

A success story in 5 keys

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**Jesús Mª Herrera**

Chief Executive Officer

Antón Pradera

Chairman

Dear friends of CIE Automotive:

The Annual Report we have the honour of introducing is an account of a successful year for our company. In 2022, despite the macroeconomic and sector difficulties, we managed to set a new earnings record, while continuing to advance on ESG goals, even though production and sales remained depressed in the automotive industry we serve.

Our net profit increased by 12%, to over €300 million, thanks to both revenue growth, to €3.84 billion, and delivery of healthy profit margins in all regions, even those most affected by the war in Ukraine. In tandem we met our ESG commitments, guided by the 2030 Agenda and its Sustainable Development Goals, to which we are committed as signatories of the United Nations Global Compact.

How did we perform so well in such an adverse scenario as that encountered in 2022? To explain our countercyclical performance, throughout this Annual Report we delve into the five keys that make our company a benchmark in the automotive parts sector, enabling us, yet again, to circumvent the prevailing crisis. Allow us to briefly outline those enablers here.

The first key to our success and the secret to our resilience is the **solidity of our business model**. Since we set up in the business 25 years ago, we have come through a series of crises by gripping tightly to the five hallmark traits of our model: multiple locations, customer diversification, a multi-technology approach, investment discipline and decentralised management. In recent years, we have added the integration of ESG criteria as our sixth pillar. Those criteria are fully embedded into our day-to-day operations and our Process Map.



<We turned obstacles into
challenges, **eking out**
growth of 24%, outperforming
the market by 9.7 points>

Thanks to our strategic diversification, we are capable of offsetting lower demand across some regions, technologies or customers with healthier dynamics across others. By decentralising management, we give the various factories and regions greater autonomy so that they can make the best decisions in the prevailing circumstances. Our investment discipline imposes the prudence needed to generate higher returns and cash.

The second key of our success story is our **2025 Strategic Plan**, the integrated strategy we launched in 2021 in response to the profound social and sector transformation we are navigating. That roadmap is turning us into a better company, etching out the business and financial pathways that will lead to strong results, alongside the ESG lines of initiative designed to make us more sustainable, to which end we are measuring our impact along almost 80 indicators.

We are proud to be able to inform you that in 2022, we delivered the targets set and we are in a position to reiterate all our forward-looking commitments, even though the automotive sector has yet to fully recover to pre-pandemic health. Thank you to everyone who participated in this formidable achievement.

The third key is the **desire to improve that translates into exceptional earnings no matter how complicated the environment**. We measure our success not only by the results obtained but also the scale of the obstacles surmounted in the course of achieving them.

In 2022, the automotive sector once again had to face a very complex health, macroeconomic and sector situation, exacerbated by Russia's invasion of Ukraine in February 2022. On the supply side, some of the problems the sector had already been grappling with worsened: spiralling energy costs, disruption caused by the chip shortage and the higher cost of essential raw material and labour inputs. As for demand, the uncertainty regarding the outlook for the global economy, rampant inflation and rising interest rates affected vehicle purchases. As a result, the global industry was unable to return to pre-pandemic production levels: in 2022, production amounted to 82 million vehicles.

Faced by that adverse situation, we managed to turn those obstacles into challenges, and, stepping into the gaps left by the weaker competitors, increased our market share, registering growth of 24% and outperforming the market by 9.7 points.

Besides our sales momentum, a number of factors combined to boost our operating profit: the activation of our pass-through clauses to pass on the bulk of the increase in the cost of inputs; our strategic commitment to local suppliers, which mitigated transport costs and logistics issues; process productivity gains underpinned by highly efficient manufacturing consumption ratios; and stringent control over investments in maintenance and capacity.

Shaped by excellent management, our EBITDA increased by 12%, to over €633 million. And more importantly, we were able to convert 65% of that EBITDA into operating cash flow, which is of the utmost importance to us here at CIE Automotive.

Just as relevant as the volume of cash generated is how we use it. Virtually all of the cash generated went to remunerating our shareholders by paying out a third of our net profit, buying back owned shares and purchasing minority interests in MCIE. In total, we are talking about over €200 million invested in generating value for our shareholders and offsetting, at least partially, the mismatch between the company's intrinsic value and its share price.

That brings us to the fourth key to our success: **loyal collaboration with our stakeholders**. Our shareholders, but also our customers, employees and suppliers, help us forge our value-added proposition, which is why we want to involve and vest them in our success.

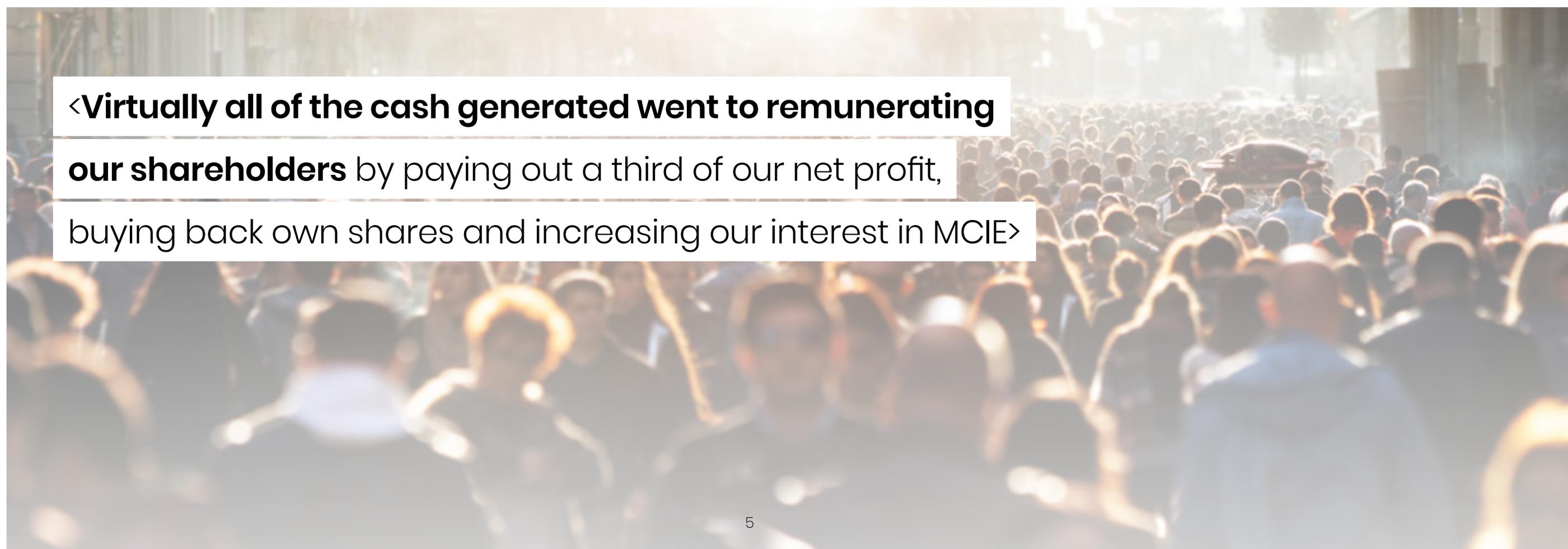
Indeed, in 2022, we devoted over more than €600 million to remunerating the close to 25,000 people spread over 18 countries who make up the CIE Automotive team. We work hard to provide them with a safe and stimulating place to work in which they can develop

their careers, helped by over 812,000 hours of training. We conduct diversity and inclusion assessments in all our business regions so all our employees have access to the same opportunities.

Our suppliers (92% of whom are local), who were likewise key in enabling delivery of our corporate objectives, benefitted from over €2,800 million of purchases. Those purchases are framed by a procurement model based on excellence which earned ISO 20400 - Sustainable procurement certification in April, making CIE Automotive the first company from the automotive sector to obtain that certification in Spain.

As for our OEM and Tier 1 customers, we continue to work tirelessly to improve the quality of our products and provide them with solutions that respond to the dominant market trends: electrification, user experience, safety and protection and outsourcing of production, among others.

In parallel, we sought to position ourselves at the forefront of the transport decarbonisation thrust by participating in Basquevolt, the Basque solid-state battery initiative.



<Virtually all of the cash generated went to remunerating
our shareholders by paying out a third of our net profit,
buying back own shares and increasing our interest in MCIE>



<We are committed
to achieve net zero
greenhouse gas emissions
no later than 2050>

Likewise, in December 2022, we raised our environmental strategy ambitions, approving a new roadmap that establishes new medium- and long-term targets framed by science and the Paris Agreement. Specifically, we are committed to being zero net by 2050 at the latest, a pledge we want to rally our suppliers around by means of the Supply Chain Race to Zero initiative.

All these activities are having a positive impact on society, to which we try to give back much of we have been so fortunate to receive, as is evident in our total tax contribution of €468.5 million and various social action programmes that benefited more than 78,000 people. We would like to highlight two new corporate programmes: CIE STEM Planet, to encourage people to study maths and science in the Basque region, and an UNHCR programme for the provision of job training and skills to refugees and migrants in Brazil.

Lastly, we would like to refer to the fifth key to our success: **our ethical and effective management**. Here at CIE Automotive we have a corporate governance regime that helps us meet the targets we set and minimise our risks. Over the year we met all our compliance requirements and continued to add to our compliance model by introducing our criminal risk map in India, Spain, France and Germany. We also continued to engage all our professionals in the integration of ESG matters by holding new ESG Days in United States, Italy and Slovakia.

These are five of the keys that helped us write a success story in 2022. We have faith that they and all of you will enable us to continue to surmount whatever other challenges lie in store.

Many thanks,

Antón Pradera

Chairman



Jesús M^a Herrera

Chief Executive Officer



Our achievements in figures

Here at CIE Automotive, we ended 2022, a year plagued by obstacles and uncertainty, with record profits, having made significant progress on the ESG front in parallel. Our earnings performance, in spite of the inflation crisis, logistics problems and scarcity of inputs needed to produce vehicles, once again demonstrates our resilience in the face of adversity.

How did we do it? Throughout this report we outline five of the key enabling success factors.

Earnings highlights

NET
PROFIT

€300.1 million

12.2% VS.
2021

EBITDA

€633.4 million

12.1% VS.
2021

CASH FLOW
FROM OPERATIONS

€402.8 million

66.1% OF
EBITDA

NET
DEBT

€1.27 billion*

-7.8% VS.
2021

REVENUE AND MARKET SHARE

€3.84 billion

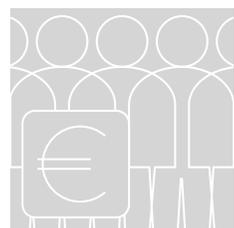
+24.1% VS.
2021

+9.7pp VS
MARKET

(*) Net debt figures adjusted for the group's 50% interest in the Chinese JV, SAMAP.

Shared value

Shareholders

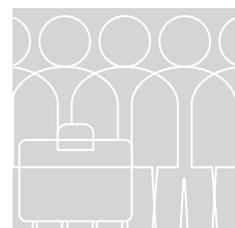


DIVIDENDS
€88.2m paid out

Buyback
PROGRAMME
covering up to 5%
of SHARE CAPITAL

MEETINGS WITH MORE THAN
500 investors

Customers



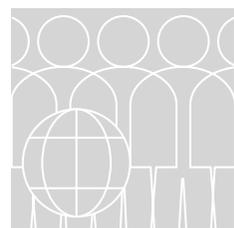
OVER
80 customers
between OEMs y TIER 1

>7,000
SKUs

94 factories
with triple certification

≈2% of revenue
earmarked to R&D

Society



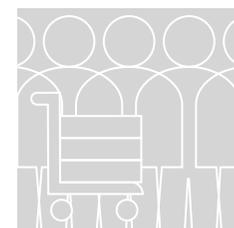
€468.5 million
in TAXES
paid

CLOSE TO
€2 million
to COMMUNITY WORK
PROGRAMMES
(+54% vs. 2021)

MORE THAN
78,000
beneficiaries

2 new
COMMUNITY WORK
PROGRAMMES

Suppliers



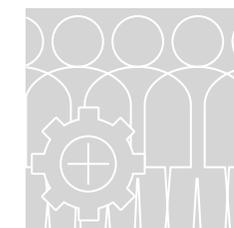
OVER
€2.8 billion
spent on PROCUREMENTS

92.3%
of SUPPLIERS are
LOCAL

582 quality
AUDITS

Sustainable
procurement certification
20400

Employees



24,986 employees
in 18 countries

812,332 hours
of TRAINING (+17% vs. 2021)

90% of executives
have received **ESG TRAINING**

€605* million
OF STAFF COSTS

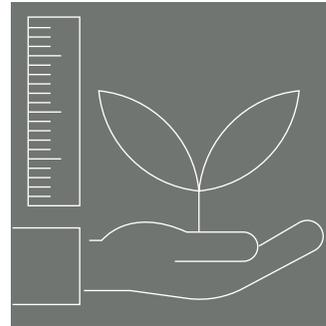
50% factories completed the
CORPORATE DIVERSITY ASSESSMENT
(100% targeted for 2025)

2pp
REDUCTION IN THE GENDER PAY GAP
(from 7% in 2021 to 5% in 2022)

(* Without considering the German forging companies classified as discontinued operations (€49.8M in employees costs in 2022).

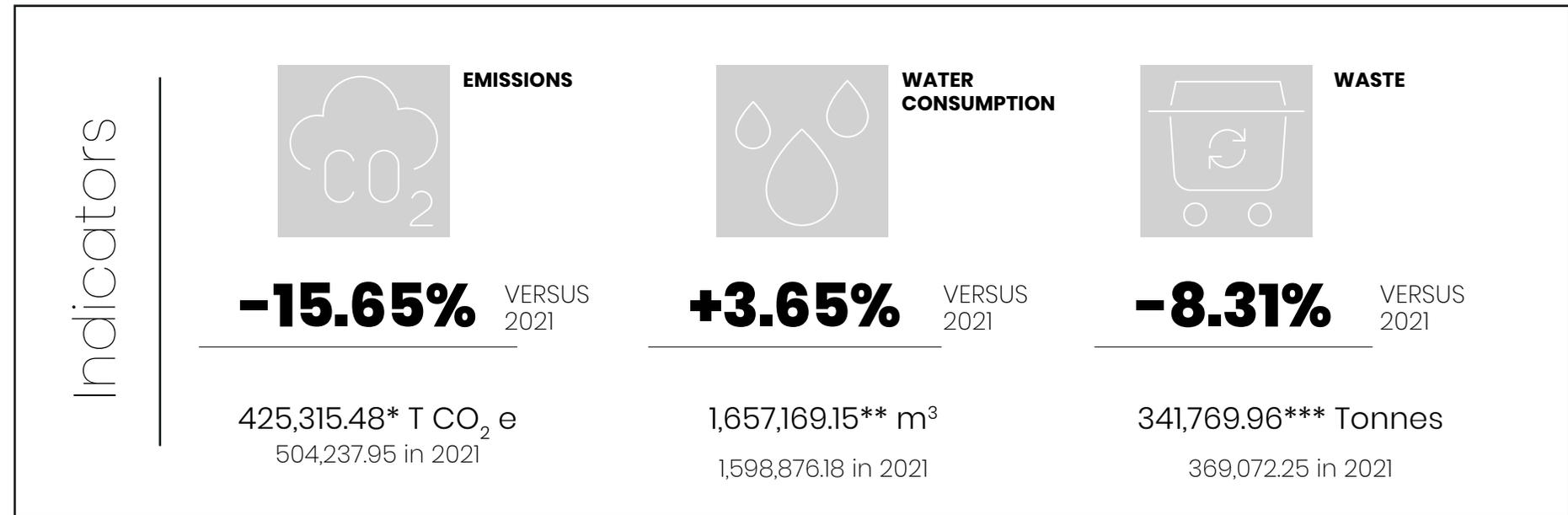
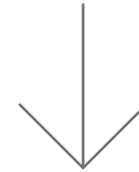
Progress on environmental commitments

CIE Automotive is committed to delivering long-term targets based on scientific criteria, framed by the SBTi. Those targets specifically include becoming net zero no later than 2050 and aligning the company's emissions reduction milestones with the levels of decarbonisation needed to deliver the Paris Agreement goals and limit global warming to 1.5°C above pre-industrial levels.



MEASUREMENT OF OUR **CARBON FOOTPRINT** in all markets and technologies.

IMPROVEMENT IN **ENVIRONMENTAL KPIS**



(* The total includes the emissions corresponding to the German forging factories (14,418 tonnes of CO₂e in 2022, compared to 17,671 tonnes in 2021).

(**) The total includes the emissions corresponding to the German forging factories (107,577 m³ in 2022 compared to 91,589 m³ in 2021 +3.65% versus 2021).

(***) The total includes the emissions corresponding to the German forging factories (25,009.31 tonnes in 2022 compared to 25,893.97 tonnes in 2021).

Progress on the corporate governance

Corporate RISK MAP

UPDATE WITH
the involvement
of >300 participants

DEPLOYMENT OF THE CRIMINAL RISK MAP

in Spain, Germany, France and India and update of
the maps already in place in United States, Mexico,
Brazil, China and the Czech Republic

ADDITION of new climate risks to the CLIMATE RISK MAP

CONTINUOUS TRAINING

on criminal liability
and anti-corruption

MONITORING OF 79 ESG INDICATORS

within the 2025 Strategic Plan



Progress on Social commitments

CORPORATE DIVERSITY PLAN

**50% OF OUR
FACILITIES ASSESSED**

in the first year of implementation
(target for 2025: 100%)

ULYSSES PROGRAMME

**12 STUDENTS, 3 COUNTRIES
AND OVER 10 FACTORIES**

(2025 target: 15 students, 3 countries and 80% in
employment two years on)

90% OF FACTORIES*

ISO 45001 CERTIFIED
(2025 target: 100%)

ESG TRAINING

ALMOST 90%

of the members of the factory
management committees
(2025 target: 100%)

(* Assuming the scope of consolidation as of the date of publication of the 2025 Strategic Plan.

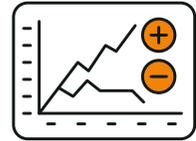
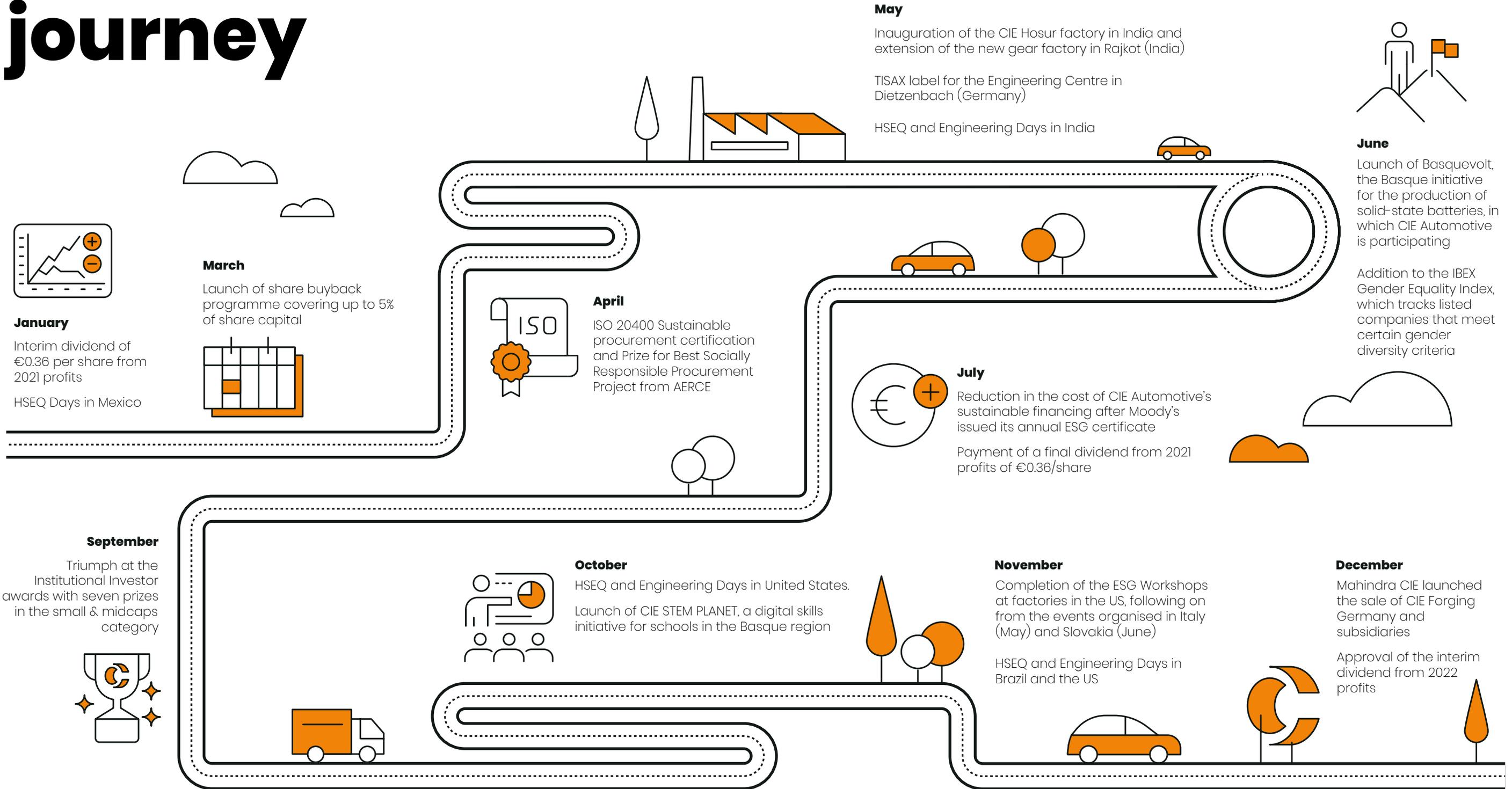


ESG25

Very significant advances were made on execution of the 2025 Strategic Plan in 2022, specifically including progress on the following aspects:

- Performance of 53 corporate diversity assessments, which means that three years before the end of the Plan, 50% of the group's plants have already been evaluated.
- Increase in the number of countries and students involved in the Ulysses Programme
- 90% of executives have received ESG training, up 23% from 2021.
- 90% of the group's factories are ISO 45001 (health & safety) certified, coupled with a sharp improvement in the injury and work-related ill health metrics.

An exceptional journey

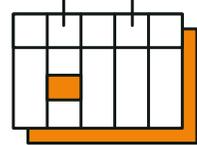


January

Interim dividend of €0.36 per share from 2021 profits
HSEQ Days in Mexico

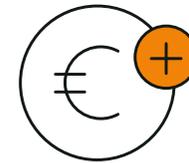
March

Launch of share buyback programme covering up to 5% of share capital



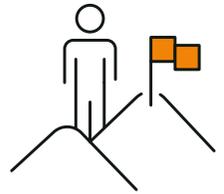
April

ISO 20400 Sustainable procurement certification and Prize for Best Socially Responsible Procurement Project from AERCE



July

Reduction in the cost of CIE Automotive's sustainable financing after Moody's issued its annual ESG certificate
Payment of a final dividend from 2021 profits of €0.36/share



June

Launch of Basquevolt, the Basque initiative for the production of solid-state batteries, in which CIE Automotive is participating

Addition to the IBEX Gender Equality Index, which tracks listed companies that meet certain gender diversity criteria

September

Triumph at the Institutional Investor awards with seven prizes in the small & midcaps category



October

HSEQ and Engineering Days in United States.
Launch of CIE STEM PLANET, a digital skills initiative for schools in the Basque region



November

Completion of the ESG Workshops at factories in the US, following on from the events organised in Italy (May) and Slovakia (June)
HSEQ and Engineering Days in Brazil and the US



December

Mahindra CIE launched the sale of CIE Forging Germany and subsidiaries
Approval of the interim dividend from 2022 profits

A story of growth and resilience

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 Unitools 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 Industria Egaña merges with Grupo Aforasa to create CIE Automotive.

Inauguration of the company's first greenfield factory in Mexico, in the town of Celaya.

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 qualitative 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

Reverse merger with Dominion via INSSEC.

CIE Autometal listed on the Sao Paulo stock exchange.

2012

Initial foray into United States market with the acquisition of Century Plastics.

Maiden forging factory in Asia with the creation of the Nanjing Automotive Forging joint venture (NFJ).

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 shares in Dominion distributed to the company's shareholders in the form of an extraordinary dividend.

Creation of the Suppliers Portal 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 roofs.

2020

CIE Automotive ties its €690 million syndicated loan to green finance criteria.

Membership of the SERNAUTO Responsible Business Committee.

First share buyback for capital reduction.

2021

CIE Automotive turns 25 and unveils its 2025 Strategic Plan.

CIE Automotive around the world

1. UNITED STATES

- CIE USA (multitech.)
- CIE Newcor RGI Clifford
- CIE Newcor MTG Corunna
- CIE Newcor MTG Owosso
- CIE Somaschini North America
- Golde Auburn Hills

2. MEXICO

- CIE Amaya Mex
- CIE Celaya (multitech.)
- 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

3. BRAZIL

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

4. 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

5. PORTUGAL

- CIE Stratis
- CIE Plasfil

6. FRANCE

- CIE Compiègne
- ACS France

7. ITALY

- Metalcastello Spa
- CIE Somaschini
- CIE Somaschini Automotive

8. MOROCCO

- CIE Maroc

9. GERMANY

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

10. LITHUANIA

- CIE LT Forge

11. CZECH REPUBLIC

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

12. SLOVAKIA

- CIE Mar Sk
- Golde Lozorno

13. ROMANIA

- CIE Matricon
- ACS Romania
- Golde Oradea

14. RUSSIA

- CIE RUS

15. CHINA

- CIE Automotive Parts Shanghai (multitec.)
- Nanjing Automotive Forging
- ACS Shanghai
- ACS Wuhan
- Golde Changchun
- Golde Shanghai
- Golde Tianjin
- Golde Wuhan
- Golde Shandong
- SAMAP Ningde
- SAMAP Shanghai

16. 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 Stampings Nagpur
- MCIE Composites Division
- MCIE Foundry Division
- MCIE Magnetic Products Division
- Bill Forge Bommasandra
- Bill Forge Jigani (Plant 2)
- Bill Forge Attibele
- Bill Forge Coimbatore
- Bill Forge Haridwar
- Bill Forge Jigani (Plant 6)
- AEL Aurangabad HPDC
- AEL Aurangabad GDC
- AEL Pantnagar
- AEL Pune
- CIE Hosur
- Golde Pune



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On 2nd February 2023, CIE Automotive announced the acquisition of 100% of the share capital of the company Iber-Oleff Brasil, Ltda. for approximately €20 million.

With close to 400 employees and revenue amounting to €25 million in 2022, Iber-Oleff Brazil is located in Sao Paulo, and is specialized in the manufacture of plastic components for vehicle interiors, integrating into its processes injection, welding, painting, laser and assembly.

The closing of the operation is subject to compliance with the usual conditions to which these types of transactions are subject to.

KEY 1

We have a solid business model

Our resilience in the face of difficulties is underpinned by a solid business model, predicated on geographical balance, customer diversification, a multi-technology approach, decentralised management and seamless integration of ESG criteria and standards into our day-to-day business management. Upon these pillars, we have surmounted a host of crisis and are ready for the future.

Geographical balance

Customer diversification

Multi-technology footprint

Investment discipline

Decentralised management

Integrated ESG standards

We have a solid business model

We are being guided by a sustainable strategy

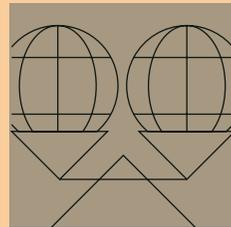
We perform well in complex environments

We collaborate with our stakeholders

We manage ethically and effectively

Cornerstones of the business model

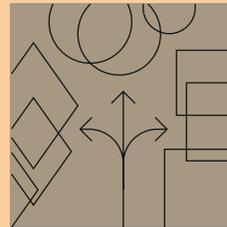
Geographical balance



112
MANUFACTURING FACILITIES
in **109** LOCATIONS
across **16** COUNTRIES

10 RESEARCH
centres

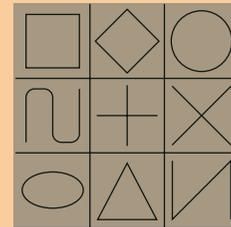
Customer diversification



70% OEMs
(automobile manufacturer)

30% TIER 1
suppliers

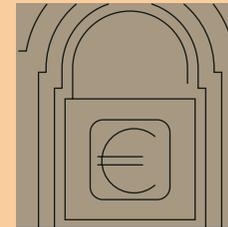
Multi-technology approach



7 technologies:

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

Investment discipline



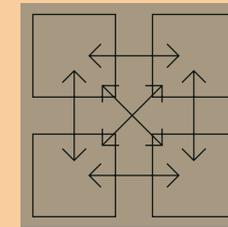
FLEXIBLE
standard
machinery

High
returns
ON INVESTMENTS

High
EBITDA-to-cash
CONVERSION RATIO

OPERATING
working capital ≈ 0
(excluding factoring)

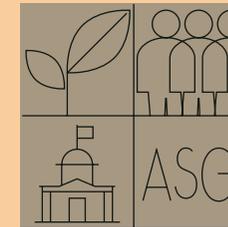
Decentralised management



4 autonomous
GEOGRAPHIC
regions

1 corporate
NETWORK
to support the regions

Integration of ESG standards



Ethical commitment

CIE culture

Eco-efficiency

Active listening

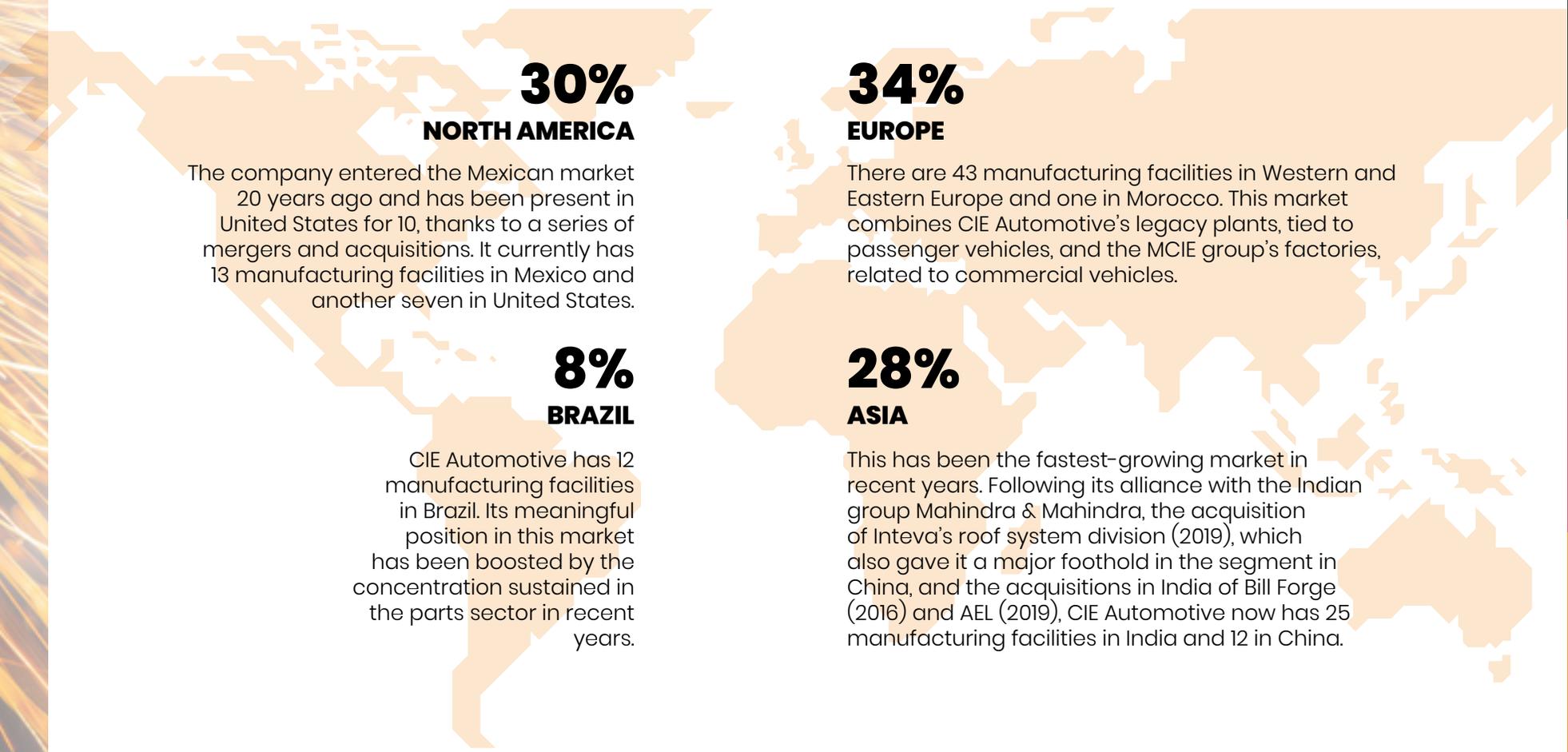
Geographical balance

Since its creation in 1996, CIE Automotive has been expanding its geographic footprint and placing its manufacturing facilities close to vehicle assembly lines in the main automotive markets: Europe, North America, Asia and Brazil. After acquiring a number of companies, building new factories from scratch and striking alliances with other companies, our reach now extends to 112 manufacturing facilities – in 109 locations – and 10 research centres, in 16 countries.

That geographical diversification has made us a benchmark supplier for the global automotive platforms, enabling us to maintain a healthy sales and earnings mix across the various regions. As a result, in adverse cycles such as this, geographical diversification emerges as a good defensive strategy, as we can offset the slowdown in production in some countries with buoyancy in others.

CIE Automotive factories around the world

Percentage of sales



30%
NORTH AMERICA

The company entered the Mexican market 20 years ago and has been present in United States for 10, thanks to a series of mergers and acquisitions. It currently has 13 manufacturing facilities in Mexico and another seven in United States.

8%
BRAZIL

CIE Automotive has 12 manufacturing facilities in Brazil. Its meaningful position in this market has been boosted by the concentration sustained in the parts sector in recent years.

34%
EUROPE

There are 43 manufacturing facilities in Western and Eastern Europe and one in Morocco. This market combines CIE Automotive's legacy plants, tied to passenger vehicles, and the MCIE group's factories, related to commercial vehicles.

28%
ASIA

This has been the fastest-growing market in recent years. Following its alliance with the Indian group Mahindra & Mahindra, the acquisition of Inteva's roof system division (2019), which also gave it a major foothold in the segment in China, and the acquisitions in India of Bill Forge (2016) and AEL (2019), CIE Automotive now has 25 manufacturing facilities in India and 12 in China.

Customer diversification



CIE Automotive boasts strategic customers all around the world: a mix of major multinational vehicle manufacturers, the OEMs (70%), and Tier 1 parts makers (30%)

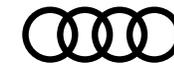
Its policy is not to become dependent on specific customers: the largest customer accounts for less than 8% of revenue. The strategy gives it bargaining power when it comes to negotiating prices and has facilitated growth in times of crisis.

Customer solvency and demand considerations are key to making investment decisions guided by profitability criteria and rather than strict volume criteria.

>80 clients OEM and TIER 1



Mercedes-Benz



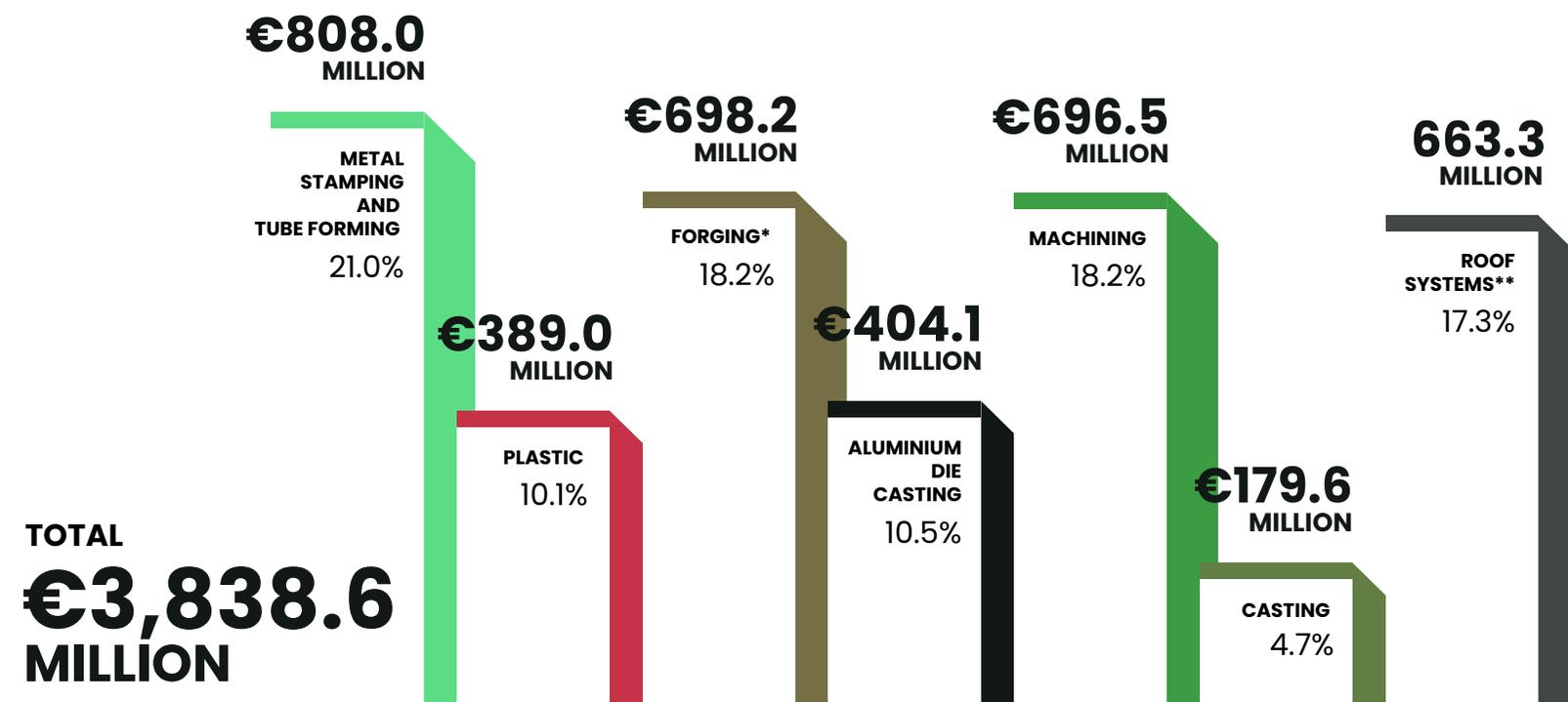
Multi-technology footprint

CIE Automotive makes more than 7,000 parts and subassemblies using seven different basic processes or technologies: machining, metal stamping and tube forming, forging, plastic, aluminium die casting, casting and roof systems. Mastery of that universe of technologies makes the group a one-stop-shop for its customers, which can choose from a variety of technical proposals for a given part or select a subassembly made using a broad spectrum of technologies.

That diversity also allows it to focus its investments on the technology in greatest demand in the market in changing circumstances. At present the market is looking for vehicle electrification and over 80% of the company's parts and subassemblies can be used in any type of vehicle (combustion, electric, hybrid).

Refer to the section on Customers

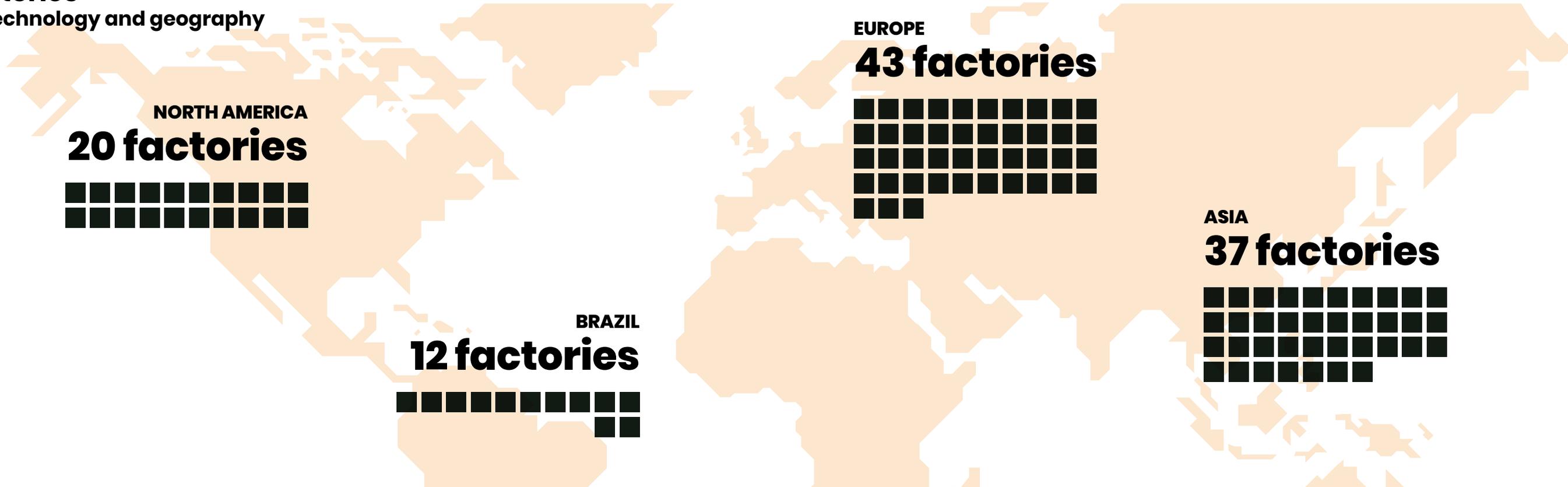
Revenue mix by technology



(*) Excludes €230.1m of revenue generated by the discontinued German forging companies.

(**) Excludes the revenue generated by SAMAP.

Factories
by technology and geography



| Factories | TOTAL | Machining (2) | Stamping (3) | Forging (4) | Plastic (5) | Aluminium (6) | Roof systems | Casting |
|---------------------------------|------------|---------------|--------------|------------------|-------------|---------------|--------------|----------|
| Europe (1) | 43 | 17 | 5 | 6 ⁽⁶⁾ | 5 | 5 | 5 | - |
| North America | 20 | 7 | 5 | 2 | 3 | 1 | 2 | - |
| Brazil | 12 | 1 | 4 | 1 | 4 | 1 | - | 1 |
| Asia (India & China) | 37 | 3 | 8 | 9 | 1 | 4 | 10 | 2 |
| TOTAL | 112 | 28 | 22 | 18 | 13 | 11 | 17 | 3 |

(1) Includes the CIE Maroc factory in Morocco and the CIE Automotive Rus factory in Russia.
 (2) Includes one multi-technology factory (CIE Automotive Parts Shanghai).
 (3) Includes three multi-technology factories (CIE Celaya, CIE Automotive Parts Shanghai and CIE Autometal Diadema).
 (4) Includes one multi-technology factory (CIE Autometal Diadema), as well as one facility in each of India and United States that use composites technology.
 (5) Includes one multi-technology factory (CIE Celaya).
 (6) Includes three factories belonging to the German operations classified as discontinued.

Investment discipline

CIE Automotive invests year after year to increase its productive capacity and lift its facilities' performance, framed by stringent financial discipline focused on cash generation.

Investments always factor in the three core aspects of the company's financial discipline: CAPEX, high return hurdles and healthy EBITDA-to-operating cash conversion.

CIE Automotive is committed to rigorous financial discipline with a focus on cash generation

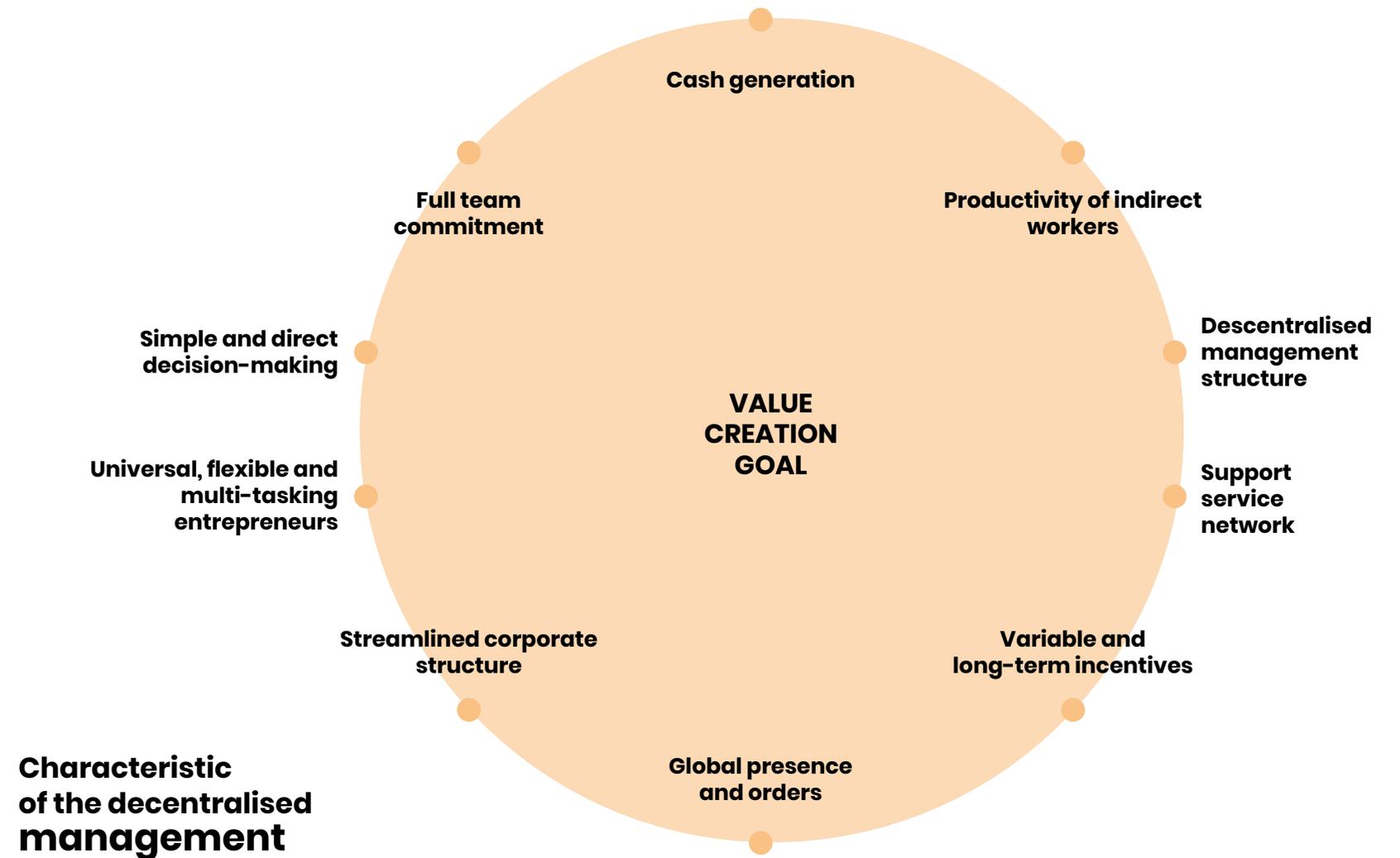
Pilars of investment discipline strategy

| CAPEX | Strict investment discipline High return hurdles | EBITDA-to-cash conversion operating |
|---|---|---|
| Flexible, standard equipment which enables high capacity utilisation. | Investments \geq 20% ROI. | Operational excellence coupled with control over CAPEX for an EBITDA-to-operating cash conversion ratio that is above the market average. |
| Recurring CAPEX of ~3% of revenue, which is sufficient to enable facility maintenance and organic growth. | Net working capital \approx 0. | Target ratio of >60%. |

Decentralised management

CIE Automotive has a decentralised management model, which gives it the flexibility it needs to compete successfully in a global market. It also provides the company with a lean (simple, optimum and efficient) structure, which speeds up decision-making, a trait that sets it apart in challenging times such as these.

Each geographical region and each division make the decisions they believe best for them under the circumstances with a common goal: value creation. In making those decisions, they are supported by the various Corporate Areas (Sales, Procurements, R&D, Human Resources and Engineering, Quality and Environment) and a series of Network Services vested with a group-wide remit.



Integration of ESG standards



CIE Automotive’s sustainability pathway is articulated around environmental, social and governance (ESG) standards. The specific ESG targets are embedded into the 2025 Strategic Plan.

In 2019, CIE Automotive formally introduced those standards into its business model, further articulating the commitment assumed in 2015 as a United Nations Global Compact signatory to comply with its 10 principles and devote resources and effort to contributing to the delivery of the Sustainable Development Goals (SDGs).

The company extends its ESG commitments to the companies comprising its supply chain, which it assesses against responsibility criteria, and the rest of the business community, through active participation in a number of associations and forums. Those platforms notably include the Responsible Business Committee of SENAUTO, the Spanish association of automotive equipment and components manufacturers, and Forética, a business organisation devoted specifically to integrating ESG matters into companies’ strategies and management.

Refer to Progress made on the ESG front

ESG aspects at CIE Automotive

| | |
|------------------------------|---|
| ENVIRONMENTAL ASPECTS | Environmental footprint control |
| | Circular economy |
| | Eco-design |
| | Climate change |
| | Sustainability |
| SOCIAL ASPECTS | Transparency and collaboration with stakeholders |
| | Community work in collaboration with specialist organisations |
| GOVERNANCE ASPECTS | Ethical commitment |
| | Compliance |
| | Body of internal policies and regulations |

KEY 2

We are being guided by a sustainable strategy

In 2021, we set our compass towards sustainable profitability against the backdrop of growing challenges and uncertainties: the 2025 Strategic Plan. In 2022, we stuck tight to that roadmap in order to ride out the ups and downs and now, proud of what we have achieved, we are continuing along the pathway we have set for ourselves.

Holistic strategy

Progress made in 2022

Strategic commitment to innovation

We have a solid business model

We are being guided by a sustainable strategy

We perform well in complex environments

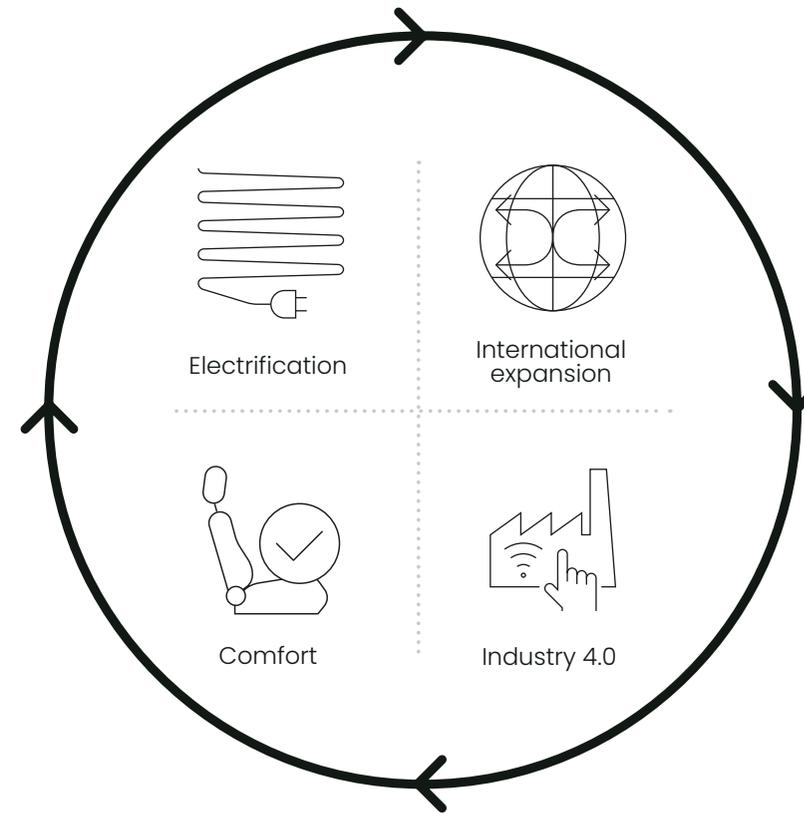
We collaborate with our stakeholders

We manage ethically and effectively

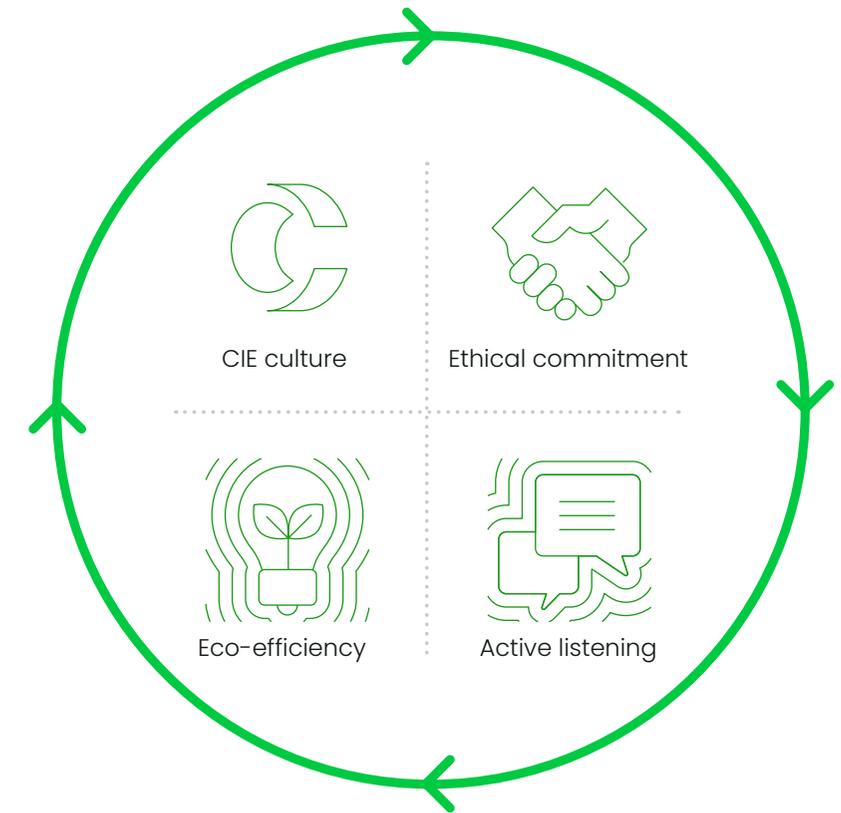
The 2025 Strategic Plan is a dual challenge for CIE Automotive. Firstly, it sets earnings and business targets that respond to market trends. Secondly, it aims to address the needs and concerns of all our stakeholders by integrating ESG standards into our management model and measuring each and every impact so as to attain quantifiable improvements.

Lines of the 2025 Strategic Plan

Holistic strategy



KEY OPERATIONAL LINES
Presented in June 2021



KEY ESG LINES
Presented in November 2021

Key lines of the 2025 Strategic Plan

In December 2020, CIE Automotive’s Board of Directors approved a business strategy focused on the generation of cash which implies significant deleveraging and establishes a series of milestones, based on organic growth, for delivery by 2025.

One year on, and despite the fact that the market volumes now projected between 2021 and 2025 are 7% below those contemplated at time of drafting the 2025 Strategic Plan, the company is not backing away from any of its commitments.

Organic* commitments embedded in the 2025 Business Plan

Revenue growth of about 20 percentage points above market growth.

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

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

Annual income tax payments of 2% of revenue.

Sustained generation of cash from operations equivalent to 65% of EBITDA. Approximately €500 million from 2025.

Thanks to its ability to generate cash, the company will be in a position to invest up to €1.5 billion without its leverage surpassing 2x (ND/EBITDA) by the end of the Plan. That CAPEX may be earmarked to any corporate transaction (e.g., M&A activity, repurchase of shares, acquisition of non-controlling interests, etc.) which ever maximizes value creation at each point in time.

() These commitments or guidance was determined assuming the existing consolidation scope and revenues at constant exchange rates and without pass-through.*

KEY OPERATIONAL LINES OF INITIATIVE

To deliver on those commitments, CIE Automotive has established four lines of initiative, aligned with the trends affecting the world in general and the automotive sector in particular: electrification, Industry 4.0, comfort and international expansion.

Electrification

Although 80% of CIE Automotive’s products can be used in electrified and combustion-engine vehicles alike, the company has decided to grab the opportunity afforded by the decarbonisation of transport to position itself in new value-added products. Those products are related with the motor, power electronics, gearboxes and batteries.

Refer to “Technology and innovation”

Industry 4.0

CIE Automotive finds itself in the midst of the fourth industrial revolution and is moving strategically towards smart manufacturing, gradually implementing Industry 4.0 tools and different enabling technologies and sensorisation capabilities in order to capture data and use algorithms to analyse it. Implementation of those new technologies is making our processes more efficient while reducing our environmental impact by cutting the volumes of prototypes, energy and raw material consumption, product rejects and scrap generation.

Refer to “Technology and innovation”

Comfort

The company’s comfort strategy is articulated around its CIE Roof Systems division. Specifically, it is working to: consolidate its position in bottom-loaded roofs and fixed glass roofs with shades; incorporate panoramic roofs into both fixed and movable sunroofs, so covering the full range; design thinner roofs equipped with flat roller blind technology, necessary for EVs whose batteries are stored under the car; and enhance ambient conditions and comfort by incorporating ambient lighting or spot lights into both roofs and their shades.

International expansion

The 2025 Strategic Plan also sets out a series of milestones tied to the outlook for each geographical region and its automotive sector, also factoring in each division’s specific characteristics. Broadly speaking, the plan is for all the divisions to add capacity and generate new products that add more value and address their customers’ emerging needs. The various sales teams will be required to work to win new customers.

All the divisions plan to add capacity and develop products that add value and address their customers’ needs by 2025



To measure its progress,
CIE Automotive is tracking
almost 80 specific
KPIs with defined targets
and timelines

Key ESG lines of the 2025 Strategic Plan

For the first time, the 2025 Strategic Plan establishes a set of top-down environmental, social and governance targets. All of the group's factories must, with the help and supervision of the cross-cutting Corporate Areas, contribute to their delivery.

To specify and measure progress towards those qualitative goals, CIE Automotive is tracking almost 80 specific KPIs with defined targets and timelines. Those indicators are part of the management plans at all of the company's factories, which report to the Corporate Areas quarterly, half-yearly or annually, depending on the stipulated frequency.

