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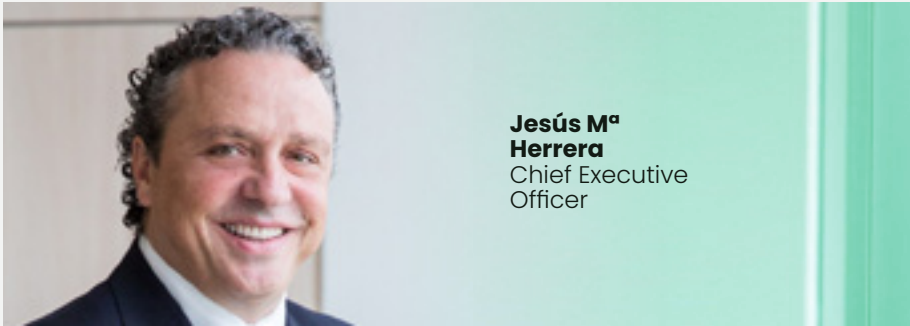
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**Antón Pradera**  
Chairman



**Jesús Mª Herrera**  
Chief Executive Officer

# "25 years building the dream"

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## Chairman and CEO's statement

Dear friends of CIE Automotive:

In 2021 we marked 25 years building the dream that began in 1996, when a group of investors came up with the idea of creating a Spanish industrial conglomerate in the automotive service industry. A dream we have been forging over the years with the integration of more than 100 companies and the construction of new factories to yield what is today a global and multi-technology group with close to 25,000 employees across 18 countries and a market cap of €3.5 billion. As we look back on

the road taken, we feel tremendous pride, but also fresh ambition. Our minds and efforts remain fixed on the road ahead. Throughout the pages of this year's Annual Report we want to tell you about CIE Automotive's new dreams and how we worked in 2021 to achieve them.

CIE Automotive turned a new page in 2021 with the publication of its new 2025 Strategic Plan. That plan is our response to the profound and dizzying transformation taking hold in

society and the automotive industry, change that has also shifted our paradigm as a company, nudging us to reformulate our Mission, Vision and Values, among other things.

By executing our 2025 Strategic Plan, which we unveiled in June during our first Capital Markets Day, we strive to become a group that generates €1 billion of EBITDA and €500 million of net profit from 2025. To achieve our ambitions, we plan to work on matters such as vehicle electrification

and comfort, on the implementation of Industry 4.0 and on international expansion, without ever losing sight of the importance of cash generation that permits organic and M&A-led growth.

However, our aspirations go far beyond earnings metrics: we want to continue to zero in on excellence by definitively integrating environmental, social and governance (ESG) criteria into our management. Rest assured that these are not empty words or



a list of good intentions. Our ESG Strategic Plan 2025, published last November, establishes close to 80 KPIs that will clearly and tangibly monitor the progress we make along the four key lines of initiative we have set for ourselves: CIE culture, ethical commitment, eco-efficiency and active listening.

Already in 2021 we took our first steps towards achieving all these milestones, in spite of the complexity of the prevailing environment.

Just when we thought we had seen it all with the onset of the pandemic in 2020, the sharp rebound in demand following the lockdowns sparked severe friction across global supply chains, raw material scarcity and inflation, a collapse in shipping and an escalation in energy prices in 2021. In the automotive industry, that situation was exacerbated by the shortage of chips, vital to making cars. As a result of all those malfunctions, vehicle production amounted to 77 million, up 3.4% from 2020 but way below the mark set in 2019, when the world made 89 million vehicles.

But nothing knocks CIE Automotive of course. Despite the weak sector growth, our (constant-currency)

revenue growth was 12 points above that of the market, at €3.27 billion, and our net profit increased 44% to €267.5 million. That healthy performance was unlocked by a job well done by our teams in all our regions and drove our EBITDA and EBIT margins to 17.6% and 12.3%, respectively. Our most sincere thanks to all of the people who participated in this feat.

CIE Automotive's outstanding results in the midst of the health and economic crisis evidence not only how hard we have worked but also highlight the merit of the strategy deployed, thanks to which cash from operations topped 65% of EBITDA and we deleveraged by €200 million. Above all, however, they confirm the solvency of a business model that has once again demonstrated its ability to tackle crises and come out the other end all the stronger.

Our customer diversification, across a broad range of original equipment makers (OEMs) and Tier-1 suppliers, enabled us to make up for the drop in demand from some customers with orders placed by others. Our mastery of different technologies made it possible to offer a range of solutions for a given part and to work in markets at different stages of vehicle

electrification. Thanks to our global presence and local approach, we were able to offset the lethargy encountered in some markets by tapping into the greater dynamism observed in others, while at the same time benefitting from our proximity to local suppliers to overcome the global logistics issues, control costs, purchase high-quality services and side step the supply chain disruption. Our decentralised management enabled us to fine-tune our strategy for each region's specific circumstances. And the integration of ESG standards has not only turned us into a more responsible company, it has left us better prepared to tackle the risks associated with consumers' new sensitivities and made us more attractive to customers and investors.

*We managed to unlock net profit growth of 44% to €267.5 million*

Allow me, then, to name a few of our achievements on the ESG front, as signatories of the Global Compact and an organisation committed to the United Nations Sustainable Development Goals. We set up a Diversity, Equality and Inclusion Committee, with which we aim to create a stronger sense of belonging and inclusion on the part of everyone working at the group, no matter where in the world. We measured our corporate environmental footprint in Europe, Mexico and Brazil. We formulated the group's first environmental risk map. We lifted the sustainability of our purchasing footprint, with 92.3% of our suppliers qualifying as local. We held our first ever Capital Markets

*On the ESG front, it is worth highlighting the newly-created Diversity, Equality and Inclusion Committee; measurement of our environmental footprint in Europe, Mexico and Brazil; formulation of the first dedicated climate risk map; sustainability initiatives in the supply chain (92.3% of suppliers local); our first ever Capital Markets Day; and our tax contribution to society of €391 million.*

Day, marking a fresh milestone in our thrust to make our strategy and management more transparent. And we contributed to society and its development by paying €391 million of tax contribution.

We would like to take advantage of this introduction to acknowledge the commitment of our entire team, of all the people whose daily efforts are making CIE a better place to work, who with their small gestures are helping to protect and improve our surroundings. We would also like to thank our customers for the trust they continue to place in us at this time of tremendous uncertainty, and our suppliers for their collaborative spirit and their readiness to align with our goal of making vehicles that are safer

and more comfortable and efficient. Lastly, we would like to express our gratitude to our shareholders and investors, who were rewarded with a 24% share price gain this year. We believe, however, that the market has yet to price in our fantastic results and bright expectations.

We couldn't possibly end this letter without a heartfelt mention of two people who left us in 2021: Goizalde Egaña, who was Vice-Chairwoman of our Board of Directors, and Amable Martínez-Conde, founder and honorary chairman of Autometal. Their legacy and example will remain an inspiration for us.

Thanks to everything we have learned from them, and from each

and every one of the people who have participated in building the CIE Automotive dream in the last 25 years, we are feeling strong and ready to conquer the future. 2021 marked the start of CIE Automotive's tomorrow. Come share it with us.

**Antón Pradera**  
Chairman



**Jesús M<sup>a</sup> Herrera**  
Chief Executive Officer



# The start of CIE Automotive's tomorrow

At CIE Automotive we have turned 25 as a supplier of parts, assemblies and subassemblies for the automotive market. We are proud of our past but our focus is on the future. Because we want to continue our journey towards excellence and unlock our full potential, we have devised a new roadmap, the 2025 Strategic Plan, which in one way or another asks questions of everyone comprising our team. Thanks to their team work and commitment to a job well done that has always defined us, in 2021 we managed to recover from the pandemic, tackle the drastic contraction in global vehicle production and close out the year with magnificent results, all the while making progress on our ESG commitments. On the following pages you will discover the coordinates of this new and exciting phase.

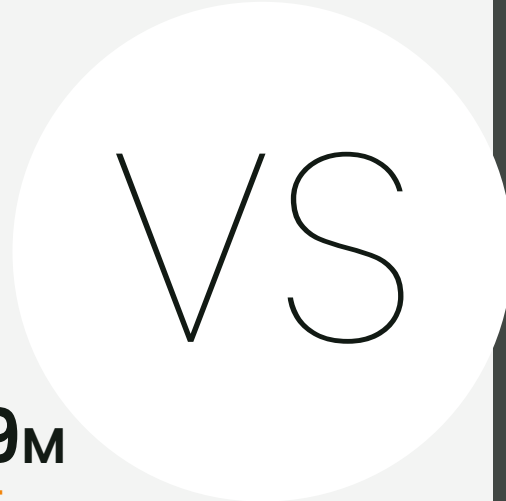
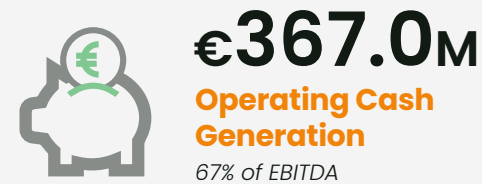
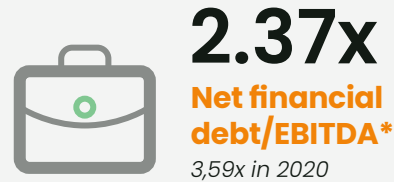
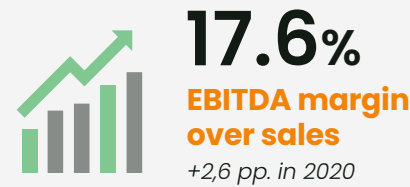
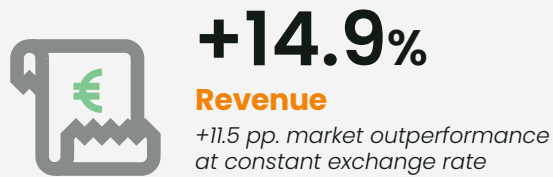
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The start of CIE Automotive's tomorrow

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# 2021 in figures



## MARKET

Global production increased by 2.5 million vehicles compared to 2020 despite:

- Factory closures
- Semiconductor crisis
- Raw material and energy price inflation
- Shipping disruption and inflation
- Rising labour costs

Margins on the rise, deleveraging, market share gains in a concentrating market... CIE Automotive delivers outstanding results in an 'annus horribilis' for the automotive industry.

\*Adjusted net financial debt and adjusted EBITDA include 50% of the Chinese JV, SAMAP.



The start of CIE Automotive's tomorrow

# 2021 in figures



## SHAREHOLDERS

- **24.0%** SHARE PRICE GAIN
- **€61.3 million** paid out in DIVIDENDS
- **1<sup>st</sup>** CAPITAL MARKETS DAY
- **10 AWARDS** received by the IR Department
- **25** conferences and roadshows

## CUSTOMERS

- **Over 80** customers, between OEMs and Tier-1 suppliers
- **85** FACTORIES with triple certification
- **≈2%** of revenue earmarked to R&D
- **+7,000** SKUs

## SOCIETY

- **€54.3** million paid in CORPORATE INCOME TAX
- **Over €1** million to COMMUNITY SUPPORT PROGRAMMES (+25% vs. 2020)
- **More than 42,500** beneficiaries

## SUPPLIERS

- **Over €2.3 billion** spent on PURCHASES
- **92.3%** of SUPPLIERS are LOCAL
- **420** QUALITY AUDITS

## EMPLOYEES

- **24,472** employees in **18** countries
- **696,806** hours of TRAINING (+18% vs. 2020)
- **New** Diversity, Equality and Inclusion Committee
- International exchange programme: **Ulysses**
- **Personnel** expenditure (€599.6 million)
- Employee **support** (>€18 million)

*Shareholders, customers, employees, suppliers and society have benefitted from the recovery at CIE Automotive, a diverse industrial group capable of reconciling different interests and sensitivities to generate shared value.*



The start of CIE Automotive's tomorrow

# 2021 in figures

## Progress on environmental commitments

Environmental footprint calculated in 2021 encompassing 17 impacts



**504,237.95**  
Tonnes of CO<sub>2</sub>



**1,598,876.18**  
m<sup>3</sup> of WATER



**369,072.25**  
Tonnes of WASTE

## Progress on corporate governance front



**79 ESG INDICATORS**  
embedded into 2025  
Strategic Plan



**GLOBAL TRAINING**  
600 people trained on criminal liability,  
anti-corruption and Code of Conduct



**NEW**  
Compliance Policy

*Without measurement there can be no improvement. CIE Automotive sets itself ESG targets that are tangible and quantifiable, guided by its broader commitment to excellence.*

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# 2021 in figures

## 2021 Milestones

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# Where we are coming from

CIE Automotive's dream began 25 years ago: to become a benchmark Spanish player in the global automotive parts industry. Today that dream is a reality, following over 100 acquisitions and multiple new factories built from scratch across the world's main automotive markets.

## Timeline

- 1996** • INSSEC investor group set up to create a Spanish business group in the automotive services sector and an agreement to make an equity investment in Egaña SA to set up Corporación Industrial Egaña.
- 1997** • Corporación Industrial Egaña embarked on national expansion with the acquisition of Basque SMEs from the sector which brought the group know-how in a range of technologies.
- 1998** • Start of international expansion in Europe with the acquisition of Unitoools Press, in the Czech Republic.
- 1999** • Creation of Autokomp Ingeniería, the embryo for the current technology centre, to provide the group companies with R&D support.
- 2000** • Entry into the Brazilian market with the acquisition of 50% of Autometal.
- 2002** • Corporación Industrial Egaña merges with Grupo Aforasa to create CIE Automotive.
- 2006** • Entry into the Chinese market, CIE's first Asian stop, with a greenfield project, CIE Automotive Parts Shanghai.
- Creation of the CIE Desc joint venture in Mexico, marking a quantitative leap in the ability to service North American customers.
- 2009** • Entry into the roof systems segment with the acquisition of Advanced Comfort Systems (ACS).
- 2011** • Merger of the technology company Dominion through Insec.
- CIE Autometal listed on the Sao Paulo stock exchange.
- 2012** • Initial foray into the US market with the acquisition of Century Plastics.
- First forging plant in Asia following the creation of the Nanjing Automotive Forging (NFJ) joint venture.
- 2013** • Entry into the Indian market via the strategic alliance with India's Mahindra & Mahindra Group, giving rise to MCIE, a listed company.
- 2014** • Delisting of CIE Automotive's Brazilian subsidiary, Autometal.
- 2015** • Endorsement of the United Nations Global Compact, approval of the group's CSR & Sustainability Policy and creation of the Cross-Group CSR Committee (currently, the ESG Committee).
- 2016** • CIE Automotive lists its technology subsidiary, Dominion.
- 2017** • Publication of the Global Supply Chain Manual.
- Celebration of the first CSR Day (currently called ESG Days).
- 2018** • CIE Automotive's remaining shares in Dominion distributed to the company's shareholders.
- Suppliers Portal created as a management tool focused on overseeing ESG risks.
- 2019** • Acquisition of Inteva's roofing division, positioning CIE in the global top 3 in the design and manufacture of glass panoramic roofs.
- 2020** • CIE Automotive ties its €690 million syndicated loan to green finance criteria.
- Membership of the Sernauto Responsible Business Committee.
- 2021** • CIE Automotive turns 25 and unveils its 2025 Strategic Plan.
- Inauguration of the first greenfield in Mexico in the town of Celaya.

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## An M&A build and globalisation story. Map

### UNITED STATES

- CIE USA
- CIE Newcor RGI Clifford
- CIE Newcor MTG Corunna
- CIE Newcor MTG Owosso
- CIE Somaschini North America
- Golde Auburn Hills

### MEXICO

- CIE Amaya Mex
- CIE Celaya
- CIE Matic
- CIE Nugar
- CIE Nugar Puebla
- CIE PEMSA Celaya
- CIE Plásticos México
- CIE PEMSA Saltillo
- CIE Forjas de Celaya
- Bill Forge de México
- Golde Puebla
- CIE Mapremex

### BRAZIL

- CIE Autoforjas
- CIE Autometal SBC
- CIE Dias D'Ávila
- CIE Autocom
- CIE Jardim Sistemas
- CIE Nakayone
- CIE Durametal
- CIE Taubaté
- CIE Autometal Diadema
- CIE Autometal Pernambuco
- CIE Autometal Minas

### SPAIN

- CIE Alcasting
- CIE Alurecy
- CIE Amaya
- CIE Denat
- CIE Egaña
- CIE Galfor
- CIE Gameko
- CIE Inyectametal
- CIE Legazpi
- CIE Mecasur
- CIE Mecauto
- CIE Norma
- CIE Nova Recyd
- CIE Orbelan
- CIE Recyde
- CIE Recylan
- CIE Recytec
- CIE Udalbide
- CIE Vilanova
- ACS Ibérica

### PORTUGAL

- CIE Stratis
- CIE Plasfil

### MOROCCO

- CIE Maroc

### FRANCE

- CIE Compiègne
- ACS France

### GERMANY

- Falkenroth Umformtechnik GmbH
- GSA Gesenkschmiede Schneider GmbH
- Schöneweis & Co. GmbH

### LITHUANIA

- CIE LT Forge

### CZECH REPUBLIC

- CIE Zdanice
- CIE Metal CZ
- CIE Plasty
- CIE Unitools Press
- CIE Praga Louny

### SLOVAKIA

- CIE Mar Sk
- Golde Lozorno

### ROMANIA

- CIE Matricon
- ACS Romania
- Golde Oradea

### ITALY

- Metalcastello Spa
- CIE Somaschini
- CIE Somaschini Automotive

### RUSSIA

- CIE RUS

### CHINA

- CIE Automotive Parts Shanghai
- Nanjing Automotive Forging
- ACS Shanghai
- ACS Wuhan
- Golde Changchun
- Golde Shanghai
- Golde Tianjin
- Golde Wuhan
- Golde Shandong
- SAMAP Ningde
- SAMAP Shanghai

### INDIA

- MCIE Forgings Pune
- MCIE Gears Pune
- MCIE Gears Rajkot
- MCIE Stampings Rudrapur
- MCIE Stampings Nashik
- MCIE Stampings Kanhe
- MCIE Stampings Kanhe II
- MCIE Stampings Zaheerabaad
- MCIE Stampings Pantnagar
- MCIE Composites Division
- MCIE Foundry Division
- MCIE Magnetic Products Division
- MCIE Stampings Nagpur
- Bill Forge Bommasandra
- Bill Forge Jigani (Plant 2)
- Bill Forge Attibele
- Bill Forge Coimbatore
- Bill Forge Haridwar
- Bill Forge Jigani (Plant 6)
- AEL Aluminum Aurangabad
- AEL Aluminum Pantnagar
- AEL Aluminum Pune
- CIE Hosur

Legend:

- GREENFIELD
- ACQUISITION
- JOINT VENTURE



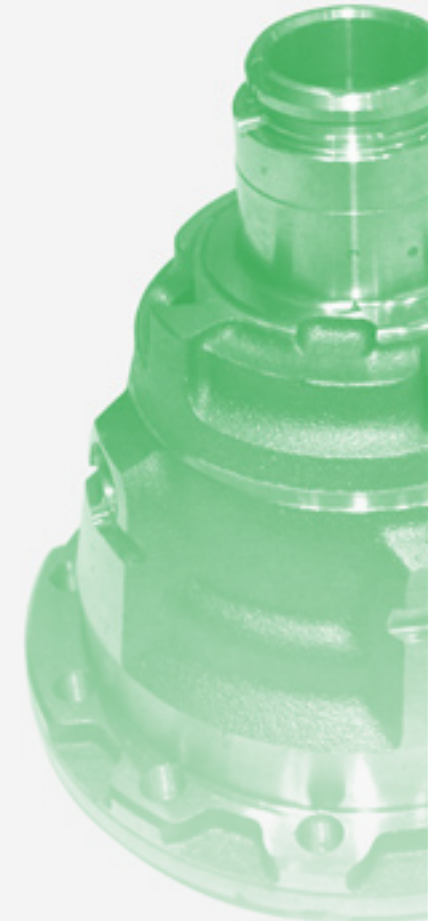
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# Where we are headed

CIE Automotive continues to build its future, as set down in its 2025 Strategic Plan, an ambitious project designed to move the company further along the sustainable profitability track. The business and M&A commitments underlying the plan will build CIE Automotive into a €1-billion-EBITDA and €500-million-net-profit company from 2025. The 79 non-financial KPIs defined by the various implicated areas will facilitate oversight of delivery of the group’s ESG strategy.

## Financial commitments assumed in the 2025 Strategic Plan (organic growth)

- |   |  |   |  |  |
|---|--|---|--|--|
| <p><b>1</b></p> <p><b>Revenue growth</b><br/> <b>≈ +20pp</b><br/>         above the market over 5 years</p> | <p><b>2</b></p> <p><b>EBITDA margin</b><br/> <b>&gt;19%</b><br/>         in 2025</p> | <p><b>3</b></p> <p><b>Capex of</b><br/> <b>€1</b><br/>         billion over 5 years</p> | <p><b>4</b></p> <p><b>Payment of corporate taxes</b><br/> <b>≈ 2%</b><br/>         of annual revenue</p> | <p><b>5</b></p> <p><b>≈ 65%</b><br/>         of EBITDA converted into <b>operating cash flow</b></p> |
|---|--|---|--|--|



# ESG commitments embedded into 2025 Strategic Plan (I)

In order to oversee delivery of the ESG Strategic Plan 2025 and of the associated targets, the various areas of the group have defined a series of specific KPIs. Below are some examples.



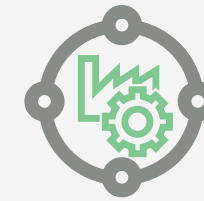
## COMPLIANCE AREA

KPI	Target	Deadline
Employees trained on Code of Conduct	>95%	2021
Organisation of ESG workshops	100%	2025
Global rollout of Criminal Risk Prevention Model	100%	2025



## ENVIRONMENTAL AREA

KPI	Target	Deadline
Reduced energy consumption (kWh/value added)	2% average per year	2025
Reduced direct (Scope 1) GHG emissions (MT CO <sub>2</sub> e)	2% average per year	2025
Reduced indirect (Scope 2) GHG emissions produced via the generation of energy (MT CO <sub>2</sub> e)	5% average per year	2025
Reduced emissions intensity (MT CO <sub>2</sub> e/value added)	3% average per year	2025



## SUPPLY CHAIN AREA

KPI	Target	Deadline
N° of countries to have embedded ESG criteria into their purchasing processes/ Total number of markets in which the group operates	100%	2021
N° of suppliers with annual purchasing volumes of >€1m that have been audited and/or self-assessed along ESG criteria during the ESG Strategic Plan 2025 horizon	25%	2022
% Local suppliers / Total suppliers over total expenditure during the period	>70%	2023

Targets met in 2021



# ESG commitments embedded into 2025 Strategic Plan (II)



## HUMAN RESOURCES AREA

KPI	Target	Deadline
N° of factories to have completed diversity assessment / Total group factories	100%	2025
N° of factories with ISO 45001 certification / Total group factories	100%	2025
N° of people trained / Total no. of people to be trained on ESG matters	100%	2025



## ENGINEERING AREA

KPI	Target	Deadline
N° of production lines to have implemented Industry 4.0 technology initiatives by division or technology	Europe: <b>3</b> Asia: <b>1</b> America: <b>1</b>	2024
Introduction of circular economy projects to enhance energy consumption (N°)	<b>Development</b> of a circular economy project in Europe for extension to another region	2024
% improvement in the gross to net weight ratio	<b>Europe:</b> 3% improvement in 2 significant products across 3 technologies <b>Rest of the world:</b> 3% improvement in 3 significant products across 3 technologies	2025



## SALES AREA

KPI	Target	Deadline
N° of factories self-assessed in NQC with a score of over 80%	75%	2021
Fact-finding mission to determine which platforms each factory uses with its customers for ESG self-assessment purposes	100%	2021
N° of salespeople to have received training / Total number of salespeople	80%	2021



## ESG commitments embedded into 2025 Strategic Plan (III)



### M&A AREA

KPI	Target	Deadline
New acquirees to have implemented the ESG Manual / Total new acquirees	100%	2021



### FINANCE AREA

KPI	Target	Deadline
Compliance with the requirements stipulated in the first sustainable finance issue until repayment (%)	100%	2021
ESG financing agreements published (%)	100%	2023
Gross sustainable borrowings/ Gross group borrowings	>50%	2025



### INVESTOR RELATIONS AREA

KPI	Target	Deadline
Publication of the ESG Plan on the corporate website and intranet	100%	2021
N° of key ESG analysts answered / Total key ESG analysts to have contacted CIE Automotive	100%	2021



# We are drawing our roadmap over a proven model

After 25 years in existence, in 2021 we decided to step back to reconsider who we are and who we want to be. In a context of tremendous economic uncertainty and profound sector transformation, we responded with our 2025 Strategic Plan, in which, for the first time, we married ambitious business targets with significant advances along the environmental, social and governance dimensions. In that manner we demonstrated our confidence in our abilities and the solidity of our business model, which has allowed us to surmount all obstacles in our path and will pave the way for achieving all of the targets we have set our sights on.

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# CONTEXT AND TRENDS in the automotive sector

Global activity continued to be conditioned by the pandemic in 2021. Although the global economy grew by 5.6% in 2021, the pace of recovery after the harshest recession in 80 years, successive waves of transmission and supply chain friction – chip crisis and escalating shipping, energy and commodity prices – eroded economic activity and had a sharp impact on the automotive market, which made 11.8 million fewer vehicles than in 2019, before the onset of COVID-19.

## Global automotive sector performance in 2021

Vehicle production amounted to 77.1 million units in 2021, far below expectations and only 3.4% growth compared to 2020, the year of global shutdowns on account of the pandemic.

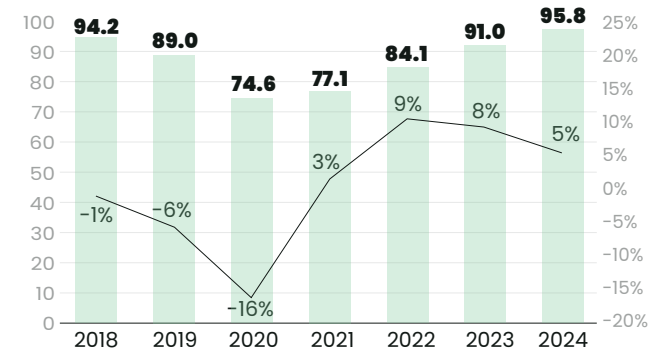
The reason for the contraction lies with the production stoppages and adjustments decreed by some countries to curb the successive waves of transmission and interruption of the supply of semiconductors, essential to car-making nowadays. Those difficulties were exacerbated by other issues related with supply chain friction, such as the increase in shipping, commodity, energy and labour costs.

### Vehicle Production And Outlook

Legend:

- Global production
- Year over year change

Source: IHS



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Demand for vehicles, meanwhile, remained flat, pending dispersion of the production bottlenecks. Proof of the imbalance between supply and demand can be found in the continued destocking observed, with inventories at record lows, and the growth in the prices of second-hand cars, which users have been forced to buy as they wait for new models, whose prices have also risen, to arrive. Against that backdrop, vehicle sales totalled 79.9 million, up 3.5% from 2020.

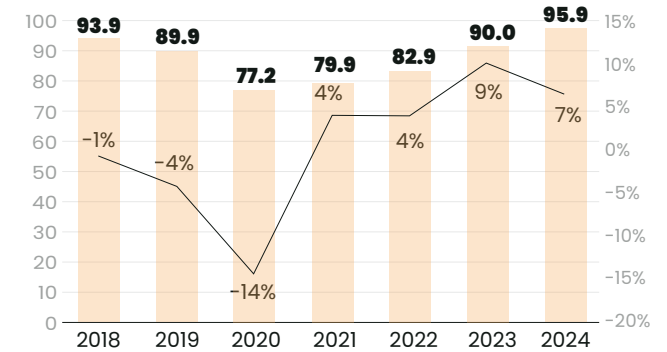
Looking forward, low inventory levels, coupled with each market's specific growth factors, are expected to drive an increase in production.

Below we provide additional insight into some of the factors that shaped the sector's performance in 2021 and that could trigger a shift in paradigm in the OEMs' model, from traditional just-in-time production, which entails buying and producing the bare minimum, to a just-in-case approach, which implies setting aside a buffer of inputs to cover all eventualities.

## Trend in vehicle sales

Legend:

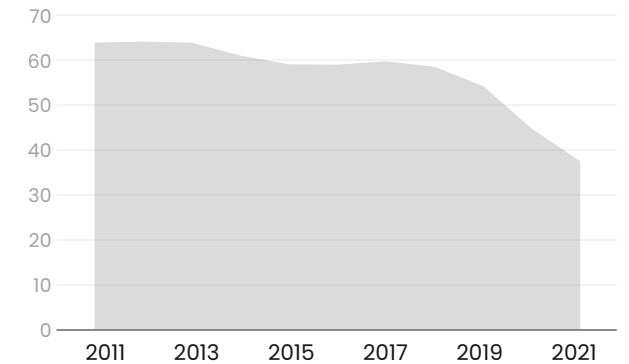
- Global sales
- Year over year change



## Inventory levels

\* Note on methodology: Days of production on hand are based on the relative change in sales and production levels against a static base of 56 days of stock; this does not vary by year or by region and is an indicative measure only.

Source: IHS



## Semiconductor crisis

The unprecedented growth in demand for electronic devices in order to work and study from home (computers, smartphones, tablets, etc.) created a global shortage of microchips, which came as a blow to the automotive industry and forced the global OEMs to slow their production, even idling some of their factories.

Semiconductor chips are essential to making today's cars and to their performance. According to the European association of automotive suppliers, CLEPA, a modern car can contain 100 electronic control units (ECUs) and between 20 and 40 microcontrollers, which control essential functions (like engine and power steering control), comfort features (power windows, seats and climate control) and security and access controls (locks and keyless entry).

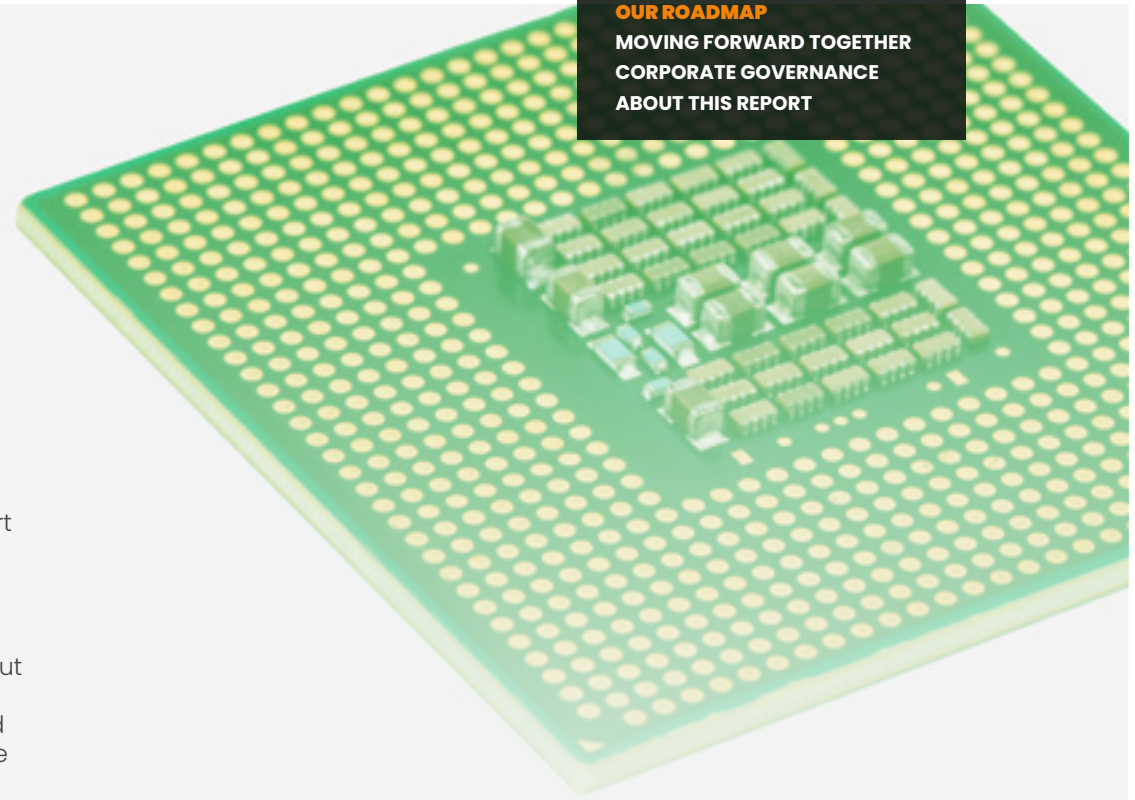
After the first lockdowns of 2020, the semiconductor factories, in the hands of a small number of companies in Taiwan and South Korea, renewed their production, concentrating on responding to growing demand from

electronics companies that had maintained their orders throughout the pandemic, to the detriment of the automotive industry, which had cut off its orders while its factories were closed. The OEMs were also hurt by a fire at a big factory in Japan, Renesas Electronics, the snow storm in Texas, which forced Samsung to shut its factory down, and the severe drought in Taiwan, which put TSMC out of action. The scarcity became even more pronounced during the second half of 2021 when Malaysia, one of the countries that tests and packages semiconductors for use in vehicles, imposed mobility restrictions to curb transmission.

The industry is estimated to have produced 9.5 million fewer vehicles on account of those chip issues in 2021. However, not all markets were equally affected. The North American and European markets were the hardest hit, accounting for 51% of the orders lost. China, meanwhile, which made 32% of all vehicles, only represented 19% of the orders lost. The chip crisis has highlighted the industry's reliance on Asian companies for the supply of

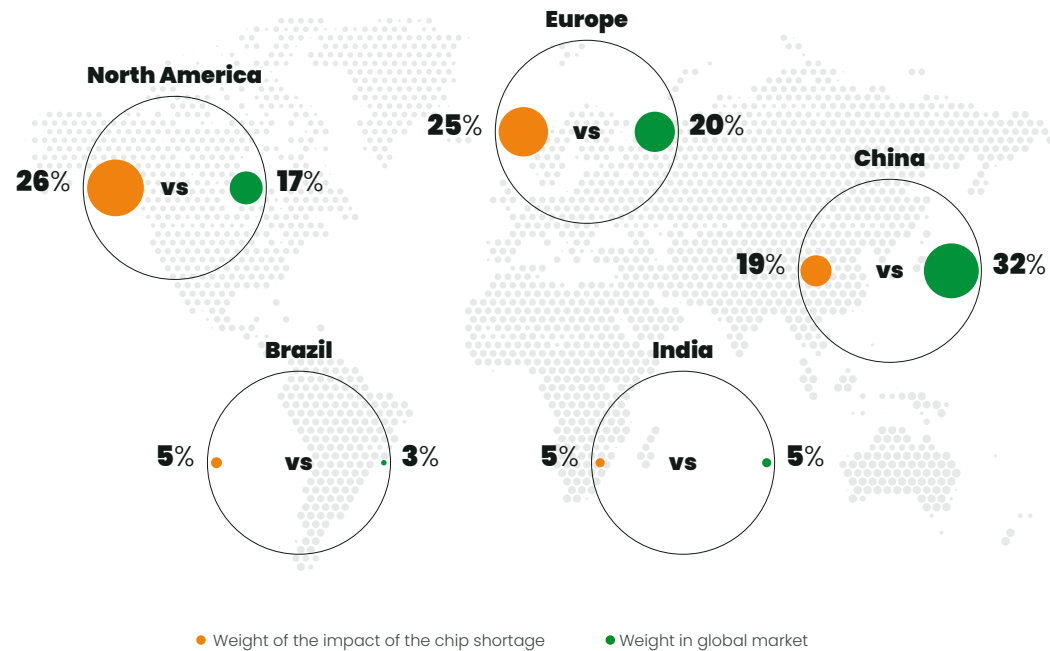
semiconductors and the need to bring production of those chips closer to the car factories in Europe and the US. Work began on a host of investment plans in Asia, the US and Europe during the year with the aim of stabilising supply. The experts expect the situation to improve significantly in 2022, with things returning to normal - meaning

supply matching demand - in 2023. For that to happen, the chip makers have announced \$400 billion of investments, spread between China, Korea, the US, Germany and Singapore. The European Union, meanwhile, has formed an industrial alliance with a view to making at least 20% of the region's chip requirement on European soil.



*Not all markets were equally affected by the chip crisis. The US and European markets were the hardest hit, accounting for 51% of the orders lost. China, meanwhile, which made 32% of all vehicles, only represented 19% of the orders lost.*

Weight of the impact of the chip shortage / total versus market weight in global market



### Production stoppages and adjustments

The pandemic and the restrictions imposed to contain it also had a direct impact on the OEMs' activities in 2021.

In India, Europe, North America and China, there were considerable production stoppages and cuts to contain the pandemic in May, when daily infections were running at 400,000.

And in Brazil, one of the countries hit the hardest by the pandemic, lack of coordination across the various levels of government triggered downward revisions to the annual vehicle production estimate.

### Shipping disruption and inflation

From 2020, as the health situation began to improve, online demand for non-essential goods began to take off. Although China responded to the growth in demand by increasing production, the shipping companies, whose staff was diminished, were not able to handle the higher volumes, unleashing long waits at ports and week-long delivery delays. Charters became scarce and shipping costs ended up multiplying by five.

In general, the shipping disruption affected CIE Automotive less than other players thanks to its 'local production for local supply' philosophy (92.3% of its suppliers are local) and the exworks management of a large part of sales.

### Raw material price inflation

The automotive industry also had to deal with problems deriving from price escalation across a high number of raw materials, including metal and non-metal commodities, polymer materials and chemical products. Steel prices staged one of the most significant surges, with costs multiplying by five at one point. Those trends were driven by the economic recovery in China and the US and manufacturing companies' tendency to stock-pile certain raw materials.

The pass-through clauses CIE Automotive includes in most of its customer contracts largely protected it from the surge in prices.

### Energy price inflation

The sudden rebound in demand following the lifting of restrictions, coupled with weather-related phenomena, is the main reason for the energy crisis engulfing the planet. OPEC oil supply quotas, gas supply issues in Europe and still scant investment in renewable energies in relation to growing demand pushed oil and gas prices higher and had an adverse impact on manufacturing.

Despite this chain reaction, the growth in energy costs had a limited impact on CIE Automotive's earnings as it is not an electricity-intensive industry, although some divisions and technologies are more impacted than others.



## Automotive industry performance by country

The various factors outlined above, although global, had different effects from one region to the next. Below is a summary of the key automotive industry trends in the regions in which CIE Automotive operates:

### North America

- Vehicle production in North America totalled 13.0 million units, up 0.2% from 2020. US consumers went out in search of new cars after months of restrictions, spurred on by government incentive schemes. The surge in US demand, which bumped up against supply side weakness on account of the chip crisis, leaving inventories at record lows, fuelled activity at the Mexican factories, due to the strong trade relationship between the two countries. Note in that respect that the grace period awarded for the new USMCA trade agreement was extended to 1 July 2021.

### Brazil

- Vehicle production amounted to 2.1 million units, growth of 9% by comparison with 2020, when production collapsed due to the health crisis and was heavily constrained by supply chain friction and chip scarcity.
- The difficulties in bringing the pandemic under control and other domestic issues (unemployment, political uncertainty, inflation, etc.) continued to weigh on car purchases, although there were wait lists for some models.

## Europe

- Although a relatively faster pace of vaccination compared to other regions and government incentives for the purchase of passenger vehicles drove a degree of recovery in demand for cars, boosted by trends in Europe's main destination markets, the US and China, two key factors had an adverse impact on production in the region:
  - CO<sub>2</sub> emission reduction legislation, more stringent than 2020, which affected volumes due to manufacturers' compliance strategies.
  - The significant relative impact of chip crisis.
- In the truck segment, it is worth highlighting the flow of orders from logistics players, prompted by mileage data and higher shipping rates. Demand for truck upgrades is expected to be strong in the wake of new environmental and safety standards set to come into force in the European truck segment.
- In 2021, vehicle production totalled 15.5 million, a contraction of 4.4% from 2020, heavily affected by the chip crisis and broader supply chain friction.

## China

- The world's number-one car producer made 24.8 million vehicles in 2021, growth of nearly one million, or 5%, compared to 2020. The limited size of that growth reflects China's relative outperformance in 2020, making for a tougher comparison.
- Effective management of the pandemic fuelled a rebound in demand, which was further reinforced by government incentives to buy new cars put in place until 2022. However, the Chinese OEMs and suppliers also faced global supply issues in 2021. The shortage of semiconductors similarly affected sales, particularly in the mass market, and manufacturers also had to deal with power outages which they resolved by producing during night shifts or leasing generators by way of temporary technical fix.

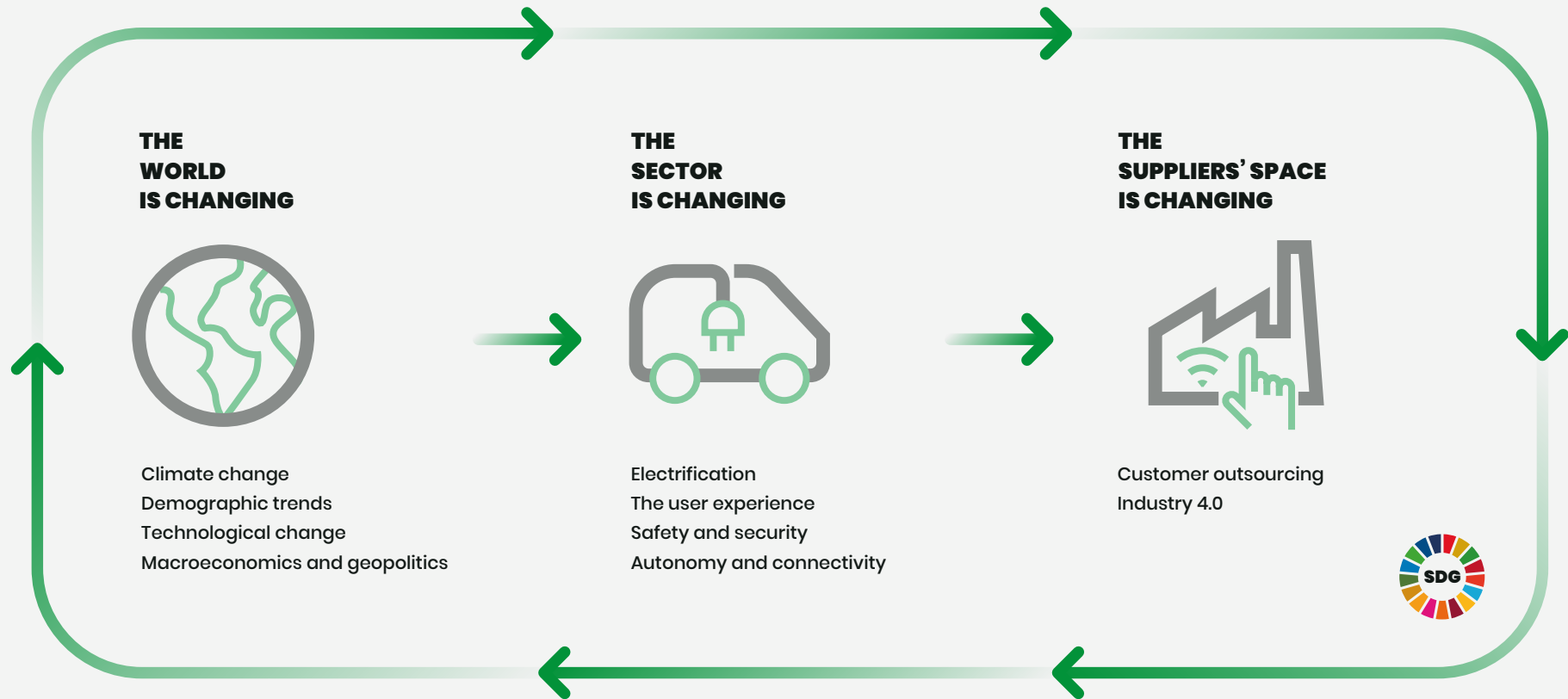
## India

- India, where CIE Automotive has an important position via Mahindra CIE, was hit hard by the Delta variant of the coronavirus during the first half of 2021; during the second half, the situation improved considerably thanks to the rollout of vaccines and a favourable Monsoon season. All in all, production amounted to 4.2 million vehicles, up 28% from 2020, explained also by the low comparable base.
- Although there are some uncertainties, the outlook for this market is promising, underpinned by record-low inventory levels, the savings pent up in recent months and the improvement in consumer sentiment. Moreover, a new vehicle scrappage policy is due to come into force in April 2022.



## Key automotive sector trends

The world is changing and, with it, the automotive sector, which has been undergoing intense transformation in recent years which is affecting developments on the demand side, while shaping innovation on the supply side. The scenario facing the parts suppliers is, therefore, dynamic and requires meticulous analysis to ensure smart strategy design.





## The world is changing

### Climate change

Climate change is the chief threat facing the planet. The environmental laws written to combat climate change are coming faster and are becoming more ambitious and global in reach.

- **Electrification:** In the automotive industry, climate change regulations are translating into vehicles powered by alternative sources of energy, focused primarily on electrification.
- **Corporate environmental footprint:** Climate change regulations require all agents to reduce their environmental footprints and adopt a life cycle approach.

### Demographic trends

There are many opposing demographic trends unfolding simultaneously around the world whose ultimate effect on the automotive sector should be positive, on the whole.

Sixty per cent of the world's population lives in Asia, whereas other regions of the world, especially Europe, are losing share, at 10%. Meanwhile, over half of the forecast growth in the world's population is concentrated in Africa.

Life expectancies are lengthening and birth rates dropping, driving population ageing. Urbanisation is a parallel trend and we are also seeing - mainly regional - migratory displacements of populations.

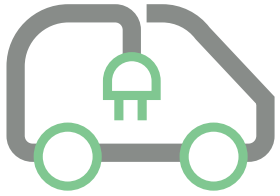
### Technological change

The world is moving towards a Third Industrial Revolution, which will change our lives and make productive processes, including those of the automotive sector, more efficient.

The emerging improved and more efficient vehicle architectures are based on the use of the right materials and their correct application, which means that different technologies will have a role to play in the next-generation, multi-material vehicles.

### Macroeconomics and geopolitics

- **Emerging market opportunities:** the Chinese, Indian and Brazilian economies, to name a few, are expected to experience sharp growth in the coming years.
- **National protectionism:** initially perceived as a threat, protectionism strategies are no longer expected to have a significant impact on the automotive sector.



## The sector Is changing

- STATEMENT
- THE START
- OUR ROADMAP**
- MOVING FORWARD TOGETHER
- CORPORATE GOVERNANCE
- ABOUT THIS REPORT

### Electrification

The new generations want to see the mobility system decarbonised in order to curb climate change. Against that backdrop, and in line with the various regulations being rolled out, the automotive sector has to rise to meet the challenge of making sure that one-third of all cars produced in 2025 are electrified (whether hybrid or pure electric).

The OEMs need to respond to consumer demand in order to gradually attain these objectives. The future, therefore, holds a mix of energy sources with:

- Diesel losing out to petrol (communicating vessels).
- Electric vehicle (EV) penetration ratios vary significantly by market or region.

There are many critical variables surrounding the EV for which there is currently no consensus. How those issues play out will ultimately determine EV penetration rates.

### The user experience

A fundamental aspect when analysing today's sector megatrends is the importance of the customer. Users priorities when buying a car have changed. Comfort is currently one of their top priorities. Customers are increasingly looking for features related with driving assistance, interior comfort and smart infrastructure, to the detriment of others, such as power, aerodynamics or even exterior design.

One of the most important aspects of the comfort equation is the roof system, penetration of which is growing faster than the overall automotive market.

### Safety and security

Passenger safety is currently one of the main drivers of vehicle architecture and, in general, implies greater complexity, a higher number of parts and more value-added parts.

Modern cars are equipped with sophisticated safety systems designed to prevent accidents or mitigate their effects in the event of collision, including the chassis and body, safety belts and airbags, among others.

### Autonomy and connectivity

Autonomous driving is set to become far more widespread over the coming years. Although there are still obstacles to expansion of the technology, significant inroads have been made in the field, particularly in driving assistance functions.

Car connectivity is another key future trend. People increasingly want their cars to be connected up to the rest of their lives, as with their mobile phones, virtual assistants, home automation, etc. A lot of high-speed connections are needed to deliver that level of experience, suggesting that OEMs could partner up with technology, telephony and infrastructure companies. That is how the so-called internet of things (IoT) will deliver the next generation of services for cars.



## The suppliers' space is changing

### Customer outsourcing

The changes unfolding in the automotive industry are pushing the OEMs to focus on their core competencies and to increasingly outsource production to their suppliers, which currently account for 75% of total vehicle value.

### Industry 4.0

Over the next few years, thousands of new digital companies are expected to alter the current automotive industry supply chain. Some key aspects of the digitalised company are already being implemented in our industry.

There is significant prevailing momentum in the implementation of new technologies with a view to building smart factories. Firms are investing in simulation, cloud platforms, cognitive manufacturing and online robotics.





ESG Context

STATEMENT  
THE START  
**OUR ROADMAP**  
MOVING FORWARD TOGETHER  
CORPORATE GOVERNANCE  
ABOUT THIS REPORT

Sustainable Development Goals (SDGs)

In addition to the above 10 driving forces there is another cross-cutting megatrend, one which affects every sector of the economy and has specific implications for the automotive industry: the Sustainable Development Goals (SDGs). The SDGs were ratified by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 everyone can live in peace and prosperity.

That call is having reverberations in all sectors of the economy, including ours, especially in relation to mobility decarbonisation, but also other aspects that have to do with how the organisation does things, environmental protection and society and its progress.

SUSTAINABLE DEVELOPMENT GOALS

<p>1 NO POVERTY</p>	<p>2 ZERO HUNGER</p>	<p>3 GOOD HEALTH AND WELL BEING</p>	<p>4 QUALITY EDUCATION</p>	<p>5 GENDER EQUALITY</p>	<p>6 CLEAN WATER AND SANITATION</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>10 REDUCED INEQUALITIES</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>13 CLIMATE ACTION</p>	<p>14 LIFE BELOW WATER</p>	<p>15 LIFE ON LAND</p>	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>SUSTAINABLE DEVELOPMENT GOALS</p>



We are drawing our roadmap over a proven model

# An end-to-end STRATEGY for sustainable profitability

In 2021 CIE Automotive embarked on the rollout of a comprehensive strategy designed to respond to the key sector trends and the needs and concerns of its stakeholders: its 2025 Strategic Plan. That five-year plan defines the lines of initiative and targets to be pursued in all areas of its business and fully integrates environmental, social and governance (ESG) aspects into the company's everyday operations.

The 2025 Strategic Plan was presented into two parts.

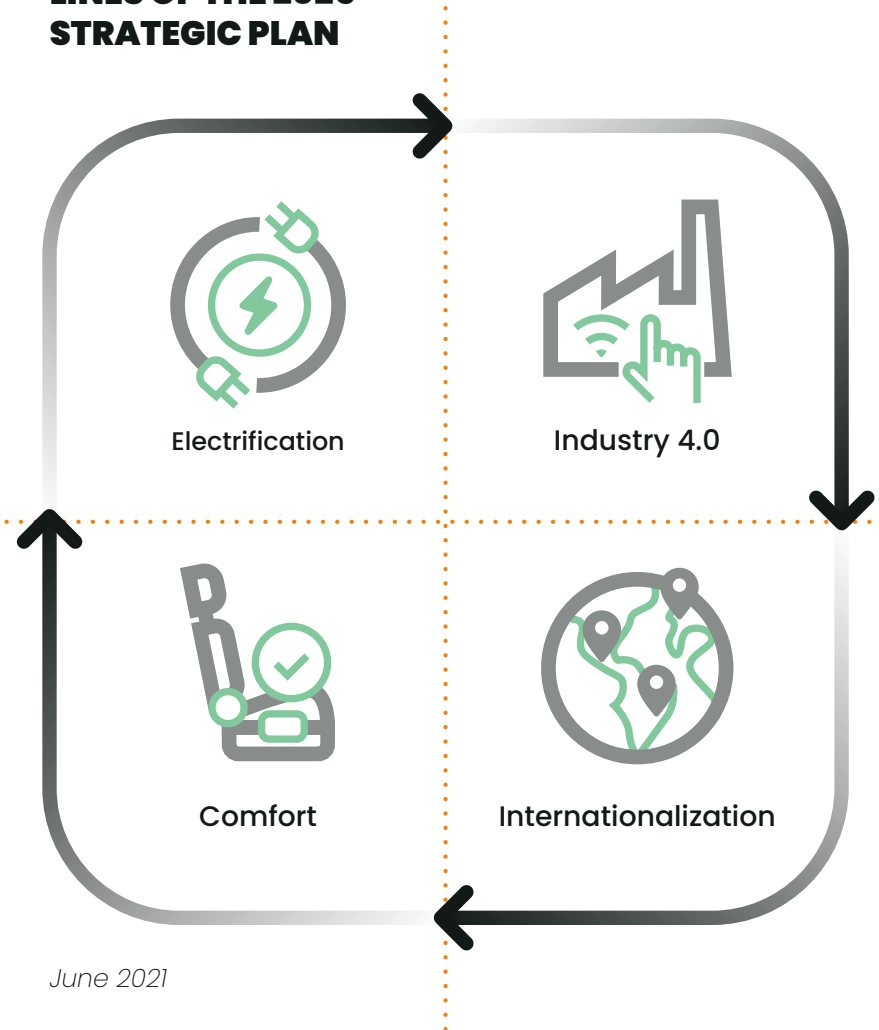
1. The first part, the 2025 Strategic Plan, was explained to the investment community during the company's first Capital Markets Day, which took place in June, and defines the company's commitments and lines of initiative in the operational arena.
2. The second part, the ESG Strategic Plan 2025, was unveiled in November and establishes the lines of initiative to be carried out on the ESG front and the KPIs to be monitored to track their progress.

By pursuing that dual challenge, the company aims to ensure sustainable profitability during a key period for the automotive sector, circumvent the complex economic situation induced by the pandemic and successfully tackle the sector's profound transformation.

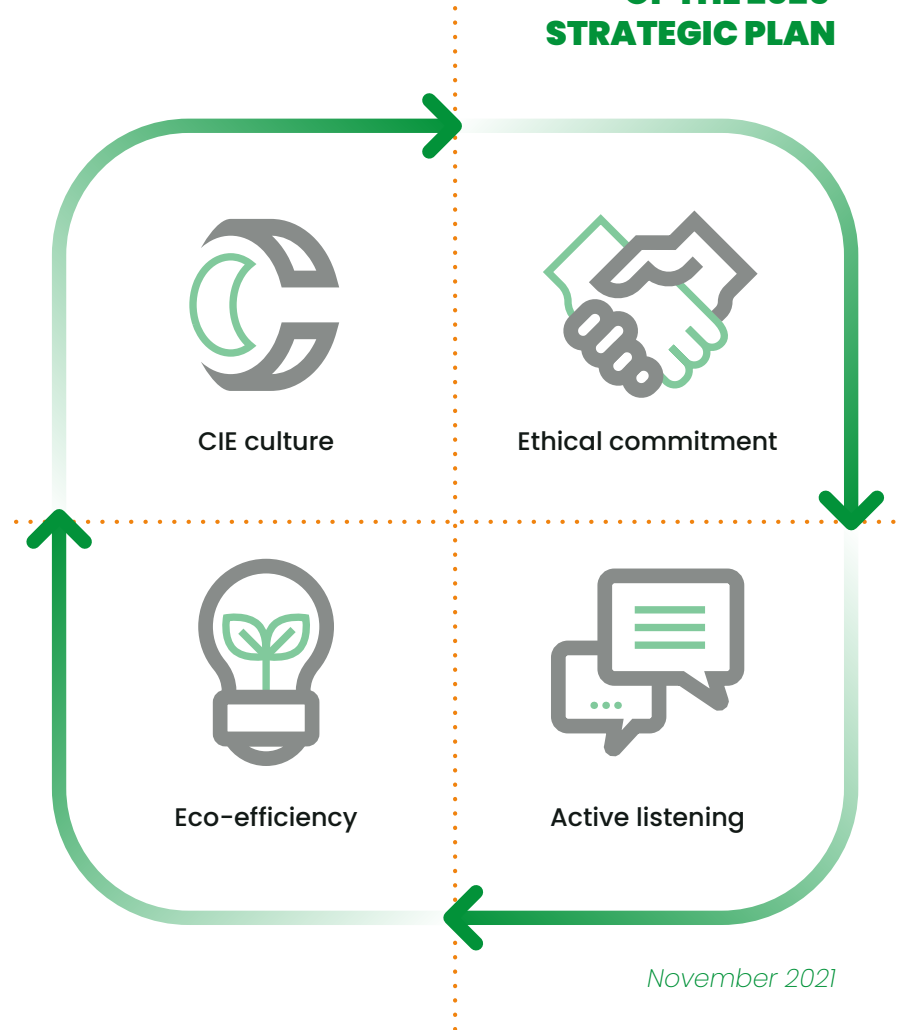


Lines of 2025 Strategic Plan

**KEY OPERATIONAL  
LINES OF THE 2025  
STRATEGIC PLAN**



**KEY ESG LINES  
OF THE 2025  
STRATEGIC PLAN**



## 2025 Strategic Plan

CIE Automotive has set itself a series of organic\* commitments that will drive very significant deleveraging and allow it to invest up to €1.5 billion in non-organic growth without leverage rising above 2 times net financial debt-to-EBITDA, so delivering its aspiration of becoming a €1-billion-EBITDA and €500-million-net-profit company by 2025.



