CIE Automotive, S.A.

Audit Report,
Annual Accounts at 31 December 2020
and Management Report for 2020

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor´s report on the annual accounts

To the shareholders of CIE Automotive, S.A.*:*

Report on the annual accounts

Opinion

We have audited the annual accounts of CIE Automotive, S.A. (the Company), which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2020, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 2.1 of the notes to the annual accounts), and, in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Recovery of investments in group companies and associates Investments in group companies and associates account for a significant percentage of the Company's net assets (Notes 5 and 6 to the accompanying annual accounts). Equity instruments and long-term and short-term loans granted to Group companies at the year-end amount to €1,075,394 thousand, €1,218,621 thousand and €21,182 thousand, respectively. As indicated in Note 3.5 to the accompanying annual accounts, Management assesses annually whether there are indications of impairment and determines the recoverable amount of the investments recognised on the balance sheet. Determining the recoverable value of these investments is mainly based on estimates of the value of future cash flows. The estimation of future cash flows requires significant judgement by Management, including, among other things, expectations regarding income and future margins, growth rate projections, estimates of discount rates in order to calculate the present value of cash flows (WACC - Weighted average cost of capital), etc. The most important assumptions used by the Company in its analysis are summarised in Note 6 to the accompanying annual accounts. Deviations in these rates and estimates trigger significant variations in the calculations performed and therefore in the analysis of the recoverability of investments in group companies and associates.	First, we gained an understanding of the process used by the Company to assess the valuation of investments and analyse their recoverability and the impairment tests performed by Management, and verified that the criteria used to perform these tests are consistent with those established in applicable reporting regulations. For cash flows, we verified not only the calculations made but also the projected annual cash flows of those group companies, based on the plans and budgets approved by Group Management, against those actually obtained, and we analysed the key assumptions used to determine the growth rates and forecast future margins, verifying them using available comparables (historical results and sector margins) and analysing, if appropriate, their reasonableness using available third-party contracts or agreements. The discount rates applied (WACC) were assessed with the collaboration of our firm's experts team. As a result of our analyses and tests performed, we consider that Management's conclusion concerning the absence of impairment of investments, the estimates made and the information disclosed in the accompanying annual accounts are adequately supported and are consistent with the information currently available.

Other information: Management Report

Other information comprises only the management report for the 2020 financial year, the formulation of which is the responsibility of the Company´s directors, and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the certain information included in the Annual Corporate Governance Report, as referred to in the Auditing Act has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2020 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the annual accounts

The Company´s directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of CIE Automotive, S.A., in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company´s directors are responsible for assessing the Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor´s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company´s directors.

- Conclude on the appropriateness of the directors´ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company´s audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company´s audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Company´s audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor´s report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of CIE Automotive, S.A. for the 2020 financial year that comprises an XHTML file of the annual accounts for the financial year, which will form part of the annual financial report.

The directors of CIE Automotive, S.A. are responsible for presenting the annual financial report for 2020 financial year in accordance with the formatting requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital file prepared by the Company´s directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated February 24, 2021.

Appointment period

The General Ordinary Shareholders' Meeting held on April 29, 2020 appointed PricewaterhouseCoopers Auditores, S.L. as auditors for a period of 1 year for the year ended December 31, 2020.

Previously, we were appointed by resolution of the General Shareholders' Meeting for an initial period and we have been auditing the accounts uninterruptedly since the year ended December 31, 2002.

Services provided

Services provided to the Company and its subsidiaries for services other than the audit of the accounts are detailed in Note 26 to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Jose Antonio Simón Maestro (15886)

February 24, 2021

MANAGING HIGH VALUE ADDED PROCESSES

Annual Accounts and Management Report for the year ended 2020

This 2020 Annual Report is a translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

Note			Page
	BALANCE SHEET		1-2
	INCOME STATEMENT		3
	STATEMENT OF CHANGES IN EQUITY		4
	CASH FLOW STATEMENT		5
	NOTES TO THE ANNUAL ACCOUNTS		
1	**General information**		6-9
2	**Basis of presentation**		
	2.1	Fair presentation	9
	2.2	Key sources of estimation uncertainty	9-11
	2.3	Aggregation	11
	2.4	Presentation currency	11
3	**Accounting policies**		
	3.1	Intangible assets	11-12
	3.2	Property, plant and equipment	12
	3.3	Impairment of non-financial assets	12
	3.4	Exchanges of assets	12-13
	3.5	Financial assets	13-14
	3.6	Derivative financial instruments and accounting hedge	14-15
	3.7	Cash and cash equivalents	15
	3.8	Equity	15
	3.9	Financial liabilities	15
	3.10	Current and deferred income tax	16-17
	3.11	Employee benefits	17-18
	3.12	Provisions and contingent liabilities	18
	3.13	Business combinations	18
	3.14	Joint operations	18
	3.15	Revenue recognition	18-19
	3.16	Operating leases	19
	3.17	Foreign currency transactions	19
	3.18	Related-party transactions	20
	3.19	Dividend distribution	20
4	**Intangible assets**		20-21
5	**Analysis of financial instruments**		
	5.1	Analysis by category	21-22
	5.2	Classification by maturity	22
	5.3	Credit quality of financial assets	22
	5.4	Other investments	23
	5.5	Credits to third parties	23
	5.6	Other current financial assets	23

BALANCE SHEET AT DECEMBER 31, 2020
(Thousand euro)

	Note	At December 31 2020	2019
NON-CURRENT ASSETS			
Intangible assets	**4**	**16,813**	**19,547**
Property, plant and equipment		**1,169**	**1,317**
Non-current investments in group companies and associates	**5-6**	**2,294,015**	**2,299,329**
Equity instruments		1,075,394	1,075,394
Credits to companies		1,218,621	1,223,935
Non-current financial investments	**5**	**30,861**	**34,223**
Equity instruments		81	81
Credits to third parties		30,747	34,122
Other financial assets		33	20
Deferred tax assets	**15**	**16,841**	**17,159**
Total non-current assets		**2,359,699**	**2,371,575**
CURRENT ASSETS			
Trade and other receivables	**5-7**	**16,091**	**31,792**
Receivables from Group companies and associates		15,754	31,403
Other receivables		12	42
Current tax assets		325	347
Current investments in group companies and associates	**5-6**	**21,182**	**16,673**
Credits to companies		21,182	16,673
Current financial investments	**5**	**18,207**	**18,443**
Credits to third parties		1,402	1,603
Other financial assets		16,805	16,840
Prepaid expenses		**200**	**199**
Cash and cash equivalents	**5-9**	**22,528**	**2,627**
Total current assets		**78,208**	**69,734**
TOTAL ASSETS		**2,437,907**	**2,441,309**

CIE Automotive

BALANCE SHEET AT DECEMBER 31, 2020
(Thousand euro)

	Note	At December 31 2020	2019
EQUITY			
Capital and reserves		**339,250**	**437,578**
Share capital	10	30,637	32,250
Share premium	10	152,171	152,171
Reserves	11	113,173	188,774
Profit /(loss) for the year	12	73,907	112,113
Interim dividend	12	(30,638)	(47,730)
Valuation adjustments	**8**	**(8,771)**	**(9,026)**
Hedging transactions		(8,771)	(9,026)
Total equity		**330,479**	**428,552**
NON-CURRENT LIABILITIES			
Non-current provisions	**14**	**28,309**	**33,009**
Long-term payables	**5-8-13**	**1,368,480**	**1,276,698**
Bank borrowings		1,350,880	1,256,802
Derivatives		17,600	19,896
Group companies and associates, non-current	**5-13**	**152,569**	**220,345**
Other non-current payables	**5-13**	**49,963**	**10,432**
Other non-current payables		49,963	10,432
Total non-current liabilities		**1,599,321**	**1,540,484**
CURRENT LIABILITIES			
Current provisions		**1,263**	**1,263**
Short-term employee benefits	14	1,263	1,263
Current borrowings		**457,293**	**407,027**
Bank borrowings	5-13	179,193	107,827
Commercial paper program	5-13	278,100	299,200
Group companies and associates, current	**5-13**	**4,142**	**1,850**
Trade and other payables	**5-13**	**45,409**	**62,133**
Trade payables		5,979	5,699
Other payables		30,638	47,730
Fixed asset suppliers		292	384
Accrued wages and salaries		4,468	4,467
Current tax liabilities		4,032	3,853
Total current liabilities		**508,107**	**472,273**
TOTAL EQUITY AND LIABILITIES		**2,437,907**	**2,441,309**

CIE Automotive

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousand euro)

		Year ended December 31	
CONTINUING OPERATIONS	**Note**	**2020**	**2019**
Revenue	**16**	**124,010**	**176,173**
Services rendered and other income		124,010	176,173
Other operating income	**16**	**187**	**140**
Non-trading and other operating income		187	140
Employee benefit expense	**16**	**(17,290)**	**(14,570)**
Wages and salaries		(16,447)	(13,736)
Social security		(843)	(834)
Other operating expenses	**16**	**(4,245)**	**(16,159)**
Taxes		(58)	(79)
Other expenses		(4,187)	(16,080)
Depreciation and amortization		**(3,570)**	**(3,491)**
OPERATING PROFIT		**99,092**	**142,093**
Finance income	18	1,782	1,729
Finance expense	18	(28,989)	(24,679)
Change in fair value of financial instruments	18	2,036	(554)
Net exchange differences	18	(34)	(42)
FINANCIAL RESULTS		**(25,205)**	**(23,546)**
PROFIT BEFORE TAX		**73,887**	**118,547**
Income tax	17	20	(6,434)
PROFIT FOR THE YEAR		**73,907**	**112,113**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE (Thousand euro)

	Note	2020	2019
Profit for the year	**12**	**73,907**	**112,113**
Income and expense recognised directly in equity			
Cash flow hedges	8	336	(1,299)
Tax effect	15	(81)	312
		255	**(987)**
TOTAL RECOGNISED INCOME AND EXPENSE		**74,162**	**111,126**

B) TOTAL STATEMENT OF CHANGES IN EQUITY (Thousand euro)

	Share capital (Note 10)	Treasury shares (Note 10)	Share premium (Note 10)	Reserves (Note 11)	Profit for the year (Note 12)	Interim dividend (Note 12)	Valuation adjustments (Note 8)	Total
Beginning balance, 2019	**32,250**	**-**	**152,171**	**(59,106)**	**327,860**	**(39,990)**	**(8,039)**	**405,146**
Total recognised income and expense	-	-	-	-	112,113	-	(987)	111,126
Transactions with shareholders and owners:								
Distribution of profit	-	-	-	247,880	(327,860)	39,990	-	(39,990)
Interim dividend (Note 12)	-	-	-	-	-	(47,730)	-	(47,730)
Closing balance, 2019	**32,250**	**-**	**152,171**	**188,774**	**112,113**	**(47,730)**	**(9,026)**	**428,552**
Total recognised income and expense	-	-	-	-	73,907	-	255	74,162
Transactions with shareholders and owners:								
Distribution of profit	-	-	-	18,177	(112,113)	47,730	-	(46,206)
Interim dividend (Note 12)	-	-	-	-	-	(30,638)	-	(30,638)
Acquisition of treasury shares (Note 10)	-	(95,391)	-	-	-		-	(95,391)
Reduction of share capital (Note 10)	(1,613)	95,391	-	(93,778)	-		-	-
Closing balance, 2020	**30,637**	**-**	**152,171**	**113,173**	**73,907**	**(30,638)**	**(8,771)**	**330,479**

CASH FLOW STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020
(Thousand euro)

		Year ended December 31	
	Note	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES	19		
Profit for the year before tax		73,887	118,547
Adjustments		(48,653)	(58,920)
Changes in working capital		16,402	(10,089)
Other cash flows from operating activities		51,436	69,376
Cash flows from/(used in) operating activities		**93,072**	**118,914**
CASH FLOWS FROM INVESTING ACTIVITIES	20		
Payments for investments		(701)	(756,678)
Proceeds from disposals		3,872	4.231
Cash flows from/ (used in) investing activities		**3,171**	**(752,447)**
CASH FLOWS FROM FINANCING ACTIVITIES	21		
Proceeds from and payment of financial liabilities		112,985	710,759
Dividends and payments on other equity instruments		(189,327)	(79,980)
Cash flows from /(used in) financing activities		**(76,342)**	**630,779**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**19,901**	**(2,754)**
Cash and cash equivalents at beginning of period		2,627	5,381
Cash and cash equivalents at end of period	9	22,528	2,627

1. General information

CIE Automotive Group and activity

CIE Automotive, S.A., Parent Company of CIE Automotive Group, came into existence in 2002 as a result of the merger of two business groups, Egaña and Aforasa. Following the merger between Acerías y Forjas de Azcoitia, S.A. (transferee) and Egaña, S.A. (transferor), the former took CIE Automotive, S.A. as its registered name. Since then, CIE Automotive, S.A. has become a financially solid Group with global presence.

The shares of CIE Automotive, S.A. are traded on the continuous market of Madrid and Bilbao Stock Exchanges.

The business is carried out through an industrial group formed by several companies that are mainly engaged in the design, manufacture and sale of automotive components and sub-assemblies, on the global automotive market, using complementary technologies – aluminium, forging, metals and plastics - and several associated processes: machining, welding, painting and assembly, as well as roof system design and production.

Its main facilities are located in the following territories: Spain (Álava/Araba, Barcelona, Cádiz, Gipuzkoa, Orense, Pontevedra, Navarre and Bizkaia), Germany, France, Portugal, the Czech Republic, Romania, Italy, Morocco, Lithuania, Slovakia, North America (Mexico and the United States of America), South America (Brazil), India, the People's Republic of China and Russia.

The Company's registered office is located at "Alameda Mazarredo 69, 8º piso", Bilbao.

Group structure

At present, CIE Automotive, S.A. (publicly listed company) has a 100% direct stake in the following companies: CIE Berriz, S.L., Advanced Comfort Systems Ibérica, S.L.U., Advanced Comfort Systems France, S.A.S., Autokomp Ingeniería, S.A.U., CIE Automotive Boroa, S.L.U. and CIE Roof Systems, S.L.U.; mainly, holding companies to which the CIE Automotive Group's productive companies report to.

The list of subsidiaries and associates at December 31, 2020, together with the information concerning them, is disclosed in the Appendix I to these Annual Accounts.

These Annual Accounts were prepared by the Board of Directors on February 23, 2021.

Impacts of the Covid-19 pandemic

After the declaration of the pandemic, almost all of the countries, including those where the global automobile manufacturers are located, have carried out restrictive measures resulting in a global industrial stoppage that has directly affected car production and sales.

The decrease in global vehicle production worldwide has surpassed 15% in 2020, with a first half-year with a decrease of more than 30% and with a second semester at similar levels to the same period in 2019. Considering the representation of the different geographical areas in the CIE Group's sales, the weighted drop in production in the CIE market has been greater than 40% during the first semester, overcoming in the second half-year , with a total annual decline in the CIE market by above 20%.

This unprecedented market situation has led to a considerable decrease in sales and therefore in the Group's net income, especially in the second quarter of the year, which has been progressively improving until the period-end closing in December, resulting in production levels similar to those of 2019 and therefore, with normalized quarterly results.

The Group's efficient and flexible business model has permitted to, although with restrictions in some countries and productions far below their recurrent levels, to achieve an outstanding net profit of €185.2 million. Likewise, the Group's results reflect a positive gross operating income (EBITDA) in all its segments as well as positive cash generation from continuing operations for the year 2020. April and May were the months were the most impacted months of the year. In June, the Group generated a positive net income, despite being its production in lower levels than the usual. Revenue, EBITDA, and the net income for the last quarter of 2020, already overperfomed those for the same period of 2019.

As of December 31, 2020, the Group has a liquidity reserve amounting to €1,477 million (Note 27.1.b), which it has kept similar levels throughout all the year, and which has guaranteed to continue with the necessary payments for the continuity of the business throughout the period without any liquidity tensions. Likewise, the contractual clauses of all financial contracts have been modified, avoiding a possible breach of the covenants of said financing.

As of the end of the year 2020 and the preparation of these Annual Accounts, the Directors of CIE Automotive, S.A. do not consider any existing risk related to the going concern of the Group, considering its solvency and liquidity position.

Acquisition of CIE Golde

In September 2018 CIE Automotive, S.A. released the submission of a final binding offer for the acquisition of the roof systems design and assembly business of US group Inteva Products Inc ('Inteva').

After the completion of the consultation process with the competent bodies and the obtaining of the pertinent authorizations from the antitrust authorities in April 2019, on May 6, 2019, the Group proceeded to complete the acquisition.

The price of the operation amounted to USD 755 million (enterprise value) which after cash and working capital adjustments involved a payment at that date of USD 809.3 million, equivalent to €724.7 million, pending the definitive calculation of cash and working capital figures in opening balances. Throughout the second half of the year, the calculations were completed and the agreements with the selling party were closed. On December 31, 2019 the outstanding amount amounts to USD 19 million (€17.2 million) that has been paid in January 2020. After this last payment, there is no outstanding amount to be paid.

The acquired roof system business, which has been renamed as CIE Golde, is formed by twelve manufacturing facilities and six R&D centers in seven different countries (USA, Mexico, Germany, Slovakia, Romania, People's Republic of China and India).

The integration of CIE Golde enables CIE Automotive Group to reinforce its commitment for the comfort systems in the automotive, adapting to sector trends, and becoming one of the three leading global manufacturers of car roof systems, significantly increasing its footprint in this market, and well positioned in Asia, one of the markets with the greatest potential.

Changes in the scope of consolidation

<u>2020</u>

On September 25, 2019, the Group announced the signature of a contract for the acquisition of 100% of the share capital of the Italian company Somaschini S.p.A. whose enterprise value amounts €77.1 million. On January 9, 2020 the Group, through its subsidiary CIE Berriz, S.L., and once the conditions precedent were met, has proceeded to acquire the entire capital stock of the companies of the Italian Group Somaschini S.p.A, Immobiliare Somaschini S.p.A and CIE Immobiliare Italia SRL. This group has 3 production plants, two in Bergamo (Italy) and one in Indiana (USA). The acquisition cost, once adjusted the debt, has amounted to €52.6 million.

On June 4, 2020, the Group acquired a 49% of the share capital of the held for sale company Recogida de Aceites y Grasas Maresme, S.L. for one euro, reaching the 100% shares of its share capital.

During the 2020, in several operations carried out between March and September, the Group acquired 14,887,962 shares of its subsidiary Mahindra CIE Automotive, Ltd. for a total amount of €22,617 thousand. The Group's interest increased from 56.32% to 60.18%.

Likewise, the following corporate operations have been carried out:

- On the accounting date of January 1, 2020, the merger between the Mexican companies Maquinados de Precisión de México S. de R.L. de C.V. (absorbing company) and Cortes de Precisión de México S. de R.L. de C.V. (absorbed company) was carried out.
- On February 18, 2020, the Czech company Praga Service, s.r.o. was liquidated.
- On April 1, 2020, the merger of the Brazilian companies Autometal SBC Injeção, Pintura e Cromação de Plásticos, Ltda. (absorbing company) with its subsidiary company Autocromo Cromaçao de Plásticos Ltda (absorbed company) was carried out.
- On July 30, 2020 and August 1, 2020 the British companies Stokes Forging Dudley Ltd. And Stokes Forging Ltd. were liquidated.
- On August 1, 2020, the merger of the Italian companies CIE Immobiliare Italia, SRL and Immobiliare Somaschini, SRL (absorbed companies) with Somaschini, S.p.A. (absorbing company).

2019

In January 2019, the companies CIE Automotive Goiain, S.L.U. and Advanced Comfort Systems Wuhan Co. Ltd., of Spanish and Chinese nationalities respectively, after their creation at the end of the 2018 fiscal year, were incorporated into the scope of consolidation. The first of them has its main activity main activity the transformation of automotive parts through forging technology. While in the case of the second, its main activity consists the manufacture of roof systems for vehicles.

On March 28, 2019, the Group sold the company Bionor Berantevilla, S.L.U., as well as the assets belonging to Biosur Transformación, S.L.U. for an amount of €18.7 million.

In March 2019, the Group signed an agreement for the acquisition, through its Indian subsidiary Mahindra CIE Automotive, Ltd, of all the shares of the company, also of Indian nationality, Aurangabad Electricals, Ltd. (hereinafter AEL) for an amount of 8,759 million rupees (approximately 111,7 million euros).

On April 9, 2019, once the conditions were fulfilled, the Group closed the acquisition by paying 8,137 million rupees, equivalent to €103.8 million. A contingent liability of 600 million rupees was also recorded (€7.6 million), corresponding to the fair value of future income from subsidies that AEL will receive under the incentive program that local authorities approved in 2013.

AEL operates in the manufacture of components and sub-assemblies for the automotive sector market (for two- and four-wheel vehicles) in high pressure aluminium injection and gravity injection technologies.

On April 5, 2019, CIE Automotive Boroa, S.L.U. and CIE Roof Systems, S.L.U., both direct subsidiaries of CIE Automotive, S.A., were created.

As explained before, on May 6, 2019 the Group, through its subsidiaries CIE Roof Systems, S.L.U. and CIE Automotive USA, Inc, proceeded to acquire 100% shares of Inteva's roof business, with an acquisition cost of €741.7 million.

On June 21, 2019 the Group carried out the acquisition of 100% of the shares of the Mexican companies Maquinados de Precisión de México S. de R.L. de C.V. and Cortes de Precisión de México S. de R.L. de C.V. with the objective of taking advantage of all the productive assets of the acquired companies, so that they complement the productive activities of the Group in Mexico and allow the physical and commercial expansion in the future. The enterprise value was USD 65.5 million (approximately €58 million).

In September 2019, once the suspensive conditions were fulfilled, the acquisition was completed. The acquisition cost, after the adjustment for the indebtedness, was USD 42.4 million (approximately €37.3 million), fully paid at the acquisition date.

The acquired facilities are located in Celaya (Guanajuato) and provide Tier 1 companies in the automotive sector.

On July 18, 2019, the Mexican nationality company CIE Plásticos de México, S.A. de C.V. was established; which main activity is the manufacture of plastic parts and components for vehicles.

In October 2019, the merge of the companies BillForge Pvt Ltd. and Mahindra CIE Automotive Ltd. was carried out, being the last one the absorbing one. This transaction had no impact on the Consolidated Annual Accounts.

Consolidated Annual Accounts of CIE Automotive Group

Under the Spanish Royal Decree 1,815/1,991 of December 20, the Company is obliged to present Consolidated Annual Accounts.

On February 23, 2021, the Company authorized the issuance of the Consolidated Annual Accounts of CIE Automotive, S.A. and its subsidiaries for the year ended December 31, 2020, which presented profit for the year attributable to owners of the parent of €185,225 thousand and equity, including profit for the year and non-controlling interests, of €994,974 thousand (2019: €287,475 thousand and €1,234,974 thousand, respectively).

Those Consolidated Annual Accounts were prepared under the International Financial Reporting Standards adopted by the European Union (IFRS-EU). Appendix II, attached, includes the Group's consolidated 2020 and 2019 balance sheets and income statements under IFRS-EU.

The Consolidated Annual Accounts include all CIE Automotive Group companies defined under Article 42 of Spain's Code of Commerce, each of which is consolidated using the appropriate method. All the subsidiaries under control of CIE Automotive Group have been incorporated into the consolidation using the global integration method. The list of CIE Automotive Group companies is attached to these annual accounts as Appendix I.

2. Basis of presentation

2.1 Fair presentation

The accompanying Annual Accounts were prepared from the Company's accounting records and are presented in accordance with the Spanish General Accounting Plan, enacted by Spanish Royal Decree 1,514/2007, as amended by Royal Decree 1,159/2010, of September 17, and Royal Decree 602/2016 of December 2, in order to give a true and fair view of the Company's equity and financial position at the year end and of its financial performance and cash flows for the year then ended. These annual accounts were authorized for issue by the Company's directors and will be submitted for shareholder approval at the Annual General Meeting at which they are expected to be ratified without modification. The 2019 annual accounts were approved at the Annual General Meeting held on April 29, 2020.

2.2 Key sources of estimation uncertainty

The preparation of the Annual Accounts requires the Company to make certain estimates and judgments concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations of future events considered being reasonable under current circumstances.

The resulting accounting estimates will, by definition, seldom match the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of investments in group companies and associates

The Company annually tests if investments in the equity of group companies and associates have suffered an impairment applying, according to the accounting policy described in Note 3.5.d). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimations.

This analysis is based on comparing the book value of each holding with the recoverable value associated with each of its direct holdings, and which in most cases correspond to holding companies whose main activity consists of holding of participations in the legal companies of the plants that make up the Group. This analysis is carried out considering the cost of the shares to be recovered from the shares at the lowest level at which they are found. In cases where the equity value of the investment is less than the share held by its direct participating company, the Company verifies that the value in use of each of the companies exceeds the cost of shares.

For the analysis of the value recovery of its holdings, the Company considers the value in use of each of its direct investees, understanding the value in use as the present value of the future cash flows derived from each investment and its corresponding subsidiaries, reduced by the net financial debt contributed by each of the shares (equity value).

The hypotheses used, as well as the results obtained from the analysis carried out as of December 31, 2020 and 2019 are included in Note 6.c.

As of December 31, 2020, within the context of the Covid-19 pandemic, updated market projections on future global vehicle production have been considered, as well as the health related restrictions in force in the geographies where the Group operates. The impact of such factors has not modified the conclusions regarding the recoverability of investments in group companies and associates.

Fair value of derivatives or other financial instruments

The fair value of unlisted financial instruments (for example, derivatives from outside official market) is determined by using valuation techniques. The Company exercises judgment in selecting a range of methods and making assumptions which are based primarily on prevailing market conditions at the reporting date. The Company used discounted cash flow analysis to measure financial instruments that are not traded on active markets.

Income tax

The legal status of the tax regulations applicable to the Company mean that estimates are employed and the final quantification of tax is uncertain. Tax is calculated based on Management's best estimates, always taking into account prevailing tax legislation and foreseeable legislative changes (Note 17).

When the final tax result differs from the amounts initially recognised, such differences will have an effect on income tax and provisions for deferred taxes in the year in which they are identified.

If the final outcome (on judgment areas) differs by 10% not favourable from management estimates, deferred assets would decrease and income tax would increase by approximately €3.4 million (2019: €0.02 million), and if these variation were favourable these deferred assets would increase and income would decrease by approximately €0.3 million (2019: €1.7 million).

The result of this sensitivity analysis is conditioned by Management's estimates of the consolidated tax base of the basque foral group, that in 2020 it has estimated a decrease in the tax base due to the use of tax incentives that were not previously applicable.

As of December 31, 2020, within the context of the Covid-19 pandemic, updated market projections on future global vehicle production have been taken into consideration, as well as the health related restrictions in force. The impact of such factors has been, therefore, considered in the estimation of recoverability of tax losses and credits recognized by the Company.

Employee benefits

In order to quantify the impact of the profit-sharing and bonus schemes of which its current employees are beneficiaries, the Company makes estimates with respect to the amounts of benefits payable and the number of beneficiaries.

Any change in the number of employees that ultimately benefits from these remuneration schemes or in the assumptions used would have an impact on the carrying amounts of the related provisions and on the income statement.

In addition, the Company makes estimates to measure the benefits payable in respect of employees benefiting from share-based payments or from additional incentives approved based on the value of the shares.

These estimates are reviewed at the end of each reporting period and the related provisions are adjusted to reflect the best estimates as of the year end.

As of December 31, 2020 and 2019 no shared-based payments benefits to employees exist.

2.3 Aggregation

For clarity, the items presented in the balance sheet, income statement, statement of changes in equity and cash flow statement are grouped together and, where necessary, a breakdown is included in the relevant notes to the accounts.

2.4 Presentation currency

The Annual Accounts are expressed in thousand euros, unless otherwise indicated.

3. Accounting policies

The principal accounting policies applied in the preparation of these Annual Accounts are set out below.

3.1. Intangible assets

Goodwill

Goodwill is the excess at the acquisition date of the cost of a business combination over the fair value of the identifiable net assets acquired in the transaction. As a result, goodwill is only recognised when it is acquired for consideration and represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised.

Goodwill recognized separately is amortized on a straight-line basis over its estimated useful life, being valued at acquisition cost less accumulated amortization, and, if applicable, the accumulated amount of recognized impairment corrections. The useful life is determined separately for each of the CGUs groups to which it has been assigned and is estimated to be 10 years (unless proven otherwise). At least annually, it is analyzed if there are indications of impairment of the value of the cash-generating units groups to which goodwill has been assigned, and if there is one, its eventual deterioration is checked.

The valuation adjustments for impairment recognized in goodwill are not reversed in subsequent years.

Computer applications

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the assets' estimated useful lives (between 4 to 6 years).

Software maintenance expenses are recognised when incurred. Costs directly related to the production of identifiable and unique computer programs controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of the relevant overheads.

Computer software development costs recognised as assets are amortized over their estimated useful lives, which do not exceed 6 years and the time it begins to be amortized once is capitalized is no longer than one year.

Patents

Patents are carried at cost less accumulated amortization and corrections for impairment of recognized value. Amortization is calculated using the straight-line method to allocate the cost over its estimated useful life (10 years).

3.2. Property, plant and equipment

Property, plant and equipment are recognised at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognised.

Own work capitalized is calculated by summing the acquisition cost of consumable materials and the direct and indirect costs attributable to the production of these assets.

Costs incurred to extend, modernize or improve property, plant and equipment are only recognised as an increase in the value of the asset when the capacity, productivity or useful life of the asset is extended and always it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

Maintenance expenses are charged to the income statement during the year in which they are incurred.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and possession. The estimated useful lives are as follows:

	Estimated useful life years
Buildings	25 to 33
Furniture and other facilities	10
Other fixed assets	4 to 6

The residual value and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 3.3).

Gains and losses on the sale of property, plant and equipment are calculated by comparing the revenue obtained with the carrying amount and are recognised in the income statement. Retirements and disposals are accounted for by eliminating the item's cost and the corresponding accumulated depreciation charge.

3.3. Impairment of non-financial assets

Depreciable assets are tested for impairment whenever there is any indication that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, understood this one as the asset's fair value less the higher of costs to sell or value in use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash Generating Units groups). Non-financial assets, other than goodwill, which are impaired, are reviewed at the balance sheet date for possible reversal of the loss.

3.4. Exchanges of assets

Whenever an item of property, plant and equipment, an intangible asset or an investment property is acquired by means of an exchange having a commercial substance, the asset received is measured at the fair value of the asset given up, plus any monetary consideration awarded, barring better evidence supporting the value of the asset received and up to the limit of the latter. For such purposes, the Company considers that an exchange is commercial in nature when the configuration of the cash flows from the fixed assets received differs from the configuration of the cash flows from the asset given up or when the present value of the cash flows after tax from the activities affected by the exchange is altered. In addition, any of the previous differences must be significant with respect to the fair value of the assets exchanged.

If the exchange is not commercial in nature or the fair value of the assets of the transaction cannot be determined, the asset received is measured at carrying amount plus the monetary consideration delivered, up to the fair value of the asset received if lower and provided that it is available.

3.5. Financial assets

a) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets except for maturities of more than 12 months from the balance sheet date that are classified as non-current assets. Loans and receivables are included in 'Loans to companies', 'Loans to third parties' and 'Trade and other receivables' in the balance sheet.

   Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interests are recognised at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

   At year end at least, the necessary value adjustments are made for impairment losses when there is objective evidence that not all amounts due will be collected.

   The amount of impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Value adjustments, and reversals, where applicable, are recognised in the income statement.

b) Held-to-maturity investments: Held-to-maturity financial assets are securities representing debt with fixed payments or payments that may be determined and have a fixed maturity date, are traded on an active market and with respect to which Company management has the effective intention and capacity to hold to maturity. If the Company sells an immaterial amount of held-to-maturity financial assets, the entire category would be reclassified as available for sale. These financial assets are included in non-current assets, except for those maturing in less than 12 months of the balance sheet date that are classified as current assets.

   The measurement criteria applied to these investments are the same as for loans and receivables.

c) Financial assets held for trading and other financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include all assets held for trading acquired for sale in the short term or as part of a portfolio of identified financial instruments that are managed together with a view to generating short term returns and financial assets designated within this category by management upon initial recognition based on the determination that so doing results in more meaningful disclosures. Derivatives are also classified as held for trading unless they constitute financial guarantee contracts or are designated as hedging instruments (Note 3.6).

   These instruments are initially recognised and subsequently measured at fair value and any changes in fair value are recognised in the income statement. Transaction costs that are directly attributable to the acquisition of these assets are expensed currently.

d) Investments in equity of group companies, jointly controlled entities and associates: These assets are measured at cost, less any accumulated impairment losses. However, if the Company held an investment in these entities before they were classified as a group company, jointly controlled entity or associate, cost is deemed the carrying amount of that investment prior to the classification change. Prior measurement adjustments recognised directly in equity are kept in equity until the investments are derecognised.

   If there is objective evidence that the carrying amount of these investments may not be recoverable, the Company recognizes the corresponding impairment losses, calculated as the difference between the investment's carrying amount and recoverable amount, deemed to be the higher of fair value less costs to sell and the present value of projected cash flows from the investment. Unless better evidence is available, impairment of this type of asset is estimated based on the investee's equity, adjusted for any unrealized capital gains at the measurement date. Impairment losses and any subsequent reversals are recognised in the income statement in the year in which they arise.

e) Available-for-sale financial assets: This category includes debt securities and equity instruments that have not been classified in any of the preceding categories. They are included in non-current assets unless Management intends to dispose of the investment within 12 months of the balance sheet date.

They are measured at fair value insofar as fair value can be determined reliably and changes in fair value, if any, are recognised directly in equity until the asset is sold or deemed impaired, at which point the accumulated fair value adjustments recognised in equity are reclassified in profit or loss. If fair value cannot be reliably determined, these assets are measured at cost less any impairment losses.

Available-for-sale financial assets are written down if there is objective evidence of impairment as a result of a reduction or delay in estimated future cash flows in the case of debt instruments acquired or the possible inability to recoup the asset's carrying amount in the case of investments in equity instruments. The impairment loss recognised is the difference between the asset's cost/amortized cost, less any impairment loss previously recognised in the income statement, and the fair value on the measurement date. In the case of equity investments measured at cost because their fair value cannot be determined reliably, impairment losses are calculated in the same way as for equity investments in group companies, jointly controlled entities and associates.

Whenever there is objective evidence of impairment, the Company reclassifies any cumulative fair value losses previously recognised in equity to profit or loss. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value using valuation techniques. These include the use of recent arm's length transactions between knowledgeable, willing parties, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market observable inputs and relying as little as possible on subjective judgments.

Financial assets are derecognised when substantially all the risks and rewards of ownership of the financial asset have been transferred. Specifically in relation to accounts receivable, this transfer is generally deemed to take place when the risks of insolvency and non-payment have been transferred.

Financial assets designated as hedged items are subject to hedge accounting measurement rules (Note 3.6).

3.6. Derivative financial instruments and accounting hedge

Financial derivatives are measured at fair value upon initial recognition and for subsequent measurement purposes. The method used to recognize the resulting gain or loss depends on whether the derivative has been designated as a hedging instrument, and if so, the nature of the hedge.

The Company designates certain derivatives as either:

a) Fair value hedges: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

b) Cash flow hedges: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised temporarily in equity. These amounts are recycled to profit or loss in the year(s) in which the hedged forecast transaction affects profit or loss, unless the hedge corresponds to a forecast transaction that ultimately results in the recognition of a non-financial asset or liability, in which case the gains or losses previously deferred in equity are included in the initial cost of the asset when it is acquired or liability when it is assumed.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

c) Hedges of net investments in foreign operations: In the case of hedges of net investments in unincorporated joint ventures and foreign branches, changes in the fair value of the derivatives attributable to the risk hedged are recognised temporarily in equity and are recycled to profit or loss in the year(s) in which the net investment in the foreign operation is disposed of.
   Hedges of net investments in foreign operations consisting of subsidiaries, jointly controlled entities or associates are treated as fair value hedges in respect of the foreign currency component of the hedge.

