

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

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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 financial year ended on 31 December, 2019, 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.

MOORE

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 2019 financial year. The data corresponding to years previous to 2018 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 current International Standard on Assurance Engagements 3000 Revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (Revised ISAE 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 personnel, 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 2019 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 2019.
- 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 2019.
- 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 2019 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 2019 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 current mercantile regulations in Spain, so it may not be suitable for other purposes and jurisdictions.

Bilbao, 29 April 2020

MOORE AMS AUDITORES, S.L.

[Unreadable signature]

Signed: Daniel Gago Sánchez
(Partner)

AUDITORS	
SPANISH INSTITUTE OF CHARTERED ACCOUNTANTS	
MOORE STEPHENS AMS, S.L.	
2020	No. 03/20/02006
	30,00 euro
COMPANY SEAL:	
.....	
Report on Tasks other than Account Auditing	
.....	

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Teknia Manufacturing Group, S.L. (Sociedad Unipersonal) and Subsidiaries

Report on Non-Financial Information 2019

Annex to the Consolidated Management Report

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TEKNIA 

NFIS 2019

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 2019 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 2019.

This NFIS is prepared in compliance with the requirements applicable to TEKNIA Group in accordance with Law 11/2018, of 28 December, on non-financial information and diversity approved by the Congress of Deputies. Additionally, this NFIS serves to comply with Polish legislation (Law of 15 December 2016, which amends Accounting Law 61) that affects the company Teknia Polska Sp. Z o.o.

In accordance with the provisions of said legislation, in addition to the requirements of Law 11/2018, the principles and guidelines of Directive 2014/95/EU on Non-Financial Information and Diversity and of the GRI Standards (Global Reporting Initiative) have also been taken into account.

The external verification of the information published in this Statement will be carried out by Moore AMS Auditores, S.L., the same company that audits the consolidated annual accounts of 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 to the Statement*".

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Letter from the Chairman

[102-14]

Dear friends,

The Non-Financial Information Statement that you have with you summarises TEKNIA Group's activity during 2019. This has been a year that TEKNIA Group has successfully faced despite it having been a complicated period for our sector, for various reasons, including: the global economic slowdown, geopolitical uncertainty (marked by Brexit, commercial conflicts, etc.) and a continuous change in technology and the regulatory framework that affects the purchasing decisions of our end consumers.

Within this challenging context, our turnover has reached 378 million Euros, 2% higher than in 2018, with purely organic growth.

Regarding the development of the Strategic Plan, after a long period focussing on the Group's growth, we have set strengthening our profitability as the priority for the years 2019-2022. To achieve this, important decisions have been made: we have adopted a new internal organisation, designed to gain foresight and agility in relation to decision-making, and to make our structures and services more efficient.

The most important changes have been the adoption of a new management structure, for the management of a greater volume of business by managers closest to the plants, the promotion of the technical area, which will lead the transfer of knowledge, and the inauguration of a new headquarters for the Group, which will bring together the different corporate areas in a single space, fostering greater teamwork.

Additionally, this year TEKNIA Group's new General Corporate Social Responsibility Policy has been published, where we define our approach as a responsible company and our principles of action both internally and towards our stakeholders. This is the starting point and the formalisation of TEKNIA's firm commitment to continue advancing in this area.

In 2020, we will work to ensure that the Group continues to consolidate the path of progress begun in 2019: being a point of reference for our customers in various products and markets, strengthening our profitability and advancing our vision of responsible business.

Signed: [Unreadable 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.

The Group operates both nationally and internationally, specialising in the production of specific components, assemblies and manufacturing processes for the automotive industry.

It currently has 21 production plants working in five technologies (Stamping, Tube forming, Plastic, Machining and Aluminium), which operate in all areas related to this activity: Commercial, Engineering, Purchasing, Quality Control, Human Resources and Production.

For more details on the companies that were part of the TEKNIA Group in 2019, see Appendix I of the consolidated annual accounts for financial year 2019 of Teknia Manufacturing Group S.L. (Single-Member Company) and subsidiaries.

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.

Photograph 1: Historic Archive. TEKNIA Group origin.



Teknia Elix, S.A. in 1957



Acquired by the Quesada family in 1992

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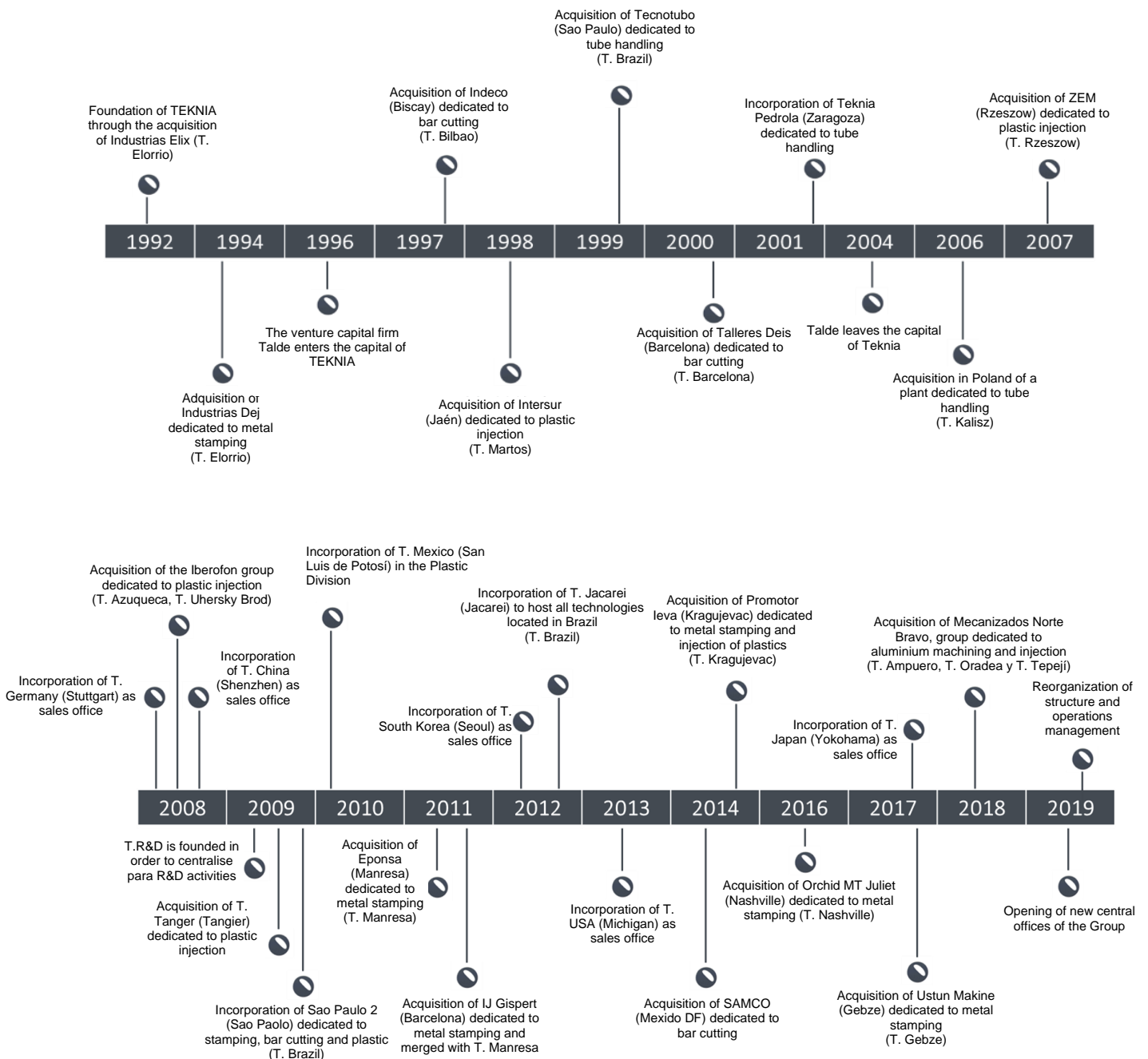
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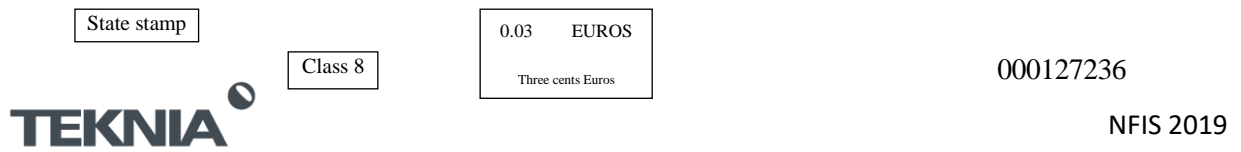
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TEKNIA

NFIS 2019

Figure 1: Main milestones in TEKNIA Group's history (1992-2019)





Milestones in 2019:

Structural and operational management reorganisation

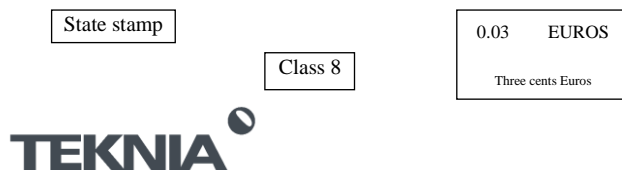
In order to provide the Group with a more overall and balanced vision of its actions, during 2019 a change was made in the Group's internal organisational structure and operational management.

Inauguration of new Group headquarters

In April 2019, the Group's new headquarters were inaugurated in Azuqueca de Henares (Guadalajara). At these modern offices, the different corporate departments have been brought together in a single space, encouraging integration and cooperation within the team.

Photograph 2: New TEKNIA Group central offices





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The Group's identity

Creation of value [102-7]

Aware of the trend and evolution of the market, TEK NIA Group based its efforts during 2019 on improving profitability to maximise the Group's value in the long term, consolidating the growth achieved to date and ensuring viability.

The creation of financial value in the Group is based on three principles:

- *Maximising profitability* - The Group closed 2019 with an EBITDA of 8.45%.
- *Consolidating growth, both organic and inorganic.* - The Group ended 2019 with a turnover of 378 million Euros (2% higher than 2018) and 3,455 employees around the world.
- Maintaining a conservative borrowing policy, which allows for the development of corporate strategy while limiting the risk of excessive financial leverage.