**1** **Revenue growth** that is **20** percentage points above market growth.



**2** **An EBITDA margin** of over **19%** in 2025, reinforcing the company's position as one of the most profitable suppliers in the sector.



**3** **Capex** of around **€1** billion over the five-year period, which is around 5% of revenue per annum.



**4** Annual income **tax payments** of **2%** of revenue.



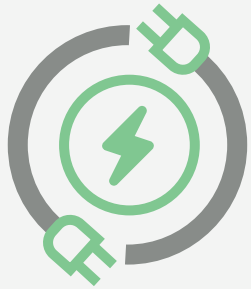
**5** **Sustained generation of cash** from operations equivalent to **65%** of EBITDA, or €500 million, in 2025, compared to the €300 million it was generating before the pandemic.

\*The above guidance was determined assuming the existing consolidation scope, constant exchange rates and market growth of 28% between 2020 and 2025, in line with IHS' forecasts as of June 2021.



# Key operational lines of the 2025 Strategic Plan

Based in rigorous analysis of the trends shaping the world in general and the automotive sector in particular, CIE Automotive has established four lines of initiative for enabling its specific targets: electrification; Industry 4.0; comfort and international expansion.



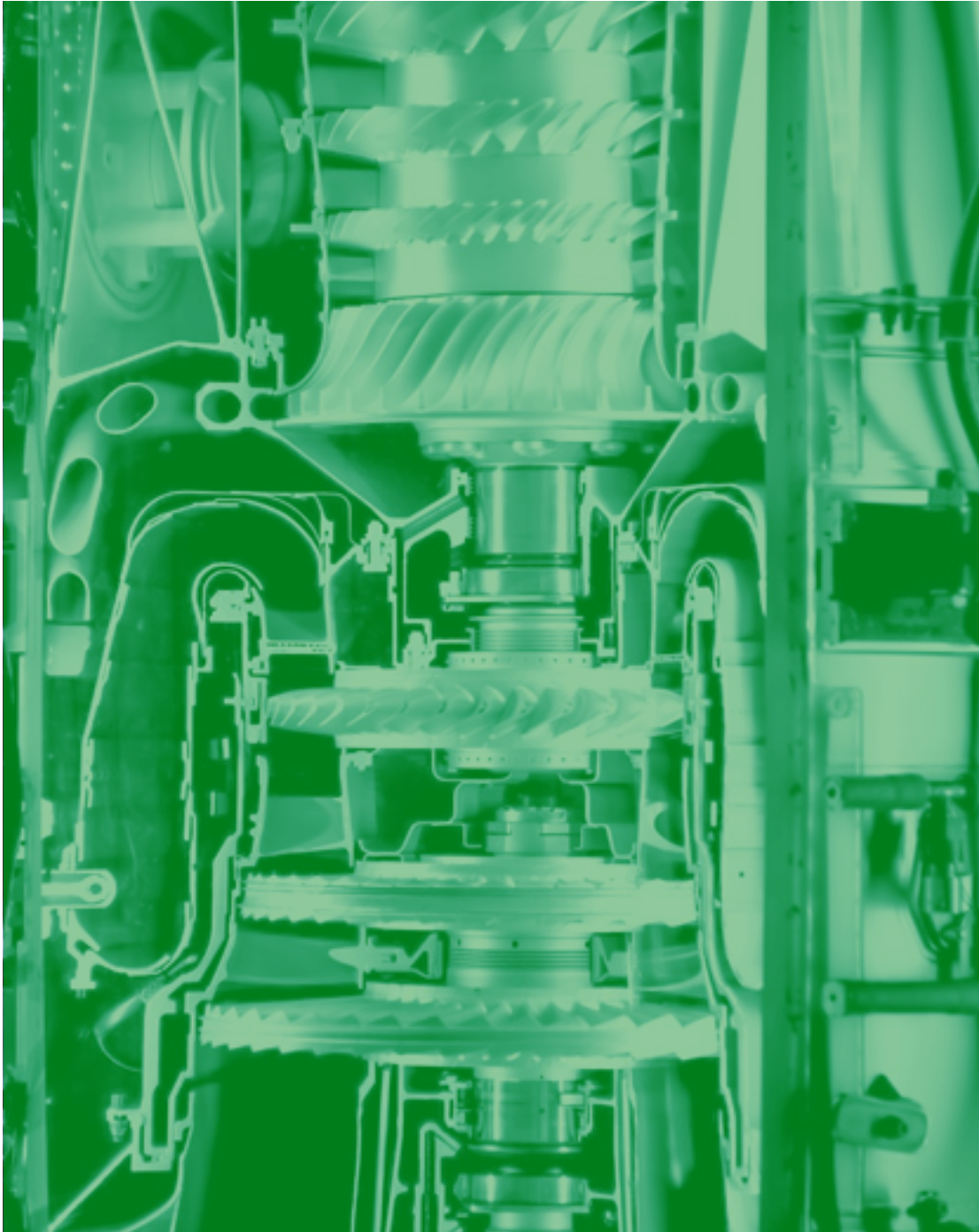
## 1. Electrification

The decarbonisation of mobility is an opportunity for CIE Automotive. So far, over 80% of its products can be used in both electrified and combustion vehicles. However, the boom in electric vehicles has prompted the company to set its sights on increasing its presence in electrified powertrains in order to position itself in the market with new value-added products related mainly with motors and power electronics, gearboxes and batteries. This objective ties in naturally with those of reducing the company's environmental impact and helping to mitigate climate change.

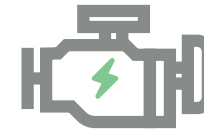
For products for which there is not yet a clear substitute in zero-emissions cars, CIE Automotive has defined a clear strategy, built around the following pillars:

- Increasing its presence in forged chassis and suspension parts and in ferrous and aluminium alloys with the aim of helping make vehicles lighter so as to in turn reduce their emissions.
- Increasing its presence in machined shafts and gears for BEVs.
- Leveraging the supplier consolidation trend to garner the manufacturing capacity left in these areas.
- Actively pursuing the outsourcing of traditional technologies by customers looking to focus on new connectivity, artificial intelligence, autonomous driving and systems challenges in the EV segment.
- Meeting ambitious new business targets in electrified areas in excess of EV penetration rates.
- Finishing the innovation plan designed to boost the company's competitiveness in forging.

*CIE Automotive plans to increase its presence in the electrified powertrain segment; nevertheless, over 80% of its products can be used indistinctly in electrified and combustion engine vehicles*



## CIE Automotive opportunities in electrified powertrains



### Motor and power electronics

- Medium sized cast aluminium parts
- Motor housing
- Motor, inverter, electronics and charger covers
- Stamped parts
- Motor axles



### Gearboxes

- Aluminium housing
- High value-added machined parts



### Batteries

- Stamped parts, aluminium casting and tube forming in housings, refrigeration systems, crash protection systems and plastic connectors.



## 2. Industry 4.0

On its journey towards smart manufacturing, CIE Automotive plans to develop and implement a range of Industry 4.0 tools and enabling technologies that interact with and feed off each other. In parallel it is deploying sensorisation capabilities so that it can capture data and analyse it using algorithms. Those developments will make the company's processes more efficient and reduce the use of resources and their environmental impact. The company will be able to make fewer prototypes, use less energy and fewer raw materials and will reject and generate less scrap.



### Additive manufacturing

- Validation of mechanisms and functions.
- Conceptual prototypes.
- Advanced tooling concepts that improve their performance and reduce manufacturing times.



### Advanced robotics

- Going a step further in the automation of our processes, our robots are collaborating with each other and are even working side by side our people, so called 'cobots', on some production lines.



### Digital twinning

- Simulation of the manufacturing process by means of different types of digital models that predict the actual process without the need for physical testing, delivering a drastic reduction in the number of tests and productivity gains.



### Use of new interfaces

- All information available in a single view; no paper trail.
- Team briefings, skills-training and communication.
- Real-time alerts on mobile devices.
- Maintenance support in the form of virtual task guides.



### Internet of things (IoT)

- This technology connects the physical world with the cyber or virtual world. To enable it we need to be able to identify and trace every product we make. To that end, both the tools that interact with the components and the components themselves are traced one by one to associate all corresponding data with each entity we work with. Whether machine, tool or part.



### Advanced process controls

- Development of manufacturing cell models.
- Data analysis | Predictive analysis.
- Machine learning | Deep learning.
- Data capture for analysis, maintenance or automated learning in the systems involved in the process.



### Big Data

- Capture and processing of parameters in real time, generating masses of information from all available sources at the factory: sensors, machines, robots, PLC-based quality controls, etc. Making the data available for subsequent analysis, modelling and decision-making.



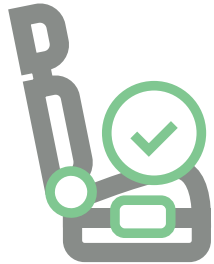
### Use of the cloud

- All data available on the cloud for analysis, framed by total confidentiality, and made available across the organisation, enabling due sharing of know-how. Sharing of experiences with different lines, geographies, technologies and problems.



For more information, refer to section TECHNOLOGY AND INNOVATION, the highway to the future.





### 3. Comfort

CIE Roof Systems is operating in a growth segment, underpinned by the development of electric and autonomous driving. To make the most of that situation, the roofing division has set itself the following targets:

- Consolidating its position in bottom loaded roofs and fixed roofs with shading system.
- Working on thinner roofs equipped with flat roller blind technology, necessary for EVs whose batteries are stored under the car, which reduces the height available in the passenger compartment.
- Offering the ability to incorporate panoramic roofs into both fixed and movable sunroofs, so covering the full range.
- Working on ambient conditions and comfort by incorporating ambient lighting or spot lights into both roofs and their shades, embedding spot lights into roll-up blinds and integrating entertainment systems in side window or roof shades.





## 4. Internationalization

Over its 25 years in business, CIE Automotive has been building its reach in multiple regions to become a benchmark global supplier with a presence across all automotive markets. That geographic positioning is a guarantee of success. The company plans to continue to steadily reinforce its footprint, building a more balanced presence in the various regions and upping its exposure to faster-growing regions such as China, India, Mexico and Brazil.

The company takes a global approach with all of its technologies. However, it adapts its specific strategies for each of its divisions in the various geographic areas in response to the market reality in each.

### Europe



#### Roof systems

- Reorganise the Lozorno factory in Slovakia.
- Complete the closure of the Gifhorn factory in Germany.
- Industrialise new projects for a customer in Romania.
- Seek further collaboration with potential customers and develop adjacent products in addition to roofs, such as flush doors and luggage covers.
- Change the current ERPs by implementing SAP.



#### Forging

- Develop new forged parts for the electric vehicle.
- Invest in and develop aluminium forging capabilities.
- Unlock growth with horizontal press projects that can deliver market share growth in the driveline segment.
- Develop competitive solutions in machined forged parts.
- Streamline and resize the German forging operations.



#### Aluminium die casting

- Launch a greenfield site for high-pressure die casting machines - of over 2,000 MT - at the Alcasting factory in Spain.
- Develop our productive capacity and spearhead sector consolidation.
- Focus new project wins on projects for EVs and HEVs at all factories.
- Diversify our customer portfolio by focusing strategically on value-added machined cast parts.



#### Metal stamping and tube forming

- Enhance factories with the help of the Mexican team's expertise.
- Successfully launch the new Transfer Servo 2000T press.
- Develop new products for the electrified vehicle segment.
- Industrialise projects already won for new players.



#### Plastic

- Secure new customers and optimise productive capacity at Plasfil (Portugal).
- Secure transfer projects in Morocco.
- Introduce new products to the OEMs we currently work with, thus expanding the portfolio.
- Consolidate the reorganisation at Plasty (Czech Republic).



#### Machining

- Boost products' value-added and complexity.
- Develop parts for electric and hybrid vehicles.
- Consolidate leadership position in chassis parts in Europe.

Americas



Forging

North America:

- Expand the current Bill Forge warehouse in Mexico to industrialise the new projects landed and further the factory's development.
- Execute and launch new products targeting multiple OEMs and Tier-1 suppliers, such as pistons and crankshafts.

Brazil:

- Successfully start up the new transfer forging line for driveline products in Brazil.



Metal stamping and tube forming

North America:

- Build two greenfield facilities: one in stamping and assembly and the other in painting.
- Add capacity in Celaya with transfer and progressive die stamping.
- Secure orders for parts for EVs and roofs.
- Unlock growth in battery and body in white (BIW) parts.
- Enter new product categories.

Brazil:

- Install and commission a new 1,600-MT transfer press in Nakayone.
- Win new projects and customers that are carving out market share.



Aluminium die casting

North America:

- Industrialise and start up production for an important new project for a Tier-1 supplier.
- Continue with CIE Celaya's growth and development plan.

Brazil:

- Manufacture aluminium parts for steering systems and value-added aluminium products for engines and transmission systems.
- Automate and digitalise the main industrial processes.



Plastic

North America:

- Develop a painting line at CIE's Mexican plastic operations.
- Diversify CIE USA's customer base.
- Become the market leader in the load floor segment in Michigan.
- Transform CIE USA into a full service supplier.
- Develop new product segments (headliners, door panels, etc.).

Brazil:

- Develop products that add value for CIE Diadema.
- Penetrate new Asian customers present in markets such as Greater Sao Paulo.
- Win new business in chrome-plated parts.
- Expand bi-injection lines.
- Implement electrostatic painting technology in body colour lines.



Iron casting

- Unlock growth together with European customers so as to double market share.
- Diversify target markets to include North America.
- Consolidate industrialisation of new projects for German customers.
- Install four robotic machining cells and automated painting capabilities.



Roof systems

- Capture key project substitutes for the factory in Puebla.
- Successfully industrialise the new project for an American customer at the Auburn Hills factory.
- Secure roof projects for new OEMs and boost product and customer cross-selling between ACS and Golde.
- Switch existing ERPs to align them with the other systems.



Machining

- Diversify the customer base.
- Win value-added product orders, targeting EVs and HEVs in particular.
- Develop the transmission and driveline parts business and defend the company's position as strategic and preferred supplier of chassis products.
- Lift competitiveness by optimising productive equipment and automating or digitalising industrial processes.

Asia



Forging

India:

- Add capacity with the construction of a new facility in Coimbatore.
- Launch a new crankshaft machining line for local customers.
- Increase capacity in forging with a new warm forging press for driveline products in Pune.
- Industrialise the new projects secured over the past year.

China:

- Define and implement the relocation plan agreed with the Chinese authorities.
- Develop and implement new products and processes.
- Continue to automate the forging lines.



Roof systems

India:

- Enter the Indian market either with a greenfield facility or via China, as up to now.

China:

- Work on the development of low-cost roofs.
- Win roof business from new OEMs.
- Integrate vertically into glass encapsulation.
- Push products in addition to roofs.
- Rationalise the facilities to unlock synergies.



Metal stamping and tube forming

India:

- Execute the layout reorganisation and press line automation plans in Kanhe and Nashik.
- Increase internal efficiency.
- Launch new projects secured from local OEMs.

China:

- Start up the fuel rail business.
- Win new customers in steering systems by leveraging our R&D capabilities.
- Secure new EV projects.



Machining

India:

- Successfully unlock growth in the business by expanding existing facilities and investing in new machinery.
- Tap the trend of locating in India the production of parts imported from other countries, especially China.
- Increase exports, particularly to the US.
- Build a new fuel rail factory in Hosur.



Aluminium die casting

India:

- Start up production at the new aluminium casting factory built in Aurangabad.
- Increase internal efficiency and product quality.
- Win new customers and develop new, value-added products in the passenger vehicle segment.



Plastic

India:

- Develop the business for EVs.
- Launch the new composites factory in Kanhe.
- Consolidate the internal efficiency gains eked out.



Iron casting

India:

- Commission the new casting moulding line.
- Expand our machining facilities to increase the added value offered to our customers.
- Start up new export programmes.

# ESG strategic lines

The ESG Strategic Plan 2025 marks the culmination of the effort to embed environmental, social and governance matters into CIE Automotive’s strategy, its everyday activities, its business decisions and its relations with its various stakeholders.

That effort began in earnest in 2019 when the heads of the various cross-group corporate departments, together with the heads of the various business areas, sat down together; the resulting strategy was approved and rolled out in 2020. It was then overhauled in 2021 to align the corresponding KPIs with the prevailing sector paradigm. Publication of the ESG Plan in November 2021 is consistent CIE Automotive’s public commitment to sustainability and fully transparent market dealings.

The plan is articulated around four strategic lines of initiative which apply all across the organisation and affect all areas of the business.



## 1. CIE Culture

Identification, reinforcement, retention and attraction of talent

- Attracting and retaining key people
- Workplace health and safety
- Employee wellbeing
- Equality, diversity and inclusion



## 2. Ethical commitment

Respect, compliance and development of ethical framework

- Ethics and compliance
- Risk management
- Strong corporate governance
- Respect for human rights
- Growth and responsible investment
- Privacy and data protection
- Transparency





### 3. Eco-efficiency

#### Efficient production and reduced environmental impact

- Innovation to drive efficiency
- Circular economy: efficient use of resources and waste management
- New forms of mobility
- Environmental impact
- Climate change
- Product quality and safety



### 4. Active listening

#### Proactive attitude and constant communication with our stakeholders

- Customer satisfaction
- Responsible supply chain management
- Reputation
- Community relations
- Stakeholder engagement
- Geopolitics

*The four strategic lines of initiative defined in the ESG Plan apply all across the organisation and affect all areas of the business.*

# Commitments by corporate areas

Each area sets and takes ownership of a series of corporate targets designed to enable ongoing progress on the key lines of the Strategic Plan.

## Engineering

- Eco-efficiency criteria applied from product and process development.
- Innovation focused on impact mitigation.
- Cross-transfer of best practices within the organisation.

## Human resources

- Diversity, equality and inclusion: all factories to complete self-assessments and design action plans immediately.
- Awareness-raising among management personnel on ESG matters.
- 100% of existing factories to be ISO 45001-certified by 2025.

## Supply chain management

- Sustainable and stable supply chain management
- Training and commitment in eco-efficiency matters.
- Drivers of value creation via local sourcing.

## Investor relations

- Integration of ESG criteria into financing processes.
- Greater transparency and activity around ESG topics to help funds with their investment decisions.

## Sales

- Team with ESG expertise so as to meet customer expectations.
- Annual ESG training sessions and open communication with our customers about CIE's sustainability pledges.

## Commitments by corporate areas



CIE culture



Ethical commitment



Eco-efficiency



Active listening

## Environmental management

- The overriding goal is to minimise our environmental impact and help improve our surroundings. By means of:
- Energy generated from renewable sources.
  - Material circularity.
  - Responsible use of water.

## Finance

- Prioritise and raise the profile of green financing agreements.

## M&A activity

- Integration of ESG criteria into investment processes and valuation work.
- Cross-the-board analysis of ESG matters during target company due diligence.

## Compliance

- Everything we do must be guided by our corporate values and rules to ensure the ethical conduct of everyone at CIE Automotive.
- Each rule is complemented by a compliance and breach remediation mechanism.

Key performance indicators

To measure its progress on ESG matters, CIE Automotive has put together a dashboard with almost 80 indicators, which are included in the management plans of each and every facility around the world, and has set specific targets and timeframes for their delivery.

Each indicator gets reported quarterly, semi-annually or annually, as stipulated, and is framed by targets to

be met within five years' time, starting in 2021.

All of that information gets consolidated into a global ESG dashboard hosted within the group's corporate internet. Progress on the various indicators is reported to the Board of Director's ESG Committee which has tasked the Cross-Group ESG Committee with ensuring delivery of the KPIs within each member's purview.

The KPIs will be reviewed and updated periodically, in tandem with the company's broader strategic updates, reassessing the latest automotive sector trends, stakeholders demands and legislative developments, among other things.

> For some of the most important KPIs, refer to section "Where we're headed"

Stakeholders communication

To align its business strategy with the legitimate wishes of all the parties with a vested interest in its fortunes, CIE Automotive engages intensely with all of its stakeholders using a number of different communication channels, notable among which its corporate website, which includes

a dedicated investor microsite and a specific ESG tab with information of relevance for the rest of the company's stakeholders, the in-house newsletter and the Suppliers Portal. Every year it also publishes this Annual Report, providing an account of its financial, business and ESG

performance. In 2021, the company updated its materiality matrix to ensure it reflected all of the topics of greatest relevance to its stakeholders.

> To see the materiality matrix, refer to the section headed "Materiality"

Progress on corporate governance front

In 2021, the company published a new Compliance and Criminal Risk Prevention Policy, updated various corporate documents to layer in its ESG criteria and reinforced its risk management, internal control and

compliance systems. On the training front, it expanded the scope of its various courses on anti-corruption and criminal liability topics, which began in 2020, and provided all CIE Automotive professionals with

training on the company's Code of Conduct.

> For more information, refer to "Progress on ESG management"

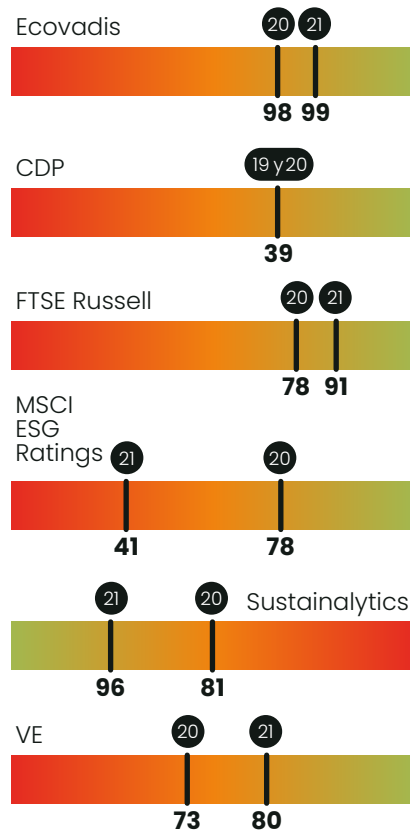


## ESG: CIE OUTPERFORMS ITS PEERS

CIE Automotive's actions on the ESG front have been evaluated by a number of independent sustainability scoring firms. Most of those assessments are unsolicited. All those ESG scores rank CIE Automotive above most sector players, as shown in the accompanying chart.

The agencies assess, among other material aspects, our impact on the environment, our labour and human rights practices, our ethical standards and the sustainability of our purchasing. On the basis of those assessments they can then highlight CIE Automotive's strong suits and identify where it needs to improve, in turn helping the company to fine-tune its action plans.

### Percentile position within the sector



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# Our BUSINESS MODEL, a reliable base

CIE Automotive is a global supplier of parts, assemblies and subassemblies for the automotive market. For the last 25 years, its business model has been articulated around five pillars - geographical balance, customer diversification, a multi-technology approach, disciplined investing and decentralised management - which have enabled it to navigate various crises and successfully integrate more than 100 companies. In 2019 the company added a new pillar: the integration of ESG standards into its everyday management and all of the company's decisions.



## Cornerstones of the business model



### Geographical balance

- 114 manufacturing facilities in 108 different locations across 16 countries
- 10 research centres



### Customer diversification

- 70% OEM
- 30% TIER 1 suppliers



### Multi-technology approach

#### 7 technologies:

- Machining
- Metal stamping and tube forming
- Forging
- Plastic
- Aluminium die casting
- Casting
- Roof systems



### Investment discipline

- Flexible standard machinery
- High returns on investments
- High EBITDA-to-operating cash conversion ratio



### Decentralised management

- 4 autonomous geographic regions
- 1 corporate network to support the regions



### Integration of ESG standards

- Ethical commitment
- CIE culture
- Eco-efficiency
- Active listening



# Geographical balance

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CIE Automotive goes wherever its customers need it. Since its creation in 1996, and in response to the globalisation of car manufacturing, the group has expanded its footprint to be close to the assembly plants by means of acquisitions, alliances and the construction of new factories from scratch. Today, CIE has 114 productive facilities and 10 research centres in 16 countries, from which it serves the main automotive markets: Europe, North America, Brazil and Asia.

That geographic diversification has made it a benchmark supplier for the global automotive platforms. It also minimises exposure to adverse cycles in specific regions or markets.

In its onward march towards globalisation, it is worth highlighting the speed with which the company has increased its presence in Asia, the world's largest vehicle production market, facilitated by the strategic alliance with Mahindra & Mahindra in place since 2013. Today, Asia accounts for nearly one-third of group sales.

## CIE Automotive's geographic footprint

### North America

The company, which made its initial foray into the Mexican market 19 years ago, has been building a presence in the US market over the last nine years via a series of acquisitions. Today it has 13 factories in Mexico and seven in the US.

### Brazil

CIE Automotive has 14 manufacturing facilities in Brazil. The company has forged a meaningful position in this market in the wake of the OEM concentration observed in recent years.

### Europe

CIE Automotive has 42 manufacturing facilities in Western and Eastern Europe and one factory in Morocco. The European market encompasses the MCIE group's factories, which are heavily focused on the commercial vehicle segment, and CIE Automotive's legacy factories, focused on passenger vehicles.

### Asia

CIE Automotive has 25 manufacturing facilities in India and 12 in China. The group's solid position in India stems from its alliance with the local group Mahindra & Mahindra Ltd., coupled with the acquisitions of the Bill Forge group (2016) and AEL (2019). Its presence in the Chinese market has been boosted in recent years by the integration of CIE Golde.

### Sales by geography

26.7%

6.6%

39.0%

27.7%





## Customer diversification

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CIE Automotive sells its products to the major OEMs (70%) and Tier-1 parts suppliers (30%). Its customer portfolio is highly diversified and the company is scantily dependent on specific customers: none of its customers accounts for more than 8% of total revenue.

That customer diversification places the company in a stronger bargaining position when it comes to negotiating prices with a view to defending its margins, even at times when market pressure is strong, and retaining its freedom to invest on the basis of profitability and not strictly commercial criteria.

DAIMLER

CHRYSLER



MAGNA



Mahindra

OPEL



CATERPILLAR



Mercedes-Benz



JTEKT

BOSCH

NTN

These are just some of our clients.







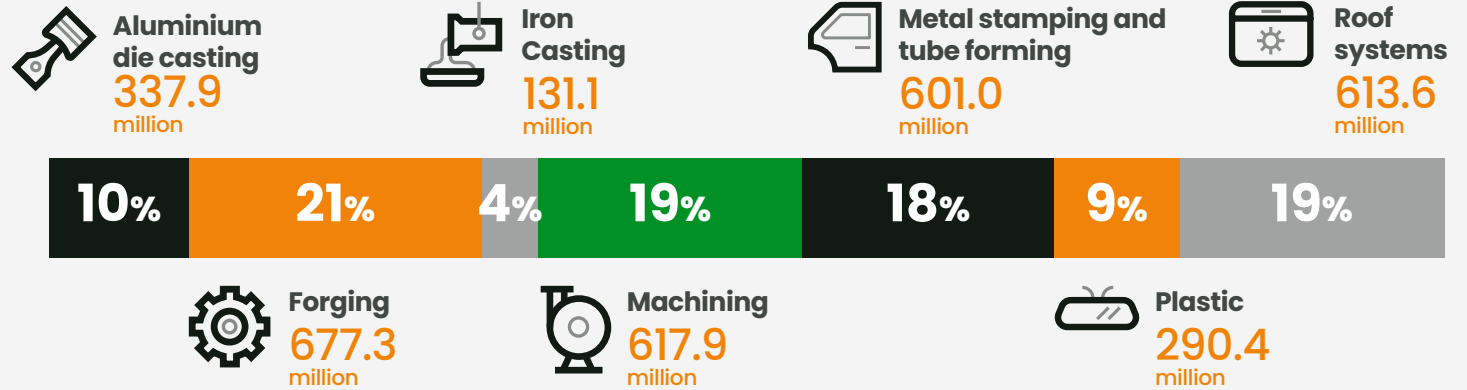
# Multi-technology approach

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CIE Automotive builds its extensive product range, made up of over 7,000 SKUs between automotive parts and subassemblies, around seven different basic processes or technologies: machining, metal stamping and tube forming, forging, plastic, aluminium die casting, casting and roof systems.

Thanks to its mastery of such a broad range of technologies, it can offer different technological solutions for a given part and make a subassembly using a combination of processes. That means that customers can select the optimal solution in terms of quality, cost, supplies and environmental impact/emissions without having to contact different suppliers and developer teams.

The product range is aligned with the main growth drivers prevailing in the automotive sector and investments are focused on the prevailing winning technologies.



## Technologies by geographical area

	TOTAL	Machining (2)	Stamping (3)	Forging (4)	Plastic (5)	Aluminium (6)	Roof systems	Casting
Europe (1)	43	17	5	6	5	5	5	-
North America	20	7	5	2	3	1	2	-
Brazil	14	3	4	1	4	1	-	1
Asia (India & China)	37	4	8	10	1	3	9	2
<b>TOTAL</b>	<b>114</b>	<b>31</b>	<b>22</b>	<b>19</b>	<b>13</b>	<b>10</b>	<b>16</b>	<b>3</b>

(1) Includes the CIE Maroc factory in Morocco and the CIE Automotive Rus factory in Russia.  
 (2) Includes four multi-technology factories (CIE Autocom, CIE Automotive Parts Shanghai, CIE Hosur and CIE Autoforjas).  
 (3) Includes three multi-technology factories (CIE Celaya, CIE Automotive Parts Shanghai and CIE Autometal Diadema).  
 (4) Includes two multi-technology factories (CIE Autoforjas and CIE Hosur).  
 (5) Includes one multi-technology factory (CIE Autometal Diadema), as well as one facility in each of India and the US that use composites technology.  
 (6) Includes two multi-technology factories (CIE Autocom and CIE Celaya).





## Financial discipline

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All of CIE Automotive's decisions are framed by rigorous financial discipline with a strict focus on cash generation. The company has a very lean fixed cost structure, works tirelessly to make its processes more efficient and sticks to a strict sales policy that prioritises profitability.

The strategic commitment to disciplined investing and stringent return hurdles is articulated around three axes: Capex, high return hurdles and healthy EBITDA-to-cash conversion.

### Pillars of investment discipline

#### CAPEX.

Flexible, standard equipment which enables high capacity utilisation.

Recurrent capex of **≈3%** of revenue, which is sufficient to enable facility maintenance and capacity renovation.

#### Strict investment discipline. High return hurdles.

Capex **≥20%** ROI.

Net working capital\* **≈ 0**.

#### EBITDA-to-cash conversion threshold.

Operational excellence coupled with control over capex for an EBITDA-to-operating cash conversion ratio that is above the market average.

Target conversion ratio of **> 60%**

\*Net operating working capital: net working capital excluding non-recourse factoring.



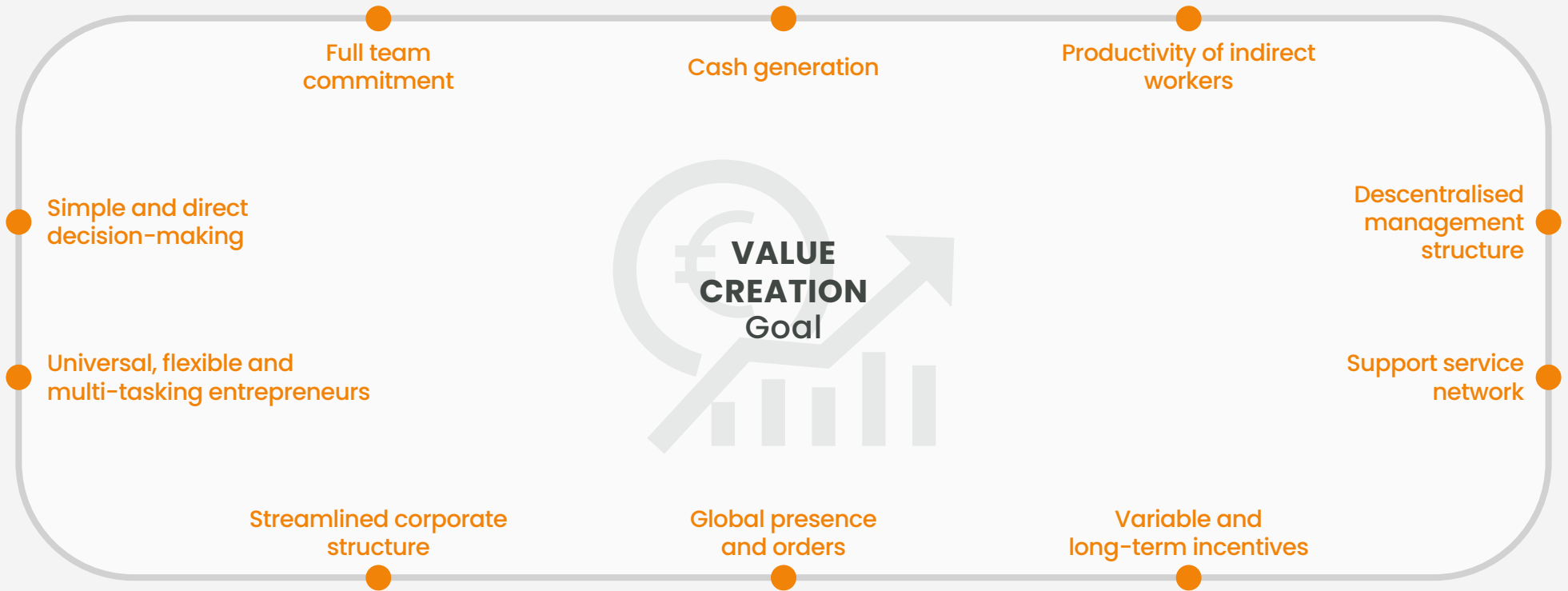


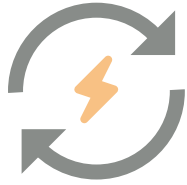
# Decentralised management

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CIE Automotive takes a decentralised management approach to ensure its decision-making is quick, simple and direct. Each region and division takes the decisions that best serve their prevailing interests any given time with the support of the firm's Corporate Areas and Network Services vested with a group-wide remit: Europe, North America, Brazil and Asia.

The factories have full operational autonomy and are run by local teams with the same commitment to keeping the cost structure lean.





## Integration of ESG standards

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In recent years, CIE Automotive has integrated environmental, social and governance (ESG) criteria into its management model and approach to financing.

On the environmental front, it monitors each factory's footprint. The company is also moving towards a circular economy by rationalising the use of resources and reusing materials when manufacturing its parts and subassemblies.

In terms of society, it engages with its various stakeholders (staff, customers, suppliers, investors, etc.) who make its activity possible in order to satisfy their legitimate expectations to the extent possible. In parallel it has a defined community engagement strategy. It is worth highlighting its strategic alliance with Save The Children in Mexico, which wrapped up in 2021. In November 2021 the company signed a new strategic alliance, this time with ACNUR, to help refugees in Brazil with training and job searches.

On the corporate governance front, the company has strong ethical commitments and works constantly to keep its in-house rules and regulations up to date to ensure it upholds those commitments and continues to comply with ever-evolving legislation. In addition, the company applies risk prevention manuals and associated mitigating control mechanisms with the aim of making its risk management more transparent year after year. The entire ESG integration effort is underpinned and extended across the organisation by targeted training initiatives.

It is worth highlighting, as part of our membership of the [SERNAUTO](#) trade association, the active role we play in the latter's [Responsible Business Committee](#), which is made up of 15 companies with the main goals of:

- Raising the profile of the sector's current contribution to the 2030 Agenda and fostering new initiatives to increase its impact on delivery of the Sustainable Development Goals (SDGs)

- Fostering the implementation and/or improvement of the sustainability strategies of the firms on the committee.
- Creating a forum for exchanging experiences and synergies.
- Providing tools for carrying out initiatives and reporting on them.

In 2021, the company continued to build on the key areas of progress made in 2020, specifically undertaking the following initiatives:

- **Knowledge lab:** organisation of four committee meetings by video conference call, three workshops and four webinars addressing a range of topics. The business case for the automotive parts sector was updated in respect of sustainability considerations.
- **Stakeholder engagement:** reinforcement of relations with the various stakeholders of relevance for the sector and search for Agenda 2030 alliances. Work was also done on measuring the sector's impact in ESG terms.
- **Tools and communication:** constant updating of the web-based matrix of key sector topics. Presentation and dissemination of the White Book titled '[Contribution of the Spanish automotive parts industry to sustainable development](#)' at a number of forums and media events.
- **Prizes for after-sales community commitment:** creation of these awards to encourage and lend visibility to key players in the after-sales value chain that display commitment to social challenges.

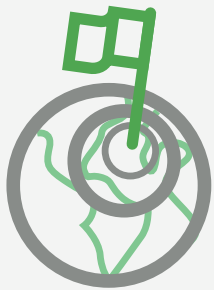
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# COMMITMENTS: driven by our quest to outdo ourselves

In assessing our starting situation and business environment before designing the 2025 Strategic Plan, we took stock of how much the group has evolved in recent years, the extent to which it has embedded corporate citizenship into its everyday activities and how our priorities have shifted. Following that analysis, the company updated its Mission, Vision and Values and its health, safety, environment and quality (HSEQ) policies.

## Mission, vision and values



### Mission

**We are a team committed to an automotive project that has been growing steadily for more than 25 years.**

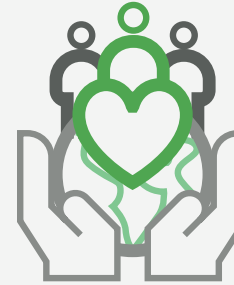
- We are a global and multi-technology supplier:
  - Four continents
  - Seven technologies
- We add value to all of our stakeholders
- We guarantee quality and service
- We are a participative and innovative team:
  - Each person is an entrepreneur
  - We are proud to be part of it
- We take care of our planet:
  - We contribute to improving our environment
  - We minimise our environmental impact



## Vision

To provide the best solutions for the mobility of the future while being:

- Climate neutral:
  - Maximum resource circularity
  - Zero net emissions
- Value chain drivers:
  - Integral conception
  - Favouring local economies
- A benchmark for society:
  - Guaranteeing the integrity, security and health of people
  - Listening, transmitting and acting
- Excellent in management:
  - Transparency and integrity
  - Value creation



## Values

- **Committed** to a job well done
- **Innovation** as the answer to any challenge
- **Focused** on people, their families and their environment
- **Diversity**, equality and inclusion
- **Sustainable** and profitable growth
- **Ethical** and honest conduct
- **Self-criticism** and recognition of others
- **Climate** action
- **Respect** for legality



We are drawing our roadmap over a proven model

# TECHNOLOGY AND INNOVATION, the highway to the future

Execution of the 2025 Strategic Plan requires specific enabling technology developments. For its onward journey, CIE Automotive's Engineering Department identified different technologies for advancing on five of the eight strategic lines of initiative pinpointed: electrification, comfort, Industry 4.0, CIE culture and eco-efficiency. The R&D Department, meanwhile, concentrated its efforts on designing different technology projects that fit with Spain's Recovery, Transformation and Resilience Plan, framed by the Next Generation EU initiative.

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# Technological progress enabling execution of the Strategic Plan

CIE Automotive is taking a proactive stance towards technological transformation and decarbonisation in order to reduce its product and corporate footprints, in sync with market trends. With those goals in mind, it is working on a number of lines in order to tap the opportunities emerging in the current scenario and, in parallel, mitigate or eliminate the prevailing risks. It is particularly worth highlighting the new technology on the factory floor that is delivering the flexibility, agility and responsiveness needed to tackle the prevailing challenges, with volumes and scenarios in constant flux.

In 2021, the company continued to work on initiatives expected to materialise in the short, medium and longer term, i.e., some are already coming to market and others will be rolled out gradually, offering customers a steady stream of technological advantages.

The work being performed by the Technology Department is framed by the 2025 Strategic Plan and targets five of the eight lines of action pinpointed: electrification, comfort, Industry 4.0, CIE culture and eco-efficiency.

## ELECTRIFICATION

Collaboration with its customers and supply chain to position itself as a solutions provider in the electric vehicle field has led CIE Automotive to launch projects in the area of batteries and power electronics systems, maximising the value added contributed by CIE Automotive in a multi-material environment in which key concepts can change in one generation. Our strategic commitment to multi-technology offers customers something different and maximises opportunities in emerging products such as EV systems.

Vehicle electrification generates new challenges for various vehicle systems. For example, elimination of the noise made by the combustion engine requires silencing other elements that before went largely unnoticed, to which end work is underway on the use of brushless motors on roofs and lateral windows and on materials that reduce noise transmission and cushion vibrations. Other challenges are to reduce the weight of parts to increase vehicle autonomy and to search for ways to integrate sensors for differing levels of autonomous vehicles.

Technological progress in electrification is positioning CIE Automotive as a key agent in environmental impact mitigation and is part of its roadmap for minimising its impact on climate change. The following lines of initiative also help respond to those challenges.





**COMFORT**

The new approach to mobility, in which end users are attaching growing importance to the driving experience, especially as vehicles with higher levels of driving autonomy come on the market, is generating new opportunities in the comfort segment. Against that backdrop, the company has been working on the following:

- Launch of panoramic roofs with new features, such as electrochromic shades, new lighting functionality and other features unlocked by sensors.
- Contribution to enhanced lateral shading and flush window ergonomics by motorising them. Improvements to boot space by means of self-opening luggage covers.
- Introduction of panoramic roofs that increase the amount of space available inside the passenger compartment thanks to more compact designs.
- New flush door concepts that give vehicles a look that matches the new concepts being built into electrified vehicles.

There is a sizeable market for the integration of circularity criteria through the use of new materials based on natural fibres and materials with higher volumes of recycled content, a line of initiative that lines up nicely with the eco-efficiency effort.

**INDUSTRY 4.0**

The competitive gains associated with Industry 4.0 technologies have been key to enabling a swift and flexible response to the swings in demand and the growing pressure on companies and the broader sector to achieve emissions and impact neutrality. The lines of initiative in this area are:

- Capture of data from production lines thanks to advanced sensors for the measurement of hot and cold parts.
- Artificial vision with AI for smart inspections and defect detection.
- Advanced robotics and introduction of cobots on production lines.
- Unit traceability by crossing data for each product or means of production.
- End-to-end product lifecycle management (PLM), from the conceptual engineering phase to mass manufacturing and supply.
- Production line modelling, data analytics and data export to the group for advanced analysis and cross-transfer of specific ideas, leveraging cloud and big data services.
- Acceleration of product development by using additive manufacturing prototypes and the incorporation of that technology into advanced tools.
- Advanced process simulation and connection with the real world by means of digital twins. That creates mixed data models that slash the number of tests to be performed while increasing the number of variables that can be added to the control and predictive algorithms.
- Industry 4.0 technologies boost efficiency in all departments by providing data for rapid decision-making and skills and other training by means of new interfaces.
- Introduction of in-house software development capabilities.

**CIE CULTURE**

Attraction, identification and retention of talent through collaboration with universities and training centres focused on new technologies. Active participation in planning and supervision of vocational training programmes with internships attached.

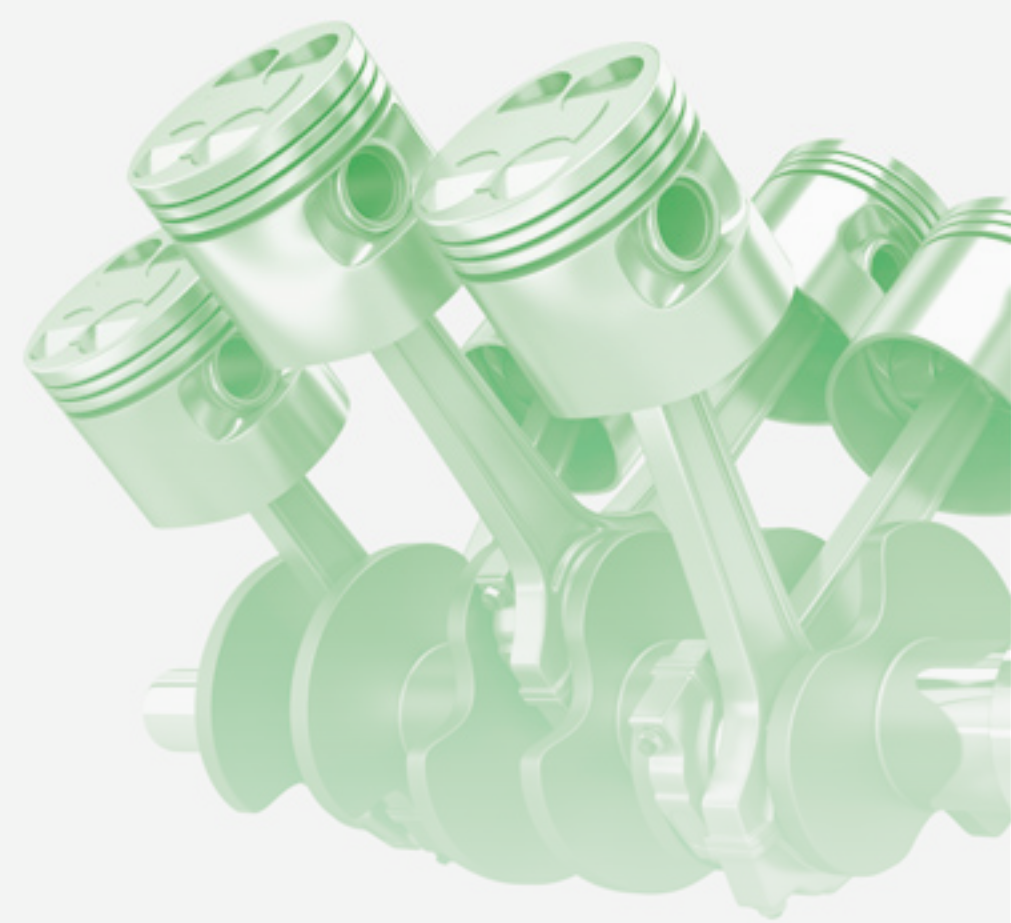
Collaborative teaching in master’s programmes in the automotive sector and manufacturing.

Active participation in the rollout of courses addressing environmental footprints, eco-design, circularity and lifecycle assessment provided through the Basque Ecodesign Center.

**ECO-EFFICIENCY**

Efficient use of materials has been at the heart of CIE Automotive’s sustainability and competitiveness for years. Initiatives aimed at reducing material usage ratios relative to end product weight and making parts weigh less in general are staple projects in the company’s technology roadmap year after year. Here it is worth highlighting the following initiatives:

- Projects to increase the circularity of polymer transformation technologies.
- Introduction of new product features, so reducing the number of parts.
- Innovation in technologies that reduce the use of fuel and chemical products, such as ESG+ technology, in roofs and lateral windows.
- Launch of eco-design tools for incorporation into new product and project processes.



# Projects associated with the European Recovery Plan

Europe’s response to the crisis induced by the measures taken to curb the pandemic and its economic and social fallout materialised in the region’s recovery package for 2021-2027, under which the European Union will help fund a new industrial revolution driven by sustainability and the twin goals of green and digital transformation.

To avail of those funds, Spain presented its Recovery, Transformation and Resilience Plan, which CIE Automotive would like to benefit from in order to continue to make progress on its green transition and digital transformation thrusts with projects related with circularity, environmental impact reduction and climate change action.

## Recovery, transformation and resilience plan: priority areas for CIE Automotive

### Pillars

- Green transition **40.3%** of the budget.
- Digital transformation **29.6%** of the budget.

### Levers

- **I** Urban agenda = **21%** of the budget.
- **III** Energy transition = **9%** of the budget.
- **V** Modernisation and digitisation of the industrial fabric = **23%** of the budget.

### Components

- Within Lever I, component **C1** “Action plan for sustainable mobility”.
- Within Lever III, component **C9** “Renewable hydrogen roadmap”.
- Within Lever V, component **C12** “Industrial Policy Spain 2030”.

### Ways of accessing the funds

- Individual or team projects.
- Windows can vary as a function of the projects’ technical readiness level (TRL).
- The projects must fit with the EU and Spanish recovery plans’ priorities and the actions to be taken must be well defined (R&D, IT, green transition, environmental component, energy efficiency).
- The intensity of the aid awarded is regulated by Europe’s State aid Temporary Framework although each programme can establish its own assessment and aid intensity criteria.

### Keys for CIE Automotive

- Prepare specific proposals for the projects contemplated in the calls for expressions of interest.
- Analyse the programmes, the associated aid intensities and assessment criteria and the various calls.
- Select the calls it wants to tender for.

## Contribution to the calls for expressions of interest and so-called Strategic Projects articulating the Recovery, Transformation and Resilience Plan

In 2021, CIE Automotive worked in collaboration with the sector's Move to Future (M2F) Platform on collaborative enabling M2F projects. Those projects, the so-called Driver Projects, are part of the response to the calls for expressions of interest launched by the Spanish government, included within the Strategic Project for the Electric and Connected Vehicle.

That collaboration has materialised in three projects:

- **Storage system for xEV**

CIE Automotive's priority targets within this project are: new concepts and materials for the Battery Box; the fuel cell; and range extenders. Incorporating eco-design and circularity criteria in parts whose useful lives and recyclability are key aspects.

- **Global benchmark environment for the design, testing and validation of advanced solutions in sustainable, cooperative, connected and automated mobility. Sustainable CCAM**

CIE's priority area of focus in this project is new concepts and features in refashioning vehicle interior, associated with our comfort area. The search for sustainability involves research into eco-efficient and recycled materials and processes.

- **Automotive Industry 4.0, smart and competitive**

CIE Automotive's priority area of interest within this project is to work in the digital twinning environment, advancing towards totally connected and flexible systems, and to make processes smarter so as to enable the implementation of smart manufacturing models. Achieving that will not only unlock competitive gains, it will improve our environmental performance by reducing our impact and mitigating climate change.

By participating in these projects, CIE Automotive is exhibiting its commitment to a national strategy capable of ensuring the sector's vision for the future and global positioning. That vision is inclusive, i.e., it encompasses the entire value chain. With the ability to contribute to other regional objectives, the overriding goal is to ensure the technical and ecological transition of the vehicles made in Spain.

## Other lines of analysis and work

In addition to the so-called Collaborative Driver Projects, CIE Automotive also worked on the following projects:

- **Basquevolt Initiative**

Here the idea is to take advantage of the opportunities in Europe in the battery value chain and create an ecosystem of companies around a value proposition based on solid-state technology with the aim of outperforming the current conventional lithium-ion batteries, specifically including in terms of density, cost and safety.

- **FCEV Initiative**

The goal here is to work in the areas of hydrogen propulsion systems, the development and optimisation of fuel cell materials, parts and subsystems and their in-vehicle storage system.

STATEMENT

THE START

**OUR ROADMAP**

MOVING FORWARD TOGETHER

CORPORATE GOVERNANCE

ABOUT THIS REPORT

# One more year moving forward together

In 2021 we embarked on a fresh journey towards excellence in a year plagued with difficulties on account of the pandemic but also brimming with opportunities thrown up the transformation of the automotive sector. Over the course of the year, we demonstrated how, with the right strategy, the merit of the work done by our team and the help received from our stakeholders, we were capable of surmounting obstacles, delivering outstanding results, generating value for our stakeholders and reducing our impact on the environment.

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One more year moving forward together

# Working hard to achieve optimal RESULTS

2021 was the year of recovery after the pandemic: CIE Automotive’s net profit amounted to €267.5 million, which is higher than the pre-COVID levels of 2019, despite lower vehicle production volumes and market malfunctions. The keys to this exceptional performance lie with the business model and tireless focus on cash generation, paving the way for deleveraging and organic growth.



**Objective:**

**Return to pre-COVID profitability and deleverage to pave the way for future investments**



**Lines of initiative:**

- Focus on operating cash flow generation to reduce debt.
- Improve financing terms and conditions and linkage to sustainable finance criteria.
- Tackle supply chain friction.
- Maintain investing discipline.
- Control variable operating expenses and fixed costs in an environment of shrinking volumes.

# Earnings performance

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CIE Automotive reported a net profit of €267.5 million in 2021, growth of 44% from 2020 and in line with pre-pandemic profitability levels (factoring in the adverse impact of exchange rate of €18 million on 2021 versus 2019 net profit). That is an outstanding result considering the lingering weakness of the automotive market, which made 11.8 million fewer vehicles than in 2019 due to the chip crisis and broader global supply chain friction.

Whereas many sector players were forced to issue profit warnings throughout the year, CIE Automotive recorded double-digit growth in profits and marked record margins considering the current group perimeter. Specifically, EBITDA amounted to €574.7 million, implying a margin of 17.6% and growth of 33% from 2020. EBIT, meanwhile, came to €403.5 million, growth of 42%.

That earnings momentum is attributable more to successful management than to topline growth. Although CIE Automotive outperformed the market by 11.5 percentage points, benefitting from supplier concentration, revenue growth lagged earnings growth, increasing 13% to €3.27 billion, partially eroded by adverse exchange rate effects, which reduced revenue by €192 million by comparison with 2019.

It was the managerial excellence of CIE Automotive's teams, underpinned by the company's solid business model, that enabled the group to expand its margins, across both the legacy group and the companies acquired in 2019, where there is still further upside.

CIE Automotive tackled the unexpected problems that came its way in 2021 thanks to: its strategic commitment to local sourcing, which eliminates transportation costs and supply problems; rationalisation of its purchases, with pass-through clauses in customer contracts; broad process efficiency, with much-reduced manufacturing consumption levels; disciplined control over maintenance and growth (capacity) capex; and decentralised management, which helped each factory take the best decisions in the interests of the overall group.

By unlocking those levers, CIE Automotive was able to convert 67% of its EBITDA into cash from operations, topping its initial guidance for a conversion ratio of 60%.

## Capital expenditure

The company remained austere on the investment front. Following a history of acquisitions and alliances which have brought more than 100 companies into the fold, in 2021 the company limited its non-organic investments to the purchase of another 0.6% of its subsidiary, MCIE.

Investments in capacity additions and maintenance were pared back to the bare minimum, such that capex amounted to 5.9% of revenue. Among the capacity additions that were carried out, it is worth highlighting the CIE Hosur factory in India.

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## FINANCIAL SITUATION

Healthy operating cash generation coupled with capex restraint enabled a sharp reduction in debt to €1.39 billion, implying an adjusted debt ratio of 2.37x EBITDA, compared to 3.59x in 2020.

### Financing arrangements

During the first half of 2021, CIE Automotive once again renegotiated its core financing facilities, negotiating new – broader – covenants headroom, and extending the average maturity to three years to improve the group's financial terms and conditions.

That work is headed up by the Finance & Treasury Department which was also tasked with monitoring the group's liquidity forecasts and needs to ensure it kept a sufficient volume of undrawn credit facilities to cover its business funding requirements.

In line with the targets set down in the 2025 Strategic Plan, at 31 December 2021, the group had a liquidity reserve of €1.53 billion, sufficient to cover payments so as to ensure business continuity throughout 2022, providing its stakeholders with additional comfort.

