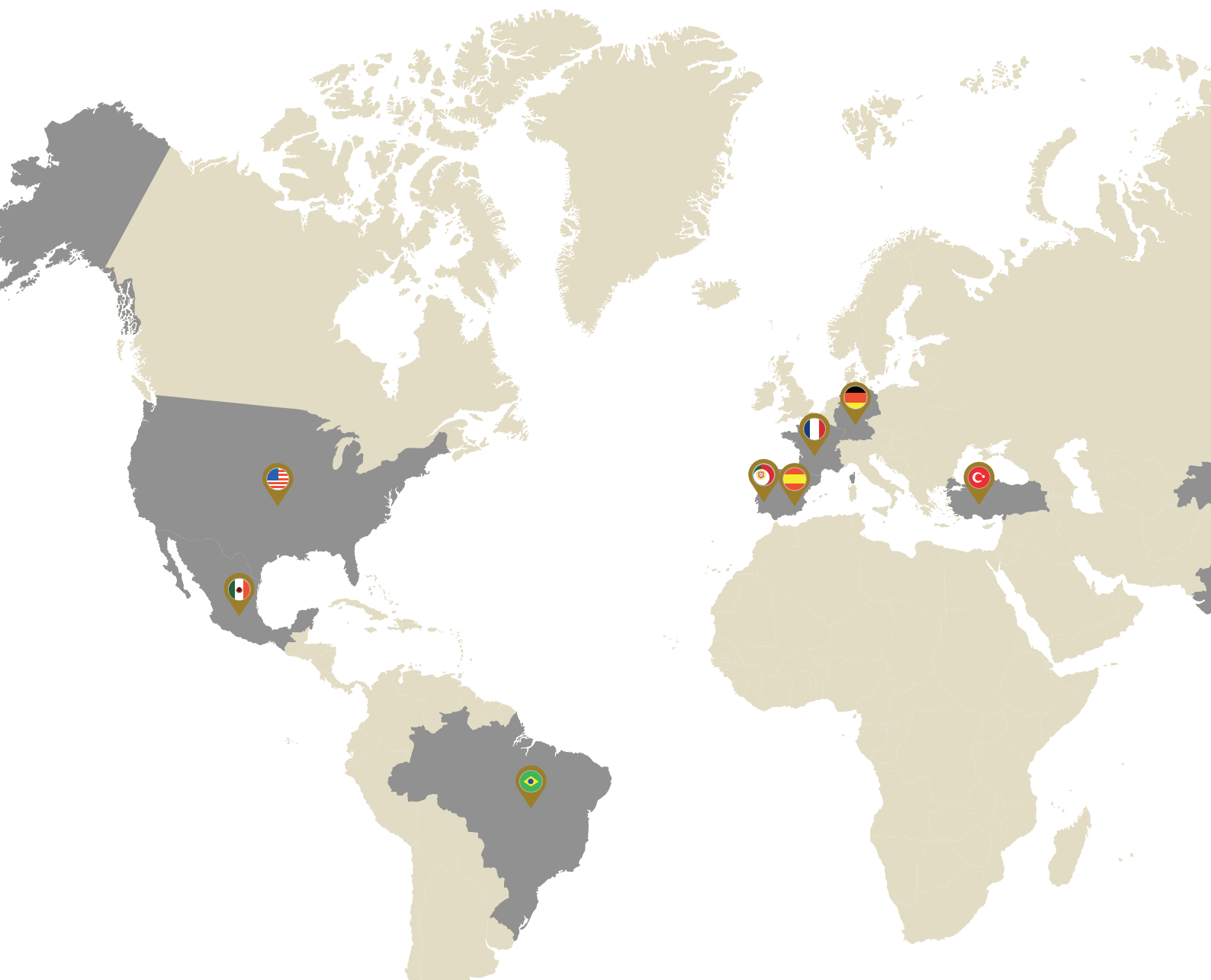
## R&D Capabilities

Our great dedication to innovation and a clearly global focus, has enabled us to create a solid network of R&D centres in Europe, North America, South America and Asia. These are divided into centres of expertise focused on specific product families – technologies and local engineering centres closely located to our main customers' design centres.

The Technology Centre in Viladecavalls (Spain) acts as the driving force for the group's global research efforts and fuels the 13 development centres we have around the world. This facility is a benchmark in electronics, SW development and electro-mechanics technology for developing new solutions in safety, connectivity and energy efficiency as well as world class testing and prototyping laboratories.

## Capabilities

Our strong commitment to innovation has also resulted in high added value job creation. Ficosa has an excellent and experienced team of engineering talent on board to face the company's new challenges. The total number of engineers devoted to R&D was close to a thousand in 2020.



