3. We are driven by our Identity

3.1 Mission, vision and values
3.2 Business model
3.3 Stakeholder engagement
3. We are driven by our Identity

Because we are and want to remain a benchmark player in the automotive components sector, endorsed by the OEMs and the market for our excellence and reliability. Because we are a group that is constantly evolving, capable of imagining, shaping and anticipating the vehicle of the future. A company that embraces the interests of all of the people who, in so many ways, help us to be who we are.

3.1 Mission, vision and values [103-1, 103-2, 103-3]

WE ARE COMMITTED TO EXCELLENCE

MISION [102-16]

CIE Automotive supplies components and subassemblies to the global automotive market using complementary technologies and a range of associated processes.

We are growing steadily and profitably with the aim of positioning ourselves as a benchmark partner by meeting our customers’ needs through innovative, competitive, end-to-end, high value-added solutions.

We seek excellence through the following commitments:
- Continuous improvement of processes and efficient management.
- Encouraging participation, involvement and motivated teamwork in a pleasant, safe work environment.
- Transparency and integrity in everything we do.
- Respect for the environment and a commitment to improving our environmental record.

VISION

We aspire to being a benchmark industrial group specialised in managing highly value-added processes.

We strive to be the paradigm of a socially-responsible company through our commitment to:
- People and their fundamental rights.
- The environment, fostering initiatives which translate into greater environmental responsibility.
- Value creation.
- Stakeholder collaboration.
- Management excellence.

We aim to be:
- A standard-bearer within the value chain for quality, technology and service.
- A benchmark in eco-innovation and eco-design.
VALUES

At CIE Automotive we attach importance to people:
- Respecting their fundamental rights.
- Providing them with fair working conditions.
- Fostering their initiative, creativity and originality, their engagement and teamwork, their ability to deliver objectives and add value and their openness to change and continuous improvement.

At CIE Automotive we attach importance to the environment:
- Taking a preventative approach.
- Working to minimise any adverse impact.

At CIE Automotive we attach importance to transparency:
- Promoting responsibility, integrity and commitment to a job well done.
- Disclosing in a clear manner all information of relevance to our activities so that it is known and understood.

At CIE Automotive we attach importance to our stakeholders:
- Promoting honest relations.
- Respecting their rights.

At CIE Automotive we attach importance to compliance:
- Upholding Spanish and international law.

CORPORATE POLICIES

CIE Automotive has developed a body of corporate policies, which were formulated by the various responsible departments and approved by the Board of Directors in December 2015 and then revised in 2018. They are binding upon all member of the organisation.

- Corporate social responsibility (CSR)
  - Corporate social responsibility.
  - Purchasing.
  - Supplier CSR commitment.
  - Human rights.
  - Anti-corruption and fraud.
  - Social action.

- Governance
  - Internal control over financial reporting (ICFR).
  - Risk control and management.
  - Corporate governance.
  - Director remuneration.
  - Tax policy.
  - Information and Communication to shareholders and markets.
  - Shareholder remuneration policy.
  - Policy for the selection of candidates for director and diversity on the Board of Directors.
  - Hiring policy and relations with the auditor of accounts.
3. We are driven by our Identity

3.2 Business model

DIVERSIFICATION AND FINANCIAL DISCIPLINE ARE OUR KEY SUCCESS DRIVERS [102-2, 102-4, 102-6]

CIE Automotive’s business model is based on five cornerstones: multiple locations, customer diversification, a multi-technology approach, financial discipline and decentralised management. These singular traits pave the way for optimal customer service and sustained profitable growth, even in times of crisis.

CORNERSTONES OF THE BUSINESS MODEL

► MULTIPLE LOCATIONS
98 manufacturing facilities | 90 locations | 17 countries | 7 research centres

► CUSTOMER DIVERSIFICATION
60% OEMs (Automobile manufacturers) | 40% TIER-1 suppliers

► MULTI-TECHNOLOGY
7 technologies:
Machining | Metal stamping and tube forming | Forging | Plastic | Aluminium injection | Roof systems | Casting

► DISCIPLINED INVESTING
Facility quality and flexibility | High returns | EBITDA-to-cash conversion of over 55%

► DECENTRALISED MANAGEMENT
6 geographic areas | 1 cross-cutting network structure
The Group locates its manufacturing facilities close to the car assembly plants distributed all over the world. At year-end 2018, it had 98 manufacturing facilities in 90 locations within the leading automotive markets, as well as seven technology centres.