## Comparative balance sheet

(€ m)	2020	2021
Fixed assets	3,293.2	3,490.3
Net working capital	(356.4)	(425.2)
<b>Total net assets</b>	<b>2,936.8</b>	<b>3,065.1</b>
Equity	995.0	1,367.6
Net financial debt	1,594.9	1,394.9
Other (net)	346.9	302.6
<b>Total net liabilities</b>	<b>2,936.8</b>	<b>3,065.1</b>

## Financial ratios

	2020	2021
Adjusted net financial debt/EBITDA	3.59	2.37
Net financial debt/equity	1.6	1.0
<b>Leverage ratio</b>	<b>0.62</b>	<b>0.50</b>

## Debt maturity profile

(€ m)	2019	2020	2021
Within one year	524.8	586.7	525.8
Between 1 and 2 years	244.8	353.6	288.3
Between 3 and 5 years	1,146.4	1,111.7	1,187.3
More than 5 years	205.1	196.0	178.5
<b>Total equity and liabilities</b>	<b>2,121.0</b>	<b>2,248.0</b>	<b>2,179.9</b>



## Debt structure

In millions	2017	2018	2019	2020	2021	Maturity	Characteristics
Syndicated loan	≈ 466	≈ 400	≈ 480	≈ 345	300	Apr. 2026	<ul style="list-style-type: none"> <li>– Loan in euros</li> <li>– Price band based on net financial debt/ EBITDA</li> <li>– 300 million in loan format and 390 million in the form of a RCF (undrawn)</li> <li>– Unexercised option to extend by one year</li> </ul>
EIB and IFC-EDC	≈ 61	≈ 82	≈ 247	≈ 261	≈ 231	Apr. 2031 and June 2028	<ul style="list-style-type: none"> <li>– Loans in euros and dollars</li> <li>– Partially fixed rate</li> </ul>
Long-term loan	≈ 81	≈ 81	≈ 77	≈ 68	68	July 2028	<ul style="list-style-type: none"> <li>– Loan in euros</li> <li>– Fixed rate</li> </ul>
Mexico	≈ 162	≈ 163	≈ 156	≈ 122	≈ 40	Miscellaneous	<ul style="list-style-type: none"> <li>– Several loans in dollars</li> <li>– Partially fixed rate</li> </ul>
Other	≈ 384	≈ 616	≈ 1161	≈ 1.452	≈ 1.541	Miscellaneous	<ul style="list-style-type: none"> <li>– Borrowings comprising bilateral loans (holding and local), credit facilities, working capital lines, etc.</li> </ul>
Gross debt	≈ 1.158	≈ 1.340	≈ 2.121	≈ 2.248	≈ 2.180		
Cash and cash equivalents	≈ 201	≈ 392	≈ 599	≈ 653	≈ 785		
Net financial debt	≈ 957	≈ 948	≈ 1.522	≈ 1.595	≈ 1.395		

### CIE Automotive, a benchmark in sustainable finance

CIE Automotive has intertwined its financing strategy with its sustainability pledges. Specifically, it has set itself the goal of tying 50% of its gross debt to ESG criteria within the next few years, up from 28% in 2020.

Annually, and as a function of a score to be assigned by an independent consultant, the group's borrowing cost gets adjusted in keeping with the trend in its sustainability indicators, which are aligned with the United Nations Sustainable Development Goals.

In 2020, CIE Automotive had already restructured its syndicated loan to turn it into a sustainable finance facility. Against that backdrop, in 2021, the group arranged or renewed €384 million of financing facilities in order to introduce ESG criteria. The firm tasked with objectively evaluating the company's sustainability performance is VIGEO.

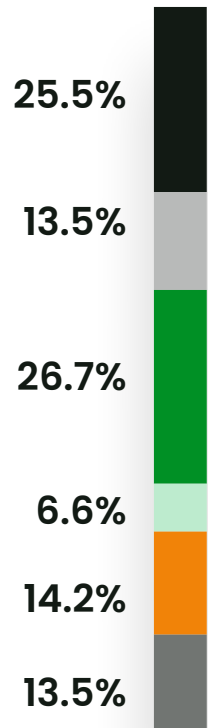
In the wake of those transactions, at 31 December 2021, 44% of the group's gross financial debt (up 16 percentage points from year-end 2020) and 69% of its net financial debt (up 29pp) was tied to ESG criteria.

# Performance by region

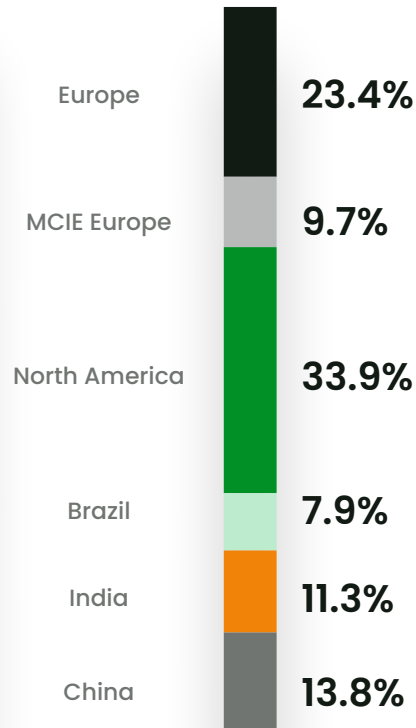
All regions and divisions contributed to the group’s healthy earnings performance although the impact of the pandemic and of the chip crisis and other sources of supply chain friction differed from one region to the next.

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Revenue mix by region



EBITDA mix by region



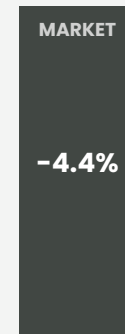
## Europe

CIE Automotive generated €1.28 billion of revenue in Europe in 2021, growth of 7%, despite the weakness of the automotive sector, with production contracting by 4%. Despite the difficulties caused by the various waves of transmission, the chip crisis, the surge in energy and raw material prices and shipping problems, margins remained high at both CIE Automotive’s traditional factories, exposed to the passenger vehicle segment, and at the MCIE Europe facilities, exposed mainly to the commercial vehicle segment.

The former benefitted from the recovery in demand, government incentives and the positive trend in exports to China and the US, while the latter received a boost from strong demand for new trucks from logistics players, with truck mileage figures virtually revisiting pre-COVID levels in Germany.

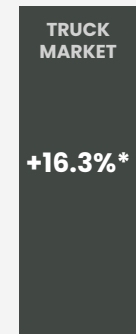
### CIE Automotive’s traditional European factories

- **Revenue:**  
0% vs 2020  
€837 million
- **EBITDA Margin:**  
16.1%  
EBITDA: €135 million
- **EBIT Margin:**  
8.9%  
EBIT: €74 million



### MCIE European factories

- **Revenue:**  
+24% vs 2020  
€440 million
- **EBITDA Margin:**  
12.7%  
EBITDA: €56 million
- **EBIT Margin:**  
8.4%  
EBIT: €37 million



\*Data as of November 2021 for truck production in Europe.



## North America

The North American factories reported revenue of €873 million, up 22% from 2020 in local currencies. The healthy performance of the US automotive sector, fuelled by the rapid rollout of COVID-19 vaccines and job support benefits, albeit partially curbed by the chip crisis, had a positive impact on the company's factories in Mexico and the US. Margins remained very high, in line with pre-pandemic levels.

### North America

- **Revenue:**  
**+22%** vs 2020  
€873 million
- **EBITDA Margin:**  
**22.3%**  
EBITDA: €195 million
- **EBIT Margin:**  
**17.6%**  
EBIT: €154 million

MARKET

0.2%

## Asia

In India, CIE Automotive generated revenue of €463 million (growth of 46%, local currency) and managed to defend its profit margins despite the closures attributable to the pandemic in the first half of the year. The pandemic notwithstanding, India was one of CIE's best-performing markets shaped by low interest rates, improved consumer sentiment, a growing preference for private transport and a favourable monsoon season, among other factors.

### India

- **Revenue:**  
**+46%** vs 2020  
€464 million
- **EBITDA Margin:**  
**14.0%**  
EBITDA: €65 million
- **EBIT Margin:**  
**9.5%**  
EBIT: €44 million

MARKET

27.7%

In China, CIE Automotive's revenue dipped by 1%, although EBITDA and EBIT margins were high, in a market that grew less than the others due to its relative outperformance in 2020, despite effective management of the pandemic, less of an impact from the chip crisis and government incentives for the purchase of new cars.

### China

- **Revenue:**  
**-1%** vs 2020  
€440 million
- **EBITDA Margin:**  
**18.0%**  
EBITDA: €79 million
- **EBIT Margin:**  
**14.7%**  
EBIT: €65 million

MARKET

5.3%

## Brazil

In Brazil, CIE Automotive reported revenue of €216 million, growth of 26% from 2020 in local currencies, compared to market growth of 9%. The company skilfully circumvented the country's poor handling of the pandemic and other circumstantial factors, such as unemployment, rising interest rates, currency depreciation, drought and political instability, which weighed on the sector's sales recovery. One of the sector's growth drivers includes the wait lists for certain c-SUVs manufactured locally.

### Brazil

- **Revenue:**  
**+26%** vs 2020  
€216 million
- **EBITDA Margin:**  
**21%**  
EBITDA: €45 million
- **EBIT Margin:**  
**13.6%**  
EBIT: €29 million

MARKET

8.8%

One more year moving forward together

# Creating value for our SHAREHOLDERS

CIE Automotive’s share price gained 24% in 2021 to end the year at €27.36 per share. Despite that healthy gain, the share price continues to be dragged down by investors’ lack of discernment when it comes to the automotive sector. The share price still fails to fully reflect the company’s outstanding interim results, its ambitious strategic targets or the payout of one-third of its profits in dividends. In this complex scenario, the company stepped up its market communication effort and in June, it organised its first Capital Markets Day.



**Objective:**

**Generate long-term value for shareholders and investors**



**Progress made in 2021:**

- Organisation of the company’s first Capital Markets Day
- Distribution of €61.3 million in dividends to our shareholders
- Meetings with investors to provide insight into the company’s fundamentals

## Share price performance

After a turbulent 2020, when the pandemic took a very heavy toll on CIE Automotive's share price, in 2021 the chip crisis and other inflationary pressures across the supply chain unleashed a chain of profit warnings by the large majority of suppliers, sparking a sharp and indiscriminate share price rout. The market correction also affected CIE Automotive, despite the fact that it remained among the most profitable players in the sector. With time, however, the investment community recognised and applauded the company's earnings health, bidding its shares 24% higher over the year.

For the first time in three years, the annual share price gain correlated with the company's net profit performance, although the price still fails to reflect the company's excellent prospects. In fact there is still a significant gap between the share price and the analysts' consensus target price, which averaged €30.38 at year-end, relative to the closing share price of €27.36. The reason for that lag may have to do with the increasing automation and standardisation of share trading decisions, speculation and the equity markets' generally weak performance since the crisis.

CIE Automotive's share price outperformed the benchmark IBEX-35 index on which it is traded, which ended the year higher at 8,713.80 points. Indeed, in the final months of the year, the company's share price etched out a clear-cut recovery compared to other index stocks, driven by the improving sector climate (drop in aluminium prices and improvement in the chip situation) and the undeniable reliability evidenced by the company's successive earnings releases.

### CIE Automotive's stock market indicators

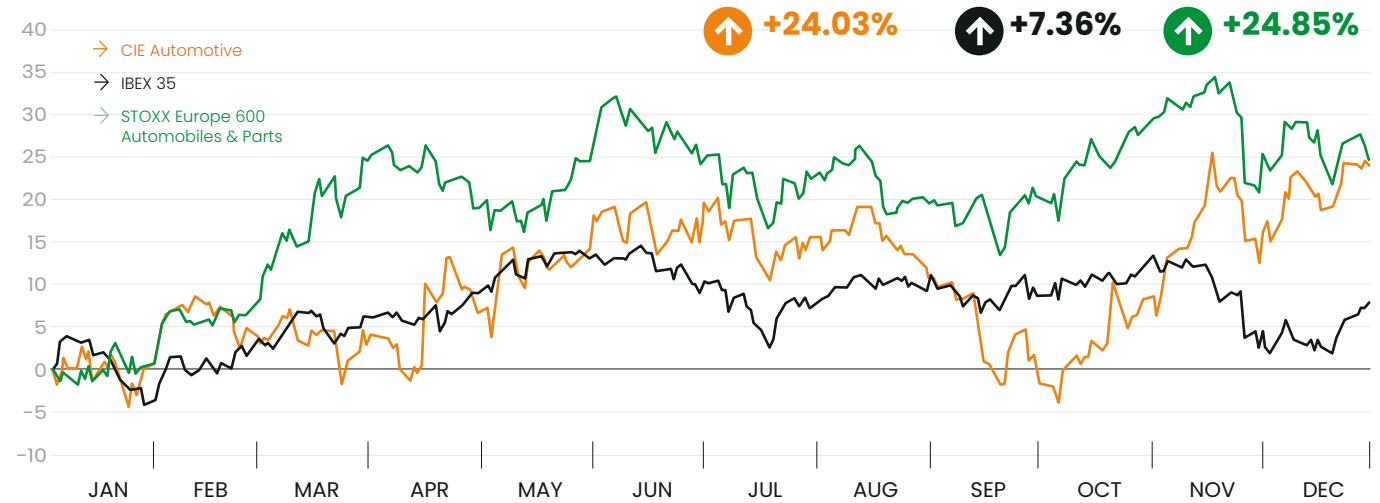
	2019	2020	2021
Number of shares at year-end	129,000,000	122,550,000	122,550,000
Share price at year-end (€)	21.08	22.06	27.36
Market capitalisation at year-end (€ m)	2,719.3	2,703.5	3,352.9
Trading volume (thousand shares)	57,296	79,535	46,852
P/E multiple*	9.5	14.6	12.6

(\*) P/E multiple: ratio between share price and EPS.





### CIE Automotive's share price performance



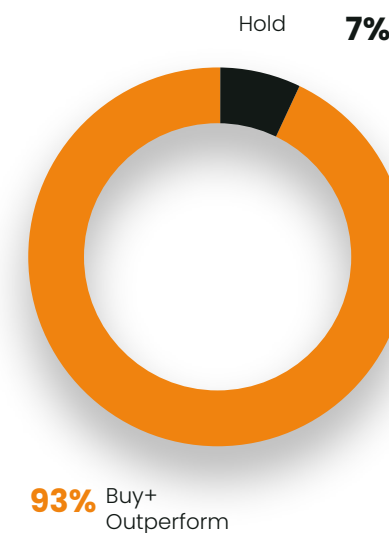
STOXX Europe 600 Automobiles & Parts includes:  
 - OEMS: BMW ST, Daimler, Ferrari NV, Fiat, Peugeot, Porsche, Renault & Volkswagen.  
 - SUPPLIERS: Faurecia, Michelin, Nokian, Plastic Omnium, Rheinmetall, Schaeffler, Valeo.



## Consensus target price as of 31/12/2021

Company	Analyst	Recommendation	Price	Last update
Alantra Equities	Álvaro Lenze	Buy	€31.40	12/2021
Bankinter	Esther Gutierrez de la Torre Coll	Buy	€31.70	10/2021
Bestinver Securities	Enrique Yáñez	Buy	€30.75	10/2021
Caixabank BPI	Bruno Bessa	Buy	€34.00	10/2021
Exane BNP Paribas	Francisco Ruiz	Hold	€25.00	10/2021
Intermoney Valores	Virginia Pérez	Buy	€29.60	10/2021
JB Capital Markets	José María Cánovas	Buy	€33.50	11/2021
Kepler Cheuvreux	Alexandre Raverdy	Buy	€30.00	12/2021
Mirabaud Securities	Manuel Lorente	Buy	€26.20	09/2021
Norbolsa	Ander Peña	Buy	€29.80	06/2021
Oddo BHF	Anthony Dick	Outperform	€30.00	11/2021
Renta 4	Álvaro Aristegui	Outperform	€33.90	12/2021
Sabadell	Alfredo del Cerro	Buy	€29.89	10/2021
Santander	Robert Jackson	Buy	€29.60	11/2021
CONSENSUS	-	-	€30.38	-

## Recommendations

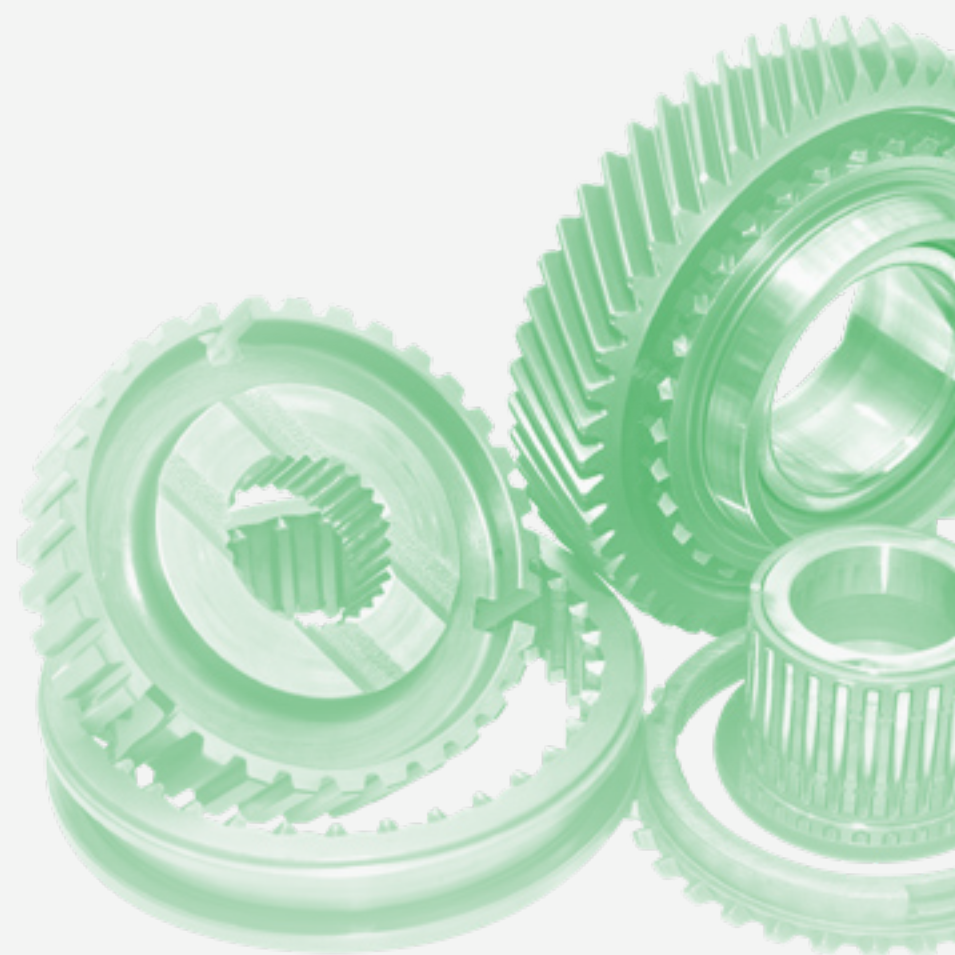


## MAHINDRA-CIE GROUP'S SHARE PRICE PERFORMANCE IN INDIA

The Mahindra-CIE (MCIE) Group's shares are traded on India's two main stock exchanges: the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE). On the BSE, the share price ended the year 36.2% higher.

As on the European markets, the automotive sector's shares suffered on account of the uncertainty triggered by the second major wave of transmission attributable to the Delta variant during the first half of the year and the continued stress faced by the OEMs due to the lack of semiconductors. Nevertheless, the share price hit a high of 312 Indian rupees (INR) on the NSE.

	2019	2020	2021
Number of shares at year-end (millions)	379.01	379.01	379.05
Share price at year-end on the BSE (Indian Rupees)	164.75	171.8	235.00
Share price at year-end on the NSE (Indian Rupees)	164.75	172	234.20
High for the year on the BSE (Indian Rupees)	258.3	179.1	311.65
Low for the year on the BSE (Indian Rupees)	135.55	59.05	148.30
Market capitalization on the BSE (12/31) (millions of Indian Rupees)	62,442	65,114	89,068
Average volume in BSE (thousand shares)	47,831	16,302	76,125
Average volume in NSE (thousand shares)	185,060	207,911	498,953
Earnings per share (Indian Rupees)	9.35	2.81	10.35
PER	17.62	61.10	23,50





## Shareholder remuneration

CIE Automotive upheld its commitment of distributing one-third of its profits to its shareholders in spite of the challenging economic and social circumstances. The company paid out €61.3 million from 2020 profits in two instalments of €0.25 per share, the first on 7 January and the second, on 6 July.

The company cut its dividend due to the drop in net profit caused by the onset of the COVID-19 pandemic and the lockdowns decreed all over the world to contain it. Remuneration is expected, however, to resume its legacy double-digit growth as the company surmounts effects of the

pandemic and other issues that affected the sector in 2021: chip crisis, rising cost and scarcity of raw materials, higher transportation costs and shipping complications, among others.

Against that backdrop, the Board of Directors agreed to pay an interim dividend of €0.36 per share (before tax withholdings), which was paid out on 5 January.

	2017	2018	2019	2020	2021
Ordinary EPS (€)*	1.67	1.88	2.23	1.48	2.18
Payout**	33%	33%	33%	33%	33%
Accrued dividend per share (€)***	0.56	0.62	0.74	0.50	0.72
Dividend paid during the year (€ m)	52.8	72.1	80	93.9	61.3

(\*) 2018 EPS calculated using normalised earnings in the automotive segment.

(\*\*) Payout: percentage of profit paid out to shareholders.

(\*\*\*) Estimate for 2021 as of the date of publication of this document.

## Ownership structure

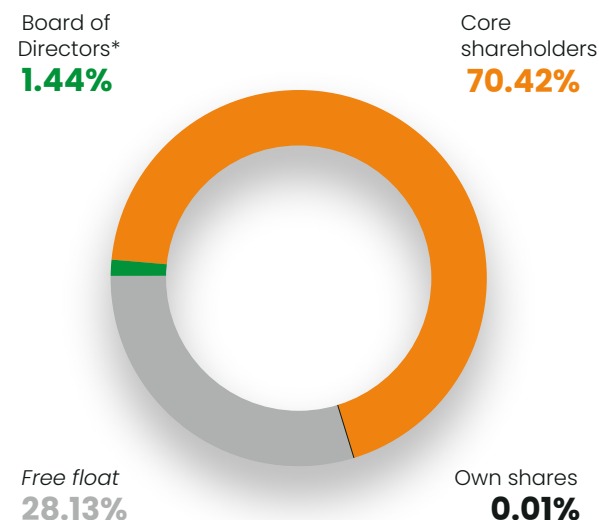
CIE Automotive boasts a stable core of long-term, benchmark shareholders. Its core shareholders held 70.42% of the total at year-end, while directors not included in that category held another 1.44%. Own shares represented 0.01% of the total, leaving a free float of 28.13%.

Most of the holders of the freely floated shares are Spanish, but funds from the US, UK, France, Ireland, Canada, Germany, Belgium, Portugal, Norway and Denmark are also meaningfully represented.

### Annual change in shareholder structure

	2019	2020	2021
ACEK Desarrollo y Gestión Industrial, S.L.	14.91%	15.69%	15.69%
Antonio M <sup>o</sup> Pradera Jáuregui	10.00%	10.53%	10.53%
Corporación Financiera Alba, S,A,	10.15%	12.73%	12.73%
Elidoza Promoción de Empresas, S,L,	10.00%	10.89%	10.89%
Mahindra&Mahindra. Ltd,	7.43%	7.83%	7.83%
Addvalia Capital. S,A,	5.00%	5.26%	5.26%
ABRDN PLC	-	-	3,99%
Alantra Asset Management. SGIC. S,A,	3,74%	3,55%	3,50%
<b>Total core shareholders</b>	<b>61.24%</b>	<b>66.48%</b>	<b>70.42%</b>
Treasury stock	0%	0%	0.01%
Other members of the Board of Directors	1.37%	1.44%	1.44%
<b>Free float</b>	<b>37.39%</b>	<b>32.08%</b>	<b>28.13%</b>

### Shareholder structure



\*Board members not included among the reference shareholders.

# Engagement with shareholders and investors

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At year-end 2021, CIE Automotive's share capital consisted of over 122,550,000 shares, broken down between core shareholders (72.42%), members of the Board of Directors (1.44%); the free float (28.13%) and treasury stock (0.01%).

All shareholders receive equal treatment in terms of the information they get and their right to participate in and cast their votes at its Annual General Meeting, as required in Spain's Corporate Enterprises Act.

To ensure transparent dealings with its shareholders, the company has Policy for Reporting to and Communicating with Shareholders and the Market, which sets down the guiding principles followed by the Investor Relations Department as part of its remit of providing the investment community with accurate and timely information.

The company distributes its information using different channels, the key channels being Spain's securities market regulator, the CNMV for its acronym in Spanish, which publishes significant developments pertaining to the company, and the corporate website ([www.cieautomotive.com](http://www.cieautomotive.com)), which

has a dedicated "Shareholders and Investors" microsite. There it publishes all the latest news about and developments at the group and states how to get in contact with the Investor Relations Department.

Email: [ir@cieautomotive.com](mailto:ir@cieautomotive.com)  
Telephone number: +34 94 605 62 00

The Board of Directors is the highest-level body that supervises the information furnished by the Investor Relations Department to the financial markets; as such it adopts any measures it deems fit in order to protect shareholders' ability to exercise their rights, framed by defence of the corporate interest.

Besides the information published via the CNMV and the company's website, the Investor Relations Department stays in constant contact with the various research analysts who cover the company, which numbered 14 at year-end. In 2021, the conversation with those experts centred mainly on the impact on CIE Automotive of the various issues engulfing the sector over the course of the year: chip crisis, raw

## Principles of the market information and communication policy

- > **Distribution** of information in a transparent, clear, accurate, uniform and simultaneous manner
- > **Equal treatment** in terms of the acknowledgement and exercise of all shareholders' rights
- > **Collaboration** with shareholders so that disclosure practices are transparent, effective and in keeping with the corporate interest
- > **Protection** of the rights and legitimate interests of all shareholders
- > **Active effort** to keep shareholders continuously and permanently informed
- > **Development** of information tools and communication channels that take advantage of the latest technology
- > **Compliance** with the law, the company's corporate governance rules and the principles of cooperation and transparency in dealing with the competent authorities and regulators

material scarcity and inflation, shipping problems and surge in energy prices.

The Department's work also included intense engagement with investors by means of its participation in seven roadshows and 18 conferences and meetings at which it interacted with close to 500 investors. For the first time last year, the company attended the multi-sector conference organised by the broker, Oddo. It also attended the automotive sector conference co-organised by brokers Exane and Jefferies: the Geneva Auto Show. Lastly, it is worth highlighting its participation in the streaming programme run by Banco Santander, "Today we're being visited by...", the goal of which is to introduce successful listed companies to a base of over 80,000 retail banking customers.

To facilitate its work, the IR Department uses Nasdaq IR Insight, a management platform that allows it keep a detailed record of its meetings (content and labelling), bringing up information about investor profiles and contacts and generating real-time market alerts. To that end, the company continued to work to standardise its internal ad-hoc reports, produce internal reports about market trends and CIE's share price performance, target potential automotive sector investors, on the basis of an initial analysis and identification process,

as well as additional features, such as flagging investors with a particular interest in ESG matters.

Most of the events in which the Investor Relations team participated were held online, although in-person meetings have begun to resume. The company, too, held its Annual General Meeting and organised its first ever Capital Markets Day online.

#### Acknowledgements

CIE Automotive's efforts have been acknowledged by analysts and fund managers. Institutional Investor, a leading international publisher, focused primarily on international finance, which offers highly-respected proprietary research and rankings, awarded CIE Automotive 10 prizes across its 12 prize categories. The 2021 edition named Jesús María Herrera Best CEO and Lorea Aristizabal Best IR Professional.

The All-Europe Executive Team 2021 awards are based on an assessment which scores, through a survey of analysts and fund managers, aspects such as knowledge of the company and sector, credibility, leadership, communication, accessibility, published financial information and the quality of the meetings held, among other aspects.

## CIE Automotive holds its first Capital Markets Day

With "Moving together towards our future" as its slogan, CIE Automotive streamed its first Capital Markets Day on 28 June, one year after the coronavirus pandemic forced its cancellation in 2020.

For nearly two hours, the company's CEO, Jesús María Herrera, accompanied by 14 group executives, presented on the key trends set to mark the automotive sector's future and unveiled the targets and lines of initiative articulating execution and delivery of the group's 2025 Strategic Plan.

"I see 2025 as a magical year. It will be the moment when our dreams will finally come true. CIE Automotive will become a company with EBITDA of €1 billion and €500 million in net income", said the CEO towards the end of the presentation.

After presenting the Plan, CIE Automotive's executives answered the questions posed by the attendees.

The broadcast presentation is still available for viewing on the company's website [www.cieautomotive.com](http://www.cieautomotive.com).

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One more year moving forward together

# Striving for excellence for our CUSTOMERS

CIE Automotive strives to offer its customers multi-technology and flexible solutions that help satisfy their unfolding demands. In 2021 the company increased its market share and improved its positioning in the electric vehicle segment with new products. As a result, a high percentage of the new order intake in 2021 corresponds to new-energy vehicles.



## Objective:

**Become a benchmark partner for OEMs and Tier-1 suppliers by offering a broad range of innovative solutions and quality products at competitive prices.**



## Lines of initiative undertaken in 2021:

- Increase market share.
- Improve CIE Automotive's positioning in the emerging electric car segment.
- Contribute to vehicle safety with quality products.
- Help customers reduce their emissions and increase their recyclability and circularity levels.
- Help ensure the sector takes a proactive approach to cutting emissions.
- Ensure the confidentiality, availability and security of customer data.

## Value-added solutions

CIE Automotive provides the major original equipment makers and tier-1 suppliers the parts and subassemblies they need, when and how they need them. Delivery of this target in 2021, as set down in the company's Quality Policy, is particularly noteworthy considering the difficulties faced by the automotive sector due to the chip crisis and rising cost of raw materials, transport and energy.

In the post-pandemic context, the sales teams continued to offer, without interruption, a portfolio of over 7,000 value-adding SKUs, including a range of alternative technologies for a given part or subassembly, underpinned by a number of different programmes for covering their customers' needs and helping them respond to unfolding market trends.

The company is technologically prepared to keep pace with the various market trends, including that of increasing vehicle electrification. Currently, over 80% of its portfolio is fit for any type of vehicle, including electric and hybrid electric cars.

More recently, the company has been reinforcing its EV positioning in the battery, motor and electronics areas, as it waits for market volumes to take off, as set down in its 2025 Strategic Plan. In the EV segment it is collaborating with legacy customers (Renault, VW and Nissan, for example) as well as newcomers (e.g., Rivian).

### Outstanding performance

Thanks to the versatility of CIE Automotive's range and the work put in by its sales teams, the company managed to outperform the market by 11.5pp, helped in part by consolidation in the automotive parts sector in the wake of the pandemic.

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### Product families

Roof Systems



Structural, Chassis & Steering



Transmission and Gearbox



Interior and Exterior Trim



Engines



Commercial Vehicles



## Milestones by region



- Launch of a project for manufacturing seat tubing for a 100%-electric OEM.
- First deliveries at the engine factory in Silau of motor cover, transmission and oil panel parts.
- Penetration of a new Asian OEM to manufacture steering column parts, so expanding the customer segmentation.
- Delivery of battery parts for an American OEM from Mexico.
- Full development of transmission parts by the company's metal division in Mexico.
- Addition of a new painting line at the Pernambuco factory.



- New business with start of production slated for 2022: high volumes of plastic products for a 100%-electric OEM.
- Launch of new projects by the metal division for a new 100%-electric customer.
- New projects secured for heavyweight pure electric and hybrid vehicles by the facility in Metalcastello.
- Over €20 million of new business secured for 100%-NEVs.

*Thanks to the versatility of CIE Automotive's product range and the work put in by its sales teams, the company outperformed the market by 11.5pp, helped in part by consolidation in the automotive parts sector*



# Quality benchmarks

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CIE Automotive is renowned in the automotive parts industry for its total quality management. Its reliability and reputation are based on the continuous improvement of its products and processes by means of prevention, systematic revision, training and know-how sharing.

Those principles are enshrined in its Quality Policy, which was updated and segregated from the Health, Safety and Environment Policy in 2021. The Quality Policy sets down CIE Automotive's priorities vis-a-vis its customers.

The Quality Policy specifically mentions the development of products and processes framed by eco-design criteria and oriented towards efficiency, underpinned by the company's dual strategic commitment to quality and environmental protection, in line with its customers' concerns.

To that end, the company is working towards its goal of achieving triple certification at all of its factories by securing the corresponding quality management, environmental management and health and safety management certifications.

In addition to the ISO 14001 and ISO 45001 standards, CIE Automotive complies with the automotive industry's specific quality standard: IATF.

Evidencing CIE's commitment to data confidentiality, security and integrity, the company's central engineering area in Spain obtained the TISAX Label, based on ISO 27001 criteria, and there are plans to go after that certification in additional centres in other countries.

## Consumer health and safety measures

Although CIE Automotive has no direct contact with end consumers, dealing instead with the OEMs, it meets all the health and safety standards required of it by its customers, as well as upholding sector-specific regulations, such as the IATF standard (group delivery with which is shown in the certification snapshot table provided below).

The IATF 16949 standard is the international quality standard most widely used in the automotive industry and harmonises the different assessment and certification systems in the global automotive supply chain.



## Quality policy priorities

- ★ Customer protection
- ★ Proactive stance
- ★ Zero-defects mission
- ★ Service

## Global certification snapshot

	Total certifiable factories		IATF 16949		ISO 14001		ISO 45001	
	2020	2021	2020	2021	2020	2021	2020	2021
Europe (*)	45	44	44 - 98%	43 - 98%	42 - 93%	43 - 98%	38 - 84%	40 - 91%
North America	17	16	16 - 94%	14 - 88%	15 - 88%	13 - 81%	3 - 18%	9 - 56%
Brazil	12	11	12 - 100%	11 - 100%	12 - 100%	11 - 100%	6 - 50%	11 - 100%
Asia (India/China)	32	33	32 - 100%	30 - 91%	26 - 81%	26 - 79%	23 - 72%	25 - 76%
<b>Total</b>	<b>106</b>	<b>104</b>	<b>104 - 98%</b>	<b>98 - 94%</b>	<b>95 - 90%</b>	<b>93 - 89%</b>	<b>70 - 66%</b>	<b>85 - 82%</b>

\* Includes the factories located in Morocco and Russia.





## New certification agreement

CIE Automotive has entered into a global certification agreement with TÜV RHEINLAND for 2022-2024.

The agreement encompasses the three benchmark certifications, IATF 16949, ISO 14001 and ISO 45001 and, given its global coverage, all of CIE's manufacturing facilities.



## Management model

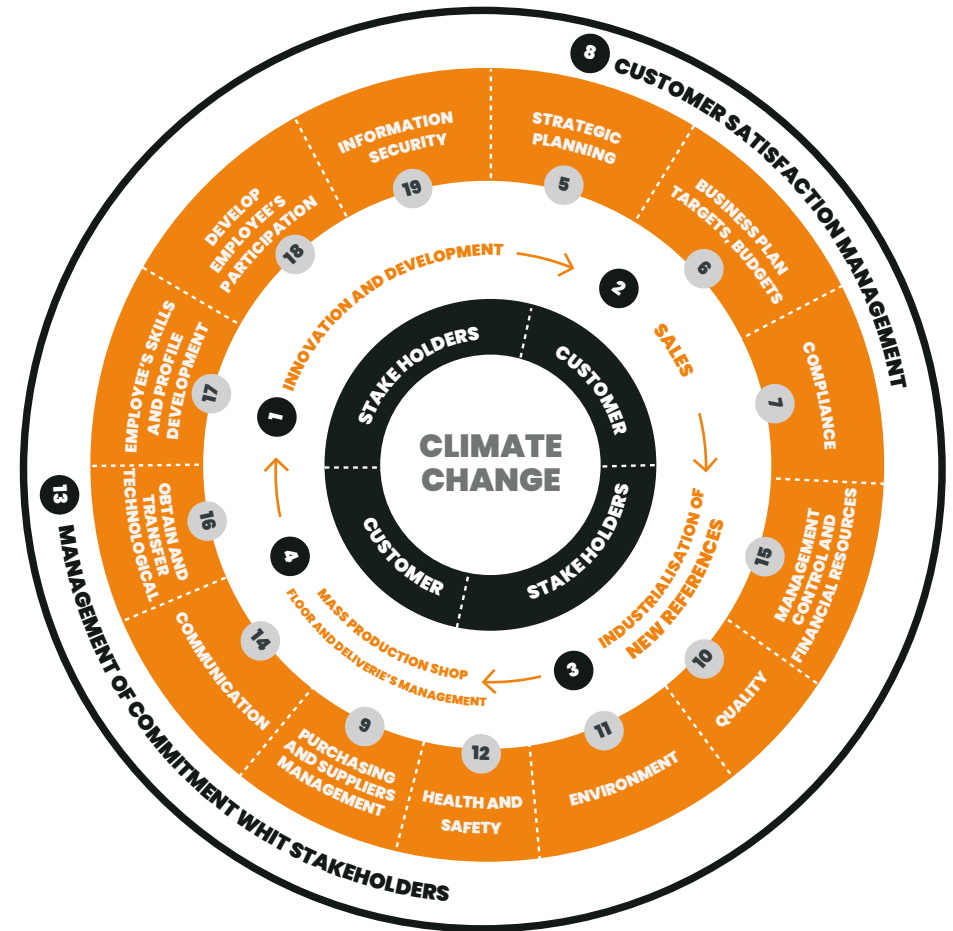
The management model is a global document defined by CIE for all its productive facilities. It includes elements that are foundational to CIE's culture:

- Mission
- Vision
- Values
- Stakeholders
- Process map
- Policies:
  - Quality
  - Environment
  - Health and safety
  - IT security

It is the base document, validated and verified by CIE's customers and by the certification firms, used by all of the factories to certify their management systems in accordance with the three benchmark certifications: quality management (IATF 16949), environmental management (ISO 14001) and occupational health and safety management (ISO 45001).

It is an ever-evolving document: first published in 2004, it is now in its eleventh edition.

Following publication of its 2025 Strategic Plan, CIE has fine-tuned its Mission, Vision and Values, its health, safety, environment and quality policies and also its process map, the latter in order to layer in IT security concepts and the most recent ESG commitments.



## CUSTOMER SATISFACTION

Customer satisfaction is the ultimate goal of CIE Automotive’s business activities and the key to its success. To that end it works tirelessly surpass expectations all throughout the customer relationship process: from the sales pitch and project management to on-time production and service, including a swift response in the event of any deviations and the purposeful gathering of feedback. The company’s customer pledge is tangible in CIE Automotive’s process map, where the customer lies at the centre with its satisfaction in the outer ring.

### Consumer claims, complaints and grievance systems

Despite all its best efforts, both preventive during the design and industrialisation phases and corrective during manufacturing, the likelihood of any deviation is present, which leads to customer claims. When that happens CIE Automotive needs to react immediately to prevent the supply of sub-standard parts and analyse in detail where things went wrong to definitively fix the root problem.

CIE Automotive’s global nature means any such remedies get applied to all potentially affected factories and/or technologies.

In line with the *modus operandi* in the automotive sector to which it belongs,

CIE Automotive manages the claims and complaints fielded from its customers (OEMs and TIER-1 suppliers) following the procedures stipulated in the terms of contract (as it does not have direct contact with end consumers, it does not have proprietary customer grievance management systems). The company did not receive any complaints related with end customer health or safety in 2021 o 2020.

### Confidentiality

CIE Automotive collaborates with its customers in order to provide innovative solutions for their projects. The nature of this development work means having to duly guarantee the confidentiality of sensitive information at the corporate and individual division levels. As a result, the company has designed a project to specifically protect confidential information, framed by the following lines of initiative:

- Benchmark international standards: ISO 27001, ISO 27005 and ISO/IEC 27002/2005.
- Guidelines and general principles for initiating, implementing, maintaining, and improving information security management in an organisation.
- Real-time management of information security matters.

The fact of upholding those standards earned the company the TISAX label following the first third-party audit of the central engineering centre. TISAX stands for Trusted Information Security Assessment Exchange. As a result, the company has generated and rolled out a new group-wide IT security policy and launched an internal TISAX audit plan.

### Certifications and accolades

Over the course of 2021, CIE Automotive’s factories across the various regions attained a multitude of accolades from their OEM and Tier-1 customers. Some of the most noteworthy are highlighted in the table below:

Customer	Factory	Country	Accolade
General Motors	Bill Forge	Mexico	SUPPLIER QUALITY EXCELLENCE AWARD
General Motors	CIE Celaya	Mexico	SUPPLIER QUALITY EXCELLENCE AWARD
General Motors	CIE Celaya	Mexico	GOLD AWARD
ICAP Rumania	CIE Matricon	Romania	GENUINE LEADERS

One more year moving forward together

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# Managing our EMPLOYEES' diversity

Over the past 25 years, CIE Automotive has demonstrated its ability to integrate people with different nationalities, cultures, values and skills. In 2021, CIE Automotive gave its diversity management a new boost with the creation of a Corporate Diversity Committee with the ultimate goal of fostering a sense of belonging and inclusion among the nearly 25,000 people who work at the group. In tandem, it remained strategically committed to international talent, relaunching its Ulysses programme despite the pandemic.



## Objective:

**Guarantee a decent and safe work environment framed by respect for diversity and inclusion, the reduction of inequalities and the provision of equal opportunities.**



## Lines of initiative:

- Creation of the Corporate Diversity Committee.
  - Committee's quantitative targets:
    - Under the 2025 ESG Strategic Plan, by 2025, 100% of the company's factories must have completed a diversity assessment.
- Post-covid relaunch of the Ulysses programme, in accordance with the 2025 ESG Strategic Plan, which quantitative objectives at the end of the plan, in 2025, are as follows:
  - Involvement of at least three countries, in addition to the host country, in the programme.
  - Two years after completing the programme, at least eight out of every 10 students must remain at the group.
- Continuous improvement of health and safety indicators and new certifications.

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# A diverse workforce

The CIE Automotive team was made up of 24,472 people in 18 countries on four continents at the end of 2021, in line with the year-earlier figure. Irrespective of their nationality, race, culture or gender, the company offers them a value proposition which includes decent working conditions, remuneration in line with the work they perform and the training and safety conditions needed to do their jobs.

In 2021, CIE Automotive hired over 7,000 people of differing nationalities, once again putting its ability to find common ground between people of different cultures to the test in order to foster a sense of belonging and encourage everyone at the group to assume a shared identity.

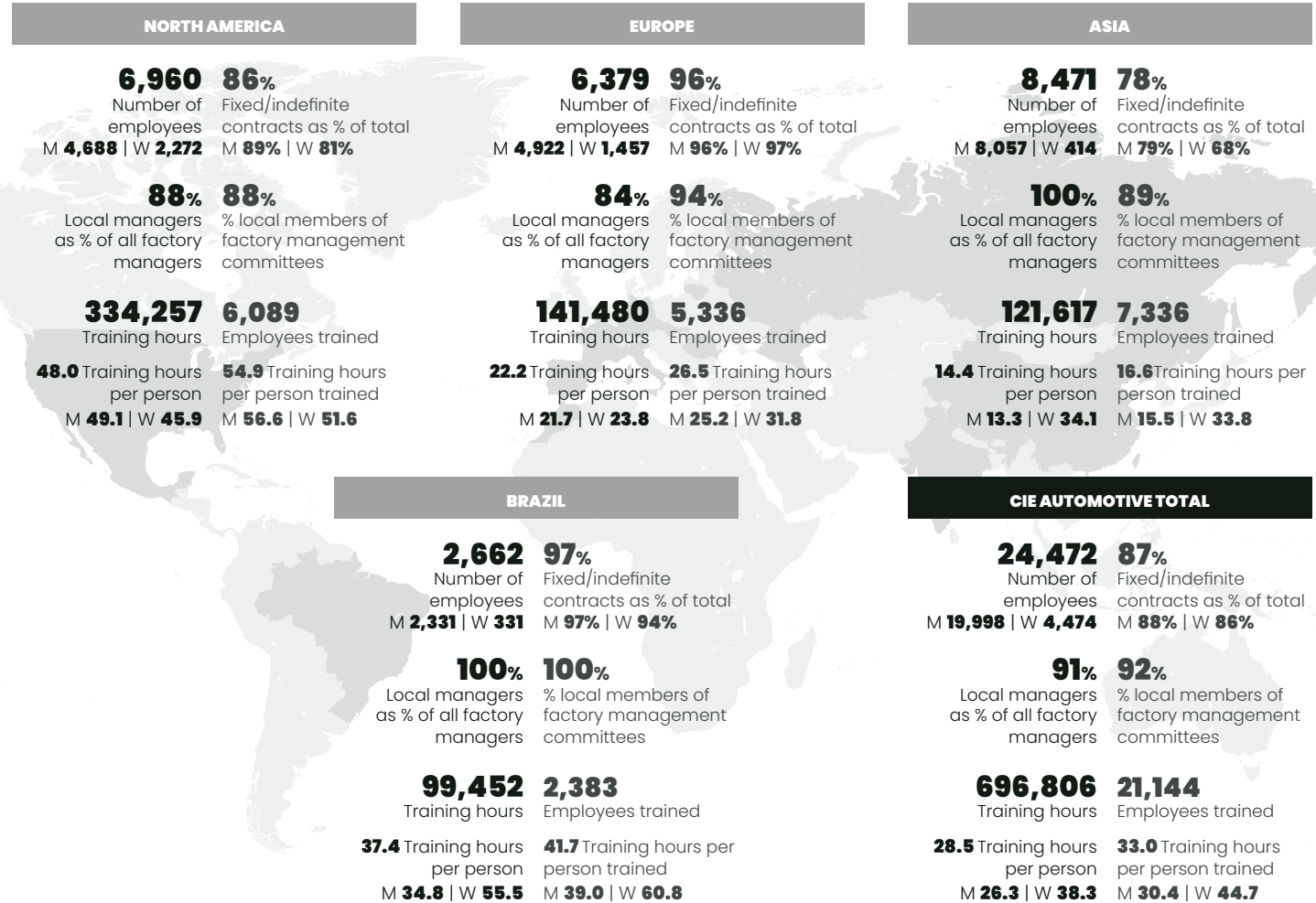
Proof of its commitment to local talent is the fact that nearly 91% of CIE Automotive's subsidiary companies are run by local managers. That commitment to local hiring in each market extends to the management ranks: of the roughly 700 members of the various management committees, 92% are local professionals.

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## Job map at CIE Automotive



> For the number of employees per country, see section "Data tables".

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Convinced that diversity is a source of value added, CIE Automotive encompasses a rich mix of genders, generations, education levels and skill backgrounds.

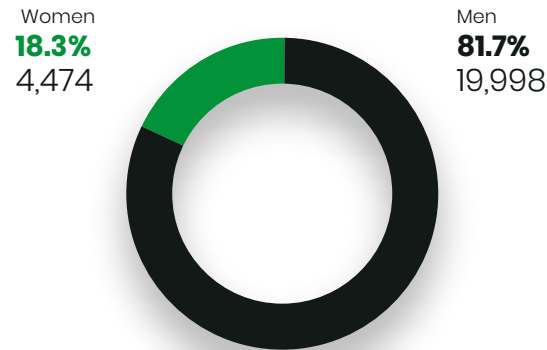
Twenty-six per cent of its employees are under the age of 30; 58% are aged between 30 and 50; and 16% are over the age of 50.

Gender-wise, 18.3% of the workforce is female, which, albeit low, is fairly standard in manufacturing, although 0.6 points higher than in 2020.

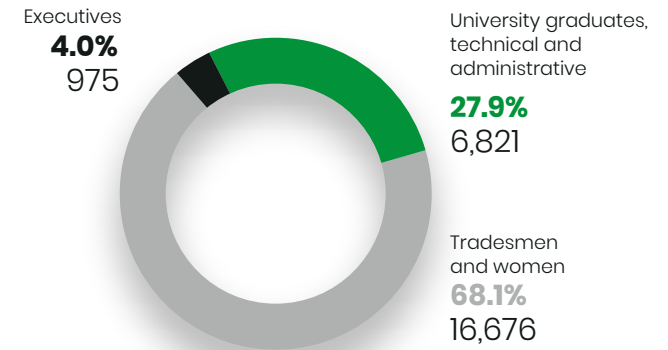
As for job category, and reflecting the group's industrial profile, 68% are tradesmen and women; however 28% are university graduates and 4% are executives.

People with some form of disability account for 1.1% of the headcount in 2021, a similar percentage to the previous year, when it stood at 1.2%.

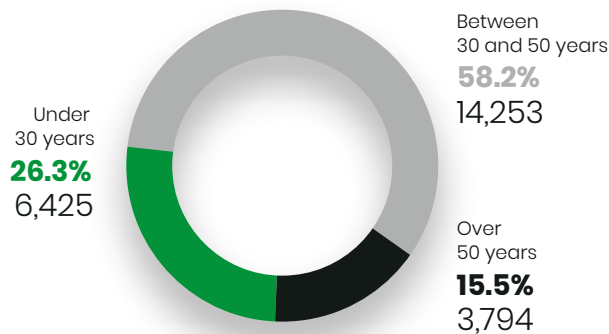
### Breakdown of the workforce by gender



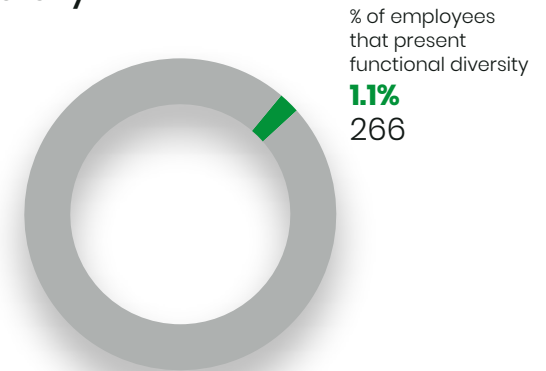
### Breakdown of the Workforce by job category



### Breakdown of the workforce by age



### Functional Diversity



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## EQUALITY AND DIVERSITY

As gleaned from the tables and charts above, gender, functional, geographic and cultural diversity is a distinguishing trait of the CIE Automotive team.

In 2019, CIE Automotive took new steps to embed diversity and equality as management objectives at its factories and in its corporate service departments, placing the emphasis on the plurality of nationalities and cultures – which is one of the company’s strengths with more than 90% of local

staff in management and steering committee positions –, the gender mix and the integration of people with differing abilities, in line with the United Nations Sustainable Development Goals.

Having analysed that year the sensitivity and engagement of its employees and leaders in this area (an analysis that involved more than 250 professionals, or 1% of the workforce), the company executed the resulting Action Plan,

which first milestone was the approval in 2020 of a Protocol for the Prevention and Handling of Workplace Harassment, which is binding across all group facilities. That protocol covers the prevention of mobbing and of sexual or gender harassment and includes a series of preventive measures, such as zero-tolerance towards harassment, shared employee responsibility for monitoring workplace conduct and the definition of communication programmes. The protocol, published

on the corporate website, has been signed as a commitment by all HR managers and directors at all CIE Automotive plants worldwide. In 2021, CIE Automotive received and handled five complaints related with matters covered by it.

In parallel the company continued to enhance its diversity management by taking a very significant step: the creation of a Diversity Committee made up of representatives from all regions.



# A truly representative Diversity Committee

The creation of the Diversity Committee was one of the biggest highlights of the company's human capital management effort during the year.

That committee, whose make-up is provided below, is made up of 14 people representing all of the group's geographic regions and areas of technology expertise. The members are of different genders, ages, nationalities and skill profiles, such that the panel is, as is only right, itself diverse. Its mission is to coordinate the group's diversity-related initiatives.

2021 was a year of arduous work for the committee which met, either in full or in sub-committees, on more than 10 occasions. Last year that work was essentially divided into two phases:

## PHASE 1

Elaboration of a Diagnosis and Inclusion Tool, common for each factory, in order to measure initial diversity in terms of gender, generation, functional ability, race and nationality, to be measured using:

- a. Diversity metrics (representing the various types of diversity).
- b. Talent practice metrics (recruiting and hiring, promotion, training, remuneration, performance evaluation and rotation).
- c. An inclusion questionnaire to layer the group's ways of doing things into the analysis.

## PHASE 2

Actual diagnosis or assessment work at the first factories, a total of eight in this first year of rollout, which are serving as a pilot for the tool.

CIE Automotive strives to act on the diversity front employing a philosophy and model that emulate those applied, successfully, in nearly all areas of its management, i.e.:

- a. Decentralised management and analysis of the data available using the recently created tool.
- b. Pooling of opinions gathered from each member of the Diversity Committee with respect to the specifics of his/her country, factory and/or division.
- c. Analysis and selection by the Diversity Committee of the forms of diversity to be managed on a recurring and periodic basis at all group facilities. The analysis initially refers to diversity in terms of gender, abilities, generations and cultures (nationalities and races/ethnicities). Going forward, however, that diversity universe could be modified or action taken in other areas of diversity without altering the original definitions.
- d. Establishing, one by one, common (group) and individual (factory, country or division) forward-looking targets and action plans on the basis of the starting assessment and situation.

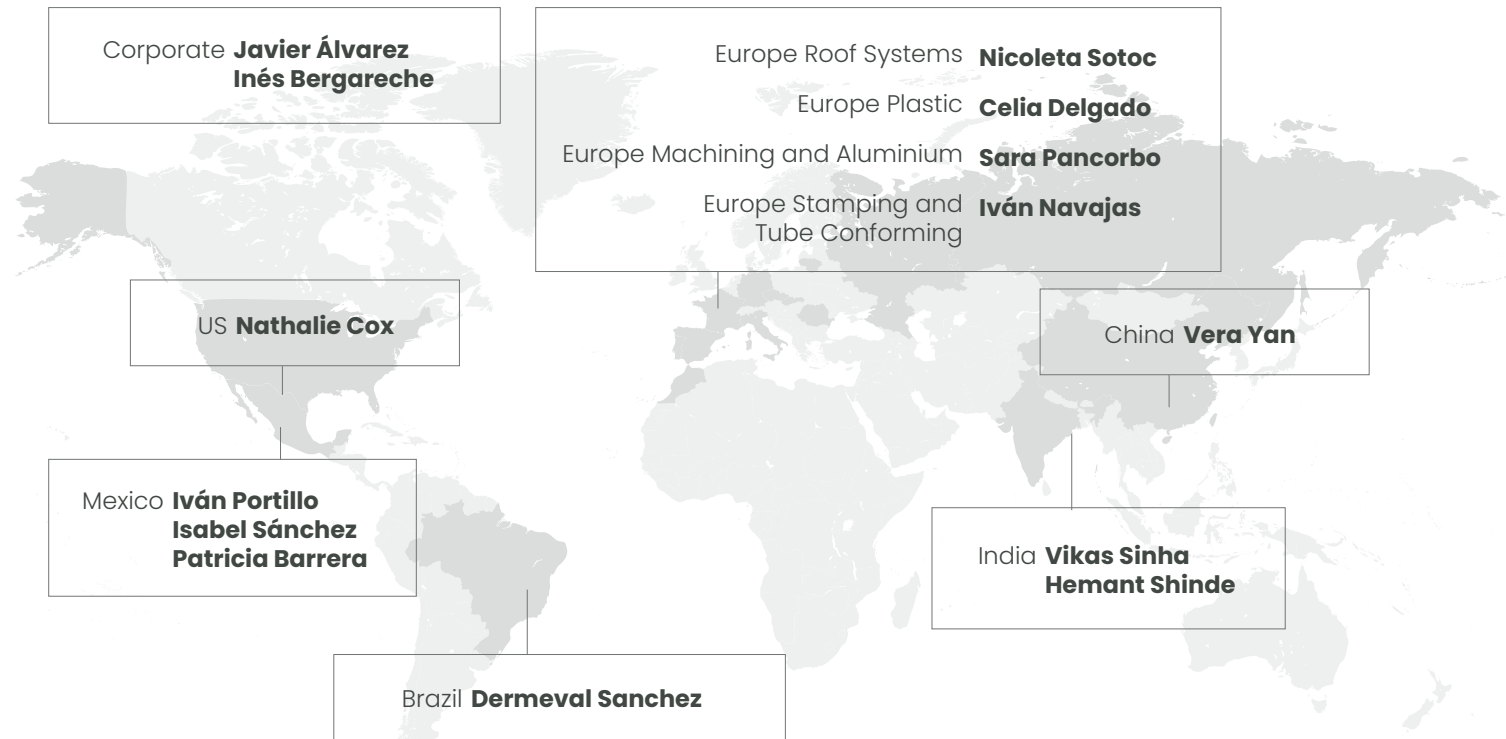
It is worth highlighting that although the Human Resources Department was initially the area most involved in developing the tool and carrying out the first assessments, the work performed involved contributions from countless departments and people across the organisation in a bid to ensure the most comprehensive and applicable results possible.

At the time of writing, framed by the 2025 ESG Strategic Plan guidelines, the company is carrying out 8 assessments in 6 countries with a triple purpose:

- Testing the new tool to detect possible errors or areas for improvement.
- Diagnosing the starting situation at those 8 facilities.
- Debate and establishment of internal targets at the factory level and potential corporate intervention in the event of identification of issues common to several facilities.

In 2022 and beyond, now that the tool has been created and vetted, the idea is to increase the number of assessments carried out across the group considerably and, in parallel, to launch action plans as needed on the basis of those assessments. The specific target included in the 2025 ESG Strategic Plan is for all CIE Automotive factories to have completed their diversity, equality and inclusion assessments by 2025.

## Members of the Corporate Diversity, Equity and Inclusion Committee





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## GENDER DIVERSITY AT CIE AUTOMOTIVE

CIE Automotive employs more men than women - 18.3% of its workforce is female - reflecting traditional male domination in the sector and still-limited access for women to certain STEM programmes at school and university. However, the percentage of female employees is higher than at other sector players and is rising on the back of the concerted female hiring effort. In 2021, 22% of new hires were women (compared to 21% in 2020 and 18% in 2019) evidencing CIE Automotive's gender diversity management efforts.