Figure 2: TEK NIA Group's evolution in terms of number of employees and turnover (employees at year-end and turnover in thousands of €)

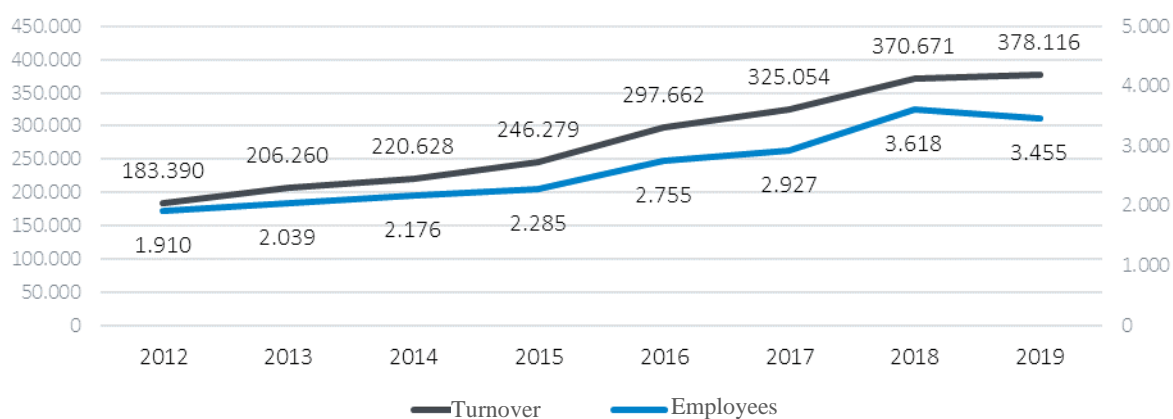
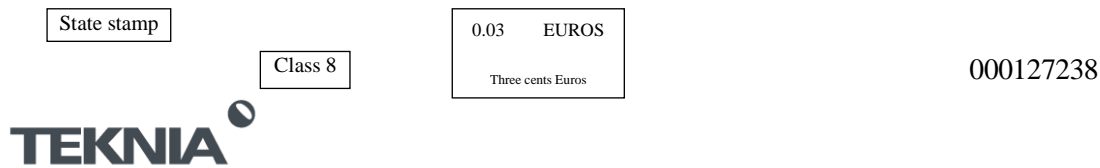


Table 1: Group's total capitalisation, broken down in terms of debt and capital (in thousands of €)

	2013	2014	2015	2016	2017	2018	2019
Equity	48,818	55,750	59,057	68,225	73,536	74,351	78,440
Debt	33,778	47,083	49,209	68,248	75,175	95,768	88,254



NFIS 2019

Proximity to the customer and geographical diversification
[102-4] [102-6]

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

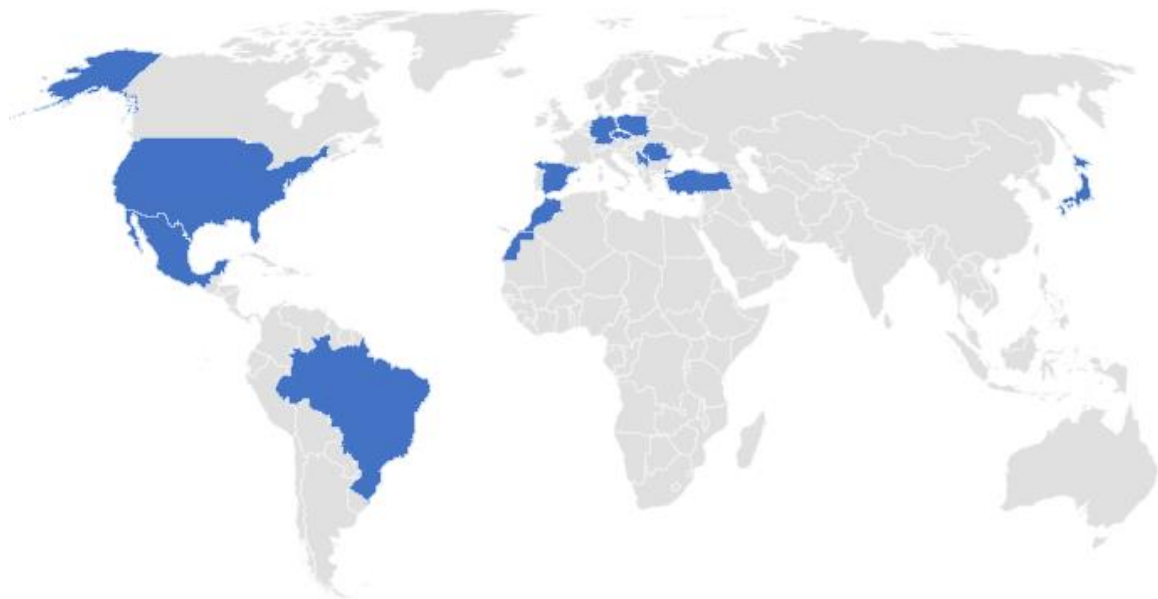
In 1995, when the Group had no more than 40 workers, it was decided to open a technical-commercial office in Germany to be close to the main customer at that time. In keeping with this principle and our corporate strategy, we have aimed to locate our production plants and commercial offices where our 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. In addition, TEKNIA Group's international presence allows for resilience and responsiveness to alleviate and minimise adverse economic situations in the markets in which it operates.

Thus, at present, TEKNIA Group is present in 12 countries on 4 continents:

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

Illustration 1: TEKNIA Group's distribution around the world





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NFIS 2019

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 production processes:

- Injection of plastic
- Metal stamping
- Metal tube forming
- Bar turning
- Aluminium injection
- Aluminium machining

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

At TEKNIA Group, 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, door hinges or shock absorber supports, brake pistons or steering systems.

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

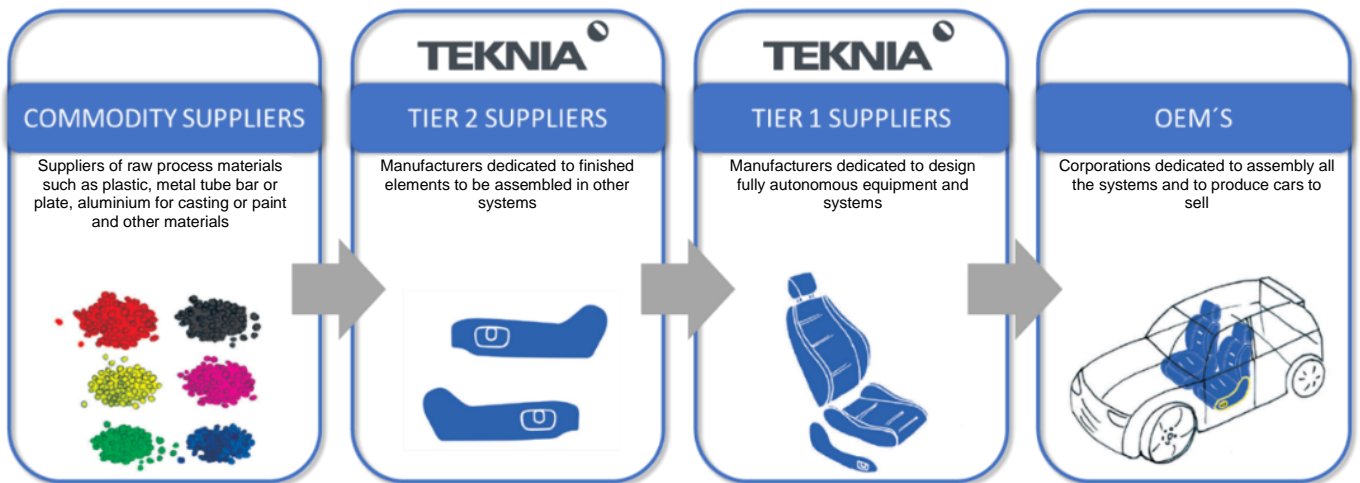
[102-6] [102-9]

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 Commodity Suppliers of raw and process materials that provide the materials so that the Tier 2 Suppliers can make the parts that Tier 1 Suppliers then integrate into fully finished systems or subsystems that, in turn, OEM (Original Equipment Manufacturer) customers 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.

Illustration2: Main actors in the automotive sector value chain



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

TEKNIA Group's activities and products
[102-2]

The TEKNIA Group carries out its activity in 21 production plants, where all functions related to the productive activity are incorporated: Commercial, Purchasing, Quality Control, Human Resources and Production.

Each of these plants includes at least one of the following technologies and production processes:

TECHNOLOGY:

Stamping



PRODUCTION PROCESS

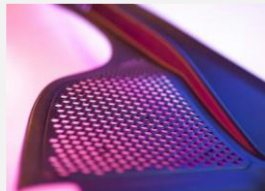
- Metal stamping

Tube forming



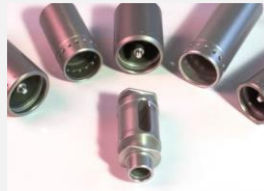
- Tube forming

Plastic



- Injection of plastic
- Painting of plastic parts

Machining



- Bar turning

Aluminium



- Aluminium injection
- Aluminium machining

TEKNIA's product catalogue includes the following main product categories:

Braking and safety

Product sub-categories:

Braking system



Brake pump and valves



Brake fluid tanks



Airbag



Seatbelt



Seats and Trims

Product sub-categories:

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Seat trim parts



Interior kinematic parts



Seat structure parts



Exterior trims and functional parts



Engine and Climate Control

Product sub-categories:

Engine parts



Climate control parts



Fuel filling system



Engine start and battery system



Lights and Electronics

Product sub-categories:

Lights



Electronics



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Body and Chassis

Product sub-categories:

Windscreen wiper system



Body mechanisms



Chassis parts



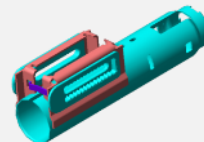
Suspension, Steering and Transmission

Product sub-categories:

Steering transmission



Steering column



Suspension and Shock Absorber



In addition, since 2010, TEKNIA Group has had a company dedicated to product development engineering and market analysis for the incorporation of innovative technologies of interest to the Group: Teknia R&D, S.L. (Single-Member Company).

This includes the development of conceptualisation and design activities, simulation and validation, and testing.

As a result of the internal organisation mentioned above, since the second quarter of financial year 2019, Teknia R&D, S.L. (Single-Member Company) has been converted into a centralised support area, led by the Group's technical management.



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Industry trends

Some of the main trends that affect the automotive sector and the manufacture of parts are the following:

- New requirements: environmental and safety
 - Lightweighting
 - Improved efficiency in combustion engines
 - Intensification of alternative propulsion
 - Increased safety levels
- New demands: consumers
 - Development of autonomous driving
 - MaaS - Mobility as a Service
 - Boom in connectivity
 - Increased customisation
- New competitors: global economy
 - The growing role of China
 - Emergence of new competitors
 - Diversification of income sources
 - Importance of advanced manufacturing

These trends are answered in TEKNIA 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:

- Consolidation of the Group's profitability.
- 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;
 - 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.

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Customer recognition

As a result of good work, throughout its history TEKNIA Group has been rewarded by both customers and institutions.

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

Table 2: Awards received by TEKNIA Group

Year	Entity	Award
2019		Bosch Global Supplier Award The world's largest manufacturer of automotive parts chose to award this prize to TEKNIA Group's aluminium technology. TEKNIA Group was the only Spanish company awarded this prize, granted to 47 suppliers from the total of 43,000 that Robert Bosch has across the world.
2019		Continental Supplier of the Year Award 2018 TEKNIA Group's machining technology was awarded this prize this year. Continental recognised the 14 best performing suppliers from among its 900 strategic suppliers worldwide.
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.

