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TEKNIA MANUFACTURING GROUP, S.L., Single-Member Company AND SUBSIDIARIES



Teknia Manufacturing Group, S.L., Single-Member Company and Subsidiaries

Non-financial information statement 2018

Appendix to the Consolidated Management Report

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About this statement

[102-45] [102-50] [102-52]

The Non-Financial Information Statement (hereinafter, NFIS or Statement) is part of the Consolidated Management Report for the 2018 financial year and includes, in its scope, all the companies of the TEKNIA Group considered in said Report. It refers to the period between 1 January and 31 December, 2018.

This NFIS is prepared to comply with the requirements applicable to the TEKNIA Group as a result of the transposition of Directive 2014/95/EU to Spanish legislation (Law 11/2018, of 28 December, on non-financial information and diversity). Additionally, the present NFIS serves to comply with the Polish legislation (Law of 15 December, 2016, which amends the Accounting Law 61) that affects the entity Teknia Polska Sp. Z o.o.

In accordance with the provisions of said legislation, a reference standard has been used to prepare this Statement, in this case the Global Reporting Initiative (GRI).

The external verification of the information published in this Statement will be carried out by Moore Stephens, S.L., the same company that audits the consolidated annual accounts of the TEKNIA Group.

For more information about the process followed for the preparation of this Statement, the principles that have been applied in its preparation, and its contents, see also the section "Appendix of the Statement".

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Letter from the Chairman
[102-14]

I am pleased to share with you this first Non-Financial Information Statement of the TEKNIA Group, in which we explain the Group's most relevant issues and detail how we have managed what have been the "non-financial" aspects of the business during the year 2018.

In order to understand how the Group is today, I believe it is fundamental to understand where we come from, so I would like to begin with a brief description of the history of our Group:

TEKNIA was founded in 1992, with a single production plant of twenty-nine employees located in Zaldívar (Biscay), working in metal stamping and tube forming. In the twenty-seven years that have passed since then, we have grown and expanded internationally, reaching our more than three thousand six hundred current employees and being present in fourteen countries. We also use five different manufacturing technologies (plastic injection, metal stamping, tube forming, machining, and aluminium casting) and offer our products to many of the most relevant players in the automotive sector.

This trajectory has been possible thanks to the effort and dedication of the people who are part of TEKNIA and the daily application of our ethical foundations in our work, based on the corporate values of the TEKNIA brand: customer and profit orientation, common sense, corporate identity and ethical behaviour.

These values are our standards in the automotive sector and those which have shaped us as a successful and global company from both a technical and economic point of view.

The value of ethical behaviour is what defines us as an organisation with a responsible vocation, which takes into account not only the ethical considerations but also the social and environmental considerations of our business.

At TEKNIA Group we are proud of what we have achieved up to now, but are also ambitious and we will carry on working to continue improving our management and our results in the future in social, ethical and environmental matters.

Signature:

Javier Quesada Suescun

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TEKNIA Group
[102-2] [102-5]

TEKNIA group is a group of Spanish and family owned companies founded in 1992, operating mainly in the automotive sector. Its business activity is focused in two different areas:



TEKNIA Automotive specialises in the development of specific components, assembly and manufacturing processes.

It includes the 21 current manufacturing plants working in four technologies (Plastic, Metal, Machining and Aluminium) and in two regional areas (Brazil and Nafta).

This also includes all the following related business activities: Commercial, Purchasing, Quality Control, Human Resources and Production.



TEKNIA Technologies is specialised in technical support engineering and product development.

It collects, consolidates and develops TEKNIA's know-how and experience within the group to:

- Develop the knowledge to respond to the sector's megatrends and the key areas of development.
- Create engineering competencies to take on product development.
- Lead technical development within TEKNIA Group.

TEKNIA Group operates both nationally and internationally through its subsidiaries (for more details on the companies, see Appendix I of the consolidated annual accounts for 2018 of Teknia Manufacturing Group S.L (Single-Member Company) and subsidiaries).

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TEKNIA Group's history [102-10]

TEKNIA Group was founded in 1992, after the acquisition of a company located in Zaldibar (Biscay) that had 29 employees in a single plant dedicated to metal stamping and tube handling.

Today, 27 years later, TEKNIA Group has expanded internationally, and has grown significantly in terms of revenue, profits, global presence and the technologies it develops.

Figure 1: Main milestones in TEKNIA Group's history (1992-2007)

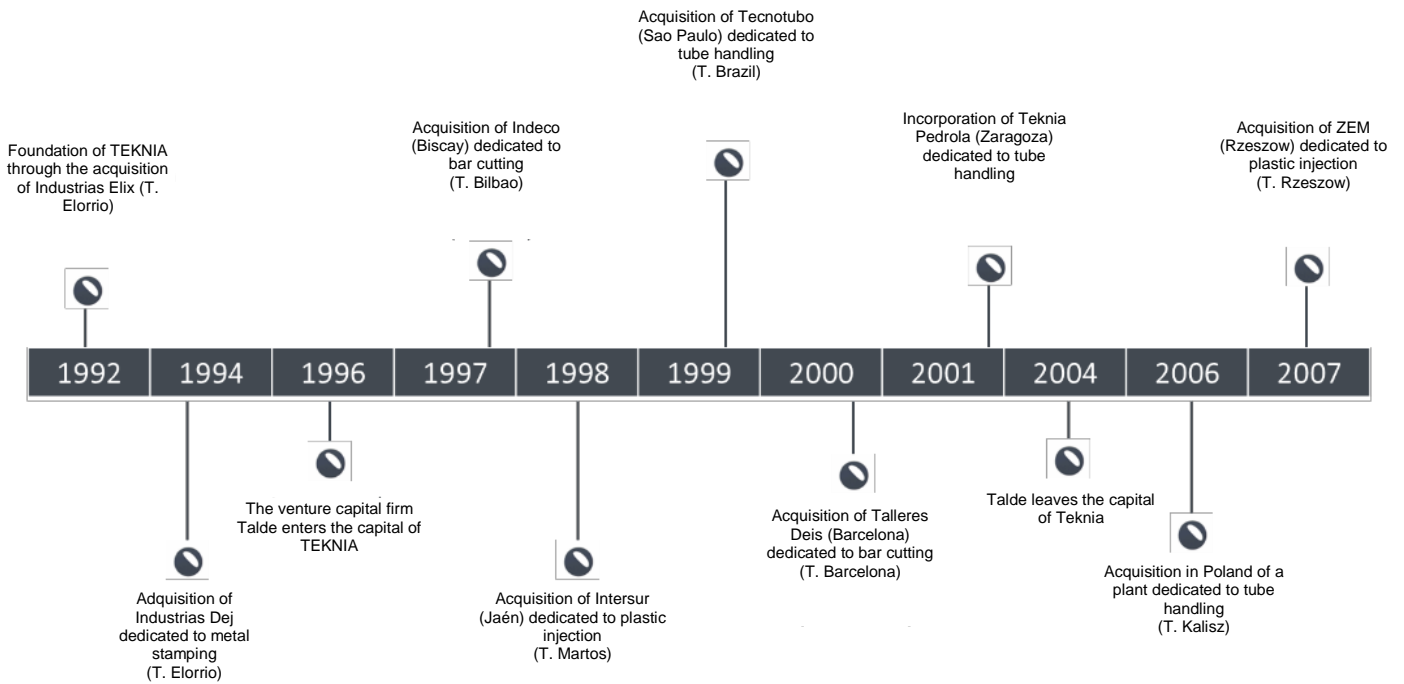
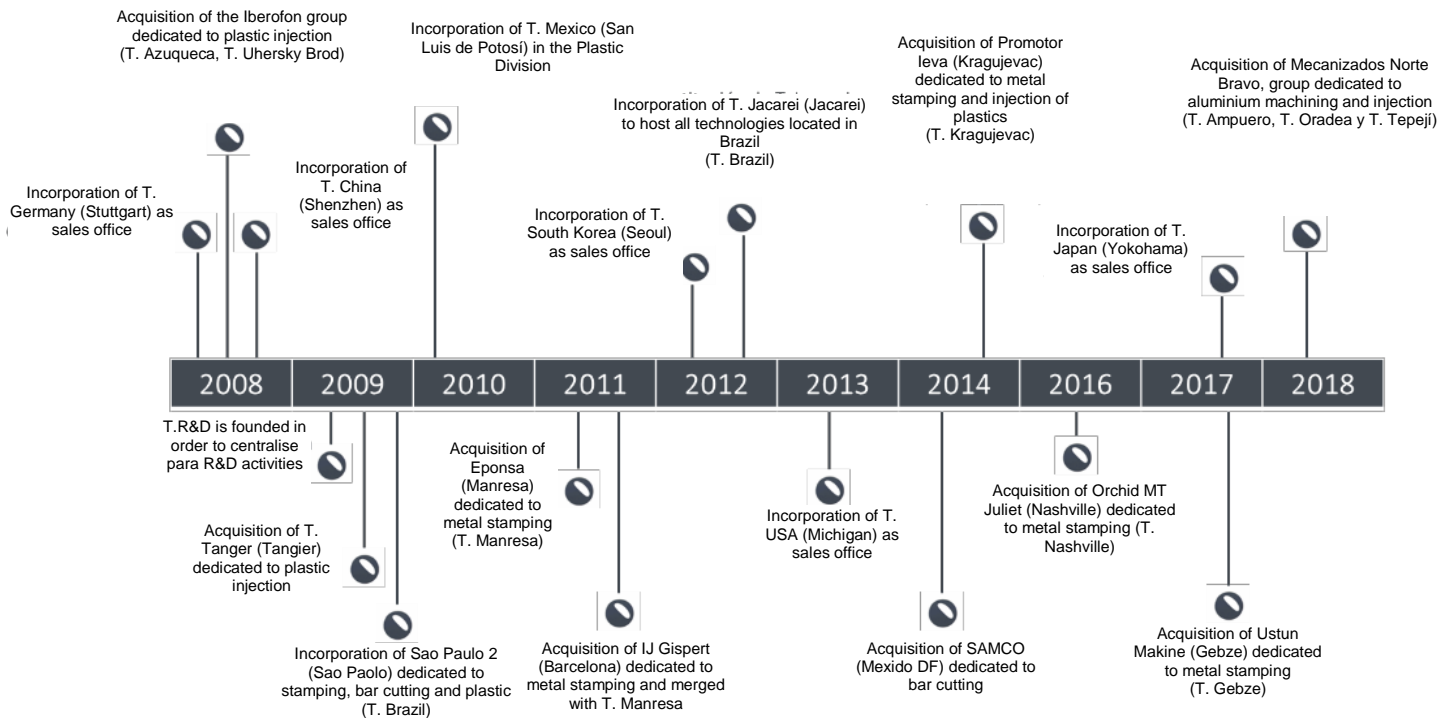


Figure 2: Main milestones in TEKNIA Group's history (2008-2018)



Milestone in 2018:

Acquisition of Mecanizados Norte Bravo

On 22 March, 2018, TEKNIA Group acquired 100% of Mecanizados Norte Bravo, S.L. (currently Teknia Ampuero, S.L. (Single-Member Company), a group specialised in the casting and machining of non-ferrous metal parts (mainly aluminium) for the automotive sector.

With this acquisition, the Group strengthens its presence in Europe and in Nafta, incorporating the Ampuero (Spain), Oradea (Romania) and Tepejí del Río (Mexico) plants. Likewise, it incorporates strategic customers and products with this new technology.

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Keys to success

Drivers for growth

[102-7]

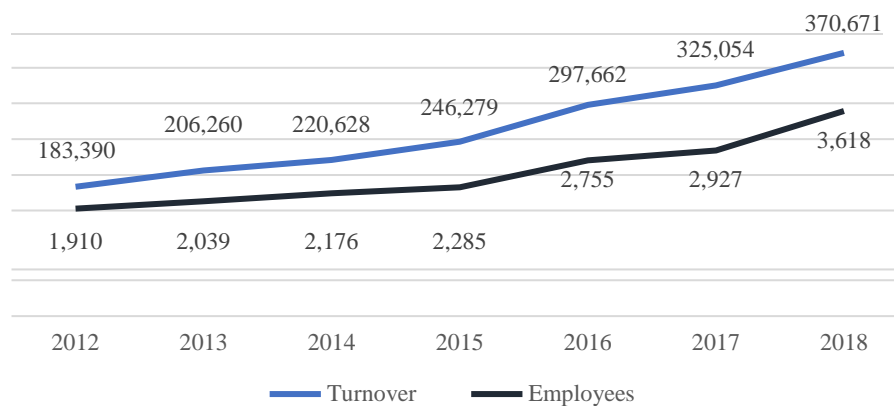
Since its founding, TEKNIA Group has had the drive to grow with the certainty that, in the automotive sector, while size may not guarantee profitability and future success, it is certainly related.

To date, this drive has materialised in the development of a clear strategy of growth in sales and profits through two channels:

- Organically, through the growth of business activity and the orientation towards profit throughout the Group.
- Inorganically, through the acquisition of new companies.

Thus, the Group ended 2018 with a turnover of 371 million Euros and with 21 production plants and 3,618 employees around the world.

Figure 3: TEKNIA Group's evolution in terms of number of employees and turnover (employees at year-end and turnover in thousands of €)



This growth is based on a financial policy aimed at maximising the Group's value in the long term and its profitability, limiting the risk of excessive leverage.

Table 1: Group's total capitalisation, broken down in terms of debt and capital (in thousands of €)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------|--------|--------|--------|--------|--------|--------|--------|
| Equity | 51,457 | 48,818 | 55,750 | 59,057 | 68,225 | 73,536 | 74,351 |
| Debt | 37,390 | 33,778 | 47,083 | 49,209 | 68,248 | 75,175 | 95,768 |

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Proximity to the customer and geographical diversification

[102-4] [102-6]

TEKNIA Group has always considered proximity to the customer to be one of the keys to its success and, with the Group’s main customers being global companies, an effort has been made to be close to them.