The organisation understands, moreover, that it should work to help increase the number of women taking STEM subjects at school and university. To that end it collaborated recently with the Wikigrado app. As indicated on that organisation's website, the app aims to show youths between the ages of 14 and 18 what they could learn in a given degree programme and what kinds of jobs a given degree may lead to, so that they have more information when taking a potentially very important decision for their futures.

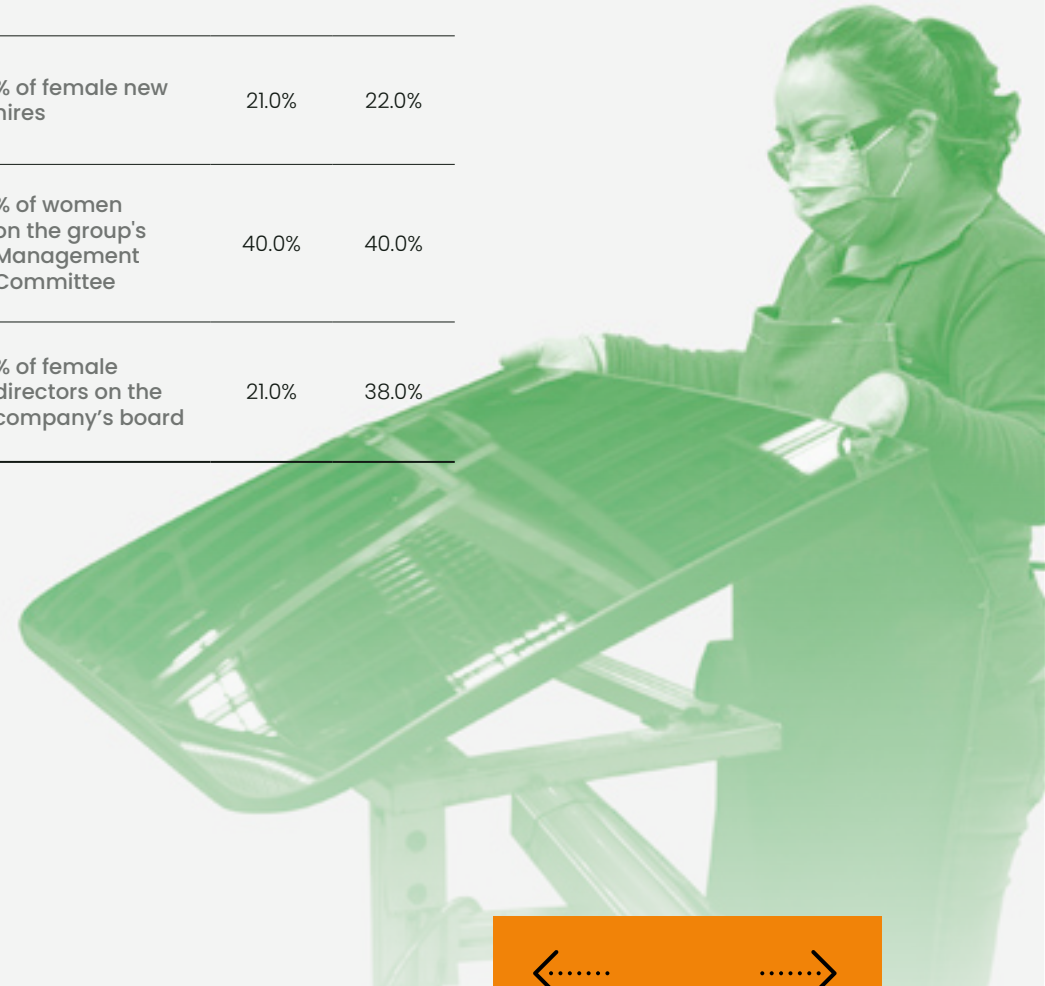
CIE Automotive participated in the "Mechanical manufacturing" module, showcasing the CIE Galfor factory, demonstrating in addition to the everyday work carried out at that facility, examples of some of its top female performers and their career development opportunities so as to launch a positive message that encourages women to stick with STEM subjects, inspired by the example provided by CIE and its people.

While the group is concentrating on gradually lifting the number of women at the organisation, the situation is very different in the company's top echelons, where female representation is among the highest in the sector.

Indeed, 40% of the group's Management Committee (four executives) is female. Meanwhile, the number of female directors increased to five in 2021, such that female boardroom representation stood at 38% by year-end, 17 percentage points higher than in the previous year.

## Gender indicators

	2020	2021
% of female employees	17.7%	18.3%
% of female new hires	21.0%	22.0%
% of women on the group's Management Committee	40.0%	40.0%
% of female directors on the company's board	21.0%	38.0%



**GENDER PAY GAP**

Despite the progress made in recent years to boost female participation at all levels of employment and responsibility at CIE Automotive, there is still a wage gap between men and women of 7% - unchanged from 2020 - which is attributable above all to the make-up of the various hierarchical levels in certain countries. The gender pay gap calculations are based on gross earnings per employee, including fixed remuneration and cash or in-kind bonuses (they do not factor in national insurance contributions).

Without adjusting for their geographic presence or job categories, women at CIE Automotive earn €15,796 on average, compared to the €17,064 earned by their male counterparts. Note that the average earnings

calculations include data for a wide variety of countries, aggregating the wages earned in our factories in Europe, the Americas and Asia. Moreover, the gender pay gap varies by job category. Among executives and university graduates, women at CIE earn more than their male peers, 21% and 8%, respectively, while in the most numerous job category, tradesmen and women, female employees earn 10% less than the men on average.

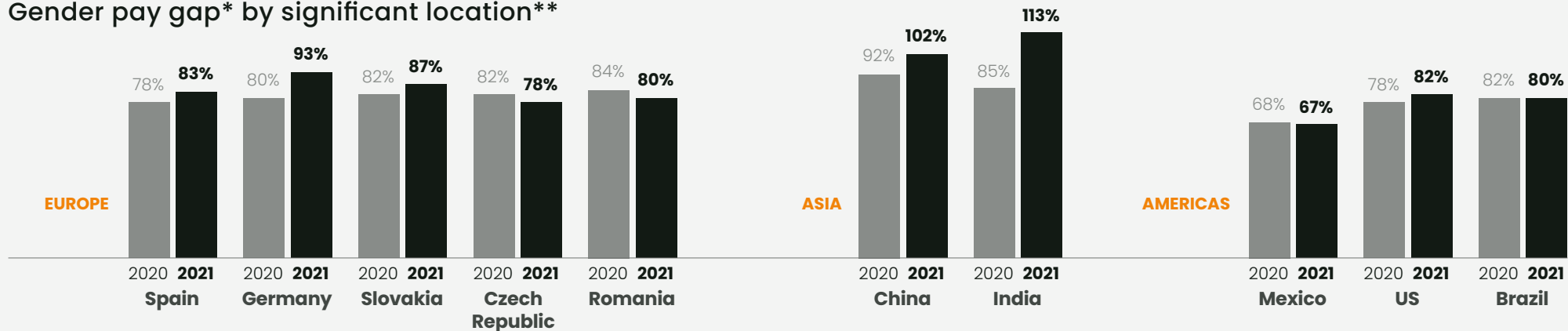
CIE Automotive believes there is room for improvement in the current figures and expects that, following approval of the ESG Strategic Plan 2025, the diversity assessments carried out at each factory and the resulting action plans implemented will ultimately drive an improvement in this metric.

**Gender pay gap**

	2020			2021		
	No. of people*	Average earnings	% gap	No. of people*	Average earnings	% gap
<b>AGGREGATE pay gap</b>						
Men	20,195	16,147	93%	20,311	17,064	93%
Women	4,288	15,004		4,509	15,796	
<b>Gender pay gap BY JOB CATEGORY</b>						
Executives - M	875	57,081	101%	867	60,895	121%
Executives - W	113	57,677		102	73,491	
University graduates - M	5,701	18,378	118%	5,660	20,541	108%
University graduates - W	1,156	21,692		1,198	22,142	
Tradesmen	13,619	12,584	86%	13,783	12,880	90%
Tradeswomen	3,019	10,846		3,210	11,595	

\* Average headcount.

**Gender pay gap\* by significant location\*\***



(\*) The graph above shows how much a woman earns in a given country as a proportion (%) of the average man's salary in that country.

(\*\*) Signification locations for these purposes refers to the countries in which the headcount at year-end exceeded 500 employees.



# Our employee value proposition

In all countries where it does business, CIE Automotive offers its employees a decent job, remuneration in keeping with their responsibilities and skills and the training needed to do their jobs, all in a safe and healthy environment conducive to career development.

The principles articulating this value proposition and human capital management at the organisation are set down in the company's Human Rights Policy. That policy complies with the provisions contained in the International Labour Organisation's fundamental conventions on the freedom of association and the right to collective bargaining.

Although all of the factory managers and HR heads endorse this policy (in 2021 it was accordingly signed by the heads of the new companies, CIE Hosur and RS Korea), thus committing to comply with and enforce it, a survey is undertaken annually to identify which plants present human rights violation risks and take any measures warranted. 100% of the factories filled out that survey last year, with all responding that they had identified no such risks.

COMMITMENTS	ACTION TAKEN IN 2021
Prevention of discriminatory practices.	<ul style="list-style-type: none"> <li>Creation of the Diversity Committee.</li> <li>Application of the Harassment Protocol in the five cases brought forward in 2021.</li> <li>Promotion of female access to STEM subjects (app collaboration).</li> </ul>
Zero-tolerance stance on compulsory or child labour	<ul style="list-style-type: none"> <li>None of the factories surveyed in 2021 identified risks of forced or child labour.</li> </ul>
Provision of decent work	<ul style="list-style-type: none"> <li>Remuneration aligned with the job, dedication and performance and above minimum wages in all regions.</li> </ul>
Protection of people's safety and health	<ul style="list-style-type: none"> <li>Preventive measures related with COVID-19.</li> <li>Reduction of the injury frequency rate and maintenance of the injury severity rate, improving upon the record levels of 2020 despite year-on-year significant growth in the number of hours worked.</li> <li>Of the total, 98% injuries were mild and only 2% were serious. There were no fatalities.</li> <li>Over 159 thousand hours of health and safety training, the second highest in the company's history, second only to 2020, when the pandemic implied an unprecedented increase in instruction related with the new scenario.</li> <li>Reduction in work-related ill health, from 33 cases in 2020 to 29 in 2021.</li> </ul>
Facilitation of collective bargaining and freedom of association	<ul style="list-style-type: none"> <li>58% of employees under collective bargaining agreements.</li> </ul>
Promotion of a culture of respect for human rights and employee awareness-raising in this area	<ul style="list-style-type: none"> <li>Almost 30 thousand hours of human resources training provided to nearly 9,000 group employees.</li> </ul>
Respect for indigenous and local communities	<ul style="list-style-type: none"> <li>91% of factory managers are local.</li> <li>92% of factory management committee members are local.</li> </ul>
Contribution to the effort to fight corruption and protect privacy	<ul style="list-style-type: none"> <li>Anti-corruption training was provided to numerous CIE executives in 2021.</li> <li>By 31 December 2021, 2 out of 3 CIE managers have been trained in ESG.</li> </ul>



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## EMPLOYEE REMUNERATION

CIE Automotive uses a ‘total comp’ remuneration model, which includes a fixed amount determined on the basis of the nature of each job and individual job performance. In addition, 7,648 employees received a bonus in 2021 as a result of delivery of set targets and/or excellent or improved performances.

Employee remuneration at CIE Automotive complies with and often exceeds the minimum wage requirements in each country. That fact is verified by the Human Resources Department whenever the company makes an acquisition to confirm compliance with the law and make sure incoming employees have the same entitlements as the rest of the group’s employees.

Besides wages, in 2021 the group provided its employees with a series of company benefits which enhance their and their families’ quality of living and entailed an investment of over €18 million.

Notably, in 2021 it provided €12 million in the form of health insurance or in-house medical services, such as:

- United Healthcare, among others, at certain US factories.
- Premium health checks in some instances in Slovakia.
- Private health insurance coverage at the Spanish, Brazilian, Chinese and Mexican factories, among others.
- Specific pandemic coverage built into the group’s travel insurance.
- In addition to that health coverage, CIE Automotive invested €6 million in the following food and transport assistance services:
- Fully or partially subsidised company canteens.
- Food vouchers (with and without tax benefits).
- Transport service for candidates for working at the Mexican factories.
- In-house buses and transport services.
- Company cars and transport vouchers.

Lastly, the company also strives to help its employees’ with their families’ education, earmarking €0.2 million to the following programmes: a university support fund at the Brazilian factories; prizes for children of employees at Mexican factories with the best academic records, and a higher education support programme at the factories in Portugal.



## DECENT WORK AND RIGHT TO COLLECTIVE BARGAINING

Respect and transparency govern CIE Automotive's relations with its employees. The group is committed to the provision of decent work and the right to collective bargaining in every market, framed by the universally recognised labour rights, as set down in the United Nations Global Compact.

The percentage of permanent contracts is high, at 87% in 2021 (88% among men and 86% among women), underpinned by high percentages across all regions: in Europe, 96% of all contracts are permanent, compared to 97% in Brazil, 78% in Asia and 86% in North America.

CIE Automotive respects its employees' freedom of association and right to collective bargaining, engaging with its workers' representatives not only in Europe but also in less unionised countries. In 2021, 58% of employees were covered by collective bargaining agreements.

Over the course of 2021, the company entered into 41 collective bargaining agreements (regional, sectoral and some factory-specific), compared to 39 in 2020, at a number of facilities in the following countries:



- ROMANIA
- CZECH REPUBLIC
- ITALY
- FRANCE
- SPAIN
- MEXICO
- BRAZIL
- CHINA
- INDIA
- GERMANY

The agreements oblige the company to uphold specific occupational health and safety criteria, this being one of the most important matters addressed therein. constituyendo estos uno de los temas de mayor importancia en dichos convenios.

## Coverage of agreements by country

COUNTRIES	WORKFORCE 2020	Employees covered by collective bargaining agreements 2021	%	WORKFORCE 2021	Employees covered by collective bargaining agreements 2020	%
Brazil	3,051	3,047	100%	2,662	2,654	100%
Czech Republic	628	176	28%	607	170	28%
China	1,570	347	22%	1,514	342	23%
France	338	338	100%	318	318	100%
Germany	879	818	93%	817	759	93%
India	6,745	2,683	40%	6,956	2,653	38%
Italy	439	436	99%	443	440	99%
Lithuania	221	0	0%	218	0	0%
Morocco	103	0	0%	101	0	0%
Mexico	5,460	3,694	68%	5,381	3,494	65%
Netherlands	4	0	0%	4	0	0%
Portugal	323	323	100%	296	296	100%
Romania	611	611	100%	560	560	100%
Russia	74	0	0%	65	0	0%
Slovakia	837	215	26%	654	161	25%
South Korea	0	0	0	1	0	0
Spain	2,333	2,208	95%	2,296	2,257	98%
US	1,582	0	0%	1,579	0	0%
<b>Total</b>	<b>25,196</b>	<b>14,896</b>	<b>59%</b>	<b>24,472</b>	<b>14,104</b>	<b>58%</b>

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## TRAINING AND CAREER DEVELOPMENT

CIE Automotive is aware that its competitiveness and sustainability over time depends to a significant degree on its employees' capabilities. To that end it provides them with new skills, offering them growth opportunities via training and mobility.

In 2021, the group imparted 696,806 hours of training, up 112,658 hours from 2020. The breakdown by job category was 21,923 hours for executives, 184,863 hours for university graduates and 490,020 hours for factory workers.

The majority of employees receiving training were men, four out of five, echoing the workforce's predominantly male make-up. However, the number of training hours provided to women (44.7 hours of training per woman trained) was higher than that received by their male colleagues (30.4 hours per man trained).

The training sessions were organised around all necessary safety measures to prevent the transmission of COVID-19, reducing attendees per session and providing the content online where possible.

The training provided emphasised traditional core areas of people management (health and safety, soft skills, and technical training) and other subjects that are relatively new in the world of business, such as ESG and human rights, a focus expected to continue in the years ahead.

The company has a Training Plan Procedure which outlines the various phases to be implemented when designing training plans at each group facility: identification of training needs, planning, definition, execution, evaluation and feedback. In addition, at the corporate level, a non-binding proposal is presented to the CIE Automotive factories each year itemising all of the training initiatives to be undertaken on a centralised basis in the year ahead. Those initiatives include sessions aimed at providing advanced management and interpersonal skills for individuals with certain abilities and/or potential, ESG training and training on ethics and conduct codes.

## Training hours by job category

Job Category	Hours		Total	
	2020	2021	2020	2021
Executives	24,476	21,923	850	843
University graduates	157,039	184,863	6,173	6,675
Tradesmen and women	402,634	490,020	15,375	13,626

## Training in 2021

	Men	Women	Total
Hours	525,360	171,446	696,806
Employees trained	17,310	3,834	21,144
CIE people	19,998	4,474	24,472
Hours per employee trained	30.4	44.7	33.0
Hours per employee	26.3	38.3	28.5

The group provided 8,533 professionals with 26,958 hours of human rights related training.

Mobility is one of the key measures for fostering career development at the

company. To that end the company collaborates with universities in each of its business regions and has agreements with technology centres and vocational training schools.

### Employees receiving training

	2020	2021
Employees receiving training	88.9%	86.4%
Male employees receiving training	88.2%	86.6%
Female employees receiving training	91.7%	85.7%

### Training on human rights

	Men	Women	Total
<b>2020</b>			
Hours	13,274	17,565	30,839
Trained people	6,258	2,295	8,553
<b>2021</b>			
Hours	18,374	8,584	26,958
Trained people	6,514	2,019	8,533

### Training in Occupational Risk Prevention

	Men	Women	Total
<b>2020</b>			
Hours	145,138	57,748	202,886
Trained people	14,065	3,327	17,392
<b>2021</b>			
Hours	120,556	38,604	159,160
Trained people	10,368	2,869	13,237



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## ORGANISATION OF WORKING HOURS

For CIE Automotive, the fact that work organisation is decentralised is a plus that enables it to introduce the flexibility and work-life balance measures the best suit each factory, division or country.

That being said, the most common measures across the group include: staggered work start and end times; fine-tuning of working hours to protect family time; the possibility of working from home; days of maternity and paternity leave beyond the legally stipulated minimum; and care for pregnant employees.

Among those widespread initiatives it is worth highlighting those designed to facilitate work-life balance and encourage joint responsibility for parenting; such measures were in place at over 80% of the group's workplaces in 2021.

CIE Automotive has also started to focus on the right to disconnect. At year-end, just like in 2020, eight workplaces in Europe had specific right-to-disconnect policies to ensure the required measures are taken to guarantee disengagement from work-related electronic communications (computers, company phones, etc.) outside of working hours and during leaves of absence and holidays.

In 2021 the absenteeism ratio was 5%, similar to that of 2020, implying the loss of 2.8 million hours of work (nearly 2.5 million in 2020). That is a relatively stable percentage, which is only partially manageable by the company as it is influenced by exogenous factors such as the pandemic, the age of specific groups of factory workers and the general economic situation in the regions where the company has operations.



# Resumption of the Ulysses programme, a bet on inclusion and mobility

Transmitting the same culture to all the people comprising CIE Automotive, no matter which country they work in, and raising their profile within the company by means of mobility are key aspects of the human capital management effort, as set down in the ESG Estrategical Plan 2025.

One of the most important initiatives designed to deliver that cohesion is the Ulysses Programme, a project that combines mobility and talent management, in which young Mexicans and Brazilians attend an outstanding vocational training centre in the Basque region of Spain before receiving on-the-job training at the company's legacy factories in Spain.

In that way it delivers four objectives: embedding the group's values; facilitating cross-country engagement down the line; generating intragroup relationships; and providing the group with professionals trained in excellence.

The Ulysses Programme had to be suspended in 2020 on account of the coronavirus pandemic. In 2021, however, the HR teams worked towards relaunching the initiative in the 2021/2022 academic year. Ten people of two nationalities (Mexican and Brazilian) are participating in the edition that kicked off on 7 February 2022 (it could not start as planned in September 2021 due to pandemic), which will involve seven productive facilities and one R&D centre.

The project is structured into two distinct phases:

## FIRST PHASE

During the academic phase, the students will receive technical training in metalworking, forging, polymers and aluminium, as well as cross-cutting training on entrepreneurship, innovation and lean manufacturing.

## SECOND PHASE

During the subsequent factory training phase, the students, depending on their academic backgrounds, the needs of the factories in their countries of origin and their personal interests, will spend several months working in a factory. Most of CIE's legacy facilities are involved in the project: CIE Orbelan, CIE Inyectametal, CIE Legazpi, CIE Egaña, CIE Galfor, Novarecyd and the new forging facility CIE Goain, as well as the Corporate Engineering Department and the Laboratory located in AIC - Amorebieta.

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## EMPLOYEE COMMUNICATION

The main channels used to reach out to employees are the dashboard and company intranet. The company also puts out a weekly newsletter with updates on the latest key developments from the economic, social and environmental perspectives.

Every two years each factory carries out a workplace climate survey. In 2021, the average outcome of the 27 surveys carried out was positive: 7.2 points out of 10. The results of those surveys are used to draw up annual or two-year plans for improving employee satisfaction.

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## Safe and healthy environment

The 2025 ESG Strategic Plan reaffirms employee health and safety as one of CIE Automotive's top priorities: 100% of the group's current facilities are aiming to be ISO 45001-certified by 2025.

Progress towards delivery of the factory certification goals set down in the 2025 Strategic Plan is detailed below:

- In 2017, which is when the plan was rolled out, 85 factories, i.e., all except those acquired or created subsequently, got involved in the certification mission. Of those 85, 68 were certified at year-end 2020 (80%).
- In 2021, the newly acquired and created factories (those operated by CIE Somaschini, CIE Golde, AEL and CIE Mapremex, and the company's greenfield facilities in Mexico, Spain, India and China) lifted the number of facilities in the programme to 103.
- Of those 103, 85 are currently certified, up 15 from 2020, implying a compliance level of 83%.
- CIE Automotive expects to certify another 13 facilities in 2022, which will boost compliance further, to 95%.

### Health and safety model

Occupational health and safety is managed on a decentralised basis. CIE Automotive has an outside safety service that covers the four legally-stipulated areas of accident prevention expertise and a health and safety officer at each of its productive facilities, more than 100 people worldwide in total.

That effort is shored up by a corporate health and safety department which regularly audits the factories and serves as contact point for issues related with occupational health and safety.

At the factory level, the safety staff inspect the adequacy of the company's facilities, conduct emergency evacuation drills, provide training, assist with incident investigations and carry out awareness drives.

Each factory has its own health and safety plan, which is put together on the basis of a framework system that is subjected to continual audit as part of the group's workplace safety management systems. This structure enables the company to adapt safety measures for each plant and evaluate the measures taken by it on this front as a whole. Individual action plans are formulated every year to deliver the targeted level of improvement defined on the basis of the prior year's performance. Every facility has a health and safety officer who, in addition to monitoring accidents and safety indicators, is tasked with ergonomics, making sure no-one is exposed to harmful substances, and physical and mental health monitoring.

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### COVID-19 SAFETY PROTOCOL

CIE Automotive has a dedicated COVID-19 Safety Protocol, which remained in force throughout 2021, applicable to all group companies, setting out personal safety precautions and what to do if a team member catches the virus. Each facility can take additional measures in response to its specific circumstances and risk assessments.

Employees who, despite the travel restrictions, needed to go abroad, enjoyed coverage from International SOS, a leader in medical assistance and safety services during international travel.

In 2020 the company took out specific COVID-19 coverage which it expanded in 2021 to cover any type of pandemic (not just COVID-19) that could emerge in the future.

### Health and safety training

Employees receive safety training tailored to the risks posed by their jobs. In 2021 CIE Automotive provided 159,160 hours to health and safety training to 13,237 employees (10,368 men and 2,869 women).

### Accidents and injuries

There were 447 accidents in 2021, 65 of which affected women and the remaining 382, men. Of the total, 98% (437) were mild and 10 were classified as serious, although there were no fatalities.

The injury frequency and severity rates continued to improve in 2021, reaching record lows, despite the undeniable additional risk implied by the pandemic and the increase in the number of hours worked in 2021 compared to the previous record, marked in 2020. Specifically, the severity injury severity rate was flat at 0.15, while the frequency rate declined to 8.66.

As for subcontractors, there were no serious accidents affecting the people employed at any manufacturing facility in 2021.

Turning to work-related ill health, the group detected 29 cases in 2021, 26 among male employees and the remaining 3 among female employees.

### Accident rates

	2020	2021
Lost-time injuries*	414	447
Cases of work-related ill health	33	29
Injury frequency rate**	8.90	8.66
Injury severity rate***	0.15	0.15
Absenteeism****	5%	5%

\* Injury: an accident occurring at work that causes at least one lost day.

\*\* Frequency: injuries per million hours worked.

\*\*\* Severity: days lost due to injuries per thousand hours worked.

\*\*\*\* Absenteeism: absences not substantiated by holidays or other leave.



# Quantitative HR targets – ESG

In the wake of presentation of the 2025 ESG Strategic Plan, the Human Resources Department has several related and clearly defined quantitative targets, namely:

**1. 100% of the group’s factories must have completed a diversity assessment by 2025.**

As already mentioned elsewhere in this report, in 2021 the company worked on the creation of the bodies tasked with diversity assessment, specifically the Corporate Diversity Committee, and on the design by the latter of the diagnostic tool, on the choice of the four areas of diversity to be worked on initially and on execution of the first eight pilot assessments. Having created the body tasked with diversity assessment and the associated tool, we expect the number of annual assessments to increase very significantly in the coming years.

**2. 100% of the group’s factories must be ISO 45001-certified by 2025.**

In 2021, four years ahead of that deadline, 85 factories were already ISO-45001 certified, implying delivery of 80% of that target. Note, additionally, that 13 more factories are on schedule to achieve certification in 2022, which will lift target delivery to 95%, three years ahead of the deadline set for 2025.

**3. 100% of the members of our factories’ management committees must have received specific ESG training by 2025.**

In 2021, four years ahead of the deadline for attaining this target, ESG training was provided to 67% of the nearly 600 members of our factories’ management committees, i.e., we have already achieved two-thirds of our target four years ahead of the delivery deadline.

We believe, therefore, that we are on the right track for delivering all of the targets set for us by 2025.



## HUMAN RESOURCES AREA

KPI	Objective	Deadline
Nº. of factories to have completed diversity assessment / Total group factories	100%	2025
Nº. of factories with ISO 45001 certification / Total group factories	100%	2025
Nº. of people trained / Total no. of people to be trained on ESG matters	100%	2025



One more year moving forward together

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# Partnering with the finest SUPPLIERS

The supply chain was key to the group’s ability to deliver its overall corporate targets in 2021. Just when it seemed as if the worst consequences of the pandemic were behind us, stockouts, raw material and parts price increases and inflationary pressure on shipping and energy costs put CIE Automotive’s purchasing model to the test. That model proved its worth in the most adverse of circumstances by enabling cost control, the purchase of quality services and, most importantly, uninterrupted supplies. All of which while embracing ESG criteria.



### Objective:

**Efficient and sustainable management of the supply chain in a complex environment, striving for operational excellence.**



### Progress made in 2021

- Progress was made on supplier management, particularly in the areas of measurement, procedures and training, and there was a new edition of the ESG awards for suppliers.

# Progress made in 2021

## Measurement

- Configuration of the Suppliers Portal as the tool for measuring the supply chain's ESG health.
- Quarterly tracking of the percentage of local suppliers and other supply chain KPIs needed to ensure smooth business management and good ESG practices.
- Performance of an ESG risk analysis matrix by product purchasing category.
- Execution of renewable energy supply agreements and other collaborative and energy efficiency projects.
- Boost to sustainable buying.
- Start of inclusion of the most important non-productive suppliers in Europe in the Suppliers Portal.

## Acknowledgements

- Consolidation of the ESG awards for the suppliers showing greatest commitment to the key issues.

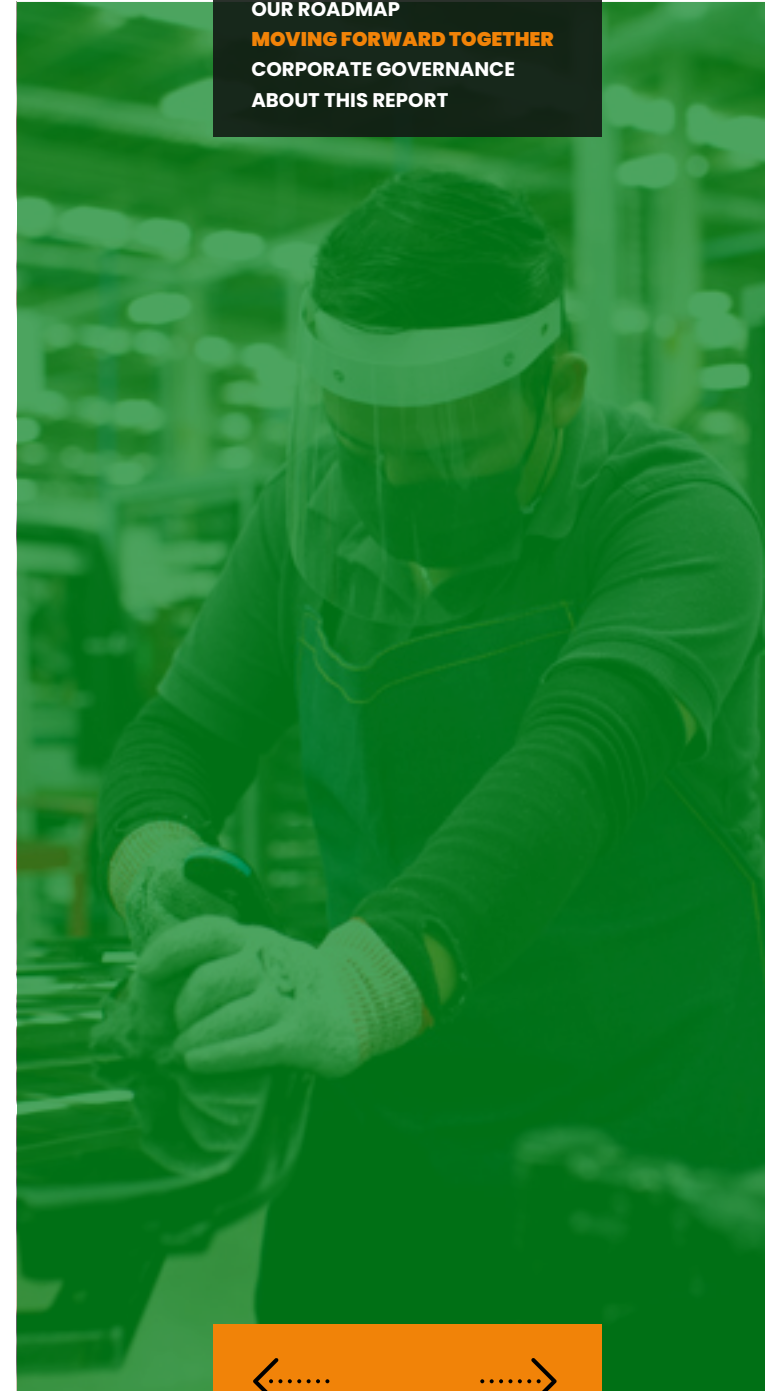
## Management procedures

- Reissue of the Global Supply Chain Manual in 2021, including new sections such as sustainable buying in CIE Automotive's policies and practices: critical raw materials, TISAX Label, etc.
- Renewal of supply chain procedures, policies and standards and their global distribution across the CIE Automotive group.
- Publication of a Conflict Minerals Policy.
- Reissue of the European general purchasing terms and compilation of uniform, region-specific terms in the various geographies: India, China, Mexico, Brazil, etc.
- Rollout of a project to obtain ISO 20400 Sustainable Purchasing certification.

## Training

- All the buyer teams in India, Mexico, China, Europe, the US and Brazil received in-house ESG training.
- Organisation of seminars to address suppliers' questions about ESG matters.

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CIE Automotive successfully tackled the difficulties derived from the logistics tensions in 2021 thanks to correct alignment between supply chain management and the pillars of its business model. Framed by that model, the group procured over €2.3 billion worth of goods and services and managed more than 24,000 suppliers worldwide.

The issues besieging the supply chain highlighted the importance of having professional buyer teams and the competitive advantage wielded by a clear supply chain management model and strategy such as those of CIE Automotive.

Indeed, the corporate and local teams were able to swim against the tide and procure the goods and services the group needed, underpinned by its Purchasing Mission and Policy, decentralised management strategy, operational excellence and the integration of ESG criteria into all decision-making.

	2020	2021
Purchasing volume	>€1.9bn	>€2.3bn
No. of suppliers	≈ 23,000	≈ 24,000

## Purchasing Mission and Policy

With the aim of building a solid base of suppliers and partners, facilitating all group companies' acquisition of goods and services on the best possible terms, CIE Automotive has defined a Purchasing Mission and Policy.

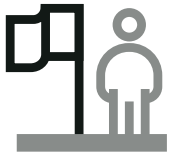
The scope of the Purchasing Policy covers negotiations, project adjudication and the purchase of services and products. Management of 11 purchasing families is covered by the Policy. The Policy proved a particularly useful guide for the buyer teams in the complexity that marked 2021.



## Purchasing mission

### PROFESSIONAL GROWTH

Helping the people working in purchasings to grow professionally and personally.



### ECONOMIC RATIONALE

Seeking out financial logic, striving to minimise the total cost.



### OPERATIONAL EXCELLENCE

Managing our operations effectively, seeking out operational excellence.

### PURCHASING MISSION

Acquiring, in the global supply market, the materials and services needed to ensure smooth manufacturing operations for CIE Automotive.

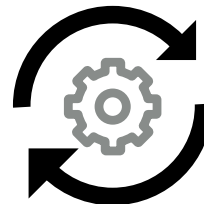
### VALUE CREATION

Fostering value creation, quality of living, personal and product/service safety, environmental care, social responsibility and internal and external customer orientation.



### BENCHMARK MANAGEMENT

Being a management role model for our customers, suppliers and society.

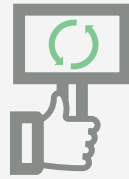




## Purchasing policy



**OBJECTIVITY, TRANSPARENCY, FAIRNESS and NON-DISCRIMINATION** in relations with all suppliers and partners.



Striving, **INTERNALLY AND EXTERNALLY**, to **CREATE AWARENESS** of the importance of environmental protection efforts, in keeping with health and safety regulations and labour rights.



**ENSURING** that the **QUALITY** of the products and services purchased meet the group's technical, safety, environmental and human rights standards.

Identification and accomplishment of group synergies.



**MAXIMISATION** of the **MOTIVATION** and **ENGAGEMENT** of the CIE Automotive professionals devoted to purchasing, providing them with the training needed to do an excellent job.



**ALIGNMENT** between the **STRATEGY** and efforts of the Purchasing Department and the accomplishment of the established **CORPORATE OBJECTIVES**.



Implementation of **PROCEDURES AND CONTROLS** designed to ensure objective and fair adjudication.



**DEVELOPMENT** of long-term **COLLABORATION AND INNOVATION AGREEMENTS** with suppliers.

Search for mutual understanding and benefits in supplier relations.

Contribution to suppliers' process development.



**FOSTERING SUSTAINABLE BUYING** of goods, energy, alternatives to dangerous or toxic chemicals, etc., framed by CIE Automotive's corporate policies and commitments.



**COMMITMENTS**, across the entire supply chain, to supporting and delivering the **10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT**, of which CIE Automotive is a signatory.



Performance of **SUPPLIER SELECTION** on the basis of objective criteria that measure product and service quality, as well as **ESG CRITERIA**.

## Purchasing product families

### Productive purchase

#### Raw material

- Steel
- Aluminum
- Plastic
- Alloying materials
- Raw material tools

#### Tooling

- Control tooling
- Machining
- HT & welding
- Stamping tooling
- Moulds
- Tube forming
- Spare parts
- Repairing & modifications

#### Components

- Bar-turning
- Stamping
- Forging
- Foundry
- Motor components
- Sintering
- Thermoforming
- Tissue
- Injection & Overinjection
- Glass

#### Logistics

- Transport
- Storage

#### Subcontraction

- HT
- Superficial coating
- Foundry
- Forging
- Stamping
- Machining
- Inspection & assembly
- Cutting
- Welding

### Non productive purchase

#### MRO

- Pneumatic
- Hydraulic
- Mechanical
- Electrical
- Electronics
- Technical service
- Fire extinction
- General maintenance

#### Energy

- Water
- Electricity
- Gas
- Fuels

#### Environment

- Waste procesing
- Sanitary
- Environmental consumables

#### Other consuptions

- Chemical
- Packaging
- Cutting tools
- Industrial supply
- Welding
- Office consumables
- Ppes&clothes
- Industrial gas
- Hardware & software

#### Professional Services

- Consulting
- Audit
- Industrial design
- Insurance
- Data procesing
- Communication
- Cleaning
- Medical service
- Travelling
- Human resources
- Security services
- Marketing

#### Investments

- Machinery
- Equipments
- Buildings
- Others

## CONFLICT MINERALS POLICY

Despite the fact that the group insists on the requirement to refrain from using conflict minerals directly or indirectly in a specific questionnaire on the Suppliers Portal, in its general terms of purchase and in the Global Supply Chain Manual, CIE Automotive decided it was necessary to be even more forceful about this obligation, to which end it has published a dedicated Conflict Mineral Policy.

Note that in 2021, 100% of the suppliers CIE Automotive works with who are registered on the Suppliers Portal reported to either not using so-called mineral conflicts or, if used in their productive processes, to being able to guarantee that they were not sourced from conflict regions.

*In 2021, CIE Automotive edited its Conflict Minerals Policy to reinforce its requirements in this area*

## "GLOCAL" management

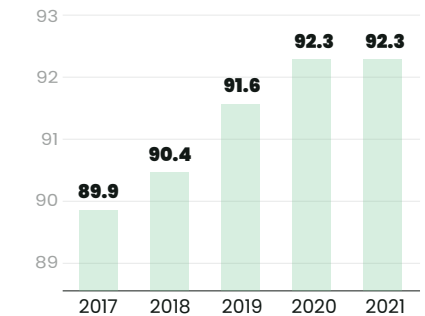
CIE Automotive takes a GLOCAL approach to its purchasing model, i.e., it is managed globally but with a significant level of local application and adaptation. That decentralisation is possible thanks to excellent leadership, which in turn enables the diversification of purchasing teams, who can get closer to decision-making centres, detect positive and negative business impacts for themselves and make the most of emerging opportunities.

CIE Automotive's long-standing strategic commitment to local business communities has turned out to be a major advantage in pandemic and post-pandemic times by reducing logistics costs and tariffs, mitigating exchange rate risk and facilitating the management of non-financial matters in a closer and more committed environment.

In 2021, 92.3% of the suppliers were local and accounted for 79.9% of all group purchases.

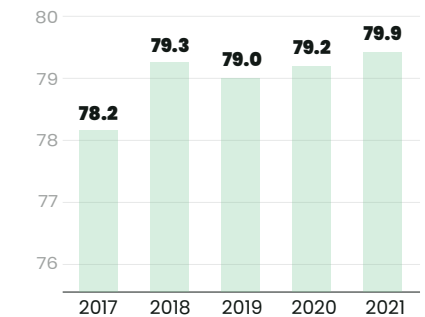
By leveraging this model of local (on-shoring) and regional (near-shoring) sourcing, CIE Automotive manages to overcome cultural, linguistic and time zone differences, as well as logistics issues. Another advantage of the model is greater regulatory harmonisation.

### Local suppliers, % of total



### Purchases from Local suppliers, %

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# Operational excellence

Supply chain operational excellence and standardisation are essential to achieving the following shared strategic targets: standardisation of procedures, certification of suppliers, implementation of management tools, integration of ESG criteria and control of risks.

## Standardisation of procedures

In a business as global as the automotive industry, supply chain management is growing increasingly complex. CIE Automotive has articulated a system around internal procedures to manage its suppliers end to end.

The goal is to effectively and consistently evaluate supplier performance and guarantee that the supply chain meets sector, legal and regulatory requirements and standards, whether local or international, as this is key to business continuity.

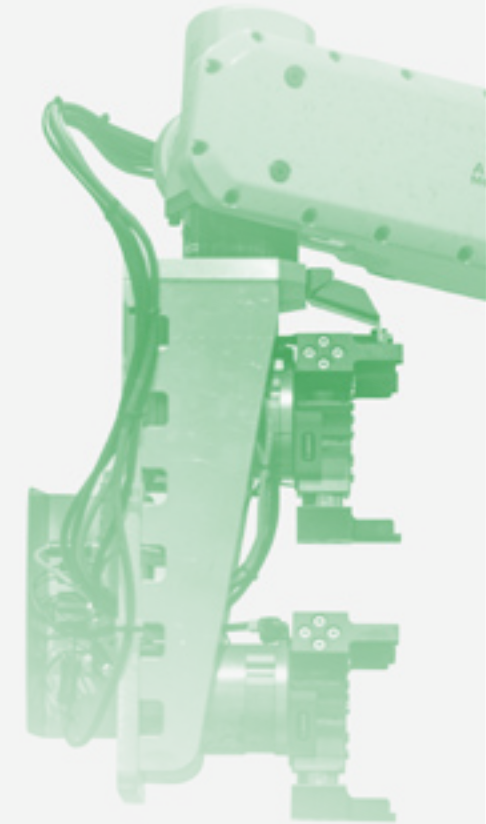
In 2021, the corporate purchasing team made significant progress on aligning documentation across the various regions where the group operates, essentially by unifying two of its most important documents:

- **General Terms and Conditions of Purchase:** standardised across the various countries, irrespective of the different technologies or divisions active in each.
- **Global Supply Chain Manual:** its use has been standardised and minimum standards have been introduced for all countries, regardless of the factories' geographic location.

Having developed, verified and approved the system, procedures, tools and documentation, the corporate purchasing team evaluates, controls, reviews and fine-tunes everything before rolling out and communicating the strategy.

The buyers, located at the factory, division and corporate levels, work to make sure CIE Automotive's principles are upheld, so complying with the group's legal, quality and sustainability standards and obligations.

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## SUPPLIER CERTIFICATION PROCESS

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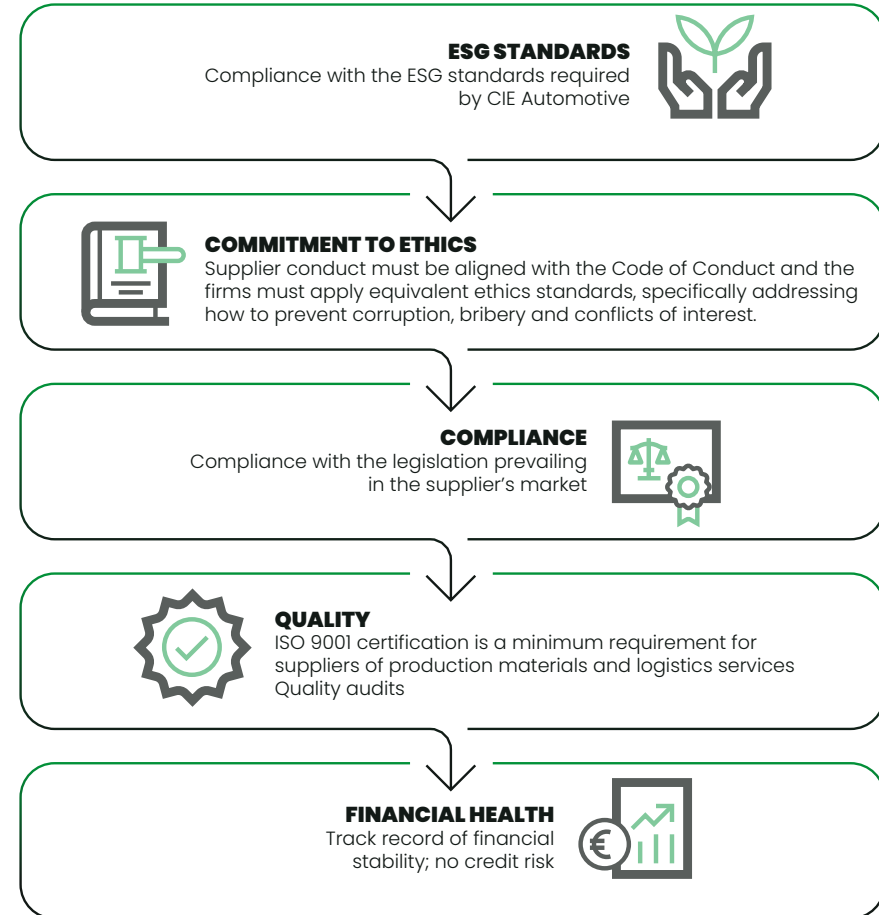
The requirements demanded of suppliers are aligned with their classification as a function of the product or service they supply. Over 90% of CIE Automotive suppliers of the product families deemed subject to assessment are IATF 16949 or ISO 9001 certified; environmental certification under ISO 14001 and health and safety certification under ISO 45001 are also positively rated. A new IT security requirement was introduced in 2021 (TISAX).

Suppliers that do not hold these certifications are required to draw up a work plan for obtaining them or presenting accreditation from a third party attesting that they meet CIE Automotive's requirements.

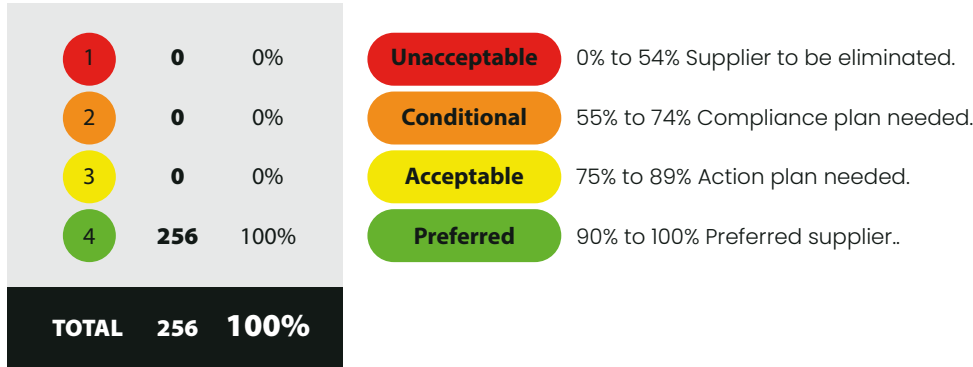
Supplier evaluations are rounded out by audits which assess and score them on the following parameters: planning, reception, training and skills, process, maintenance, inspection, packaging, storage, continuous improvement and environmental performance, customer satisfaction, documentation and ESG criteria.

CIE Automotive's supplier management model attaches key significance to the audits it conducts to assess their suitability. Note that assessment of supplier performance along ESG performance criteria is a consolidated feature of the audit procedure.

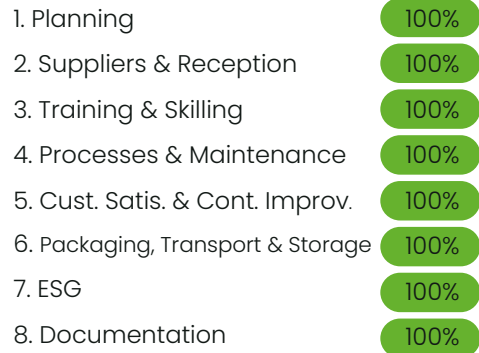
## REQUIREMENTS for becoming a CIE Automotive supplier



## Supplier performance level



### Index by section



### Final audit outcome (refer to disqualification rules)



#### Disqualification rules:

- Two subsections < 74% implies a rating of **ACCEPTABLE**
- Three subsections < 74% implies a rating of **CONDITIONAL**
- Four subsections < 74% implies a rating of **UNACCEPTABLE**

*In 2021, the group conducted 420 audits, up from 353 in 2020*

The results of the audits may be shared with the supplier. On other occasions it is the supplier that conducts a self-assessment which is then corroborated by qualified CIE Automotive professionals.

Thanks to that system, the company was able to continue with its customary certification procedures without diminishing the quality of the results: in 2021 it completed 420 audits, up from 353 in 2020.

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In several sections of the audit, specific mention is made of critical environmental and workplace safety criteria and the suppliers are explicitly audited on those matters. In addition, in the ESG section, the company verifies that existing and newly audited suppliers' processes comply with the environmental, social and governance requirements CIE Automotive endorses and promotes in its supply chain.

*In 2021, 25% of all suppliers of productive materials evidenced environmental certification under ISO 14001, which is stable by comparison 2020.*



## RISK MANAGEMENT AND CONTROL TOOLS

308-1

414-1

### Suppliers Portal

After several years consolidating use of the Suppliers Portal by suppliers of productive materials around the world, in 2021 the group started to add European suppliers of non-productive products to the platform in an attempt to standardise its most important suppliers in terms of purchase volumes.

The Suppliers Portal is an online platform that is free to use and accessible from the Supply Chain tab on the corporate website. Existing and prospective suppliers of products and services to CIE Automotive can register on the portal. It delivers two targets: (i) it facilitates access for new suppliers and their prior assessment; and (ii) it provides a channel for submitting enquiries to purchasing managers.

At present, **3,750** suppliers are active on the portal; over 50% of them have received a positive rating and so joined the pool of suppliers, while the remainder have received information about how to complete the process and/or improve their scores, with support and feedback from CIE Automotive.

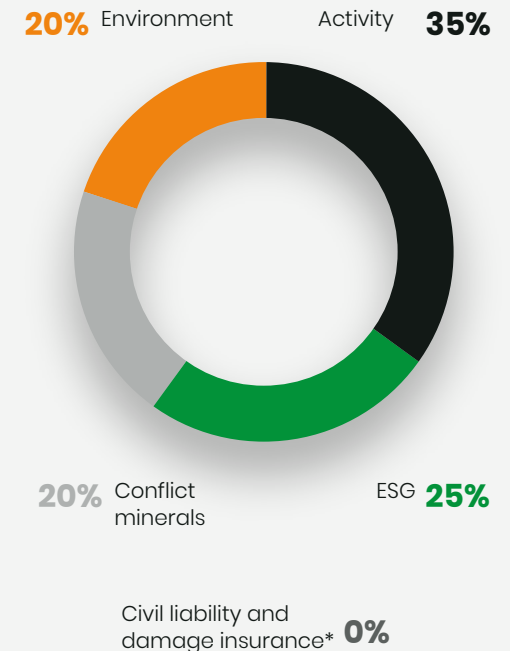
The global rollout of the Supplier Portal guarantees **standardisation of the purchasing process framed by identical criteria of objectivity, impartiality and equal opportunities across all geographies**. Registering suppliers need to answer five questionnaires about:

- **Business management:** suppliers in possession of valid quality management certifications are prioritised.
- **Environmental management:** assessment of suppliers' environmental performance; the portal gives additional points to suppliers with environmental management certification and those that control their waste and emissions, among other aspects.
- **ESG management:** supplier candidates are asked to provide information about their ESG certifications and compliance with the United Nations Global Compact requirements.
- **Conflict mineral management:** suppliers are required to abstain from using the so-called conflict minerals (tin, tungsten, tantalum and gold) and if they do use them, they must guarantee that they do not come from areas of armed conflict, such as the Democratic Republic of the Congo.
- **Accident and civil liability insurance:** CIE's risks are minimised if it can verify that its suppliers are covered against potential contingencies.

The various questionnaires help the company assess a supplier's level of management, commitment and progress, to which end the candidates are required to attach supporting documentation by way of evidence; the questions are framed such that the responses enable objective and transparent assessment.

All of this information is available for consultation on the "Supply chain" tab of the corporate website. A non-web version, with the same assessments and scoring system as the web-based platform, has been created for suppliers that encounter difficulties in registering with the Portal.

### Questionnaire categories and weightings



\*Recently included information.

The data harvested from the Suppliers Portal reveals that around 78% of existing and potential suppliers that have completed the registration process have formulated and distributed a code of conduct; 25% have attached ISO 14001 environmental management certification; and 100% report to not using conflict minerals or, in the event they use them, can guarantee they are not sourced from conflict-affected areas. All registered suppliers state that they are not involved or complicit in any form of child or compulsory labour.

**Global Supply Chain Manual (GSCM)**

The Manual Global Supply Chain was reissued a number of times in 2021 with the aim of aligning it with CIE Automotive’s business reality and all the latest ESG requirements. It is a true reflection of the company’s supply chain schematics and procedures and details graphically and in plain language the Mission, Purchasing Policy, the various product and service purchasing categories, the purchasing flowchart, the associated internal procedures and the ESG requirements suppliers must meet in order to work with CIE Automotive.

The more recent additions address to:

- TISAX
- Conflict minerals
- Critical materials
- Crisis management
- Anti-corruption and the Whistle-Blowing Channel

**78% of registered suppliers has a code of conduct; 25% attach ISO 14001 certification; and 100% report to not using conflict minerals.**

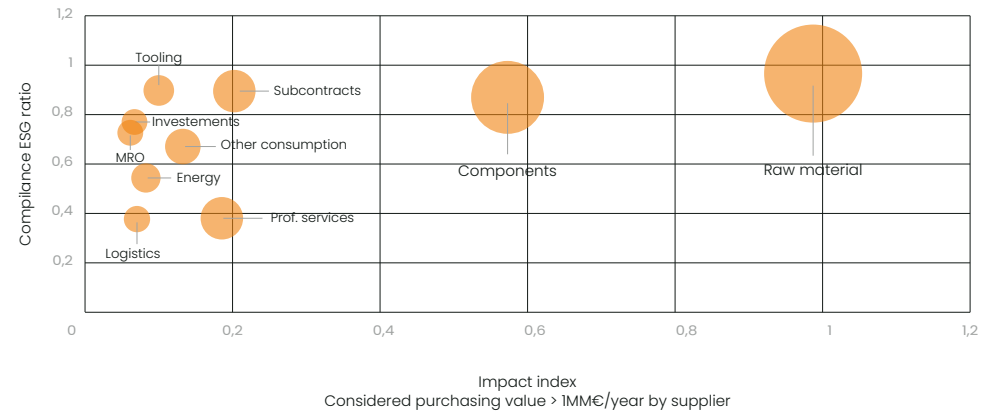
**ESG risk matrix: ESG audits and supplier certification**

In 2021, CIE Automotive drew up a supply chain risk impact matrix. The purpose of the risk mapping process is to pinpoint, prevent and mitigate environmental, social and governance risks in the supply chain. Based on its segmentation of the above-mentioned product purchasing families, CIE Automotive based its analysis on the number of active suppliers that, in each family, have best integrated (on the basis of reported and measurable information) the ESG requirements demanded by the group (registration

on the Suppliers Portal; endorsement of the ESG Commitment document; audits/general terms of purchase).

The outcome is that the purchasing families associated with higher expenditure volumes are the categories that present higher - measured - ESG compliance and, therefore, present controlled risk levels, thanks to actions and collaborations undertaken by the group over the past few years.

The matrix sets the roadmap for future internal management initiatives (audits, additional control measures, etc.) in order to continue to contribute to the solidity of the supply chain.





# Integration of ESG criteria in the supply chain

CIE Automotive expects all its suppliers to uphold its commitments to respecting human rights, living wages, environmental protection and the prevention of corruption, framed by the sixth pillar of its business model: the integration of ESG standards into management. That undertaking, which is formally set down in the Purchasing Policy, is communicated to suppliers by means of the following channels:

- Corporate website.
- [General terms and conditions of purchase.](#)
- [Global Supply Chain Manual.](#)
- Suppliers Portal.
- [Endorsement of the ESG Commitment.](#)
- Execution of agreements that make specific mention of ESG commitments.
- Work meetings and/request for quotation (RFQ) processes.

Ninety per cent of CIE’s suppliers have pledged to uphold the company’s ESG requirements by signing the ESG Commitment, registering in the Portal or accepting the general terms of purchase.

As a result, CIE Automotive is in a position to state that its global supply chain is free of suppliers that pose a significant risk of presenting incidents of child or forced labour, unfair treatment, discrimination or any other practices that imply putting profits ahead of social, environmental and/or ethic concerns.

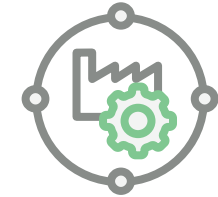
### Definition of the ESG indicators

The supply chain plays an important role in the delivery and measurement of the strategic KPIs itemised in the 2025 ESG Strategic Plan, as, of the group’s almost 80 indicators, 18 are related to the supply chain area.

The corporate Purchasing Department’s mission is to set the strategy and procedures

for complying with the strategic objectives set by the Board of Directors. The status of the established indicators is monitored facility by facility on a quarterly basis by the corporate team together with the production plants.