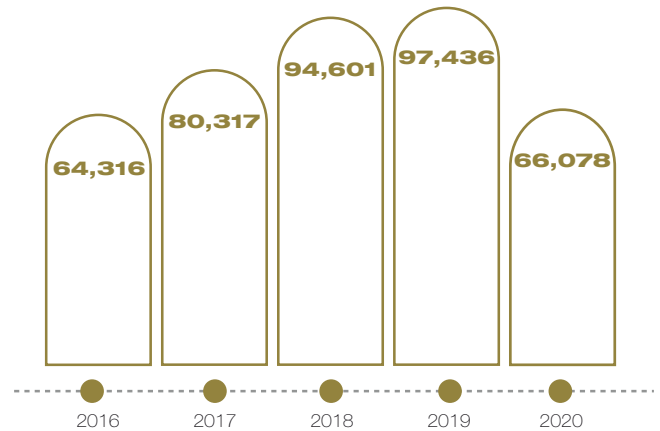


## Partnerships

We also collaborate, both nationally and internationally, on an open innovation approach with other companies, engineering firms, universities and technical centres on studies, training, advisory services, technology transfer, validations, tests, etc., that allow us to meet more demanding time to market and complex system requirements. The complexity and fast time to market requirements of the new technologies require a much higher level of open innovation and strategic partnerships than traditional electromechanical products.

## R&D Expenditure (thousand €)

In 2020, Ficosa spent more than €66 million in R&D to provide its clients with the most innovative solutions that anticipate the challenges of a constantly changing industry. During this year an effort have been made to contain investment, going down from 97 million to 66 million to adapt to the difficult world economy environment and to face the delay in automotive sector new investments.



This figure means that the company has invested more than 7% of its annual sales in R&D to offer its customers the most innovative solutions possible. Ficosa currently holds 823 active patents and it is one of the most active Spanish holding companies in Spain in terms of patenting.

## - Research centers

- |  |  |
|--|--|
|  — Viladecavalls    |  — Whaseong-Gun     |
|  — Wolfenbüttel     |  — Tokyo            |
|  — Dieuze           |  — Taicang          |
|  — Porto            |  — Hyderabad / Pune |
|  — Bursa            |  |
| <hr/>  |  |
|  — Sao Paulo        |  |
| <hr/>  |  |
|  — Detroit          |  |
|  — Salinas-Victoria |  |

## Innovation in high-value products

Ficosa is convinced that its success and future are founded on innovative products that benefit our society, providing safer, more efficient, sustainable and comfortable ways of mobility.

### SAFETY

#### The Challenge

According to the World Health Organization (WHO), traffic accidents kill approximately 1.35 million people worldwide every year, which means that every day around 3,500 people die on the roads. Tens of millions of people suffer injuries or disabilities each year. Children, pedestrians, cyclists and the elderly are the most vulnerable users of public roads. About 50 million people are injured in traffic accidents. If preventive measures are not taken, death from a car accident is likely to become a top five cause of death in the coming years from ninth place in 1990.

There has been a significant rise in the use of electronics in vehicles. Vehicles today have shifted from being conventional vehicles to intelligent vehicles and are equipped with communication systems that alert or assist the driver in a potential accident. Nevertheless, there is still work to do to achieve the ambitious road safety target of halving the global number of deaths and injuries from road traffic crashes adopted by the 2030 Agenda for Sustainable Development.

#### Collaboration with national and international programmes

### SUaaVE

SUaaVE proposes to enhance public acceptance of highly automated CAVs (Connected automated vehicles) by increasing trustworthiness via Human-Driven Design including the participation of all road users as well as stakeholders through:



- A social-psychological research on CAV acceptability.
- A cross-cultural framework for ethical and legal issues to facilitate CAV deployment.
- The conceptualisation and demonstration of a newly defined “Level of Automation Four+ Reliable Empathic Driver” (ALFRED), defined as a concept in CAV technology aimed to understand passengers’ state, and from this information, manage corrective actions in vehicle for enhancing trip experience.
- The generation of a set of tools and services to further implement the ALFRED concept, beyond SUaaVE.

The role of Ficosa in the project is to evaluate the “best in class” solutions of the emotions detection systems that are currently in the market.

The idea is to embark those systems in the tests and study which emotions are relevant to detect on board and which requirements does a camera should fulfil to detect those emotions.

## ESTIBA

ESTIBA's goal is to advance in the provision of strategic technologies that bring us closer to the port of the future (the Smart Port). We think that is the only way to satisfy the growing demand of efficiency, economy, security and environmental sustainability according to the "Industry 4.0" concept. Together with the highest levels of automation, as required in the scenarios that integrate different automated ground transport vehicles (GVs) in port operations.



Ficosa designs and validates in a real environment an interior camera adapted to the detection of laser patterns. Ficosa also develops a driving monitoring system (DMS) composed of camera and radar technology with the aim of monitoring the driver. This innovative technology will make possible in the future to have greater robustness in detecting driver states that are unsuitable for driving by means of non-contact sensors in critical environments.

## VIZTA

VIZTA project, coordinated by ST Microelectronics, aims at developing innovative technologies in the field of optical sensors and laser sources for short to long-range 3D-imaging and to demonstrate their value in several key applications, e.g., automotive.