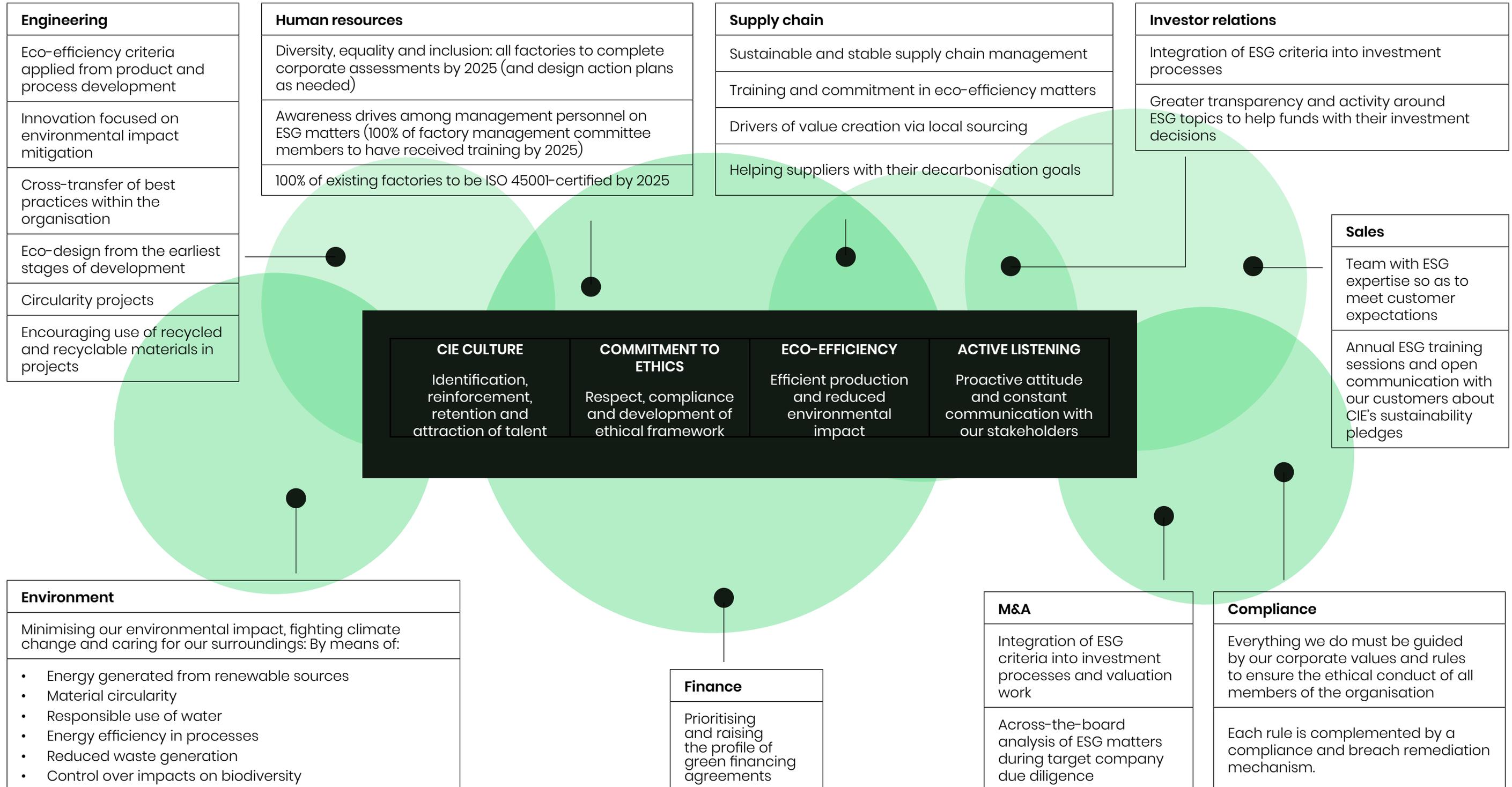
All of that information gets consolidated into a global ESG dashboard hosted within the group's corporate internet. Progress on the various indicators is reported to the Board's ESG Committee and the CEO, who has tasked the Cross-Group ESG Committee with overseeing delivery of the KPIs within each member's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

The KPIs are reviewed periodically, in tandem with the company's broader strategic updates, when the latest automotive sector trends, stakeholders demands and legislative developments are reassessed.

Those targets and the work being done by the corporate areas driving their attainment are articulated around four strategic lines of initiative: CIE culture, ethical commitment, eco-efficiency and active listening.

[Refer to the 2025 Strategic Plan available on the corporate web](#)

Commitments by corporate areas



Progress made in 2022

Despite the complex global situation, CIE Automotive met all the targets it had set for 2022 and continued to work towards delivery of the environmental, social and governance (ESG) milestones established in the 2025 Strategic Plan.

Delivery of operational lines of the 2025 Strategic Plan

In 2022, CIE Automotive continued to move along the pathway that will lead it to delivery of the long-term earnings targets set in its Strategic Plan in 2025.



Significant market outperformance thanks to real market share gains (greater than the pass-through effect), contributing to delivery of the target of outperforming market **growth by 20 points** over the term of the Plan.



EBITDA growth of 12.1% versus 2021, underpinned by unbeaten sector margins*.



CAPEX of €200 million, on track for an accumulated €1 billion over five years.



Corporate income tax equivalent to 2% of revenue, in line with the strategic target.



EBITDA-to-cash conversion ratio of 66.1%, in line with 65% strategic target.

(* The company's margins (%) are not comparable with those of prior years on account of the inflationary environment and activation of the related pass-through clauses.

Delivery of ESG targets of the 2025 Strategic Plan

| COMPLIANCE AREA | | | |
|--|--------|--|---|
| KPI | Target | Deadline | 2022 |
| Employees trained on Code of Conduct | >95% |  2021 |  |
| Organisation of ESG workshops | 100% | 2025 |  |
| Global rollout of Criminal Risk Prevention Model | 100% | 2025 |  |

| SUPPLY CHAIN AREA | | | |
|--|--------|--|---|
| KPI | Target | Deadline | 2022 |
| No. of countries to have embedded ESG criteria into their purchasing processes / Total number of markets in which the group operates | 100% |  2021 |  100% |
| No. of suppliers with annual purchasing volumes of >€1m that have been audited and/or self-assessed along ESG criteria | 25% | 2022 |  33% |
| % Local suppliers / Total suppliers over total expenditure during the period | >70% | 2023 |  78.5% |

| ENVIRONMENTAL AREA | | | |
|--|-------------------|----------|---|
| KPI | Target | Deadline | 2022 |
| Reduction of energy consumption (kWh/value added) | 2% annual average | 2025 |  |
| Reduction of direct (Scope 1) GHG emissions (MT CO ₂ e) | 2% annual average | 2025 |  |
| Reduction of indirect (Scope 2) GHG emissions produced via the generation of energy (MT CO ₂ e) | 5% annual average | 2025 |  |
| Reduction of emissions intensity (MT CO ₂ e/value added) | 3% annual average | 2025 |  |

| HUMAN RESOURCES AREA | | | |
|--|--------|----------|------|
| KPI | Target | Deadline | 2022 |
| No. of factories to have completed diversity assessment / Total group factories | 100% | 2025 | 50% |
| No. of factories with ISO 45001 certification / Total group factories | 100% | 2025 | 90% |
| No. of management personnel trained / Total no. of management personnel to be trained on ESG matters | 100% | 2025 | 90% |

| ENGINEERING AREA | | | |
|---|---|----------|-------------|
| KPI | Target | Deadline | 2022 |
| No. of production lines to have implemented Industry 4.0 technology initiatives by division or technology | Europe: 3 Asia: 1 America: 1 | 2024 | ✓ ✓ ✓ |
| Introduction of circular economy projects to enhance energy consumption | Development of a circular economy project in Europe for extension to another region | 2024 | ✓ |
| % improvement in the gross to net weight ratio | Europe: 3% improvement in 2 significant products across 3 technologies Rest of world: 3% improvement in 3 significant products across 3 technologies | 2025 | ✓ |

| SALES AREA | | | |
|---|-------------|----------|----------------|
| KPI | Target | Deadline | 2022 |
| No. of factories self-assessed in NQC with a score of over 80% | 75% | ✓ 2021 | ✓ 79% |
| Fact-finding mission to determine which platforms each factory uses with its customers for ESG self-assessment purposes | 100% | ✓ 2021 | ✓ 100% |
| No. of salespeople to have received training / Total number of sales people | 80% | ✓ 2021 | ✓ 100%* |

| M&A AREA | | | |
|--|-------------|----------|--|
| KPI | Target | Deadline | 2022 |
| New acquirees to have implemented the ESG Manual / Total new acquirees | 100% | ✓ 2021 | No companies were newly integrated in 2022 |

| FINANCE AREA | | | |
|--|----------------|----------|---------------|
| KPI | Target | Deadline | 2022 |
| Compliance with the requirements stipulated in the first sustainable finance issue until repayment (%) | 100% | ✓ 2021 | ✓ 100% |
| ESG financing agreements published (%) | 100% | ✓ 2023 | ✓ 100% |
| Gross sustainable borrowings / Gross group borrowings | >50% | ✓ 2025 | ✓ 62% |

| INVESTOR RELATIONS AREA | | | |
|--|-------------|----------|------|
| KPI | Target | Deadline | 2022 |
| No. of key ESG analysts answered / Total key ESG analysts to have contacted CIE Automotive | 100% | ✓ 2021 | ✓ |
| Publication of the ESG Plan on the corporate website and intranet | 100% | ✓ 2021 | ✓ |

(*) 100% of the commercial teams trained, for which we hold 2 sessions per year.



MCIE APPROVES THE SALE OF THE GERMANY FORGING BUSINESS TO FOCUS ON INDIA

Framed by its corporate strategy, in December 2022, the Board of Directors of Mahindra CIE agreed to launch the sale process of its Germany forging business, consisting of CIE Forging Germany GmbH and its subsidiaries.

Those companies mainly supply forged parts to the European truck industry.

The rationale for the disposal is to focus MCIE's resources on the growth opportunities emerging in the Indian automotive industry, one of the world's most dynamic and highest potential automotive markets.

Strategic commitment to innovation

Execution of the 2025 Strategic Plan is underpinned by technology development. In 2022, the Engineering Area focused its work on developing a range of technologies with a view to advancing on eco-efficiency and delivery of the company's environmental and circularity goals. Framed by the key thrusts of the Strategic Plan, it furthered work in its vehicle light-weighting and safety projects, particularly in the areas of suspension and comfort, while continuing to move forward on its Industry 4.0 projects. The R&D Area, meanwhile, centred its efforts on reducing consumption and emissions. Framed by its commitment to the decarbonisation of transport, the company participated in the launch of Basquevolt, the Basque initiative for the production of solid-state batteries.

**CIE Automotive is in the midst
of technological transformation in a bid to reduce its
corporate footprint and that of its products**

Eco-efficiency and circularity

CIE Automotive is in the midst of technological transformation in a bid to reduce its corporate footprint and that of its products, spurred by its ESG commitments and prevailing market trends. Three of the eco-efficiency indicators set out in the 2025 Strategic Plan are related to engineering projects. Their overriding goal is to measure and promote the efficient use of energy and raw material inputs and drive material and resource circularity.

To achieve those objectives and become more circular, the company is developing a range of different technologies to provide the efficiency and flexibility needed to tackle all the challenges faced in shifting scenarios, reducing its carbon footprint in parallel.

In tandem, it is working to make efficient use of materials, gradually improving its raw material consumption ratios with respect to the end weight of its products, and to directly reduce the weight of its parts.

On the efficiency front, the following projects stand out:

- Introduction of new product functions, so reducing the number of parts.
- Launch of eco-design tools for use in new product and project processes.
- Projects to increase the circularity of polymer transformation technologies.
- Use of new technology to incorporate recycled materials into composite roof frames.
- Innovation in technologies that reduce the use of fuel and chemical products, such as ESG+ technology, in roofs and lateral windows.
- Continuation of the multi-year projects aimed at rationalising the use of raw materials, which are being rolled out across all technologies and regions, developing new process concepts with the potential to directly reduce our scope 3 emissions.

At the forefront of circularity, in 2022, we spoke at the Basque Ecodesign Summit, the most important circularity forum in southern Europe, organised by the Basque Ecodesign Center (BEEdC), of which we are a founding partner.

One of BEEdC's aims is to spark collaboration and traction in the value chain. CIE Automotive is involved from the R&D phase in order to devise new solutions that help us fight climate change in partnership with suppliers who, despite having clear environmental commitments, need some support in order to get their developments and innovations into end products.

Vehicle light-weighting

Reducing the weight of the parts we make has a direct impact on vehicle consumption and, as a result, emissions in combustion vehicles and autonomy in electric vehicles. To that end, CIE Automotive has been working on a number of engineering research and development projects in this field:

- Aluminium casting for chassis and suspension parts, achieving very compelling mechanical property ratios relative to weight.
- Technology shift marked by increased use of polymer materials, reducing the bill of materials by adding functions.
- Development of the new thin roof concept which weighs less and takes up less space.
- Reducing roof weights by using resin transfer moulded (RTM) frames.

Enhanced user experience in the comfort area

- Integration of lighting into glass or shades
- Noise reduction by means of the use of brushless motors
- Shade-glass integration
- Improved user ergonomics by electrifying lateral windows and shades and introducing self-opening luggage covers
- Improved aesthetics and style by means of flush door panes
- Solutions featuring photochromatic glass
- Incorporation of panoramic screens

Thin roof



Flush door pane



Electric and autonomous vehicles

- Placement of sensors in roofs
- Sliding covers and lids for LiDAR and other sensors

Industry 4.0 – key to competitiveness and eco-efficiency

CIE Automotive continues to embrace the tools and technologies that will shape the factory of the future, using a growing number of sensors to capture and control data across its equipment and manufacturing lines, increasing the number of in-line collaborative robots and facilitating work with done with human intervention by providing workers with more information, in real time, thanks to new interfaces. Furthermore, data analytics is being used in a growing number of technologies, underpinned by increasingly effective deep learning algorithms accessible in tools requiring low-code programming.

In partnership with Telefónica and NTT DATA, we are working on a pilot project to validate the intralogistics management platform to be implemented during the first quarter of 2023 as an integrating and enabling solution for the automated transport of finished products, using automated guiding vehicles (AGVs) to establish a constant flow of supply and collection of finished product packaging for stacking up high in the warehouse.

The aim of the solution is to increase the flexibility, efficiency and traceability of internal logistics processes by means of smart management of multiple sensors and mobile devices, such as AGVs and autonomous mobile robots (AMRs), integrating them into the factories' existing management systems and other sensors and providing users with visibility and control of the entire operation in real time via 5G, an essential component on account of the massive volume of information, device intensity and wide coverage required in spaces of this kind, as well as the immediacy needed in the overall intralogistics ecosystem.

Towards transport decarbonisation

Framed by its goal of achieving net zero emissions by 2050 at the latest via the decarbonisation of transportation, CIE Automotive is working on developments in the areas of batteries and power electronics systems in order to continue to increase its penetration of the electrified vehicle, maximising the value it can add thanks to its multitechnology offering.

PARTICIPATION IN BASQUEVOLT, THE BASQUE SOLID-STATE BATTERY INITIATIVE

At the forefront of the transport decarbonisation thrust, in 2022, CIE Automotive participated in the launch of Basquevolt, the Basque initiative for the production of solid-state batteries planning to build 10 GWh of capacity.

Basquevolt plans to commission a production line in four years' time, entailing €700 million of investment and generating more than 800 direct jobs.

During its initial phase, Basquevolt will be based in the Technology Park in Alava, just a few short metres from CIC energiGUNE. That centre, which will provide Basquevolt with technological support, leveraging more than 10 years of research into solid-state batteries, boasts a team of researchers led by Michel Armand, the 'father' of the solid polymeric electrolyte. More specifically, Basquevolt's technology is based on the use of a composite electrolyte patented by the Basque centre.

The consortium of founding investors backing the project, spearheaded by the Basque regional government, includes, in addition to CIE Automotive, Iberdrola, Enagás, EIT InnoEnergy and CIC energiGUNE, whose

research work has facilitated development of the initiative. CDTI, the Centre for the Development of Industrial Technology, a public entity, has since joined the consortium via the Invierte programme.

The experience brought by the initial group of investors ensures that Basquevolt is in a very competitive position in both the battery race, where there are major opportunities for partnership, and in the energy storage industry, which is crucial to making progress on the energy transition.

Basquevolt's backers are aware that lithium-ion batteries are reaching maturity and that the technological leap required to truly release the full potential of energy storage needs to come from solid-state batteries. The entity's initial goals include developing prototype cells and a pilot production line by 2025, with the aim of starting to produce batteries in 2027. The new technology delivers major advances on the energy density of the current storage solutions.

Just recently the journal, Business Worldwide, included Basquevolt on its list of the 20 "Most Innovative Companies to Watch".



KEY 3

We perform well in complex environments

We cannot change everything around us but we can change how we approach things: we turn obstacles into challenges and draw out opportunities. No matter how adverse the situation, at CIE Automotive never shy away from continuous improvement and we strive to outdo ourselves year after year to deliver the best possible results.

Economic and sector context

Earnings performance

Financial situation

We have a solid business model

We are being guided by a sustainable strategy

We perform well in complex environments

We collaborate with our stakeholders

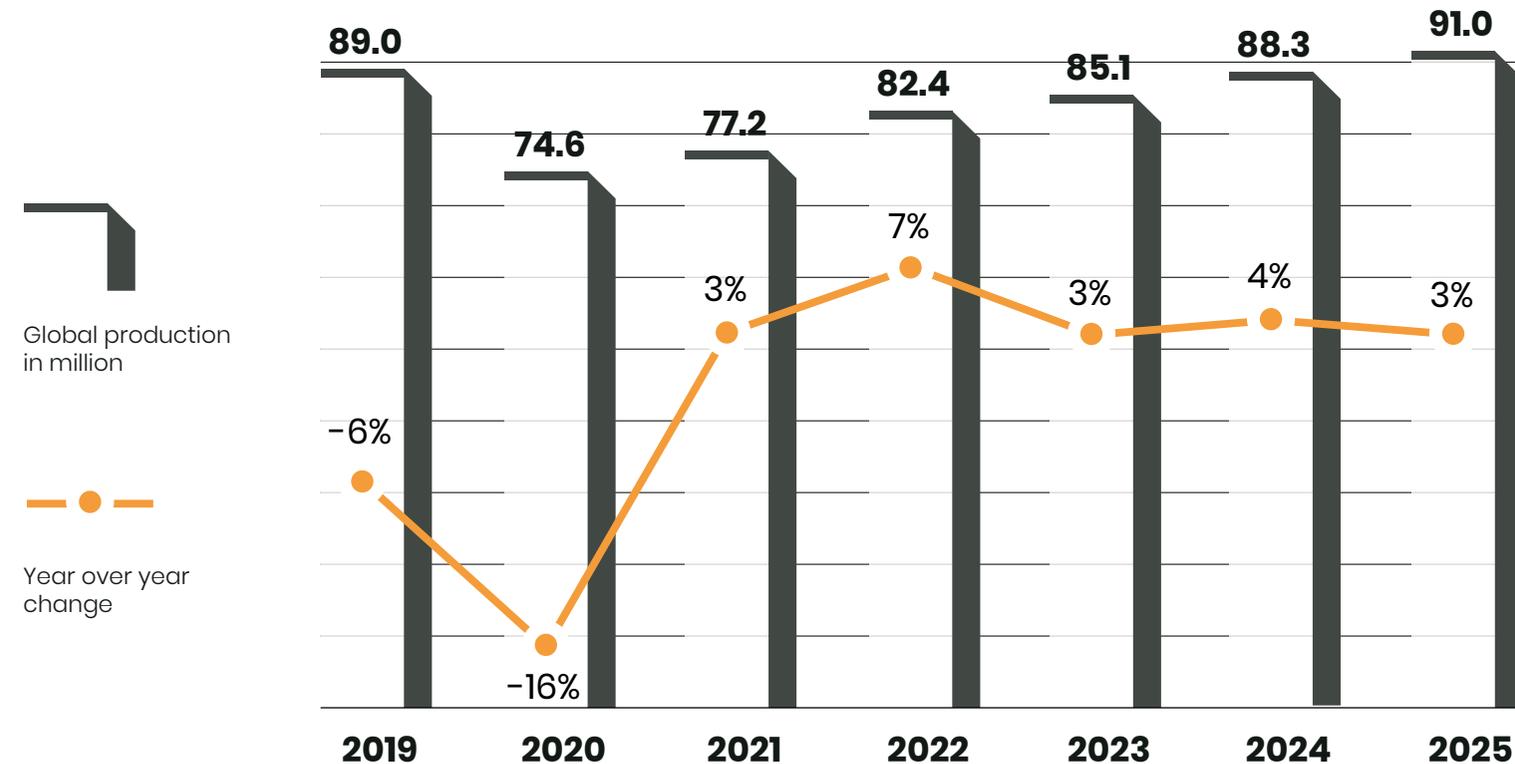
We manage ethically and effectively

Economic and sector context

CIE Automotive overcame again a very adverse health, macroeconomic and sector situation in 2022. Following the disruption induced by the fresh outbreak of COVID-19 in Asia and the persistence of the semiconductor chip crisis, the automotive value chain was hit by Russia’s invasion of Ukraine, which triggered growth in production costs and a shortage of certain materials. In that hostile environment, the global automotive industry was unable to recover pre-pandemic production levels, manufacturing 82.4 million vehicles last year, 7% below the 2019 mark.

GLOBAL PRODUCTION Performance and outlook

Source: IHS



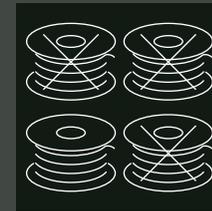
Factors influencing supply

The armed conflict in Ukraine, which began in February 2022, exacerbated some of the problems already hindering the recovery of the automotive sector and its auxiliary industry.



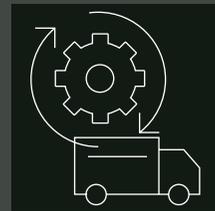
Surge in energy prices

The energy crisis, induced initially by the brisk recovery of the global economy in the wake of the pandemic, deepened as Russia started to limit its natural gas exports, pushing energy costs higher and stoking fears of possible rationalisation towards the winter and forcing the closure of some of the factories in the central European countries more dependent on Russian gas.



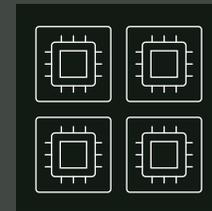
Scarcity of wire harnesses

Logistics issues persisted and some of the European OEMs had to pause their production, this time due to the stoppage of production in Ukraine of wire harnesses essential for the manufacture of vehicles. Fortunately that situation was resolved by locating suppliers in other countries (Eastern Europe, China, Mexico, Morocco and Turkey) and later the resumption of harness assembly in the occupied country.



Logistics

Weaknesses in the transport sector are also affecting the automotive industry. COVID, business instability and the surge in costs have prompted many car carrier trailer drivers to switch line of work. Given the difficulty in replacing those drivers, vehicles piled up in some ports due to the impossibility of getting them to their final destinations.



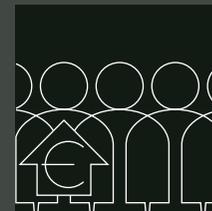
Chip crisis

Having already provoked massive bottlenecks in 2021, difficulties locating the semiconductor chips needed to build cars continued in 2022. Although the situation improved during the second half of the year with growth in microchip production and the start-up of greenfield chip factories, political and military tension around Taiwan, the world's biggest chip maker, slowed the sector's recovery by de facto blockading that island's traffic.



Material scarcity and inflation

Not only did microchips run short, other materials, including plastic, zinc, nickel, cobalt and platinum, became scarce and more expensive, translating into a trickle of production stoppages and ultimately prompting the OEMs to increase the prices of new cars.



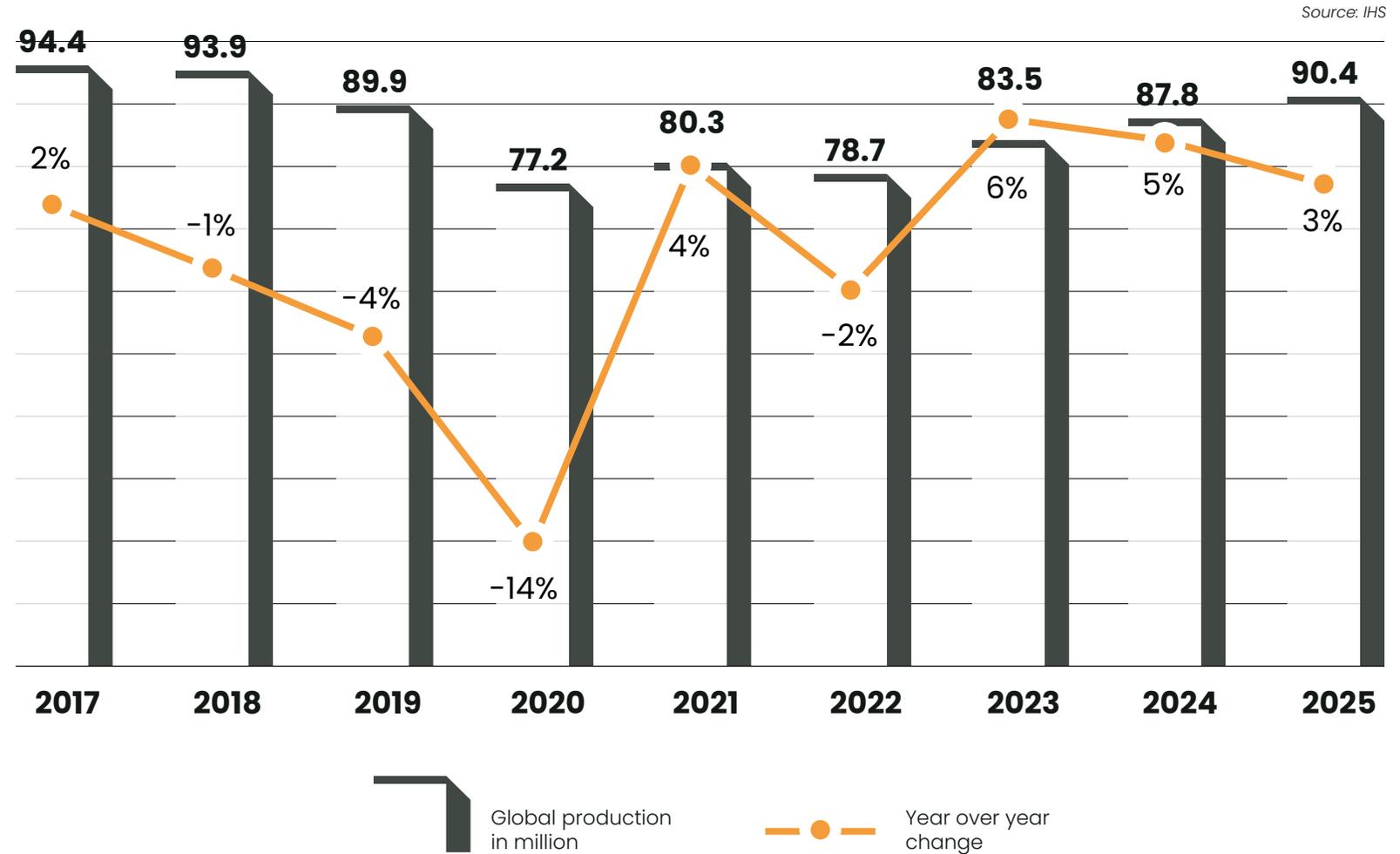
Manpower

Rampant inflation drove up labour costs in United States (a situation aggravated by a lack of manpower), where they are already higher than in other regions.



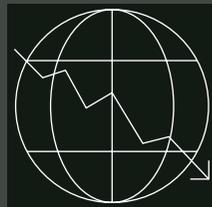
Car sales totalled **78.7 million in 2022**, down 2% from 2021 and till well below the peak of 2017

GLOBAL SALES
Performance and outlook



Factors impacting demand

Demand was held back by macroeconomic factors such as high inflation and the ensuing interest rate increases, as well as the fear of a recession in United States and Europe, which could drag the rest of the global economy down with them.



Global slowdown

According to the International Monetary Fund (IMF) estimates as of October 2022, global growth is expected to slow down from 6% in 2021 to 3.2% in 2022, the weakest growth pattern since 2001, leaving aside the Great Financial Crisis and the height of the COVID-19 crisis.



Rising inflation and rates

Global inflation jumped from 4.8% in 2021 to 8.8% in 2022, but is expected to come down over the next two years, according to the IMF. To address the inflation problem, the central banks raised their benchmark interest rates from record low, which, coupled with the rising cost of living, weighed on demand and pushed back the anticipated recovery.



Pent-up demand

The constraints on the supply side once again limited demand for vehicles, as potential buyers opted to wait for a better moment to purchase a new car. That has created pent-up demand for vehicles that is likely to be released as soon as the supply side issues are resolved.

Consolidation in the parts sector

In such a complex market, the weaker parts suppliers were unable to withstand the surge in inflation. Incapable of passing higher energy and raw material prices on to their customers, some were forced to close their doors.

The most solid players benefitted from that natural squeeze-out and some, including CIE Automotive, took advantage of the opportunity to increase their market share.

Outlook for the global automotive market

Vehicle production is expected to slowly increase from current low levels in 2023, thanks to gradual resolution of the shortage of chips and other materials, as well as other region-specific growth factors. The experts are forecasting annual growth in global production of 3% to 85.1 million vehicles.

Automotive sector trends and outlook by region

The geopolitical climate in the wake of Russia's invasion of Ukraine and the spectre of a possible global recession shaped the automotive sector's performance in 2022, which nevertheless performed very differently in CIE Automotive's various markets. While Europe, and to a lesser extent, United States, were burdened all year long by inflationary pressure and economic uncertainty, other markets such as China, Brazil and India resumed healthier growth after pauses in activity at some factories on account of the Omicron variant during the first half of the year.

North America

Vehicle production in United States, Canada and Mexico increased by 10% to 14.3 million units. However, despite strong demand, high prices and still-low inventory levels, vehicle production is not back at pre-pandemic levels.

That underperformance is expected to continue in 2023, when production growth is forecast at 5% to 15.1 million vehicles. From there on, the historically low level of inventories, coupled with a stronger macroeconomic context relative to Europe, is expected to drive sustained growth in vehicle production, with the North American market forecast to revisit pre-pandemic levels in 2025.

As in Europe, due to an ageing vehicle stock and demand pent up as demand because of production bottlenecks, despite the potential impact on purchasing of a possible recession, demand could to hold up, albeit shifting to more affordable models.

Europe

Europe was the softest automotive market: production contracted by 1% to 15.4 million vehicles. The conflict in Ukraine sent the costs of energy, transport and other key inputs soaring. That situation, coupled with the scarcity of chips and stoppage of the Russian factories, shaped the contraction in output.

The European Commission attempted to offset the effects of the war by publishing a new State aid Temporary Framework to support the economy in the context of Russia's war against Ukraine, allowing member states to mitigate the impact on energy prices and of the latter on other inputs and products.

Rollout of that aid by the various European governments and the contingency measures taken by the industry to tackle the various crises, coupled with an ageing stock of vehicles and the existence of pent-up demand, is expected to drive growth in production of 5% in 2023 (compared to a easy comparable 2022) to 16.1 million vehicles, which would imply revisiting 2020 volumes.

Demand, meanwhile, could shift towards the lower price points in light of the deteriorating environment.

Brazil

Having improved steadily month after month, Brazil produced 2.2 million vehicles in 2022, which is 5% more than in 2021 but still 20% below pre-pandemic levels.

The market is expected to grow by a further 5% in 2023 and to then continue to recover gradually to attain pre-pandemic production levels of 2.8 million vehicles by 2026, all of which driven by strong demand, pent up on account of supply chain bottlenecks, particularly the shortage of microchips.

India

Vehicle production in India jumped 23% to 5.1 million units to rank the country as the world's fourth-biggest car producer. That growth is all the more noteworthy considering the fact that the Indian market had already recovered pre-pandemic levels in 2021.

The keys to that remarkable growth lies with a combination of very low car penetration levels, a burgeoning incipient middle class, significant pent-up demand in the wake of the pandemic and relatively fewer supply side disruptions.

It is worth highlighting the healthy performance in and outlook for segments other than the passenger vehicle market, including tractors and light commercial vehicles. The motorbike segment is expected to benefit from financing facilities, the replacement cycle and rural recovery.

Fuelled by those drivers, the growth forecast in GDP in India and structural considerations more conducive to the receipt of foreign investments (language, wages, etc.), production is expected to increase by 7% in 2023.

China

The Chinese market registered growth of 6% despite the lockdowns ordered throughout the year on account of the Asian giant's "zero Covid" policy. The automotive sector, which had already revisited pre-pandemic levels by 2021, did not suffer from the bottlenecks faced in other markets and was buoyed by the government incentives for the purchase of cars to revitalise a sector deemed critical to the national economy.

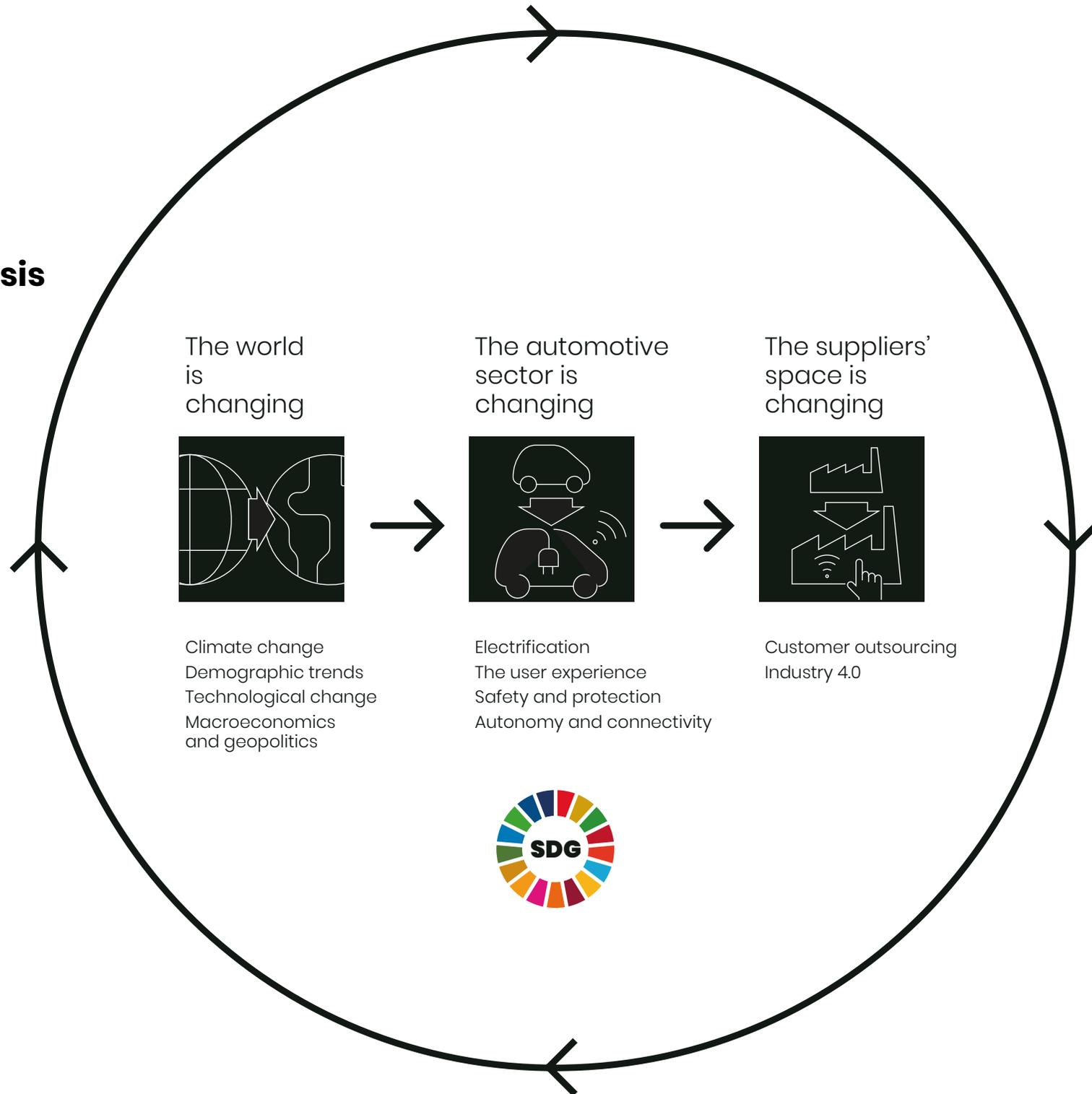
Current forecasts point to ongoing growth in production of 1% in 2023 to 26.6 million vehicles, slowing from 2022 but gradually zeroing in on the country's all-time record of 28 million vehicles, which is expected to be beaten in 2024. That growth is predicated in part on government aid and in part on other factors, such as upside in household income in the lower-income cities, a new cycle of vehicle replacements and a drop in prices on the back of more intense competition.

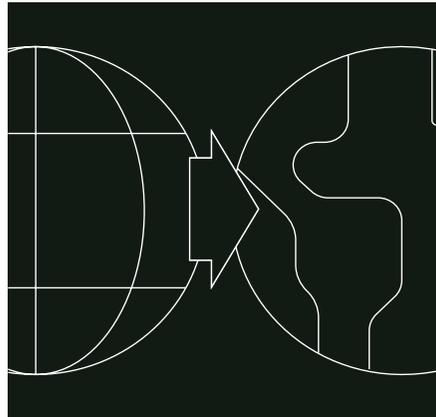
Key trends in the automotive sector

In recent years, automotive parts suppliers, including CIE Automotive, have been showcasing their ability to react and adapt to the far-reaching changes affecting society and the automotive sector. Beyond the flexibility displayed around the COVID-19 pandemic, the parts makers are helping the OEMs address a number of trends emanating from society demands, which will translate into new mobility solutions and changes in manufacturing models.

Below is an account of the key trends affecting the automotive sector.

Sector analysis





The world is changing

Climate change

The environmental laws written to combat climate change are coming faster and are becoming more ambitious and global in reach. Climate change regulations are tackling two key fronts. Firstly, they are requiring the use of greener energy sources, focused primarily on electrification. Secondly, all sector players must mitigate their carbon footprints taking a lifecycle 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.

- More than half of forecast population growth is concentrated in Africa, but the most of the world's population is located in Asia (60%), with Europe losing share (10%).
- Life expectancy is rising and birth rates dropping, which means population is ageing.
- Urbanisation is a parallel trend and we are also seeing - mainly regional - migratory displacements of populations.

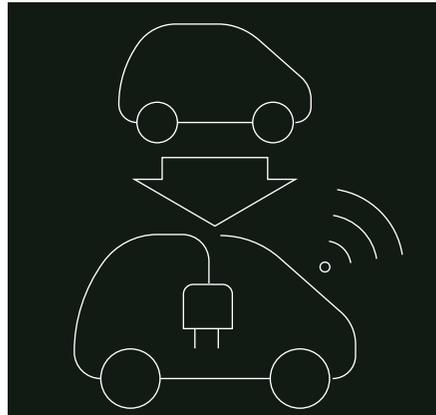
Technological change

The world is moving towards a Fourth 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, protectionist strategies are no longer expected to have a significant impact on the automotive sector.



The automotive sector is changing

Electrification

With the aim of curbing climate change, the automotive industry is investing heavily in R&D oriented around transport decarbonisation. Despite those efforts, EV penetration rates vary significantly from one market to the next and we are likely to see vehicles fuelled by different sources of energy coexist for some time.

User experience

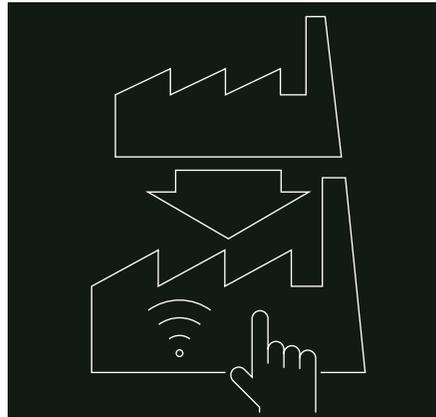
Car buyers' preferences have shifted. Nowadays they are looking for aspects related with comfort, such as spaciousness, driver assistance and smart infrastructure, to the detriment of other attributes such as power, aerodynamics and external aesthetics. Within the comfort thrust, the penetration of roof systems is outpacing the general automotive market.

Safety and protection

Vehicle safety prioritisation is making manufacturing more complex and increasing the number of parts and their added value. Today's cars are being fitted with sophisticated driver assistance systems that prevent accidents and other passive safety systems designed to mitigate damage and injuries in the event of a collision; those systems are being embedded in the chassis and bodywork, for example, as well as shaping seatbelt and airbag development.

Autonomous and connected car

Major progress has been made on autonomous driving in recent years, thanks to which important driver assistance features have been introduced to new cars. However, the mainstreaming of the autonomous car in the coming years continues to face obstacles. In parallel, users are demanding greater connectivity between their cars and the outside world (virtual assistants, automation, etc.), all of which requires establishing high-speed connections. The OEMs are therefore expected to partner with technology, telephony and infrastructure providers.



The suppliers' space is changing

Production outsourcing

The OEMs are increasingly outsourcing production of their vehicles to their suppliers who nowadays account for over 75% of total vehicle value, in order to concentrate on their core competencies.

Industry 4.0

The automotive supplier sector is investing heavily in R&D in order to build so-called smart factories: cloud platforms, simulation capabilities, cognitive manufacturing and online robotics. In the years to come thousands of digital companies are expected to shake up the existing automotive sector's supply chain.

Parts suppliers account for
over 75% of total vehicle value

ESG context: sustainable development goals (SDGs)

In September 2015, the world's leaders, gathered at the UN's General Assembly, committed to a set of global goals, a universal call to action, to end poverty, protect the planet and ensure that all people enjoy peace and prosperity: the Sustainable Development Goals (SDGs). Each goal has a series of specific targets that must be met by 2030.

Those commitments affect all areas of the economy, including the automotive sector. They are particularly relevant to the decarbonisation of transport but also touch on other aspects such as protection of the environment and progress of society.

The automotive sector is destined to play a key role in delivery of the 2030 Agenda, most particularly the decarbonisation thrust



Earnings performance

CIE Automotive reported record revenue and profits in 2022 despite the difficulties engulfing the automotive sector, still fragile in the wake of the pandemic and rampant inflation in commodity and energy prices. In that complex environment, the company's revenue outperformed the market by nine points, increasing by 24.1%, once again demonstrating the solidity of CIE Automotive's business model and the merit of articulating its business strategy around cash generation.

2022 confirmed CIE Automotive's resilience in the face of adverse circumstances. Net profit increased by 12.2% to €300.1 million, driven by sharp revenue growth (+24.1%), to €3.84 billion, and healthy profit margins (EBITDA margin: 16.5%, EBIT margin: 11.6%), despite the run-up in the cost of its inputs and the impact of the energy crisis.

2022 EARNINGS *

| € M | 2021 | 2022 | Var. % |
|---------------------|----------------|----------------|--------------|
| Revenue | 3,093.3 | 3,838.6 | 24.1% |
| EBITDA ** | 565.0 | 633.4 | 12.1% |
| EBITDA margin % *** | 18.3% | 16.5% | |
| EBIT ** | 401.9 | 446.7 | 11.2% |
| EBIT margin % | 13.0% | 11.6% | |
| Net profit ** | 267.5 | 300.1 | 12.2% |

All lines of the company's statement of profit or loss evidence the business's robust health. EBITDA increased by 12.1% to €633.4 million, while EBIT was 11.2% higher at €446.7 million. Note that the company's EBITDA and EBIT margins are not comparable with those of prior years on account of the high prevailing inflation and the resulting activation of pass-through clauses, so it is necessary to focus on the absolute numbers, which are fully comparable and reveal an excellent earnings performance. Excludes the interrupted German forging business.

(*) Under applicable accounting rules, following the decision to put the German forging business up for sale, the results of CIE Forging Germany GmbH and its subsidiaries were reclassified as discontinued operations in the 2021 and 2022 statements of profit or loss.

The figures for the German forging business not included: revenue of €175.8m in 2021 and €230.1m in 2022; EBITDA of €9.6m in 2021 and €19.7m in 2022; and EBIT of €1.6m in 2021 and €12.7m in 2022.

(**) EBITDA: earnings before interest, tax, depreciation and amortisation; EBIT: earnings before interest and tax; Net profit: Profit attributable to owners of the parent.

(***) The company's margins (%) are not comparable with those of prior years on account of the inflationary environment and activation of the related pass-through clauses.

For further information, refer to "MCIE approves the sale of the Germany forging business to focus on India"

The company's strong topline momentum, 9.7 points above market growth in constant exchange rate, and the ability to defend its margins are largely attributable to the absorption of market share from smaller-sized competitors that were not able to survive the sector's challenges. In addition to market consolidation, a number of factors explain our earnings growth: activation of our pass-through clauses to pass on the bulk of the increase in the cost of inputs; our strategic commitment to local suppliers to avoid transport costs and logistics issues; process efficiency gains underpinned by very low consumption ratios in manufacturing; stringent control over investments in maintenance and capacity; and decentralised management.

Those managerial merits enabled CIE Automotive to convert 66.1% of its EBITDA into cash from operations, in line with the target set in its 2025 Strategic Plan. Virtually all of that cash was used to remunerate the company's shareholders, not only via dividends (€88.2 million) but also by buying back shares for subsequent cancellation and repurchasing shares from minority interests in MCIE, all the most value-generating transactions.

Refer to "Shareholders" for more information

Capital expenditure

The complexity of the prevailing situation is accelerating the concentration of business volumes among a smaller number of suppliers, a process underway in the sector for some time. CIE Automotive continues to be one of the biggest beneficiaries from that situation and its strong organic growth is behind the investments made in 2022.

The company therefore continued to invest in maintaining and expanding its capacity in response to its customers' needs. It is worth highlighting the new CIE Hosur factory, devoted to the manufacture of forged machined parts, CIE Golde Pune, the first roof system manufacturing facility in India and the expansion of the new gear factory in Rajkot.

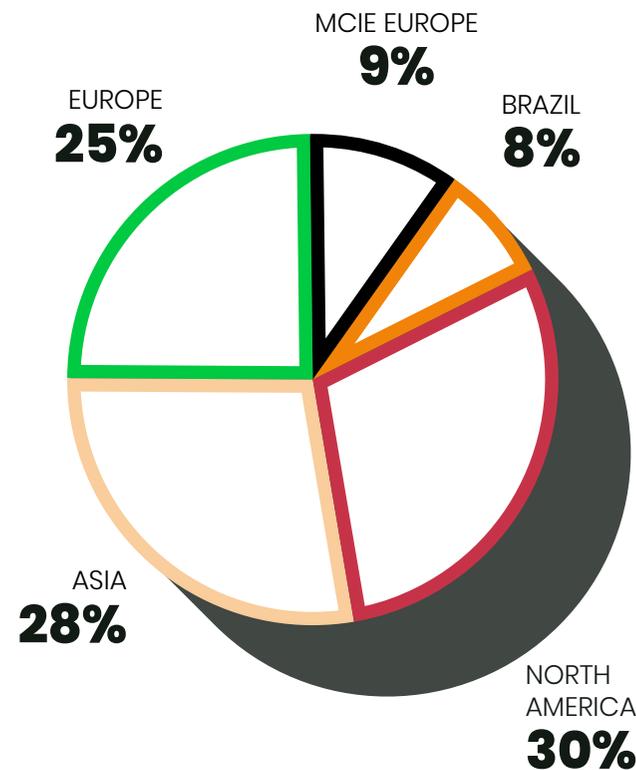
In 2022, we saw more value in focusing exclusively on organic growth rather than pursuing acquisitions, as there are many companies in critical condition whose viability is not easy to judge at present. Moreover, many of those struggling suppliers' customers are deviating business to companies of the calibre of CIE Automotive, further bolstering our organic growth.

EARNINGS BY REGION

All markets and divisions made a positive contribution, reporting double-digit margins in spite of the challenging backdrop.

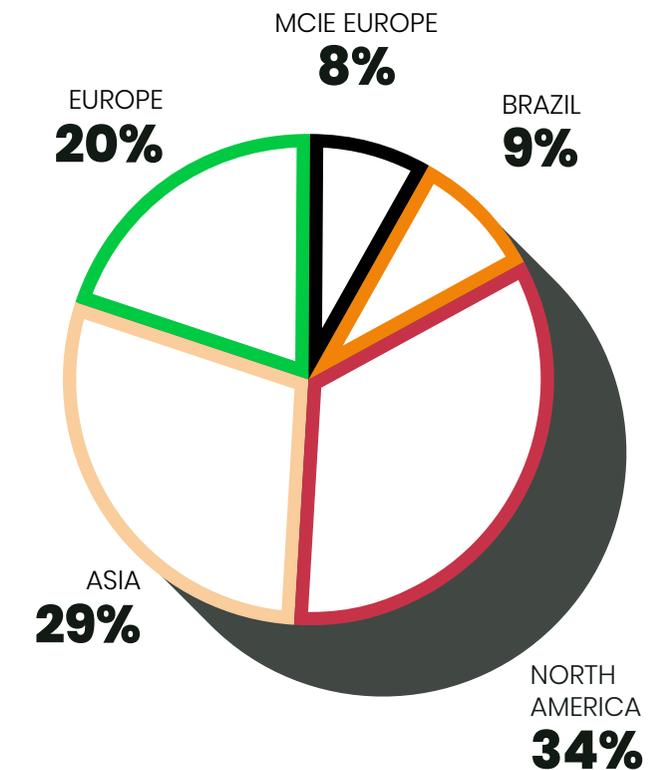
Revenue contribution

Percentage



EBITDA contribution

Percentage



Europe

In Europe, CIE Automotive generated €1.31 billion of revenue, growth of 18.9% from 2021, quite an achievement considering the market contraction induced by the war on the continent, which drove high energy and transport prices even higher and caused a trickle of vehicle production stoppages when Ukraine closed its wire harness factories, not to mention the lingering chip crisis. That performance is even more remarkable considering the fact that the European operations encompass aluminium (the most energy intensive), machining, forging and plastic divisions.

Despite that complex backdrop, margins remained in the double digits, thanks to the existence of contractual pass-

through clauses for raw material costs and negotiations to pass the growth in energy costs along to customers. All segments benefitted from consolidation of the parts sector as the most fragile suppliers went out of business, albeit not immune from the ramifications of the war and the uncertainty created by the impact of a possible recession and additional rate hikes on potential car buyers.

The below figures for MCIE exclude the German forging business following the sale decision taken last December, which prompted the reclassification of the 2021 and 2022 results and net assets of CIE Forging Germany GmbH and its subsidiaries as discontinued operations.

CIE Automotive's traditional European factories

| | | |
|----------------------|-----------------------|-----------------------------------|
| Revenue | 14.1% vs 2021 | MARKET -1.3% |
| | €955.5 million | |
| EBITDA margin | 13.1% | |
| | €125.3 million | |
| EBIT margin | 5.7% | |
| | €54.5 million | |

MCIE European factories*

| | | |
|----------------------|-----------------------|-----------------------------------|
| Revenue | 34% vs 2021 | MARKET -1.3% |
| | €353.2 million | |
| EBITDA margin | 14.6% | |
| | €51.5 million | |
| EBIT margin | 11.3% | |
| | €39.9 million | |

North America

The North American factories reported €1.14 billion of revenue, up 30.6% from 2021 (+16.3% in constant currencies), compared to market growth of 9.7%. That growth is all the more remarkable considering the increase in labour costs and shortage of manpower, which led CIE Automotive to increase automation across its facilities. The efficiency measures taken at the company's factories in Mexico and United States were key to unlocking margin expansion to levels similar to those observed prior to the pandemic, despite the fact that sales continued to be undermined by weak demand and supply chain bottlenecks.

North America factories

| | | |
|----------------------|---|-----------------------------------|
| Revenue | 30.6% vs 2021 <small>(16.3% in constant currencies)</small> | MARKET +9.7% |
| | €1,139.6 million | |
| EBITDA margin | 18.6% | |
| | €212.3 million | |
| EBIT margin | 14.1% | |
| | €160.3 million | |

(* Under applicable accounting rules, following the decision to put the German forging business up for sale, the results of CIE Forging Germany GmbH and its subsidiaries were reclassified as discontinued operations in the 2021 and 2022 statements of profit and loss.

Brazil

In Brazil, CIE Automotive reported revenue of €311.2 million, growth of 44.1% from 2021 (+22.9% in constant currencies), compared to market growth of 5.1%. The company navigated a complex market environment (unemployment, rising interest rates, political instability, etc.) in which demand for SUVs and pickup trucks remained strong, translating into long waiting lists.

Brazil factories

| | | |
|----------------------|---|----------------------------------|
| Revenue | 44.1% vs 2021 <small>(22.9% in constant currencies)</small> | MARKET 5.1% |
| | €311.2 million | |
| EBITDA margin | 18.7% | |
| | €58.1 million | |
| EBIT margin | 14.9% | |
| | €46.4 million | |

Asia

In India, CIE Automotive generated €634.3 million of revenue, growth of 36.8%, and continued high profit margins. The company managed to make the most of the momentum in demand, which rebounded in the wake of the chip crisis and was reinforced by enthusiasm for popular Hindu festivals (Diwali, Dusshera) after being cancelled for two years. The company's excellent margins were also shaped by measures taken to boost efficiency.

India factories

| | | |
|----------------------|-----------------------|------------------------------------|
| Revenue | 36.8% vs 2021 | MARKET +23.5% |
| | €634.3 million | |
| EBITDA margin | 16.3% | |
| | €103.2 million | |
| EBIT margin | 12.4% | |
| | €78.6 million | |

In China, revenue increased by 1.1% and was accompanied by high EBITDA and EBIT margins in a market which registered solid growth, despite lingering weakness due to the zero COVID policy, partially offset by incentives for the purchase of cars, some of which will be carried over to 2023. Despite the company's strong performance, revenue underperformed the market due to reduced exposure to the Chinese OEMs, which are recently driving the growth in China.

China factories

| | | |
|----------------------|-----------------------|-----------------------------------|
| Revenue | 1.1% vs 2021 | MARKET +6.3% |
| | €444.8 million | |
| EBITDA margin | 18.7% | |
| | €83.0 million | |
| EBIT margin | 15.1% | |
| | €67 million | |

Financial situation

Strong operating cash flow generation, of €402.8 million, and investment discipline in facility maintenance and capacity expansion enabled debt reduction to €1.29 billion (€1.27 billion adjusting for the group's 50% interest in the Chinese JV, SAMAP), with adjusted net debt dropping to 1.98x EBITDA, in line with the target set in the 2025 Strategic Plan.

CIE Automotive net debt stood at €1.29 billion at year-end, compared to €1.39 billion at December 2021. Adjusted net debt, i.e., adjusting for the group's 50% interest in the Chinese joint venture, SAMAP, amounted to €1.27 billion, compared to €1.38 billion a year earlier. That implies a leverage ratio of 1.98x. (adjusted net debt to EBITDA), down from last year, thanks to €402.8 million of operating cash flow (€317.1 million after working capital and growth CAPEX), leaving the company in a comfortable financial position.

The scale of the deleveraging is particularly noteworthy considering the fact that the company earmarked €154.8 million to shareholder remuneration, the investment which the company believed would generate the most value in 2022, via dividend payments and share repurchases, and a further €57 million to buying shares in MCIE. Without those transactions, leverage would already be at 1.65 times EBITDA.

COMPARATIVE BALANCE SHEET

| € M | 2021 | 2022 |
|-------------------------------------|----------------|----------------|
| Fixed assets | 3,490.3 | 3,560.8 |
| Net working capital | (425.2) | (501.0) |
| Total net assets | 3,065.1 | 3,059.8 |
| Equity | 1,367.6 | 1,504.6 |
| Net debt | 1,394.9 | 1,289.8 |
| Other (net) | 302.6 | 265.4 |
| Total equity and liabilities | 3,065.1 | 3,059.8 |

FINANCIAL RATIOS

| | 2021 | 2022 |
|---------------------------|-------------|-------------|
| Adjusted net debt/EBITDA* | 2.37 | 1.98 |
| Net debt/equity | 1.0 | 0.86 |
| Leverage ratio | 0.50 | 0.46 |

(*) Net debt and EBITDA figures adjusted for the group's 50% interest in the Chinese JV, SAMAP.



Financing

At year-end, CIE Automotive had drawn down €117 million under its credit facilities. The limit on those facilities is €794 million, leaving the company with €677 million of undrawn loans and credit facilities.

The group's policy is to diversify its financing sources. There is no concentration risk in respect of its bank borrowings as it works with multiple entities.

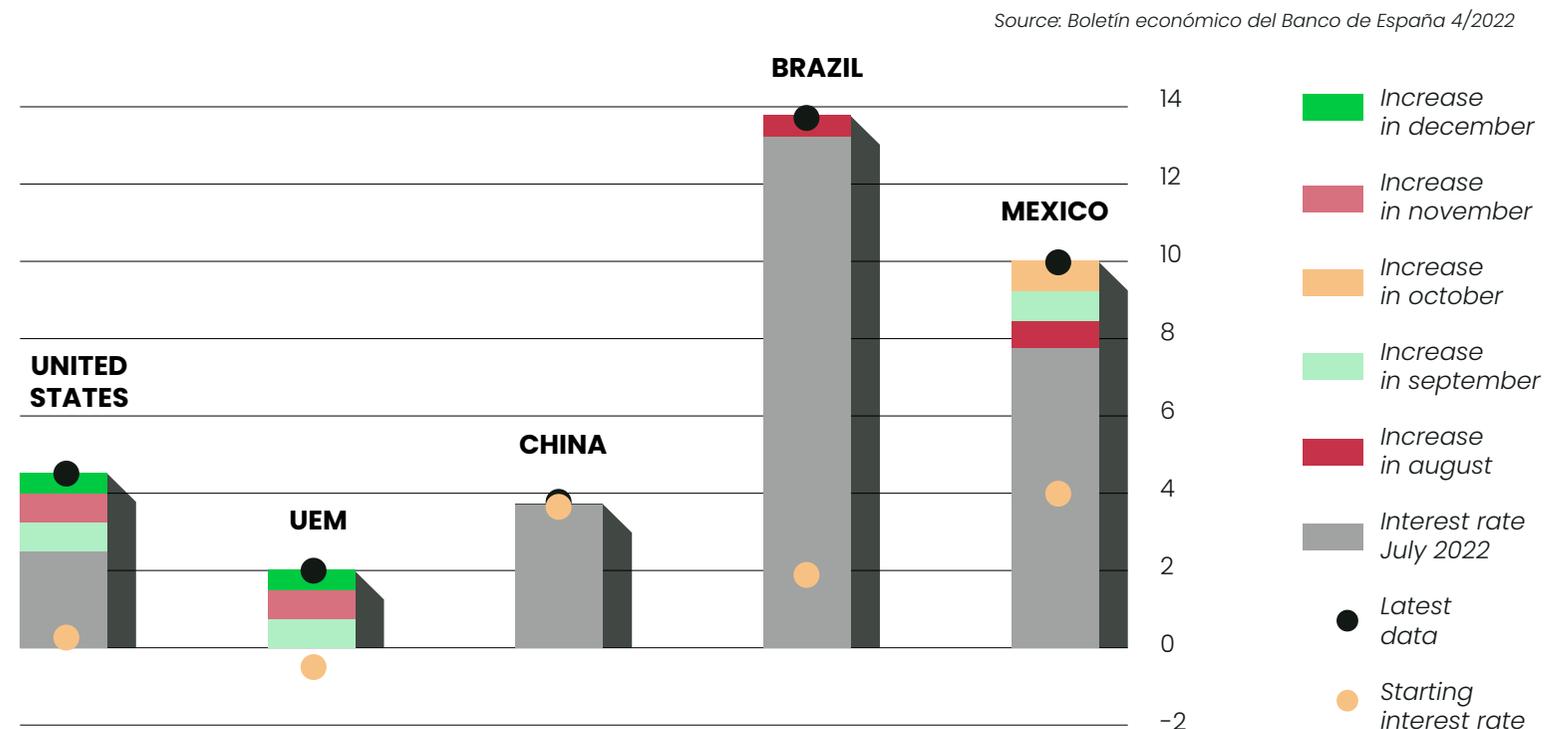
Strategy vis-à-vis rising interest rates

2022 will go down in history as the end of the greatest ever experiment in expansionary monetary policy at the global level. Throughout the year, more intensely during the second half, 90% of the world's central banks raised their benchmark rates with unprecedented speed. The US, initially, and Europe, later, spearheaded that policy shift. The Federal Reserve began to lift rates from 0%-0.25% in March, raising them to 4.25%-4.50% by the end of the year, after seven successive hikes. In Europe, the ECB raised its deposit rate from -0.5% in July to 2% by December.