In addition to those KPIs, CIE analyses the financial health of its suppliers to ensure supply continuity throughout the life of the project in question. That analysis includes the search for the ideal sources of energy in terms of cost and environmental considerations.



## SUPPLY CHAIN AREA

Example of three of the 18 KPIs	Objective	Deadline
No. of countries to have embedded ESG criteria into their purchasing processes / Total number of markets in which the group operates	100%	2021
No. of suppliers with annual purchasing volumes of >€1m that have been audited and/or self-assessed along ESG criteria during the Plan horizon	25%	2022
% Local suppliers / Total suppliers over total expenditure during the period	>70%	2023

Targets met in 2021



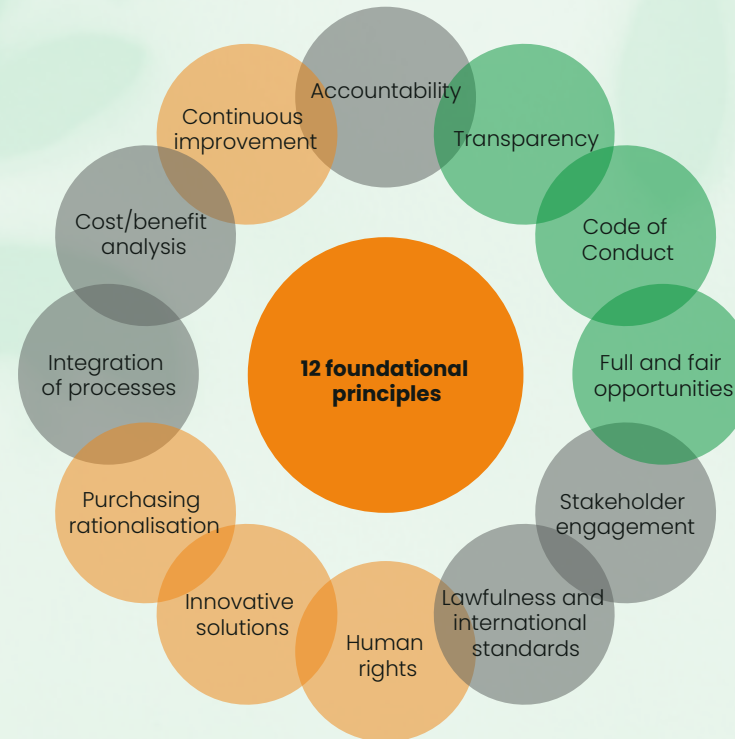
## CIE AUTOMOTIVE LAUNCHES ITS PROCESS OF BECOMING CERTIFIED IN ISO 20400 SUSTAINABLE PURCHASING CERTIFICATION

In 2021, CIE Automotive's Purchasing Department embarked on the process of obtaining ISO 20400 Sustainable Purchasing certification with the aim of ensuring its management model is aligned with best sustainability practices.

The company is aware that purchases constitute a powerful instrument for any organisation looking to act responsibly and make a meaningful contribution to sustainable development and delivery of the Sustainable Development Goals (SDGs).

Sustainable purchasing has a high positive impact on the organisation, suppliers, investors, society and other stakeholders.

The ISO 20400 standard ensures sustainable purchasing management on the basis of 12 foundational principles



Principles aligned with the UN's 17 Sustainable Development Goals (SDGs)



The committee that developed and is responsible for this international standard is the ISO/PC 277.

## Supplier dialogue and communication about ESG

In a bid to better explain to suppliers what is expected of them on the ESG front, the group has rolled out an initiative called “CIE Automotive and its supply chain”. That initiative has translated into online and in-person ESG training for buyer teams in India, Mexico, China, Europe, the United States and Brazil. In addition, more than 100 people from the purchasing team participated in the ESG Seminars organised online.

In 2021, the company continued to disseminate an [explanatory video hosted on its website](#) outlining what moves CIE Automotive in the ESG arena, what it expects from its suppliers and how the former can help the latter achieve the minimum standards. A dedicated email inbox has been set up for handling supplier enquiries with respect to these matters: [esg@cieautomotive.com](mailto:esg@cieautomotive.com).

### 360° assessments

In another novelty in 2021, again framed by the strategic ESG KPIs, CIE Automotive launched an initiative to gauge how much its suppliers know about ESG matters in order to in turn assess the extent to which the ESG initiatives undertaken by the group have filtered through to the supply chain.

Based on the results of those assessments, the group will design action plans to further nudge the supply chain towards the established ESG targets. The underlying questionnaire is anonymous, easy to understand and quick to fill in and the idea is to send it out annually.

### Prizes

Once again in 2021, CIE Automotive acknowledged its best-performing suppliers along ESG criteria (without neglecting traditional metrics related to quality, claims, customer incidents, etc.) awarding prizes to the suppliers in its various markets who obtained the highest ESG scores in the Suppliers Portal.

Specifically, the group’s operations in Mexico, India and Europe awarded a total of eight prizes to their top-performing suppliers.

*In 2021, CIE Automotive launched an initiative to gauge how much its suppliers know about ESG in order to in turn assess the extent to which the ESG initiatives undertaken by the group have filtered through to the supply chain.*



## A GREENER COMPANY WITH THE HELP OF ITS SUPPLIERS

CIE Automotive’s collaboration with its suppliers is particularly close on the environmental front.

As part of its mission to become more circular, in 2021 its recycled raw material purchases increased to 21% of the total. Given the importance of correctly handling those raw materials, the Purchasing Department got behind the organisation of seminars together with suppliers on the use of recycled plastics, in which representatives from the Engineering Department and Plastic Division participated.

The company purchases green energy wherever possible. In Spain, 100% of the electricity it consumes is green energy; in India, it takes the green route via PPAs; and in Portugal and other western European markets, it opts for partial self-supply by building solar panels, which have reduced the total scope 2 emissions by 1.4%.

Aware that environmental conservation also requires reducing consumption, in 2021 the company carried out a number of Industry 4.0 programmes that required collaboration with suppliers.

### Sustainable purchasing:

With the aim of bringing the monitoring effort beyond ESG-linked purchase procedures, in 2021 the company introduced a new reporting obligation for all productive facilities around the world: measurement of the carbon footprint derived from the carriage of materials from suppliers to the manufacturing facility.

> For more information, refer to, “Upping our environmental commitments”

One more year moving forward together

# Upping our ENVIRONMENTAL commitments

CIE Automotive has embarked on its journey to climate neutrality, measuring its environmental footprint in Europe, Mexico and Brazil for the first time; the plants in Asia will be included in 2022. The roof systems division requires a specific analysis that is currently ongoing and the various facilities in this division will be added over the course of 2022. That step is the starting point for quantifying the environmental milestones contemplated in the 2025 Strategic Plan and broader progress towards climate neutrality. Framed by that strategy, the company drew up a climate risk map, tracked its emissions and continued to work on circular economy initiatives last year.



**Objective:**

**Reduce the company's environmental impact**



**Lines of initiative undertaken in 2021:**

- Measure the company's environmental footprint in Europe, Mexico and Brazil.
- Calculate the cost of emissions relative to the value added.
- Draw up a specific climate risk map.

## Approach to the environment

CIE Automotive is committed to sustainable development and climate action, as is set down in its Mission, Vision and Values and its Environment Policy, which it updated in 2021. In that policy the company expressly states its alignment with the Sustainable Development Goals and sets environmental protection and the rational use of natural resources as top priorities.

To that end, it designs its products and processes using eco-design criteria, with a focus on efficiency, and provides the resources needed to unlock continuous improvement by means of prevention and preservation, risk minimisation, environmental footprint (of products and processes) shrinkage, the efficient use of natural resources, waste minimisation, circular use of materials and collaboration by all of the people involved in the various processes.

In the ESG Strategic Plan 2025, the company defines its targets and how it will measure its performance using a dashboard common to all facilities comprising KPIs that track energy

efficiency, emissions-cutting, water consumption and waste generation, among other metrics.

The corporate Environment Department is responsible for establishing the guidelines governing the facilities' environmental plans and coordinating the resulting initiatives, so that environmental criteria are gradually integrated into the management of all processes as part of the group's broader effort to reduce its impact on its surroundings, such as via greenhouse gas emissions.

At CIE Automotive, the industrialisation of any product entails an assessment of the environmental aspects of its production, from raw materials to waste disposal. Each facility analyses its inputs, not only using mere financial criteria but also environmental criteria, e.g., units such as amounts per kWh, m<sup>3</sup>, etc., which help crystallise this environmental approach.

To get a more accurate picture of its environmental impact, in 2021 CIE Automotive began to measure its environmental footprint.

*At CIE Automotive, the industrialisation of any product entails an assessment of the environmental aspects of its produc*



## CLIMATE ACTION

CIE Automotive’s value chain impacts the climate. The inevitable use and consumption of raw materials, water and energy in its business operations is managed by means of annual risk assessments at each of its locations, framed by the ISO 14001 standards and a continuous monitoring regime.

Aligned with the United Nations 2030 Agenda, and with the new Spanish Law 7/2021 of 20 May, CIE Automotive has established certain environmental targets to be met by each facility and region, based on the Global Reporting Initiative (GRI) standards.

In support of the Paris Agreement’s targets for curbing global warming, CIE Automotive belongs to Forética’s Climate Change Cluster, a platform whose mandate is to transpose into the Spanish landscape the main global climate change trends and debates and become an authority on corporate environmental matters.

	GRI	Description	Annual reduction target	2030 Agenda reduction target
Energy		<b>Energy consumption within the organisation</b>		
	302-1	Reduction in energy consumption (electricity) Reduction in energy consumption (gas)	2%	20%
	305-1	<b>Direct (Scope 1) GHG emissions</b> Reduction in GHG emissions	2%	
	305-2	<b>Energy indirect (Scope 2) GHG emissions</b> Increased use of electricity generated from renewable sources	5%	100%
Waste	301-2	<b>Recycled input materials used</b>		
		<b>Waste by type and disposal method</b>		
	306-2	Decrease in the total volume of waste generated Increase in the percentage of waste sent for recycling	5%	90%
Water		<b>Water withdrawal by source</b>		
	303-5	Reduction in water consumption Increased use of recycled water	2%	

## POLLUTION CONTROL

CIE Automotive’s environmental management systems are based on the ISO 14001 standard and ensure pollution does not exceed the thresholds stipulated in prevailing regulations.

Under the slogan “measure to move forward”, CIE Automotive’s global dashboard includes environmental cost as a function of revenue as a key performance indicator. That indicator includes the cost of emissions calculated in terms of emission allowances (EUA), even though the company does not participate in the global emission trading scheme.

Noise pollution can be a relevant issue, depending on factory technologies and locations. However, CIE Automotive’s factories are located in industrial areas at a sufficient distance from residential districts so as not to pose a problem.

Light pollution is not a relevant consequence of CIE Automotive’s activities.

**BIODIVERSITY PROTECTION**

Given that CIE Automotive carries out its business activities in industrial areas/estates, it believes that its impact on biodiversity is not significant and therefore not material for the purpose of the group's reporting effort. No information is therefore provided with respect to biodiversity in this report.

**INVESTMENTS**

307-1

CIE Automotive adapts its production facilities to meet the legislative environmental requirements of the countries in which they are located.

To that end, in 2021 it invested in minimising its environmental impact and in environmental protection and restoration work, in addition to incurring expenditure on waste removal and environmental consultancy, measurement and certification work. The combined amounts of investments and expenses accrued in 2021 in relation to environmental protection work totalled €5.1 million, up €0.6 million from 2020.

The company did not receive any significant fines for non-compliance with environmental laws or regulations in either 2021 or 2020. Significant fines are those of €30,000 or more.

**COMPLIANCE WITH REGULATION (EU) 2020/852 ON CLIMATE TAXONOMY**

The EU Taxonomy is a classification system establishing the conditions that an economic activity has to meet in order to qualify as environmentally sustainable; specifically an activity must make a substantial contribution to one or more of the six environmental objectives established by the European Union, without having a significant detrimental impact (the Do No Significant Harm principle) on the other five, while meeting certain minimum social safeguards, defined as ILO Core Labour Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The ultimate goal of the Taxonomy is to redirect investment flows towards climate neutrality (net zero GHG emissions) via a two-pronged plan: helping players in the financial sector to decarbonise their securities and credit portfolios and giving non-financial companies (such as CIE Automotive) increased access to financing for technology, products and services in line with the guidelines set in the green transition framework.

Following an analysis of its activities, CIE Automotive concluded that all its productive processes, despite applying a range of methodologies, are encompassed by a single economic activity code: **NACE C29.3.2. Manufacture of other parts and accessories for motor vehicles.**

That economic activity is not identified or described in the supplementing Commission Delegated

Regulation 2021/2139, which is focused on the climate mitigation and climate change adaptation objectives. Nor is its NACE code included. What that means is that, in keeping with current implementing regulations, the company's economic activity is not a priority for the EU's first two environmental objectives. As a result, as defined in the Regulation, CIE Automotive's economic activity is not Taxonomy-eligible. That makes sense considering the fact that for now the Delegated Regulation is focused on the economic activities and sectors with greatest scope for contributing to the targeted reduction in greenhouse gas emissions.

For clarification, note that there isn't a single criterion regarding the scope of application of eligibility. The Regulation uses the NACE Revision 2 classification system as its guide, as set down in paragraph 6 of Commission Delegated Regulation 2021/2139, to identify which activities are eligible, which means there is some room for interpretation as to what is eligible under the Taxonomy.

The Taxonomy framework seeks to provide uniform and standard criteria in the area of environmental sustainability and so prevent greenwashing with the ultimate goal of making it easier to compare companies from a given sector and so encourage the flow of capital towards more sustainable activities.

That line of reasoning is set down in the introduction to the Delegated Regulation, which states "In order to ensure a level playing field, the same categories

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of economic activities should be subject to the same technical screening criteria for each climate objective. It is therefore necessary that the technical screening criteria, where possible, follow the classification of economic activities laid down in the NACE Revision 2 classification system of economic activities.” Accordingly, although the Regulation acknowledges that the NACE system should serve as a guide and should not dictate the definition of eligible activities, that does not mean that sustainability measures being taken by an entity to support its core activity, duly identified with a NACE code, should be subject to an eligibility study. If that were the case, it would be impossible to meet the comparability and level playing field criteria sought by the legislation.

Although CIE Automotive’s economic activity is not Taxonomy-eligible, in an attempt to comply with the Regulation’s requirements, the company performed a materiality assessment of the three key performance indicators required for disclosure reporting purposes: share in turnover, capital expenditure and operating expenditure associated with environmentally sustainable activities in 2021.

- **TURNOVER:** The key performance indicator (KPI) related to turnover is calculated as the percentage of turnover derived from Taxonomy-aligned activities (numerator) over total company turnover (denominator). Turnover is defined as the revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008. CIE Automotive, S.A. reports a turnover KPI equivalent to 0%. That is because the company’s revenue-generating activities are not included on the list of eligible activities itemised in Annexes 1 and 2 of the Commission Delegated Regulation of 4 June 2021.
- **CAPEX:** The CapEx KPI is measured as the percentage of fixed assets invested in eligible economic activities (numerator) over total assets acquired in the course of 2021 (denominator). That denominator (Total CapEx) is defined as additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair

value changes. It also includes additions resulting from business combinations. Accordingly, Total Capex covers the costs recognised in keeping with IAS 16, IAS 38, IAS 40, IAS 41 and IFRS 16. The CapEx KPI reported by the company is equivalent to 0%. That is because the company’s environmental investments (which include certain Taxonomy-eligible activities such as, for example, those referred to as activities 7.3 “Installation, maintenance and repair of energy efficiency equipment” and 7.6 “Installation, maintenance and repair of renewable energy technologies”), account for less than 1% of the company’s Total CapEx. It was concluded, therefore, that eligible CapEx under the Taxonomy is equivalent to 0%.

- **OpEx:** The OpEx KPI is defined as the percentage of Taxonomy-aligned OpEx (numerator) over total qualifying OpEx (denominator). That denominator covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of

assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. The numerator, meanwhile, must include the operating expenses included in the denominator that relates to eligible activities. In the case of the CIE Automotive Group, the uncapitalised direct costs contemplated in the Taxonomy, i.e., those included in the denominator, represent less than 5% of the Group’s total operating expenses. As a result, its value is considered not material for the business model and, as prescribed in section 1.1.3.2 of Annex I of the Commission Delegated Regulation of 6 July 2021, the numerator is therefore disclosed as being equal to zero.

## Environmental footprint calculation

To identify the environmental impacts of its business activities as a global manufacturer of automotive parts, with a view to analysing those impacts and taking decisions in order to reduce them, in 2021 CIE Automotive conducted a preliminary calculation of its environmental footprint in Europe, North America and Brazil using the data gathered in 2020.

Note that this first approximation excludes the factories in Asia which will be added to the analysis in 2022.

The roof system factories, similarly excluded from the analysis, require a different calculation approach given that the facilities are mainly assembly plants that use complex parts (electric motors, electronic parts, etc.) as opposed to the less complex materials used by CIE Automotive's other divisions.

Nevertheless, it will not be possible to use this year's measurement to study the trend in CIE Automotive's environmental footprint in the coming years given the special circumstances affecting 2020 on account of the pandemic. The company

will therefore use its 2021 environmental footprint as its base-year measurement, a calculation that will include the impacts of its factories in Europe, North America and Brazil.

The scope of CIE Automotive's environmental footprint runs from the generation of raw materials through to the dispatch of parts and subassemblies from its manufacturing facilities and contemplates 17 variables, which go from destruction of the ozone layer to soil transformation.

One of those variables is "climate change", measured in metric tonnes of CO<sub>2</sub>e, and essentially represents each factory's carbon footprint, which is the information repeatedly requested by customers, analysts and other stakeholders.

One of the key conclusions drawn from the calculations performed in 2021 is that 80% of the group's environmental footprint stems from its use of raw materials, suggesting that CIE Automotive needs to step up collaboration with its suppliers in order to reduce that impact.

The company uses the ReCIPE life cycle impact assessment tool to calculate its environmental footprint, to which end it is receiving assistance from the Basque regional government's environmental management company, IHOBE.

Within the universe of activities of each company, based on the assessment that their impact is smaller, the following aspects were excluded from the analysis:

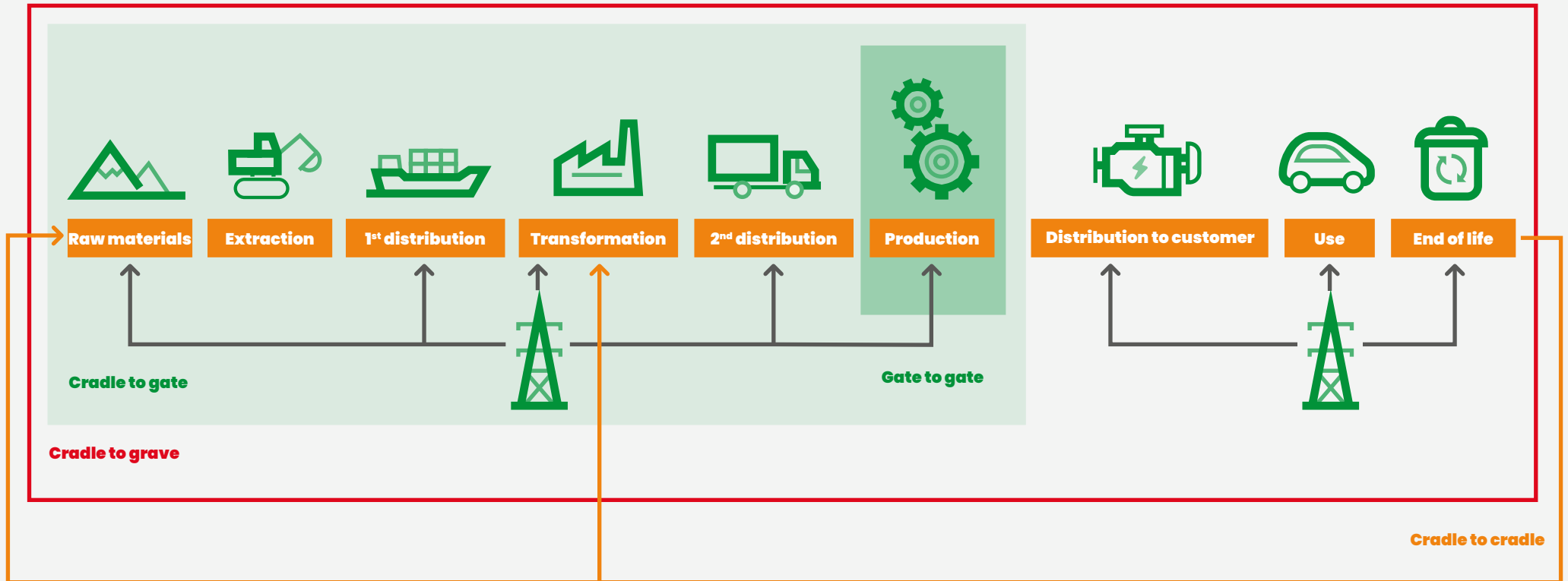
### Upstream

- > Consumption at central/sales offices outside of manufacturing facilities.
- > Capital goods (vehicles, machinery, tools, etc.).
- > Displacement of employees to go to work.
- > Business travel.
- > Upstream assets leased.
- > Trips to the organisation by visitors or customers.

### Downstream

- > Transport and distribution.
- > Processing of products sold.
- > Use of products sold.
- > End-of-life treatment of products sold.
- > Assets leased in subsequent phases.
- > Franchises.
- > Investments.

## Scope of CIE Automotive's environmental footprint



### The 17 Impacts Analysed

- Climate change (human health)
- Depletion of the ozone layer
- Toxicity for humans
- Formation of photochemical smog
- Formation of fine particles
- Ionising radiation

- Climate change (ecosystems)
- Soil acidification
- Seawater eutrophication
- Soil ecotoxicity
- Freshwater ecotoxicity
- Marine ecotoxicity

- Rural land occupation
- Urban land occupation
- Natural soil transformation
- Use of natural resources
- Use of solid fuels

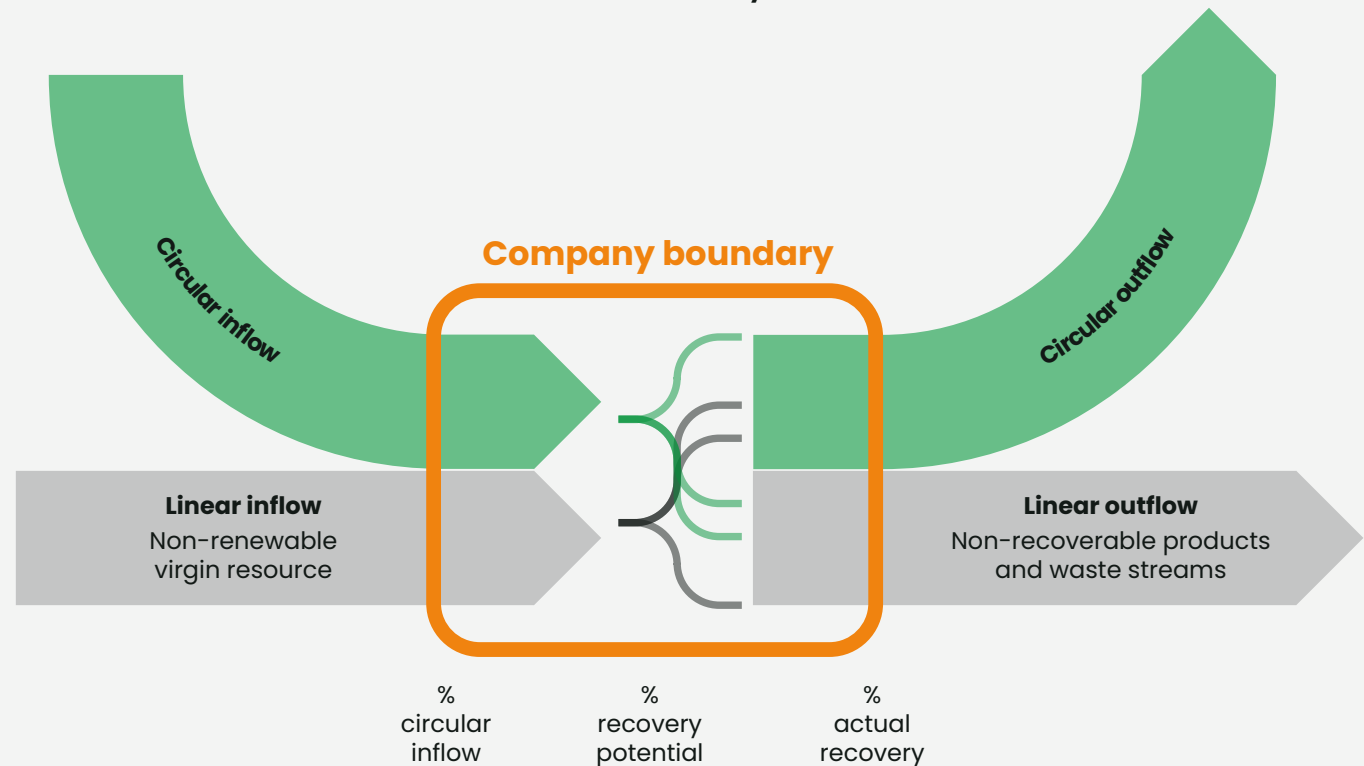
## Towards a circular economy

CIE Automotive has been working to implement a circular economy model, a form of production that minimises consumption of inputs, prevents waste generation and gives new life to the materials used, for several years now. As part of its transition towards a circular model, the company is implementing energy efficiency measures across its processes and facilities in an attempt to reduce their environmental impact and costs.

In 2021, framed by the 2025 Strategic Plan, it developed a series of circularity-specific KPIs, based on the World Business Council for Sustainable Development (WBCSD) and its Circular Transition Indicators.

The information gathered will tell the company, for example, how many times the water drawn gets used, which waste can be recycled and which cannot and what effects the factories' manufacturing activities have on biodiversity.

### CIE Automotive and the circular economy



## ENERGY EFFICIENCY

Energy efficiency is a top priority for CIE Automotive as it helps reduce its environmental impact while delivering competitiveness gains.

In 2021, the company conducted energy audits with three main aims:

- Aligning actual factory consumption with the nominal values, so guaranteeing good facility maintenance.
- Reducing nominal consumption by introducing new technology that boosts energy use efficiency; and minimising process demand by streamlining operation of energy services.
- Detecting incidents and inefficiencies in manufacturing processes, pinpointing the source of energy losses and fixing them.

The emissions factors corresponding to energy consumption were obtained on the basis of version 3.4 of the Ecoinvent life cycle inventory database, using the ReCiPe life cycle impact assessment method. The fuel factors used take into consideration the type of technology used to generate the fuel. In accordance with Directive 2003/87/EC of the European Parliament and of the Council, biomass is deemed a source of energy with an emission factor of zero.

302-1    302-3    305-1    305-2    305-4

## Energy consumption and savings

Gigajoules	2019	2020	2021
Direct energy consumption	1,662,755.19	1,521,671.97	1,922,653.06
Indirect energy consumption from renewable and non-renewable sources	3,955,226.55	3,340,296.56	3,885,073.74
<b>Indirect energy consumption from non-renewable sources</b>	<b>2,093,457.91</b>	<b>1,774,612.12</b>	<b>1,971,005.79</b>
<b>Indirect energy consumption from renewable sources</b>	<b>1,861,768.64</b>	<b>1,565,684.45</b>	<b>1,914,067.96</b>
<b>TOTAL</b>	<b>5,617,981.74</b>	<b>4,861,968.53</b>	<b>5,807,726.80</b>

> For further information on energy consumption by region, refer to the detailed table provided in "Data tables and glossary".

## Emissions

T CO <sub>2</sub>	2019	2020	2021
Direct emissions (Scope 1)	96,093.59	90,859.13	114,760.62
Indirect emissions (Scope 2)	354,869.08	324,416.97	389,477.33
<b>TOTAL</b>	<b>450,962.67</b>	<b>415,276.10</b>	<b>504,237.95</b>

> Emissions (Scope 3) Refer to section on materials.

To calculate Scope 1 emissions, in addition to CO<sub>2</sub>, this year methane gas (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) have also been taken into account. Other greenhouse gases are not included, as their emissions have been minimal.

Lastly, the emission factors associated with electricity consumption were determined on the basis of each country's generation mix.

> For further information on emissions by region, refer to the detailed table provided in section, "Data tables and glossary".



### Strategic commitment to clean energy

CIE Automotive purchases clean energy to power its facilities in every market where so doing it possible. In Spain, 100% of the power consumed is green. In this country alone, emission savings due to the purchase of renewable energy amounted to 56,762.67 T CO<sub>2</sub>.

Framed by that same philosophy of reducing its harmful emissions and lowering its energy bills, the company has begun to install photovoltaic solar panels in a number of locations in Europe and India.

### Emissions foregone as a result of the purchase of energy generated from renewable sources

T CO <sub>2</sub>	2019	2020	2021
Indirect emissions foregone	146,052.76	121,386.24	139,340.49

### Installation of photovoltaic panels

Factory	Country	Energy produced (kw/h)	
		2020	2021
AEL Aurangabad plant 3 (HPDC)	IN	0	305,084
MCIE - Composites Kanhe	IN	59,212	416,130
MCIE - Forging Division (Pune)	IN	405,594	1,230,929
MCIE - MPD	IN	110,890	921,166
Mahindra G&T Pune	IN	0	473,460
MCIE Stampings - Kanhe	IN	0	342,988
MCIE Stampings - Nashik	IN	435,725	546,260
MCIE Stampings - Radrapur	IN	0	124,852
MCIE Stampings - Zaheerabad	IN	958,167	907,869
CIE Galfor	SP	12,329	221,360
CIE Mecauto	SP	0	243,391
CIE Orbelan	SP	6,500	66,236
CIE Plasfil	PT	1,034,650	1,082,660
CIE Stratis	PT	189,120	196,130

Thanks to these self-generation projects and the detailed information they have generated, CIE Automotive is analysing the options for expanding this line of initiative to other facilities in the future.

The commitment to green energy is gradually being extended to new aspects of the group's business activities. In keeping with the electrification thrust, the company has begun to replace the forklifts propelled with fuel engines (diesel) with electric forklifts. The goal is to reduce smoke and noise, which affect the environment as well as impairing working conditions.

Some of the projects designed to reduce energy consumption, such as those related with the Industry 4.0 thrust, have also involved the group's suppliers.



## CONSUMPTION OF WATER AND MATERIAL RESOURCES

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CIE Automotive uses water extensively in making parts that require material transformation at high temperatures. In order to minimise water discharges, it has proprietary water treatment systems that enable its recirculation and recovery.

One of the circular transition indicators being newly tracked and calculated is the volume of water reused in the production facilities. That recirculation is concentrated primarily in the refrigeration circuits.

The company reviews all of its processes constantly to ensure the responsible use of raw materials. A good example of this practice is the concerted effort to reduce the gross weight of the products it makes. That effort lowers the generation of waste and the consumption of energy and other products needed in the manufacturing process.

suppliers. Those seminars involved the engineering area and plastic divisions in the group's various regions and focused on the following topics:

- The potential use of raw materials made from recycled plastic to make injection moulded plastic parts. That unlocks the door to continually reusing the plastic originating from vehicle dismantling at the end of its useful life, so contributing to the circular economy model.
- Thermal and noise insulation by means of the reuse of plastic generated by the manufacturing area and consumption process. The e-mobility trend is creating the need for higher sound-proofing standards.

At present, 21% of the raw materials purchased by the group are recycled.

Given the importance of collaboration with the company's suppliers in order to manage raw materials optimally, the Purchasing Department reached out to the supply chain and organised seminars in collaboration with selected

### Water consumption

m <sup>3</sup> /year	2019	2020	2021
Surface water	328,251.00	282,218.00	196,216.00
Underground water	355,167.00	338,394.00	346,149.20
Rainwater	31,808.00	30,286.00	18,842.00
Municipal networks	934,006.32	799,990.78	1,037,668.98
<b>Used water</b>	<b>1,649,232.32</b>	<b>1,450,888.78</b>	<b>1,598,876.18</b>

### Volume of water recirculated

m <sup>3</sup> /year	2019	2020	2021
<b>TOTAL</b>	<b>NA</b>	<b>NA</b>	<b>64,204,133.80</b>

> For further information on consumption by region, refer to the detailed table provided in Section, "Data tables and glossary".

### Materials consumption

301-1

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Kg	2019	2020	2021
Raw materials used	1,510,283,589.00	1,270,687,234.00	1,448,043,709.24
Raw materials recovered	411,191,542.00	300,992,757.00	395,728,480.86
<b>% TOTAL</b>	<b>27%</b>	<b>24%</b>	<b>27%</b>

> For further information on consumption by region, refer to the detailed table provided in Section "Data tables and glossary".



## WASTE MANAGEMENT

CIE Automotive deploys a recycling system that enables the internal recovery of thousands of tonnes of remains deriving from its various productive processes. The waste generated that cannot be recycled is collected by expert handlers which prioritise recycling over the landfill disposal method. In 2021, 19% of all waste generated was sent to disposal, while the remaining 81% was sent to recycling.

### Aluminium

The injection moulding and machining processes generate sizeable amounts of remains such as sprue, risers, starting pieces, etc. from the injection moulding process and shavings from the machining process. In both instances, the company reuses these remnants in the casting process.

### Plastic

The plastic division recycles sprue and other remains returned by its injection moulding process.

### Steel

This is the material with the highest associated volume of waste. As it cannot be recycled in full within the group's factories, it is delivered to a number of different local suppliers for full reuse.

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## WASTE MANAGEMENT

TM	2019	2020	2021
Hazardous waste disposed of	25,239.28	16,329.20	17,457.88
Non-hazardous waste disposed of	339,855.78	266,038.02	355,293.24
<b>TOTAL</b>	<b>365,095.06</b>	<b>282,367.22</b>	<b>372,751.12</b>

CIE Automotive understands that its responsibility for the waste it generates does not end when that waste is removed from its facilities. To that end, in addition to its waste minimisation plans, it has devised a new waste classification system sorted by method of elimination, thereby seeking to reduce its environmental impact.

Albeit unrelated to the group's core business, all of the facilities with canteens or food vending machines for employees are subject to the most stringent quality and safety rules, including food waste prevention criteria to the extent feasible.

## Scope 3 emissions (those derived from supply chain activities)

T CO <sub>2</sub>	2019	2020	2021
Other indirect emissions	-	-	3,638,882.44

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> For further information on waste generation by region, refer to the detailed table provided in Section "Data tables and glossary".

Thanks to the effort made to calculate our environmental footprint, we are now in a position to track our Scope 3 emissions (albeit with the exclusions itemised in the section outlining the footprint calculation methodology used).





## Environmental risk management

CIE Automotive tackles its environmental commitments by taking a preventive approach. The risk of accidents is covered by the company's civil liability insurance. In December 2019, the company began to specifically underwrite gradual pollution risk for the following factories in Spain:

- **CIE Alcasting**, with aluminium technology.
- **CIE Amaya**, with machining technology.
- **CIE Galfor**, with forging technology.
- **CIE Inyectametal**, with aluminium technology.
- **CIE Vilanova**, with aluminium technology.

The last three facilities have integrated pollution prevention control (IPPC) permits.

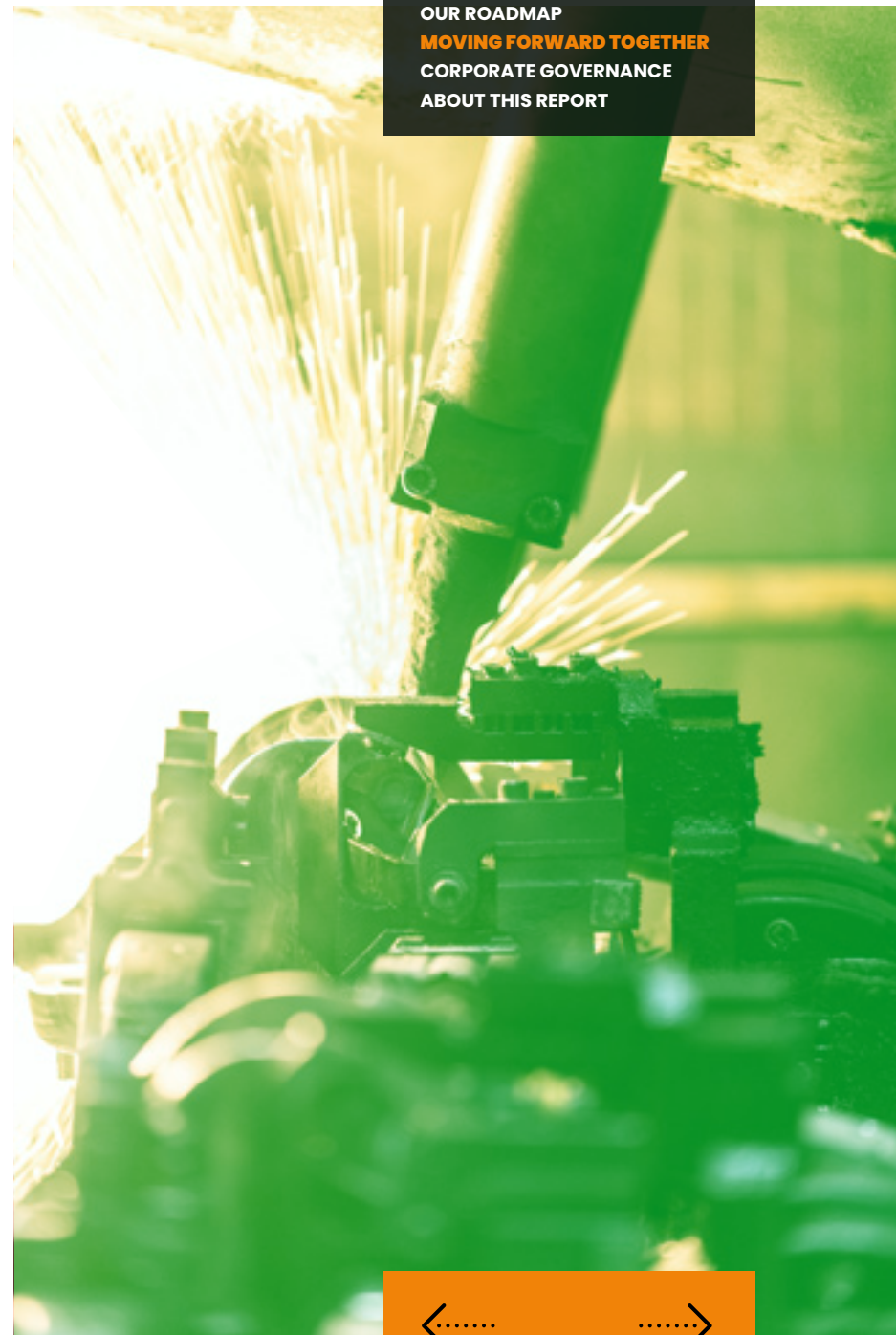
The claims limit on that gradual pollution insurance policy for those five factories is €3 million. In parallel, the company is working to minimise the negative

impacts its automotive parts and roof systems manufacturing and distribution activities could have.

Elsewhere, climate change is posing a growing risk to delivery of the company's strategic objectives. To that end, CIE Automotive has specifically factored climate change risk into its risk mapping process, addressing not only the risks deriving from the company's impact on the environment and climate change, but also the risks posed to the company by the environment and climate change, and the interrelationship between the two.

To reinforce the management of its environmental and safety risks, CIE Automotive has embarked on a joint project with the technical experts from Marsh (insurance broker) and HDI (the company's current underwriter). Specifically, a series of risks are being evaluated and monitored in accordance with criteria established by the various participating companies with the idea of formulating plans for their elimination or at least mitigation. The restrictions induced by COVID-19 meant that this project lost some momentum in 2021; however, the aim is to give it a new boost in 2022. In 2021, it focused on the CIE Vilanova, CIE Norma and CIE Orbelan factories.

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## CLIMATE RISK MAP

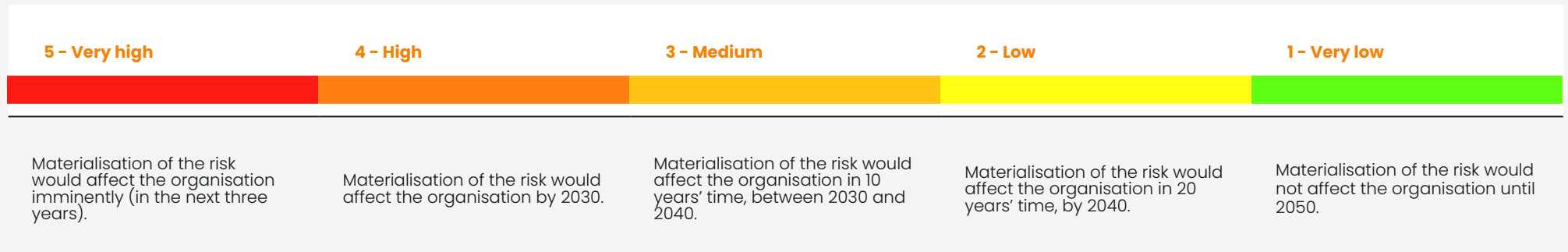
In 2021, the group drew up its first specific climate change risk map, so responding to the demands of its stakeholders and honouring one of the commitments made in its 2025 ESG Strategic Plan.

That new map has been integrated within CIE Automotive’s enterprise risk management (ERM) system, which is regulated by the Risk Control and Management Policy and follows ISO 31000 methodology so as to provide reasonable assurance that all significant climate risks are duly identified, evaluated, prevented and continuously monitored. Those risks are approved at the board level and managed in keeping with defined risk appetite and tolerance thresholds.

### Risk mapping: procedure and scope

The new climate risk map was drawn up using the same methodology as the main risk map, which is updated annually. It applies across the entire organisation, stems from the ERM and is the responsibility of the company’s key management personnel, management team and specific local managers with expertise in factory environmental management, who are tasked with evaluating the various identified risks:

- From the standpoint of residual risk: considering the measures already in place at CIE Automotive in order to mitigate the potential impact of their materialisation.
- Based on the probability of occurrence in the future, by 2050, in line with the European Union’s goal of being climate neutral by that year:



- Based on their impact along three dimensions: economic, organisational and/or reputational.

	5 – Very severe	4 – Severe	3 – Significant	2 – Moderate	1 – Very moderate
<b>Economic impact</b>	A very severe adverse impact on EBITDA. An adverse impact on P&L of >5%.	A severe adverse impact on EBITDA. An adverse impact on P&L of >3.5% but <5%.	A significant reduction in EBITDA guidance. An adverse impact on P&L of >1.5% but <3.5%.	A slight reduction in EBITDA guidance. An adverse impact on P&L of >0% but <1.5%.	No change in existing EBITDA.
<b>Organisational impact</b>	Materialisation of the risk requires intervention by the Board of Directors.	Materialisation of the risk requires intervention by the CEO.	Materialisation of the risk can be resolved at the corporate level.	Materialisation of the risk can be resolved at the division level.	Materialisation of the risk can be addressed at the factory level.
<b>Reputational impact</b>	Reputational damage stemming from several actions that have a severe impact on the company's image and its share price.	Reputational damage stemming from several actions that impact the company's image and its share price.	Occurrence of an event that is picked up by high-profile media and reaches the regulator/analysts.	Occurrence of an event that is picked up by the local media.	No impact.

IP&L = Statement of profit or loss



In total, some 83 people participated in drawing up the climate risk map. They considered the risk factors over a time horizon to 2050 and their geographic and technology purviews in providing their answers so that some respondents were in a position to assess a given risk for more than one technology.

The mapping process is jointly organised by the corporate Environment and Compliance Departments and the results are presented to the Audit and Compliance Committee for validation and approval; the Audit and Compliance Committee in turn reports on its approval to the Board of Directors.

The climate risk map can be viewed globally, by region, by technology, by region and technology and it quantifies the theoretic impact, in euros, on EBITDA of the potential materialisation of each risk.

The entire process is monitored via the internal management tool, SAP GRC.

## Climate risks assessed in 2021

Below is a list of the main climate risks to which the group is exposed and which are evaluated in the course of drawing up its specific climate risk map, classified by the areas that are critical to the company:



### Transition risks

Risks arising as an economy transitions to a low-carbon and climate-resistant model. These risks include political, legal, technology, market and reputational risks. Changes in local legislation, new international treaties (Paris Climate Agreement), limits on greenhouse gas emissions, emissions and carbon footprint regulations, among other developments, can increase compliance risks for the organisation, including by extension, the risk of reputational damage and sanctions, which could be monetary or related with the revocation of permits.

Within this category we evaluate the following risks:

- Political and legal
- Technology
- Manufacturing process
- Market
- Reputation



### Physical Risks

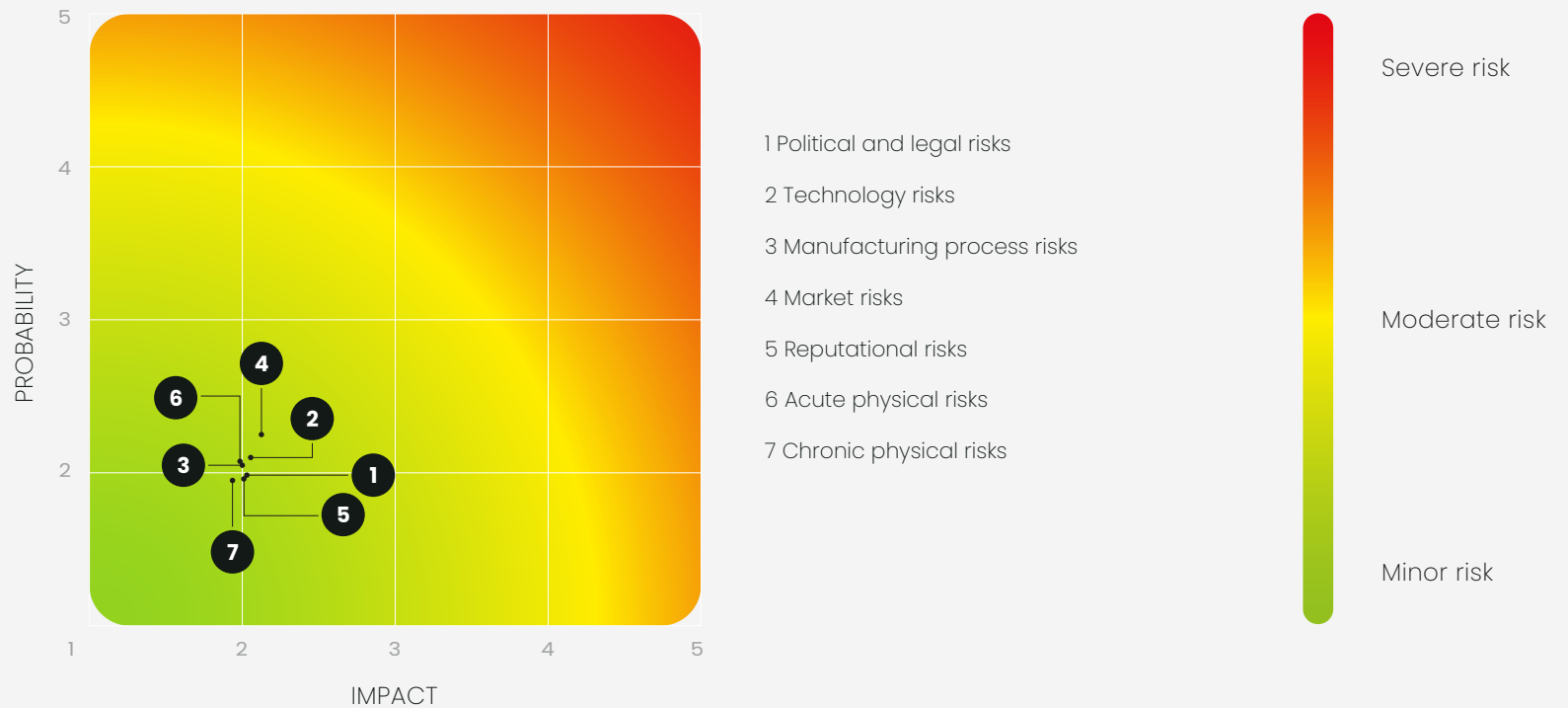
Risks that affect the availability and supply of water and energy for manufacturing processes: extraction of raw materials, cleaning processes, etc. These risks are in turn categorised into:

- Acute.
- Chronic.

## 2021 CLIMATE RISK MAP

The 2021 climate risk map indicates that none of the risk factors analysed is deemed highly likely to materialise or, if they were to materialise, to have a severe or very severe impact. That being said, the exercise detected growing concern about the market risks intrinsic to the business, such as changing consumer preferences and the availability of resources, potentially driving production costs higher, as well as technology risks. Both classes of risk are very closely related with the risk of changes in market trends, analysed as part of the general risk mapping process, conducted annually.

### 2021 Climate risk map



### Key risks: description and action plans

Below is a description of the risks on the climate risk map that could materialise by 2050, a time horizon selected in keeping with the European Union’s goal of being climate neutral by that year.



Risks with medium-low probability of occurrence and significant/moderate potential impact



**Market risks intrinsic to the business**

Consumers are increasingly seeking more environmentally-friendly products and services, a trend that has the potential to change mobility models. In addition, changing markets

> For more information, refer to "An end-to-end STRATEGY for sustainable profitability"

and resource availability could drive growth in raw material and production costs.

Action plan

It is still too early to tell when the automotive sector will revisit pre-pandemic production and sales levels, all the more so considering the various market developments mentioned throughout this report and the fact that market changes are currently unfolding with such great speed.

The company plans to reinforce the flexibility of its model to adapt to unfolding and future customer needs and emerging trends. Product portfolio diversification will give it a differential ability to adapt relative to its competitors. A portfolio in which more than eight out of every 10 products are independent of a vehicle's propulsion system and therefore not impacted by the sector electrification trend. For the rest of its parts, the company is working from the technological and market standpoints to make the most of the opportunities emerging in the battery, motor, power electronics and gearbox areas.

As for the risk associated with products for which there is no clear substitute in zero-emission cars, CIE Automotive plans to increase its presence in those that have a bigger role to play in the vehicle light-weighting trend (forged chassis

and suspension parts) and in machined shafts and gears. It also wants to actively pursue business in technologies that customers are likely to outsource in order to focus on new challenges, such as connectivity, automated driving and the provision of embedded software solutions. In parallel, the company will continue to focus on its innovation effort in these same areas which is expected to give the company a winning edge in the coming years, positioning it to take advantage of the opportunity to consolidate the resulting market.

The transition towards a low-carbon economy will highlight the efforts companies like CIE Automotive have been making for years to introduce eco-design concepts from the earliest stages of product development and build circularity into all of their processes.

What does look likely is that the over a medium-term horizon the automotive companies stand to emerge stronger from the crisis to the extent they can adapt to the new scenario, foreseeably characterised by the following factors, on which CIE Automotive is already specifically working:



Risks with low probability of occurrence and moderate potential impact

- Reduction in overcapacity.
- Concentration processes: fewer players that are larger, more diversified and more resilient in the face of future crises.
- Strategic alliances designed to share the investment needed to prepare for sector transformation.
- Greater financial control and discipline.
- Eco-efficiency and circularity.
- Commitment to mitigating environmental impacts.



### Technology risks

The new technologies enabling the transition towards a carbon neutral economy could have an impact on demand in the sector. Moreover, the cost of researching and developing alternative technologies could be high and it is possible that

### Action plan

Manufacturing technology is what CIE Automotive does. That is why it is essential to monitor how it evolves, that being one of the most recurring and important tasks performed by each division. Thanks to that constant monitoring, the company sees a bright future for the technologies it is active in. In some of those technologies, the challenge lies

CIE Automotive’s business model has already proven its resilience and counter-cyclical credentials in the face of numerous crises thanks to the combination of geographic, technological and customer diversification framed by a decentralised management model and strict financial discipline.

Lastly, in the shorter term, the company is currently focused on locking in access to the raw materials it needs, to which end it is reinforcing its GLOCAL (global management with local application) purchasing model, coupled with its multi-location footprint, to be close to the OEMs and not have to depend on global supply chains.

> For more information, refer to “Technology and innovation, the highway to the future”.

not all innovations will prove successful, with a potential adverse impact on the company’s future profitability and viability.

with taking advantage of the growth opportunities being thrown up by emerging trends; in others, they key lies with maximising competitiveness by leveraging innovation, Industry 4.0 tools and the cost efficiency that sets the group apart. In sum, to turn the risk posed by new trends into an opportunity to attain leadership.



Risks with low probability of occurrence and moderate potential impact

In all areas of the group, CIE Automotive implements cutting-edge technology into its facilities and management models with the aim of rendering its productive processes more efficient and responding to the automotive sector's needs by embracing eco-efficiency, circularity and climate mitigation measures.

Also as a result of that monitoring, when designing its investment plans, the company contemplates the various trends that are shaping the automotive sector, such as emission standard requirements, new comfort-driven mobility concepts and vehicle electrification.

To fund those investments in R&D, to which the group earmarks around 2% of revenue each year, CIE Automotive has a number of different sources of financing at the regional, national and supranational levels.

Moreover, the company hopes to avail of Next Generation EU funds to finance specific projects related with green transition and digital transformation, specifically including projects to develop new battery structure, fuel cell and range extender concepts and materials; new concepts and features related with the refashioning of car interiors, led by the CIE Comfort division; and certain Industry 4.0 projects.

Risks with low probability of occurrence and moderate potential impact



**Acute physical risks:**

These risks arise as a result of extreme climate events (such as prolonged droughts or flooding).

**Action plan**

The risk of accidents is covered by the company's civil liability insurance. In December 2019, the company began to specifically underwrite gradual pollution risk for certain factories in Spain, with a claims limit of €3 million.

> For more information, refer to section "Environmental risk management"

To reinforce the management of its environmental and safety risks, the company has embarked on a joint project with the technical experts from its insurance firms. Specifically, a series of risks are being evaluated and monitored in accordance with criteria established by the various participating companies with the idea of formulating plans for their elimination or at least mitigation.





Risks with low probability of occurrence and moderate potential impact



### Manufacturing process risks:

This is the risk of not applying circular economy principles to the processes and products comprising the business model or failing to select raw materials judiciously in terms of origin, renewability or recyclability. Those failures could imply missing

> For more information, refer to section, Towards a circular economy

the goal of managing the group's resource requirements more effectively and/or failing to meet our customers' and other stakeholders' expectations.

### Action plan

CIE Automotive is embracing circular economy criteria, striving to reduce raw material, water and energy consumption and waste year after year. To that end, it is taking action at every stage of its value chain, introducing energy efficiency measures throughout its processes and facilities that not only help minimise its environmental impact but also reduce energy costs. For example, it is embracing eco-design criteria, remanufacturing parts and systems, integrating recycled

materials into parts and recycling used parts and, at the supply chain level, it is fostering the use of raw materials obtained from recycling processes, especially steel and aluminium.

In 2021, it developed a series of circularity-specific KPIs, based on the World Business Council for Sustainable Development (WBCSD) and its Circular Transition Indicators.



### Political and legal risks

Governments could tighten regulations, limit the use of resources or introduce carbon taxes, so curbing demand for our products or increasing our operating expenses (by having to pay more taxes or GHG levies.

> For more information, refer to section, Criminal risk prevention model

same volume of carbon dioxide (CO<sub>2</sub>) as it eliminates in different ways, for a net balance of zero (also known as a zero carbon footprint).

Attainment of climate neutrality (as Europe is targeting in 2050 and China in 2060), will require more work and a greater financial outlay on the part of the company. Climate neutrality is achieved when an entity emits the

Moreover, failure to comply with any new laws and regulations could increase the risk of climate-related litigation.



Risks with low probability of occurrence and moderate potential impact

### Action plan

Formulation of the 2025 ESG Strategic Plan and the major effort made to train and brief the company's professionals on the new thrust evidence the seriousness of its commitment to achieving climate neutrality and all that it entails, an effort that has already translated into a new climate risk map and a new environmental management policy.

The company's senior officers and executives are committed to monitoring and controlling compliance with specific local

environmental, social and labour legislation in each market, paying close attention to potential political conflicts and legislative changes that could cause it financial losses. Indeed, the global rollout of the group's criminal compliance model has helped reduce the perceived gravity of this risk for the company.



### Reputational risks

The risks related with society's confidence in businesses are growing. Stakeholders (society, authorities, financiers and customers, mainly) could be disappointed if their expectations

### Action plan

As with political and legal risk, formulation of the 2025 ESG Strategic Plan and the major effort made to communicate it internally and externally and to brief the workforce on its contents evidence the seriousness of the company's commitment to achieving climate neutrality and all that it entails, an effort that has already translated into a new climate risk map and a new environmental management policy.

of the organisation with respect to climate action are not met in the form of satisfactory responses and action plans.

