

**INDEPENDENT VERIFICATION REPORT ON
THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF
TEKNIA MANUFACTURING GROUP, S.L., (A Sole Proprietorship Company)
AND ITS SUBSIDIARY COMPANIES PERTAINING TO FINANCIAL YEAR 2020**

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COMPANIES PERTAINING TO THE FINANCIAL YEAR 2020**

To the Sole Shareholder of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company):

In accordance with Article 49 of the Commercial Code, we have carried out the verification, with limited security scope, of the attached Consolidated Non-Financial Information Statement (hereinafter EINF) pertaining to the financial year ended on the 31st of December 2020, of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) and its Subsidiary Companies (hereinafter referred to as the Group) which is a part of the Group's Consolidated Management Report.

Responsibility of the Directors

The formulation of the Consolidated EINF that is a part of the Consolidated Management Report of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) and its Subsidiary Companies, as well as the content thereof, is the responsibility of the Directors of the Group. The EINF has been prepared in accordance with the contents of the current trade regulations and following the criteria of the *Sustainability Reporting Standards from Global Reporting Initiative* (GRI standards) according to the Essential option, described in accordance with the chart in the section “Contents of the report and coverage of matters”, detailed in the table in the section “GRI Content Index”.

This responsibility also includes the design, implementation and maintenance of the internal control deemed necessary to enable the EINF to be free from material misstatement, due to fraud or mistakes.

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

Our independence and quality control

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

Our signature applies the International Quality Control Standard 1 (NICC 1) and accordingly maintains a comprehensive quality control system that includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable laws and regulations.

Our responsibility

Our responsibility is to present our conclusions in an independent limited safety verification report based on the work performed that relates exclusively to the financial year 2020. The data for the financial years prior to 2018 were not subject to the verification provided for in the existing commercial regulations. We have carried out our work in accordance with the requirements set forth in the current Revised International Insurance Standard 3000, “Assurance Engagements Other than Audits or Review of Historical Financial Information” (NIEA 3000 revised) issued by the International Standards Council for Auditing and Assurance (IAASB) of the International Federation of Accountants (IFAC) and with the Action Guide on verification engagements of Non-Financial Information Statement issued by the Spanish Institute of Chartered Accountants.

In limited safety work, the procedures carried out vary in nature and time of completion, and are less extensive than those performed in a reasonable safety work, and therefore the safety obtained is substantially less.

Our work has consisted of asking questions to the General Managers, as well as to the various departments of the organization that have participated in the preparation of the EINF, of reviewing the processes for collecting and validating the information presented in the EINF and of applying certain analytical procedures and sampling review tests described below:

- Meetings with Group staff to learn about the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information necessary for external review.
- Analysis of the scope, relevance and integrity of the contents included in the 2020 EINF in the light of the materiality analysis carried out by the Group, taking into account the contents required in the existing commercial regulations.
- Analysis of the procedures for collecting and validating the data presented in the 2020 EINF.
- Review of information on risks, policies and management approaches applied in relation to the material aspects presented in the 2020 EINF.
- Verification, by means of evidence, on the basis of selection of a sample, of the information related to the contents included in the EINF for the financial year 2020 and its adequate compilation from the data provided by the sources of information.
- Obtaining a representation letter from the Directors and the General Management.

Conclusion

On the basis of the procedures carried out and the evidence we have obtained, no additional aspect has been revealed that makes us believe that the EINF of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) and its Subsidiary Companies, pertaining to the financial year that ended the 31st of December 2020, has not been prepared, in all its significant aspects, in accordance with the contents of the current commercial regulations and following the criteria of the GRI standards, according to the Essential option described in accordance with the chart included in the section “Contents of the report and coverage of matters”, detailed in the chart included in the section “GRI Content Index” of the above-mentioned EINF.

Use and Distribution

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

Bilbao, on the 19th of April 2021

MOORE AMS AUDITORES, S.L.

Signed: Daniel Gago
Sánchez
(Partner)



Teknia Manufacturing Group, S.L. (A Sole
Proprietorship Company) and its Subsidiary
Companies

Non-Financial Information Statement 2020

Annex to the Consolidated Management Report

About this Statement

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

The Non-Financial Information Statement (hereinafter EINF or Statement) is a part of the Consolidated Management Report for the financial year 2020 and covers, within its scope, all the companies of TEKNIA Group considered in said Report. It refers to the period from the 1st of January to the 31st of December 2020.

This EINF is prepared to comply with the requirements applicable to TEKNIA Group in accordance with Law 11/2018, of the 28th of December, on non-financial information and diversity approved by the Spanish Congress of Deputies. In addition, this EINF serves to comply with Polish law (Act of the 15th of December 2016, amending Accounting Act 61) that applies to the company Teknia Polska Sp. z o.o.

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

External verification of the information published in this Statement shall be carried out by Moore AMS Auditors, S.L., the same company that audits the Consolidated Yearly Financial Statements of TEKNIA Group.

For more information on the process followed for the preparation of this Statement, the principles that have been applied in its elaboration, and its contents, see also the chapter ***“Statement Annex”***.

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Letter from the President

[102-14]

Dear friends,

We will all remember 2020. A year that has been marked decisively by the global fight against the Covid-19 pandemic and the terrible consequences it has had on the lives of so many people, our economy and the way we work and relate to each other.

It has been a year in which TEKNIA Group, and all the people who are a part of it, have had our ability to adapt tested, in order to face circumstances of which we had no precedent.

In this complex context at the global and sectoral level, we have shown our ability to compete and continue to strengthen our profitability, with a final EBITDA of 9.3%, which is even above that obtained in 2019 which was 8.5%. All this in a context with a 25% drop in sales compared to the previous year, due to the contraction of our customers' demand. On the other hand, I would also like to mention the fact that, in such a complex environment, we have completed the financial year with a high financial solvency and within it with a DFN/EBITDA ratio of 2.48 times which is within our goals.

All of this does nothing but reinforce our commitment to adapt at all times to changing environments and be able to achieve good results even in the most adverse of situations.

On the other hand, it is important to emphasize that we have achieved these results, acting in accordance with our values, establishing safety protocols in our plants to protect the health of our workers, maintaining our productive capacity at all times and trying to avoid the final adjustments of the workforce to the maximum, instead, when circumstances have required it, favouring the application of temporary flexibility measures, which we have implemented with great success.

In another note, throughout the 2020 Non-Financial Information Statement which you can see below, we explain how we have been able to strengthen our responsible management in environmental and social matters.

In the environmental field, we have significantly reduced the greenhouse gas emissions associated with our production activity, through agreements to purchase renewable energy in Spain, Brazil and Poland, and all of this has also achieved advantageous supply prices.

In social matters, we have continued to strengthen our commitment to society and the environments in which we are present, through our social action project. We have expanded this program with new projects focusing on the education of young people and the fight against poverty caused by the pandemic, in the hope that this is the best contribution we can make at this time to the social progress.

Finally, during 2021, we will continue to work to remain the benchmark for our customers, consolidate recovery from the pandemic, and continue to move forward in our vision of responsible business.

Kind regards,

Javier Lázpita

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

TEKNIA Group is a group of Spanish-owned and family-owned companies founded in 1992, mainly dedicated to the automotive sector.

The Group operates both nationally and internationally and specializes in the development of automotive-specific components, assemblies and manufacturing processes.

It currently has 20 production plants in five technologies (Printing, Tube Forming, Plastic, Machining and Aluminium), which develop all the areas related to this activity: Marketing, Engineering, Purchase, Quality, Human Resources and Production.

For further details of the companies that comprise TEKNIA Group in 2020, see Annex I to the 2020 Consolidated Yearly Financial Statements of Teknia Manufacturing Group S.L (A Sole Proprietorship Company) and its Subsidiary Companies.

The history of TEKNIA Group**[102-10]**

TEKNIA Group originated in 1992, following the acquisition of a company located in Zaldibar (Vizcaya) with 29 employees in a single metal stamping and tube handling plant.

Photo 1: Historical file. The origin of TEKNIA Group.

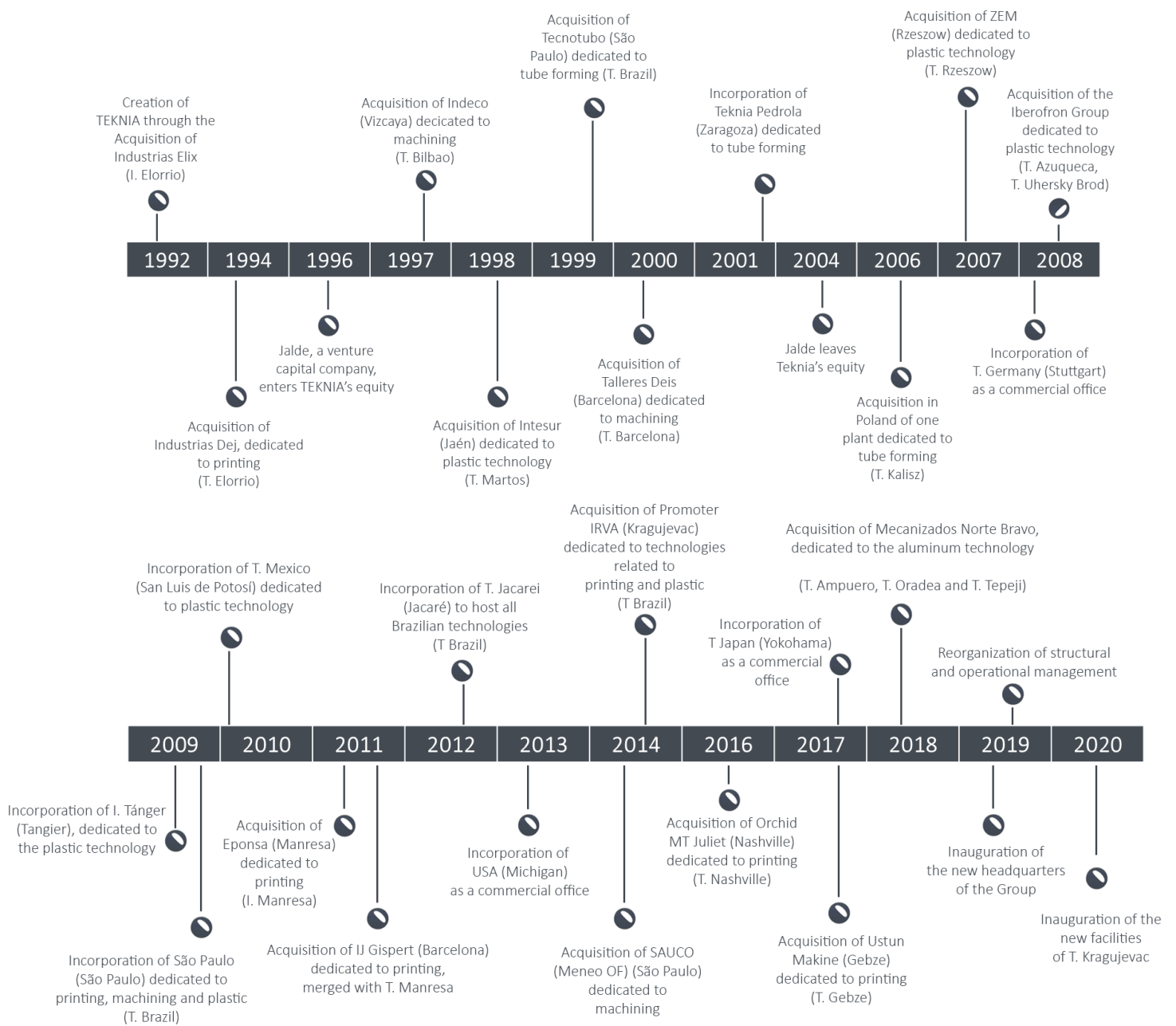


Teknia Elix, S.A. in 1957



Acquired by the Quesada family
in 1992

Figure 1: Key milestones in the history of TEKNIA Group (1992-2020)



2020 Milestones:

Opening of Teknia Kragujevac new facilities

In mid-2020, Teknia Kragujevac' new facilities (Serbia) opened their doors. The activities carried out in the old facilities have been transferred to this new and modern plant. This move has been made with the focus on ensuring customer satisfaction and guarantee the future growth capacity of the plant.

Photo 2: TEKNIA Kragujevac' new facilities



The distinguishing features of the group

Value creation

[102-7]

Aware of market trends and developments, TEKNIA Group has focused its efforts during the financial year on reducing the cost structure, maintaining its profitability and even improving it, maximizing the value of the Group in the long term, and ensuring the viability of the strategic plan.

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

- *Maximizing profitability* – The Group ended 2020 with an EBITDA of 9.3%, improving this ratio even with a 25% drop in sales compared to the previous year.
- *Consolidation of growth achieved, organic and inorganic.* - The Group has ended 2020 with a turnover of 284 million euros and 3280 employees worldwide, showing the capacity to integrate the latest acquisitions even in adverse periods such as those experienced in this year.
- *The maintenance of a diversified and conservative debt policy*, which allows the development of corporate strategy, limiting the risk of concentration of financing sources and excessive financial leverage.