That shift had a significant effect on all kinds of financial assets, particularly fixed income assets, which had their worst year in over a century, with all tenors of the dollar and euro yield curves affected. In United States, the yield on 10Y Treasuries went from 1.5% to a high of 4.25% in November, while the 10Y swap in Europe jumped from 0.35% to 3.20%. In the money markets, 12M EURIBOR rose from -0.45% in January to end the year at 3.35%. In United States, the equivalent 12-month rate jumped from 0.6% to 5.50%.

To mitigate the impact of higher interest rates, in 2022, CIE Automotive negotiated the conversion of existing floating-rate loans to fixed rates and arranged new financings at fixed interest rates.

Official interest rates



As with the rest of the sector players, CIE Automotive was affected by increase in rates from the second half of 2022, which drove very considerable growth in its finance costs, a trend expected to continue in 2023, when the market is discounting further rate increases, with rates expected reach their terminal rates for this cycle in the middle of the year, at around 5% in United States and 3.45% in the eurozone.

To mitigate the impact of higher rates, the company has negotiated a swap from floating to fixed rates with its banks. As a result, while at year-end 2021, 35% of the company's gross debt carried fixed rates, by the end of 2022 that percentage had increased to 51%.

Ending 2022, 51% of the Group's DFB was fixed-rate compared to 35% in 2021.

DEBT STRUCTURE

| € M | 2018 | 2019 | 2020 | 2021 | 2022 | MATURITY | Characteristics |
|---------------------------|---------|---------|---------|---------|---------|------------------------|---|
| Syndicated loan | ≈ 400 | ≈ 480 | ≈ 345 | 300 | 340 | Apr-27 | <ul style="list-style-type: none"> • Loan in euros • Price band based on net debt/EBITDA • 300 million in loan format and 390 million in the form of a RCF (undrawn) • Unexercised option to extend by one year |
| EIB and IFC-EDC | ≈ 82 | ≈ 247 | ≈ 261 | ≈ 231 | 211 | April 2031 & June 2028 | <ul style="list-style-type: none"> • Loans in euros and dollars • Partially fixed rate |
| Long-term loan | ≈ 81 | ≈ 77 | ≈ 68 | 68 | 68 | July 2026 | <ul style="list-style-type: none"> • Loan in euros • Partially fixed rate |
| North America | ≈ 163 | ≈ 156 | ≈ 122 | ≈ 40 | 80 | Several | <ul style="list-style-type: none"> • Several • Loans in dollars |
| Other | ≈ 616 | ≈ 1,161 | ≈ 1,452 | ≈ 1,541 | 1,442 | Several | <ul style="list-style-type: none"> • Borrowings comprising bilateral loans (local), credit facilities, working capital lines, etc. |
| Gross debt | ≈ 1,340 | ≈ 2,121 | ≈ 2,248 | ≈ 2,180 | ≈ 2,141 | | |
| Cash and cash equivalents | ≈ 392 | ≈ 599 | ≈ 653 | ≈ 785 | ≈ 857 | | |
| Net debt | ≈ 948 | ≈ 1,522 | ≈ 1,595 | ≈ 1,395 | ≈ 1,290 | | |

DEBT MATURITY PROFILE

| € M | 2021 | 2022 |
|-------------------------|----------------|----------------|
| Within one year | 525.8 | 472.0 |
| Between 1 and 2 years | 288.3 | 701.3 |
| Between 3 and 5 years | 1,187.3 | 820.7 |
| More than 5 years | 178.5 | 147.1 |
| Total borrowings | 2,179.9 | 2,141.1 |



ESG FINANCING TARGETS SET IN 2025 STRATEGIC PLAN ACHIEVED IN 2022

Framed by its sustainability pledge, CIE Automotive is tying the cost of its loans to delivery of its environmental, social and governance commitments.

The target set in the 2025 Strategic Plan was to tie 70% of net debt to ESG criteria and by the end of 2022, that ratio already stood at 100%. Likewise, the goal of linking 50% of the total in gross debt terms had also been topped by year-end, with 62% of gross debt tied to ESG criteria.

Note, moreover, that all new long-term financing arrangements include a sustainability clause. Also, since issuance of the new annual certificate by Moody's, engaged to objectively assess the group's performance along ESG dimensions, 100% of the company's net debt has benefitted from the agreed rate reductions.

That financial strategy evidences the full integration of ESG matters into the day-to-day management of all areas of the business and CIE Automotive's firm commitment to sustainable development.



KEY4

We collaborate with our stakeholders

Our shareholders, customers, employees and suppliers help shape our value-added proposition and deliver our business, governance, social and environmental targets. Our success is their success and our progress must trickle back to them and broader society.

Shareholders

Customers

Employees

Suppliers

Society

Environment

We have a solid business model

We are being guided by a sustainable strategy

We perform well in complex environments

We collaborate with our stakeholders

We manage ethically and effectively



Shareholders

Creating long-term returns for our shareholders is one of CIE Automotive's top priorities. In March 2022, faced by the battering received by the automotive stocks, the company decided to make the most of the unjustified correction in its share price to launch a new buyback programme with a view to reducing capital and offering a higher dividend per share down the line. In parallel, it continued to work hard to communicate the company's reality to the analyst and investor communities and evidence the significant mismatch between the company's excellent results and its market value.

PROGRESS MADE IN 2022

- ✓ Share buyback programme to boost shareholder remuneration
- ✓ Distribution of €88 million of dividends to shareholders
- ✓ Meetings with investors and analysts to expound the company's equity story
- ✓ Inclusion in the IBEX Gender Equality Index
- ✓ Significant equity investment by Fidelity (FMR LLC), which took a 3% interest

CHALLENGES FOR 2023

- ➔ Boosting trading volumes following the company's exclusion from the Ibex-35 stock index by broadening the universe of target investors.
- ➔ Reinforcing messaging around CIE Automotive's unique business model, tapping the story of record 2022 results in a very complex environment.

Ownership structure

At year-end 2022, CIE Automotive's share capital amounted to €30.64 million, made up of 122,550,000 shares with a unit par value of €0.25. Over half of those shares, 69% of the total, were in the hands of a group of core shareholders and 1.44% belonged to members of the Board of Directors not part of that group. The free float represented 27.21% of the total, whereas own shares accounted for 2.37%, following partial execution of the buyback programme.

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

Main shareholders

Percentage

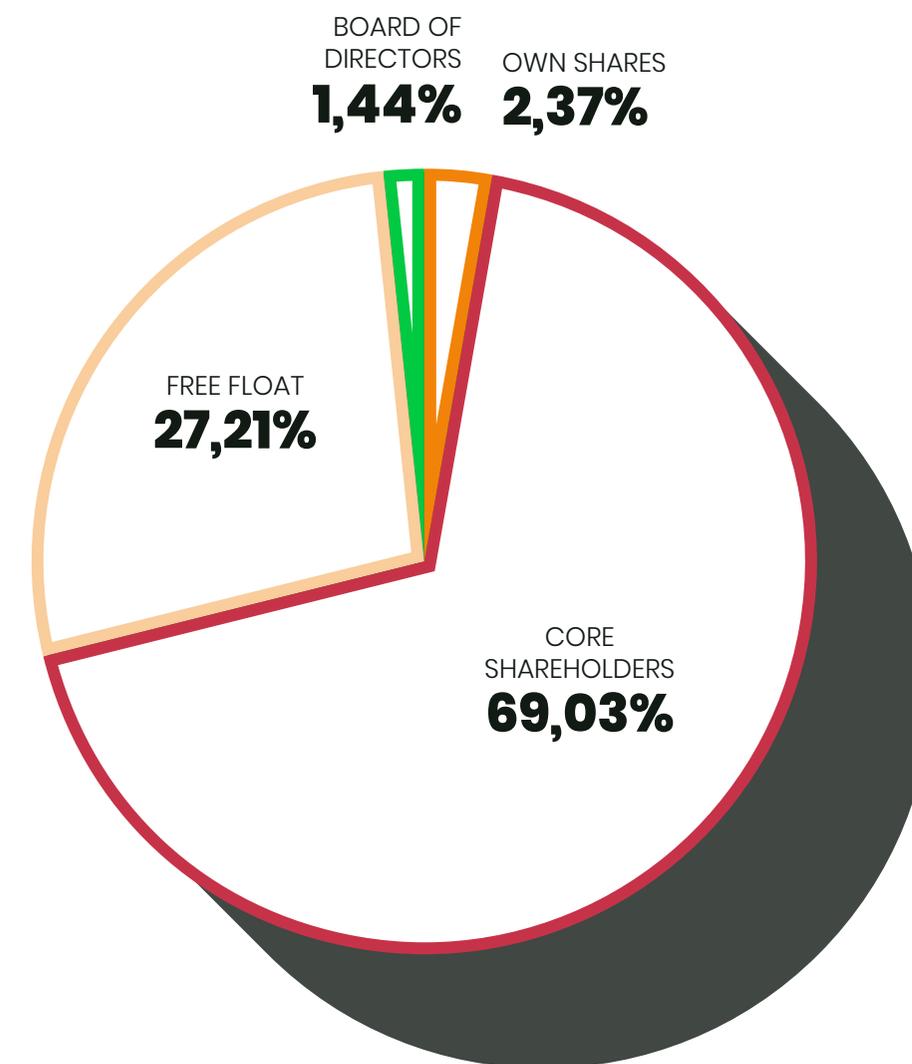
ANNUAL CHANGE IN SHAREHOLDER STRUCTURE As of 31 December 2022

| Percentage | 2020 | 2021 | 2022 |
|--|---------------|----------------|---------------|
| ACEK Desarrollo y Gestión Industrial, S.L. | 15.69% | 15.69% | 15.69% |
| Corporación Financiera Alba. S.A. | 12.73% | 12.73% | 13.35% |
| Antonio M ^a Pradera Jauregui | 10.53% | 10.53% | 10.53% |
| Elidoza Promoción de Empresas. S.L. | 10.89% | 10.89% | 10.34% |
| Mahindra&Mahindra. Ltd. | 7.83% | 7.83% | 7.83% |
| Addvalia Capital. S.A. | 5.26% | 5.26% | 5.26% |
| FMR LLC | 0.00% | 0.00% | 3.02% |
| Alantra Asset Management. SGIC. S.A. | 3.55% | 3.50% | 3.01% |
| TOTAL CORE SHAREHOLDERS | 66.48% | 70.42%* | 69.03% |
| Own shares | 0.00% | 0.01% | 2.37% |
| Other Board members | 1.44% | 1.44% | 1.44% |
| Free float | 32.08% | 28.13% | 27.21% |

This information is based on the communications made by shareholders to the CNMV and/or the Company (Data updated as of 31 December 2022).

On 1 February 2023, FMR LLC notified an increase in its ownership interest to 4.69%.

(* Includes shareholdings of shareholders who in 2022 were no longer significant (>3%).





Share price performance

CIE Automotive's share price was not immune from the market's misgivings regarding stocks related with the automotive sector in 2022. When Russia invaded Ukraine, the company's share price fell to €18.97 per share and although it went on to recover gradually, it ended the year at €24.06, 12.06% below the 2021 closing price of €27.36.

CIE Automotive's share price performance should be seen against the backdrop of a widespread correction in automotive supplier stocks, many of whom had to issue profit warnings as raw materials ran short, energy and commodity prices shot up and the chip crisis lingered. Indeed, the Stoxx Europe 600 Automobiles & Parts index corrected by 20%.

Although CIE Automotive's share outperformed the European benchmark index in 2022, ranking within the top-4 best-performing European suppliers, it underperformed the Ibex-35 (-5.56%) and the correction does not tally with the record earnings reported by the company quarter after quarter, or the reliability demonstrated over its more than 25 years in business. That inconsistency is evident in the fact that the target prices assigned by the analysts covering CIE Automotive were higher than its share price all year long. At year-end, the market's consensus target price stood at €29.29 per share.

CIE AUTOMOTIVE'S STOCK MARKET INDICATORS

| Percentage | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|
| Number of shares at year-end | 122,550,000 | 122,550,000 | 122,550,000 |
| Share price at year-end (€) | 22.06 | 27.36 | 24.06 |
| Market capitalisation at year-end (€ m) | 2,703.5 | 3,352.9 | 2,948.6 |
| Average trading volume | 79,535 | 46,852 | 41,458 |
| P/E multiple* | 14.9 | 12.6 | 9.7 |

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

INCLUSION IN THE IBEX GENDER EQUALITY INDEX

CIE Automotive joined the IBEX Gender Equality Index, the first stock index to track gender equality at Spanish companies, on 20th June 2022. Female boardroom representation at the companies tracked by that stock index ranges between 25% and 75% and their senior management teams are between 15% and 85% female. CIE Automotive's shares underperformed the benchmark index by 2 points in 2022.

Membership of ESG indexes

The company is also part of another nine indexes in the ESG space:

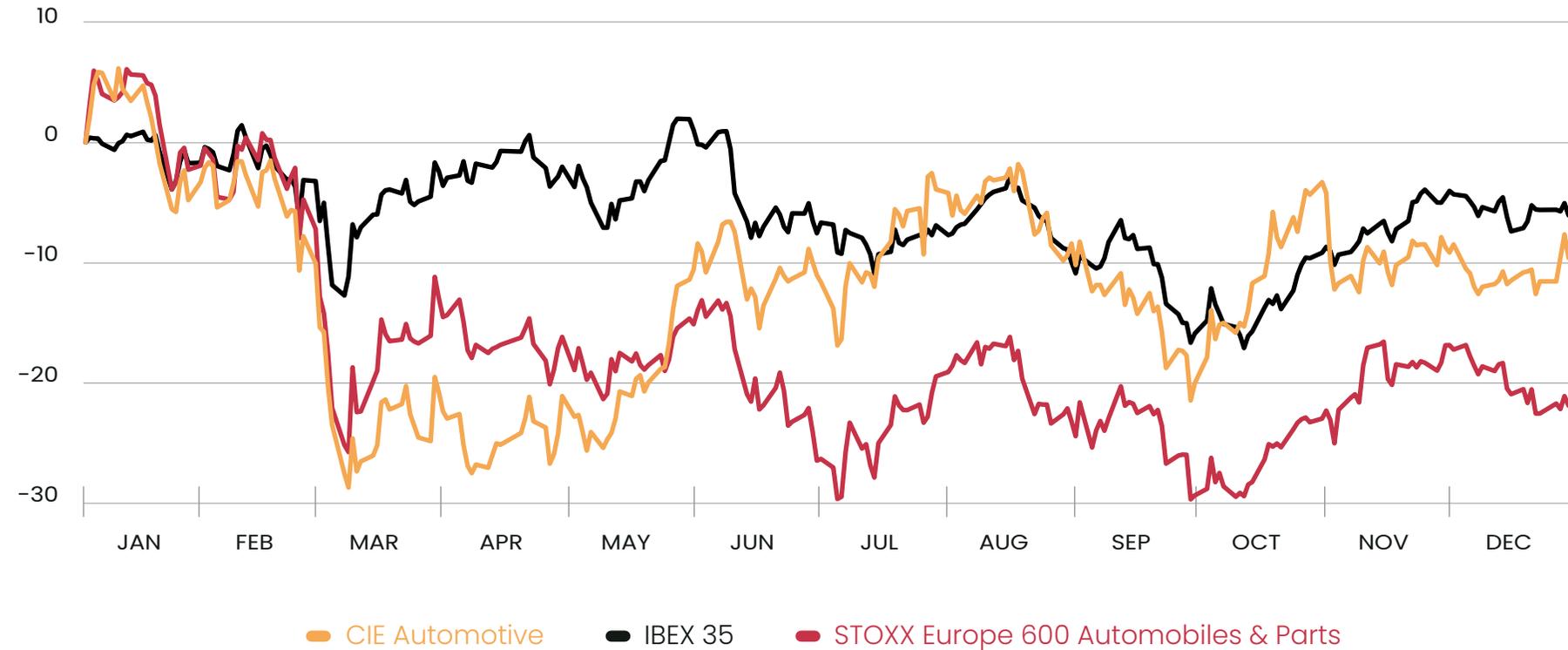
- *Bloomberg ESG Data Index;*
- *Bloomberg ESG Score Universe;*
- *Bloomberg ESG Coverage Index;*
- *Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index NTR;*
- *STOXX Global Electric Vehicles & Driving Technology Price USD;*
- *STOXX Global Electric Vehicles & Driving Technology Gross Return USD;*
- *STOXX Global Electric Vehicles & Driving Technology Net Return USD;*
- *Solactive ISS ESG Screened Europe Small Cap Index NTR; and*
- *S&P Developed Net Zero 2050 Carbon Budget (2022 Vintage) Index (USD)*

Trading volumes

The trading volumes provided in the table relate to the shares traded over the official BME trading platform. Note that in recent years, many listed Spanish companies, including CIE Automotive, have seen a very significant shift in trading away from BME to the so-called alternative trading systems. As a result, the reduction in CIE Automotive's total trading volume, factoring in the shares traded on all platforms (BME + alternative systems) is far less pronounced than looking at the BME figures only.

CIE Automotive's share price performance

Percentage



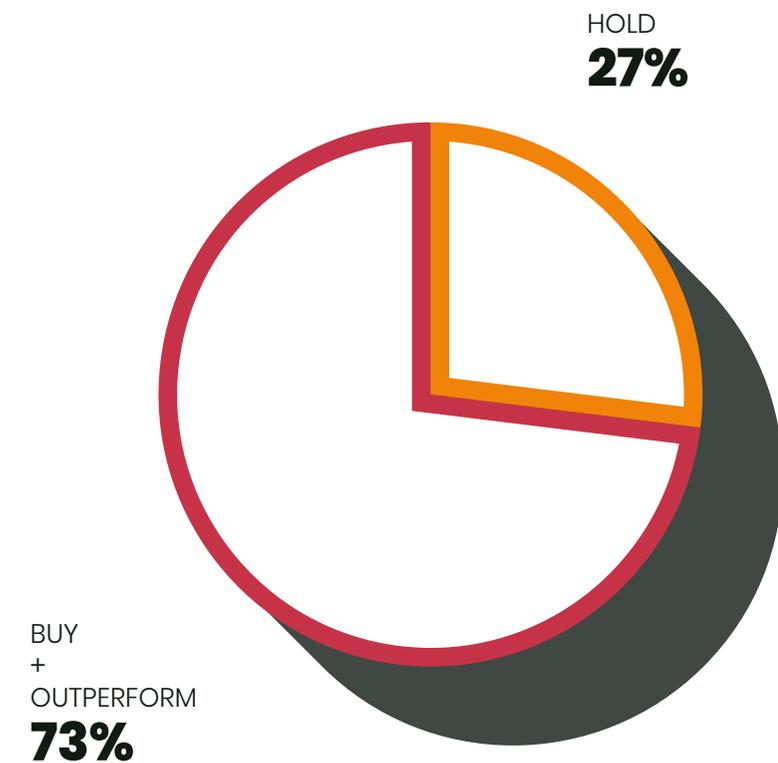
Although CIE Automotive ranked in the

4 best-performing suppliers in 2022, its share price

performance did to tally with its record earnings

**CONSENSUS TARGET PRICES
AS OF 31/12/2022**

| COMPANY | ANALYST | RECOMMENDATION | PRICE | Last update |
|----------------------|-----------------------------------|----------------|---------------|-------------|
| Alantra Equities | Álvaro Lenze | Hold | 28.60€ | Oct. 2022 |
| Bankinter | Esther Gutierrez de la Torre Coll | Buy | 28.10€ | Oct. 2022 |
| Bestinver Securities | Enrique Yáñez | Buy | 30.30€ | Oct. 2022 |
| Caixabank BPI | Bruno Bessa | Hold | 28.40€ | Oct. 2022 |
| Exane BNP Paribas | Francisco Ruiz | Hold | 24.00€ | Jul. 2022 |
| Gaesco Valores | Iñigo Recio | Buy | 31.00€ | May 2022 |
| Intermoney Valores | Virginia Pérez | Buy | 29.50€ | Mar. 2022 |
| JB Capital Markets | Alberto Espelosin | Buy | 34.20€ | Oct. 2022 |
| Kepler Cheuvreux | Alexandre Raverdy | Hold | 24.00€ | Oct. 2022 |
| Mirabaud Securities | Manuel Lorente | Buy | 27.75€ | Nov. 2022 |
| Norbolsa | Ander Peña | Buy | 29.53€ | Dec. 2022 |
| Oddo BHF | Anthony Dick | Overweight | 30.00€ | Oct. 2022 |
| Renta 4 | Álvaro Aristegui | Overweight | 36.00€ | Dec. 2022 |
| Sabadell | Alfredo del Cerro | Buy | 28.30€ | Jun. 2022 |
| Banco Santander | Robert Jackson | Overweight | 29.60€ | Nov. 2021 |
| CONSENSUS | - | - | 29.29€ | - |

Recommendations
Percentage


MCIE'S SHARE PRICE PERFORMANCE ON THE INDIAN STOCK EXCHANGES

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, MCIE's share price gained 47.2%, marking a high of INR 347.2, while on the NSE it rose by 49.8%, marking an annual high of INR 347.7. The share price rallied in December 2022 after two key decisions were announced: the company's exit from the German market and a company name change to CIE Automotive India Limited.

Demand for vehicles was strong across most segments of the Indian automotive market. There were inflation-related cost pressures on raw materials and other costs in India. The European automotive market faced demand challenges as a result of the war in Ukraine. The resultant energy price spikes also put a lot of pressure on European operations. Against that backdrop, stocks with automotive exposure actually performed well in India. However, the players with exposure to Europe did not perform as well.

As for MCIE's ownership structure, note that CIE Automotive increased its interest by 5% buying out minority interests, while Mahindra & Mahindra reduced its shareholding to under 10%.

For further information, refer to "Shareholder remuneration"

CIE AUTOMOTIVE'S STOCK MARKET INDICATORS IN INDIA

| | 2019 | 2020 | 2021 | 2022 |
|--|--------------|--------------|---------------|---------------|
| Number of shares at year-end (millions) | 379.01 | 379.01 | 379.05 | 379.05 |
| Share price at year-end (INR) on BSE | 164.75 | 171.80 | 235.00 | 343.85 |
| Share price at year-end (INR) on NSE | 164.75 | 172.00 | 234.20 | 346.45 |
| High for the year (INR) on BSE | 258.30 | 179.10 | 311.65 | 347.20 |
| Low for the year (INR) on BSE | 135.55 | 59.05 | 148.30 | 164.00 |
| Market capitalisation at year-end (millions of INR) on the BSE | 62,442 | 65,114 | 89,068 | 131,606 |
| Average trading volumes on BSE ('000 shares) | 47,831 | 16,302 | 76,125 | 153,726 |
| Average trading volume on NSE ('000 shares) | 185,060 | 207,911 | 498,953 | 884,430 |
| Earnings per share (INR) | 9.35 | 2.81 | 10.44* | 18.76* |
| P/E multiple | 17.62 | 61.21 | 22.43* | 18.47* |

(*) For continuing operations only i.e. excluding CIE Forgings Germany which are held for sale.

MCIE's share price rose on the announced sale of the German forging business and name change to CIE Automotive India Limited



Shareholder remuneration

In a complex year for the financial markets, CIE Automotive sought to compensate its shareholders for the mismatch between its intrinsic value and its share price by investing over €200 million of its operating cash flow in their remuneration. Specifically, it paid out one-third of the net profit generated in 2021, launched a share buyback programme with the aim to reducing capital and increased its ownership interest in MCIE by buying out minority interests.

Those transactions evidence CIE's strategy of investing not to acquire new companies but rather unlock organic growth and maximise shareholder remuneration, the only investments the company thinks makes sense at the current time.

Dividend payments

Each year, CIE Automotive pays out one-third of its profits to its shareholders. As a result, the dividends its shareholders receive have been registering double-digit growth in recent years, in tandem with the company's earnings, which have almost doubled in five years.

In 2022, the company paid out €88 million in two payments of €0.36 per share (before withholding tax), the first on January 3rd and the second on July 4th. At €0.72, the company's per-share dividend approached pre-pandemic levels (the dividend from 2019 profits was almost €0.74 per share) and was well above the €0.50 paid from 2020 earnings.

Against that backdrop, the Board of Directors agreed to pay an interim dividend from 2022 earnings of €0.41 per share (before withholding tax), which was paid out on January 5th 2023.

€56 MILLION INVESTED IN THE REPURCHASE OF SHARES

In March 2022, CIE Automotive decided to take advantage of the share price correction triggered by the invasion of Ukraine to launch a share buyback programme capped at €150 million. With that corporate transaction, CIE Automotive sought to boost its shareholders' future remuneration, affording them a higher EPS and DPS for the same number of shares.

The programme covers the repurchase of up to 5% of share capital, equivalent to 6,127,500 shares. By 31 December 2022, the company had invested €56 million to repurchase 2.24% of its shares.

It was CIE Automotive's second own share buyback programme. The first buyback programme, launched in February 2020, likewise contemplated the repurchase of up to 5% for subsequent cancellation for an authorised total of €160 million. That first buyback programme had a duration of two years but was completed in just eight months.

SHAREHOLDER REMUNERATION

| Percentage | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|------|------|------|------|------|
| Ordinary EPS (€)* | 1.88 | 2.23 | 1.48 | 2.18 | 2.49 |
| Payout** | 33% | 33% | 33% | 33% | 33% |
| Accrued dividend per share (€)*** | 0.62 | 0.74 | 0.50 | 0.72 | 0.82 |
| Dividend paid during the year (€ m) | 72.1 | 80.0 | 93.9 | 61.3 | 88.2 |

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

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

(***) Estimate for 2022 as of the date of publication of this document.

Increased shareholding in MCIE

In 2022, CIE Automotive invested €57 million to increase its shareholding in MCIE by 5%.

It purchased the MCIE shares in two stages: first it bought 2.7% of that entity's share capital from institutional investors at a price of INR 215, which marked a premium of 12% over the previous day's close; later it acquired a second block of 2.3% from Mahindra, at a price of INR 285, a 9% premium over the prior close.

Following those purchases, CIE Automotive now holds 65.71% of that group's shares and has reinforced its capital structure, while Mahindra has reduced its shareholding to under 10%.

Investor relations

Irrespective of their ownership interests, all shareholders receive equal treatment in terms of the information they get and their right to participate in and cast their votes at the company's Annual General Meeting, as contemplated in Spain's Corporate Enterprises Act.

Investor relations are governed by transparency and accessibility criteria, as set down in the **Policy for reporting to and communicating with shareholders** and the market.

That policy lays out the general principles of conduct that guide the Investor Relations Department, whose remit is to provide the broad financial community with accurate and timely information.

All information provided to the market is supervised by the Board of Directors, which takes the measures needed to safeguard shareholder and investor rights, framed by the company's best interests.

Principles of the market information and communication policy*



Distribution of information in a transparent, clear, accurate, uniform and simultaneous manner



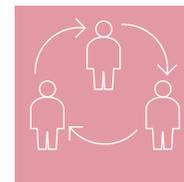
Active effort to keep shareholders continuously and permanently informed



Equal treatment in terms of the acknowledgement and exercise of all shareholders' rights



Development of information tools and communication channels that take advantage of the latest technology



Collaboration with shareholders so that disclosure practices are transparent, effective and in keeping with the corporate interest



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



Protection of the rights and legitimate interests of all shareholders

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), which has a dedicated "Shareholders and Investors" microsite. There it publishes all the latest group news and developments and provides contact details.

Email:

ir@cieautomotive.com



Telephone number:

+34 94 605 62 00

To facilitate its work, the IR Department uses Nasdaq IR Insight, a management platform that allows it to keep a detailed record of its meetings (content and labelling), bringing up information about investor profiles and contacts and generating real-time market alerts.

Investor meetings

Driven by its effort to explain the company's reality to the financial community, the Investor Relations Department was very active throughout 2022, meeting with more than 500 institutional investors and over 150 retail investors.

It participated in a range of events, including global sector conferences, such as the 9th JP Morgan Autoconference and the Spring Autos Conference by BNP Paribas Exane and Jefferies, which welcomed analysts and institutional investors from all over the world. It also held its first meetings with some of the funds newly selected as targets following specific investor targeting analysis, held its annual event with retail investors, this year with the help of Renta 4 Banco, and participated in the Auto Day sector conference organised by Banco Santander, in which Mercedes, Volkswagen, Gestamp and Antolín also participated.

Analyst outreach

In addition to its communication effort, the company remained in constant contact with the pool of research analysts covering the company, which this year increased to 15 following the initiation of coverage by GVC Gaesco. The highlight was the company's 2022 Analyst Day, an informal gathering conducive to getting to know each other better.

For much of last year the analysts' interest focused on topics related to the challenging environment facing the industry such as CIE Automotive's exposure to Russia (just 0.3% of revenue), its energy costs, its strategy in the face of rising commodity prices, etc.

The analyst community is also increasingly interested in ESG-related matters. With the aim of better understanding investors, of speaking the same language as them when it comes to the world of ESG, in 2022, the Investor Relations team earned CESGA (Certified Environmental Social and Governance Analyst) certification, a qualification currently held by only around 3,500 people in the world, the vast majority of whom European, putting our IR professionals at the forefront of current developments.

Taking stock of the analyst community's growing

interest in ESG aspects, the

IR team earned

CESGA certification

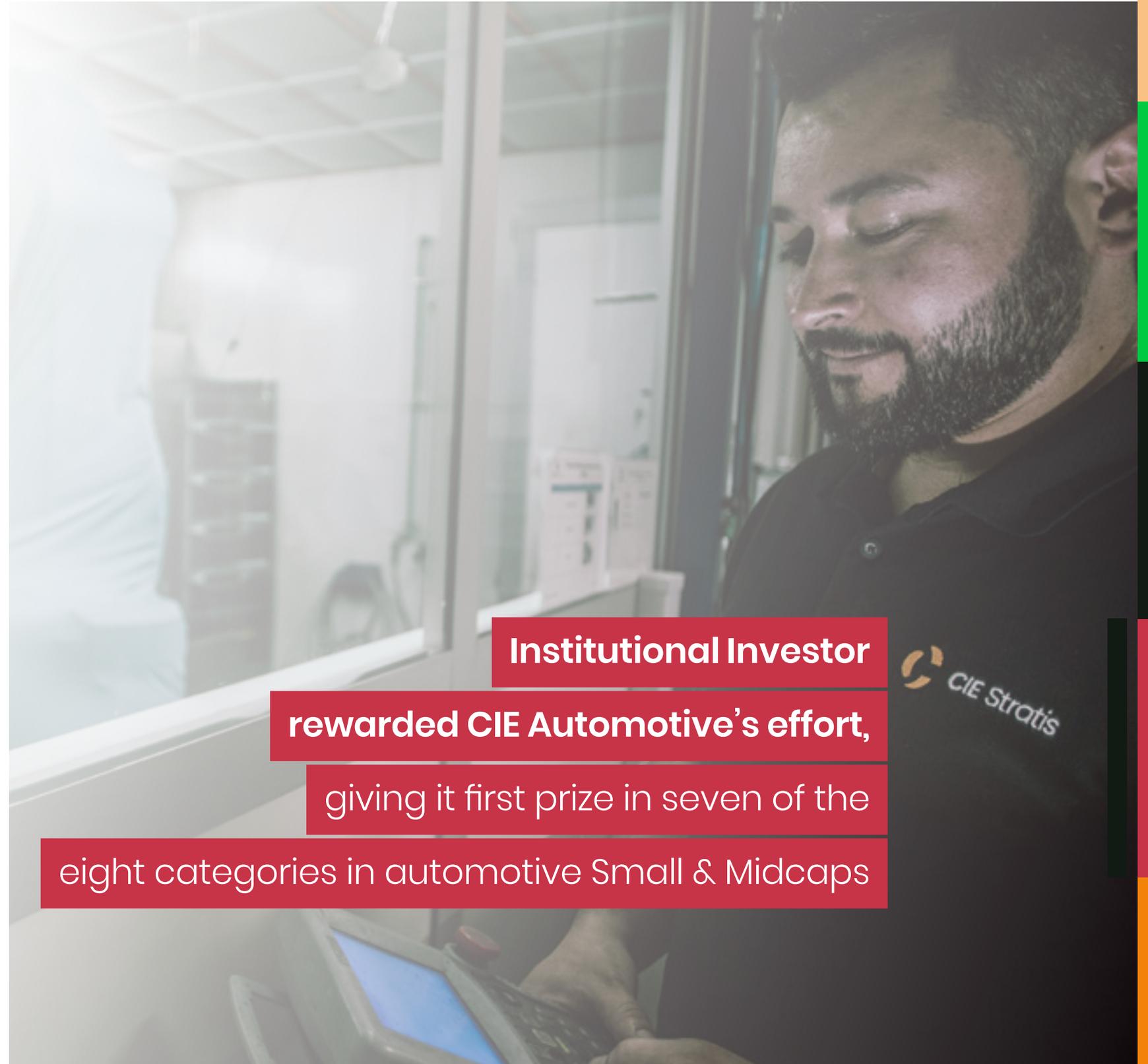
Prizes

The Investor Relations Department’s excellent work with investors was borne out in the awards handed out by Institutional Investor, a leading international business to business publisher, focused primarily on international finance. CIE Automotive once again stood out in the Small & Midcap segment of the automotive sector, taking the top prize in seven of the eight categories it opted for.

INSTITUTIONAL INVESTOR RANKINGS

| <i>Small & Midcap Awards</i> | CIE Automotive’s ranking | |
|----------------------------------|---------------------------------|---|
| Most Honored Companies | 1^o |  |
| 1. Best CEO | 1^o |  |
| 2. Best IR Professional | 1^o |  |
| 3. Best IR Program | 1^o |  |
| 4. Best IR Team | 1^o |  |
| 5. Best ESG | 1^o |  |
| 6. Best Company Board | 1^o |  |
| 7. Best Analyst/Investor Event | 1^o |  |

Auto & Auto Parts



Institutional Investor rewarded CIE Automotive’s effort, giving it first prize in seven of the eight categories in automotive Small & Midcaps

Customers

CIE Automotive provides the major global original equipment makers and tier-1 suppliers with the parts and subassemblies they need, when and how they need them, so as to generate value, framed by its *Quality Policy*. Throughout 2022, despite the challenging business environment, it continued to respond to its customers' requirements with multi-technology solutions designed to satisfy drivers' new needs.

PROGRESS MADE IN 2022

- ✓ Increased market share
- ✓ New business for next generation vehicles
- ✓ Rollout of the data protection and security project over TISAX
- ✓ OEM awards in several markets

CHALLENGES FOR 2023

- Pass-through of the increase in costs derived from the growth in energy prices and inflation in raw materials and labour
- Penetration of new OEMs in emerging markets
- Increased market share in all regions

Value-added solutions

CIE Automotive aspires to become a benchmark partner for OEMs and Tier-1 suppliers by offering a broad range of innovative solutions and quality products at competitive prices.

To address each customer's needs and help them react to market trends, it offers them a range of technology options for a given part or subassembly, so acting as a "one-stop-shop" for the automotive platforms.

In 2022, despite shortages of certain materials and growth in production costs on the back of inflation in energy and other inputs, it continued to offer its customers over 7,000 value-added SKUs.



Roof systems



Bodywork, Chassis & Steering



Transmission and Gearboxes



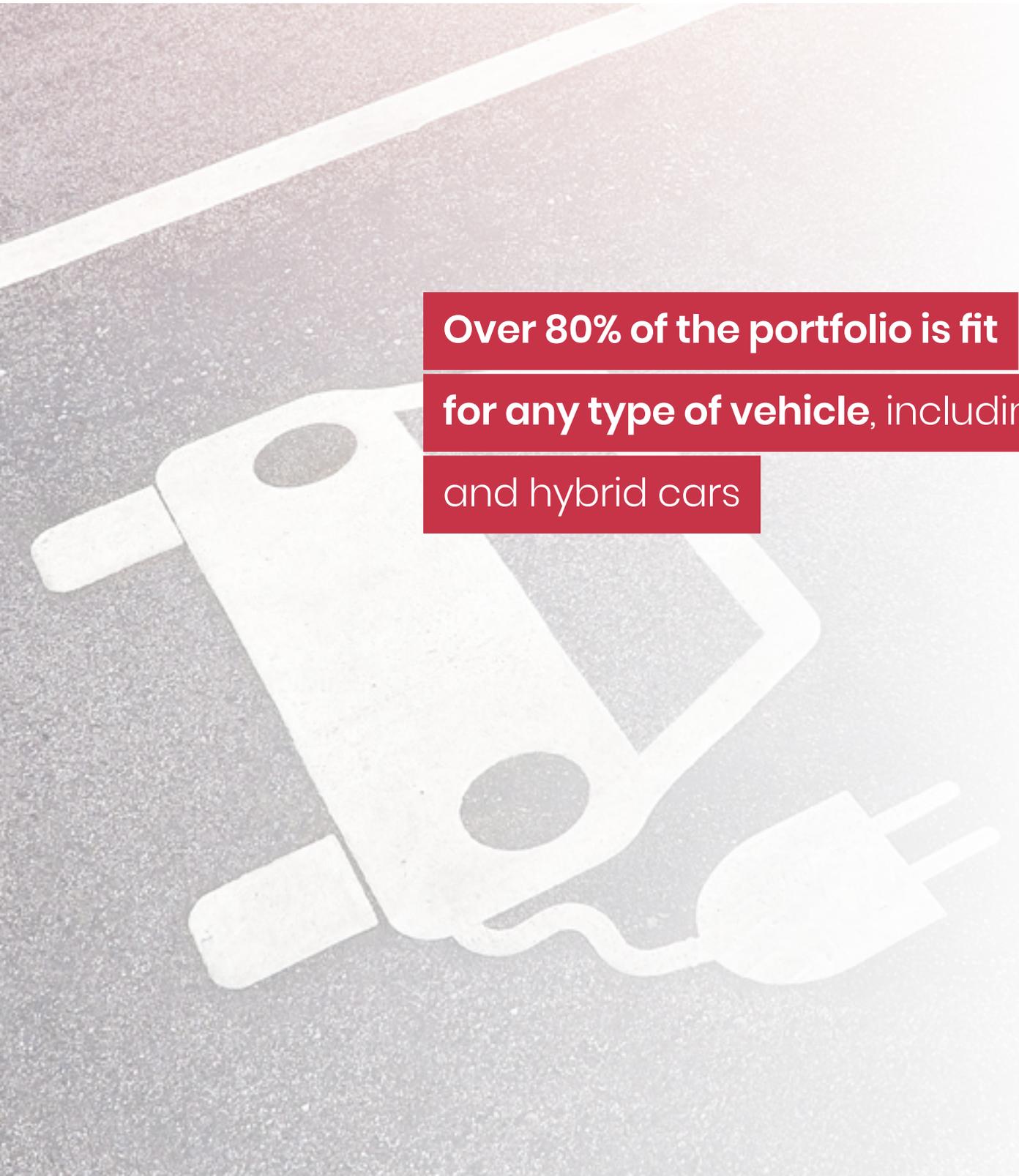
Interior and Exterior Trim



Engines



Commercial Vehicles



**Over 80% of the portfolio is fit
for any type of vehicle, including electric
and hybrid cars**

Increased market share

The heavy impact of COVID-19 and the subsequent run-up in energy and other commodity prices drove many automotive suppliers out of the market, unable to pass their higher costs through to end customers. CIE Automotive has been able to take advantage of consolidation to gain market share and cover new segments related with the macro trends affecting the sector.

Thanks to the work put in by its sales teams, 50% of the order intake is directed at next-generation vehicles, with significant growth in orders related to electrified vehicles, safety and comfort, in line with the 2025 Strategic Plan.

Contribution to the electrified car

The group is technologically prepared to contribute to the electrification of the stock of vehicles. Indeed, over 80% of its portfolio is fit for any type of vehicle, including electric and hybrid electric cars.

More recently, it has been reinforcing its EV positioning in areas related to their batteries, motors and electronics, as it waits for market volumes to take off.

In 2022, it increased 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. It also lifted its presence in axle and gearbox machining for BEVs.



Business milestones by region

Completion of two specific courses by sales teams from all of CIE Automotive on ESG subjects with the idea of pooling our customers' ESG requirements in all markets and technologies so as to stay ahead of the market in ESG matters.

Global

| | | | | | | |
|--|---|---|---|--|---|---|
| <p>Several new order wins in aluminium casting, bringing several OEM and Tier 1 customers over to this new technology.</p> | <p>New steel forging orders for fully-electric heavy- and medium-weight vehicles.</p> | <p>Successful industrialisation of projects targeted at fully-electric OEMs at CIE Unitools and CIE Metal, including the inauguration of a new pavilion with significant investments in assembly lines.</p> | <p>Industrialisation of projects at CIE Egaña and CIE Udalbide, in parallel with the Czech market, for complex parts for EVs for European OEMs.</p> | <p>New fully-electric OEM order for input and intermediate gear for BEVs. BEV reducer parts.</p> | <p>New order from an American OEM for planetary carriers and caps for BEVs.</p> | <p>Industrialisation of parts for BEV reducer for a German OEM.</p> |
|--|---|---|---|--|---|---|

Europe

| | | | | | |
|--|---|---|---|---|---|
| <p>Start-up of ID.4 production with over 50 new stamping and battery parts in the metals division in Mexico.</p> | <p>Increased roles in new aluminium stamping products for EVs and heat sinks.</p> | <p>New orders in forging for crankshafts for all-terrain vehicles (ATVs).</p> | <p>The Mexican plastics division won new orders for a major Tier 1 supplier, boosting the factory's production, and entered a new fully-electric OEM, while continuing to grow with OEMs it was already working with.</p> | <p>Installation of four new injectors at the Mexican plastics division's factory.</p> | <p>Successful installation of a 1,600-MT transfer press in the metals division in Brazil.</p> |
|--|---|---|---|---|---|

America

MCIE increased its capacity in India in line with customer demand in 2022.

- New forging factory at CIE Hosur.
- New aluminium die casting factory in Aurangabad.
- New gear factory in Rajkot.

On the order intake front, new business related with EVs was very strong, accounting for the bulk of that intake and encompassing a diversity of projects and customers, ensuring the company's presence in India's EV market going forward.

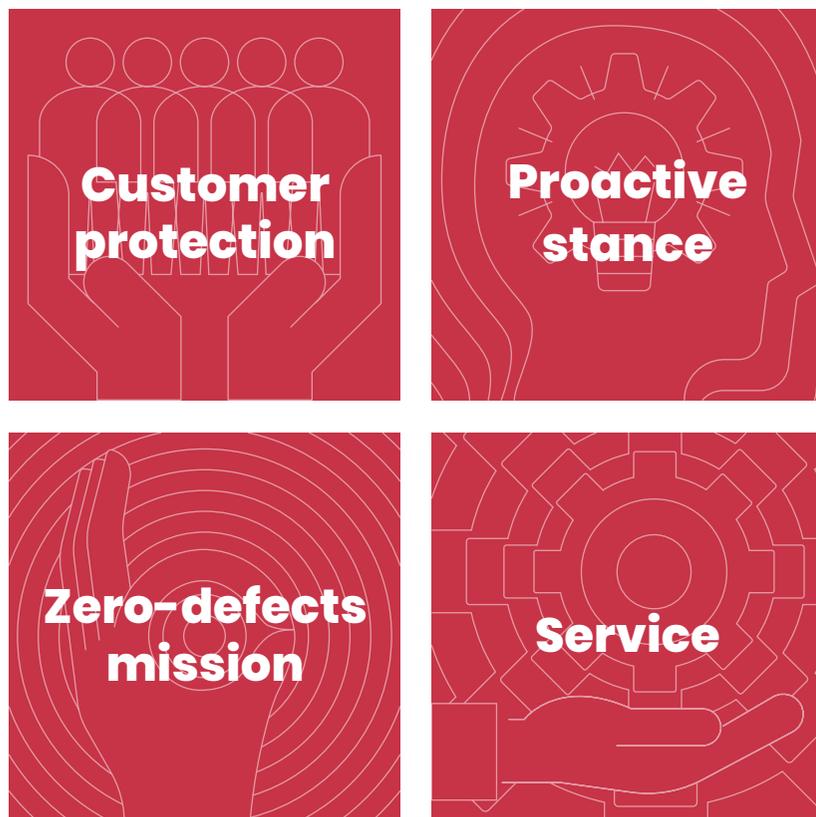
Asia



Quality

Customer satisfaction is driven by continuous product and process improvement by means of prevention, systematic revision, training and know-how sharing, as it is set down in the company's **Quality Policy**, which was updated in 2021. The Quality Policy sets down CIE Automotive's priorities vis-à-vis its customers, specifically mentioning the development of products and processes framed by eco-design and efficiency criteria. The policy evidences the company's dual strategic commitment to quality and environmental protection, in harmony with its customers' concerns.

CIE Automotive's quality policy priorities



Throughout 2022 the company emphasised communication and implementation of the new model across the various regions and technology divisions, prioritising product safety and the extension of best practices.

Focused on quality, it 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, it complies with the IATF's international quality standard. That standard is specific to the automotive industry and harmonises the different assessment and certification systems in the global automotive supply chain.

To manage all of its certification processes, the company has a global agreement with TÜV RHEINLAND, covering all three standards, until 2024.

Consumer claims, complaints and grievance systems

Despite its best efforts on the product quality front, both preventive during the design and industrialisation phases and corrective during manufacturing, on occasion deviations lead to customer claims. When that happens, it is vital to react immediately to prevent the supply of non-conforming parts and conduct in-depth analysis of the root causes.

The group's global nature means these solutions are applied to all potentially affected factories and/or technologies.

GLOBAL CERTIFICATION SNAPSHOT

| | Total Certificable Factories | | IATF 16949 | | ISO 14001 | | ISO 45001 | | | | | | | |
|----------------------|------------------------------|------------|------------|------------|------------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | | | | |
| | N | N | N | % | N | % | N | % | N | % | N | % | | |
| Asia | 33 | 37 | 30 | 91% | 33 | 89% | 26 | 79% | 28 | 76% | 25 | 76% | 29 | 78% |
| Europe | 44 | 44 | 43 | 98% | 42 | 95% | 43 | 98% | 42 | 95% | 40 | 91% | 39 | 89% |
| North America | 16 | 20 | 14 | 88% | 19 | 95% | 13 | 81% | 18 | 90% | 9 | 56% | 19 | 95% |
| Brazil | 11 | 11 | 11 | 100% | 11 | 100% | 11 | 100% | 11 | 100% | 11 | 100% | 11 | 100% |
| Total | 104 | 112 | 98 | 94% | 105 | 94% | 93 | 89% | 99 | 88% | 85 | 82% | 98 | 88% |

(*) Includes the three discontinued German factories, all of which boast triple certification.

Customer satisfaction

CIE Automotive has a customer satisfaction control system that measures, tracks and analyses customer feedback with the aim of proposing improvements at the various factories as warranted.

The company assesses each factory's performance and also quantifies customer perceptions on the basis of audits, assessments and current data. It then uses that information to compile an annual report and draws up corrective action plans as necessary.

Consumer health and safety measures

Given its business-to-business (B2B) profile, the company has no direct contact with end vehicle users. However, it upholds all of the specifications stipulated in the IATF standard. Refer to the table above for the number and percentage of factories already compliant with that standard.

Certifications and accolades

In 2022, CIE Automotive was named best supplier by a number of market-leading OEMs. Those accolades encourage the company to press ahead with its continuous improvement and customer satisfaction efforts.

PRIZES AND ACCOLADES

| Customer | Factory | Country | Accolade |
|-------------------------------|--------------------------|---------|---|
| Nissan | CIE Gameko | Spain | Quality award for the supply of the HUB ASSY STRG AXLE 40202 to Nissan Europe |
| DENSO | AEL GDC | India | Quality Zero PPM |
| JLR | NJF | China | 0PPM Quality Award |
| India Nippon Electricals Ltd. | MCIE Magnets | India | Best Supplier Award |
| PACCAR | Durametal | Brazil | Quality Award 10PPM |
| BROSE | PEMSA Celaya | Mexico | Best supplier 2022 award |
| Nissan | PEMSA Celaya | Mexico | Best body parts supplier 2022 award |
| Ford | CIE Componentes Vilanova | Spain | Q1 Quality Award |
| Automotive Axles Limited | MCIE Castings | India | Best supplier of the year |
| Ford | MCIE Castings | India | Q1 Quality Award |
| GM | Golde Shanghai | China | Quality Excellence Award 2021 |
| PATAC | Golde Shanghai | China | Appreciation letter for project CIYX-2 |
| PATAC | Golde Shanghai | China | Appreciation letter for project L233 |
| SAIC-GM | GOLDE SHANDONG | China | 2021 SAIC-GM DONGYUE Silver Award |
| FAW-VW | GOLDE TIANJIN | China | FAW-VW Tianjin Branch 2021 Annual Quality Excellence Award |
| Pionner | GOLDE TIANJIN | China | Pioneer worker award |
| FAW-VW | GOLDE CHANGCHUN | China | FAW-VW Changchun Plant 2022 PSB Excellent Supplier Award |
| FAW-VW | GOLDE CHANGCHUN | China | FAW-VW Changchun Plant 2022 high and new technology company Award |
| Mahindra | GOLDE WUHAN | China | Golde Wuhan named in Mahindra Excellent Supplier List |

Employees

CIE Automotive guarantees the nearly 25,000 people comprising its team a decent and safe work environment. Framed by the targets set in its 2025 Strategic Plan, throughout the year it performed diversity and inclusion assessments at half of the group’s factories, conducted the CIE Safety questionnaire at facilities to standardise workplace safety and further improve the related indicators (marked by a very significant improvement this year, with an injury frequency rate of under 7 and a severity rate of 0.13) and expanded the Ulysses training programme to three countries (Mexico, Brazil and India), also bringing in a bigger number of students.

PROGRESS MADE IN 2022

- ✓ Diversity and inclusion assessments completed at 50% of the group’s factories
- ✓ Increase in the number of factory managers trained on ESG matters (90% in 2022, the strategic target for 2025 being 100%)
- ✓ Expansion of the Ulysses programme to include new students (12) and countries (3)
- ✓ Performance of the CIE Safety questionnaire, growth in the number of factories ISO 45001 certified (90% certified, 10 more year-on-year), significant reduction in workplace accidents and improvement in injury frequency and severity rates

CHALLENGES FOR 2023

- Ongoing improvement in the key health and safety indicators and in the number and percentage of factories health and safety certified
- Increase in the percentage of group factories with diversity assessments
- Increase in the number of students involved in the Ulysses programme, zeroing in on the target for 2025 (15 students | 3 countries | over 80% remaining at the group)
- Integration of employees joining the group from acquirees

Employment and diversity

Job map at CIE Automotive (at year-end)

At year-end 2022, CIE Automotive had 24,986 employees in 18 countries on four continents, up 514 from a year earlier. It complies with applicable prevailing labour legislation in all those countries and adapts for regional practices and customs, framed by its **Human Rights Policy**.

Diversity management is one of the company's top priorities, to which end it works hard to find common ground between people from different cultures conducive to cooperation, foster a sense of belonging and have everyone embrace a shared identity.

The search for cross-cultural cooperation and talent recognition no matter where it hails from is evident in the fact that 91% of the group's managers are nationals from the country in which the factory is located and the members of the factories' management committees are local professionals 92% of the time.

| NORTH AMERICA | Number of employees | |
|---------------|--|-------|
| | 7,056 | |
| | Men | Women |
| | 4,632 | 2,424 |
| | Local managers as % of all factory managers | |
| | 94% | |
| | % local members of factory management committees | |
| | 95% | |
| | Fixed/indefinite contracts as % of total | |
| | 85% | |
| M 88% | W 80% | |

| EUROPE* | Number of employees | |
|---------|--|-------|
| | 6,113 | |
| | Men | Women |
| | 4,763 | 1,350 |
| | Local managers as % of all factory managers | |
| | 82% | |
| | % local members of factory management committees | |
| | 94% | |
| | Fixed/indefinite contracts as % of total | |
| | 96% | |
| M 96% | W 97% | |

(* Includes employees at the Morocco plant and 676 employees at the German operations classified as discontinued)

| CIE AUTOMOTIVE (TOTAL) | Number of employees | |
|------------------------|--|-------|
| | 24,986 | |
| | Men | Women |
| | 20,392 | 4,594 |
| | Local managers as % of all factory managers | |
| | 91% | |
| | % local members of factory management committees | |
| | 92% | |
| | Fixed/indefinite contracts as % of total | |
| | 85% | |
| M 84% | W 85% | |

| BRAZIL | Number of employees | |
|--------|--|-------|
| | 2,901 | |
| | Men | Women |
| | 2,524 | 377 |
| | Local managers as % of all factory managers | |
| | 100% | |
| | % local members of factory management committees | |
| | 98% | |
| | Fixed/indefinite contracts as % of total | |
| | 92% | |
| M 92% | W 95% | |

| ASIA | Number of employees | |
|-------|--|-------|
| | 8,916 | |
| | Men | Women |
| | 8,473 | 443 |
| | Local managers as % of all factory managers | |
| | 100% | |
| | % local members of factory management committees | |
| | 85% | |
| | Fixed/indefinite contracts as % of total | |
| | 74% | |
| M 74% | W 65% | |



Convinced that diversity generates value added, the company's workforce encompasses a rich mix of genders, generations, education levels and skills.

By age, 26% of its employees are under the age of 30; 58% are aged between 30 and 50; and 16% are over the age of 50. In addition to those employees, the company is tapping and nurturing young talent under internship and scholarship programmes.

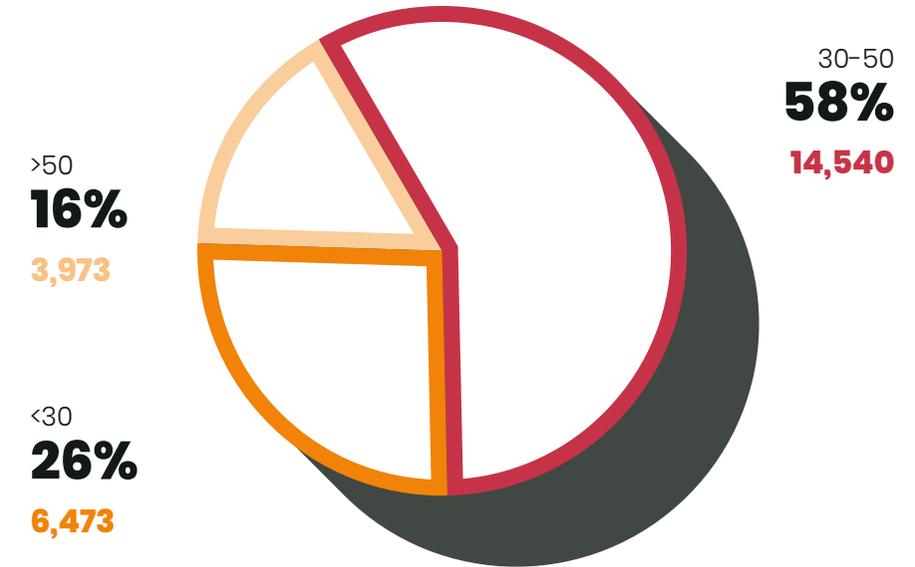
As for educational backgrounds of the group's employees, and reflecting the group's industrial profile, 68% of the total are tradesmen and women; however, 28% are university graduates and 4% are executives.

For information about the number of employees per country, refer to the "Data tables" section

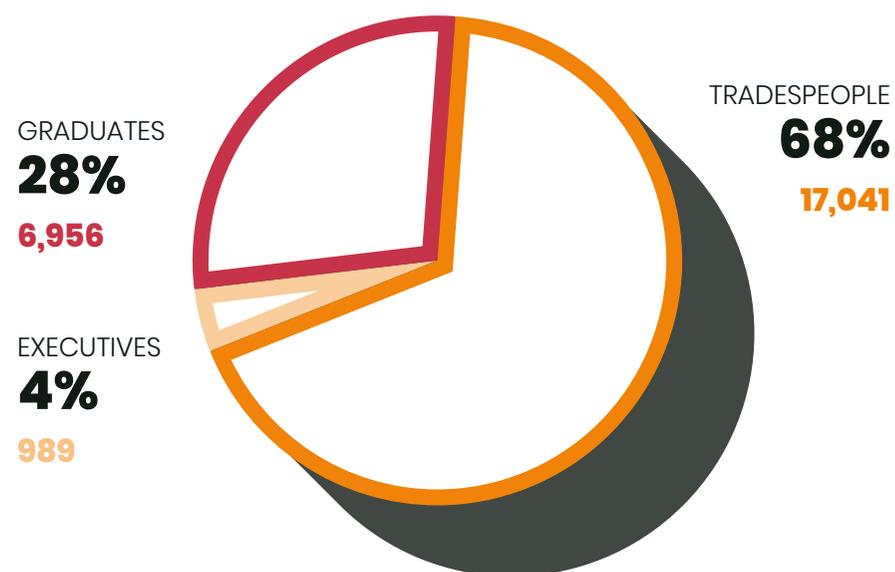
Breakdown of the workforce by gender*



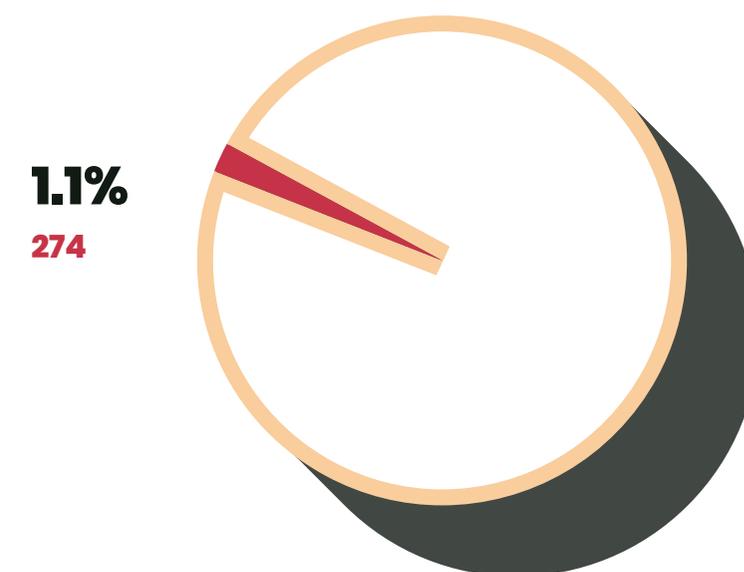
Breakdown of the workforce by age*



Breakdown of the workforce by employee category*



Diversity* of abilities



(* Includes 676 employees at the German operations classified as discontinued)



By gender, 18.4% of the group's employees are women. Although that is still a low figure, albeit common in industrial sectors, CIE Automotive has been driving slow but steady growth in this indicator in recent years, pushing it from around 15% to almost 19% today. The situation varies by region and culture (although all of CIE Automotive's factories are undergoing diversity assessment, with 50% complete, and implementing ad-hoc action plans), as shown in the following tables, which depicts the penetration of tradeswomen, female graduates and female executives:

BREAKDOWN OF THE WORKFORCE BY EMPLOYEE CATEGORY AND GEOGRAPHIC AREA

| % of women by category | 2021* | | | | 2022** | | | |
|------------------------|---------------------------------|----------------|-------------------|----------------------|---------------------------------|----------------|-------------------|----------------------|
| | % of Steering Committee members | % of graduates | % of tradespeople | % of women by region | % of Steering Committee members | % of graduates | % of tradespeople | % of women by region |
| ASIA | n.a. | 7% | 4% | 5% | n.a. | 7% | 4% | 5% |
| BRAZIL | n.a. | 18% | 10% | 13% | n.a. | 15% | 12% | 13% |
| EUROPE | n.a. | 23% | 23% | 22% | n.a. | 23% | 22% | 22% |
| NORTH AMERICA | n.a. | 23% | 37% | 34% | n.a. | 22% | 40% | 34% |
| TOTAL | 40% | 18% | 19% | 18% | 40% | 17% | 19% | 18% |

(*) Includes 692 employees at the German operations classified as discontinued (**) Includes 676 employees at the German operations classified as discontinued

Although just 18.4% of the company's employees are women, female penetration has been rising slowly but steadily in recent years

People with some form of disability account for 1.1% of the headcount: a total of 274 people, eight more than at year-end 2021.