These actions demonstrate that the company continually and actively listens to its stakeholders in its bid to meet their expectations.

> For more information, refer to section Progress on ESG management

Risks with low probability of occurrence and moderate potential impact



### Chronic physical risks

These are the risks of more gradual changes with long-lasting effects, such as global warming, rising sea levels,

protracted heatwaves or droughts, loss of biodiversity and changes in land or soil productivity.

#### Action plan

CIE Automotive has set specific environmental targets to be met by each of its facilities and operating regions. Those targets are aligned with the United Nations 2030 Agenda and with the new Spanish Law 7/2021 of 20 May on climate change and energy transition, and based on the Global Reporting Initiative (GRI) standards.

In addition, in support of the Paris Agreement's targets for curbing global warming, CIE Automotive belongs to Forética's Climate Change Cluster, a platform whose mandate is to transpose into the Spanish landscape the main global climate change trends and debates and become an authority on corporate environmental matters.

> For more information, refer to section Upping our environmental commitments



One more year moving forward together

# Fostering progress in SOCIETY

As a member of the main automotive parts associations and platforms, CIE Automotive is playing a part in the definition of the mobility of tomorrow and contributing to the creation of a national strategy for the sector, taking advantage of the opportunity implied by the Next Generation EU funds. In addition to upholding the sector's interests, the company contributes to the progress of society by paying taxes and lending its support for a range of community projects in collaboration with its employees.



## Objective:

**Collaborate on the definition of the mobility of tomorrow through the company's presence in sector associations and contribute to development in the communities where it does business by creating wealth, paying taxes and contributing to social activities.**



## Lines of initiative undertaken in 2021:

- Upholding the sector's interests
- Continuing the social contribution effort in terms of the number of projects, employee participation and the number of beneficiaries.

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## Defending the sector's future

CIE Automotive is a significant player in the automotive sector and as such it is striving to achieve fair and responsible regulation of its activities so as to benefit the sector, its stakeholders and society.

To that end, it participates actively in Spain's automotive suppliers association, SERNAUTO. In 2021, that trade association focused its efforts on formulation of a national strategy to ensure the sector's survival in the wake of the pandemic and make the most of the opportunity created by the Next Generation EU funds to enhance its positioning.

More specifically, the company collaborated last year with M2F (Move to Future), a Spanish automotive and mobility technology platform coordinated by SERNAUTO, on three enabling projects which were used as the basis for the proposals submitted in the calls for expressions of interests organised by several ministries.

Through its membership of SERNAUTO, CIE Automotive advocates for a constructive, proactive and negotiated model for the automotive industry in which the targets for the decarbonisation and digitalisation of the stock of vehicles in Europe are

attained while preserving the sector's manufacturing capabilities, skilled jobs and market size, underpinned by an inclusive transition designed to pave the way for the transformation of the current productive fabric with as few adverse effects as possible.

To ensure that approach is aligned with more global visions, CIE Automotive also participates actively in the European Association of Automotive Suppliers, CLEPA, where it focuses its efforts particularly on trends and innovation. It also tries to collaborate on a number of different areas with its customers thanks to the close relationship between CLEPA and ACEA with the aim of involving the supply chain in the various challenges, paying special attention to circularity and environmental impact.

Environmental issues have been a driving force at the company for years now, prompting CIE Automotive to jointly set up the Basque Ecodesign Center in 2011, a stable collaboration between private sector players and the Basque regional government. Over time, the Basque Ecodesign Center has moved away from focusing exclusively on eco-design to a broader circular economy vision, such that its current mission is to:

- Generate knowledge of the circular economy by means of innovation in the areas of priority established in the Basque Circular Economy Strategy for transfer to the region's industrial fabric.
- Nudge the value chain towards a more circular economy.
- Improve the member firms' competitive positioning by means of circular transition drivers.
- Play a leadership role and become the benchmark for the rollout of the circular economy in the Basque region.
- Provide strategic insight in a bid to continue to help companies align their environmental policies with their business needs.
- Train professionals on circular economy matters.
- Help make the Basque region a benchmark in the European Union for its advanced rollout of the circular economy in its industrial fabric.

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> For more information, refer to "Technology and innovation, the highway to the future".



## Associations to which CIE Automotive belongs

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- > **SERNAUTO**  
The Spanish association of automotive equipment and components manufacturers. Member of the Management Board.

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- > **APD**  
Association for management progress.

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- > **CLEPA**  
European Association of Automotive Suppliers. Member of the R&D Committee.

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- > **EGVIA**  
*European Green Vehicles Initiative Association*

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- > **M2F (Move to Future)**  
A Spanish automotive and mobility technology platform. Membership of the Governing Board.

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- > **TECNALIA**  
A private applied research centre Member of the Management Board.

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- > **ACICAE**  
The Basque automotive cluster. Chair of the Management Board.

- > **CEAGA**  
The Galician automotive cluster.

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- > **AIC**  
Automotive Intelligence Center. Vice-Chair of the Management Board.

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- > **TASKFORCE PILOT TESTING ADVANCED MANUFACTURING IN THE BASQUE REGION**  
Member of the Executive Committee.

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- > **ACMA**  
The Automotive Component Manufacturers Association of India.

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- > **BACC**  
The Baltic Automotive Components Cluster.

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- > **FVEM**  
The Vizcaya confederation of metal companies.

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- > **Basque Ecodesign Center**  
Founder.

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## RELATIONS WITH THE LOCAL AUTHORITIES

Relations between CIE Automotive and the various authorities as a result of its industrial activity are framed by strict observance of prevailing legislation and the utmost transparency, in keeping with the principles laid down in its Code of Professional Conduct.

The company is politically neutral and does not finance, either directly or indirectly, political parties or their representatives or candidates, either in Spain or abroad.

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# Value distributed to society

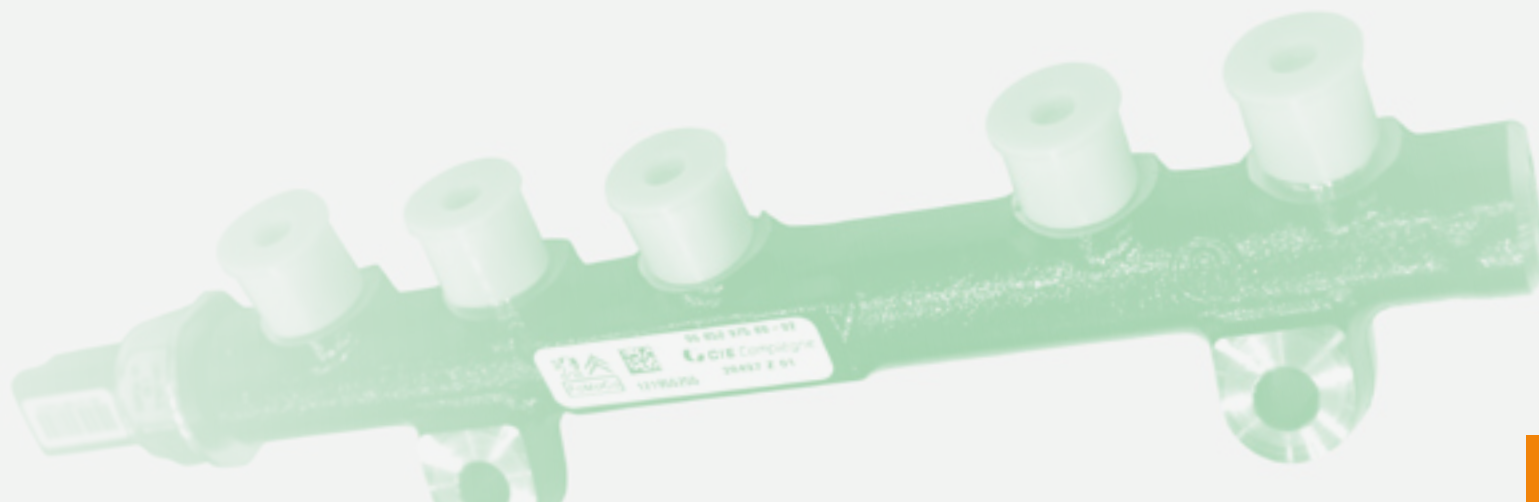
CIE Automotive articulates its strategy around sustainable profitability and by so doing it generates wealth for all its stakeholders and for society at large. In 2021, of the €3.27 billion of economic value generated, it distributed €2.74 billion to society in the form of employee remuneration, supplier payments, shareholder dividends and tax payments.

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## Economic value distributed

€ m	2019	2020	2021
<b>Revenue</b>	3,461.1	2,882.5	3,269.1
<b>Economic value distributed</b>			
To shareholders (dividends)*	80.0	93.9	61.3
To employees personnel expenses	623.2	561.2	599.6
To suppliers (consumption of raw materials and auxiliary materials)	2,047.8	1,673.4	2,021.8
To society (income tax paid)	58.8	43.3	54.3

(\*): Dividend paid during the year.



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## TAX PAID

CIE Automotive is current on its tax and social security obligations under applicable prevailing law, as stipulated in its Code of Professional Conduct. That Code expressly outlaws the evasion of taxes, the improper generation of tax benefits or applications for subsidies, tax exemptions or government funds on a fraudulent basis.

The table below outlines the profits generated country by country and the income tax paid.

In 2021, CIE Automotive adhered to the Spanish tax authority's Code of Good Tax Practices in order to bolster its commitment to adopting its directions and recommendations, specifically including the presentation of a Tax Contribution Report.

> For more information on the Tax Contribution Report, refer to "Stakeholder engagement"

## Profits earned and income tax paid country by country \*

Tax jurisdiction	2020		2021	
	Profit/(loss) before income tax	Income tax paid (cash criterion)	Profit/(loss) before income tax	Income tax paid (cash criterion)
Mexico	73.2	23.7	101.1	17.9
Brazil	-0.2	1.1	69.3	2.1
China	63.5	9.9	67.9	15.7
India	21.1	1.0	45.0	7.6
Spain (excl. Basque region and navarre)	19.4	2.5	25.2	4.0
Italy	-0.8	0.2	14.0	0.1
Romania	8.6	0.6	8.4	1.4
Slovakia	10.4	0.1	7.2	1.9
Lithuania	3.5	0.5	4.3	1.2
Basque region	23.1	0.0	3.1	0.0
Russia	1.5	0.1	3.0	0.0
Czech republic	3.4	0.6	2.6	0.6
Navarre	2.9	0.5	2.5	0.6
Portugal	1.4	0.3	1.1	0.2
US	0.7	-0.5	0.2	0.3
France	0.4	0.8	0.2	0.2
Morocco	0.4	0.0	0.1	0.0
Barbados	0.0	0.0	0.0	0.0
UK	0.0	0.0	0.0	0.0
South Korea	0.0	0.0	0.0	0.0
Guatemala	-0.1	0.0	0.0	0.0
Germany	-15.1	1.9	-0.1	0.6
Netherlands	0.2	0.0	-0.8	0.1
<b>TOTAL (€ m)</b>	<b>217.4</b>	<b>43.3</b>	<b>354.4</b>	<b>54.3</b>

Figures under IFRS, before consolidation adjustments.

\* Note that the information included in the table is presented in Form No. 231, the Information Statement submitted to the regional authorities of Vizcaya. In turn, that form is aligned with Council Directive (EU) 2016/881 of 25 May

2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, which regulates the country-by-country reports that 'multinational enterprise groups' are required to present annually and for each tax jurisdiction in which they do business. Those reports can be used for the purposes of assessing high-level transfer-pricing risks; their main purpose is to provide the information needed to analyse related-party transaction risks, thus facilitating the work of the tax authorities, which may also use them to assess other risks related to base erosion and profit shifting.

In transposing that Directive, the obligation to present a country-by-country report was regulated in sections 10 and 11 of article 43 of Navarra Provincial Law 11/2013 on corporate income tax and article 21 bis of Basque Provincial Law 203/2013, enacting the corporate income tax regulation.



201-4

Financial assistance received from governments

In 2021 CIE Automotive received €2.4 million of grants related to income, €1 million less than in 2020. Of the total received, it obtained €2 million in Spain and €0.1 million in each of Portugal, Germany, Italy and China.

As for grants related to assets, CIE Automotive received €5.3 million in 2021: €4.7 million in India, €0.4 million in France; €0.1 million in China; and €0.1 million in Spain.

In 2020, grants related to assets totalled €3.8 million.

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Social contribution

As set down in its Social Contribution Policy, CIE Automotive is committed to addressing the difficulties and needs of its communities by providing solutions articulated around three lines of action:

- Donations**

Ad-hoc financial support for non-governmental organisations and similar organisations for the pursuit of their social activities.
- Sponsorships**

Whether carried out at the corporate or individual local company level, these initiatives are framed by the principles laid down in the Community Work Policy.
- Community investment**

Long-term investments aimed at giving back to the communities where the company does business.

Community investment: key performance indicators for 2021

	2020	2021
Total amount earmarked to community investment (€)	941,253	1,172,033
No. of employees volunteering	1,502	1,404
No. of work hours devoted to community work	12,182	6,330

In 2021, the company donated over €1 million to social activities which involved over 1,400 employees and more than 6,000 equivalent work hours. The group's contribution in 2020 was similar in value terms.

Of those programmes, over €300,000 corresponded to contributions to non-profit organisations. The group's donations to such entities in 2020 was €90,000.



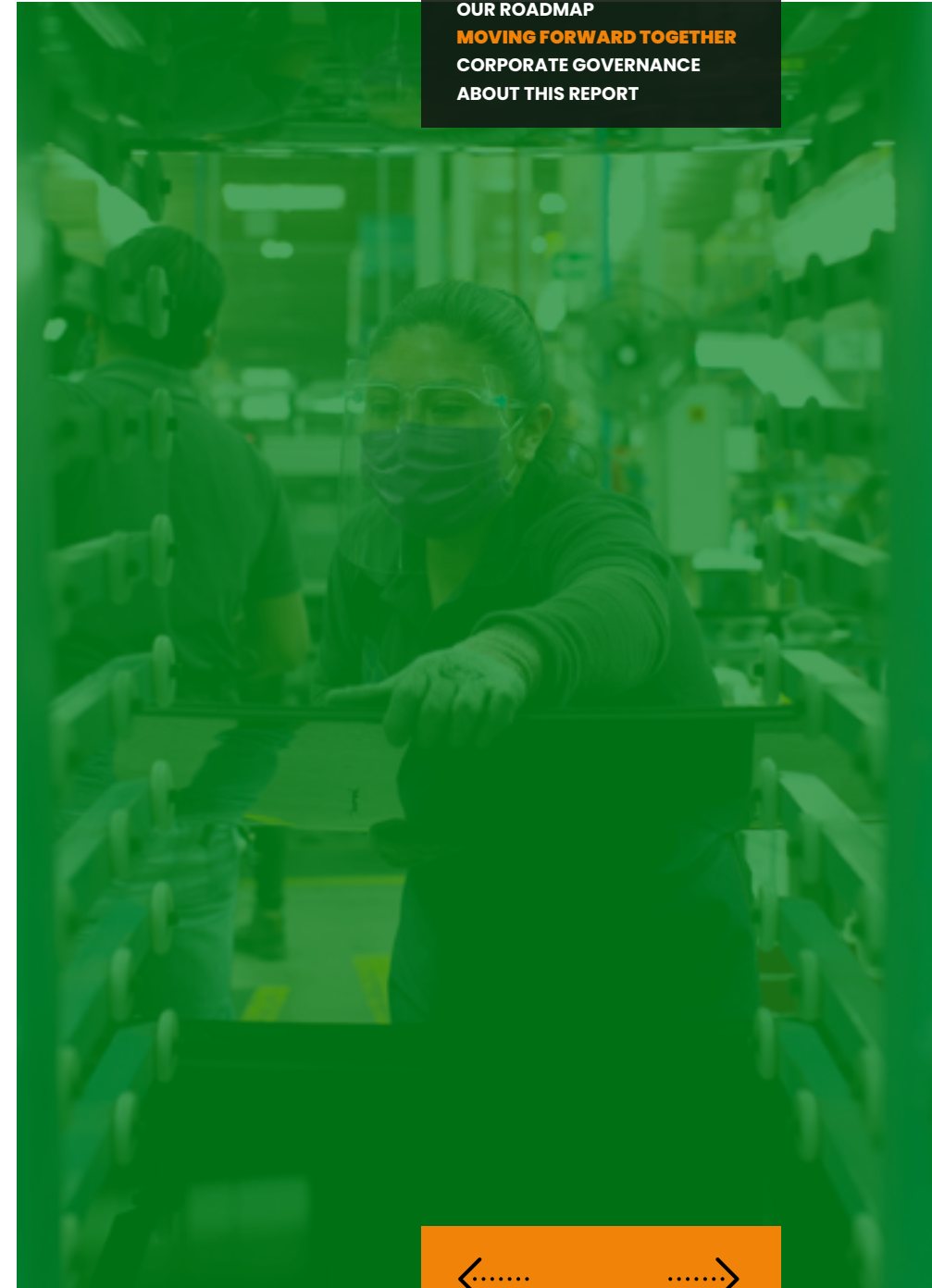
## Social contribution by region

Many of the community interventions carried out are brought to the company's attention by its factory employees. The fact that over 90% of its factories are managed by local managers makes it easier to respond to real community needs and take decisions quickly in the case of social emergencies.

In 2021, over 800 employees participated in community work projects aligned with the Sustainable Development Goals.

## Social contribution by region

	Total €	No. of employees who participated	No. of work hours devoted
Europe	425.422	167	160
North america	21.383	44	173
Brazil	71.232	4	2.753
Asia	653.995	1.189	3.224



# Framed by a stringent corporate governance framework

We draw from our business ethics when writing our in-house rules and policies, we select professionals with the ability and integrity needed to sit on our governing bodies and we create channels so to foster engagement with our stakeholders and find out about any breaches of the way we do things. We know that excellence must be a habit and our reputation is one of our greatest assets, one worth protecting.

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CIE Automotive has designed its corporate governance structure with a view to ensuring its long-term sustainability, building credibility and generating value for its stakeholders. That model, inspired by ethics principles and a commitment to transparency, is built around a universe of rules and protocols which regulate and control what our governing bodies do, establish mechanisms for mitigating possible risks and provide the framework for engaging with our stakeholders.

The pillars of that body of internal rules and regulations are the Bylaws, the rules regulating the governing bodies, the Code of Professional Conduct, the Internal Securities Markets Code of Conduct and the Criminal Risk Prevention Manual. They are complemented by the corporate policies approved by the Board of Directors that variously govern how the company operates and how it deals with its stakeholders.

**Rules and regulations updates**

From time to time the company reviews its rules and regulations in order to keep them aligned with the securities market regulator’s requirements and recommendations, prevailing applicable legislation and best practices in the corporate governance field. In 2021, the company published a new Compliance and Criminal Risk Prevention Policy, as well as a new specific compliance and criminal risk prevention manual for the US and an update of the existing Chinese model.

In order to offer the utmost transparency, both the rules and regulations formulated by the group and its Annual Corporate Governance Reports and Annual Director Remuneration Reports are published on the corporate website, in keeping with the technical and legal formalities and specifications stipulated by Spain’s securities market regulator, the CNMV, in Circular 3/2015 (of 23 June 2015).

**Membership of the Transparency, Integrity and Good Governance Cluster**

CIE Automotive has been a member of the Transparency, Integrity and Good Governance Cluster created by the business platform, Forética, since 2016. Thanks to its global reach, the forum is able to transpose onto the Spanish context the key governance trends and debates taking place around the world, collaborating to this end with authorities and opinion leaders.

In 2021, in addition to embracing those international best practices, the cluster helped its members to take their management of non-financial matters to another level. One of the most noteworthy matters addressed during the year was the future of sustainability reporting, specifically by analysing the new European Corporate Sustainability Reporting Directive (CSRD) and how the changes it will usher in could affect organisations’ traditional reporting efforts and the activities of reporting framework developers.



# Professional governance bodies

CIE Automotive's most important governance bodies are the Annual General Meeting and the Board of Directors.

## Annual General Meeting

The Annual General Meeting (AGM) is highest decision-making body at which CIE Automotive's shareholders exercise their influence. Its duties and powers are regulated in the Bylaws and the AGM Regulations. As per those Regulations, shareholders of record within at least five days of the scheduled meeting date are entitled to attend the AGM. The members of the Board of Directors are obliged to attend the Meeting under article 10 of the AGM Regulations. The quorum for calling the AGM to order is that stipulated in article 196 of the Spanish Corporate Enterprises Act.

In 2021, the company held its AGM on 5 May. It was held remotely, via the corporate website, due to the state of emergency declared to manage the health crisis induced by COVID-19. It was attended by 310 shareholders, in person or via proxy, representing 65,14% of the company's share capital.

In order to ensure the attendees were duly identified and could exercise their rights as shareholders, during the previous days, the attendees registered and exercised their rights to information. The shareholders cast their votes remotely during the course of the meeting.

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## Resolutions ratified at the 2021 AGM

- > Approval of the separate financial statements and directors' report of CIE Automotive, S.A. and of the consolidated financial statements and directors' report for 2020.

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  - > Grant of discharge to the Board of Directors.

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  - > Approval of the proposed distribution of profit for 2020.

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  - > Examination and approval of the non-financial statement of the group comprising CIE Automotive and its subsidiaries for 2020.

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  - > Grant of authorisation to the Board of Directors for the derivative acquisition of own shares, directly or through group companies, in accordance with articles 146 and 509 of the Spanish Corporate Enterprises Act, superseding the authorisation granted at the General Meeting of 29 April 2020, and the reduction of share capital to cancel own shares, delegating powers for the execution thereof in the Board of Directors.

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  - > Approval of the Director Remuneration Policy for 2021-2023.
- > Approval of changes to the terms of the long-term variable remuneration scheme tied to the company's share price performance of which the CEO is the beneficiary.

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  - > Approval of the maximum amount of remuneration payable to the directors in their capacity as such.

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  - > Reappointment of the auditor of the separate and consolidated financial statements.

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  - > Advisory shareholder vote on the Annual Report on Director Remuneration at CIE Automotive, S.A.

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  - > Provision of an account of the amendments made to the Board Regulations during the year.

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  - > Delegation of powers to execute the aforementioned resolutions.

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  - > Approval of the minutes of the meeting.

## Board of Directors

CIE Automotive's Board of Directors is made up of 13 members, including its Chairman. Two of the directors are executive, three are independent and eight are proprietary. The three independent directors sit on the Appointments and Remuneration Committee, the Audit and Compliance Committee and the ESG Committee.

Its actions are governed by the Bylaws and by the Board Regulations, which in 2020 were adapted to align them with the regulator's recommendations and also the group's ESG commitments.

Diversity-wise, there are five female directors (38% of the total) while 11 of the directors are Spanish nationals and the other two are Indian. As evidenced by the curriculum vitae provided next, the company's directors boast a diversity of backgrounds and expertise; some have markedly industrial profiles while others have financial acumen. The recent director additions, as outlined below, have reinforced the boardroom's expertise in financial

management, the automotive sector, ESG matters, strategy design, the future of mobility and the electric vehicle, multinational management, IT, digitalisation and data management, areas of great importance to the various disruptions affecting the industry.

In 2021, the Board of Directors met on six occasions and all the meetings were presided by its Chairman.

To optimise its efficiency, the Board of Directors organises its work through committees.

### Farewell to Goizalde Egaña

CIE Automotive lost a valuable director in 2021: Goizalde Egaña. The company's Vice-Chairwoman since 2002 (having previously sat on the board of Insec) sadly passed away after an illness on 21 April 2021, leaving a tremendous vacuum in her wake. Not only did the company lose a wonderful professional, it lost a great person. Approachable, helpful and hugely committed from the outset to the endeavour that is today our reality.

As required under article 17 of Regulation (EU) No. 596/2014 on market abuse, articles 227 and 228 of Royal Decree 4/2015 enacting the recast text of the Securities Markets Act, and other applicable legislation, in 2021, CIE Automotive, S.A. made two public announcements in 2021.

On 9 June 2021, it announced that Mr. Vankipuram Partahsarathy was stepping down from the company's board, having left the Mahindra & Mahindra Group. As a result, at its meeting on 9 June 2021, and at the recommendation of its Appointments and Remuneration Committee, the board agreed to appoint Ms. Suman Mishra as its new proprietary director, availing of its powers of co-option.

Then, on 21 December 2021, it announced that Carlos Solchaga Catalán and Ángel Ochoa Crespo were resigning from the company's board. In 2022 both directors would have reached 12 years as directors, so losing their classification as independent directors (in keeping with article 529.duodécies.4(i) of the Corporate Enterprises Act).

In order to ensure the board's make-up continued to meet prevailing legal requirements and the highest standards of corporate governance, they both presented their resignations on 15 December 2021, paving the way for appropriate boardroom composition all throughout 2022.

In response, the Appointments and Remuneration Committee proposed the appointment of María Eugenia Girón Dávila and Elena María Orbegozo Laborde as new independent directors.

The Board of Directors, at a meeting held on 15 December 2021, agreed, in light of the above-mentioned proactive resignations, to appoint both women as directors, again availing of its co-option powers, so that their appointment is subject to ratification at the next Annual General Meeting. The new directors' professional backgrounds are provided below.

At that same meeting, after ratifying the appointment of the two new independent directors, and again acting at the recommendation of the Appointments and Remuneration Committee, it was agreed to designate the following positions within the board:

- Vice-Chairman:  
**Fermín del Río Sanz de Acedo**  
(executive director).
- Lead Independent Director:  
**Arantza Estefanía Larrañaga**  
(independent director).

It also agreed to renew the make-up of the board committees.

## BOARD OF DIRECTORS (as of 31 December 2021)

	Position	Class of director	Strategy and Investment Committee	Appointments and Remuneration Committee	Audit and Compliance Committee	ESG Committee
Don Antonio María Pradera Jáuregui	<b>Chairman</b>	Proprietary	Chairman			
Don Fermín del Río Sanz de Acedo	<b>Deputy chairperson</b>	Executive	Member			
Don Jesús María Herrera Barandiaran	<b>Chief Executive Officer</b>	Executive	Member			
Doña Arantza Estefanía Larrañaga	<b>Member</b>	Independent		Lead and Chairwoman	Member	Member
Doña María Eugenia Girón Dávila	<b>Member</b>	Independent		Member	Member	Chairwoman
Doña Elena María Orbegozo Laborde	<b>Member</b>	Independent		Member	Chairwoman	Member
Don Jacobo Llanza Figueroa	<b>Member</b>	Proprietary				
Don Santos Martínez-Conde Gutiérrez Barquín	<b>Member</b>	Proprietary	Member			Member
Doña Suman Mishra	<b>Member</b>	Proprietary				
Don Francisco José Riberas Mera	<b>Member</b>	Proprietary	Member	Member		
Don Juan María Riberas Mera	<b>Member</b>	Proprietary				
Doña María Teresa Salegui Arbizu	<b>Member</b>	Proprietary			Member	Member
Don Shriprakash Shukla	<b>Member</b>	Proprietary				

Secretary, non-member: José Ramón Berecibar Mutiozabal





In keeping with recommendation #36 of Spain's Code of Good Governance for listed companies, the Board of Directors conducts an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a. The quality and efficiency of the board's operation.
- b. The performance and membership of its committees.
- c. The diversity of board membership and competences.
- d. The performance of the Chairman of the Board of Directors and the company's chief executive.
- e. The performance and contribution of individual directors, with particular attention to the chairs of Board of Director's committees.

Every three years, the Board of Directors engages an external facilitator to aid in the evaluation process. That facilitator's independence is verified by the Appointments and Remuneration Committee.

The purpose of the evaluation questionnaire is to help the members of the Board of Directors to identify the key areas on which it could have done better so as to add more value going forward.

The report compiled in January 2021 by Evaluación de Consejos (EdC) (whose methodology and findings were outlined in detail in the 2020 Annual Report) concluded that the aggregate quantitative results indicated strong satisfaction with the performance of the Board of Directors and its committees, higher than the average at similar companies.

Following the significant changes to the boardroom and board committees in 2021, the Chairman of the Board of Directors, guided by his mission to ensure application of best governance practices, will spearhead the next assessment, taking a more personal approach, as the company's first obligation is to fully integrate the new directors and involve them in the company's governance. The various board committees must have access to all the information they need in order to perform their duties. Mr. Pradera believes that the results of this year's assessment should be

ready by the end of the first half. In order to ensure the boardroom's continued independence and wealth of experience, next year the board and committee assessment will be carried out with the help of an outside expert once again, even though the stipulated term of three years will not yet have elapsed.

*Following the significant changes to the boardroom and board committees, the Chairman will spearhead the next board and committee assessment*

# Board committees

As already noted, the company's Board of Directors, at a meeting held on 15 December 2021, modified the composition of all of its committees with the exception of the Strategy and Investment Committee.

## Strategy and Investment Committee

Made up of five members (two executive directors and three proprietary directors), this committee's duties include assessing and making proposals to the Board of Directors about business growth, development and diversification strategies; bringing new investment opportunities before the Board of Directors; and studying and proposing recommendations with respect to the strategic plans and plan updates submitted to the Board of Directors from time to time.

*It met on seven occasions in 2021.*

## Appointments and Remuneration Committee

Comprised of four members (three independent directors and one proprietary director), this committee's purview is to oversee the financial and non-financial reporting process and ensure the independence and effectiveness of the internal audit function. Its duties include revising the internal control and financial and non-financial risk management systems, selecting, appointing and replacing the auditor and taking receipt of information from the auditor, whose independence it must safeguard.

*It met on three occasions in 2021.*

## ESG Committee

This committee is made up of five members (three independent directors and two proprietary directors) and its mission is to promote CIE Automotive's ESG strategy.

*It met on one occasion in 2021.*

The next three committees are chaired by independent directors.

## Director resumes



**ANTONIO MARÍA PRADERA JÁUREGUI**

*Chairman (Proprietary)*

A road engineering graduate from Madrid's Polytechnic University, Mr. Pradera began his career in 1979 as a director at Banco Bilbao, where he worked until 1985. In 1988, he was named executive director of Nerisa, where he stayed until 1993, when he moved to SEAT as director of strategy. He played an important role in the creation of INSSEC in 1995, where he served as chief executive until 2010. He was appointed Executive Chairman of CIE Automotive in 2012, working in the strategy and financial design departments; he also chaired Global Dominion Access, S.A. Since May 2015, he has been a director at Tubacex and since June 2015, a director at Corporación Financiera Alba. On 31 December 2017, he stepped down from his executive duties at CIE Automotive, thus reinforcing the company's corporate governance practices.



**FERMÍN DEL RÍO SANZ DE ACEDO**

*Vice-chairman (Executive)*

A business studies graduate (San Sebastian). He began his career as tax advisor in 1975 and is the founder of Norgestión (a consultancy specialised in mergers & acquisitions, tax law and finance). He provided services to this firm until 2008. He has also headed up ADEGI (the Guipuzcoa business association) and been a member of CONFEBASK, the Basque committee of business owner associations. He has chaired Autometal S.A. and sat on the boards of companies from a range of manufacturing sectors, including Fegemu S.A., Viveros San Antón, S.A. and Global Dominion Access S.A. He is currently a director at Alai Extrusión, S.A.



**JESÚS MARÍA HERRERA BARANDIARAN**

*Chief Executive Officer (Executive)*

A graduate of business studies and economics from the Basque University, Mr. Herrera also holds a Master of International Expansion (from Euroforum). He joined CIE Automotive as CFO in 1991, also heading up the HR function for CIE Orbelan. In 1995, he was named deputy manager and in 1998 he was promoted to general manager. In 2000, he took over management of CIE Brazil and in 2002, of CIE Plástic. That same year he was named global director of CIE Plástico, a position he held until 2005, when he took up the general manager spot at CIE America. He has been the CEO of Autometal S.A. since 2010 and in 2011 he was named COO for the entire group; just a year later he would be named general manager of CIE Automotive. Lastly, in 2013, the Board of Directors appointed him CEO of CIE Automotive. He is also a director at Global Dominion Access, S.A.



**ARANTZA ESTEFANÍA LARRAÑAGA**

*Lead independent director (Independent)*

Arantxa graduated in law with highest honours from Deusto University. From 2000 to 2019, Managing Partner of the law firm Uría Menéndez Abogados S.L.P. in Bilbao. At Uría, Arantxa sat on the board, on the professional practice management committee and on the criminal liability prevention committee. She was appointed independent director of Repsol on 31 May 2019. She has been serving on the oil company’s sustainability committee since May 2019 and on its remuneration committee since November 2021. Since July 2021, she has been a Director and Secretary of the Board of Directors of its subsidiaries, Repsol Industrial Transformation, S.L. Sociedad Unipersonal and Repsol Customer Centric, S.L. Sociedad Unipersonal. Since 8 May 2020, she has been an independent director of Global Dominion Access, S.A., having chaired its Audit Committee until 12 May 2021. She is currently a member of the Audit Committee and a member of the Sustainability Committee. Since May 2019, she has been a member of the group of experts of the Economic and Social Council of the Basque Country, and has chaired the Economic Committee of this body since December 2019. She is Secretary of the Board of Directors of Bilbao Exhibition Centre S.A.

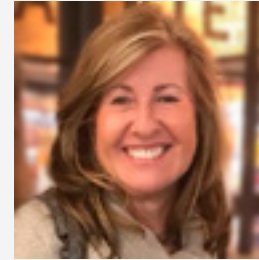
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**MARÍA EUGENIA GIRÓN DÁVILA**

*Director (Independent)*

María is an industrial engineer (ICAI) and holds an MBA from Harvard Business School. She has held executive duties at Loewe and worked as CEO of Carrera y Carrera where she spearheaded the management buy-in (MBI). She is the Vice Chair of the International Board of Trustees of Oceana, member of the Boards of Trustees of Spain’s Royal Tapestry Factory and of IE University and Chair of Spain’s Diversity Foundation. She is a jury member of the European Innovation Council Accelerator backed by the European Commission and its Green Deal. She supports technology start-ups from the Rising Tide Europe and Go Beyond Investments platforms. She is also the Co-Chair of Women Corporate Directors and a member of the board of ICA, the institute of female directors. She is currently the Executive Director of the IE University Premium & Prestige Observatory and a member of the advisory board for enterprises from the luxury goods sector.



**ELENA MARÍA ORBEGOZO LABORDE**

*Director (Independent)*

Elena holds a bachelor’s degree in mathematics. She has largely built her career at a multinational provider of technology services, with a focus on information management and big data. Elena is responsible for high-potential accounts and has a proven track record in the IT sector, where she has a career dating back more than three decades. She is an ambitious and dynamic change manager, dedicated to ongoing business improvement, focused on revenue enhancement and the streamlining of business operations. Focused to profit optimization.



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**JACOBO LLANZA FIGUEROA**

*Director (Proprietary)*

A graduate of economic and business science from the University of Paris. Jacobo built his career in investment banking, starting out in 1989 in a number of positions at Banque Indosuez and Bancapital, before going on to create and run AB Asesores Moneda in 1992, an AB Asesores group company. Following the sale of this firm to Morgan Stanley in 1999, he joined Dresdner Kleinwort Wasserstein, where he worked as managing director of equities & derivatives for Latam, Eastern Europe, Africa and the Middle East. In 2002, he joined Alantra (formerly N+1), where he is currently a Managing Partner, as well as CEO of Alantra Asset Management.



**SANTOS MARTÍNEZ-CONDE GUTIÉRREZ-BARQUÍN**

*Director (Proprietary)*

Santos holds a Bachelor of Engineering (roads, canals and bridges), a Master of Business Administration from ICADE and a Diploma in Nuclear Technology from ICAI. He has built his career in a number of engineering and financial sector firms: Sener, Técnica Naval e Industrial, S.A. (1979-1980), Técnicas Reunidas, S.A. (1980-1987), Bestinver, S.A. (1987-1990), Corporación Borealis, S.A. (1990-1994), Banco Urquijo, S.A. (1994-1998) and Corporación Financiera Alba, S.A. (1998-2020), serving as CEO at the latter. He has served on the boards of numerous listed and unlisted companies across a wide range of business sectors. He currently sits on the boards of Corporación Financiera Alba, S.A., Acerinox, S.A. and Indra Sistemas, S.A.





**FRANCISCO JOSÉ RIBERAS MERA**

*Director (Proprietary)*

Francisco J. Riberas was born in Madrid on 1 June 1964. A dual law (1987) and business studies graduate (1988) from Universidad Pontificia de Comillas (ICADE | E-3) of Madrid. He began his career in a number of different positions within Grupo Gonvarri, including director of corporate development and, later, CEO. He set up Gestamp in 1997 since which time he has been that firm’s Executive Chairman, forging the group it is today. He currently sits on the boards of Telefónica, CIE Automotive and Wallbox. He also sits on the boards of other Gestamp companies and investees of the family holding company, Acek, including Grupo Gonvarri, Acek Energías Renovables, Inmobiliaria Acek and Sideacero. Francisco presides SERNAUTO, Spain’s association of automotive equipment and components manufacturers, the Spain-China Council Foundation, the Spain-China Business Advisory Board and the Endeavor Foundation in Spain. Lastly, he presided the IEF (acronym in Spanish for the Family Business Institute) between May 2018 and June 2020.



**JUAN MARÍA RIBERAS MERA**

*Director (Proprietary)*

Jon Riberas was born in Madrid in 1968. A dual law (1991) and business studies graduate (1992) from Universidad Pontificia de Comillas (ICADE | E-3). He began his career at Grupo Gonvarri in 1992 in the business development area, a group where he later assumed the role of CEO. In 2005, he backed the creation of ACEK Renewables, a player in the renewable energy business with a unique business model. In 2010, he was named Executive Chair of Gonvarri Industries and Co-Chair of Corporación ACEK, the family holding company. In addition to those positions, he is the Executive Chair of GRI Renewable Industries, Vice-Chairman of Gestamp and a member of the board of Dominion. Jon is a trustee at the Juan XXIII Foundation, an NGO set up to improving the quality of living of adults with intellectual disabilities and help integrate them into society.



**SUMAN MISHRA**

*Director (Proprietary)*

Suman Mishra is an MBA from University of Michigan, Ross School of Business where she graduated with high distinction. She is a Computer Engineer from NTU Singapore where she graduated with First Class Honours. Suman is currently the Chief Executive and a Whole-time Director of Mahindra Electric Mobility Ltd., responsible for charting the future of electric last mile mobility for Mahindra Group. She is the Chief Executive Designate for the Last Mile Mobility business (LMM). Prior to this role, she has worked extensively in developing and implementing strategic initiatives across several sectors and functions in Mahindra and McKinsey and launching products globally in Cipla. She has been recognized as Economic Times 40 under 40 business leaders and Economic Times Woman Ahead. She is a non-executive director on the board of CIE Automotive, Medwell Ventures and Meru Cabs.



**MARÍA TERESA SALEGUI ARBIZU**

*Director (Proprietary)*

A graduate of economic and business science from Deusto University. Ms. Salegui began her career at the transport firm La Guipuzcoana (1988-2002), where she worked as general manager, a position she also held at DHL Express Iberia (2002-2004). She currently presides Addvalia Capital and Perth Espacio y Orden and sits on the boards of the following companies: Baztango, F&F Inversiones and BAS.





**SHRIPRAKASH SHUKLA**

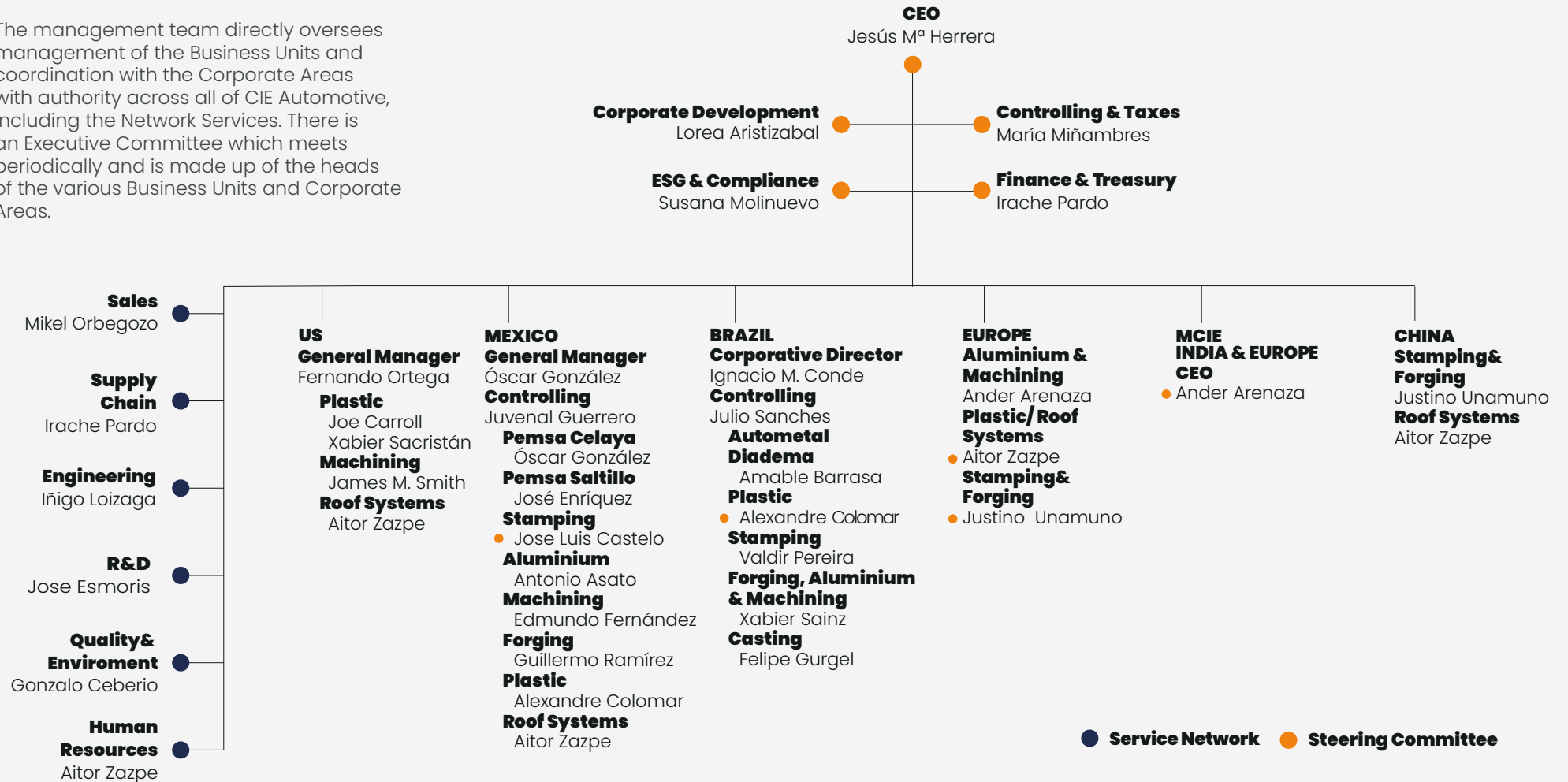
*Director (Proprietary)*

Mr. Shukla graduated in technology from the Indian Institute of Technology, BHU, Varanasi and holds an MBA from the Indian Institute of Management, Ahmedabad. He brings more than 40 years' experience managing large enterprises in the consumer goods and manufacturing industries. He sits on the boards of several Mahindra Group companies in the aerospace, defence, farming and steel industries in India and is a member of Mahindra & Mahindra Ltd.'s Executive Committee. He has also headed up the Mahindra Group's strategy and brand management area. He chairs Mahindra CIE Automotive, Ltd.

*CIE Automotive's Board of Directors includes five women (38% of the total) and, by nationality, eleven directors are Spanish and two are Indian.*

# Management team as of 01/02/2022

The management team directly oversees management of the Business Units and coordination with the Corporate Areas with authority across all of CIE Automotive, including the Network Services. There is an Executive Committee which meets periodically and is made up of the heads of the various Business Units and Corporate Areas.



# Remuneration policy

CIE Automotive’s Director Remuneration Policy stipulates that director remuneration be proportionate in terms of the dedication and responsibilities assumed, in keeping with compensation levels at comparable companies in Spain and abroad, and aligned with the long-term interests of the shareholders as a whole.

## Remuneration policy principles

- > Remunerating directors proportionately for their dedication and the responsibilities they assume, in keeping with the compensation paid by comparable companies in terms of market capitalisation, size, ownership structure and international presence.
- > Ensuring their remuneration makes a direct contribution to delivery of CIE Automotive’s strategic objectives.
- > Ensuring the ability to attract, motivate and retain the best professionals.

Average remuneration in euros for directors and executives, including bonuses, attendance fees, termination benefits, long-term savings/pension benefits and any other compensation, broken down by gender, was as follows:

2020	Total no. of people	Men	Average remuneration - €	Women	Average remuneration - €
Directors*	6	5	1,096,249	1	53,333
Senior management	9	5	978,180	4	323,223

\*Directors receiving remuneration: two executive directors, three independent directors and the Chairman.

2021	Total no. of people	Men	Average remuneration - €	Women	Average remuneration - €
Directors*	6	5**	2,237,551	1**	80,000
Senior management	9	5	968,239	4	327,606

\*Directors receiving remuneration: two executive directors, three independent directors and the Chairman.

\*\* In terms of remuneration, former directors are paid in 2021 as a full year, and new directors from 2022 onwards. The tables are comparable.

For further details, refer to the notes headed Employee benefits expense and Related-party transactions in the group’s consolidated financial statements for the year ended 31 December 2021 and to the 2021 Annual Director Remuneration Report and the Remuneration Policy itself, all of which are published on the corporate website:

<https://www.cieautomotive.com/web/investors-website>



# The ETHICAL FRAMEWORK that shapes us

CIE Automotive’s actions are guided by its corporate values, which underpin the body of internal rules put in place to ensure that its members behave ethically and are in turn complemented by compliance oversight and breach remedy mechanisms. In 2021, the company approved a new Compliance and Criminal Risk Prevention Policy.

## The Code of Professional Conduct

The Code of Professional Conduct provides the organisation’s members with principles and guidance on how to conduct themselves professionally. Everyone who works at CIE Automotive is obliged to familiarise themselves and comply with the Code. The group also encourages its business partners (joint venturers, suppliers, customers, contractors and other partners) to align their conduct with the Code and apply equivalent standards of ethics.

The Code itself establishes compliance monitoring and breach remedy mechanisms. The Board of Director’s ESG Committee is responsible for supervising due compliance with the Code of Professional Conduct. Any members of the organisation who breach the Code are subject to the penalties contemplated in applicable legislation.

### CIE Automotive’s rules of conduct



Ethical and lawful conduct.



Respect for people and society.



Workplace health and safety.



Ethical relations with authorities and third parties.



Transparency, integrity and confidentiality.



Compliance with tax obligations and proper use of public funds.



Adequate use of firm resources and assets.



Data protection.



Respect for intellectual and industrial property rights

**WHISTLE-BLOWING CHANNEL**

CIE Automotive has set up a procedure for managing notifications and enquiries with respect to Code of Professional Conduct breaches or anomalies.

All members of the organisation and any of its stakeholder groups may use to it make enquiries or notify unusual activity or breaches of the rules set down in the Code of Professional Conduct using the following channels:

Whistle-blowing channel e-mail inbox:

[whistleblowerchannel@cieautomotive.com](mailto:whistleblowerchannel@cieautomotive.com)

Postal correspondence addressed to the Compliance Department:

Alameda Mazarredo 69, 8º. 48009 Bilbao (Bizkaia), España.

Information and communication channel on the [intranet](#) and on the [corporate website](#).

The Code of Professional Conduct has been modified to allow the submission of enquiries or notifications anonymously.

The Compliance Department is tasked with handling and analysing any such notifications and enquiries in a confidential manner. The data of the individuals involved are managed in keeping with prevailing data protection regulations in the country in question.

In 2021, the company received 25 complaints through its whistle-blowing channel, 15 more than in 2020. Those complaints were related with:

- Fraud and corruption (eight): malpractice at several factories by buyers who breached CIE Automotive’s general purchasing terms for their own benefit. Although the amounts involved were not material and the scale of the contracts with the suppliers in question did not have a material impact on earnings at the factories involved, the events harmed the group’s image and violated its ethics commitment.
- Business management (five): related with the company’s dealings with its stakeholders.

- Workplace harassment (five): inappropriate attitudes on the part of managers vis-a-vis factory workers.
- People management with respect to work scheduling for everyday factory work purposes (three complaints in total).
- Discrimination (two): failure to guarantee equal opportunities.
- Breach of the Code of Professional Conduct (two): failure on the part of certain employees to uphold the rules of conduct.

In 2020, on the other hand, the complaints were related with human resource planning and management on the factory floor, the company’s ethics and breaches of its Code of Professional Conduct and management of the business (six out of 10 in total); there were two complaints related with workplace harassment, one related with discrimination and one related with fraud and corruption.

In all of the cases reported in 2021 and notified to the ESG Committee, the opportune actions were taken to analyse, monitor and remedy or close the cases.

Those actions included the firing of eleven employees who participated in the fraud and corruption and harassment cases reported and intervention by the corresponding executive and HR professionals to address the instances of discrimination and harassment reported and prevent their recurrence via enhanced education on the company’s values and Code of Professional Conduct rules.



# Corporate policies

The ethics framework is implemented by means of a series of corporate policies which are drawn up by the corresponding departments. Those policies are binding upon all members of the organisation. CIE Automotive's corporate policies were approved by the Board of Directors for the first time in December 2015 and most of them have been revised, updated and re-approved between 2019 and February 2021.

A Compliance and Corporate Crime Prevention Policy was approved in 2021; that new policy establishes the basic principles and guidelines to be followed to ensure compliance and prevent white-collar crime within the organisation.

## ESG policies

- > ESG
- > Purchasings
- > Supplier ESG commitment
- > Human rights
- > Anti-corruption and anti-fraud
- > Social contribution

## Governance policies

- > Internal control over financial reporting (ICFR)
- > Risk control and management
- > Corporate governance
- > Director remuneration
- > Tax policy
- > Reporting to and communicating with shareholders and the market
- > Shareholder remuneration policy
- > Director selection and board diversity policy
- > Policy for engaging and interacting with the account auditor
- > Compliance and criminal risk prevention

The Compliance Department is responsible for overseeing the correct deployment and implementation of all of the group's corporate policies.

**Below are a few examples of its supervisory work in 2021:**

- Global launch of training on the Code of Professional Conduct in a collaborative effort between the corporate and country human resources teams. Almost 6,200 people completed the course on an online platform, while the remainder of the organisation completed the training by means of educational brochures (including tests at the end), which are available in 16 different languages.
- As part of the global rollout of the compliance model, creation of a specific Criminal Risk Prevention Manual for the US and of an update for China.
- Expansion of the scope of the two training course on criminal liability and anti-corruption to 600 people in total, specifically to include all members of the factories' management committees. After receiving the programme, the participants completed a final evaluation with questions related with the Criminal Risk Prevention Manual and the Anti-Corruption and Fraud Policy.
- Collaboration with the corporate Purchasing Department to update all the documentation related to the supply chain and suppliers' non-financial reporting requirements.

## Anti-corruption and bribery effort

CIE Automotive is committed to combatting corruption in all its forms, including extortion and bribery, and to developing specific and exemplary policies in this arena. That commitment is tangible in its endorsement of the ten principles enshrined in the United Nations Global Compact.

In addition to the Code of Professional Conduct, whose rules include that of tackling fraud and corruption, the company has an official Anti-Corruption and Fraud Policy, which stipulates that dealings with public officials and authorities must be governed by the principles of transparency, integrity, objectivity, impartiality and lawfulness.

The company is politically neutral and does not finance, either directly or indirectly, political parties or their representatives or candidates, either in Spain or abroad.

One of the Internal Audit Department's duties is to oversee that the group companies are operating lawfully and in keeping with the defined corporate values.

As was the case in 2020, no public legal cases were brought against the organisation or its employees in relation with corruption in 2021.

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**Measures taken to combat money laundering**

The group introduced its Corporate Liability Compliance Model in 2015 and updated it in October 2019 to introduce a Support Unit with independent intervention and control powers within the organisation whose mandate is to oversee compliance therewith. The company leverages that model to articulate its effort to thwart money laundering, as well as providing training on the Code of Professional Conduct and application of the various corporate policies.

As already noted, as part of the rollout of its compliance model, the company has created a specific Criminal Risk Prevention Manual for the US market and updated the Chinese manual.

**Measures taken to prevent corruption and bribery**

With the aim of preventing or at least minimising the probability of malpractice and ensuring that in the event it does take place it is stopped immediately, in 2021, the company formulated a Compliance and Criminal Risk Prevention Policy, a new specific compliance manual for the US market and an update of the existing Chinese manual. In addition, it implemented its criminal compliance model in the US and Czech Republic, following on from the work done in Mexico and Brazil in 2019. The plan is to further that effort over the coming years until the model has been deployed in all of the company's markets.

In addition, the Audit and Compliance Committee agreed to extend the scope of its criminal liability and anti-corruption training courses to 600 people, so that they now cover the company's directors, its key

management personnel, the global management team and the local management committees; it further approved the provision of training on the Code of Professional Conduct to all group members.

All those courses were put together by the Compliance Department and the Secretary of the Board of Directors with the help of an external consultant, Thomson Reuters. The courses concentrate on:

- The company's existing ethics framework and criminal compliance effort: Code of Professional Conduct and Criminal Risk Prevention Manual.
- The governing bodies responsible for those matters: the Board of Directors, Audit and Compliance Committee and ESG Committee, all of which assisted by the Internal Audit Department.

- The policies (Anti-Corruption and Anti-Fraud) and controls in place to prevent corruption and other irregular practices, the procedures for identifying, evaluating, managing and controlling potential risks and the associated impacts, and the channels (whistle-blowing channel and its rules) for reporting potential breaches of the Code of Professional Conduct.

As indicated above, in 2021 the company received nine complaints specifically related with fraud and corruption through its whistle-blowing channel, in response to which it took the steps needed to study, monitor, remedy and close the cases. Those actions included the firing of nine employees who participated in the cases of fraud and corruption reported.



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# Defence of human rights

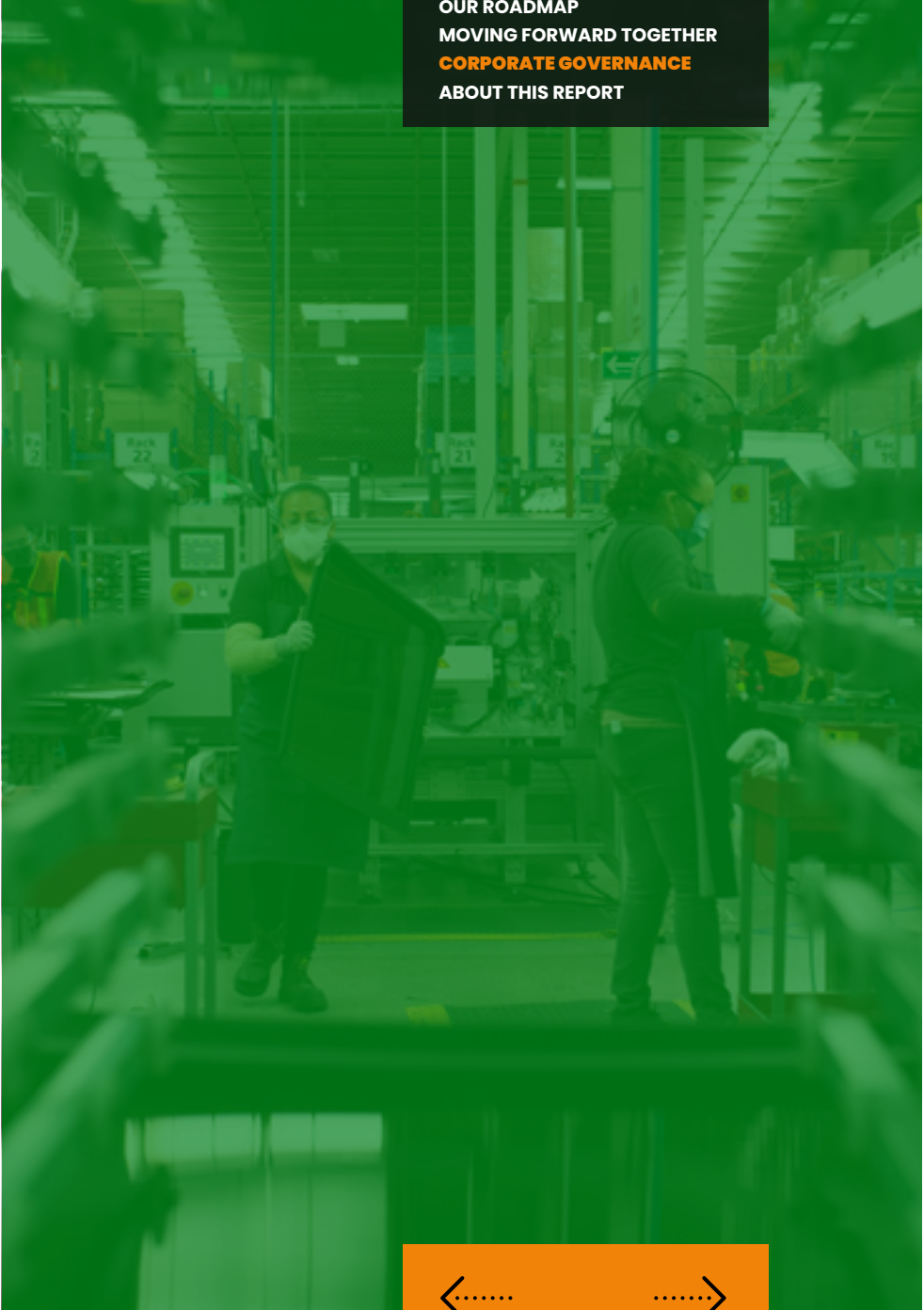
CIE Automotive defends the universal rights set down in the United Nations Global Compact, which the company endorsed in 2015. That commitment has translated into the **Human Rights Policy**, through which it formally undertakes to respect those universal rights in everything it does, applying the policy not only to its employees but also its customers, suppliers and the communities surrounding its facilities and any of their indigenous peoples.