The developed differentiating technologies allow the development and validation of innovative 3D imaging sensors products with the following highly integrated prototypes demonstrators:

- High resolution (>77 000 points) time-of-flight ranging sensor module with integrated VCSEL, drivers, filters and optics.
- Very High resolution (VGA min) depth camera sensor with integrated filters and optics.

Ficosa will use the developed technologies for In Cabin monitoring. Specifically, obtaining 3D face analysis and breathing using a single camera.

## PRYSTINE



Ficosa is developing an interior camera for driver monitoring that comprises an IR mono camera integrated in pillar A and a laser integrated in the interior of the rear view mirror which aims a cloud of points at the driver's chest. The camera records these points and the algorithm processes the video data in order to extract the respiration signal using the distance between points. Once the respiration signal has been detected, the Thoracic Effort Drowsiness Detection algorithm (TEDD) analyses this data in order to estimate the degree of drowsiness of the driver.

## V-RECON (EUREKA!)

This project consists of producing a CMS system (Camera Monitoring System) to replace vehicles' exterior mirrors (Class III-traditional). The system developed during this project will initially be for passenger vehicles but may extend to other types of vehicles (cargo, industrial, etc.). In order to achieve the final objective, research and development activities are required to design a demonstrator with the three main elements that make up the integrated system:

1. External wing or mechanical camera support to capture the rear view.
2. The camera itself.
3. An electronic control unit (ECU) that will also contains a display where the images are projected.

## sAFE

The sAFE (Aftermarket eCall for Europe) project was funded by the Innovation and Networks Executive Agency (INEA) under the Connecting Europe Facility CEF program. The main goal of the project is to study and prepare specifications for eCall Aftermarket for vehicles of many categories.



The project started on January 2019 and comprises of 23 partners from many countries in Europe, such as Germany, Spain, Netherlands, Slovenia, Cyprus, Austria, Luxembourg or Italy.

Ficosa is contributing to the specification of eCall Aftermarket for M1 / N1 vehicles (passenger vehicles up to 7 seats and light vans), as well as specifying and performing the homologation process which will acknowledge an aftermarket eCall as valid for being used in the European market.

## 5G Automotive Association



The 5G Automotive Association (5GAA) is a global, cross-industry organisation of companies from the automotive, technology, and telecommunications industries (ICT), working together to develop end-to-end solutions for future mobility and transportation services.

Created on September 2016, the 5GAA unites a large member base, including 8 founding members: AUDI AG, BMW Group, Daimler AG, Ericsson, Huawei, Intel, Nokia, and Qualcomm Incorporated. Ficosa has been the first Spanish company to join the association.

Since its inception, 5GAA has rapidly expanded to include key players with a global footprint in the automotive, technology and telecommunications industries. This includes automotive manufacturers, tier-1 suppliers, chipset/communication system providers, mobile operators and infrastructure vendors.

Diverse both in terms of geography and expertise, 5GAA's members are committed to helping define and develop the next generation of connected mobility and automated vehicle solutions.

The 5GAA supports the idea that 5G will be the ultimate platform to enable C-ITS and the provision of V2X. 5G will be able to better carry mission-critical communications for safer driving and further support enhanced V2X communications and connected mobility solutions.

In less than four years, membership has risen from eight founding companies in 2016 to over 130 in 2020. Members include nine of the top ten global automakers and telecommunications companies and the top five global wireless infrastructure companies. In the past four years, the organisation has created unprecedented cross-industry alignment among all stakeholders. Having successfully established C-V2X in the market through workshops, flagship events, demonstrations, plug fests and technical publications, 5GAA is now focusing on all aspects of advanced use cases, which will benefit from the evolution of 5G.



## SECRDAS

SECRDAS stands for “Product **S**ecurity for **C**ross Domain **R**eliable **D**ependable **A**utomated **S**ystems. The SECRDAS consortium comprises 69 partners from 16 European countries. The goal of this project is to build a benchmark architecture for Secure and Safe Automated systems compliant with the new GDPR Regulation. The focus will be on automotive, rail and personal healthcare, all of which demand high security and safety, covering technologies such as radar, lidar, Vehicle-to-Infrastructure and in-vehicle networks.



Ficosa will contribute to the project with a full-fledged V2X HW platform with a secured storage and signing environment. These HW mechanisms will prevent cybersecurity attacks involving stealing private keys and damages caused by impersonating a legitimate vehicle. Ficosa's platform will be capable of integrating SW technologies from third parties, such as V2X Firewall and V2X misbehaviour detection. Ficosa will also provide DSRC High-performance antennas to achieve best platform performance.

As part of the same project, Ficosa ADAS will also provide an in-cabin driver monitoring system based on an IR camera plus laser for respiration signal detection and analysis. The main system objective is to continuously analyse the status of the driver and ensure that the driver is in a fit state to drive if the autonomous vehicle decides to return the command to the driver in the event of a cyber-security attack.