Hedging instruments are measured and recognised by nature to the extent that they are not or cease to be effective hedges.

In the event that derivatives do not qualify for hedge accounting, the related fair value gains and losses are recognised immediately in the income statement.

3.7. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.8. Equity

The Company's share capital is represented by ordinary shares.

Costs of issuing new shares or options are recognised directly in equity as a reduction in reserves.

If the Company purchases treasury shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until the shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any incremental directly attributable transaction costs, is included in equity.

3.9. Financial liabilities

Debts and payables

This includes trade and non-trade payables. These payables are classed as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. The effective interest rate is the discount rate that brings the carrying amount of the instrument into line with the expected flow of forecast future payments to maturity of the liability.

Nonetheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

In the event of renegotiation of existing debts, it is considered that there are no substantial changes in financial liabilities when the new loan lender is the same as the one that granted the initial loan and the current value of the cash flows, including net commissions, does not differ by more than 10% from the present value of the cash flows pending payment of the original liability calculated under the same method.

In the case of convertible bonds, the Company determines the fair value of the liability component using the rate of interest for similar non-convertible bonds. This figure is recorded as a liability on the basis of the amortized cost until it is settled upon conversion or maturity. Other income obtained is allocated to the conversion option and is recognised in equity.

3.10. Current and deferred income tax

The Company files its taxes under the consolidated tax system as the parent of a group of companies (Note 17). The subsidiaries included in the Company's consolidated tax group for tax return purposes, according to Bizkaia provincial tax laws, in 2020 are as follows:

- CIE Berriz, S.L.
- Autokomp Ingeniería, S.A.U.
- CIE Mecauto, S.A.U.
- CIE Udalbide, S.A.U.
- Egaña 2, S.L.
- Gameko Fabricación de Componentes, S.A.
- Inyectametal, S.A.
- Leaz Valorización, S.L.U.
- Orbelan Plásticos, S.A.
- Transformaciones Metalúrgicas Norma, S.A.
- Alurecy, S.A.U.
- Componentes de Automoción Recytec, S.L.U.
- Nova Recyd, S.A.U.
- Recyde, S.A.U.
- Alcasting Legutiano, S.L.U.
- Gestión de Aceites Vegetales, S.L.
- Reciclado de Residuos Grasos, S.L.U.
- Reciclados Ecológicos de Residuos, S.L.U.
- Biodiesel Mediterráneo, S.L.U.
- Participaciones Internacionales Autometal Dos, S.L.U.
- PIA Forging Products, S.L.U.
- Industrias Amaya Tellería, S.L.U.
- Mecanizaciones del Sur - Mecasur, S.A.
- CIE Automotive Goiain, S.L.U.
- CIE Automotive Boroa, S.L.U.
- CIE Roof Systems, S.L.U.

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Income tax is calculated on the basis of accounting profit adjusted for any permanent differences between profit for accounting and tax purposes. Tax credits available at the consolidated tax group level, arising mainly from corporate investing activities, are analyzed annually for future utilization and offset and are recognised as a function of current expectations regarding their utilization. This analysis not only encompasses estimable taxable income but also expectations regarding the use of tax credits granted (Note 15).

Both current and deferred tax expense (income) are recognised in the income statement. However, the tax effect of items recognised directly in equity is recognised in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax is not accounted for if it arises from initial recognition of a goodwill or an initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor tax base. Deferred income tax is determined implementing applicable legislation and the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

3.11. Employee benefit

a) Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to its shareholders after certain adjustments as well as other ratios of a financial nature. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

b) Termination benefits

Termination benefits are paid to employees as a result of a decision to terminate employment contracts before the normal retirement age or when employees voluntarily agree to resign in return for such benefits. They include benefits agreed under redundancy plans that terminate employment contracts before the normal retirement age. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of employees according to a detailed formal plan without possibility of withdrawal or as a result of an offer of termination benefits made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

c) Share-based payments

At December 31, 2020 the Group maintains several share-based payment plans settled in equity instruments of the following subsidiaries: Mahindra CIE Automotive, Ltd, listed on the Indian stock market (Appendix I).

Under these plans, the CIE Automotive Group receives services from the plan beneficiaries in exchange for equity instruments (options) in the aforementioned subsidiaries.

The fair value of the employee services received in exchange for the grant of such shares/ options is recognised as employee benefit expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions.
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the company).

The balancing entry for the staff cost recognised is dividend income from the subsidiaries whose shares underlie the options granted and are deliverable at the end of the term of the plan. Delivery of the aforementioned equity instrument gives arise to the corresponding change against the Group´s equity.

Likewise, at the General Meeting of shareholders, held on April 24, 2018, the concession for the CEO of a long-term incentive was approved based on the evolution of the share price of CIE Automotive, S.A. (Note 23).

The total cost of this incentive is recognized as personnel costs, in the period in which the conditions to reach it must be met.

3.12. Provisions and contingent liabilities

The Company recognises provisions when it has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the best estimate of the expenditure required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

Provisions due within one year or for which the effect of the time value of money is not material are not discounted.

When some of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised separately when, and only when, it is virtually certain that reimbursement will be received.

Contingent liabilities, meanwhile, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised in the financial statements but are disclosed in the accompanying Notes as warranted.

3.13. Business combinations

Mergers, spin-offs and non-monetary contributions of businesses among entities under common control are recognised following the rules for accounting for related-party transactions (Note 3.18).

Mergers and spin-offs that are not common control transactions and business combinations arising from the acquisition of all of the assets and liabilities of a company or a portion thereof that constitutes one or more businesses are recognised using the acquisition method.

The Company recognises business combinations arising from the acquisition of shares or equity interests in another company in accordance with the rules for accounting for investments in Group companies, jointly-controlled entities and associates (Note 3.5.d).

3.14. Joint operations

<u>Jointly-controlled entities</u>

Investments in jointly-controlled entities are recognised and measured in keeping with the criteria for accounting for investments in Group companies, jointly-controlled entities and associates (Note 3.5.d).

3.15. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in exchange for the goods delivered and services rendered in the course of the Company's ordinary activities, less returns, discounts and value added tax.

The Company recognises revenue when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the specific conditions applicable to each of its activities are met. The amount of revenue cannot be measured reliably until all of the contingencies associated with the sale have been resolved. The Company's estimates are based on historical data, taking into account customer and transaction types, as well as the specific terms of each contract.

According to the interpretation published by the ICAC in its official journal in September 2009 (interpretation no. 79), companies classified as 'industrial holding companies', such as CIE Automotive, S.A., must present dividends, interest income and management fees from their investments in Group companies, jointly controlled entities and associates within revenue in their income statements.

a) Sales of services

The Company invoices CIE Automotive Group companies for sales commission, for providing general management and administration services, as well as services in the field of IT, according to contracts with each.

Service revenue is recognised in the financial year in which the services are provided with reference to the outcome of the transaction in question and on the basis of the actual level of service performed as a percentage of total services performable.

Revenue from royalties is recognised on an accruals basis in accordance with the substance of the relevant agreements.

b) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues updating the receivable as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

c) Dividend income

Dividend income is recognised as revenue in the income statement when the right to receive payment is established. Notwithstanding the foregoing, dividend pay-outs from profits generated prior to the acquisition date are not recognised as revenue but are rather deducted from the carrying amount of the investment.

3.16. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.17. Foreign currency transactions

a) Functional and presentation currency

The Company's Annual Accounts are presented in euro, which is both its functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign currency gains and losses resulting from the settlement of transactions and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, unless they are deferred in equity as eligible cash flow hedges and eligible net investment hedges (Note 3.6).

Exchange gains and losses are presented in the income statement under "Net exchange differences".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

3.18. Related-party transactions

As a general rule, intragroup transactions are initially recognised at fair value. If the price agreed differs from fair value, the difference is recognised based on the economic substance of the transaction. Subsequent measurement follows prevailing accounting rules.

Notwithstanding the foregoing, in mergers, spin-offs and non-monetary business contributions, the assets and liabilities constituting the acquired business are measured at the amount at which they would be recognised in the Consolidated Annual Accounts of the group or subgroup after the transaction.

When the parent of the group or subgroup of the subsidiary does not intervene, the annual accounts used for this purpose are those of the highest-level Spanish-parented group or subgroup to recognize the assets and liabilities.

In these cases, any difference between the acquiree's net assets and liabilities, adjusted for grants, donations and bequests received, valuation adjustments and any equity (capital or share premium) issued by the acquiring company, is recognised in reserves.

3.19. Dividend distribution

The payment of dividends to shareholders is recognised, to the extent outstanding, as a liability in the annual accounts in the year in which the dividends are approved by the shareholders in General Meeting or declared by the Board of Directors.

4. Intangible assets

The movement schedule in intangible assets during the period is as follows:

	Computer applications	Patents	Goodwill	Total
Cost				
Balance at January 1, 2019	**18,241**	**1,000**	**27,718**	**46,959**
Additions	773	-	-	773
Balance at December 31, 2019	**19,014**	**1,000**	**27,718**	**47,732**
Additions	643	-	-	643
Balance at December 31, 2020	**19,657**	**1,000**	**27,718**	**48,375**
Accumulated amortization				
Balance at January 1, 2019	**(16,471)**	**(100)**	**(8,316)**	**(24,887)**
Additions	(426)	(100)	(2,772)	(3,298)
Balance at December 31, 2019	**(16,897)**	**(200)**	**(11,088)**	**(28,185)**
Additions	(505)	(100)	(2,772)	(3,377)
Balance at December 31, 2020	**(17,402)**	**(300)**	**(13,860)**	**(31,562)**
Carrying amount				
Balance at January 1, 2019	**1,770**	**900**	**19,402**	**22,072**
Balance at December 31, 2019	**2,117**	**800**	**16,630**	**19,547**
Balance at December 31, 2020	**2,255**	**700**	**13,858**	**16,813**

a) Goodwill

The goodwill arose in 2011 as a result of the reverse merger between the Company and its parent INSSEC.

The goodwill is allocated to the Company's cash-generating units (CGUs) groups by management unit and operating market. Goodwill is allocated to the Brazilian and European operations as was the case at INSSEC.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering normally a five-year period. Cash flows beyond this five-year period are extrapolated using estimated growth rates. Note 6.c) details the key assumptions used to calculate the value in use of the various CGUs groups in a manner that is consistent with the overall situation of CIE Automotive Group's operating markets as well as the businesses' projected performance.

CIE Automotive Group has verified that neither its goodwill nor its investments in group companies (Note 6) suffered any impairment loss in either 2020 or 2019.

b) Fully-amortised intangible assets

At December 31, 2020 there are fully-amortized items of intangible assets still in use with an original cost of €16,004 thousand (2019: €15,720 thousand).

5. Analysis of financial instruments

5.1 Analysis by category

The carrying amounts of the Company's financial instruments by each category of financial assets and liabilities, which does not include balances with public administrations, are as follows:

	Equity instruments		Credits		Derivatives and others	
Thousand euro	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Financial assets						
Non-current						
- Balances with group companies						
. Investments in group companies (Note 6.a)	1,075,394	1,075,394	-	-	-	-
. Credits to group companies (Note 6.d)	-	-	1,218,621	1,223,935	-	-
- Other investments (Note 5.4)	81	81	-	-	-	-
- Credits to third parties (Note 5.5)	-	-	30,747	34,122	-	-
- Other financial assets	-	-	-	-	33	20
	1,075,475	**1,075,475**	**1,249,368**	**1,258,057**	**33**	**20**
Current						
- Trade and other receivables (Note 7)	-	-	15,766	31,445	-	-
- Credits to group companies (Note 6.d)	-	-	21,182	16,673	-	-
- Credits to third parties (Note 5.5)	-	-	1,402	1,603	-	-
- Other financial assets (Note 5.6)	-	-	-	-	16,805	16,840
- Cash and other cash equivalents (Note 9)	-	-	-	-	22,528	2,627
	-	**-**	**38,350**	**49,721**	**39,333**	**19,467**

Thousand euro	Debts and payables 2020	Debts and payables 2019	Derivatives and others 2020	Derivatives and others 2019
Financial liabilities				
Non-current				
- Borrowings received (Note 13)	1,350,880	1,256,802	-	-
- Other current financial liabilities (Derivatives) (Notes 8 and 13)	-	-	17,600	19,896
- Borrowings from group companies (Note 13)	152,569	220,345	-	-
- Other debts (Note 13)	49,963	10,432	-	-
	1,553,412	**1,487,579**	**17,600**	**19,896**
Current				
- Borrowings received (Note 13)	179,193	107,827	-	-
- Commercial paper program (Note 13)	278,100	299,200	-	-
- Borrowings from group companies (Note 13)	4,142	1,850	-	-
- Trade and other payables (Note 13)	41,377	58,280	-	-
	502,812	**467,157**	**-**	**-**

The financial assets except the “Investments in group companies”, “Other investments”, “Cash and other cash equivalents” and some credits to third parties are “Credits and other receivables”.

On the other hand, financial liabilities are “Debit and other payables”, except Derivatives.

5.2 Classification by maturity

The maturity schedule for financial instruments having fixed or determinable maturities is as follows:

	Financial assets						
	2021	2022	2023	2024	2025	Subsequent years	Total
Investments in group companies and associates:							
Credits to group companies (*)	21,182	-	-	-	-	1,218,621	1,239,803
Other financial investments:							
Trade and other receivables	15,766	-	-	-	-	-	15,766
Credits to third parties	1,402	22,947	-	-	-	7,800	32,149
Other financial assets	16,805	-	-	-	-	33	16,838
	55,155	**22,947**	**-**	**-**	**-**	**1,226,454**	**1,304,556**

	Financial liabilities						
	2021	2022	2023	2024	2025	Subsequent years	Total
Borrowings from group companies and associates	4,142	-	-	-	-	152,569	156,711
Other financial liabilities:							
Bank borrowings	179,193	183,153	328,141	350,181	334,123	155,282	1,530,073
Commercial paper program	278,100	-	-	-	-	-	278,100
Derivatives	-	-	6,059	-	11,541	-	17,600
Other liabilities	-	-	-	-	-	49,963	49,963
Trade and other payables	41,377	-	-	-	-	-	41,377
	502,812	**183,153**	**334,200**	**350,181**	**345,664**	**357,814**	**2,073,824**

(*) The long-term loans extended to group companies take the form of unlimited 5-year current credit accounts that are tacitly renewed one year before its maturity for additional periods of one year unless it exists a cancellation previous to the established maturity (Note 6.d).

5.3 Credit quality of financial assets

Financial assets that have not expired are not impaired. Management perceives no risk of impairment whatsoever as the Company’s financial assets mainly relate to balances due from CIE Automotive group companies and associates that present no indications of credit risk.

5.4 Other investments

The Company at December 31, 2020 and 2019 has under this heading the investment in Fundación CIE I+D+I as Funding Trustee, having given an initial (and unchanged) endowment of €60 thousand.

5.5 Credits to third parties

	Balante at 01.01.19	Additions	Profit/(Loss) adjustment	(Collections)	Balance at 31.12.19	Additions	Profit/(Loss) adjustment	(Collections)	Balance at 31.12.20
Credits to employees (Notes 16.c and 23)	27,409	-	489	(2,876)	25,022	-	300	(2,375)	22,947
Advances (Note 24)	11,700	-	-	(1,300)	10,400	-	-	(1,300)	9,100
Other	237	103	-	(37)	303	-	(201)	-	102
	39,346	**103**	**489**	**(4,213)**	**35,725**	**-**	**99**	**(3,675)**	**32,149**

5.6 Other current financial assets

The Company records an account receivable with possibility of immediate availability with INSSEC DOS which balance at December 31, 2020 and 2019 stood at €16,800 thousand.

6. Investments and credits to group companies

a) <u>Investments in group companies, jointly-controlled entities and associates</u>

The main group companies owned directly by the Company (not listed) are as follows:

Name and registered office	Legal structure	Activity	% of total voting rights held directly 2020	2019
Group companies and jointly-controlled entities				
CIE Berriz, S.L. (Bizkaia)	S.L.	Holding company	100%	100%
CIE Automotive Boroa, S.L.U. (Bizkaia)	S.L.U.	Holding company	100%	100%
CIE Roof Systems, S.L.U. (Bizkaia)	S.L.U.	Holding company	100%	100%
Autokomp Ingeniería, S.A.U. (Bizkaia)	S.A.U.	Services and installations	100%	100%
Advanced Comfort Systems Ibérica, S.L.U. (Orense)	S.L.U.	Manufacture of automotive components	100%	100%
Advanced Comfort Systems France, S.A.S. (France)	S.A.S.	Manufacture of automotive components	100%	100%

The amounts of capital, reserves and profit for the year and other relevant information, as taken from the individual annual accounts of the respective group companies and jointly controlled entities, at December 31, 2020 and 2019, are as follows:

Company	Equity: Capital	Equity: Share premium	Equity: Reserves	Equity: Other equity instruments	Operating profit	Profit/(loss) for the year	Carrying amount of investment in parent	Dividends received (Note 24)
2020:								
CIE Berriz, S.L.	60,101	-	201,789	-	96,309	72,749	251,874	44,134
Advanced Comfort Systems Ibérica, S.L.U.	450	2,803	2,998	-	781	657	8,528	2,664
Advanced Comfort Systems France, S.A.S.	3,100	-	30,112	(75)	(919)	(478)	57,132	-
Autokomp Ingeniería, S.A.U.	180	-	1,084	-	(1)	(927)	4,804	-
CIE Automotive Boroa, S.L.U.	368,535	368,525	704	-	11,180	8,495	737,060	6,336
CIE Roof Systems, S.L.U.	10	-	10,861	-	3,005	(6,367)	15,996	-
TOTAL							**1,075,394**	**53,134**
2019:								
CIE Berriz, S.L.	60,101	-	226,028	-	24,833	19,849	251,874	70,000
Advanced Comfort Systems Ibérica, S.L.U.	450	2,803	4,498	-	1,482	1,164	8,528	1,142
Advanced Comfort Systems France, S.A.S.	3,100	-	28,054	(77)	2,567	2,058	57,132	-
Autokomp Ingeniería, S.A.U.	180	-	2,577	-	(500)	(1,493)	4,804	-
CIE Automotive Boroa, S.L.U.	368,535	368,525	-	-	6,908	7,040	737,060	-
CIE Roof Systems, S.L.U.	10	-	15,986	-	2,086	(5,125)	15,996	-
TOTAL							**1,075,394**	**71,142**

b) <u>Movements in investments in CIE Automotive group companies</u>

The movements in 2020 and 2019 are summarized below:

	Balance at 01.01.19	Additions/ (Disposals)	Balance at 31.12.19	Additions/ (Disposals)	Balance at 31.12.20
Investments in group companies and jointly controlled entities					
CIE Berriz, S.L.	251,874	-	251,874	-	251,874
Autokomp Ingeniería, S.A.U.	2,101	2,703	4,804	-	4,804
Advanced Comfort Systems Ibérica, S.L.U.	8,528	-	8,528	-	8,528
Advanced Comfort Systems France, S.A.S.	57,132	-	57,132	-	57,132
CIE Automotive Boroa, S.L.U.	-	737,060	737,060	-	737,060
CIE Roof Systems, S.L.U.	-	15,996	15,996	-	15,996
	319,635		**1,075,394**	**-**	**1,075,394**

The additions for the year 2019 corresponded to the creation of the companies CIE Automotive Boroa, S.L.U and CIE Roof Systems, S.L.U for €737,060 and €15,996 thousand, respectively. Furthermore, in 2019 the Company made contributions from partners in the company Autokomp Ingeniería, S.A.U. for an amount of €2,703 thousand.

As of December 31, 2020 and 2019, the Company does not maintain provisions for impairment of its holdings.

c) Analysis of impairment of investments in group companies and associates

c.1 Application methodology

The impairment analysis of each investment held by the Company is carried out individually both at the level of the Company itself and at lower levels. In the case of investee companies whose activity is the holding of the Group's subsidiaries, their value in use is determined by adding the value in use of their shares, since an individualized value in use of the same does not It would, in no case, reflect your economic reality. The value in use of each of its direct investees is understood as the present value of the future cash flows derived from each investment and its corresponding subsidiaries, reduced by the net financial debt contributed by each of the participations (equity value).

c.2 Hypotheses used

Sales projection and margins

Sales estimates are made at the level of each CGU and below it, at the level of each project, taking into account the confirmed purchase orders at the time of the budget, the portfolio of the different customers for each project, the estimated production units for ongoing projects in the forecasted period and future projects for which the Group has already been nominated.

The margins applied to forecasted sales are estimated based on the current profitability of the contracts in production corrected, if applicable, for adjustments, positive or negative, in future profitability already known at the time of preparation of the forecast; as well as expected future returns from each of the projects which production has not started.

The average(*) of the margins projected by each company for the period of the projections has been as follows:

Companies	2020	2019
CIE Berriz, S.L.	19.99%	19.96%
Autokomp Ingeniería, S.A.U.	18.61%	18.67%
Advanced Comfort Systems Ibérica, S.L.U.	9.68%	9.74%
Advanced Comfort Systems France, S.A.S.	18.62%	17.82%
CIE Roof Systems, S.L.U.	14.69%	12.61%

(*) *The average of the detailed margins is the result of dividing the sum of the EBITDAS by the sum of the sales of the years that make up the projection period.*

The company CIE Automotive Boroa, S.L.U., incorporated in 2019, has as its activity the financing of different companies of the Group, without it having any subsidiary; and the recovery of the cost of this holding is directly related to the flows generated by the Group companies to which it has granted financing. In addition, at December 31, 2020 and 2019, the equity value of the same exceeded the cost of the participation that the Company had recognized.

Calculation of residual value

The residual value is calculated by applying the “normalized annual cash flow”, which is made up of the EBITDA of the last year of the budget, minus the maintenance investments necessary to keep the activity at each plant (in the case of the Group it amounts between 2% and 4% of revenue depending on the region and technology); discounted by the normalized payment of taxes in the face of a future recurrence according to the tax situation of each of the tax territories.

Annual growth rate

The growth rates (g) used for the period beyond the projections used in 2020 and 2019 in the CGUs and groups of CGUs, which are reported by segment, have been as follows:

	2020	2019
North America	2.0%	2.0%
Brazil	4.5%	4.5%
Asia	4.4%-7.0%	4.0%-7.0%
Mahindra CIE Europe	1.5%	1.5%
Rest of Europe	1.5% -3.0%	1.5% -2.7%

The Company estimates the growth rate for each of the cash-generating units based on macroeconomic data related to inflation and growth in the economies of each of the countries where it operates, considering these as the main measurement factors for estimating the growth rate in current valuation models, due to the direct relationship between macroeconomic growth and the sale of vehicles.

Discount rate

The pre-tax discount rate was determined on the basis of the weighted average cost of capital (WACC) plus a premium to reflect the tax effect. The WACC was determined using the Capital Asset Pricing Model (CAPM), which is widely used for discount rate calculation purposes.

The methodology for calculating the discount rate consists of adding to the risk-free rate of each market the specific risks of the assets assigned to each of the cash generating units.

The risk-free rate corresponds to the 10-year Treasury in the market in question. In the case of countries with economies or currencies with doubtful solvency levels, the Group carries out an estimate of its own risk applicable to each country.

The specific risk premium assigned to the Group's assets corresponds to the specific risks of the Automotive business itself, for which an estimated beta is used, based on the betas assigned to comparable companies or groups of companies.

The discount rates applied to cash flow projections were as follows:

	2020	2019
North America	6.66% - 10.45%	7.09% - 10.16%
Brazil	12.01%	11.10%
Asia	7.31% - 11.57%	7.27% - 11.89%
Mahindra Europe	4.66% - 6.30%	4.88% - 6.96%
Rest of Europe	4.66% - 11.95%	5.32% - 11.63%

c.3 Results of the impairment test

The value in use resulting from the impairment assessment are, to their lowest recoverable level, higher than the net book value of the total non-financial assets recognized by the Group, thus no impairment has been recorded in 2020 and 2019. For those investments in group companies whose equity value is lower than the net book value recorded, the Group has verified that there is sufficient margin for their recoverability.

d) Credits to CIE Automotive Group companies

The loans extended to CIE Automotive Group companies take the form of unlimited 5-year current credit accounts that are tacitly renewed at maturity for additional successive or equal periods of 5 years. They accrue interest at market rates benchmarked to Euribor. Cancellation of the loans must be notified by the parties with one year's notice, which is why €1,218,621 thousand is recognized as non-current loans at the 2020 year end (2019: €1,223,935 thousand) (Note 5).

These receivable balances and those payable (Note 13) arise mainly from the Company's role as a financing center for Group companies.

The opening balance of current loans to group companies includes the interest due on these credit accounts as well as income tax due from CIE Automotive Group companies under the consolidated tax regime in an aggregate amount of €21,182 thousand (2019: €16,673 thousand) (Note 5).

The detail of the non-current credits to other group companies at December 31, 2020 and 2019 is as follows:

	31.12.20	31.12.19
Alcasting Legutiano, S.L.U.	586	1,565
Autokomp Ingeniería, S.A.U.	60,722	59,605
Biosur Transformación, S.L.U.	8,892	-
CIE Berriz, S.L.	918,243	967,736
CIE Automotive Goiain, S.L.U.	13,372	7,510
CIE Mecauto, S.A.U.	8,919	5,601
CIE Praga Louny, a.s.	2,669	4,658
CIE Galfor, S.A.U	23,629	37,539
Participaciones Internacionales Autometal Dos, S.L.U.	145,047	118,762
Plasfil Plásticos da Figueira, S.A.	4,475	7,276
Componentes de Automoción Recytec, S.L.U.	18,977	10,216
Other	13,090	3,467
	1,218,621	**1,223,935**

7. Trade and Other receivables

	2020	2019
Current loans and receivables		
- Receivables from group companies and associates	15,754	31,403
- Other receivables	12	42
	15,766	**31,445**

The balances recognised as receivable from CIE Automotive Group companies reflect balances from certain subsidiaries that do not have a credit account with the parent are as follows:

	31.12.20	31.12.19
Century Plastics, LLC	-	7,904
Machine, Tool and Gears, Inc.	2,703	8,425
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	1,661	1,523
Pintura y Ensambles de México, S.A. de C.V.	876	967
Forjas de Celaya, S.A. de C.V.	835	536
CIE Celaya, S.A.P.I. de C.V.	1,700	1,540
Advanced Comfort Systems Shanghai Co. Ltd.	1,307	1,053
Autometal, S.A.	708	2,320
Jardim Sistemas Automotivos e Industriais, S.A.	56	187
Metalúrgica Nakayone, Ltda.	1,127	865
Nugar, S.A. de C.V.	1,360	3,285
Other	3,421	2,798
	15,754	**31,403**

The carrying amounts of loans and receivables approximate their fair value as they are due in the short term.

The credit risk on trade and other accounts receivable is managed by classifying each of the Company's customers by their credit risk.

Credit risk arising on trade receivables is not concentrated.

Receivables that have passed their nominal due date but that are within the usual collection periods established with the various customers and debtors are not considered past due. All receivables exceeding the established collection agreements had been provided for at December 31, 2020 and 2019. Trade receivables not impaired relate to customers and debtors that have no recent history of default. All trade and other receivables are due within twelve months of the balance sheet date.

The accounts included in 'Credits and other receivables' have not been impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Company does not maintain any guarantee as insurance.

8. Derivative financial instruments

	Liabilities	
	2020	**2019**
Interest rate swaps:		
- Cash-flow hedges	11,541	11,877
Equity Swap:		
- Non cash-flow hedges	6,059	8,019
	17,600	**19,896**

Derivatives are classified as a current asset or liability.

After being tested for effectiveness, all of the Company's hedging derivatives were considered effective at December 31, 2020 and 2019 (Note 3.6).

Equity swap

On August 6, 2018, the Company arranged a new derivative related to the share market price of CIE Automotive, S.A. The underlying of the operation with 2 million shares, with starting value of €25.09 per share and expiration in 2023. The valuation of this derivative amounts to €6,059 thousand negative at December 31, 2020 (€8,019 thousand negative at December 31, 2019).

Swaps (interest rate and other)

The notional amounts of the outstanding interest rate swap contracts at December 31, 2020 amount to €373 million (2019: €380 million), the part of the balance was designated as a hedging instrument.

In 2020 and 2019 fixed interest rates, without margin, vary between 0.16% and 0.93% and the main reference floating rate is the Euribor. Gains/losses recognised in equity under 'Adjustments for value changes' on interest rate swaps at December 31, 2020 will be transferred to the income statement on a consistent basis until the relevant bank loans are repaid.

9. Cash and cash equivalents

	2020	**2019**
Cash	20,519	694
Cash equivalents	2,009	1,933
	22,528	**2,627**

Other liquidity assets correspond to investments of cash surplus, maturing in less than three months or with immediate availability.

10. Share capital and share premium

a) Share capital

The share capital of CIE Automotive, S.A. at December 31, 2019 was represented by 129,000,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market. On November 25, 2020, there is a decrease of the share capital of 1,612,500 euros through the amortization of 6,450,000 treasury shares. The share capital of CIE Automotive, S.A. at December 31, 2020 is represented by 122,550,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market.

The companies that hold a direct or indirect interest of more than 10% are as follows:

	31.12.2020	31.12.2019
Acek Desarrollo y Gestión Industrial, S.L.	(*) 15.690%	(*) 14.909%
Corporación Financiera Alba, S.A.	12.730%	10.129%
Elidoza Promoción de Empresas, S.L.	10.890%	10.000%

(*) 5.790% directly and indirectly, through Risteel Corporation, B.V., the remaining 9.900% in 2020 (5.508% directly and indirectly, through Risteel Corporation, B.V., the remaining 9.401% in 2019)

The stock price of the Parent company CIE Automotive, S.A. listed in the Madrid Stock Exchange was €22.06 at December 31, 2020 (last listed session of the period).

b) Share premium

This reserve is freely available for distribution.

c) Treasury shares

The movement of treasury shares during the periods ended December 31, 2020 and December 31, 2019 is broken down in the following table:

	December 31, 2020		December 31, 2019	
	Number of shares	Amount (Thousand euro)	Number of shares	Amount (Thousand euro)
Opening balance	-	-	-	-
Acquisitions	6,450,000	95,391	-	-
Decrease of share capital	(6,450,000)	(95,391)	-	-
Ending balance	**-**	**-**	**-**	**-**

The balance of treasury shares existing in CIE Automotive, S.A. as of December 31, 2020 and 2019 amounted to 0 titles, after the share capital decrease carried out by the Parent Company against treasury shares acquired during the fiscal year 2020.

Moreover, the mandate conferred at the shareholders' Meeting of April 29, 2020, whereby the parent company's Board of Directors is empowered to buy at any time and as often as it considers appropriate shares in CIE Automotive, S.A. through any legal means, including acquisitions with a charge to profit for the year and/or freely available reserves, and to subsequently dispose of or redeem such shares, in accordance with article 146 et seq, of the Spanish Companies Act, is in effect until April 29, 2025.

11. Reserves and retained earnings

a) Reserves

	2020	2019
Legal and statutory reserves:		
- Legal reserve	6,450	6,450
	6,450	**6,450**
Other reserves:		
- Voluntary reserves	40,420	116,021
- Merger reserve	66,303	66,303
	106,723	**182,324**
	113,173	**188,774**

Legal reserve

In accordance with Article 274 of the Spanish Companies Act, the 10% of profits must be endowed to the legal reserve until it reaches at least 20% of the share capital. In 2020 and 2019, the legal reserve reaches the established minimum limit.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

Merger reserve

The amount of merger reserve contains the equity effect on CIE Automotive S.A. of the merger agreement between the Company and INSSEC in 2011 and the equity effect of the merger among CIE Berriz, S.L, CIE Inversiones e Inmuebles, S.L.U. and CIE Automotive Bioenergía, S.L.U. in 2012.

The merger reserve is available for distribution.

12. Profit /(loss) for year

a) Proposed distribution of profit

The proposed distribution of 2019 profit to be put before the shareholders in General Meeting, along with that approved at the Annual General Meeting of April 29, 2020 in respect of 2019 profit is shown below:

	2020	2019
Available for distribution		
Profit for the period	73,907	112,113
	73,907	**112,113**
Distribution:		
Interim dividend	30,638	47,730
Final dividend	30,638	47,730
Voluntary reserves	12,631	16,653
	73,907	**112,113**

b) Dividends paid

On December 16, 2020, the Board of Directors approved the payment of an interim dividend charged to the profit of the year 2020 for an amount of €0.25 per share, which has meant a total of €30,638 thousand. Payment has been effective on January 7, 2021.

The amount to distribute did not exceed the profit obtained by the parent company since the last financial year, deducting the income tax estimation, according to Article 277 of Spain Corporate Enterprise Act.

The provisional accounting statement of the parent company at November 30, 2020, which has been formulated according to legal requirements and shows the existence of enough cash-flow to distribute the dividend mentioned above, is as follows (thousand euro):

Provisional cash-flow statement	Thousand euros
Profit forecast:	
- Available net profit for 2020	77,115
To deduct:	
- Legal reserve	-
Maximum amount to distribute	77,115
Amount distribution proposal	61,276
Treasury forecast for one year	103,563
Interim dividend	(30,638)

On April 29, 2020, the shareholders' Meeting of CIE Automotive, S.A. agreed the distribution of the individual result of the 2019 fiscal year, approving the distribution of a complementary dividend of €0.37 gross per share entitled to a dividend, which has amounted to a total of €46,206 thousand. The payment has been effective on July 6, 2020.

On December 4, 2019, the Board of Directors has approved the payment of an interim dividend from 2019 profit of €0.37 gross per share carrying dividend rights, implying a total payout of €47,730 thousand. Payment has been effective on January 3, 2020.

On May 8, 2019, the shareholders' Meeting of CIE Automotive, S.A. agreed the distribution of the individual result of the 2018 fiscal year, approving the distribution of a complementary dividend of €0.31 gross per share entitled to a dividend, which has amounted to a total of €39,990 thousand. The payment has been effective on July 3, 2019.

On December 12, 2018, the Board of Directors has approved the payment of an interim dividend from 2018 profit of €0.31 gross per share carrying dividend rights, implying a total payout of €39,990 thousand. Payment has been effective on January 4, 2019.

13. Debts and payables

	2020	2019
Non-current debts and payables		
- Bank borrowings (Notes 5 and 13.a)	1,350,880	1,256,802
- Derivatives (Note 8)	17,600	19,896
CIE Automotive Group companies and associates, non-current (Note 13.c)	152,569	220,345
Other non-current payables		
- Other non-current payables (Note 13.d)	49,963	10,432
	1,571,012	**1,507,475**
Current debts and payables		
- Bank borrowings (current portion of non-current borrowings) (Notes 5 and 13.a)	179,193	107,827
- Commercial paper program (Note 13.b)	278,100	299,200
- Payables to CIE Automotive Group companies (Note 13.c)	4,142	1,850
- Trade payables	5,979	5,699
- Fixed asset suppliers	292	384
- Accrued wages and salaries	4,468	4,467
- Dividend payable (Note 12)	30,638	47,730
	502,812	**467,157**

a) Bank loans and credit facilities

The exposure to interest rate changes deriving from long term bank borrowings is as follows:

	Balance at December 31	More than 1 year	More than 5 years
At December 31, 2020			
Total borrowings	1,530,073	1,195,598	155,282
Effect of interest rate swaps (Note 8)	(373,333)	(384,211)	-
Exposure	**1,156.740**	**811,387**	**155,282**
At December 31, 2019			
Total borrowings	1,364,629	1,114,464	142,338
Effect of interest rate swaps (Note 8)	(380,000)	(373,333)	-
Exposure	**984,629**	**741,131**	**142,338**

Non-current borrowings mature as follows:

	2020	2019
Between 1 and 2 years	183,153	102,393
Between 3 and 5 years	1,012,445	1,012,071
Over 5 years	155,282	142,338
	1,350,880	**1,256,802**

The effective interest rates at the balance sheet dates were customary market rates (Euribor + a market spread) and there were no significant differences with respect to other companies of a similar size and with similar risk and borrowing levels. Bank loans and credit facilities generated a weighted average annual rate of interest of 1.25% (2019: 0.85%).