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Photograph 3: Continental Supplier of the Year Award 2018





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TEKNIA Group's governance structure

[102-18]

For the performance of its activity, TEKNIA Group has incorporated the following governing bodies. They 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 three members. The Board holds maximum responsibility for the management and representation of the Group. 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. Corporate Management

TEKNIA Group has implemented a structure of Corporate Management that, led by General Management, is responsible for the Group's operations and operational management:

- Operations Management
- Commercial Management
- Industrial Management
- Technical and Engineering Management
- Financial Management
- Human Resources Management

These departments have staff at Group level and local managers in the production plants. Apart from the functions within their field of activity, some departments have additional responsibilities in the fields of:

- Environmental issues are managed by the Industrial Department
- Social and personnel issues are managed by the Human Resources Department.
- Economic issues are managed from the Finance Department, with the involvement of the other departments.

3. Ethics and Regulatory Compliance Committee

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

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



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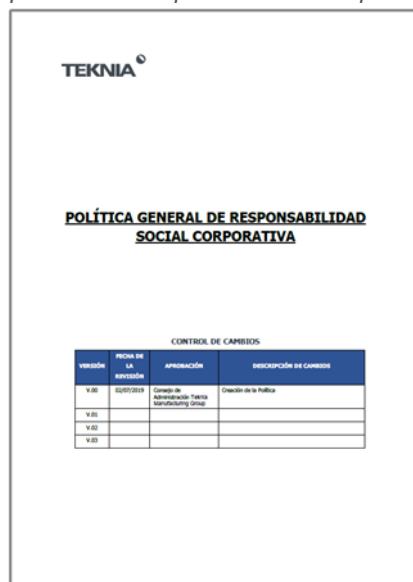
Responsible management in TEKNIA Group

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 individual responsibilities in this area (derived mainly from human resource management, environmental management, resource consumption, etc.), in recent years, TEKNIA Group has made progress in defining its responsible management model, through the following actions: the publication of the Code of Conduct and its dissemination within the Group; the establishment of the Ethics and Regulatory Compliance Committee and the Control Bodies of the Group companies, and the establishment of the Group's Corporate Social Responsibility area.

In line with this, during 2019 the Group's General Corporate Social Responsibility Policy was approved by the Board of Directors. Adopting the approach established by the European Commission in the renewed EU Strategy for 2011-2014 on corporate social responsibility, TEKNIA Group defines Corporate Social Responsibility (hereinafter, CSR) as "the responsibility of companies for their impact on society".

Illustration 3: Cover of TEKNIA Group's General Corporate Social Responsibility Policy



This Policy defines TEKNIA Group's principles of action in environmental, social and good governance (ESG) matters and its commitment to its stakeholders. Among others, the following principles have been established:

- Carry out the Group's operations from an ethical perspective, based on compliance with the legislation in the countries where the companies operate.

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- Work for the continued growth of operations and profitability, in order to maximise the Group's value in the long term and ensure its viability.
- Promote the implementation of good corporate governance practice within the Group, in line with applicable recommendations.
- Foster a quality work environment for employees, based on respect, diversity and personal and professional development.
- Promote the occupational health and safety of TEKNIA Group's employees, its facilities, and of those people who carry out their activity in our work centres.
- Minimise the environmental impact generated by the Group's activity, through improvement in the management of natural resources, and the fulfilment of good practices in the field of environmental management.
- Contribute to the fight against climate change, mainly through measures to improve energy efficiency, the adoption of renewable and low-carbon technologies, and the promotion of reducing energy consumption.
- Support the economic and social development of the environments in which the Group's companies operate and be recognised as a positive player in societal development.
- Foster the communication of these commitments to the supply chain and commercial relations and their alignment with that of the TEKNIA Group.

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"***.

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).

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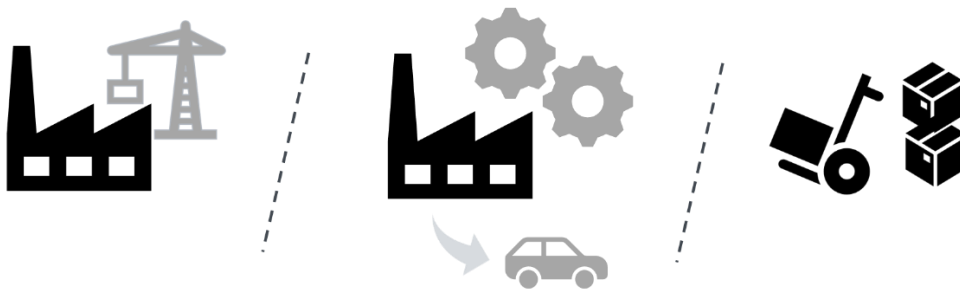
Environmental issues

[102-11] [102-15]

The information reported in the following sections refers to the performance and management in the TEKNIA production plants.

TEKNIA Group considers the environmental impact of its activities from a broad perspective. As a result of this perspective, the Group has established criteria and principles of action throughout the different stages where it has the capacity to exert influence:

1. Property activity
2. Production activity
3. Supply activity



The Group's management of each of these stages is detailed below:

Environmental Issues in Property Activity

TEKNIA Group's expansion and growth at a national and international level has revealed the need for common criteria for the location, design and construction processes for production plants around the world.

For this reason, the Group has established a Manual for Property Standardisation that sets the criteria to be applied in the development of a new industrial plant in each of the different phases of the project: search for location, design, and construction.

Illustration 4: Cover of TEKNIA Group's Property Standardisation Manual.





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In addition to technical and corporate image criteria, there are also recommendations on the environmental sustainability of the Group's activities, as these assets are where the productive activity is subsequently carried out.

Among others, the following issues are considered:

- Location of the property with respect to basic services, infrastructure and customers
- Thermal insulation of the industrial building
- Use of natural lighting and ventilation
- Artificial lighting and HVAC using energy efficient technology
- Heat recovery systems
- Energy regulation and management systems
- Facilities with renewable energy

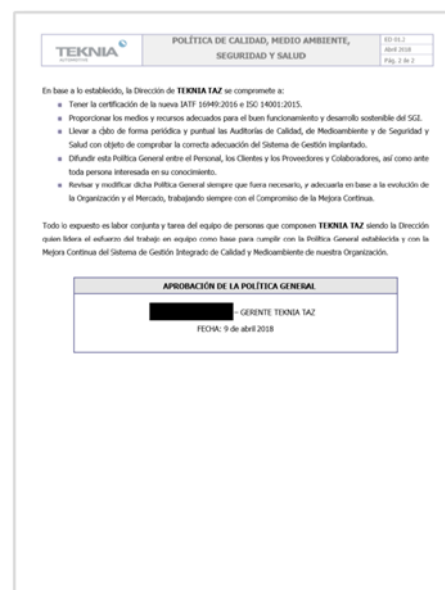
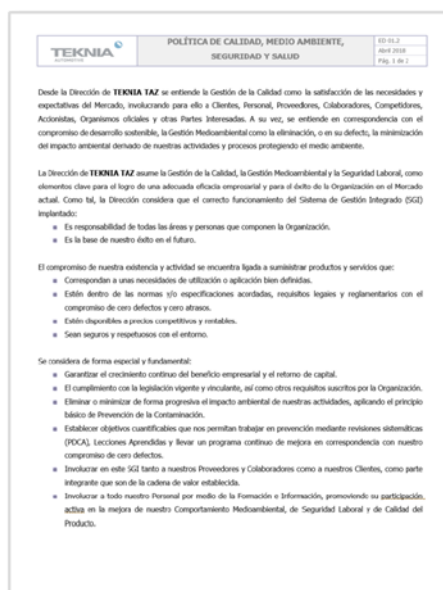
This manual, in use since 2018, has been applied to the following building projects: the second phase of the Jacarei plant, the Tangier plant, the Group's new headquarters, and the new Kragujevac plant, which will be inaugurated during 2020.

Environmental Issues in Production Activity

TEKNIA Group has a Quality and Environmental Policy that it applies to the production activity in all plants. This policy establishes 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.

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.

Illustration 5: Example of the Integrated Quality and Environmental Policy of one of the plants





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

- 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.
- Regarding energy consumption, the risk is that energy costs rise above the level that would allow the Group to be competitive.

Responsibilities for these matters are assigned to the following personnel:

- Local Quality and Environment personnel
- Local Production Personnel
- Group Energy and Environment Personnel

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

62% 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 79% of the aggregate turnover and around 74% 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. In line with this commitment our production plant in San Luis de Potosí obtained its environmental management system certification according to ISO 14.001 for the first time in financial year 2019.

In addition, to minimise the costs and environmental impact of its activity, TEKNIA Group also has personnel dedicated to providing energy efficiency services in the plants.

In this regard, an action model has been adopted 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.

The performance and management in the Group's production plants with respect to these issues is further described in the "*Sustainable use of resources*", "*Circular economy and prevention and management of waste*" and "*Fight against Climate Change*" sections.

Environmental Management in Supply Activity

In addition to taking on responsibility for the environmental impact generated by our own business activity (property and production) 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".

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

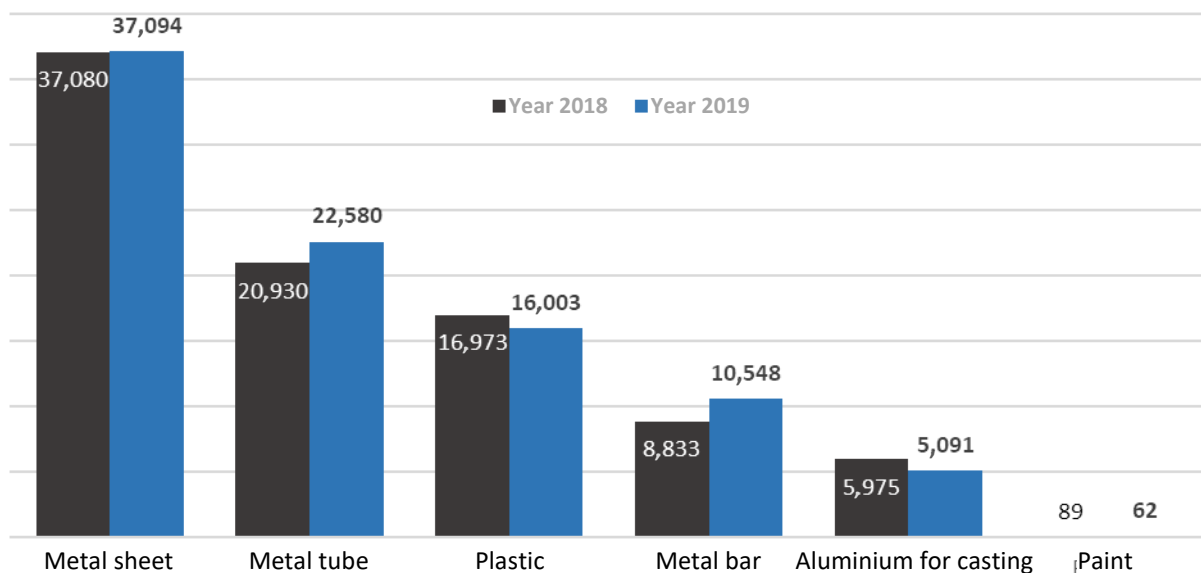
[301-1]

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

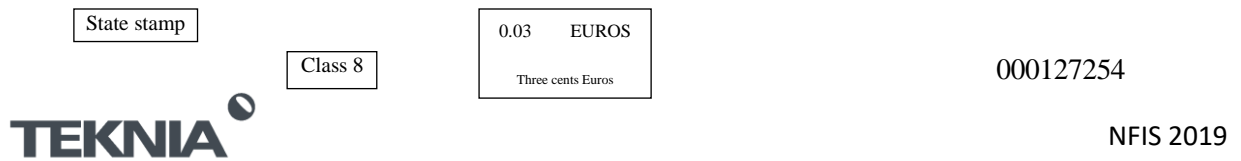
- Metal, in three different formats:
 - In coil/sheet format for stamping;
 - In tube format for forming;
 - In bar format for machining.
- Plastic for injection.
- Aluminium for casting and injection.
- Paint for painting of plastic parts.