## CARMEL

CARMEL brings together expertise from eight different European countries to solve cybersecurity issues for future mobility. In order to address cybersecurity for current autonomous and connected vehicles, well-established methodologies developed in the ICT sector will be adopted in order to assess vulnerabilities and potential cyber-attack impacts. Although past initiatives and cybersecurity projects related to the automotive industry have led to security assurance frameworks for networked vehicles, several newly introduced technologies like 5G, autopilots, and smart charging of Electric Vehicles (EVs) reveal gaps in cybersecurity, which have not yet been addressed satisfactorily. Considering the entire supply chain of automotive operations, CARMEL aims to reach out to commercial anti-hacking IDS/IPS products for the European automotive cybersecurity and demonstrate their value in extensive attack and penetration scenarios.



Ficosa will provide to the project a full-fledged V2X (802.11p) HW platform designed for a very robust physical and logical security that will include enhancements still not found in other similar developments.

## What we are offering our customers

### Vision systems

Most aggressive projections estimates that 10% of vehicles will be autonomous by 2030, vision will keep being one of the most significant pillars in our business, either through traditional mirrors systems with added functionality or through the emerging smart digital view systems where Ficosa is also taking a leading position (CMS, surround view, parking cameras, etc).

### V2X (VEHICLE-TO-X) UNITS

The main purpose of incorporating these units into vehicles is for safety reasons. This technology will be able to reduce the number of accidents. Vehicle-to-everything (V2X) transmissions allow cars to communicate with each other as well as with the infrastructure, pedestrians and other road actors. This communication path provides a lot of information in the vehicle regarding its surroundings. This fact enables drivers to be alerted on impending dangers in a first phase (Day 1 use cases). In the future, the vehicle will be able to act in response to this knowledge (Day 2 use cases) and coordinate manoeuvres with other vehicles (Day 3 use cases). In addition to the safety aspects, there will also be convenient features such as easing vehicle parking, toll payment, weather, road conditions and information about surrounding commercial facilities. Ficosa has been granted several patents on specific V2X high performance antennas. This fact increases Ficosa's capacity in supplying OEMs with fully integrated system solutions instead of separate parts.

### Intelligent Rearview Monitor System (IRMS)

The innovative Intelligent Rear-view Monitor System for LCV's and Vans developed by Ficosa, able to provide a full rear vision to the driver even if his vehicle lacks of rear windows, is now starting mass production, and will be gradually deployed over the next months in different LCV carlines from a major European LCV leader.

During 2020, several OEM's have been showing a high interest in this safety device and are planning to introduce it in their next LCV models.



## Sensors and Camera Cleaning

After a successful launch and deployment of the LIDAR Cleaning System in the last three years, applied now in seven carlines of a premium German carmaker, Ficosa is achieving the development of a complete portfolio of Sensor Cleaning devices.

Those components applies for the cleaning of all sensors up to level five autonomous cars, ensuring that all detection systems function, quality and integrity are safe during driving.

A special focus is given to the water consumption reduction during cleaning sequence, as well as a low noise level, keeping at the same time the best system performance, bringing during 2020 to a new generation of breakthrough-integrated system, currently under testing, to be marketed in the next months.

## Driver Monitoring Systems

In 2017, the company developed a driver monitoring system in order to estimate the capability of the driver in adverse situations, such as fatigue. Today Ficosa has two different lines of products that detect any unsafe driver behaviour:

### **Somnoalert ® Driver Behaviour**

The system studies the driver's gradual worsening over a predetermined time period.

### **Somnoalert ® Contactless**

The system analyses respiratory data in real time to estimate the driver's degree of awareness.



## Camera Monitor System (CMS)

In 2015, the company started to develop an electronic mirror composed of cameras and displays which represents an alternative option to the exterior rear-view car mirrors. This pioneering system, also known as CMS, is a true revolution for the automotive industry as well as important progress towards the autonomous car. The electronic mirror offers a new, safer, and more comfortable driving experience through the inclusion in the vision systems of Advanced Systems Driver Assistance (ADAS), such as the traffic detection function, which provides information to the driver about the vehicles around it. This first version of the product came to reality on September 2018. Currently, Ficosa is working with several Original Equipment Manufacturer (OEM) on the integration of different CMS concepts, customizing it according to their requirements. In this sense, Ficosa has already achieved important nominations in the second generation of these CMS systems, a strategic product for the company, as in the medium term it is the evolution of rear-view systems and a key element for the future autonomous car.

## ERA GLONASS SYSTEM

FICOSA is manufacturing telematics modules certified for ERA GLONASS. The ERA GLONASS system is the Russian equivalent of the European e-Call system. Safety systems and emergency services are fundamental to saving lives on the road. Getting an immediate alert in the event of an accident and knowing the exact location of the crash site cuts emergency services response times by 50% in rural areas and 40% in urban areas. The emergency system inside the vehicle consists of a telematics unit (On Board Unit, OBU) and a user interface module.