Although CIE Automotive is working hard to integrate people with disabilities into the group all over the world, what the 53 factory diversity assessments undertaken this year have shown is that their inclusion depends to a significant extent on the sensitivity and specific regulations of the country in question.

Europe and Brazil stand out for their inclusion of people with disabilities, particularly Brazil.

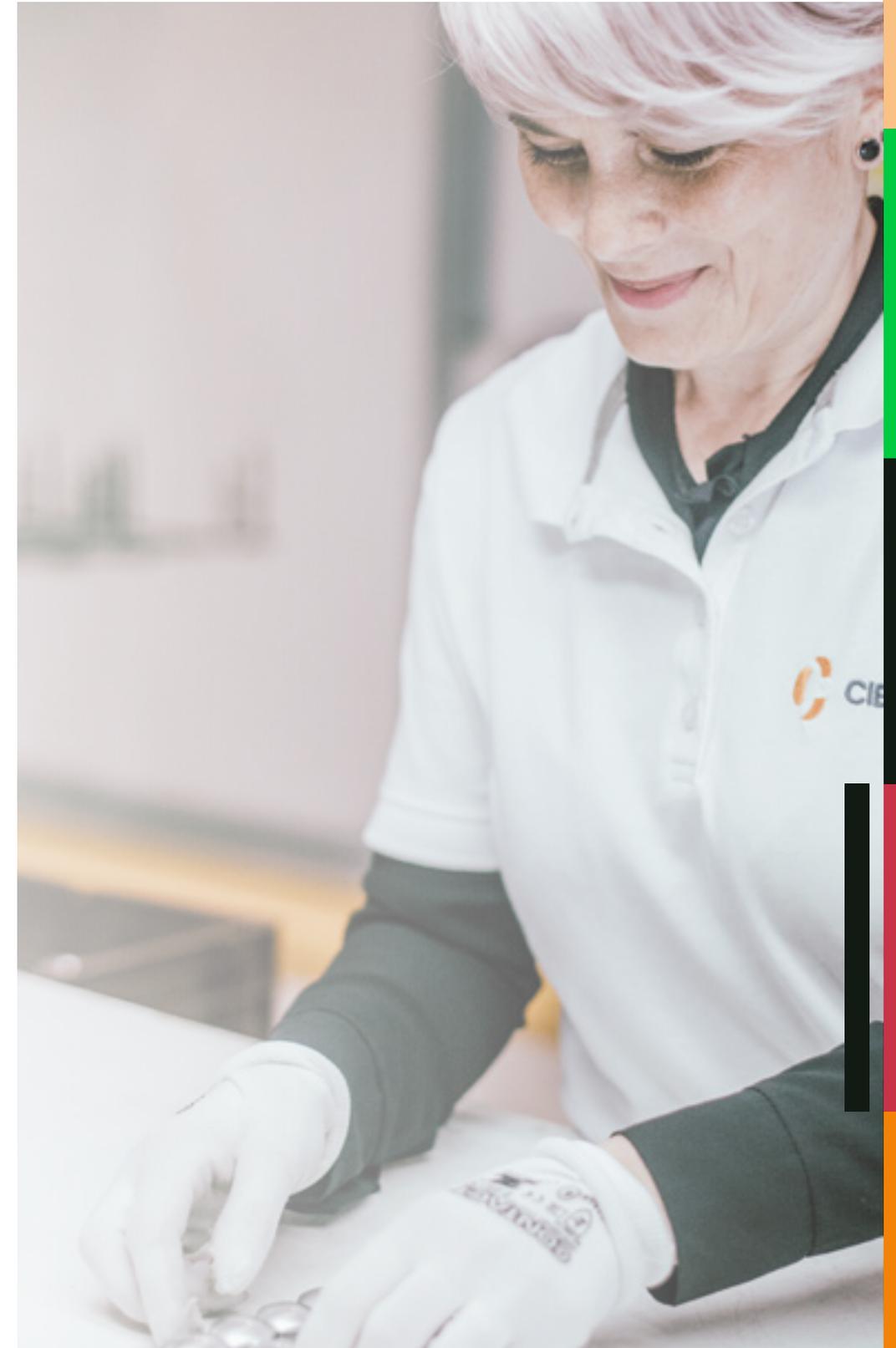
CIE Automotive
is working on a number
of workplace
inclusion initiatives
for people
with disabilities

PERSONS WITH DISABILITIES BY REGION

| | 2021 | 2022 |
|---------------|------------|------------|
| Asia | 7 | 6 |
| Brazil | 75 | 86 |
| Europe | 163 | 166 |
| North America | 21 | 16 |
| Total | 266 | 274 |

Thanks to the diversity assessments conducted in 2022, the group is working on the following initiatives:

1. Agreements with a number of institutions, such as La Caixa Foundation, to facilitate the inclusion of persons with disabilities into the group's factories' recurring recruiting processes.
2. Corporate-level control and oversight of progress and compliance in countries with regulations and significant track records in diversity matters.
3. Intracountry benchmarking in markets in which the inclusion of people with disabilities is less advanced, particularly countries with significant headcounts in relation to the group total, such as India. Here the idea is to identify what actions other companies in those countries are taking to improve the integration of persons with disabilities.



DIVERSITY ASSESSMENTS AND ACTION PLANS IN 50% OF OUR FACTORIES

The 2025 Strategic Plan places diversity at the heart of its human resources management effort. Framed by the same decentralised philosophy applied in other areas of management, CIE Automotive is aiming to have 100% of its factories assessed for diversity and inclusion by 2025. Those assessments will build to create a global snapshot of diversity groupwide and pave the way for opportune corrective measures at both the factory and group levels.

In 2022, the company completed 53 diversity assessments (encompassing 50% of group factories). Based on the results, the factories themselves devised action plans where warranted which will now be monitored at the factory level, as well as by the corporate Human Resources Department. Where the assessments yield common issues, the company is weighing up the possibility of implementing corporate initiatives for some or all factories in the coming years.

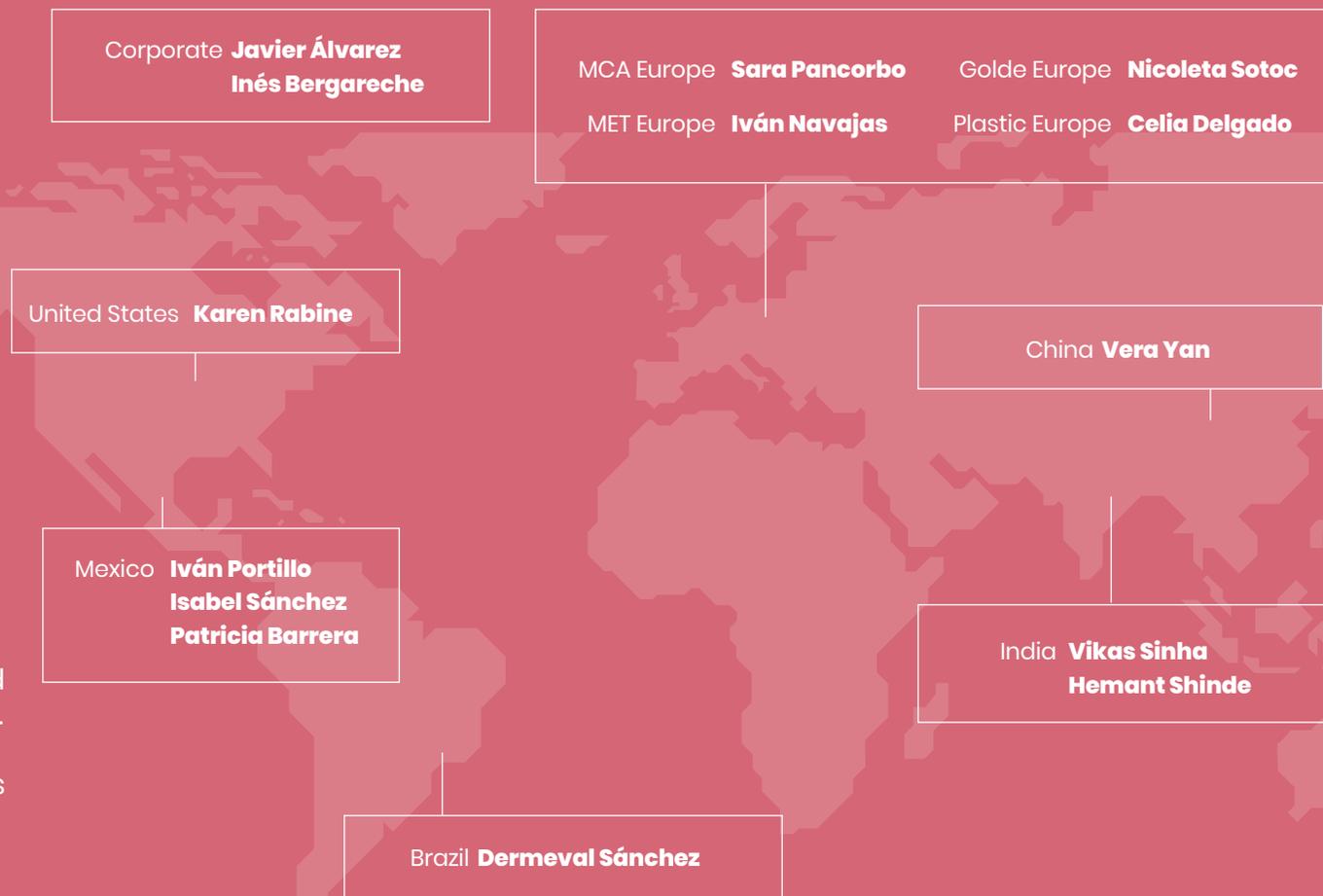
The assessments are carried out using a common tool designed to measure diversity in terms of gender, generation, disabilities and culture by means of diversity metrics and talent management practices (recruitment and selection, promotion, training, performance

| DIVERSITY ASSESSMENTS BY REGION | |
|---------------------------------|-----------|
| Europe | 17 |
| North America | 10 |
| Brazil | 10 |
| Asia | 16 |
| TOTAL | 53 |

evaluation and turnover, etc.) and a questionnaire regarding practices at the factory level.

The Diversity, Equality and Inclusion Committee, set up in 2021, made up of 14 professionals representing all divisions and regions, is responsible for the assessments. Each committee member or committee representative at the factory level provides insight into the specific circumstances around the country, factory or divisions in question and their action plans. Those plans can be joint (groupwide) or individual (by factory, country or division). Each case is studied individually.

Members of Diversity Committee



The goal, as set down in the 2025 Strategic Plan, is to have all of the group's factories assessed by 2025. Three years before that deadline, the company has already assessed half of its facilities, putting it well on track to comfortably achieve its objective.

Recall that it was as recently as 2021 when the dedicated committee was set up, the various diversity aspects to be measured defined (after benchmarking 20 groups of different sizes and from different sectors, the company opted to assess diversity in terms of culture, abilities, gender and generation) and the tool for standardised measurement devised and tested.

The conclusions yielded to date are multiple and varied. And they validate, at least partially, the similarly decentralised approach we are taking, as sensitivity around diversity differs considerably across the various regions. Simplifying and synthesising the information obtained, we can say that:

1. Multicultural diversity is very significant and is managed actively in some markets, such as United States and Brazil, where the population is more heterogeneous than in other regions and the factories layer in local census data when launching recruiting campaigns.
2. Generational diversity is managed actively in nearly all regions and has a significant impact on factory succession planning.
3. Gender diversity is a common concern in all regions and there are countries, like Spain, where there is specific legislation to be complied with. The outlier is perhaps the Indian business which presents idiosyncrasies in terms of diversity assessment. However, despite still limited female access to CIE Automotive and to the job market in general, the number of female employees doubled in 2022.
4. Progress on disability inclusion is disparate, with some markets very advanced (Europe and Brazil) and others (India and China) much further behind; in the lagging countries, the company is conducting benchmarking studies to detect best practices in the regions and take the appropriate decisions.

At any rate, each factory is working on diversity action plans in light of their respective strengths and shortcomings. Below are a few examples of some of the initiatives underway in the different geographic areas.

India

Introducing a requirement that 30% of candidates for management and mid-level positions be female so as to gradually drive growth in their representation in the workforce.

Raising awareness among area and department heads with the aim of overcoming initial misgivings about hiring women. Note that recent positive experiences following the hiring of women in the procurement area of certain factories is helping overcome legacy some cultural reticences.

Brazil

Several Brazilian factories have set themselves the goal of increasing the percentage of mixed-race and black people in their headcounts, in line with the regional census. All of which, naturally, considering their skills and capabilities.

Europe

Organising awareness and training sessions. In some cases, under the scope of the equality plans in place at certain factories, those sessions are being organised in conjunction with their workers' representatives.

North America

Establishing quantitative targets in order to raise female participation at certain Mexican factories.



PROTOCOL FOR PREVENTING AND HANDLING WORKPLACE HARASSMENT

CIE Automotive introduced its Protocol for Preventing and Handling Workplace Harassment, which is binding upon all group factories, in 2020. It 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 Harassment Protocol is available for consultation on the company's website.

In 2022, CIE Automotive received and managed 16 complaints related to the topics addressed by the protocol, 11 more than in 2021. Resolution of those complaints led to strict disciplinary measures, including the firing of one individual accused of harassment.

The growth in the number of complaints shows that the protocol is not there just for show but rather is a transparent tool whose use is actively encouraged by the company. Note, additionally, that the appropriate investigations and inquiries were carried out case by case and serious disciplinary measures were taken when the circumstances warranted.

CIE Automotive has
a Protocol for
Preventing and Handling
Workplace Harassment,
which is binding
upon all
group factories

GENDER DIVERSITY

Women are still significantly underrepresented at CIE Automotive: just 18.4% of employees are female. However, that percentage has been increasing over time (16% in 2018), as the company has made new hires. In 2022, 19.4% of all hires were women, which is one point above overall female representation.

The situation at CIE Automotive is the product of long-standing male dominance in the automotive sector, coupled with limited female access to certain areas of technical training in schools and universities. However, cultural barriers in certain countries impede female hiring at the factory level. That is evident in the fact that in North America, women hold 34% of the factory jobs, while in Asia (India and China), they hold just 5%.

The situation also differs by job category and level of seniority. Although female representation is low in the trade and mid-level categories, the story is very different

in leadership positions. Four women sit on the company’s Management Committee, which is 40% of its executives, while five of the company’s 14 directors are female, equivalent to boardroom representation of 36%. Indeed, thanks that high figure, CIE Automotive has been included in the IBEX Gender Equality Index.

Refer to the section on “Shareholders”

Another way of driving female representation in manufacturing companies’ workforces in the long term is to encourage girls to study STEM subjects at school and the STEM Planet robotics project, in which a number of industrial firms, including CIE Automotive, participate, aims to stimulate scientific vocations and the acquisition of technological skills.

Refer to the section on “Society”

GENDER INDICATORS

| | 2021 | 2022 |
|--|------|------|
| % of female employees | 18% | 18% |
| % of new hires | 22% | 19% |
| % of women on the group's Management Committee | 40% | 40% |
| % of women on the Board of Directors | 38% | 36% |
| % gender pay gap* | 7% | 5% |

(*) This ratio is calculated as the average earnings of men minus the average earnings of women, divided by the average earnings of men.



Gender pay gap

In 2022, having carried out multiple diversity assessments under the scope of the corporate plan and implemented the first action plans at group factories, the pay gap narrowed by two points by comparison with prior years, with average female pay equivalent to 95% of the men’s average wages (2021: 93%).

Despite the progress made, there is still a 5% gap between what men and women earn at the company. Without adjusting by their geographic presence or job categories, women at CIE Automotive earn €17,997 on average, compared to the €18,969 earned by their male counterparts.

However, the gender pay gap varies by job category. Among graduates and mid-level positions, women at CIE earn more than their male peers, at 110%, while in the most populous job category, tradesmen and women, female employees earn 3% less than the men on average.

Although those figures mark a significant improvement from last year, CIE Automotive believes that, once all of the diversity assessments and other plans contemplated in the 2025 Strategic Plan are complete, the pay gap will narrow further in the coming years.

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).

GENDER PAY GAP*

| AGGREGATE pay gap | No. of people | 2021* | | 2022** | | |
|-------------------------------------|---------------|------------------|----------|---------------|------------------|----------|
| | | Average earnings | % gap*** | No. of people | Average earnings | % gap*** |
| Men | 20,311 | 17,064 | 93% | 20,332 | 18,969 | 95% |
| Women | 4,509 | 15,796 | | 4,573 | 17,997 | |
| Gender pay gap BY EMPLOYEE CATEGORY | | | | | | |
| Executives - M | 867 | 60,895 | 121% | 871 | 65,747 | 97% |
| Executives - W | 102 | 73,491 | | 112 | 63,713 | |
| Graduates - M | 5,660 | 20,541 | 108% | 5,731 | 22,059 | 110% |
| Graduates - W | 1,198 | 22,142 | | 1,169 | 24,214 | |
| Tradesmen | 13,783 | 12,880 | 90% | 13,730 | 14,711 | 97% |
| Tradeswomen | 3,210 | 11,595 | | 3,292 | 14,229 | |

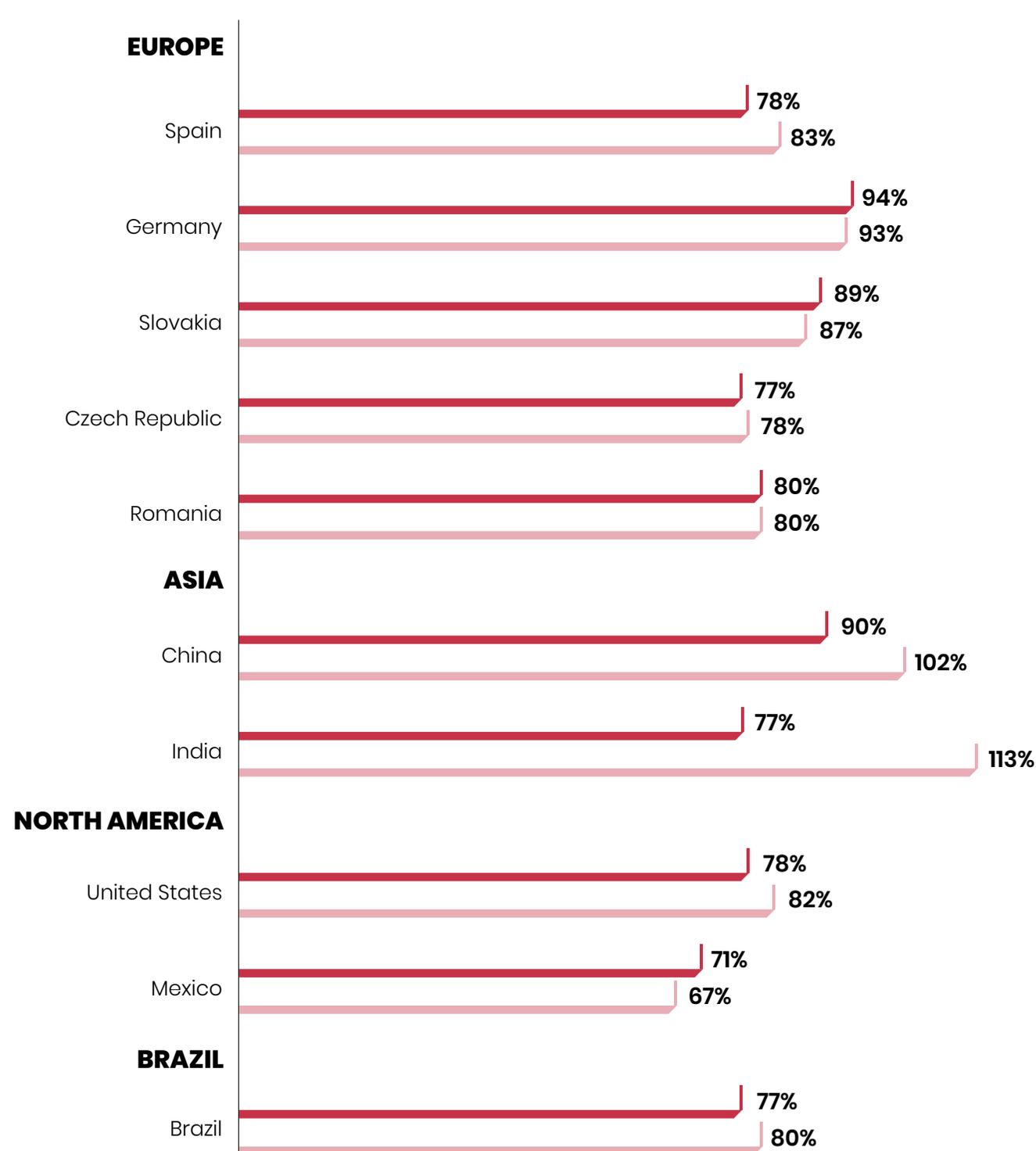
(*) Includes 692 employees at the German operations classified as discontinued. (**) Includes 676 employees at the German operations classified as discontinued.

(***) The % gaps included in this table are the average earnings of women divided by the average earnings of men for each category shown.

Following implementation of the first diversity action plans, the gender pay gap has decreased by 2 points



Gender pay gap by significant location



2022 2021

As we have just seen, the Group’s overall gender pay gap declined by 2 percentage points in 2022, from 7% to 5%.

By region the situation is varied and nuanced:

Europe

The gender pay gap was similar to 2021 levels across the European markets. Germany stood out with a pay gap of just 6%, having improved that metric during the year. In Spain, the Czech Republic and Romania, the pay gap is closer to 20%, compared to a narrower 10% in Slovakia.

Brazil

The gender pay gap in Brazil stood at 20% in 2022, similar to 2021 levels. Following completion of corporate diversity assessments, Brazil is currently designing and executing action plans which are expected to drive a reduction in that gap at certain facilities.

Asia

As shown in the tables provided in this report, the number of women working in our factories in India and China is very low. That means that the gender pay gap calculations can fluctuate significantly in years of significant female hiring, as was the case in 2022, notably in India, which doubled its female headcount.

North America

In Mexico, where a number of diversity assessments were completed, the gender pay gap decreased by four points, with a number of action plans currently in progress. The situation in the US, however, has been marked by high personnel rotation, in part due to COVID-related assistance plans. In that market, therefore, it has been harder to close the gap and at the same time make the required hires.

Our employee value proposition

CIE Automotive offers its employees decent working conditions, remuneration in line with the work they perform and the training and safety conditions needed to do their jobs. It respects its employees' right to exercise freedom of association and to collective bargaining, regardless of the country they are working in.

Those commitments are formally enshrined in the company's Human Rights Policy, which is signed by all factory and HR managers, and is worded in conformity with the International Labour Organization's fundamental conventions and the labour principles set down in the United Nations Global Compact.

To ensure those rights are upheld, the company conducts a survey every year to identify the factories at risk of breaching them, taking opportune measures as necessary. In 2022, 100% of the group's factories filled out that survey, with all responding that they had identified no such risks.

| COMMITMENTS | ACTION TAKEN IN 2022 |
|---|---|
| Provision of decent work | <ul style="list-style-type: none"> • Remuneration aligned with the job, dedication and performance and above minimum wages in all regions. |
| Prevention of discriminatory practices | <ul style="list-style-type: none"> • Diversity assessments at 50% of CIE Automotive's factories (53 factories). • Application of the Harassment Protocol in 16 cases. |
| Zero-tolerance stance on compulsory or child labour | <ul style="list-style-type: none"> • None of the factories surveyed in 2022 identified risks of forced or child labour. |
| Protection of people's safe and healthy | <ul style="list-style-type: none"> • Reduction of the injury frequency and severity rates to 6.82 (2021: 8.66) and 0.13 (2021: 0.15), respectively. • Reduction in the number of workplace injuries to 368 (2021: 447) and of work-related illnesses to 22 (2021: 29). • Over 196,000 hours of health and safety training. |
| Facilitation of collective bargaining and freedom of association | <ul style="list-style-type: none"> • 57% of employees under collective bargaining agreements. |
| Promotion of a culture of respect for human rights and employee awareness-raising in this area | <ul style="list-style-type: none"> • Over 19,000 hours of human rights training. |
| Respect for indigenous and local communities | <ul style="list-style-type: none"> • 91% of factory managers are local. • 92% of factory management committee members are local. |
| Contribution to the effort to fight corruption and protect privacy | <ul style="list-style-type: none"> • 14,468 hours of governance-related training. |

**JOB STABILITY AND
EMPLOYEE REMUNERATION**

CIE Automotive offers its employees the best possible employment terms and conditions, articulated around decent pay and job stability.

Eighty-five per cent of the workforce (over 21,100 employees) are on permanent contracts, with the remaining 15% (over 3,800 employees) on temporary contracts. By region, permanent contracts represent 96% and 92% of the total in Europe and Brazil, respectively, compared to 85% in North America and 74% in Asia.

As for employment types, most of the company's employees, as shown in the table above, work full time, with just 143 employees on part-time contracts.

CIE Automotive's employees earn a fixed wage, in line with the nature of their work and on-the-job performance. Some 7,340 employees also received a bonus in 2022 as a result of delivery of specific targets, excellence in their functions or outperformance, as assessed using the company's professional development tool.

Employee remuneration at CIE Automotive complies with and often exceeds the minimum wage requirements in each country. That fact is verified by the corporate 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.

Aside from wages, the company supports its employees with a series of company supportive measures which enhance their and their families' quality of living and generate a sense of belonging. Those initiatives entailed an investment of over €30 million in 2022.

**EMPLOYMENT CATEGORIES
AND EMPLOYMENT TYPE**

| <i>Contract type</i> | 2021 | 2022 |
|----------------------|---------------|---------------|
| Permanent | 21,365 | 21,112 |
| Temporary | 3,107 | 3,874 |
| Total | 24,472 | 24,986 |
| Full-time | 24,318 | 24,843 |
| Part-time | 154 | 143 |
| Total | 24,472 | 24,986 |

**COMPANY
SUPPORT ACTIONS**
Around €21 million in health insurance or in-house medical services:

- 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 COVID-19 coverage built into the group's travel insurance, to be refashioned into pandemic insurance coverage (COVID or other) in the future.

Over €7 million earmarked to food services:

- Fully or partially subsidised company canteens.
- Food vouchers (with and without tax benefits).

Around €6 million of transport assistance:

- Transport service for candidates for working at the Mexican factories.
- In-house buses and transport services
- Company cars and transport vouchers.

Around €0.5 million earmarked to education:

- University Support Fund at Brazilian factories.
- Prizes for the children of employees with the best school grades at Mexican factories.
- Higher Education Support Programme at the factories in Portugal.


**RIGHT TO COLLECTIVE
BARGAINING**

CIE Automotive respects its employees' right to exercise freedom of association and collective bargaining, engaging with its workers' representatives not only in Europe but also in less unionised countries. In 2022, 57% of employees were covered by collective bargaining agreements.

Over the course of the year, the company entered into 44 collective bargaining agreements (regional, sectoral and some factory-specific) at a number of facilities in the following countries: Mexico, Brazil, Czech Republic, Italy, Spain, India, Portugal, Germany, China, Slovakia, France and Romania.

Those agreements specifically include company obligations with respect to occupational health, that being one of the most important topics addressed, with several involving the creation of joint management-worker health and safety committees.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS BY COUNTRY

| Country | WORKFORCE 2021 | Employees covered by collective bargaining agreements 2021 | % | WORKFORCE 2022 | Employees covered by collective bargaining agreements 2022 | % |
|----------------|-------------------|--|------------|-------------------|--|------------|
| Brazil | 2,662 | 2,654 | 100% | 2,901 | 2,898 | 100% |
| China | 1,514 | 342 | 23% | 1,525 | 367 | 24% |
| Czech Republic | 607 | 170 | 28% | 560 | 278 | 50% |
| France | 318 | 318 | 100% | 289 | 289 | 100% |
| Germany* | 817 | 759 | 93% | 793 | 747 | 94% |
| India | 6,956 | 2,653 | 38% | 7,389 | 2,555 | 35% |
| Italy | 443 | 440 | 99% | 429 | 426 | 99% |
| Korea | 1 | 0 | 0% | 2 | 0 | 0% |
| Lithuania | 218 | 0 | 0% | 225 | 0 | 0% |
| Mexico | 5,381 | 3,494 | 65% | 5,384 | 3,538 | 66% |
| Morocco | 101 | 0 | 0% | 74 | 0 | 0% |
| Netherlands | 4 | 0 | 0% | 4 | 0 | 0% |
| Portugal | 296 | 296 | 100% | 280 | 280 | 100% |
| Romania | 560 | 560 | 100% | 544 | 541 | 99% |
| Russia | 65 | 0 | 0% | 42 | 0 | 0% |
| Slovakia | 654 | 161 | 25% | 558 | 145 | 26% |
| Spain | 2,296 | 2,257 | 98% | 2,315 | 2,215 | 96% |
| United States | 1,579 | 0 | 0% | 1,672 | 0 | 0% |
| Total | 24,472 | 14,104 | 58% | 24,986 | 14,279 | 57% |

In 2022, includes 676 employees at the German operations classified as discontinued (2021: 692 employees)



Employee communication

The main channels used to reach out to employees are the dashboard and corporate intranet. There is also a six-monthly newsletter in which the company shares the most significant financial and business developments, as well as reporting on social and environmental aspects.

To learn what is of concern to its employees, CIE Automotive conducts a workplace climate survey at every factory every two years. It carried out 39 such surveys in 2022, obtaining an average score of 7.4 points out of 10 (2021: 27 surveys | score of 7.2 out of 10).

The results of those surveys are used to draw up annual or two-year plans for improving employee satisfaction. The initiatives set in motion in 2022 to improve the workplace climate included:

- Continued improvement in corporate communication with the aim of fostering an open and transparent communication climate.
- More prominent advertising of internal vacancies in corporate positions.
- Implementation of recognition and reward programmes to drive employee motivation at several factories.
- Modernisation and upgrade work at certain facilities.



Nearly 75% of group factories have flexibility
and work-life balance measures in place

Organisation of working hours

In keeping with its decentralised management approach, CIE Automotive introduces the flexibility and work-life balance measures that best suit each factory, division or country. Nearly 75% of its factories have flexibility measures in place.

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 70% of the group's workplaces in 2022.

Right to disconnect

The right to disconnect is another of the aspects CIE Automotive is focusing on in order to ensure and safeguard employee wellbeing and satisfaction.

At year-end, eight workplaces in Spain, Germany, Slovakia, the Czech Republic, France and Brazil 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.

Absenteeism

In 2022, the absenteeism ratio was 4%, down one point from 2021, implying the loss of 2,778,029 hours of work.

Training and mobility

CIE Automotive's people are the force underpinning its sustainable profitability. To that end it provides them with new skills, offering them growth opportunities via training and mobility.

In 2022, the group imparted 812,332 hours of training, nearly 100k more than in 2021. The breakdown by employee category was 25,015 hours for executives, 223,042 hours for university graduates and 564,275 hours for factory workers.

TRAINING HOURS BY EMPLOYEE CATEGORY*

| Employee category | Number of training hours | | No. of employees receiving training | |
|-------------------|--------------------------|----------------|-------------------------------------|---------------|
| | 2021 | 2022 | 2021 | 2022 |
| Executives | 21,923 | 25,015 | 843 | 726 |
| Graduates | 184,863 | 223,042 | 6,675 | 5,888 |
| Tradespeople | 490,020 | 564,275 | 13,626 | 13,970 |
| Total | 696,806 | 812,332 | 21,144 | 20,584 |

TRAINING IN 2022*

| | Men | Women | Total |
|----------------------------|---------|---------|----------------|
| Training hours | 625,862 | 186,470 | 812,332 |
| Employees trained | 16,703 | 3,881 | 20,584 |
| CIE people | 20,392 | 4,594 | 24,986 |
| Hours per trained employee | 38 | 48 | 40 |
| Hours per employee | 31 | 41 | 33 |

EMPLOYEES RECEIVING TRAINING BY GENDER, %*

| | 2021 | 2022 |
|--|------|------|
| Employees receiving training, % | 86% | 82% |
| Male employees receiving training, % | 86% | 81% |
| Female employees receiving training, % | 85% | 84% |

(*) In 2022, includes 676 employees at the German operations classified as discontinued (2021: 692 employees)


**TRAINING BY REGION
IN 2022**

| | TOTAL TRAINING HOURS | | | TOTAL NO. OF PEOPLE TRAINED | | | HOURS PER EMPLOYEE TRAINED | | | HOURS PER EMPLOYEE CIE | | |
|---------------|----------------------|----------------|----------------|-----------------------------|--------------|---------------|----------------------------|-----------|-----------|------------------------|-----------|-----------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| ASIA | 185,516 | 14,457 | 199,973 | 6,329 | 366 | 6,695 | 29 | 40 | 30 | 22 | 33 | 22 |
| BRAZIL | 111,760 | 18,476 | 130,236 | 2,269 | 265 | 2,534 | 49 | 70 | 51 | 44 | 49 | 50 |
| EUROPE* | 97,528 | 36,019 | 133,547 | 3,505 | 990 | 4,495 | 28 | 36 | 30 | 21 | 27 | 22 |
| NORTH AMERICA | 231,058 | 117,518 | 348,576 | 4,600 | 2,260 | 6,860 | 50 | 52 | 51 | 50 | 49 | 49 |
| TOTAL | 625,862 | 186,470 | 812,332 | 16,703 | 3,881 | 20,584 | 38 | 48 | 40 | 31 | 41 | 33 |

**TRAINING ON HUMAN
RIGHTS BY REGION
IN 2022**

| | TOTAL TRAINING HOURS | | | TOTAL NO. OF PEOPLE TRAINED | | | HOURS PER EMPLOYEE TRAINED | | |
|---------------|----------------------|--------------|---------------|-----------------------------|--------------|--------------|----------------------------|----------|----------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| ASIA | 2,365 | 270 | 2,635 | 344 | 97 | 441 | 7 | 3 | 6 |
| BRAZIL | 932 | 211 | 1,143 | 182 | 6 | 188 | 5 | 35 | 6 |
| EUROPE* | 2,615 | 1,113 | 3,728 | 643 | 267 | 910 | 4 | 4 | 4 |
| NORTH AMERICA | 7,281 | 4,844 | 12,125 | 2,531 | 1,746 | 4,277 | 3 | 3 | 3 |
| TOTAL | 13,193 | 6,438 | 19,631 | 3,700 | 2,116 | 5,816 | 4 | 3 | 3 |

**TRAINING ON HEALTH
AND SAFETY BY
REGION IN 2022**

| | TOTAL TRAINING HOURS | | | TOTAL NO. OF PEOPLE TRAINED | | | HOURS PER EMPLOYEE TRAINED | | |
|---------------|----------------------|---------------|----------------|-----------------------------|--------------|---------------|----------------------------|-----------|-----------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| ASIA | 63,905 | 2,998 | 66,903 | 3,207 | 239 | 3,446 | 20 | 13 | 19 |
| BRAZIL | 19,668 | 1,789 | 21,457 | 1,438 | 62 | 1,500 | 14 | 29 | 14 |
| EUROPE* | 17,226 | 7,875 | 25,101 | 1,428 | 358 | 1,786 | 12 | 22 | 14 |
| NORTH AMERICA | 52,689 | 30,072 | 82,761 | 3,968 | 2,145 | 6,113 | 13 | 14 | 14 |
| TOTAL | 153,488 | 42,734 | 196,222 | 10,041 | 2,804 | 12,845 | 15 | 15 | 15 |

(*) In 2022, includes 676 employees at the German operations classified as discontinued (2021: 692 employees)

Training map at CIE Automotive (at year-end)

202

Although the majority of employees who benefitted from training programme were men - 82% - reflecting the company's predominantly male workforce, the number of training hours received by female employees (48 hours per female employee trained) was higher compared to their male colleagues (38 hours per male employee trained). That phenomenon was common to all regions.

| | | |
|----------------------|--|------|
| NORTH AMERICA | Training hours | |
| | 348,576 | |
| | Employees trained | |
| | 6,860 | |
| | Training hours per person | |
| | 49 | |
| | M 50 | W 49 |
| | Training hours per person trained | |
| | 51 | |
| | M 50 | W 52 |

| | | |
|---------------|--|------|
| EUROPE | Training hours | |
| | 133,547 | |
| | Employees trained | |
| | 4,495 | |
| | Training hours per person | |
| | 22 | |
| | M 21 | W 27 |
| | Training hours per person trained | |
| | 30 | |
| | M 28 | W 36 |

| | | |
|-------------------------------|--|------|
| CIE AUTOMOTIVE (TOTAL) | Training hours | |
| | 812,332 | |
| | Employees trained | |
| | 20,584 | |
| | Training hours per person | |
| | 33 | |
| | M 31 | W 41 |
| | Training hours per person trained | |
| | 40 | |
| | M 38 | W 48 |

| | | |
|---------------|--|------|
| BRAZIL | Training hours | |
| | 130,236 | |
| | Employees trained | |
| | 2,534 | |
| | Training hours per person | |
| | 45 | |
| | M 44 | W 49 |
| | Training hours per person trained | |
| | 51 | |
| | M 49 | W 70 |

| | | |
|-------------|--|------|
| ASIA | Training hours | |
| | 199,973 | |
| | Employees trained | |
| | 6,695 | |
| | Training hours per person | |
| | 22 | |
| | M 22 | W 33 |
| | Training hours per person trained | |
| | 30 | |
| | M 29 | W 40 |



Job training is aimed at facilitating acquisition of the skills needed to enable effective job performance.

Some of the company’s training effort is decentralised, taking place at each factory, in keeping with the guidelines set down in the Training Plan Procedure. That plan indicates the phases each factory’s training programmes need to follow: identification of training needs, planning, definition, execution, evaluation and feedback.

In addition, the corporate Human Resources Department makes an open-ended proposal to the company’s factories each year setting out all of the training initiatives to be undertaken during the following year in a centralised manner. Those initiatives are focused on advanced management and interpersonal skills for people with certain abilities and/or potential, ESG training programmes and training on the Code of Conduct.

The training provided in 2022 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.

ESG training

The provision of training on environmental, social and governance matters to the factory management teams is one of the top priorities in the Strategic Plan which targets its provision to all members of the facilities’ management committees worldwide by 2025.

As of 31 December 2022, 490 of the 545 members of the management committees of CIE Automotive’s factories had received ESG training, which means that 90% of the group’s management committee are compliant with that target, zeroing in, therefore, on the Strategic Plan 2025 goal of getting all of them ESG-trained. That percentage is up very substantially from the year-end 2021 figure of 67%.

The company also provided corporate training to the sales teams and in years to come, in response to feedback from the factories in the course of the diversity and inclusion assessments on Leadership Sponsorship, it is likely that the management committees will also receive diversity-related training.

By year-end 2022, 490 of the 545 factor management committee members had received ESG training

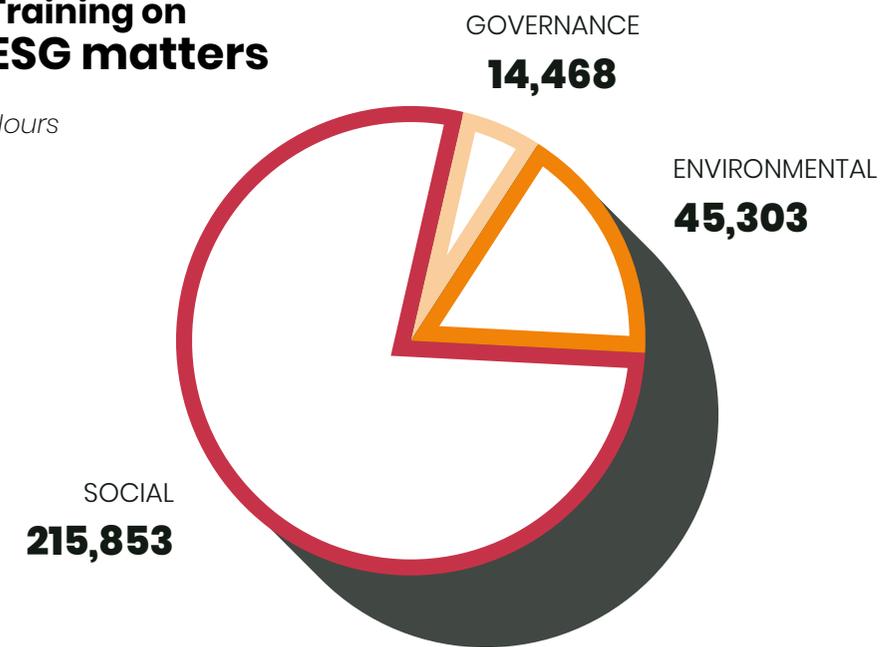
HOURS OF TRAINING ON ESG MATTERS

| | |
|----------------------|----------------|
| Environmental | 45,303 |
| Social | 215,853 |
| - Health & safety | 196,222 |
| - Human rights | 19,631 |
| Governance | 14,468 |

For further information, refer to “Progress made on the ESG front”

Training on ESG matters

Hours





Human rights training

As for the training provided on human rights matters, CIE Automotive devoted 19,631 hours to training initiatives for 5,816 employees (almost 23% of the headcount) across 46 productive facilities worldwide.

HOURS OF TRAINING ON HUMAN RIGHTS MATTERS

| | Men | Women | Total |
|-------------------|--------|-------|--------|
| 2021 | | | |
| Hours | 18,374 | 8,584 | 26,958 |
| Employees trained | 6,514 | 2,019 | 8,533 |
| 2022 | | | |
| Hours | 13,193 | 6,438 | 19,631 |
| Employees trained | 3,700 | 2,116 | 5,816 |



CIE Automotive imparted **19,631 hours** of human rights-related training to **5,816 employees** in 2022



EXPANSION OF THE ULYSSES PROGRAMME

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 2025 ESG Plan.

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 professionals from different factories and countries 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.

A total of 12 students from Mexico, Brazil and India are currently participating in the second edition of the Ulysses Programme, which started in October 2022. The company is therefore on track to attain the target set in the 2025 Strategic Plan of having at least 15 students from three different home countries in the programme, with at least 80% of those participants still working for the group two years after completing their training.



ULYSSES PROGRAMME TARGET DELIVERY

| | 2021-2022 | | 2022-2023 | | 2025 TARGET |
|--|----------------------|-------------------|----------------------|-------------------|------------------------------|
| | Milestones 2021-2022 | Level of delivery | Milestones 2022-2023 | Level of delivery | |
| No. of students | 10 | 67% | 12 | 80% | 15 |
| No. of home countries | 2 | 67% | 3 | 100% | 3 |
| No. of participants still at the group | 9 | 90% | 9 | 90% | 80% in employment 2 years on |

Phases of the programme

Phase 1: Depending on the originating factory, the students participate in different technology modules (plastic, metal or aluminium). Then there are two common modules addressing key soft skills and the company's lean management philosophy: Entrepreneurship & Innovation and Lean Manufacturing.

Phase 2: The students spend several months at a factory. A large number of CIE Automotive's legacy plants are involved in this training initiative: CIE Orbelan, CIE Inyectametal, CIE Udalbide, CIE Egaña, CIE Galfor, CIE Alcasting, CIE Gameko, CIE Mecauto and CIE Vilanova

In addition, the students got the chance to visit the engineering centre and laboratory in Amorebieta and attend educational chats given by the heads of our corporate departments. During the first edition, they were visited by our Mexican business head and in this edition, by the heads of engineering, procurement, treasury operations, compliance, the internal audit function and ESG.

(* The students of promotion 22/23 are taking the course at the time of publication of this report.



Safe and healthy workplace

CIE Automotive provides its employees with a safe and healthy workplace and is committed to promoting healthy habits. Framed by its **Health and Safety Policy**, it complies with applicable health and safety regulations in all its business markets and works to uphold its stakeholders' legitimate interests.

Target delivery

As per its Strategic Plan, the company is working to have all of its factories certified under ISO 45001, the international health and safety management system standard devised to protect employees and visitors from workplace injuries and illnesses. Driven by that strategy, as of 2022, it had certified 95, equivalent to 90% of the total. Note that three of the factories not yet certified are relatively new. We are therefore very much on track for attaining our strategic target of having all of our factories ISO 45001 certified by 2025.

Ten factories in Slovakia, Mexico, the US and India were certified in 2022.

Performance indicators

For more than 15 years now we have been monitoring three key safety indicators to track our progress: the injury frequency rate, the injury severity rate and the number of lost-time injuries. To round out the information gleaned from those indicators, we conduct an annual survey at each factory, CIE Safety, the goal being for the facilities to score at least 85%. To improve on any negative aspects, we require the individual factories to introduce specific measures in their annual health and safety plans. In 2022, 95% of the group's factories topped the established threshold and the rest drafted action plans designed to achieve the minimum acceptable survey score (85 points out of 100).

The injury frequency and severity indicators continue to trend towards record lows, despite the undeniable risk posed by the pandemic. Specifically, the severity injury severity rate fell to 0.13, while the frequency rate came in at 6.82.

There were 368 lost-time injuries during the year, of which 56 affected women and the other 312, men, marking a clearcut decline from the 447 recorded in 2021 (affecting 382 men and 65 women). Of the total, 356 were mild and 12 were classified as serious, although there were no fatalities.

CIE Automotive recorded a total of 22 cases of work-related ill health (affecting 16 men and 6 women), down from 29 the year before (26 men and 3 women).

As for subcontractors, there were no serious or fatal accidents.

INJURY METRICS

| | 2021 | | 2022 | |
|----------------------------------|--------|-------|--------|-------|
| Lost-time injuries* | 447 | | 368 | |
| | M: 382 | W: 65 | M: 312 | W: 56 |
| Cases of work-related ill health | 29 | | 22 | |
| | M: 26 | W: 3 | M: 16 | W: 6 |
| Injury frequency rate** | 8.66 | | 6.82 | |
| Injury severity rate*** | 0.15 | | 0.13 | |
| Absenteeism**** | 5% | | 4% | |

(*) 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.

This page provides breakdowns of the injuries recorded by severity and by gender; the number of cases of work-related ill health by gender and region; and absenteeism rates by region.

INJURIES BY SEVERITY, 2022

| | 2021 | 2022 |
|-----------------|------------|------------|
| Mild injuries | 437 | 356 |
| Severe injuries | 10 | 12 |
| Fatalities | 0 | 0 |
| TOTAL | 447 | 368 |

INJURIES BY GENDER, 2022

| | Men | Women | Total |
|-----------------|------------|-----------|------------|
| Mild injuries | 301 | 55 | 356 |
| Severe injuries | 11 | 1 | 12 |
| Fatalities | 0 | 0 | 0 |
| TOTAL | 312 | 56 | 368 |

CASES OF WORK-RELATED ILL HEALTH BY GENDER AND REGION, 2022

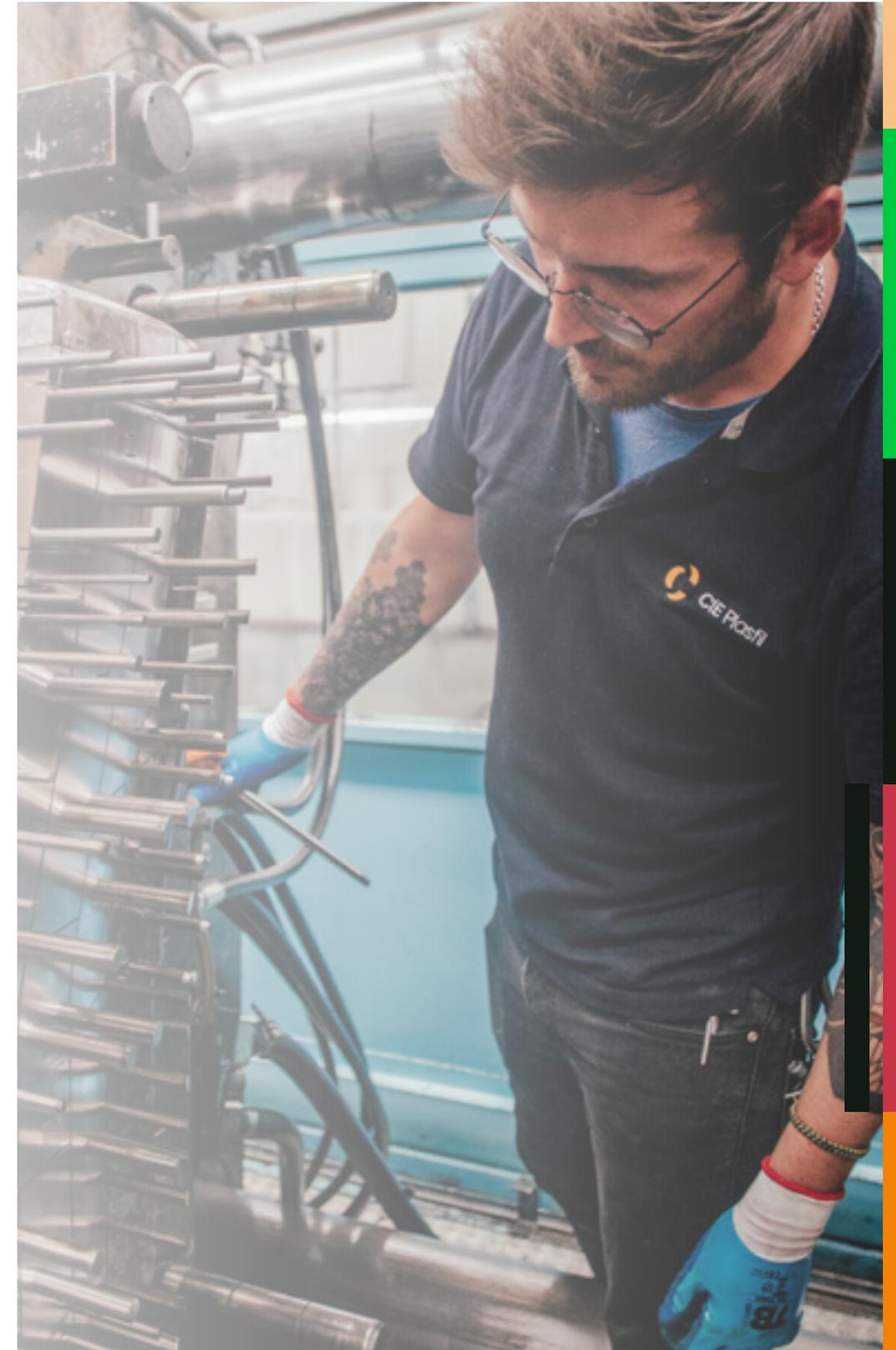
| | Men | Women | Total |
|---------------|-----------|----------|-----------|
| ASIA | 0 | 0 | 0 |
| BRAZIL | 3 | 1 | 4 |
| EUROPE | 13 | 4 | 17 |
| NORTH AMERICA | 0 | 1 | 1 |
| TOTAL | 16 | 6 | 22 |

REGIONAL CONTRIBUTIONS TO THE SEVERITY RATE, 2022

| | |
|---------------|-------------|
| ASIA | 0.01 |
| BRAZIL | 0.01 |
| EUROPE | 0.09 |
| NORTH AMERICA | 0.02 |
| TOTAL | 0.13 |

AVERAGE ABSENTEEISM RATE BY REGION, 2022

| | |
|---------------|-----------|
| ASIA | 3% |
| BRAZIL | 3% |
| EUROPE | 9% |
| NORTH AMERICA | 2% |
| TOTAL | 4% |





Workplace health and safety model

Organisationally, 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.

That effort is shored up by a corporate health and safety department which regularly audits the factories, maintains the corporate intranet 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 factory 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.

Joint management-worker health and safety committees

As indicated in the section on collective bargaining coverage, it is customary for negotiations between the company and its employees' unions to give rise to the creation of formal joint management-worker health and safety committees at our factories, particularly those operating under more stringent regulatory frameworks, as at our European facilities.

Worker training on occupational health and safety

Employees receive safety training tailored to the risks posed by their jobs. In 2022, CIE Automotive provided 196,222 hours of health and safety training to 12,845 employees (10,041 men and 2,804 women).

OCCUPATIONAL HEALTH AND SAFETY TRAINING BY REGION AND GENDER

| | HEALTH AND SAFETY TRAINING HOURS | | | NO. OF PEOPLE TRAINED ON HEALTH AND SAFETY | | | HOURS PER EMPLOYEE TRAINED | | |
|---------------|----------------------------------|---------------|----------------|--|--------------|---------------|----------------------------|-----------|-----------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Asia | 63,905 | 2,998 | 66,903 | 3,207 | 239 | 3,446 | 20 | 13 | 19 |
| Brazil | 19,668 | 1,789 | 21,457 | 1,438 | 62 | 1,500 | 14 | 29 | 14 |
| Europe | 17,226 | 7,875 | 25,101 | 1,428 | 358 | 1,786 | 12 | 22 | 14 |
| North America | 52,689 | 30,072 | 82,781 | 3,968 | 2,145 | 6,113 | 13 | 14 | 14 |
| TOTAL | 153,488 | 42,734 | 196,222 | 10,041 | 2,804 | 12,845 | 15 | 15 | 15 |

PRIZES

In addition to providing training, the MCIE group awards prizes to the factories with the best health and safety records. Having evaluated all of its facilities along 25 parameters, it gave four factories the Mahindra Safety Way Award in 2022: MPD-Bhosari, Stamping-Rudrapur, Nashik & Forging and Chakan.

Suppliers

In 2022, CIE Automotive navigated the turbulence affecting the automotive sector’s global supply chains thanks to its “GLOCAL” approach – global management with a significant local component – articulated around excellence. Excellence in cost containment, excellence in guaranteeing uninterrupted supplies, without neglecting quality, and excellence in getting the supply chain meaningfully engaged around ESG goals. Aware that the procurement function has the power to make the organisation more resilient and responsible, CIE Automotive set an example by obtaining ISO 20400 Sustainable procurement certification, becoming the first automotive sector player in Spain to earn that seal.

PROGRESS MADE IN 2022 – I

✓ CERTIFICATION

- ISO 20400 Sustainable procurement certification at the group level. Compliance with that standard is audited following IFPSM (International Federation of Purchasing and Supply Management) guidelines.

✓ UPDATE OF THE “GLOCAL” MANAGEMENT PROCEDURES

- Reissue of the Global Supply Chain Manual.
- Reissue of the Conflict Minerals Policy and introduction of a due diligence plan.
- Update and dissemination of supply chain procedures, policies and standards.
- Reissue of the global General Purchasing Terms and Conditions to include an ESG compliance clause.
- Addition of new ESG-related requirements to internal supply chain management documents and requirements.
- Addition of specific ESG requirements to investment application forms.

CIE Automotive is the Spanish first

automotive player to obtain **ISO 20400**

Sustainable procurement

certification

PROGRESS MADE IN 2022 - II

✓ RISK MANAGEMENT AND MITIGATION

- New version of the Suppliers Portal to provide a tool for determining the ESG health of our suppliers.
- Quarterly tracking of the percentage of local suppliers and other supply chain KPIs needed to ensure smooth business management and good ESG practices.
- Specific ESG audits of suppliers.
- Update of the ESG risk matrix by purchasing product category.
- Development of the cybersecurity risk project.
- Compliance risk pilot test, together with an external expert, covering 50% of our supplier base.
- Definition of our Supply Chain Race to Zero project (scope 3 abatement).
- Initial working report on supply chain decarbonisation.

✓ ACCOLADES

- Consolidation of the ESG awards for the suppliers showing greatest commitment to the key issues.
- CIE Automotive received the AERCE award for the best socially responsible supply chain strategy.

✓ SUPPLIER TRAINING AND OUTREACH

- 100% of the procurement teams in India, Mexico, China, Europe, the US and Brazil received internal ESG training.
- ESG Suppliers Day event organised in a number of regions.

✓ PROJECTS TO CHAMPION SUSTAINABLE PROCUREMENT

- Execution of renewable energy supply agreements and other collaborative and energy efficiency projects.
- Execution of a number of collaborative ESG projects with stakeholders.



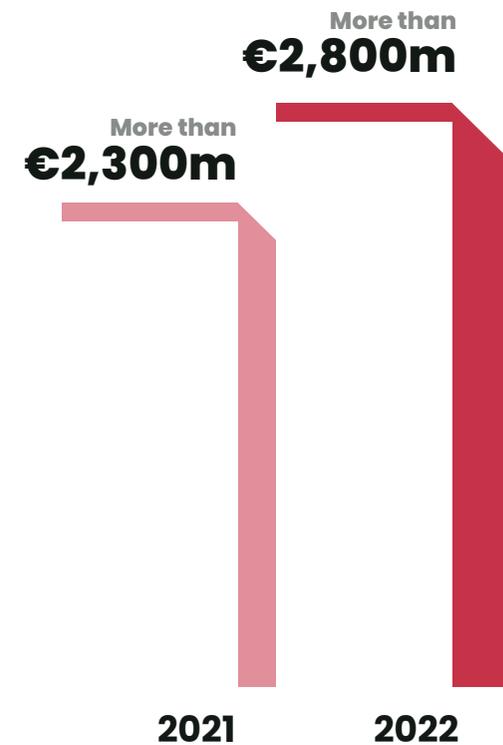
CHALLENGES FOR 2023

- Continuing to drive local sourcing, analysing its viability in each country.
- Increasing the number of specific ESG audits or process audits that include ESG considerations.
- Monitoring compliance risk across the supplier portfolio.
- Launching our Supply Chain Race to Zero project (scope 3).
- Driving the purchase of green energy in all regions (scope 2).
- Analysing the company's conventional combustion equipment and the possibility of electrifying it (scope 2).
- Promoting the ESG Suppliers Day event as a way of bringing small and medium sized suppliers into contact with ESG practices.
- Driving the environmental assessment of non-productive or indirect suppliers.
- Renewing our recently obtained ISO 20400 Sustainable procurement certification.
- Adding new features to the Suppliers Portal to enable internal visualisation of supplier audits.

The supply chain was key to enabling us to meet our corporate targets in 2022. Although the outbreak of war in Ukraine in 2022 exacerbated raw material shortage and inflation issues and fuelled inflation in transport and energy, the procurement teams managed to furnish the company with over €2.8 billion worth of goods and service purchases from close to 23,000 suppliers spread all over the world.

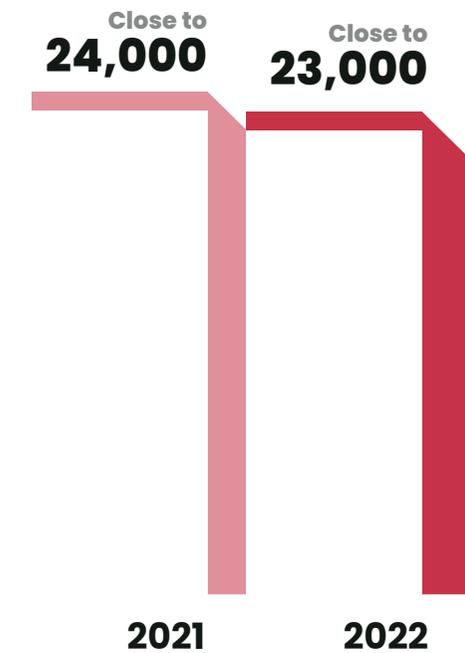
That testing situation once again demonstrated the procurement model's ability to deliver efficient and sustainable supply chain management in a complex environment, oriented around operational excellence and detecting synergies that have ultimately enabled rationalisation of the supplier base in order to enhance risk management.