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

Figure 3: Use of main raw materials for the production of TEKNIA Group products (in tons)¹



¹ The cases in which the metal tube is reported in metres, a conversion factor of 0.85kg/m has been used.



In 2019 the amount of total raw materials has remained stable (growing by 2%), in line with the Group's turnover results.

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.
- In aluminium casting, a large part of the scrap generated during the production process is reintroduced as raw material.

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

- The use of recycled cardboard packaging is favoured over virgin cardboard. (At the Azuqueca plant, 93% of the cardboard packaging comes from recycled material).
- 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. In order to minimise consumption, an action model based on the ISO 50.001 standard and its principle of continuous improvement is followed.

Thus, energy audits are carried out periodically in the plants and proposals are made to improve management and performance in this area.

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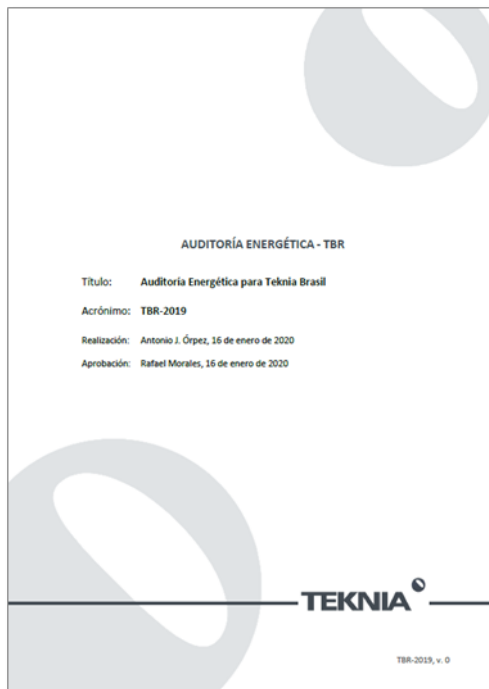
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Illustration 6: Example of an Energy Audit report and energy efficiency actions proposed for a Group plant (TEKNIA Brasil)



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

During 2019, some of the main initiatives carried out in terms of energy efficiency were:

- Installation of telemetry devices for continuous monitoring of energy consumption;
- Replacement of luminaires with LED technology;
- Installation of Start/Stop systems in production machinery;
- Intelligent lighting systems (incorporation of sensors for motion, brightness, etc.);
- Replacement of refrigeration systems with more efficient ones;
- Replacement of blower systems with more efficient ones;
- Improvement of thermal insulation of machinery;
- Changes in the energy supply.

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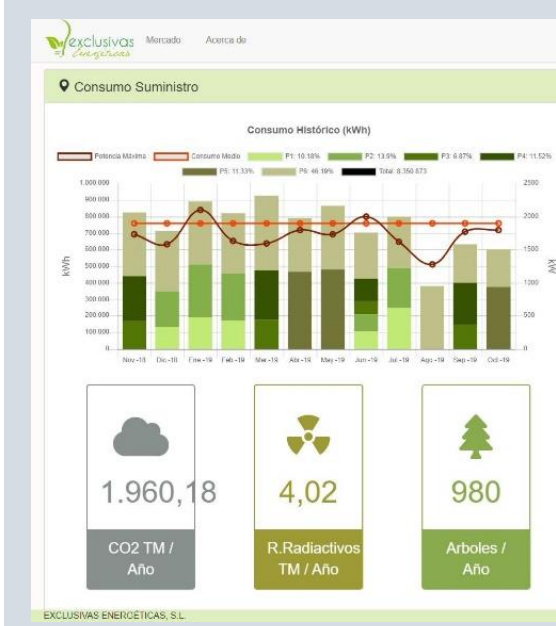
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Highlights 1: Continuous monitoring of energy consumption

Continuous monitoring of energy consumption in the Group



TEKNIA Group implemented a new system this year, called MINDEE, to remotely monitor the points of energy consumption (electricity and gas) in its plants in Spain.

For each of the plants, the supply point meters have been incorporated into the monitoring system, which provides real-time monitoring of consumption, automatically checking that the invoicing is correct and giving warnings in case of problems, such as the existence of reactive energy or excess power.

The tool will also allow for the intelligent purchase of energy using the information generated, applying a learning system through neural networks. There is also the possibility of expanding the system's scope in the future, creating new groups within a plant, or extending the system to new plants of the Group.

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.

Illustration 7: Example of the Annual Report on energy performance and evaluation record the plant's performance



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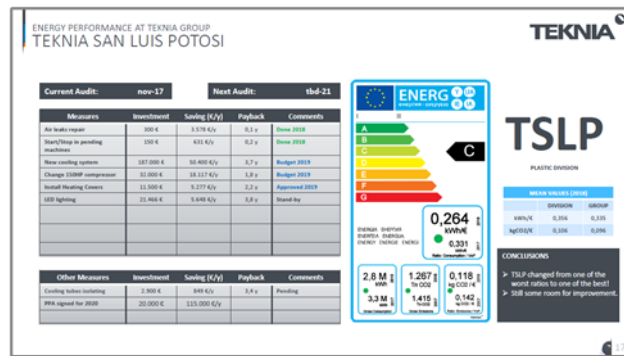
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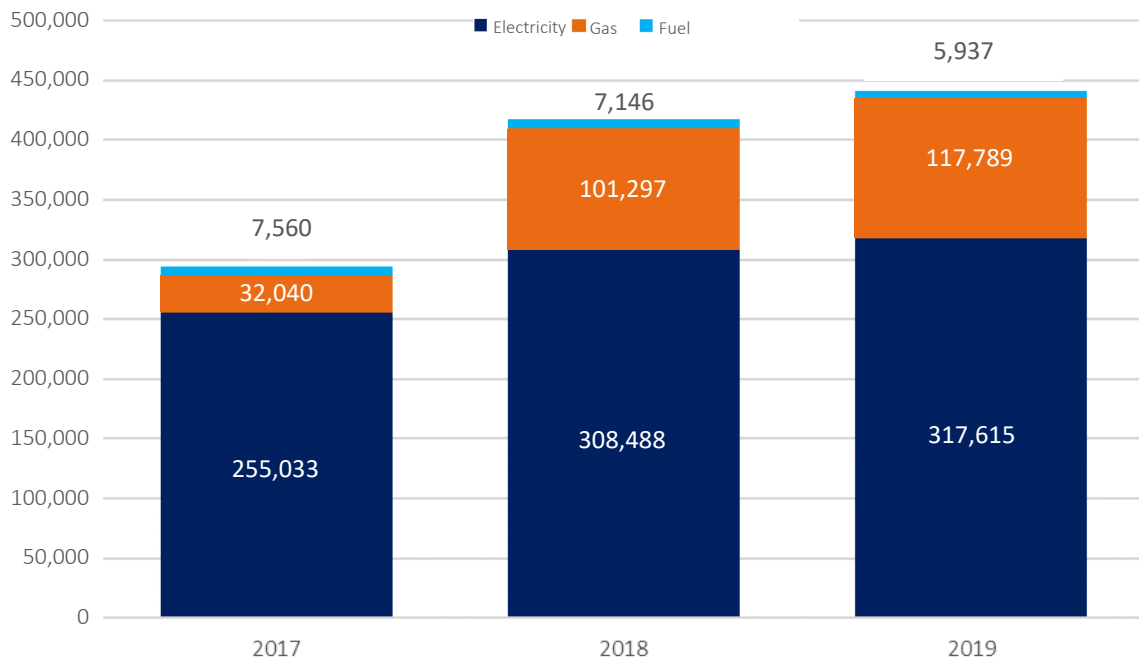
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Absolute energy consumption in the Group's production plants has increased slightly (6%) with respect to 2018. This growth is due to the fact that 2019 was the first year in which the energy consumption of the plants incorporated from the former Grupo Bravo was taken into account over the full year. For 2018, this was taken into account from the month of April.

Figure 4: Energy consumption in the Group's plants, by energy source used (in Gigajoules) ^{2 3}



² The calculations have included the consumption of the main energy vectors used in the Group's production process (Electricity, Natural Gas, LPG, Propane, Diesel, etc.). The conversion factors of entities of reference such as the UK's Department for Business, Energy & Industrial Strategy, and the emission factors of the energy suppliers in each case, or of the national electricity mix (when the above information is not available) are used.

³ Energy consumption in the plants from Grupo Bravo is considered from its incorporation into TEKNIA in April 2018.

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Comparing 2018 and 2019 as full years would obtain a decrease in energy consumption of 4%. The main source of energy consumed in the Group's production plants is electricity (72% of the total) and to a lesser extent gas (26.7%) and liquid fuels (1.3%).

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.

The growth in the relative weight of gas compared to previous years is mainly due to the incorporation of three new aluminium technology plants during 2018. Casting aluminium for subsequent injection is a gas-intensive process.

With regards to the TEKNIA 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 determined percentage of renewable energy.

The energy consumption ratio of the Group's production plants (in kWh consumed/€ of production) has increased compared to 2018. Part of this increase is because 2019 is the first full year in which the energy consumption of aluminium technology plants was taken into account.

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

Year	Consumption ratio⁵
2017	0.268
2018	0.335
2019	0.364

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

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

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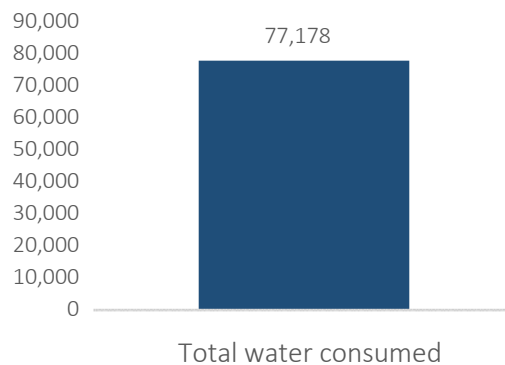
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Water consumption [303-1]

Given the nature of the Group's business activity, the majority of water used (87% of total consumption) is obtained from the municipal supply network or other water services provided by public or private companies. Only in the case of Teknia Brazil is the water extracted for production activity (13% of the total) from a well located at the same facilities.