## Shift-by-wire systems

Back into 2015 Ficosa started the development of its first transmission actuators, being able to offer a full Shift-by-Wire system. In 2020, Ficosa made ready the next generation of Shift-by-Wire systems with smart actuators, which can be easily integrated in CAN Base architectures, fulfilling the highest requirements in terms of functional safety, ensuring reliability in all conditions.

This product line has been deployed for Internal Combustion Engine, Hybrid Electrical and pure Electrical Vehicles. Besides fuel efficiency enabled by the combination of engine nature and robotized transmissions, Shift-by-Wire technologies also enables to add into vehicle strategy safety features avoiding hazard conditions due to human errors.

In the Human interface, Ficosa is also bringing the latest technology, to make Shift-by-Wire shifter intuitive and fool proof, defining and co-designing functional patterns and fault tolerance strategies with our customers.

## Child presence detection (CPD)

In order to reduce the heat stroke fatalities worldwide, especially affecting young age deaths, Ficosa is incorporating a child presence detection system based on radar.

The system detects life through subtle change in wave frequencies and hence can distinguish between inanimate objects or children.

Ficosa's CPD does not require line of sight, so children can be covered by a blanket, or be on the footwell or facing backwards with the same system performance.

## COMMUNICATION & CONNECTIVITY

### The Challenge

The automotive industry is undergoing a series of transitions as the industry is moving towards digitalization and connected mobility. While automotive digital technology has traditionally focused on optimizing the vehicle's internal functions, attention is now focused on developing the car's ability to connect with the outside world and make the car experience safer, more comfortable and more informed. In this context, Ficosa is working to create a more interconnected world.



## Collaboration with national and international programmes

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### COMPEX

For 5.9 GHz Car-to-Car Communication is very important the localization of the antennas in the vehicle in order to achieve omni-directional coverage. This leads to have antennas integrated in the vehicle and physically separated from the ECU (Electronic Control Unit) connected with a coaxial cable. Coaxial cable at these frequencies attenuates significantly the signal, causing a system performance degradation.

COMPEX project is willing to solve the issue caused by the coaxial cables from the antennas until the Car-to-Car communication ECU due to the losses at the V2X frequencies (5.9GHz). Main objective of the project is to design an electronic system able to correct the degradation caused by the coaxial cable in DSRC and Cellular V2X communications.

### MAGICA

During the MAGICA project, the first multi-constellation Galileo antenna with multi-frequency capability specially adapted to automotive applications will be developed.

The proposed MAGICA antenna is intended to be going beyond the state of the art since, for the first time, it will provide a cost-effective high precision positioning antenna (providing multi-frequency characteristic and phase stability as the most relevant performance feature) commercially ready to be integrated on a vehicle for Autonomous Driving operation.

Current mass-market GNSS antennas are optimized for cost and dimensions rather than performance.

This consortium is composed of Rohde & Schwarz, SEAT and Ficosa.

The main goals of MAGICA are:

- Design at least 3 new multi-frequency GNSS antenna geometries able to receive at least L1/E1, L5/E5, and E6 bands that fulfil defined requirements.
- Develop a new antenna amplifier with multi-frequency answer, low noise behaviour, and low group delay between bands to ensure antenna's phase centre stability.
- Validate the developed antenna prototype for automotive, checking all commonly OEM required RF parameters for High precision GNSS antennas. Especially on radiation pattern characteristics and noise performance.

Ficosa will provide a high performance antenna design adapted to the automotive needs very near to commercialisation phase.



## SAPPHIRE

SAPPHIRE stands for “Smart Automotive antennas with optimal Performance Printed on existing Housings during manufacture”.

The main goal of the project is to develop a technology able to manufacture embedded antennas and electronic components onto existing housings, replacing existing surface mounted, manually assembled units.

SAPPHIRE will significantly reduce production costs and optimise antenna performance though maximising available volume. This will be applicable across a range of smart automotive antennas, including: 3G, 4G, and new 5G cellular service, WiFi, Vehicle to vehicle (V2X), Bluetooth and GPS antennas.

## CarCom

The company also offers the CarCom platform, which integrates several connectivity solutions, in a modular way. This solution meets the goal of facilitating quick prototyping of new technology. The modular integration allows the reuse of common parts, introducing just hardware and software for the new technology at hand. This platform already implements hardware and software technologies to provide cellular, V2X, C-V2X, Wi-Fi, localization (GNSS) and HMI capabilities. Some of the future modules on pluggable technology are a high-precision positioning, digital tuning antenna, as well as cellular 5G modules. It covers the needs of the company to be able to exploit latest technologies in short time, improving development speed and reutilization. At the same time, CARCOM offers a platform that meets OEMs sample A requirements for a big number of applications and is able to be deployed worldwide.

Latest developments of stick modules are a cyber-secured V2X module on NXP and uBlocs silicon and an adapter for M.2 format pluggable modules.