Procurement volume



Includes €170m of discontinued German forges in 2022 (2021: €137m).

No. of suppliers



Includes close to 1,000 suppliers to discontinued German forges in both 2021 and 2022.

Sustainable procurement certification

In 2022, CIE Automotive earned ISO 20400 Sustainable procurement certification, attesting to the excellence of its procurement model and integration of ESG aspects into the supply chain in order to mitigate adverse impacts and contribute to delivery of the Sustainable Development Goals. The company was the first automotive sector player in Spain to obtain that certification.

ISO 20400 certification



Aerce award



ISO 20400 certification is valid for three years and is renewed annually as a function of compliance with the targets set down in the standard, which was awarded by the Spanish procurement professional association, AERCE, under the sustainable procurement requirements issued by the International Federation of Purchasing and Supply Management (IFPSM).

Following a complex audit involving most of the group's departments, the sustainability of the procurement process was verified on the basis of the following aspects **Procurement Policy**, selection and monitoring of suppliers, purchasing processes, ESG requirements in all group purchases, buyer training, risk management, purchase specifications and internal organisation.

This certification, which is based on UNE-15896 Value added purchasing management, is a testament to the procurement area's good practices and excellence and to its contribution

to and alignment with the company's sustainability and social responsibility policies. Highlights:

- Putting sustainability into practice in a tangible way.
- Engaging all members of the organisation around the sustainability concept.
- Articulating internal processes around sustainability.
- Developing a continuous training plan addressing sustainability implications.
- Implementing a pathway to excellence in sustainability within the organisation.
- Establishing a continuous innovation system articulated around sustainability.

Beyond the recognition it brings, this certification also stimulates ongoing development of sustainability within the procurement strategy framed by the principles of transparency, respect for human rights and ethical behaviour.

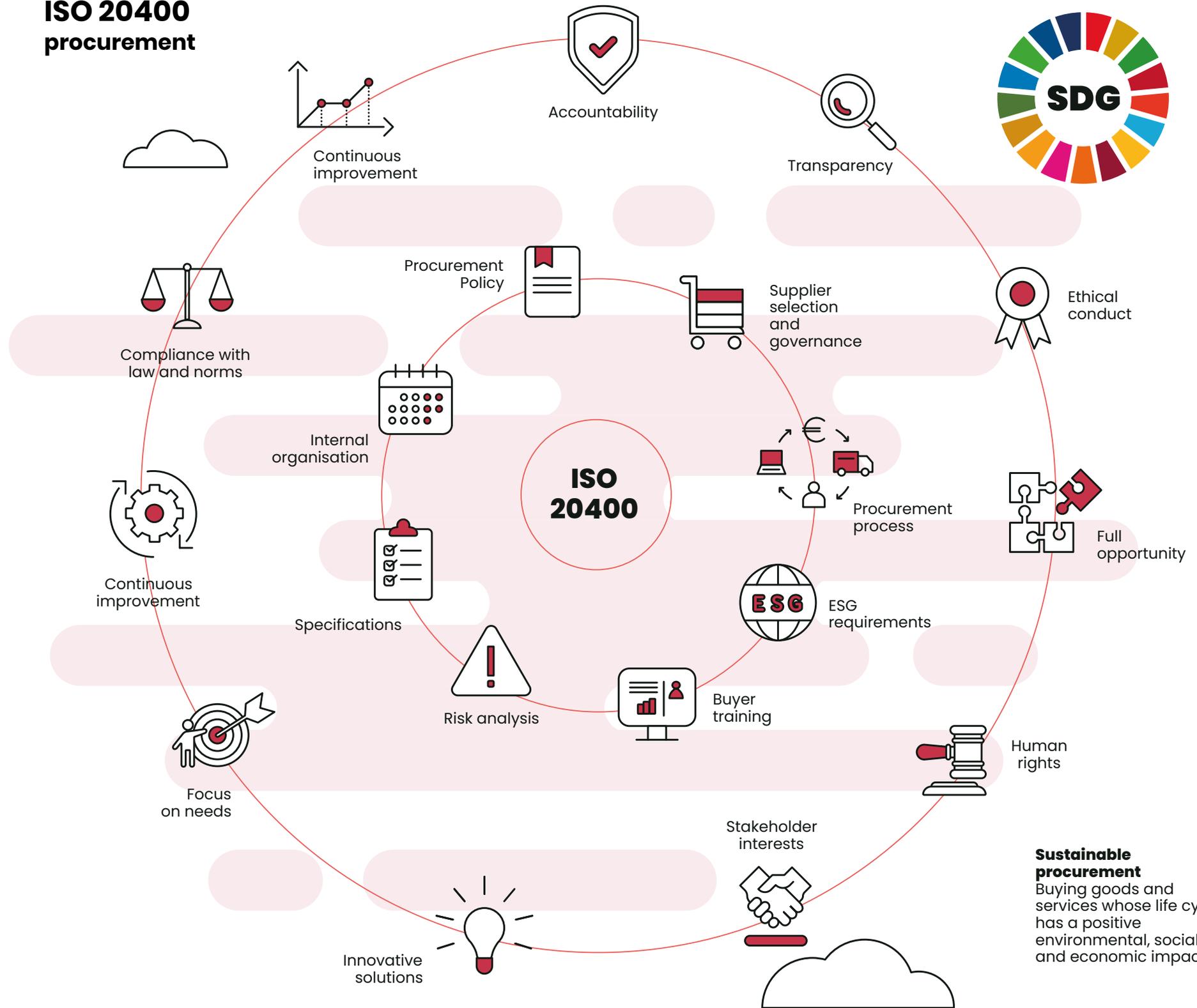
It marks a challenge for CIE Automotive's procurement teams as it not only requires compliance with the master lines of ISO 20400, but it also involves getting the company's suppliers to comply with its ESG standards by blocking suppliers without a positive ESG assessment.

ISO 20400 Sustainable procurement reinforces CIE Automotive's policies with respect to social responsibility, environmental management and sustainability, defining principles of ethical conduct applicable all along the supply chain.

The standard lays the foundations for carrying out initiatives so as to:

- Ensure supply chain security
- Avoid financial, environmental and reputational risks
- Inspire confidence among investors, consumers and other stakeholders
- Foster employee wellbeing and contribute to opening new markets for products and services
- Be prepared to achieve the decarbonisation targets CIE Automotive has set for itself, its supply chain constituting its main source of emissions (scope 3).

ISO 20400 procurement



Sustainable procurement
Buying goods and services whose life cycle has a positive environmental, social and economic impact



Of the nearly 80 ESG indicators contemplated in the 2025 Strategic Plan, 18 are related to the procurement area

Strategic commitments

ISO 20400 certification was spurred by the 2025 Strategic Plan in which the supply chain plays a prominent role: of the nearly 80 ESG-related key performance indicators being tracked by the company, 18 relate to the procurement function.

The corporate Procurement Department is tasked with setting the ESG strategy for the supply chain along with the related procedures and 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 factory managers.

A SELECTION OF STRATEGIC PLAN KPIs

| | Target | Deadline | 2022 |
|--|--------|----------|---------|
| No. of countries to have embedded ESG criteria into their purchasing processes / Total number of markets in which the group operates | 100% | ✓ 2021 | ✓ 100% |
| % Local suppliers / Total suppliers over total expenditure during the period | >70% | ✓ 2023 | ✓ 78.5% |
| 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 | ✓ 33% |

Update of the GLOCAL management procedures

CIE Automotive uses a GLOCAL (global management with local application) procurement model, spearheaded by the corporate procurement function and executed by the various buyer teams that furnish the company with goods and services sourced locally (onshoring) and regionally (nearshoring).

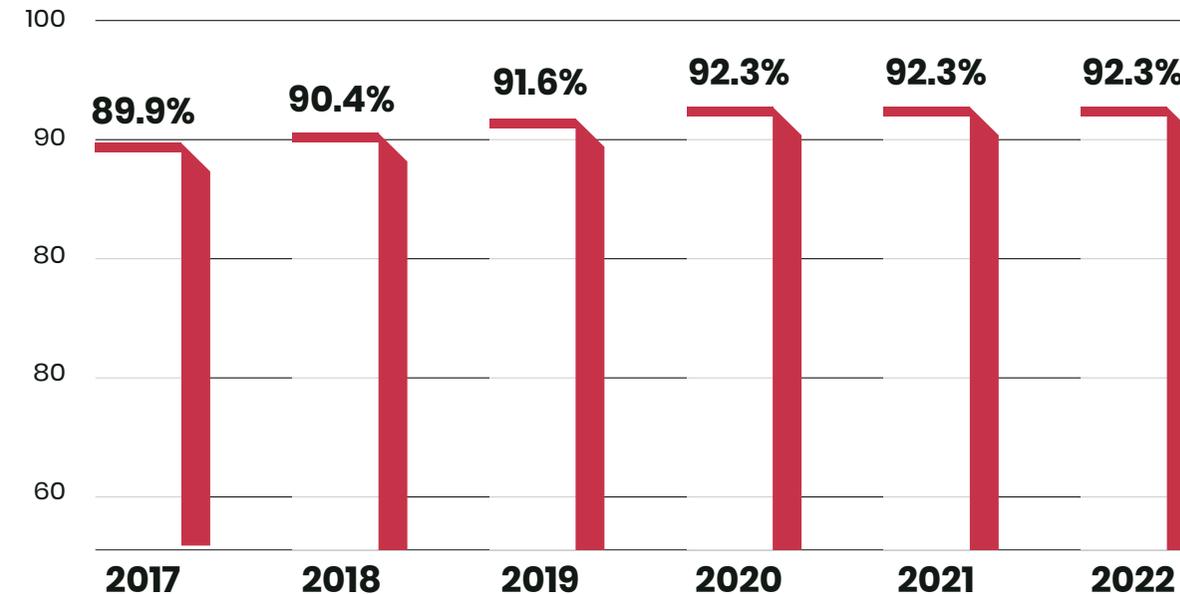
Sustainably procurement is encouraged in all regions by means of development of a map of local suppliers whose logistics flows, which cover shorter distances, minimise carbon emissions.

That decentralisation is particularly efficient in times of geopolitical tension such as these, marked by the outbreak of war in Ukraine and the tail-end of the pandemic, among other developments, as it reduces logistics costs and tariffs, mitigates currency risk and facilitates closer and mutually committed management of non-financial matters by bypassing cultural, linguistic and time zone differences.

The GLOBAL model flexed its muscle once again in 2022, demonstrating its resilience in the face of the broader supply shortages caused by the war between Russia and Ukraine.

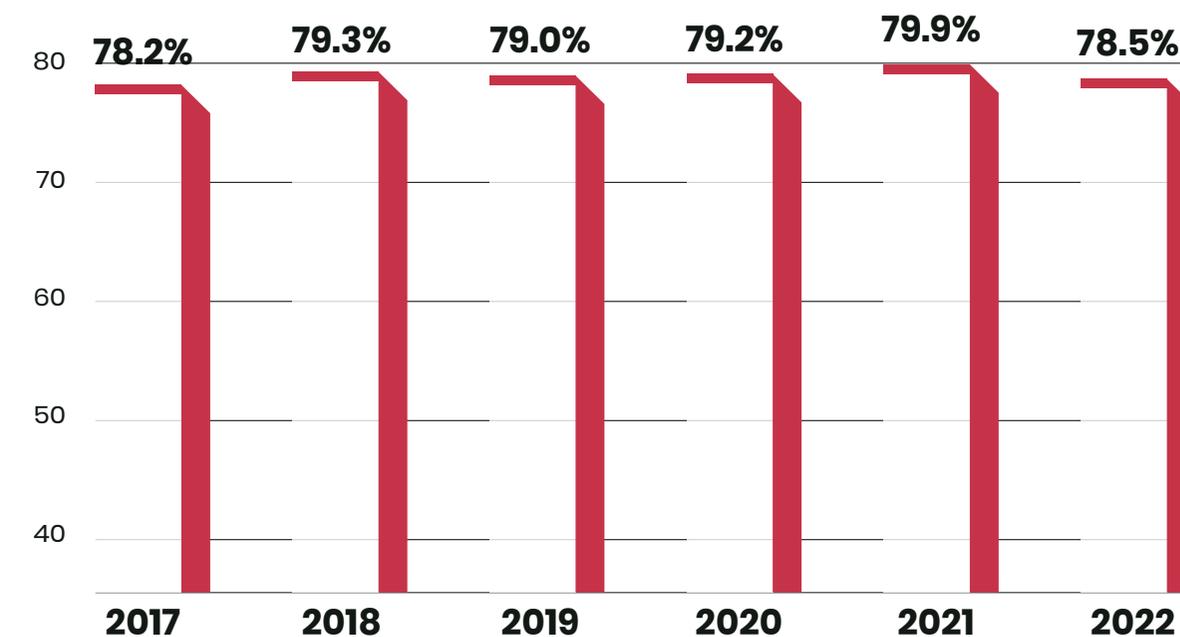
In 2022, 92.3% of the suppliers used by CIE Automotive were local firms and accounted for 78.5% of the total procurement volume.

Share of local suppliers



Includes data for discontinued German forges. 2021: 95.5% / 2022: 95.9%

Share of procurement (€) sourced from local suppliers



Includes data for discontinued German forges. 2021: 82.3% / 2022: 82.1%



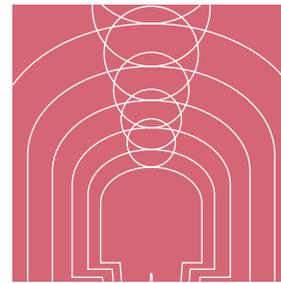
In order to work well, the global supply chain needs to be governed by a general corporate Procurement Policy and a common strategy so as to standardise procedures and supplier certification, ensure constant innovation in risk management and control tools and advance uniformly, company-wide, on all ESG matters.

PROCUREMENT MISSION AND POLICY

One of the aspects evaluated in the course of earning ISO 20400 certification was the company-wide integration of sustainability into the company's Procurement Mission and *Procurement Policy*.

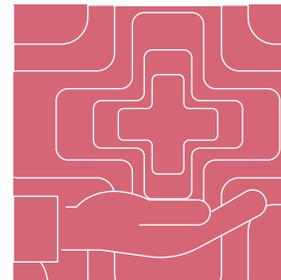
For the global supply chain to work smoothly, there has to be a **corporate Procurement Policy** and a **group-wide strategy**

Procurement mission



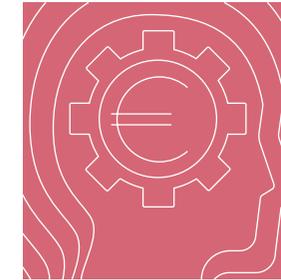
PROFESSIONAL GROWTH

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



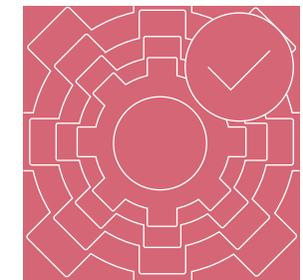
VALUE CREATION

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



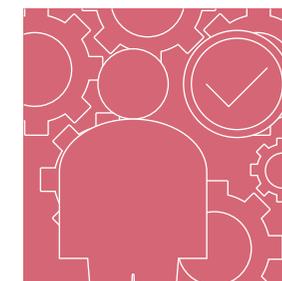
ECONOMIC RATIONALE

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



OPERATIONAL EXCELLENCE

Managing our operations effectively, seeking out operational excellence.



BENCHMARK MANAGEMENT

Providing our customers, suppliers and society at large a management example and benchmark.





PROCUREMENT POLICY



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



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



COMMITMENT, 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.



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



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



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



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



Identification and crystallisation of **GROUP SYNERGIES**.



DEVELOPMENT OF LONG-TERM COLLABORATION AND INNOVATION AGREEMENTS with suppliers.



Search for **MUTUAL UNDERSTANDING AND BENEFITS** in supplier relations.



Contribution to **SUPPLIERS' PROCESS DEVELOPMENT**.



MAXIMISATION OF THE MOTIVATION AND ENGAGEMENT of the CIE Automotive professionals devoted to procurement, providing them with the training needed to do an excellent job.

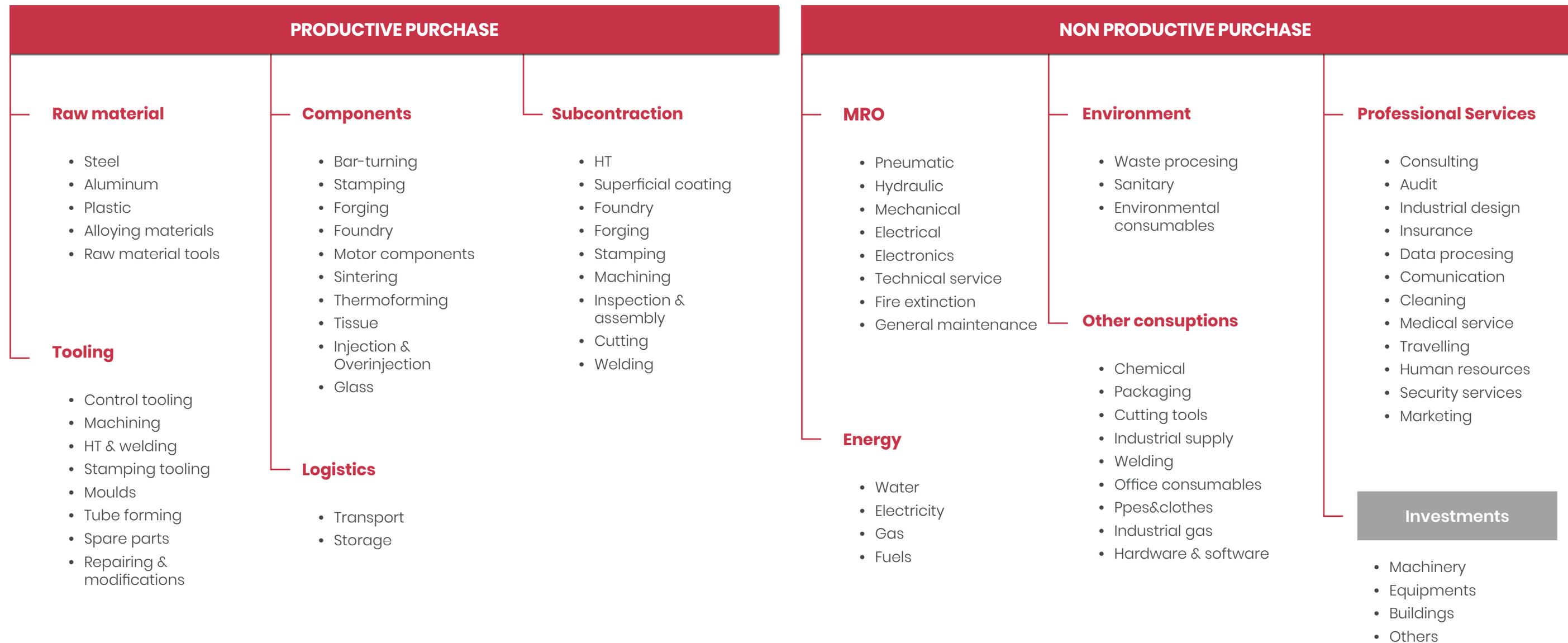


FOSTERING SUSTAINABLE BUYING of goods, energy, alternatives to dangerous or toxic chemicals, etc., framed by CIE Automotive's corporate policies and commitments.

CIE Automotive's Procurement Policy makes it possible for all group companies to purchase goods and services on the best possible terms, making it particularly useful in environments as complex as that prevailing.

The scope of the Procurement Policy spans the search for alternatives, supplier selection, negotiations, project adjudication and the purchase of services and products. It covers all 11 procurement families.

Procurement families



In 2022, CIE Automotive updated and dissemination its supply chain procedures, policies and standards.

PROCEDURE STANDARDISATION

CIE Automotive has a global supplier management procedure, common to all regions, which it makes known to its suppliers by means of its **Global Supply Chain Manual (GSCM)**. Global Supply Chain Manual (GSCM). That Manual a true reflection of the company's supply chain schematics and procedures and details graphically and in plain language the Mission, Procurement 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 purchasing flowchart (page 9 of the Global Supply Chain Manual) obliges all group buyers to follow the rules set by CIE Automotive for approving, selecting and certifying suppliers. Any failure to follow those requirements, even if only partial, is grounds for penalisation in buyers' individual performance evaluations.

Thanks to that system, CIE Automotive is able to effectively and consistently evaluate its suppliers' performance and guarantee that the supply chain is meeting the sector's requirements, local and international legislation and the group's corporate ESG commitments.

The Manual serves as a transparent guide for training suppliers on aspects related with quality, best practices and conflict resolution and even as an example as to how it might be adapted for suppliers' own internal management policies. It is seen as a tool for continuous improvement by striving for total production quality.

Reissue of the Global Supply Chain Manual

The Manual, a living document that needs to adapt for new internal and external demands, was reissued in 2022 in order to better reflect CIE Automotive's business reality and adapt for ESG requirements, specifically to include the following:

- A conflict minerals due diligence plan
- A flowchart
- More stringent requirements in terms of equality, diversity and inclusion
- Guidelines for encouraging the use of recycled and recyclable materials



The Global Supply Chain Manual
has proven its value as a living document
that is constantly being fine-tuned
in search of total quality and incorporation
of the group's ESG requirements

MORE STRINGENT ESG CRITERIA

In 2022, the corporate procurement team updated the key documents contained in the Global Supply Chain Manual to layer in more stringent ESG criteria, in line with its strategic targets.

REISSUE OF THE GENERAL PURCHASING TERMS AND CONDITIONS

Those terms, a common text applicable to the entire group, were updated to introduce the requirement that group suppliers endorse the company's ESG commitments if they want to work with CIE Automotive, no matter where in the world they are located.

CONFLICT MINERALS POLICY

CIE Automotive published its *Conflict Minerals Policy* in 2021 in order to prevent the use of conflict minerals in its own operations or in its supply chain. Breach of that requirement bars suppliers from working with the company.

That Policy was rounded out in 2022 by introducing a conflict minerals due diligence procedure, following the OECD's Due Diligence Guidance: towards conflict-freemineral supply chains, and specific action plans in the event of identification of compliance risks. As

a result, CIE Automotive's procedure emulates the 5-step framework recommended by the OECD:

1. **Establish strong company management systems: the Conflict Minerals Policy already published by the company in 2021 and the introduction of monitoring tools such as the Suppliers Portal, where a specific conflict minerals questionnaire has been added.**
2. **Identify and assess risks in the supply chain: identification of the firms that supply so-called conflict minerals to CIE Automotive and assess their negative impacts.**
3. **Design and implement a strategy to respond to identified risks: Report the results of the risks assessment to the company's managers, design and adopt a risk management plan and an action plan and break relations with any suppliers that fail to remedy the identified risks.**
4. **If necessary, carry out an independent third-party audit to determine and/or remedy the risk(s).**
5. **Report on supply chain due diligence: integrated into the group's annual reports.**

Preparation of a due diligence report following the guidelines issued by the OECD



Does your company use any of the so-called conflict minerals in its production processes?

If affirmative, select one

Tantalum

Tin

Gold

Tungsten

If affirmative, does your company can guarantee that does not come from D.R of the Congo?

General Information 3TG Use

Do you have an implemented policy that includes the supply of conflicting minerals?

Is this policy publicly available on your website?

In the case of having answered affirmatively, please indicate the URL address

Do any of your suppliers in the supply chain provide the 3TG of the covered countries?

Do you require your direct suppliers to be free of DRC conflict?

Have you implemented diligence measures to comply with the rules of conflict minerals?

Does your company verification process include handling of corrective actions?

The policies, procedures and tools put in place by CIE Automotive enable identification of suppliers that could use the main conflict minerals (tungsten, tantalum, tin and gold).

In 2022, 100% of the suppliers CIE Automotive works with who are registered on the Suppliers Portal reported to either not using mineral conflicts or, if used, guaranteed that they were not sourced from conflict regions.

Other updates

ESG requirements were also added to internal investment application forms. The company's internal investment procedure now includes a required assessment of the proposed investment's environmental impact and the requirement to double verify the contractors' approach to governance and social management matters.

In 2022, **100% of the suppliers CIE Automotive** works with who are registered on the Suppliers Portal reported they were not using mineral conflicts or, if being used, guarantee that they do not come from conflict zones

SUPPLIER CERTIFICATION

Supplier requirements are aligned with their classification as a function of the product or service they supply. Over 90% of the firms that supply CIE Automotive 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.

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.

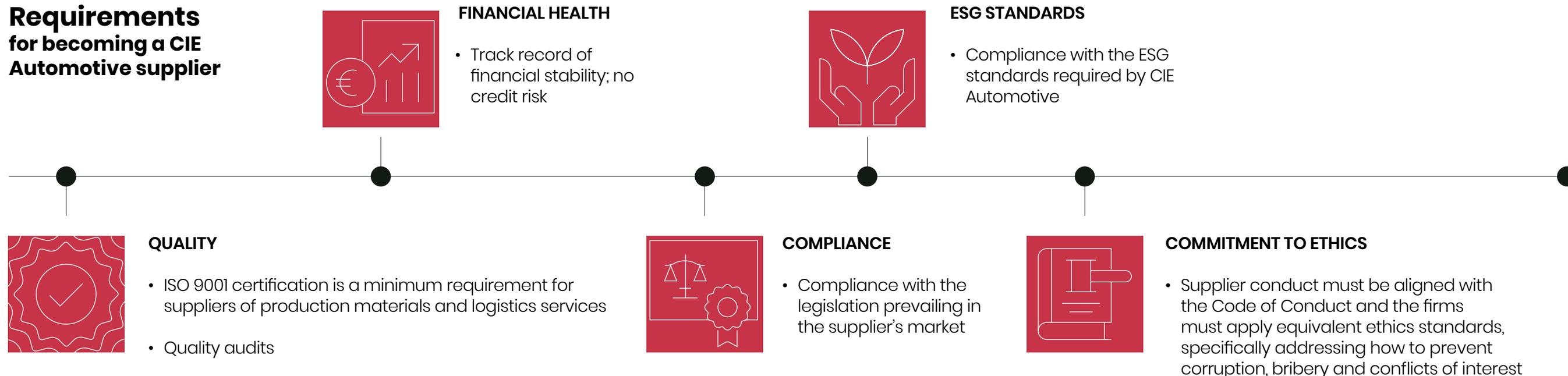
As for facility suppliers and indirect or non-productive suppliers, around 50% of those registered on the Supplier Portal have ISO 9001 or equivalent certification, once again

highlighting the quality of the group's supply chain, even in non-core purchases. To execute a work plan to meet the quality standards demanded by CIE Automotive, suppliers get help from the company's buyer teams. By means of the Global Supply Chain Manual (GSCM) and the audits undertaken, those teams help train suppliers on quality aspects required under IATF16949 and ISO 9001.

More than 90% of the direct suppliers registered on the Suppliers Portal are IATF 16949 or ISO 9001 certified

Around 50% of indirect or non-productive suppliers report having ISO 9001 or equivalent certification

Requirements for becoming a CIE Automotive supplier



CIE Automotive SUPPLIER



Risk management and mitigation

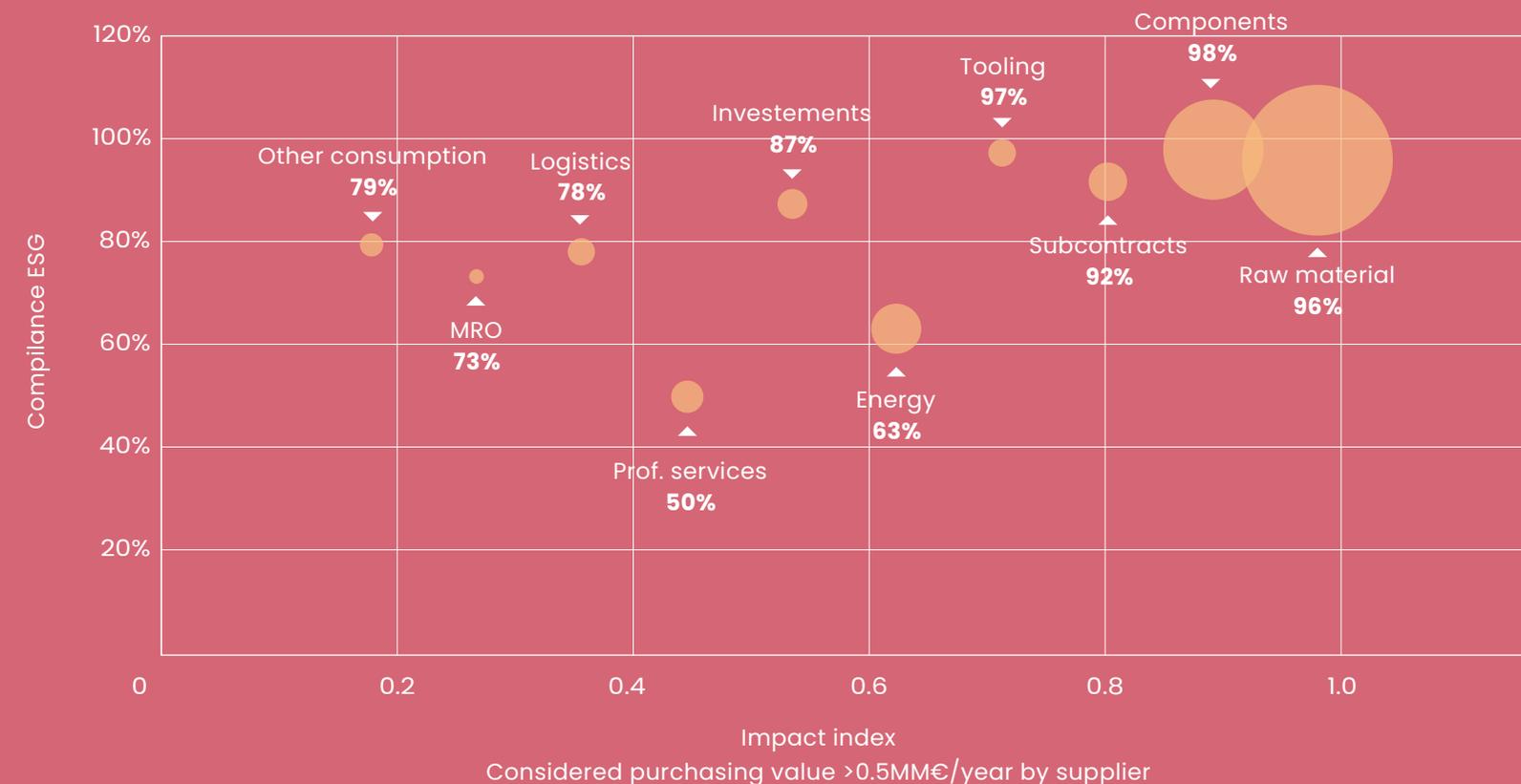
CIE Automotive strives to stay ahead of potential supply chain risks by means of clear and transparent procedures and regular supplier audits. ESG considerations are growing in importance in those processes.

To prevent and mitigate potential risks, it updates its supply chain ESG risk matrix every year. That effort, which began in 2021, revealed growing commitment by suppliers in 2022. The companies that supply raw materials, parts and tooling services and subcontractors, i.e., the suppliers within the productive product families, have shown the strongest commitment; however, significant improvement was observed in other indirect purchase families, such as logistics providers and suppliers of other consumables.

ESG RISK MATRIX: ESG AUDITS AND SUPPLIER CERTIFICATION

CIE Automotive maps its ESG risks focusing on three of the seven core subjects of ISO 26000 (environment, human rights and governance) in order to identify the suppliers that pose a greater risk, either on account of the volume of goods purchased from them or the importance of the goods or services they supply, and that therefore should be assessed or audited. The 2022 results evidence progress towards compliance with ESG compliance in all procurement product families.

Matrix of ESG risks



A more intuitive Suppliers Portal

In 2022, the company revamped its Suppliers Portal, its main supply chain management tool, adding new applications to enable assessment of its suppliers' ESG health.

The browsing experience is now more visual, intuitive and dynamic, in response to stakeholder requests (suppliers and employees, among others) and new requirements have been introduced, namely:

- Business questionnaire: Addition of a new question regarding TISAX and information about certification in ISMS (Information Security Management System), in keeping with ISO 27001.
- ESG questionnaire: suppliers are now asked for additional information about how they manage diversity, equality and inclusion so as to be able to identify and mitigate the negative impact those topics could have on the company's supply chain.
- A new tab will be developed in 2023 to visualise, manage and extract information related with audits conducted by CIE Automotive on current or prospective suppliers.

The new design meets demands from our suppliers and our own procurement teams, as well as feedback gleaned from the group's 360° performance evaluations.

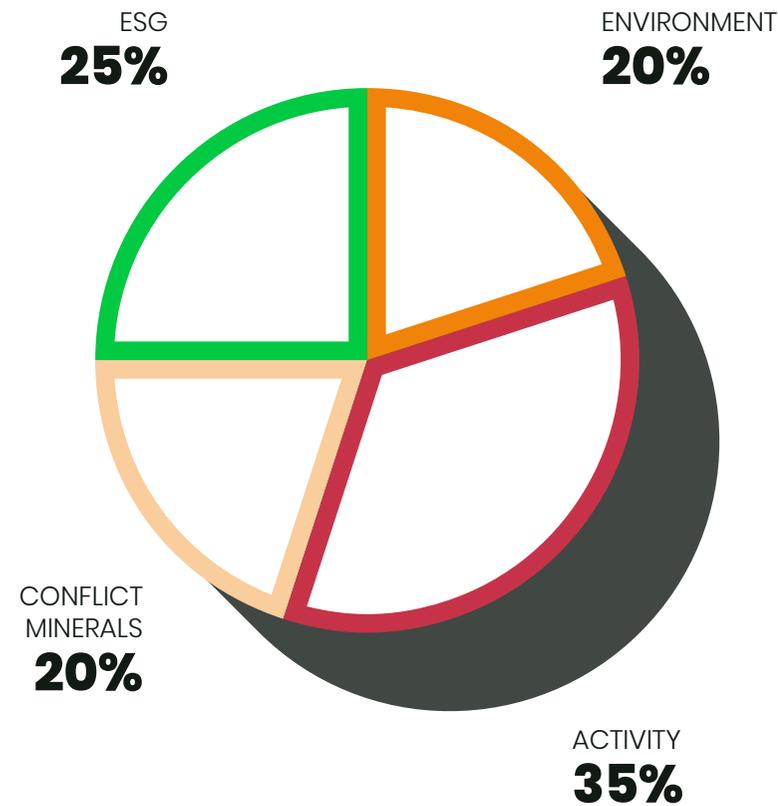
The Suppliers Portal is an online platform that is free to use and accessible from the Supply Chain tab on the corporate website. Existing and prospective suppliers of products and services to CIE Automotive can register on the portal.

The tool had 6,000 active users in 2022, growth of close to 40% from 2021.

In addition to facilitating the above-mentioned objective assessment of the ESG footprints of existing and new suppliers, the Suppliers Portal is a source of reference and valuable information for our procurement managers.

Questionnaire categories and weightings

Percentage



Other:
CIVIL LIABILITY AND DAMAGE INSURANCE

Questionnaire responses

The global rollout of the Supplier Portal guarantees standardisation of the procurement process framed by identical criteria of objectivity, impartiality and equal opportunities across all geographies.

Registering suppliers need to answer five questionnaires about:

1. Business management: suppliers in possession of valid quality management certifications are prioritised.
2. 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.
3. ESG management: supplier candidates are asked to provide information about their ESG certifications and compliance with the United Nations Global Compact requirements.
4. 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.
5. Civil liability and damage insurance: CIE Automotive can minimise its risk if it can verify that its suppliers have coverage against potential business contingencies. Supplier ESG scores are not weighted in this questionnaire.

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.

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 Suppliers Portal.

SUPPLIER AUDITS

CIE Automotive analyses the financial health of its suppliers to ensure supply continuity throughout the life of the project in question.

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.

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.

Before carrying out those audits, CIE Automotive maps its **ESG risks** in order to identify the supplies that pose a greater risk, either on account of the volume of goods purchased from them or their membership of important purchase families, and should therefore be assessed or audited.

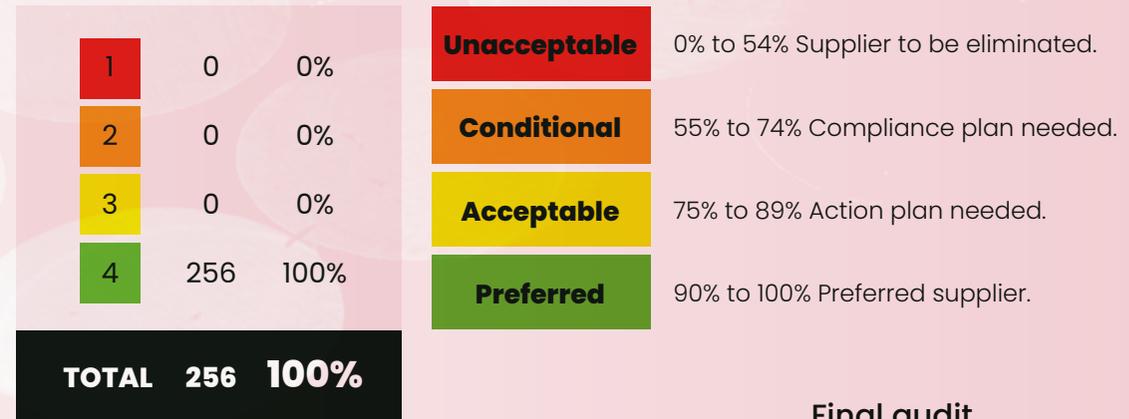
Thanks to this system, 582 audits were conducted in 2022 (including 7 from the discontinued German forges), up from 420 in 2021 (none from the discontinued German forges).

New ESG audit format

One of the key developments in 2022 was the launch of a specific audit format for supplier assessment along environmental, social and governance dimensions. The goal for 2023 is to increase the number of supplier ESG audits.

The audit volume increased by
nearly 30% year-on-year in 2022

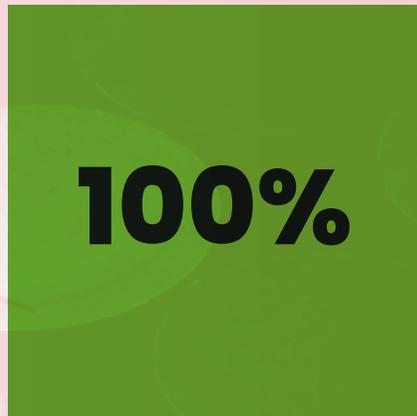
Supplier performance level



Index by section

| | |
|-----------------------------------|--|
| 1. Planning |  100% |
| 2. Suppliers & Reception |  100% |
| 3. Training & Skilling |  100% |
| 4. Processes & Maintenance |  100% |
| 5. Cust. Satis. & Cont. Improv. |  100% |
| 6. Packaging, Transport & Storage |  100% |
| 7. ESG |  100% |
| 8. Documentation |  100% |

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**

SOCIALLY RESPONSIBLE SUPPLIERS

100% of CIE Automotive’s suppliers have formally expressed their commitment to the ESG standards that govern its business model by endorsing the ESG Commitment, registering with the Suppliers Portal or accepting the company’s General Purchasing Terms and Conditions.

Around 75% of existing and potential suppliers that have completed the registration process have formulated and disseminated a code of conduct; 25% have attached ISO 14001 environmental management certification; and 100% report to not using mineral conflicts or, in the event they use them, 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.

As a result, CIE Automotive is in a position to state that its global supply chain is free of transactions or 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 and/or environmental concerns.

According to the responses to its supplier questionnaires, CIE Automotive’s supply chain is free of transactions or suppliers that pose a significant risk of practices that imply putting profits ahead of social and/or environmental concerns.

100% of CIE Automotive’s

suppliers have endorsed its ESG commitments

Big data at the service of supply chain compliance verification

In order to reinforce control of compliance risk, the company conducted a pilot test with an external firm which used data analytics to evaluate 15,000 of the company’s suppliers. That took checks for compliance breaches at the legal, financial, social, corporate or ownership levels that could pose a risk for the company.

The conclusion was just one out of those 15,000 firms, with which CIE Automotive no longer works, presented significant risks in any of the above-listed areas. More specifically, the identified supplier hailed from Russia where the company has, for now, paused operations.

Supply Chain Race to Zero

To meet its goal of being net zero by no later than 2050, the company is supporting and mentoring any suppliers facing difficulties in implementing the actions needed to reduce their emissions under the Supply Chain Race to Zero project.

For further information, refer to “Active encouragement of sustainable procurement”



Accolades

Each year, CIE Automotive awards prizes to the suppliers that best perform in the ESG arena, without neglecting their performance along more traditional criteria such as quality, claims, customer incidents, etc.

In 2022, it awarded a total of eight prizes to the suppliers that obtained the highest ESG scores on the Suppliers Portal. They are located in different countries, none in the MFE perimeter. In line with the decentralised management model, the local procurement teams led that programme, demonstrating growing involvement and awareness around these topics.

AERCE PRIZE FOR BEST SOCIALLY RESPONSIBLE SUPPLY CHAIN PROJECT

The work done by CIE Automotive's procurement function to integrate ESG aspects into the company's purchasing process was recognised in 2022 with the Prize for Best Socially Responsible Supply Chain Project by AERCE, the Spanish association of procurement professionals.

The key aim of the AERCE awards is to raise the profile of the procurement function by singling out best practices and highlighting the strategic nature

of some of their projects, their contribution to their organisations and the leadership qualities of the best professionals.

The tenth edition of those awards, having been suspended for two years on account of the pandemic, stood out for the high level of participation by companies from different sectors and the excellent quality of the projects submitted.

ESG training and supplier engagement

The company has developed a training programme called “CIE Automotive and its supply chain” to better explain to its suppliers what is expected of them in terms of ESG matters and quality improvement. That programme has already been imparted, in a mix of online and in-person formats, to 100% of the buyer teams in India, Mexico, China, Europe, the US and Brazil.

In addition, the company organised Supplier Day events in Mexico, India and China which it likewise used to explain the ESG commitments assumed in the 2025 Strategic Plan to suppliers.

CIE Automotive has set up a specific email address for channelling questions and requests for assistance in relation to ESG topics, esg@cieautomotive.com, while, in a transparency bid, the whistle-blowing email address has been configured to have the Compliance Department receive and handle any reports of irregular conduct.

Lastly, CIE Automotive is steadily increasing its presence at events and initiatives related with sustainability and the supply chain. Here it is worth highlighting:

- **AERCE Congress.** Participation in the roundtable event, “Trends and keys in business agendas in ESG matters”.
- **IMAP. Presentations on the integration of ESG considerations** into the group’s business model and its M&A track record before over 130 institutional investors.
- **ENKARTERRI. Presentation on the role of female executives in business organised by the Enkarterri group.**
- **Ulysses.** The syllabus for the participants in the Ulysses mobility and training programme includes courses on the work done by the Procurement and Finance Departments and the importance of ESG criteria.

For more information about the Ulysses programme, refer to the “Employees” section.

Response to supplier concerns

CIE Automotive actively listens to its suppliers. In 2021, it began to conduct autonomous 360° supplier surveys. In 2022, it sent out 60% more surveys than in 2021.

In response to the feedback received, it rolled out the following initiatives last year:

- Revamp of the Suppliers Portal.
- Provision of assistance and training to interested small suppliers looking to embark on good ESG practices.
- Improved external communication of the ESG-related targets and action plans defined by CIE Automotive using new channels and social media handles.

In 2022, the company organised Supplier Day

events in Mexico, India and China which it used to explain

the ESG commitments



Active encouragement of sustainable procurement

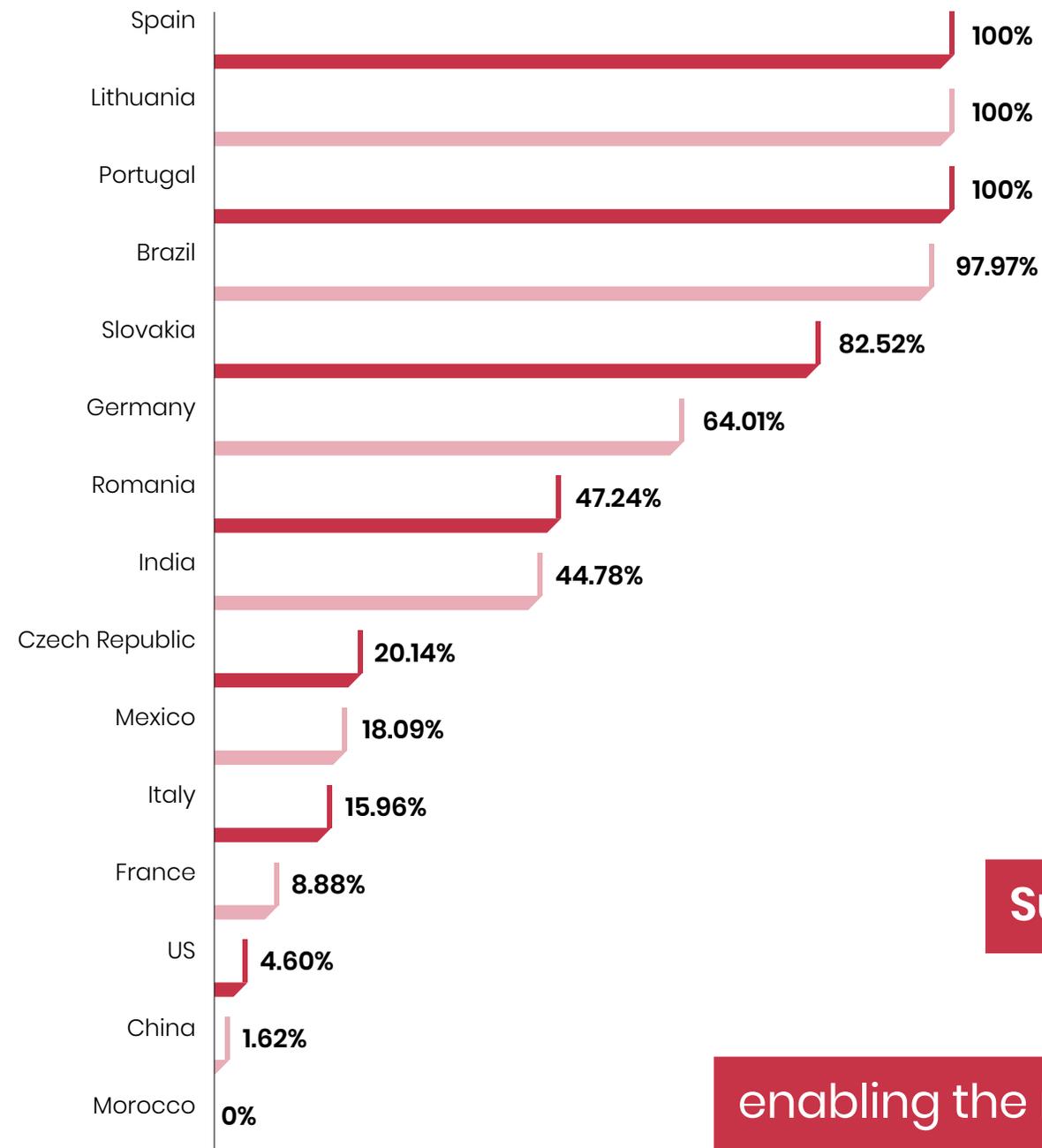
2022 was a remarkable year in terms of collaboration between the group's procurement teams and its supply chain.

COOPERATION ON ENVIRONMENTAL PROJECTS

Faced by the global energy crisis sustained in 2022, the company committed strategically to the purchase of green energy and its commitment to self-generation projects in order to reduce its emissions. To that end it signed new agreements for the purchase of renewable energy and collaborated with other firms on energy efficiency projects. It also collaborated with suppliers on energy self-consumption projects in order to reduce consumption of coolant and other sources of waste at its factories.

It is particularly important that CIE Automotive collaborate with its suppliers if it is to achieve its transport decarbonisation goals and its ambition of being net zero by 2050. The emissions generated by our suppliers in transporting the materials we purchase from their premises to ours form part of the measurement of our environmental footprint. In 2022, we began to work on a working report for supply chain decarbonisation.

Green energy consumption by region



Supplier collaboration is essential to enabling the net zero by 2050 goal

PROJECTS CHAMPIONED BY THE PROCUREMENTS DEPARTMENT

The following stand out among the projects championed and managed by the procurement area:

• **Solar panels**

Self-generation projects in Europe and India, by installing photovoltaic solar panels, help reduce harmful emissions and lower energy bills. For more details, refer to the “Environment” section, specifically “Strategic commitment to clean energy”.

• **Switch from combustion to electric forklifts**

CIE Automotive has embarked on the process of replacing its purchased and leased combustion forklifts with electric equipment. Spain, Portugal and France pioneered that initiative in 2022.

• **Chemical and waste reduction projects**

Waste management is part of each factory’s operations (refer to the “Environment” section for more details). Viability studies are underway with chemicals suppliers to analyse the scope for replacing organic products with lower-carbon synthetic products.

For further information, refer to the section on the “Environment”

• **Carbon offset projects with airlines**

Framed by its pledge to shrink its environmental footprint, CIE Automotive has reached agreements with Air France-KLM and Lufthansa for the offset of the carbon emissions associated with its air travel.

In the case of Air France-KLM, the company has joined the airline’s “CO2 impact programme”, under which member companies make a financial contribution corresponding to the carbon emissions associated with their employees’ flights. Those contributions go entirely to help fund the EcoAct reforestation project in Vichada, Colombia. That work consists of reforesting and preserving swathes of forest land in the region to make it a carbon sink, while stabilising and restoring fragile and degraded areas of the Orinoco River region in an economically, socially and environmentally viable manner.

Similarly, thanks to the Compensaid project in agreement with Lufthansa, CIE Automotive offset in 2022 at least 5,506 kilograms of GHG emissions by using 1,842 kilograms of sustainable aviation fuel (SAF).



Framed by its pledge to shrink its environmental footprint, CIE Automotive has reached agreements with Air France-KLM and Lufthansa for the offset of the carbon emissions associated with its air travel

COOPERATION ON SOCIAL PROJECTS

In parallel, a number of community projects, in which CIE Automotive professionals participated, were organised to help transfer technology and know-how in developing countries and maximise the impact of the company's operations on the local economy.

For example, the company participated in research and training projects with local schools and universities and industry associations in developing countries, providing or supporting education, including the Lakshya and Gems projects in India, to name a few.

For further information, refer to the section on "Society"



The Supplier Chain Race to Zero aims to rally suppliers around the net zero by 2050 target

START OF THE SUPPLY CHAIN RACE TO ZERO PROJECT

In 2022, CIE Automotive launched its Supply Chain Race to Zero project, in collaboration with its supply chain, with the aim of achieving the 2050 decarbonisation target pledged by CIE Automotive.

The idea behind the initiative is to understand how the company's suppliers are approaching the challenge so as to identify those that may need some form of support from CIE Automotive.

Often the smaller sized and more local suppliers need mentoring or training support on the environmental aspects and that is where future collaborative efforts will be focused. Along with other suppliers, the company has identified opportunities for exchanging experiences, tools, challenges and concerns.

The other key goal is to set milestones and deadlines for the supply chain to offer decarbonised technical solutions for the purposes of CIE Automotive's net zero ambitions and to identify any potential technical barriers early on.

It is essential to raise awareness about the problem facing society as a result of climate change all along the supply chain.

CIE Automotive's activities generate benefits for the community. As well as generating work and invigorating the local business community by purchasing from local suppliers, the company plays a role as an agent of development in its communities by paying taxes and carrying out community action plans. From the institutional standpoint, it is contributing to definition of more sustainable mobility in the future by means of its active presence in the main automotive parts sector associations.

PROGRESS MADE IN 2022

- ✓ Launch of two social action projects: **CIE Stem Planet**, for young people, related to scientific vocations, and another **training and employment promotion project for refugees**.

CHALLENGES FOR 2023

- Analysis and distribution of the Social Action model for the group's plants.
- Promote the publication of social content.

Value distributed to society

CIE Automotive's sustainable strategy is a source of wealth for its stakeholders across its various business markets. In 2022, it distributed €3,532.2 million to society in the form of employee remuneration, supplier payments, shareholder dividends and taxes.

VALUE GENERATED AND DISTRIBUTED*

| € m | 2021 | 2022 |
|---|----------------|----------------|
| Revenue | 3,269.1 | 3,838.6 |
| Economic value distributed | 2021 | 2022 |
| To shareholders (dividends)** | 61.3 | 88.2 |
| To employees (employee benefits expense) | 599.6 | 605.1 |
| To suppliers (consumption of raw materials and auxiliary materials) | 2,021.8 | 2,370.4 |
| To society (total tax contribution) | 391.0 | 468.5 |

(*) Under applicable accounting rules, following the decision to put the German forging business up for sale, the results of CIE Forging Germany GmbH and its subsidiaries were reclassified as discontinued operations in the 2021 and 2022 statements of profit or loss.

The figures for the German forging business not included: revenue of €175.8m in 2021 and €230.1m in 2022; employee benefits expense of €48.2m in 2021 and €49.8m in 2022; payments to suppliers of €112.7m in 2021 and €129.1m in 2022; and tax contribution (taxes paid) €30.0m in 2021 and €32.7m in 2022.

(**) Dividend paid during the year.

Good tax practices

CIE Automotive pays tax in 21 countries and 23 tax jurisdictions (three in Spain), in keeping with prevailing legislation and the profits obtained in each region.

Its tax obligations are formally set out in its Code of Professional Conduct, which expressly forbids the evasion of taxes, the improper generation of tax benefits and the non-payment of Social Security contributions.

CIE Automotive has been a signatory of the Spanish tax authority's Code of Good Tax Practices, created to establish a framework for cooperation with the AEAT based on mutual trust and best practices, since 2021. In addition, CIE Automotive is committed to following best practices in tax responsibility by voluntarily following the most prestigious Spanish and international principles and recommendations.

Framed by that spirit of transparency, CIE Automotive publishes a **Tax Contribution Report** for the third year in a row.

CIE Automotive

has endorsed the

Spanish tax authority's

Code of Good Tax Practices,

created to establish

a framework for cooperation

with the AEAT

**PROFITS EARNED AND INCOME TAX PAID
COUNTRY BY COUNTRY***

| Tax jurisdiction | 2021 | | 2022 | |
|---|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| | Profit/(loss) before income tax | Income tax paid (cash criterion) | Profit/(loss) before income tax | Income tax paid (cash criterion) |
| Mexico | 101.1 | 17.8 | 98.7 | 38.8 |
| India | 45.0 | 7.6 | 75.5 | 16.5 |
| China | 67.9 | 15.7 | 73.1 | 11.5 |
| Brazil | 69.3 | 2.1 | 54.7 | 4.6 |
| Netherlands | -0.8 | 0.1 | 51.8 | 0.1 |
| France | 0.2 | -0.3 | 38.9 | 0.8 |
| Spain (excl. Basque region and Navarre) | 25.2 | 3.9 | 26.3 | 4.0 |
| Germany | -0.1 | 0.6 | 21.1 | 0.2 |
| Italy | 14.0 | 0.1 | 19.3 | 2.1 |
| US | 0.2 | 0.3 | 11.9 | -1.1 |
| Romania | 8.5 | 1.4 | 8.3 | 1.2 |
| Slovakia | 7.2 | 1.9 | 6.9 | 0.0 |
| Lithuania | 4.3 | 1.2 | 4.9 | 0.5 |
| Navarre | 2.5 | 0.6 | 1.5 | 0.5 |
| Portugal | 1.1 | 0.2 | 1.2 | -0.1 |
| Barbados | 0.0 | 0.0 | 0.6 | 0.0 |
| Morocco | 0.1 | 0.0 | 0.1 | 0.0 |
| UK | 0.0 | 0.0 | 0.0 | 0.0 |
| South Korea | 0.0 | 0.0 | 0.0 | 0.0 |
| Guatemala | 0.0 | 0.0 | 0.0 | 0.0 |
| Czech Republic | 2.6 | 0.6 | -0.1 | 0.5 |
| Basque region | 3.1 | 0.0 | -4.0 | 0.0 |
| Russia | 3.0 | 0.0 | -11.1 | 0.1 |
| Total (€ M) | 354.4 | 53.8 | 479.6 | 80.2 |

(*)The information presented in the table above is filed with the tax authorities on Form 231. Information Statement submitted to the regional authorities of Bizkaia, a form which 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.

Community work

Government grants received

CIE Automotive's Code of Professional Conduct likewise prohibits applying for subsidies, tax exemptions or government funds on a fraudulent basis.

In 2022, the company received €1.9 million of grants related to income, €0.5 million less than in 2021. Of the total received, it obtained €1.6 million in Spain and the remaining €0.3 million in Portugal, Germany, Italy and China.

CIE Automotive devises solutions to the difficulties and needs existing in its business communities, framed by its **Community Work Policy**, pursuing three different kinds of initiatives:

- 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.

In 2022, the company donated nearly €2 million to community work programmes which involved over 3,600 employees and more than 8,000 equivalent work hours.

It launched two new programmes, one in the Basque region in Spain and the other in Brazil. There is scope for extending both initiatives to new markets.

In 2022, the company

earmarked about

€2 million to

community work projects

that involved more than

3,600 volunteers

CIE STEM PLANET PROGRAMME

This is a free, ambitious and innovative programme, funded entirely by CIE Automotive, designed to stimulate scientific vocations and the acquisition of digital skills in primary and secondary schools. It is currently being pilot-tested in schools in the Basque region.

Under the programme, the company has donated advanced technology such as educational robots and a teacher training and support platform which can be configured to enable personalised learning by over 2,000 participants. We hope to be able to use the platform to measure and demonstrate those students' progress on digital skills.

This project evidences CIE Automotive's commitment to diversity and the Sustainable Development Goals, specifically the goals addressing quality education, gender equality and inequality reduction.

PROFESSIONAL TRAINING AND EMPLOYMENT PROJECT FOR REFUGEES AND MIGRANTS IN BRAZIL

In 2022, CIE Automotive worked with UNHCR to provide training and employment to 403 refugees and migrants in Brazil. UNHCR estimates that more than 1,500 people benefitted from the project including the participants' families.

The project was articulated around three main lines of initiative:

1. Empowering Refugee Women

Aimed at facilitating female refugees' access to professional training and the Brazilian job market, the Empowering Refugee Women project afforded 103 women training and job opportunities by means of customer service and sales skills training sessions. So far 54 of those women have found work (over 50% of the beneficiaries).

2. Vocational training in Manaus, Boa Vista, Porto Alegre, Minas Gerais and Sao Paulo

This programme likewise facilitates female refugee access to vocational training and the Brazilian job market by means of Portuguese classes and professional training focused on the skills needed to work in the automotive industry and its supply chain (administrative, sales and customer service tasks).

Around 1,900 female refugees and migrants participated in those training courses in 2022, 260 of whom with the support of CIE Automotive. It facilitates female refugee access to vocational training and the Brazilian job market.

The company also supported the training of 40 people in the Porto Alegre region where there is an automotive industry cluster (30 received training on mechanical technical drawing and dimensioning and 10 on dimensioning and CNC machining technologies).

So far, five students have been hired in the automotive industry.