Figure 5: Total water extraction (en m3) per year



During 2019, various initiatives were carried out and certain circumstances arose that contributed to reducing the Group's water consumption:

- ✓ The work centres in Brazil (SP1, SP2 and Jacarei) that during part of 2018 were still, although partially, independent work centres (with the consequent duplications in consumption) were unified at the beginning of 2019 in a single space, having a positive impact on water consumption.
- ✓ At Teknia Ampuero, improvements were made to the aluminium smelting and injection process that has helped lower water consumption: a new cooling tower was installed that has significantly reduced water loss due to evaporation. Also, measures have been put into place to enable early detection of water leaks in the smelting process, lowering consumption, and in the flow of waste water sent for treatment.
- ✓ At Teknia Tepejí del Río, deionised water has begun to be used for washing parts. This water allows the cleaning of more parts per unit of volume than conventional water, reducing water consumption in the process.
- ✓ Teknia Azuqueca has had a more efficient cooling tower for the process of plastic injection since June 2018, which has resulted in a decrease in the amount of water lost due to evaporation, reducing water consumption in 2019.



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Circular economy and prevention and management of waste

[306-2]

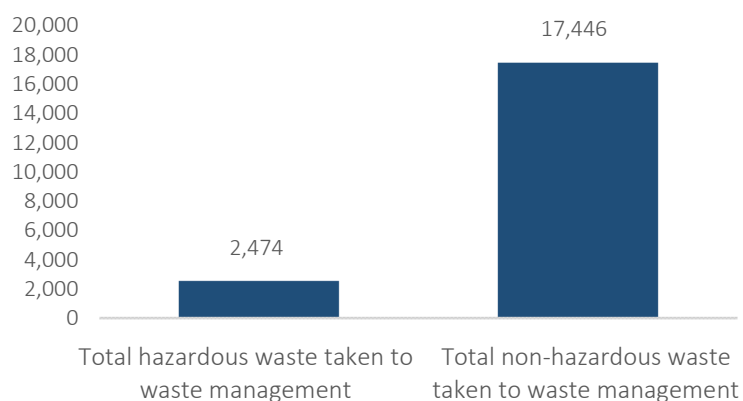
The waste generated by the Group's companies is managed in accordance with the applicable legislation in each case.

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.

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 remains of raw material that cannot be reused during the plant's production activity (mainly remains of metallic or plastic raw material) are recovered and taken by third parties either to recycling or to reuse in other activities.

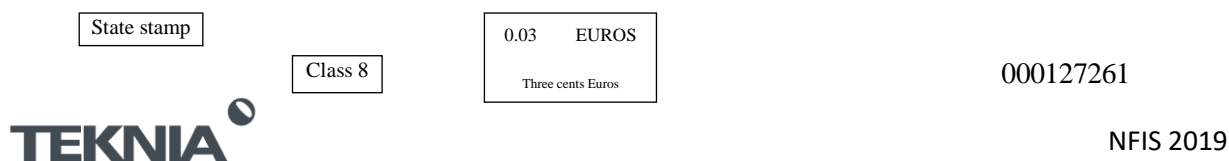
Figure 6: Total waste sent to waste management by type of waste (in tonnes)⁶



Various initiatives are carried out to minimise the amount of waste generated in production activity. Among others:

- ✓ Teknia Barcelona has a process of collection and centrifugation of the shavings generated in the machining process. This makes it possible to separate the steel and aluminium shavings from the cutting oil used in this process. Thus, the oil is recovered for reuse, and the "dry" shavings can be sold to an agent as non-hazardous waste that can be easily recovered instead of being managed as hazardous waste (with the consequent environmental and economic benefit). The machining plants in Bilbao and Mexico City have similar separation and recovery systems.

⁶ Tangier employees are excluded from the calculations, for whom it has not been possible to obtain the information.



- ✓ At Teknia Ampuero, the plant's waste water treatment technology was modernised in August 2018, to be able to treat the water used for washing parts, something not previously possible to carry out internally (and had to be managed as waste). As a result of this improvement, the amount of waste generated at the plant and the associated costs have both been reduced.
- ✓ Teknia Azuqueca and Teknia Brasil, have a process of *reusing water from painting of parts line*: the water used in the painting booth works in a closed circuit and goes through a chemical treatment for its recovery, allowing it to be reused for a period up to three years. This reduces the amount of water and paint sludge that must be managed externally as 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 2019 amounted to 206 thousand Euros (241 thousand Euros in 2018) and basically correspond to the expenses incurred for the treatment of waste.

Fight against climate change

[305-1] [305-2] [305-4]

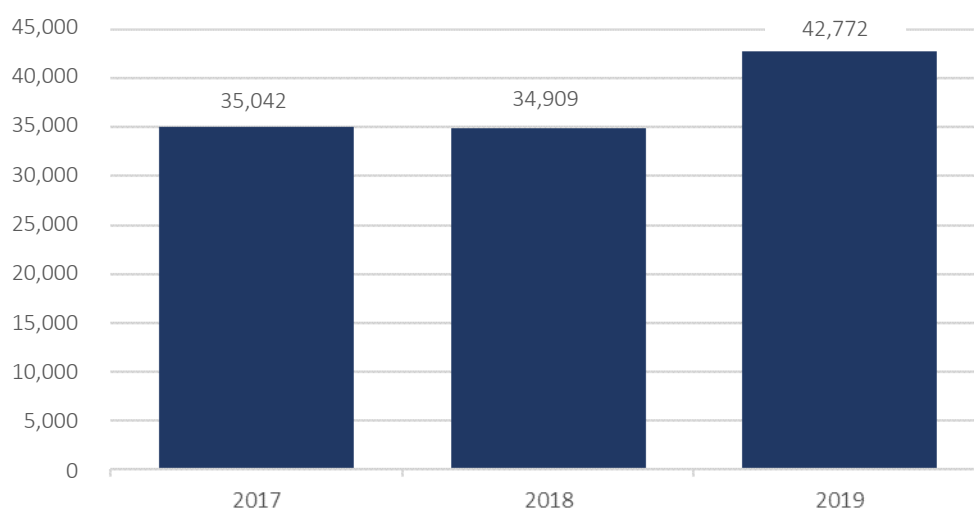
As with any activity which has intensive energy use, the industrial activity carried out by TEKNIA Group entails the production of greenhouse gas (GHG) emissions.

These emissions are produced both directly, through combustion processes carried out in the Group's own companies, and indirectly (through electricity purchased from suppliers). In the calculations set out below, both are considered.

TEKNIA Group's action in this area is based on improving energy efficiency, adopting low-carbon and renewable technologies, and promoting a reduction in consumption.

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

Figure 7: TEKNIA Group's absolute Green House Gasses emissions⁷⁸ (in ton. CO₂ eq.)



The growth in absolute greenhouse gas emissions compared to 2018 is mainly due to the following factors:

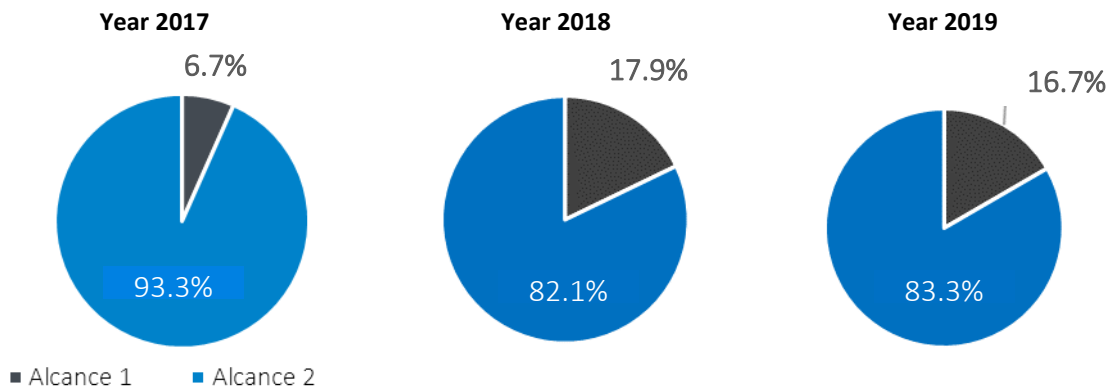
- 2019 was the first full year for which the emissions generated by the plants incorporated from the former Bravo Group have been taken into account. In 2018, this was taken into account from the month of April. These plants use technology (aluminium injection and machining) with higher associated GHG emissions than the rest of the Group's technologies.
- In 2019 the agreement with Fenie Energía to supply emission-free electricity to several Spanish⁹ plants during the year 2018 finalised. In this regard, in 2020 a new agreement has been reached for the supply of emission-free electricity to several of the Group's Spanish plants. This new agreement will allow the Group to continue to obtain the best possible supply conditions, while continuing with its commitment to the environment.

⁷ The 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 published by the CNMC (*National Commission on Markets and Competition*). In the absence of more up-to-date data, the 2018 figures are used.

⁸ Energy consumption in the plants from Grupo Bravo is considered from April 2018.

⁹ Production plants in Azuqueca, Barcelona, Bilbao, Elorrio, Manresa, Martos and Pedrola.

Figure 8: GHG emissions by scope - 1, direct and 2, indirect - (in % of the total)



The relationship between emissions 1 and 2 has remained relatively stable, due to the circumstances (explained on the previous page) that have led to increases in both concepts.

For all the above, the ratio of greenhouse gas emissions per unit of production has worsened compared to 2018, being in line with that of 2016¹⁰.

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

Year	GHG emissions ratio
2017	0.115
2018	0.100
2019	0.125

¹⁰ In 2016, the ratio was 0.123kg of CO2 eq./€ of production.

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Social and personnel issues

[102-15]

The General CSR Policy defines TEKNIA Group's guidelines for action in the field of people management: promoting a quality work environment, based on respect, diversity and the personal and professional development of employees, with particular commitments being:

- Comply with labour rights recognised in national and international law;
- Respect the principles of equal opportunities and the non-discrimination of employees;
- Encourage employees' growth, providing them with the necessary means to improve the results of their work, face changes successfully and contribute to the fulfilment of the Group's objectives;
- Promote the occupational health and safety of employees and in the Group's facilities, as well as of the external personnel that carry out their work in the Group's facilities.

In the following sections of this chapter: 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 TEKNIA 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.

Diversity and employment

Diversity in employment:

[405-1]

At 2019 year-end TEKNIA Group had 3,455 employees, 66.9% of which were men and 33.1% were women. This represents an increase in the presence of women in the workforce of more than half a percentage point compared to 2018.

By age range, employees between 30 and 50 years of age accounted for more than 54.5% of the total workforce, those over 50 years of age around 25.5% and those under 30 around 20% of the total. This represents an increase of 1.5% in the age group 30 to 50, and a decrease of 1.5% in the over 50 age group. The under 30 group remains the same.