Figure 2: Evolution of TEKNIA Group in terms of number of employees and turnover (employees at year-end and a turnover of thousands of euros)

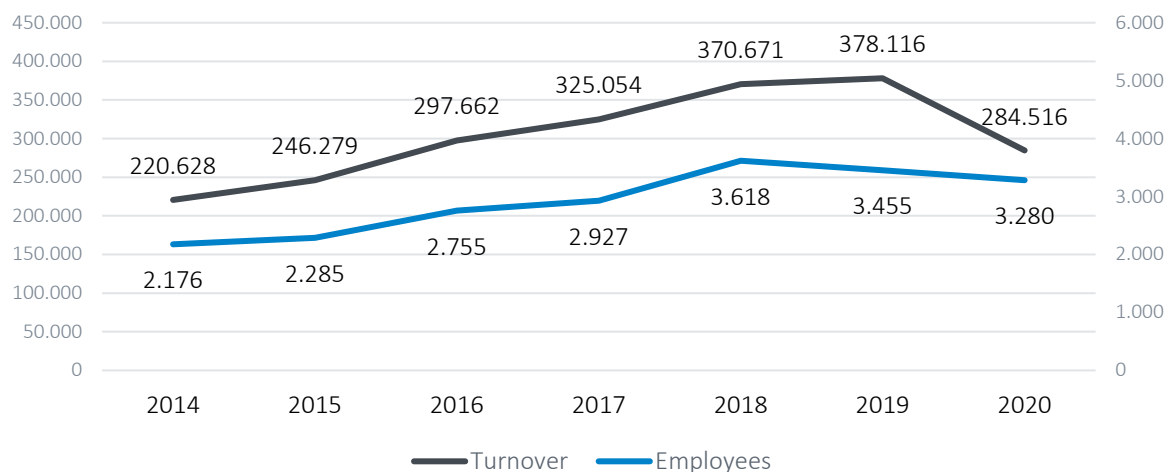


Chart 1: Total capitalization of the Group, broken down in terms of debt and share capital (in thousands of €)

	2014	2015	2016	2017	2018	2019	2020
Net worth	55,750	59,057	68,225	73,536	74,351	78,440	71,720
Net financial debt	47,083	49,209	68,248	75,175	95,768	88,254	65,420

Proximity to the customer and geographic diversification

[102-4] [102-6]

TEKNIA Group has always considered proximity to the client as one of its distinguishing features and, as the main clients of the Group are global companies, an effort has been made to be close to them.

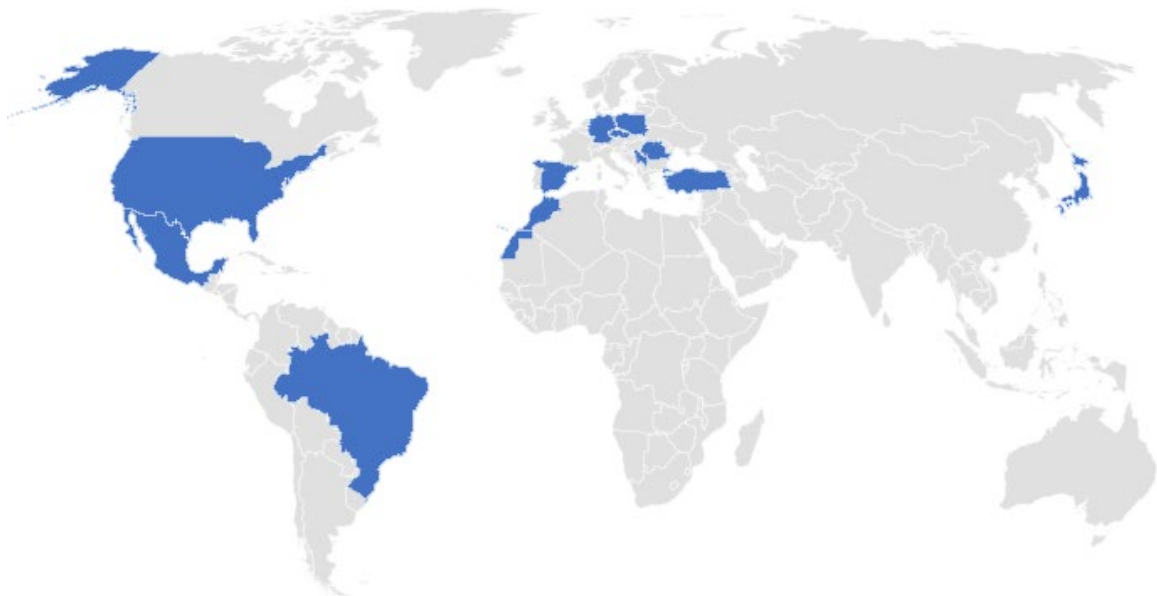
In 1995, when the Group did not exceed 40 workers, it was decided to open a technical-commercial office in Germany to be close to the main customer at the time. In line with this principle and with the corporate strategy, efforts have been made to locate production plants and commercial offices where our customers may require them.

This principle has led the Group to become a global player, with presence in the major markets of the automotive sector. This allows our customers to have solutions for global projects where TEKNIA Group, through its internalization, can provide added value along with saving them time and development costs. In addition, the international presence allows TEKNIA Group to gain resilience and reaction capacity to alleviate and minimize adverse situations in the short-term markets in which it operates.

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

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

Picture 1: Locations of TEKNIA Group in the world



Technological diversification and strategic products

[102-2]

Currently, the Group specializes in the manufacture and sale of assembled parts and components for the automotive industry, applying the following production processes:

- Metal tube forming
- Bar cutting
- Metallic printing
- Plastic injection
- Injection and mechanization of aluminium

In a competitive automotive sector, specialization in strategic products is key.

TEKNIA Group considers the products as strategic taking into account the following circumstances:

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

Examples of strategic products for the Group include brake fluid tanks, door hinges, damper brackets, brake pistons, and more.

TEKNIA Group values **[102-16]**

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

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

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

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

In its simplest version, this chain begins with THE COMMODITY SUPPLIERS that provide raw materials and the materials for the second-tier suppliers (TIER 2 SUPPLIERS) to manufacture the parts that the first-tier suppliers (TIER 1 SUPPLIERS) integrate into fully-finished systems or subsystems that are, in turn, integrated and assembled by the OEM customers (Original Equipment Manufacturer) to create the finished car.

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

Picture 2: Main players in the value chain of the automotive sector



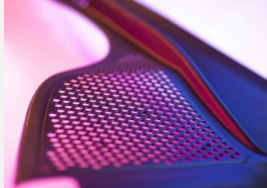




The following are the applied production processes and the products and services marketed by TEKNIA Group.

Activities and products of TEKNIA Group
[102-2]

TEKNIA Group operates in 20 production plants, incorporating all the roles related to the production activity: Marketing, Purchase, Quality, Human Resources and Production.

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

TECHNOLOGY:				
Printing	Tube forming	Plastic	Machining	Aluminium
				
PRODUCTION PROCESS				
<ul style="list-style-type: none"> • Metallic printing 	<ul style="list-style-type: none"> • Tube forming 	<ul style="list-style-type: none"> • Plastic injection • Plastic parts painting 	<ul style="list-style-type: none"> • Bar cutting 	<ul style="list-style-type: none"> • Aluminium injection • Aluminium machining

Teknia Group consolidates and enhances its technological development through the Group Technical Management Teams and each of the previous technologies, with the following main roles:

1. The technological transfer of know-how between plants, from products and processes in which a dominant position or leadership is maintained, ensuring the globalization of the offer to our clients, with the service and quality required.

Examples of interventions in this line are:

- The technological transfer of *wipers*, in printing technology
- The technological transfer of *reservoirs*, in plastic technology

2. Development of new and innovative technologies that ensure the maintenance of the competitiveness of our processes in each of the technologies of the group, as well as to avoid future technical obsolescence of our plants.

Examples of interventions in this line are:

- The development of low pressure technology, in aluminium technology
- The development of the electric car shaft, in the machining technology





In addition, since 2010, TEKNIA Group has carried out engineering activities in product development, market analysis, conceptualization and design, simulation and validation, trials and testing. Since the second quarter of 2019, these activities have been carried out from a centralized support area, led by the Group's Business Management Team.

The group thus offers customers its capabilities along the value chain of automotive component manufacturing activity:



TEKNIA’s product catalogue includes, but is not limited to, the following key product segments:

Seats and Trims
Product subfamilies:

<p><i>Seat trim components</i></p> 	<p><i>Interior trim kinematics</i></p> 
<p><i>Seat structural components</i></p> 	<p><i>Exterior trims and functional parts</i></p> 

Body and Chassis

Product subfamilies:

Wiper system



Body mechanisms



Chassis components



Brake and Safety

Product subfamilies:

Brake system



Airbag



Brake pump and valves



Brake tank



Seat belt



Lighting and Electronics

Product subfamilies:

Lighting



Electronics





Engine and Climate Control

Product subfamilies:

Engine components



Air conditioning components



Fuel filler system



Engine start and battery system



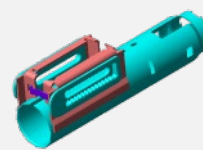
Suspension, Steering and Transmission

Product subfamilies:

Steering transmission



Steering column



Suspension and shock absorber



Industry trends

Some of the major macro trends affecting the automotive and component manufacturing industries are:

- New requirements: environment and safety
 - Lightweighting
 - Improved efficiency in combustion engines
 - Intensification of alternative propulsion
 - Expanding security levels
- New demands: consumers
 - Development of self-driving
 - Maas - Mobility as a Service
 - Connectivity boom
 - Increased customization
- New competitors: global economy
 - China's growing role
 - Breakthrough of new competitors
 - Diversification of sources of income
 - Importance of advanced manufacturing

The answers to these trends are addressed in the TEKNIA Group's Strategic Plan for the next 15 years. See ***"Goals and Strategy"*** for more details.

Goals and strategy

Since its inception, TEKNIA Group has used an advanced management model. At the moment, and in the face of the increasingly changing trends in the sector, we have a 15-year Strategic Plan that sets the Group's main lines of action.

The main axes of TEKNIA Group Strategic Plan are:

- Consolidation of the Group's profitability.
- Driving a gradual transition from manufacturing parts to higher value-added components.
- Increasingly supplying parts and products to TIER1 and OEM automotive companies, prioritizing those that:
 - Have significant size and purchasing capacity, especially in the markets in which the Group operates;
 - Be involved in products and technologies that respond to the needs of the future car (electric vehicle, self-driving vehicle, car-sharing, etc.).
- Maintaining the international vocation of the Group, being present in those markets where cars are manufactured in a significant way.

Customer Recognition

As a result of TEKNIA Group's good work, it has won several awards by clients and institutions throughout its history.

Here are some of the most relevant ones received in recent years:

Table 2: Acknowledgements received by TEKNIA Group

Year	Entity	Acknowledgement
2019		Bosch Global Supplier Award The world's largest manufacturer of automotive components has decided to grant this award to TEKNIA Group's aluminium technology. It is the only Spanish company to have received this award, granted to 47 suppliers out of the total of 43,000 that Robert Bosch has worldwide.
2019		2018 Continental Supplier of the Year Award TEKNIA Group's machining technology has been granted this award this year. Continental has recognized the 14 best performing suppliers from its 900 strategic suppliers worldwide.
2018		2018 PSA Supplier Excellence Award TEKNIA Kragujevac has been awarded this year with the excellence award granted by PSA to its suppliers. This award is granted to specific manufacturing facilities and only the best performing PSA suppliers are eligible.
2017		2017 GM Supplier Quality Excellence Award TEKNIA Nashville has been awarded for the second year in a row with the General Motors Supplier Excellence Award 2017. 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		External project of a large company by COFIDES Awarded to TEKNIA Group in the IV edition of the "Impulse to Internationalization" Awards which COFIDES (the Spanish Development Finance Company) annually awards, in recognition of companies and institutions that have stood out for their contribution to internationalization.

The governing structure of TEKNIA Group

[102-18]

In order to develop its activity, TEKNIA Group has adopted the following structure:

1. Board of Directors

The Board of Directors of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) is composed of three members. This body holds the highest responsibility for the management and representation of the Group.

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

2. Corporate Management Areas

TEKNIA Group has a Corporate Management structure that, led by the General Management, maintains responsibilities over the operation and governance of the Group:

- Operations Management
- Business Management and Development
- Industrial and Quality Management
- Technical Management
- Financial Management
- Human Resources Management
- Legal Advisory Management

These areas, in general, include dedicated staff at the Group, Business Unit and/or Technology levels. In addition to their traditional roles, some management areas have additional powers oriented to:

- Environmental issues, which are addressed by Industrial and Quality Management.
- Social, security and personnel issues, which are addressed by Human Resources Management.
- Economic issues, which are addressed by Financial Management, with the involvement of the other divisions.

The subsidiaries within the Group have, on the other hand, their own General Management Areas or Directorates and their own Area Managers.

3. Ethics and Compliance Committee

This Committee operates directly under the Board of Directors and is composed of the General Directorates of: Legal, Internal Audit, Financial and Human Resources Advisories for the Group.

As a general matter, the Ethics and Compliance Committee is the collegiate body responsible for ensuring compliance with and interpretation of the Code of Conduct within TEKNIA Group.

Within each of the companies there is an Ethics and Compliance Control Body, composed of the General and Human Resources Directorates, respectively. Their roles are described in more detail in the chapter ***“Fighting bribery and corruption”***.

Responsible Management within TEKNIA Group

Staff from different areas of TEKNIA Group, both at the corporate level and locally in each of its companies, participate in the day-to-day management of sustainability issues.

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

The details of the commitments established and the actions carried out in each case are detailed in the following chapters of the document: ***“Environmental issues”***, ***“Social and personnel-related issues”***, ***“Fight against corruption and bribery”***, ***“Respect for human rights”***, ***“Commitment to society”*** .

External recognition

This effort to strengthen the responsible management of the Group is recognized in the assessments given to the companies of the group by analysts specialized in the field of sustainability/corporate social responsibility more popular in the sector:

Chart 3: Ratings obtained by the companies of the Group in the evaluations of specialized analysts



House of analysis specialized in the evaluation of the integration of CSR/Sustainability principles in companies of different sectors.

Teknia Group	56 pts – Silver medal
Teknia Azuqueca	58 pts – Silver medal
Teknia Uhersky Brod	57 pts – Silver medal

An initiative designed by Drive Sustainability integrated OEMs for initial verification of CSR/Sustainability performance of their suppliers.