3. Market study into local integration and socioeconomic inclusion of the indigenous people of Venezuela

The goal of the study is to analyse the challenges, limits and barriers facing the indigenous Venezuelans living in Boa Vista and Manaus in terms of integration and socio-economic inclusion with the aim of providing the Brazilian government and other organisations involved in the humanitarian response with reliable information to guide the design of strategies for fostering this population's autonomy and self-sufficiency.



UNHCR
The UN Refugee Agency

COMMUNITY WORK: KEY PERFORMANCE INDICATORS

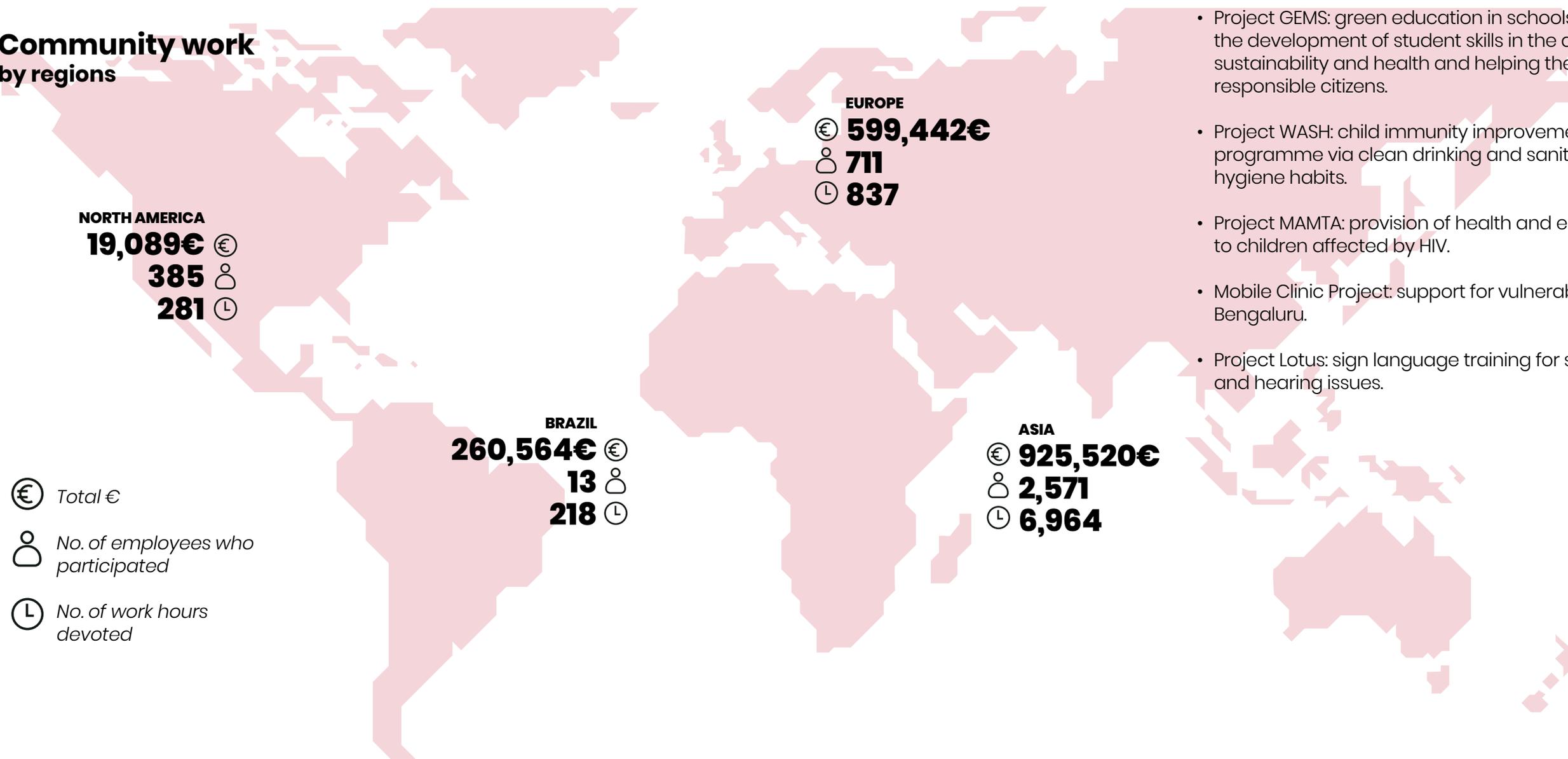
| | 2021 | 2022 |
|--|-----------|-----------|
| Total amount earmarked to community work (€) | 1,172,033 | 1,804,614 |
| No. of employees volunteering | 1,404 | 3,680 |
| No. of work hours devoted to community work | 6,330 | 8,300 |

Community work by region

CIE Automotive’s approach to community work is decentralised and hands-on. Our factories employees, familiar with each community’s needs, are the ones that suggest the best way to help. The fact that over 90% of our factories are managed by local managers makes it easier to respond quickly in the case of social emergencies.

In 2022, 3,680 employees participated in community work projects aligned with the Sustainable Development Goals..

Community work by regions



 Total €
 No. of employees who participated
 No. of work hours devoted

Initiatives in India

India is home to the bulk of the community projects carried out by CIE Automotive, often times in collaboration with suppliers and in all instances with children as beneficiaries. Below is a synopsis of some of the main programmes carried out in 2022:

- Project LAKSHYA: provision of training to unemployed and marginalised youths for technical jobs, such as CNC operator, hydraulic and pneumatic system fitter and industrial welder. Skills development (NSDC), Government of India.
- Project GEMS: green education in schools movement driving the development of student skills in the areas of safety, sustainability and health and helping them become socially responsible citizens.
- Project WASH: child immunity improvement and health programme via clean drinking and sanitation water and hygiene habits.
- Project MAMTA: provision of health and education opportunities to children affected by HIV.
- Mobile Clinic Project: support for vulnerable leprosy sufferers in Bengaluru.
- Project Lotus: sign language training for students with speaking and hearing issues.

Institutional profile

As a prominent member of the auto parts industry, CIE Automotive encourages 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, from which it 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.

Internationally, it participates in the European Association of Automotive Suppliers (CLEPA), where it focuses its efforts on the areas of 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.

CIE Automotive also plays a very active role at Forética, a benchmark organisation in corporate sustainability and social responsibility whose mission is to drive the integration of ESG aspects into the strategy and management of businesses and other organisations. The company is a member of its Transparency, Integrity and Good Governance Cluster, Climate Change Cluster and Social Impact Cluster.

Refer to “Progress made on the ESG front”

ASSOCIATIONS TO WHICH CIE AUTOMOTIVE BELONGS

SERNAUTO – the Spanish association of automotive equipment and components manufacturers. Member of the Management Board.

ADP – Association for management progress.

CLEPA – the European Association of Automotive Suppliers. Member of the R&D Committee.

EGVIA – the European Green Vehicles Initiative Association.

M2F (Move to Future) – a Spanish automotive and mobility technology platform. Membership of the Governing Board.

TECNALIA – a private applied research centre Member of the Management Board.

ACICAE – the Basque automotive cluster. Chair of the Management Board.

CEAGA – the Galician automotive cluster.

AIC – Automotive Intelligence Center. Vice-Chair of the Management Board.

TASKFORCE PILOT TESTING ADVANCED MANUFACTURING IN THE BASQUE REGION. Member of the Executive Committee.

ACMA – the Automotive Component Manufacturers Association of India.

BACC – the Baltic Automotive Components Cluster.

FVEM – the Bizkaia confederation of metal companies.

Basque Ecodesign Center – Founding Partner.

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.

Relations with 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 not associated with any form of political ideology in Spain or anywhere else and it forbids contributions to political parties or their representatives or candidates in the name or on behalf of the company that could have or be seen to have political implications.

Environment

2022 marked the rollout of the environmental dimension of the 2025 Strategic Plan and the assumption of new long-term commitments: becoming net zero by 2050 and contributing to transport decarbonisation to curtail global warming, all of which based on science. Last year, the company measured its environmental footprint at all of its factories, sharing best practices with them in order to advance towards carbon neutrality. On its pathway towards a circular model, CIE Automotive emphasised eco-design and monitored its consumption and waste generation.

PROGRESS MADE IN 2022

- ✓ Completing environmental footprint measurement at all factories.
- ✓ Sharing environmental goals and know-how with all the factories, providing specific seminars in all markets.
- ✓ Calculating the cost of emissions relative to the value added.
- ✓ Updating and improving the climate risk map.
- ✓ Cooperating with other Basque companies to start up Basquevolt.
- ✓ Commitment to the science-based target of keeping global warming to 1.5°C and being net zero by 2050.

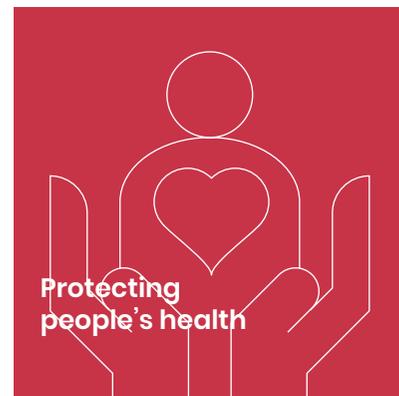
CHALLENGES FOR 2023

- Assessing materiality with respect to scope 3 emission aspects, such as employee commutes and business travel.
- Incorporating environmental costs into project cost calculation tools.
- Making progress towards delivery of scope 3 emissions targets.
- Determining the materiality of VOC emissions.

Environmental policy and climate change action

CIE Automotive aspires to provide the best solutions for the mobility of the future as a carbon neutral player by achieving maximum resource circularity and zero net emissions. That ambition is enshrined in its **Environmental Policy**, which sets down its commitment to the Sustainable Development Goals also embodied in its mission and values.

Environmental policy priorities



The company's product development process is framed by eco-design and efficiency criteria, as stipulated in the Environmental Policy. Eco-designing products means taking a lifecycle approach so that at the concept phase, leveraging guidelines and lessons learned, we design products that are easier to repair, take apart and sort for recycling.

We also factor in labelling regulations governing polymer materials in order to be able to identify families of materials and foster their sorting and recycling. In that manner, the product design phase fosters the use of recycled or secondary and recyclable materials, likewise addressing their end of life by enabling the separation of the various materials used for recycling.

The industrialisation of any product entails an assessment of the environmental aspects of its production, from raw materials to waste disposal. Each factory analyses its own consumption patterns using economic and environmental criteria. Each location is also analysed for environmental risks, in accordance with ISO 14001, and there is a global risk map at the corporate level.

However, CIE Automotive's environmental challenge goes beyond the environmental management of its own factories, extending to its supply chain, to ensure its suppliers' commitments are aligned with its own. To that end, it helps its suppliers reduce their emissions, purchases and generates renewable energy and helps decarbonise transport by making eco-designed parts, many of which are targeted at electrified vehicles.

The corporate Environment Department is responsible for establishing the guidelines governing the facilities' environmental plans and coordinating the resulting initiatives. As a result, the factories are gradually integrating environmental criteria into their activities, taking a preventive approach.

On the institutional front, the company is an active participant in Forética's Climate Change Cluster, a business platform whose mandate is to mainstream the main global climate change trends and debates in to the Spanish business community.


ENVIRONMENTAL STRATEGY

Climate change action is fully integrated into CIE Automotive's corporate strategy: the 2025 Strategic Plan defines KPIs related with energy efficiency, emissions abatement, water consumption and waste generation, among others, building them into the dashboard.

They are annual targets to be met locally by each factory and they are based on the Global Reporting Initiative (GRI) standards.

CIE Automotive's environmental strategy considers the climate emergency-related targets contained in the 2025 Strategic Plan to be short-term targets. As a result, in 2022, it reinforced its commitments by adding medium- and long-term targets, while reaffirming its commitment to delivery of the targets and initiatives already being deployed under the scope of the 2025 Strategic Plan.

In 2022, CIE Automotive conveyed those commitments to all of its factories, carrying out intense training and awareness-raising efforts in its various geographical areas. It also shared environmental best practices to ensure that all of its workplaces are prepared to attain their targets.

That awareness-raising and know-how sharing effort materialised in online seminars involving all of the company's internal stakeholders and specific onsite seminars in the main regional markets: Asia, Europe, North America and Brazil. The goal was to drive awareness from top to bottom by involving the various country and technology heads, combined with the online seminars which were broadly disseminated across several levels of the organisation.

Changes in the supply chain and in the sources used to generate energy, coupled with supply issues derived from the broader global bottlenecks, posed differing levels of difficulty for some markets and technologies in reducing their emissions. However, rollout of the related initiatives remains generally robust and in line with the action plan.

GRI COMPLIANCE

| | GRI | Description | Annual target | 2030 Agenda target | Delivery in 2022 |
|---------------|-------|--|---------------|--------------------|------------------|
| Energy | 302-1 | Energy consumption within the organisation Reduction in energy consumption (electricity) Reduction in energy consumption (gas) | 2% | 20% | -23% |
| | 305-1 | Direct (Scope 1) GHG emissions Reduction in GHG emissions | 2% | | -12% |
| | 305-2 | Energy indirect (Scope 2) GHG emissions Increased use of electricity generated from renewable sources | 5% | 100% | -17% |
| Waste | 301-2 | Recycled input materials used | | | +82% |
| | 306-2 | Waste by type and disposal method Decrease in the total volume of waste generated Increase in the percentage of waste sent for recycling | 5% | 90% | -9% |
| Water | 303-5 | Water withdrawal by source Reduction in water consumption Increased use of recycled water | 2% | | -8% |

NEW LONG-TERM ROADMAP

The climate emergency has prompted CIE Automotive to strengthen its commitment to carbon neutrality by joining the SBTi and setting the clear target of achieving neutrality by no later than 2050, implying medium-term targets to limit global warming to 1.5°.

To that end, in December 2022, CIE Automotive's Board of Directors took its environmental strategy a step forward by approving a new roadmap which establishes new medium- and long-term targets based on science and the Paris Agreement.

The new roadmap contemplates:

- Achieving net zero greenhouse gas emissions no later than 2050.
- Helping limit global warming to 1.5 degrees Celsius by comparison with pre-industrial levels by reducing greenhouse gas emissions.
- Establishing science-based medium- and long-term targets that are SBTi-approved within 24 months' time.
- Executing Supply Chain Race to Zero, a project designed to involve the supply chain by supporting and mentoring suppliers finding it hard to deploy policies aligned with the goals being targeted by CIE Automotive, its customers and its stakeholders.

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. Each group company's management system focuses on guaranteeing control over impacts on the air and pollution so as to identify potential risks and launch local action plans to eliminate or mitigate them, in keeping with applicable legislation.

CIE Automotive's global balanced scorecard 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.

Nevertheless, the environmental risk analysis work being done with Marsh does analyse the situation at each productive facility in order to assess its surroundings and any potential impacts on biodiversity.

ENVIRONMENTAL INVESTMENTS

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

To that end, in 2022 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 2022 in relation to environmental protection work totalled €11.6 million (€5.1 million in 2021).

FINES OR SANCTIONS

In 2022, the company received a significant fine for non-compliance with environmental laws and regulations at one of its factories in China (no significant fines received in 2021). 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 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 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 eligible, in order to comply with the Regulation's requirements, a materiality analysis has been performed for the 3 KPIs: revenue, capital expenditure (CAPEX) and operating expenditure (OPEX) for 2022.

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 4th June.

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 2022 (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%.

For this reason, the criteria necessary for their alignment have not been assessed. However, in accordance with the obligation to use the templates in Annex II of the Delegated Regulation Act Article 8.37, the eligibility and alignment figures relating to CIE Automotive's CapEx are detailed in the section "Data tables and glossary".

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 11.3.2 of Annex I of the Commission Delegated Regulation of 6th July 2021, the numerator is therefore disclosed as being equal to zero.

Environmental footprint

On its pathway towards carbon neutrality, CIE Automotive has begun to measure its environment footprint at the global level in order to be able to precisely track its emissions, use of natural resources and the waste associated with its activities. That snapshot will allow it to identify, assess and interpret its environmental situation and take informed decisions.

After calculating its environmental footprint in Europe, North America and Brazil on a preliminary basis in 2021, in 2022 it completed that measurement across all of its worldwide.

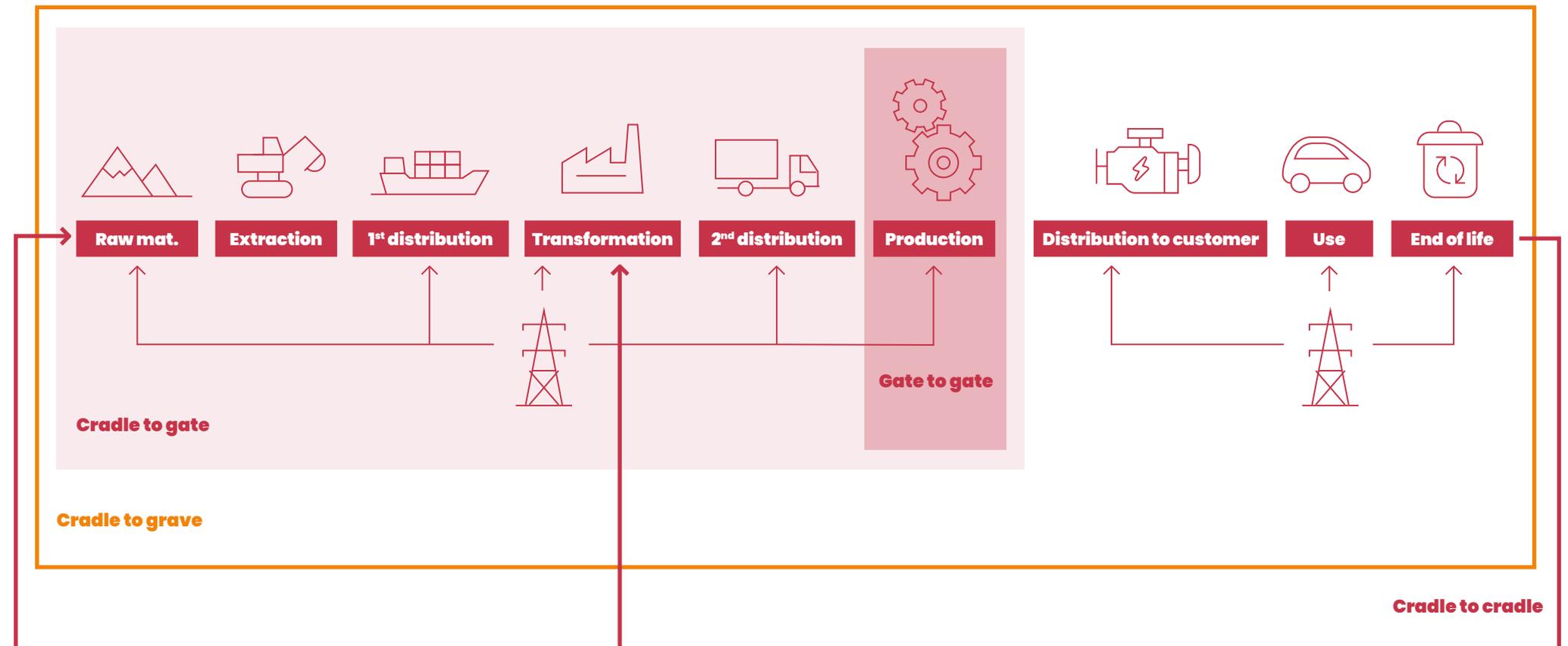
Work is underway to calculate product footprints, especially in the roof system division, on account of the importance and complexity of its products. The company has analysed the difference between similar products or the same product made in different locations.

Work has also begun on calculating the environmental footprint of projects during the quoting phase at the same time as the cost calculations are made.

Scope and impacts assessed

The results of that measurement derive from the analysis of 17 impacts, quantified from when the raw materials are generated until the components and subassemblies leave the factories where they are made.

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

Conclusions

One of the key conclusions drawn from the calculations performed in 2022 is that 80% of the environmental footprint of the company's products stems from the use of raw materials, prompting CIE Automotive to step up its collaboration with its suppliers in order to reduce that impact.

Hence the tremendous importance of the Supply Chain Race to Zero project. The company has already contacted raw material suppliers providing the main types of materials in order to learn about their decarbonisation plans and targets and identify potential obstacles to progressing along the climate neutrality pathway. In the event that suppliers need assistance or support, the latter is being provided with a view to ensuring that our objectives are being transmitted robustly and consistently all along the supply chain.

In 2022, the company attained its Scope 1 and Scope 2 reduction targets, and, importantly, its emissions intensity reduction goals. The latter achievement indicates that in 2022 the company eked out highly efficient growth, generating value at a strong pace despite the challenging emissions-cutting targets we have set ourselves.

The introduction of guidelines for efficient and sustainable water usage and waste management proved effective, delivering significant reductions once again last year.

Analysis has begun at key factories in different geographies to determine the scale of the impact of business travel and employee commutes. The preliminary findings suggest an insignificant impact.

Measurement tools

To calculate the environmental footprint, the company uses the emission factors associated with energy consumption obtained from the Ecoinvent v3.4 inventory database, applying the ReCIPE impact assessment methodology, with the collaboration of IHOBE, a public environmental management company belonging to the Basque regional government.

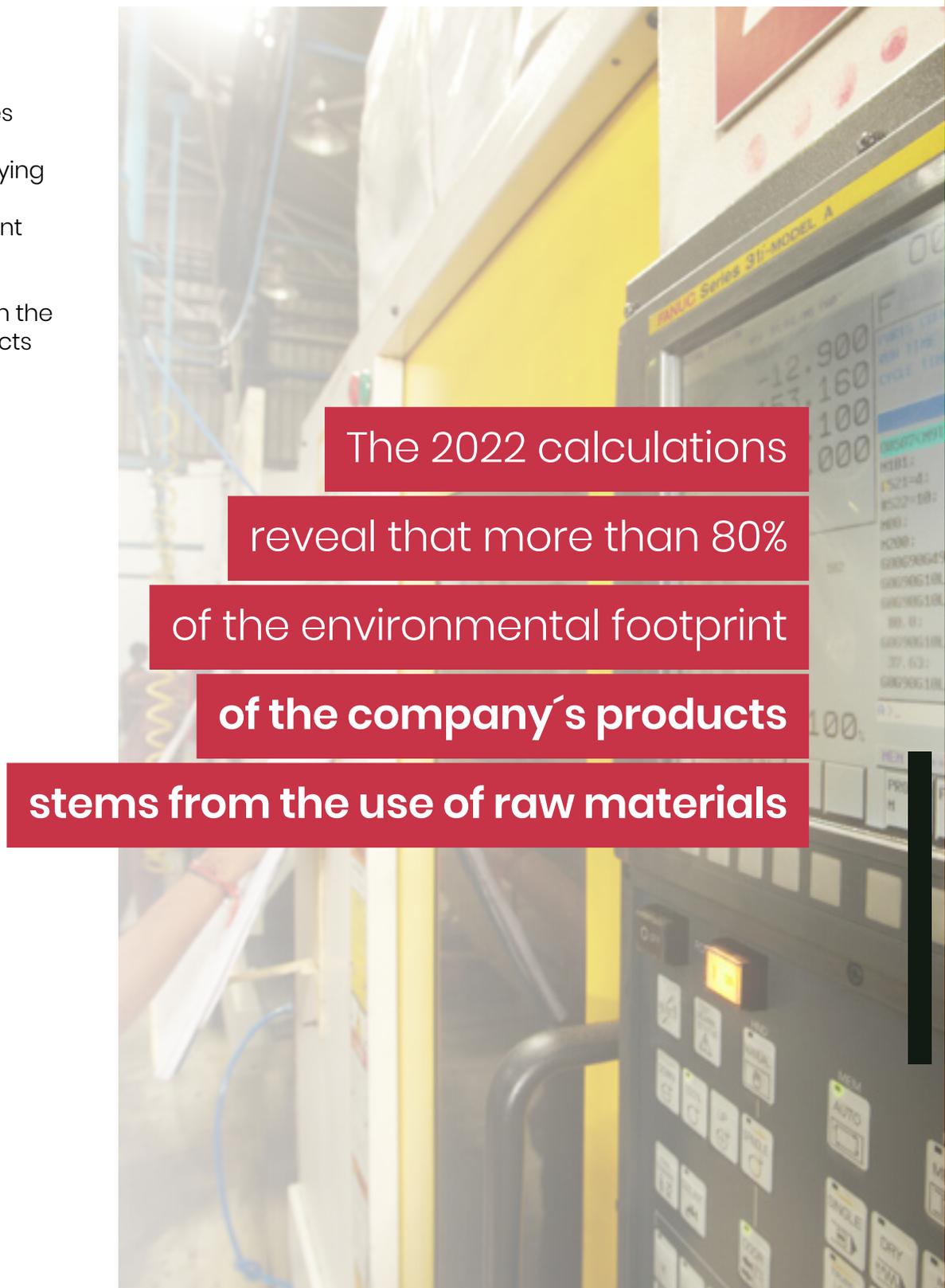
Within the universe of activities of each company, based on the assessment that their impact is smaller, the following aspects were excluded from the analysis:

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.



The 2022 calculations reveal that more than 80% of the environmental footprint of the company's products stems from the use of raw materials

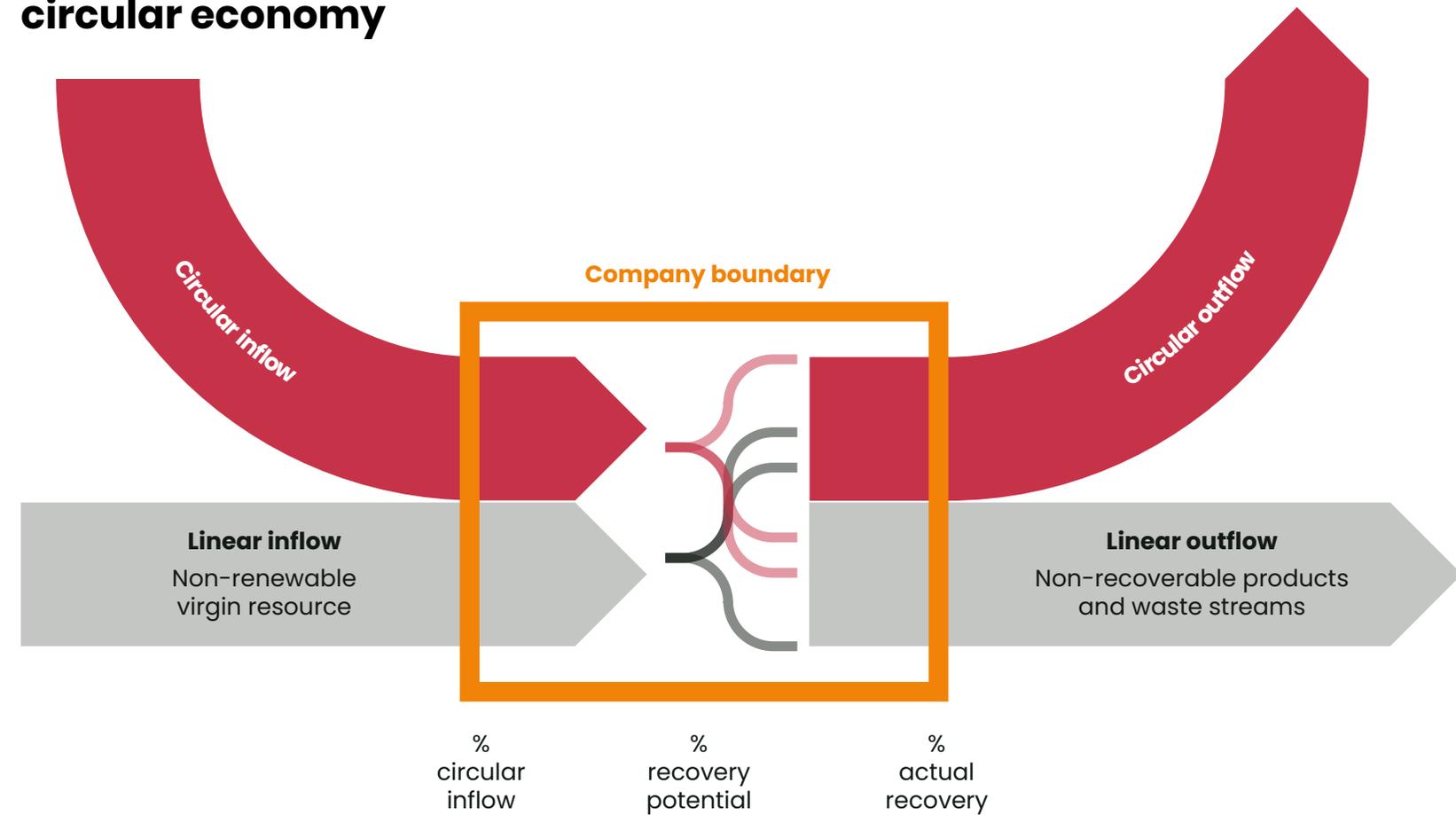
Towards a circular economy

CIE Automotive is moving towards a circular model, 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.

The 2025 Strategic Plan contemplates a series of circularity-specific KPIs, based on the World Business Council for Sustainable Development (WBCSD) and its Circular Transition Indicators.

The information gathered tells 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

CIE Automotive is trying to adjust its energy consumption for its real production needs, introducing energy savings mechanisms to reduce its environmental impact and make it more competitive.

Over the last three years, progress in this area has resulted in a reduction in relative emissions of 25.02% to 0.05 CO₂ TM per 1,000 euros invoiced, and a total energy reduction percentage of 22.15%.

In 2022, the company launched 31 energy savings and efficiency initiatives across its various markets and divisions in which its employees became heavily involved.

ENERGY CONSUMPTION AND SAVINGS

| <i>Gigajoules</i> | 2020 | 2021 | 2022 |
|---|---------------------|---------------------|---------------------|
| Direct energy consumption | 1,521,671.97 | 1,922,653.06 | 1,695,060.74 |
| Indirect energy consumption from renewable and non-renewable sources | 3,340,296.56 | 3,885,073.74 | 3,932,206.88 |
| Indirect energy consumption from non-renewable sources | 1,774,612.12 | 1,971,005.79 | 1,695,803.31 |
| Indirect energy consumption from renewable sources | 1,565,684.45 | 1,914,067.96 | 2,236,403.56 |
| TOTAL | 4,861,968.53 | 5,807,726.80 | 5,627,267.62 |

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

In 2022,
 the company launched
 31 energy savings and
 efficiency initiatives
 across its various markets
 and divisions
 in which its employees
 became heavily involved.


EMISSIONS

| MT CO ₂ | 2020 | 2021 | 2022 |
|------------------------------|------------------|------------------|------------------|
| Direct emissions (Scope 1) | 90,326.6 | 114,760.6 | 101,153.0 |
| Indirect emissions (Scope 2) | 322,175.4 | 389,477.3 | 324,162.5 |
| TOTAL | 412,502.0 | 504,238.0 | 425,315.5 |

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

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.

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 the "Data tables and glossary" section.

Carbon offset

In addition to working to reduce its emissions, CIE Automotive is trying to offset them by means of a number of programmes in collaboration with its suppliers. For example, it has reached an agreement with Air France-KLM for the offset of the carbon emissions associated with its employees' business travel under which it finances sustainable development projects. Specifically, CIE Automotive's contributions go to the EcoAct reforestation project in Vichada, Colombia.

In the case of Lufthansa, the company offset the emission of 5,506 kilos of CO₂ derived from its flights by financing the use of sustainability airline fuel (SAF).

Note that the commitments assumed and short- and medium-term targets set do not contemplate the company's carbon offsets.

For more information on this and other projects collaboration, see "Suppliers" section.

Strategic commitment to clean energy

CIE Automotive is strategically committed to the purchase of clean energy to power its facilities in every market where it is possible to do so. In Spain, 100% of the power consumed is green. In 2022 it forwent emissions equivalent to 216,814.45 metric tonnes of CO₂.

EMISSIONS FOREGONE AS A RESULT OF THE PURCHASE OF ENERGY GENERATED FROM RENEWABLE SOURCES

| MT CO ₂ | 2020 | 2021 | 2022 |
|-----------------------------|------------|------------|------------|
| Indirect emissions foregone | 120,645.37 | 139,340.49 | 216,814.45 |

Framed by that same goal of reducing harmful emissions and lowering its energy bills, the company is developing a number of self-generation projects in Europe and India by installing photovoltaic solar panels. In India it has also invested in a company that generates solar power for supply to its factories.

INSTALLED PHOTOVOLTAIC PANEL CAPACITY

| Factory | Country | Energy produced 2021 | Energy produced 2022 |
|--------------------------------|---------|----------------------|----------------------|
| AEL Aurangabad plant 3 (HPDC) | IN | 305,084 | - |
| AEL Pantnagar plant 1 (HPDC) | IN | - | 667,360 |
| MCIE - Composites Kanhe | IN | 416,130 | 438,537 |
| MCIE - Forging Division (Pune) | IN | 1,230,929 | 1,305,475 |
| MCIE - MPD | IN | 921,166 | 873,682 |
| Mahindra G&T Pune | IN | 473,460 | 462,854 |
| MCIE Stampings - Kanhe | IN | 342,988 | 1,383,439 |
| MCIE Stampings - Nashik | IN | 546,260 | 972,586 |
| MCIE Stampings - Radrapur | IN | 124,852 | 131,882 |
| MCIE Stampings - Zaheerabad | IN | 907,869 | 872,344 |
| CIE Galfor | SP | 221,360 | 195,765 |
| CIE Mecauto | SP | 243,391 | 316,933 |
| CIE Orbelan | SP | 66,236 | 64,570 |
| CIE Plasfil | PT | 1,082,660 | 1,111,360 |
| CIE Stratis | PT | 196,130 | 184,060 |

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 (petrol) with equipment fuelled with cleaner energy, such as electricity, always generated from renewable sources. 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. Spain, Portugal and France pioneered that initiative in 2022.

For more information on this and other projects collaboration, see "Suppliers" section.

Some of the projects designed to reduce energy consumption and related with the Industry 4.0, have also involved suppliers.

ACQUISITION BY MCIE OF 27% OF STRONGSUN SOLAR PRIVATE LIMITED, WHICH WILL GENERATE SOLAR POWER FOR IT

In 2022, MCIE invested a little over INR 24 million to buy 303,250 shares of Strongsun Solar Private Limited, giving in a 27.35% equity interest in that company. In the wake of that investment, Strongsun will commission two photovoltaic solar power generation plants with 7 MWp and 3 MWp of capacity which will supply electricity to Mahindra CIE Automotive's forging division in Urse and its magnetic products division in Bhosari, respectively, from January 2023.

The investment marks another milestone in the pathway to sustainably sourced energy embarked on by MCIE 2019, when it struck agreements with several solar power producers for the installation of solar panels at nine of its factories in India. Those solar panels generate 540,000 units of electricity on average every month.

Later, in 2020 and 2021, MCIE invested in three self-sufficient electric stations (53 MW) so that they would supply power to its casting, forging and magnetic products factories in Pune, Maharashtra (India). The company invested INR 152.4 million to commission those facilities. Those three stations generate approximately 6.5 million units of energy every month.

The investment in Strongsun Solar was not the only transaction in 2022, as the company also invested INR 19.2 million in 6 MW of solar power for the forging division, which will yield another 4 million units of savings a year from February 2023.

The recent investments means that 63% of total energy consumption in the Indian region of Maharashtra will come from solar power. It is also worth noting that in the state of Karnataka (India), where Bill Forge has its factories, around 85% of the energy consumed comes from green sources, specifically a mix of wind and sun.

The table below itemises the investments made in solar power in 2022:

| Factory | Additional units | Investment (INR m) | Paid in Dec. 2022 (INR m) | Supplier | No. of shares (INR 80 per share) |
|--------------|------------------|--------------------|---------------------------|------------------------------|----------------------------------|
| Casting | 7 MW | 23.5 | 23.45 | Strongsun Solar Pvt. Ltd. | 303,250 |
| Magnets | 3 MW | 10.05 | 0.81 | | |
| Forging | 6 MW | 19.2 | 19.2 | Sunbarn Renewables Pvt. Ltd. | 240,000 |
| Total | 16 MW | 52.75 | 43.46 | | |

WATER AND MATERIAL CONSUMPTION

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.

Raw materials

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

WATER CONSUMPTION AND EXTRACTION

| <i>m³/year</i> | 2020 | 2021 | 2022 |
|---------------------------|---------------------|---------------------|---------------------|
| Surface water | 282,218.00 | 196,216.00 | 243,200.00 |
| Underground water | 338,394.00 | 346,149.20 | 361,348.60 |
| Rainwater | 30,286.00 | 18,842.00 | 10,278.00 |
| Municipal networks | 799,990.78 | 1,037,668.98 | 1,042,342.55 |
| TOTAL | 1,450,888.78 | 1,598,876.18 | 1,657,169.15 |

VOLUME OF WATER RECIRCULATED

| <i>m³/year</i> | 2020 | 2021 | 2022 |
|---------------------------|------|---------------|----------------------|
| TOTAL | NA | 64,204,133.80 | 56,215,145.24 |

MATERIAL CONSUMPTION

| <i>Kg</i> | 2020 | 2021 | 2022 |
|-------------------------|------------------|------------------|------------------|
| Raw materials used | 1,270,687,234.00 | 1,448,043,709.24 | 1,230,298,192.68 |
| Raw materials recovered | 300,992,757.00 | 395,728,480.86 | 551,193,852.42 |
| % TOTAL | 24% | 27% | 45% |

WATER DISCHARGE

| <i>Definition</i> | <i>m³/year</i> |
|-------------------|---------------------------|
| To sewer | 326,371.9 |
| To river | 41,225.0 |
| To waste manager | 94,452.1 |
| TOTAL | 462,049.0 |

For further information on consumption by region, refer to the detailed table provided in the “Data tables and glossary” section.

the products it make. That effort lowers the generation of waste and the consumption of energy and other products needed in the manufacturing process.

At present, 45% of the raw materials used by the group are recycled.



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 2022, 16% of all waste generated was sent to landfill, while 82% was reused.

Aluminium and Iron

The injection moulding and machining processes generate sizeable amounts of remains such as sprue, risers, set-up 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 plastics 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.

WASTE MANAGEMENT

| <i>TM</i> | 2020 | 2021 | 2022 |
|---------------------------------|-------------------|-------------------|-------------------|
| Hazardous waste disposed of | 16,329.20 | 17,457.88 | 17,462.06 |
| Non-hazardous waste disposed of | 266,038.02 | 355,293.24 | 324,307.33 |
| TOTAL | 282,367.22 | 372,751.12 | 341,769.96 |

For further information on waste generation by region, refer to the detailed table provided in the “Data tables and glossary” section.

Responsibility for waste generation does not end when that waste is removed from CIE Automotive’s 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.

In addition to its waste minimisation plans, the group has devised a new waste classification system sorted by method of elimination

CONVERSION OF WASTE TO COOKING GAS

CIE Automotive's factories are coming up with innovative ideas for managing their waste and reducing their energy consumption. For example, the Stampings Zaheerabad factory in Vayu.

Spurred on by the Clean India Mission, is turning food waste into natural gas which is used for cooking in the canteen. The waste generated after conversion into natural gas is used as manure in gardening and tree-planting.

Emissions derived from the supply chain

In 2022, the company also calculated the emissions generated by its supply chain by adding a new, compulsory questionnaire for suppliers.

SCOPE 3 EMISSIONS (those derived from supply chain activities)

| CO ₂ MT | 2021 | 2022 |
|--------------------------|-----------|-----------|
| Other indirect emissions | 3,638,882 | 3,891,205 |

CIE Automotive's factories are rolling out

innovative projects.

Stampings Zaheerabad in Vayu,

for example, is converting food waste into natural gas



Environmental risk management

Climate risk management is framed by a preventive approach.

The risk of accidents is covered by the company's civil liability insurance, while the company underwrites gradual pollution risk for the following factories in Spain: CIE Alcasting (aluminium), CIE Amaya (machining), CIE Galfor (forging), CIE Inyectametal (aluminium) and CIE Vilanova (aluminium). 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.

To reinforce the management of its environmental and safety risks, CIE Automotive is working 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. In 2022, this project was concentrated at the machining, plastics and painting factories in Spain and Portugal.

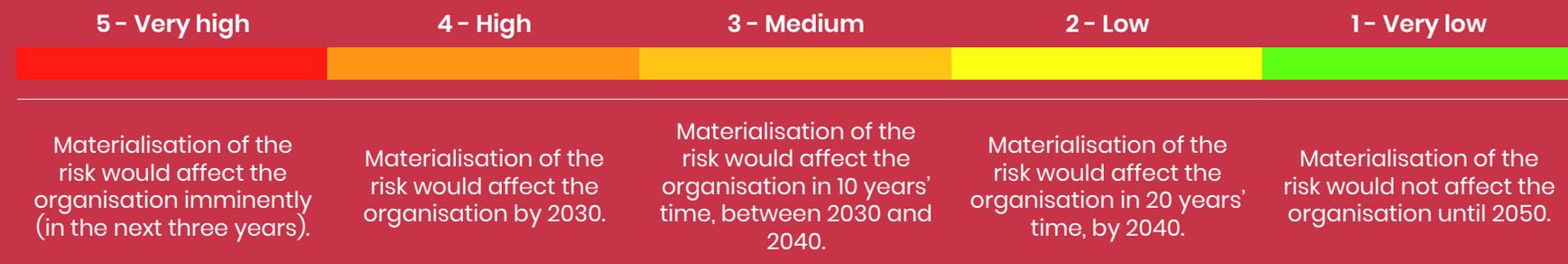


CLIMATE RISK MAP

Risk mapping: procedure and scope

The 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 environmental management at the factory level, who are tasked with evaluating the various identified risks:

- 1 *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.*
- 2 *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:*



Climate change also poses a threat to the company's ability to attain its strategic targets. To that end, CIE Automotive includes climate change risk in 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.

In total, 145 people participated in drawing up this year's climate risk map (62 people, or 75%, more than in 2021). They considered the risk factors over a time horizon to 2050 and their geographic and technology purviews in filling out their questionnaires so that some respondents were in a position to assess a given risk for more than one technology.

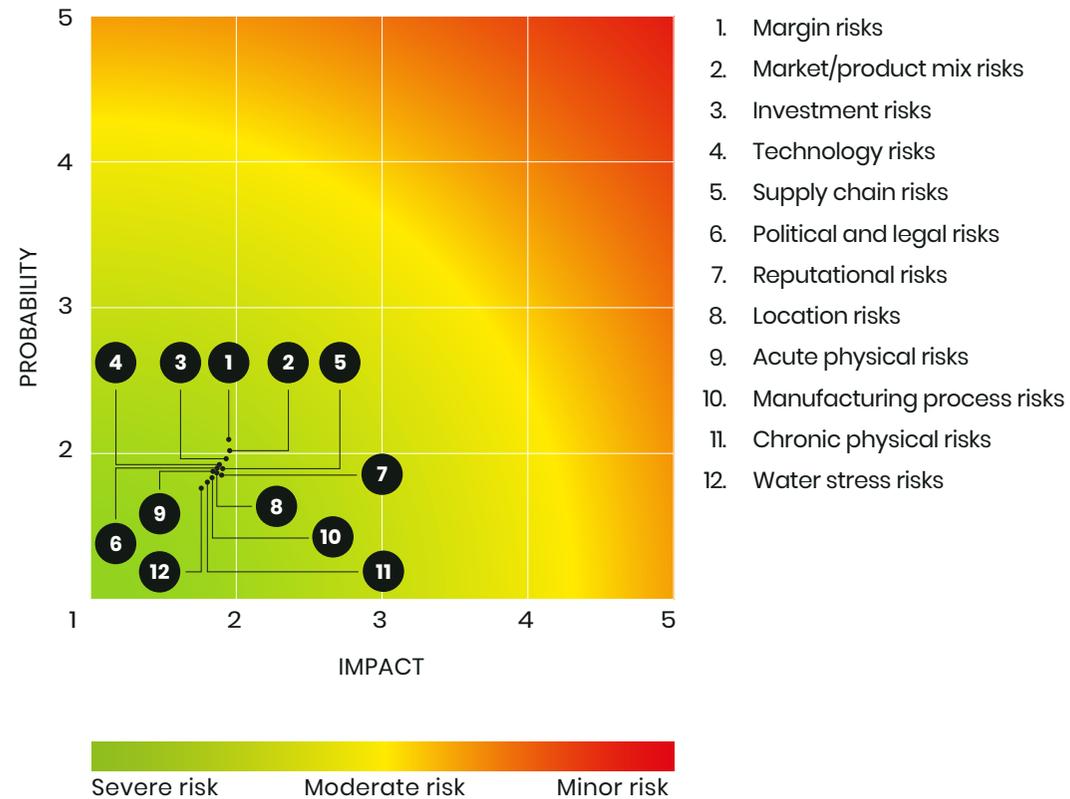
The mapping process is jointly organised by the corporate Environment and Compliance Departments and the results are presented to the Audit and Compliance Committee for validation and approval; the Audit and Compliance Committee in turn reports on its approval to the Board of Directors.

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

| | 5 - Critical | 4 - Severe | 3 - Medium | 2 - Light | 1 - Very light |
|------------------------------|---|--|--|--|--|
| Economic impact | Very severe adverse impact on EBITDA. An adverse impact on P&L* of >5%. | A severe adverse impact on EBITDA. An adverse impact at CE of >3.5% but <5%. | A significant reduction in EBITDA guidance. An adverse impact at CE of >1.5% but <3.5%. | A slight reduction in EBITDA guidance. An adverse impact at CE of >0% but <1.5%. | No change in existing EBITDA. |
| Organisational impact | 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. |
| Reputational impact | 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. |

(*) Statement of profit or loss

Climate risk map



The climate risk map can be viewed globally, by region, by technology, by region and technology and it estimates the impact, in euros, on EBITDA of the potential materialisation of each risk. In a new addition this year, for certain risks 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.

In response to demands from our stakeholders and in line with the 2025 Strategic Plan, in 2022, CIE Automotive updated and broadened its climate risk map, a process which involved a bigger number of its professionals. Specifically, in 2022, the company assessed 12 risks (five more than in 2021), gathering input from 145 professionals in total (62 more than the year before).

The climate risk map is integrated within CIE Automotive's enterprise risk management (ERM) system, which 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.

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

Climate risks assessed in 2022

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.

The company has reformulated its transition risks, in order to enhance their oversight and facilitate analysis of their impact, as follows:

- Political and regulatory risks
- Margin risks
- Investment risks
- Technology risks
- Market/product mix risks
- Supply chain risks
- Reputation risks
- Location risks
- Manufacturing process risks
- Water stress risks



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:

- Water stress risks
- Chronic risks
- Acute risks

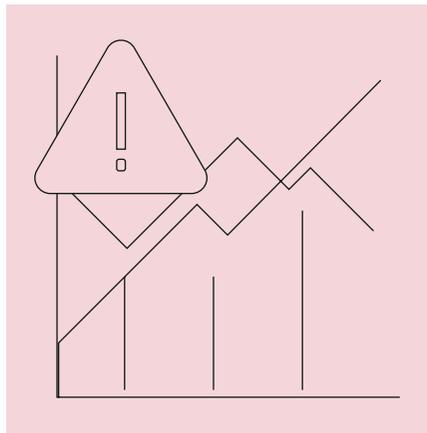
The assessment did not identify any climate risks with a medium or high probability of occurrence or medium or high impact in the event of materialisation.

Nevertheless, here we describe the three highest-scoring risks, the chronic and acute physical risks and the water stress risk.

Description and action plans main climate risks

Below are the main risks of the Climate Risk Map from the company with a probability of materializing within the horizon of the Strategic Plan, which would have an impact at an economic, organizational and/or reputational level.

Margin risks



Tier 1 and Tier 2 suppliers could see their costs come under pressure. During the initial phases of the deployment of more sustainable vehicles, end costs will trend higher. To maintain sales volumes, there is a risk that OEMs could put pressure parts suppliers to reduce their prices.

Action plan

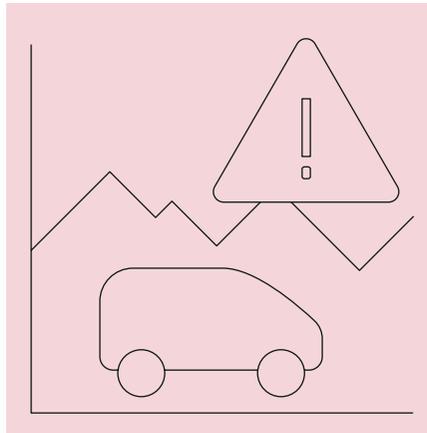
CIE Automotive's business model is highly effective in the face of these kinds of scenarios and risks. Customer diversification means it is not highly dependent on any one project or its renewal. To maintain that diversification, the freedom to choose which projects to invest in is key. This trend is therefore playing into one of CIE Automotive's differential strengths.

In parallel, the company is urging its sales teams to penetrate and build CIE Automotive's presence at the new electric players, a thrust that is meeting with significant success and helping to further reinforce the company's diversification and give it the flexibility to turn down projects that are not profitable.

Moreover, another of the company's key strengths, its investment discipline, means that it analyses projects in meticulous detail, running sales volume sensitivity analysis, so that projects with lower volumes than initially promised do not have a definitive impact on returns.

Lastly, the company's approach to sustainability and commitment to climate action is also setting it apart, as not all suppliers are offering that level of commitment or as detailed action plans as CIE Automotive.

Market/
product mix risks



Risks inherent to the business and market shifts: Changes in the automotive market could lead to a shift in the product mix, specifically towards climate-neutral solutions, such as vehicle electrification.

As a result, some technologies could lose share in the overall business mix, potentially intensifying competition for the remaining volumes and, by extension, driving a reduction in volumes or margins in certain products or technologies.

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 unique 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, engine/motor, power electronics and gearshift 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 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 of surplus capacity.
- Concentration processes: fewer players but companies 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 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.

Investment risks



Risks associated with greater uncertainty regarding returns on investment: the changes needed to achieve carbon neutrality could spell higher investments in different volume and margin scenarios to those navigated to date. Those investments may make it possible

to process more sustainable materials, use more sustainable and climate-neutral sources of energy, devise more circular manufacturing processes or deliver parts with better eco-design and sustainability attributes.

Action plan

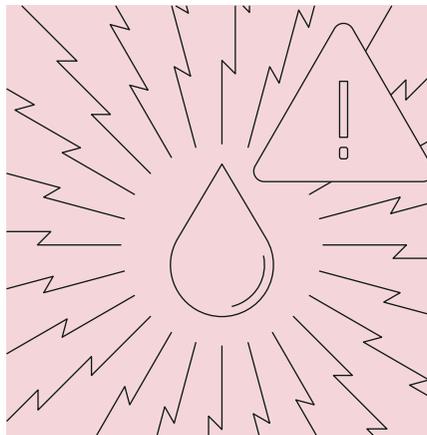
Manufacturing technology is what CIE Automotive does. That is why it is essential to monitor how it evolves, that being one of the most recurring and important tasks performed by each division. Thanks to that constant monitoring, the company sees a bright future for the technologies it is active in.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

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.

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

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.

Water stress risks



Risks that affect the availability of water for production processes, i.e., the possibility that, given the availability of water, there could be a shortage for manufacturing and auxiliary processes (cooling,

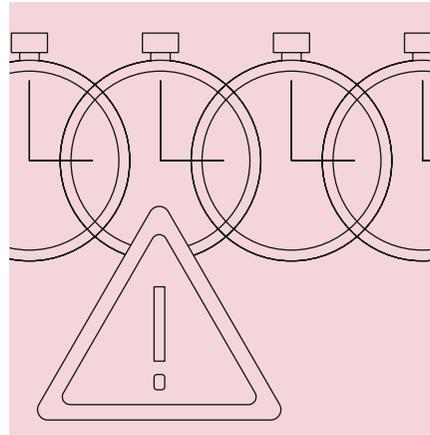
cleaning, etc.). Climate change in particularly vulnerable areas could lead to chronic water stress, impeding access to quality water.

Action plan

The company has analysed the situation across its various factories and at the water basins near their locations. In addition, in order to increase circularity, particularly with respect to the use of water, each factory has launched initiatives to reduce the use of water

and increase its reuse by installing filtering and treatment facilities, some of which have resulted in drastic improvements in circularity.

Chronic risks



These are the risks of more gradual changes with long-lasting effects, such as global warming, rising sea levels, protracted heatwaves or

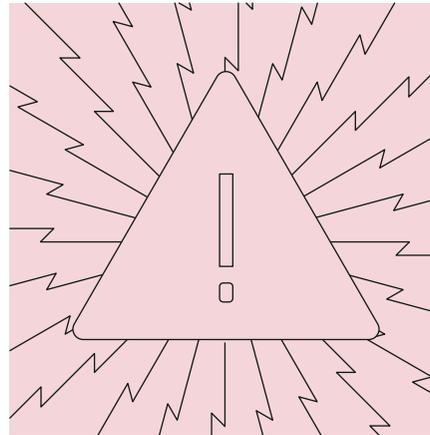
droughts, loss of biodiversity and changes in land or soil productivity.

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 recent Spanish legislation on climate change and the energy transition (Law 7/2021, of 20 May 2021) and are 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 mission is to get Spanish businesses to address the main global climate change trends and debates and become an authority on corporate environmental matters.

Acute 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. 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.

More information in the “Risk management” section of the Consolidated Management Report for the year 2022



KEY 5

We manage ethically and effectively



Excellence is the key to our profitability. Doing things well, framed by ethics and risk minimisation, makes us more credible to our customers and more attractive to investors, while making us trustworthy to our employees and suppliers.

We have a solid business model

We are being guided by a sustainable strategy

We perform well in complex environments

We collaborate with our stakeholders

We manage ethically and effectively

Excellent corporate governance



CIE Automotive has drawn deep from ethics principles to build its own body of rules and regulations to determine how its governing bodies work, how it engages with its stakeholders and which risk management mechanisms to use.

The most significant of those 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 Corporate Crime Prevention Manual. Those texts are complemented and implemented 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 regulation updates

From time to time CIE Automotive reviews its rules and regulations in order to keep them aligned with the securities market regulator's requirements and recommendations, prevailing legislation and best practices in the corporate governance field.

In 2022, that framework was enriched by the upgrade and rollout of the company's criminal risk map in four new markets: Spain, France and Germany, in Europe, and India. That deployment, coupled with the annual map updates in the US, Mexico, Brazil, China and the Czech Republic, completes coverage of the countries that account for the bulk of the group's business.

In parallel, CIE Automotive revised the controls over its risk management system, an exercise in which it involved more people this year.

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).

The company's governance framework

was enriched in 2022

by the **rollout of the company's criminal risk map**

in four new markets: Spain, France, Germany and India

Membership of the Transparency, Integrity and Good Governance Cluster

CIE Automotive is a member of the Transparency, Integrity and Good Governance Cluster, a business platform coordinated by Forética in Spain with the aim of championing a sustainable corporate governance model and addressing a range of topics related with the management of ESG matters, providing information about key trends in the field and creating a venue for firms to engage and exchange know-how.

The Cluster's activities in 2022 were focused on working on the key enablers for integrating ESG aspects into organisations' governance and decision-making.

More specifically, it tackled important topics such as non-financial/sustainability reporting, sustainable finance and markets, ESG due diligence, sustainability in corporate governance and ESG risks, among others.

The Cluster's work programme for 2022 was articulated around three main themes, following up on matters related with business transparency, ethics and integrity:

- Analysing the significance of the latest regulatory developments in the area of sustainable corporate governance and ESG due diligence in value chains (the Corporate Sustainability Due Diligence Directive). A matter of increasing importance due to a rising number of ESG risks and a growing tendency towards systemic vulnerability.

- Addressing the main advances in the area of corporate non-financial information and sustainability reporting. The Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD) are clear examples of the importance of sustainability reporting for businesses and investors.
- Analysing the financial markets and their shift towards a sustainable model. This central topic addressed sustainable markets influenced by increasingly stringent ESG regulations; the growing relevance of ESG risks; and the importance of ESG inputs into investment decisions.



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 Articles of Association 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 2022, the AGM took place on 28 April. It was organised as an in-person event for the first time since the onset of the pandemic and was attended by 336 shareholders, in person or via proxy, representing 72.22% of the company's share capital.

In order to ensure the attendees were duly identified and could exercise their rights as shareholders, in the run-up to the AGM, they were asked to register and record their requests for information or clarification; those requests were answered during the AGM.

**The AGM, held on 28 April,
was organised as an in-person event for the first time
since the onset of the pandemic and was attended by
336 shareholders representing 72.22%
of the company's share capital**

Resolutions ratified at the 2022 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 2021.

Grant of discharge to the Board of Directors.

Approval of the proposed distribution of profit for 2021.

Examination and approval of the non-financial statement of the group comprising CIE Automotive S.A. and its subsidiaries for 2021.

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, and the reduction of share capital to cancel own shares, delegating powers for the execution thereof in the Board of Directors.

Approval of the maximum amount of remuneration payable to the directors in their capacity as such.

Establishing the number of Board members at fourteen and appointment of Mr. Iñigo Barea Egaña as proprietary director.

Ratification and appointment of Ms. Suman Mishra as proprietary director.

Ratification and appointment of Ms. Elena Orbegozo Laborde as independent director.

Ratification and appointment of Ms. María Eugenia Girón Dávila as independent director.

Appointment of Mr. Javier Fernández Alonso as proprietary director.

Extension of the appointment of the auditor for the separate and consolidated financial statements for the year ending 31 December 2022.

Appointment of the financial statement auditor of the company and its consolidated group for the years ending 31 December 2023, 31 December 2024 and 31 December 2025.

Amendment of articles 9 (Competences of the General Shareholders Meeting), 12 (Notice of meeting), 12 bis (Right of shareholders to receive information), 14 (Attendance and voting rights), 16 ter (Proxies and voting by post, electronically, or other means of remote communication) 17 (Venue and time of the General Meeting. Extending meetings) and 24 (Compensation for Board members) of the Articles of Association.

Amendment of articles 5 (Remit of the General Meeting), 5 bis (Issue of debt instruments and other securities), 7 (Notice of the meeting), 9 (Right to information prior to the General Shareholders' Meeting), 10 (Right to attend and vote), 14 (Representation and voting by post, electronically or by remote communication methods) and 15 (Meeting location) of the General Meeting Regulations.

Authorisation for the Board of Directors, or any of its members in its place, to increase share capital, in keeping with the terms and constraints stipulated in article 297.1.b) of the Spanish Corporate Enterprises Act, including the power to waive pre-emptive subscription rights, by up to 20% of the balance of share capital as of the date of the resolution, under the terms of article 506 of the Corporate Enterprises Act.

Authorisation for the Board of Directors, or any of its members in its place, to issue bonds convertible into new company shares and warrants (options to acquire new company shares); to set the criteria for determining the rules and forms of conversion; and empowerment of the Board of Directors to increase share capital by the amount necessary, and to waive pre-emptive subscription rights (from the date of admission of the company's shares to trading), albeit limited to no more than 20% of share capital as of the date of the resolution.

Advisory shareholder vote on the Annual Report on Director Remuneration at CIE Automotive, S.A.

Delegation of powers to execute the aforementioned resolutions.

Board of Directors

The Board of Directors is CIE Automotive's highest governance body. It is currently made up of 14 members, including its non-executive chairman, one more than in 2021. Nine are proprietary directors, three are independent and two are executive. The three independent directors sit on the Appointments and Remuneration Committee, the Audit and Compliance Committee and the ESG Committee.

BOARD DIVERSITY

The company strives to ensure a diversity of abilities, skills, experiences, backgrounds, nationalities and gender on its Board of Directors.

As gleaned from the résumés provided on the next few pages, the directors are chosen for their expertise in a number of fields: finance, 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.