To that end it formally repudiates child labour, compulsory labour and workplace discrimination; fosters respect for the freedom of association and right to collective bargaining; and complies with prevailing legislation in all its business markets, framed by the internationally recognised human rights and its own Human Rights Policy.

The Human Rights Policy complies with the provisions contained in the International Labour Organisation's fundamental conventions on the freedom of association and the right to collective bargaining.

Note that the company did not receive any complaints related with human rights violations, understood as breaches of the right to decent work and a living wage, in keeping with the United Nations Declaration, in either 2021 or 2020.

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# RISK

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# management

CIE Automotive has an Control and Risk Management System (ERM) to reduce to tolerable levels the risks that, were they to materialise, could jeopardise delivery of its strategic targets. The ERM, as set down in the corporate Risk Control and Management Policy, follows ISO 31000 methodology and is the responsibility of the Board of Directors, which delegates oversight of its correct implementation and functioning in the Audit and Compliance Committee. In 2021 the company implemented its criminal compliance model in the Czech Republic and the US and, for the first time, drew up a specific criminal risk map for each of the regions where the model is already in place.

## Enterprise risk management system

CIE Automotive's EGM provides it with reasonable assurance that all significant risks - strategic, operational, financial/reporting (refer to the Internal Control over Financial Reporting (ICFR) Policy), and non-financial (ESG and compliance) risks - are prevented, identified, evaluated and monitored continuously. Those risks are approved at the board level and managed in keeping with defined risk appetite and tolerance thresholds.

Underpinned by strong and sustained commitment on the part of the company's senior executives and management team, coupled with robust strategic planning, CIE Automotive aims to create a controlled risk environment in which risks are actively managed; the premise is that adequate risk management will create value and give rise to new opportunities.

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## Enterprise control and risk management system - principles

> Creation of a constructive vision of the concept of risk.

> Committed and competent risk management professionals.

> Use of a shared language.

> Transparent communication throughout the entire organisation.

**Risk mapping: procedure and scope**

Each year, the company’s senior executives and management team are tasked with evaluating the risks identified in the ERM and drawing up the risk map for the entire organisation:

- From the standpoint of residual risk: considering the controls already in place at CIE Automotive in order to mitigate the potential impact of their materialisation;
- Based on the probability of occurrence (past and future):

	5 - Very high	4 - High	3 - Medium	2 - Low	1 - Very low
	> 80%	61% - 80%	31% - 60%	10-30%	<10%
<b>Materialised in the past</b>	Risk materialised over 5 times in last 2 years.	Risk materialised over 5 times in last 5 years.	Risk materialised over 5 times in last 10 years.	Risk materialised between 1 and 4 times in last 10 years.	Risk that has not materialised or at least not for over 10 years.
<b>Materialisation in the future</b>	Materialisation of the risk would affect the organisation imminently (in the current year).	Materialisation of the risk would affect the organisation within a year (next year).	Materialisation of the risk would affect the organisation within two years' time.	Materialisation of the risk would affect the organisation within five years' time.	Materialisation of the risk would affect the organisation in more than five years' time.



- Based on their impact along three dimensions: economic, organisational and/or reputational.

	5 – Very severe	4 – Severe	3 – Significant	2 – Moderate	1 – Very moderate
<b>Economic impact</b>	A very severe adverse impact on EBITDA. An adverse impact on P&L <sup>1</sup> of >5%.	A severe adverse impact on EBITDA. An adverse impact on P&L of >3.5% but <5%.	A significant reduction in EBITDA guidance. An adverse impact on P&L of >1.5% but <3.5%.	A slight reduction in EBITDA guidance. An adverse impact on P&L of >0% but <1.5%.	No change in existing EBITDA.
<b>Organisational impact</b>	Materialisation of the risk requires intervention by the Board of Directors.	Materialisation of the risk requires intervention by the CEO.	Materialisation of the risk can be resolved at the corporate level.	Materialisation of the risk can be resolved at the division level.	Materialisation of the risk can be addressed at the factory level.
<b>Reputational impact</b>	Reputational damage stemming from several actions that have a severe impact on the company's image and its share price.	Reputational damage stemming from several actions that impact the company's image and its share price.	Occurrence of an event that is picked up by high-profile media and reaches the regulator/analysts.	Occurrence of an event that is picked up by the local media.	No impact.

<sup>1</sup>P&L = Statement of profit or loss

A total of 233 people participated in drawing up this general risk map, which is four times more than in 2020. That is because in 2021 both climate risk and criminal compliance risk have their own maps based on specific assessments made by experts and managers who had not participated in the process until now.

All of the individuals who participated responded considering the impact of each risk factor over a time horizon to

2025, except for climate risk where the time horizon runs to 2050, in respect of their technical or geographic expertise, which means that some of them may have assessed a given risk factor for more than one region and more than one type of technology.

The process is coordinated by the Compliance Department which presents the results of this annual exercise to the Audit and Compliance Committee for validation and

approval; the Audit and Compliance Committee in turn reports its approval to the Board of Directors.

As in prior years, the result is a risk map that is presented top down, by region, by technology and by region and technology. It quantifies, in euros, the impact on EBITDA of the potential materialisation of each risk, according to the defined parameters, and the trend in the key risk factors over the past three years in all of the foregoing

categories. In a new addition this year, the map also displays all of the controls launched in each region and for each technology during the year, making it possible to visualise internal control delivery by factory with a breakdown by control, control owner and control evidence.

The entire process is monitored via the internal management tool, SAP GRC.



## Risks assessed in 2021

Below is a list of the main financial and non-financial risks to which the group is exposed and which are evaluated in the course of drawing up its risk map, classified by the areas that are critical to the company:

102-15



### People

- Ability to guarantee the workplace health and safety of group employees.
- Erosion of the corporate culture, the bedrock of the company's successful business model.
- Lack of succession plans for key management personnel.
- Lack of human resources needed to maintain growth.
- Lack of training and talent management policy.



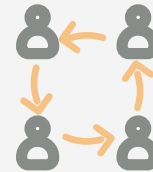
### Finance

- Reliability of the financial information disclosed.
- An aggressive tax strategy or risks considered manageable becoming unmanageable.
- Financial risk understood as market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.



### Human rights

- Code of Professional Conduct breaches by group employees.



### Society

- Reputational damage as a result of activities not linked directly to the company's operations.
- Non-alignment of the supply chain with the group's ESG commitments.
- Change in market trends.
- Failure to meet customer expectations.
- Management of M&A-led growth.
- Cybersecurity and data protection.



### Corruption and bribery

- Criminal risk.
- Failure to comply with legislation in any of the company's operating markets.
- Breach of any of the 10 principles enshrined in the United Nations Global Compact, of which the company has been a signatory since 2015 and/or failure to contribute to delivery of the Sustainable Development Goals (SDGs) with which the company is most aligned.



### Environment

- Impact of climate change on delivery of the company's strategic objectives.

## 2021 RISK MAP

The 2021 risk map reaffirms and cements the risks that are most intrinsic to the sector and its performance, including **changes in market trends** and **customer satisfaction**, as well as one that is specific to the trajectory, growth and future of CIE Automotive, namely **management of M&A-led growth**, while also evidencing growing concern about **climate change** and its impact on delivery of our strategic targets.

This year's risk map also highlights concern about **cybersecurity** and the losses its mismanagement could trigger; it also shines the spotlight once again on **financial risk** and **sustainable supply chain management**, due to the shift in financial conditions in the wake of the rise in commodity prices and the sense of scarcity generated by global supply chain friction, which has ushered in a new era of inflation and, by extension, the nearing end of accommodative measures and an attendant increase in interest rates.

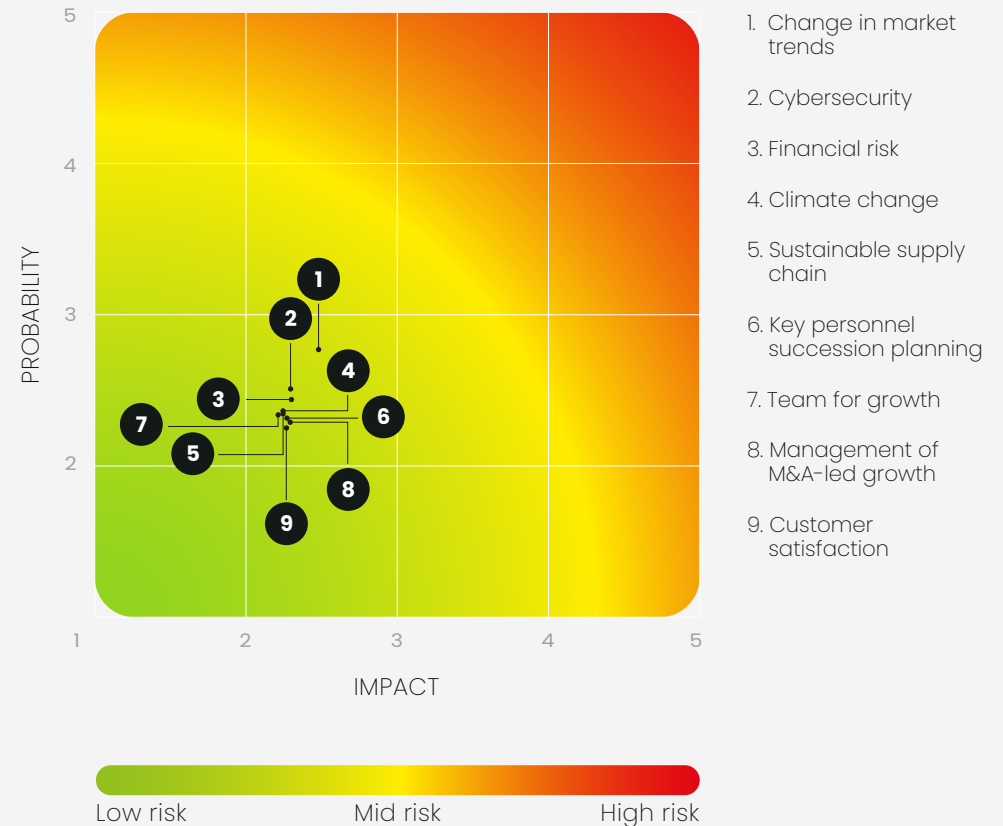
In all of these scenarios, care for the company's most important assets - its people - emerges as a critical factor, along with the associated risks: having a **well prepared team of professionals and adequate succession planning**.

Elsewhere, it is also worth highlighting the initiatives taken and controls introduced in 2021 to mitigate certain risks deemed priority risks 2020 which no longer rank among the top concerns, most notable among which the perception that the company could be victim to **fraud or corruption** within its ranks. The measures and controls rolled out by the company, along with the provision of dedicated training, are clearly acting as a deterrent.

### Key risks: description and action plans

Below is an analysis of the main risks depicted in the risk map with a probability of materialisation during the Strategic Plan horizon with an impact at the economic, organisational and/or reputational levels. Note that none of the risks has been rated as highly probable or of severe or very severe impact.

## General risk map 2021



Risks with medium probability of occurrence and significant/moderate potential impact



**Change in market trends**

The automotive industry is undergoing disruptive changes for which the company needs to be prepared by maintaining the flexibility required to adapt to customers' unfolding or future demands, as well as increasingly stringent regulations.

Emerging car technology (including vehicles powered by electricity or alternative energy fuels, diesel engine developments and emissions reduction targets) is reducing demand for some of our strategic products and introducing new systems and components. The resulting idle capacity around the world is intensifying competition and exerting strong downward pressure on prices, squeezing margins. The new trends unfolding, analysed throughout this report, are driving very rapid change.

**Action plan**

The company plans to reinforce the flexibility of its model to adapt to unfolding and future customer needs and emerging trends. Product portfolio diversification will give it a differential ability to adapt relative to its competitors. A portfolio in which more than eight out of every 10 products are independent of a vehicle's propulsion system and therefore not impacted by the sector electrification trend. For the rest of its parts, the company is working from the technological and market standpoints to make the most of the opportunities emerging in the battery, motor, power electronics and gearbox areas.

> For more information refer to sections *CONTEXT AND TRENDS* in the automotive sector, *Our BUSINESS MODEL*, a reliable base and *TECHNOLOGY AND INNOVATION*, the highway to the future.

On the digitalisation front, the advent of smart factories (Industry 4.0) could imply operational changes; for example, the new skillsets needed will impact HR management. The inability to respond could lead to major difficulties in securing new business or maintaining existing business with an attendant loss of competitiveness in certain regions, warranting major restructuring to boost internal efficiency.

Lastly, it is worth highlighting the major impact the COVID-19 health crisis and the related shortage of semiconductors is having on the sector, coupled with wider global supply chain friction, so that the industry is not expected to revisit 2017 production levels until 2024.

As for the risk associated with products for which there is no clear substitute in zero-emission cars, CIE Automotive plans to increase its presence in those that have a bigger role to play in the vehicle light-weighting trend (forged chassis and suspension parts) and in machined shafts and gears. It also wants to actively pursue business in technologies that customers are likely to outsource in order to focus on new challenges, such as connectivity, automated driving and the provision of embedded software solutions. In parallel, the company will continue to focus on its innovation effort in these same areas which is expected to give the company a winning edge in the coming years, positioning it to take advantage of the opportunity to consolidate the resulting market.



Risks with medium probability of occurrence and significant/moderate potential impact

The company has set itself annual sales targets as it waits for the market and its customers to increase their volumes, while capturing new players in the key mobility market.

Our strategic commitment to the comfort segment is proving smart in light of the growing importance users are placing on these characteristics when purchasing a new car. The company plans to take advantage of this growth opportunity, along with those emerging in other areas immune from the impact of choice of propulsion technology.

CIE Automotive has for some time been working to provide its employees with know-how, skills and training on the new capabilities required as a result of sector digitalisation in general and our factories' digitalisation in particular. At the same time it is collaborating with technology firms, training centres and universities on the creation, identification and attraction of talent in those areas. It is worth highlighting the boost the company is giving the training area within the Taskforce Pilot Testing Advanced Manufacturing group led by the Basque regional government.

The transition towards a low-carbon economy will highlight the efforts companies like CIE Automotive have been making for years to introduce eco-design concepts from the earliest stages of product development and build circularity into all of their processes.

What does look likely is that the over a medium-term horizon the automotive companies stand to emerge stronger from the crisis to the extent they can adapt to the new scenario, foreseeably characterised by the following factors, on which CIE Automotive is already specifically working:

- Reduction in overcapacity.
- Concentration processes: fewer players that are larger, more diversified and more resilient in the face of future crises.
- Strategic alliances designed to share the investment needed to prepare for sector transformation.
- Greater financial control and discipline.
- Eco-efficiency and circularity.
- Commitment to mitigating environmental impacts.

CIE Automotive's business model has already proven resilient in the face of numerous crises thanks to the combination of geographic, technological and customer diversification framed by a decentralised management model and strict financial discipline.

Globalisation helps reduce market-specific risks due to different rates of adoption of the sector changes and trends around the world. And the lessons learned in one place can be used to tap opportunities and mitigate risks in another region or market.

Lastly, in the shorter term, the company is focused on locking in access to the raw materials it needs, to which end it is reinforcing its GLOCAL (global management with local application) purchasing model, coupled with its multi-location footprint, to be close to the OEMs and not have to depend on global supply chains.



Risks with medium probability of occurrence and significant/moderate potential impact



## Cybersecurity

Cybersecurity, understood as the shielding of IT assets by handling threats that could jeopardise the information that is processed, stored and distributed over interconnected IT systems, has emerged as one of the biggest risks facing companies today. It is vital to pay particular attention to users and possible improper usage; service outsourcing

and potential sources of loss or damage (theft, fire, etc.). In addition, the current health crisis has prompted an increase in remote working arrangements and communication networks are more exposed to potential attacks.

### Action plan

In 2018, CIE Automotive embarked on a project to protect those assets using process re-engineering and social engineering based on benchmark international standards with the aim of managing IT security in real time and ensuring the traceability of all security management processes. The services it has worked on since embarking on that project include:

- The Security Operations Centre (SOC)
- Security Information and Event Management (SIEM)
- Incident Response.

Complementing the above lines of initiative, the policies for accessing and using the company's IT systems, the contingency plans in the event of data loss or facility damage and the anti-virus systems have all been improved.

The new actions taken in 2021:

- A cybersecurity consultancy project to map out the potential IT system risks to which the group is exposed. The project comprises three phases:
  - Scenario identification (done).
  - Risk quantification (underway).
  - ECOR assessment, methodology used by the consultant to calculate the impact (underway).

Once all three phases are complete in 2022, CIE Automotive will be able to determine what type of action to take to minimise its risks and, potentially, take out the cybersecurity insurance that best covers its real identified needs.

Risks with medium probability of occurrence and significant/moderate potential impact

- Specific monitoring by the firm CybelAngel of the following areas: Data Breach Prevention, Domain Protection, Account Takeover Protection, Asset Discovery and Monitoring and Dark Web Monitoring. Since September 2021, and with the same scope as the online training provided on the Code of Professional Conduct (close to 6,200 professionals worldwide), the company has provided awareness education, an effort that has included four simulated phishing trials.

Lastly, the company has worked very hard to train its people around the world in this area, paying special attention to the most critical departments – finance and supply chain management – by means of official corporate messages sent by email or as part of broader training programmes such as that provided on the Code of Professional Conduct.

Risks with medium-low probability of occurrence and significant/moderate potential impact



**Financial risk**

The group’s business activities expose it to various types of financial risk: market risk (including exchange rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and commodity price risk.

**Action plan:**

Management of this risk factor, which falls to the group’s Finance Department, crystallises in an effort to optimise the capital structure, combined with the arrangement of natural hedges (matching currency of generation and borrowings) and/or non-speculative derivatives suited to our risk profile in order to actively manage potential currency risks.

Active management of finance costs, extension of the average maturity profile and rationalisation of the working

> For further details, refer to Note 34 in the 2021 Consolidated Financial Statements, section 5. Risk management in the group’s 2021 Management Report and sections ‘Financial discipline’ and ‘Earnings performance’ in the Annual Report.

The group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

capital requirement in order to reduce borrowings while maintaining a sufficient liquidity buffer.

The financial management effort is also focused on diversifying the company’s sources of financing. Specifically, it achieves appropriate coverage by combining bank borrowings, institutional funding and capital markets raises. The search for global financiers also helps mitigate risks.



Risks with medium-low probability of occurrence and significant/moderate potential impact



### Climate change

> For further details about the climate risks and action plans drawn up in response, along with a description of some of the associated KPIs, refer to section 'Environmental risk management' (specifically the climate risk map section). In addition, see also Note 34 in the 2021 Consolidated Financial Statements as well as section 5. 'Risk management' in the 2021 Management Report.

This is the risk of failing to deliver our strategic targets as a consequence of climate change:

- Transition risks: risks arising as an economy transitions to a low-carbon and climate-resistant model. These risks include political, legal, technology, market and reputational risks. Changes in local legislation, new international agreements (Glasgow Summit), limits on greenhouse gas (GHG) emissions, compliance with emissions and carbon footprint regulations, among others, could lead to breaches at the organisation, causing serious reputational damage and penalties, including fines and business restrictions.
- Physical risks: risks that affect the availability and supply of water and energy for manufacturing processes: extraction of raw materials, cleaning processes, etc. These risks are in turn categorised into:
  - Acute physical risks arising from possible ad-hoc extreme weather events such as storms, floods, fires or heatwaves.
  - Chronic physical risks due to global warming, such as rising sea levels, reduced water availability, loss of biodiversity and changes in the productivity of land and soil.



### Sustainable supply chain

> For more information about the GLOCAL model, refer to section Partnering with the finest SUPPLIERS.

Sustainable management of the company's supply chain, which includes getting its suppliers to align their management with the ESG commitments assumed by the group, is key to the success of the 2025 ESG Strategic Plan.

From as soon as we sign a contract with a customer, we commit to ensuring the sustainable management of our supply chain, to which end we are obliged to manage its ESG aspects in a systematic manner, so as to contribute to the creation of sustainable productive environments in which the safeguarding of the human and labour rights of the individuals working in

them and commitments to their surroundings, the environment and to doing business ethically is guaranteed.

One of the prime lessons learned from the COVID-19 crisis is the need to prepare for the unexpected. The growing complexity of the international environment, in which geopolitics, proliferating regulations and natural disasters unleashed by climate change are increasingly coming to the fore, is forcing companies to monitor and attempt to anticipate how their businesses could possibly be disrupted.



Risks with medium-low probability of occurrence and significant/moderate potential impact

Action plan

One of the keys to the success of CIE Automotive’s business model is decentralisation. Specifically in relation to the supply chain, the company’s global approach has clearly benefitted it, creating a flexible and resilient chain, ready to anticipate events and design strategies capable of mitigating their effects, focused at all times on the needs of its customers, whose quality demands are not limited to our products but also extend to transparent and continuous service and the ability to react quickly to change.

GLOBAL management as there are common procedures and an objective monitoring system for certifying suppliers on ESG



People

Management of the current and projected pace of growth requires consolidation and development of the company’s finest asset, its people.

Potential over-reliance on key management personnel or the absence of a defined contingency plan could have an adverse effect on the company’s business if it were to lose any such personnel via instability in decision-making, failure to coordinate everyday activities or the loss of the

Action plan

The company strives to continually improve the working conditions of the existing team such that they are a draw in attracting new talent to the organisation. The company’s human capital must embody the knowledge, skills, experience

attributes (via the Suppliers Portal), which, regardless of where in the world, set the minimum requirements which all suppliers must meet. And LOCAL implementation to enable rapid execution and on-the-ground monitoring of potential risks.

The GLOCAL approach brings other advantages such as a reduction in the company’s carbon footprint, a lower impact via reverse logistics (returns) and reduced vulnerability to regulatory changes and swings in interest rates, exchange rates and tariffs.

> For more information, refer to sections Managing our EMPLOYEES’ diversity and Our employee value proposition (specifically Organisation of working hours and Training and career development)

know-how needed to carry on the business.

That is why it is fundamental to agree a unified training and promotion plan with the aim of planning, appraising and enhancing professionals’ current and future skillsets so as to facilitate delivery of CIE Automotive’s strategic objectives. Moreover, the need to continuously hire, train and retain professionals is set to remain a major challenge in the years to come.

and authority needed for the adequate assumption of responsibilities. It is important to prevent the saturation of the project management teams.



Risks with medium-low probability of occurrence and significant/moderate potential impact

The corporate HR department, together with the senior management team and the various regions and business divisions, is working on the following initiatives:

- Annual hiring plans targeted at new graduates with personalised follow-up by each business unit.
- Career development programme for executives and middle managers at each business unit. Motivation and talent management that translate into a sense of pride in belonging are critical.
- Identification of high-potential professionals.
- Succession plans for people in positions deemed key to delivery of the company's strategic targets.
- More general training plans as is evident in the growth in the number of hours of training provided. CIE Automotive

is aware that its competitiveness and sustainability over time depends to a significant degree on its employees' capabilities. To that end it is working to provide them with additional skills by offering them growth opportunities via training and mobility.

- Increased working flexibility by facilitating staggered work start and end times, adjusting working hours to protect family time, introducing the possibility of working from home, giving days of maternity and paternity leave beyond the legally stipulated minimum and offering care for pregnant employees, among other measures.

Note, importantly, that the 2025 ESG Strategic Plan includes specific actions and KPIs for checking that this risk does not impact the company.



**Management of M&A-led growth**

As envisaged in the 2025 Strategic Plan, the recent, current and foreseeable pace of M&A-led growth requires tighter control over operations and investments. The integration of new firms into the group requires an initial effort in order to adjust their respective cultures and ways of doing things to align with CIE Automotive's management methods and profitability

thresholds. In addition, the fact of having local partners (joint ventures and/or alliances with private and public companies and organisations) could generate conflict and wariness that can affect business performance directly or generate international compliance vulnerabilities.

Risks with medium-low probability of occurrence and significant/moderate potential impact

Action plan

CIE Automotive works hard to embed its business model and corporate culture at newly acquired companies. The most noteworthy initiatives on this front include:

- Involving the management team in M&A transactions.



**Failure to meet customer expectation**

Mismanagement of new projects and/or operations could lead to failure to attain the defined specifications and,

Action plan

CIE Automotive's customer responsiveness is addressed from every area of the organisation. The company's key Business Processes\* are centred on ensuring CIE Automotive meets customer expectations at every step of its relationship with them. Process 2, for example, guarantees that the entire process of searching for and securing new business is done as effectively as possible, with customer satisfaction as the overarching goal. Already during that phase, the company analyses all customer requirements, specifications and needs so as to make a proposal that ticks all the boxes, underpinned by technical, quality and supply chain reviews conducted with the customer. If the company secures new business, Process 3 ensures that the launch and industrialisation of the project is framed by the highest standards, specifically including control tools that are widely used in the sector, such as product and process FMEAs, product and manufacturing validations, control plans, prototype launches, samples and ongoing revision of

- Defining and implementing a clear management model designed to enable the company to assume control over new acquirees rapidly.
- Fostering the readiness and availability of key internal managers to tackle new integrations.

> For more information, refer to sections Striving for excellence for our CUSTOMERS and Quality benchmarks

possibly, breaches of contract (e.g., delivery times, milestones or quality).

customer specifications with a focus on special characteristics and regulatory and safety considerations. Lastly, once the agreed launch standards have been attained, mass supply begins, framed by the procedures and tools comprising CIE Automotive's Process 4. All of these processes and tools are aligned with the most stringent sector standards and are audited continuously both internally and by a third party.

Of course there are many other cross-functional processes that similarly contribute to ensuring customer satisfaction, the transfer of know-how to projects, the availability of top-quality suppliers and the right use of the people, resources and technology to meet customer demands. Lastly, we strive to stay ahead of their needs by means of our innovation thrust to ensure long-term collaboration with our customers. That innovation is encompassed by Process 1.

\*(Refer to the process map on page 193).



## Risks mitigated in 2021

Thanks to the actions taken in 2021, CIE Automotive managed to mitigate the probability of materialisation of the following risks, labelled priority risks in 2020, and, therefore, no longer deemed in need of priority attention in the 2021 risk map.



### Criminal risk

In recent years, we have witnessed an uptick in fraud (in all of its manifestations and across all regions around the world), a situation only exacerbated by the prevailing global health crisis. CIE Automotive is articulating its anti-fraud effort around a dual objective: (i) prevention and mitigation of possible misconduct; and (ii) disclosure to the market of the internal mechanisms that have been put in place to guarantee the reliability of its financial and non-financial information.

The fact that the group operates in multiple markets all around the world increases its exposure to fraud. To that end, it is working on tightening its anti-fraud controls.

#### Action plan

CIE Automotive has a Corporate Crime Prevention Model which it uses to identify and assess which crimes could be committed and allocate the internal controls needed to mitigate or eliminate those risks. The general model, created in 2015 and updated in 2019 on the basis of a project carried out in collaboration with the external consultant, Deloitte, has since been implemented locally in Mexico, Brazil and China (in 2020) and (in 2021) in the US, the Czech Republic and India (ongoing). The model will be implemented worldwide within the horizon of the 2025 ESG Strategic Plan.

There is a Support Unit with independent intervention and control powers within the organisation whose mandate is to oversee compliance with the Corporate Crime Prevention Model.

> For details of the actions carried out in 2021, see the sections "Criminal risk prevention model", "International rollout of the criminal compliance model" and "Criminal risk map".

Applicable legislation is increasingly stringent such that the risk of non-compliance is also rising. The universe of criminal risks to which legal persons are exposed has increased, specifically to include liability for:

- Crimes committed in the name and on behalf of the legal person and for their benefit by its legal representatives or actual or de facto directors.
- Crimes committed, in the course of company-related activities, on their own behalf and for their own benefit by persons who, by virtue of falling under the authority of natural persons with managerial powers (employees), were able to conduct such crimes as a result of a lack of due control over them.

The company relies on that model to prevent money laundering by leveraging its internal control system (via the SAP GRC module) to ensure compliance with legislation and the internal policies and procedures put in place to mitigate these risks.

Note that towards the end of 2020 and throughout 2021, the company launched criminal liability and anti-corruption training for 600 people, including its directors, key management personnel, global management team and the factory managers, and another course for everyone belonging to the organisation about the Code of Professional Conduct, the cornerstone of CIE Automotive's criminal liability model.



### Continuous improvement of the risk map

In a bid to ensure that the risk map adds new value to the organisation year after year, CIE Automotive has worked hard to:

- Develop two risk maps to complement the company's general risk map. The new maps address climate risks, so complying with the EU Directive, and the criminal compliance model, thus upholding the commitment made by the company in its 2025 ESG Strategic Plan.

> For further information, refer to sections Environmental risk management and Criminal risk prevention model

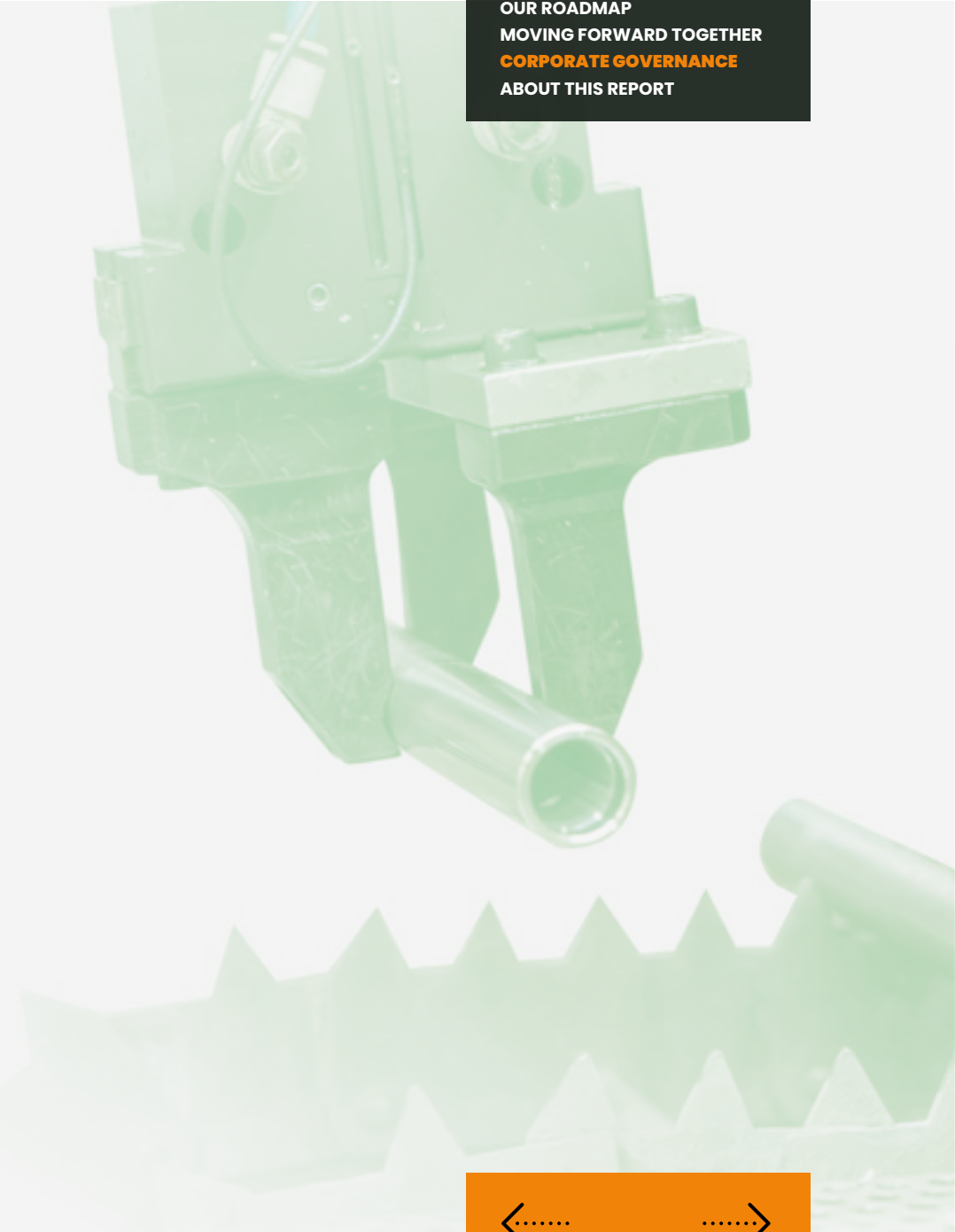
- Launch new controls in the area of corporate compliance as a byproduct of the global rollout of the compliance model in 2020 and 2021.
- Integrate strategic and operational risk management (the latter being that performed at the factory level by process to obtain IATF certification) into a single reporting tool whose reports will be available on the corporate intranet once the project is complete.

### Risk control at the individual factory level

CIE Automotive has defined a procedure for systematically assessing and prioritising risks at the manufacturing plant level which has been implemented globally. That effort involves the full management team at each factory and follows the process map, defining for each facility the types of risks to which they are exposed and evaluating them as a function of their probability of occurrence and impact were they to materialise; in short, establishing a risk priority schedule. Minimisation or even elimination, to the extent feasible, thus becomes just another objective to be considered within each facility's management plan.

In addition, the factories already undertake various risk analysis exercises using tools such as:

- FMEA (Failure Modes and Effects Analysis) with respect to products and productive processes.
- Identification and evaluation of environmental impacts.
- Assessment of workplace health and safety risks.





## Criminal risk prevention model

CIE Automotive put its Criminal Risk Prevention Model in place in 2015. The model is underpinned by a Support Unit made up of:

- CIE Automotive’s General Secretary, who is tasked with presiding, managing and coordinating the Support Unit.
- A representative from CIE Automotive’s Internal Audit Department.
- Any professionals called on for their expertise.

The unit has independent intervention and control powers within the organisation and its mandate is to oversee compliance with the corporate Criminal Risk Prevention Model.

The company relies on this model as a measure to combat money laundering.

CIE Automotive analyses the level of maturity attained by its compliance model regularly. During its last update, carried out between 2019 and 2020, it decided to identify the most significant subsidiaries in terms of criminal compliance, analyse the differences with respect to the legislation applicable in Spain and adapt the model to suit each country’s characteristics.



### International rollout of the criminal compliance model

In 2021, the company rolled out its criminal compliance model in the US and Czech Republic and drew up a separate risk map for each market, as well as for Mexico, Brazil and China, where the model had already been implemented in 2020.

As in 2020, the work began with a regulatory benchmarking exercise to map out the regulations applicable in each jurisdiction, followed by the design of the corporate standards for controlling the main criminal risks to which the various regions are exposed. To design the new models, the company started from the compliance model developed and implemented in Spain, the various mandatory requirements

under local legislation, best national and international practices and suggestions for improving the model gathered from the various jurisdictions.

Once that was done a series of questionnaires were sent to the subsidiaries to identify criminal risks and controls for subsequent analysis and inclusion, along with the suggestions for improvement and other specific considerations.

That ultimately gave rise to an Action Plan which establishes the requirements stipulated in applicable legislation (the essential elements) as well as recommendations and lines of initiative to improve the model.

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## CRIMINAL RISK MAP

In 2021, the company drew up its first specific criminal risk map, so responding to the demands of its stakeholders and honouring one of the commitments made in its 2025 ESG Strategic Plan.

That new map has been integrated within CIE Automotive's enterprise risk management (ERM) system, which is regulated by the Risk Control and Management Policy and follows ISO 31000 methodology so as to provide reasonable assurance that all significant risks are duly identified, evaluated, prevented and monitored. Those criminal risks are approved at the board level and managed in keeping with defined risk appetite and tolerance thresholds.

### Risk mapping: procedure and scope

This criminal risk map was drawn up using the same methodology as the general risk map, which is updated annually.

> For further information, refer to sections Enterprise risk management system

A total of 131 people from five markets (US, Mexico, Brazil, China and Czech Republic) participated in preparation of the new risk map; their responses consider the impact of each risk factor over a time horizon to 2025 for their areas of geographic influence. The company's aim is to come up with a national assessment for each country in which it has business operations within the horizon of its 2025 ESG Strategic Plan.

The process is coordinated by the Compliance Department and the results are presented to the Audit and Compliance Committee for validation and

approval; the Audit and Compliance Committee in turn reports on its approval to the Board of Directors.

The criminal risk map can be configured to provide results at the global level but also broken down by region, by technology and by region and technology. It quantifies, in euros, the impact on EBITDA (framed by the defined parameters) of the potential materialisation of each risk and includes all of the controls launched at each factory during the year, indicating their current performance status, along with the corresponding evidence.

The entire process is monitored via the internal management tool, SAP GRC.

### Criminal risks assessed in 2021

The criminal risks assessed in 2021 are the result of benchmarking exercises to identify the regulations applicable in each national jurisdiction. To formulate the new map, the company started from the criminal compliance model developed and implemented in Spain, the various mandatory requirements under local legislation, best national and international practices and suggestions for improving the model gathered from the various jurisdictions.

Following that analysis, 23 potential crimes were evaluated by the various professionals identified for that task.

The criminal risk map for 2021 is based on the rollout of the compliance model in the US and Czech Republic in 2021 and in Mexico, Brazil and China in 2020. It is not yet, therefore, a global map, that being a specific target set down in the 2025 ESG Strategic Plan.

On the basis of its current boundary and its residual risk assessment approach, the map reveals that none of the criminal risks evaluated presents a medium or high probability of materialisation or a significant or severe impact on EBITDA if they were to materialise. Indeed, most of the assessments highlight the credibility of the compliance model and controls already in place, based on global monitoring of the controls performed at the factory, technology and country levels, as well as on continuous specific training.

That education commitment materialised in two training initiatives in the corporate liability and anti-corruption areas between the end of 2020 and 2021, which were provided to 600 people in total, including the company's directors, key management personnel, the global management team and the members of the local management committees. In addition, the company provided training on the core aspects of the Code of Professional Conduct to everyone belonging to the organisation all around the world; close to 6,200 people took the course online, with the remainder completing the training by means of brochures and a final assessment.



**Key risks: description and action plans**

Below we itemise the main criminal risks identified in the new risk map, with limited boundary as noted (five countries: US, Mexico, Brazil, China and Czech Republic), namely those with a higher probability of materialising within the horizon of the Business Plan that could have an impact at the financial, organisational and/or reputational levels although, as already mentioned, none of the risks is considered highly likely to materialise or of severe or very severe impact if it were to materialise.

Criminal risks with low probability of occurrence and moderate potential impact



**Bribery | Influence peddling  
Business corruption  
Misrepresentation in reporting obligations**

> For more information, refer to section Impact, oversight and control below

Action plan

Exercising the due control required under Spain's Criminal Code requires the company to implement continuous control mechanisms and to appoint internal control bodies to follow up on the controls implemented and any possible criminal risks.

Framed by those legislative requirements, CIE Automotive has defined a control structure made up of: (i) the Board of Directors, as the highest decision-making body; (ii) the Audit and Compliance Committee, as oversight and control body; and (iii) the Support Unit.

CIE Automotive has vested the control and oversight duties in the Audit and Compliance Committee, as it has the autonomy and independence in terms of control powers and the ability to act required under the control framework.

The Compliance Department is responsible for continuously reviewing and updating the internal control system and ensuring compliance with internal and external regulations

and the policies and procedures in place for mitigating the main corruption and fraud risks. It is also in charge of the Corporate Crime Prevention Model and establishing and developing CIE Automotive's ethics framework.

All of CIE Automotive factories are using an IT tool to guarantee performance of the required internal controls. That tool is the SAP GRC (Governance, Risk and Compliance) suite, which permits the automated and manual analysis of the level of performance of the controls conducted at the factory level and tracks incidents and any resulting action plans, enabling traceability, as outlined in greater detail in the Internal Control Systems section.

In 2021 the company launched internal controls to mitigate the main risks identified in the regions in which the criminal risk map has been formulated, as well as providing training on the topics of criminal liability, anti-corruption efforts and the core contents of the Code of Professional Conduct.



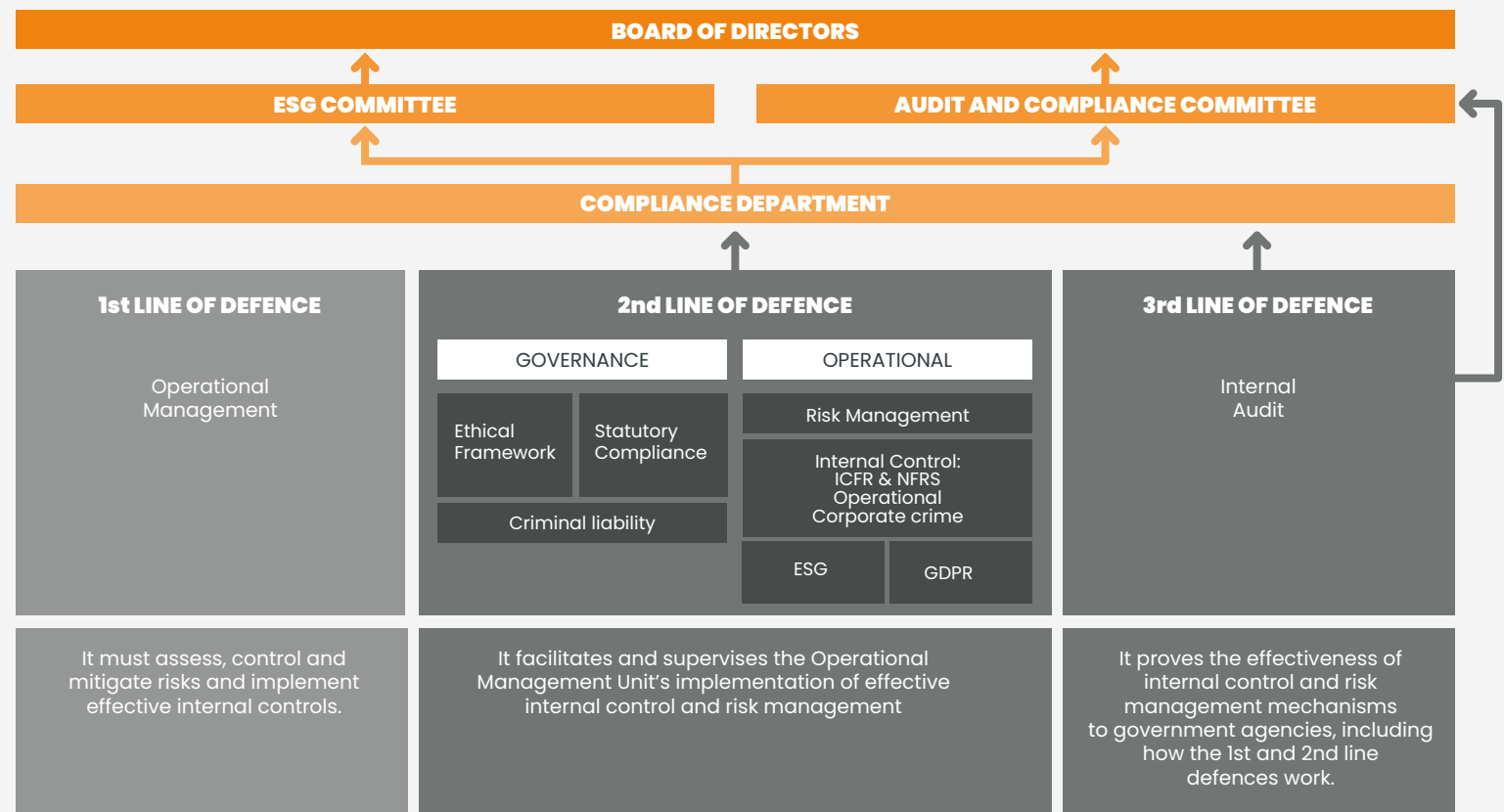
# Impact, oversight and control

The risk oversight and control functions are performed via the Risk Management and Process Control modules of the SAP GRC tool operational in all of the company's productive facilities worldwide. Those modules define a specific number of controls (many of which are automatic) for each risk factor to be performed by different people. Due performance of those controls is monitored by the group's Compliance Department. The results of the entire effort are the subject of a review by the Internal Audit Department as part of its Annual Audit Programme.

## Internal control system

CIE Automotive's internal control system - from risk identification and internal control through to the assurance function - is articulated around the three lines of defence model.

## Three lines of defence



ICFR: Internal Control over Financial Reporting  
NFRS: Non-Financial Reporting Statement  
GDPR: General Data Protection Regulation  
ESG: Environment, Social & Governance

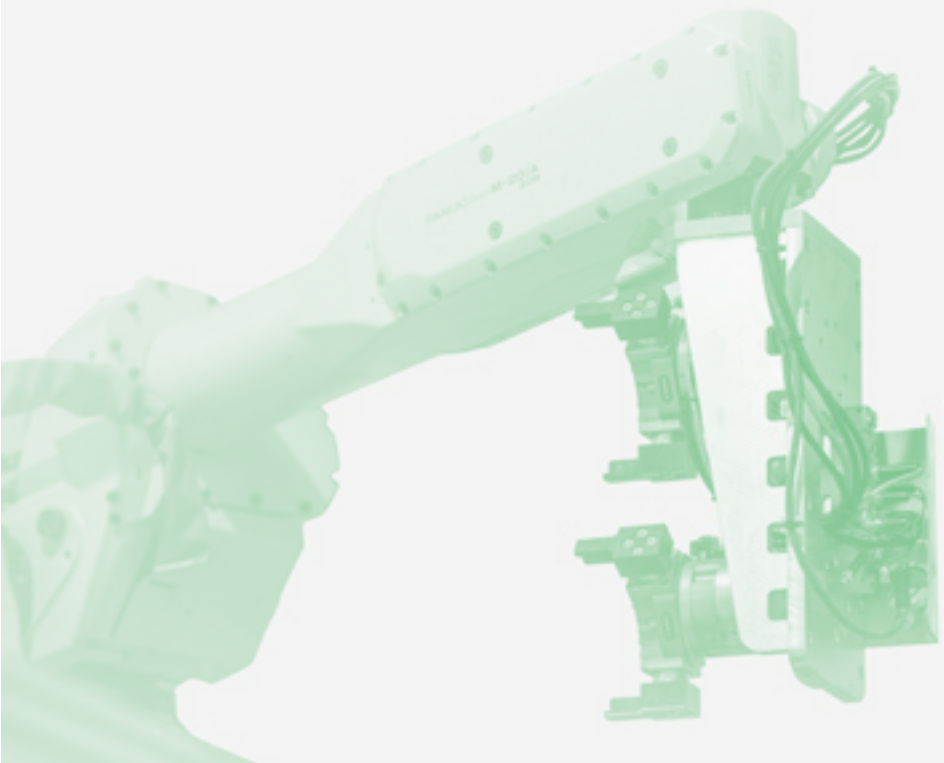
The Compliance Department is responsible for continuously reviewing and updating the internal control system as a whole, specifically including financial and non-financial aspects, and ensuring compliance with internal and external regulations and the policies and procedures in place for mitigating key risks of all kinds. It is also in charge of the Corporate Crime Prevention Model and establishing and developing CIE Automotive's ethics framework.

All of CIE Automotive factories are using an IT tool to guarantee performance of the required internal controls. That tool is the SAP GRC (Governance, Risk and Compliance) suite, which permits the automated and manual analysis of the level of performance of the controls conducted at the factory level and tracks incidents and any resulting action plans, enabling traceability.

Thanks to that procedure, CIE Automotive is supervising compliance with more than 250 financial (ICFR) and non-financial (ESG, criminal liability, IT and GDPR-aligned data protection ) controls per facility.

Elsewhere, the Internal Audit Department, as part of its Annual Programme, which is approved by the Audit and Compliance Committee, reviews the internal control system enabled by the SAP GRC tool and assesses all of the controls and risks related to the processes included in CIE Automotive's process map with the aim of enhancing the effectiveness and efficiency of those controls.

*All of CIE Automotive factories are using an IT tool to guarantee performance of the required internal controls, which permits the automated and manual analysis of the level of performance of the controls and tracks incidents and any resulting action plans, enabling traceability.*



## COMPLIANCE MODEL

In 2019, in collaboration with Deloitte, the company conducted a compliance maturity analysis in order to bring CIE Automotive's model to the desired level; in 2021, it continued to execute the tasks derived from the action plan resulting from the analysis, carrying on the work already performed in 2020.

### TASKS PERFORMED IN 2021

1. **Analysis and identification of the regulatory universe and key compliance aspects, with a special emphasis on criminal liability legislation in Spain, the US and the Czech Republic.**
2. Rollout of CIE Automotive's compliance model in the US and Czech Republic.
3. Formulation of two new risk maps, in addition to consolidation of the general risk map.
  - a. A criminal risk map specific for each of the regions analysed between 2020 and 2021: Mexico, Brazil, China, US and Czech Republic.
  - b. A climate risk map, which is one of the commitments assumed by the company under the scope of its 2025 ESG Strategic Plan.
4. **Identification of areas for improvement and existing gaps with respect to:**
  - a. **Rules, policies and procedures:** formulation of a new Compliance and Criminal Risk Prevention Policy, creation of exclusive manuals for each of the regions analysed between 2020 and 2021 and the addition of new controls to the Criminal Risk Prevention Model.
  - b. **Risk identification and assessment:** not only has the company identified and evaluated the climate and criminal risks specific to each region analysed, it has also assessed all of the risks comprising the company's general risk map. That review led to the addition of new controls to mitigate the risk of criminal conduct and the introduction of new crimes (criminal risks) as a result of the comparison of corporate liability in Spain against that in the other regions in which the compliance model was rolled out in 2020 and 2021.
  - c. **Training and communication:** Provision of training on criminal risks and the anti-corruption effort to 600 people all over the world: directors, key management personnel, management team and management committee members at each factory. Provision of training on the Code of Professional Conduct to everyone belonging to the group.
  - d. **Reporting:** in addition to the regular reports submitted to the Audit and Compliance Committee, the ESG Committee, key management personnel and the management team, two significant new reporting initiatives were introduced in 2021:
    - I. Addition of a dashboard with non-financial information to each factory's management plan containing indicators that track the effectiveness of the compliance model, as approved by the Board of Directors and the ESG Committee and actively endorsed by the company's CEO.
    - II. Elaboration of an interactive map for monitoring the company's key risks and the level of performance of the internal controls in place to mitigate those risks, estimating the earnings impact (framed by the defined parameters) if they were to materialise.
  - e. **Oversight:** the company has identified and determined indicators that track the effectiveness of the model, any deficiencies detected and the execution of any action plans underway following recommendations made in prior reports.
  - f. **Third-party compliance:** the company has improved how it analyses and studies professional or business relationships before entering into them, so minimising the possibility that the group may be held liable for materialisation of a corruption-related risk.

*All information regarding the suite of corporate policies and the compliance model is published on the group's corporate website, within the dedicated [ESG Commitments](#) tab and in the Investors & Shareholders microsite, as well as in the various reports the company is required to file with the regulator annually.*

# Progress on ESG management

CIE Automotive generates shared value for the company and its stakeholders by embracing environmental, social and governance (ESG) criteria. In 2021, the company took a decisive step forward by publishing its 2025 ESG Strategic Plan. Moreover, it added a new SDG to the roster of goals it is particularly committed to (#13, Climate action), formulated its Criminal Risk Prevention Policy and furthered the global rollout of its Criminal Risk Prevention Model.

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# Commitment to the 2030 Agenda

In October 2015, CIE Automotive formally endorsed the United Nations Global Compact and its 10 principles, thus placing its commitments to human, labour and environmental rights and to fighting corruption and fraud on public record. Six years on it is a signatory member of the Spanish chapter of the Global Compact. It has fully embraced its role as an agent of change and is making progress on the integration of ESG criteria into its management in a bid to help deliver the United Nations 2030 Agenda by contributing to some of the Sustainable Development Goals (SDGs).

In its capacity as manufacturer of parts and subassemblies for the automotive industry, the company feels it can make a more tangible contribution in respect of nine specific goals (SDGs #3, 4, 5, 8, 9, 10, 12, 13 and 17). It provides an account of its progress on those specific goals in this report.

It formally added SDG #13 to that list in 2021, echoing its growing commitment to environmental protection, which has been reinforced by measurement of its environmental footprint in Europe and formulation of a specific climate risk map.



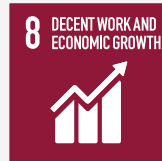
**3. HEALTH AND WELLBEING**  
Ensure healthy lives and promote well-being for all at all ages.



**4. QUALITY EDUCATION**  
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



**5. GENDER EQUALITY**  
Empowering women and girls has a multiplier effect and helps drive up economic growth and development across the board.



**8. DECENT WORK AND ECONOMIC GROWTH**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.



**9. INDUSTRIALISATION, INNOVATION AND INFRASTRUCTURE**  
Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation



**10. REDUCED INEQUALITIES**  
Ensure equal opportunity and reduce inequalities of outcome; maintain a presence in less developed countries.



**12. RESPONSIBLE CONSUMPTION AND PRODUCTION**  
Ensure sustainable consumption and production patterns



**13. CLIMATE ACTION**  
Take urgent action to combat climate change and its impacts.



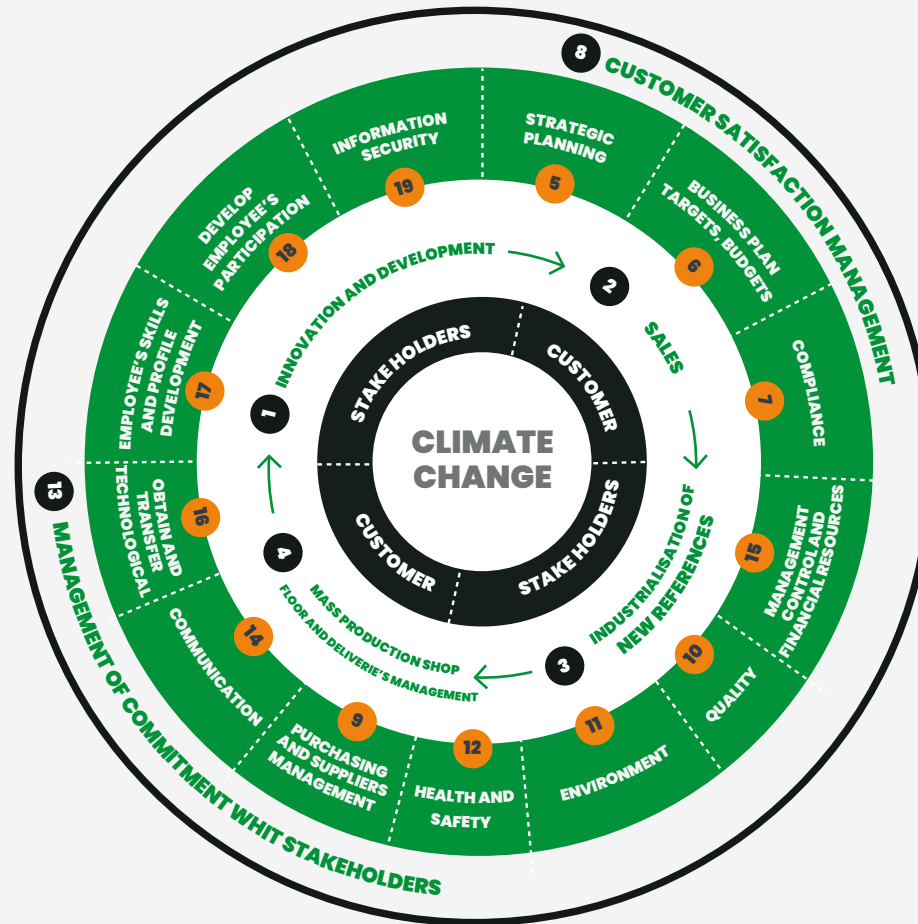
**17. PARTNERSHIPS TO DELIVER GOALS**  
Strengthen the means of implementation and revitalise the global partnership for sustainable development.