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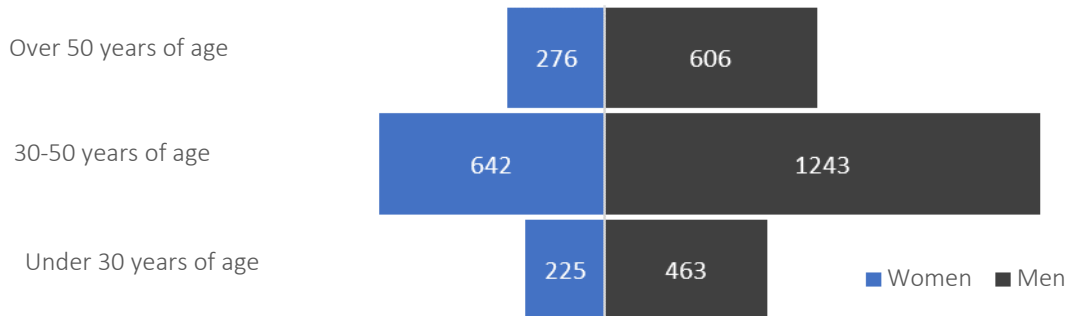
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Figure 9: Distribution of employees by gender and age



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 Spain¹¹ (in 2018, 17.1% of men in the labour market were employed in the manufacturing sector compared to 7.4% of women) and in Europe¹² (20.3% of men compared to 10% of women).

Regarding the diversity of origin, TEKNIA Group employs people of 22 different nationalities. Most are from the countries where the Group is present, along with workers from 10 other different countries.

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 (three). Corporate Management, at 31 December 2019, 5 men and 1 woman.

Regarding the geographical distribution of employees¹³, 71.6% are in the Europe, Middle East and Africa (EMEA) region, 20.7% in the NAFTA region and 7.7% in Brazil. In 2018, the distribution was 70% in EMEA, 21% in NAFTA, and 9% in Brazil.

¹¹ Active Population Survey for the year 2018. National Institute of Statistics

¹² European Labour Force Survey. Data for the year 2018. Eurostat.

¹³ TEKNIA Japan employees are excluded from this quantification

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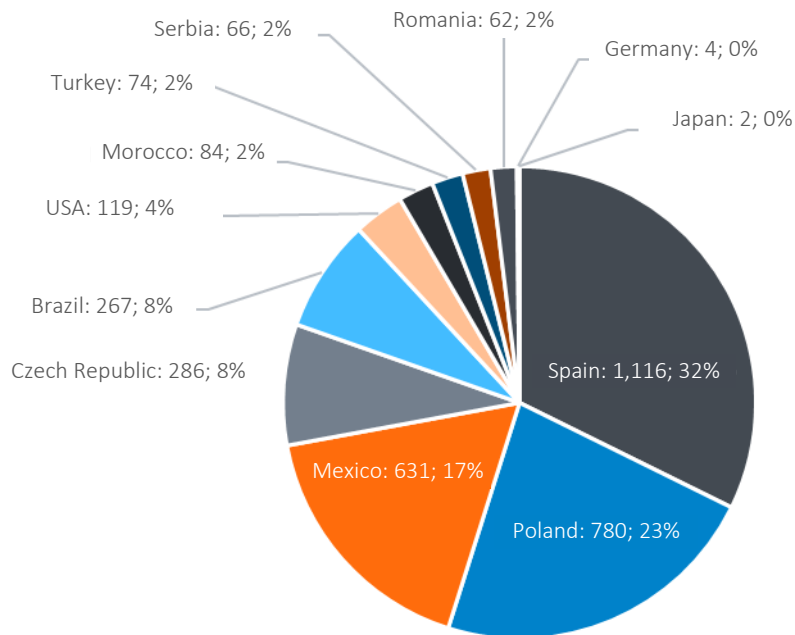
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The following graph shows the distribution of employees by country in 2019.

Figure 10: 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 who, 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 who 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 11: Distribution of employees by professional classification (in % of the total)



The distribution of employees by category is very similar to that of 2018, with a decrease of one percentage point in the structure workforce category and an increase of one point in indirect workforce category. The direct workforce category remains the same.

Evolution of employment:

[401-1]

The total number of TEKNIA Group employees has decreased by 163 compared to financial year 2018 (see Figure 2).

Table 5: Net balance of the evolution of personnel in 2019 by gender and professional category (in number of people)¹⁴

	Direct workforce (DW)	Indirect workforce (IW)	Structure workforce (SW)
Men	(146)	35	(20)
Women	20	(48)	(4)

Regarding the movement of employees by gender, most of these occur among men (74%) given that the male gender is the majority in the Group.

Regarding the number of employees by professional classification, the highest rate of departures of employees takes place in the Direct Workforce category (with 61% of the total), followed by Indirect Workforce (30%) and Structure workforce (9%).

Table 6: Net balance of the evolution of personnel in 2019 by region and gender (in number of people)^{14 15}

	EMEA	NAFTA	Brazil	Japan
Men	(36)	(47)	(49)	1
Women	(16)	(12)	(4)	-

¹⁴ Negative numbers are presented in parentheses

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Employment conditions:
[102-8]

The majority of the contracts that TEKNIA Group has with its employees are permanent (92% of the total), meaning temporary contracts account for 8% of the total. Part-time contracts account for 1.2% 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	Apprentice	Part-time contract
Total		3,174	269	12	40
By gender	Men	2,151	155	6	27
	Women	1,023	114	6	13
By age group	Under 30 years of age	549	127	12	4
	30-50 years of age	1,781	104	-	15
	Over 50 years of age	844	38	-	21
By region	EMEA	2,249	221	2	35
	NAFTA	666	48	-	5
	Brazil	257	-	10	-
	Japan	2	-	-	-

Compared to the previous year, in 2019 the proportion of permanent contracts increased (+4%), and temporary contracts decreased (-4%). There was a drop of 0.8% in part-time contracts. It is also the Group's policy to promote stability in employment and in people's development. The average length of service of the Group's employees is 10.2 years¹⁵.

¹⁵ This calculation takes into account only those workers present at the end of 2019.

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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, 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).

Whenever the organisation of production allows it, the Group companies provide their workers with family reconciliation measures being, among others, the following: reductions in regular and irregular working hours, shift changes, flexible hours, as well as other measures established in this regard by the applicable labour regulations.

As part of these measures, 111 TEKNIA Group employees have a part-time contract (73 women and 38 men). Most of these are employees in the age group 30 to 50.

Table 8: Hours of absenteeism and total absenteeism rate broken down by region¹⁶

	Hours of absenteeism from work	Rate of absenteeism from work¹⁷
Total	266,078	4.2%
EMEA	215,831	5.2%
NAFTA	32,052	2.0%
Brazil	18,195	3.0%

The total absenteeism rate remains at 4.2%, a figure similar to 2018, due to the decrease in the rate obtained in Brazil (-1.5%), despite the slight increase in EMEA (+0.3%).

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.

¹⁶ The information contained in the table refers to personnel belonging to Companies that carry out production activity. These Companies comprise 98.5% of the Group's total employees.

¹⁷ Calculated as the result between the total hours of absenteeism and the scheduled hours of work for the period.

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Table 9: Proportion of workers covered by collective agreements in countries with significant operations (in percentage)¹⁸

Country	Percentage of workers covered by collective agreements
Total	77%
Spain	100%
Poland	100%
Mexico	71%
Brazil	100%
Czech Republic	-
USA	-
Romania	100%
Turkey	-
Serbia	-
Morocco	-

The percentage of workers covered by collective agreements increases (+5.7%) compared to 2018, due to the increase in workers covered in Brazil (+31.9%) and Mexico (+15.2%).

Employees with a disability:

As of 31 December 2019, the Group has 50 employees with some degree of disability (49 of these with a degree greater than 33%¹⁹), which represents 1.42% of the Group's total employees. Some of these workers have been hired through special employment centres. This represents an increase of +0.19 percentage points compared to 2018.

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).

¹⁸ The information contained in the table refers to personnel belonging to Companies that carry out production activity.

¹⁹ The degree of disability is not measured in a homogeneous or comparable way under all legislations. In the case of Poland, the degree of disability is measured in three categories: "Minor", "Moderate" and "Severe". In this quantification, all workers with a moderate degree of disability are considered. In the case of Serbia, the same is measured in three categories: "I", "II", and "III". In this quantification, all workers with a degree of disability II are considered.



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- 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.

Training

[404-1]

Each of the Group's Companies has a Training Plan that is implemented 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 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 8: Procedure for evaluating the performance of the IW and SW groups

TEKNIA EVALUACIÓN DESEMPEÑO
MANO DE OBRA INDIRECTA Y ESTRUCTURA

1.- OBJETO
El presente procedimiento tiene por objeto establecer los puntos de evaluación del personal de mano de obra indirecta y estructura con la finalidad de medir el rendimiento y la actitud en su puesto de trabajo y de manera global en la organización, así como la identificación de los trabajadores que en su caso puedan ser promocionables.

2.- DESCRIPCIÓN DEL SISTEMA
El sistema de evaluación se centra en el análisis del desempeño de las personas con relación a los siguientes puntos:

- Orientación al cliente
- Trabajo en equipo
- Capacidad de respuesta
- Adaptación al cambio
- Colaboración de equipo
- Desarrollo de personas
- Calidad del trabajo
- Visión estratégica

NIVELES DE VALORACIÓN

00	Realmente excelente o más
01	No alcanza los supuestos mínimos
02	Alcanza los supuestos mínimos
03	Por encima de mínimos esperados
04	Excelente en esta materia
05	No aplica los tiempos en cuenta para la medida

Table 10: Training hours by gender and professional category (in total hours and average hours per employee)²⁰

	Direct workforce (DW)	Indirect workforce (IW)	Structure workforce (SW)	Average hours per employee
Men	14,014	9,283	3,881	12.3

²⁰ The information contained in the table refers to the personnel belonging to TEKNIA's 21 production plants (excluding Teknia Nashville, for which it has not been possible to obtain the information) and to the company TEKNIA Management Entity.

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Women	7,958	3,840	2,333	12.7
Average hours per employee	10.3	14.2	22.8	12.4

Compared to 2018, this represents a slight decrease in the total number of training hours per employee (-0.54).

Health and safety

[403-2]

The commitment of 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.

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 11: Comparable Rate of incidence, frequency and severity of work-related accidents and illnesses for 2018 and 2019²¹

	Year 2018	Year 2019
Work-related accidents frequency rate	21.18	20.90
Work-related illness incidence rate	84.29	90.80
Work-related accidents and illness severity rate	0.56	0.37

As can be seen in Table 11, there has been a decrease in the severity index (which measures the number of working days lost due to these accidents/occupational illnesses) compared to 2018.

²¹ The information contained in the table refers to the personnel belonging to TEKNIA's 21 production plants (excluding Teknia Nashville, for which it has not been possible to obtain the information).