As for gender diversity, at the end of 2022, there were five female directors compared to nine male directors, implying female representation of 35%, in line with the latest set of corporate governance recommendations issued by Spain's securities market regulator, the CNMV, which is now calling for female boardroom representation of 40%. Thanks to its boardroom's gender diversity, CIE Automotive joined the IBEX Gender Equality Index, the first stock index to track gender equality at Spanish companies, on 20 June 2022.

Twelve of the directors are Spanish nationals and two are Indian.

BOARD RENEWAL

Iñigo Barea Egaña, Javier Fernández Alonso and Abanti Sankaranarayanan joined the Board of Directors in 2022, while Santos Martínez-Conde Gutiérrez Barquín and Suman Mishra stepped down.

Following that reshuffle, the balance between independent and proprietary directors in the boardroom remains correlated to the breakdown between floating capital (in the hands of ordinary shareholders) and stable capital (shares held by significant shareholders).

Iñigo Barea Egaña, Javier Fernández Alonso

and **Abanti Sankaranarayanan** joined

the Board of Directors in 2022



HOW THE BOARD WORKS

The Board of Directors' *modus operandi* is set down in the company's Articles of Association and Board Regulations.

In 2022, the Board of Directors met on eight occasions and all the meetings were presided by its Chairman.

To optimise its efficiency, the Board of Directors organises its work through committees.

The Board of Directors

met eight times,

with all the meetings

presided by its Chairman

Audit and Compliance Committee

Comprised of five members (three independent directors and two proprietary directors), 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.

This committee held five meetings in 2022.

Appointments and Remuneration Committee

Made up of four directors (three independent and one proprietary), this committee is tasked, among other duties, with formulating and reviewing the criteria for selecting director candidates, evaluating the directors' performance, proposing and monitoring the director remuneration system, in particular the amounts of their annual pay, and overseeing new director selection procedures.

It met on three occasions in 2022.

ESG Committee

This committee is made up of five members (three independent directors and two proprietary directors) and its mission is to push through CIE Automotive's ESG strategy.

It met on four occasions in 2022.


**Board of directors
(as of 31 December 2022)**

| | Position | Class of director | Appointments and Remuneration Committee | Audit and Compliance Committee | ESG Committee |
|-------------------------------------|----------------------------------|--------------------------|--|---------------------------------------|----------------------|
| Don Antonio María Pradera Jauregui | Chairman | Proprietary | | | |
| Don Fermín del Río Sanz de Acedo | Vice-Chairman | Executive | | | |
| Don Jesús María Herrera Barandiaran | Chief Executive Officer | Executive | | | |
| Doña Arantza Estefanía Larrañaga | Lead Independent Director | Independent | Chairwoman | Member | Member |
| Doña María Eugenia Girón Dávila | Director | Independent | Member | Member | Chairwoman |
| Doña Elena María Orbegozo Laborde | Director | Independent | Member | Chairwoman | Member |
| Don Íñigo Barea Egaña | Director | Proprietary | | | Member |
| Don Javier Fernández Alonso | Director | Proprietary | | Member | |
| Don Jacobo Llanza Figueroa | Director | Proprietary | | | |
| Doña Abanti Sankaranarayanan | Director | Proprietary | | | |
| Don Francisco José Riberas Mera | Director | Proprietary | Member | | |
| Don Juan María Riberas Mera | Director | Proprietary | | | |
| Doña María Teresa Salegui Arbizu | Director | Proprietary | | Member | Member |
| Don Shriprakash Shukla | Director | Proprietary | | | |

Secretary, non-member: Don José Ramón Berecibar Mutiozabal

DIRECTOR RESUMES



Antonio María Pradera Jauregui

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 2002, 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. and Basquevolt.



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 Plasfil. 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. She boasts over 30 years' experience in corporate law, including her stint as managing partner at the law firm, Uría Menéndez Abogados S.L.P., in Bilbao, from when it was set up in 2000 until January 2019. At Uría, Arantxa sat on the board, on the professional practice management committee and on the criminal liability prevention committee. In recent years she has built up a renowned practice specialising in compliance, white collar crime prevention, and environmental and safety law. She has been named Best Lawyer in Spain many times, a leading lawyer in arbitration and mediation consecutively between 2013 and 2019 and lawyer of the year in procedural law. 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. Also, since July 2021, she has been service as director and secretary of Repsol Industrial Transformation, S.L. Sociedad Unipersonal and Repsol Customer Centric, S.L. Sociedad Unipersonal. Elsewhere, she presides the Basque regional government's economic and social department's economic committee (since December 2019) and is the board secretary at Bilbao Exhibition Centre S.A. Since 8 May 2020, she has been serving on the board of Global Dominion Access, S.A. as independent director, having chaired that company's audit and compliance committee until 12 May 2021. Since then she has been a member of that committee and also of its sustainability committee.



**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 manager, committed to continuous business improvement, focused on driving earnings growth and on rationalising commercial operations. Devoted to earnings optimisation.

**Íñigo Barea Egaña**DIRECTOR
(PROPRIETARY)

An aeronautical engineer from Madrid's Polytechnic University (UPM) and École Nationale Supérieure de l'Aéronautique et de l'Espace, Íñigo also holds an MBA from IESE Business School. He began his career at Airbus where he specialised in the integration of propulsion systems. He later joined the strategic consultancy, A.T. Kearney, where he worked on a range of international projects with a focus on unlocking operational efficiencies. He is currently the head of logistics operations in Spain for Just Eat Takeaway.

**Javier Fernández Alonso**DIRECTOR
(PROPRIETARY)

Javier graduated from Deusto University in business studies (finance stream) with the highest honours. In 2000, he began his career in investment banking and mergers & acquisitions at Goldman Sachs in London, going on to join ABN AMRO in Madrid in 2002. In 2006, he moved to the investment department at Corporación Financiera Alba, where he was named deputy head of investments in 2007, department head in 2012 and general manager in 2020, a position he continues to hold today. On behalf of Alba, he currently sits on the boards of CIE Automotive, Ebro Foods, Profand Fishing Holding, Viscofan and the investment vehicles, Rioja and Rioja Acquisition (Naturgy). In the past he has served on the boards of Acerinox, ACS, Dragados, ACS Servicios y Concesiones, Euskaltel, Parques Reunidos and Clínica Baviera. He has also been a member of the investment committee of Artá Capital since 2008; he sits on that firm's board and on the boards of several of its private equity vehicles.

**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.



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 Global Dominion Access, S.A. 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.



Abanti Sankaranarayanan

DIRECTOR
(PROPRIETARY)

Abanti Sankaranarayanan, leads Group Public Affairs (India & international), Group Sustainability and Group Risk & Economist functions at Mahindra and Mahindra Ltd. She is also a member of the Group Executive Board. Prior to joining Mahindra, she was Head of the Strategy and Corporate Affairs function at Diageo India and a member of its Executive Committee. Prior to Diageo, Abanti served as a member of the Tata Administrative Service (TAS) where she held key roles managing some of the best-known consumer brands of the Tata Group in India, United Kingdom and the United States. Abanti's contribution to the business have been recognized by Fortune India (The Most Powerful Women in Business; 2012, 2014, 2015 and 2016), IMPACT (50 Most Influential Women in Media, Marketing and Advertising; 2014, 2015, 2016 and 2017), India Today (India's 25 Most Influential Women, 2013) and Fast Company, New York (100 Most Creative People in Business, 2012). Abanti is an Economics Graduate from St. Stephen's College, Delhi and an MBA from Indian Institute of Management (IIM), Ahmedabad.



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 42 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 parts industries in India and the UAE. He used to head up brand management for the Mahindra Group. He is also a member of the India CEO Forum with several countries, including Spain, France, Germany and Israel. He chairs Mahindra CIE Automotive, Ltd.

Every three years,
the Board engages
an independent expert
to help it assess
director performance

DIRECTOR PERFORMANCE EVALUATION

The independent third party, Evaluación de Consejos S.L. (EdC), duly designated by the company's Appointments and Remuneration Committee, assessed the directors' performance following generally accepted guidelines and methodologies, as recommended in the corporate governance principles applicable to listed Spanish companies, specifically Recommendation #36 of the CNMV's Code of Good Governance and the contents of its Technical Guide 1/2019 on nomination and remuneration committees.

- **Review of relevant documentation:** corporate policies published by CIE Automotive on its website, samples of board meeting call notices and minutes, Annual Corporate Governance Report, board and committee regulations, Report on Director Remuneration and other documents in the public domain.
- **Formulation of a questionnaire** for the directors to fill in, tailored for CIE Automotive's strategy and objectives.
- **Deeper dive into the opinions expressed by the directors in their questionnaires** by means of interviews designed to expound on the written responses received and capture more qualitative observations and nuance.

Framed by the company's strategy and objectives, as well as the CNMV's recommendations on director performance assessment, the priority topics for that in-depth analysis were:

The quality and efficiency of the functioning of the Board

Boardroom composition

The composition and functioning of the Board committees

ESG aspects

Communication policy

Succession planning

The performance of the Chairman and CEO

The performance and contribution of each director

Other aspects

The aggregate quantitative results derived from the questionnaire responses indicate high levels of satisfaction with the Board's functioning. The data specifically reveal satisfaction with the changes made to the Board.

The aggregate assessment of room for improvement across all areas analysed was 1.36 (1 indicating marginal room for improvement and 4 indicating maximum room for improvement). EdC's experience with similar companies suggests a benchmark average score ranging between 1.8 and 2.2.

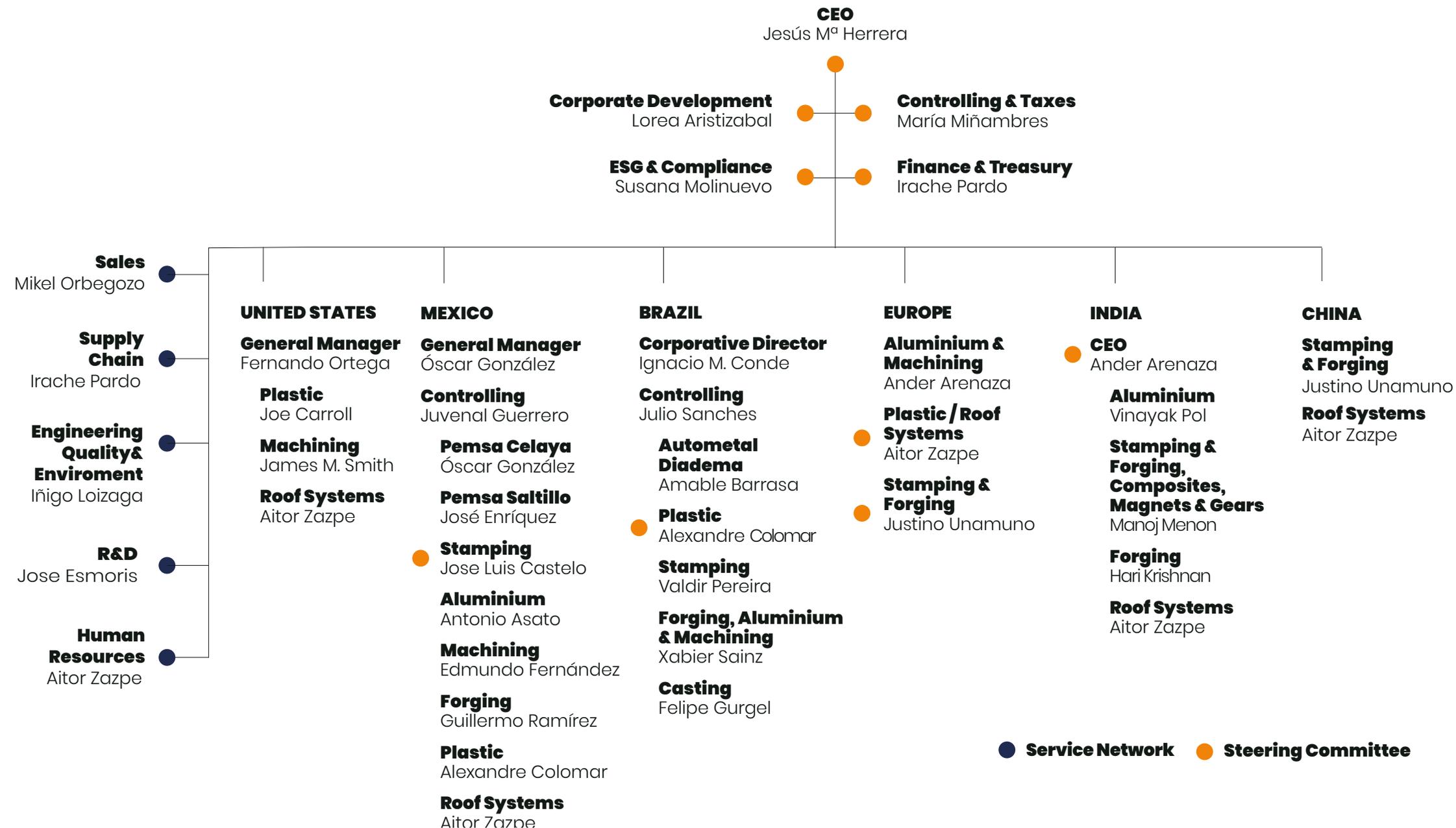
The individual areas where the directors flagged relatively more room for improvement, albeit at much lower readings than are customary for comparable companies, were:

- **Succession planning**
- **Communication policy**

The company
has since established
the corresponding action plan,
spearheaded by the Appointments
and Remuneration Committee,
with a view to eking out further
improvements

Management team

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

Remuneration is tailored for

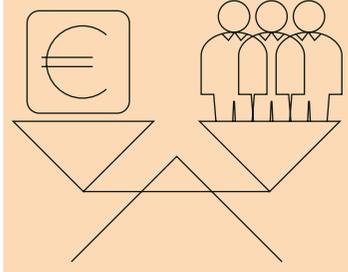
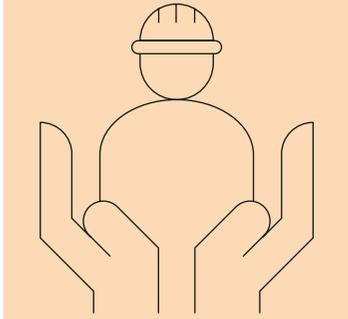
directors' dedication and duties

Key principles of the remuneration policy

CIE Automotive's **Director Remuneration Policy** is designed to ensure that its directors' remuneration is proportionate to 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.

The prevailing Director Remuneration Policy was approved at the Annual General Meeting and is effective until 2023. It is available for public consultation on the area of the corporate website dedicated to investors and shareholders and clearly sets out the amounts paid to each member of the Board of Directors and the underlying procedures.

Any changes to the current policy would have to be approved by the company's shareholders.

| | |
|---|---|
|  | <p>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.</p> |
|  | <p>Ensuring their remuneration makes a direct contribution to delivery of CIE Automotive's strategic objectives.</p> |
|  | <p>Ensuring the ability to attract, motivate and retain the best professionals.</p> |

Director remuneration

Of the non-executive directors, only the Chairman and the independent directors receive fixed annual stipends on account of their specific dedication to the company. They do not receive bonuses.

The full-time executive directors' remuneration regime is similar to that of the company's executives. Their remuneration comprises: fixed remuneration, a short-term, results-based bonus and, in the case of the CEO, a long-term bonus, conditional upon staying in the post for 10 years. The executive directors may also receive in-kind remuneration in the form of use of a company car.

The remuneration earned by the executive directors varies along with their responsibilities and the specific characteristics of the duties they perform and it is reviewed annually by the Board of Directors at the recommendation of the Appointments and Remuneration Committee.

It is up to the Board of Directors, at the recommendation of the Appointments and Remuneration Committee (based on prior verification of attainment of the established targets), to determine the level of delivery of the short-term bonuses and their amount.

The executive directors' remuneration may be topped up by health and life insurance, in line with market practice at comparable companies in terms of market capitalisation, size, ownership structure and international presence.

The company has not made any contributions, and is not presently committed to making any contributions, to any long-term retirement or savings plans on behalf of any of its directors.

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 2022 and to the 2022 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 full-time executive
directors' remuneration
regime is similar to that of
the company's executives

DIRECTOR AND KEY MANAGEMENT REMUNERATION

| 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 |
| 2022 | Total no. of people | Men | Average remuneration € | Women | Average remuneration € |
| Directors* | 6 | 3 | 2,751,906 | 3 | 100,000 |
| Senior Management | 9 | 5 | 1,607,112 | 4 | 480,214 |

(*) Directors receiving remuneration: two executive directors, three independent directors and the Chairman

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.

Mission, Vision and Values

Mission

We are a committed team with an automotive story that has been growing steadily for more than 25 years.

- **We are a global and multi-technology supplier**
 - Four continents
 - Seven technologies
- **We create value for all of our stakeholders**
- **We guarantee quality and service**
- **As a team, we join in and innovate**
 - Every person is an entrepreneur
 - We are proud to belong here
- **We care for our planet**
 - We help improve our surroundings
 - We minimise our environmental impact

Vision

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

- **Climate neutral:**
 - Maximum resource circularity
 - Zero net emissions
- **Value chain drivers:**
 - End-to-end approach
 - Commitment to local economies
- **A benchmark for society:**
 - Guaranteeing everyone’s ethical conduct, health and safety
 - Listening, communicating and acting
- **Excellent in management:**
 - Transparency and integrity
 - Value creation

Values

- **Committed to a job well done**
- **Innovation as the response to any challenge**
- **Focused on people, their families and their surroundings**
- **Diversity, equality and inclusion**
- **Sustainable and profitable growth**
- **Ethical and honest conduct**
- **Self-criticism and recognition of others**
- **Champions of climate action**
- **Compliance with the law**

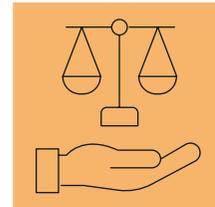
Values and ethics framework

Code of Professional Conduct

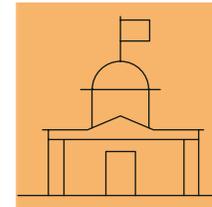
CIE Automotive has established a rulebook to guide the members of the organisation: the Code of Professional Conduct. All employees are required to familiarise themselves with and abide by it. The group also encourages its business partners (joint venturers, suppliers, customers, contractors and other partners) to align their conduct with the Code and apply equivalent standards of ethics.

The Code itself contemplates 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.

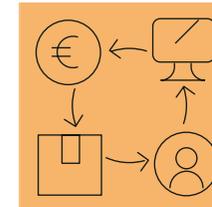
CIE Automotive's rules of conduct



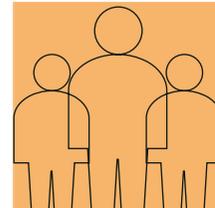
Ethical and lawful conduct.



Ethical relations with authorities and third parties.



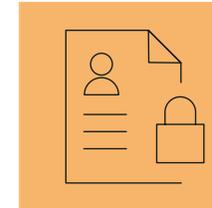
Adequate use of firm resources and assets.



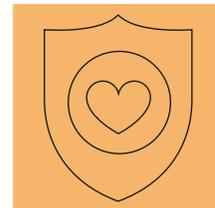
Respect for people and society.



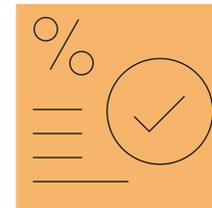
Transparency, integrity and confidentiality.



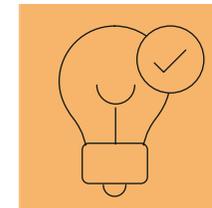
Data protection.



Workplace health and safety.



Compliance with tax obligations and proper use of public funds.



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

Postal correspondence addressed to the Compliance Department:

**Alameda de Mazarredo 69, 8°,
48009 Bilbao (Bizkaia), Spain.**

Information and communication channel on the **Intranet and on the corporate website**

The Code of Professional Conduct provides for 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 2022, the company received 35 complaints through its whistle-blowing channel, 10 more than in 2021. Those complaints were related with:

- Workplace harassment (13): inappropriate attitudes on the part of managers vis-à-vis factory workers.
- People management with respect to work scheduling for everyday factory work purposes (nine complaints).
- Fraud and corruption (five): malpractice at several factories by Procurement Department staff and managers 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.
- Sexual harassment (three): inappropriate attitudes on the part of managers vis-à-vis factory workers.
- Business management (two): related with the company's dealings with its stakeholders.
- Breach of the Code of Professional Conduct (two): failure on the part of certain employees to uphold the rules of conduct.
- Discrimination (one complaint): failure to guarantee equal opportunities.

In 2021, the complaints were related with fraud and corruption (eight), workplace harassment (five), business management (five), people management - work scheduling (three), discrimination (two) and breach of rules of conduct (two).

In all of the cases reported in 2022 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 two employees (one who participated in one of the fraud and corruption cases reported, and the other who was party to one of the reported cases of sexual harassment) and intervention by the corresponding executive and HR professionals to address the instances of workplace and sexual harassment and discrimination reported and prevent their recurrence via enhanced education on the company's values and Code of Professional Conduct rules.

Every case reported through
the whistle-blower channel

is investigated, monitored and ruled on



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 were revised, updated and re-approved between 2019 and February 2021.

The Compliance Department is responsible for overseeing the correct deployment and implementation of all of the group's corporate policies.

| |
|---|
| ESG policies |
| ESG |
| Procurement |
| Supplier ESG commitment |
| Human rights |
| Anti-corruption and anti-fraud |
| Community work |
| 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

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 the obligation to tackle fraud and corruption, the company has an official **Anti-Corruption and Anti-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 2021, no public legal cases were brought against the organisation or its employees in relation with corruption in 2022.

Measures to combat money laundering

The group introduced its Corporate Crime Prevention 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.

In order to prevent or minimise the probability of occurrence of inappropriate or illicit conduct and ensure that any such conduct is brought to a halt, if detected, and accountability duly sought, in 2021, CIE Automotive drew up a **Compliance and Criminal Risk Prevention Policy**.

Measures to prevent corruption and bribery

In 2022, it extended the criminal risk map to Spain, France and Germany, in Europe, and to India, and completed the annual updates of its risk maps in the US, Mexico, Brazil, China and the Czech Republic, thus completing coverage of the countries that account for the bulk of the group's business activities.

Each country has its own local Corporate Crime Prevention Manual, which is aligned with the corporate version. The Mexico-specific Corporate Crime Prevention Manual was also updated in 2022.

Every time the criminal risk map is introduced to a new market, specific training is provided to brief employees about the company's policies and procedures and remind the factories about applicable local legislation.

The crime prevention model

was introduced in four new countries in 2022

Human rights protection

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 2022 or 2021.



**There were no complaints
of human rights violations, understood as breaches
of the right to decent work and a living wage**



Risk management

CIE Automotive’s enterprise risk management (ERM) system is designed 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 Management and Control 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.

Enterprise risk management system

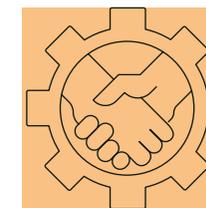
CIE Automotive’s EGM provides it with reasonable assurance that all significant risks - strategic, operational, financial/reporting (refer to the **Internal Control over Financial Reporting (ICFR) Policy**) and non-financial (ESG and compliance) risks - are prevented, identified, evaluated and monitored 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.

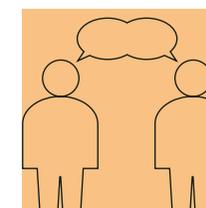
Enterprise risk management system - principles



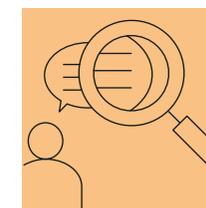
Creation of a constructive vision of the concept of risk.



Committed and competent risk management professionals.

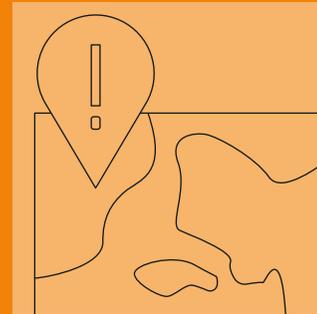


Use of a shared language.



Transparent communication throughout the entire organisation.

The ERM system ensures that all risks are duly **prevented, identified, assessed and strictly controlled**



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, classifying those risks into three categories - irrelevant, low risk or high risk - based on a dual assessment:

- 1 *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*
- 2 *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% |
| Materialised in the past | 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. |
| Materialisation in the future | 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. |

A total of 326 people participated in drawing up this general risk map, 93, or 40%, more than in 2021.

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 estimates, 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 two years in all of the foregoing categories. 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.



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

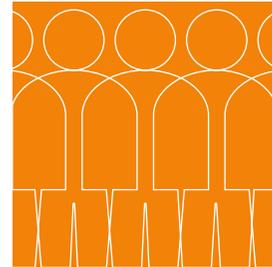
| | 5 – Critical | 4 – Severe | 3 – Medium | 2 – Light | 1 – Very light |
|------------------------------|---|--|--|--|--|
| Economic impact | Very severe adverse impact on EBITDA. An adverse impact on P&L* of >5%. | A severe adverse impact on EBITDA. An adverse impact at CE of >3.5% but <5%. | A significant reduction in EBITDA guidance. An adverse impact at CE of >1.5% but <3.5%. | A slight reduction in EBITDA guidance. An adverse impact at CE of >0% but <1.5%. | No change in existing EBITDA. |
| Organisational impact | 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. |
| Reputational impact | 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. |

(*) Statement of profit or loss

Risks assessed in 2022

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

Twenty risks were evaluated in 2022, one more than in 2021.



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.



Human rights

- Code of Professional Conduct breaches by group employees.

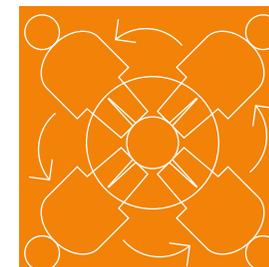
Corruption and bribery

- 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.



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.



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.
- Geopolitical risk.

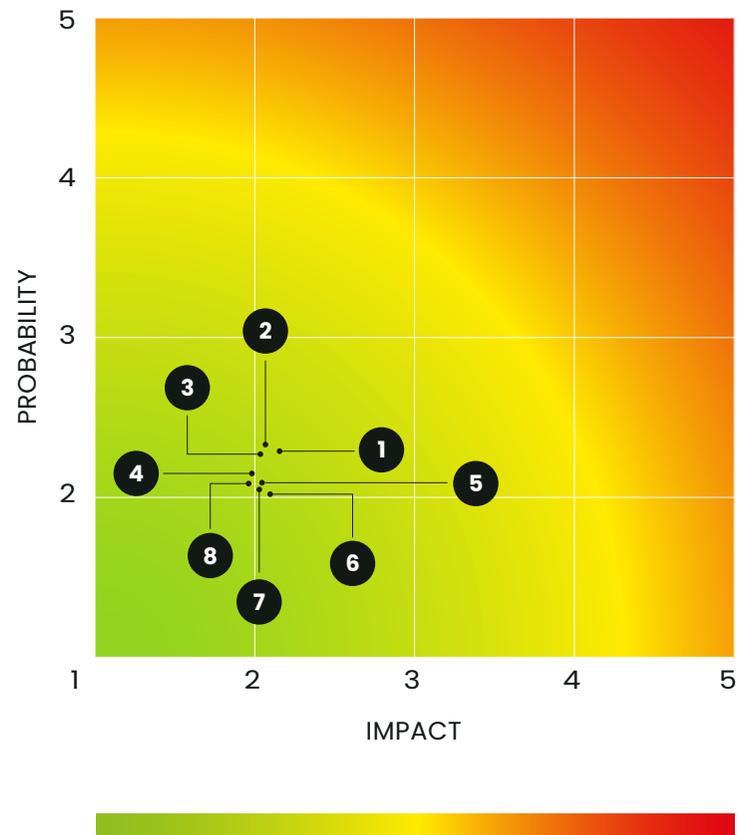


Environment

- Impact of climate change on delivery of the company's strategic objectives.

(* For more information, refer to Value Distributed to society, Good tax practices section

Risk map 2022



1. Change in market trends
2. Geopolitical risk
3. Cybersecurity
4. Sustainable supply chain
5. Key personnel succession planning
6. Inorganic Growth Management
7. Training policy and academy
8. Key personal succession plan

Before being placed on the risk map, the risks are filtered to exclude from the assessment risks for which no extraordinary measures are required on account of their nature or the company's risk appetite. That is the case of risks classified as low probability and low impact.

The 2022 Risk Map confirms and consolidates the risks intrinsic to the sector and its evolution, such as changes in market trends, and another risk inherent to CIE Automotive's trajectory, growth and future, which is the management of inorganic growth, as well as showing the company's growing concern about geopolitical risk and its impact on the achievement of its strategic objectives.

This year's risk map also highlights concern about cybersecurity and the losses its mismanagement could trigger and it shines the spotlight once again on sustainable supply chain management, due to the rise in commodity prices and the scarcity generated by global supply chain friction, which has ushered in a new era of inflation.

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 sufficiently deep team of trained and well-prepared professionals and adequate succession planning.

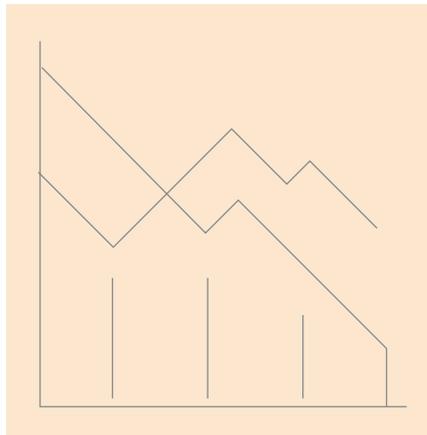
Elsewhere, it is also worth highlighting the initiatives taken and controls introduced in 2022 to mitigate certain risks deemed priority risks in 2021 which no longer rank among the top concerns, most notable among which financial risk and the risk of not meeting customer expectations. The measures and controls rolled out by the company, along with the provision of dedicated training, are clearly working.

The 2022 risk map once again highlighted risk factors intrinsic to the sector and its evolution, such as changing market trends

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 Business 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.

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.

Action plan

As stressed throughout this report, CIE Automotive has a unique business model, one that has proven extraordinarily effective in shifting and demanding environments such as those tackled in recent years and that currently looms.

That effort has been rewarded. CIE Automotive is already producing regularly for some of those newcomers and is at the development phase with other potential new customers whose business models are totally different from those of the OEMs. This is precisely where having a flexible structure, strong customer focus and unique engineering capabilities really sets us apart from our peers and competitors. Unstinting analysis of our surroundings and those of our stakeholders has emphasised concern around climate change and the need to decisively tackle the climate emergency facing society. .

To address shifts in market trends, the company emphasises the importance of cross-departmental coordination. Also, the R&D and market analysis departments have been comprehensively and continuously monitoring the various trends that have been affecting the sector, as shared with it by the sales and other divisions, in order to assess their implications and design the action plans that have been layered into the company's strategic plans since 2015.

Actions have also been taken at the organisational level: the engineering and environment departments have been merged to ensure that sustainability, decarbonisation, circularity and eco-design criteria are factored into new product and project development from the drawing board stages. That approach is how we materialise our commitment to using circular materials, making lighter vehicles and safer products and contributing to the fight against climate change.

As a result, R&D projects undertaken on a standalone basis, or as part of consortia involving our customers, in the areas of electrification, the circular economy, vehicle light-weighting, safety and Industry 4.0, to name a few examples, have generated key collaborations with traditional OEM customers on new developments coming on to the market in sync with the shifting market trends identified.

The company continues to reinforce the flexibility of its model - characterised by geographical, customer and technology diversification - to adapt to unfolding and future customer needs and emerging automotive trends. These trends are taking hold at different speeds in the various markets in which CIE Automotive does business and the company adapts to what each customer and scenario demands.

In parallel, the company's sales area has worked hard to generate leads at new sector players. The new players do not work in the same way as the traditional OEMs so that penetrating those accounts forces us to rethink our sales and collaboration approach.



Product portfolio diversification brings a unique ability to adapt relative to our 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 products, the company is working from the technological and market standpoints to make the most of the opportunities emerging in the battery, engine/motor, power electronics and gearshift 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.

As outlined in prior reports, CIE Automotive has set itself annual sales targets as it waits for the market and its customers to increase volumes, while capturing new players in the key mobility market. Note that in 2022, 53% of the order intake related to NEV projects, which is above the level of market penetration enjoyed by this class of vehicles.

One of the cornerstones of the 2025 Business Plan is a strategic commitment to the comfort segment, which is proving astute 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 Pilot Testing Advanced Manufacturing Taskforce 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 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 of surplus capacity.
- Concentration processes: fewer players but companies 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.

Throughout this process, the company has been involving its entire supply chain, detecting opportunities for work with customers and bringing those needs and opportunities to its suppliers. This is particularly important in regards to the use of recycled and recyclable materials, as well as the use of green materials, which require a capable and effective supply chain, in addition to validation and certification by our customers. Here it is worth highlighting the supply chain decarbonisation initiative, Supply Chain Race to Zero, one of the key lines of action enabling CIE Automotive's commitment to achieving net zero emissions by 2050.

Our geographical balance and global footprint help reduce market-specific risks due to different rates of adoption of the sector changes and trends around the world.

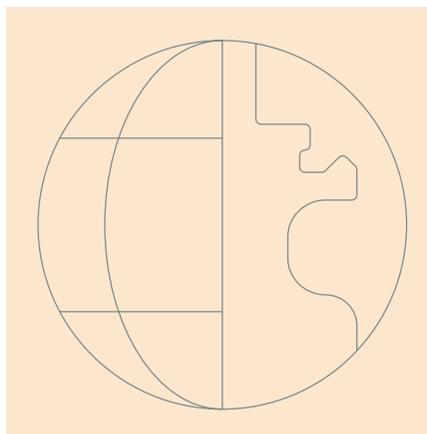
**For more information, refer to Automotive
sector trends and outlook by region; Key automotive
sector trends**

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 in 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 sections Suppliers and Update of Glocal management procedures

Geopolitical risk



2022 showed how a long list of potential external shocks, ranging from extreme meteorological phenomena, inflation fuelled by energy price volatility and migratory and demographic challenges, to the ongoing war between Russia and Ukraine and tensions between the US and China, expose governments to litany of risks they may not be ready to handle amidst social and institutional weaknesses.

States under financial pressure as a result of the above-listed shocks could seek budget balance by passing laws and introducing levies to stem their fiscal deficits. Those forces are pushing interest rates

and inflation higher, affecting GDP and employment and, as a result, the population's purchasing power and access to credit, ultimately denting consumer spending and the purchase of cars.

Moreover, in a new geopolitical order, legal and compliance teams are having to deal with cross-border legislative requirements that are ambiguous or contradictory.

Action plan

As outlined in the response to shifting market trends, 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.

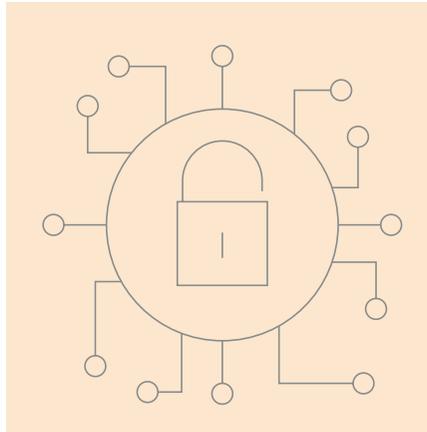
The GLOCAL approach brings other advantages such as a reduction in the company's carbon footprint, a lower impact via reverse logistics (returns) and reduced vulnerability to regulatory changes and swings in interest rates, exchange rates and tariffs.

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 at 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.

Despite classification into major regions and divisions (the main technologies), the factories, albeit guided by the company's strategy, have full operational autonomy and are managed by local teams, so dissipating business continuity risks for the company as a whole as a result of armed conflicts, the related international sanctions or other similar risks.

For more information, refer to Automotive sector trends and outlook by region; Key automotive sector trends; and Update of Glocal management procedures

Cybersecurity



Cybersecurity, understood as protection 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 have become more exposed to possible attacks.

Action plan

CIE Automotive launched a cybersecurity consultancy project to map out the potential IT system risks to which the group was exposed to in 2021.

The project comprises three phases:

- Scenario identification (completed in 2021).
- Risk quantification (completed in 2022).
- ECOR assessment, methodology used by the consultant to calculate the impact (to be performed in 2023).

Once all three phases are complete in 2023, CIE Automotive will be able to determine what type of action to take to minimise its risks.

The following work was done in 2022:

- Description of risk scenarios.
- Risk analysis as a function of probability of occurrence and impact.
- Classic risk analysis.
- Advanced quantification based on analytics and a PowerBI dashboard.

Having defined the risk scenarios as a function of their probability of occurrence and impact, a total of 66 cybersecurity controls

were evaluated with the help of the IT managers of all the IT groups around the world with the aim of understanding the risks associated with each scenario.

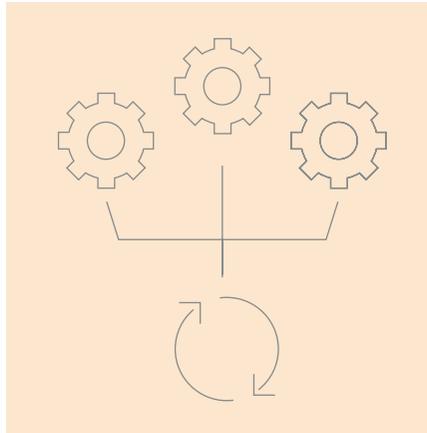
Once the information received from each of those IT managers was analysed, the controls were classified and measures rolled out in each IT group. That enabled assessment of the probability of occurrence of each scenario. To appraise the financial aspects, calculations were made adjusting for each group's revenue levels.

The tasks scheduled for 2023 include:

- Monitoring cyber risks and updated PowerBI risk scoring.
- Risk analysis to identify action plans by group and define baseline scenario controls.
- Once those action plans have been defined, the advanced quantification values will be updated.
- Development of a basic control questionnaire for use in new acquisitions.

Lastly, to foster knowledge around cybersecurity risks and raise organisational awareness, a training initiative was rolled out globally in 2022, which is set to continue this year.

Sustainable supply chain



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 Business 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 is guaranteed and ensure there is a commitment

to their surroundings, the environment and to doing business ethically.

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.

Action plan

Raising awareness and educating all CIE Automotive employees about ESG matters should be seen as a major opportunity.

Also an opportunity for the procurement managers, guided by ongoing implementation of the successful GLOCAL supply chain management model, to work even harder to encourage suppliers to meet ESG compliance requirements. The ultimate goal is to create a solid, flexible and resilient supply chain aligned with the SDGs.

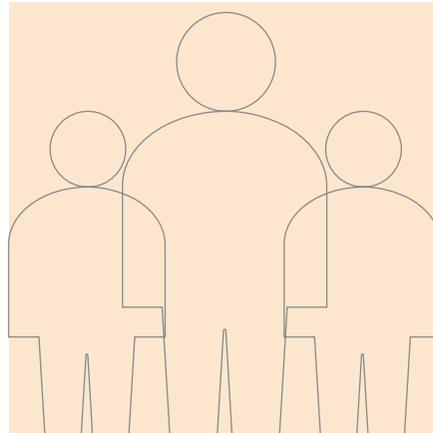
Risk mitigation involves:

- Renewing ISO 20400 Sustainable Procurement certification annually.
- Continuing to apply common procedures aligned with each country’s legal requirements and the group’s ESG strategy.

- Providing the organisation with an objective ESG scoring, KPI and monitoring system for the supply chain, via the Supplier Portal.
- Monitoring the supply chain’s ESG KPIs quarterly.
- Continuing to provide all buyer teams with ongoing training.
- Providing local suppliers with ESG training via specific sessions and meetings.
- Encouraging ESG audits worldwide.
- The Supply Chain Race to Zero project

For more information, refer to section [Update of Glocal management procedures and Supply Chain Race to Zero project](#)

Human capital for growth



Management of the current and projected pace of growth requires consolidation and development of the company's finest asset, its people.

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.

Action plan

The group is continually improving its employment terms and conditions to make them compelling for its existing professionals and to attract new talent to the organisation.

Factory managers and HR managers around the world periodically assess the situation at their factory or factories for the risk of losing talent, especially in critical positions, and take the measures required to retain key talent and plan for succession as needed.

CIE Automotive has a group-wide professional development programme which, among other things, enables it to identify high potential individuals in our factories and monitor their performance at the company.

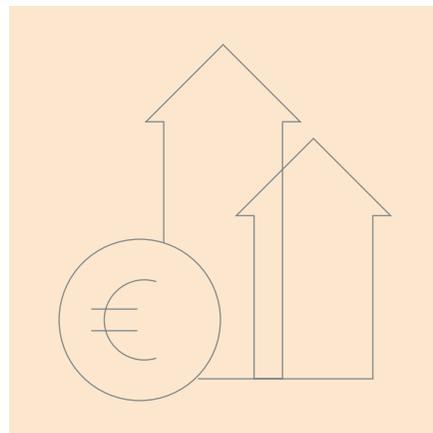
The need to continuously hire, train and retain professionals is set to remain a major challenge in the years to come. Moreover, in some of CIE Automotive's markets, low unemployment and high staff turnover levels are making it hard to operate at normal levels and achieve the company's targets.

As part of its recently launched Diversity Diagnostics initiative, the group has included generational diversity as one of the four classes of diversity to be analysed with the aim of integrating talent from different generations and generating personnel ageing data by job category, factory and country so as to be able to anticipate, at the corporate and local levels, potential succession planning needs at each factory.

In addition, as shown elsewhere in this integrated report, the group has been gradually increasing the number of training hours imparted and its work flexibility measures; both tools render the group more attractive to new talent and facilitate retention of existing talent.

More information in the Employees sections, Employment and Diversity, Training and mobility

Management of M&A-led growth



As envisaged in the Business 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

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.

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.

- 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.

Risks mitigated in 2022

Thanks to the actions taken in 2022, CIE Automotive managed to mitigate the probability of materialisation of the following risks, labelled priorities in 2021, and, therefore, no longer deemed in need of priority attention in the 2022 risk map.

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.

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.

Action plan

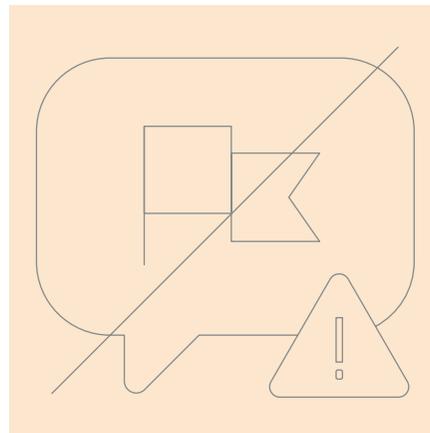
Management of this risk factor, which falls to the group's Finance Department, crystallises in an effort to optimise the capital structure, combined with the arrangement of natural hedges (matching currency of generation and borrowings) and/or non-speculative derivatives suited to our risk profile in order to actively manage potential currency risks.

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.

Active management of finance costs, extension of the average maturity profile and rationalisation of the working capital requirement in order to reduce borrowings while maintaining a sufficient liquidity buffer.

More information in the "Consolidated Annual Accounts and Consolidated Management Report" corresponding to the year ended December 31, 2022

Risk of failing to meet customer expectations



Mismanagement of new projects and/or operations could lead to failure to attain the defined specifications and, possibly, breaches of contract (e.g., delivery times, milestones or quality).

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 proposals that tick 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 customer specifications with a focus on special characteristics and regulatory and safety considerations.

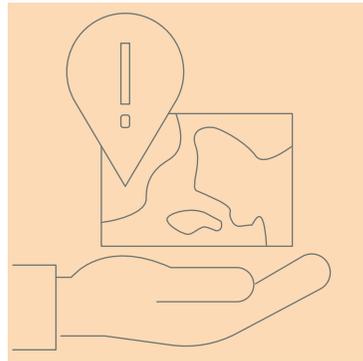
Lastly, once the agreed launch standards have been attained, mass supply begins, framed by the procedures and tools comprising CIE Automotive's Process 4.

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 group-wide 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, CIE Automotive strives 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.



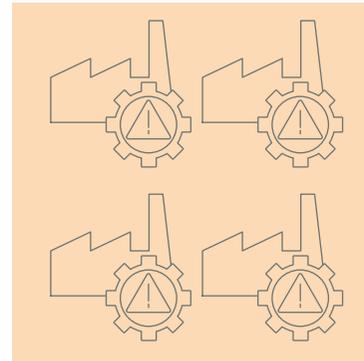
Continuous improvement of the ERM system



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:

- Update and improve the two risk maps that complement the company's general risk map. Those maps address climate risks, so complying with the EU Directive, and criminal compliance risks, thus upholding the commitment made by the company in its 2025 Business Plan.
- Launch new controls in the area of corporate compliance as a byproduct of the global rollout of the compliance model between 2020 and 2022.
- 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.



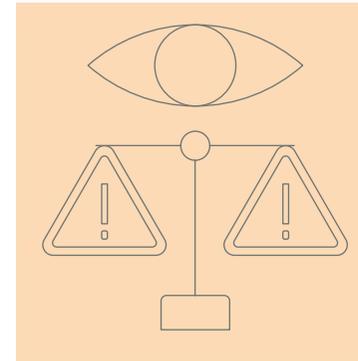
Risk control at the individual factory level

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 to mitigate the risk of 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. Since then, that model has been introduced in Spain, France, Germany, the Czech Republic, US, Mexico, Brazil, India and China.

INTERNATIONAL ROLLOUT OF THE CRIMINAL COMPLIANCE MODEL

In 2022, the company rolled out its criminal compliance model in India, Spain, France and Germany, drawing up a separate risk map for each of those markets, adding to those already put in place in the US, Mexico, Brazil, China and the Czech Republic between 2020 and 2021.

As in 2021, 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.



The criminal compliance
model was introduced
in India, Spain, France and
Germany in 2022

CRIMINAL RISK MAP

In 2022, the company drew up a specific criminal risk map, carrying over the initiative launched in 2021 in response to the demands of its stakeholders and honouring one of the commitments made in its 2025 Business 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

The criminal risk map is drawn up following the same procedure as the annual global risk map.

A total of 233 people participated in drawing up the 2022 version of the criminal risk map, 100 people more than in 2021, and the exercise involved nine countries, five more than in 2021: the US, Mexico, Brazil, India, China and the European markets - Spain, France, Germany and the Czech Republic. Each respondent considered a time horizon of 2025 and their specific area 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 Business 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 assessment 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 estimates, 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.



A total of 233 people participated in drawing up the criminal risk map, 100 more than in 2021, and the exercise involved nine countries, five more than in 2021

Criminal risks assessed in 2022

The criminal risks assessed in 2022 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, 38 potential crimes were evaluated by the various professionals identified for that task, which is 15 more than in 2021. The aggregate criminal risk map for 2022 is based on the implementation of the compliance model in the following nine markets: the US, Mexico, Brazil, India, China, the Czech Republic, Spain, France and Germany. It is not yet, therefore, a global map, that being a specific target set down in the 2025 Business 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; over 6,200 people took the course online, with the remainder completing the training by means of brochures and a final assessment.

It is important to note that each time the compliance model is introduced into a new country, specific criminal risk training is provided to all of the people it applies to. That refresher training involves a reminder of the company's in-house policies, manuals, procedures and controls and provides an update on applicable local legislation and related developments.

38 potential crimes

were evaluated by the identified professionals,

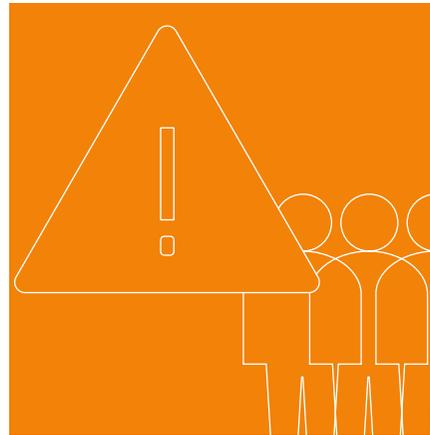
which is 15 more than in 2021



Key risks: description and action plans

Below we itemise the main criminal risks identified in the new risk map, with limited boundary as noted (nine countries: US, Mexico, Brazil, India, China, Spain, France, Germany and the 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.

Risks with low probability of occurrence and moderate potential impact



Discrimination
Damage to natural resources
Disclosure of trade secrets

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.

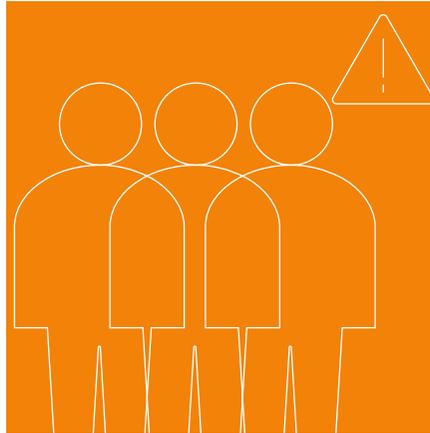
All of CIE Automotive factories use an IT tool to guarantee performance of the required internal controls. That tool is the SAP GRC (Governance, Risk and Compliance) suite, which permits the automated and manual analysis of the level of performance of the controls conducted at the factory level and tracks incidents and any resulting action plans, enabling traceability, as outlined in greater detail in the Internal Control Systems section.

In 2022, 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 and anti-corruption efforts, building from the training provided on the core contents of the Code of Professional Conduct in 2021 and continued in 2022.

Risks mitigated in 2022

Thanks to the actions taken in 2022, CIE Automotive managed to mitigate the probability of materialisation of the following risks, labelled priorities in 2021, and, therefore, no longer deemed in need of priority attention in the 2022 risk map.

Risks with low probability and slight impact



Bribery | Influence peddling
Business corruption
Misrepresentation in reporting obligations

The key actions taken included tighter control over and monitoring of the existing controls, the introduction of new controls following the model's reassessment and, importantly, the ongoing training provided on these risks by the Compliance Department.



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.

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 use 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.

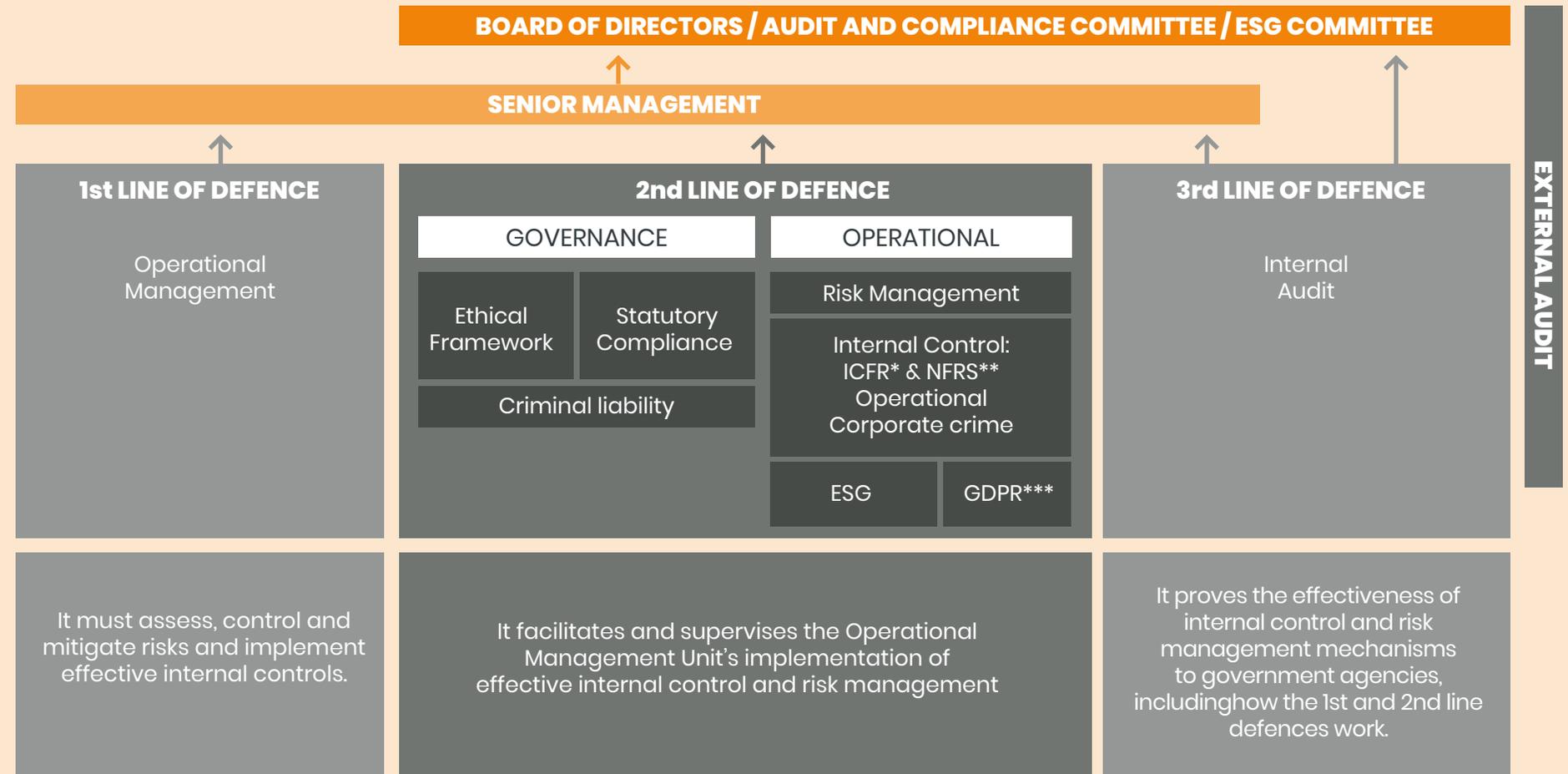
Thanks to that procedure, CIE Automotive is supervising compliance with more than 250 financial (ICFR) and non-financial (ESG, criminal liability, compliance, IT and GDPR-aligned data protection) controls per facility.

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 the work performed by the Compliance Department is managed by the Audit Management module within SAP GRC in place at the various local internal audit departments (namely those in Brazil, Mexico, India and Europe).

Lines of defence



(*) ICFR: Internal control over financial reporting
 (**) NFRS: Non-Financial Reporting Statement
 (***) GDPR: General Data Protection Regulation

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 2022, it continued to execute the tasks derived from the action plan resulting from the analysis, carrying on the work already performed in 2020 and 2021.

WORK PERFORMED IN 2022

1. **A1. Analysis and identification of the regulatory universe and key compliance aspects, with a special emphasis on criminal liability legislation, in Spain, Germany, France and India.**
2. **Rollout of CIE Automotive's compliance model in Spain, Germany, France and India.**
3. **Update and further development of the two new risk maps created in 2021, in addition to their consolidation into the general risk map:**
 - A tailored criminal risk map for each of the new countries analysed - Spain, Germany, France and India - and the update of the maps already rolled out in the US, Mexico, Brazil, China and the Czech Republic.
 - A revamped climate risk map (adding five new climate risks), which is one of the commitments assumed by the company under the scope of its 2025 Business Plan.

4. Identification of areas for improvement and existing gaps with respect to:

- a. Rules, policies and procedures: creation of exclusive manuals for each of the regions analysed between 2020 and 2022 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, it has also assessed all of the risks comprising the company's general risk map. That review led to the addition of new risks and 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 between 2020 and 2022.
- c. Training and communication: continued implementation of the global criminal risk and anti-corruption training plan launched in 2020 in the form of ESG Days, along with the distribution of educational leaflets, complemented by specific training in the countries in which the criminal compliance model was rolled out and implemented for the first time.
- 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, in 2022, CIE Automotive continued the two new reporting initiatives introduced in 2021:

- Addition of a dashboard with non-financial information to each factory's management plan containing the ESG indicators relevant to the company's 2025 Business Plan, an initiative approved by the Board of Directors and the ESG Committee and actively endorsed by the company's CEO.
 - 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 established 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.

One of the biggest challenges CIE Automotive faces is full integration of environmental, social and governance (ESG) criteria. Framed by its commitment to the 2030 Sustainable Development Agenda, in 2022, it monitored its progress on nearly 80 ESG indicators included in its Business Plan and added SDG 16 'Peace, justice and strong institutions', related with the effort to thwart corruption, to its Sustainable Development Goals (SDGs). In parallel, it continued to introduce its tailored criminal risk map in new markets and sought to strike a balance between the company's interests and satisfaction of its stakeholders' expectations.

Advances in ESG management

Commitment to the 2030 Agenda

CIE Automotive has layered the targets enshrined by the United Nations Sustainable Development Goals into its business strategy and model in order to contribute to delivery of the 2030 Agenda, a plan of action for people, the planet, prosperity and universal peace.

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 ten specific goals (SDGs #3, 4, 5, 8, 9, 10, 12, 13, 16 and 17). It provides an account of its progress on those specific goals in this report.

SDG 16 'Peace, justice and strong institutions' was formally introduced in 2022 in light of the fact that one of its enabling targets is to achieve a significant reduction in corruption and bribery.



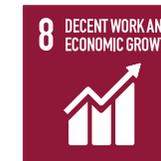
3. HEALTH AND WELLBEING
Ensure healthy lives and promote well-being for all at all ages.



4. QUALITY EDUCATION
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



5. GENDER EQUALITY
Empower 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.



16. PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote just, peaceful and inclusive societies.



17. PARTNERSHIPS TO DELIVER GOALS
Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Endorsement of the Global Compact

CIE Automotive's public endorsement of sustainable development dates back to 2015, when it signed the United Nations Global Compact, so pledging to uphold universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Seven years later, as a Signatory of the Spanish Chapter of the Global Compact, the group has become an agent of transformation, aligning its business targets with the principles of equity and sustainability.



United Nations
Global Compact



ESG policy in action

CIE Automotive's **ESG Policy** establishes the basic principles and general framework governing the management of its environmental, social and governance practices and their integration into its business model and strategy. The ESG Policy applies to everyone who works at the organisation.

Effective application of the ESG Policy and the potential risks associated with it are addressed in the Risk Management and Control Policy, which follows the ISO 31000 methodology.

ESG and sustainability management are supervised by the Board of Director's 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 nearly 80 ESG indicators for tracking at the global level; those KPIs have in turn been included in each factory's management plan and are being used to track delivery of the ESG aspects of the company's 2025 Business 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.