Teknia Uhersky Brod	79%
Teknia Tepej del Río	78%
Teknia Azuqueca	77%
Teknia Elorrio	75%
Teknia Kalisz	60%

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

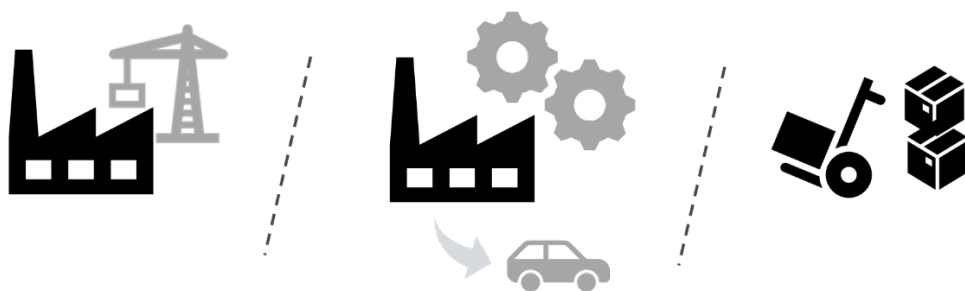
Environmental issues

[102-11] [102-15]

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

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

1. Real Estate Activity
2. Productive activity
3. Supply Activity



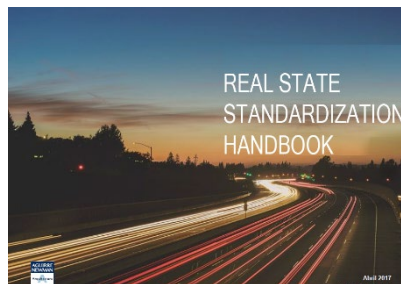
The following details the Group's management for each of these stages:

Environmental Issues in Real Estate Activity

The expansion and growth of TEKNIA Group at the national and international levels has revealed the need for common criteria of location, design and constructive process for production plants worldwide.

For this reason, a Real Estate Standardization Handbook has been developed, establishing the criteria to be applied in the creation of a new industrial plant, in the different phases of the project: soil search, design, and construction.

Picture 3: Home page of TEKNIA Group's Real Estate Standardization Handbook.



In addition to technical and corporate image criteria, recommendations are incorporated that have an impact on the environmental sustainability of the Group's activities, since these assets are the environments where the productive activity is subsequently developed.

The following issues, among others, are taken into account:

- Location of the property with respect to basic services, infrastructure and clients
- Thermal insulation of the industrial building
- Optimal use of natural lighting and ventilation
- Artificial lighting and air conditioning using efficient technology
- Heat recovery systems
- Energy regulation and management systems
- Renewable energy installations

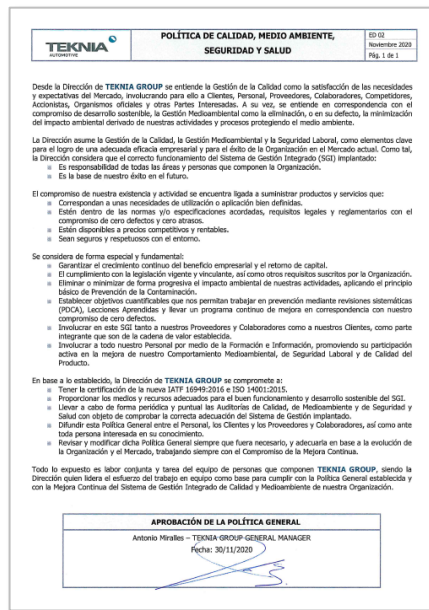
This handbook, in force since 2018, has been applied in the following real estate projects: second phase of the Jacarei plant, Tangier plant, new Group headquarters, and the new Kragujevac plant, which opened in mid-2020.

Environmental Issues within the Production Activity

TEKNIA Group has an Integrated Quality and Environment Policy that applies to the production activity of all plants. This policy establishes as a corporate principle the commitment to sustainable development, and environmental management as the elimination, or otherwise, the minimization of the environmental impact resulting from our activities.

All the Group's production plants have the Global Quality and Environment Management System and a Policy indicating the commitments made in this area.

Picture 4: New Integrated Policy on Quality, Environment and Safety and Health, adopted in November 2020



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

- With regard to waste and water management, the risk consists of the occurrence of potential incidents or non-compliance episodes during its management that could result in an impact of the environment, legal consequences and/or additional costs for the Group.
- With regard to energy consumption, the risk is that energy costs rise above the level that allows the Group to be competitive.

Responsibilities for these matters are assigned to the following staff:

- Local Production Staff
- Local Quality and Environment Staff
- Group Energy and Environment Staff

To ensure that environmental management in the Group's companies is aligned with international standards and to minimize the risks listed above, environmental management procedures have been designed in accordance with ISO 14001: 2015 on environmental management systems.

As of mid-March 2021, 75% of the Group's production plants have an environmental management system certified according to ISO 14001. The production plants that have this certification account for 91% of the production and about 90% of the employees of the Group's production plants.

The 2024 Strategic Plan has set the Group-level goal of achieving 100% of plants with an Environmental Management System according to the ISO 14001 certified standard.

Within our Integrated Quality and Environment Policy, the certification of all production plants has been defined as a priority goal. In line with this commitment, in the financial year 2020, the production plants of

Teknia Nashville and Tepejí del Río have obtained for the first time the certification of their environmental management system according to ISO 14001: 2015.

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

In this task, an action model is adopted based on the international standard ISO 50001 and its continuous improvement principle, based on the identification of potential areas of improvement, the establishment of an improvement plan and the follow-up of the results obtained.

The management and performance of the Group's production plants in respect of these matters is described in more detail in the sections *"Sustainable use of resources"*, *"Circular economy and waste prevention and management"* and *"Fighting climate change"* of this chapter.

Environmental Management in Supply Activity

In addition to maintaining responsibility for the environmental impact generated in its own activity (Real Estate and Production), TEKNIA Group is also concerned and seeks to promote environmental responsibility in its supply chain. For this reason, criteria has been integrated into the purchasing processes of the Group in order to favour those suppliers with better environmental management.

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

Sustainable use of resources

TEKNIA Group seeks to minimize the consumption of resources used in its production process as a way of improving the efficiency of the production process, reducing the costs incurred and reducing the environmental impact of its activity.

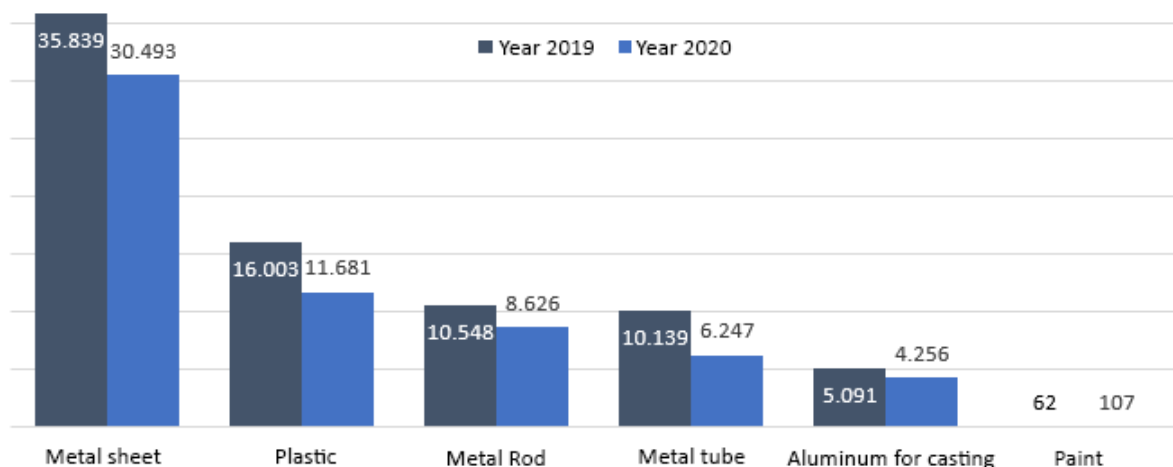
**Raw and other materials
[301-1]**

The main raw other and materials used in the production process of TEKNIA Group are:

- Metal, in three different presentations:
 - Coil/plate-shaped for printing;
 - Tube-shaped for tube forming;
 - Bar-shaped for machining.
- Plastic for injection.
- Aluminium for casting and injection.
- Paint for plastic parts.

For more information on the production process in TEKNIA Group, see the chapter “TEKNIA Group in the automotive sector”.

Figure 3: Consumption of main raw materials for the processing of TEKNIA Group products (in tons)



Considering total raw materials, consumption was reduced by 21% in 2020, in line with the turnover obtained by the Group.

Some examples of measures to improve resource consumption efficiency include:

With regard to raw material:

- Where the contract with the customer and the technical specifications allow for it, the use of recycled raw material over the virgin one is favoured.
- In the aluminium smelting activity, much of the rejection generated during the production process is reintroduced as raw material.

Regarding the packaging of Group products:

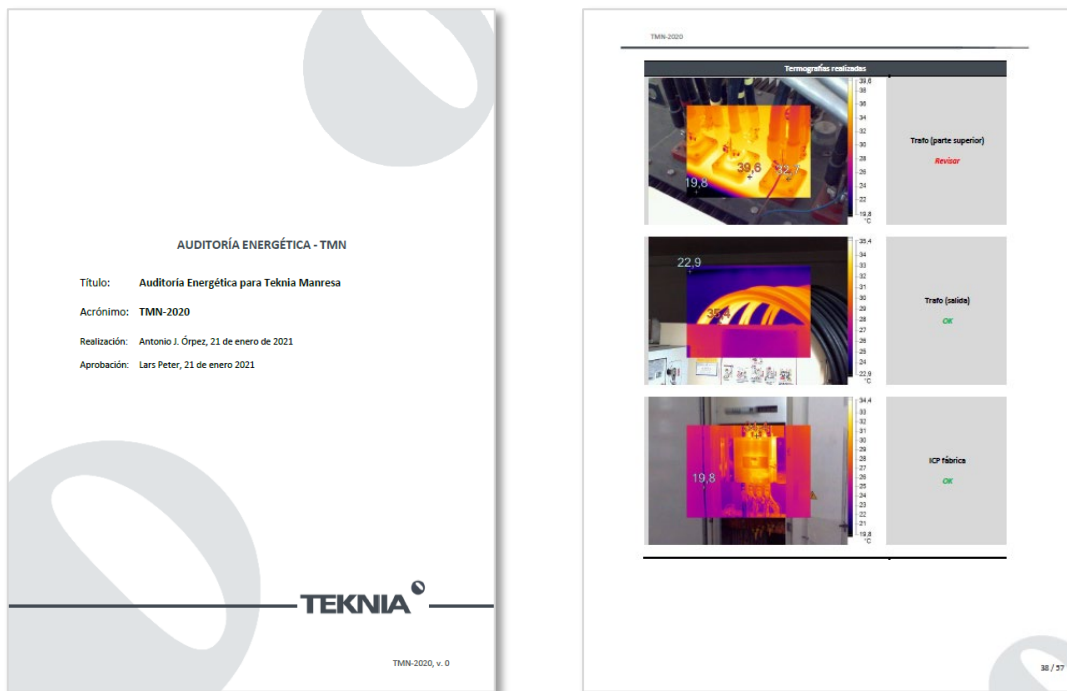
- The use of recycled versus virgin cardboard packaging is encouraged. (In 2019, at the Azuqueca plant, 93% of the cardboard packaging came from recycling.)
- There is a tendency to replace cardboard packaging with returnable containers.

Energy
[302-1] [302-3]

The production activity of TEKNIA Group, like any industrial activity, is intensive in the use of energy. In order to minimize consumption, an intervention model is followed based on the ISO 50001 standard and its continuous improvement principle.

Thus, energy audits are carried out periodically at the plants, and proposals are made for improvements in management and performance in this area.

Picture 5: Example of Energy Audit and Energy Efficiency Actions Report proposed for a plant of the Group (TEKNIA Manresa)



As a result of these analyses, plans are developed for improving energy efficiency and minimizing costs. The Strategic Plan has set the Group-level goal of achieving a 10% reduction in energy intensity (kWh/€) up to 2024 compared to 2019.

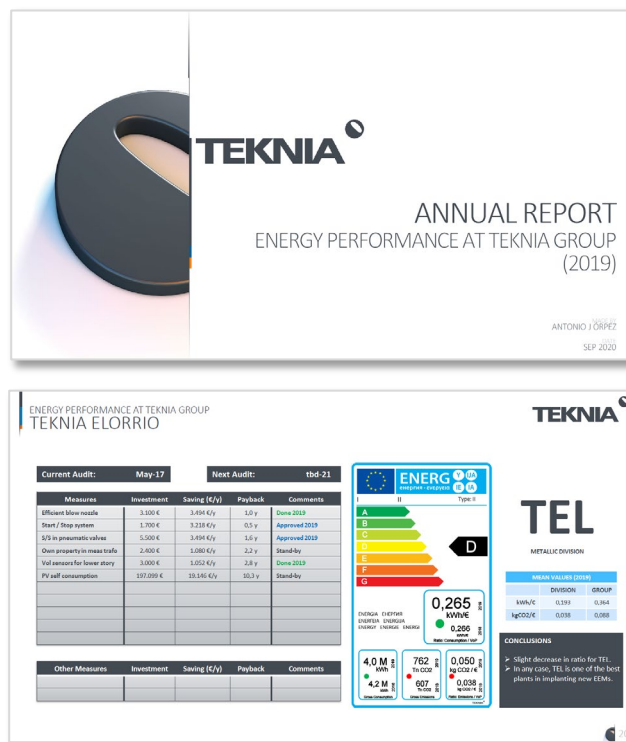
Some of the main energy efficiency initiatives developed in recent years are:

- Replacement of machinery by a more efficient one: for example, in Teknia Manresa conventional printing presses have been replaced by servo presses, whose most efficient technology allows for the reduction of electrical consumption. “Servo” technology is estimated to be up to 60% more energy-efficient.
- Installation of remote control devices for continuous monitoring of energy consumption;
- Replacement of current compressors with more efficient ones with VSD system;

- Installation of Start/Stop systems on production machinery;
- Replacement of current luminaires with LED technology ones;
- Intelligent lighting systems (incorporating presence sensors, brightness sensors, etc.);
- Replacing refrigeration systems with more efficient ones: for example, in Teknia Martos, refrigeration cycle chillers were replaced by adiabatic refrigeration equipment in 2019.
- Replacing blow nozzles with more efficient ones;
- Improved machinery thermal insulation;
- Changes in power supply.