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
<th>MACHINING</th>
<th>STAMPING</th>
<th>FORGING</th>
<th>PLASTIC</th>
<th>ALUMINIUM</th>
<th>ROOF SYSTEMS</th>
<th>CASTING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe (1)</td>
<td>42</td>
<td>15</td>
<td>5</td>
<td>7</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>North America</td>
<td>17</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Brazil</td>
<td>16</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Asia (India &amp; China)</td>
<td>23</td>
<td>3</td>
<td>6</td>
<td>8</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>98</td>
<td>26</td>
<td>20</td>
<td>18</td>
<td>17</td>
<td>9</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

(1) Includes the CIE Maroc factory in Morocco and the CIE Automotive Rus factory in Russia.

(2) Includes five multi-technology factories (CIE Amaya, CIE Denat, CIE Autocom, CIE Automotive Parts Shanghai and CIE Autoforjas).

(3) Includes three multi-technology factories (CIE Celaya, CIE Automotive Parts Shanghai and CIE Autometal Diadema).

(4) Includes one multi-technology factory (CIE Autoforjas).

(5) Includes two multi-technology factories (CIE Autometal Diadema and CIE Automotive Parts Shanghai), as well as two facilities in India and one in the US that use composites technology.

(6) Includes four multi-technology factories (CIE Amaya, CIE Denat, CIE Autocom and CIE Celaya).
For further details, please consult CIE Automotive’s Consolidated Financial Statements for the year ended 31 December 2018 or the group’s corporate website.

### Revenue Mix by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>844.6</td>
</tr>
<tr>
<td>North America</td>
<td>763.3</td>
</tr>
<tr>
<td>Brazil</td>
<td>323.6</td>
</tr>
<tr>
<td>Asia</td>
<td>540.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,029.5</strong></td>
</tr>
</tbody>
</table>

**Percentage Breakdown:**
- Europe: 27.9%
- North America: 25.2%
- MCIE Europe: 18.4%
- Asia: 17.8%
- Brazil: 10.7%
CIE Automotive’s customer portfolio is split between vehicle original equipment makers (OEMs) and TIER-1 suppliers. It is a highly diversified portfolio of well-known names. No single customer accounts for more than 10% of revenue, which puts the company in a position of strength when negotiating prices.

The company does not depend on any single platform or car model, ensuring an advantage in times of crisis.

**Customer diversification**

"None of our customers represents more than 10% of sales revenue."

**Revenue mix by customer**

- **5%** MAHINDRA, DAIMLER, GENERAL MOTORS, VOLKSWAGEN
- **6%** FORD, MAGNA
- **7%** CHRYSLER, RENAULT
- **26%** OTHERS*
- **4%** NISSAN
- **3%** PSA, CATERPILLAR, ZF, FIAT
- **2%** NEXTEER, NTN, GKN AUTOMOTIVE
- **1%** JAGUAR LAND ROVER, NSK, ROBERT BOSCH, FAURECIA, TESLA, CONTINENTAL, HONDA
- **1%** OTHERS: JTEKT, DAF, TATA, MAN, AAM, BMW, SCHAEFFLER GROUP, THYSSEN KRUPP, ACI Y DACIA, TRW, KS KOLBENSCHMIDT, AUDI, MARUTI – SUZUKI, BROSE, HYUNDAI-KIA, OPEL, SCANIA, LEAR,...
CIE Automotive can draw on seven different kinds of technology to make over 6,500 part SKUs. That enables the company to offer a given component or subassembly using different technologies and to invest in prevailing techniques.