### What we are offering our customers

## Telematics units

These units connect the vehicle with the internet. Most used technology is cellular using 2G, 3G and 4G-LTE for data communications. Our units are capable of having embedded antennas, which facilitates the integration on many automobiles. These units incorporate services, as e-call, b-call, lights & horn and a myriad of other services customized by the OEM to their preferences. Some models also enable Wi-Fi communications inside or outside the car.

## Emergency call Human Machine Interface

EMU is an Emergency call Multimedia Unit for vehicles, consisting of a button, some indicators, a microphone and a speaker. The button manually triggers the emergency call, speaker and microphone are used for voice communication with the 112 Services and the indicators show the state of cellular coverage and e-call status. A telematics control unit inside the vehicle manages all these elements in order to allow occupants to have full control of the system.

## Integrated antennas

We design and develop antennas for different services such as radio broadcasting (AM/FM/DAB), telephony (2G , 3G, LTE and 5G), satellite positioning systems (GNSS) covering multiple satellite constellations (GPS, Galileo, Glonass, Beidou), satellite digital radio (SDARS) for the US Market as well as other services like RKE, Wi-Fi, Bluetooth and BLE. Antennas for new technologies such as V2X and C-V2X (omnidirectional or directive) and for the latest 5G technologies are also developed and ready to go to market. We also design antennas for microwave frequencies at 24, 70 or 84 GHz.

As the number of antennas inside a car is increasing considerably, the trend is to integrate them on non-visible locations of the vehicle. We have the expertise to integrate antennas for different services in different locations assuring optimal operation and performance with zero or minimal visual impact. Some examples of locations for antenna integration in the car are inside exterior rear-view mirrors, dashboard, windshield, embedded in the vehicle roof, inside plastic parts of the car such as spoilers, etc.

## Rear-view mirror that incorporates electronic toll function

The interior rear-view mirror incorporating a Panasonic electronic toll function is deployed from 2019 in all the carlines of a major European manufacturer, extending this device to next upcoming models. This device allow the automatic payment of motorway & urban tolls without having to stop the vehicle, keeping driver attention to a safe and effective driving.



## Efficiency

### The Challenge

One of the toughest environmental challenges of our time is managing the mobility of people and goods. By 2030, passenger traffic will exceed 80,000 billion passenger-kilometres, a fifty percent increase, and freight volume will grow by 70 percent globally. The number of vehicles on the road is globally expected to double by 2050.

The reduction in greenhouse gas emissions, the progress in the decarbonisation economy and the expected growth in mobility in the upcoming years highlight the need for efficient and environmentally sustainable vehicle technologies. The widespread electrification of transport through the adoption of electric vehicles (EVs) is one strategy to reduce GHG emissions. Furthermore, energy availability becomes a key aspect for novel mobility systems; in this sense, Ficosa is working in systems that transform the vehicle not only in a net energy consumer but in an active grid energy storage. Also, to make this appealing to the customer novel methods of ultra-fast charge are being explored within our activities.

### Collaboration with national and international programs

## Electromobility Hub

In 2018, the company opened a Technological Electromobility Hub with 120 people and 1,200 square metres, dedicated to the company's different products in Hybrid and Electric vehicles (HEV/ BEV). During 2019 these facilities were extended with additional 300 m2 and in 2020 a second 400 m2 area have been added. The e-Mobility Hub has become a global benchmark in the development of electric mobility technology, driving Ficosa's leadership forward in an area that is key for the mobility of the future. In this sense it plays a strategic role, as it has become a driving force in electromobility solutions for the whole group on an international level.

The deployment of all these HEV/BEV products is a constituent part of the company's long-term strategy. This strategy is going to be carried out in a set of phases. During the first phase, Ficosa will focus on three products:

- Battery Management Controllers: Devices to control the HV Battery and its energy flow. As well, a battery electronic module designed to control the state of the battery (charge, health, temperature) and to manage the different actuators needed to permit battery charge or vehicle drive.
- HV Junction Box: Safety device that disconnects the HV battery from the rest of the vehicle system.
- On board chargers: Integrated battery charger that converts grid alternating current into direct current at a varying voltage level compatible with the battery state-of-charge.

## MARBEL

Design, manufacturing and validation of the next generation of battery packs for the automotive mass-market. A circular economy approach in EV battery packs.

This project develops an innovative and competitive lightweight battery with increased energy density and shorter recharging times with the objective to accelerate the mass market take-up of electric vehicles.



The project innovation is based on the following main pillars:

- Advanced battery packaging using a Design for Assembly (DfA) and Disassembly (DfD) methodology.
- Lightweight and sustainable Battery Packaging.
- Solutions and processes for the sustainable dismantling and 2nd life.
- Flexible advanced battery management systems.
- Ultra-Fast Charging strategies and enhanced thermal management.
- Procedures for characterisation and validation of future performance and safety.

Ficosa e-Mobility is coleading the working packages related to Ultra-Fast Charge, EVSE Communication, Power-circuit Dimensioning, BMS Functional Safety and Sensor Selection.

The consortium of the Marbel project is formed by 16 partners from 7 European countries.