Also, in order to monitor the actions undertaken in this field and to check their effectiveness, an Energy Performance Annual Report in the Group's plants is carried out.

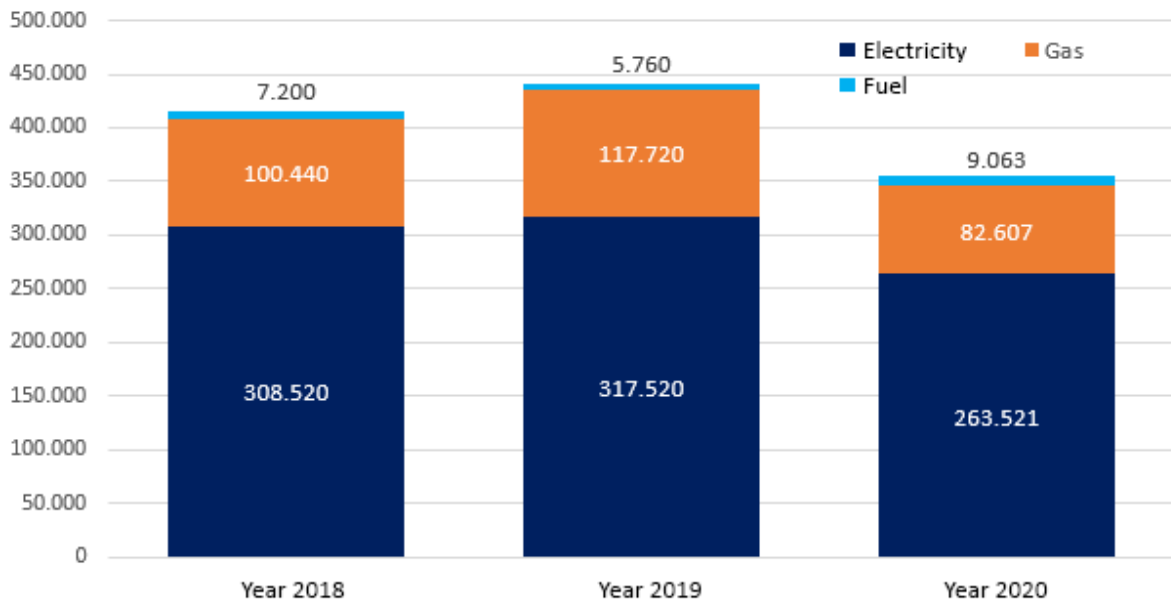
Picture 6: Example of the Energy Performance Annual Report and Fact Sheet evaluation of plant performance



There is also continuous monitoring of the electricity market in the countries where the Group's production plants are located. Depending on the market situation, future purchases of electricity and gas are combined with spot purchases. This results in economic savings and stability in energy prices for the Group.

The absolute energy consumption of the Group's production plants has fallen by 19.5% compared to 2019, in line with the decrease in the Group's turnover.

Figure 4: Energy consumption in the Group's plants, by energy source used (in GigaJoules) ^{1 2}



The main source of energy consumed in the Group's production plants is electricity (74% of the total) and to a lesser extent gas (23%) and liquid fuels (3%)³.

Electrical energy is mainly used for the operation of machinery, lighting and the operation of electrical and electronic equipment, while gas and fuels are used in part in the production process (drying processes, furnaces and aluminium smelting), for building heating and vehicle operation.

The electrical energy consumed by the companies of TEKNIA Group has the following origins:

- In most cases, consumption is subject to the electrical mix⁴ of the supplier of each environment, which incorporates a certain percentage of renewable energy.
- In some geographies, such as Spain and Brazil, agreements have been reached for the purchase of 100% renewable energy with a supplier company (*more information can be found in the Featured 1: Purchase of emissions-free energy for the Group's plants in the chapter "Fighting climate change"*).
- In addition, several photovoltaic self-consumption initiatives are being evaluated in different production plants of the Group.

¹ The calculations have taken into account the consumption of the main energy vectors used in the Group's production process (Electricity, Natural Gas, LPG, Propane, Diesel, etc.). Conversion factors from reference entities such as the UK Department for Business, Energy & Industrial Strategy, and emission factors from energy suppliers in each case, or from the national electrical mix (where the above information is not available) are used.

² The energy consumption of plants from Bravo Group since its integration in TEKNIA is taken into account in April 2018.

³ The gas category includes consumption of natural gas, propane and district heating. The fuel category covers the consumption of petrol, diesel and liquefied petroleum gas.

⁴ Technologies applied for electrical generation and their contribution to the total electrical energy generated.

Chart 4: Evolution of the ratio of energy consumed by production value for the plants of the Group (in kWh consumed/€ of production)

Year	Consumption ratio ⁵
2018	0.335
2019	0.364
2020	0.382

The energy consumption ratio of the Group's productive plants (in kWh consumed/€ of production) has increased from 2019. The increase in the ratio since 2018 is explained to a large extent by the incorporation into the Group of companies engaged in aluminium smelting and injection processes, which have a higher energy intensity than other technologies

⁵ The energy consumed in the main energy consumption processes of the plants (fuel, electricity, heating, cooling, etc.) is taken into account.

Water consumption
[303-1] [303-2] [303-3]

The water extracted by the plants of the Group is mainly devoted to the following uses: drinking and sanitation, cleaning of the facilities, and in the refrigeration systems of the machinery. To a lesser extent, also to the cleaning of finished parts.

The absolute energy consumption has fallen by 17% compared to 2019, in line with the decrease in the Group's turnover.

Figure 5: Total extraction of fresh water, for all areas (in mega litres) per year

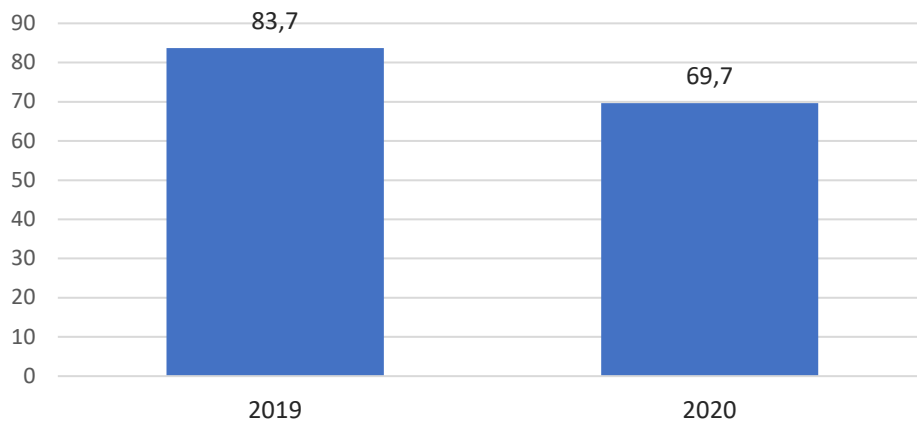


Chart 5: Breakdown of water extraction by source and type

		All areas	Areas with water stress ⁶ .
Extraction of fresh water by source	Third party water (suppliers)	36,486 m ³	23,901 m ³
	Groundwater	9,270 m ³	-
Total water extraction	All sources	45,756 m ³	23,901 m ³

Due to the nature of the Group's activity, most of the water extracted is obtained from the city supply network or from other water services provided by public or private companies.

The freshwater consumed is mainly provided by public or private water service providers (87% of the total). The remaining 13% is water consumed by Teknia Brazil from a well located in the facilities. Removal is subject to the limits authorized by local authorities.

⁶ The classification of areas with High and Extremely High Water Stress from Aqueeduct Water Risk Atlas – World Resources Institute- is taken into account in this breakdown.

As regards to water consumption, according to the categorization of areas proposed by *the World Resources Institute*, 66% of consumption is carried out in areas not exposed to a high risk to this resource. Water consumed in areas with water stress is supplied in its entirety by water service providers.

Several initiatives have been carried out in recent years to reduce the Group's water consumption:

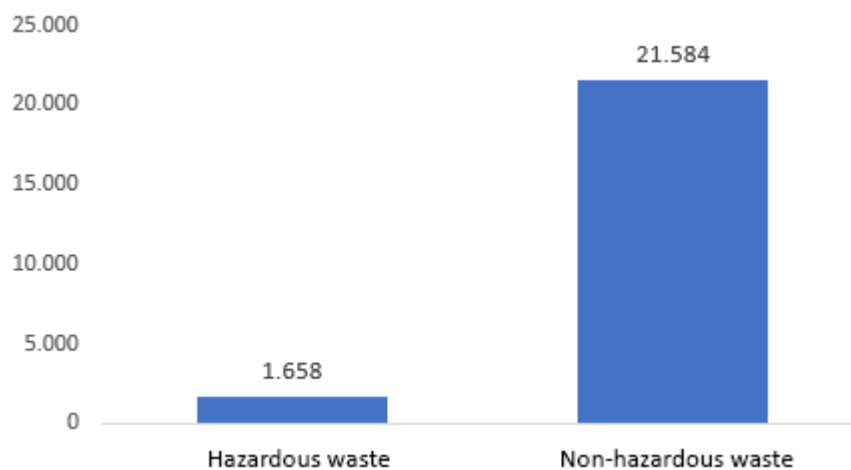
- ✓ At Teknia Ampuero, during 2019, improvements were made to the aluminium smelting and injection process that help minimize water consumption: investments have been made in a new cooling tower that significantly reduces water loss from evaporation. Measures have also been taken to detect water leaks in the smelting process early, minimizing consumption, and the flow of waste water sent for purification.
- ✓ In Teknia Tepejé del Río, deionized water has been used to wash parts since 2019. This water allows for the cleaning of more parts per unit volume than conventional water, reducing water consumption in the process.
- ✓ In Teknia Azuqueca, since June 2018, a more efficient cooling tower has been available for the plastic injection process, which has resulted in a decrease in the amount of water lost by evaporation, thus reducing water consumption.
- ✓ In Teknia Mexico City, during 2020, different measures have been taken to minimize water consumption associated with sanitation: old toilets have been replaced with double-discharge ones, urinals have also been replaced with ones that completely eliminate the consumption of water, and new water and air mixing keys have been installed in the washbasins.

Regarding soiled water treatment, they are mainly managed as waste and treated by an authorized manager. Teknia Ampuero, whose production process is more intensive in the generation of soiled water, also has an internal treatment system for them, and has the appropriate authorizations for dumping. These dumpings follow the parameters set by the legislator.

The waste generated by the companies of TEKNIA Group is basically of two types:

- Waste generated in the production process - fundamentally, waste from molding and physical and mechanical processing of metals and plastics and from the smelting, industrial oils and packaging processes.
- Waste generated in other activities such as offices or canteens – waste assimilable to urban ones.

Figure 6: Total waste produced by type (in tons)



93% of the waste generated by the productive activity meet the classification of non-hazardous waste as defined in the local regulation.

Waste generated by the companies of the Group is managed in accordance with the applicable law in each environment. In the plants of the Group, waste is separated according to its composition and its recovery possibilities and stored in its facilities until collection by external companies specialized in waste transport and management. They are in charge of its recovery or elimination.

Residues of raw material of production that cannot be reused in the plant's own production activity (mainly residues of metallic or plastic raw material) are recovered by these third parties.

Different initiatives are being carried out to minimize the amount of waste generated in the productive activity. Among others:

- ✓ Teknia Barcelona has a process of collecting and spinning the chip generated in the machining process. This allows the steel and aluminium chip to be separated from the cutting oil used in this process. Thus, the oil is recovered for reuse, and the “dry” chip can be sold to a manager as an easily recoverable non-hazardous waste instead of being managed as a hazardous waste (with the consequent environmental and economic benefit). The machining plants in Bilbao and Mexico City have similar separation and recovery systems.
- ✓ In Teknia Ampuero, the technology of the plant's soiled water treatment plant was updated in August 2018, to be able to treat the wash water of parts that was not possible to perform internally previously

(and had to be managed as waste). This improvement reduces the amount of waste generated at the plant and the associated costs.

- ✓ Teknia Azuqueca and Teknia Brazil, have a process of *reusing the parts' paint line water*: the water used in the paint booth runs in closed circuit and follows a chemical treatment for recovery, allowing it to be reused for up to three years. This allows to minimize the amount of water and paint sludge that must be handled externally as waste.
- ✓ Teknia Ampuero maintains a collection, cleaning and reuse service of stained cleaning cloths, in order to avoid the generation of waste associated with this use.

The following details the treatment given to the waste in the productive plants of Spain, which account for 38% of the total waste generated by the Group, and where all the production technologies are represented.

Chart 6: Breakdown of waste produced in Spain, by type of treatment

Type of treatment , and equivalence with the treatments referred to in Annexes I and II to Law 22/2011		Quantity (tons)
Recovery rate (95%)	Energy recovery (R1)	131.4
	Material Recovery (R3, R4 and R5)	5,921
	Recovery activities not specified by the manager (R12 and R13)	2,458.8
Disposal (3%)	Landfill (D1)	0.1
	Physical-chemical treatment (D9)	150.4
	Disposal activities not specified by the manager (D15)	101.5
City treatment (2%)	City treatment	192.5

Most of the waste generated is treated with recovery (95%) versus disposal (3%). Within the recovery, most (66% of the total) are recovered metals, inorganic substances (mainly plastics) and organic substances (cardboard, wood and certain packaging).