**REVENUE MIX BY TECHNOLOGY**

<table>
<thead>
<tr>
<th>TECHNOLOGY</th>
<th>Revenue (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forging</td>
<td>821.0</td>
</tr>
<tr>
<td>Machining</td>
<td>703.6</td>
</tr>
<tr>
<td>Metal stamping and tube shaping</td>
<td>673.0</td>
</tr>
<tr>
<td>Plastics</td>
<td>384.3</td>
</tr>
<tr>
<td>Aluminium</td>
<td>295.5</td>
</tr>
<tr>
<td>Roof systems</td>
<td>133.1</td>
</tr>
<tr>
<td>Casting</td>
<td>116.2</td>
</tr>
</tbody>
</table>

*Note: Includes €97.2 million of intercompany sales.*

«We are capable of making a given component or subassembly using different technologies.»
Every year, the Group invests sizeable sums in increasing its production capacity. Those investments must meet three conditions: (i) flexible equipment that is valid for multiple customers and platforms; (ii) high returns on investment; and (iii) EBITDA-to-cash conversion of over 55%.

**PILLARS OF FINANCIAL DISCIPLINE STRATEGY**

- **Flexible standard equipment**
  Enables high capacity utilisation.
  Recurring capex of ≈4% of revenue, which is sufficient to enable facility maintenance and organic growth.

- **Strict investment discipline. High return hurdles**
  Capex ≥ 20% ROI.
  Working capital requirement ≈0.

- **EBITDA-to-cash conversion ratio**
  EBITDA-to-cash conversion ratio: above market average.
  Target of > 55%.

**Decentralised management**

«Decentralised decision-making allows us to respond quickly to emerging market trends.»

To compete in the global marketplace with the necessary flexibility, the company is managed decentrally with six geographic areas which make decisions with the support of the Corporate Areas and Network Services vested with Group-wide powers.

*(For more information, refer to section 6.2 Governance bodies - Management Board).*
3. We are driven by our Identity

3.3. 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.

STAKEHOLDER GROUPS

- **SHAREHOLDERS**
  - The company generates value for its shareholders by increasing the company’s value and the dividends they receive every year.
  - It provides transparent, accurate and timely information to the investment community.
  - It earns the market’s trust.

- **PROFESSIONALS**
  - The company provides decent work in all its business markets and the training needed so its professionals can do their jobs.
  - It protects employee well-being in a safe and healthy workplace.
  - It facilitates collective bargaining.
  - It promotes respect for human rights with an emphasis on more vulnerable markets.

- **CUSTOMERS**
  - The company is strategically committed to innovation to meet customers’ demands.
  - It guarantees the quality and safety of its products.
  - It fine-tunes the supply chain continually.
  - It manages its resources efficiently in order to contain prices.

- **BUSINESS PARTNERS**
  - The strategic alliances with Mahindra&Mahindra, Ltd. in India and Donghua Automotive Industrial (SAIC Group) in China bring enhanced knowledge of and adaptation to the local market.

- **SUPPLIERS**
  - The company guarantees its suppliers are given equal opportunities.
  - It promotes transparency and optimal pricing.
  - It provides fair payment terms.
  - It reaches out to its supplies as part of its effort to deliver customer satisfaction.

- **SOCIETY**
  - 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.

- **PUBLIC AUTHORITIES**
  - The company works with the authorities in its business communities to improve various services.
  - It implements their requirements at its facilities, cooperating lawfully and transparently.

- **SECTOR**
  - The company participates actively, holding positions of prominence, in several business associations in Spain and Europe.

- **FINANCIERS**
  - The company negotiates the best possible conditions on the basis of investment requirements and prevailing market conditions.
Its stakeholder relations are framed by the 2015-2018 Corporate Social Responsibility Strategic Plan, which sets down the lines of initiative to be pursued and the channels for communicating with each.

**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 investors and shareholders tab containing all the documentation required under securities market regulations (CNMV Circular 3/2015).

**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.

To report anything of concern using the whistle-blowing channel, stakeholders may write to the Compliance Department at the following address [102-17]:

Alameda Mazarredo 69, 8º. 48009 Bilbao (Bizkaia), Spain.