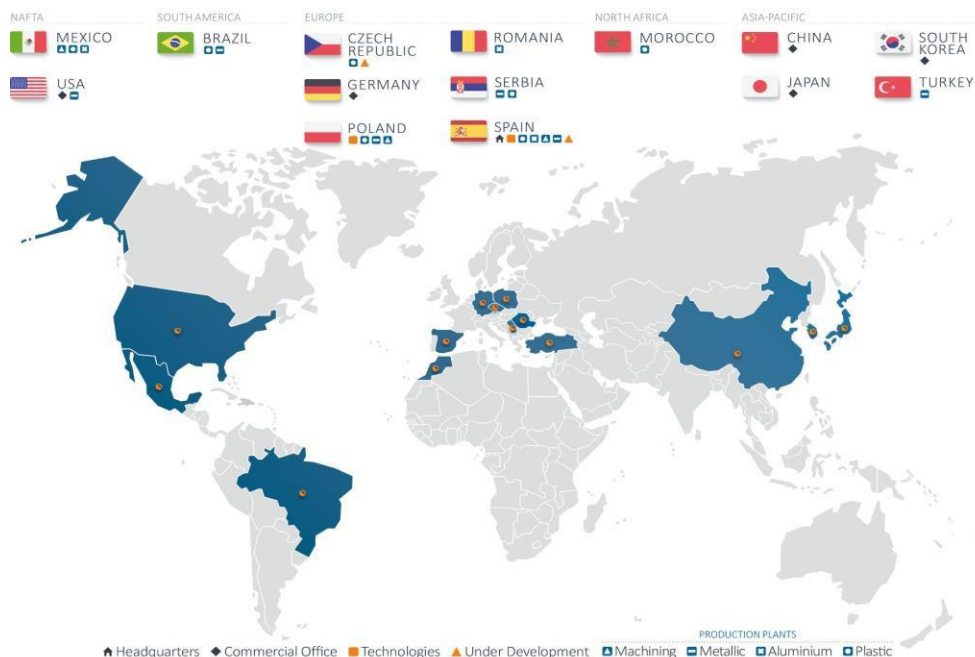
In 1995, when the Group had no more than 40 workers, it was decided to open a technical-commercial office in Germany to be close to the main customer at that time. In keeping with this principle and our corporate strategy, we have aimed to locate our production plants and commercial offices where our customers might require them.

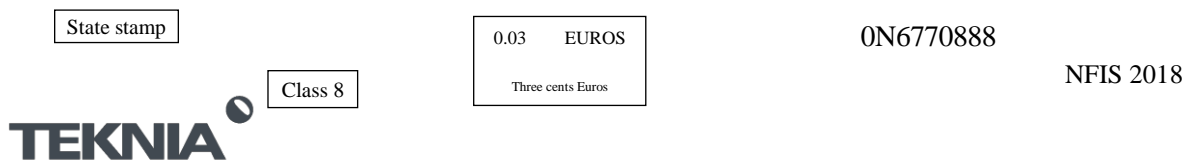
This principle has led the Group to become a global player, with presence in the main markets of the automotive sector. It also allows our customers to achieve solutions for global projects where TEKNIA Group, through its internalisation, can provide added value along with savings in time and development costs.

Thus, at present, TEKNIA Group is present in 14 countries on 4 continents (see Figure 4):

- Commercial offices in Stuttgart (Germany), Michigan (USA), Seoul (South Korea), Tokyo (Japan) and Shenzen (China).
- Production activity in the United States, Mexico, Brazil, Spain, Morocco, Poland, Czech Republic, Serbia, Romania, and Turkey.

Figure 4: TEKNIA Group’s distribution around the world





An additional advantage of the Group's presence in different markets is that risks are minimised in the event of a crisis in any one of them: for example in 2008, while America and Europe suffered a severe economic crisis, the Group benefited from a still-thriving Brazilian market.

Technological diversification and strategic products.

The Group currently specialises in the manufacture and sale of parts and assembled components for the automotive industry, applying the following technologies:

- Injection of plastic
- Metal stamping
- Metal tube forming
- Bar cutting
- Aluminium casting
- Aluminium machining

In a sector as competitive as the automotive sector, specialisation in strategic products is key.

At TEKNIA Automotive, products are considered strategic, taking into account the following circumstances:

- Added value of the product.
- Current or potential future high-growth production volumes in the automotive industry.
- Products whose technology can be transferred to different plants/markets in which the Group operates.
- Products with which the Group maintains a clear leadership in both technology and know-how.

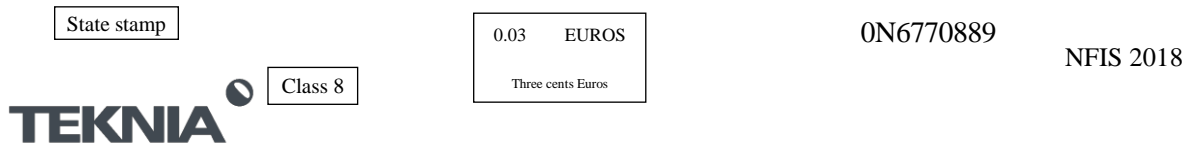
Some example products which are strategic for the Group are brake fluid tanks and windscreen wiper systems in plastic technology, door hinges or shock absorber supports in metal technology, brake pistons in bar cutting technology or steering systems in aluminium technology.

Research and development.

In 2006, TEKNIA Group began its Research and Development activities.

It is key for the Group to invest a significant percentage of our sales in Research and Development, mainly in the following areas:

- The improvement of existing processes and products;
- The creation of new products;
- The integration of new technology to add value to our business activity.



To be prepared for this, TEKNIA Technologies works on:

- Monitoring and gaining knowledge of the market;
- Focusing on technology;
- The continued expansion of our engineering capabilities;
- Working closely with our customers and partners.

TEKNIA Group's values

[102-16]

The entrepreneurial vision of the Group's Chairman, and Founder, has been expressed through the main values that make up our corporate philosophy:

- Ethical behaviour;
- Profit orientation;
- Customer orientation;
- Common sense.

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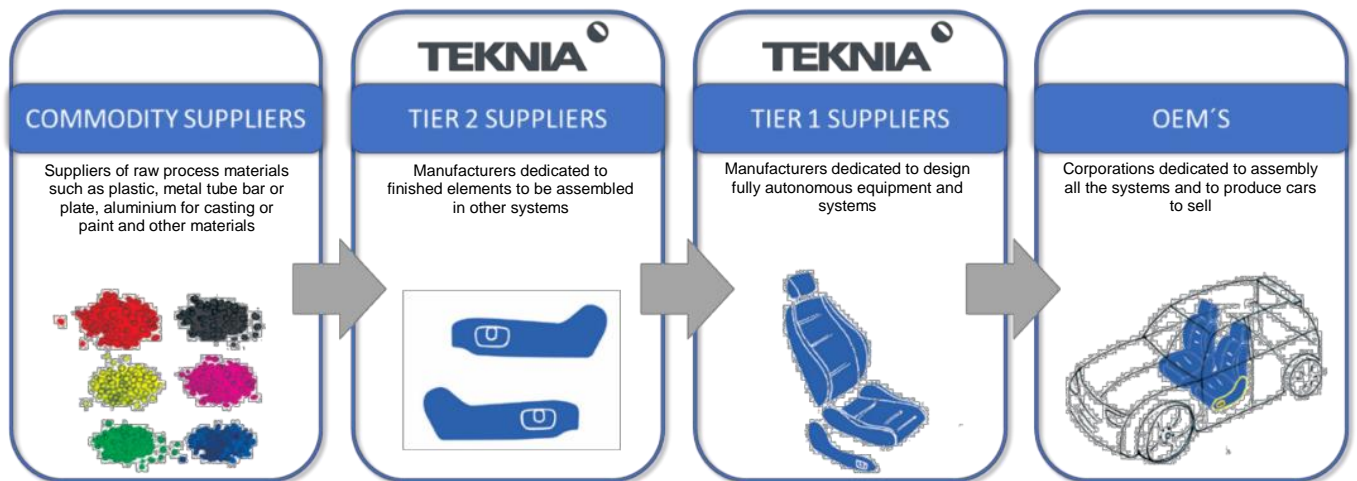
TEKNIA Group in the automotive sector [102-6] [102-9]

The automotive sector is structured in a chain in which different actors participate in the manufacturing process of the final product: the motor vehicle.

In its simplest version, this chain starts with the suppliers of raw and process materials (COMMODITY SUPPLIERS) that provide the materials so that the second level suppliers (TIER 2 SUPPLIERS) can make the parts that first tier suppliers (TIER 1 SUPPLIERS) then integrate into fully finished systems or subsystems that, in turn, OEM customers (Original Equipment Manufacturer) integrate and assemble to make the finished motor vehicle.

TEKNIA Group offers its products to mainly TIER 1 customers but also directly to OEM customers.

Figure 5: Main actors in the automotive sector value chain



The following are the production processes applied and the products and services marketed by TEKNIA Group:

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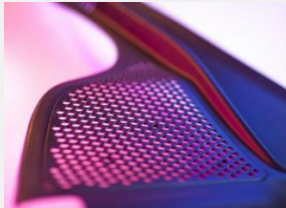
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TEKNIA Automotive [102-2]

Carries out its business activity in the 21 production plants with four differentiated technologies and in two regional areas (Brazil and NAFTA). This also includes all the following related business activities: Commercial, Purchasing, Quality Control, Human Resources and Production.

The business activity carried out at TEKNIA Group's production plants is included in one or several of the following technologies:

Plastic



Main production process:

- Injection of plastic

Main product families:

- Engine (engine casings and oil levers)
- Interior mouldings (interior coverings, consoles, handles, window frames, etc.)
- Safety (air bag cover and assembly, locking systems, etc.)
- Seats (side and rear covers, headrest clamps, etc.)
- Moulding/Fabric (bevels, folding tables, storage boxes, etc.)
- Composite parts
- Exterior parts (bumper, roof bar, water deflector, coverings, etc.)
- Lighting parts (lamp holders, reflectors, etc.)
- Reservoirs, compensation tanks and windscreen tanks

Metal



Main production process:

- Tube forming
- Metal stamping

Main product families:

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- Engine (cooling, turbo and oil tubes, oil dipstick, etc.)
- Fuel (filling covers and tubes)
- Safety (air bag tubes, retractor tubes, safety belt buckles, etc.)
- Transmission and steering columns (supports and sub-assemblies)
- Windscreen wipers (brackets, plates, cranks, etc.) and windscreen wiper tubes
- Exhausts (baffle tube, silencer, etc.)
- Hinge products (console, door, etc.)
- Stamping sub-assemblies (seat parts, structural assemblies, etc.)
- Suspension (supports, stabilisation supports, seat springs)

Machining



Main production process:

- Bar cutting

Main product families:

- Air conditioning system (connectors, valves, etc.)
- Braking system (bleed screws, brake pistons, callipers, rods, etc.)
- Domestic appliances (washing shafts)
- Power train group (fuel rail connectors, inserts, sensors and actuators, etc.)
- Suspension (closing rings, rod guides, etc.)
- Transmission (manual and automatic lever)

Aluminium



Main production process:

- Aluminium injection
- Aluminium machining

Main product families:

- Steering systems
- Pumps and valves
- Starters and generators
- Power train group

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TEKNIA Technologies
[102-2]

TEKNIA Technologies' main business activities range from support engineering (internal, and for external clients) to the development of a complete product, producing, among others, the following products and services:

Market Intelligence and Benchmarking:

- Dedicated activities for market analysis and benchmarking
- Anticipate and respond to the needs of the consumer

Development and support engineering:

- Conceptualisation
- Simulation
- Rapid prototyping
- Trials

Figure 6: TEKNIA Technologies' main areas of business activity



The capabilities of TEKNIA Technologies culminate in the development of innovative projects, combining technologies and products from different Group companies and centralising knowledge to offer more complex products and better solutions.



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Industry trends

Some of the main trends that are expected to affect the automotive sector¹ to which TEKNIA Group belongs are the following:

- Manufacturing 4.0
- Electric mobility
- Shared economy
- Autonomous driving

These trends are answered in the Group's Strategic Plan for the next 15 years. See the section "*Objectives and strategy*" for more details.

Objectives and strategy

Since it began operations, TEKNIA Group has used an advanced management model. At this time, and faced with ever changing industry trends, we have a 15-year Strategic Plan which outlines the Group's main lines of action.

The principal points in the TEKNIA Group's Strategic Plan are:

- Maintain the Group's drive for growth.
- Promote a gradual transition from manufacturing parts to components with higher added value.
- Supply more parts and products to TIER1 and OEM automotive companies, prioritising those that:
 - Have significant size and purchasing capacity, especially in the markets in which the Group operates;
 - That are involved in products and technologies which respond to the needs of the vehicle of the future (electric, autonomous, car-sharing, etc.).
- Maintain the Group's international drive, being present in those markets where significant numbers of cars are manufactured.
- Continue to allocate a significant and growing part of the Group's sales to R&D projects, with the conviction that it will be a fundamental part of the Group's future success.

¹ Source: "The future of the Automotive Value Chain, 2025 and beyond", 2017, Deloitte

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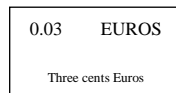
Customer recognition

As a result of TEKNIA Group's good work, throughout its history it has been rewarded by customers and institutions, both in the automotive sector and in the media.

Here are some of the most important awards received in recent years:

Table 2: Awards received by TEKNIA Group

| Year | Entity | Award |
|------|---|--|
| 2018 |  | PSA Award for Supplier Excellence 2018 TEKNIA Kragujevac has this year received the award for excellence awarded by PSA to its suppliers. This award is given to specific manufacturing facilities and only the best performing PSA suppliers are eligible to receive it. |
| 2017 |  | GM Award for Excellence in Supplier Quality 2017 TEKNIA Nashville was awarded the 2017 General Motors Supplier Quality Excellence Award for the second year in a row. In the words of GM "2017 was a great year for GM and without the performance of suppliers like TEKNIA GROUP this would never have been possible". |
| 2017 |  | COFIDES Large company exterior project Awarded to TEKNIA Group in the IV edition of the "Drive for Internationalisation" Awards, given annually by COFIDES (The Spanish Company of Development Financing), in recognition of companies and institutions that stand out for their contribution to internationalisation. |
| 2016 |  | Adient Award for Leadership in Global Growth Awarded to TEKNIA Group. With this prize Adient rewards its suppliers around the world who exhibit exceptional performance in the categories of quality, costs, logistics, development, technology and service, as well as development in other markets. |
| 2015 |  | BOSCH Global Supplier Award TEKNIA Group was the only Spanish company awarded this prize, granted to 58 suppliers from 11 countries out of the total of 35,000 that Robert Bosch has across the world. |



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TEKNIA Group's governance structure [102-18]

TEKNIA Group has the following governing bodies for the performance of its business activity which are responsible for economic, environmental and social aspects:

1. Board of Directors

The Board of Directors of Teknia Manufacturing Group, S.L. (Single-Member Company) is composed of four members. The Board holds maximum responsibility for the management and representation of the company.