The expenditure incurred by the Spanish companies for the protection and improvement of the environment directly allocated to the Consolidated Profit and Loss Account for the financial year 2020 amounts to 154 thousands of euros (206 thousands of euros in the financial year 2019) and they refer basically to the costs of waste treatment.

Fighting climate change **[305-1] [305-2] [305-4]**

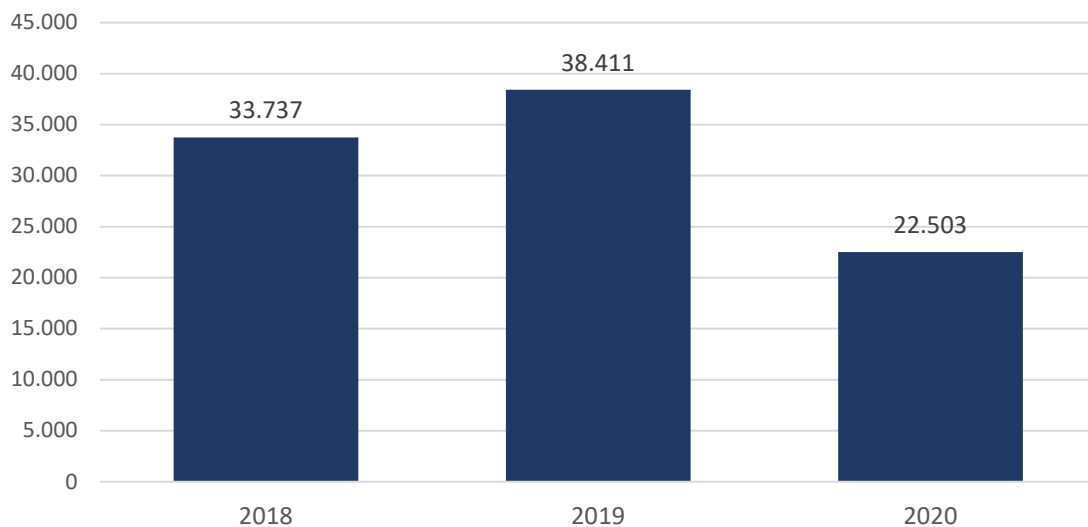
Like any energy-intensive activity, the industrial activity developed by TEKNIA Group involves the generation of greenhouse gas (GHG) emissions.

These emissions are generated both directly, through combustion processes carried out in the Group's own companies, and indirectly (through electricity purchased from suppliers). The calculations below take both sources into account.

TEKNIA Group's action in this area is based on improving energy efficiency, the adoption of low carbon and renewable technologies, and the promotion of consumption savings. The Strategic Plan has set the Group-level goal of achieving a 15% reduction in emissions' intensity (kgCO₂/€) generated by the Group compared to 2019. This calculation considers emissions ranges 1 and 2.

The management applied by the Group in this area is explained in the section on **“Energy”**, within the chapter on **“Sustainable use of resources”**.

Figure 7: Absolute greenhouse gas emissions from TEKNIA Group ^{7 8} (in ton CO₂ eq.)



The significant decline in absolute greenhouse gas emissions for 2020 compared to 2019 (approx. 40%) is mainly due to the following factors:

- The decline in productive activity during the year 2020
- The emission-free and low-emission energy purchase agreements (PPAs) signed during 2020, which allow the Group to continue to obtain the best possible supply conditions, while strengthening its environmental performance (more information on this subject in the following *Featured 1: Purchase of emissions-free energy for the plants of the Group*).

⁷ The emission factors used are those published by reference entities in each country, for example, in Spain, the emission factors of each electrical energy marketer published by the CNMC. In the absence of more up-to-date data, the values for the year 2019 are used.

⁸ The emissions by plants from Bravo Group since April 2018 are taken into account.

Featured 1: Purchase of renewable energy for the plants of the Group

Purchase of renewable energy for the plants of the Group



During 2020, different agreements have been reached with a supplier company for the purchase of electric power for different plants of the Group.

This agreement allows plants to provide energy without greenhouse gas emissions or with low associated emissions, while achieving stability in the price of energy, and considerable economic savings.

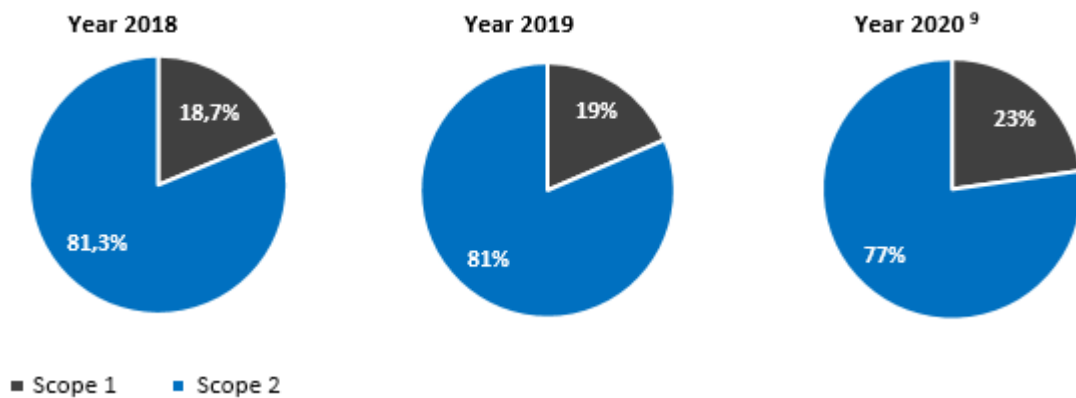
In Spain: A PPA emission-free electricity supply agreement has been signed for Teknia Azuqueca, Teknia Martos, Teknia Manresa and Teknia Elorrio, in force since January.

In Brazil: A PPA emission-free electricity supply agreement has been signed for Teknia Brazil, in force since June.

In Poland: A short-term energy purchase agreement of mostly renewable origin (with a low emission factor) has been reached for plants in Poland (TEKNIA Rzeszow and TEKNIA Kalisz) which is in force during 2020.

The supply agreement in Spain also entails the construction of a new renewable energy generation facility by the supplying company.

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



The reduction in the relative weight of 2 scope emissions in 2020 is a result of the renewable energy purchase initiatives that apply to the Group during this year.

Chart 5: Evolution of the emission ratio by production value (in kg of CO2 Eq./€ of production)

Year	GHG emission ratio
2018	0.097
2019	0.113
2020	0.087

Despite the slight deterioration in energy intensity ratios during the year (0.382 kWh/€ vs 0.364 kWh/€ in 2019), the greenhouse gas emissions ratio has declined as a result of the widespread decline in emissions associated with electricity acquired by the Group in 2020.

Social and staff-related issues

[102-15]

Given the exceptional situation generated by the global health crisis, TEKNIA Group has taken a number of measures against COVID-19:

- In order to avoid the final staff reductions as much as possible, flexibility measures have been favoured in the companies.
- In order to protect the health of our workers and ensure continuity of activity in all the companies in the group, safety protocols have been developed in accordance with each local regulatory framework and adapted to the circumstances of each moment. These protocols have been carried out with the intervention, where appropriate, of workers' representatives.
- In the same way, we have adopted the health measures established by local governments to fight the pandemic.

As regards to the general management of persons in the Teknia Group:

In the General CSR Policy, TEKNIA Group's guidelines for action in this field are defined: promoting a quality working environment, based on respect, diversity and personal and professional development of the team, with the particular commitments of:

- Complying with labour rights recognized in national and international law;
- Respecting the principles of equal opportunities and non-discrimination against workers;
- Fostering the growth of the team, providing the means to improve the results of its work, to deal with changes successfully and to contribute to the fulfilment of the Group's goals;
- Promoting the occupational safety and health of the team and in the facilities of the Group, as well as of the external personnel who carry out their work on the Group's premises.

In the following sections of this chapter: ***"Diversity and employment"***, ***"Training"*** and ***"Safety and Health"***, the Group's management in these areas is explained in greater detail.

The Human Resources area maintains responsibility for the management of social and staff-related aspects of TEKNIA Group. This area has staff at the Group level and staff assigned to each of the major companies.

The main risks identified in relation to social and staff-related issues are as follows:

- Occupational health and safety: such as the risk that employees may suffer accidents related to their activity in TEKNIA.
- Attraction and retention of talent: such as the ability (or lack of) to attract, develop, and maintain professionals that enable the company to grow and succeed.

The management carried out by the companies of the Group related to these matters and other measures applied is described in the following sections of this chapter.

Diversity and employment

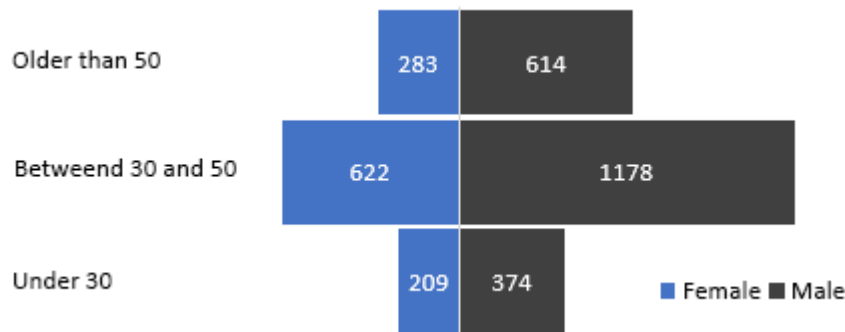
Diversity in Employment:

[405-1]

AT the end of 2020, TEKNIA Group had 3,280 employees, of whom 66% were men and 34% were women. This represents an increase in the presence of women in the workforce by almost one percentage point compared to 2019.

By age range, employees between 30 and 50 years of age account for 54.5% of the total workforce, those over 50 years of age account for 27.3% years and those under 30 years of age account for 17.8% years of age. This represents an increase of close to 0.4% in the age group from 30 to 50, and an increase of 1.8% in the age group over 50. The group of under 30 decreases by more than two percentage points.

Figure 9: Distribution of employees by sex and age



As stated in TEKNIA’s Code of Conduct, the Group rejects discrimination against persons on any basis (gender, race, age, or any other situation or personal condition).

In addition, any form of harassment or abuse, as well as any other conduct that could create an intimidating, offensive or hostile work environment, is expressly prohibited.

The greater presence of men versus women in our workforce is in line with the employment figures by gender for the sector in Spain⁹ (in the year 2018, around 17.1% of the men in the labour market are employed in the manufacturing sector, compared with 7.4% of the women) and in Europe¹⁰ (industry accounts for 20.3% of men compared with 10% of women).

With regard to diversity of origin, TEKNIA Group employs people of 24 different nationalities. Most nationals of the countries where the Group is present, along with workers from 12 other countries.

Some of the actions developed by the Group's companies to promote equality and diversity among employees are as follows:

⁹ Active population survey for 2018. Spanish National Institute of Statistics

¹⁰ European Labour Force Survey. Data for the year 2018. Eurostat.

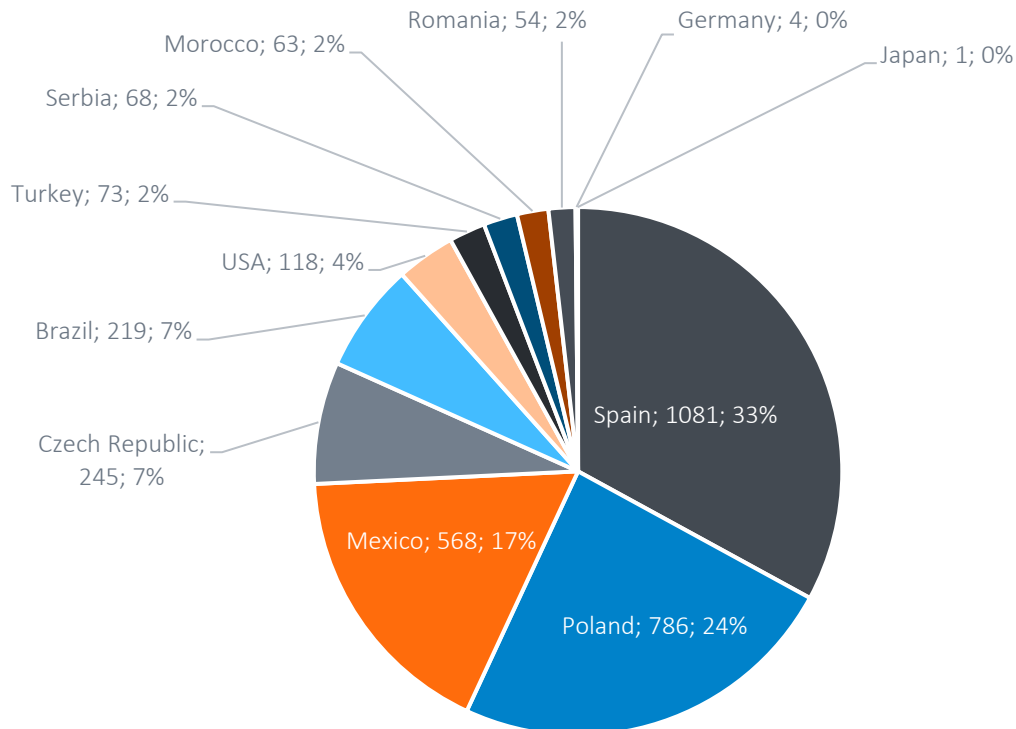
- Communicating to Group workers the commitments made in TEKNIA’s Code of Conduct on non-discrimination and prohibition of abuse and harassment (through reading and accepting the Code and training activities);
- Creating a Harassment Code and sharing it with staff.