The Company has the following undrawn credit lines:

	2020	2019
Maturing within one year	204,456	90,345
Maturing in more than one year	384,192	238,154
	588,648	**328,499**

The carrying amounts of non-current borrowings approximate their fair value.

The carrying amounts of current borrowings approximate their fair value as the effect of discounting is not significant.

The carrying amounts of the Company's borrowings are all denominated in euro.

During 2020 the Company repaid € 364.7 million under these financing agreements (2019: €511.6 million) and raised new funding in the amount of €526.5 million (2019: €982.2 million).

On July 28, 2014 the Company entered into a new financing arrangement with a syndicate of six financial institutions for €450 million. The amortisation period stood at 5 years, with an average term of 4.7 years. This improved the average term of the Company's financing and also improved the economic terms and conditions of the syndicated financing in effect. The subsequent novations related to this financing were the following:

- On April 13, 2015 the syndicated loan was novated and a decrease in the initially negotiated spread was agreed. Similarly, it was agreed to extend the maturity periods, establishing the new final maturity date to the end of April 2020.
- On July 14, 2016, the Company signed a second novation with respect to the syndicated financing arranged in 2014. According to this novation, the total amount was increased by €150 million, to €600 million, the maturity period was extended for another year, the last payment therefore being due in April 2021 and a change was agreed in the margin initially negotiated and novated in 2015.
- On June 6, 2017, the Company signed a third novation with respect to the syndicated agreement. According to this novation, the maturity period was extended by one year for most of finance institutions, being the last payment due in April 2022.

- On April 27, 2018, the Company signed a forth novation of this syndicated finance agreement. According to this novation, the maturity period was extended by one year, being the last payment due in April 2023.
- On April 12, 2019, the Company signed a fifth novation with respect to the syndicated agreement. According to this novation, the limit has been increased by €90 million, reaching a total of €690 million; and the maturity has been extended until April 2024.
- On February 27, 2020, the Company requested the extension of the maturity date until April 13, 2025, being approved by most of the financing entities.
- In June 2020, this finance agreement became a sustainable loan valued by an external agent annually with its subsequent adjustment to the margin based on the improvement of the annual ratios of the Group's Environmental, Social and Governance criteria.

The drawn amount as of December 31, 2020 amounts to €345 million (2019: €480 million), and its interest rate is indexed to Euribor plus a variable margin based on the Net Finance Debt/EBITDA ratio.

On July 14, 2016 a new loan was arranged with several financial institutions amounting to €85 million and with final maturity in 10 years. Part of this finance agreement was contracted to a fixed interest rate, and the other part to a floating interest rate indexed to Euribor. The drawn amount of this loan as of December 31, 2020 amounts to €68 million (2019: €77 million).

In 2014 and 2018, the Company signed financing agreements with the European Investment Bank (EIB) in order to finance various research and development projects in the automotive components sector, and last due in 2031. As of December 31, 2020, the outstanding amount of such loans amounted to €99 million (December 31, 2019: €113 million). Additionally, in September 2020 the Company signed a novation agreement with the European Investment Bank (EIB) of €40 million, with maturity in 2030 and which is fully drawn as of December 31, 2020.

All these financing facilities are subject to compliance with different financial ratios usual for these contracts in the market.

During the first half of 2020, the Company signed, in all its financing agreements subject to compliance with certain financial obligations (“covenants” or “financial ratios”), the corresponding contractual documents in which the new terms of enforceability of the contractual clauses of such financings, in relation to compliance with the aforementioned covenants. These documents also set new compliance conditions align with market standards in exceptional situations such as the current one.

It should be noted that, in addition to and after the sign-off of such contractual documents, the Company has signed agreements (given their different typology, in the form of deeds of non-extinctive modifying novation, amendment agreements, accession agreements, etc.) that imply a novation of the different agreements that make up its structural financing, establishing, in line with what has already been agreed, that certain covenants will not be enforceable until after June 30, 2021. Likewise, it has been agreed agreed that the first certification (with a binding obligation) of compliance with the aforementioned financial ratios will be made with the audited Consolidated Annual Accounts of the Group as of December 31, 2021. In these new agreements, in addition to these references to compliance with covenants, the new requirements mentioned in the previous paragraph have been included, maturities have also been modified, the guarantors have been modified, and other standard updates for these type of finance agreements have been made.

In this way, and as a consequence of signing the aforementioned documents, the Company complies, as of December 31, 2020, with all the obligations that, according to the financing aagreements, were in force and were enforceable by different lenders as of that date.

During the first semester of the 2020, a series of financing contracts were signed with various financial entities and guaranteed by the Official Credit Institute (ICO) for a maximum amount of €442 million, and they are within the national program of injection of liquidity to mitigate the economic impacts caused by the Covid-19 pandemic. These financing accrue a market interest rate. As of December 31, 2020, the balance drawn on this financing amounts €297 million.

Moreover, and throughout 2019, CIE Automotive, S.A. formalized loans with different Spanish financial institutions for an amount of €420 million, all of them denominated in euros. As of December 31, 2020, the balance of these loans amounts to €408 million.

b) Commercial Paper Program

On July 19, 2018, the Company made public the formalization of a program of issuance of commercial paper program with a maximum amount of €200 million, which was registered in the Ireland Stock Market and which will serve as diversification of financing of working capital needs of the Group and as an alternative to bank financing for this purpose. On July 18, 2019, the program was renewed increasing the maximum amount to €300 million. On March 18, 2020, the maximum amount was increased to €400 million euros and on July 21, 2020 the program was renewed. As of December 31, 2020, the drawn balance amounts to €278 million (€299 million as of December 31, 2019).

c) Payables to group companies

The payables with group companies take the form of unlimited 5-year current credit accounts that are tacitly renewed at maturity for additional successive or equal periods of 5 years. They accrue interest at market rates benchmarked to Euribor. The cancellation must be notified between the parts with a year of anticipation, for that reason is registered as non-current debts, €152,569 thousand (2019: €220,345 thousand).

These payable balances, as well as the receivable balance to receive (Note 6), arise principally from the action of the Company as financing management center for the Group companies.

The breakdown of non-current payables to group companies, at December 31, 2020 and 2019 is as follows:

	2020	2019
CIE Udalbide, S.A.U.	2,882	4,310
Egaña 2, S.L.	-	6,536
Gameko Fabricación de Componentes, S.A.	19,612	17,640
Inyectametal, S.A.	8,787	19,690
Mecanizaciones del Sur-Mecasur, S.A.	938	3,691
Nova Recyd, S.A.U.	6,032	6,912
Orbelan Plásticos, S.A.	2,796	4,179
CIE Plasty CZ, s.r.o.	7,308	7,322
CIE Compiegne, S.A.S.	15,924	15,898
Recyde, S.A.U.	923	4,207
CIE Zdanice, s.r.o.	12,045	17,313
CIE Unitools Press CZ, a.s.	4,904	6,401
Grupo Componentes Vilanova, S.L.	-	1,004
Componentes de Dirección Recylan S.L.U.	4,630	3,100
CIE Legazpi, S.A.U.	-	2,723
Industrias Amaya Tellería, S.A.U.	23,225	30,032
MAR SK, s.r.o.	17,300	16,441
Advanced Comfort Systems France, S.A.S.	8,992	9,007
Advanced Comfort Systems Ibérica, S.A.U.	4,350	6,000
CIE Roof Systems, S.L.U.	2,141	26,756
Biosur Transformación, S.L.U.	4,277	3,265
Alurecy, S.A.U.	1,837	2,655
Other less significant balances	3,666	5,263
	152,569	**220,345**

The balance included in the epigraph debts with group companies in the short term includes the interests of the credit accounts and debts with subsidiaries of the group associated with the liquidation of the tax of companies in regime of fiscal consolidation for amount of €4,142 thousand (2019: €1,850 thousand).

d) Other long-term debts

At December 31, 2020 this heading includes mainly the granted loan in December 2019 with COFIDES, which at December 31, 2020 held a balance of €49,807 thousand, being fully classified in the long term (2019: €10,276 thousand classified in the long term), and accrues an interest at a rate benchmarked to Euribor plus a market spread.

The breakdown of trade payables settled during 2020 and 2019 those pending of payment at the year-end in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2010 of July 5, is as follows:

	Days	
	2020	2019
Average payment period to suppliers	57	56
Paid operations ratio	63	60
Outstanding operations ratio	48	49

	Thousand euros	
	2020	2019
Payments made	9,971	9,376
Outstanding payments	5,982	5,699

14. Provisions

As of December 31, 2020 and 2019 the Company has provisions relating the hedge of various non-operating risks and other contingencies.

15. Deferred taxes

The analysis of deferred taxes is as follows:

	2020	2019
Deferred tax assets:		
- Deductible temporary differences	5,274	5,252
- Tax credits (capex)	11,567	11,907
	16,841	**17,159**
Deferred tax liabilities:		
- Taxable temporary differences	-	-
Deferred taxes (net)	**16,841**	**17,159**

The deductible temporary differences derive from the year-end fair value of the Company's cash flow hedges and the different timing of expense recognition for accounting and tax purposes, among other factors. These differences will revert when the hedging instruments are settled and when the aforementioned expenses become deductible for tax purposes.

The net movement in the deferred income tax account in 2020 and 2019 is as follows:

	2020	2019
Opening balance	17,159	14,910
(Charged)/credited to the income statement (Note 17)	(237)	1,937
Tax recognised directly in equity	(81)	312
Closing balance	**16,841**	**17,159**

The movements in deferred tax assets in 2020 and 2019 are as follows:

Deferred tax assets	Hedges	Provisions & other	Tax credits (capex)	Total
Balance at January 1, 2019	**2,496**	**1,675**	**10,739**	**14,910**
(Charged)/credited to the income statement	-	769	1,168	1,937
(Charged)/credited to equity	312	-	-	312
Balance at December 31, 2019	**2,808**	**2,444**	**11,907**	**17,159**
(Charged)/credited to the income statement	-	103	(340)	(237)
(Charged)/credited to equity	(81)	-	-	(81)
Balance at December 31, 2020	**2,727**	**2,547**	**11,567**	**16,841**

Deferred taxes charged to equity in 2020 and 2019 corresponds to cash flow hedges.

Deferred tax assets are recognised for tax-loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

At December 31, 2020 the Company had the following tax losses that were generated by CIE Automotive tax group of which the Company is parent (Note 3.10):

Year generated	Amount
2010	274
2011	1,027
2012	10
2013	16,094
2018	12,433
2019	264
2020 (forecast)	366
	30,468

The amounts recorded in the previous table take into account the exit of the company Bionor Berantevilla, S.L.U. from the Tax Group, which took the tax bases pending compensation, in the proportion in which it helped its generation. Additionally, the competent Tax Administration regularized the amount of the negative tax base generated in fiscal year 2010.

The tax-loss carryforwards are allocated to each of the companies that contributed to generating them, for the purpose of their possible recognition as deferred tax assets, an amounting to €7,312 thousand. Of the mentioned tax-loss carryforwards correspond to CIE Automotive, S.A. a total of €13,798 thousand, which represents a deferred tax asset of €3,311 thousand.

At December 31, 2020, the Company does not maintain tax loses pending compensation generated previous to its integration to the fiscal Group.

In addition, the amounts and years of generation of individual tax credits (deriving from various items and including those recognised as tax assets) pending of offset are as follows:

Year generated	Amount
1996	134
1997	86
1998	102
1999	83
2000	2,660
2001	238
2002	34
2003	45
2004	323
2005	30
2006	7,209
2007	2,595
2008	1,829
2009	586
2010	92
2011	118
2012	118
2013	241
2014	267
2015	29
2016	122
2017	242
2018	123
2019	253
2020 (forecast)	112
	17,671

From the aforementioned tax credits, an amount of €5,103 thousand derive from the merged company Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC) and those are considered tax credits earned before the fiscal group.

The applicable tax legislation for the current year imposes a 30-year time limit on tax credits and tax-loss carryforwards generated, also stipulating that the 30-year period commences as from 1 January 2014 for tax credits and tax-loss carryforwards existing prior to that date.

16. Income and expense

a) Revenue

Revenue breaks down as follows:

	2020	2019
Rendering of services	51,282	84,229
Dividend income (Note 6.a)	53,134	71,142
Interest on loans	19,594	20,802
	124,010	**176,173**

a.1) Rendering of services

The geographic breakdown of revenue from the core business of rendering corporate services to CIE Automotive Group companies (Note 1 and Appendix I), totaling €51,282 thousand (2019: €84,229 thousand), based on the locations of the receiving companies, is as follows:

Mercado	2020	2019
Spain	30%	29 %
America	60%	60 %
Rest of the world	10%	11 %
	100%	**100 %**

a.2) Dividends received from CIE Automotive Group companies

The Company received in 2020 a dividend from the subsidiary Advanced Comfort Systems, Ibérica, S.L.U. for its distribution of results for the year 2019 amounting to €1,164 thousand.

In year 2020, the Company has also received dividends charged to available reserves of its subsidiaries CIE Berriz, S.L., CIE Automotive Boroa, S.L.U. and Advanced Comfort Systems Ibérica, S.L.U. for amounts of €44,134 thousand, €6,336 thousand and €1,500 thousand respectively. The distribution of the dividend was approved at each of the corresponding General Shareholders' Meetings during the month of December 2020. These dividends have been collected by the Company during the year 2020.

The General Meeting of Partners of the dependent CIE Berriz, S.L. held on December 23, 2019 approved the distribution of dividends charged to available reserves for €70,000 thousand. These dividends were collected by the Company in 2019. Likewise, a dividend has been received from the subsidiary Advanced Comfort Systems, Ibérica, S.L.U. for its distribution of results in the amount of €1,142 thousand.

a.3) Interest income on loans to CIE Automotive Group companies

At December 31, 2020 the Company accrued interest income on credits to CIE Automotive Group companies for an amount of €19,594 thousand (2019: €20,802 thousand).

b) Other operating income

The breakdown of this heading is as follows:

	2020	2019
Operating grants	-	15
Income from sundry services	187	125
	187	**140**

c) Employee benefit expense

	2020	2019
Wages and salaries	16,097	13,715
Termination benefits	350	21
Social security costs		
- Social security	843	834
	17,290	**14,570**

The average number of employees by category during the year was as follows:

	Headcount	
	2020	**2019**
Executives	9	9
University graduates and specialists	54	51
	63	**60**

The gender distribution of the Company’s personnel and Board of Directors members at the year-end is as follows:

	2020			2019		
	Woman	Men	Total	Woman	Men	Total
Directors	3	11	14	2	11	13
Executives	4	4	8	4	4	8
University graduates and specialists	23	32	55	22	28	50
	30	**47**	**77**	**28**	**43**	**71**

Likewise, there were no persons employed in 2020 and 2019 with a disability greater than or equal to 33%, however, the Company has subcontracted Lantegi Batuak Foundation, an entity qualified as a special employment center, having obtained the corresponding approval by the Basque Service of Employment - Lanbide.

Long-term incentive

The Board of Directors of CIE Automotive, S.A. agreed in 2018 to implement a plan to allow the participation of certain Group employees in the company's share capital, granting said employees a loan with a maturity date of December 31, 2022, with an interest rate of zero. The objective of the plan is twofold: (i) to motivate, promote loyalty and encourage the most important members of the Group's management to achieve the strategic objectives for the next five years; and (ii) as a result of the commitment to the Group, to allow that the aforementioned employees benefit from any increase in the quoted price of the shares of CIE Automotive, S.A. from January 1, 2018 to December 31, 2022. The total amount of these loans, which meet the conditions to be considered as "full recourse", are valued at fair value, are classified under the heading “Non-current financial investments” of the balance sheet, and as of December 31, 2020 amount to €23 million (2019: €25.0 million) (Note 5).

d) Other operating expenses

Other operating expenses are broken down as follows:

	2020	2019
Travel expenses	347	1,262
Repairs and maintenance	1,251	1,139
Independent professional services and other services	3,129	4,577
Leases	456	369
Insurance premiums	1,584	751
Other	(2,522)	8,061
	4,245	**16,159**

17. Income tax and tax matters

As mentioned in the section covering measurement standards (Note 3.10), CIE Automotive, S.A. is authorized to file consolidated tax returns with certain subsidiaries.

As certain transactions are treated differently for income tax purposes with respect to how they are treated in preparing the annual accounts, taxable income for the year differs from accounting profit.

The reconciliation of net income and expenses for the year to taxable income as per the Company's individual tax return is set forth below:

	2020			2019		
	Increases	**Decreases**	**Net**	**Increases**	**Decreases**	**Net**
Profit /(loss) for year			73,907			112,113
Income tax			(20)			6,434
Permanent differences	3,229	(79,326)	(76,097)	4,292	(123,712)	(119,420)
Temporary differences:						
- originated in current year	5,128	-	5,128	7,050	-	7,050
- originated in previous year	-	(4,700)	(4,700)	-	(3,840)	(3,840)
Individual taxable income tax base			**(1,782)**			**2,337**

The calculation of tax income is disclosed in the following table:

	2020	2019
Individual taxable income tax base	(1,782)	2,337
Tax Group taxable base	**(1,782)**	**2,337**
Current tax payable	(428)	561
Tax base not compensated	4	-
Current tax	**(424)**	**561**

The breakdown of income tax expense is as follows:

	2020	2019
Current tax	(424)	561
Deferred tax (Note 15)	(103)	(769)
Tax credits (Note 15)	340	(1,168)
	(187)	**(1,376)**
Correction of prior-year income tax	55	(60)
Income tax withholdings (retained abroad)	112	108
Register of provisions and other	-	7,762
Total	**(20)**	**6,434**

No corporate income tax was payable to the Tax Administration in 2020 and 2019 (Note 15).

The periods not prescribed under prevailing legislation are opened to inspection by the tax authorities, which are the years between 2016 and 2020.

As a result, among other things, of the different interpretations of current tax law, additional liabilities could arise as a result of an inspection. In any event, the Directors consider that any such liabilities that may arise will not have a significant impact on the Annual Accounts for 2020 or 2019.

The corporate income tax legislation applicable to the Company in 2020 is that relating to Bizkaia Regional Regulation 11/2013, December 5; modified by the Foral Regulation 2/2018, of March 12.

18. Finance income/expense

	2020	2019
Finance income:		
Other finance income	1,782	1,729
	1,782	**1,729**
Finance expense:		
Borrowings from group companies (Note 24)	(2,566)	(2,575)
Third-party borrowings	(26,200)	(21,992)
Other finance expense	(223)	(112)
	(28,989)	**(24,679)**
Change in fair value of financial instruments:		
Gains/(losses) recognised regarding financial instruments	2,036	(554)
	2,036	**(554)**
Net exchange differences	**(34)**	**(42)**
Finance income/expense	**(25,205)**	**(23,546)**

19. Cash flows from operating activities

	2020	2019
Profit for the year before tax	**73,887**	**118,547**
Adjustments for:		
- Depreciation	3,570	3,491
- Change in provisions	(4,700)	5,987
- Finance income (Note 18), dividend income and interest income from CIE Automotive Group companies (Note 16)	(74,510)	(93,673)
- Finance expense (Note 18)	28,989	24,679
- Exchange rate differences (Note 18)	34	42
- Change in fair value of financial instruments (Note 18)	(2,036)	554
	(48,653)	**(58,920)**
Changes in working capital:		
- Trade and other receivables	16,034	(10,400)
- Trade and other payables	368	311
	16,402	**(10,089)**
Other cash flows from operating activities:		
- Interests paid	(22,778)	(21,296)
- Dividends received	53,134	71,142
- Interests received	21,080	19,530
	51,436	**69,376**
Cash flows from operating activities	**93,072**	**118,914**

20. Cash flows from investing activities

	2020	2019
Payments for investments:		
- Group companies and associates (Note 6.b)	-	(755,759)
- Intangible assets	(643)	(773)
- Property, plant and equipment	(45)	(13)
- Other financial assets	(13)	(133)
	(701)	**(756,678)**
Proceeds from disposals:		
- Property, plant and equipment	-	3
- Other financial assets	3,872	4,228
	3,872	**4,231**
Cash flows from investing activities	**3,171**	**(752,447)**

21. Cash flows from financing activities

	2020	2019
Proceeds from and repayments of financial liabilities:		
- Issuance:		
- Bank borrowings (Note 13)	526,500	982,240
- Commercial paper program (Note 13)	-	208,200
- Net change in other debts (Note 13)	39,500	6,750
- Net change of the credits to/from Group companies and associates (*)	-	25,186
- Repayment and depreciation of:		
- Bank borrowings (Note 13)	(364,671)	(511,617)
- Net change in other borrowings (Note 13)	(21,100)	-
- Net change in loans to/from Group companies and associates (*)	(67,244)	-
	112,985	**710,759**
Payment of dividends and remuneration of other equity instruments:		
- Sale/(Acquisition) of treasury shares (Note 10.c)	(95,391)	-
- Payment of dividends (Note 12.b)	(93,936)	(79,980)
	(189,327)	**(79,980)**
Cash flows from financing activities	**(76,342)**	**630,779**

(*) Corresponds to the net movement on current account balances with CIE Automotive Group companies, i.e., including asset and liability balances, arising from overall Group financing arrangements.

22. Contingencies

Contingent liabilities

The Company had not extended any guarantees or pledges other than those disclosed at December 31, 2020 and 2019 (Note 13).

23. Director and key management compensation

a) Compensation paid to the members of the Board of Directors

Total compensation accrued by the members of the Board of Directors has amounted to €5,535 thousand (2019: €6,782 thousand). The members of the Board of Directors received no compensation in respect of bonuses or profit sharing arrangements, apart from the indicated in Note 24. Nor did they receive shares, or sell or exercise stock options or other rights related to pension plans or insurance policies of which they are beneficiaries.

The Company has entered into no commitments relating to pensions or other types of complementary retirement remuneration with senior management personnel.

b) Compensation and loans to Key Management personnel

The total compensation accrued by key management personnel in 2020, excluding those included within the compensation paid to the members of the Board of Directors, amounted to €5,382 thousand (2019: €5,296 thousand).

As explained in Note 16, the Board of Directors of CIE Automotive S.A. agreed in 2018 to implement a plan to allow the participation of certain Group employees in the company's capital stock. The total nominal amount of the loans to members of the Senior Management, pending collection as of December 31, 2020 is €7,486 thousand (2019: €8,547 thousand).

The Company has entered into no commitments related to pensions or other types of complementary post-employment benefits with Key Management personnel.

c) Article 228 of the Spanish Companies Act

In the duty to avoid situations of conflict of interest of the Company, during 2020 the administrators who have occupied charges in the Board of Directors during have complied with the obligations foreseen in the article 228 of the restated text of the Law of Capital companies. Likewise, both managing directors and their relatives have abstained from incurring in the suppositions of conflict of interest foreseen in the article 229 of the above mentioned norm. No communication about direct or indirect conflicts of interest has been notified during the current year to the Board of Directors.

d) Complementary long-term incentive based on the increase in value of the shares of CIE Automotive, S.A.

At the General Shareholders' Meeting held on April 24, 2018, the concession was approved, for the CEO, of a long-term incentive based on the evolution of the share price of CIE Automotive, S.A.

The incentive consists of the payment of a total extraordinary remuneration resulting from multiplying 1,450,000 rights by the increase in the value of the share price of CIE Automotive, S.A. during a maximum period of 9 years (reference periods), with a base price of €21.30 per share and the closing value of the average of the contribution corresponding to a quarter of the periods predetermined within the established period, in the terms approved by the General Shareholders' Meeting.

24. Transactions with group companies and related parties

The Company is the ultimate parent company of Group (Appendix I).

The breakdown of the transactions conducted with group companies in 2020 and 2019 is provided below:

	2020	2019
Services rendered:	**124,010**	**176,173**
- Dividends received (Note 16)	53,134	71,142
- Services (Note 16)	51,282	84,229
- Financial services (Note 16)	19,594	20,802
Interest:		
- Financial (Note 18)	(2,566)	(2,575)

Closing balances at the 2020 and 2019 year ends derived from the transactions described above are set out in Notes 5, 6, 7 and 13.c) above.

A breakdown of movements in non-current credit lines and loans granted to and received from companies of CIE Automotive Group in 2020 and 2019 is provided in Note 6.d) and Note 13.c).

As of December 31, 2020, there are advances made to related parties for an amount of €9,100 thousand (2019: €10,400 thousands) (Notes 5.5 and 23.a).

In 2020, no provision was required for the impairment of loans granted to group companies (neither in 2019).

25. Information on the environment

Environmental activity refers to any transaction, the main purpose of which is to minimize damage to the environment or enhance environmental protection efforts. Because of its holding company structure, the Company is not materially exposed to environmental risk.

The Company did not incur any expenses of an environmental nature in either 2020 or 2019.

The Company is not aware of the existence of any environmental protection related contingencies or liabilities and did not deem it necessary to recognize any provision for liabilities or charges of an environmental nature.

26. Auditor fees

The fees charged by PricewaterhouseCoopers Auditores, S.L. for the audit services of the Company's accounts (including the Company's consolidated annual accounts) and other assessment services amounted to €216 thousand in 2020 (2019: €301 thousand). Other services rendered by PricewaterhouseCoopers, S.L. have amounted to €64 thousand in 2020 (2019: €143 thousand), and mainly refer to agree upon procedures related to covenant compliance, review of the Spanish SCIIFF report related to Internal Control Management on Financial Information and verification of non-financial indicators.

In addition, fees charged during the year by other firms that use the PricewaterhouseCoopers trademark for other services rendered to the Company amounting €93 thousand (2019: €79 thousand).

27. Financial risk management

27.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

In the broadest sense, the goal of the management of financial risk is to control the incidents generated by fluctuations in exchange and interest rates and the price of raw materials. Management of these risk factors, which is the responsibility of the Group's Finance Management, focuses on the arrangement of financial instruments in order to build, as far as possible, exposure to favourable trends in exchange and interest rates, subject to compatibility with the mitigation, in part or in whole, of the adverse effects of an unfavourable environment.

a) Market risk

(i) Foreign exchange risk

CIE Automotive Group's presence in international markets obliges it to arrange an exchange rate risk management policy. The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, CIE Automotive Group uses the Management Scope concept. This concept encompasses all collection /payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope are also subject to management if they are expected to be recognised on the balance sheet within a period of no more than 18 months.

Once defined the Management Scope, CIE Automotive Group uses a series of financial instruments for risk management purposes that in some instances permit a certain degree of flexibility. These instruments are essentially the following:

- Current forwards: These contracts lock in an exchange rate for a specific date; the timing can be adjusted to match expected cash flows.
- Other instruments: Other hedging derivatives may also be used, the arrangement of which requires specific approval by the relevant management body. This body must be informed beforehand as to whether or not it complies with requirements for consideration as a hedging instrument, therefore qualifying for hedge accounting.

CIE Automotive Group protects against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative markets determine policy in each country.

The Company has several investments in foreign operations whose net assets are denominated in US dollars, exposing it to foreign exchange translation risk. The exchange risk on the net assets of CIE Automotive Group's foreign operations is mainly managed through natural hedges achieved by borrowings (loans) denominated in the corresponding foreign currency.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations in countries outside the Eurozone is mitigated basically by borrowings denominated in these currencies.

If at December 31, 2020, the euro had been depreciated/appreciated by 10% with respect to all other functional currencies, all other variables remaining constant, equity would have increased/decreased by €228/€187 million (2019: increased/decreased by €230/€188 million), due to the impact of the net assets contributed by the subsidiaries operating in a functional currency different from the euro.

If the average exchange rate of the euro had depreciated/appreciated by 10% in 2020 with respect to all functional currencies other than the euro, all other variables remaining constant, profit after tax for the year would have been €15.4/€12.6 million higher/lower, respectively (2019: €18.7/€15.3 million higher/lower), mainly as a result of the exchange gains/losses on the translation of accounts receivable denominated in currencies other than the euro.

If as of December 31, 2020, the euro had been devalued / revalued by 10% with respect to the following currencies, keeping the rest of the currencies and variables constant, the net worth and the profit after tax attributable to the parent would have varied according to the following table:

	Equity (million euros)		**Profit after tax (million euros)**	
	Devalued euro 10%	**Revalued euro 10%**	**Devalued euro 10%**	**Revalued euro 10%**
Chinese yuan	76	(63)	5.8	(4.7)
US dollar	54	(44)	5.7	(4.7)
Indian rupee	53	(43)	0.9	(0.7)
Brazilian real	21	(17)	0.9	(0.7)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments that are classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. However, the scant weight of these securities as a percentage of total Group assets and equity means that this risk factor is not material.

(iii) Interest rate risk

Group's borrowings are largely benchmarked to floating rates, exposing it to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the risk management strategy materialises in the arrangement of financial instruments designed to provide such flexibility. The strategy expressly contemplates the possibility of arranging hedges for identifiable and measurable portions of cash flows, which enables hedge efficiency testing as required to evidence that the hedging instrument reduces the risk of the hedged item in the portion designated and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the balance sheet of the Group and any of its companies. On occasion, hedges are arranged to cover loans committed and in the final stages of arrangement the principal on which needs to be hedged against rate increases.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The corresponding accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the prerequisites for consideration as hedging instruments. In line with the management of foreign exchange risk, the arrangement of any financial derivative which is suspected not to comply with the prerequisites for consideration as a hedging instrument requires the express approval of the relevant management body. By way of example, the basic hedging instruments are the following:

- Interest-rate swaps: Through these derivatives, the Group convert the benchmarked floating interest rate on a loan to a fixed benchmark with respect to all or part of the loan and affecting all or part of the term of the loan.
- Other instruments: As discussed in the section on foreign exchange risk management, other hedging derivatives may also be used, the arrangement of which requires the specific approval of the relevant management body. The management body must be informed beforehand as to whether the instrument meets the prerequisites for qualifying as a hedging instrument and, by extension, hedge accounting.

If during 2020 the average interest rate on borrowings denominated in euro had been 10 basis points higher/lower, all other variables remaining constant, the Group's profit after tax for the year would have been €1,227 thousand lower/higher (2019: €1,056 thousand), largely as a result of an increase/decrease in the interest expense on floating-rate loans.

Specifically, in relation to the valuation of the derivatives, a 10 basis point increase/decrease throughout the interest rate curve taken into consideration when measuring the hedging and non-hedging derivatives would have increased/decreased equity by €798/802 thousand, respectively (2019: €1,093/1,277 thousand increase/decrease, respectively).

(iv) Covid-19 pandemic

The measures adopted by governments to contain the pandemic, including limitations on free movement, flight restrictions and other type of commuting, temporary closure of businesses and education centers and cancellation of events have affected the economic activity, resulting in a significant impact in sectors such as tourism, transportation, retail and entertainment. Similarly, due to the industrial stoppage in the second quarter of the year, there was a significant impact on global supply chains and production of goods and the decline in economic activity reduced the levels of demand for many goods and services. However, as of May/June, industrial activity began to gradually recover and in the automotive sector, world vehicle production recovered drastically, reaching levels in the last quarter of 2020, with production levels 2.5% higher than the same period of 2019 (prior to the pandemic).

When preparing these Annual Accounts, the Group does not expect that the remaining period of the pandemic will impact again in the same way as it did in the second quarter of 2020, given that no new scenarios of industrial stoppage are considered. Regarding the demand for vehicles during the period of the economic crisis, the management updates the market estimates on a monthly basis in each of the geographical areas in which it operates and carries out, making use of the flexibility of the management model, the necessary measures to adapt to the expected demands.

Additionally, there are recent independent external reports that support the theory that collective transport or the use of shared cars may begin to lose steam, in favor of the recovery of the use of private vehicles, either out of fear or as a precautionary measure of the drivers, turning this fact into a market opportunity.

b) Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the Group's strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility by maintaining sufficient headroom on its undrawn committed borrowing facilities. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of receivables, transferring the related risks and rewards), which as a matter of policy do not exceed roughly one-third of trade receivable balances and other receivables, in order to preserve the level of liquidity and working capital structure required under its business plans.

Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt of the Group at December 31, 2020 and 2019 as follows:

Thousand euro	31.12.2020	31.12.2019
Cash and cash equivalents	565,561	514,691
Other current financial assets	105,176	104,223
Undrawn lines of credit	806,494	501,105
Liquidity buffer	**1,477,231**	**1,120,019**
Bank borrowings	2,248,031	2,120,967
Other current financial liabilities	17,630	19,914
Cash and cash equivalents	(565,561)	(514,691)
Other current financial assets	(105,176)	(104,223)
Net debt	**1,594,924**	**1,521,967**

Additionally, as of December 31, 2020, Shanghai Golde Automotive Parts, Co. Ltd., a joint venture in which the Group has a 50% and consolidates using the equity method, has a net treasury of €39 million (2019: €33.3 million).

Group´s treasury department estimates that actions in progress will allow avoiding lack of liquidity situations. In that sense, is considered that cash generation in 2021 will allow facing all year payments without increasing net financial debt.

Group´s treasury department monitors Group´s liquidity needs previsions in order to ensure that there is enough cash to meet operative needs at the same time that maintains undrawn credit facilities at any time to ensure Group that doesn't fail limits and rates ('covenants') established by financial entities.

The Group is strategically diversifying the financial markets and financing sources, it taps as a tool for eliminating liquidity risk and retaining financing flexibility in light of the situation prevailing in the European financial markets; this strategy has opened up access to internationalize the banking pool.

Group's amounts payables to credit institutions in the short term include recurring loans originating from the recurring discounting of commercial paper issued by Group customers (2020: €28 million; 2019: €25 million). Although this component of the bank debt is presented as a current liability for accounting purposes, it is stable as evidenced by the usual operation of the business, and therefore provides financing that is equivalent to long-term debt.

Noteworthy is the existence at December 31, 2020 of €806 million of undrawn credit lines and loans (2019: €501 million) at the consolidated CIE Automotive Group level.

The following table shows a breakdown of working capital in the Group's consolidated balance sheet at December 31, 2020 as compared with December 31, 2019, stating the relative significance of each item:

Thousand euro	31.12.2020	31.12.2019
Inventories	370,632	416,120
Trade and other receivables	344,831	356,918
Other current assets	38,290	25,751
Current tax assets	58,739	56,373
Current operating assets	**812,492**	**855,162**
Other current financial assets	60,811	55,100
Cash and other cash equivalents	565,561	514,691
CURRENT ASSETS	**1,438,864**	**1,424,953**
Trade and other payables	851,328	858,894
Current tax liabilities	61,219	64,215
Current provisions	116,108	66,736
Other current liabilities	165,855	184,663
Current operating liabilities	**1,194,510**	**1,174,508**
Short-term bank borrowings	586,694	524,755
Other current financial liabilities	30	19
CURRENT LIABILITIES	**1,781,234**	**1,699,282**
TOTAL WORKING CAPITAL	**(342,370)**	**(274,329)**

Although the standalone figure for working capital is not a key parameter for the understanding of the financial statements, the Group actively manages working capital through net operating working capital and short- and long-term net borrowings, on the basis of the solidity, quality and stability of relations with customers and suppliers, and comprehensive monitoring of the situation with respect to financial institutions with whom in many cases automatically renews its credit lines.