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At the same time, there has been a slight increase in the incidence rate of occupational illness among the workforce (which measures the number of cases of occupational illnesses in the workforce), due to the increase of one case compared to last year.

Table 12: Breakdown of the incidence, frequency and severity rates of work-related accidents and illnesses for 2019, by gender and region^{22 23}

	Men	Women	EMEA	NAFTA	Brazil
Work-related accidents frequency rate	23.33	13.70	24.8	10.6	19.0
Work-related illness incidence rate	45.52	180.67	41	168	375
Work-related accidents and illness severity rate	0.34	0.38	0.37	0.36	0.36

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.

²² The information contained in the table refers to the personnel belonging to TEKNIA's 21 production plants (excluding Teknia Nashville, for which it has not been possible to obtain the information)

²³ 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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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 key staff (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.

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During 2019, a refreshment training session was held for the Corporate Management and the Managers of the different TEKNIA production plants, with a special emphasis on the procedures to be applied in this matter. In addition, specific on-site training was provided to the directors and senior management at Teknia Brasil.

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 financial year 2018, 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.

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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.

During 2019, 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 TEKNIA Group's internal code.

This respect is stated on 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:

- Compliance, by all employees, of the minimum age for employment;
- 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.

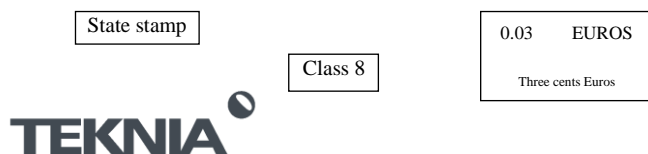
These principles are contemplated in the labour regulations of the countries where the Group operates and the responsibilities for supervising compliance are assigned internally (basically to the Management of each Entity, and to the Human Resources and Legal Departments).

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.



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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.

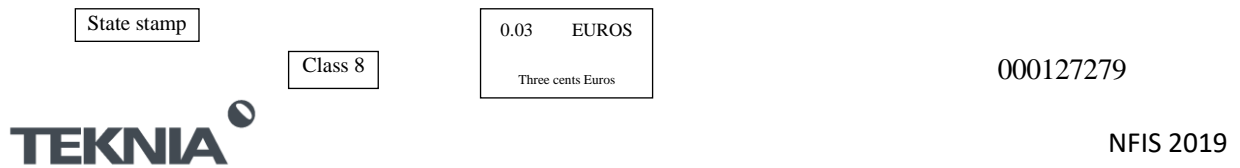
The main risk in this area is that there is a violation of the human rights of workers or business partners in any of the Group companies, with the consequent legal impact on their reputation and the relationship with their stakeholders.

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 2019, 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 **[102-15]**

TEKNIA Group's priority in terms of sustainability and relationship with the community is to support the economic and social development of the environments in which it operates and to be recognised as a positive player for societal development through:

- The generation of wealth and economic activity by the Group in the environments in which it operates.
- The development of a Social Action programme focused on the education of children and young people, as a means for the progress of society.

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

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

TEKNIA Group's economic and productive activity in the areas where it operates generates a series of positive economic and social impacts:

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:

- In Europe, the manufacturing industry generates around 2.3 billion Euros of Gross Value Added (GVA) and 33 million jobs - corresponding to 16% of total GVA, and 13.8% of total employment. In Spain, the sector contributes 12.4% of the GVA, and 10% of the total employment of the Spanish economy²⁴.
- 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 PwC²⁵ 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.

²⁴ GVA and employment data from the National Accounts aggregated by sector, obtained from Eurostat. Data for the year 2018.

²⁵ Keys to the competitiveness of Spanish industry, 2013, PwC.

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Additionally, the jobs generated by the sector are located mostly in areas outside large cities, contributing to maintaining the population and local economic activity in these areas (see Table 13).

Table 13: Main areas of operation of TEKNIA Group by country

Country	Employees	Main areas of operation
Spain	1116	Ampuero Azuqueca de Henares Barcelona Bilbao Elorrio Martos Pedrola Manresa
Poland	780	Kalisz Rzeszow
Mexico	595	Tepejí del Río San Luis de Potosí Mexico D.F.
Brazil	267	Jacarei
Czech Republic	286	Uhersky Brod Nivnice
USA	117	Nashville
Romania	62	Oradea
Turkey	74	Gebze
Serbia	66	Kragujevac
Morocco	84	Tangier

Generation and distribution of economic value

Table 14: TEKNIA Group's generation and distribution of economic value (in thousands of Euros)

	2019	2018	2017
Net Turnover	378,116	370,671	325,054
Supplies (merchandise, raw materials and other consumables and subcontracting)	(197,601)	(200,113)	(182,437)
Employees (personnel costs)	(91,839)	(89,601)	(72,617)
Financial costs	(3,041)	(3,402)	(2,978)
Income tax	(3,662)	(4,731)	(3,040)

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Table 15: Profits obtained, Tax on profits paid and subsidies received by country (in thousands of Euros)²⁶

	Spain	Poland	Mexico	Czech Republic	Romania	Serbia	Germany
Annual balance	8,598	2,520	2,462	819	144	241	17
Income tax	2,492	858	455	171	13	11	14
Public subsidies	139						

The TEKNIA Group promotes sport and team activities within its companies, through the sponsorship of various initiatives. These actions have a positive impact on the well-being of people, strengthen the sense of belonging and teamwork, while helping to strengthen the TEKNIA Group brand.

In previous years, the following initiatives have been sponsored:

- The *Cabo Mayor TEKNIA Group* regatta team, of which an employee is part, and which participated in different competitions obtaining several victories.



- Paddle tennis matches between TEKNIA Pedrola departments (financial, commercial, production, etc.), in order to promote team spirit, mutual understanding and cohesion in the Group.



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

²⁶ The figures of those locations that report profits to the consolidated Group as at 31 December 2018 are included.

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2. **TEKNIA Group's social action:**

The Group Presidency is firmly committed to social development. As a result of this commitment, TEKNIA Group is developing a Social Action programme focused on the promotion of youth education as a means to improve society.

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 stakeholder groups such as the business sector.

The following actions are being carried out:

Construction of a new secondary school in Thionk-Essyl, Senegal

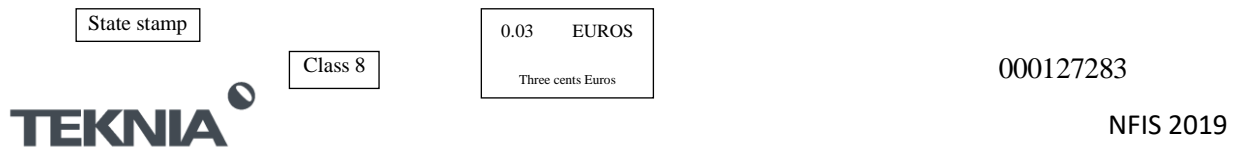
Since 2017, the TEKNIA Group has been supporting the foundation "Foundawtion" in the construction of a secondary school, CEM Kamanar, in Thionk-Essyl, in the region of Casamanza in southern Senegal.

This project responds to the shortage of places in high school education, which has led to chronic overcrowding in the only existing school, complicating the educational continuity of children, and affecting the quality of education received.



As planned, the official inauguration of the school took place on 10 October, 2019, which was attended by representatives of all groups that have taken part to make the school a reality: workers, educational and administrative authorities, partners, representatives of Foundawtion, volunteers, TEKNIA and other collaborators.

With some tasks still to be completed, in the 2019/2020 academic year classes have begun with a total of 240 students between 12 and 14 years of age. It is expected that in the coming years the places offered will increase reaching a total of 480 students.



The new school offers significant advances compared to the typical school in Senegal: classes limited to 30 students per classroom, educational spaces adapted to the local climate and with adequate water, electricity, sanitation and furniture installations, internet connection and computer equipment for both students and teachers.

Additionally, in November 2019 a campaign for the donation of laptops was organised among the personnel of TEKNIA Group's different companies in Spain, to help equip the new school's computer room. A total of 10 computers were donated, which together with the proceeds from the foundation, will allow young people in the school to take part in computer classes, learning how to use this equipment.

Rachid Prize to Employee of the Year

As with every year since 2014, 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.

Lucasz Mical, of TEKNIA Rzeszow, the winning employee, decided to donate this amount to the Spanish Red Cross.

Photograph 4: Awarding of the Rachid Prize to Lucasz Mical



The Spanish Red Cross is a humanitarian organisation and a member of the international Red Cross and Red Crescent network whose mission is to assist vulnerable people in national and international contexts through integrated actions carried out by volunteers.

The donation will be used for the fight against the social isolation of elderly people in rural and ageing municipalities in the province of Guadalajara, where the TEKNIA Group headquarters are located.

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Subcontracting and suppliers

[308--1] [414--1]

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. Likewise, the General CSR Policy states that the alignment of the Supply Chain with TEKNIA Group's principles of action must be fostered.

The main risk in this regard is that if TEKNIA Group were to have a relationship with suppliers or subcontractors that did not comply with the Group's quality requirements and that this would affect the work carried out by the Group. Likewise, maintaining a commercial relationship with suppliers that violate 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.

Illustration 9: 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

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

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

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Illustration 10: 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. 39% of the company's total suppliers have an environmental management system certified according to ISO 14.001. This represents an increase (+4%) in certified suppliers compared to 2018.

Additionally, in the purchase specifications, safety 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 is currently developing a process for incorporating social considerations into the supplier selection process which will come into effect in 2020.

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Appendix to the Statement

Accordance 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.

Stakeholder 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 stakeholder groups of the company:



The TEK Nia Group considers a stakeholder 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 stakeholder 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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Stakeholder 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 - 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

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.