In addition to the functions established in the Capital Companies Act, it is the body responsible for approving and promulgating the Group's ethical regulations.

2. Management Committee

Those responsible for the following areas of the Group are part of the Management Committee:

- General Management
- Financial Management
- Industrial Management
- Human Resources Management
- Legal Management
- Commercial, Innovation and Strategy Management
- Technology Management
- Regional Management

This committee deals with the main issues that concern the operations and operational management of the Group and its actions in matters of:

- Environmental issues, arising mainly from the area of Industrial Management, which is responsible for these issues.
- Social and personnel issues, arising mainly from the area of Human Resources Management, which is responsible for these issues.
- Economic issues raised from the different Directorates of the Committee.

3. Ethics and Regulatory Compliance Committee

This Committee responds directly to the Board of Directors and is composed of the general directorates of: Internal Audit, Legal, Financial, and Human Resources.

In general, the Ethics and Regulatory Compliance Committee is the collegiate body in charge of ensuring correct compliance and interpretation of the Code of Conduct within TEKNIA Group.

Within each of the companies there is an Ethics Control and Regulatory Compliance Body, composed of the respective General and Human Resources Directorates.

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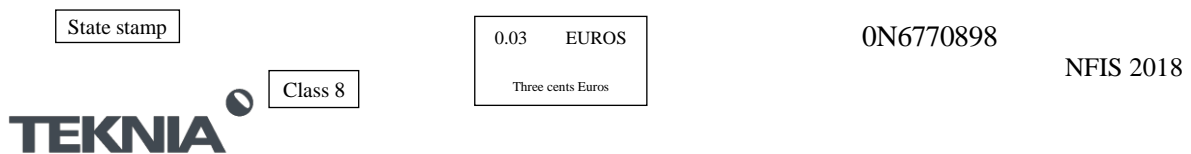
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Its functions in this area are described in greater detail in the section ***“Fight against bribery and corruption”***.



Responsible management in TEKNIA Group

Personnel from different areas of TEKNIA Group, at both corporate and local level in each of the companies, participate in the daily management of issues related to sustainability.

In addition to the existing responsibilities in this area (derived mainly from human resources management, environmental management, consumption of resources, etc.), during 2018 TEKNIA Group has developed several actions that lay the foundations for further progress in responsible management:

- The publication of the Code of Conduct and the dissemination of its principles within the Group;
- The establishment of the Ethics and Regulatory Compliance Committee, responsible for ensuring compliance with the Code and the Control Bodies of each of the Group's companies;
- The establishment of the Corporate Social Responsibility area (hereinafter CSR) of TEKNIA Group, responsible for coordinating actions in the area of CSR and the Group's social actions.

As indicated in the TEKNIA Code of Conduct, the CSR (understood as the social and environmental commitment in the performance of its business activities) is an inseparable part of TEKNIA Group's business model.

The TEKNIA Code of Conduct thereby establishes the principles and commitments that must be observed in this area by Group employees and companies, fundamentally being the following:

- The minimisation of the environmental impact of their products, considering their entire life cycle and carrying out measures to reduce and offset said impact in the process of design, manufacture, distribution, sale and end use.
- The recognition of the human and labour rights of workers (prohibition of child labour, discrimination and harassment, as well as recognition of freedom of association, respect for working conditions and protection of occupational health and safety).
- Social commitment, through the development of sponsorship, patronage and social action activities, carried out by the organisation or channelled through collaboration with social organisations.

Details of the established commitments and actions in each case are set out in the following sections of the document: "*Environmental issues*", "*Social and personnel issues*", "*Fight against corruption and bribery*", "*Respect for human rights*", "*Commitment to society*".

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In order to facilitate understanding and maintain transparency about the information provided, the scope of the indicators reported as well as the assumptions and estimates used to perform the calculations are indicated throughout the report, in the graphs or tables used to present the information (in cases where this is necessary).

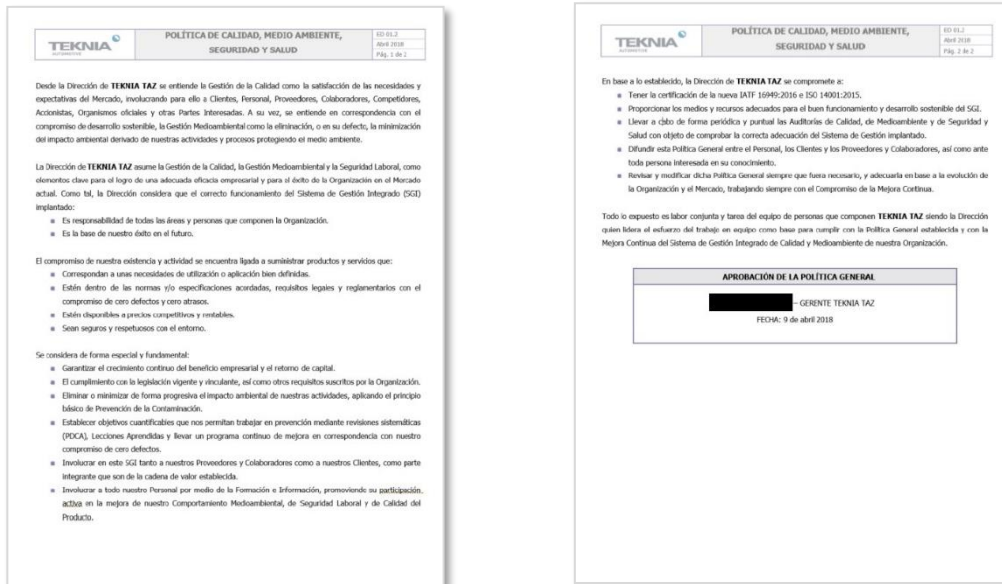
Environmental issues

[102-11] [102-15]

TEKNIA Group has developed an Integrated Quality and Environment Policy that is being applied in all the Group's plants. This policy defines as corporate principles the commitment to sustainable development and environmental management as well as the elimination, or where not possible the minimisation, of the environmental impact derived from our business activities and processes, therefore protecting the environment.

All the Group's production plants have implemented the Global Quality and Environmental Management System and have a Policy that sets out the commitments established in this area.

Figure 7: Example of the Integrated Quality and Environment Policy of one of the plants



The responsibilities regarding environmental management in each TEKNIA Group company are assigned to the local Quality and Environment staff.

The main environmental risks derived from the activity are energy consumption, inadequate waste management and water pollution.

- Regarding energy consumption, the risk is that energy costs rise above the level that allows the Group to be competitive.
- With regards to waste and water management, the risk consists in incurring potential breaches in its management that could result in an environmental impact and/or incur additional costs for the Group.



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The management carried out by the Group's production plants with respect to these issues, and other measures put in place, are described in the "*Sustainable use of resources*" and "*Circular economy and prevention and management of waste*" of this section.

In addition, to minimise the above risks and ensure that environmental management in Group companies is aligned with international standards, environmental management procedures have been designed in accordance with ISO 14001: 2015 on environmental management systems.

As of 31 January, 2019, nearly two thirds (61.9%) of the Group's production plants have an environmental management system certified in accordance with ISO 14.001. The production plants that have this certification account for 78.2% of the aggregate turnover and around 74.5% of the employees of the Group's production plants.

Within our Integrated Quality and Environment Policy, the certification of all production plants has been defined as a priority objective.

The Group has taken an important step to keep up to date in terms of environmental management and procedures and during 2018 all procedures have been adapted to the new version of the ISO14.001 standard of 2015.

This commitment will be maintained and expanded during 2019, in fact, our production plant in San Luis de Potosí obtained its environmental management system certification according to ISO 14.001 for the first time in January of this year.

In addition to taking on responsibility for the environmental impact generated by our own business activity, TEKNIA Group is also concerned about and seeks to promote environmental responsibility within its supply chain. For this reason, criteria for favouring suppliers with better environmental management systems have been integrated into the Group's purchasing processes.

For more information on this subject, see "*Subcontracting and suppliers*" in the section "*Society*".

Additionally, the Group is carrying out a standardisation process of location, design and construction criteria for our production plants around the world, with special emphasis on environmental sustainability and energy efficiency. For this process, the LEED guidelines - American real estate sustainability certification - are used as reference.

The information reported in the following sections refers to the management carried out in the TEKNIA Automotive production plants. It also includes the data provided by the acquired companies for the entire year 2018.



Sustainable use of resources

TEKNIA Group seeks to minimise the consumption of resources used in its production process as a way to improve the efficiency of said process, reduce the costs incurred and reduce the environmental impact of its business activity.

Raw and other materials

[301-1]

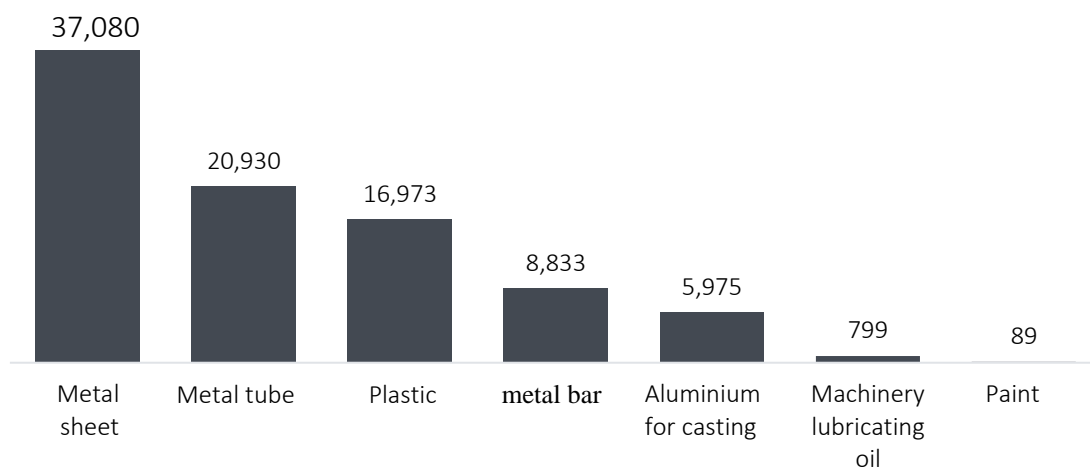
The main raw materials and other materials used in TEKNIA Group's production process are:

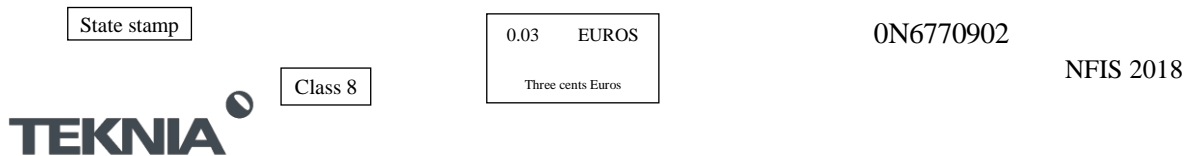
- Metal, in three different formats:
 - In coil/sheet format for stamping;
 - In tube format for forming;
 - In bar format for machining;
- Plastic (propylene) for plastic injection.
- Aluminium for casting.
- Paint for painting lines on parts.

In terms of processing material, emphasis on the lubricating oil necessary for the proper functioning of machinery in the production process.

For more information on the TEKNIA Group's production process, see "*TEKNIA Automotive*" in the section "*TEKNIA Group in the automotive sector*".

Figure 8: Use of the main raw and process materials for the production of TEKNIA Group products (in tons)





Some examples of measures applied to improve efficiency in the consumption of resources are the following: With regards to raw materials:

- Where the contract with the customer allows it, the use of recycled raw material instead of virgin raw material is favoured.
- With plastic injection, the reuse of plastic within the production itself is carried out whenever possible.
- In the aluminium casting, a large part of the scrap generated during the production process is reintroduced as raw material.

With regards to process materials:

- Facilities for separation of oil mixed with scrap metal are being put into operation, so that the oil can be reused within the same process.

With regards to the packaging of the Group's products:

- There is a tendency to replace cardboard packaging with returnable containers.

Energy

[302-1] [302-3]

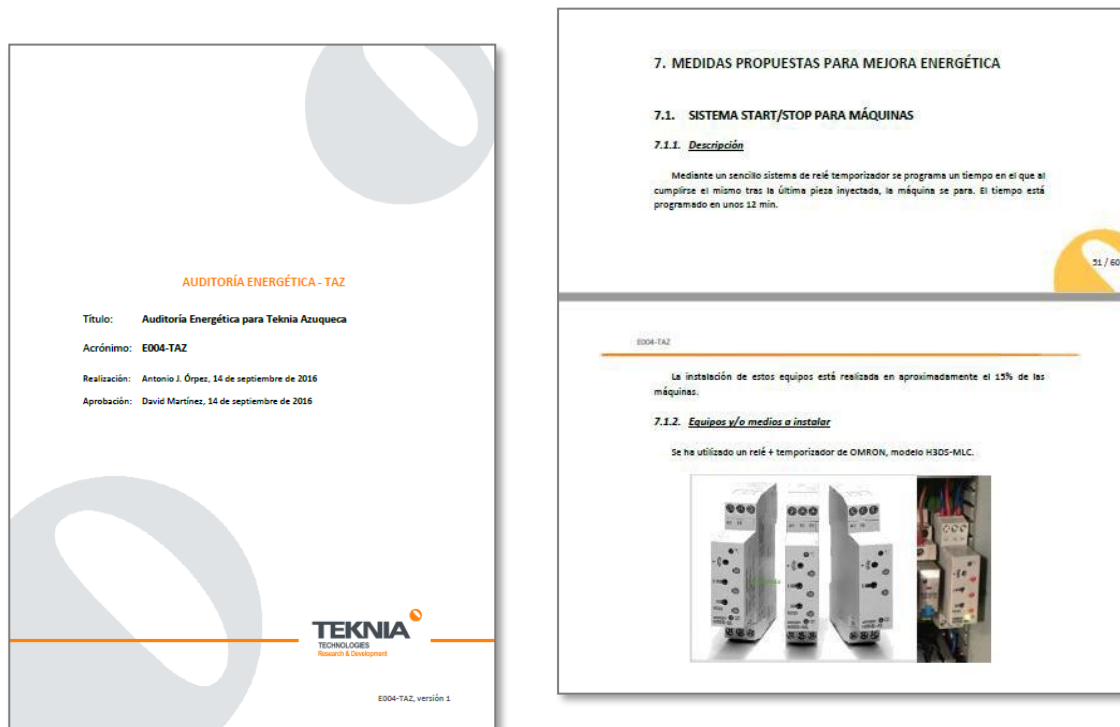
TEKNIA Group's production activity, like any industrial activity, is intensive in its use of energy. Energy consumption can become a significant part of production costs, as well as having a series of associated environmental impacts.