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimize accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (just in time) supplies to our customers.

Likewise, the Group Management effectively controls the periods of payment of expenses and the period of performance of the current assets, conducting a comprehensive monitoring of cash projections, in order to ensure that it has sufficient cash to meet the needs operational while maintaining adequate availability of credit facilities not used at all times so that the Group does not breach the limits and indexes ('covenants') established by the funding. Therefore, it is estimated that the cash generation in 2021 will meet the needs enough to meet the commitments in the short term, avoiding any actions ongoing tense situation in the cash position.

As a result of the above, it may be confirmed that there is no liquidity risk at the Company.

In Note 5 it is disclosed the maturity of third-party resources and other non-current liabilities of the Company.

There are no restrictions to the use of cash/other cash equivalents.

In the context of the risks derived from the Covid-19 pandemic, the Group has estimated that the existing liquidity reserve as of December 31, 2020 is sufficient to meet any future payment.

c) **Credit risk**

Group's credit risks are managed by customer groups. Credit risk arising from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises the corresponding impairment provisions if necessary.

In addition, each management unit has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is not to concentrate more than 10% of business volumes with individual customers or manufacturing platforms.

Given the characteristics of the Group's customers, management historically deemed that receivables due within 60 days presented no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong, although it is determined the expected loss.

The Company does not estimate that the pandemic has had or will have an impact on the collectability of its accounts receivable, derived from their high credit quality.

d) **Raw material price risk**

The Group has not a significant risk in raw price variations. In these companies were the risk could exist in market specific situations (plants which use raw materials with market price), the risk is controlled thanks to price financing repercussion agreements to customers.

27.2 Hedge accounting

The Group determines the effectiveness of the hedge at the beginning of the same and periodically through prospective reviews of its effectiveness to ensure that there is adequate hedge between the hedged risk and the hedging instrument.

The treatment and classification of the Group's hedging transactions are described below:

a) **Fair value hedges of a recognised asset or liability or a firm commitment**

Changes in the fair value of these derivatives are recognised in the income statement together with any change in the fair values of the assets or liabilities hedged which is attributable to the hedged risk.

b) **Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the gains or losses previously deferred in equity are removed from equity and included in the initial cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the requirements for hedge accounting, any cumulative gain or loss that remains recognised in equity remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

Occasionally, despite the goal of achieving a perfect hedge of flows, mismatches may arise between the characteristics of the hedges and the debts hedged. Once a mismatch is detected, and provided that this does not entail disproportionate costs, the derivative is fine-tuned in order to adapt it to the new characteristics of the underlying.

This circumstance may arise in the case of a hedge arranged in anticipation of a highly probable underlying which, when confirmed, requires the readjustment of the derivative to adapt it to the underlying to which it is designated. This situation may arise whether or not the derivative is designated as a hedge at inception i.e., if the underlying has been defined as a highly probable transaction.

c) Net investment hedges

As of December 31, 2020 and December 31, 2019, the Group did not have foreign resources denominated in foreign currency that were designated as hedges of the net investment.

d) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

e) Effectiveness testing and estimate of the fair value of hedging derivatives

Effectiveness testing: The valuation method used by CIE Automotive Group relates to its risk management strategy. If the main terms of the hedging instrument and hedged underlying match, the changes in cash flows attributable to the hedged risk may be adequately offset.

The Group uses one of three available methods to measure the effectiveness of its hedges. The most common is the offset method (dollar offset), which is used to measure the effectiveness of cash flow hedges on both a retrospective and prospective basis.

Based on the underlying asset and the type of hedge, CIE Automotive also uses the Variance Reduction and the Linear Regression methods. The only condition is that the method applied to each hedge to measure its effectiveness must be maintained throughout the life of the hedge.

Measurement of the hedging derivative: CIE Automotive Group uses several tools to measure and manage derivative-related risk. The valuation of derivative instruments is carried out internally; these valuations are cross-checked against valuations provided by independent advisors not related to any financial institution. Professional market tools provided by platforms licensed from Reuters and Bloomberg and specialized financial analytics libraries are used for this purpose.

27.3 Valuation method (fair value estimation)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The listed market price used for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods such as estimated discounted cash flows and makes assumptions that are based on market conditions existing at each balance sheet date. Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

27.4 Capital risk management

The Group’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital used. Net debt is calculated as total borrowings plus financial liabilities less cash, cash equivalents and financial assets, all of which as shown in the consolidated annual accounts. Total capital employed is calculated as 'equity', as shown in the consolidated annual accounts, plus net debt.

The Group's strategy, as in previous years, has been to maintain a leverage rate close to 0.50. In fiscal year 2020, mainly due to the impact of the currency translation on the Group's equity, and the acquisition of treasury shares, the leverage ratio has risen to 0.62; not assuming a significant deviation or modifying the defined strategy.

The gearing ratios at December 31, 2020 and 2019 are as follows:

Thousand euro	**2020**	**2019**
Borrowings	2,248,031	2,120,967
Financial liabilities	17,630	19,914
Less: Cash, cash equivalents and financial assets	(670,737)	(618,914)
Net debt	**1,594,924**	**1,521,967**
Equity	994,974	1,234,974
Total capital used	**2,589,898**	**2,756,941**
Gearing ratio	**0.62**	**0.55**

At December 31, 2020 and 2019, the Group has agreements formalised related with credit and bank loans that oblige it to comply with certain covenants (Note 13).

During the first half of 2020, the Company signed, in all its financing agreements subject to compliance with certain financial obligations ("covenants" or "financial ratios"), the corresponding contractual documents in which the new terms of enforceability of the contractual clauses of such financings, in relation to compliance with the aforementioned covenants. These documents also set new compliance conditions align with market standards in exceptional situations such as the current one.

In this way, and as a consequence of signing the aforementioned documents, the Group complies, as of December 31, 2020, with all the obligations that, according to the financing agreements, were in force and were enforceable by different financial institutions as of that date.

28 Events after the balance sheet date

As of the date of preparation of these Annual Accounts, there have been no significant events subsequent to the end of the year 2020 that could alter or have any effect on the Annual Accounts for the period ended on December 31, 2020.

APPENDIX I
LIST OF SUBSIDIARIES AND ASSOCIATES

Company	Parent Company	Activity	Registered office	% effective Sharedholding of CIE Automotive Direct	Indirect
CIE Berriz, S.L. [*]	CIE Automotive, S.A.	Holding company	Bizkaia	100.00%	-
Belgium Forge, N.V. (dormant)	CIE Berriz, S.L.	Manufacture of automotive components	Belgium	-	100.00%
CIE Udalbide, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
CIE Mecauto, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Mecanizaciones del Sur-Mecasur, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Gameko Fabricación de Componentes, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Grupo Componentes Vilanova, S.L.	CIE Berriz, S.L.	Manufacture of automotive components	Barcelona	-	100.00%
Alurecy, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
Componentes de Automoción Recytec, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Componentes de Dirección Recylan, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Navarre	-	100.00%
Nova Recyd, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Recyde, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Gipuzkoa	-	100.00%
Recyde CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Zdánice, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
Alcasting Legutiano, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Egaña 2, S.L.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
Inyectametal, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
Orbelan Plásticos, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Gipuzkoa	-	100.00%
Transformaciones Metalúrgicas Norma, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Gipuzkoa	-	100.00%
Plasfil Plásticos da Figueira, S.A. [*]	CIE Berriz, S.L.	Manufacture of automotive components	Portugal	-	100.00%
CIE Stratis-Tratamentos, Ltda.	Plasfil Plásticos da Figueira, S.A.	Manufacture of automotive components	Portugal	-	100.00%
CIE Metal CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Plasty CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Unitools Press CZ, a.s.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Joamar, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Automotive Maroc, s.a.r.l. d'au	CIE Berriz, S.L.	Manufacture of automotive components	Morocco	-	100.00%
CIE Praga Louny, a.s.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Deutschland, GmbH	CIE Berriz, S.L.	Facilities	Germany	-	100.00%
Leaz Valorización, S.L.U. (without activity)	CIE Berriz, S.L.	Waste management and recoveries	Bizkaia	-	100.00%
CIE Compiègne, S.A.S.	CIE Berriz, S.L.	Manufacture of automotive components	France	-	100.00%
Biosur Transformación, S.L.U. [(2)]	CIE Berriz, S.L.	Biofuel production and sale	Huelva	-	100.00%
Comlube s.r.l. [*] (domant) [(2)]	CIE Berriz, S.L.	Biofuel production and sale	Italy	-	80.00%
Glycoleo s.r.l. (without activity) [(2)]	Comlube s.r.l.	Production and marketing of glycerine	Italy	-	40.80%
Reciclado de Residuos Grasos, S.L.U. [(2)]	Gestión de Aceites Vegetales, S.L.	Marketing of fatty oils	Madrid	-	88.73%
Reciclados Ecológicos de Residuos, S.L.U. [(2)]	CIE Berriz, S.L.	Marketing of fatty oils	Alicante	-	100.00%
Recogida de Aceites y Grasas Maresme, S.L. [(2)]	CIE Berriz, S.L.	Marketing of fatty oils	Barcelona	-	100.00%
Biodiesel Mediterráneo, S.L.U. [(2)]	CIE Berriz, S.L.	Biofuel production and sale	Alicante	-	100.00%
Denat 2007, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Pontevedra	-	100.00%
Industrias Amaya Tellería, S.A.U.	CIE Berriz, S.L	Manufacture of automotive components	Bizkaia	-	100.00%
MAR SK, s.r.o.	CIE Berriz, S.L	Manufacture of automotive components	Slovakia	-	100.00%

APPENDIX I
LIST OF SUBSIDIARIES AND ASSOCIATES

				% effective Sharedholding of CIE Automotive	
Company	Parent Company	Activity	Registered office	Direct	Indirect
Autocom Componentes Automotivos do Brasil Ltda.	CIE Berriz, S.L	Manufacture of automotive components	Brazil	-	100.00%
GAT México, S.A. de C.V.	CIE Berriz, S.L	Manufacture of automotive components	Mexico	-	100.00%
SC CIE Matricon, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Romania	-	100.00%
CIE Automotive Parts (Shanghai) Co., Ltd.	CIE Berriz, S.L.	Manufacture of automotive components	China	-	100.00%
CIE Automotive Rus, LLC	CIE Berriz, S.L.	Manufacture of automotive components	Russia	-	100.00%
CIE Automotive Goiain, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Somaschini, S.p.A. (1) (6) (*)	CIE Berriz, S.L.	Manufacture of automotive components	Italy	-	100,00%
Somaschini Automotive, SRL (1) (*)	Somaschini, SPA	Manufacture of automotive components	Italy	-	100,00%
Somaschini International, Inc (1) (*)	Somaschini Automotive, SRL	Holding company	USA	-	100,00%
Somaschini North America, LLC (1)	Somaschini International, Inc	Manufacture of automotive components	USA	-	100,00%
Somaschini Realty, LLC (1)	Somaschini International, Inc	Real estate company	USA	-	100,00%
Autometal, S.A. (*)	CIE Berriz, S.L.	Manufacture of automotive components	Brazil	-	100.00%
Durametal, S.A.	Autometal, S.A.	Manufacture of automotive components	Brazil	-	84.88%
Autometal SBC Injeção e Pintura de Plásticos Ltda. (4)	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
Autometal Investimentos e Imóveis, Ltda. (*)	Autometal, S.A.	Facilities	Brazil	-	100.00%
Gescrap-Autometal Comércio de Sucatas S.A.	Autometal Investimentos e Imóveis, Ltda.	Scrap	Brazil	-	30.00%
Jardim Sistemas Automotivos e Industriais, S.A.	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
Metalúrgica Nakayone, Ltda.	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
Autometal ML Cromação, Pintura e Injeção de Plásticos Ltda	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
CIE Autometal de México, S.A. de C.V. (*)	CIE Berriz, S.L.	Holding company	Mexico	-	100.00%
Pintura y Ensambles de México, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
CIE Celaya, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
Gescrap Autometal de Mexico, S.A. de C.V. (*)	CIE Autometal de México, S.A. de C.V.	Scrap	Mexico	-	30.00%
Gescrap Autometal Mexico Servicios, S.A. de C.V.	Gescrap Autometal de Mexico, S.A. de C.V.	Facilities	Mexico	-	30.00%
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
CIE Berriz México Servicios Administrativos, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Facilities	Mexico	-	100.00%
Nugar, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
Percaser de México, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Facilities	Mexico	-	100.00%
Servicat S. Cont., Adm. y Técnicos, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Facilities	Mexico	-	100.00%
Maquinados de Precisión de México S. de R.L. de C.V. (5)	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
CIE Plásticos México S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
CIE Automotive, USA Inc (*)	CIE Autometal de México, S.A. de C.V.	Facilities	USA	-	100.00%
CIE Investments USA, Inc.	CIE Automotive, USA Inc	Holding company	USA	-	100.00%
Century Plastics, LLC (*)	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
Century Plastics Real State Holdings, LLC	Century Plastics, LLC	Real estate company	USA	-	100.00%
Newcor, Inc (*)	CIE Automotive, USA Inc	Holding company	USA	-	100.00%
Owosso Realty, LLC	Newcor, Inc	Real estate company	USA	-	100.00%
Corunna Realty, Corp.	Newcor, Inc	Real estate company	USA	-	100.00%

APPENDIX I
LIST OF SUBSIDIARIES AND ASSOCIATES

				% effective Sharedholding of CIE Automotive	
Company	**Parent Company**	**Activity**	**Registered office**	**Direct**	**Indirect**
Clifford Realty, Corp.	Newcor, Inc	Real estate company	USA	-	100.00%
Machine, Tools and Gear, Inc	Newcor, Inc	Manufacture of automotive components	USA	-	100.00%
Rochester Gear, Inc	Newcor, Inc	Manufacture of automotive components	USA	-	100.00%
Golde South Africa, LLC	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
Golde Auburn Hills, LLC	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
Participaciones Internacionales Autometal Dos, S.L.U.(*)	CIE Berriz, S.L.	Holding company	Bizkaia	-	100.00%
PIA Forging Products, S.L.U.	Participaciones Internacionales Autometal Dos S.L.U.	Holding company	Bizkaia	-	100.00%
Mahindra CIE Automotive Ltd. (*) (3)	Participaciones Internacionales Autometal Dos S.L.U.	Manufacture of automotive components	India	-	60.18%
Stokes Group Limited (2)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	United Kingdom	-	60.18%
CIE Galfor, S.A.U. (*)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	Orense	-	60.18%
Mahindra Forgings Europe AG (*)	CIE Galfor, S.A.U.	Holding company	Germany	-	60.18%
Gesenkschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	60.18%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	60.18%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	60.18%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	60.18%
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Gipuzkoa	-	60.18%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	60.18%
Galfor Eólica, S.L.	CIE Galfor, S.A.U.	Electricity production and sale	Orense	-	15.05%
Metalcastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of automotive components	Italy	-	60.18%
BillForge de Mexico S de RL de CV	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	Mexico	-	60.18%
BF Precision Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	-	60.18%
Aurangabad Electricals, Ltd. (*)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	-	60.18%
Aurangabad Deutschland GmbH	Aurangabad Electricals, Ltd.	Manufacture of automotive components	Germany	-	60.18%
Gescrap India Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	-	18.05%
Advanced Comfort Systems Ibérica, S.L.U.	CIE Automotive, S.A.	Manufacture of automotive components	Orense	100.00%	-
Advanced Comfort Systems France, S.A.S. (*)	CIE Automotive, S.A.	Manufacture of automotive components	France	100.00%	-
Advanced Comfort Systems Romania, S.R.L.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	Romania	-	100.00%
Advanced Comfort Systems México, S.A. de C.V.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	Mexico	-	100.00%
Advanced Comfort Systems Shanghai Co. Ltd. (*)	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	China	-	100.00%
Advanced Comfort Systems Wuhan Co. Ltd.	Advanced Comfort Systems Shanghai Co. Ltd.	Manufacture of automotive components	China	-	100.00%
Autokomp Ingeniería, S.A.U. (*)	CIE Automotive, S.A.	Facilities	Bizkaia	100.00%	-
Forjas de Celaya, S.A. de C.V.	Autokomp Ingeniería, S.A.U.	Manufacture of automotive components	Mexico	-	100.00%
Nanjing Automotive Forging Co., Ltd.	Autokomp Ingeniería, S.A.U.	Manufacture of automotive components	China	-	50.00%
Componentes Automotivos Taubaté, Ltda. (*)	Autokomp Ingeniería, S.A.U.	Holding company	Brazil	-	100.00%
Autoforjas, Ltda.	Componentes Automotivos Taubaté, Ltda.	Manufacture of automotive components	Brazil	-	100.00%
CIE Automotive Boroa, S.L.U.	CIE Automotive, S.A.	Finance services	Bizkaia	100.00%	-
CIE Roof Systems, S.L.U. (*)	CIE Automotive, S.A.	Holding company	Bizkaia	100.00%	-
Golde Holding, BV (*)	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Golde Tianjin Co., Ltd.	Golde Holding, BV	Manufacture of automotive components	China	-	100.00%

				% effective Sharedholding of CIE Automotive	
Company	**Parent Company**	**Activity**	**Registered office**	**Direct**	**Indirect**
Golde Wuhan Co., Ltd.	Golde Holding, BV	Manufacture of automotive components	China	-	100.00%
Golde Shandong Co., Ltd.	Golde Holding, BV	Manufacture of automotive components	China	-	100.00%
Golde USA, LLC(*)	CIE Roof Systems, S.L.U.	Holding company	USA	-	100.00%
Inteva Products Barbados, Ltd.(*)	Golde USA, LLC	Holding company	Barbados	-	100.00%
Golde Shanghai Co., Ltd.	Inteva Products Barbados, Ltd	Manufacture of automotive components	China	-	100.00%
Golde Changchun Co., Ltd.	Inteva Products Barbados, Ltd	Manufacture of automotive components	China	-	100.00%
CIE Golde Shanghai Innovation Co., Ltd.	Inteva Products Barbados, Ltd	Manufacture of automotive components	China	-	100.00%
Golde Netherlands, BV(*)	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Golde Bengaluru India PvT Ltd.	Golde Netherlands, BV	Technology center	India	-	100.00%
Roof Systems Gemany, Gmbh	Golde Netherlands, BV	Technology center / Manufacture of automotive components	Germany	-	100.00%
Golde Oradea, SRL	Golde Netherlands, BV	Manufacture of automotive components	Romania	-	100.00%
Golde Lozorno, Spol.	Golde Netherlands, BV	Manufacture of automotive components	Slovakia	-	100.00%
Golde Mexico Holdings, LLC(*)	Golde Netherlands, BV	Holding company	USA	-	100.00%
Automotive Mexico Body Systems, S. de R.L. de C.V.	Golde Mexico Holdings, LLC	Manufacture of automotive components	Mexico	-	100.00%
SIR S.A.S. (*)	Golde Netherlands, BV	Holding company	France	-	100.00%
Shanghai Golde Automotive Parts Co., Ltd. (*)	SIR S.A.S.	Manufacture of automotive components	China	-	50.00%
Golde Automotive Parts (Ningde) Co., Ltd.	Shanghai Golde Automotive Parts Co., Ltd.	Manufacture of automotive components	China	-	50.00%

(1) Companies added to consolidation scope in 2020 together with their subsidiaries.
(2) Discontinued companies at December 31, 2020
(3) Merged in 2019 with BillForge Pvt. Ltd.
(4) Merged in 2020 with Autocromo Cromaçao de Plásticos Ltda.
(5) Merged in 2020 with Cortes de Precisión de México S. de R.L. de C.V.
(6) Merged in 2020 with Immobiliare Somaschini S.p.A. and CIE Immobiliare Italia SRL.
(*) Parent of all investees listed subsequently in the table.

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2020
PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU)

Thousand euro	**31.12.2020**	**31.12.2019**
Property, plant and equipment	1,475,982	1,523,483
Intangible assets	1,771,764	1,802,685
Goodwill	1,738,622	1,765,521
Other intangible assets	33,142	37,164
Non-current financial assets	44,365	49,123
Investments in joint ventures and associates	45,404	66,195
Deferred tax assets	180,331	170,446
Other non-current assets	23,992	24,969
Non-current assets	**3,541,838**	**3,636,901**
Inventories	370,632	416,120
Trade debtors and other accounts receivable	441,860	439,042
Trade and other receivables	344,831	356,918
Other current assets	38,290	25,751
Current tax assets	58,739	56,373
Other current financial assets	60,811	55,100
Cash and cash equivalents	565,561	514,691
Current assets	**1,438,864**	**1,424,953**
Disposal group assets classified as held-for-sale	**2,869**	**5,132**
TOTAL ASSETS	**4,983,571**	**5,066,986**

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2020
PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU)

Thousand euro	31.12.2020	31.12.2019
Capital and reserves attributable to the Parent company´s shareholders	646,803	841,568
Share capital	30,637	32,250
Treasury shares	-	-
Share premium	152,171	152,171
Retained earnings	874,853	874,406
Interim dividend	(30,638)	(47,730)
Translation differences	(380,220)	(169,529)
Non-controlling interests	348,171	393,406
TOTAL EQUITY	**994,974**	**1,234,974**
Deferred income	**12,647**	**9,791**
Non-current provisions	208,881	231,958
Non-current borrowings	1,661,337	1,596,212
Other non-current financial liabilities	17,600	19,895
Deferred tax liabilities	141,653	129,027
Other non-current liabilities	162,442	141,861
Non-current liabilities	**2,191,913**	**2,118,953**
Current borrowings	586,694	524,755
Trade creditors and other payables	912,547	923,109
Trade and other payables	851,328	858,894
Current tax liabilities	61,219	64,215
Other current financial liabilities	30	19
Current provisions	116,108	66,736
Other current liabilities	165,855	184,663
Current liabilities	**1,781,234**	**1,699,282**
Disposal group liabilities classified as held-for-sale	**2,803**	**3,986**
TOTAL LIABILITIES	**3,975,950**	**3,822,221**
TOTAL EQUITY AND LIABILITIES	**4,983,571**	**5,066,986**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020
PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU)

	Year ended December 31	
Thousand euro	**2020**	**2019**
OPERATING REVENUE	**2,942,680**	**3,566,781**
Revenue	2,882,494	3,461,052
Other operating income	90,021	114,227
Change in inventories of finished goods and work in progress	(29,835)	(8,498)
OPERATING EXPENSES	**(2,659,260)**	**(3,139,704)**
Consumption of raw materials and secondary materials	(1,673,383)	(2,047,839)
Employee benefit expense	(561,193)	(623,235)
Depreciation, amortisation and impairment	(147,814)	(167,282)
Other operating expenses	(276,870)	(301,348)
OPERATING PROFIT	**283,420**	**427,077**
Finance income	11,470	16,891
Finance costs	(52,237)	(55,651)
Net exchange differences	4,358	6,824
Share of profit/(loss) from joint ventures and associates	5,755	7,753
PROFIT BEFORE TAX	**252,766**	**402,894**
Income tax	(57,786)	(89,784)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**194,980**	**313,110**
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS AFTER TAX	**266**	**941**
PROFIT FOR THE YEAR	**195,246**	**314,051**
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(10,021)	(26,576)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	**185,225**	**287,475**
Basic and diluted earnings per share from continuing operations (in euro)	1.48	2.22
Basic and diluted earnings per share from discontinued operations (in euro)	0.00	0.01

CIE AUTOMOTIVE, S.A.

CIE Automotive, S.A., parent company of CIE Automotive Group, came into existence in 2002 as a result of the merger of two business groups, Egaña and Aforasa. Following the merger between Acerías y Forjas de Azcoitia, S.A. (transferee) and Egaña, S.A. (transferor), the former took CIE Automotive, S.A. as its registered name. Since then, CIE Automotive, S.A. has become a financially solid Group with global presence.

The shares of CIE Automotive, S.A. are traded on the continuous market of Madrid and Bilbao Stock Exchanges.

1. CIE AUTOMOTIVE GROUP

1.1 Profile of the Group

CIE Automotive (hereinafter called, "CIE" or "the Group" interchangeably) is an industrial group specialist in high value-added processes, which develops its activities in Automotive components business.

The business of Automotive components encompassed the design, production and distribution of integral services, components and sub-assemblies for the global Automotive market. This is CIE Automotive's main activity since its foundation.

CIE Automotive is an international industrial group that manages high added value processes. This concept of high value is applied in management, with a comprehensive vision in all phases of the value chain of sectors with good long-term projection.

1.2 Mission, Vision, and Values

Mission

CIE Automotive is a supplier of components, assemblies and subassemblies to the global automotive market using complementary technologies and a range of associated processes and with an integrated vision of the entire value chain.

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 and we strive to be the paradigm of a socially-responsible company through our permanent commitment and our responsibility with the consequences and impacts derived from our actions to:

- People and their fundamental rights.
- The climate change, fostering initiatives which translate into greater environmental responsibility.
- Value creation.
- Stakeholder collaboration.
- Management excellence.

We aim to be a reference:

- In the value chain for our Environmental, Social and Governance commitment (ESG).
- In eco-innovation and eco-design.
- In quality and service.

Values

Honesty, fairness and integrity are the basis of all our values.

At CIE Automotive we attach importance to people:

- Respecting their fundamental rights and promoting equality.
- Providing them with safe and fair working conditions.
- Fostering their initiative, creativity and originality, their engagement and teamwork, their ability to achieve objectives and add value and their openness to change and continuous improvement.

At CIE Automotive we attach importance to the climate change:

- Taking a preventative approach.
- Promoting circular economy to minimise any adverse impact.
- Promoting the efficient use of natural resources

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 through active listening.
- Respecting their rights.

At CIE Automotive we attach importance to compliance by respecting national and international regulations.

Corporate policies

To develop its mission and advance in its vision, CIE Automotive guides its actions in accordance with its corporate values, based on which it has created a series of Corporate Policies that are mandatory for all members of the organization and which have been updated mostly between 2019 and February 2021.

This ethical framework is developed in these series of corporate policies developed by each of the responsible departments that are structured as:

Environmental, Social and Governance Policies (ESG)

- ESG
- Purchasing
- 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
- Recruitment and account auditors relations policy

1.3 Business units - Automotive components

CIE Automotive is a supplier of completeness services, components and sub-assemblies for the Automotive market.

The Group develops all its line of products across seven basic processes or technologies: machining, tube stamping and shaping, forging, plastic, aluminium injection moulding, steel foundry and roof systems. With them, components and sub-assemblies are made for all the parts of a vehicle, such as: engine and transmission, chassis and steering set, and exterior and interior of the vehicle.

The customer portfolio is divided into two big categories: vehicle´s manufacturers (OEMs) and suppliers of the first level (TIER 1). Both categories represent approximately 70% and 30%, respectively.

Since its creation in 1996, CIE Automotive's progress as a supplier of components and sub-assemblies for the Automotive industry has been driven by cycles of economic prosperity and hampered by other crises, such as the current one, that the Group has overcome and passed thanks to the features that define its business model: multilocation, commercial diversification, multitechnology, investments control and de-centralised management.

This model has been enriched in recent years by the incorporation of ESG criteria, which now make up the sixth pillar of its business model.

2. EVOLUTION OF THE BUSINESS OF CIE AUTOMOTIVE S.A. IN 2020

The Company CIE Automotive, S.A., as the parent company of the CIE Group, has as main income the render of services to the different subsidiaries of the Group, the interests received from the financing provided to the Group's subsidiaries and the income from dividends received from these subsidiaries.

The main variation of the turnover of CIE Automotive, S.A. is originated by the decrease in the render of services to subsidiary companies for €33 million, which have been directly affected by the production in the operating plants within the context of the Covid 19 pandemic and a decrease in the number of dividends received from their subsidiaries for an amount of €18 million.

Regarding the rest of operating income and expenses, they have experienced a variation of €9 million, mainly related to the net movement of provisions.

The main variation in financial result, the net impact of which amounts to €1.7 million of higher expenses compared to 2019, and which corresponds to a negative variation of €4.3 million of higher financial expenses accrued in the year, compensated by the income recognized mainly by the equity swap of €2.6 million.

2.1 Summary of the year

2020 has been a year of the consolidation of the new perimeter of CIE Automotive, to which the Italian Somaschini joined in January. In addition, CIE increased its stake in the MCIE group throughout the year to 60.18% of the capital.

The evolution of the Company's turnover has been directly affected by the business impact of the Covid-19 pandemic in the different subsidiaries of the Group. In this sense, by geographical areas, the summary of the year 2020 is the following:

Europe:

This is CIE Automotive’s main market. The Group has 43 manufacturing facilities in eleven countries: Spain, France, Germany, Italy, Portugal and the UK in Western Europe and the Czech Republic, Lithuania, Romania, Slovakia and Russia in Central and Eastern Europe. It also has one factory in Morocco. In this market, it combines the productive plants of the MCIE group, with a strong link to the industrial vehicles, and the historical CIE plants, linked to the passenger vehicles.

CIE Automotive's sales in Europe decreased by 18.2% to €1,194.8 million, in the context of a 22.1% drop in production. However, margins remained high both at CIE Automotive's traditional plants, linked to light vehicles, and at MCIE Europe plants, mainly linked to trucks. The plants in the traditional market achieve an EBITDA of 13.3% and an EBIT of 6.9%, while those of Mahindra CIE present an EBITDA margin of 7.8% and an EBIT margin of 3.0%.

North America:

CIE Automotive has production centres in 20 locations in Mexico and the US, which serve the North American light vehicle market and, to a lesser extent, Brazil, Europe and Asia. Its evolution is the most profitable of the Group and its growth potential, one of the largest worldwide, has EBITDA margins of 20.5% and an EBIT margin of 15.8%.

Brazil:

CIE Automotive's Brazilian plants focus on the manufacture of plastic components, stamping, forging, iron smelting, aluminum injection and machining, being especially competitive in plastic, body-color and chrome paint technology. In Brazil, one of the key markets in recent decades for its projection, the Group has production centres in 15 plants. In the same context of strong contraction due to the pandemic and other factors that had already been pressing the market, the company has achieved sales of €186 million, 24% less than in 2019 compared to -32% in the market, with a margin EBITDA of 15.7% and EBIT of 10.7%.

Asia:

Following the businesses acquired in 2019 and CIE's commitment to the Indian market with the acquisition in 2020 of an additional 4% of its share in Mahindra CIE Automotive, Ltd, the Group owns 32 plants in Asia, a joint-venture and a technology center. The Group's presence in India comes from the alliance with the Indian group Mahindra & Mahindra Ltd., which gave rise to the Mahindra CIE group. The presence in China was strongly reinforced in 2020 with the incorporation of the companies from Golde's roof business. India is one of the engines of development in the region and China, the world's leading car producer.

In the same context of a declining economy, with a Chinese market with recovered production dropping 4% and an Indian market falling above 23%, CIE has experienced an increase of 34% and a contraction of 17% respectively. The joint EBITDA margin of this segment stands at 14.6%.

2.2 Predictable evolution of the Company

The evolution of the businesses in future years is directly subject to the evolution of the geographic markets in which the subsidiaries of CIE Automotive, S.A. operate. In this sense, and as detailed in the Consolidated Management Report, it is not expected that 2021 and future years will be impacted in the same way as 2020 by the stoppage of industrial activity in the geographies where the Group operates.

With a view to 2021, and taking into account the market recovery, the Group will rely on the axes of its business model in order to achieve the following strategic objectives:

- Consolidate the incorporations of recent years
- Ensure the standardization of productions according to market forecasts
- Maximize the efficiency of margins and returns in all geographic areas
- Maintain its high level of operating cash generation by reducing the leverage ratio.

2.3 Business Strategy and COVID-19 Action Plan

The unprecedented events in 2020 that have led to a sharp contraction in the Automotive market have highlighted the effectiveness of CIE's business model. A resilient, solid and flexible model, with the experience of the best team and the necessary technological capacity to face the challenges that arise.

Our business model has been, without any doubt, key to overcome the challenges of 2020 supported by the following axes:

- A geographical diversification to provide a global service and mitigate stoppages in the different regions.
- A diversified and wealthy portfolio of clients has helped us mitigate the decreasing demand.
- Multi-technology to supply changes needed in the trend towards electrification.

- The focus on the efficiency of processes.
- The strict financial discipline of controlling fixed costs adapted to variable volumes, focused on liquidity and cash generation.
- Decentralized management in each geographic area and division, making the most appropriate decisions in each circumstance with a common strategy (lean structure).
- Long-term investment in human capital.
- The appliance of an opportunistic M&A strategy criteria without losing sight of the need to carefully select and closely control all types of investments.
- The clear industrial vocation with financial mentality.
- Keeping the reputation level and Group's image.
- The progress on the digitalisation front towards Industry 4.0 factories.

CIE Automotive's business strategy is focused on profitability and cash flow generation. To achieve these priority goals in circumstances as adverse as those of 2020, the Group defined and deployed a COVID-19 Action Plan. This temporary worldwide initiative revolved around four axes:

1) Labor flexibility: applying measures according to each regulation and motivating teleworking in the positions where possible.

2) War economy: maximum reduction of fixed costs and essential investment limitation.

3) Liquidity and financing: absolute approach to the efficient management of working capital.

4) Productive planning: availability of seals in all centers to guarantee fluidity of supply to our customers.

ESG Strategy

The Group integrates social, labor, environmental, and respect for human rights concerns into its management model and strategy in order to generate shared value for the company and its stakeholders. CIE Automotive brings shared value to the company and its stakeholders by integrating social responsibility criteria into its business model, strategy and daily activity.

After the compliance in 2019 of the 2019-2020 CSR Strategic Plan, which deepened the systematization and standardization of CSR management throughout the Group, improving measurement, communication and reporting systems, and establishing an ESG (Environmental, Social and Governance) work methodology for each department, in 2020 CIE continues to advance its ESG strategy.

In 2020 it reinforces its commitment to Environmental, Social and Good Governance values through the development of a new scorecard for all plants with 79 ESG indicators. In addition, it has provided training to employees, has updated its corporate documents to include sustainability criteria and has conducted surveys of its stakeholders to find out their concerns and base its reporting on them.

3. ANNUAL REPORT ON CORPORATE GOVERNANCE AND REPORT ON REMUNERATION TO DIRECTORS

In order to guarantee transparency, both the legal framework defined by the Group as well as the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration are available on the corporate website www.cieautomotive.com, in line with the technical specifications and legal regulations established by the National Securities Market Commission in its Circular 3/2015, of June 23.

Additionally, both the Annual Corporate Governance Report and the Annual Directors' Remuneration Report may be consulted on the website of the National Securities Market Commission after being published by the Group:

https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-20014452
https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-20014452

4. FINANCIAL RISK MANAGEMENT

CIE Automotive has a Policy of Identification and Management of risks, which allows them to identify, evaluate and give response to eventual contingencies in the development of its activity, which, in case of materializing, might hinder the attainment of the corporate objectives.

This policy, whose supervision relapses into the Commission of Audit and Fulfillment, identifies the different types of risks that the company faces - between them, the financials or economics, the contingent liabilities and other risks out of the balance sheet, fixes the level of risks that are considered acceptable and establishes the opportune measures to mitigate its impact in case it was materialized. To put it into practice, the company possesses informational systems and internal control.

The procedure of global management of CIE Automotive's risks is based on the methodology ISO 31000, a process of constant cycle in nine phases: communication, setting the context, risk identification, risk analysis, risk evaluation, risk treatment, risk supervision and updating and acting against non-compliance.