**Specific Contacts for Each Stakeholder Group**

- **CSR and Society:** Susana Molinuevo  
  csr@cieautomotive.com
- **Professionals:** Javier Álvarez  
  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 authorities:**  
  compliance@cieautomotive.com

**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 Conduct through this channel. [102-17]

Whistle-blowing channel e-mail inbox:  
whistleblowerchannel@cieautomotive.com
In publishing this Annual Report, CIE Automotive is attempting to report to all of its stakeholders on the environmental, social and governance topics they view as relevant. To this end, in 2017, the company conducted a materiality assessment to identify which topics are most important to the company and to its stakeholders. To help it, it engaged an independent expert (Deloitte), and consulted with internal and external sources.

**METHODOLOGY**

The materiality assessment was conducted in two phases:

**PHASE 1:**
External and internal analysis of the burning issues in the ESG arena

During this first phase, the goal was to determine the ESG matters of greatest relevance to CIE Automotive and its stakeholders.

Externally, the analysis encompassed the hot topics in the media, best practices in the sector, the demands being made by the company’s key customers and a review of the Sustainable Development Goals (SDGs) and the updated version of the GRI standards.

Internally, the analysis addressed progress on the 2016-2020 Business Plan, the Code of Conduct, the firm’s anti-corruption and fraud, and risk and control management policies and the documentation pertaining to management of the supply chain.

**PHASE 2:**
Prioritisation of the issues identified as relevant

In order to prioritise the issues objectively, a weighted count was made of the number of times the issues of relevance to stakeholders were reported about externally; internally, CIE Automotive organised a workshop attended by the directors and managers of the European factories and members of the Cross-Group CSR Committee to evaluate the issues identified during phase 1. Twenty-one topics of interest were rated on two scales: the importance to CIE Automotive and the extent to which the issue is currently being managed.

These two phases of work enabled the formulation of a materiality matrix which highlights in the upper right hand quadrant the matters of greatest importance to CIE Automotive.
In 2018, the company complemented that analysis thanks to new CSR workshops attended by 140 executives and managers from the Brazilian, Indian, Chinese, North American and Mexican plants, which enabled it to broaden its vision of the issues of greatest concern in each country.

The workshop agendas were articulated around management of CIE Automotive’s expectations and needs with respect to its stakeholders (shareholders, customers, business partners, society, public authorities, the automotive sector and CIE Automotive’s professionals). Materiality determination processes were also conducted to identify which environmental, social and governance (ESG) criteria worry the organisation the most and understand how those issues are being managed in each of the countries mentioned.
That analysis revealed that all of the countries have concerns in common, such as customer satisfaction, ethics, risk management, supply chain management, respect for human rights, workplace health and safety and reputation. The factory managers see these aspects are important enough to warrant greater attention than they are currently receiving.

To manage all of these aspects, the importance of the reliability and thoroughness of the information (financial and non-financial) reported by the plants was emphasised.

Participants were given a tour of the corporate website to stress the ready availability of the company’s codes of conduct and ethics and all other information of potential relevance to stakeholders.

Lastly, the company took advantage of the workshops to reiterate the importance of complying with the Code of Conduct and to remind everyone of the existence of a whistle-blowing channel which can be used by anyone in the organisation to report any perceived breach of CIE Automotive’s rules of business.

2018 MATERIALITY MATRIX
Below is a list of the most relevant GRI indicators that will be addressed in this Annual Report on the basis of the results of the materiality assessment.