## Development of new technologies to improve the management and charging technologies of the electric vehicle battery at the cell level

The objective of this project, under the funding opportunity of CDTI (Spanish public business entity fostering the technological development and innovation of Spanish companies) is to advance in the development of sensing, control and charging solutions for electric batteries in electric and hybrid automotive sectors. The proposal specifically seeks to improve the efficiency in the management and charging of the battery module and reducing its dimensions at the same time.

In a first stage, the project will focus on applying machine-learning technologies to improve the accuracy of the BMS measurement throughout its useful life. Then, the second stage will be focused on the vehicle's on-board charger efficiency and size improvements. This goal will be based on increasing the switching frequency and operating voltage. To this end, the implementation of transistors based on SiC (Silicon Carbide) and GaN (Gallium Nitride) will be explored.

This project aims to keep Ficosa at the forefront of the development of technologies for sensing, control and battery charging. A technology, which is ubiquitous in any electrically powered vehicle and, by extension, in any battery powered equipment.



## EGVIA for 2Zero

The “Towards zero emission road transport” (2Zero) partnership is part of the new framework program of the EU: Horizon Europe. It is the continuation and extension of the European Green Vehicles Initiative. Building upon the success of previous initiatives (Green Cars and Green Vehicles), the 2Zero partnership will address the challenge of decarbonization of road transport in a systemic way. Involving a wide range of stakeholders, the 2Zero partnership will make a key contribution to achieve the Green Deal objectives and help the EU to have the first climate-neutral road transport system by 2050.



The following items as main pillars will be approached under the scope of the 2Zero partnership:

- Vehicle technologies and vehicle propulsion solutions for BEV and FCEV
- Integration of battery electric vehicles into the energy system and related charging infrastructure
- Innovative concepts and services for the zero emission mobility of people and goods
- LCA approaches and circular economy aspects for sustainable and innovative road mobility solutions

## CAR-NET (Cooperative Automotive Research Network)

The Cooperative Automotive Research Network, initiated by SEAT, Volkswagen Group Research and Universitat Politècnica de Catalunya (UPC), is an open hub for industrial and academic partners from the areas of automotive and mobility research & innovation. Ficosa is a member of this knowledge hub for automotive science and technology, focused on urban mobility, and based in Barcelona. Its ambition is to become a benchmark in this area, in close alliance with European counterparts. CARNET is a cooperation platform for the mobility industry, local universities and institutional partners that has the following strategic goals:



- Organizing urban mobility activities in Barcelona
- Contributing to strengthening the automotive sector in Spain, and Catalonia in particular
- Recruiting proactively for the automotive industry
- Networking to seek international research funding (in cooperation with international partners)

## CIAC

The Automotive Industry Cluster of Catalonia (CIAC) is a non-profit association open to companies operating in the automotive industry, that are based in Catalonia, and pursue R&D+i activities. Over 190 companies linked to the industry have joined the Catalan automotive cluster since it was established. This group of companies has a turnover of more than €20,000 million and provides employment for over 40,000 people.



The main aim of the association is to boost the competitiveness of the automotive industry as the driving force behind the Catalan economy. To achieve this, a strategic plan has been designed, with a series of short, medium, and long-term objectives that guarantee its development in the new industrial global framework.

### What we are offering our customers

#### Battery Management System

Ficosa has been developing jointly with main OEMs the new generation of Battery Management Systems. The focus areas of the e-mobility lay mainly in accurate, efficient and reliable high-voltage energy control. To do so, Ficosa combines its deep industrial knowledge with the last trends in machine learning and physics modelling within its advanced development projects.

#### On-Board Charger System

The company is working on the development of a new integrated concept of On-Board Charger (OBC) together with Panasonic. The OBC is a system that is able to provide energy to charge Electric/Hybrid vehicles batteries. The technology under development fits on AC network as well as DC infrastructure.

## Junction Boxes

The junction box is a core component devoted to interrupt current from the batteries to the active vehicle parts. Year after year, this component is integrating more technology and adapting to different vehicle architecture (low-sized cost-savvy for low-range urban cars or modular for high-range cars with ultra-fast charge capabilities).

## Charge management systems

Ficosa develops technologies able to manage the charge not only from a power-control scope but also from a standard communication technical approach. In that sense, cryptography becomes a key asset to deliver ready-to-market solutions.