Annually, a Corporate Map of Risks is drawn, which contemplates and values not only the risks inherent to the countries, markets and businesses where it operates, also internal operation of the company.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

In the broadest sense, the goal of the management of financial risk is to control the incidents generated by fluctuations in exchange and interest rates and the price of raw materials. Management of these risk factors, which is the responsibility of the Group's Finance Management, focuses on the arrangement of financial instruments in order to build, as far as possible, exposure to favorable trends in exchange and interest rates, subject to compatibility with the mitigation, in part or in whole, of the adverse effects of an unfavorable environment.

a) Market Risk

(i) Foreign Exchange risk

CIE Automotive Group's presence in international markets obliges it to arrange an exchange rate risk management policy. The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, CIE Automotive Group uses the Management Scope concept. This concept encompasses all collection / payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope would also apply to management if they are expected to be recognised on the balance sheet within a period of no more than 18 months.

Once defined the Management Scope, CIE Automotive Group uses a series of financial instruments for risk management purposes that in some instances permit a certain degree of flexibility. These instruments are essentially the following:

- Currency forwards: These contracts lock in an exchange rate for a specific date; the timing can be adjusted to match expected cash flows.
- Other instruments: Other hedging derivatives may also be used, the arrangement of which requires specific approval by the relevant management body. This body must be informed beforehand as to whether or not it complies with requirements for consideration as a hedging instrument, therefore qualifying for hedge accounting.

CIE Automotive Group protects against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative markets determine policy in each country.

The Group has several investments in foreign operations whose net assets are denominated in US dollars, exposing it to foreign exchange translation risk. The exchange risk on the net assets of CIE Automotive Group’s foreign operations is mainly managed through natural hedges achieved by borrowings (loans) denominated in the corresponding foreign currency.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations in countries outside the Eurozone is mitigated basically by borrowings denominated in these currencies.

If at December 31, 2020, the euro had been declined/revalued by 10% with respect to all other functional currencies, all other variables remaining constant, equity would have increased/decreased by €228/€187 million (2019: increased/decreased by €230/€189 million), due to the impact of the net assets contributed by the subsidiaries operating in a functional currency different from the euro.

If the average exchange rate of the euro had declined/revalued by 10% in 2020 with respect to all functional currencies other than the euro, all other variables remaining constant, profit after tax for the year would have been €15.4/€12.6 million higher/lower, respectively (2019: €18.7/€15.3 million higher/lower), mainly as a result of the exchange gains/losses on the translation of accounts receivable denominated in currencies other than the euro.

If as of December 31, 2020, the euro had been devalued / revalued by 10% with respect to the following currencies, keeping the rest of the currencies and variables constant, the net worth and the profit after tax attributable to the parent would have varied according to the following table:

	Equity (million euros)		Profit after tax (million euros)	
	Devalued euro 10%	Revalued euro 10%	Devalued euro 10%	Revalued euro 10%
Chinese yuan	76	(63)	5.8	(4.7)
US dollar	54	(44)	5.7	(4.7)
Indian rupee	53	(43)	0.9	(0.7)
Brazilian real	21	(17)	0.9	(0.7)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments that are classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. However, the scant weight of these securities as a percentage of total Group assets and equity means that this risk factor is not material.

(iii) Interest rate risk

Group's borrowings are largely benchmarked to floating rates, exposing it to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the risk management strategy materialises in the arrangement of financial instruments designed to provide such flexibility. The strategy expressly contemplates the possibility of arranging hedges for identifiable and measurable portions of cash flows, which enables hedge efficiency testing as required to evidence that the hedging instrument reduces the risk of the hedged item in the portion designated and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the balance sheet of the Group and any of its companies. On occasion, hedges are arranged to cover loans committed and in the final stages of arrangement the principal on which needs to be hedged against rate increases.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The corresponding accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the prerequisites for consideration as hedging instruments. In line with the management of foreign exchange risk, the arrangement of any financial derivative which is suspected not to comply with the prerequisites for consideration as a hedging instrument requires the express approval of the relevant management body. By way of example, the basic hedging instruments are the following:

- Interest-rate swaps: Through these derivatives, the Group converts the benchmarked floating interest rate on a loan to a fixed benchmark with respect to all or part of the loan and affecting all or part of the term of the loan.
- Other instruments: As discussed in the section on foreign exchange risk management, other hedging derivatives may also be used, the arrangement of which requires the specific approval of the relevant management body. The management body must be informed beforehand as to whether the instrument meets the prerequisites for qualifying as a hedging instrument and, by extension, hedge accounting.

If during 2020 the average interest rate on borrowings denominated in euro had been 10 basis points higher/lower, all other variables remaining constant, the Group's profit after tax for the year would have been €1,227 thousand lower/higher (2019: €1,056 thousand), largely as a result of an increase/decrease in the interest expense on floating-rate loans.

Specifically, in relation to the valuation of the derivatives, a 10 basis point increase/decrease throughout the interest rate curve taken into consideration when measuring the hedging and non-hedging derivatives would have increased/decreased equity by €798/802 thousand, respectively (2019: €1,093/1,277 thousand increase/decrease, respectively).

(iv) Covid-19 pandemic

The measures adopted by governments to contain the pandemic, including limitations on free movement, flight restrictions and other type of commuting, temporary closure of businesses and education centers and cancellation of events have affected the economic activity, resulting in a significant impact in sectors such as tourism, transportation, retail and entertainment. Similarly, due to the industrial stoppage in the second quarter of the year, there was a significant impact on global supply chains and production of goods and the decline in economic activity reduced the levels of demand for many goods and services. However, as of May/June, industrial activity began to gradually recover and in the Automotive sector, world vehicle production recovered drastically, reaching levels in the last quarter of 2020, with production levels 2.5% higher than the same period of 2019 (prior to the pandemic).

When preparing these Annual Accounts, the Group does not expect that the remaining period of the pandemic will impact again in the same way as it did in the second quarter of 2020, given that no new scenarios of industrial stoppage are considered. Regarding the demand for vehicles during the period of the economic crisis, the Management updates the market estimates on a monthly basis in each of the geographical areas in which it operates and carries out, making use of the flexibility of the management model, the necessary measures to adapt to the expected demands.

Additionally, there are recent independent external reports that support the theory that collective transport or the use of shared cars may begin to lose steam, in favor of the recovery of the use of private vehicles, either out of fear or as a precautionary measure of the drivers, turning this fact into a market opportunity.

b) Liquidity Risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the Group's strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility by maintaining sufficient headroom on its undrawn committed borrowing facilities. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of receivables, transferring the related risks and rewards), which as a matter of policy do not exceed roughly one-third of trade receivable balances and other receivables, in order to preserve the level of liquidity and working capital structure required under its business plans.

Management monitors the Group's forecast liquidity requirements together with the trend in net debt.

Group´s treasury department estimates that actions in progress will allow avoiding lack of liquidity situations. In that sense, is considered that cash generation in 2020 will allow facing all year recurrent payments without increasing net financial debt.

Group´s treasury department monitors Group´s liquidity needs forecasts in order to ensure that there is enough cash to meet operative needs at the same time that maintains undrawn credit facilities at any time to ensure Group that doesn't fail limits and rates ("covenants") established by financial entities.

The Group is strategically diversifying the financial markets and financing sources, it taps as a tool for eliminating liquidity risk and retaining financing flexibility in light of the situation prevailing in the European financial markets; this strategy has opened up access to internationalize the banking pool.

Group's amounts payables to credit institutions in the short term include recurring loans originating from the recurring discounting of commercial paper issued by Group customers (2020: €28 million; 2019: €25 million). Although this component of the bank debt is presented as a current liability for accounting purposes, it is stable as evidenced by the usual operation of the business, and therefore provides financing that is equivalent to long-term debt.

Noteworthy is the existence at December 31, 2020 of €806 million of undrawn credit lines and loans (2019: €501 million) at the consolidated CIE Automotive Group level.

Although the standalone figure for working capital is not a key parameter for the understanding of the financial statements, the Group actively manages working capital through net operating working capital and short-and long-term net borrowings, on the basis of the solidity, quality and stability of relations with customers and suppliers, and comprehensive monitoring of the situation with respect to financial institutions with whom in many cases automatically renews its credit lines.

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work is being performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (just in time) supplies to our customers.

Likewise, the Group Management effectively controls the periods of payment of expenses and the period of performance of the current assets, conducting a comprehensive monitoring of cash projections, in order to ensure that it has sufficient cash to meet the operational needs while maintaining adequate availability of credit facilities not used at all times so that the Group does not breach the limits and indexes ("covenants") established by the funding. Therefore, it is estimated that the cash generation in 2021 will meet the needs enough to meet the commitments in the short term, avoiding any actions ongoing tense situation in the cash position.

As a result of the above, it may be confirmed that there is no liquidity risk at the Group.

c) Credit risk

Credit risk is managed by customer groups. Credit risk arising from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises the corresponding impairment provisions if necessary.

In addition, each management unit has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is not to concentrate more than 10% of business volumes with individual customers or manufacturing platforms.

Given the characteristics of the Group's customers, management historically deemed that receivables due within 60 days presented no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong, although it is determined the expected loss.

An analysis of the maturity or receivables that are overdue by 60 days, which are not impaired is provided in Note 9.

The Company does not estimate that the pandemic has had or will have an impact on the collectability of its accounts receivable, derived from their high credit quality.

d) Raw material price risk

The Group has not a significant risk in raw price variations. In these companies were the risk could exist in market specific situations (plants which use raw materials with market price), the risk is controlled thanks to price financing repercussion agreements to customers.

5. TRADING WITH TREASURY SHARES

The balance of treasury shares in the existing portfolio of the Parent company at the end of 2020 and 2019 amounted to 0 shares, after the capital reduction carried out by the Parent company against treasury shares acquired during the 2020 financial year.

Moreover, the mandate conferred at the Shareholder´s Meeting of April 29, 2020, whereby the Parent company's Board of Directors is empowered to buy at any time and as often as it considers appropriate shares in CIE Automotive, S.A. through any legal means, including acquisitions with a charge to profit for the year and/or freely available reserves, and to subsequently dispose of or redeem such shares, in accordance with article 146 et seq, of the Spanish Companies Act, is in effect until April 29, 2025.

6. AVERAGE PAYMENT PERIOD TO SUPPLIERS

The breakdown of trade payables settled during 2020 and 2019 those pending of payment at the year-end in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2,010 of July 5, is as follows:

	Days	
	2020	**2019**
Paid operations ratio	57	56
Outstanding operations ratio	63	60
Average payment period to suppliers	48	49

	Thousand euros	
	2020	**2019**
Payments made	9,971	9,376
Outstanding payments	5,982	5,699

A series of measures have been launched essentially intended to the identification of the deviations through the monitoring and periodic analysis of the accounts payable to suppliers, of the review and improvement of internal management procedures of suppliers as well as the compliance and, in its case update, of the conditions laid down in the commercial operations subject to the applicable regulations.

7. STOCK EXCHANGE INFORMATION

IBEX35

After a 2018 marked by the volatility of the share in its first year on IBEX35 and a 2019 affected by the negative growth of the markets, the geopolitical convulsions and the uncertainty of the sector, in 2020 the stock could not avoid suffering the effects of COVID-19.

In 2020, the maximum and minimum prices of the share amounted to 22.52 and 9.71 euro per share, respectively, in a year that is also exceptional in the behavior of the stock markets. At the end of the year the share was trading at 22.06 euro.

In the context of the pandemic and the associated crisis, during the first 9 months of the year the share price was negatively affected, recovering this situation in the last quarter of the year to a year-on-year growth of 5%.

The lag between the evolution of the business and the value of its share throughout the year may be due to the carry-over effect of all the stock exchanges, the increasing use of automatic decision-making systems that do not consider either the historical performances of the Group or its potential growth and profitability or the speculative effect of short positions.

Dividend

CIE Automotive has been loyal to politics of remuneration to shareholders, based on distribute one third of the estimated net profit. The Board of Directors approved in December an interim dividend agreeing the disbursement of an interim dividend charged to 2020 of €0.25 per share. The disbursement was effective on January 7, 2021.

8. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

As of the date of preparation of these Annual Accounts, there have been no significant events subsequent to the end of the year 2020 that could alter or have any effect on the Annual Accounts for the period ended on December 31, 2020.

ISSUER'S IDENTIFYING INFORMATION

Reference financial year closing date: 12/31/2020

Tax ID A-20014452

Company Name:

CIE AUTOMOTIVE, S. A.

Registered office:

ALAMEDA MAZARREDO, 69, 8º (BILBAO) VIZCAYA

A. OWNERSHIP STRUCTURE

A.1. Fill in the following table on the company's share capital:

Date of last modification	Share capital (EUR)	Number of shares	Number of voting rights
11/25/2020	30,637,500. 00	122,550,000	122,550,000

Indicate if there are different classes of shares associated with different rights:
[ ] Yes
[√] No

See notes in section A. 9 on the capital reduction due to the share buyback plan implemented in the year in question.

A.2. Details of the direct and indirect significant shareholdings at end-of-year, excluding directors:

Shareholder name or company name	% voting rights assigned to the shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
CORPORACION FINANCIERA ALBA, S. A.	0. 00	12. 73	0. 00	0. 00	12. 73
ADDVALIA CAPITAL, S. A.	5. 26	0. 00	0. 00	0. 00	5. 26
MAHINDRA & MAHINDRA LTD	0. 00	7. 83	0. 00	0. 00	7. 83
ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	5. 79	9. 90	0. 00	0. 00	15. 69
ELIDOZA PROMOCION DE EMPRESAS, S. L.	10. 89	0. 00	0. 00	0. 00	10. 89
ALANTRA MULTI ASSET SGIIC, S. A.	0. 00	3. 55	0. 00	0. 00	3. 55

ALANTRA EQMC ASSET MANAGEMENT, S. G. I. I. C. , S. A. and ALANTRA MULTI ASSET SGIIC, S. A. reached an agreement to exercise in concert the voting rights of the shares they hold in the investment entities they manage (EQMC EUROPE DEVELOPMENT CAPITAL FUND PLC; MERCER INVESTMENT FUND (sub-fund of MERCER QIF COMMON CONTRACTUAL FUND); QMC III IBERIAN CAPITAL FUND FIL).

Details of indirect holdings:

Indirect holder name or company name	Direct holder name or company name	% voting rights assigned to the shares	% voting rights through financial instruments	% of total voting rights
CORPORACION FINANCIERA ALBA, S. A.	ALBA EUROPE SARL	12. 73	0. 00	12. 73
MAHINDRA & MAHINDRA LTD	MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD.	7. 83	0. 00	7. 83
ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	RISTEEL CORPORATION, B. V.	9. 89	0. 00	9. 89
ALANTRA MULTI ASSET SGIIC, S. A.	CONCERTED ACTION	3. 55	0. 00	3. 55

Indicate the most significant shareholding movements from the year:

Most significant movements
The proposed changes are due to the amortization of the company's treasury stock due to the implementation of the plan to buy them back, which ended the capital reduction analyzed in section A. 1 of this report, registered in the Commercial Registry of Bizkaia on November 25, 2020.

A.3. Fill out the following tables on the members of the company's board who have voting rights from the shares in the company:

Board member name or company name	% voting rights assigned to the shares		% voting rights through financial instruments		% of total voting rights	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
FERMIN DEL RIO SANZ DE ACEDO	0. 02	0. 00	0. 00	0. 00	0. 02	0. 00	0. 00
ANTONIO MARIA PRADERA JAUREGUI	0. 00	10. 53	0. 00	0. 00	10. 53	0. 00	0. 00
JESUS MARIA HERRERA BARANDIARAN	1. 42	0. 00	0. 00	0. 00	1. 42	0. 00	0. 00

total % of total voting rights held by the board	11.97

Details of indirect holdings:

Board member name or company name	Direct holder name or company name	% voting rights assigned to the shares	% voting rights through financial instruments	% of total voting rights	% of voting rights that may be transferred through financial instruments
ANTONIO MARIA PRADERA JAUREGUI	GRUPO INVERSIONES INSSEC, S. L.	10. 53	0. 00	10. 53	0. 00

Grupo Inversiones INSSEC, S. L. directly holds 5. 265% of the company's shares and indirectly holds (through Inversiones, Estrategia y Conocimiento Global CYP, S. L.) another 5. 265% of the company's shares. Grupo Inversiones INSSEC, S. L. and Inversiones, Estrategia y Conocimiento Global CYP, S. L. are both companies controlled by Antonio María Pradera Jáuregui.

A.4. Indicate any family, commercial, contractual, and corporate relations between the holders of the significant shareholdings, insofar as they are known to the company, except where barely relevant or if they derive from ordinary business, and except for those reported in section A. 6:

Related name or company name	Type of relation	Brief description
No information		

A.5. Indicate any family, commercial, contractual, and corporate relations between the holders of the significant shareholdings and the company and its group, unless they are barely relevant or if they derive from the ordinary course of business:

Related name or company name	Type of relation	Brief description
No information		

A.6. Describe any relations, unless they are barely relevant for the parties, between the shareholders who are significant or represented on the board and the directors, or their representatives, in the case of legal entity directors.

If applicable, explain how the significant shareholders are represented. Specifically, indicate any directors who were appointed in representation of significant shareholders, who were nominated by significant shareholders, or who are related to significant shareholders and entities of their group, specifying the nature of the relationships uniting them. In particular, if applicable indicate the existence, identity, and position of Board members or representatives of directors, of the listed company, who in turn are Board members, or its representatives, in companies that hold significant shareholdings in the listed company or in entities of the group of those significant shareholders:

Related board member name or company name or representative	Related shareholder name or company name	Name of the company of the group of the significant shareholder	Description of relation/position
SANTOS MARTÍNEZ- CONDE GUTIÉRREZ BARQUÍN	CORPORACION FINANCIERA ALBA, S. A.	CORPORACION FINANCIERA ALBA, S. A.	Santos Martínez-Conde Gutiérrez Barquín is an "other external" director of Corporación Financiera Alba, S. A.
JUAN MARÍA RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	Juan María Riberas Mera is the individual representative of one of the joint directors of ACEK Desarrollo y Gestión Industrial, S. L.
ANTONIO MARIA PRADERA JAUREGUI	INVERSIONES, ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S. L.	INVERSIONES, ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S. L.	Antonio María Pradera Jáuregui is chairman and CEO of Inversiones, Estrategia y Conocimiento Global CYP, S. L.
ANTONIO MARIA PRADERA JAUREGUI	GRUPO INVERSIONES INSSEC, S. L.	GRUPO INVERSIONES INSSEC, S. L.	Antonio María Pradera Jáuregui is sole director of Grupo Inversiones Inssec, S. L.
GOIZALDE EGAÑA GARITAGOITIA	ELIDOZA PROMOCION DE EMPRESAS, S. L.	ELIDOZA PROMOCION DE EMPRESAS, S. L.	Goizalde Egaña Garitagoitia, proprietary director, is director of Elidoza Promoción de Empresas, S. L.

Related board member name or company name or representative	Related shareholder name or company name	Name of the company of the group of the significant shareholder	Description of relation/position
MARIA TERESA SALEGUI ARBIZU	ADDVALIA CAPITAL, S. A.	ADDVALIA CAPITAL, S. A.	Maria Teresa Salegui Arbizu, proprietary director, is the individual representative of Addvalia Capital, S. A.
FRANCISCO JOSÉ RIBERAS MERA	ANTONIO MARIA PRADERA JAUREGUI	INVERSIONES, ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S. L.	Francisco José Riberas Mera is director of Inversiones, Estrategia y Conocimiento Global CYP, S. L.
FRANCISCO JOSÉ RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	Francisco José Riberas Mera is the individual representative of one of the joint directors of ACEK Desarrollo y Gestión Industrial, S. L.
VANKIPURAM PARTHASARATHY	MAHINDRA & MAHINDRA LTD	MAHINDRA & MAHINDRA LTD	Vankipuram Parthasarathy is CFO and IT director of Mahindra & Mahindra Ltd, in addition to sitting on its Executive Committee.
SHRIPRAKASH SHUKLA	MAHINDRA & MAHINDRA LTD	MAHINDRA & MAHINDRA LTD	Shriprakash Shukla directs the subsidiary Aerospace & Defence of the Mahindra Group, heads Mahindra Sanyo Special Steels Private Limited and sits on the Executive Committee of Mahindra & Mahindra Ltd.
JACOBO LLANZA FIGUEROA	ALANTRA MULTI ASSET SGIIC, S. A.	ALANTRA MULTI ASSET SGIIC, S. A.	Jacobo Llanza Figueroa is chairman of the board and CEO of ALANTRA MULTI ASSET SGIIC, S. A.

A.7. Indicate if the communicated has been notified of any shareholder agreements that might affect it pursuant to sections 530 and 531 of the Spanish Companies Act [*Ley de Sociedades de Capital*]. If so, describe them briefly and indicate the shareholders bound by the agreement:

[ ] Yes
[√] No

Indicate if the company is aware of the existence of concerted actions between its shareholders. If so, describe them briefly:

[√] Yes
[ ] No

Participants in concerted action	% of share capital affected	Brief description of the agreement	Agreement expiration date if any
ALANTRA MULTI ASSET SGIIC, S. A. , ALANTRA EQMC ASSET MANAGEMENT, SGIIC, S. A.	3. 55	According to the notification (form 1) available at the CNMV website with entry number 2018139166, ALANTRA MULTI ASSET SGIIC, S. A. and Alantra EQMC Asset Management SGIIC, S. A. (management companies of the Alantra Group) have a common policy for their shares in the investment companies they manage.	It is not specified in the notification.

Expressly indicate if there were any changes or ruptures to those agreements, covenants, and concerted actions during the year:

A.8. Indicate if there are any individuals or legal entities who exercise or may exercise control over the company pursuant to section 5 of the Spanish Security Markets Act [*Ley del Mercado de Valores*]. If so, identify them:

[ ] Yes
[√] No

A.9. Fill out the following tables on the company's treasury stock:

At end-of-year:

Number of direct shares	Number of Indirect shares (*)	total % of share capital
		0. 00

(*) Through:

Name or company name of the direct holder of the stake	Number of direct shares
No information	

Explain any significant variations that occurred during the year:

Explain any significant variations

As a result of a stock buyback program approved by the general meeting held on April 29, 2020, the number of shares held as treasury stock of the company varied throughout the year (as periodically reported publicly), until six million four hundred and fifty thousand (6,450,000) shares acquired through the program were finally redeemed, reducing its capital by one million six hundred and twelve thousand five hundred euros (EUR 1,612,500). Subsequently and in implementation of the purpose of the share buyback program, the capital was reduced by one million six hundred and twelve thousand five hundred euros (EUR 1,612,500), as registered in the Commercial Registry of Bizkaia on November 25, 2020.

A.10. Details the conditions and term of the current mandate that the shareholders meeting gave to the board to issue, buy back or transfer treasury stock:

The mandate conferred by the General Meeting held on April 29, 2020 that empowered the Company's Board to acquire shares in the Company at any time and as many times it deems appropriate, by any means permitted by law, including using profits from the year and unrestricted reserves, as well as to subsequently dispose of or redeem the shares, all in accordance with and subject to the limits set forth in section 146 and related provisions of the Companies Act, is in force until April 29, 2025, inclusive.

Likewise, the mandate conferred by the General Shareholders Meeting held on April 29, 2020 is in force until April 29, 2025, inclusive, by virtue of which, in accordance with section 297(1)(b) of the Companies Act, it may increase the share capital, without prior consultation with the General Shareholders' Meeting, up to the amount of EUR 16,125,000, with the ability to exercise that power, up to the indicated amount, on one or several occasions, deciding in each case whether it is appropriate or convenient, and the amount and conditions that it considers appropriate.

A.11. Estimated floating capital:

	%
Estimated floating capital	32. 08

A.12. Indicate whether there are any restrictions (in the by-laws, legislation or otherwise) on the transferability of securities and any restrictions on voting rights. In particular, the existence of any type of restrictions that may hinder taking of control of the company by acquiring its shares in the market must be reported, as well as any authorization and prior notice rules regarding acquisitions and transfers of the company's financial instruments that may be applicable to it under sectoral regulations.

[ ] Yes
[√] No

A.13. Indicate whether the General Meeting resolved to adopt measures to neutralize a public takeover bid pursuant to Spanish Act 6/2007.

[√] Yes
[ ] No

If so, explain the approved measures and the conditions in which the restrictions would become ineffective.

Explain the approved measures and the conditions in which ineffective

At its meeting of April 23, 2008, the Company's general meeting passed the following resolution from item six on the agenda:

"SIX. - Approval of the non-application of limitations to the actions of the governing and management bodies of the Company and its Group on the terms of section 60 *bis* (2) of Spanish Securities Market Act [*Ley 24/1988, del Mercado de Valores*] and section 28(5) of Spanish Royal Decree 1066/2007, of 27 July.

Pursuant to section 60 *bis* (2) of Securities Market Act Market and section 28(5) of Spanish Royal Decree 1066/2007, of July 27, 2007, on the rules governing public offers for the acquisition of securities [*Real Decreto 1066/2007, sobre el régimen de las ofertas públicas de adquisición de valores*], resolved to approve that the limitations on the actions of those bodies referred to in section 60 *bis* (2), and section 28(5) of Royal Decree 1066/2007, of July 27, 2007, will not apply to the governing and management bodies of the company and its group in the event that the company is the object of a public takeover offer formulated by an entity that does not have its registered office in Spain and that is not subject to those rules or equivalent ones, including those referring to the rules necessary for adopting decisions by the general meeting, or, by an entity controlled by it, directly or indirectly, in accordance with section 4 of Securities Market Act Market. "

A.14. Indicate whether the company has issued securities that are not traded on an EU regulated market.

[ ] Yes
[√] No

If so, indicate the various share classes and for each share class, the rights and obligations conferred:

B. GENERAL MEETING

B.1. Indicate and, if applicable, provide details, if there are differences with the rules in the Companies Act on constituting quorums of the general meeting:

[√] Yes
[ ] No

	quorum % difference from the % established in section 193 of the Companies Act for general cases	quorum % difference from the % established in section 194 of the Companies Act for the special cases of section 194 of the Companies Act
Quorum required on the 1st call	50. 00	50. 00
Quorum required on the 2 nd call	0. 00	25. 00

Description of the differences

For general cases, article 13 of the Company's bylaws establishes that the general meeting, whether ordinary or extraordinary, will be validly constituted on first call when the shareholders present or represented by proxy hold at least 50% of the subscribed capital with voting rights. Therefore, a higher quorum is established for the meeting to be convened on first call in the case of general cases than the quorum specified in section 193 of the Companies Act (i. e. 25%).

No differences are established either with respect to the quorum for the second call for general cases or with respect to the quorum for the special cases provided for in section 194 of the Companies Act.

B.2. Indicate and, if applicable provide details, if there are differences with the rules in the Companies Act on adopting corporate resolutions:

[ ] Yes
[√] No

B.3. Indicate the rules applicable to amending the company's bylaws. In particular, specify the majorities required to amend the bylaws, and any rules on protecting shareholder rights when amending the bylaws.

The rules on amending the company's bylaws are those set forth in the Companies Act (with the particularity set forth in section B. 1 above), and there are no majorities in the bylaws other than those legally applicable or rules for protecting shareholders other than those established in the general regulations.

B.4. Indicate the attendance figures from the general meetings held during the reference year of this report and from the two preceding years:

	Attendance figures				
General meeting date	% present in person	% represented by proxy	% voting remotely		Total
			Electronic vote	Other	
4/24/2018	86. 37	8. 55	0. 00	0. 00	94. 92
of which are floating capital	22. 48	8. 55	0. 00	0. 00	31. 03
5/08/2019	63. 55	4. 40	0. 00	0. 00	67. 95
of which are floating capital	11. 73	4. 40	0. 00	0. 00	16. 13
4/29/2020	58. 46	23. 15	0. 00	0. 00	81. 61
of which are floating capital	17. 33	7. 08	0. 00	0. 00	24. 41

B.5. Indicate whether the general meetings held during the year had items on their agenda that were not approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. Indicate if there are any restrictions in the bylaws establishing the minimum number of shares necessary to attend the general meeting or vote remotely:

[ ] Yes
[√] No

B.7. Indicate if it has been established that certain decisions, aside from those established by law, that entail acquisitions, disposals, or contributions of essential assets to other companies or other similar corporate operations, must be approved by the general meeting:

[ ] Yes
[√] No

B.8. Indicate the address, and method for accessing on the corporate website, of the corporate governance information and other information on general meetings that must be made available to shareholders on the Company's website:

The corporate website where information can be accessed on corporate governance and other information on general meetings is https://cieautomotive. com/web/investors-website.

C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1. Board of directors

C.1.1 Maximum and minimum number of directors specified in the bylaws and the number set by the general meeting:

Maximum number of board members	15
Minimum number of board members	6
Number of board members set by the general meeting	14

C.1.2 Fill out the following table with the Board members:

Board member name or company name	Representative	Director category	Position on the board	Date first appointed	Date of last appointment	Election procedure
SANTOS MARTÍNEZ-CONDE GUTIÉRREZ BARQUÍN		Proprietary director	BOARD MEMBER	4/24/2018	4/24/2018	GENERAL MEETING RESOLUTION
JUAN MARÍA RIBERAS MERA		Proprietary director	BOARD MEMBER	10/27/2010	4/29/2020	GENERAL MEETING RESOLUTION
FERMIN DEL RIO SANZ DE ACEDO		Executive	BOARD MEMBER	12/21/2005	4/29/2020	GENERAL MEETING RESOLUTION
ANTONIO MARIA PRADERA JAUREGUI		Proprietary director	CHAIRMAN	6/24/2002	4/29/2020	GENERAL MEETING RESOLUTION
CARLOS SOLCHAGA CATALÁN		Independent director	INDEPENDENT COORDINATING DIRECTOR	10/27/2010	4/29/2020	GENERAL MEETING RESOLUTION
JESUS MARIA HERRERA BARANDIARAN		Executive	CEO	1/21/2013	4/29/2020	GENERAL MEETING RESOLUTION

Board member name or company name	Representative	Director category	Position on the board	Date first appointed	Date of last appointment	Election procedure
ÁNGEL MANUEL OCHOA CRESPO		Independent director	BOARD MEMBER	10/27/2010	4/29/2020	GENERAL MEETING RESOLUTION
FRANCISCO JOSÉ RIBERAS MERA		Proprietary director	BOARD MEMBER	10/27/2010	4/29/2020	GENERAL MEETING RESOLUTION
VANKIPURAM PARTHASARATHY		Proprietary director	BOARD MEMBER	10/04/2013	4/29/2020	GENERAL MEETING RESOLUTION
SHRIPRAKASH SHUKLA		Proprietary director	BOARD MEMBER	6/25/2015	4/29/2020	GENERAL MEETING RESOLUTION
GOIZALDE EGAÑA GARITAGOITIA		Proprietary director	DEPUTY CHAIR	4/29/2020	4/29/2020	GENERAL MEETING RESOLUTION
JACOBO LLANZA FIGUEROA		Proprietary director	BOARD MEMBER	4/29/2020	4/29/2020	GENERAL MEETING RESOLUTION
MARIA TERESA SALEGUI ARBIZU		Proprietary director	BOARD MEMBER	4/29/2020	4/29/2020	GENERAL MEETING RESOLUTION
ARANTZA ESTEFANÍA LARRAÑAGA		Independent director	BOARD MEMBER	4/29/2020	4/29/2020	GENERAL MEETING RESOLUTION

Total number of board members	14

Indicate any directors who resigned or were removed by the general meeting during the reporting period:

Board member name or company name	Director category at time of removal	Date of last appointment	Date removed	Specialized committees the director sat on	Indicate if the director was removed due to term expiring
ADDVALIA CAPITAL, S. A.	Proprietary director	4/26/2016	4/29/2020	Audit and Compliance Committee and Corporate Social Responsibility Committee (now ESG Committee)	NO
QMC DIRECTORSHIPS, S. L.	Proprietary director	4/26/2016	4/29/2020		NO
ELIDOZA PROMOCION DE EMPRESAS, S. L.	Proprietary director	4/26/2016	4/29/2020	Corporate Social Responsibility Committee (now ESG Committee)	YES

Cause of removal, if before the end of the term of office and other observations; information on whether the director sent a letter to the other members of the board and, in the case of removals of non-executive directors, an explanation or opinion on the director removed by the general meeting.

To clarify, it should be noted that the above removals were not removals as such; rather they were directors whose term expired and was not renewed, since they were designated to replace those who had been their individual representatives.

C.1.3 Fill out the following tables on the members of its board and their various categories:

EXECUTIVE DIRECTORS		
Board member name or company name	Position in the company's organizational chart	Profile
FERMIN DEL RIO SANZ DE ACEDO	Executive director	He holds a Licentiate in Business Administration and Management (San Sebastián). He began his professional career as a tax advisor in 1975 and founded Norgestión (a consulting firm specializing in Mergers and Acquisitions, tax, and financial law). He worked there until 2008. He was in charge of the of ADEGI section the (Entrepreneurs Association of Guipuzcoa) as well as a member of the Committee of Confederations of Entrepreneurs of the Basque Country (CONFEBASK). He acted as chairman of the company Autometal S. A.

EXECUTIVE DIRECTORS		
Board member name or company name	Position in the company's organizational chart	Profile
		He sat on the boards of Fegemu S. A. , Viveros San Antón, S. A. and Global Dominion Access S. A.
JESUS MARIA HERRERA BARANDIARAN	CEO	He holds a licentiate in Economics and Business Administration from the University of the Basque Country, with a Master's Degree in Internationalization from Euroforum. He joined CIE Automotive in 1991 as Financial and HR Director at CIE Orbelan. In 1995 he was appointed deputy manager and in 1998 he took over the general management of the company. In 2000 he took over CIE Brazil, as well as CIE Plasfil in 2002. That year he was appointed worldwide director of CIE Plastics until 2005, when he took over responsibility for the general management of CIE America. Since 2010, he has been CEO of Autometal S. A. In 2011, and he was appointed COO of the entire group, although a year later he took over as CEO of CIE Automotive. In 2013, the Board appointed him CEO of CIE Automotive. He is also on the board of Global Dominion Access, S. A.

Total number of executive board members	2
% of total on board	14. 29

EXTERNAL PROPRIETARY DIRECTORS		
Board member name or company name	Name or company name of the significant shareholder that the member represents or who nominated the member	Profile
SANTOS MARTÍNEZ-CONDE GUTIÉRREZ BARQUÍN	CORPORACION FINANCIERA ALBA, S. A.	He is a Civil Engineer, with a Master’s in Management and Business Administration from the ICADE and a Diploma in Nuclear Technology from the ICAI. He has worked at several engineering and financial companies: Sener, Técnica Naval e Industrial, S. A. (1979-1980), Técnicas Reunidas, S. A. (1980-1987), Bestinver, S. A. (1987-1990), Corporación Borealis, S. A. (1990-1994) and Banco Urquijo, S. A. (1994-1998). He sat on the boards of numerous companies in a wide range of business sectors, both listed and unlisted. He sits on the boards of Corporación Financiera Alba, S. A. , Banca March, S. A. , Acerinox, S. A. , Indra Sistemas, S. A. , Bolsas y Mercados Españoles, SHMSF, S. A. , BME. (BME), Artá Partners, S. A. , Artá Capital SGECR, S. A. , Deyá Capital SCR, S. A. and Deyá Capital IV SCR, S. A.