### MATERIAL TOPICS

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<th>Contents</th>
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<th>Section</th>
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</thead>
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<td>Innovation and efficiency</td>
<td>5.5 Innovation and technology</td>
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<tr>
<td>102-8</td>
<td>Information on employees and other workers</td>
<td>Attracting and retaining talent</td>
<td>5.3 The team</td>
</tr>
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<td>102-16</td>
<td>Values, principles, standards and norms of behaviour</td>
<td>Ethics</td>
<td>3.1 Mission, vision and values, 6.3 Business ethics</td>
</tr>
<tr>
<td>102-17</td>
<td>Mechanisms for advice and concerns about ethics</td>
<td>Ethics</td>
<td>6.3 Business ethics</td>
</tr>
<tr>
<td>102-18</td>
<td>Governance structure</td>
<td>Corporate governance</td>
<td>5.1 CSR Management, 6.2 Governance bodies</td>
</tr>
<tr>
<td>102-30</td>
<td>Effectiveness of risk management processes</td>
<td>Risk management</td>
<td>6.4 Risk management</td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>Customer satisfaction</td>
<td>3.3 Stakeholder engagement</td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>Customer satisfaction</td>
<td>3.3 Stakeholder engagement</td>
</tr>
<tr>
<td>102-47</td>
<td>List of material topics</td>
<td>N/A</td>
<td>3.3 Stakeholder engagement</td>
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<table>
<thead>
<tr>
<th>GRI</th>
<th>Contents</th>
<th>Correspondence with the Materiality</th>
<th>Section</th>
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<tbody>
<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>Tax transparency</td>
<td>2.1 2018 in review</td>
</tr>
<tr>
<td>202-1</td>
<td>Ratios of standard entry level wage by gender compared to local minimum wage</td>
<td>Attracting and retaining talent</td>
<td>5.3 The team</td>
</tr>
<tr>
<td>204-1</td>
<td>Proportion of spending on local suppliers</td>
<td>Responsible supply chain management</td>
<td>5.6 Suppliers</td>
</tr>
<tr>
<td>GRI 205</td>
<td>Anti-corruption</td>
<td></td>
<td></td>
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<tr>
<td>---------</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>205-2 Communication and training on anti-corruption policies and procedures</td>
<td>Ethics</td>
<td>6.3 Business ethics</td>
<td></td>
</tr>
<tr>
<td>205-3 Confirmed incidents of corruption and actions taken</td>
<td>Ethics</td>
<td>6.4 Risk management</td>
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<table>
<thead>
<tr>
<th>GRI 302</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>302-1 Energy consumption within the organisation</td>
<td>Climate change</td>
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</table>

<table>
<thead>
<tr>
<th>GRI 307</th>
<th>Environmental compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>307-1 Non-compliance with environmental laws</td>
<td>Compliance</td>
</tr>
<tr>
<td>307-2 Non-compliance with environmental laws</td>
<td>Compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI 308</th>
<th>Supplier environmental assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>308-1 New suppliers that were screened using environmental criteria</td>
<td>Responsible supply chain management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI 401</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>401-1 New employee hires and employee turnover</td>
<td>Attracting and retaining talent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI 403</th>
<th>Occupational health and safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>403-1 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities</td>
<td>Health &amp; safety</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI 404</th>
<th>Training and education</th>
</tr>
</thead>
<tbody>
<tr>
<td>401-1 Average hours of training per year and per employee</td>
<td>Attracting and retaining talent</td>
</tr>
<tr>
<td>404-2 Programmes for upgrading employee skills and transition assistance programmes</td>
<td>Attracting and retaining talent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI 412</th>
<th>Human rights assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>412-1 Operations that have been subject to human rights reviews or impact assessments</td>
<td>Human rights</td>
</tr>
<tr>
<td>412-2 Employee training on human rights policies or procedures</td>
<td>Human rights</td>
</tr>
<tr>
<td>412-3 Employee training on human rights policies or procedures</td>
<td>Human rights</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI 414</th>
<th>Supplier social assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>414-1 New suppliers that were screened using social criteria</td>
<td>Responsible supply chain management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GRI 419</th>
<th>Socioeconomic compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>419-1 Non-compliance with laws and regulations in the social and economic area</td>
<td>Compliance</td>
</tr>
</tbody>
</table>

The GRI standards do not have a specific indicator that fits with the topic addressed by CIE Automotive in its Annual Report.

| Cybersecurity | 6.4 Risk management |