With regard to diversity in the governing bodies of the Group, the Board of Directors is composed entirely of men (three). Corporate Management Areas, as of 31 December 2020, are composed of six men and one woman.

With regard to the geographical distribution of employees¹¹, 72.4% are in the Europe, Middle East and Africa (EMEA) region, 20.9% in the NAFTA region and 6.7% in Brazil. In 2019, the distribution was 71.6% in EMEA, 20.7% in NAFTA, and 7.7% in Brazil.

The following chart shows the distribution of employees by country in 2020.

Figure 10: Distribution of employees by country (in total employees and percentage to total)



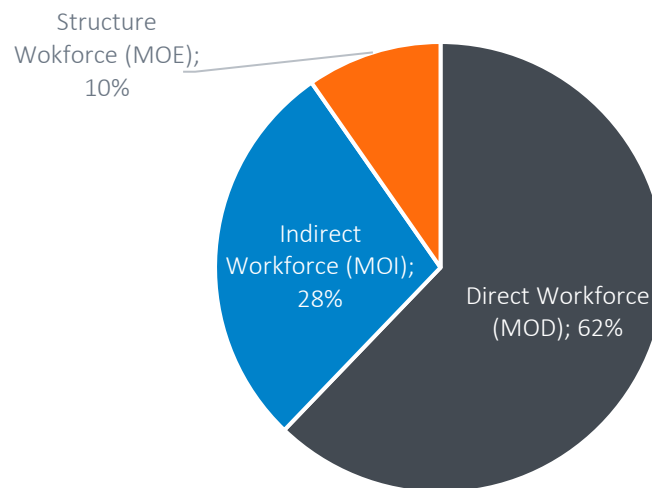
As regards the professional categories in the Group, the following are taken into account:

- *Direct Workforce* includes workers who are directly involved in the manufacture of products of the TEKNIA Group. It corresponds mainly to the functions developed by production operators and team managers.

¹¹ TEKNIA Japan employees are excluded from this quantification

- *Indirect Workforce* includes workers who, without directly intervening in the productive activity, give the necessary support for this activity to take place. It corresponds mainly to the functions developed by the areas of logistics, quality, maintenance, sourcing, tool fitters, planning, technicians, etc.
- *Structure Workforce*, includes workers who perform administrative, control or management functions, providing service to the activity of the productive plants. It corresponds mainly to the functions developed by human resources, administration, commercial, purchasing, engineering, etc.

Figure 11: Distribution of employees by professional classification (in % to total)



The distribution of employees by category varies slightly from the previous year, with a decrease of two percentage points in the MOD category and a two-point increase in MOE. The MOI category remains stable.

Developments in employment:

[401-1]

The total number of employees of TEKNIA Group has decreased from 2019 by 175 employees (see Figure 2).

Chart 6: Net balance of staff developments in 2020 per gender and professional category (in number of people)¹²

	Direct Workforce (MOD)	Indirect Workforce (MOI)	Structure Workforce (MOE)
Man	(132)	(34)	20
Woman	(31)	(7)	9

With regard to movements of employees by gender, the majority of these occur among men 80% compared with 20% for women.

¹² Figures with a negative sign are represented in parentheses

In relation to the number of employees by professional classification, the highest rate of movement of workers occurs for the Direct Workforce category (with 70% of the total), followed by Indirect Workforce (with 18%) and Structure Workforce (12%).

Chart 7: Net balance of staff developments in 2020 per region and gender (in number of people)^{14 15}

	EMEA	NAFTA	Brazil	Japan
Men	(75)	(26)	(44)	(1)
Women	(23)	(2)	(4)	-

Conditions of employment:

[102-8]

Most of the contracts that TEKNIA Group maintains with its employees are permanent (92.9% of the total), assuming temporary contracts around 7% of the total. Of the total contracts, part-time contracts account for 1.6%.

Chart 8: Distribution of contract modalities (permanent, temporary, other and part-time) by gender, age and region (in number of contracts)

		Permanent contract	Temporary contract	Others	Part-time contract
Total		3,046	231	3	53
By gender	Men	2,013	151	2	41
	Women	1,033	80	1	12
By age group	Under 30 years of age	488	92	3	1
	30 - 50 years of age	1,707	93	-	16
	Older than 50 years of age	851	46	-	36
By region	EMEA	2,170	204	-	49
	NAFTA	659	27	-	4
	Brazil	216	-	3	-
	Japan	1	-	-	-

Compared to the previous year, the proportion of permanent contracts (+0.9%) increased in 2020, and temporary contracts (-1%) decreased. Part-time contracts increase by 0.4%. It is also the Group's policy to

promote stability in employment and people's development. The average seniority of the Group's workers is 10.8 years¹³, increasing by 0.6 years from 2019.

Compensation:

[405-2]

For a homogeneous comparison in terms of remuneration, the theoretical gross fixed salary per employee (understood as the salaries that would have been received by the employee if he had worked in the company during the whole year, without discounting any incidence such as medical leave, maternity/paternity leave, ERTE -Temporary Redundancy Plan-, etc.) and the monetary variable remuneration received.

Chart 9: Average remuneration of employees, broken down by sex and professional classification ¹⁴¹⁵

	Man	Woman
Director	€46,045	€37,024
Administration Officer	€21,675	€17,224
Technician	€22,071	€15,554
Operator	€16,344	€11,502

Regardless of their geographical origin or position in the organization, the average wage for women is 13,472 euros compared to 20,296 euros for men (33% difference).

The wage remuneration is defined in the different companies of the Teknia Group according to the Collective Agreements or applicable labour standard. We in the Group strictly comply with this regulation. Therefore, the salary, mostly governed, is determined by the role of each worker regardless of sex.

The salary difference shown in the table above is primarily due to the following reasons:

- The fact that there is a majority male presence in companies of certain technologies that present collective agreements with a higher level of pay, within a single country. For example, in Spain:
 - The companies dedicated to metal and machining technologies have a male presence of 82% and have collective agreements traditionally with a more favourable remuneration (in the iron and steel industry in Vizcaya, the salary set for an operator's position is €18,839.8 and €21,683.93 in Barcelona)
 - Companies engaged in plastic technology have a lower male presence (59%) and collective agreements with a lower remuneration (the wage established for an operator's position is 15% lower: €16,037.34)
- The fact that there is a greater female presence in companies in lower-wage settings such as Mexico (where women account for 50% of the workforce), compared to environments such as Europe or the United States (where they account for 32% of the workforce).

¹³ This calculation takes into account only workers present at the end of the year.

¹⁴ Figures reported as of 28 February 2021

¹⁵ In order not to distort the comparison, the Senior Management including Business Unit Management have been excluded from the analysis.

- Other factors outside TEKNIA Group (such as unequal access to technical training or the labour market by women in some countries or national territories).

The annual gross remuneration of each of the directors, specific to their membership to the management body, was €41,666.67, without any difference in amount between each of the members of the Board of Directors.

Organization of work:

The organization of working time is carried out in accordance with the labour regulations applicable in each case (collective agreements or labour laws of the higher scope).

Where the productive organization permits, the Group companies provide their workers with family reconciliation measures, including the following: reductions in regular and irregular working hours, shift changes, hourly flexibility, as well as other licenses in this regard established by the applicable labour regulations.

Chart 10: Absenteeism hours and total and broken-down absenteeism rate by region¹⁶

	Hours of absence from work	Employment absenteeism rate ¹⁷
Total	256,139	4.9%
EMEA	216,399	6.1%
NAFTA	26,465	2.1%
Brazil	13,275	2.8%

In 2019, the total group absenteeism rate was 4.2%. In 2020, the rate has increased by 0.7% partly motivated by the impact of the pandemic.

Social relations:

[102-41]

The companies of TEKNIA Group apply and strictly comply with the labour standards applicable in their respective field, in which the working conditions are regulated, well established through collective agreements as a result of negotiation freely developed by workers' and employers' representatives or by the regulations applicable within the relevant scope in each country.

Chart 11: Proportion of workers covered by collective agreements in countries with significant operations (in percent)¹⁸

Country	Percentage of workers covered by collective agreements
---------	--

¹⁶ The information in the table refers to personnel belonging to companies that maintain production activity. These companies comprise 99% of the Group's total employees.

¹⁷ Calculated as the product between the total absence hours between the scheduled work hours for the period.

¹⁸ The information in the table refers to personnel belonging to companies that maintain production activity.

Total	77%
Spain	100%
Poland	100%
Mexico	68%
Brazil	100%
Czech Republic	-
United States	-
Romania	100%
Turkey	-
Serbia	-
Morocco	-

The percentage of workers covered by collective agreement remains as compared to 2019.

Employees with disabilities:

As of 31 December 2020, the Group had 45 employees with some degree of disability (44 of them with a degree greater than 33%¹⁹), which accounted for 1.34% of the Group's total employees. Some of these workers have been recruited through special employment centres.

Some of the Group's companies develop alternative measures to fulfill their reserve obligation, such as the maintenance of service delivery contracts with special employment centres.

Other actions developed by the Group's companies to facilitate the integration within the team of people with disabilities are as follows:

- Compliance with government guidelines for action on the employment of people with disabilities, which provide for shorter working days, additional rest times during the day, days off in certain situations, etc.
- Adaptation of jobs to workers' disabilities (by modifying the position to adapt it to the worker's circumstances or by reassigning it to other tasks that do not interfere with the worker's disability).
- Facilitating the presence of people acting as interpreters to support communication of those with hearing disabilities or mutism.
- Providing written communication channels for people with hearing disabilities.
- Providing special hearing protection for the hearing impaired.

Training
[404-1]

¹⁹ The degree of disability is not measured in a homogeneous or comparable manner in 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 taken into account. In the case of Serbia, it is measured in three categories: "I", "II", and "III". In this quantification, all workers with a category "II" degree of disability are taken into account.

Each of the Group's companies has a Training Plan that is developed annually, applied at the local level. This Plan is coordinated by the local Human Resources managers who collect information about the existing training needs among the staff and propose the appropriate training for them.

In addition, the Group has, at the corporate level, a procedure for staff performance evaluations.

These performance evaluations are conducted in order to identify personnel who are likely to be promoted or occupy positions of greater responsibility in the Group, as well as to identify areas of improvement for staff training and development. In the case personnel eligible for a promotion, a specific orientation and training process is established to help them adapt to their new position.

Picture 7: Staff Performance Evaluation Procedure for the Group

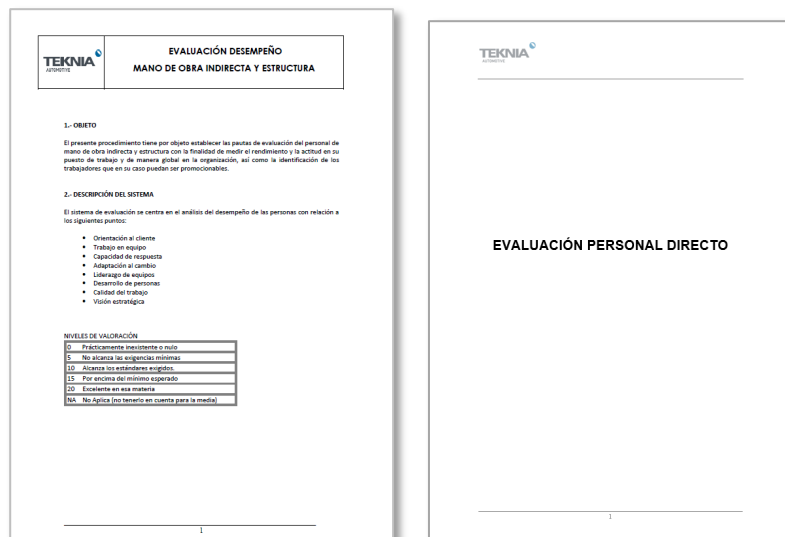


Chart 12: Training hours by gender and professional category (in total hours and average hours per employee)²⁰

	Direct Workforce (MOD)	Indirect Workforce (MOI)	Structure Workforce (MOE)	Average hours per employee
Man	8,159	3,922	1,111	6.1
Woman	5,476	967	707	6.4
Average hours per employee	6.7	5.3	5.9	6.2

²⁰ The information in the table refers to personnel belonging to companies that maintain production activity and to Teknia Entidad de Gestión.

The decrease in training hours compared to 2019 (average 12.4 hours per employee) is motivated by:

- The difficulties of adapting the training activities carried out until the beginning of the pandemic to the prevention measures of Covid-19 (social distance, etc.).
- The alteration of productive activity and the need to re-schedule these actions.

Where possible, non-classroom training has continued.

Safety and Health

[403-2]

TEKNIA Group's commitment is that all TEKNIA employees develop their work in safe and healthy places.

TEKNIA Group follows the requirements set out in local labour legislation with respect to occupational safety and health, as well as those set out in the collective agreements applicable in this field. All employees are responsible for rigorously complying with occupational health and safety standards and for ensuring their own safety and that of those affected by their activities.

Regarding the management carried out in each of the companies of the Group in the field of Occupational Safety and Health:

- In most cases, they have a detailed risk assessment of the activity and the workplace, and as a result, measures are applied to minimize such risks. In most cases, these analyses are reviewed periodically (when there is a change in operational circumstances). These analyses are usually carried out with the collaboration of specialized external services.
- In addition, when an accident occurs at work, an investigation is carried out and the risk assessment is reviewed, or corrective measures are proposed, if necessary.
- Normally, workers are offered the possibility of conducting health surveillance, carried out in most cases by specialized external services.
- In most cases, certain workers are designated as specific representatives of occupational safety and health, and a joint committee is normally established in this area, involving representatives of workers and of the company.
- In general, specific occupational safety and health training is provided to workers.