JUAN MARÍA RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	He holds a licentiate in Law and in Economics and Business Sciences from the Pontifical University of Comillas (ICADE E-3). He began his career at the Gonvarri Group in 1992 in the Business Develpment Division, and was later made its

EXTERNAL PROPRIETARY DIRECTORS		
Board member name or company name	Name or company name of the significant shareholder that the member represents or who nominated the member	Profile
		CEO. In 2005, he was the creating force behind ACEK Renovables, where he became Executive Chairman in 2007. Since 2010, he has been the chairman of Gonvarri Steel Industries and the co-chair of ACEK, the family holding company. He is also a sponsor of the Fundación Juan XXIII.
ANTONIO MARIA PRADERA JAUREGUI	ANTONIO MARIA PRADERA JAUREGUI	With a degree in Civil Engineering from Madrid Polytechnic University, in 1979 he began his career as a director at Banco Bilbao, where he remained until 1985. In 1988 he was appointed Executive Director of Nerisa, where he remained until 1993, when he moved to SEAT as Director of Strategy. He played an important role in the creation of INSSEC in 1995, of which he was CEO until 2010. He has been the Executive Chairman of CIE Automotive since 2002, where he has held positions in Strategic Management and Financial Design, as well as at Global Dominion Access, S. A. Since May 2015, he has been a director of Tubacex and since June 2015, of Corporación Financiera Alba. On December 31, 2017, he stepped down from his executive position at CIE Automotive, reinforcing the company's good governance practices.
FRANCISCO JOSÉ RIBERAS MERA	ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	He holds a licentiate in Law (1987) and a licentiate in Economics and Business Sciences (1988) from the Pontifical University of Comillas (ICADE E-3) in Madrid. He began his professional career holding different positions in the Gonvarri Group, as Director of Corporate Development and later as CEO. In 1997 he created Gestamp and since then he has been its Executive Chairman, over time forming what Gestamp is today. He is a member of the Boards of Directors of Telefónica and General de Alquiler de Maquinaria (GAM). He also sits on the boards of other Gestamp companies and companies of the family holding company Acek, including Acek Energías Renovables, Inmobiliaria Acek and Sideacero in the Gonvarri Group. He is also chairman of the Instituto de Empresa Familiar and participates in the Endeavor Foundation, among others.
VANKIPURAM PARTHASARATHY	MAHINDRA & MAHINDRA LTD	He holds a Bachelor's degree in Business from Gujarat University and a degree from Harvard Business School's Advanced Management Program. He began his professional career at Xerox, where he reached the position of associate director. He joined the Mahindra&Mahindra, Ltd. Group in 2000, where he has held various senior positions. He is currently CFO and CIO of Mahindra&Mahindra, Ltd. and sits on the group's Executive Committee and serves on the boards of fourteen subsidiaries (four of which are listed). He has received various awards in the fields of Finance, M&A, and IT.

EXTERNAL PROPRIETARY DIRECTORS		
Board member name or company name	Name or company name of the significant shareholder that the member represents or who nominated the member	Profile
SHRIPRAKASH SHUKLA	MAHINDRA & MAHINDRA LTD	He holds a Bachelor's degree in Technology from the Indian Institute of Technology, Banaras Hindu University and an MBA from the Indian Institute of Management, Ahmadabad. His career has spanned several companies such as Dunlop India, Swisscom Essar (now Vodafone Essar) and Reliance Group, before joining the Mahindra Group. He currently chairs several subsidiaries of Aerospace & Defence and Special Steels, and is a member of the Executive Committee of Mahindra&Mahindra, Ltd. He previously held the positions of Group Strategy Director and Group Brand Director. He is chairman of Mahindra CIE Automotive, Ltd.
JACOBO LLANZA FIGUEROA	ALANTRA ASSET MANAGEMENT, SGIIC, S. A	He holds a Licentiate in Economics and Business Administration from the University of Paris. His professional career has been linked to investment banking, where he began in 1989 in various positions at Banque Indosuez and Bancapital, before creating and directing AB Asesores Moneda in 1992, a company of the AB Asesores Group. After that company was sold to Morgan Stanley in 1999, he joined Dresdner Kleinwort Wasserstein, where he was managing director of Equities and Derivatives for Latin America, Eastern Europe, Africa, and the Middle East. In 2002, he joined Alantra (formerly N+1), where he is currently Managing Partner and CEO of Alantra Asset Management.
GOIZALDE EGAÑA GARITAGOITIA	ELIDOZA PROMOCION DE EMPRESAS, S. L.	She holds a degree in Economics and Business Administration from the University of Deusto in San Sebastián, where she also completed a postgraduate course in "Business Competitiveness and Regional Development" and an "Executive Program in Financial Management". She began her professional career in 1989 in the Financial Department of CIBENSA (Compañía Ibérica de Encuadernaciones S. A.) and, subsequently, she was a member of the audit team of Attest Consulting (1990-92). She has been a Board member of INSSEC, and is currently sits on the Boards of Global Dominion Access, S. A. and F&F Inversiones.
MARIA TERESA SALEGUI ARBIZU	ADDVALIA CAPITAL, S. A.	She holds a Licentiate in Economics and Business Administration from the University of Deusto. She began her career at the transport company La Guipuzcoana (1988-2002), where she reached the position of general manager, a position she also held at DHL Express Iberia (2002-2004). She is currently chairman of Addvalia Capital and Perth Espacio y Orden, as well as participating in the governance and administration of companies such as One Facility Management, Baztango, and F&F Inversiones, where she is a director.

Total number of proprietary directors	9
% of total on board	64. 29

EXTERNAL INDEPENDENT DIRECTORS	
Board member name or company name	Profile
CARLOS SOLCHAGA CATALÁN	He holds a Licentiate in Economics and Business Administration from the Complutense University of Madrid and completed graduate studies at the Alfred P. Sloan School of the Massachusetts Institute of Technology (MIT). In 1980 he was elected member of the Spanish Parliament as a deputy for the Spanish Socialist Workers Party (PSOE) and was re-elected successively in 1982, 1986, 1989 and 1993, holding the post of chairman of the PSOE's Parliamentary Group in 1993-94. He was a member of the Basque Regional Government prior to the approval of the Statute of Autonomy of the Basque Country (1979-80), and was Chairman of the Interim Committee of the International Monetary Fund (1991-93), as well as being Spain's Minister of Industry and Energy (1982-85) and Minister of Economy and Finance (1985-93). He is currently an international consultant and chairman of the firm Solchaga & Recio Asociados. He also holds, among others, the positions of honorary chairman of the Euroamerica Foundation, chairman of the Architecture and Society Foundation, chairman of the Advisory Board of the Roca Junyent Law Firm, a member of the Scientific Council of the Elcano Royal Institute, an honorary member of the Reina Sofia Museum, and a Board member of Pharma Mar, S. A.
ÁNGEL MANUEL OCHOA CRESPO	He holds a Licentiate in Economics and Business Administration from the University of the Basque Country and a Master of International Business Administration (MIBA) from the United States International University of San Diego (USA). He has more than twenty-four years of experience in the financial sector, where he has held various positions: manager of the Multinational Department of Barclays Bank, deputy director of Corporate Banking at Lloyds Bank, deputy general manager of Banque Privée Edmond de Rothschild Europe, branch in Spain and director of the Basque Country and Cantabria for Banco Sabadell Atlántico, among others. He has also sat on the boards of several Undertakings for Collective Investment in Transferable Securities (UCITS). He is currently a financial advisor in investment matters and partner of the firm Angel Ochoa Crespo EAF. He is also chairman of ISLOPAN, S. A.
ARANTZA ESTEFANÍA LARRAÑAGA	She holds a degree in Law with Honors and Extraordinary End of Degree Award from the University of Deusto. She has more than thirty years of experience in the field of corporate law, where she was managing partner of the law firm Uría Menéndez Abogados S. L. P. from its founding in 2000 to January 2019. In recent years she has developed an extensive practice in the area of compliance and criminal risk prevention, as well as environmental and safety. She has also been a member of that firm's Board, sitting on its Professional Practice Management Committee and its Criminal Risk Prevention Committee. She has been recognized by Best Lawyer in Spain annually and continuously since 2013 as a leading lawyer in arbitration and mediation practices and as lawyer of the year in the procedural area. She is currently an independent director of Repsol, a member of the Appointments Committee and a member of the Sustainability Committee. She is also Chairwoman of the Economic Committee of the Economic and Social Council of the Basque Regional Government and Secretary of the Board of Bilbao Exhibition Centre S. A.

Total number of independent directors	3
% of total on board	21. 43

Indicate whether any directors classified as independent receive from the company, or from the same group, any sums or benefits other than director's remuneration, or maintain or have maintained, during the last fiscal year, a business relationship with the company or with any company in its group, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where appropriate, a reasoned statement from the board must be included as to the reasons why it considers that those directors may perform their duties as an independent director.

Board member name or company name	Description of the relation	Substantiated statement
No information		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and specify the reasons why they cannot be classified as proprietary or independent directors and their relations to the company, its managers, and its shareholders:			
Board member name or company name	Reasons	Company, manager, or shareholder to which the director is related	Profile
No information			

Total number of external directors	N. A.
% of total on board	N. A.

Indicate any changes to each director's category over the course of the year:

Board member name or company name	Date changed	Previous category	Current category
No information			

C.1.4 Fill out the following table with the information on the number of directors at the close of the last four financial years, and those directors’ categories:

	Number of directors				% of total directors in each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Executive					0. 00	0. 00	0. 00	0. 00
Proprietary	2	2	2	2	22. 22	25. 00	25. 00	25. 00
Independent	1				33. 33	0. 00	0. 00	0. 00
Other external					0. 00	0. 00	0. 00	0. 00

	Number of directors				% of total directors in each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Total	3	2	2	2	21.43	15.38	15.38	15.38

C.1.5 Indicate whether the company has diversity policies in relation to the company's board of directors with regard to issues such as age, gender, disability, or professional training and experience. Companies defined as small or medium under the Spanish Auditing Act [*Ley de Auditoría de Cuentas*], will have to report, at least, the policy they have established in relation to gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

If so, describe these diversity policies, their objectives, the measures, and way they are applied and their results during the year. Also indicate the specific measures the Board and the Appointments and Remuneration Committee took to ensure a balanced and diverse presence of directors.

If the company does not apply a diversity policy, indicate the reasons why it does not.

Description of the policies and measures and how they are applied, and the results obtained.

The company's diversity policy is directly accessible on the corporate website, where its contents can be easily consulted. Approving the diversity policy in 2019 was the most recent concrete measure carried out by the company to achieve a balanced and diverse presence of directors.

The company considers that the composition of its board of directors reflects the objectives pursued by the diversity policy, with there being a balanced and diverse presence of directors.

The diversity policy aims at selecting candidates to achieve a diverse and balanced composition of the Board as a whole, which enriches decision-making and brings pluralistic points of view to the discussion of matters under its purview.

In this sense, the Board is committed to promoting diversity in its composition, and to this end, when selecting candidates for directors, candidates will be considered whose appointment would help ensure that the Board members have different skills, expertise, experience, origins, nationalities, ages, and genders.

The diversity criteria are chosen with regard to the nature and complexity of the businesses carried out by the Group, as well as the social and geographical context in which it operates.

Additionally, depending on the needs of the Board, other criteria may also be taken into consideration.

In the process of selecting candidates, any type of bias that may imply any discrimination, among others, for reasons of sex, ethnic origin, age, or disability, will be avoided.

The Board of Directors will periodically evaluate the degree of compliance and effectiveness of its diversity policy and, in particular, the percentage of female directors existing at any given time, in order to assess the degree of compliance with the corporate governance recommendations regarding the presence of women on the Board.

C.1.6 Explain any the Appointments Committee has agreed on to ensure that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes women among the potential candidates who meet the professional profile sought and that allows a balanced presence of women and men to be achieved.

Also indicate whether these measures include encouraging the company to have a significant number of female senior managers:

Explanation of the measures

The Appointments and Remuneration Committee must ensure that members of both sexes are considered who meet the conditions and capabilities required both for the position of member of the Board and for holding senior management positions. In this regard, with respect to the selection of female directors, the Company follows the guidelines set forth in the policy for selecting candidates for directors and diversity on the Board.

With regard to the selection of senior managers, although there are no specific measures, the Committee follows the same criteria as those established for the selection of directors, thus ensuring the absence of implicit biases that hinder the selection of female directors and senior managers.

If, despite any measures adopted, there are few or no female directors and senior managers, explain why:

Explanation of reasons

The Company considers that the number of female directors and senior managers is sufficient, on the understanding that, as a whole, it is neither low nor zero. In any case, the Company is constantly striving to increase the number of female directors and senior managers, as evidenced by the recent appointment of independent director Arantza Estefanía Larrañaga.

By way of illustration, it should be noted that the total percentage of female directors and senior managers with respect to the total number of Board members and senior managers is 30. 43%.

C.1.7 Explain the Appointments Committee's findings on the verification of compliance with the policy aimed at favoring an appropriate composition of the board.

The Appointments and Remuneration Committee understands the importance of complying with policies aimed at favoring an appropriate composition of the board. In this regard, as indicated above, the Appointments and Remuneration Committee ensures that appointments of new directors do not suffer from an implicit gender bias, mainly in the case of non-proprietary directors (since this is where it has the greatest room to maneuver in the selection process) and that, as far as possible, the number of female directors is promoted, without prejudice to always taking into consideration candidates who meet the conditions and capabilities required for the position. In this regard, for example, in 2020, the number of female directors of the Company was increased from 13 to 14, with the new member being an independent female director.

C.1.8 Explain, the case being, the reasons why proprietary directors were appointed who were nominated by shareholders that hold less than 3% of the company's share capital:

Shareholder name or company name	Justification
No information	

Indicate whether formal requests have not been met for a presence on the Board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed. If applicable, explain why the requests were not fulfilled:

[ ] Yes
[√] No

C.1.9 Indicate any powers of attorney and representation the board has conferred upon directors and board committees:

Director or committee name	Brief description
JESUS MARIA HERRERA BARANDIARAN	The CEO has been delegated all of the board's powers, except those that may not be delegated.

C.1.10 Identify any board members who are directors, representatives, or managers of other companies in the listed company's group:

Board member name or company name	Name of the group company	Position	Does the board member have executive duties?
FERMIN DEL RIO SANZ DE ACEDO	Gescrap-Autometal Comercio de Sucatas México, S. A.	BOARD MEMBER	NO
FERMIN DEL RIO SANZ DE ACEDO	Gescrap Autometal México, S. A. de C. V.	BOARD MEMBER	NO
FERMIN DEL RIO SANZ DE ACEDO	Gescrap-Autometal México Servicios, S. A. de C. V.	BOARD MEMBER	NO
FERMIN DEL RIO SANZ DE ACEDO	Autometal, S. A.	CHAIRMAN	NO
ANTONIO MARIA PRADERA JAUREGUI	Autokomp Ingenieria, S. A. U.	CHAIRMAN	NO
ANTONIO MARIA PRADERA JAUREGUI	Autometal, S. A.	BOARD MEMBER	NO
ANTONIO MARIA PRADERA JAUREGUI	CIE Berriz, S. L.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	CIE Galfor, S. A. U. ; CIE Legazpi, S. A. U. ; Autokomp Ingeniería S. A. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Mahindra CIE Automotive, LTD	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Mahindra Forgings Europe, AG	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Plasfil Plásticos da Figueira, S. A.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	CIE Berriz México Servicios Administrativos, S. A. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	CIE Celaya, S. A. P. I. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Forjas de Celaya, S. A. P. I. de C. V.	CHAIRMAN	NO

Board member name or company name	Name of the group company	Position	Does the board member have executive duties?
JESUS MARIA HERRERA BARANDIARAN	Maquinados Automotrices y Talleres Industriales Celaya S. A. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Percaser de México, S. A. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Pintura Estampado y Montaje, S. A. P. I. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Pintura y Ensambles de México, S. A. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Servicat Servicios Contables Administrativos y Técnicos, S. A. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	GAT México. S. A. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Newcor, Inc	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	CIE Automotive USA, Inc	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	CIE Autometal de México, S. A. P. I. de C. V.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Nova Recyd, S. A. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Gameko Componentes de Automoción, S. A.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Mecanizaciones del Sur Mecasur, S,A,	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Transformaciones Metalurgicas Norma, S. A.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Inyectametal, S. A.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Orbelan Plásticos, S. A.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Industrias Amaya Tellería, S. A. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	CIE Udalbide, S. A. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Recyde, S. A. U.	BOARD MEMBER	NO

JESUS MARIA HERRERA BARANDIARAN	CIE Mecauto, S. A. U.	BOARD MEMBER	NO

Board member name or company name	Name of the group company	Position	Does the board member have executive duties?
JESUS MARIA HERRERA BARANDIARAN	Alurecy, S. A. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Componentes de Automoción Recytec, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Alcasting Legutiano, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	CIE AUTOMOTIVE GOIAIN, S. L.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	Autometal, S. A.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Componentes de Automoción Recylan, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Denat 2007, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Egaña 2, S. L.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Advanced Comfort Systems Iberica, S. L.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Biodiesel Mediterraneo, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Reciclado Ecológico de Residuos, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Grupo Componentes Vilanova, S. L.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Biosur Transformación, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Reciclado de Residuos Grasos, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	Leaz Valorización, S. L. U.	BOARD MEMBER	NO
JESUS MARIA HERRERA BARANDIARAN	CIE AUTOMOTIVE BOROA, S. L.	CHAIRMAN	NO
JESUS MARIA HERRERA BARANDIARAN	CIE ROOF SYSTEMS, S. L.	CHAIRMAN	NO

C.1.11 Indicate any board members or representatives of legal entity board members of your company who sit on the board or represent legal entity board members of other companies listed in regulated markets other than your group, who have been communicated to the company:

Board member name or company name	Name of the listed company	Position
SANTOS MARTÍNEZ- CONDE GUTIÉRREZ BARQUÍN	CORPORACIÓN FINANCIERA ALBA, S. A.	BOARD MEMBER
SANTOS MARTÍNEZ- CONDE GUTIÉRREZ BARQUÍN	ACERINOX, S. A.	BOARD MEMBER
SANTOS MARTÍNEZ- CONDE GUTIÉRREZ BARQUÍN	INDRA SISTEMAS, S. A.	BOARD MEMBER
JUAN MARÍA RIBERAS MERA	GESTAMP AUTOMOCIÓN, S. A.	BOARD MEMBER
JUAN MARÍA RIBERAS MERA	GLOBAL DOMINION ACCESS, S. A.	BOARD MEMBER
ANTONIO MARIA PRADERA JAUREGUI	TUBACEX, S. A.	BOARD MEMBER
ANTONIO MARIA PRADERA JAUREGUI	CORPORACIÓN FINANCIERA ALBA, S. A.	BOARD MEMBER
ANTONIO MARIA PRADERA JAUREGUI	GLOBAL DOMINION ACCESS, S. A.	CHAIRMAN
GOIZALDE EGAÑA GARITAGOITIA	GLOBAL DOMINION ACCESS, S. A.	BOARD MEMBER
CARLOS SOLCHAGA CATALÁN	PHARMA MAR, S. A.	BOARD MEMBER
JESUS MARIA HERRERA BARANDIARAN	GLOBAL DOMINION ACCESS, S. A.	BOARD MEMBER
FRANCISCO JOSÉ RIBERAS MERA	GESTAMP AUTOMOCIÓN, S. A.	CHAIRMAN
FRANCISCO JOSÉ RIBERAS MERA	TELEFÓNICA, S. A.	BOARD MEMBER
FRANCISCO JOSÉ RIBERAS MERA	GAM GENERAL DE ALQUILER DE MAQUINARIA, S. A.	BOARD MEMBER
ARANTZA ESTEFANÍA LARRAÑAGA	GLOBAL DOMINION ACCESS, S. A.	BOARD MEMBER
ARANTZA ESTEFANÍA LARRAÑAGA	REPSOL, S. A.	BOARD MEMBER

C.1.12 Indicate and, if applicable explain whether the company has established rules on the maximum number of company boards its directors sit on, identifying, if applicable, where it is regulated:

[ ] Yes
[√] No

C.1.13 Indicate the amounts of the following different types of pay related to the total remuneration of the board:

Remuneration accrued for the board in the year (thousands of euros)	5,535
Amount of total pension rights accumulated by current board members (thousands of euros)	
Amount of total pension rights accumulated by former board members (thousands of euros)	

C.1.14 Identify the senior manager who are not also executive directors, and indicate the total remuneration accrued in their favor during the year:

Name or company name	Position(s)
ALEXANDER TORRES COLOMAR	Plastics Director, Brazil, and Mexico
AITOR ZAZPE GOÑI	Director of the European Plastics and Roof Systems Divisions and Human Resources Director
JUSTINO UNAMUNO URCELAY	Director of CIE's Forging and Metal Divisions for Europe and China.
IRACHE PARDO VILLANUEVA	Director of finance, treasury, and corporate purchasing
SUSANA MOLINUEVO APELLÁNIZ	Director of corporate social responsibility and compliance
JOSÉ LUIS CASTELO SÁNCHEZ	Director of stamping, Mexico
MARIA MIÑAMBRES GARCIA	Director of corporate controlling and taxes
ANDER ARENAZA ALVAREZ	Director of the Aluminum and Machining Divisions and CEO of Mahindra CIE Automotive
LOREA ARISTIZÁBAL ABÁSOLO	Director of corporate development and investor relations

Number of female senior managers	4
Percentage of total members of senior management	44.44

Total senior management registration (in thousands of euros)	6,073

C.1.15 Indicate if there were any changes to the board’s regulations during the year:

[√] Yes
[ ] No

Describe the changes
The board resolved to amend the wording of articles 3 (amendment of the regulations), 5 (general supervisory function), 10 (vice-chair or vice-chairs), 12 (coordinating director), 14 (deputy secretary of the board), 15 (board committees), 16 (delegated executive committee), 19 (ASG committee), 19 *bis* (strategy and operations committee), and 21 (venue of meetings) of the Board Regulations, in order to adapt the Company's corporate documents to the reform of the Good Governance Code [*Código de Buen Gobierno*] approved by the CNMV on June 26, 2020, and with the purpose of modifying the name of the Corporate Social Responsibility Committee, which is now called the ESG Committee. Likewise, certain sections of the Audit and Compliance Committee Regulations and of the ESG Committee Regulations have been modified, consistent with the purposes described in the preceding paragraph.

C.1.16 Indicate the procedures for selecting, appointing, re-electing, and removing directors. Specify the competent bodies, the formalities required and the criteria to use in each procedure.

The general meeting is responsible for appointing board members, although the board has the power to designate members as replacements in the event of a vacancy. To that end, article 23 of the bylaws states that:

"4. - It is not necessary to be a shareholder to be appointed to the board.
5. - Board members will hold their position for four (4) year terms, and they may be re-elected once or several times to similar terms.
6. - The Board members appointed by co-opting will hold office until the date of the first General Meeting.
7. - The Board members will cease to hold office when so decided by the General Meeting, when they notify the Company of their resignation or departure and when the period for which they were appointed has elapsed. In this latter case, the resignation will take effect on the day when the next General Meeting is held or when the legal term for holding the Meeting that must resolve on the approval of the accounts of the previous year has elapsed.
8. - The members of the administrative body will perform the duties stipulated by Law with the diligence of an orderly businessman, taking into account the nature of the position and the functions attributed to each of them. In addition, the Board members will perform their duties with the loyalty of a loyal representative, acting in good faith and in the best interest of the company. The Regulations of the Board will develop the specific obligations of the directors deriving from the duties included in the Law and, in particular, those of confidentiality, non-competition and loyalty, paying special attention to situations of conflict of interest. "

Article 23 of the Board Regulations also stipulates the following:

"1. The Board Members will be appointed by the General Meeting or by the Board of Directors in accordance with the law.
2. The proposals for appointment and re-election of Members that the Board of Directors submits to the consideration of the General Meeting and the appointment decisions adopted by the Board, by virtue of the co-opting powers legally attributed to it, must be preceded by the corresponding proposal of the Appointments and Remuneration Committee, in the case of independent Directors, or by the report from that Committee, in the case of all other Directors. If the Board does not follow the report by the Appointments and Remuneration Committee, it must explain the reasons for not doing so and record its reasons in the minutes.
3. The proposals and reports of the Appointments and Remuneration Committee must expressly assess the candidates' honor, suitability, solvency, competence, experience, qualifications, training, availability, and commitment to their duties. For these purposes, the Appointments and Remuneration Committee will determine the estimated time of dedication, in number of hours per year, for non-executive Directors, stating this in the corresponding report or proposal.
4. The Appointments and Remuneration Committee must propose or report, in each case, the assignment of the Director to one of the categories specified in these Regulations and review it on an annual basis. "

C.1.17 Explain the extent to which the annual evaluation of the Board has led to significant changes in its internal organization and in the procedures applicable to its activities:

Describe the changes

The annual evaluation of the Board has served to reflect and take notes on the functioning of the Board and its collegiate bodies, but has not led to relevant changes in its internal organization or procedures.

Describe the evaluation process and the areas evaluated that have been carried out by the board of directors assisted, if applicable, by an external consultant, regarding the functioning and composition of the board and its committees and any other areas and aspects that have been subject to evaluation.

Description of the evaluation process and areas evaluated

The external advisor (Evaluación de Consejos) carried out the process by (i) examining all relevant corporate documents; (ii) preparing a questionnaire addressed to the directors and adapted to the objectives of the CIE Group; (iii) receiving and processing the information received; and (iv) comparing the opinions expressed in order to crystallize the most qualitative assessments.

In this context, the following areas were specifically addressed:

1. ESG aspects;
2. Operational quality and efficiency of the Board;
3. Diversity and composition of the Board;
4. Communication policy;
5. Functioning and composition of committees;
6. Succession policies and plans;
7. Performance of statutory roles;
8. Individual contributions of the Board Members.

C.1.18 For the years where an external consultant helped with the evaluation, a breakdown of the business relationships that the consultant and any companies in its group have with the company and any companies in its group.

For the annual evaluation of the year in question, the Board was assisted by Evaluación de Consejos, S. L. as an external consultant. Aside from that assistance, neither the external consultant nor any company of its group has any business relationship with the company or any company of its group.

C.1.19 Indicate the cases where directors must be dismissed.

Article 26 of the Board Regulations stipulates the following:

"1. Board members or any of them will be dismissed in the terms provided in the legislation applicable at any given time.

2. Board members must place their position at the disposal of the Board and submit their resignation, if the Board deems it appropriate, in the following cases:
a) In the case of proprietary Directors, when they or the shareholders they represent transfer their holdings in the Company.
b) In the case of executive Directors, whenever the Board deems it appropriate and, in any case, if they cease to hold an executive position in the Company and the companies of its Group.
c) If they have a conflict of interest or are prohibited from performing their position as specified by law.
d) If they are prosecuted for an allegedly criminal act or are subject to disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.
e) In the case of CEOs, they will be dismissed from their position at the age of 65, but may continue as Board Members, without prejudice to letter (b) above.
f) If they are seriously reprimanded by the Board following a report from the Audit and Compliance Committee for having breached their obligations as Board Members. "

C.1.20 Are super majorities required beyond those provided by law for adopting any type of decision?

[√] Yes
[ ] No

If so, describe the differences.

Description of the differences

Article 3 of the Board Regulations provides that a majority of at least two thirds of the directors present or represented at the meeting in question will be necessary to amend the Regulations, as opposed to the Companies Act, which does not provide for special majorities for this case.

C.1.21 Explain whether there are specific requirements, other than those relating to the directors, to be appointed chair of the board:

[ ] Yes
[√] No

C.1.22 Indicate whether the bylaws or board regulations place an age limit on board members:

[√] Yes
[ ] No

	Age Limit
Chair	N. A.
CEO	65
Director	N. A.

C.1.23 Indicate whether the bylaws or the board regulations establish a limited term or other more restrictive requirements beyond those provided by law for independent board members, aside from the regulations:

[ ] Yes
[√] No

C.1.24 Indicate whether the bylaws or the board regulations establish specific rules for delegating voting in the board to other directors, the manner for doing so and, in particular, the maximum number of proxies that a director may have, as well as whether any limitation has been established regarding which categories may be proxies, beyond the limitations imposed by law. If so, give a brief description of these rules.

Article 22(2) of the Board Regulations stipulates the following:

"Board members must attend the meetings of the Board and, when they are unable to do so in person, they must delegate another board member to represent them, together with the appropriate instructions. Non-executive Directors may only delegate other non-executive Directors as proxies.
Representation may not be delegated in relation to matters regarding which the Board Member is in any situation of conflict of interest. Proxies must be granted on a special basis for each meeting of the Board, and may be communicated by any of the means provided for convening meetings. "

C.1.25 Indicate the number of times the board met during the year. Also indicate, if applicable, the number of times the board met without the chair in attendance. The calculation should include proxies with specific instructions.

Number of board meetings	8
Number of board meetings without the chair in attendance	0

Indicate the number of times the coordinating director held meetings with the other board members without a CEO in attendance:

Number of meetings	0

Indicate the number of times the board's various committees met during the year:

Number of ASG Committee meetings	2
Number of Audit and Compliance Committee meetings	6

Number of Appointments and Remuneration Committee meetings	2

C.1.26 Indicate the number of times the board met during the year and the attendance information of its members:

Number of meetings with at least 80% of the board members present in person	8
In-person attendance % out of total votes during the year	93. 64
Number of meetings with all board members present in person or represented by proxies with specific instructions	4
% of votes issued with in-person attendance and proxies with specific instructions, out of the total votes cast during the year	93. 64

C.1.27 Indicate if the individual and consolidated annual financial statements submitted to the board for drawing up are certified first:

[ ] Yes
[√] No

If applicable, indicate the person(s) who certified the company's individual and consolidated annual financial statements, for drawing up by the board:

C.1.28 Explain any mechanisms the board put in place to ensure that the annual financial statements it submits to the general meeting are drawn up in accordance with accounting regulations.

Pursuant to Article 3 of the Audit and Compliance Committee Regulations, the committee's duties include:

f) Analyzing, together with the auditors, any major weaknesses of the internal control system detected during the audit.

g) Supervising the process of preparing and reporting mandatory financial and non-financial information.

h) Proposing to the Board, for submission to the General Meeting, the appointment, re-election, or replacement of the auditors, as well as the conditions for retaining them, in accordance with the applicable regulations, and to receive regular information from them on the audit plan and its implementation, in addition to preserving their independence in the exercise of their functions.

i) Supervising the work of the Compliance and Internal Audit areas, which will functionally report to the Audit and Compliance Committee, and ensuring their independence.

j) Proposing the selection, appointment, and dismissal of those responsible for the Compliance and Internal Audit services; proposing the budget for these services; approving the orientation and annual work plan, ensuring that their activity is focused primarily on the relevant risks; receiving periodic information on their activities; and verifying that Senior Management takes into account the conclusions and recommendations of their reports.

k) Establishing the appropriate relationships with the auditors to receive information on any issues that may jeopardize their independence, for examination by the Committee, and any others related to the process of auditing the accounts, along with any other communications specified in the legislation on auditing of accounts and in the other auditing standards.

l) In any case, it will receive annually from the auditors written confirmation of their independence in relation to the Company or entities directly or indirectly related to it, as well as information on additional services of any kind rendered and the corresponding fees received from these entities by the aforementioned auditors, or by the persons or entities related to them in accordance with the legislation on auditing of accounts.

m) Issuing annually, prior to the audit report, a report expressing an opinion on the independence of the auditors. This report must, in any case, express an opinion on the provision of the additional services referred to in the preceding section, on the terms established by law.

n) Informing the Board regarding the financial and non-financial information that, due to its status as a listed company, the Company must periodically make public, ensuring that the interim financial statements are prepared under the same accounting criteria as the annual accounts and, to this end, considering the appropriateness of a limited review by the auditor.

C.1.29 Is the secretary of the board a board member?

[ ] Yes
[√] No

If the secretary is not a board member, fill out the following table:

Name or company name of the secretary	Representative
JOSÉ RAMÓN BERECIBAR MUTIOZABAL	

C.1.30 Indicate the specific mechanisms that the company has put in place to preserve the independence of the external auditors, and the case being, the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

Article 46 of the Board Regulations regulates the relations with the external auditors: "Article 46. Relations with

Auditors

1.The Board's relations with the Company's external auditors will be channeled through the Audit and Compliance Committee, on the terms resulting from the Bylaws and the Regulations of the Audit and Compliance Committee.

2. In its report, the Board will report the fees paid by the Company each year to the auditor for services other than auditing.

3. The Board will endeavor to draw up the annual accounts in such a way that there is no room for qualifications by the auditor. However, when the Board considers that its opinion should be kept, it must explain the content and scope of the discrepancy. "

By virtue of this mandate, the Audit and Compliance Committee will be responsible for maintaining relations with the external auditors in order to receive information on any matters that may jeopardize their independence and on any other matters related to the process of auditing the financial statements, as well as any other communications specified in the legislation on auditing the financial statements and in the technical auditing standards.

C.1.31 Indicate whether the Company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

[ ] Yes
[√] No

If there were disagreements with the outgoing auditor, explain their content:

[ ] Yes
[√] No

C.1.32 Indicate if the audit firm performs other work for the company and its group other than auditing services, and in that case state the amount of the fees paid for that work and the percentage it represents of the fees billed to the company and its group for audit services:

[√] Yes
[ ] No

	Company	Group companies	Total
Amount of non-auditing services (thousands of euros)	157	311	468
Amount of non-auditing services / Amount of auditing services (in %)	100	24. 47	32. 89

The amount of the non-auditing services over the amount of auditing services is 103,29% as long as the non-auditing services are a higher amount than the auditing services in the stand-alone parent company.

C.1.33 Indicate if the audit report on the previous year's financial statements contained qualifications. If so indicate the reasons that the head of the Audit Committee gave to the general meeting to explain the content and extent of the qualifications.

[ ] Yes
[√] No

C.1.34 Indicate the number of years that the current audit firm has been auditing the company's individual and consolidated annual financial statements without interruption. Also indicate the percentage of years audited by the current audit firm out of the total number of years with audited annual financial statements:

	Individual	Consolidated
Number of uninterrupted years	19	19

	Individual	Consolidated
No. of years audited by the current audit firm / No. of years the company and its group have been audited (in %)	52. 77	52. 77

C.1.35 Indicate, and if applicable provide details, whether there is a procedure for board members to get the necessary information to prepare for management body meetings sufficiently in advance:

[√] Yes
[ ] No

Details of the procedure
In accordance with Article 20 of the Board Regulations, at the time the meeting is called, the directors will be sent the relevant information for the purposes of the meeting. In addition, sufficiently in advance, the directors are sent a copy of the presentation that will serve as a guide for the meeting, so that they are aware in

advance of the content of the various items on the agenda and have enough time to prepare for the meetings.

In addition, Article 29 of the Board Regulations states that, in order to be assisted in the performance of their duties, any directors may request the engagement, at the company's expense, of legal, accounting, financial, technical, commercial, or other expert advisors, if they deem it necessary for the proper performance of their duties. The assignment must necessarily deal with specific problems of special complexity.

C.1.36 Indicate and, if applicable, provide details, on whether the company has put rules in place that require directors to report and, if applicable, resign when situations arise that affect them, whether or not they are related to their performance in the company itself, that could damage the credit and reputation of the company:

[√] Yes
[ ] No

Explain the rules
Article 26. 2(d) of the Board Regulations requires its members to place their position at the disposal of the Board in the event that "(. . .) they are prosecuted for an allegedly criminal act or are the subject of disciplinary proceedings for serious or very serious misconduct conducted by the supervisory authorities".

C.1.37 Indicate, unless there have been special circumstances recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting director, whether or not it is related to their performance in the company itself, which could damage the credit and reputation of the company:

[ ] Yes
[√] No

C.1.38 Provide details of any significant agreements that the company has reached and that come into force, are modified, or terminated in the event of a change in control of the company due to a public buyout bid, and their effects.

There are no such significant agreements.

C.1.39 Identify individually, in the case of directors, and in aggregate in all other cases, and indicate, in detail, any agreements between the company and its executives and directors or employees that provide for severance pay or golden parachute clauses if they resign or are unfairly dismissed or if the contractual relationship comes to an end as a result of a takeover bid or other types of operations.