In order to minimise costs and the environmental impact as a result of its business activity, TEKNIA Group has (in addition to those responsible for Production and Environment in each production plant) put staff in charge of providing energy efficiency services to the plant at a Group level.

For this task, the Energy and Environment area has adopted an action model based on the international standard ISO 50.001 and its principle of continuous improvement based on the identification of potential areas for improvement, the establishment of an improvement plan and the carrying out of a follow-up of the results obtained.

Thus, energy audits are carried out periodically in the plants, following the principles established in this standard, and a series of proposals are made to improve management and performance in this area.

Illustration 1: Example of an Energy Audit report and energy efficiency actions proposed for a Group plant



As a result of these analyses, work plans are developed to improve energy efficiency and minimise energy expenses for the Group.

During 2018, some of the main initiatives carried out in terms of energy efficiency were:

- Replacement of air compressors with more efficient technology (VSD);
- Replacement to LED lighting;
- Heat recovery of compressors for heating;
- Installation of Start/Stop systems in production machinery;
- Installation of skylights in the plants;
- Installation of intelligent lighting;
- Configuration of "sleep mode" for machinery;
- Changing the energy supply.

In order to monitor actions carried out in this area and verify their effectiveness, an Annual Report on energy performance is carried out at the Group's plants.

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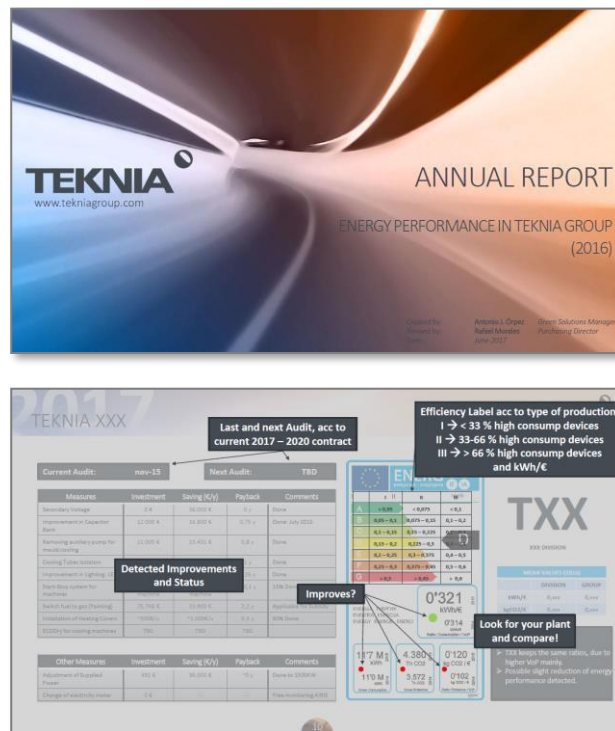
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Illustration 2: Example of the Annual Report on energy performance and evaluation record the plant's performance

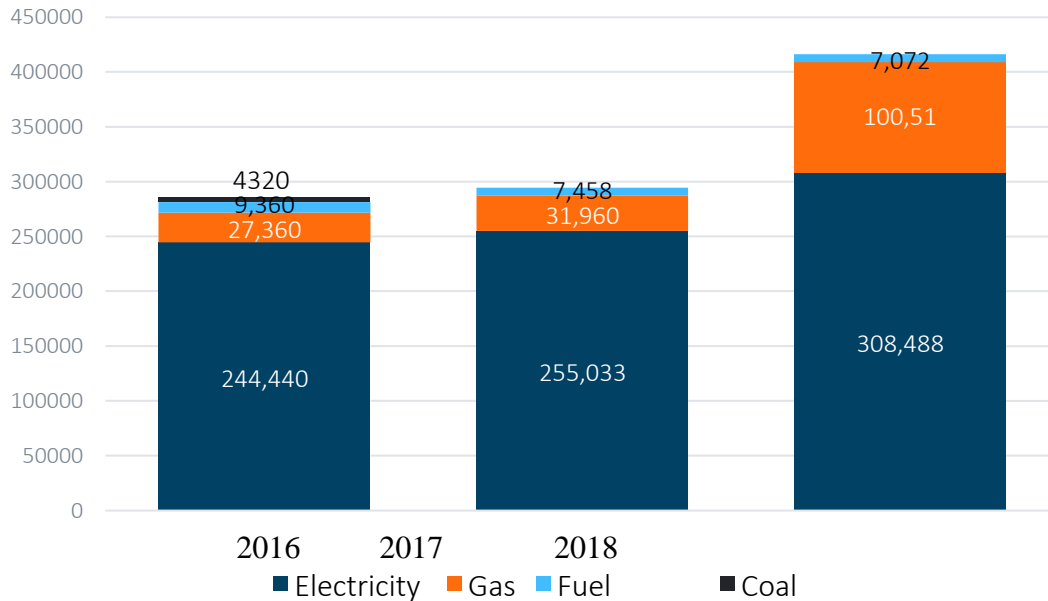


Absolute energy consumption in the Group's production plants has increased.

This increase, in absolute terms, is a consequence of the growth in industrial activity compared to 2017 and the incorporation of the new aluminium technology which is more energy intensive than the other technology used in the Group (for more information, see Table 3 and the explanatory text).

During 2018 the number of production plants that form part of the Group has increased, with the incorporation of the three plants that belonged to Grupo Bravo, along with an increase in TEKNIA Group's turnover (+€45.6M).

Figure 9: Energy consumption in the Group's plants, by energy source used (in Gigajoules)²³



The main source of energy consumed in the Group's production plants is electricity (74.1% of the total) and to a lesser extent gas (24.2%) and liquid fuels (1.7%).

Electric power is used primarily for the operation of machinery, lighting and the operation of electrical and electronic equipment, while gas and fuels are used in parts of the production process (drying processes, furnaces and aluminium melting), for heating in the buildings and vehicle operation.

In 2017, the use of coal in the Group's plants (which was already residual in 2016) was abandoned in favour of other cleaner energy sources.

With regards to the Group's renewable/non-renewable energy consumption, electricity consumption in the different countries where the Group operates is subject to the relative national energy mix⁴, which incorporates a certain percentage of renewable energy.

In addition, the Group has reached an agreement so that the electricity consumed in 7 of the Group's production plants is renewable (see *Feature 1*). These plants account for 42.9% of TEKNIA Automotive's aggregate turnover and 24.6% of its employees.

² The calculations have considered the consumption of the main energy vectors used in the Group's production process (Electricity, Natural Gas, LPG, Propane, Diesel, Coal, etc.). The conversion factors of reference entities such as the UK's Department for Business, Energy & Industrial Strategy, or Spain's Ministry for Ecological Transition are used.

³ Energy consumption in the plants from Grupo Bravo is considered from April 2018.

⁴ Technologies used for the generation of electricity and its contribution with respect to the total electric power generated.

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Feature 1: Purchase of electricity from renewable sources for Spanish plants

Purchase of electricity from renewable sources for Spanish plants



TEKNIA Group this year reached an agreement with the supplier Fenie Energía to supply 100% renewable electricity (without associated GHG emissions) to 7 of the Group's Spanish production plants (Azuqueca, Barcelona, Bilbao, Elorrio , Manresa, Martos and Pedrola).

against the 12% foreseen for the term of the agreement.

This initiative, in addition to significantly reducing the emissions associated with the Group's business activity (see section "Fight against climate change") also contributes to its use in market electricity prices, limiting it to 3.4%

This way TEKNIA Group demonstrates consistency, being an initiative aligned with the rest of the actions on energy efficiency that are being employed at the Group's plants, and its commitment to the fight against climate change.

The energy consumption ratio of the Group's production plants (in kWh consumed/€ of production) has increased compared to 2017. This increase is mainly due to the higher energy intensity of the aluminium technology plants incorporated this year.

Table 3: Evolution of the energy consumption ratio by production value for the Group's plants (in kWh consumed/€ of production)

| Year | Consumption ratio ⁵ |
|------|--------------------------------|
| 2016 | 0.279 |
| 2017 | 0.268 |
| 2018 | 0.335 |

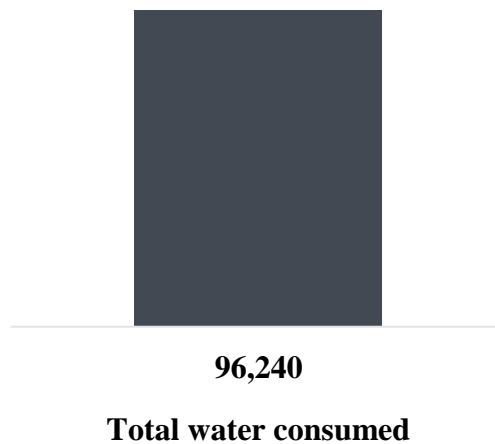
Excluding these new plants, the energy consumption ratio for the rest of the Group's plants is 0.262 kWh consumed € of production. The actions on energy efficiency employed over recent years in the Group's plants has led to this improvement.

⁵ The energy consumed during the plants' main energy consumption processes is considered (fuel, electricity, heating, refrigeration, etc.) Only energy consumption within the organisation is considered.

**Water consumption
[303-1]**

Given the nature of the Group’s business activity, the majority of water used is obtained directly from the municipal supply network or other water services provided by public or private companies.

Figure 10: Total water extraction (en m3)



An example of the actions developed by the Group to minimise water consumption in the production process is applied to line painting: the water used works in a closed circuit and the process water is recovered for reuse for a period of up to three years.

In this process, employed since 2016, the water in the TEKNIA Azuqueca paint line is subjected to a chemical treatment for reuse. The paint sludge resulting from this recovery process is taken to waste management.

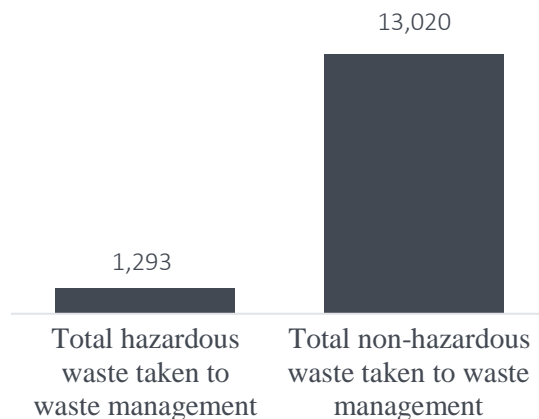
This way the consumption of water and the generation of waste water are minimised with the consequent minimisation of impact on the environmental and on production costs.

Circular economy and prevention and management of waste
[306-2]

The waste generated by the Group’s companies is managed in accordance with the applicable legislation in each case.

In TEKNIA Group’s plants the separation of waste is carried out according to its composition and its possibilities for valuation and is stored in its facilities until collected by external companies specialising in the transportation and management of waste, who are then responsible for its valuation or disposal.

Figure 11: Total waste sent to waste management by type of waste (in tonnes)



The waste generated is basically of two types, firstly, the waste produced as a result of the production process (industrial), and, secondly, the waste generated in other company activities (offices, canteen, etc.) understood as urban waste.

The expenses allocated by the Spanish plants to the protection and improvement of the environment directly allocated to the consolidated profit and loss account for 2018 amounted to 241 thousand Euros (301 thousand Euros in 2017) and basically correspond to the expenses incurred for the treatment of waste.

Fight against climate change
[305-1] [305-2] [305-4]

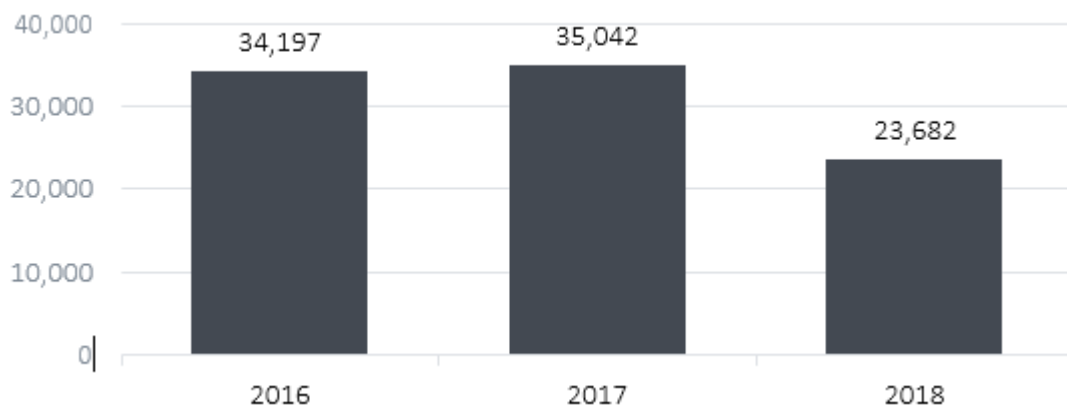
As with any activity which has intensive energy use, the industrial activity carried out by TEKNIA Group entails the production of greenhouse gas (GHG) emissions.

These emissions are produced both directly, through combustion processes carried out in the Group's own companies, and indirectly (through electricity purchased from suppliers). The calculations consider the carbon dioxide (CO2) emissions generated by the Group's business activity.

TEKNIA Group's actions are based on the promotion of energy efficiency and the transition to energy sources with lower GHG emissions.

The Group's management of these matters is detailed in "**Energy**" within the section on "*Sustainable use of resources*".