In turn, in the plants of Spain, there is an external prevention service with technicians who have presence in the productive plants every week.

At the Group level, efforts are being made to strengthen the protection of the health of its employees. A person responsible for prevention monitoring and reporting has been identified at each production plant and a monthly health and safety report is made to monitor and take action if necessary.

Chart 13: Comparison of incidence, frequency and severity rates of total occupational accidents²¹ and diseases for the years 2020 and 2019 ²²

	Year 2019 ²³	Year 2020
Frequency index of occupational accidents	20.90	16.73
Incidence index of occupational diseases	90.80	0
Severity index of accidents and occupational diseases	0.37	0.45

As can be seen in table 13, there has been a decrease in the frequency index (which measures the number of accidents/working time performed) compared to 2019. In parallel, there has been a slight increase in the accident severity index (which measures the days of work lost for this reason, relative to the time of work performed). During 2020, no cases of occupational disease have been recorded in the workforce, thus maintaining the incidence rate at 0.

Regarding the typology of accidents (most of them being mild):

- The most common accidents are (in this order), as a result of: pounding on/bumping against/hitting objects, people falling, trapping by or between objects, or excessive effort.
- The most common injuries as a result of these accidents are (in this order): superficial injuries, sprains and strains, and fractures.

Chart 14: Breakdown of incidence, frequency and severity rates of accidents and occupational diseases²⁴ by gender and region ^{25 26}

	Man	Woman	EMEA	NAFTA	Brazil
Frequency index of occupational accidents	19.39	11.57	18.8	10.1	20.4
Incidence index of occupational diseases	0	0	0	0	0
Severity index of accidents and occupational diseases	0.46	0.44	0.49	0.44	0.18

²¹ The rates indicated in the table have been calculated using the formulas proposed by the National Institute for Safety and Health at Work: **Frequency index** = No. of work accidents / million hours worked. **Incidence index** = No. of occupational diseases / one hundred thousand workers. **Severity index** = No. of working days lost due to accidents or occupational diseases / thousand hours worked.

²² The information in the table refers to personnel belonging to companies that maintain production activity. These companies comprise 99% of the Group's total employees.

²³ The 2019 figures do not include Teknia Nashville figures, which are not available.

²⁴ The rates indicated in the table have been calculated using the formulas proposed by the National Institute for Safety and Health at Work: **Frequency index** = No. of work accidents / million hours worked. **Incidence index** = No. of occupational diseases / one hundred thousand workers. **Severity index** = No. of working days lost due to accidents or occupational diseases / thousand hours

²⁵ The calculations assume a distribution of working hours that is proportional to the number of workers in each gender, since part-time hiring is similarly distributed between them.

²⁶ The information in the table refers to personnel belonging to companies that maintain production activity. These companies comprise 99% of the Group's total employees.

During the period covered by this report, no deaths have been recorded due to an accident at work or occupational disease.

Fight against corruption and bribery**[102-15] [102-16] [102-17]**

TEKNIA's Code of Conduct is the common framework for ethics and compliance.

Approved by the Group's Board of Directors in April 2018, it sets out the criteria for action and values to govern the actions and relations of TEKNIA Group.

The standards of conduct that make up the Code set out the principle of due diligence for the prevention, detection and eradication of irregular behaviour.

TEKNIA Group has a zero-tolerance policy against corruption, bribery and similar fraudulent behaviours contrary to its Code of Conduct, and in particular against those conducts resulting from fraudulent practices in the private and public spheres.

The Code of Conduct applies to all the companies that make up the Group and to all their staff.

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

- All operations will be developed under an ethical and responsible prism. Compliance with the legislation in force in each country is a necessary presupposition for the Code of Conduct.
- TEKNIA Group competes in the market fairly and does not in any case accept deceptive, fraudulent or malicious conducts.
- The selection of suppliers shall be governed by criteria of objectivity and transparency, reconciling the interest of the company in obtaining the best conditions, with the benefit of maintaining stable relationships with ethical and responsible suppliers.
- No employee of TEKNIA Group may offer, grant, request or accept, directly or indirectly, gifts or bribes, 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 includes the conduct related to corruption or bribery contemplated by the Spanish Criminal Code, considering in this respect an average risk (probability of medium materiality).

Outreach and Training:

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. It is accessible on electronic computer format through our intranet.

In addition, training has been given in this regard, mainly to key personnel (managers and managers) because of their greater decision-making capacity, which logically entails a greater risk. This training is based on the content of TEKNIA Code of Conduct in order to ensure the correct communication, training and awareness of all members of TEKNIA Group for their timely understanding and implementation.

During 2019, a refresher training session was aimed at the Corporate Management and the Managers of the different TEKNIA production plants, with a special impact on the procedures to be applied in this field. In addition, specific on-site training was provided to managers and senior managers in Teknia Brazil.

Means of monitoring and control:

The Ethics and Compliance Committee is the supervising body responsible for ensuring compliance with and interpretation of the Code of Conduct within TEKNIA Group.

Constituted during the second quarter of the financial year 2018, its members report directly to the Board of Directors, these being the persons who occupy the positions of:

- Legal Advisory Manager for the Group (Coordinator of the Committee)
- Internal Audit Manager for the Group
- Financial Manager for the Group
- Human Resources Manager of the Group

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

In order to carry out these supervision roles, TEKNIA Ethics and Compliance Committee and the local Ethics and Regulatory Compliance Control Bodies have established a reporting channel, as provided for in the Code of Conduct itself.

For this purpose, communications containing complaints of non-compliance or consultations concerning the interpretation or application of the Code of Conduct may be made to the local Ethics and Compliance Control Bodies by means of a signed written document, addressed to the respective company's Management, who will formally acknowledge receipt thereof. If the purpose of the letter is to report any action by the Company's General Management, the letter may be handed over to the local Human Resources Manager, who in turn will send it to TEKNIA Ethics and Compliance Committee.

The local Ethics and Compliance Control Bodies will review the complaints and resolve the matter, bringing to the attention of the Ethics and Compliance Committee the processing and resolution of each file, as well as seeking their advice and collaboration, if deemed necessary.

In the event that the object of the complaint is the General Management of the company, the Ethics and Compliance Committee will necessarily intervene in the processing of the file.

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

In the event that the conducts reported through the Complaints Channel are punishable, according to the applicable regulatory framework, the same shall be imposed in accordance with the sanction procedure provided for in the applicable local law or collective rule.

During the financial year 2020, no actions relating to bribery and corruption have been detected within TEKNIA Group.

Respect for human rights**[102-15] [102-16]**

The business culture of TEKNIA Group, based on the fulfilment of human and social rights, is translated into the compliance with labour legislation and the principles of action set out in the internal regulations of TEKNIA Group.

This respect is articulated in a double perspective: internal (in relation to and between its employees) and external (in relation to its supply chain, and other commercial relations).

Internal perspective

TEKNIA Group considers people as a key business factor, defends and promotes the fulfilment of human and labour rights and commits itself to the implementation of standards and good practices in terms of conditions of employment, health and safety at work.

The following particular commitments are established:

- Compliance by all workers with the minimum age for employment;
- Prohibition of any kind of discrimination (based on 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, or any other conduct that could create an intimidating, offensive or hostile work environment;
- Recognition of the right to freedom of association and collective bargaining, in accordance with applicable law;
- Compliance with working hours and overtime legislation;
- Respect for legislation and collective agreements on wages;
- Maintenance of safe and healthy workplaces.

These principles are covered by the labour regulations of the countries where the Group operates and are assigned internally the responsibilities of monitoring its compliance (essentially, to the Management of each entity, the Human Resources and Legal Advisory Areas).

External perspective

TEKNIA's Code of Conduct provides that the principles set out therein may be extended, in whole or in part, to any person or entity with whom the Group's companies have a commercial relationship.

In particular, with respect to the Group's suppliers, it is established that all suppliers working with TEKNIA shall respect the human and labour rights of all employees engaged.

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

With respect to the protection of human rights of third parties by the workers of the Group it is established that all persons, natural and legal, who maintain any working, economic, commercial, and/or industrial relationship with TEKNIA, shall be treated fairly and with dignity.

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

The main risk in this area is that there will be a violation of the human rights of workers or business partners in one of the Group's companies, with the consequent legal impact, on their reputation and the relationship with their interest groups.

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

Disclosure, training, and means of supervision and control:

TEKNIA Group develops actions to internally disclose the Group's principles of action and to monitor compliance with established principles. For more information on training, disclosure and the monitoring and control mechanisms in place, see "**Fighting corruption and bribery**".

During the financial year 2020, no actions relating to human rights infringement have been detected within TEKNIA Group.

Commitment to society

The Group's commitments to sustainable development

[102-15]

TEKNIA Group's priority in terms of sustainability and community relations is to support the economic and social development of the environments where it operates and to be recognized as a positive actor for the development of society through:

- Generation of wealth and economic activity of the Group in the environments in which it operates.
- Development of a Social Action Program focusing on the education of children and youth as a means of advancement of society.

The potential risk in this area would be that TEKNIA Group did not respond with its actions to what interest groups or society expect of the company, and could potentially affect the Group's relations with them.

1. Economic and social development of the environments where TEKNIA Group operates:

[201-1]

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

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

Industrial activity, such as the one developed by TEKNIA Group, is characterized by being a significant sector in the economy and employment in the Western economies, although with a greater indirect importance due to its drag effect on other sectors:

- In Europe, the manufacturing industry generates around EUR 2.1 billion in Gross Value Added (GVA) and almost 30 million jobs – corresponding to 16.6% GVA and 14.4% of community employment. In Spain, the sector contributes 12.3% of the GVA, and 9.8% of the total employment of the Spanish economy²⁷.
- As industry maintains a significant supply chain, the sector's indirect impact on the economy and society is greater. PwC's "Keys to the Competitiveness of Spanish Industry" report²⁸ calculates the indirect economic impact of the motor vehicle manufacturing sector at an additional €1.26 per Euro of GDP generated by this industry. It also calculates the indirect impact on employment on 1.17 jobs additional to each job generated in this industry.

In addition, the jobs generated by the sector are mostly located in environments outside large cities, contributing to the maintenance of population and local economic activity in these environments (see Chart 15).

²⁷ Data on GVA and employment from aggregated national accounts by sector, obtained from Eurostat. Data for the year 2019.

²⁸ Keys to the competitiveness of Spanish industry, 2013, PwC.

Chart 15: Main operating environments of TEKNIA Group by country

Country	Employees	Major Operating Environments
Spain	1081	Ampuero Azuqueca de Henares Barcelona Bilbao Elorrio Martos Pedrola Manresa
Poland	786	Kalisz Rzeszow
Mexico	568	Tepeji del Río San Luis de Potosí México D.F.
Czech Republic	245	Uhersky Brod Nivnice
Brazil	219	Jacarei
United States	118	Nashville
Turkey	73	Gebze
Serbia	68	Kragujevac
Morocco	63	Tangier
Romania	54	Oradea

Generated and distributed economic value

Chart 16: Economic value generated and distributed by TEKNIA Group (in thousands of euros)

	2020	2019	2018
Turnover net amount	284,516	378,116	370,671
Procurement (goods, raw materials and other consumables and subcontracting)	(145,913)	(197,601)	(200,113)
Employees (personnel expenses)	(76,354)	(91,839)	(89,601)
Financial expenses	(2,505)	(3,041)	(3,402)
Taxes on profits	(2,079)	(3,662)	(4,731)

Chart 17: Benefits earned, taxes on benefits paid and subsidies received by country (in thousands of euros) ²⁹

	Spain	Poland	Mexico	U.S.A.	Czech Republic	Romania	Serbia	Morocco
Profits/Losses of the financial year	3,004	1,776	394	675	166	173	15	334
Taxes on profits	(936)	(480)	(595)	39	(85)	(38)	(23)	(19)
Public subsidies	815	605	-	1,144	149	80	66	-

2. Social action of TEKNIA Group:

The Group is committed to the development of society. As a result of this commitment, it develops a Social Action Program focusing on promoting education among children and the youth as a means of advancement of society.

The projects of this program are developed according to the following priorities (defined as the “focus of the project” for Social Action):

- Projects devoted to the education and training of young people.
- Projects in environments where TEKNIA Group maintains an industrial presence.
- Projects that have links with TEKNIA and its activity.

The Social Action Program is aligned with two of the priorities set out in the United Nations Sustainable Development Goals for 2030:

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

In a pandemic context, where society suffers from the consequences of the health and economic crisis, the Group has strengthened its commitment to the community, expanding the Social Action Program, with new initiatives in Spain and Morocco.

The following are the actions taken during the year:

²⁹ The figures for those locations that report profits to the Group consolidated as of the 31st of December 2020 and Spain, as the main operating environment of the TEKNIA Group, are included in the chart.



**Construction of a new high school
Thionck Essyl, Senegal**



Since 2017, TEKNIA Group has been supporting the “Foundawtion” Foundation in the construction of a new high school in Thionk-Essyl, a village in the Casamanza region of southern Senegal.

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

During the year 2020, and the first months of 2021, work has been underway to complete the

construction project: preparing the pending furniture for some classrooms, building the sports fields (soccer and volleyball), gardens, and some other school services. Requests from the school's educational team have also been met. With this last phase, the school will be fully completed and operational.

In the educational field, during the academic year 2020/2021, an additional 120 students have been added to the school, up to a total of 360 students. In total, the school is already at 75% of its total capacity, which is expected to be achieved in future academic years.

In addition, the computer room has been implemented, which will allow students to learn how to use these devices, which are key to the current professional activity.