Number of beneficiaries	1
Type of beneficiary	Description of the agreement
CEO of the company	The contract with the CEO complies with subsections (g) (clawback) and (h) (termination) of section IV of the Director Remuneration Policy. "(g) In view of the proposal, if applicable,

Type of beneficiary	Description of the agreement
	by the Appointments and Remuneration Committee, the Board has the power to claim any remuneration already paid out in relation to the commitment to remain and not compete (claw-back clauses) in the aforementioned circumstances. In addition, additional grievance measures may be taken in special situations such as fraud, and serious breach of law. " "(h) The CEO will be entitled to receive the full amount of his long-term variable remuneration and the full amount of his tenure and non-compete commitment in the event that the General Meeting and the Board decide not to retain him in office for any circumstances within the ten (10) year period from January 1, 2018. In addition, he may also be entitled to receive an additional amount (at most, equivalent to two years' worth of his fixed and variable remuneration in the short term) to be included, if applicable, in his contract. "

Indicate whether, beyond in the cases provided for by regulations, these contracts must be reported to and approved by the bodies of the company or of its group. If so, specify the procedures, the cases envisaged and the nature of the bodies responsible for approving or communicating them:

	Board of directors	General meeting
Body that authorizes the clauses	√	

	Yes	No
Is the general meeting informed of the clauses?	√	

C.2. Board committees

C.2.1 Provide details on all of the board's committees, their members, and the proportion of executive, proprietary, independent, and other external board members on them:

ASG Committee		
Name	Position	Category
SANTOS MARTÍNEZ- CONDE GUTIÉRREZ BARQUÍN	MEMBER	Proprietary director
GOIZALDE EGAÑA GARITAGOITIA	CHAIRMAN	Proprietary director
MARIA TERESA SALEGUI ARBIZU	MEMBER	Proprietary director

% of executive directors	0. 00
% of proprietary directors	100. 00
% of independent directors	0. 00
% of other external directors	0. 00

Explain the duties delegated or attributed to this committee other than those already described in section C. 1. 9, and describe its procedures and rules of organization and operation. For each of these duties, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether by law, in the bylaws or in other corporate resolutions.

The ASG Committee is an internal informative and consultative body without executive functions that has the power to provide information, advice, and proposals in areas under its purview.

To this effect, the ESG Committee will have the following responsibilities:

a) Ensuring the existence of a Code of Conduct in the Company, proposing its approval and its subsequent modifications to the Board, and promoting any relevant issue for the promotion of knowledge and compliance with the Code of Conduct.

b) Supervising the regulations of the Company's ethics channel and internal procedures to verify their effectiveness in preventing inappropriate conduct and identifying any policies and procedures that may be more effective in promoting the highest ethical standards.
c) Periodically reviewing the environmental policies, including climate change, social and corporate governance policies and proposing any modifications and updates to the Board for approval or submission to the General Shareholders' Meeting, that would contribute to their development and continuous improvement.
d) Understanding, promoting, guiding, and supervising the strategy and performance of corporate governance in matters of sustainability and reporting o on them to the Board.
e) Supervising compliance with legal requirements and corporate governance standards.
f) Supervising and assessing the relationship processes with the different stakeholders.
g) Evaluating and reviewing the Company's plans for implementing ESG policies and tracking their degree of compliance.
h) Reporting on the performance by entities of a foundational nature linked to the Group of the general interest and ESG activities entrusted to them.
i) Reporting on the Company's Annual Corporate Governance Report prior to its approval, requesting reports from the Audit and Compliance Committee and the Appointments and Remuneration Committee in relation to the sections of the report that fall within its purview, and the annual report.
j) Any other duties that may be resolved by the Company's Board.

During the year in question, the most significant actions have been the following:
(i) reporting on the ACGR, CRR, and Annual Financial Report in the matters under its purview;
(ii) reporting on the consolidated Statement of Financial Information and the circumstances related to its content;
(iii) tracking the operation of the Code of Ethics and the incidents that occurred during the year as a result of the Ethics Mailbox;
(iv) assessing corporate policies and actions to be implemented during the year, as well as making suggestions to modify existing policies.

Audit and Compliance Committee		
Name	Position	Category
CARLOS SOLCHAGA CATALÁN	MEMBER	Independent director
ÁNGEL MANUEL OCHOA CRESPO	CHAIRMAN	Independent director
MARIA TERESA SALEGUI ARBIZU	MEMBER	Proprietary director
ARANTZA ESTEFANÍA LARRAÑAGA	MEMBER	Independent director

% of executive directors	0. 00
% of proprietary directors	25. 00
% of independent directors	75. 00
% of other external directors	0. 00

Explain the duties, including, if applicable, any beyond those required by law, assigned to this committee, and describe its procedures and rules of organization and operation. For each of these duties, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether by law o in the bylaws or in other corporate resolutions.

The Audit and Control Committee has the responsibility of assisting the Company's Board in the supervision of the financial and non-financial statements as well as in the exercise of the control function in the Company and the companies that are part of its Group.

To that end, the Audit and Control Committee will have the following powers:

a) Periodically reviewing the risk policy and proposing amendments and updates to the Board.
b) Approving the policy on retaining the auditor.
c) Informing the General Meeting regarding any questions the shareholders in it raise on matters under its purview.
d) Supervising the effectiveness of the internal control mechanisms of the Company and its Group, as well as their systems for managing financial and non-financial risks, including tax risks and risks related to corruption.
e) Generally ensuring that the internal control policies and systems in place are applied effectively in practice.
f) Analyzing, together with the auditors, any major weaknesses of the internal control system detected during the audit.
g) Supervising the process of preparing and reporting mandatory financial and non-financial information.
h) Proposing to the Board, for submission to the General Meeting, the appointment, re-election, or replacement of the auditors, as well as the conditions for retaining them, in accordance with the applicable regulations, and to receive regular information from them on the audit plan and its implementation, in addition to preserving their independence in the exercise of their functions.
i) Supervising the work of the Compliance and Internal Audit areas, which will functionally report to the Audit and Compliance Committee, and ensuring their independence.
j) Proposing the selection, appointment, and dismissal of those responsible for the Compliance and Internal Audit services; proposing the budget for these services; approving the orientation and annual work plan, ensuring that their activity is focused primarily on the relevant risks; receiving periodic information on their activities; and verifying that Senior Management takes into account the conclusions and recommendations of their reports.
k) Establishing the appropriate relationships with the auditors to receive information on any issues that may jeopardize their independence, for examination by the Committee, and any others related to the process of auditing the accounts, along with any other communications specified in the legislation on auditing of accounts and in the other auditing standards.
l) In any case, it will receive annually from the auditors written confirmation of their independence in relation to the Company or entities directly or indirectly related to it, as well as information on additional services of any kind rendered and the corresponding fees received from these entities by the aforementioned auditors, or by the persons or entities related to them in accordance with the legislation on auditing of accounts.
m) Issuing annually, prior to the audit report, a report expressing an opinion on the independence of the auditors. This report must, in any case, express an opinion on the provision of the additional services referred to in the preceding section, on the terms established by law.
n) Informing the Board regarding the financial and non-financial information that, due to its status as a listed company, the Company must periodically make public, ensuring that the interim financial statements are prepared under the same accounting criteria as the annual accounts and, to this end, considering the appropriateness of a limited review by the auditor.
o) Reporting to the Board, before it adopts the corresponding decision, on the creation or acquisition of shares in special purpose entities or entities domiciled in countries or territories considered as tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, might undermine the transparency of the Group.
p) Any other duties that may be resolved by the Company's Board.

During the year in question, the most relevant actions have been the following:
(a) Analyzing the Periodic Public Information, prior to its submission to the CNMV and the Governing Bodies of the Bilbao and Madrid Stock Exchanges.
(b) Analyzing the annual accounts (balance sheet, profit and loss account, statement of cash flows and statement of changes in equity and notes to the financial statements) and directors report of the Company and its consolidated group for the year ended December 31, 2019.

(c) Following-up on the external audit procedures.
(d) Analyzing the internal audit procedures and, in particular, the procedures related to the Internal Control System on the procedure for the preparation of financial information (ICFR).
(e) Verifying the accounting liquidity status in relation to the approval of an interim dividend paid out from 2020 profits.
(f) Analyzing the company's risk map. This year, the Audit Committee specifically analyzed the impact of the crisis arising from the health emergency resulting from COVID-19.
(g) Reporting on the items under its purview on the general meeting's agenda, and especially on the corresponding re-selection of the external auditor.
(h) Reporting on the CIE Group's tax policy.

Identify any board members on the audit committee who were appointed in view of their experience in accounting, auditing, or both, and reporting on the date when the committee's chair is appointed to the position.

Names of board members with experience	CARLOS SOLCHAGA CATALÁN
Date chair was appointed to the position	2/22/2019

The Appointment and Remuneration Committee		
Name	Position	Category
CARLOS SOLCHAGA CATALÁN	CHAIRMAN	Independent director
ÁNGEL MANUEL OCHOA CRESPO	MEMBER	Independent director
FRANCISCO JOSÉ RIBERAS MERA	MEMBER	Proprietary director

% of executive directors	0. 00
% of proprietary directors	33. 33
% of independent directors	66. 67
% of other external directors	0. 00

Explain the duties, including, if applicable, any beyond those required by law, assigned to this committee, and describe its procedures and rules of organization and operation. For each of these duties, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, whether by law o in the bylaws or in other corporate resolutions.

The Appointments and Remuneration Committee is an internal informative and consultative body without executive functions that has the power to provide information, advice, and proposals in areas under its purview.

To that end, the Appointments and Remuneration Committee will have the following powers:

a) Proposing to the Board the remuneration policies for directors and senior managers and reviewing them periodically, proposing, where appropriate, modifications to them and updating the Board.
b) Reporting on and reviewing the criteria to be followed for the composition of the Board and the selection of candidates and, in particular, the skills, knowledge and experience required, as well as evaluating the time and dedication required to properly perform their duties.
c) Ensuring that, when filling new vacancies or appointing new directors, the selection procedures do not suffer from implicit biases that could imply any discrimination and, in particular, that they do not hinder the selection of female directors.
d) Establishing a representation target for the under-represented gender on the Board and developing guidelines on how to hit this target.
e) Submitting proposals to the Board on the appointment of independent directors for appointment by co-opting or for submission to the decision of the General Meeting, as well as proposals for the re-election or removal of those directors by the General Meeting, and reporting on proposals for the removal of those directors made by the Board.
f) Reporting on the proposals for the appointment of the remaining Board Members for their appointment by co-opting or for their submission to the decision of the General Meeting, as well as the proposals for the re-election or removal of those Board Members by the General Meeting.
g) Reporting on and submitting the proposals for the appointment of the internal positions of the Board and the members that should sit on each committee.
h) Examining and organizing the succession of the Chair of the Board and the CEO of the Company and, where appropriate, sending the Board proposals so that the succession occurs in an orderly and planned manner, in accordance with the succession plan approved by the Board.
i) Proposing to the Board the system and amount of the annual remuneration of the directors, as well as the individual remuneration of the CEOs and the other basic conditions of their contracts, including any compensation or indemnities that may be fixed in the event of their departure, in accordance with all cases with the directors' remuneration policy approved by the General Meeting.

j) Supervising the process of selecting candidates for senior management of the Company and reporting on the Company's CEO's proposals regarding the appointment or removal of senior managers.
k) Reporting and submitting to the Board the proposals by the Company's CEO regarding the remuneration structure of senior executives and the basic conditions of their contracts.
l) Ensuring compliance with the Company's remuneration programs and reporting on the documents to be approved by the Board for general disclosure regarding information on remuneration, including the Annual Report on Directors' Remuneration and the corresponding sections of the Company's Annual Corporate Governance Report.
m) Any other duties that may be resolved by the Company's Board.

In relation to its basic duties regulated under the Board Regulations, the committee's main actions this year were:

(a) Analyzing the IAGC, the IARC and the Annual Financial Report in the areas under its purview.
(b) Reporting on the remuneration of the Board members.
(c) Monitoring the evaluation of the Board members.
(d) Reporting on the type of each member of the Board.
(e) Reporting on the process of searching for new independent Board members, until the appointment of a new independent director.
(f) Reporting on the re-election and appointment of all the Board Members that make up the Company's Board, as resolved at the Ordinary General Meeting held on April 29, 2020.

C.2.2 Complete the following table with the information regarding the number of female directors on the Board's committees at the end of the last four years:

	Number of directors							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
ASG Committee	2	66. 66	2	66. 66	2	66. 66	2	66. 66
Audit and Compliance Committee	2	50. 00	1	33. 33	1	33. 33	1	33. 33
Appointments and Remuneration Committee	0	0. 00	0	0. 00	0	0. 00	0	0. 00

C.2.3 Indicate, if applicable, the existence of regulations of the board committees, the place where they are available for consultation, and any changes that were made to them during the year. In turn, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

Each of the committees of the Board described in the preceding sections has its own regulations. This information is available on the company's website (http://www. cieautomotive. com/web/investors-website/comisiones-del-consejo-de-administracion).

Certain articles of the Regulations of the Audit and Compliance Committee and of the Regulations of the ASG Committee have been amended, in coherence with the amendments made to the Regulations of the Company's Board, on October 27, 2020.

The Audit and Compliance Committee, the Appointments and Remuneration Committee and the ESG Committee have prepared the corresponding reports on their activities during 2020, which have been made available on the aforementioned website.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain, where appropriate, the procedure and relevant bodies for approving related-party and intragroup transactions.

The transactions that the company or group companies carry out with directors and shareholders with a significant holding or are represented on the board of directors, as well as with their related parties, in the terms established by law, must be first submitted for approval before the board of directors after the Audit and Compliance Committee having issued its own report. In any case, whatever their nature, all related-party transactions are carried out at market prices and in compliance with the applicable regulations.

D.2. Provide a breakdown of the significant transactions by their amount or due to their type made between the company or group entities and significant shareholders of the company:

Name or company name of the significant shareholder	Name or company name of group company or entity	Nature of the relationship	Type of transaction	Amount (in thousands of EUR)
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Sales of finished and unfinished goods	109,791
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Purchases of finished and unfinished goods	10,184
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Services received	1,059
MAHINDRA & MAHINDRA LTD	MCIE GROUP	Commercial	Provision of services	34
ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	MFE	Commercial	Sales of finished and unfinished goods	3,315
ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	GRUPO MÉXICO	Commercial	Sales of finished and unfinished goods	10,989
ACEK DESARROLLO Y GESTION INDUSTRIAL, S. L.	GRUPO MÉXICO	Commercial	Purchases of finished and unfinished goods	217

D.3. Provide a breakdown of the significant transactions by their amount or their type made between the company or group entities and the directors or managers of the company:

Name or company name of director or manager	Name or company name of group company or entity	Relationship	Nature of the transaction	Amount (in thousands of EUR)
MR. JESUS MARIA HERRERA BARANDIARAN	CIE AUTOMOTIVE, S. A.	Jesús María Herrera Barandiarán CEO of CIE Automotive, S. A.	Others	9,100
MANAGEMENT TEAM	CIE AUTOMOTIVE, S. A.	Certain managers of the company group	Financing agreements: loans	22,947

D.4. Provide a breakdown of the significant transactions between the company and other group entities, except those that are removed during the preparation of the consolidated financial statements and that do not form part of the company's normal operations with regard to their purpose and conditions:

Any intragroup transaction carried out with entities incorporated in countries or territories that are considered tax havens must be reported:

Company name of the group entity	Short description of transaction	Amount (in thousands of EUR)
No data available		N. A.

D.5. Provide a breakdown of the significant transactions made between the company or group entities and other related parties that have not been detailed in the above sections.

Company name of the related party	Short description of transaction	Amount (in thousands of EUR)
Asociadas AEL	Sales	213
Asociadas AEL	Purchases	196
Asociadas AEL	Services received	99
SAMAP	Sales	4,205
SAMAP	Services rendered	2,703
FUNDACIÓN CIE AUTOMOTIVE I+D+i	Services received.	3,127

Company name of the related party	Short description of transaction	Amount (in thousands of EUR)
FUNDACIÓN CIE AUTOMOTIVE I+D+i	Services rendered.	15
Banca March, S. A.	Financial expenses.	145
GLOBAL DOMINION ACCESS, S. A.	Services received.	273

D.6. Detail the mechanisms established for detecting, determining, and resolving possible conflicts of interest between the company and/or its group and its board members, managers, or significant shareholders.

Article 34 of the Board Regulations states the following: "Article 34. Conflicts of Interest
Board Members must take the necessary measures to avoid being involved in situations of conflict of interest as established by law.

It will be considered that there is a conflict of interest in any situation where the personal interest of a Board Member and the interest of the Company directly or indirectly clash with one another. A personal interest exists when an issue either concerns a Board Member or a Related Party. For the purpose of this Regulation, the Related Parties of a Board Member are the following:

1. The spouse of a Board Member or person in a similar relationship;
2. Ascendants, descendants, and siblings of a Board Member and those of the Board Member's spouse; 3. Spouses of the ascendants, descendants, and siblings of the Board Member;
4. Companies in which the Board Member, directly or by proxy, is found in any of the situations described in section 4 of Securities Market Act.

With regard to legal entities that are Board Members, Related Parties are understood to be the following:

1. With regard to the legal entity Board Member, Shareholders who are found in any of the situations described in section 4 of Securities Market Act;
2. Directors in fact or in law, receivers, and proxies with general powers of attorney for legal entity Board Members.
3. Companies belonging to the same group, as described in section 4 of Securities Market Act, and its shareholders.
4. With regard to the proxy of the legal entity Board Member, persons who are Related Parties to Board Members, pursuant to this section.

When there is a conflict of interest, the following rules will be applied:

Communication: the Board Member must inform the Board of Directors and the Audit and Compliance Committee, through the Chairman or the Secretary, of any situation of conflict of interest.
Abstention: the Board Member must leave the meeting and abstain from intervening during the debate and casting a vote in relation to any items on the agenda in which there is a conflict of interest with such Board Member. Proprietary Directors must abstain from voting on matters that may represent a conflict of interest between the shareholders having proposed their appointment and the Company.
Transparency: the Company will report, when required in accordance with the law, on any situation of conflict of interest involving the Board Members during the year in question and that it is recorded in the notice regarding the party concerned or by any other means. "

D.7. Indicate whether the company is controlled by another listed or unlisted entity under the scope of section 42 of the Commercial Code and has, directly or through its subsidiaries, business relationships with such entity or its subsidiaries (other than those of the listed company) or carries out activities linked to any of their activities.

[ ] Yes
[√] No

E. CONTROL AND RISK MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's Control and Risk Management Systems, including tax risk:

CIE Automotive has a Risk Management System (RMS) to reduce any risks that could jeopardize its corporate objectives to tolerable levels if they ever materialized. This model, defined under its Control and Risk Management Policy follows the ISO 31000 methodology and it is the responsibility of the Board, which delegates its oversight and proper functioning to the Audit and Compliance Committee.

CIE Automotive's RMS reasonably ensures that all significant risks - strategic, operational, financial, non-financial, ESG (Environmental, Social and Good Governance) and compliance - are prevented, identified, assessed, and subjected to continuous monitoring. These risks are approved by the Board of Directors and managed based on their risk appetite and risk tolerance levels.

Principles of the risk management framework:

- Promote a constructive view of the concept of risk.
- Commitment and skills of the persons involved.
- Communicate in a common language.
- Transparent communication within organization.

CIE Automotive's global corporate risk management process is based on the ISO 31000 methodology and has a five-step continuous cycle:

1. Identify key risks that may affect the achievement of the organization's objectives, including all the control objectives for financial and non-financial information, including tax risk.
2. Assess these based on their probability of occurring and their impact on the organization, always taking into account the existing controls. This ranking is used to place each risk on the Risk Map, being the main risk assessment tool.
3. Determine the response for each one.
4. Follow up on all agreed actions.
5. Report the outcome following the analysis.

E.2. Identify the company's bodies responsible for the preparation and performance of the Control and Risk Management Systems, including tax risk:

Responsibility for the performance of the risk management system, including the tax risk, rests with the Board of Directors, which relies specifically on the Audit and Compliance Committee for its oversight and proper operation.

CIE Automotive's control and risk management policy requires that all business divisions identify and assess the risks they face when achieving their business objectives, in order to identify the appropriate mitigating measures sufficiently in advance to reduce or eliminate the likelihood of the risk occurring and/or its possible impact on the objectives if it were to materialize.

E.3. Indicate the main risks, including tax risks and to the extent of the significance of those due to corruption (these under the scope of Royal Decree Law 18/2017), which may affect the achievement of the business objectives:

During the development of its activity, CIE Automotive is exposed to a range of risks inherent to the various lines of business carried out and the countries in which they are carried out.
Moreover, a shift in the degree of socioeconomic uncertainty existing in the markets where CIE Automotive operates may lead to risk factors, currently unknown or not considered relevant, which could affect the business, the results and/or the financial position of the company.

The following are the risk categories that CIE Automotive faces while meeting its business objectives:

- Strategic Risks: affect the high-level objectives directly connected to the Strategic Plan.
- Operational Risks: affect the objectives linked to the effective and efficient use of resources.
- Financial Risks: affect the planned information reliability objectives, both internally and externally.

- Compliance Risks: non-compliance risk enacted by Senior Management, the Management Team or employees associated with external and internal regulations.
- ESG (Environmental, Social and Good Governance) Risks: affect environmental, social, ethical, and corporate governance aspects and also compliance with laws and regulations.

The 2020 Risk Map highlights the growing concern of cybersecurity and the economic damage it can cause due to its poor management, as well as the increased perception of possible cases of fraud and corruption within the company associated with cybersecurity.

Also, the map shows the consolidation, as the main risks, of those intrinsic to the sector and their evolution, such as the risk of market trend changes and customer satisfaction, and another specific to the trajectory, growth, and future of CIE Automotive, which is inorganic growth management. For both scenarios, taking care of people, the company's greatest asset, is key and the risks that reside here are: having a training and talent policy and an appropriate generational change (succession plan).

E.4. State whether the entity has risk tolerance levels, including tax risks:

The Board of Directors has approved acceptable risk levels for each type of risk, business, and geographic location, as well as the levels of allowable deviation based on the strategic objectives and the strategic lines for their achievement. Acceptable risk levels are periodically updated in line with changes made to the corporate strategy and the business risk profile.

Risks that threaten the achievement of business objectives, including tax risk, are identified on a yearly basis, and are assessed according to how likely they are to occur and their possible economic, reputational and organizational impact, in order to determine the risk severity level.

E.5. Indicate which risks, including tax risks, have materialized during the year:

The review of the 2020 Risk Assessment shows the alignment of the Risk Map with CIE Automotive's strategy, as well as the effectiveness of the Operational Internal Control System since none of the key risks materialized during the year.

E.6. Explain the response and oversight plans for the entity's main risks, including tax risks, as well as the procedures implemented by the company to ensure that the board of directors can respond to any new challenges as they arise:

The assessment and verification of the effectiveness of the corporate risk control and oversight system is carried out periodically by the Compliance department, which has qualified and expert personnel working independently of the business lines and every year a Risk Map is presented to the Audit and Compliance Committee for its monitoring and approval which is later reported to the Board of Directors.

The Risk Map is a comprehensive report, broken down by region, technology and by region and technology, which shows the impact (in EUR) on the EBITDA of any possible materialization for each risk, as well as the evolution of the main risks over the last three years for all listed categories. The entire process is monitored using the internal management tool called SAP GRC.

Measures adopted by CIE Automotive to oversee the main risks of the 2020 Risk Map: Cybersecurity:

CIE Automotive initiated a project in 2018 to protect these assets with an approach incorporating process reengineering and social engineering and based on the pillars of international standards, in order to manage information security in real time and maintain the traceability of all security management processes. The services that have been worked on from the beginning of the project and until now are the following:

o SOC (Security Operations Center).

o SIEM (Security Information and Event Management).

o Incident Response.

Complementing these actions was work to improve access and user policies for information systems, contingency plans for data and equipment losses and antivirus improvements and, also, at the end of 2020 an pilot cybersecurity awareness project was launched that will be deployed within the organization after its approval and final test.

Fraud and Corruption

CIE Automotive has a Criminal Risk Prevention Model, through which it identifies possible crimes that could be committed and establishes the internal controls necessary to mitigate or eliminate them. The model, created in 2015 and updated in 2019 following the collaborative project carried out with the external consultant Deloitte, has been implemented locally during 2020 in Mexico, Brazil, China, and India (still in production) and in 2021 it will be implemented at a global level.

There is a Support Unit, composed of:

o The General Secretary of CIE Automotive, who will carry out functions of the Chair, Management and Coordination of the Support Unit. o A representative of the CIE Automotive Internal Audit Department.
o Others that are required due to the subject matter.

This body has autonomous powers of initiative and control within the organization and is responsible for ensuring compliance with the Criminal Risk Prevention Model.

The company relies on this model as a means to combat money laundering through its internal control system (via the SAP GRC tool), so as to ensure it is compliant with the external regulations and the policies and procedures in place to mitigate this risk.

Apart from this, it must be highlighted that training courses on criminal liability and anti-corruption were delivered to the Board of Directors, Senior Management, and most of the Management Team at the end of 2020, whose scope will be extended further in 2021, a year in which global training in the Code of Professional Conduct will take place, being the cornerstone of the criminal liability model, for everyone working at CIE Automotive.

Change in market trends:

The company is working at being flexible in the face of new trends, in order to adapt to current or future customer needs. The main lines of action are the following:

o Include electric vehicle parts in the portfolio (such as battery, motor, and electronic components) by setting yearly commercial objectives with the expectation of the market and its customers increasing these volumes.
o Focus commercial efforts on functions not affected by electrification. Due to its technological and geographical diversification and its financial capacity, CIE Automotive is prepared to adapt to market change. Proof of this is that more than 80% of the portfolio can be used for any vehicle.
o Plan for the reduction in diesel engines and saturate the media with gasoline engines.
o Be a local provider for a global scope. Being close to manufacturers and not depend on global supply chains. Ultimately, continue working on one of the pillars of the group: multi-location.

[due to the length of the explanation of this section, it continues under section H2 - Others of this Report]

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FOR THE PROCESS OF REPORTING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the control and risk management framework regarding internal control over financial reporting (ICFR) of the entity.

F.1. Control environment of the entity.

Provide information on at least the following, indicating their main characteristics:

F.1.1 Which bodies and/or functions are responsible for (i) the existence and maintenance of an adequate and effective Internal Control over Financial Reporting framework; (ii) its implementation; and (iii) its oversight.

The Board of Directors is the body responsible, among other aspects, for the ongoing updates and improvements made to the company's corporate governance system, within the legislative framework and the most recognized recommendations on good corporate governance, while using its powers to adopt the necessary or appropriate resolutions or to propose them to the General Meeting. These functions include the responsibility for the existence and to maintain the Internal Control over Financial Reporting (ICFR) System.

The Audit and Compliance Committee is the body responsible for supervising the ICFR effectiveness of the company, Internal Audit, and the risk management process, as well as discussing with the external auditor any significant weaknesses in the internal control system detected during the audit.

The Audit and Compliance Committee relies on the Compliance Department to carry out these functions, which is responsible for the implementation of the ICFR and, in general, for the entire internal control system at CIE Automotive and ensuring that the Internal control procedures that must be implemented in the company's operations are defined and designed, as well as compliance with legal regulations, internal policies and established procedures.

F.1.2 If there are any of following structures or elements, especially those relating to the financial reporting preparation process:

- Departments and/or mechanisms to ensure: (i) the design and review of the organizational structure; (ii) a clear definition of the lines of responsibility and powers, with an adequate distribution of tasks and functions; and (iii) there are sufficient procedures for a proper dissemination within the entity:

The Board of Directors is the body responsible for defining and periodically reviewing the CIE Automotive's organizational structure at the highest level and it delegates the responsibility of ensuring that dependent structures have sufficient human and material resources to Senior Management.
With regard to the process of preparing financial reports, there is an interrelated global financial department made up of the Controlling and Tax Departments, as well as Treasury and the Finance Department.

Within the CIE Automotive's internal policies and procedures framework, the responsibilities and functions are defined and duly communicated to all those directly carrying out the preparation and review of financial information.

There are internal protocols ensuring that any change made to the preparation of the financial reporting is distributed to the appropriate personnel in a timely manner. Furthermore, there are controls to identify any incident in this regard.

- Code of conduct, approval body, degree of dissemination and instructions, included principles and values (indicating if there are specific notes made to the transaction records or the preparation of the financial reports), body responsible for reviewing non-compliance issues and proposing corrective actions and sanctions:

Currently, CIE Automotive has a Code of Conduct as well as an Internal Code of Conduct for the Securities Markets, where there is a specific section referring to the reliability of financial information and that establishes a set of specific rules for everyone participating in the process of preparing financial reports.

Both documents are published on the corporate website and are distributed to all personnel concerned through the communication channels established for this purpose. For both cases, the Board of Directors is responsible for its definition and its approval.

The Code of Conduct establishes the basic rules and principles to ensure the commitment and transparency of relationships and operations with stakeholders, the maximization and protection of shareholder investments while safeguarding health, safety, and the environment. Also, it defines the need to control payments and any situation arising where there is a conflict of interest with employed staff.

The ESG (Environmental, Social and Good Governance) Committee has the function of, among others, the monitoring of compliance with these Codes of Conduct.

· Whistle-Blowing Channel, communicating to the audit committee on financial and accounting irregularities, including any possible breach of the code of conduct and irregular activities within the organization, while stating, where appropriate, whether it is confidential in nature:

CIE Automotive has an ethics channel whose purpose is to receive reports and/or complaints related to irregular conduct or activities stemming from a breach of the principles and ethical standards of the Code of Conduct as well as an Internal Code of Conduct for the Securities Markets.

The ethical channel operating process is strengthened with a regulation that ensures that complaints can be made anonymously, ensuring the confidentiality of the complainant at all times if it is requested, as well as respecting the rights of the complainant and of the accused.

CIE Automotive has an action protocol to review received complaints and notify the ESG Committee (Environmental, Social and Good Governance Committee) for their monitoring.

· Training programmes and periodic upskilling for staff involved in the preparation and review of financial information, as well as for the ICFR review, covering at least accounting standards, auditing, internal control, and risk management:

Apart from having various training programmes for its staff, CIE Automotive has the following additional training and support for staff involved in the preparation and review of financial information and in the ICFR review:

- There is an Accounting Policies Manual that is updated continuously.
- There is an ICFR Policy.
- There is a Controlling and Tax Department, responsible for resolving any interpretative issues regarding the Accounting Policies Manual, as well as advising on the treatment of any complex transaction.
- Involvement of divisional/regional controllers in supporting all members of the financial function at all plants and companies, through continuous internal training and assessment.
- If new companies are incorporated into the Group, support strategies are developed to train new employees in accordance with CIE Automotive's regulations and criteria.
- External advisers involved in updates on accounting, legal and tax matters that may affect the company.

F.2. Financial information risk assessment.

Provide information on at least the following:

F.2.1 What are the main characteristics of the risk identification process, including those of error or fraud, in terms of:

· Whether the process exists and if it is documented:

CIE Automotive's global corporate risk management process is based on the ISO 31000 methodology and has a five-step continuous cycle:

1. Identify key risks, including error and fraud risks, which may affect the achievement of the organization's objectives, including all the control objectives for financial information, including tax risk.
2. Assess these based on their probability of occurring and their impact on the organization, always taking into account the existing controls. This ranking is used to place each risk on the Risk Map, being the main risk assessment tool.
3. Determine the response for each one.

4. Follow up on all agreed actions.
5. Report the outcome following the analysis.

Senior Management and the Management Team are responsible for the risk identification and assessment process, who conduct a self-assessment on the identified risks together with the Compliance Department acting as coordinator of the process.

The result is a Risk Map, as well as a list of actions that need to be carried out to ensure a proper risk management.

This is supplemented through actions that monitor the management of certain risks, which are carried out by the Compliance Department.

· Whether the process covers all of the financial information objectives (existence and occurrence; integrity; valuation; presentation, breakdown, and comparability; and rights and obligations) and if it is updated and how often:

Based on what is indicated in the procedure, during the risk identification and analysis, all aspects of financial information are treated that may have a material impact on its reliability.

At least once a year the Risk Map is updated. However, if during the year circumstances become apparent that require specific actions to manage a potential risk, the appropriate measures will be taken.

· If there is a process to determine the perimeter of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose vehicles:

All processes, Group companies and their various structures, the specificities of each country and business lines are taken into account during the process of identifying and assessing risks and special attention is paid to the risks derived from transactions that require specialized management due to their expected complexity or relevance.

· Whether the process takes into account the impact of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent they affect the financial statements:

As already mentioned, the model is based on the ISO 31000 methodology and since it is based on the organization’s objectives it translates into a Risk Map that is updated at least once a year, ensuring all significant risks - strategic, operational, financial, non-financial, ESG (Environmental, Social and Good Governance) and compliance - are prevented, identified, assessed, and subjected to continuous monitoring.

· The governing body of the entity overseeing the process:

This entire process is reviewed and validated by the Audit and Compliance Committee, which must ultimately determine whether the process of identification, assessment and monitoring of the company’s risks and, specifically, the measures used to identify material risks affecting financial information, is appropriate and sufficient.

F.3. Control activities.

Provide available information on at least the following, indicating the main characteristics:

F.3.1 Procedures for the review and approval of financial information and a description of the ICFR, to be published in the securities markets, indicating the ICFR officers and managers, as well as descriptive documentation of the activity and control flows (including those for fraud risk) of the various types of transactions that could have a material impact on the financial statements, including the closing of accounts procedure and the specific review of relevant opinions, estimates, valuations and projections

The Board of Directors is the ultimate body responsible for approving and overseeing the financial statements of the company.

CIE Automotive publishes financial information for the securities market every quarter. This information is prepared by the Controlling and Tax department, which carries out a series of control activities during the closing of accounts to ensure the reliability of the financial information.

Apart from the closing of accounts procedure and before the financial information preparation and reviewing process, CIE Automotive has control procedures and activities in other key areas of the company in order to ensure the proper recording, valuation, presentation, and breakdown of transactions, as well as to prevent and detect fraudulent activities, and consequently treat any transactions that may have a material impact on the company's financial statements.

The following are the company's key processes, including the closing of accounts, which have defined risk and control matrices:

- Closing of accounts, consolidation, and reporting.
- Property, plant, machinery.
- Inventories.
- Income/Customers.
- Cash.
- Provisions.
- Procurements/Accounts Payable
- Human Resources.
- Taxes.

The financial statements are prepared in accordance with the reporting schedule and delivery dates, which are known to all those involved in this process and takes into account the legal deadlines for their presentation.

On the other hand, and for the review of opinions, estimates, valuations and projections, the Accounting Policies Manual determines the application criteria used at CIE Automotive.

The Board of Directors reviews these relevant transactions through a procedure consisting of a set of actions (review, approval and oversight of the Strategic Plan and Budget, as well as reviewing the most significant accounting estimates and opinions used for the preparation of financial information) after the Audit and Compliance Committee has first validated that the information is adequate.

F.3.2 Internal control policies and procedures relating to information systems (including but not limited to access security, change control, operation, business continuity and functional divisions) that support the entity's key processes in its preparation and publication of financial information.

CIE Automotive has internal control policies and procedures for its information systems that support the entity's key processes, including the process for the preparing and reviewing its financial information. This policy and the associated regulatory framework is based on the ISO 27000 series.

CIE Automotive uses information systems to keep adequate records and control over its operations and, accordingly, is highly dependent on its proper operation.

As part of the process for identifying the risks of error in financial information, CIE Automotive has identified the relevant systems and applications for each of the key areas or processes. These identified systems and applications include those directly used in the preparation of financial information, as well as those that are relevant for the effectiveness of the controls mitigating the risk of errors.

CIE Automotive has system security policies established at a corporate level that are to achieve the defined overall security objectives.