102-19

# ESG policy in action

The company's environmental, social and governance (ESG) principles and framework are set down in the ESG Policy, which lays out how social responsibility must ground the business model, strategy and productive processes.



Effective application of the ESG Policy and management of the potential associated risks are addressed in the Risk Management and Control Policy, which follows the ISO 31000 methodology.

ESG and sustainability management are supervised by the ESG Committee, which delegates oversight of execution of the key lines of initiative in the Cross-Group ESG Committee.

To measure its performance along the different dimensions of its ESG effort, CIE Automotive has established 79 ESG indicators for tracking at the global level; those KPIs have in turn been included in each factory's management plan and will be used to track delivery of the 2025 ESG Strategic Plan.

Approval of this dedicated ESG dashboard by the ESG Committee and the company's CEO and its inclusion in the 2025 Business Plan evidence the company's strong commitment to sustainability values and lay the foundations for its actions in this area of growing importance.



# Progress made on the ESG front in 2021

In addition to the addition of the dedicated ESG section to the 2025 Business Plan, CIE Automotive made progress in the following areas:

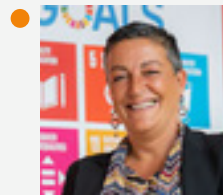
- ✓ New internal rules:** In 2021 the company formulated its Compliance and Criminal Risk Prevention Policy, framed by its ESG commitments.
- ✓ Rollout** of the Criminal Risk Prevention Model: In keeping with the target set down in the 2025 ESG Strategic Plan of implementing the compliance model all across the group by 2025, the company introduced specific corporate control measures (rules, policies and procedures) in the US and Czech Republic in 2021, having analysed the differences with respect to the legislation applicable in Spain and adapted the model as necessary for the characteristics specific to each country.
- ✓ Training:** As part of the group's effort to raise awareness about criminal risks and its anti-corruption effort, CIE Automotive provided two online training programmes to its directors, key management personnel, global management team and local management committee members, some 600 people in total. In addition, it provided training on the core components of its Code of Professional Conduct to every member of the organisation.

The purpose of these training initiatives is to familiarise and engage employees with the company's applicable policies and oversight bodies in these important areas and the tools and procedures in place for ensuring they are complied with and to raise broad awareness of their importance and benefits.
- ✓ Materiality:** The group conducted an internal assessment of the matters deemed of greatest importance in the ESG arena, to which end it gathered feedback from almost 800 people. The outcome of the assessment is an updated materiality matrix, which was used in drafting this integrated Annual Report, as is detailed in section Materiality, below.

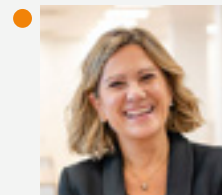
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## CROSS-GROUP ESG COMMITTEE

- Permanent member
- Non-permanent member



**Susana Molinuevo**  
ESG & Compliance



**Lorea Aristizabal**  
Corporate Development



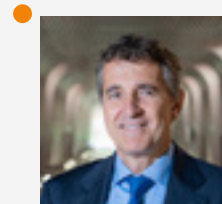
**Gonzalo Ceberio**  
Quality and Environment



**Iker Hernández**  
Risk Management & Internal Control



**Iñigo Loizaga**  
Engineering



**Mikel Orbeagoza**  
Sales



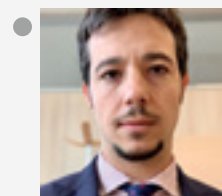
**Irache Pardo**  
Finance, Treasury & Supply Chain



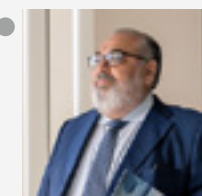
**Ángel Zalduegui**  
Society



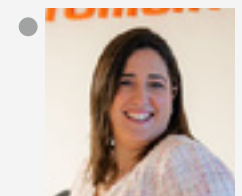
**Aitor Zazpe**  
Human Resources & Business Management



**Javier Alvarez**  
Human Resources



**Jose Esmoris**  
R&D



**María Miñambres**  
Controlling & Taxes



# Stakeholder engagement

CIE Automotive has identified nine groups of stakeholders that interact with the company and are affected directly or indirectly by its business activities: shareholders, professionals, customers, business partners, suppliers, society, public authorities, the automotive sector and financiers.

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## CIE Automotive's stakeholders

### Shareholders

CIE Automotive generates value for its shareholders by increasing the company's value and via the dividends they receive every year.

It provides transparent, accurate and timely information to the investment community.

It earns the market's trust.

### Business partners

The strategic alliances with Mahindra&Mahindra Ltd. in India and Donghua Automotive Industrial and the SAIC Group in China bring enhanced knowledge of and adaptation to the local market.

### Public authorities

The company works with the authorities in its business communities to improve various services.

It implements their requirements at its facilities, cooperating lawfully and transparently.

### Professionals

The company provides decent work in all its business markets and the training needed so its professionals can do their jobs.

It protects employee wellbeing in a safe and healthy workplace.

It facilitates collective bargaining.

It promotes respect for human rights with an emphasis on the more vulnerable markets.

### Suppliers

The company guarantees its suppliers are given equal opportunities.

It promotes transparency and optimal pricing.

It provides fair payment terms.

It reaches out to its suppliers as part of its effort to deliver customer satisfaction.

### Sector

The company participates actively, holding positions of prominence, in several business associations in Spain and Europe.

### Customers

The company is strategically committed to innovation to meet customers' demands.

It guarantees the quality and safety of its products.

It fine-tunes the supply chain continually.

It manages its resources efficiently in order to contain prices.

### Society

The company drives development through its activities in its operating markets.

It finances social activities targeted at the least privileged.

It helps make safer and more comfortable and environmentally-friendly cars.

### Financiers

The company negotiates the best possible conditions on the basis of investment requirements and prevailing market conditions.

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The company provides its stakeholders with a series of information and communication channels, the most important of which is its corporate website, which houses all manner of information about the company; it also provides access to other dedicated channels such as the [Suppliers Portal](#) and the [Investors and Shareholders microsite](#).

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### Corporate website

The corporate website [www.cieautomotive.com](http://www.cieautomotive.com) provides relevant information about the company: in addition to information about possible jobs in the dedicated [human resources](#) tab, the supplier tab provides access to the new [Supplier Portal](#). There is also a 'Press Centre' with all of the company's press releases and an extensive tab with information for [investors and shareholders](#) containing all the documentation required under securities market regulations (CNMV Circular 3/2015).

### Specific contacts for each stakeholder group (similarly provided on the corporate website)\*

ESG and Society:  
**Susana Molinuevo** [esg@cieautomotive.com](mailto:esg@cieautomotive.com)

Professionals  
**Aitor Zazpe** [hr@cieautomotive.com](mailto:hr@cieautomotive.com)

Investor relations and business partners:  
**Lorea Aristizabal** [ir@cieautomotive.com](mailto:ir@cieautomotive.com)

Customers and sector:  
**Mikel Orbegozo** [sales@cieautomotive.com](mailto:sales@cieautomotive.com)

Supply chain:  
**Irache Pardo** [purchasing@cieautomotive.com](mailto:purchasing@cieautomotive.com)

Financiers:  
**Irache Pardo** [financierocie@cieautomotive.com](mailto:financierocie@cieautomotive.com)

Public relations:  
[compliance@cieautomotive.com](mailto:compliance@cieautomotive.com)

(\* ) Also included on the corporate website.

### Mailing address

Any stakeholder so wishing may also write to the department in question at the following address:

**AIC - Automotive Intelligence Center.  
Parque Empresarial Boroa, Parcela 2A - 4, 48340  
Amorebieta (Bizkaia), España.**

### Whistle-blowing channel

Anyone can notify unethical conduct or breaches of the company's business ethics or any of the matters stipulated in CIE Automotive's Code of Professional Conduct through this channel.

Whistle-blowing channel e-mail inbox:  
[whistleblowerchannel@cieautomotive.com](mailto:whistleblowerchannel@cieautomotive.com)

To report anything of concern using the whistle-blowing channel, stakeholders may write to the Compliance Department at the following address

**Alameda Mazarredo 69, 8º. 48009 Bilbao (Bizkaia), España.**

More information and a communication channel on the corporate intranet and website.

REPORTING

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Framed by its commitment to transparency, CIE Automotive reports on its performance along the economic, environmental, social and governance dimensions in an integrated Annual Report which has become an essential tool for understanding CIE Automotive’s management of and progress in ESG matters.

The quality of the information provided in the Annual Report has been acknowledged by Informe Reporta, an assessment of the quality of the reporting efforts of the companies listed on the Madrid stock exchange by analysing 36 indicators related with the principles of importance, relevance, transparency and accessibility.

The 2020 Annual Report, which was published in February 2021, placed third on the Informe Reporta ranking, having climbed from 51st to 3rd position in recent years, once again showcasing CIE Automotive’s continuous improvement spirit.

**Independent ESG assessments**

In addition to the reports published by CIE Automotive, several agencies specialised in ESG assessments also evaluate CIE Automotive’s performance and progress. Note that with the exception of the assessment related with the company’s green financing, none of all other evaluations is undertaken at the request of the company but are rather compiled by those experts on the basis of public information. Virtually all of those assessments highlight very encouraging trends in the company’s performance scores over time and relative to its sector peers.

**New Tax Contribution Report**

Last June, CIE Automotive presented its first Tax Contribution Report, a document written to provide vested parties with knowledge of its tax and community contributions, its community engagement strategy, its risk management policies and its approach to transfer pricing.

The report marks a new milestone in the company’s transparency effort and responds to growing interest from society, public institutions and the investment community in tax policies and practices.



# About this report

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# Methodology

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This Annual Report provides comprehensive information about the performance of CIE Automotive, S.A. and its investees along the economic, financial, social, environmental and governance dimensions (ESG) dimensions in 2021 in all of the countries in which it is present.

## How the non-financial information was prepared

CIE Automotive's 2021 Non-Financial Statement (NFS) provides information about the performance of CIE Automotive, S.A. and its investees along ESG dimensions during the reporting period in the 18 countries in which it has operations. For information about how the information provided correlates with the disclosure requirements stipulated in Spain's law on non-financial reporting, refer to the section titled "Non-financial statement - Tracing compliance with the Law on non-financial information and diversity reporting".

The non-financial information was drawn up in keeping with the non-binding guidelines on non-financial reporting issued by the

European Commission on 5 July 2017 (EU Guidelines 2017/C 215/01) and the Core In-accordance option of the GRI sustainability reporting guidelines (mainly version 2016 but also some contents from versions 2019 and 2020). The information has been independently assured by PricewaterhouseCoopers, which is also the group's statutory auditor. The Audit and Compliance Committee is tasked with ensuring that firm's independence.

The non-financial information, which is part of the NFS, included in this report was compiled with the input and oversight of the heads of all of the various departments and areas:

- The Compliance Department is ultimately responsible for its preparation and coordination, albeit ably assisted by the Cross-Group ESG Committee.
- The Board of Directors is ultimately responsible for approving it for issue, along with the Directors' Report. The Board of Directors is kept regularly abreast of the most significant matters by the ESG Committee.

This report expounds on the relevant topics identified in the course of the materiality analysis conducted with stakeholder groups between 2019 and 2021 (as detailed in "Materiality" below), on account of their importance to the various stakeholders and the company itself.

To round out the information about the group's activities throughout the year, a number of other statutory reports are available for download on the corporate website: separate and consolidated annual financial statements and directors' report, Annual Corporate Governance Report and Annual Report on Board Remuneration, along with all of the presentations published about different aspects of the group or in the specific website tabs devoted to specific stakeholder groups.

## How the Annual Report was prepared

This report expounds on the relevant topics identified as a result of the materiality assessment between 2019 and 2021 on the basis of questionnaires and analysis carried out to detect the topical issues deemed most important due either to their significance for the

company and its stakeholders or due to the perception they are receiving insufficient management attention within the organisation.

Throughout the entire process of collecting and presenting its financial and non-financial information, CIE Automotive bears in mind the principles of transparency, materiality, comparability, timeliness, clarity and reliability needed to assure the quality of the information reported.

The techniques used to measure and calculate the data provided, along with any estimates made, are explained in the corresponding tables or chapters of the report as necessary to facilitate reader comprehension.

The Annual Report was compiled with the input and oversight of the heads of all of the various departments and areas. The Marketing and Communication Department is ultimately responsible for its preparation and coordination, albeit ably assisted by the Cross-Group ESG Committee.



# Materiality

CIE Automotive's 2021 Annual Report attempts to provide information about the matters deemed relevant to the company and its stakeholders.

In order to understand its stakeholders' expectations and plan an appropriate response, between 2019 and 2021, CIE Automotive reviewed and updated the materiality assessment conducted in 2017, when it identified which aspects were most important to both the company and the parties with a vested interest in its activities. To conduct that assessment, it consulted internal and external sources and, in 2021, it complemented that analysis following the online workshops, in which nearly 800 members of the group factories' management committees around the world participated, which enabled it to broaden its vision of the ESG issues of greatest concern in each country.

To review and update the assessment, the company analysed the topics considered material for CIE Automotive, sustainability trends and commitments, media coverage, regulatory developments and the materiality analyses performed by peers. The update also factored in the demands of the analyst and investor communities, among other stakeholders.

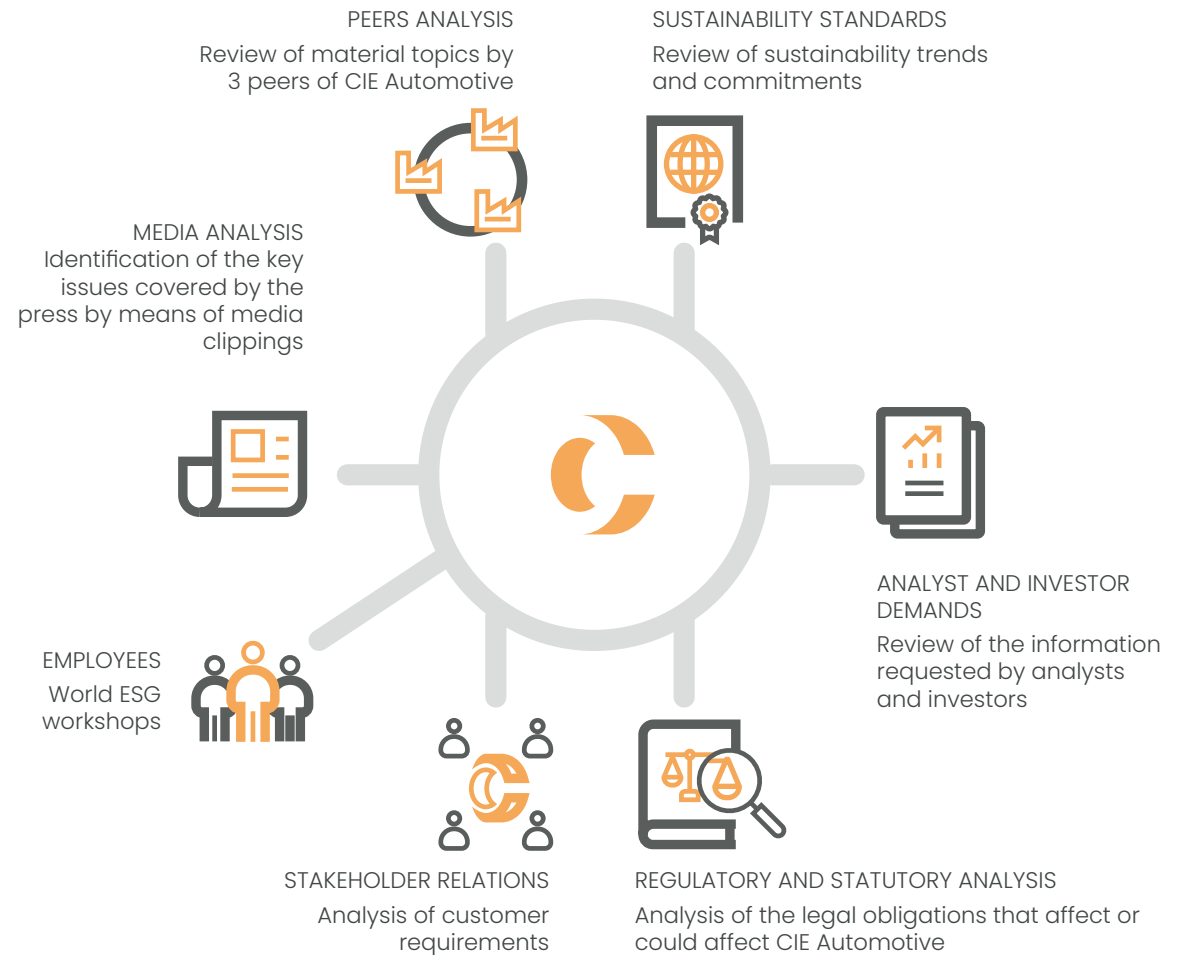
## MATERIALITY ASSESSMENT: CALCULATING SIGNIFICANCE

Each material topic was ranked in importance as a result of the 2021 materiality assessment on the basis of two variables: its presence in each of the ESG dimensions analysed (environmental, social and governance) and weightings. The weightings were assigned as a function of the importance of the sources of information for CIE Automotive.

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## How did we do our materiality assessment?





**MATERIAL TOPIC 2021**

Following this year’s update, the relative relevance of certain topics has shifted. The topics that have come to the fore in terms of importance or concern are talent management; customer satisfaction; and occupational health and safety.

**Material topics ranked by importance\***

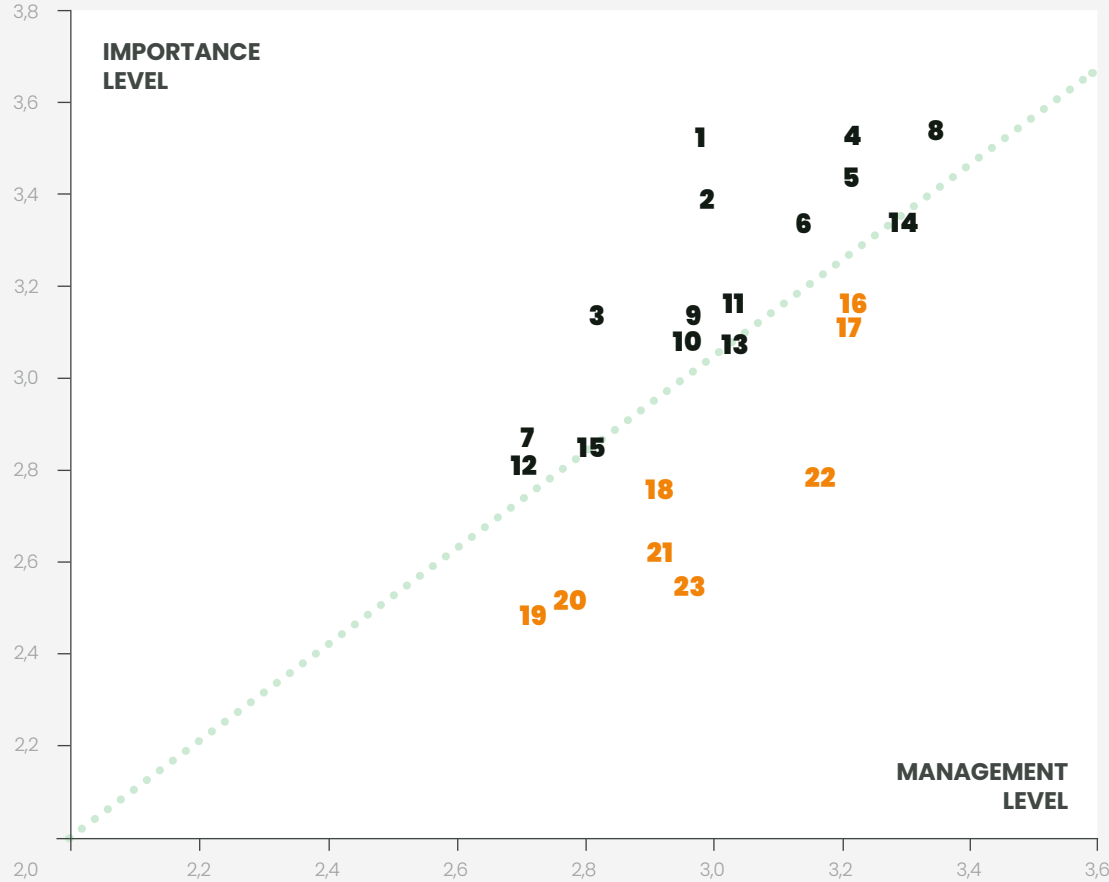
Dimension	Material topic	OVERALL	INTERNAL	EXTERNAL
SOCIAL	<b>Expert talent management</b>	1	1	2
GOVERNANCE	<b>Risk management</b>	2	11	1
ENVIRONMENTAL	<b>Innovation to drive efficiency</b>	3	4	3
SOCIAL	<b>Customer satisfaction</b>	4	2	10
SOCIAL	<b>Workplace health and safety</b>	5	3	11
ENVIRONMENTAL	<b>Circular economy: efficient use of resources and waste management</b>	6	13	6
SOCIAL	<b>Employee wellbeing</b>	7	12	7
GOVERNANCE	<b>Ethics and compliance</b>	8	9	9
GOVERNANCE	<b>Strong corporate governance</b>	9	16	5
ENVIRONMENTAL	<b>New forms of mobility</b>	10	18	4
SOCIAL	<b>Responsible supply chain management</b>	11	5	12
SOCIAL	<b>Equality, diversity and inclusion</b>	12	7	13
ENVIRONMENTAL	<b>Environmental impact</b>	13	8	14
SOCIAL	<b>Respect for human rights</b>	14	6	16
ENVIRONMENTAL	<b>Climate change</b>	15	23	8
GOVERNANCE	<b>Growth and responsible investment</b>	16	17	15
GOVERNANCE	<b>Reputation</b>	17	14	17
SOCIAL	<b>Community relations</b>	18	22	18
SOCIAL	<b>Stakeholder engagement</b>	19	10	21
GOVERNANCE	<b>Geopolitics</b>	20	20	19
GOVERNANCE	<b>Privacy and data protection</b>	21	19	20
GOVERNANCE	<b>Transparency</b>	22	15	22
SOCIAL	<b>Product quality and safety</b>	23	21	23

(\* ) The topics are ranked on a numeric scale from 1 to 23, 1 bring the most important and 23, the least relevant



## MATERIALITY MATRIX

The importance ascribed to each material topic, coupled with the perception of how well each one is being managed, yielded the following materiality matrix, which in turn formed the basis of the 2025 ESG Strategic Plan and the contents of this Annual Report:



1. Expert talent management
2. Risk management
3. Innovation to drive efficiency
4. Customer satisfaction
5. Workplace health and safety
6. Circular economy: efficient use of resources and waste management
7. Employee wellbeing
8. Ethics and compliance
9. Strong corporate governance
10. New forms of mobility
11. Responsible supply chain management
12. Equality, diversity and inclusion
13. Environmental impact
14. Respect for human rights
15. Climate change
16. Growth and responsible investment
17. Reputation
18. Community relations
19. Stakeholder engagement
20. Geopolitics
21. Privacy and data protection
22. Transparency
23. Product quality and safety

One of the targets of the ESG Strategic Plan 2025 is to update the external materiality assessment; another is to continue to run ESG Workshops around the world in order to share the results of this analysis across the various regions and to perform a more detailed internal materiality analysis, of broader scope, so as to continue to generate feedback for the overall matrix and drill down into what the group needs to prioritise.

# Contact details

Registered name	<b>CIE Automotive S.A.</b>
Registered office	<b>Alameda Mazarredo, 69 – 8º 48009 Bilbao, (Bizkaia).</b>
Telephone number	<b>+34 946 054 835 (Spain)</b>
Website	<b><a href="http://www.cieautomotive.com">www.cieautomotive.com</a></b>
Share capital	<b>€30,637,500</b>
No. of shares	<b>122,550,000</b>
Par value	<b>€0.25/share</b>
Business activity	Manufacture of automotive parts.
Markets	CIE Automotive is present in 16 countries and its shares are listed on the Bilbao, Madrid and Bombay stock exchanges.

## Dedicated channels for each stakeholder group:\*

ESG and community relations:  
**Susana Molinuevo** [esg@cieautomotive.com](mailto:esg@cieautomotive.com)

Professionals:  
**Aitor Zazpe** [hr@cieautomotive.com](mailto:hr@cieautomotive.com)

Investor relations and business partners:  
**Lorea Aristizabal** [ir@cieautomotive.com](mailto:ir@cieautomotive.com)

Customers and sector:  
**Mikel Orbegozo** [sales@cieautomotive.com](mailto:sales@cieautomotive.com)

Supply chain:  
**Irache Pardo** [purchasing@cieautomotive.com](mailto:purchasing@cieautomotive.com)

Financiers:  
**Irache Pardo** [financierocie@cieautomotive.com](mailto:financierocie@cieautomotive.com)

Public relations:  
[compliance@cieautomotive.com](mailto:compliance@cieautomotive.com)

(\* Also included on the corporate website.

# Data tables and glossary

## Employment tables

Total number and breakdown of employees by gender, age and job category

2020	Men			Total	Women			Total	TOTAL
	<30	30-50	>50	M	<30	30-50	>50	W	
Management Committee		2	4	6		4		4	10
Executives	41	593	240	874	9	71	16	96	970
University graduates	1,471	3,471	746	5,688	355	709	135	1,199	6,886
Tradesmen and women	4,116	8,069	1,974	14,159	832	1,850	491	3,173	17,331
<b>Total</b>	<b>5,628</b>	<b>12,135</b>	<b>2,963</b>	<b>20,726</b>	<b>1,196</b>	<b>2,629</b>	<b>642</b>	<b>4,471</b>	<b>25,197</b>

2021	Men			Total	Women			Total	TOTAL
	<30	30-50	>50	M	<30	30-50	>50	W	
Management Committee		1	5	6		4		4	10
Executives	8	594	259	861	7	79	18	104	965
University graduates	1,397	3,430	800	5,627	350	696	148	1,194	6,821
Tradesmen and women	3,875	7,624	2,005	13,504	788	1,825	559	3,172	16,676
<b>Total</b>	<b>5,280</b>	<b>11,649</b>	<b>3,069</b>	<b>19,998</b>	<b>1,145</b>	<b>2,604</b>	<b>725</b>	<b>4,474</b>	<b>24,472</b>

Total number and breakdown of employees by country

	2020	2021
Indefinite contracts	22,738	21,365
Temporary contracts	5,386	3,107
<b>Total n° of people</b>	<b>28,124</b>	<b>24,472</b>
Full-time	27,933	24,318
Part-time	191	154
<b>Total n° of people</b>	<b>28,124</b>	<b>24,472</b>



### Total number and breakdown of employees by country

Country	2020	2021
India	6,744	6,956
Mexico	5,460	5,381
Brazil	3,050	2,662
Spain	2,333	2,296
US	1,582	1,579
China	1,570	1,514
Germany	879	817
Slovakia	837	654
Czech Republic	628	607
Romania	611	560
Italy	439	443
France	338	318
Portugal	323	296
Lithuania	221	218
Morocco	103	101
Russia	74	65
Netherlands	4	4
South Korea	0	1
<b>Total</b>	<b>25,196</b>	<b>24,472</b>

### Average headcount during the year by permanent/temporary/part-time contracts by gender, age and job category

2020	Men	Women	Age			Category		
			<30	30-50	>50	Executives	University graduates	Tradesmen and women
Indefinite	18,320	3,746	4,479	13,937	3,650	978	6,713	14,375
Temporary	2,840	737	2,179	1,209	189	18,461	3,098	3,099
Full-time	21,007	4,403	6,589	15,060	3,761	985	7,071	17,354
Part-time	153	80	69	86	78	11	103	119

2021	Men	Women	Age			Category		
			<30	30-50	>50	Executives	University graduates	Tradesmen and women
Indefinite	17,511	3,854	4,314	13,349	3,702	969	6,380	14,016
Temporary	2,487	620	2,111	904	92	6	441	2,660
Full-time	19,909	4,409	6,369	14,210	3,739	975	6,746	16,597
Part-time	89	65	56	43	55	0	74	79



## Average earnings and trend broken down by gender, age, job category or equivalent metric

	Average annual pre-tax earnings*		Age			Category		
	Men	Women	<30 years	30-50	>50 years	Executives	University graduates	Tradesmen and women
2020	16,147	15,004	7,896	15,838	31,016	57,150	18,937	12,269
2021	17,064	15,796	8,040	16,864	32,143	62,221	20,821	12,637

\*All of the average annual pre-tax earnings figures provided in the table above are calculated by summing the total number of people employed by CIE Automotive in the category provided in the breakdown, without considering their origin or place of work.

## Breakdown of hires and departures by age and gender

2020	Men under the age of 30	Men aged between 30 and 50	Men over the age of 50	Total men	Women under the age of 30	Women aged between 30 and 50	Women over the age of 50	Total women	Total
New hires	3,603	1,438	201	5,242	692	609	83	1,384	<b>6,629</b>
Voluntary and other departures	3,372	1,804	639	5,815	429	451	113	993	<b>6,808</b>

2021	Men under the age of 30	Men aged between 30 and 50	Men over the age of 50	Total men	Women under the age of 30	Women aged between 30 and 50	Women over the age of 50	Total women	Total
New hires	3,712	1,725	265	5,702	804	717	119	1,640	<b>7,342</b>
Voluntary and other departures	2,981	1,586	391	4,958	642	552	119	1,313	<b>6,271</b>

### Number of dismissals by gender, age and job category

2020	Men			Total	Woman			Total	TOTAL
	<30	30-50	>50	M	<30	30-50	>50	W	
Executives	-	15	11	26	-	8	1	9	<b>35</b>
University graduates	169	354	80	603	48	59	12	116	<b>719</b>
Tradesmen and women	916	689	201	1,806	85	190	59	334	<b>2,140</b>
<b>Total</b>	<b>1,085</b>	<b>1,058</b>	<b>292</b>	<b>2,435</b>	<b>133</b>	<b>254</b>	<b>72</b>	<b>459</b>	<b>2,894</b>

2021	Men			Total	Woman			Total	TOTAL
	<30	30-50	>50	M	<30	30-50	>50	W	
Executives	0	9	11	20	0	1	0	1	<b>21</b>
University graduates	92	222	42	356	33	50	5	88	<b>444</b>
Tradesmen and women	436	430	76	942	78	129	15	222	<b>1,164</b>
<b>Total</b>	<b>528</b>	<b>661</b>	<b>129</b>	<b>1,318</b>	<b>111</b>	<b>180</b>	<b>20</b>	<b>311</b>	<b>1,629</b>

# Environmental management tables

## Water consumption

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<i>m³/year</i>	Indicador	Definición	2019	2020	2021
Europe*	GRI 303-1 (1)	Superficial	64,363.00	31,385.00	28,161.00
	GRI 303-1 (2)	Ground water	30,893.00	36,803.00	33,956.00
	GRI 303-1 (3)	Rain water	25,253.00	26,441.00	4,386.00
	GRI 303-1 (4)	Water net	321,631.00	303,515.00	322,045.00
	<b>GRI 303-1</b>	<b>Water used</b>	<b>442,140.00</b>	<b>398,144.00</b>	<b>388,548.00</b>
		<b>Recycled water</b>	<b>NA</b>	<b>NA</b>	<b>26,108,223.00</b>
North America	GRI 303-1 (1)	Superficial	2,048.00	-	11,002.00
	GRI 303-1 (2)	Ground water	69,589.00	59,079.00	59,471.00
	GRI 303-1 (3)	Rain water	-	-	-
	GRI 303-1 (4)	Water net	255,886.32	224,587.78	262,656.55
	<b>GRI 303-1</b>	<b>Water used</b>	<b>327,523.32</b>	<b>283,666.78</b>	<b>333,129.55</b>
		<b>Recycled water</b>	<b>NA</b>	<b>NA</b>	<b>12,332,109.90</b>
Brazil	GRI 303-1 (1)	Superficial	-	14,242.00	-
	GRI 303-1 (2)	Ground water	75,234.00	56,906.00	49,665.00
	GRI 303-1 (3)	Rain water	-	-	-
	GRI 303-1 (4)	Water net	175,959.00	104,723.00	149,215.00
	<b>GRI 303-1</b>	<b>Water used</b>	<b>251,193.00</b>	<b>175,871.00</b>	<b>198,880.00</b>
		<b>Recycled water</b>	<b>NA</b>	<b>NA</b>	<b>4,939,268.45</b>
Asia (India/China)	GRI 303-1 (1)	Superficial	261,840.00	236,591.00	157,053.00
	GRI 303-1 (2)	Ground water	179,451.00	185,606.00	203,057.20
	GRI 303-1 (3)	Rain water	6,555.00	3,845.00	14,456.00
	GRI 303-1 (4)	Water net	180,530.00	167,165.00	303,752.43
	<b>GRI 303-1</b>	<b>Water used</b>	<b>628,376.00</b>	<b>593,207.00</b>	<b>678,318.63</b>
		<b>Recycled water</b>	<b>NA</b>	<b>NA</b>	<b>20,824,532.45</b>
<b>TOTAL</b>	GRI 303-1 (1)	Superficial	328,251.00	282,218.00	196,216.00
	GRI 303-1 (2)	Ground water	355,167.00	338,394.00	346,149.20
	GRI 303-1 (3)	Rain water	31,808.00	30,286.00	18,842.00
	GRI 303-1 (4)	Water net	934,006.32	799,990.78	1,037,668.98
	<b>GRI 303-1</b>	<b>Water used</b>	<b>1,649,232.32</b>	<b>1,450,888.78</b>	<b>1,598,876.18</b>
		<b>Recycled water</b>	<b>NA</b>	<b>NA</b>	<b>64,204,133.80</b>

\*The Europe region includes the factories located in Morocco and Russia.





301-1

301-2

## Material consumption

Kg	Indicador	Definición	2019	2020	2021
Europe*	GRI 301-1	Raw material used	545,320,860.00	383,474,092.00	444,062,256.00
	GRI 301-2	Raw material re used	230,418,938.00	145,243,605.00	194,921,354.00
			42%	38%	44%
North America	GRI 301-1	Raw material used	370,013,007.00	300,490,431.00	327,388,797.24
	GRI 301-2	Raw material re used	8,205,673.00	9,820,027.00	12,811,068.86
			2%	3%	4%
Brazil	GRI 301-1	Raw material used	187,910,073.00	152,235,258.00	169,957,386.00
	GRI 301-2	Raw material re used	70,114,134.00	54,837,125.00	71,633,082.00
			37%	36%	42%
Asia (India/China)	GRI 301-1	Raw material used	407,039,649.00	434,487,453.00	506,635,270.00
	GRI 301-2	Raw material re used	102,452,797.00	91,092,000.00	116,362,976.00
			25%	21%	23%
<b>TOTAL</b>	GRI 301-1	Raw material used	1,510,283,589.00	1,270,687,234.00	<b>1,448,043,709.24</b>
	GRI 301-2	Raw material re used	411,191,542.00	300,992,757.00	<b>395,728,480.86</b>
			27%	24%	<b>27%</b>

\*The Europe region includes the factories located in Morocco and Russia.



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Waste management (1)

Tonne	Indicator	Definition	2019	2020	2021	
Europe*	GRI 306-2	<b>Industrial waste treated hazardous</b>	16,056.07	9,240.72	9,675.30	
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	5,270.71	
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	4,404.59	
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	1,832.54	
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	126.66	
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	1,123.19	
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	1,322.20	
	GRI 306-2	<b>Industrial waste treated no-hazardous</b>	129,598.75	82,926.86	109,328.78	
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	108,288.73	
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	1,040.05	
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	69.54	
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	-	
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	555.96	
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	414.55	
		<b>GRI 306-2 TOTAL</b>		<b>145,654.82</b>	<b>92,167.58</b>	<b>119,004.08</b>
	North America	GRI 306-2	<b>Industrial waste treated hazardous</b>	3,125.34	3,126.86	3,063.98
GRI 306-2		Non-hazardous waste to recycling	NA	NA	1,707.53	
GRI 306-2		Non-hazardous waste to disposal	NA	NA	1,356.42	
GRI 306-2		Non-hazardous waste to incineration (with energy recovery)	NA	NA	364.31	
GRI 306-2		Non-hazardous waste to incineration (without energy recovery)	NA	NA	30.14	
GRI 306-2		Non-hazardous waste to landfilling	NA	NA	655.03	
GRI 306-2		Non-hazardous waste to other disposal operation	NA	NA	306.97	
GRI 306-2		<b>Industrial waste treated no-hazardous</b>	73,696.89	68,823.73	71,173.13	
GRI 306-2		Non-hazardous waste to recycling	NA	NA	69,349.60	
GRI 306-2		Non-hazardous waste to disposal	NA	NA	1,823.53	
GRI 306-2		Non-hazardous waste to incineration (with energy recovery)	NA	NA	47.73	
GRI 306-2		Non-hazardous waste to incineration (without energy recovery)	NA	NA	-	
GRI 306-2		Non-hazardous waste to landfilling	NA	NA	1,675.94	
GRI 306-2		Non-hazardous waste to other disposal operation	NA	NA	99.85	
	<b>GRI 306-2 TOTAL</b>		<b>76,822.23</b>	<b>71,950.59</b>	<b>74,237.11</b>	

\*The Europe region includes the factories located in Morocco and Russia.



306-2

Waste management (II)

Tonne	Indicator	Definition	2019	2020	2021
Brazil	GRI 306-2	<b>Industrial waste treated hazardous</b>	3,654.90	2,155.99	1,072.04
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	512.93
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	559.11
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	520.61
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	-
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	35.02
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	3.48
	GRI 306-2	<b>Industrial waste treated no-hazardous</b>	41,572.17	37,774.96	58,383.90
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	29,719.02
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	28,664.88
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	6,286.96
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	-
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	22,201.59
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	176.33
		<b>GRI 306-2</b>	<b>TOTAL</b>	<b>45,227.07</b>	<b>39,930.95</b>
Asia (India/China)	GRI 306-2	<b>Industrial waste treated hazardous</b>	2,402.97	1,805.63	3,646.55
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	2,041.86
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	1,604.10
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	253.59
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	560.94
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	723.22
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	66.94
	GRI 306-2	<b>Industrial waste treated no-hazardous</b>	94,987.97	76,512.47	116,407.43
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	86,295.44
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	30,111.99
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	26.49
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	231.65
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	28,049.32
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	1,804.54
		<b>GRI 306-2</b>	<b>TOTAL</b>	<b>97,390.94</b>	<b>78,318.10</b>



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Waste management (III)

Tonne	Indicator	Definition	2019	2020	2021
	GRI 306-2	<b>Industrial waste treated hazardous</b>	25,239.28	16,329.20	17,457.88
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	9,533.03
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	7,924.23
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	2,971.05
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	717.74
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	2,536.45
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	1,699.60
<b>TOTAL</b>	GRI 306-2	<b>Industrial waste treated no-hazardous</b>	339,855.78	266,038.02	355,293.24
	GRI 306-2	Non-hazardous waste to recycling	NA	NA	293,652.79
	GRI 306-2	Non-hazardous waste to disposal	NA	NA	61,640.45
	GRI 306-2	Non-hazardous waste to incineration (with energy recovery)	NA	NA	6,430.72
	GRI 306-2	Non-hazardous waste to incineration (without energy recovery)	NA	NA	231.65
	GRI 306-2	Non-hazardous waste to landfilling	NA	NA	52,482.81
	GRI 306-2	Non-hazardous waste to other disposal operation	NA	NA	2,495.27
	<b>GRI 306-2</b>	<b>TOTAL</b>	<b>365,095.06</b>	<b>282,367.22</b>	<b>372,751.12</b>



302-1

## Energy consumption and savings

Gigajoules	Indicator	Definition	2019	2020	2021
Europe*	GRI 302-1	Direct energy consumption	774,253.76	639,301.96	727,697.13
	GRI 302-1	Indirect energy consumption	1,471,786.54	1,160,924.20	1,288,375.69
	GRI 302-1	Indirect energy consumption from non-renewable sources	504,262.80	401,043.59	317,015.31
	GRI 302-1	Indirect energy consumption from renewable sources	967,523.75	759,880.62	971,360.38
	GRI 302-1	<b>TOTAL</b>	<b>2,246,040.31</b>	<b>1,800,226.16</b>	<b>2,016,072.83</b>
North America	GRI 302-1	Direct energy consumption	476,606.74	426,553.41	627,666.59
	GRI 302-1	Indirect energy consumption	723,266.73	693,956.78	758,008.54
	GRI 302-1	Indirect energy consumption from non-renewable sources	581,783.97	537,472.46	625,774.54
	GRI 302-1	Indirect energy consumption from renewable sources	141,482.76	156,484.32	132,234.00
	GRI 302-1	<b>TOTAL</b>	<b>1,199,873.47</b>	<b>1,120,510.19</b>	<b>1,385,675.13</b>
Brazil	GRI 302-1	Direct energy consumption	242,715.78	153,633.44	176,688.22
	GRI 302-1	Indirect energy consumption	687,884.31	536,138.85	644,943.72
	GRI 302-1	Indirect energy consumption from non-renewable sources	76,045.27	41,090.25	22,877.65
	GRI 302-1	Indirect energy consumption from renewable sources	611,839.04	495,048.60	622,066.07
	GRI 302-1	<b>TOTAL</b>	<b>930,600.09</b>	<b>689,772.29</b>	<b>821,631.93</b>
Asia (India/China)	GRI 302-1	Direct energy consumption	169,178.90	302,183.16	390,601.12
	GRI 302-1	Indirect energy consumption	1,072,288.97	949,276.73	1,193,745.79
	GRI 302-1	Indirect energy consumption from non-renewable sources	931,365.88	795,005.82	1,005,338.28
	GRI 302-1	Indirect energy consumption from renewable sources	140,923.09	154,270.91	188,407.51
	GRI 302-1	<b>TOTAL</b>	<b>1,241,467.87</b>	<b>1,251,459.89</b>	<b>1,584,346.91</b>
<b>TOTAL</b>	GRI 302-1	Direct energy consumption	1,662,755.19	1,521,671.97	1,922,653.06
	GRI 302-1	Indirect energy consumption	3,955,226.55	3,340,296.56	3,885,073.74
	GRI 302-1	Indirect energy consumption from non-renewable sources	2,093,457.91	1,774,612.12	1,971,005.79
	GRI 302-1	Indirect energy consumption from renewable sources	1,861,768.64	1,565,684.45	1,914,067.96
	GRI 302-1	<b>TOTAL</b>	<b>5,617,981.74</b>	<b>4,861,968.53</b>	<b>5,807,726.80</b>

\*The Europe region includes the factories located in Morocco and Russia.



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305-3

## Emissions (scope 1, 2 y 3)

	Indicator	Definition	Unit	2019	2020	2021
Europe*	GRI 305-1	Direct emissions	T CO <sub>2</sub>	43,914.62	37,934.40	43,281.83
	GRI 305-1	CH <sub>4</sub> Direct emissions	T CH <sub>4</sub>	-	-	0.79
	GRI 305-1	N <sub>2</sub> O Direct emissions	T N <sub>2</sub> O	-	-	0.09
	GRI 305-2	CO <sub>2</sub> Indirect emissions	T CO <sub>2</sub>	60,798.05	38,420.00	34,671.25
	<b>GRI 305</b>	<b>TOTAL</b>	<b>T CO<sub>2</sub></b>	<b>104,712.67</b>	<b>76,354.40</b>	<b>77,953.09</b>
	GRI 305-3	Other indirect emissions (Scope 3)	T CO <sub>2</sub>	-	-	1,205,714.93
North America	GRI 305-1	Direct emissions	T CO <sub>2</sub>	27,192.34	25,340.46	37,285.26
	GRI 305-1	CH <sub>4</sub> Direct emissions	T CH <sub>4</sub>	-	-	0.72
	GRI 305-1	N <sub>2</sub> O Direct emissions	T N <sub>2</sub> O	-	-	0.09
	GRI 305-2	CO <sub>2</sub> Indirect emissions	T CO <sub>2</sub>	76,247.68	85,385.01	99,045.49
	<b>GRI 305</b>	<b>TOTAL</b>	<b>T CO<sub>2</sub></b>	<b>103,440.02</b>	<b>110,725.48</b>	<b>136,330.75</b>
	GRI 305-3	Other indirect emissions (Scope 3)	T CO <sub>2</sub>	-	-	949,779.07
Brazil	GRI 305-1	Direct emissions	T CO <sub>2</sub>	14,387.16	9,191.82	10,568.18
	GRI 305-1	CH <sub>4</sub> Direct emissions	T CH <sub>4</sub>	-	-	0.23
	GRI 305-1	N <sub>2</sub> O Direct emissions	T N <sub>2</sub> O	-	-	0.03
	GRI 305-2	CO <sub>2</sub> Indirect emissions	T CO <sub>2</sub>	1,436.41	477.10	265.61
	<b>GRI 305</b>	<b>TOTAL</b>	<b>T CO<sub>2</sub></b>	<b>15,823.57</b>	<b>9,668.92</b>	<b>10,833.79</b>
	GRI 305-3	Other indirect emissions (Scope 3)	T CO <sub>2</sub>	-	-	344,183.92
Asia (India/China)	GRI 305-1	Direct emissions	T CO <sub>2</sub>	10,599.47	18,392.44	23,625.35
	GRI 305-1	CH <sub>4</sub> Direct emissions	T CH <sub>4</sub>	-	-	0.75
	GRI 305-1	N <sub>2</sub> O Direct emissions	T N <sub>2</sub> O	-	-	0.13
	GRI 305-2	CO <sub>2</sub> Indirect emissions	T CO <sub>2</sub>	216,386.94	200,134.86	255,494.97
	<b>GRI 305</b>	<b>TOTAL</b>	<b>T CO<sub>2</sub></b>	<b>226,986.41</b>	<b>218,527.30</b>	<b>279,120.32</b>
	GRI 305-3	Other indirect emissions (Scope 3)	T CO <sub>2</sub>	-	-	1,139,204.53
<b>TOTAL</b>	GRI 305-1	Direct emissions	T CO <sub>2</sub>	96,093.59	90,859.13	114,760.62
	GRI 305-1	CH <sub>4</sub> Direct emissions	T CH <sub>4</sub>	-	-	1.69
	GRI 305-1	N <sub>2</sub> O Direct emissions	T N <sub>2</sub> O	-	-	0.25
	GRI 305-2	CO <sub>2</sub> Indirect emissions	T CO <sub>2</sub>	354,869.08	324,416.97	389,477.33
	<b>GRI 305</b>	<b>TOTAL</b>	<b>T CO<sub>2</sub></b>	<b>450,962.67</b>	<b>415,276.10</b>	<b>504,237.95</b>
	GRI 305-3	Other indirect emissions (Scope 3)	T CO <sub>2</sub>	-	-	3,638,882.44

\*The Europe region includes the factories located in Morocco and Russia.

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The emissions savings from the purchase of energy from renewable sources are shown below.

T CO <sub>2</sub>	Indicator	Definition	2019	2020	2021
Europe*	GRI 305-2	Indirect emissions	83,277.57	44,614.45	56,762.67
North America	GRI 305-2	Indirect emissions	17,709.85	28,736.36	24,040.29
Brazil	GRI 305-2	Indirect emissions	11,556.96	5,748.06	7,222.30
Asia (India/China)	GRI 305-2	Indirect emissions	33,508.38	42,287.37	51,315.23
<b>TOTAL</b>	<b>GRI 305-2</b>	<b>Indirect emissions</b>	<b>146,052.76</b>	<b>121,386.24</b>	<b>139,340.49</b>

\*The Europe region includes the factories located in Morocco and Russia.



302-3

Energy intensity

Gigajoules/€K	Indicator	Definition	2019	2020	2021
Europe*	GRI 302-3	Direct energy consumption	0.53	0.54	0.58
	GRI 302-3	Indirect energy consumption	1.01	0.97	1.02
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.35	0.34	0.25
	GRI 302-3	Indirect energy consumption from renewable sources	0.66	0.64	0.77
	GRI 302-3	<b>TOTAL</b>	<b>1.54</b>	<b>1.51</b>	<b>1.60</b>
North America	GRI 302-3	Direct energy consumption	0.52	0.58	0.70
	GRI 302-3	Indirect energy consumption	0.79	0.94	0.84
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.63	0.72	0.69
	GRI 302-3	Indirect energy consumption from renewable sources	0.15	0.21	0.15
	GRI 302-3	<b>TOTAL</b>	<b>1.31</b>	<b>1.51</b>	<b>1.54</b>
Brazil	GRI 302-3	Direct energy consumption	0.75	0.83	0.82
	GRI 302-3	Indirect energy consumption	2.11	2.89	2.99
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.23	0.22	0.11
	GRI 302-3	Indirect energy consumption from renewable sources	1.88	2.67	2.88
	GRI 302-3	<b>TOTAL</b>	<b>2.86</b>	<b>3.72</b>	<b>3.81</b>
Asia (India/China)	GRI 302-3	Direct energy consumption	0.22	0.40	0.44
	GRI 302-3	Indirect energy consumption	1.41	1.25	1.34
	GRI 302-3	Indirect energy consumption from non-renewable sources	1.23	1.05	1.13
	GRI 302-3	Indirect energy consumption from renewable sources	0.19	0.20	0.21
	GRI 302-3	<b>TOTAL</b>	<b>1.64</b>	<b>1.65</b>	<b>1.78</b>
<b>TOTAL</b>	GRI 302-3	Direct energy consumption	0.48	0.53	0.59
	GRI 302-3	Indirect energy consumption	1.14	1.16	1.19
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.60	0.62	0.60
	GRI 302-3	Indirect energy consumption from renewable sources	0.54	0.54	0.59
	GRI 302-3	<b>TOTAL</b>	<b>1.62</b>	<b>1.69</b>	<b>1.78</b>

\*The Europe region includes the factories located in Morocco and Russia.





305-4

Emissions intensity

T CO <sub>2</sub> /k€	Indicator	Definition	2019	2020	2021
Europe*	GRI 305-4	Direct emissions	0.03	0.03	0.03
	GRI 305-4	Indirect emissions	0.04	0.03	0.03
	GRI 305-4	<b>TOTAL</b>	<b>0.07</b>	<b>0.06</b>	<b>0.06</b>
North America	GRI 305-4	Direct emissions	0.03	0.03	0.04
	GRI 305-4	Indirect emissions	0.08	0.12	0.11
	GRI 305-4	<b>TOTAL</b>	<b>0.11</b>	<b>0.15</b>	<b>0.15</b>
Brazil	GRI 305-4	Direct emissions	0.04	0.05	0.05
	GRI 305-4	Indirect emissions	0.00	0.00	0.00
	GRI 305-4	<b>TOTAL</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
Asia (India/China)	GRI 305-4	Direct emissions	0.01	0.02	0.03
	GRI 305-4	Indirect emissions	0.29	0.26	0.29
	GRI 305-4	<b>TOTAL</b>	<b>0.30</b>	<b>0.29</b>	<b>0.31</b>
<b>TOTAL</b>	GRI 305-4	Direct emissions	0.03	0.03	0.04
	GRI 305-4	Indirect emissions	0.10	0.11	0.12
	GRI 305-4	<b>TOTAL</b>	<b>0.13</b>	<b>0.14</b>	<b>0.16</b>

\*The Europe region includes the factories located in Morocco and Russia.



# Glossary

**EBITDA**

Earnings before interest, tax, depreciation and amortisation.

**Adjusted EBITDA**

Last 12 months EBITDA annualised for companies added to the consolidation scope during the reporting period. Includes 50% of the EBITDA of the Chinese JV, SAMAP, which, on the basis of the existing agreements with the other venturer, is accounted for using the equity method.

**EBIT**

Earnings before interest and tax.

**Net profit**

Recurring profit attributable to owners of the parent.

**Net financial debt**

Borrowings from banks and other financial institutions less cash and cash equivalents less other financial assets.

**Adjusted net financial debt**

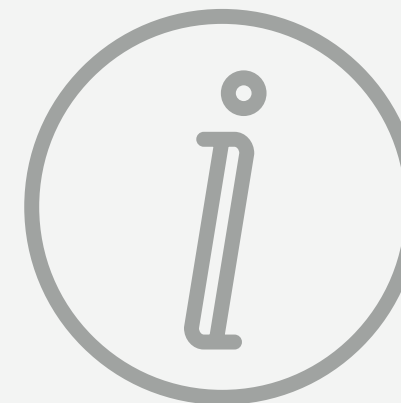
Net financial debt including 50% of the net debt of the Chinese JV, SAMAP, which, on the basis of the existing agreements with the other venturer, is accounted for using the equity method.

**Maintenance capex**

Capex designed to update the facilities with a view to handling anticipated organic market growth.

**Cash flow from operations**

$(EBITDA - \text{Interest expense paid} - \text{Tax paid} - \text{Maintenance capex} - \text{IFRS 16 leases}) / (EBITDA - \text{Leases under IFRS 16})$ .



# Non-financial statement

Tracing compliance with the Law on non-financial information and diversity reporting

Contents of Law 11/2018 on non-financial and diversity reporting	GRI standards - version 2016 (*)	Section of the Annual Report	Page	Remarks / Direct response / Omissions
Brief description of the undertaking's business model, including disclosures related to: 1) their business environment; 2) their organisation and structure; 3) the markets where they operate; 4) their objectives and strategies; 5) the main trends and factors that may affect their future development.	102-1	Contact details	203	
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The outcomes of those policies, including the pertinent non-financial key performance indicators that are most useful in: 1) monitoring and assessing progress 2) supporting comparability across companies and sectors, relying on broadly recognised national, EU-based or international frameworks for each issue.	<b>103</b>	Creating value for our SHAREHOLDERS	68	
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<p>The principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas; and</p> <ul style="list-style-type: none"> <li>- How the undertaking manages those risks;</li> <li>- Explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue.</li> <li>- Reporters must include information about any impacts identified, providing a breakdown of those impacts, in particular in relation to the principal short-, medium- and long-term risks.</li> </ul>	102-15	Risks assessed in 2021	173	
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## ENVIRONMENTAL MATTERS

### ENVIRONMENT | OVERALL

1) Detailed information about the current and foreseeable impacts of the undertaking's activities on the environment and, as appropriate, on health and safety, and environmental assessment and certification processes. 2) The resources dedicated to preventing environmental risks. 3) Application of the principle of prevention, the amount of provisions and guarantees for environmental risks.		Upping our ENVIRONMENTAL commitments	117	
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# External assurance



## CIE Automotive S.A and its subsidiaries

Independent verification report  
Consolidated Statement of Non-Financial Information  
31 December 2021



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

### Independent verification report

To the shareholders of CIE Automotive, S.A.:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2021 of CIE Automotive, S.A. (the Parent company) and its subsidiaries (hereinafter "CIE Automotive" or "the Group") which is included in the attached CIE 2021 Annual Report, which forms part of the Group's Consolidated Management's Report.

The content of the consolidated management report includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in the tables: "Tracing compliance with the Law on non-financial information and diversity reporting" of the aforementioned accompanying Annual Report.

#### Responsibility of the Parent company's directors

The preparation of the SNFI included in CIE Automotive's consolidated management report and the content thereof, are the responsibility of the directors of CIE Automotive, S.A. the SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") selected, as per the details provided for each matter in the tables: "Tracing compliance with the Law on non-financial information and diversity reporting" of the Annual Report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free from material misstatement due to fraud or error.

The directors of CIE Automotive, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

#### Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team has consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

**Our responsibility**

Our responsibility is to express our conclusions in a limited assurance independent verification report based on the work we have performed. We carried out our work in accordance with the requirements set out in the current International Standard on Assurance Engagements 3000 Revised, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing, and are less extensive than, those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of CIE Automotive, S.A that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with CIE Automotive, S.A personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2021, based on the materiality analysis carried out by CIE Automotive, S.A and described in section "Materiality", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2021.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2021.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2021 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.



**Conclusion**

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of CIE Automotive, S.A, for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of the GRI selected according to what is mentioned for each subject in the table included as per the details provided for each matter in the tables: "Traceability of compliance with the Non-financial Information and Diversity Law" of the Annual Report.

**Emphasis of matter**

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, relating to the establishment of a framework to facilitate sustainable investments, establishes the obligation to disclose information on the manner and extent to which the company's activities are associated with economic activities considered to be environmentally sustainable in relation to the objectives of climate change mitigation and adaptation to climate change for the first time for the year 2021, provided that the SNFI is published as from 1 January 2022. Consequently, comparative information on this matter has not been included in the accompanying SNFI. Our conclusion is not modified in respect of this matter.

**Use and distribution**

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Pablo Bascones Ilundain

25 February 2022





THE DREAM **25** YEARS BUILDING

**CIE Automotive S.A.**

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