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<b>Equality</b>		
Measures adopted to promote equal treatment and opportunities of men and women	GRI 103-2	Pg 20-23/36-37
Equality plans (Chapter III of Ley Orgánica 3/2007, de 22 de marzo (the Gender Equality Act), measures adopted to foster employment protocols against sexual or gender harassment.	GRI 103-2	Pg 36-37
Integration or and universal accessibility of people with disabilities	GRI 103-2	Pg 36/37
Policy against all forms of discrimination and, where appropriate, the policy on diversity management	GRI 103-2, GRI 406-1	Pg 20/36
<b>Respect for human rights</b>		
<b>Management approach</b>		
Description of the policies applied by the Group and their result	GRI 103-2	Pg 20/24/63-64
Main risks related to matters linked to the Group's operations	GRI 102-15	Pg 24/64
<b>Specific information</b>		
Implementation of human rights due diligence procedures	GRI 103-2	Pg 20/24/62
Prevention of risks of human rights violations and, where appropriate, measures taken to mitigate, manage and repair potential abuses committed	GRI 103-2, GRI 102-17	Pg 20/24/62
Promotion and compliance with ILO's provisions on respect for freedom of association and the right to collective bargaining	GRI 103-2	Pg 25/38/63
Elimination of job and workplace discrimination	GRI 103-2	Pg 36-38
Elimination of forced or compulsory labor	GRI 103-2	Pg 24/63
Effective abolition of child labor	GRI 103-2	Pg 24/63/65
<b>Anti-corruption and bribery matters</b>		
<b>Management approach</b>		
Description of the policies applied by the Group and their result	GRI 103-2	Pg 20-22
Main risks related to matters linked to the Group's operations	GRI 102-15	Pg 21
<b>Specific information</b>		
Measures taken to prevent corruption and bribery	GRI 103-2, GRI 102-16, GRI 102-17	Pg 20-22
Measures taken to fight money laundering	GRI 103-2, GRI 102-16, GRI 102-17	Pg 20-22
Contributions to foundations and not-for-profit organizations	GRI 103-2	Pg 68-69
<b>Information on society</b>		
<b>Management approach</b>		
Description of the policies applied by the Group and their result	GRI 103-2	Pg 62-63
Main risks related to matters linked to the Group's operations	GRI 102-15	Pg 64
<b>Company's commitment to sustainable development</b>		
Impact of the Company's activities on employment and local development	GRI 103-2	Pg 33/66/68-69
Impact of the Company's activities on local populations and territories	GRI 103-2	Pg 33/66/68-69
Relations with actors in the local communities and forms of engagement with them	GRI 103-2, GRI 102-4	Pg 36-37
Partnership or sponsorship actions	GRI 102-13	Pg 68-69
<b>Subcontracting and suppliers</b>		
Inclusion in the procurement policy of social, gender equality and environmental matters	GRI 103-2	Pg 22-23/62
Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	GRI 103-2	Pg 22-23/62-65
Supervision and audit systems and their outcomes	GRI 103-2	Pg 63
<b>Consumers</b>		
Consumer health and safety measures	GRI 103-2	Pg 26-28
Claim systems	GRI 103-2, GRI 102-43	Pg 29
Complaints received and their outcome	(1), GRI 103-2	Pg 29

(1) Internal framework: see the methodology used in the corresponding pages



# Appendix 1 – OHSEQ policy

The policy of integrated management of the company is based on the compromise of Upper Management and the participation and consultation of all the staff, and their representatives where they exist, in order to ensure the continuous improvement of their labour.

It must be communicated and understood by all the Company and reviewed periodically. It must be of interested parties domain. It must be appropriate to the nature of our Company (activities, products and services).

**With this aim, the Direction affirms the compromise and responsibility with the implementation, maintenance and continuous improvement of an integrated system of management, based on:**

1. The values and philosophy of operations of the organization, established clearly in the MISSION, are the guidelines for each member of FICOSA.
2. FICOSA permanently believes that each product and project developed for our customers shall fulfil and exceed their expectations of time, quality, safety and cost.
3. The company firmly believes that the excellence in each project and product are achieved with the participation of all the people that constitutes FICOSA. The maintenance of the daily enthusiasm and the imposition of challenges of permanent improvement are clues for this purpose and a responsibility for each leader.
4. Occupational health and safety is a fundamental part of our work; Our commitment in the prevention of accidents and occupational illness, focuses our efforts on ensuring safe and healthy work environments, prioritizing the elimination of hazards and the minimization of risks.
5. The development of our Company must be guided toward the continual improvement of our work (in occupational health and safety, quality, environment and energy efficiency). It is our obligation to improve every day the effectiveness of our Integrated System.
6. The respect for nature and the observance of the universally declared principles of pollution prevention and control shall be kept as a frame of reference for the development of our activities. The development of our organization can and must walk alongside the preservation of the environment and the mitigation and adaptation to climate change, as well as towards energy management.
7. The environmental questions are a common problematic, therefore, each of the internal members (workers and collaborators) and external members (suppliers and subcontractors) have the right and the moral obligation to participate in their implantation and to collaborate in their maintenance.
8. FICOSA has a framework where the establishment of objectives and goals for occupational health and safety, quality and environment, as well as the availability of information, resources, acquisition of efficient products and services. The review of these objectives is a high priority function in the development of our Company. These objectives must be based on the requirements of the interested parts, established in the MISSION.
9. The fulfilment of the current legislation and regulation regarding occupational health and safety, quality, environment and energy for FICOSA. We include in this section any other requirement.
10. The compliance with all Customer Specific Requirements that affect our products.



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