The objective is to adopt the pertinent organizational, technical, and documentary measures required to ensure the desired level of security. In this regard, work is carried out in the following areas:

- User access and management control.
- Change management.
- Backup and recovery.
- Physical security.
- Subcontractor control.
- Provision of resources, elimination of risks and business maintenance.

The essential business processes for CIE Automotive have different organizational and technological solutions ensuring business continuity.

F.3.3 Internal control policies and procedures in place to manage outsourced third-party activities and the evaluation, calculation and valuation processes entrusted to independent experts, which may have a material impact on the financial statements.

As a general note, CIE Automotive does not outsource any activity considered relevant that could have a significant impact on the financial information.

However, the company has a management procedure in place for the activities outsourced to third parties, whose objective is to define the controls required for these outsourced activities that have a relevant impact on the financial information prepared by the company.

Based on the analysis, it has been considered that the only outsourced area in 2020 that could have a possible material impact on the financial information is the Information Systems area. Accordingly, the company has verified that the company providing the service has been certified, demonstrating an adequate control environment, and that these certifications are periodically validated by an external reviewer.

Also, CIE Automotive carries out periodic control activities (included in the risk and control matrices), which help validate the control environment in this area.

In relation to any other actions on relevant transactions requested to independent experts (such as tax advice, relationship with actuarial consultants and management of derivatives), CIE Automotive maintains this responsibility within the company, which requires specific control activities to ensure the reliability of such actions and, also, the Audit and Compliance Committee approves all actions of the company's external financial auditor to ensure its independence.

F.4. Information and communication.

Provide available information on at least the following, indicating the main characteristics:

F.4.1 A specific function responsible for defining, keeping the accounting policies updated (accounting policies area or department) and that resolves any doubts or conflicts arising from their interpretation, maintaining a fluid communication with those responsible for operations within the organization, as well as keeping the accounting policy manual updated and disseminating it to the units through which the entity operates.

Management of the accounting policies is the responsibility of the Controlling and Tax Department, which reports directly to the CEO. To carry out this function, the department assumes the following responsibilities:

- Maintenance, updating and dissemination of the Group's Accounting Policies Manual, based on the International Financial Reporting Standards adopted by the European Union.
- Updating and dissemination of any change made to the accounting regulations applicable to all members of the Group's financial function.
- Clarification of any doubts arising (at an individual or consolidated level) in the interpretation of the accounting regulations applicable at any given time.
- Mechanisms for capturing and preparing economic-financial information that is homogeneous in nature.

F.4.2 Mechanisms for capturing and preparing financial information with homogeneous formats, which is applied and used by all units of the entity or group, which support the main financial statements and notes, as well as the information detailed in the ICFR.

CIE Automotive has a specific system for the reporting and consolidation of financial and management information used in all the Group's units and it facilitates the regular reporting of the information in a homogeneous way. This system, which is based on the SAP BPC tool, is also used for the aggregation and consolidation of the reported data.

Also, to ensure the reliability of the ICFR information, CIE Automotive has implemented the internal control tool SAP GRC in all the Group's units.

F.5. Oversight of the functioning of the system

Provide information on at least the following, indicating the main characteristics:

F.5.1 The ICFR monitoring activities carried out by the audit committee, as well as whether the entity has an internal audit function entrusted with the task of supporting the committee in its monitoring of the internal control system, including the ICFR. Also, provide information on the scope of the ICFR review during the year and the procedure communicated by the manager in charge for evaluating its results, whether the entity has an action plan that details the possible corrective measures, and if any impact on financial information has been taken into consideration.

The Audit and Compliance Committee has the following ICFR oversight responsibilities:

- Oversight of the periodic financial and non-financial information.
- Oversight and assessment of the functioning of the ICFR.
- Be aware of the financial information reporting process and the internal control systems associated with the relevant risks of the Company.
- Regularly review the systems for internal control, risk management and financial and non-financial information management, ensuring that any major risks are adequately identified, managed, and reported.

CIE Automotive has an Internal Audit Department that reports to the Audit and Compliance Committee, which coordinates the Internal Audit teams in Europe (whose scope includes Russia and Morocco), North America, Brazil and Asia, whose staff members are exclusively dedicated to these functions.

The main function of the Internal Audit department is to oversee the internal control system, which includes aspects such as the monitoring of the correct implementation of the risk management system, including the risk of fraud, and reliability oriented controls over financial and non-financial information.

Each year and based on the results of the risk assessment, the Internal Audit Department prepares the annual plan, which is submitted each period for the approval of the Audit and Compliance Committee being responsible for the monitoring the ICFR.

The ICFR information announced to the market or interest groups is done on a yearly basis and refers to the corresponding year of the financial report.

F.5.2 If there is an audit discussion procedure allowing the external auditor (in accordance with the Spanish Technical Auditing Standards), the internal audit function and other experts to communicate any significant internal control weaknesses identified during the review processes of the financial statements or those others that have been entrusted to them to senior management and the audit committee or the board of directors of the entity. Also, detail whether there is an action plan that addresses or mitigates the identified weaknesses.

The auditor actively participates at the Audit and Compliance Committee meetings. Also, each year the auditor issues a report on internal control weaknesses, which is presented to the Audit and Compliance Committee for the adoption of any measures that are considered appropriate.

Also, CIE Automotive has a procedure enabling any external expert that has detected an internal control weakness while carrying out a tasks can, through the Compliance Department, communicate these detected incidents to the Audit and Compliance Committee so they can be raised for their discussion, analysis, and evaluation.

F.6. Other relevant information.

There is no relevant information worth noting regarding the ICFR implemented in the Group that has not been presented in the above sections of this heading.

F.7. External Auditor's report.

Provide information on:

F.7.1 Whether the ICFR information announced to the market has been reviewed by the external auditor, in which case the entity must attach the corresponding report. If not, an explanation must be given.

CIE Automotive has submitted the effectiveness of the ICFR to an External Auditor to review the financial information presented in the consolidated financial statements dated 31 December 2020.

A copy of the report with the External Auditor's opinion is attached.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors, and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

   Complies [X]   Explain [ ]

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

   a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Complies [ ]Complies partially [ ] Explain [ ]   Not applicable [X]

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written Annual Corporate Governance Report, the chairman of the Board should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

   a) Changes that have occurred since the last General Shareholders' Meeting.

   b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

   Complies [ ]Complies partially [X] Explain [ ]

As part of the ordinary operation of the General Meeting, the significant aspects that have arisen since the last meeting are reported, including those relating to corporate governance. However, it is not considered relevant to emphasize the reasons why the company does not follow any specific recommendation to the extent that (i) no circumstances seem sufficiently significant and that (ii) these circumstances, if any, are included in the Annual Corporate Governance Report (to which all shareholders have timely access from the time it is prepared).

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

   And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through any channels it considers appropriate (communication media, social networks or other channels) that helps to maximize the dissemination and quality of information available to the market, investors and other stakeholders.

Complies [ ]Complies partially [X] Explain [ ]

Although the company complies with the first part of the recommendation, to date no general policy has been approved regarding the communication of economic-financial, non-financial and corporate information through any channels it considers appropriate (communication media, social networks or other channels), because the content it will feature has not yet been defined. This policy is expected to be approved shortly once the Board of Directors defines its content.

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

   And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies [ ]Complies partially [ ] Explain [X]

The General Meeting has approved a proposal to delegate powers to the Board of Directors so that it may increase the share capital up to a limit of EUR 16,125,000, allowing for the possibility of issuing new shares, including the power to exclude preemptive rights. In this regard, the Board of Directors Considers that at the appropriate time, the Company may make use (as applicable) of any instruments that are suitable according to the needs for new resources stemming from the Company's activities and the circumstances of each specific case.

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

   a) Report on the auditor's independence

   b) Reports on the workings of the Audit and Appointments and Remuneration committees.

   c) Report by the Audit Committee on related party transactions.

Complies [X]Complies partially [ ] Explain [ ]

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

   And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by remote means.

   Complies [X]Complies partially [ ] Explain [ ]

The company had not considered it relevant to transmit the meetings of the General Shareholders' Meeting in real time on its website due to the characteristics of its shareholders and the level of attendance at the meetings. In view of the company's size and capitalization, the composition of its share capital and the usual unfolding of the General Meeting's sessions, the company considered that real time transmission would not be widely adopted or have a significant following, it would entail more costs than the advantages gained and, therefore, it was not a measure that would, if implemented, add value to the company's corporate governance.

The above notwithstanding, and given the situation arising from the pandemic caused by Covid-19, measures were adopted to transmit Ordinary General Meeting of April 29, 2020. It is expected that the 2021 General Meeting will adopt the same format already applied in 2020, which will also be taken into account for future years.

8. That the Audit Committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the Audit Committee should clearly explain to the General Meeting the opinion of the Audit Committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

   Complies [X]Complies partially [ ] Explain [ ]

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

   And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

   Complies [X]Complies partially [ ] Explain [ ]

10. That when a duly authenticated shareholder has exercised their right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

a) Should immediately distribute such complementary points and new proposals for resolutions.

b) Should publish the attendance, proxy, and remote voting card specimen with the necessary changes so that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.

c) Should submits all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies [ ]Complies partially [ ] Explain [ ] Not applicable [X]

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies [ ]Complies partially [ ] Explain [ ] Not applicable [X]

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximizing the business economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies [X]Complies partially [ ] Explain [ ]

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies [X] Explain [ ]

14. That the Board of Directors should approve a policy aimed at favoring an appropriate composition of the Board and that:

a) Is concrete and verifiable.

b) ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

c) favors diversity of knowledge, experience, age, and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favor gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the Appointments Committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The Appointments Committee will annually verify compliance with this policy and explain its findings in the Annual Corporate Governance Report.

Complies [X] Complies partially [ ] Explain [ ]

15. That proprietary and independent directors should constitute a substantial majority of the Board and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board before the end of 2022 and thereafter, and no less than 30% prior to that date.

Complies [ ]Complies partially [X] Explain [ ]

The first paragraph is complied with, taking into account that the company only has two executive directors out of the fourteen members that make up the administration body. However, the requirement that the number of female directors should represents 30% of the members of the Board (currently 21. 43%) has not been met, although efforts are being made in this regard, as shown by the appointment of a new female independent director at the Ordinary General Meeting of April 29, 2020.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors should not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

a) In large-cap companies where very few shareholdings are legally considered significant.

b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies [ ] Explain [X]

In keeping with paragraph (b) of the recommendation, the company has a plurality of significant shareholders represented on the Board of Directors with no ties among them.

Any possible over-representation of proprietary directors that could be identified is mitigated by the composition of the Board, with a diversity of shareholders who have a plurality of potential interests.

For this reason, the company believes that the balance that emerges from the recommendation is sufficiently attenuated by the plurality of interests of the major shareholders who are represented by proprietary directors with different profiles, knowledge, and experience.

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalization or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies [ ] Explain [X]

Although the company is highly capitalized, it considers that the number of independent directors correctly reflects the company's current shareholding composition.

In particular because the proportion of "independent" directors amounts to 21. 43%, but the aggregate proportion of "independent" directors and other "external" directors amounts to 85. 71%.

The company considers that these proportions are adequate for the configuration of the Board given the composition of its shareholders and, therefore, for the time being it is not necessary to appoint more independent directors. The company believes that the number of external directors (practically three quarters of the total) allows the decision-making process of the Board to have the levels of quality, objectivity, and independence necessary for the correct formation of the corporate will. Notwithstanding this, in subsequent appointments that may be proposed from the Board of Directors to the General Meeting, the incorporation of independent directors will be encouraged.

18. That companies should publish the following information on its directors on their website, and keep it up to date:

a) Professional profile and biography.

b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) Date of their first appointment as a company director, and any subsequent re-elections.

e) Company shares and share options that they own.

Complies [ ] Complies partially [X] Explain [ ]

Although there is no specific section on the website that groups the information contained in the recommendation, all the content of the information on the directors referred to in this recommendation is contained in the Annual Corporate Governance Report (available at any time on the website) and in the section of the website reserved for the Board of Directors; with which the company understands that the recommendation is partially complied with.

19. That the Annual Corporate Governance Report, after verification by the Appointments Committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honored, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honored.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the Appointments Committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with their ability to dedicate the time necessary for attention to the duties inherent to their post as a director, fails to complete the tasks inherent to their post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies [X] Explain [ ]

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the Appointments and Remuneration Committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that they be dismissed. And that these events must be reported in the Annual Corporate Governance Report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies [ ]   Complies partially [ ]   Explain [X]

Article 26. 2 (d) of the Board Regulations establishes the following as a case for resignation: When they [the directors]are incurred in an allegedly illegal event or are subject to a disciplinary proceeding for serious or very serious misconduct pursued by supervisory authorities".

On the one hand, the company considers that the wording of the recommendation regarding the general nature of situations "which may harm the standing and reputation" of the company is too broad and vague to be a cause, among other things, for resignation. The company also considers that the wording of article 26. 2 (d) of the Board Regulations covers most of the cases in which the company's standing or reputation may be affected -in abstract- by the actions of a director, either within their scope of action with respect to the company or beyond that scope.

Furthermore, the company considers that the procedural investigative phase is a merely a preliminary stage in a criminal investigation, for which reason it has chosen to maintain the reference to the pursual of the misconduct as a cause for resignation. However, it should be noted that company has chosen to go beyond the scope of the criminal jurisdiction to which the recommendation refers and, in that sense, it has reinforced the causes of resignation by introducing a reference to the existence of administrative disciplinary proceedings.

As for the rest of the recommendation, none of the situations mentioned have occurred yet.

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board, even they are a director.

Complies [ ]   Complies partially [ ] Explain [ ]   Not applicable [X]

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of their term of office, the director should explain the reasons for their decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board.

And that, without prejudice to all this being reported in the Annual Corporate Governance Report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

25. That the Appointments Committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies [ ] Complies partially [ ] Explain [X]

The company's Board Of Directors has a balanced composition in terms of the typology of its directors. Those directors who perform duties as directors in other companies have shown that those duties do not prevent them from sufficiently dedicating themselves to their duties as directors in the company.

In addition to the above, the Appointments and Remuneration Committee, when appointing an independent director or when requesting information regarding any other type of director proposed, assesses, among other matters, the candidate's capacity of dedication to the company.

Therefore, the company understands that it is not necessary to include this limitation in the Board Regulations.

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies [X] Complies partially [ ] Explain [ ]

27. That director absences occur only when absolutely necessary and be quantified in the Annual Corporate Governance Report. And when absences do occur, that the director appoint a proxy with instructions.

Complies [ ] Complies partially [ ] Explain [X]

Directors' absences are quantified in the Annual Corporate Governance Report. It should be noted that in most cases, the absent directors delegate their representation to other directors, although they do not appoint proxies with specific instructions, leaving voting decisions to the discretion of the proxy director.

Although this practice does not comply with the recommendation, in all the sessions in which this circumstance has occurred the number of absences (although represented without instructions) has not been significant, the absent directors having been duly represented through their appointed proxies.

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, these concerns should be included in the minutes at the request of the director expressing them.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

29. That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [X] Complies partially [ ] Explain [ ]

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies [X] Explain [ ] Not applicable [ ]

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information beforehand.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors will be necessary, and that consent will be duly recorded in the minutes.

Complies [X] Complies partially [ ] Explain [ ]

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies [X] Complies partially [ ] Explain [ ]

33. That the chairman, as the person responsible for the efficient workings of the Board, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organize and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, is responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies [X] Complies partially [ ] Explain [ ]

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon them the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

35. That the secretary of the Board should pay special attention to ensure that the activities and decisions of the Board take into account any recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies [X]   Explain [ ]

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board' work.

b) The workings and composition of its committees.

c) Diversity in the composition and skills of the Board.

d) Performance of the chairman of the Board and of the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the Appointments Committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence must be verified by the Appointments Committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the Annual Corporate Governance Report.

The process and the areas evaluated must be described in the Annual Corporate Governance Report.

Complies [X]   Complies partially [ ]   Explain [ ]

37. That if there is an Executive Committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies [ ]   Complies partially [ ]   Explain [ ]   Not applicable [X]

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the Executive Committee and that all members of the Board receive a copy of the minutes of the Executive Committee's meetings.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

39. That the members of the Audit Committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies [X] Complies partially [ ] Explain [ ]

40. That under the supervision of the Audit Committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the Audit Committee.

Complies [X] Complies partially [ ] Explain [ ]

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the Audit Committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

42. That in addition to applicable law, the Audit Committee is responsible for the following:

1. With regard to information systems and internal control:

   a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group –including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption– reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

   b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

   c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors, or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

   d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. In relation to the external auditor:

   a) In the event of the resignation of the external auditors, to examine the circumstances that gave rise to the resignation.

   b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor’s independence.

   c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents of those differences.

   d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

   e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor’s business, and, in general, all other rules regarding auditors' independence.

Complies [ ]   Complies partially [X]   Explain [ ]

A Despite the fact that some of the above functions are not expressly attributed to the committees by the corporate bylaws, they have been performing those tasks de facto, especially those that are expressly imposed by sections 529 quaterdecies and 529 quindecies of the Spanish Companies Act [Ley de Sociedades de Capital] (which are, therefore, directly applicable).

The Regulations of the Company's Audit Committee expressly include the following functions (referring to the matters included in Recommendation 42) that account for, at least partially and certainly not literally, the ensemble of recommendations indicated, for the preparation of information and internal control systems as well as in relation to the external auditor:

"(. . .)

a) Ensure that internal control policies and systems are effectively implemented and in practice.

b) Analyze, together with the auditors, any major weaknesses of the internal control system detected during the audit.

c) Supervise the process for preparing and reporting regulated financial and non-financial information.

d) Propose to the Board of Directors, for submission to the General Shareholders Meeting, the appointment, re-election, or replacement of the auditors, as well as the terms of their engagement, in accordance with the applicable regulations, and to regularly receive information about the audit plan and its execution from the auditors, as well as preserving their independence in the exercise of their functions.

e) Supervise the activity of the Compliance and Internal Audit units, which will functionally report to the Audit and Compliance Committee and ensure their independence.

f) Propose the selection, appointment, and dismissal of the heads of Compliance and Internal Audit units; propose the budget for these areas; approve the orientation and annual work plan, ensuring that their activity is mainly focused on relevant risks; receive periodic information on their activities; and verify that senior management takes into account the conclusions and recommendations of their reports.

g) Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter that may compromise their independence, to be examined by the Audit Committee, and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in legislation regarding auditing accounts and auditing standards.

h) In any event, the Audit Committee should annually receive from the external auditor written confirmation of the latter's independence versus the Company or institutions directly or indirectly related to the Company, as well as information on additional services of any kind provided by the aforementioned auditor or by related persons or institutions and the fees received from those entities, in accordance with the regulations governing the auditing of accounts.

i) Annually issue, prior to the issuance of the audit report, a report in which it expresses an opinion on the independence of the auditor. This report must contain, in any case, a summary of the additional services provided as referred to in the above paragraph, in the terms established by law.

(. . .)"

43. That the Audit Committee be able to require the presence of any employee or manager of the company, even stipulating that they appear without the presence of any other member of management.

Complies [X]   Complies partially [   ]   Explain [   ]

44. That the Audit Committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, the proposed exchange ratio.

Complies [   ]   Complies partially [   ]   Explain [   ]   Not applicable [X]

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political, and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks, contingent liabilities, and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialized Risk Committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified should they materialize.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [X]   Complies partially [ ]   Explain [ ]

46. That under the direct supervision of the Audit Committee or, if applicable, of a specialized committee of the Board, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage, and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies [X]   Complies partially [ ]   Explain [ ]

47. That in designating the members of the Appointments and Remuneration Committee –or of the Appointments Committee and the Remuneration Committee if they are separate– care be taken to ensure that they have the knowledge, skills and experience appropriate to the functions that they are called upon to perform and that the majority of the members are independent directors.

Complies [X]   Complies partially [ ]   Explain [ ]

48. That large-cap companies have separate appointments and remuneration committees.

Complies [ ]   Explain [X]   Not applicable [ ]

As the company understands, this will not be necessary, either now or in the foreseeable future, given that the activity carried out by the committee in recent times –and currently– has not been affected by the mere fact that the company's shares are now considered for the calculation of a stock index (nor for any other reasons).

In any case, the Company takes the content of this recommendation into account in the context of its constant efforts to improve the corporate governance system and, therefore, will periodically evaluate the advisability of proceeding with splitting these committees, not only from the perspective of the Company's capitalization, but also from the perspective of the circumstances inherent in the activities of the Appointments and Remuneration Committee and criteria of rationality and organizational and functional efficiency.

49. That the Appointments Committee consult with the chairman of the Board and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the Appointments Committee to consider potential candidates that they consider suitable to fill a vacancy on the Board of Directors.

Complies [X] Complies partially [ ] Explain [ ]

50. That the Remuneration Committee exercise its functions independently and that, in addition to the functions assigned to it by law, it is responsible for the following:

a) Proposing the basic conditions of employment for senior management to the Board of Directors.

b) Verifying compliance with the company's remuneration policy.

c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.

d) Ensuring that potential conflicts of interest do not undermine the independence of external advice given to the committee.

e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies [ ] Complies partially [X] Explain [ ]

The Regulations of the Company's Appointments and Remuneration Committee expressly include the following functions (referring to the matters set forth in Recommendation 50), which reflect, at least partially and certainly not literally, the ensemble of recommendations mentioned above:

"a) Propose the remuneration policies of the directors and senior executives to the Board of Directors and review them periodically, proposing, where appropriate, their amendments and updates to the Board of Directors. (Recommendation 50 a) and c))

k) Inform and submit to the Board of Directors the proposals of the Company's Chief Executive on the structure of remuneration of senior managers and the basic terms of their contracts (Recommendation 50 a)).

l) Oversee compliance with the Company's remuneration programs and inform the documents approved by the Board of Directors for general disclosure in relation to information on remuneration, including the Annual Report on Remuneration of Directors and the corresponding sections of the Company's Annual Corporate Governance Report. (Recommendation 50 b) and e))".

With regard to section d) of this recommendation, Article 9. 2 of the Regulations of the Appointments and Remuneration Committee establishes the possibility of the Committee seeking external advice in the performance of its duties. In this sense, and regardless of whether or not it is expressly provided for by the Appointments and Remuneration Committee –in practice and as an intrinsic and inseparable part of the debate on the possible appointment of any external advisor– the Committee evaluates the existence of current or potential conflicts of interest. This evaluation may result in the introduction of the necessary precautions in rendering of the external advisor's services, or even cause the external advisor in question not to be appointed. For all these reasons, the Company does not consider it necessary to literally include the contents of section d) of Recommendation 50 in the Regulations of the Appointments and Remuneration Committee.

51. That the Remuneration Committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies [X]   Complies partially [ ]   Explain [ ]

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the Board Regulations and that they should be consistent with those applying to legally mandatory committees in line with the above recommendations, including:

a) That they be composed exclusively of non-executive directors, with a majority of independent directors.

b) That they be chaired by independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board held after each committee meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and their minutes be made available to all directors.

Complies [ ]   Complies partially [X]   Explain [ ]   Not applicable [ ]

With regard to the ESG Committee, paragraphs a) and b) of the applicable recommendations are not complied with, insofar as there are no independent directors on the Committee. Therefore, the company considers that the functions attributed to this committee are correctly carried out by external directors, who have the same criteria of correctness and independence of criteria as the independent directors, with whom there would be unity of analysis; therefore, it is not considered necessary that either the chairman or any of its members be appointed from among the company's independent directors.

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board, which may be the Audit Committee, the Appointments Committee, a specialized committee on sustainability or corporate social responsibility or any other specialized committee that the Board of Directors, in the exercise of its powers of self-organization, may have decided to create. And that this committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned that committee.

Complies [ ]   Complies partially [X]   Explain [ ]

Although the rest of the recommendation is complied with, the ESG Committee –which is responsible for oversight in the indicated matters– is made up solely of non-executive directors, but all of them are proprietary directors. In this regard, after evaluating the profile and origin of the different directors, the company understands that those appointed to the ESG Committee are best-suited for performing the functions attributed to the committee, regardless of their status as proprietary directors.

54. The minimum functions referred to in the above recommendation are the following:

a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the social interest and take the legitimate interests of other stakeholders into account, as appropriate.

d) Supervision of the company's environmental and social practices to ensure that they are in line with the established strategy and policy.

e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies [X]   Complies partially [ ]   Explain [ ]

The company understands that all of the above minimum functions are attributed to the ESG Committee (according to its functions as indicated in Article 3 of the Regulations of the ESG Committee), although the recommendation and the text of Article 3 of the Regulations of the ESG Committee are not identically worded.

55. That environmental and social sustainability policies identify and include at least the following:

a) The principles, commitments, objectives, and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.

b) Means or systems for monitoring compliance with these policies, their associated risks, and their management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation, and dialogue with stakeholders.

e) Responsible communication practices that impede the manipulation of data and protect integrity and reputation.

Complies [X]   Complies partially [ ]   Explain [ ]

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies [X]   Explain [ ]

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options, or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other mutual benefit systems.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The above will not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies [X]   Complies partially [   ]   Explain [   ]

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that this remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that these criteria take into account the risk incurred to achieve a given result.

b) Promote the company’s sustainability and include non-financial criteria that are aimed at creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, ensuring that the elements used to measure performance are not associated only with one-off, occasional, or extraordinary events.

Complies [   ]   Complies partially [X]   Explain [   ]   Not applicable [   ]

The CEO receives annual variable remuneration, dependent on the achievement (in a generic sense, since no target levels of achievement are determined) of economic objectives (Net Income, EBITDA) that can be assessed and evaluated by the Appointments and Remuneration Committee.

The Company does not consider it relevant to the intended purpose of the variable remuneration to link it to measurable and direct objective elements linking the remuneration to the Company's performance, beyond a generic element of compliance with the levels of Net Income and EBITDA forecasts for the year (budget).

As a consequence of the relationship between the Company and its CEO and the CEO’s commitment, value generation and loyalty shown to the Group, the company does not contemplate the need to introduce control or correction mechanisms such as those indicated in sections b and c of the recommendation.

The performance of the executive directors receiving this type of remuneration has traditionally been of high commitment and dedication to the Company and the Company's performance has been sufficiently satisfactory not to introduce this kind of performance-linked measures.

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies [ ] Complies partially [X] Explain [ ] Not applicable [ ]

The company complies with the first part of the recommendation, since the payment of the variable components of the remuneration is effectively linked to the adequate checks listed in the annual report on directors' remuneration.

However, the company is not considering the inclusion of a reduction clause (malus). The company believes that there are other ex post mechanisms that more effectively cover this risk. In this regard, the variable long-term remuneration based on the evolution of the share price to which the CEO is entitled is generated over a ten-year period. Therefore, there is a long-term link that allows checks to be performed on short- or medium-term events that might make it advisable to suspend the accrual of the variable compensation.

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies [ ]Complies partially [ ] Explain [X] Not applicable [ ]

The CEO's remuneration does not take these circumstances into account, on the understanding that there are other ex post mechanisms that more effectively cover this risk. In addition, it should be noted that the external auditor has not issued any qualifications of the financial statements.

In the event that these existed, it would be necessary to understand the circumstances in which they arose, and therefore, the consequences of this fact would be subject to assessment by the Board of Directors at all times.

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of their fixed annual remuneration through the ownership of shares, options, or other financial instruments.

The above will not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favorable assessment by the Appointment and Remuneration Committee, to deal with such extraordinary situations as may arise and so require.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

The CEO's long-term variable compensation is instrumented through rights (referred to in the compensation plan as "units") that the company understands do not fall into the category of shares, options, or financial instruments. In any case, these units may not be transferred and may not be exercised before three years have elapsed.

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies [ ] Complies partially [ ] Explain [X] Not applicable [ ]

The company does not comply with the recommendation in the proposed terms.

The rationale for this is as follows: the remuneration to which executive directors are entitled is not linked to performance or equivalent objective parameters: it is the Board of Directors that determines autonomously and at its discretion the amounts to be paid as variable remuneration (except for the CEO, whose variable remuneration does indeed depend on objective criteria, albeit not quantified).

For this reason, to the extent that they are not taken into account when granting variable remuneration, mechanisms cannot be established up that imply a reimbursement linked to a subsequent demonstration of unfulfilled performance.

64. That payments for contract termination should not exceed an amount equivalent to two years’ total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies [ ] Complies partially [X] Explain [ ] Not applicable [ ]

The CEO's contract with the company contains a clause providing for an early termination indemnification that does not strictly comply with the second part of the first paragraph of the recommendation. Thus, in accordance with the directors' remuneration policy available on the company's website:

"h) Indemnification clauses: The CEO will be entitled to receive all of their variable long-term remuneration and the total amount of their continuance and non-compete compensation in the event that the General Meeting and the Board of Directors decide not to keep the CEO in office for any reason in the period of ten (10) years from January 1, 2018. In addition to the above, the CEO may be entitled to receive an additional amount (at most, equivalent to two years of their fixed and short-term variable remuneration) to be included, where appropriate, in their contract. "

H. FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but should be included in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

   Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In this case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of July 20, 2010.

On October 15, 2015, the company adhered to the Global Compact, an international initiative promoting the implementation of 10 universally accepted principles to bolster Corporate Social Responsibility (CSR) in the areas of Human Rights and business, labor standards, the environment, and the fight against corruption in the activities and strategies of businesses.

[continuation of section E6 of this Report]

Failure to meet customer expectations:

- Although there is no single action or specific plan to mitigate this risk, all divisions and regions are working on improving production processes that not only help them to be more efficient, but also more flexible to adapt to customer requirements.

Succession plan for key personnel, and Training and junior staff policy:

- The corporate HR department, in collaboration with senior management and the various geographic areas and Business Divisions, has worked on succession plans for key positions in order to achieve CIE Automotive's strategic objectives, and has identified the successors or strategies to be followed to ensure that the company will not be affected in the event should key personnel no longer be available. In addition, the general and personalized training plans have been increased, as evidenced by a steady increase in the number of training hours in recent years. The motivation and talent retention associated with the pride of belonging to the company is essential.

- In addition, it is important to note that as part of ESG strategy developed by the ESG Committee and the Board of Directors, which is strongly supported by the CEO, there are specific actions and KPIs to monitor that this risk does not lead to a negative impact on the company.

Inorganic growth management:

In order to streamline and optimize the integration of new additions to the group, the company is carrying out the following actions:

- Participation of the management team in corporate M&A transactions.

- Definition and implementation of a clear management model that quickly allows control over new companies to be established.

- Promoting the flexibility and availability of key internal staff to handle offboarding.

It is important to note that CIE Automotive has analysis, supervision, and control units in various areas of risk management, such as:

- Financial risk management and control.

- Reporting and tax risk control.

- Information systems risks.

- Safety and environment.

- Compliance and ESG, supervising ESG (Environmental, Social and Governance) risks.

- A total of 66 people took part in the preparation of this Risk Map (14% more than in 2019), who have responded according to the scope of each of the risks within the time horizon until 2025, and pursuant to their geographical and technological scope, meaning that some people may assess risks present in more than one region and for more than one technology.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on:

23/02/2021

Indicate whether any director voted against or abstained from approving this report.

[ ] Yes
[√] No

CIE Automotive, S.A.

Auditor's Report on "Information regarding the Internal Control System over Financial Reporting" (ICSFR) for the 2020 financial year

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Auditor´s Report on "Information regarding the Internal Control System over Financial Reporting (ICSFR)" of CIE Automotive, S.A. for the 2020 financial year

To the Board of Directors of CIE Automotive, S.A.:

In accordance with the request of the Board of Directors of CIE Automotive, S.A. ("the Entity") and our engagement letter dated January 11, 2021, we have applied certain procedures in respect of the attached "Information regarding the Internal Control System over Financial Reporting" ("ICSFR"), included in "Appendix to the Annual Corporate Governance Report" of CIE Automotive, S.A. for 2020 financial year, which includes a summary of the Entity's internal control procedures relating to its annual financial information.

The Board of Directors is responsible for adopting the necessary measures to reasonably ensure the implementation, maintenance and supervision of an appropriate internal control system, and for developing improvements to that system and preparing and establishing the content of the accompanying Information regarding the ICSFR.

In this regard, it should be borne in mind that, regardless of the quality of the design and operating efficiency of the internal control system used by the Entity in relation to its annual financial information, only a reasonable, but not absolute, degree of assurance may be obtained in relation to the objectives it seeks to achieve, due to the limitations inherent in any internal control system.

In the course of our audit work on the consolidated annual accounts and in accordance with Spanish Auditing Standards, the sole purpose of our evaluation of the Entity's internal control system is to enable us to establish the scope, nature and timing of our audit procedures in respect of the Entity's annual accounts. Accordingly, our internal control evaluation, performed for the purposes of our audit, is not sufficient in scope to enable us to issue a specific opinion on the effectiveness of such internal control over the regulated annual financial information.

For the purposes of the present report, we have exclusively applied the specific procedures described below, as indicated in the "*Guidelines concerning the auditor's Report on the Information regarding the Internal Control System over Financial Reporting for listed entities*" published by the National Securities Market Commission on its web site, which sets out the work to be performed, the scope of such work and the content of this report. In view of the fact that, in any event, the scope of the work resulting from these procedures is reduced and substantially less than the scope of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, its design or operational efficiency, in relation to the Entity's annual financial information for the 2020 financial year described in the accompanying Information regarding the ICSFR. Had we applied additional procedures to those determined by the aforementioned Guidelines, or had we performed an audit or review of the internal control system in relation to the regulated annual financial information, other matters could have come to light in respect of which you would have been informed.

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

In addition, as this special engagement is not an audit of financial statements and is not subject to the legislation governing the audit practice in Spain, we do not express an audit opinion under the terms of the aforementioned legislation.

The procedures applied were as follows:

1. Reading and understanding the information prepared by the Entity in relation to the ICSFR – as disclosed in the Directors' Report – and the evaluation of whether such information includes all the information required as per the minimum content set out in Section F regarding the description of the ICSFR, in the model of the Annual Corporate Governance Report, as established in Circular 5/2013 of the National Securities Market Commission dated June 12, 2013 and subsequent modifications, being the most recent one the Circular 1/2020 of the National Securities Market Commission dated October 6, 2020 ("the Circulars of the NSMC").

2. Making enquiries of personnel in charge of preparing the information mentioned in point 1 above in order to: (i) obtain an understanding of the preparation process; (ii) obtain information that enables us to assess whether the terminology used is in line with the framework of reference; (iii) obtain information as to whether the control procedures described have been implemented and are functioning in the entity.

3. Review of supporting documentation explaining the information described in point 1 above and which mainly comprises the information made directly available to the persons responsible for preparing the information on the ICSFR. Such documentation includes reports prepared by the internal audit function, senior management and other internal and external specialists in support of the functions of the audit committee.

4. Comparison of the information described in point 1 above with our knowledge of the entity´s ICSFR, obtained by means of the application of the procedures performed within the framework of the audit engagement on the consolidated annual accounts.

5. Reading the minutes of meetings of the board of directors, audit committee and other committees of the entity, for the purposes of evaluating the consistency between the matters dealt with therein in relation to the ICSFR and the information described in point 1 above.

6. Obtaining a representation letter concerning the work performed, duly signed by the persons responsible for the preparation and drafting of the information mentioned in point 1 above.

As a result of the procedures applied in relation to the Information regarding the ICSFR, no inconsistencies or incidents have been identified which could affect such information.

This report has been prepared exclusively within the framework of the requirements of article 540 of the revised Spanish Companies Act and "the Circulars of the NSMC", for the purposes of describing the ICSFR in Annual Corporate Governance Reports.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by José Antonio Simón Maestro

February 24, 2021