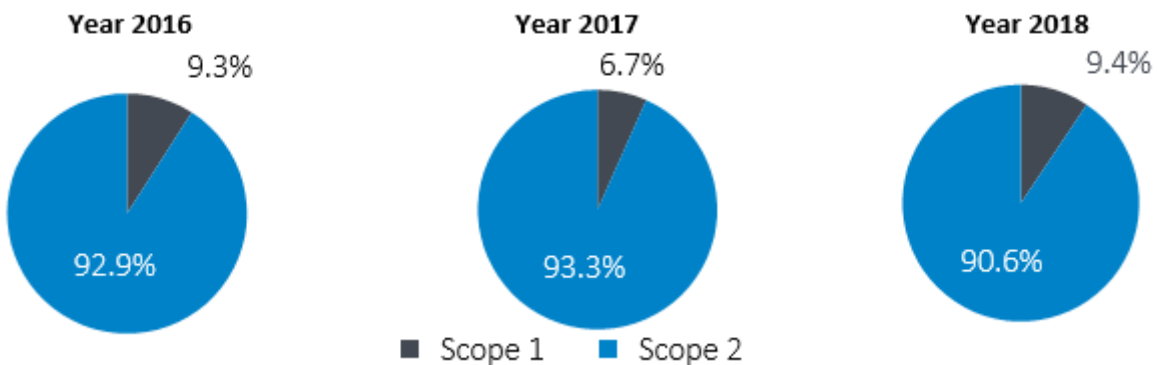
Figure 12: TEKNIA Group's absolute Green House Gasses emissions⁶⁷



Given the importance of electricity with regards to the Group's total energy consumption (see Figure 9), the agreement for the supply of electricity free of emissions in Spanish plants (see *Feature 1*) has made it possible to significantly reduce the emissions associated with the Group's business activity (-32.4% vs. emissions in 2017).

Moreover, the Group managed to reduce absolute emissions below the level of the two previous years, despite an increase in energy consumption between 2017 and 2018 (+33.8 million kWh in this period).

Figure 13: GHG emissions by scope - 1, direct and 2, indirect - (in % of the total)



⁶The emission factors used are those published by entities of reference in each country, for example in Spain, the emission factors of each electric power distributor are those published by the CNMC (*National Commission on Markets and Competition*). In the absence of more up-to-date data, the 2017 figures are used.

⁷Energy consumption in the plants from Grupo Bravo is considered from April 2018.



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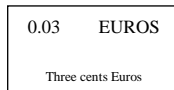
In 2018 there was a relative reduction in scope 2 emissions (indirect, produced by electrical energy consumption) compared to those of scope 1 (direct, produced by combustion processes within the organisation - gas and fuel) due to two reasons:

- The incorporation of new plants to the Group with a higher consumption of gas and fuel than usual in the organisation;
- The agreement to purchase emission-free electricity for Spanish plants.

Likewise, the energy efficiency actions and transition to lower GHG-emission energy sources carried out in recent years have led to a significant improvement in the emission ratios produced per production unit:

Table 4: Evolution of the emissions to production value ratio (in kg of CO₂/€ of production)

| Year | GHG emissions ratio |
|------|---------------------|
| 2016 | 0.123 |
| 2017 | 0.115 |
| 2018 | 0.097 |



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Social and personnel issues

[102-15]

The TEKNIA Group Code of Conduct establishes the Group's guidelines for the management of staff, which must be carried out in accordance with criteria of respect, dignity and justice, and based on respect for human and labour rights, compliance with local legislation and the protection of health and safety in the workplace.

The Group's management of these issues can be seen in greater detail in "*Diversity and employment*", "*Training*" and "*Health and Safety*" of this section.

The Human Resources department is responsible for the management of the Group's personnel and social issues relating to the Group. The department has staff at Group level and personnel assigned to each of the main companies.

The main risks identified in relation to social and personnel issues are the following:

- Occupational health and safety: the risk that employees may suffer accidents related to their work in Teknia.
- Attraction and retention of talent: the ability (or lack thereof) to attract, train and maintain professionals that help the company to grow and succeed.

The management carried out by Group companies with respect to these issues and other measures employed are described further on in this section.

The following information refers to the management carried out in Group companies. It also includes the data provided by the acquired companies for the entire year 2018.

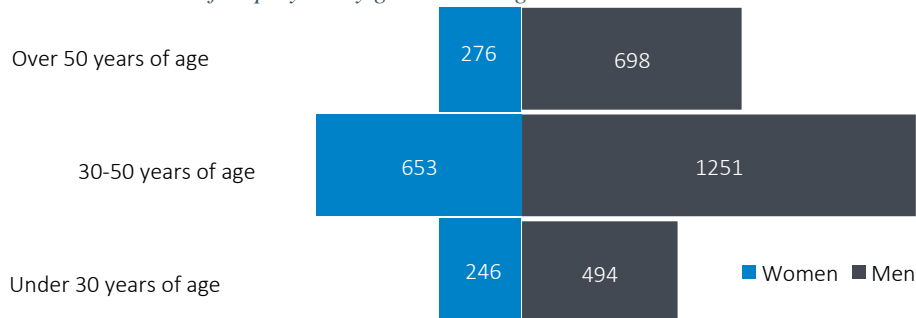
Diversity and employment

Diversity in employment:

[405-1]

At 2018 year-end TEKNIA Group had 3,618 employees, 67.5% of which were men and 32.5% were women. By age range, employees between 30 and 50 years of age accounted for more than 53% of the total workforce, those over 50 years of age around 27% and those under 30 around 20% of the total.

Figure 14: Distribution of employees by gender and age



As stated in the TEKNIA Code of Conduct, the Group rejects discrimination against people for any reason (gender, race, age, or any other personal situation or condition). Likewise, any form of harassment or abuse is expressly prohibited, as well as any other conduct that could generate an intimidating, offensive or hostile work environment.

The higher percentage of men in relation to women in our workforce correlates with the occupation figures by gender for the sector in Spain⁸ (in 2017, 17.3% of men in the labour market were employed in the manufacturing sector compared to 7.2% of women) and in Europe⁹ (31.4% of men compared to 10.9% of women).

Some of the actions employed by Group companies to promote equality and diversity among its employees are the following:

- Communicate the established commitments regarding non-discrimination and prohibition of abuse and harassment embodied in the TEKNIA Code of Conduct to Group employees (through the reading and acceptance of the Code and training activities);
- Creation of an Harassment Code and communication of the same to staff.

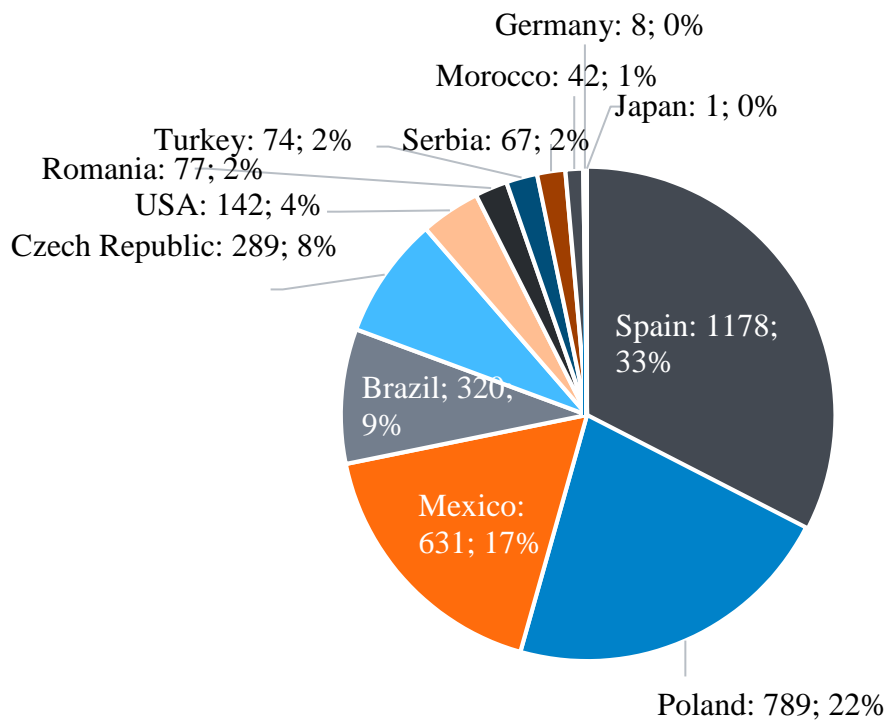
Regarding diversity in the governing bodies of the Group, the Board of Directors is composed entirely of men (four). The Management Committee has one woman in a total of thirteen members. In 2019, a second woman joined this committee.

Regarding the geographical distribution of employees, 70% are in the Europe, Middle East and Africa (EMEA) region, 21% in the NAFTA region and 9% in Brazil. See Figure 18 for the distribution by country.

⁸ Active Population Survey for the year 2017. National Institute of Statistics

⁹ Gender equality indicators for the year 2017. Population and social conditions. Eurostat

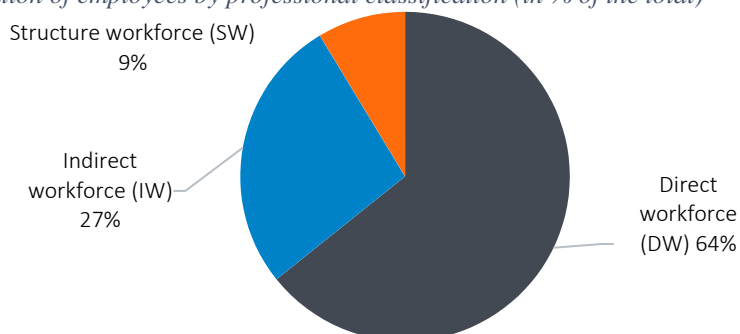
Figure 15: Distribution of employees by country (in total number of employees and percentage of the total)



With regards to the Group's professional categories, the following are considered:

- *Direct workforce*, includes the workers who are directly involved in the manufacture of TEKNIA Group products. Corresponding mainly to the functions carried out by production operators and production team managers.
- *Indirect workforce*, includes staff that, without being directly involved in the manufacturing, provide the necessary support for this activity to take place. Corresponding mainly to the functions carried out by staff in the logistics, quality, maintenance, supply, tool assembly, planning, technical departments, etc.
- *Structure workforce*, includes staff that perform administrative, control or management functions, providing service to the production plants activity. Corresponding mainly to the functions carried out by staff in the human resources, administration, commercial, purchasing, engineering departments, etc.

Figure 16: Distribution of employees by professional classification (in % of the total)



TEKNIA Group is working on the generation of new homogeneous professional categories across the different countries and business activities which will provide a greater level of detail and will be useful for internal management.

Evolution of employment:

[401-1]

The total number of TEKNIA Group employees has increased by 691 compared to 2017 (see Figure 3). This growth is mainly due to the following circumstances:

- Incorporation into the Group of the staff from three new companies from the Bravo Enterprises group (Ampuero, Oradea and Tepejí del Río). These companies incorporate 576 employees into the Group, according to figures at 2018 year-end.
- The growth in the number of employees in the rest of the Group's companies. In 2018 the number of Group employees has evolved positively, increasing by 115 in the period, without taking into account the effect of the incorporation of the Bravo group.

Table 5: Net balance of the evolution of personnel in 2018 by gender and professional category (in number of people)¹⁰

| | Workforce Direct (DW) | Indirect workforce (IW) | Structure workforce (SW) |
|--------------|-----------------------|-------------------------|--------------------------|
| Men | 278 | 81 | 17 |
| Women | 225 | 51 | 39 |

Regarding the movement of employees by gender, most of these occur among men (54%) given that the male gender is the majority in the Group.

Regarding the number of employees by professional classification, the highest rate of incorporations and departures of employees takes place in the Direct Labour category (with 73% of the total movement).

¹⁰ The employees who joined the companies acquired during 2018 are also considered in these calculations.

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Table 6: Net balance of the evolution of personnel in 2018 by region and gender (in number of people)

| | EMEA | NAFTA | Brazil | Japan |
|--------------|------|-------|--------|-------|
| Men | 233 | 142 | - | 1 |
| Women | 208 | 109 | (2) | - |

Employment conditions:
[102-8]

The majority of the contracts that TEKNIA Group has with its employees are permanent (89% of the total), meaning temporary contracts account for 11% of the total. Part-time contracts account for less than 2% of the total contracts.

Table 7: Distribution of contract type (permanent, temporary and part-time) by gender, age and region (in number of contracts)

| | | Permanent contract | Temporary contract | Part-time contract |
|---------------------|------------------------------|--------------------|--------------------|--------------------|
| Total | | 3,213 | 405 | 56 |
| By gender | Men | 2,202 | 241 | 33 |
| | Women | 1,011 | 164 | 23 |
| By age group | Under 30 years of age | 560 | 180 | 2 |
| | 30-50 years of age | 1,728 | 176 | 31 |
| | Over 50 years of age | 925 | 49 | 23 |
| By region | EMEA | 2,168 | 356 | 53 |
| | NAFTA | 724 | 49 | 2 |
| | Brazil | 320 | - | 1 |
| | Japan | 1 | - | - |



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Salaries:
[405-2]

As indicated in the TEKNIA Code of Conduct, the salary received by TEKNIA employees is in accordance with the duties performed, always respecting the legislation and labour agreements applicable in each country or particular area.

Due to the complexity of gathering and analysing data on employee salaries in different companies, in different countries, and with different applicable union agreements, it has not been possible to provide, within the established deadlines, and with the necessary degree of quality, quantitative information on salaries by professional category and gender. We will work internally to be able to provide this information in the future.

Organisation of work:

The organisation of working time is carried out in accordance with the labour legislation applicable in each case (union agreements or labour legislation of higher level).

Provided that the productive organisation allows it, the companies of the Group provide their workers with family conciliation measures. These measures include, among others: reductions of regular and irregular working hours, shift changes, flexible hours, as well as other measures in this sense established by applicable labour regulations.

Table 9: Hours of absenteeism and total absenteeism rate broken down by region¹¹

| | Hours of absenteeism from work | Rate of absenteeism from work¹² |
|---------------|---------------------------------------|---|
| Total | 258,262 | 4.2% |
| EMEA | 197,990 | 4.9% |
| NAFTA | 30,099 | 2.0% |
| Brazil | 30,172 | 4.5% |

Social relations:
[102-41]

The companies of TEKNIA Group apply and strictly comply with labour standards applicable in their respective fields, in which work conditions are regulated, well established through collective bargaining agreements as a result of the negotiation carried out freely by workers' representatives or by the applicable regulations within the corresponding field in each country.

¹¹ The information contained in the table refers to personnel belonging to companies that carry out production activity (TEKNIA Automotive). These companies comprise 98.5% of the Group's total employees.

¹² Calculated as the result between the total hours of absenteeism between the hours of work scheduled for the period.

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Table 10: Proportion of workers covered by collective agreements in countries with significant operations (in percentage)¹³

| Country | Percentage of workers covered by collective agreements |
|----------------|--|
| Total | 71.3% |
| Spain | 97.4% |
| Poland | 99.5% |
| Mexico | 55.8% |
| Brazil | 68.1% |
| Czech Republic | - |
| USA | - |
| Romania | 100% |
| Turkey | - |
| Serbia | - |
| Morocco | - |

Employees with a disability:

During 2018, the Group had 44.5 employees with a degree of disability greater than 33%, which represents 1.23% of the Group's total employees. Some of these workers have been hired through special employment centres.