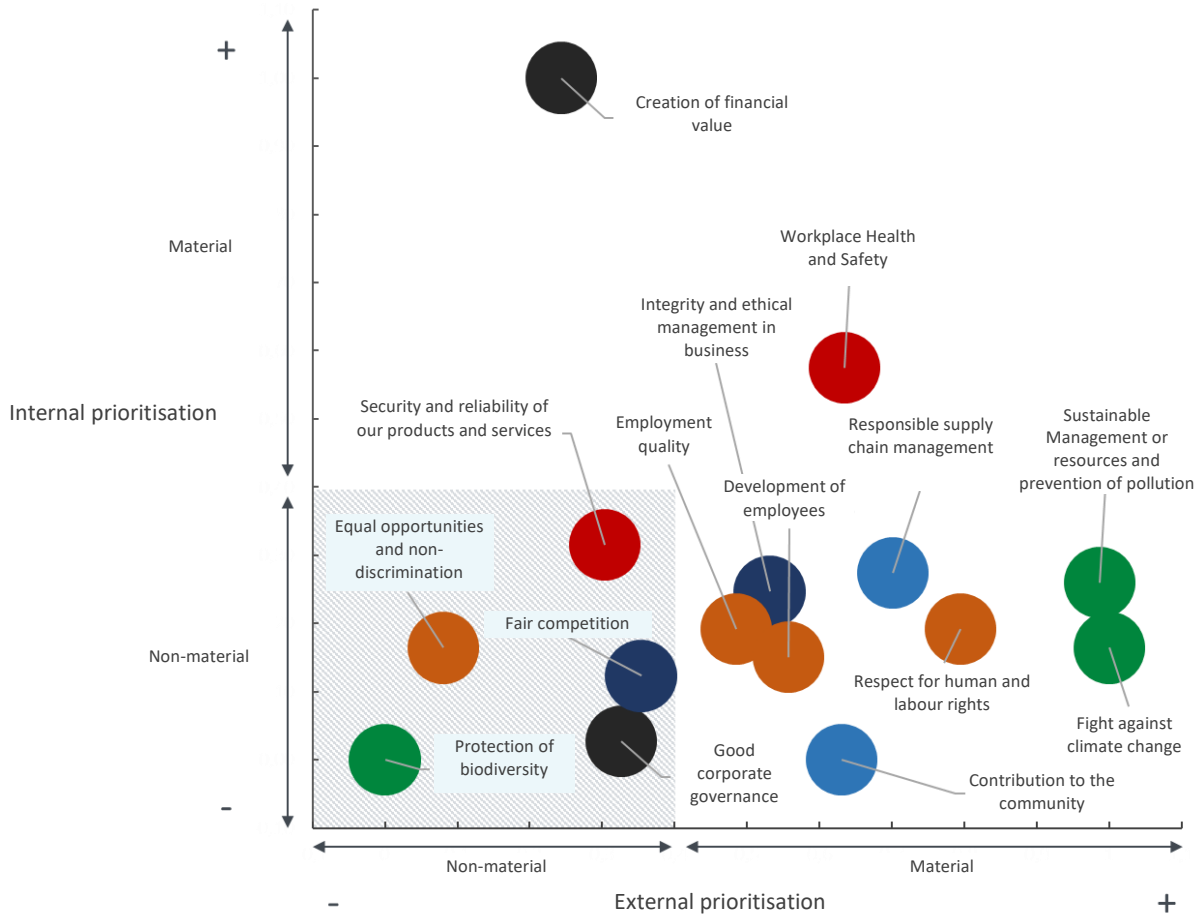
In addition to the above, the TEKNIA Group regularly conducts an exercise to identify the main expectations of stakeholders on specific sustainability or CSR issues. The conclusions of this analysis are incorporated into the materiality analysis (for more information see the following section: "Report contents and coverage of the issues") used in the preparation of the Non-Financial Information Statement.

Report contents and coverage of the issues
[102-46] [102-47]

TEKNIA Group is subject to the national legislation that comes 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.

A materiality analysis has also been carried out to determine the internal and external prioritisation of each of the issues and the relevance for their inclusion in the report. For its preparation, a cabinet analysis has been carried out, starting from internal documentation and contributions of the different Stakeholder Groups, with respect to the TEKNIA Group, and of the manufacture of components and automotive systems sector.

Figure 12: Materiality Analysis for TEKNIA Group



According to the results of the materiality analysis, the issues of Equality and Fiscal Information are non-material matters for TEKNIA Group. However, due to the relevance of these matters in Law 11/2018, information on the same has been included in the Non-Financial Information Statement.

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Correlation between the materiality issues and the contents contemplated in Law 11/2018, is the following:

Area of management	Materiality Issues	Contents contemplated in Law 11/2018
Environmental issues	Sustainable resource management and pollution prevention	<ul style="list-style-type: none"> – Pollution – Circular economy and prevention and management of waste – Sustainable use of resources
	Fight against climate change	<ul style="list-style-type: none"> – Climate change
Social and personnel issues	Employment quality	<ul style="list-style-type: none"> – Employment – Organisation of work – Social relations
	Workplace Health and Safety	<ul style="list-style-type: none"> – Health and safety
	Development of employees	<ul style="list-style-type: none"> – Training
	Equal opportunities and non-discrimination	<ul style="list-style-type: none"> – Total accessibility for people with disabilities – Equality
Respect for human rights	Respect for human and labour rights	<ul style="list-style-type: none"> – Respect for human rights
Fight against corruption and bribery	Integrity and ethical management in business	<ul style="list-style-type: none"> – Fight against corruption and bribery
Company	Contribution to the community	<ul style="list-style-type: none"> – The Company's commitment to sustainable development
	Responsible supply chain management	<ul style="list-style-type: none"> – Subcontracting and suppliers
	Fair competition	<ul style="list-style-type: none"> – Fiscal information

Considering the materiality results and the provisions included in section 6 of Law 11/2018, it has been decided not to include information on the following matters, for reasons which are outlined below:

Contents of Law 11/2018	Reason for non-inclusion
Protection of biodiversity	<p>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.</p> <p>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.</p>
Consumers	<p>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.</p>

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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	pg. 4;9;11-13
	102-3: Location of Headquarters	Barrio san Agustín, S/N, Elorrio, 48230, Bizkaia
	102-4: Location of operations	pg. 8
	102-5: Property and legal regime	TEKNIA Manufacturing Group, S.L. (Single-Member Company), (Parent Company) and subsidiaries (the Group).
	102-6: Markets served	pg. 8;10
	102-7: Size of organisation	pg. 7
	102-8: Information on employees and other workers	pg. 38
	102-9: Supply chain	pg. 10;23
	102-10: Significant changes in the organisation and its supply chain	pg. 4-6
	102-11: Precautionary principal or approach	pg. 20-23
	102-12: External initiatives	Not applicable
	102-13: Membership of associations	pg. 57
	102-14: Statement of senior executives responsible for decision making	pg. 3
	102-15: Main impacts, risks and opportunities	pg. 22;34;44;48;49
	102-16: Values, principles, standards and norms of conduct	pg. 9;18-19;44-45
	102-17: Advisory mechanisms and ethical concerns	pg. 45-46
	102-18 Governance structure	pg. 17
	102-40 List of stakeholder groups	pg. 57
	102-41 Collective bargaining agreements	pg. 40
	102-42 Identification and selection of stakeholder groups	pg. 56
	102-43 Approach for the participation of stakeholder groups	pg. 56-57
	102-44 Key issues and concerns mentioned	pg. 58-59
	102-45: Entities included in the consolidated financial statements	pg. 1
	102-46: Definition of the contents of the reports and the Coverage of the issues	pg. 58-59
	102-47: List of material issues	pg. 58-59
	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	29 April 2019
102-52: Report preparation cycle	Published annually	
102-53: Contact information for questions regarding the report	pg. 63	

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	102-54: Declaration of report preparation in accordance with GRI standards	pg. 56
	102-55: GRI table of contents	pg. 60-63
	102-56: External verification	pg. 63
Material Topics		
Sustainable resource management and pollution prevention		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 20-23;59
	103-2: The management approach and its components	pg. 20-23;29-30
	103-3: Evaluation of the management approach	pg. 20-23;59
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pg. 23
GRI 302: Energy 2016	302-1: Energy consumption within the organisation	pg. 27
	302-3: Energy intensity	pg. 28
GRI 303: Water 2016	303-1: Water extraction by source	pg. 29
GRI 306: Effluents and Waste 2016	306-2: Waste by type and disposal method	pg. 30 Information on disposal method is not available - Pending improvement to information collection and reporting systems
Fight against climate change		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 22;24-26;31-32
	103-2: The management approach and its components	pg. 22;24-26;31-32
	103-3: Evaluation of the management approach	pg. 22;24-26;31-32
GRI 305 Emissions 2016	305-1: Direct GHG emissions (scope 1)	pg. 32-33
	305-2: Indirect GHG emissions when generating energy (scope 2)	pg. 32-33
	305-4: GHG Emissions intensity	pg. 33
Employment quality		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	page 34-35;38-40
	103-2: The management approach and its components	pg. 34-35;38-40
	103-3: Evaluation of the management approach	pg. 34-35;38-40
GRI 401: Employment 2016	401-1 New employee recruitment and staff rotation	pg. 37
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity in government bodies and employees	pg. 34-35 The 3 members of the Board of Directors are over 50 years of age. In Corporate Management, 4 of the members are between 30 and 50 years of age, and 2 are over 50 years of age.
	405-2 Ratio of base salary and remuneration of women compared to men	pg. 39

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Workplace Health and Safety		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 34;42-43
	103-2: The management approach and its components	pg. 34;42-43
	103-3: Evaluation of the management approach	pg. 34;42-43
GRI 403: Occupational Health and Safety 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	pg. 42-43 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.
Development of employees		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 34;41-42
	103-2: The management approach and its components	pg. 34;41-42
	103-3: Evaluation of the management approach	pg. 34;41-42
GRI 404: Professional training and education 2016	404-1 Average training hours per year per employee	pg. 41-42
Integrity and ethical management in business		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 44-46
	103-2: The management approach and its components	pg. 17;44-46
	103-3: Evaluation of the management approach	pg. 17;44-46
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
Respect for human and labour rights		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 47-48
	103-2: The management approach and its components	pg. 47-48
	103-3: Evaluation of the management approach	pg. 47-48
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
Contribution to the local community		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 49-53
	103-2: The management approach and its components	pg. 49-53
	103-3: Evaluation of the management approach	pg. 49-53
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	pg. 50-51

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Responsible supply chain management		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	pg. 22;54-55
	103-2: The management approach and its components	pg. 22;54-55
	103-3: Evaluation of the management approach	pg. 22;54-55
GRI 308: Environmental evaluation of suppliers 2016	308-1: New suppliers that have passed screening and selection filters according to environmental criteria	pg. 55 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	pg. 55
Creation of financial value		
GRI 103 Management Approach 2016	103-1: Explanation of the material issue and its coverage	Consolidated Management Report 2019. pg. 1-4
	103-2: The management approach and its components	Consolidated Management Report 2019. pg. 1-4
	103-3: Evaluation of the management approach	Consolidated Management Report 2019. pg. 1-4
	Evolution of turnover	Consolidated Management Report 2019. pg. 1-2

Contact information

[102-53]

Finance and Investors: investors@tekniagroup.com

External Independent Verification

[102-56]

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 AMS Auditores, S.L., the same company that audits the consolidated annual accounts of the TEKNIA Group.

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This Consolidated Non-Financial Information Statement (NFIS) for financial year 2019 of Teknia Manufacturing Group, S.L. (Single-Member Company) and subsidiaries, which is presented in a statement separate from the Consolidated Management Report of 2019, but which is part of the same, is printed on officially stamped paper, numbered 000127231 through to 000127293, inclusive.

The Board of Directors signs this page number 000127294, in recognition of the preparation of this Non-Financial Information Statement, which forms an integral part of the Consolidated Management Report:

	Signed
Chairman: SIULED, S.L. (represented by MR JAVIER QUESADA SUESCUN)	[Unreadable signature]
Chief Executive Officer: JAVIER LAZPITA SARRIUGARTE	[Unreadable signature]
Board Member: IGNACIO MARCO-GARDOQUI IBAÑEZ	[Unreadable signature]

Elorrio, 15 April 2020.

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, 23 May 2020

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, 23 de mayo de 2020