Cross-group ESG Committee

 Permanent members

 Non-permanent members



Susana Molinuevo
Compliance & ESG



Aitor Zazpe
Human Resources & Business Management



Lorea Aristizabal
Business Development



Iker Hernández
Risk Management & Internal Control



Mikel Orbegozo
Sales



Irache Pardo
Finance, Treasury & Procurements



Ángel Zalduegui
Community Work



Iñigo Loizaga
Engineering, Quality and Environmental Management



María Miñambres
Controlling & Tax



Jose Esmoris
R&D



Javier Alvarez
Human Resources



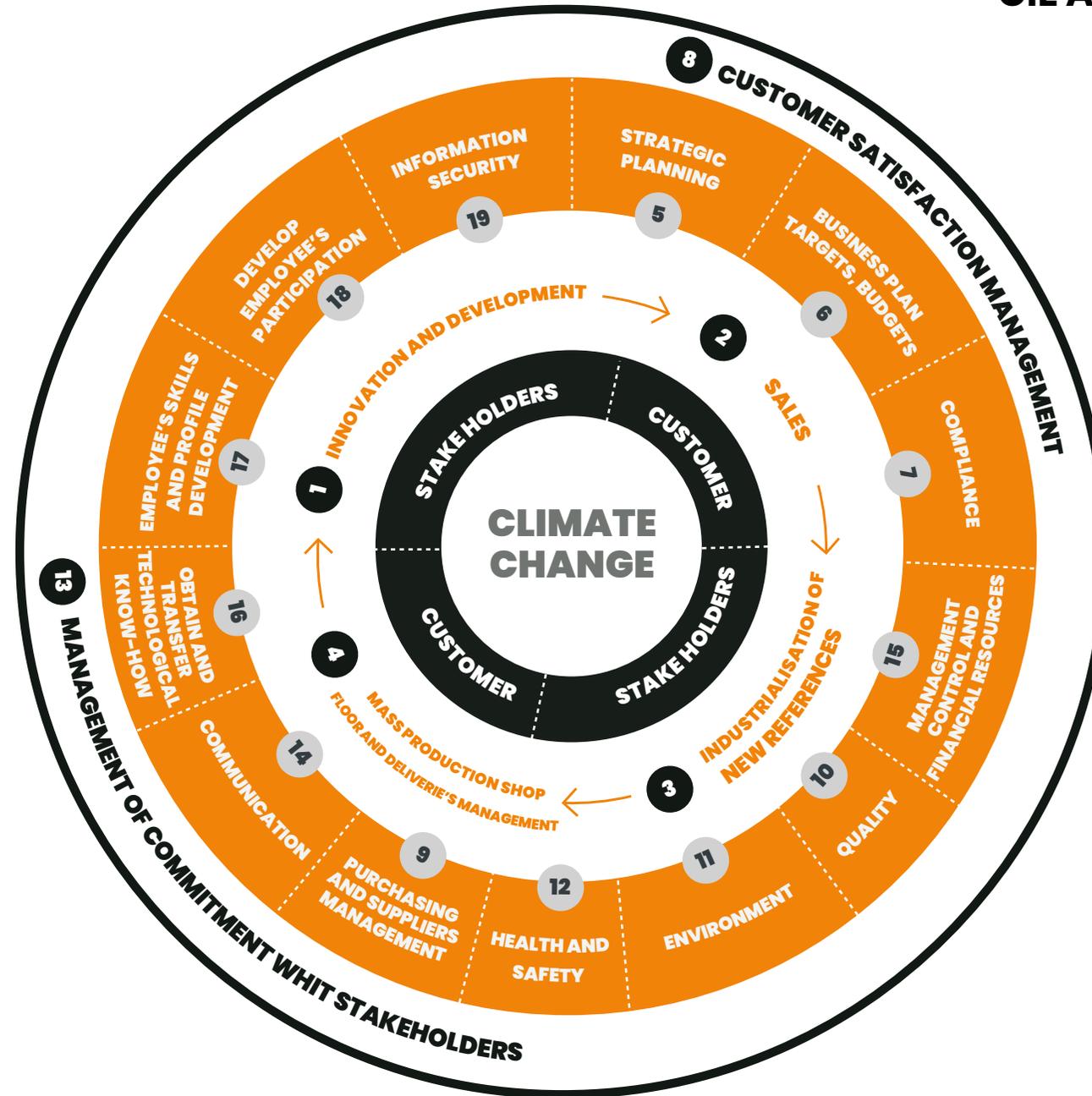
INTEGRATION IN THE MANAGEMENT MODEL

In 2022, CIE Automotive updated its productive facilities' management model for the eleventh time. That model includes elements that are foundational to CIE's culture:

- **Mission, vision and values**
- **Stakeholders**
- **Process map**
- **Policies:**
 - Quality
 - Environment
 - Health and safety
 - IT security

Specifically, it reviews the company's mission, vision and values, updates the ESG commitments and includes a new version of the process map, in which climate change now commands a core position.

CIE Automotive process map





Progress made on the ESG front in 2022

In addition to integrating the company's ESG commitments into the Business Plan, the Compliance Department spearheaded other significant group-wide milestones:

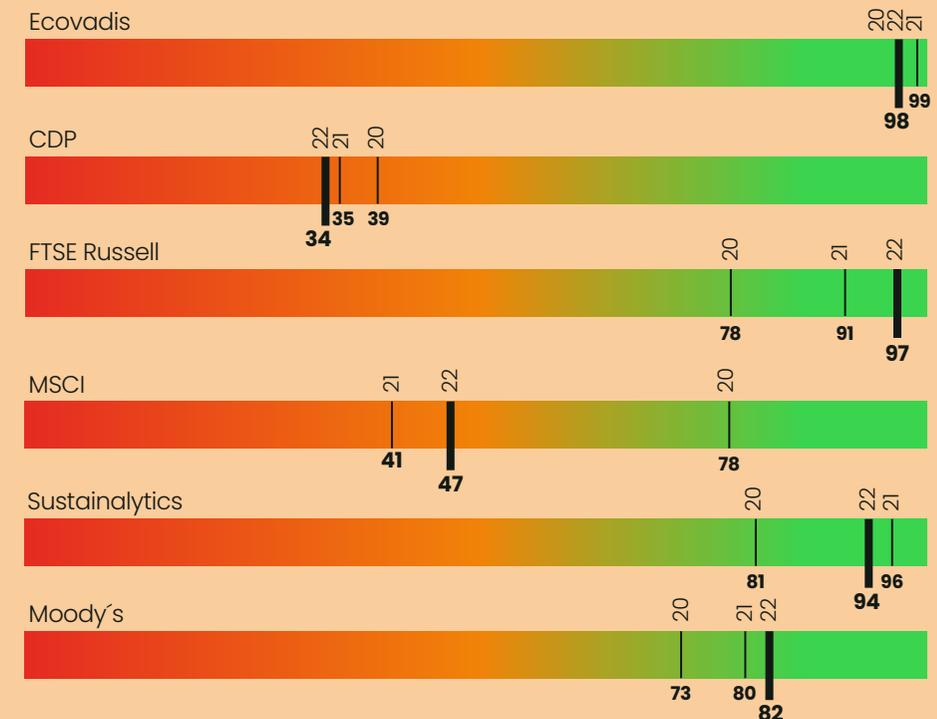
- Organisation of ESG Days in the US, Italy and Slovakia.** In June, July and November, the Compliance Department ran ESG Days at the factories newly acquired from Somaschini (Italy) and Golde Lozorno (Slovakia) in Europe and at all the factories in the US in order to stress the ESG commitments assumed under the umbrella of the 2025 Business Plan, which were approved and published in November 2021, and also to remind each factory of its regulatory requirements. Those events were also used to update the company's internal materiality assessment.
- Extension of the criminal risk map to India, Spain, France and Germany** and the annual update of the risk maps in the US, Mexico, Brazil, China and the Czech Republic, thus completing coverage of the countries that account for the bulk of the group's business activities. Each country has its own local corporate crime prevention manual, which is aligned with the corporate version. The Mexican version of that manual was updated in 2022 in light of recent local legislative developments.
- Review of financial, non-financial and compliance risks** and inclusion of new ESG-related risks. Geopolitical risk was added to the risk map and, what's more, identified as a key risk factor in light of its potential impact on delivery of the 2025 Business Plan targets.
- Update of the materiality assessment.** Following an internal review in which the management committees at the factories where the ESG Days were organised participated, CIE Automotive updated its materiality matrix and publicised the results on its intranet.

ABOVE SECTOR-AVERAGE ESG SCORES

Several independent sustainability ratings agencies assessed CIE Automotive's performance in 2022. Most of those assessments were not specifically requested by the company and, in general, evaluate our impact on the environment, our labour and human rights practices, our ethical standards and the sustainability of our purchasing, among other material aspects.

Nearly all of those scores are trending in the right direction and place the company's performance above the sector average.

ESG Percentiles 2020-2022



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.

CIE Automotive's stakeholders

| | | |
|---|--|---|
| <p>Shareholders</p> <ul style="list-style-type: none"> • 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. | <p>Business partners</p> <ul style="list-style-type: none"> • 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. | <p>Public authorities</p> <ul style="list-style-type: none"> • 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. |
| <p>Professionals</p> <ul style="list-style-type: none"> • 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. | <p>Suppliers</p> <ul style="list-style-type: none"> • 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. | <p>Sector</p> <ul style="list-style-type: none"> • The company participates actively, holding positions of prominence, in several business associations in Spain and Europe. |
| <p>Customers</p> <ul style="list-style-type: none"> • 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. | <p>Society</p> <ul style="list-style-type: none"> • The company drives development through its activities in its operating markets. • It finances community work targeted at the least privileged. • It helps make safer and more comfortable and environmentally-friendly cars. | <p>Financiers</p> <ul style="list-style-type: none"> • The company negotiates the best possible conditions on the basis of investment requirements and prevailing market conditions. |

The company has a wide range of reporting and communication channels, the most important being its corporate website, where its stakeholders can consult all kinds of information about the company and reach out to it in different ways.

CORPORATE WEBSITE

The corporate website 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 Suppliers Portal. There is also a 'Press Centre' with all of the company's press releases and an extensive microsite 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*

- ESG and Society:
Susana Molinuevo esg@cieautomotive.com
- Professionals:
Aitor Zazpe hr@cieautomotive.com
- Investor relations and business partners:
Lorea Aristizabal ir@cieautomotive.com
- Customers and sector:
Mikel Orbeago sales@cieautomotive.com
- Supply chain:
Irache Pardo purchasing@cieautomotive.com
- Financiers:
Irache Pardo financierocie@cieautomotive.com
- Public relations:
compliance@cieautomotive.com



(* Similarly provided 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), Spain.**

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.

Wistle-blowing channel e-mail inbox: whistleblowerchannel@cieautomotive.com

Postal correspondence mailed to the Compliance Department at the following address:

Alameda Mazarredo 69, 8º. 48009 Bilbao (Bizkaia), Spain.

Information and communication channel on the [intranet](#) and on the [corporate website](#).

TRANSPARENCY

As part of 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 performance.

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 2021 Annual Report, which was published in February 2022, placed second on the *Informe Reporta* ranking, having climbed from 51st to 2nd position in recent years.

Tax Contribution Report

In 2021, the company started to publish a Tax Contribution Report, referred to 2020, 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.

CIE Automotive 2021 Annual Report,

published in 2022,

was ranked second by *Informe Reporta*,

having climbed nearly 50 spots in just a few years

TRANSPARENCY AWARDS

Award for Business Transparency from the Alejandro Echevarría Foundation

CIE Automotive was awarded the Business Transparency prize by the Future Communication - Alejandro Echevarría Foundation. That organisation singles out companies that communicate their organisations' basic principles in an honest and transparent manner.

Honourable Mention for business transparency in the twenty-first edition of the AECA Awards

In 2022, the Spanish Association of Business Accounting and Administration gave CIE Automotive an honourable mention in the twenty-first edition of its prizes for business transparency, specifically in the "Biggest improver of the year" among the IBEX-35 stocks category.

It is an established award, one that is highly valued in the business community, for corporate, financial and ESG reporting, including the information made available on the companies' websites and the social media.

To rank the candidates they are scored on the recommendations contained in the so-called Best Practices in Financial Reporting Online issued by AECA, as well as factoring in prevailing legislation on transparent reporting applicable to Spanish companies.

About this report

Methodology

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 in 2022 in all of the countries in which it is present. The scope of the financial and non-financial information is, therefore, global.

In application of the comparability principle, prior-year information is provided. Note in that respect that on December 14th 2022, the Board of Directors of Mahindra CIE Automotive, Ltd. decided to put the Germany forging business up for sale (CIE Forging Germany GmbH and subsidiaries, formerly called Mahindra Forgings Europe AG), having received bids from potential buyers of the business. As of December 31st 2022, the group was still negotiating the sale of that subgroup.

Following that decision, the group reclassified the assets and liabilities associated with that business as a disposal group held for sale, likewise reclassifying the results of the businesses as discontinued operations in its statement of profit or loss. Upon reclassification, the group reassessed the fair value of the consolidated net assets of CIE Forging Germany, GmbH.

As required under applicable accounting standards, it recognised an impairment loss of €2.2 million in order to restate that business to fair value.

How the non-financial information was prepared

CIE Automotive's 2022 Non-Financial Statement ("NFS") provides information about the performance of CIE Automotive, S.A. and its investees along with ESG dimensions during the reporting period in the countries in which it operates. For information about how the information provided correlates with the disclosure requirements stipulated in Spain's law on non-financial and diversity reporting, refer to section "Tracing compliance with the Law on non-financial information and diversity reporting".

The non-financial disclosures were prepared 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 GRI Standards.

This report has been independently assessed by PricewaterhouseCoopers, the same firm that audits the group's consolidated financial statements. 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 its issue, along with the management report. The Board of Directors is kept regularly abreast of the most significant environmental, social and governance 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 2022 (as detailed in section "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 management 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 conducted between 2019 and 2022 on the basis of questionnaires and analysis carried out to detect the topics 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

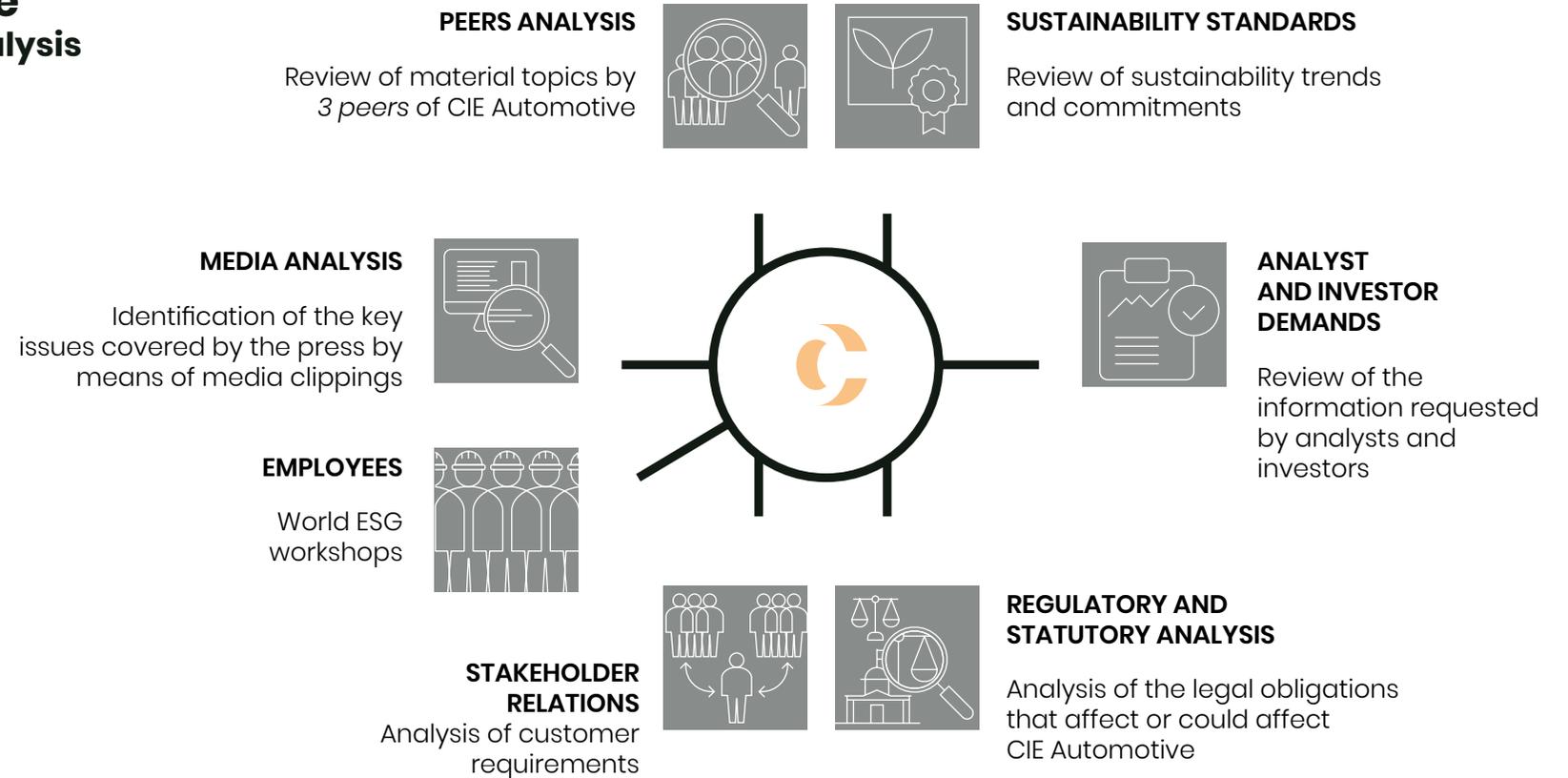
CIE Automotive’s 2022 Annual Report attempts to provide information about the matters deemed relevant to the company and its stakeholders.

In order to understand its stakeholders’ expectations and plan an appropriate response, between 2019 and 2022, CIE Automotive reviewed and updated the materiality assessment first prepared 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 do so, it reached out to internal and external stakeholders and in 2022,

taking advantage of the ESG Day events organised, it also updated the materiality matrix to reflect internal perceptions about ESG topics.

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.

How was the materiality analysis performed?



MATERIALITY ASSESSMENT: CALCULATING SIGNIFICANCE

The significance ascribed to each of the possible material topics as a result of the materiality assessment was calculated on the basis of two variables: importance with respect to each of the ESG categories analysed and weightings. The weightings were assigned as a function of the importance of the sources of information for CIE Automotive.

MATERIAL TOPICS IN 2022

Following the most recent 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 workplace health and safety.

MATERIAL TOPICS RANKED BY IMPORTANCE *

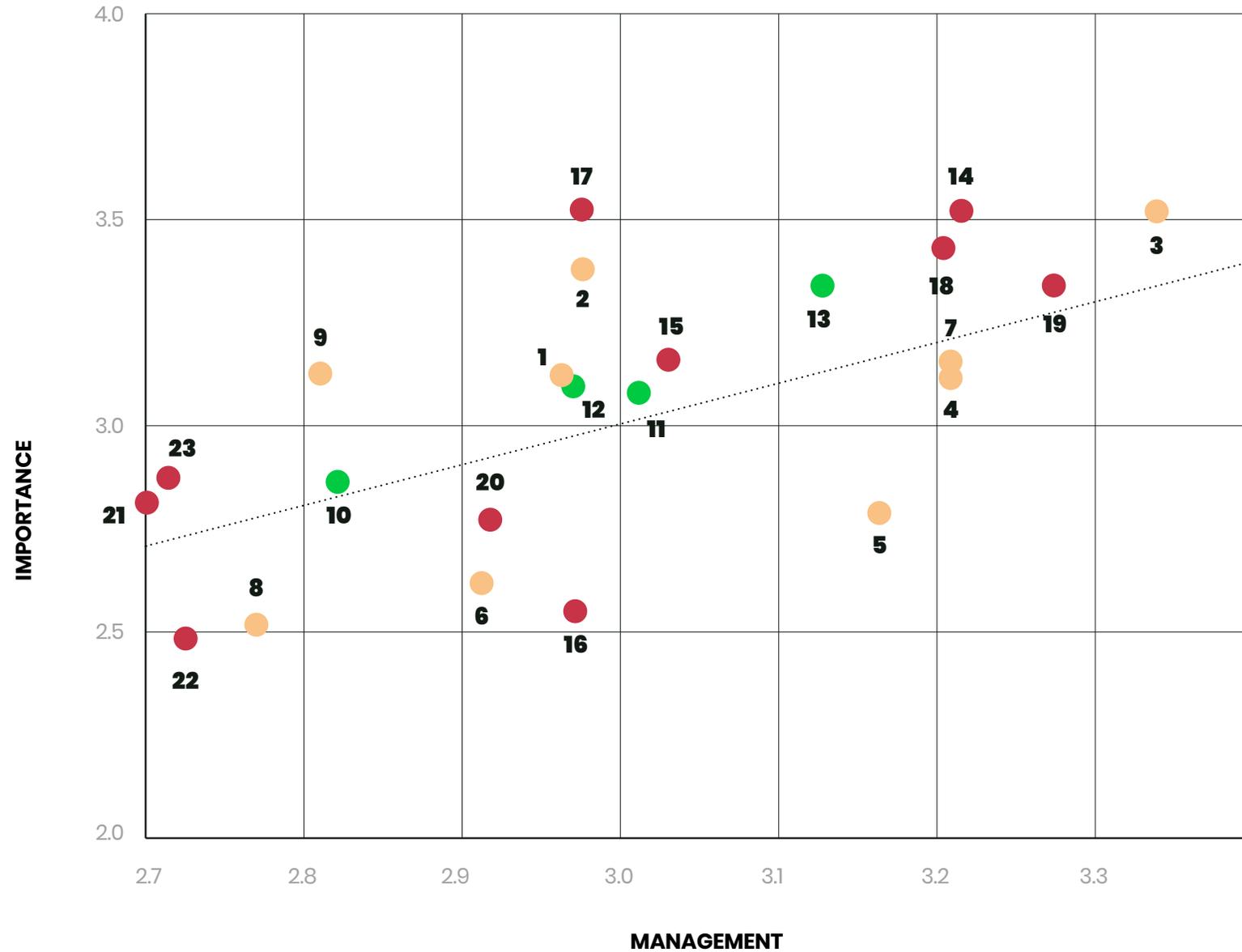
| TOPIC | DIMENSION | OVERALL RANKING | INTERNAL RANKING | EXTERNAL RANKING |
|---|-------------|-----------------|------------------|------------------|
| Expert talent management | Social | 1 | 1 | 2 |
| Risk management | Governance | 2 | 12 | 1 |
| Innovation to drive efficiency | Governance | 3 | 8 | 3 |
| Customer satisfaction | Social | 4 | 2 | 10 |
| Workplace health and safety | Social | 5 | 3 | 11 |
| Circular economy: efficient use of resources and waste management | Environment | 6 | 10 | 6 |
| Ethics and compliance | Governance | 7 | 9 | 8 |
| Strong corporate governance | Governance | 8 | 16 | 5 |
| Employee wellbeing | Social | 9 | 14 | 7 |
| Responsible supply chain management | Social | 10 | 7 | 12 |
| New forms of mobility | Environment | 11 | 20 | 4 |
| Equality, diversity and inclusion | Social | 12 | 5 | 13 |
| Environmental impact | Environment | 13 | 6 | 15 |
| Respect for human rights | Social | 14 | 4 | 16 |
| Climate change | Environment | 15 | 22 | 9 |
| Growth and responsible investment | Governance | 16 | 17 | 14 |
| Reputation | Governance | 17 | 13 | 18 |
| Community relations | Social | 18 | 19 | 17 |
| Stakeholder engagement | Social | 19 | 11 | 21 |
| Geopolitics | Governance | 20 | 21 | 19 |
| Privacy and data protection | Governance | 21 | 18 | 20 |
| Transparency | Governance | 22 | 15 | 23 |
| Product quality and safety | Social | 23 | 23 | 22 |

(*) The topics are ranked on a numeric scale from 1 to 23, 1 being 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 Strategic Plan and the contents of this Annual Report:

Materiality matrix



1. Strong corporate governance
2. Risk management
3. Ethics and compliance
4. Reputation
5. Transparency
6. Privacy and data protection
7. Growth and responsible investment
8. Geopolitics
9. Innovation to drive efficiency
10. Climate change
11. Environmental impact
12. New forms of mobility
13. Circular economy: efficient use of resources and waste management
14. Customer satisfaction
15. Responsible supply chain management
16. Product quality and safety
17. Expert talent management
18. Workplace health and safety
19. Respect for human rights
20. Community relations
21. Equality, diversity and inclusion
22. Stakeholder engagement
23. Employee wellbeing

DIMENSION ● ENVIRONMENT ● GOVERNANCE ● SOCIAL

Contact details

| | |
|-------------------|--|
| Registered name | CIE Automotive S.A. |
| Registered office | Alameda Mazarredo, 69 – 8º 48009 Bilbao, (Bizkaia). |
| Telephone number | +34 946 054 835 (Spain) |
| Website | www.cieautomotive.com |
| Share capital | €30,637,500 |
| No. of shares | 122,550,000 |
| Par value | €0.25€/share |
| Business activity | Manufacture of automotive parts. |
| Markets | CIE Automotive is present in 16 countries and its shares are listed on the Spanish stock market. |

Dedicated channels for each stakeholder group:*

ESG and community relations:
Susana Molinuevo esg@cieautomotive.com

Professionals:
Aitor Zazpe hr@cieautomotive.com

Investor relations and business partners:
Lorea Aristizabal ir@cieautomotive.com

Customers and sector: :
Mikel Orbegozo sales@cieautomotive.com

Supply chain:
Irache Pardo purchasing@cieautomotive.com

Financiers:
Irache Pardo financierocie@cieautomotive.com

Public relations:
compliance@cieautomotive.com



(* Also included on the corporate website.

Data tables and glossary

Employment tables

Total number and distribution of types of employment contracts

| | 2021 | 2022 |
|---------------------------|---------------|---------------|
| Indefinite contracts | 21,365 | 21,112 |
| Temporary contracts | 3,107 | 3,874 |
| Total n° of people | 24,472 | 24,986 |
| Full-time | 24,318 | 24,843 |
| Part-time | 154 | 143 |
| Total n° of people | 24,472 | 24,986 |

Total number and breakdown of employees by gender, age and job category

| 2021 | Men (M) | | | Total | Women (W) | | | Total | TOTAL |
|----------------------|--------------|---------------|--------------|---------------|--------------|--------------|------------|--------------|---------------|
| | <30 | 30-50 | >50 | M | <30 | 30-50 | >50 | W | |
| Management Committee | | 1 | 5 | 6 | | 2 | 2 | 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 |
| Total | 5,280 | 11,649 | 3,069 | 19,998 | 1,145 | 2,604 | 725 | 4,474 | 24,472 |

| 2022 | Men (M) | | | Total | Women (W) | | | Total | TOTAL |
|----------------------|--------------|---------------|--------------|---------------|--------------|--------------|------------|--------------|---------------|
| | <30 | 30-50 | >50 | M | <30 | 30-50 | >50 | W | |
| Management Committee | | 1 | 5 | 6 | | 2 | 2 | 4 | 10 |
| Executives | 10 | 601 | 258 | 869 | 7 | 83 | 20 | 110 | 979 |
| University graduates | 1,413 | 3,539 | 831 | 5,783 | 320 | 712 | 141 | 1,173 | 6,956 |
| Tradesmen and women | 3,927 | 7,707 | 2,100 | 13,734 | 796 | 1,893 | 618 | 3,307 | 17,041 |
| Total | 5,350 | 11,848 | 3,194 | 20,392 | 1,123 | 2,692 | 779 | 4,594 | 24,986 |

Total number and breakdown of employees by country

| Country | 2021 | 2022 |
|------------------|---------------|---------------|
| Germany | 817 | 793 |
| Brazil | 2,662 | 2,901 |
| China | 1,514 | 1,525 |
| Korea | 1 | 2 |
| Slovakia | 654 | 558 |
| Spain | 2,296 | 2,315 |
| France | 318 | 289 |
| Netherlands | 4 | 4 |
| India | 6,956 | 7,389 |
| Italy | 443 | 429 |
| Lithuania | 218 | 225 |
| Morocco | 101 | 74 |
| Mexico | 5,381 | 5,384 |
| Portugal | 296 | 280 |
| Czech Republic | 607 | 560 |
| Romania | 560 | 544 |
| Russia | 65 | 42 |
| US | 1,579 | 1,672 |
| TOTAL CIE | 24,472 | 24,986 |

Average headcount during the year by permanent/temporary/part-time contracts by gender, age and job category

| 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 |

| 2022 | Men | Women | Age | | | Category | | |
|------------|--------|-------|-----|-------|--------|------------|----------------------|---------------------|
| | | | <30 | 30-50 | >50 | Executives | University graduates | Tradesmen and women |
| Indefinite | 17,219 | 3,893 | 981 | 6,470 | 13,661 | 3,862 | 13,389 | 3,861 |
| Temporary | 3,173 | 701 | 8 | 486 | 3,380 | 2,611 | 1,151 | 112 |
| Full-time | 20,300 | 4,543 | 987 | 6,899 | 16,957 | 6,426 | 14,502 | 3,915 |
| Part-time | 92 | 51 | 2 | 57 | 84 | 47 | 38 | 58 |

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 |
| 2021 | 17,064 | 15,796 | 8,040 | 16,864 | 32,143 | 62,221 | 20,821 | 12,637 |
| 2022 | 18,969 | 17,997 | 8,837 | 18,883 | 35,166 | 65,514 | 22,424 | 14,618 |

*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

| 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 | 7,342 |
| Voluntary and other departures | 2,981 | 1,586 | 391 | 4,958 | 642 | 552 | 119 | 1,313 | 6,271 |

| 2022 | 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 | 5,819 | 2,329 | 357 | 8,505 | 956 | 962 | 135 | 2,053 | 10,558 |
| Voluntary and other departures | 4,649 | 1,863 | 475 | 6,987 | 746 | 756 | 143 | 1,645 | 8,632 |


**Number of dismissals
by gender, age
and job category**

| 2021 | Men | | | Total | Women | | | Total | TOTAL |
|----------------------|------------|------------|------------|--------------|------------|------------|-----------|------------|--------------|
| | <30 | 30-50 | >50 | M | <30 | 30-50 | >50 | W | |
| Executives | 0 | 9 | 11 | 20 | 0 | 1 | 0 | 1 | 21 |
| University graduates | 92 | 222 | 42 | 356 | 33 | 50 | 5 | 88 | 444 |
| Tradesmen and women | 436 | 430 | 76 | 942 | 78 | 129 | 15 | 222 | 1,164 |
| Total | 528 | 661 | 129 | 1,318 | 111 | 180 | 20 | 311 | 1,629 |

| 2022 | Men | | | Total | Women | | | Total | TOTAL |
|----------------------|------------|------------|------------|--------------|------------|------------|-----------|------------|--------------|
| | <30 | 30-50 | >50 | M | <30 | 30-50 | >50 | W | |
| Executives | 0 | 15 | 6 | 21 | 0 | 3 | 1 | 4 | 25 |
| University graduates | 62 | 165 | 35 | 262 | 29 | 39 | 8 | 76 | 338 |
| Tradesmen and women | 427 | 328 | 81 | 836 | 82 | 106 | 29 | 217 | 1,053 |
| Total | 489 | 508 | 122 | 1,119 | 111 | 148 | 38 | 297 | 1,416 |

Environmental management tables

Water discharge | Indicator 303-4

| m ³ /year | Definition | 2022 |
|---------------------------|------------------|------------------|
| Europe* | To sewer | 138,576.0 |
| | To river | 21,026.0 |
| | To waste manager | 37,140.0 |
| | Total | 196,742.0 |
| North America | To sewer | 103,271.9 |
| | To river | - |
| | To waste manager | 2,390.2 |
| | total | 105,662.1 |
| Brazil | To sewer | 81,367.0 |
| | To river | 937.0 |
| | To waste manager | 8,236.3 |
| | Total | 90,540.3 |
| Asia (India/China) | To sewer | 3,157.0 |
| | To river | 19,262.0 |
| | To waste manager | 46,685.6 |
| | Total | 69,104.6 |
| TOTAL | To sewer | 326,371.9 |
| | To river | 41,225.0 |
| | To waste manager | 94,452.1 |
| | Total | 462,049.0 |

* The Europe region includes the factories located in Morocco and Russia.

Water extraction & consumption | Indicators 303-3 / 303-5

| m ³ /year | Definition | 2020 | 2021 | 2022 |
|---------------------------|-----------------------|---------------------|----------------------|----------------------|
| Europe* | Superficial | 31,385.00 | 28,161.00 | 27,878.00 |
| | Ground water | 36,803.00 | 33,956.00 | 51,575.00 |
| | Rain water | 26,441.00 | 4,386.00 | 5,067.00 |
| | Water net | 303,515.00 | 322,045.00 | 337,399.37 |
| | Water used | 398,144.00 | 388,548.00 | 421,919.37 |
| | Recycled water | NA | 26,108,223.00 | 25,164,758.00 |
| North America | Superficial | - | 11,002.00 | 7,892.00 |
| | Ground water | 59,079.00 | 59,471.00 | 56,700.00 |
| | Rain water | - | - | - |
| | Water net | 224,587.78 | 262,656.55 | 267,266.95 |
| | Water used | 283,666.78 | 333,129.55 | 331,858.95 |
| | Recycled water | NA | 12,332,109.90 | 11,606,284.64 |
| Brazil | Superficial | 14,242.00 | - | - |
| | Ground water | 56,906.00 | 49,665.00 | 51,603.00 |
| | Rain water | - | - | - |
| | Water net | 104,723.00 | 149,215.00 | 143,775.48 |
| | Water used | 175,871.00 | 198,880.00 | 195,378.48 |
| | Recycled water | NA | 4,939,268.45 | 4,488,026.00 |
| Asia (India/China) | Superficial | 236,591.00 | 157,053.00 | 207,430.00 |
| | Ground water | 185,606.00 | 203,057.20 | 201,470.60 |
| | Rain water | 3,845.00 | 14,456.00 | 5,211.00 |
| | Water net | 167,165.00 | 303,752.43 | 293,900.75 |
| | Water used | 593,207.00 | 678,318.63 | 708,012.3 |
| | Recycled water | NA | 20,824,532.45 | 14,956,076.60 |
| TOTAL | Superficial | 282,218.00 | 196,216.00 | 243,200.00 |
| | Ground water | 338,394.00 | 346,149.20 | 361,348.60 |
| | Rain water | 30,286.00 | 18,842.00 | 10,278.00 |
| | Water net | 799,990.78 | 1,037,668.98 | 1,042,342.55 |
| | Water used | 1,450,888.78 | 1,598,876.18 | 1,657,169.15 |
| | Recycled water | NA | 64,204,133.80 | 56,215,145.24 |

* The Europe region includes the factories located in Morocco and Russia.


Material consumption

| Kg | Indicator | Definition | 2020 | 2021 | 2022 |
|-------------------------------|-----------|----------------------|------------------|-------------------------|-------------------------|
| Europe* | GRI 301-1 | Raw material used | 383,474,092.00 | 444,062,256.00 | 220,886,068.00 |
| | GRI 301-2 | Raw material re-used | 145,243,605.00 | 194,921,354.00 | 132,819,613.00 |
| | | | 38% | 44% | 60% |
| North America | GRI 301-1 | Raw material used | 300,490,431.00 | 327,388,797.24 | 255,702,164.58 |
| | GRI 301-2 | Raw material re-used | 9,820,027.00 | 12,811,068.86 | 79,101,244.42 |
| | | | 3% | 4% | 31% |
| Brazil | GRI 301-1 | Raw material used | 152,235,258.00 | 169,957,386.00 | 94,617,087.00 |
| | GRI 301-2 | Raw material re-used | 54,837,125.00 | 71,633,082.00 | 75,512,528.00 |
| | | | 36% | 42% | 80% |
| Asia (India/China) | GRI 301-1 | Raw material used | 434,487,453.00 | 506,635,270.00 | 659,168,858.00 |
| | GRI 301-2 | Raw material re-used | 91,092,000.00 | 116,362,976.00 | 263,760,467.00 |
| | | | 21% | 23% | 40 |
| TOTAL | GRI 301-1 | Raw material used | 1,270,687,234.00 | 1,448,043,709.24 | 1,230,374,177.68 |
| | GRI 301-2 | Raw material re-used | 300,992,757.00 | 395,728,480.86 | 551,193,852.42 |
| | | | 24% | 27% | 45% |

* The Europe region includes the factories located in Morocco and Russia.

Waste management (i) | Indicators 306-3 / 306-4 / 306-5

| Tonne | Definition | 2020 | 2021 | 2022 |
|---------------|---|------------------|-------------------|-------------------|
| Europe* | Industrial waste treated hazardous | 9,240.72 | 9,675.30 | 9,622.18 |
| | Hazardous waste to recycling | NA | 5,270.71 | 4,547.90 |
| | Hazardous waste to disposal | NA | 4,404.59 | 5,074.29 |
| | Hazardous waste to incineration (with energy recovery) | NA | 1,832.54 | 1,878.69 |
| | Hazardous waste to incineration (without energy recovery) | NA | 126.66 | - |
| | Hazardous waste to landfilling | NA | 1,123.19 | 2,221.51 |
| | Hazardous waste to other disposal operation | NA | 1,322.20 | 974.09 |
| | Industrial waste treated no-hazardous | 82,926.86 | 109,328.78 | 97,429.59 |
| | Non-hazardous waste to recycling | NA | 108,288.73 | 96,549.70 |
| | Non-hazardous waste to disposal | NA | 1,040.05 | 879.89 |
| | Non-hazardous waste to incineration (with energy recovery) | NA | 69.54 | 207.36 |
| | Non-hazardous waste to incineration (without energy recovery) | NA | - | - |
| | Non-Hazardous waste to landfilling | NA | 555.96 | 408.54 |
| | Non-hazardous waste to other disposal operation | NA | 414.55 | 263.99 |
| | TOTAL | 92,167.58 | 119,004.08 | 107,051.77 |
| North America | Industrial waste treated hazardous | 3,126.86 | 3,063.98 | 3,319.31 |
| | Hazardous waste to recycling | NA | 1,707.53 | 1,983.72 |
| | Hazardous waste to disposal | NA | 1,356.42 | 1,335.59 |
| | Hazardous waste to incineration (with energy recovery) | NA | 364.31 | 914.85 |
| | Hazardous waste to incineration (without energy recovery) | NA | 30.14 | 0.32 |
| | Hazardous waste to landfilling | NA | 655.03 | 52.01 |
| | Hazardous waste to other disposal operation | NA | 306.97 | 286.46 |
| | Industrial waste treated no-hazardous | 68,823.73 | 71,173.13 | 70,468.35 |
| | Non-hazardous waste to recycling | NA | 69,349.60 | 69,813.95 |
| | Non-hazardous waste to disposal | NA | 1,823.53 | 654.40 |
| | Non-hazardous waste to incineration (with energy recovery) | NA | 47.73 | 503.21 |
| | Non-hazardous waste to incineration (without energy recovery) | NA | - | - |
| | Non-Hazardous waste to landfilling | NA | 1,675.94 | 110.18 |
| | Non-hazardous waste to other disposal operation | NA | 99.85 | 19.07 |
| | TOTAL | 71,950.59 | 74,237.11 | 73,787.66 |

* The Europe region includes the factories located in Morocco and Russia.

Waste management (ii) | Indicators 306-3 / 306-4 / 306-5

| Tonne | Definition | 2020 | 2021 | 2022 |
|-------------------------------|---|------------------|-------------------|-------------------|
| | Industrial waste treated hazardous | 2,155.99 | 1,072.04 | 1,825.21 |
| | Hazardous waste to recycling | NA | 512.93 | 904.23 |
| | Hazardous waste to disposal | NA | 559.11 | 920.99 |
| | Hazardous waste to incineration (with energy recovery) | NA | 520.61 | 909.22 |
| | Hazardous waste to incineration (without energy recovery) | NA | - | - |
| | Hazardous waste to landfilling | NA | 35.02 | - |
| | Hazardous waste to other disposal operation | NA | 3.48 | 11.76 |
| Brazil | Industrial waste treated no-hazardous | 37,774.96 | 58,383.90 | 53,868.98 |
| | Non-hazardous waste to recycling | NA | 29,719.02 | 29,685.54 |
| | Non-hazardous waste to disposal | NA | 28,664.88 | 24,183.44 |
| | Non-hazardous waste to incineration (with energy recovery) | NA | 6,286.96 | 172.86 |
| | Non-hazardous waste to incineration (without energy recovery) | NA | - | 14.53 |
| | Non-Hazardous waste to landfilling | NA | 22,201.59 | 23,990.64 |
| | Non-hazardous waste to other disposal operation | NA | 176.33 | - |
| | TOTAL | 39,930.95 | 59,455.95 | 55,694.19 |
| | Industrial waste treated hazardous | 1,805.63 | 3,646.55 | 2,695.35 |
| | Hazardous waste to recycling | NA | 2,041.86 | 1,298.62 |
| | Hazardous waste to disposal | NA | 1,604.10 | 1,396.73 |
| | Hazardous waste to incineration (with energy recovery) | NA | 253.59 | 271.36 |
| | Hazardous waste to incineration (without energy recovery) | NA | 560.94 | 372.55 |
| | Hazardous waste to landfilling | NA | 723.22 | 513.23 |
| | Hazardous waste to other disposal operation | NA | 66.94 | 237.17 |
| Asia (India/China) | Industrial waste treated no-hazardous | 76,512.47 | 116,407.43 | 102,540.99 |
| | Non-hazardous waste to recycling | NA | 86,295.44 | 74,278.61 |
| | Non-hazardous waste to disposal | NA | 30,111.99 | 28,262.38 |
| | Non-hazardous waste to incineration (with energy recovery) | NA | 26.49 | 374.77 |
| | Non-hazardous waste to incineration (without energy recovery) | NA | 231.65 | - |
| | Non-Hazardous waste to landfilling | NA | 28,049.32 | 26,279.68 |
| | Non-hazardous waste to other disposal operation | NA | 1,804.54 | 89.88 |
| | TOTAL | 78,318.10 | 120,053.98 | 105,236.34 |

Waste management (iii) | Indicators 306-3 / 306-4 / 306-5

| Tonne | Definition | 2020 | 2021 | 2022 |
|--------------|---|-------------------|-------------------|-------------------|
| | Industrial waste treated hazardous | 16,329.20 | 17,457.88 | 17,462.06 |
| | Hazardous waste to recycling | NA | 9,533.03 | 8,734.47 |
| | Hazardous waste to disposal | NA | 7,924.23 | 8,727.59 |
| | Hazardous waste to incineration (with energy recovery) | NA | 2,971.05 | 4,056.08 |
| | Hazardous waste to incineration (without energy recovery) | NA | 717.74 | 372.87 |
| | Hazardous waste to landfilling | NA | 2,536.45 | 2,786.74 |
| | Hazardous waste to other disposal operation | NA | 1,699.60 | 1,509.49 |
| TOTAL | Industrial waste treated no-hazardous | 266,038.02 | 355,293.24 | 324,307.90 |
| | Non-hazardous waste to recycling | NA | 293,652.79 | 270,327.79 |
| | Non-hazardous waste to disposal | NA | 61,640.45 | 53,980.11 |
| | Non-hazardous waste to incineration (with energy recovery) | NA | 6,430.72 | 1,285.56 |
| | Non-hazardous waste to incineration (without energy recovery) | NA | 231.65 | 14.53 |
| | Non-Hazardous waste to landfilling | NA | 52,482.81 | 52,307.09 |
| | Non-hazardous waste to other disposal operation | NA | 2,495.27 | 372.94 |
| | TOTAL | 282,367.22 | 372,751.12 | 341,769.96 |

Energy consumption and savings

| Gigajoules | Indicator | Definition | 2020 | 2021 | 2022 |
|-----------------------|-----------|--|---------------------|---------------------|---------------------|
| Europe* | GRI 302-1 | Direct energy consumption | 639,301.96 | 727,697.13 | 684,542.06 |
| | GRI 302-1 | Indirect energy consumption | 1,160,924.20 | 1,288,375.69 | 1,317,155.20 |
| | GRI 302-1 | Indirect energy consumption from non-renewable sources | 401,043.59 | 317,015.31 | 292,781.58 |
| | GRI 302-1 | Indirect energy consumption from renewable sources | 759,880.62 | 971,360.38 | 1,024,373.62 |
| | GRI 302-1 | TOTAL | 1,800,226.16 | 2,016,072.83 | 2,001,697.26 |
| North America | GRI 302-1 | Direct energy consumption | 426,553.41 | 627,666.59 | 479,326.72 |
| | GRI 302-1 | Indirect energy consumption | 693,956.78 | 758,008.54 | 723,449.87 |
| | GRI 302-1 | Indirect energy consumption from non-renewable sources | 537,472.46 | 625,774.54 | 626,687.21 |
| | GRI 302-1 | Indirect energy consumption from renewable sources | 156,484.32 | 132,234.00 | 96,762.66 |
| | GRI 302-1 | TOTAL | 1,120,510.19 | 1,385,675.13 | 1,202,776.59 |
| Brazil | GRI 302-1 | Direct energy consumption | 153,633.44 | 176,688.22 | 180,991.24 |
| | GRI 302-1 | Indirect energy consumption | 536,138.85 | 644,943.72 | 649,376.71 |
| | GRI 302-1 | Indirect energy consumption from non-renewable sources | 41,090.25 | 22,877.65 | 13,189.34 |
| | GRI 302-1 | Indirect energy consumption from renewable sources | 495,048.60 | 622,066.07 | 636,187.37 |
| | GRI 302-1 | TOTAL | 689,772.29 | 821,631.93 | 830,367.95 |
| Asia (India/China) | GRI 302-1 | Direct energy consumption | 302,183.16 | 390,601.12 | 350,200.72 |
| | GRI 302-1 | Indirect energy consumption | 949,276.73 | 1,193,745.79 | 1,242,225.10 |
| | GRI 302-1 | Indirect energy consumption from non-renewable sources | 795,005.82 | 1,005,338.28 | 763,145.19 |
| | GRI 302-1 | Indirect energy consumption from renewable sources | 154,270.91 | 188,407.51 | 479,079.91 |
| | GRI 302-1 | TOTAL | 1,251,459.89 | 1,584,346.91 | 1,592,425.82 |
| TOTAL | GRI 302-1 | Direct energy consumption | 1,521,671.97 | 1,922,653.06 | 1,695,060.74 |
| | GRI 302-1 | Indirect energy consumption | 3,340,296.56 | 3,885,073.74 | 3,932,206.88 |
| | GRI 302-1 | Indirect energy consumption from non-renewable sources | 1,774,612.12 | 1,971,005.79 | 1,695,803.31 |
| | GRI 302-1 | Indirect energy consumption from renewable sources | 1,565,684.45 | 1,914,067.96 | 2,236,403.56 |
| | GRI 302-1 | TOTAL | 4,861,968.53 | 5,807,726.80 | 5,627,267.62 |

* The Europe region includes the factories located in Morocco and Russia.

Emissions (scope 1, 2 & 3)

| | Indicator | Definition | Unit | 2020 | 2021 | 2022 |
|-----------------------|----------------|------------------------------------|-------------------------|-------------------|-------------------|-------------------|
| Europe* | GRI 305-1 | Direct emissions | T CO ₂ | 37,934.40 | 43,281.83 | 40,682.69 |
| | GRI 305-1 | Direct CH ₄ emissions | T CH ₄ | - | 0.79 | 0.73 |
| | GRI 305-1 | Direct N ₂ O emissions | T N ₂ O | - | 0.09 | 0.08 |
| | GRI 305-2 | Indirect CO ₂ emissions | T CO ₂ | 38,420.00 | 34,671.25 | 30,631.95 |
| | GRI 305 | TOTAL | T CO₂ | 76,354.40 | 77,953.09 | 71,314.64 |
| | GRI 305-3 | Other indirect emissions (Scope 3) | T CO ₂ | - | 1,205,714.93 | 857,039.84 |
| North America | GRI 305-1 | Direct emissions | T CO ₂ | 25,340.46 | 37,285.26 | 28,533.91 |
| | GRI 305-1 | Direct CH ₄ emissions | T CH ₄ | - | 0.72 | 0.57 |
| | GRI 305-1 | Direct N ₂ O emissions | T N ₂ O | - | 0.09 | 0.07 |
| | GRI 305-2 | Indirect CO ₂ emissions | T CO ₂ | 85,385.01 | 99,045.49 | 100,391.61 |
| | GRI 305 | TOTAL | T CO₂ | 110,725.48 | 136,330.75 | 128,925.51 |
| | GRI 305-3 | Other indirect emissions (Scope 3) | T CO ₂ | - | 949,779.07 | 860,801.02 |
| Brazil | GRI 305-1 | Direct emissions | T CO ₂ | 9,191.82 | 10,568.18 | 10,826.19 |
| | GRI 305-1 | Direct CH ₄ emissions | T CH ₄ | - | 0.23 | 0.23 |
| | GRI 305-1 | Direct N ₂ O emissions | T N ₂ O | - | 0.03 | 0.03 |
| | GRI 305-2 | Indirect CO ₂ emissions | T CO ₂ | 477.10 | 265.61 | 153.13 |
| | GRI 305 | TOTAL | T CO₂ | 9,668.92 | 10,833.79 | 10,979.32 |
| | GRI 305-3 | Other indirect emissions (Scope 3) | T CO ₂ | - | 344,183.92 | 336,084.75 |
| Asia (India/China) | GRI 305-1 | Direct emissions | T CO ₂ | 18,392.44 | 23,625.35 | 21,110.23 |
| | GRI 305-1 | Direct CH ₄ emissions | T CH ₄ | - | 0.75 | 0.67 |
| | GRI 305-1 | Direct N ₂ O emissions | T N ₂ O | - | 0.13 | 0.12 |
| | GRI 305-2 | Indirect CO ₂ emissions | T CO ₂ | 200,134.86 | 255,494.97 | 192,985.78 |
| | GRI 305 | TOTAL | T CO₂ | 218,527.30 | 279,120.32 | 214,096.01 |
| | GRI 305-3 | Other indirect emissions (Scope 3) | T CO ₂ | - | 1,139,204.53 | 1,837,279.39 |
| TOTAL | GRI 305-1 | Direct emissions | T CO ₂ | 90,859.13 | 114,760.62 | 101,153.03 |
| | GRI 305-1 | Direct CH ₄ emissions | T CH ₄ | - | 1.69 | 1.47 |
| | GRI 305-1 | Direct N ₂ O emissions | T N ₂ O | - | 0.25 | 0.22 |
| | GRI 305-2 | Indirect CO ₂ emissions | T CO ₂ | 324,416.97 | 389,477.33 | 324,162.47 |
| | GRI 305 | TOTAL | T CO₂ | 415,276.10 | 504,237.95 | 425,315.48 |
| | GRI 305-3 | Other indirect emissions (Scope 3) | T CO ₂ | - | 3,638,882.44 | 3,891,205.00 |

* The Europe region includes the factories located in Morocco and Russia.

The emissions savings from the purchase of energy from renewable sources are shown below.

| T CO ₂ | Indicator | Definition | 2020 | 2021 | 2022 |
|--------------------|-----------|--------------------|------------|------------|------------|
| Europe* | GRI 305-2 | Indirect emissions | 44,614.45 | 56,762.67 | 61,007.34 |
| North America | GRI 305-2 | Indirect emissions | 28,736.36 | 24,040.29 | 17,365.75 |
| Brazil | GRI 305-2 | Indirect emissions | 5,748.06 | 7,222.30 | 7,386.25 |
| Asia (India/China) | GRI 305-2 | Indirect emissions | 42,287.37 | 51,315.23 | 131,055.11 |
| TOTAL | GRI 305-2 | Indirect emissions | 121,386.24 | 139,340.49 | 216,814.45 |

* The Europe region includes the factories located in Morocco and Russia.

Energy intensity

| Gigajoules/€k | Indicator | Definición | 2020 | 2021 | 2022 |
|-----------------------|-----------|--|-------------|-------------|-------------|
| Europe* | GRI 302-3 | Direct energy consumption | 0.54 | 0.58 | 0.45 |
| | GRI 302-3 | Indirect energy consumption | 0.97 | 1.02 | 0.86 |
| | GRI 302-3 | Indirect energy consumption from non-renewable sources | 0.34 | 0.25 | 0.19 |
| | GRI 302-3 | Indirect energy consumption from renewable sources | 0.64 | 0.77 | 0.67 |
| | GRI 302-3 | TOTAL | 1.51 | 1.60 | 1.31 |
| North America | GRI 302-3 | Direct energy consumption | 0.58 | 0.70 | 0.41 |
| | GRI 302-3 | Indirect energy consumption | 0.94 | 0.84 | 0.61 |
| | GRI 302-3 | Indirect energy consumption from non-renewable sources | 0.72 | 0.69 | 0.53 |
| | GRI 302-3 | Indirect energy consumption from renewable sources | 0.21 | 0.15 | 0.08 |
| | GRI 302-3 | TOTAL | 1.51 | 1.54 | 1.02 |
| Brazil | GRI 302-3 | Direct energy consumption | 0.83 | 0.82 | 0.58 |
| | GRI 302-3 | Indirect energy consumption | 2.89 | 2.99 | 2.09 |
| | GRI 302-3 | Indirect energy consumption from non-renewable sources | 0.22 | 0.11 | 0.04 |
| | GRI 302-3 | Indirect energy consumption from renewable sources | 2.67 | 2.88 | 2.04 |
| | GRI 302-3 | TOTAL | 3.72 | 3.81 | 2.67 |
| Asia (India/China) | GRI 302-3 | Direct energy consumption | 0.40 | 0.44 | 0.33 |
| | GRI 302-3 | Indirect energy consumption | 1.25 | 1.34 | 1.18 |
| | GRI 302-3 | Indirect energy consumption from non-renewable sources | 1.05 | 1.13 | 0.73 |
| | GRI 302-3 | Indirect energy consumption from renewable sources | 0.20 | 0.21 | 0.46 |
| | GRI 302-3 | TOTAL | 1.65 | 1.78 | 1.59 |
| TOTAL | GRI 302-3 | Direct energy consumption | 0.53 | 0.59 | 0.42 |
| | GRI 302-3 | Indirect energy consumption | 1.16 | 1.19 | 0.97 |
| | GRI 302-3 | Indirect energy consumption from non-renewable sources | 0.62 | 0.60 | 0.42 |
| | GRI 302-3 | Indirect energy consumption from renewable sources | 0.54 | 0.59 | 0.55 |
| | GRI 302-3 | TOTAL | 1.69 | 1.78 | 1.38 |

* The Europe region includes the factories located in Morocco and Russia.

Emissions intensity

| T CO ₂ /€k | Indicator | Definition | 2020 | 2021 | 2022 |
|-----------------------|-----------|--------------------|-------------|-------------|-------------|
| Europe* | GRI 305-4 | Direct emissions | 0.03 | 0.03 | 0.03 |
| | GRI 305-4 | Indirect emissions | 0.03 | 0.03 | 0.02 |
| | GRI 305-4 | TOTAL | 0.06 | 0.06 | 0.05 |
| North America | GRI 305-4 | Direct emissions | 0.03 | 0.04 | 0.02 |
| | GRI 305-4 | Indirect emissions | 0.12 | 0.11 | 0.09 |
| | GRI 305-4 | TOTAL | 0.15 | 0.15 | 0.11 |
| Brazil | GRI 305-4 | Direct emissions | 0.05 | 0.05 | 0.03 |
| | GRI 305-4 | Indirect emissions | 0.00 | 0.00 | 0.00 |
| | GRI 305-4 | TOTAL | 0.05 | 0.05 | 0.04 |
| Asia (India/China) | GRI 305-4 | Direct emissions | 0.02 | 0.03 | 0.02 |
| | GRI 305-4 | Indirect emissions | 0.26 | 0.29 | 0.18 |
| | GRI 305-4 | TOTAL | 0.29 | 0.31 | 0.20 |
| TOTAL | GRI 305-4 | Direct emissions | 0.03 | 0.04 | 0.02 |
| | GRI 305-4 | Indirect emissions | 0.11 | 0.12 | 0.08 |
| | GRI 305-4 | TOTAL | 0.14 | 0.16 | 0.10 |

* The Europe region includes the factories located in Morocco and Russia.

**Template Annex II COMMISSION DELEGATED
REGULATION (EU) 2021/2178 of 6 July 2021 (i)**

| Economic activities | Code ¹ | Absolute CapEx [€m] ² | Proportion of CapEx [%] ³ | Substantial contribution criteria ⁴ | | | | DNSH criteria ⁵ | | | | | | | Taxonomy -aligned proportion of CapEx, year 2022 [%] | Taxonomy -aligned proportion of CapEx, year 2021 [%] | ¿Enabling activity? (E) ⁷ | ¿Transitional activity? (T) ⁸ |
|--|-------------------|----------------------------------|--------------------------------------|--|-------------------------------|---------------------------------|---------------------------------|----------------------------------|------------------------|-----------------|-----------------------------------|---------------------------------------|----|----|--|--|--------------------------------------|--|
| | | | | Climate change mitigation [%] | Climate change adaptation [%] | Climate change mitigation (Y/N) | Climate change adaptation (Y/N) | Water and marine resources (Y/N) | Circular economy (Y/N) | Pollution (Y/N) | Biodiversity and ecosystems (Y/N) | Minimum safeguards (Y/N) ⁶ | | | | | | |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | |
| A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED) ⁹ | | | | | | | | | | | | | | | | | | |
| CapEx of environmentally sustainable activities (Taxonomy-aligned) A.1. | | 0 | 0% | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | 0% | 0% | 0 | 0 | |
| A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES) ¹⁰ | | | | | | | | | | | | | | | | | | |
| Installation, maintenance and repair of energy efficiency equipment | 7.3. | 357 | 0.13% | | | | | | | | | | | | | | | |
| Installation, maintenance and repair of renewable energy technologies | 7.6. | 1,007 | 0.37% | | | | | | | | | | | | | | | |
| CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2. | | 1,364 | 0.51% | | | | | | | | | | | | | | | |
| Total A.1. + A.2. | | 1,364 | 0.51% | | | | | | | | | | | | | | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities B ¹¹ | | 268,446 | | | | | | | | | | | | | | | | |
| Total A + B ¹² | | 269,810 | | | | | | | | | | | | | | | | |

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.

Fixed assets:

Property, plant and equipment and intangible assets, including goodwill, but excluding rights of use over leased assets (IFRS 16).

Maintenance CAPEX:

CAPEX designed to update the facilities with a view to handling anticipated organic market growth.

Cash flow from operations:

$(\text{EBITDA} - \text{Interest expense paid} - \text{Tax paid} - \text{Maintenance CAPEX} - \text{IFRS 16 leases}) / (\text{EBITDA} - \text{Leases under IFRS 16})$.



Tracing compliance with Spain's law on non-financial information and diversity reporting

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| <p>A description of the policies pursued by the undertaking in relation to those matters, including:</p> <p>1) The due diligence processes implemented in order to identify, evaluate, prevent and mitigate significant risks and adverse impacts.</p> <p>2) The monitoring and control processes, specifying which measures have been taken.</p> | 3-3 | Shareholders Customers Employees Suppliers Society Environment Values and ethics framework Risk management | 60 70 76 100 123 130 170 176 |
| <p>The outcomes of those policies, including the pertinent non-financial key performance indicators that are most useful in:</p> <p>1) monitoring and assessing progress</p> <p>2) supporting comparability across companies and sectors, relying on broadly recognised national, EU-based or international frameworks for each issue</p> | 3-3 | Employees Suppliers Society Environment Values and ethics framework | 76 100 123 130 170 173 |
| <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"> - How the undertaking manages those risks; - Explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue. - 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. | 3-3, 205-1, 413-1, 407-1, 408-1, 409-1 | ESG policy in action | 199 |



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| <p>Non-financial key performance indicators relevant to the undertaking's particular business that are comparable, useful, relevant and consistent.</p> <ul style="list-style-type: none"> - In order to facilitate comparability of non-financial disclosures, over time and among undertakings, reporters should rely particularly on nonfinancial KPIs that that are generally applicable and meet the European Commission's guidelines in this respect and specifically the Global Reporting Initiative standard. Reporters should specify which national, EUbased or international reporting framework they rely on in each instance. - Undertakings must provide relevant key performance indicators for each section of their non-financial statements. - These indicators should be useful taking into account their specific circumstances. The KPIs should be consistent with metrics actually used by the group in its internal management and risk assessment processes. - Regardless, the information provided should be accurate, comparable and verifiable. <p>Other information of use about how the document was prepared - Reporting practice.</p> | <p>Each block of information has an associated GRI linked to KPIs</p> | <p>Materiality</p> | <p>206</p> |
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| Statement of use | <i>CIE Automotive reported the information cited in this GRI content index for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.</i> |
| GRI used | <i>GRI 1: Foundation 2021</i> |

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External assurance





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