Some of the Group companies employ alternative measures to comply with their obligation to reserve employment, such as having contracts with special employment centres for the provision of services.

Other actions carried out by Group companies to facilitate the integration of people with disabilities in the company are the following:

- Compliance with government guidelines for the employment of persons with disabilities, which establishes that they maintain shorter working days, additional rest periods during the day, days off in certain situations, etc.
- Adaptation of jobs to the disabilities of workers (through the modification of the position to adapt it to the worker's circumstances or through his reassignment to other tasks that do not interfere with his disability).
- Putting people in place who act as interpreters to facilitate the communication of people with hearing disabilities or mutism.
- Provide written communication channels for people with hearing disabilities.
- Provide special hearing protection for people with hearing problems.

¹³ The information contained in the table refers to personnel belonging to companies that carry out production activity (TEKNIA Automotive). These companies comprise 98.5% of the Group's total employees.



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Training [404-1]

Each of the Group's companies has a Training Plan that is developed annually, applied at local level. This Plan is coordinated by local Human Resources departments who collect information on the existing training needs from the workforce and propose the training to be carried out in order to answer those needs.

In addition, at corporate level the Group has a procedure for carrying out performance evaluations for the categories of Indirect workforce and Structure workforce.

These performance evaluations are carried out annually in order to identify those employees who are likely to be promoted or occupy positions of greater responsibility in the Group.

Among those staff with the best performance, those to be promoted are identified. These employees follow a specific orientation and training process to adapt to their new position.

Illustration 3: Procedure for evaluating the performance of the IW and SW groups

Table 11: Training hours by gender and professional category (in total hours and average hours per employee)¹⁴

| | Direct workforce (DW) | Indirect workforce (IW) | Structure workforce (SW) | Average hours per employee |
|----------------------------|-----------------------|-------------------------|--------------------------|----------------------------|
| Men | 14,344 | 13,236 | 3,943 | 12.98 |
| Women | 7,609 | 4,911 | 2,514 | 12.84 |
| Average hours per employee | 9.44 | 18.52 | 20.63 | 12.94 |

¹⁴ TEKNIA Technologies employees are excluded from the calculations for which it has not been possible to obtain the information.

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Health and safety [403-2]

The commitment of the TEKNIA Group is that all TEKNIA employees carry out their work in a safe and healthy environment.

TEKNIA Group follows the requirements established in local labour legislation regarding occupational health and safety, as well as those established in the collective agreements applicable in this matter. All employees are responsible for rigorously complying with health and safety regulations at work and for ensuring their own safety and that of the people affected by their activities.

In the Spanish plants, a third party prevention service with technicians who are present in the production plants every week is also available.

Additionally, at Group level, work is being done to intensify the protection of the health of its employees. A person responsible for monitoring and reporting on prevention has been identified in each production plant and a monthly health and safety report is made to follow up and take action if necessary.

Table 12: Rate of incidence, frequency and severity of work-related accidents and illnesses, total and broken down by gender^{15 16}

| | Work-related accidents incidence rate | Work-related illness incidence rate | Work-related accidents frequency rate | Serious work-related accidents frequency rate |
|--------------|---------------------------------------|-------------------------------------|---------------------------------------|---|
| Total | 3,708.91 | 84.29 | 21.18 | 0.56 |
| Men | 4,664.72 | 83.30 | 26.64 | 0.59 |
| Women | 1,727.12 | 86.36 | 9.87 | 0.50 |

Table 13: Rate of incidence, frequency and severity of work-related accidents and illnesses, total and broken down by region^{20 21}

| | Work-related accidents frequency rate | Work-related illness incidence rate | Work-related accidents frequency rate | Serious work-related accidents frequency rate |
|---------------|---------------------------------------|-------------------------------------|---------------------------------------|---|
| EMEA | 4,335.49 | 122.00 | 24.10 | 0.54 |
| NAFTA | 2,983.14 | - | 14.58 | 0.69 |
| Brazil | 1,875.00 | - | 8.95 | 0.09 |

¹⁵ The information contained in the table refers to personnel belonging to companies that carry out production activity (TEKNIA Automotive). These companies comprise 98.4% of the Group's total employees.

¹⁶ For the calculations, a distribution of working hours proportional to the number of workers of each gender is assumed, since part-time contracts are distributed in a similar way between both genders.

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During the period covered by this report, no death was recorded due to an accident at work or work-related illness.

The calculations have been made following the formula proposed by the National Institute of Occupational Health and Safety.

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TEKNIA

Fight against corruption and bribery

[102-15] [102-16] [102-17] [205-2]

The TEKNIA Code of Conduct constitutes the common frame of reference in matters of ethics and regulatory compliance.

Approved by the Group's Board of Directors in April 2018, it establishes the criteria for action and values that should govern the actions and relationships of TEKNIA Group.

The rules of conduct that make up the aforementioned Code establish the principle of due diligence for the prevention, detection and eradication of irregular behaviour.

The TEKNIA Group has zero tolerance against corruption, bribery and similar fraudulent behaviour contrary to its Code of Conduct, and specifically against those behaviours derived from fraudulent practices in the private and public sphere.

The Code of Conduct is applicable to all the companies that make up the Group and to all the staff in each of them.

The main provisions contained in the TEKNIA Code of Conduct on the prevention of corruption and bribery are based on the following principles:

- All operations will be carried out ethically and responsibly. Compliance with the legislation in force in each country is a necessary requirement of the Code of Conduct.
- TEKNIA Group competes in the market faithfully and does not in any case permit deceptive, fraudulent or malicious behaviour.
- The selection of suppliers will be governed by criteria of objectivity and transparency, reconciling the company's interest in obtaining the best conditions, with the interest of maintaining stable relationships with ethical and responsible suppliers.
- No employee of TEKNIA Group may offer, grant, request or accept, directly or indirectly, gifts, favours or compensations, in cash or in kind, whatever their nature that may influence the decision-making process related to the performance of the functions derived from their position.

TEKNIA Group has a matrix or map of criminal risks that include conduct related to corruption or bribery as stated in the Spanish penal code, considered as a medium risk (medium probability of materiality).

Disclosure and training:

The TEKNIA Code of Conduct is available in the two official languages of TEKNIA (English and Spanish) and has been made available or distributed to all Group employees, and is available electronically through our Intranet.

In addition, training is being given in this regard, mainly to directors and managers due to their higher level for decision-making, a level that logically implies greater risk. This training is based on the content of the TEKNIA Code of Conduct in order to guarantee the correct communication, training and awareness of all TEKNIA Group members for their timely understanding and implementation

in practice. Specifically, at the date of writing this report, training sessions have been given to the members of the Ethics Control and Local Regulatory Compliance bodies and to General and Human Resources Managers of the Spanish companies.

It is planned to provide the training on the Code of Conduct to the Ethics Control and Local Regulatory Compliance Bodies of the TEKNIA Group companies resident outside Spanish territory throughout 2019.

Means of supervision and control:

The Ethics and Regulatory Compliance Committee is the body in charge of ensuring correct compliance and interpretation of the Code of Conduct within TEKNIA Group.

Incorporated during the second quarter of the 2018 financial year, its members report to and receive their functions from the Board of Directors, these being those who occupy the positions of:

- The Group's Legal Director (Coordinator of the Committee)
- The Group's Internal Audit Director
- The Group's Financial Director
- The Group's Human Resources Director

The Ethics and Compliance Committee of TEKNIA acts as the Central Supervisory Body of the Group in the matters attributed to it. In each of the companies that make up TEKNIA Group, the respective General Management, together with the Human Resources Manager of each individual company, act as the local Ethics Control and Regulatory Compliance Bodies.

For the performance of its supervisory functions, the TEKNIA Ethics and Compliance Committee and the local Ethics Control and Regulatory Compliance Bodies have established a channel of complaints, contemplated in the Code of Conduct itself. To this end, communications containing complaints of non-compliance or queries regarding the interpretation or application of the Code of Conduct may be sent to the Local Ethics Control and Regulatory Compliance Bodies through a signed document addressed to the Management of the respective company, providing a copy with receipt to the sender. If the purpose of the document is to report any action by the company's General Management, the document may be delivered to the local Human Resources manager, who in turn will deliver it to the Ethics and Regulatory Compliance Committee of TEKNIA.

The local Ethics Control and Regulatory Compliance Bodies will analyse the complaints and proceed to resolve the same, informing the Ethics and Regulatory Compliance Committee of the processing and resolution of each file, as well as seeking advice and collaboration, if deemed necessary.

In the event the object of the complaint is the Company's General Management, the Ethics and Regulatory Compliance Committee will intervene necessarily in the processing of the file.

The Ethics Control and Regulatory Compliance Bodies guarantee the confidentiality of the complaints, as well as the indemnity of the complainant in good faith.

In the event the conduct reported through the Complaints Channel are worthy of sanction, according to the applicable regulatory framework, the same will be imposed according to the sanctioning procedure provided for in the local legislation or applicable collective regulation.

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During 2018, no actions relating to bribery or corruption have been detected within TEKNIA Group.



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Respect for human rights **[102-15] [412-2]**

The corporate culture of TEKNIA Group, based on compliance with human and social rights, is based on compliance with labour legislation and the principles of action established in the TEKNIA Code of Conduct.

This respect is stated from a double perspective: internal (in the relationship with and among its employees) and external (in relations with its supply chain, and other commercial relationships).

Internal perspective

TEKNIA Group considers people as a key factor in business, defending and promoting compliance with human and labour rights, and is committed to the application of regulations and good practices in terms of employment and health and safety conditions in the workplace.

The following particular commitments are established:

- All the Group's employees must be of legal age;
- Prohibition of any type of discrimination (due to race, physical disability, illness, religion, sexual orientation, political opinion, age, nationality or gender);
- Prohibition of harassment or abuse in the workplace, whether physical, sexual, psychological or verbal, as well as any other conduct that could generate an intimidating, offensive or hostile work environment;
- Recognition of the right to freedom of union and collective representation, in the terms established in the applicable legislation;
- Compliance with legislation regarding work hours and overtime;
- Respect for legislation and union agreements on wages;
- Maintenance of safe and healthy workplaces.

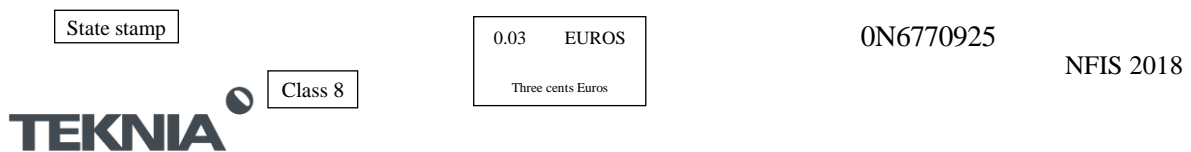
These principles are contemplated in the labour regulations of the countries where the Group operates and the responsibilities for supervising compliance are assigned internally (to the Management of each company, and to the Human Resources and Legal Departments).

External perspective

The TEKNIA Code of Conduct states that the principles indicated therein may be extended, in whole or in part, to any person or entity with whom the companies of the Group have a commercial relationship.

In particular, with regards to the Group's suppliers, it is established that all suppliers that work with TEKNIA must respect the human and labour rights of all employees hired.

For more information on the integration of environmental, social and ethical management considerations in the purchasing processes of TEKNIA Group, see "*Subcontracting and suppliers*", within the *Commitment to society* section.



Regarding the protection of the human rights of third parties by the Group's employees, it is established that all persons, natural and legal, who maintain any employment, economic, commercial, and/or industrial relationship with TEKNIA, must receive fair and dignified treatment.

Likewise, TEKNIA employees must comply strictly with existing internal and external regulations to ensure the proper treatment of information and the protection of personal data provided to the Group by third parties.

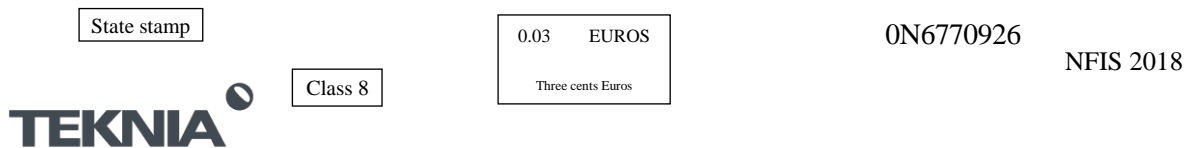
The main risk in this area is that there is a violation of the human rights of workers or business partners in any of the Group companies, with the consequent legal impact on their reputation and the relationship with their stakeholders.

This risk is minimised by the responsibilities assigned internally in each of the companies, as well as at Group level, respect for trade union activity and collective bargaining and supervision carried out by local authorities.

Disclosure, training, and means of supervision and control:

TEKNIA Group puts actions in place to internally disseminate the Group's operating principles and supervise compliance with the established principles. For more information on the actions of training, dissemination and monitoring and control mechanisms established in this regard see "***Fight against corruption and bribery***".

During 2018, no actions relating to the infringement of human rights have been detected within TEKNIA Group.



Commitment to society

The Group's commitment to sustainable development

Adopting the approach established by the European Commission in the renewed EU Strategy for 2011-2014 on corporate social responsibility, TEKNIA Group defines CSR as "the responsibility of companies for their impact on society".

The Group's social commitment to sustainable development is expressed through two main actions:

- Collaboration with the local, national or international communities in which the Group operates its business, one of the main impacts being the generation of employment and economic activity in these areas.
- The development of sponsorship, patronage and social action activities carried out by the organisation or channelled through collaboration with social organizations.

In order to coordinate actions in these areas, during 2018 the Group created the Corporate Social Responsibility department.

With regard to ethical and responsible conduct on the part of TEKNIA Group employees, the Group has behavioural principles established in the Code of Conduct. In addition, the Complaints Channel is available.

The potential risk in this area would be that TEKNIA Group's response is not what the interest groups or society expect from the company, and may even affect the Group's relations with them.

In order to identify the stakeholders' expectations regarding sustainable development with respect to the Group, the process for identifying said expectations of the groups of interest initiated in 2018 will be completed during 2019.

The conclusions of this analysis will be communicated internally and compared to the corporate principles, then a plan of action will be developed to advance in this area.

1. Economic and social development of the areas where TEKNIA Group operates: [201-1]

As a result of the TEKNIA Group's economic and productive activity in the areas where it operates, a series of positive economic and social impacts are produced for the same.

Impact of the Group's operations on employment and local development:

Industrial activity, such as that carried out by TEKNIA Group, is a significant sector in terms of economy and employment in Western economies, although it has greater indirect importance due to its driving force on other sectors:



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- In Spain, the manufacturing industry generates around 140 billion Euros of Gross Value Added (GVA) and 2 million jobs - corresponding to 13.8% of total GVA, and 11% of total employment in the Spanish economy¹⁷.
- Given that the industry has a significant supply chain, the indirect impact of the sector on the economy and society is greater.
- The report "Keys to the competitiveness of Spanish industry" of PwC¹⁸ calculates the indirect economic impact of the motor vehicle manufacturing sector to be an additional 1.26 Euros for each Euro of GDP generated by the same. It also calculates the indirect impact on employment to be 1.17 additional jobs for each job generated in this industry.

Additionally, the jobs generated by the sector are concentrated/located mostly in areas outside large cities, contributing to maintaining the population and local economic activity in these areas (see Table 14).

Table 14: Main areas of operation of TEKNIA Group by country

| Country | Employees | Main areas of operation |
|----------------|-----------|--|
| Spain | 1,178 | Ampuero Azuqueca de Henares Barcelona Bilbao Elorrio Martos Pedrola Manresa |
| Poland | 789 | Kalisz Rzeszow |
| Mexico | 631 | Tepejí del Río San Luis de Potosí Mexico D.F. |
| Brazil | 320 | Jacarei |
| Czech Republic | 289 | Uhersky Brod Nivnice |
| USA | 142 | Nashville |
| Romania | 77 | Oradea |
| Turkey | 74 | Gebze |
| Serbia | 67 | Kragujevac |
| Morocco | 42 | Tangier |

¹⁷ GVA and employment data from the Annual National Accounts of Spain: aggregated by branch of activity, obtained from the National Institute of Statistics. Data for the year 2016.

¹⁸ Keys to the competitiveness of Spanish industry, 2013, PwC.

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Generation and distribution of economic value

Table 15: TEKNIA Group's generation and distribution of economic value (in thousands of Euros)

| | 2018 | 2017 | 2016 |
|--|-------------|-------------|-------------|
| Net Revenue | 370,671 | 325,054 | 297,662 |
| Supplies (merchandise, raw materials and other consumables and subcontracting) | (200,113) | (182,437) | (166,666) |
| Employees (personnel costs) | (89,601) | (72,617) | (65,646) |
| Financial costs | (3,402) | (2,978) | (2,550) |
| Income tax | (4,731) | (3,040) | (3,521) |

Table 16: Profits obtained, Tax on profits paid and subsidies received by country (in thousands of Euros)¹⁹

| | Spain | Poland | Mexico | Czech Republic | Romania | Serbia | Morocco |
|---------------------------------|--------|--------|--------|----------------|---------|--------|---------|
| Profit/Loss for the year | 23,359 | 2,801 | 446 | 1,000 | 18 | 257 | 6 |
| Income tax | 1,848 | 834 | 332 | 304 | 25 | 9 | 15 |
| Public subsidies | 161 | | | | | | |

¹⁹ The figures of those locations that report profits to the consolidated Group as of 31 December, 2018 are included.

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Likewise, the Group carries out sponsorship activities, mainly in sport, which results in the well-being of people, while contributing to strengthening the TEKNIA brand.

During 2018, the main activities that have been sponsored are:

- The *Cabo Mayor TEKNIA Group* regatta race team, in which an employee of TEKNIA Bilbao participates, won against 24 other boats in the VII Armed Forces Regatta “Aniversario de la Semana Naval de Santander”, organised by the Santander Royal Maritime Club and Naval Command and held in the Bay of Santander.



- In 2018 members of the TEKNIA Pedrola team from different departments (financial, commercial, production, etc.) organised paddle matches throughout the year, with the aim of fostering team relations, mutual knowledge and, ultimately, the cohesion of the Group.



- Sponsorship of athletics and cycling competitions in which employees of the TEKNIA Group companies Manresa, Elorrio and Azuqueca participated.

2. TEKNIA Group’s social action:

The Presidency is committed to social development. As a result the TEKNIA Group is developing an ambitious Social Action programme, the activity of which will be increased over the coming years.

The Group’s Social Action programme is focused on the promotion of youth education as a means to social development. This initiative is aligned with two of the priorities established in the Sustainable Development Goals of the United Nations.

- SDG 4: Ensure inclusive and equitable quality education and promote opportunities for lifelong learning for all.
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment for all.

These 17 objectives were adopted by the United Nations member states in 2015 during the 70th General Assembly of Nations. Said objectives should be achieved by 2030. The United Nations explicitly recognises the importance of the involvement in this effort, not only of the national entities, but also of all those interest groups such as the business sector.

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The first relevant project with which the Group is collaborating is the following:

Construction of a secondary school in Thionk-Essyl, Senegal

Since 2017, the TEKNIA Group has been supporting the Spanish foundation "Foundawtion" in the construction of a secondary school in Thionk-Essyl, a small town in southern Senegal. Foundawtion is a non-profit entity created by an architecture studio located in Barcelona.



This project responds to the lack of educational institutions in the town, which has forced local youth to interrupt their studies or move to large population centres such as Dakar (located more than 400km away), which leads to the consequent loss of talent and population in the area.

The motto of this project is "let's make school". This motto reflects the aim of involving the local population in the project and making this common effort contribute to the social, cultural and economic development of the entire community. With this in mind, local workers have been trained in the use of new tools and building techniques, while promoting the use of local resources for construction.

Currently phase two - of three of the project - is in advanced stages. This will conclude with the completion of the construction of 4 classrooms per course - 16 in total - in addition to: a library, a changing room, an office for teachers and biology and computer classrooms, in addition to a multi-purpose space for the foundation. The final phase will focus on classroom interiors, furniture, playground, equipment and connections to school supplies.

As agreed with the local authorities, Thionk-Essyl will have its new secondary school for the start of the academic year 2019-2020, adding 500 new educational places to the town. In the words of our collaborator, *"the continued support of the TEKNIA Group in this project has been decisive for its success"*.



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Other related initiatives:

Rachid Prize to Employee of the Year

As with every year since 2014, the TEKNIA Group has awarded an employee with the prize of Employee of the Year. As part of this award, the employee is offered the opportunity to donate 15,000 Euros to the NGO of their choice.



Ricardo Sanchez, of TEKNIA Brazil, decided to donate this money EDUCO. This organisation (part of the ChildFund Alliance) has been working for more than 25 years in favour of children and the defence of their rights, especially for them to be able to receive an equitable and quality education.

Not giving people a good education as children increases their chances of falling into poverty when they become adults. The donation will be sent to the Scholarship Program, which offers children from disadvantaged families in Spain the support they need to give their children a meal at school and avoid their studies being affected by the financial situation of their families, thus breaking the vicious circle of poverty between generations.

Subcontracting and suppliers
 [102-15] [414-2]

The TEKNIA Group establishes in its Code of Conduct that the selection of suppliers will be carried out reconciling the company's interest in obtaining the best conditions, with the interest of maintaining stable relationships with ethical and responsible suppliers.

In its Code of Conduct the TEKNIA Group establishes that the selection of suppliers must be made reconciling the interests of the company in obtaining the best conditions, with the advantage of maintaining stable relationships with ethical and responsible suppliers.

Likewise, maintaining a commercial relationship with suppliers that violate the TEKNIA Group's values and principles of action could adversely affect the Group's reputation with its stakeholders.

The Group's purchasing procedure, following the requirements of the IATF 16949:2016 quality standard, establishes that during the selection and evaluation process of suppliers, in addition to the technical issues of the purchasing process (economic criteria, risk criteria, technical, etc.), other issues such as environmental management by the provider should be considered.

In addition to the Purchasing department, the Quality and Environmental department also participates in the selection and evaluation process of suppliers.

When faced with a specific need for purchases or subcontracting, the supplier is analysed and given a preference rating for the contract or a level of risk based on the following criteria:

- **For new suppliers:** that have certified quality and environmental management systems in place in accordance with international reference standards.





Illustration 4: Level of priority or type of risk assigned to the supplier based on the certification of its environmental and quality management system

| SUPPLIER QMS CERTIFICATION | ACTIVE SUPPLIERS (risk class) | NEW SUPPLIERS** (approval class) |
|--|----------------------------------|-------------------------------------|
| IATF + ISO 14001 | LOW | A – preferred approved supplier |
| IATF | LOW | A – preferred approved supplier |
| ISO 9001 + PLAN TO OBTAIN CERTIFICATION IATF OR SECOND PARTY AUDIT IATF | MEDIUM | B – approved supplier |
| ISO 9001 + ISO 14001 | HIGH*/MEDIUM | B – approved supplier |
| ISO 9001 | HIGH*/MEDIUM | B – approved supplier |
| Not certified | n/a | C – not approved |

- **For current suppliers:** In addition to the above, monthly evaluations of the supplier's performance are considered.

Illustration 5: Risk assigned to the supplier based on its performance and the certification of its environmental and quality management system

| | | Supplier QMS Certification | | |
|---------------------|--------|----------------------------|--------|-------|
| | | LOW | MEDIUM | HIGH* |
| Monthly Performance | RED | | | |
| | YELLOW | | | |
| | GREEN | | | |

| | |
|---|--|
|  | HIGH RISK*. Suppliers without IATF certification. Need for audit and work in a Development Plan. |
|  | HIGH RISK*. Suppliers with high risk due to performance. Apply the escalation process. If necessary to be included in the audit plan. |
|  | MEDIUM RISK. Requires an action plan to have low risk. |
|  | LOW RISK. Supplier will be monitored but preventive actions are not required from the very beginning. |

Depending on the level of risk assigned, suppliers may be subject to audits or a development plan for their quality management system. This improvement plan may include, among other actions, obtaining certification for its environmental management system.

Thus, TEKNIA Group suppliers are selected and evaluated considering environmental criteria in the process. 35% of the company's total suppliers have an environmental management system certified according to ISO 14.001.

Additionally, in the purchase specifications, security requirements are incorporated for products that are considered hazardous. The supplier is asked for the certificate of compliance with the required characteristics, as well as the safety data sheets for all the products used in the production process.

In social matters, the Group has not yet developed a process for incorporating social considerations into the supplier selection process.

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Appendix to the Statement

Compliance with GRI Standards

[102-54] [102-46]

For the reporting of non-financial results key indicators, the standards developed by the Global Reporting Initiative (GRI) have been used. The standard applied is the "GRI Standards".

In the process of compiling and presenting the information, the principles of transparency, relevance, comparability, periodicity, clarity and reliability, necessary to guarantee the quality of the information reported, have been taken into account.

This report has been prepared in accordance with the Essential option of the GRI Standards.

Interest groups in the preparation of the report

[102-40] [102-42] [102-43] [102-44]

After a process of internal consultations in this regard, the Teknia Group has identified the following as the main interest groups of the company:



The Teknia Group considers an interest group to be those groups that maintain their own legitimate interests regarding their activity, a certain capacity to influence compliance with corporate objectives and their own expectations regarding corporate management.

For each of the interest groups considered, the Group has mechanisms for interlocution and identification of their expectations, either through direct dialogue with some of the corporate areas, or through other methods:



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| Interest groups | Dialogue mechanisms |
|--|--|
| Customers | <ul style="list-style-type: none"> – Direct dialogue with the Commercial department – Purchasing conditions and other commercial commitments – Monitoring of the degree of satisfaction and quality issues through the Quality department |
| Shareholders | <ul style="list-style-type: none"> – Continuous involvement through TEKNIA’s corporate governing bodies – Dialogue with TEKNIA Group’s management |
| Administration /Regulatory Bodies | <ul style="list-style-type: none"> – Direct dialogue with local and regional authorities – Involvement with industry associations (Automotive Cluster in the Basque Country (ACICAE)) |
| The public | <ul style="list-style-type: none"> – Communication through press and social media networks – Direct dialogue with the Marketing and Communication and CSR departments – Corporate web |
| Employees | <ul style="list-style-type: none"> – Legally established mechanisms for social dialogue (dialogue with workers' representatives) – Direct dialogue with the Human Resources department – Performance evaluation meetings – Workplace climate surveys – Channel for consultations and communications of irregularities of the Code of Conduct (Complaints Channel) |
| Suppliers | <ul style="list-style-type: none"> – Direct dialogue with the Group’s Purchasing departments – Purchasing conditions and other commercial commitments |
| Financiers | <ul style="list-style-type: none"> – Direct dialogue with the Finance department |

The TEKNIA Group, through the CSR department, is carrying out an exercise to identify the main expectations of stakeholders, whose main conclusions will be incorporated into the process of preparing the 2019 Non-Financial Information Statement.

In Europe, the regulator has shown its willingness to strengthen the transparency of companies through the publication of Directive 2014/95/EU that establishes information requirements regarding its management in non-financial and diversity matters (in particular, on "Environmental and social issues, relating to personnel, respect for human rights and the fight against corruption and bribery"), which has been transposed to national regulations with different degrees of requirement.

Report contents and coverage of the issues

[102-46] [102-47]

The TEKNIA Group is subject to the national legislation that come from this European Directive, therefore, for the definition of this report’s contents, the contents required from said legislation have been used. Given the greater level of specification of the Spanish standard with respect to the matters to be reported (Law 11/2018), this is taken as a reference when establishing the contents indicated in this standard.

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Considering the forecast included in section 6 of Law 11/2018, it has been decided not to include information on the following matters:

| Contents of Law 11/2018 | Reason for non-inclusion in the 2018 of Non-Financial Information Statement |
|-----------------------------------|---|
| Protection of biodiversity | All TEKNIA Group work centres are located in urban and industrial areas and comply with land use regulations, so their impact on biodiversity is considered non-significant. It is therefore considered that this content is not relevant to the understanding of the results and overall impact of the Group's business activity. |
| Consumers | The TEKNIA Group markets its products directly to other companies in the automotive sector and in no case to final consumers (see section "The TEKNIA Group in the automotive sector"), therefore it is considered that this content does not apply to TEKNIA Group. |

Additionally, the TEKNIA Group, through the CSR department, is carrying out an exercise to define the internal and external priority of material matters. The result of this exercise will be incorporated into the process of defining the contents of the 2019 Non-Financial Information Statement.

The report's list of contents is as follows:

| Area of management | Material matter | Correlation with the contents contemplated in Law 11/2018 |
|--------------------------------------|--|--|
| Environmental issues | Sustainable use of resources | – Sustainable use of resources |
| | Climate change | – Pollution – Climate change |
| | Circular economy and prevention and management of waste | – Circular economy and prevention and management of waste |
| Social and personnel issues | Employment and diversity | – Employment – Social relations – Organisation of work – Equality – Total accessibility for people with disabilities |
| | Health and safety | – Health and safety |
| | Training | – Training |
| Fight against corruption and bribery | Prevention of corruption and bribery | – Fight against corruption and bribery |

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GRI table of contents [102-55]

| GRI Standard | Content | Page/Information/Omission |
|---|--|--|
| GRI 101: Foundations 2016 | | |
| General Contents | | |
| GRI 102: General Contents 2016 | 102-1: Organisation name | Front page |
| | 102-2: Activities, brands, products and services | pag. 4;12-15 |
| | 102-3: Location of Headquarters | Barrio san Agustín, S/N, Elorrio, 48230, Bizkaia |
| | 102-4: Location of operations | pag. 8-9 |
| | 102-5: Property and legal regime | Teknia Manufacturing Group, S.L. (Single-Member Company), (parent company) and its subsidiaries (the Group). |
| | 102-6: Markets served | pag. 8-9;11 |
| | 102-7: Size of organisation | pag. 7 |
| | 102-8: Information on employees and other workers | pag. 36 |
| | 102-9: Supply chain | pag. 11 |
| | 102-10: Significant changes in the organisation and its supply chain | pag. 5-6 |
| | 102-11: Precautionary principal or approach | pag. 20-21 |
| | 102-12: External initiatives | Not applicable |
| | 102-13: Membership of associations | pag. 56 |
| | 102-14: Statement of senior executives responsible for decision making | pag. 3 |
| | 102-15: Main impacts, risks and opportunities | pag. 19-20;32;42;46 |
| | 102-16: Values, principles, standards and norms of conduct | pag. 10;42-43 |
| | 102-17: Mechanisms of advice and ethical concerns | pag. 43-44 |
| | 102-18 Governance structure | pag. 17-18 |
| | 102-40 List of interest groups | pag. 55 |
| | 102-41 Collective bargaining agreements | pag. 37 |
| | 102-42 Identification and selection of interest groups | pag. 55 |
| | 102-43 Approach for the participation of the interest groups | pag. 55-57 |
| | 102-44 Key issues and concerns mentioned | pag. 55-57 |
| | 102-45: Entities included in the consolidated financial statements | pag. 1 |
| | 102-46: Definition of contents of the reports and the Coverage of the issues | pag. 55-57 |
| | 102-47: List of material issues | pag. 57 |
| | 102-48: Re-expression of information | Not applicable |
| 102-49: Changes in the preparation of reports | Not applicable | |
| 102-50: Period covered by the report | Front page | |
| 102-51: Date of last report | Not applicable, this is the first published report | |
| 102-52: Report preparation cycle | This report will be published annually | |
| 102-53: Point of contact for questions regarding the report | pag. 61 | |

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| | | |
|--|--|--|
| | 102-54: Statement on the drafting of the report in accordance with GRI standards | pag. 55 |
| | 102-55: GRI table of contents | pag. 58-61 |
| | 102-56: External verification | pag. 61 |
| Material Issues | | |
| Sustainable use of resources | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 20-23;28 |
| | 103-2: The management approach and its components | pag. 20-23;28 |
| | 103-3: Evaluation of management approach | pag. 20-23;28 |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | pag. 22 |
| GRI 302: Energy 2016 | 302-1: Energy consumption within the organisation | pag. 26 |
| | 302-3: Energy intensity | pag. 27 |
| GRI 303: Water 2016 | 303-1: Water extraction by source | pag. 28 The information on the source of extracted water is not available - Pending the improvement of the systems for collection and reporting this information |
| Climate change | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 20-21;29-31 |
| | 103-2: The management approach and its components | pag. 20-21;29-31 |
| | 103-3: Evaluation of management approach | pag. 20-21;29-31 |
| GRI 305 Emissions 2016 | 305-1: Direct GHG emissions (scope 1) | pag. 30 |
| | 305-2: Indirect GHG emissions when generating energy (scope 2) | pag. 30 |
| | 305-4: GHG Emissions intensity | pag. 31 |
| Circular economy and prevention and management of waste | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 20-21;29 |
| | 103-2: The management approach and its components | pag. 20-21;29 |
| | 103-3: Evaluation of management approach | pag. 20-21;29 |
| GRI 306: Effluents and Waste 2016 | 306-2: Waste by type and disposal method | pag. 29 Information on the disposal method is not available - Pending the improvement of systems for collection and reporting of this information |
| Diversity and employment | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 32-33;35;37-38 |
| | 103-2: The management approach and its components | pag. 32-33;35;37-38 |
| | 103-3: Evaluation of management approach | pag. 32-33;35;37-38 |
| GRI 401: Employment 2016 | 401-1 New employee recruitment and staff rotation | pag. 35 The total number of staff incorporations and departures during the period is not available - it has not been possible to collect said information in the indicated format |
| | 405-1 Diversity in government bodies and employees | pag. 32-34 |

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| | | |
|--|---|---|
| GRI 405: Diversity and equal opportunities 2016 | | Of the 4 members of the Board of Directors, 3 are over 50 years of age and one between 30 and 50 years of age. Of the Management Committee, 11 are between 30 and 50 years of age, and 2 over 50 years of age. |
| | 405-2 Ratio of base salary and remuneration of women compared to men | pag. 37 |
| Health and safety | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 32;40-41 |
| | 103-2: The management approach and its components | pag. 32;40-41 |
| | 103-3: Evaluation of management approach | pag. 32;40-41 |
| GRI 403: Health and Safety in the workplace 2016 | 403-2: Types of accidents and frequency rates of accidents, occupational illnesses, missed days, absenteeism and number of deaths due to work-related accidents or occupational illnesses | pag. 40-41 The information on non-employed workers is not available. The type of accidents considered is not available - It has not been possible to collect said information in the indicated format. |
| Training | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 32;39 |
| | 103-2: The management approach and its components | pag. 32;39 |
| | 103-3: Evaluation of management approach | pag. 32;39 |
| GRI 404: Professional training and education 2016 | 404-1 Average training hours per year per employee | pag. 39 |
| Fight against corruption and bribery | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 42-44 |
| | 103-2: The management approach and its components | pag. 17-18;42-44 |
| | 103-3: Evaluation of management approach | pag. 17-18;42-44 |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training on anti-corruption policies and procedures | The information is not available - It has not been possible to collect the necessary information |
| Human Rights | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 45-46 |
| | 103-2: The management approach and its components | pag. 45-46 |
| | 103-3: Evaluation of management approach | pag. 45-46 |
| GRI 412: Human rights assessment 2016 | 412-2: Training of employees in human rights policies or procedures | The information is not available - It has not been possible to collect the necessary information |
| Company | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 47-50 |
| | 103-2: The management approach and its components | pag. 47-51 |
| | 103-3: Evaluation of management approach | pag. 47-50 |

State stamp

0.03 EUROS
Three cents Euros

0N6770940

NFIS 2018

Class 8



| | | |
|---|---|--|
| GRI 201: Economic performance 2016 | 201-1 Direct economic value generated and distributed | pag. 49 |
| Subcontracting and suppliers: | | |
| GRI 103 Management focus 2016 | 103-1: Explanation of the material issue and its coverage | pag. 53-54 |
| | 103-2: The management approach and its components | pag. 53-54 |
| | 103-3: Evaluation of management approach | pag. 53-54 |
| GRI 308: Environment al evaluation of suppliers 2016 | 308-1: New suppliers that have passed screening and selection filters according to environmental criteria | pag. 54 The information refers to the total number of suppliers with whom the business relationship is maintained, not just the new ones. |
| GRI 414: Social evaluation of suppliers 2016 | 414-1: New suppliers that have passed screening and selection filters according to social criteria | pag. 54 |

Contact details

[102-53]

Finance and investors: investors@tekniagroup.com

External Independent Verification

[102-56]

The TEKNIA Group carries out independent external verification of its annual information. The external verification of this Non-Financial Information Statement will be carried out by Moore Stephens, S.L., the same company that audits the consolidated annual accounts of the TEKNIA Group.

State stamp

0.03 EUROS

0N6770941

NFIS 2018

TEKNIA

Class 8

Three cents Euros

This Consolidated Non-Financial Information Statement (NFIS) for the year 2018 of Teknia Manufacturing Group, S.L. (Single-Member Company) and subsidiaries, which is presented in a statement separate from the Consolidated Management Report of 2018, but which is part of it, is printed on the front side of stamp-impressed papers, numbers 0N6770880 through to 0N6770940, inclusive.

The Board of Directors signs this sheet number 0N6770941, in recognition of the formulation of this Non-Financial Information Statement, which forms an integral part of the Consolidated Management Report:

| | Signature |
|---|-----------|
| <u>Chairman</u> SIULED, S.L. (represented by MR. JAVIER QUESADA SUESCUN) | |
| Chief Executive Officer JAVIER LAZPITA SARRIUGARTE | |
| Board Member: SETH OSSORIO HERRERIA | |
| Board Member: IGNACIO MARCO-GARDOQUI IBAÑEZ | |

Elorrio, 29 March 2019

MOORE STEPHENS

**INDEPENDENT VERIFICATION REPORT TO THE
CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF
TEKNIA MANUFACTURING GROUP, S.L. (Single-Member Company)
AND SUBSIDIARIES**

**INDEPENDENT VERIFICATION REPORT TO THE
CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF
TEKNIA MANUFACTURING GROUP, S.L.,(Single-Member Company) AND SUBSIDIARIES**

To the Sole Member of Teknia Manufacturing Group, S.L. (Single-Member Company):

In accordance with article 49 of the Commercial Code, we have carried out the verification, with limited assurance scope, of the attached Consolidated Non-Financial Information Statement (hereinafter NFIS) corresponding to the fiscal year ended on 31 December, 2018, of Teknia Manufacturing Group, S.L. (Single-Member Company) and Subsidiaries (hereinafter the Group) that forms part of the consolidated Management Report of the Group.

Director's Responsibility

The preparation of the consolidated NFIS that forms part of the consolidated Management Report of Teknia Manufacturing Group, S.L. (Single-Member Company) and Subsidiaries, as well as its content, is the responsibility of the Group's directors. The NFIS has been prepared in accordance with the contents of the current mercantile regulations and following the criteria of the *Sustainability Reporting Standards of the Global Reporting Initiative* (GRI standards) according to the Essential option, described as indicated in the table included in the section "Report contents and coverage of the issues", detailed in turn in the table included in the section "GRI table of contents".

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of material impropriety, due to fraud or error.

The Group directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our independence and quality control

We have complied with the requirements of independence and other ethical requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants (IESBA) which is based on the fundamental principles of professional integrity, objectivity, competence and diligence, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (NICC 1) and maintains, as a result, a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

Our responsibility

Our responsibility is to state our conclusions in an independent verification report of limited assurance based on the work done that refers exclusively to the 2018 financial year. The data corresponding to previous years was not subject to the verification provided for in the current mercantile regulations. We have carried out our work in accordance with the requirements established in the International Standard on Assurances Engagements 3000 Revised in force, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (Revised ISEA 3000) issued by the International Audit and Assurances Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Action Guide on commissions for verification of the Non-Financial Information Statement issued by the Institute of Chartered Accountants of Spain.

In a limited assurance engagement, the procedures carried out vary in their nature and time of completion, and have a smaller extension than those performed in a reasonable assurance engagement and, therefore, the assurance obtained is substantially lower.

Our work consisted in the formulation of questions to the Management, as well as to the organisation's different departments that have participated in the preparation of the NFIS, in the review of the processes to collect and validate the information presented in the NFIS and in the application of certain analytical procedures and sampling review tests described below:

- Meetings with Group staff, to learn about the business model, policies and applied management approaches, the main risks related to those issues and obtain the necessary information for external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for financial year 2018 based on the materiality analysis carried out by the Group, considering the contents required by current mercantile regulations.
- Analysis of the processes to collect and validate the data presented in the NFIS for financial year 2018.
- Review of the information regarding the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for financial year 2018.
- Verification, by means of tests, based on the selection of a sample, of the information related to the contents included in the NFIS for financial year 2018 and its adequate compilation based on the data provided by the information sources.
- Obtaining a letter of statements from the directors and the Management.

Rationale for qualified conclusion

The attached NFIS indicates in the table "GRI table of contents" the information that is not included therein. In this regard, the Group has not included the information required by Law 11/2018, First Article, Section Two, Item 6, Chapter II on salary matters and their breakdowns, in accordance with Article 49 of the Commercial Code.

Qualified conclusion

Based on the procedures performed and the evidence we have obtained, except for the effects of the issue described in the paragraph "Rationale for qualified conclusion", no additional aspect has been revealed that would lead us to believe that the NFIS of Teknia Manufacturing Group, SL (Single-Member Company) and Subsidiaries, corresponding to the year ended on 31 December, 2018 has not been prepared, in all its significant aspects, in accordance with the contents of the current mercantile regulations and following the criteria of the GRI standards, according to the Essential option described according to what is indicated in the table included in the section "Report Contents and coverage of the issues", detailed in turn in the table included in the section "GRI table of contents" of the aforementioned NFIS.

Use and distribution

This report has been prepared in response to the requirement established in the mercantile regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

Bilbao, 29 April 2019

MOORE STEPHENS AMS, S.L.

[Unreadable signature]

Signed: Javier Arzuaga Souto
(Partner)

| | |
|--|-----------------|
| AUDITORS | |
| SPANISH INSTITUTE OF CHARTERED ACCOUNTANTS | |
| MOORE STEPHENS AMS, S.L. | |
| 2019 | No. 03/19/04081 |
| COMPANY SEAL: | 96,00 euro |
| | |
| Report subject to the regulations on accounts auditing in Spain | |
| | |

Mrs Dolors Selis i Masnou, Certified Translator-Interpreter of English (no. 6928) appointed by the Ministry of Foreign Affairs and Cooperation, does hereby certify that the above is the true and faithful translation into English of a document written in Spanish.
Vilobí d'Onyar, 24 May 2019
Doña Dolors Selis i Masnou, Traductora-Intérprete Jurada de inglés (n.º 6928) nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.
En Vilobí d'Onyar, 24 de mayo de 2019