**Creation of science and technology clubs in public schools in Tangier
Tangier, Morocco**

The project consists of the creation of out-of-school science and technology clubs in 6 public secondary schools in Tangier, to fight the local educational challenges:

- Traditional aversion for scientific and technical matters, as opposed to the growth of employment opportunities in this field in Morocco and specifically in Tangier.
- Lack of knowledge and experience of teachers in the delivery of these subjects.
- High school absenteeism due to lack of motivation and poor performance

During the year 2020, work has been carried out between the collaborating entity and participation of the Regional Academy of National Education, dependent on the Ministry of Education in the definition of the workshops (materials, pedagogical guide, etc.) and the selection of the participating schools and teachers.

The workshops will happen during 2021, with a practical and motivating approach to these subjects. The beneficiaries are 120 students (20 per school) and at least 6 teachers from these schools. An essential part of

the program is to provide teachers with the training, teaching materials and the necessary means for the development of the workshops.

Since July, TEKNIA Martos has been collaborating with this project, developed in collaboration with the Spanish foundation Codespa (an entity qualified by the Spanish Agency for International Development Cooperation), which has been working on the ground for years.



Youth Entrepreneurship Support Program Spain

This project consists of supporting young people in Spain (Catalonia, Basque Country, Madrid, Castilla la Mancha, Andalusia and Aragon) who have a business idea on their way to entrepreneurship, advising them, training them and assigning them a mentor to support them in the launch, consolidation and growth of their companies.

In order to balance support for new entrepreneurs, with the support of those business initiatives that are going through a delicate moment by the pandemic, it is established that 70% of the beneficiaries are initiatives to develop a new business project, and 30% beneficiaries to support existing businesses.

The following goals are expected to be met by the end of the project (October 2021):

- 150 beneficiaries, with whom mentorship relationships are established
- 3500 volunteering hours
- 350 jobs saved
- 105 generated companies

Since October, Teknia Manresa and Teknia Barcelona have been collaborating on this project with the Youth Business Spain Foundation, a leading organization in young self-employment in Spain and globally.



Contributions to Food Banks Spain

In addition, to help alleviate the situation of those most affected by the consequences of the pandemic, different food banks have been supported in environments where the Group's companies are present.

From Teknia Entidad de Gestión, financial contributions have been made to food banks in the provinces of Barcelona, Vizcaya and Cantabria.

Outsourcing and Suppliers
[102-9] [308-1]

TEKNIA Group states in its Code of Conduct that the selection of suppliers shall be governed by criteria that reconcile the interest of the company in obtaining the best conditions, with the benefit of maintaining stable relationships with ethical and responsible suppliers. In addition, the CSR General Policy states that alignment of the supply chain with TEKNIA Group's principles of action must be encouraged.

The main risk in this area is that TEKNIA Group maintained a relationship with suppliers or subcontractors who failed to meet the Group's quality requirements and this would affect the work carried out by the Group. In addition, maintaining a business relationship with suppliers that infringe TEKNIA Group's values and principles of action could adversely affect the Group's reputation before its interest groups.

TEKNIA Group's Purchasing Procedure, following the requirements of the quality standard IATF 16949:2016, states that, during the selection and evaluation process of suppliers, in addition to the technical matters of the purchasing process (economic criteria, risk criteria, technical capacity, etc.), other issues such as environmental management by the supplier also need to be taken into account.

Picture 8: Priority level or risk class assigned to the supplier depending 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 Environment department also participates in the supplier selection and evaluation process.

For a particular purchase or subcontracting need, the supplier is analysed and given a degree of preference for hiring or a level of risk based on the following criteria:

- **For new suppliers:** having quality and environmental management systems certified according to international reference standards.
- **For active suppliers:** In addition to the above, monthly supplier performance assessments are taken into account.

Picture 9: Risk assigned to the supplier based on its performance and certification of its environmental management and quality 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 assigned risk level, suppliers may be subject to audits or a development plan for their quality management system. This improvement plan may include, among other activities, obtaining certification for their environmental management system.

Thus, TEKNIA Group suppliers are selected and evaluated taking environmental criteria into account during the process. 39% of the company's total suppliers have an environmental management system certified according to ISO 14,001. The proportion of certified suppliers remains the same as the one on 2019.

In addition, the Supplier Quality Assurance Handbook incorporates requirements for suppliers in the following areas:

- Toxic, harmful or dangerous substances – obligations relating to compliance with environmental and occupational safety and health regulations applicable to the use of certain toxic and dangerous substances used in production processes.
- Conflict minerals – a ban on purchasing materials that are made from minerals from areas declared to be conflict.

Annex to the Statement

**Compliance with GRI standards
[102-54] [102-46]**

The standards developed by the Global Reporting Initiative (GRI) have been used for reporting key indicators of non-financial results. The norm applied has been the “GRI standards”.

In the process of information collection and presentation, the principles of transparency, relevance, comparability, periodicity, clarity and reliability have been taken into account, required to ensure the quality of the reported information.

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

**Interest groups in the preparation of the report
[102-13] [102-40] [102-42] [102-43] [102-44]**

Following an internal consultation process, Teknia Group has identified the following as the main interest groups of the company:



TEKNIA Group considers as an interest group those that maintain legitimate own interests in their activity, a certain ability to influence the fulfilment of corporate objectives and their own expectations with respect to corporate management.

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

Interest group	Dialogue mechanisms
Clients	<ul style="list-style-type: none"> – Direct dialogue with the Sales department – Terms of purchase and other commercial commitments – Monitoring of satisfaction and quality issues through the Quality Department
Share capital participants	<ul style="list-style-type: none"> – Continuous participation through TEKNIA’s Corporate Governance Bodies – Dialogue with TEKNIA Group Management
Administration/Regulatory Bodies	<ul style="list-style-type: none"> – Direct dialogue with regional and local authorities – Participation in sector associations: Euskadi’s Automotive Cluster - ACICAE
Civil Society	<ul style="list-style-type: none"> – Communication through the press and social networks – Corporate website
Employees	<ul style="list-style-type: none"> – Legally established mechanisms of social dialogue (communication with workers' representatives) – Direct dialogue with the Human Resources Department – Performance evaluation meetings – Labour climate survey – Channel of consultation and reporting of irregularities of the Code of Conduct (Complaints Channel)
Suppliers	<ul style="list-style-type: none"> – Direct dialogue with the TEKNIA Group’s Purchasing Department – Terms of purchase and other commercial commitments
Funders	<ul style="list-style-type: none"> – Direct dialogue with the Financial Department

In Europe, the regulator has shown its willingness to strengthen the transparency of companies through the publication of Directive 2014/95/EU laying down information requirements regarding their management in the non-financial and diversity matters (in particular on issues related to “environment, society, staff, respect for human rights and the fight against corruption and bribery”), which has been transposed into national law with different degrees of demand.

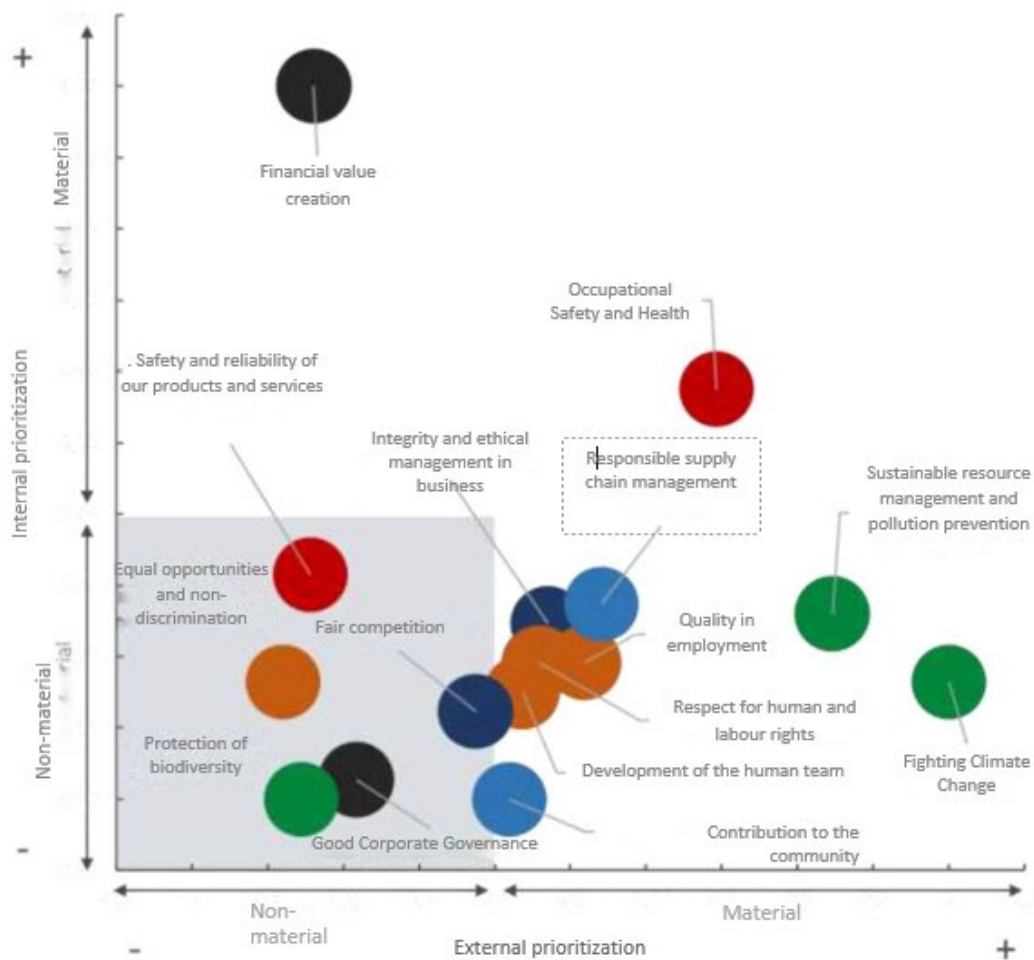
In addition to the above, TEKNIA Group regularly conducts an exercise to identify the main expectations of stakeholders on specific sustainability or CSR issues. The findings of this analysis are incorporated into the materiality analysis (see the following section for more information: “Contents of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

Contents of the report and coverage of matters **[102-46] [102-47]**

TEKNIA Group is bound by the national legislations emanating from this European Directive, and therefore the content of the report has been drawn from the content required by it. Given the highest level of concretion 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 prioritization of each of the issues and the relevance of their inclusion in the report. A cabinet analysis has been developed for its preparation, based on internal documentation and input from the various interest groups, about TEKNIA Group and the automotive components and systems manufacturing sector.

Figure 12: Materiality analysis for TEKNIA Group



According to the results of the materiality analysis, Equality and Tax Information issues are non-material matters for TEKNIA Group. However, due to the relevance of these matters in Law 11/2018, information on them is incorporated into the Non-Financial Information Statement.

The relation between the matters of materiality and the contents covered by Law 11/2018, is as follows:

Management scope	Materiality matters	Contents covered by the Law 11/2018
Environmental issues	Sustainable resource management and pollution prevention	<ul style="list-style-type: none"> – Pollution – Circular economy and waste prevention and management – Sustainable use of resources
	Fighting Climate Change	<ul style="list-style-type: none"> – Climate Change
Social and staff-related issues	Quality in employment	<ul style="list-style-type: none"> – Employment – Organization of work – Social relations
	Occupational Safety and Health	<ul style="list-style-type: none"> – Health and safety
	Development of the human team	<ul style="list-style-type: none"> – Training
	Equal opportunities and non-discrimination	<ul style="list-style-type: none"> – Universal accessibility of 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
Society	Contribution to the community	<ul style="list-style-type: none"> – The Company's commitments to sustainable development
	Responsible supply chain management	<ul style="list-style-type: none"> – Outsourcing and Suppliers
	Fair competition	<ul style="list-style-type: none"> – Tax information

Considering the result of the materiality, and the provision included in section 6 of Law 11/2018, it has been considered not to include information on the following matters, for the reasons given 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 to be insignificant.</p> <p>Therefore, this content is considered not relevant to understanding the results and overall impact of TEKNIA Group activity.</p>
Consumers	<p>TEKNIA Group markets its products directly to other companies in the automotive sector and in no case to end consumers (see section “TEKNIA Group in the automotive sector”), so this content is not considered to apply to TEKNIA Group.</p>

GRI Content Index
[102-55]

GRI standard	Content	Page/Information/Omission
GRI 101: Foundations 2016		
General Contents		
GRI 102: General Contents 2016	102-1: Name of the organization	Title Page
	102-2: Activities, brands, products and services	p. 5;10;12-15
	102-3: Location of the office	Barrio san Agustín, S/N, Elorrio, 48230, Bizkaia
	102-4: Location of the operations	p. 9
	102-5: Property and legal form	TEKNIA Manufacturing Group, S.L. (A sole proprietorship company), (controlling company) and its subsidiary companies (the Group).
	102-6: Markets served	p. 9;11
	102-7: Size of the organization	p. 8
	102-8: Information on employees and other workers	p. 41
	102-9: Supply chain	p. 11;23
	102-10: Significant changes in the organization and its supply chain	p. 5-7
	102-11: Precautionary principle or approach	p. 20-23
	102-12: External initiatives	Not applicable
	102-13: Membership in associations	p. 61
	102-14: Statement of senior decision-makers	p. 3-4
	102-15: Main impacts, risks and opportunities	p. 22;37;51;52
	102-16: Values, principles, norms and standards of conduct	p. 10;18-19;49-51
	102-17: Mechanisms for ethical advice and concerns	p. 49-51
	102-18 Governance structure	p. 18-19
	102-40 List of interest groups	p. 60
	102-41 Collective bargaining agreements	p. 44
	102-42 Identification and selection of interest groups	p. 60
	102-43 Focus on stakeholder participation	p. 60-61
	102-44 Key issues and concerns mentioned	p. 60-61
	102-45: Entities included in the consolidated financial statements	p. 1
	102-46: Definition of the contents of the reports and coverage of the matters	p. 62-63
	102-47: List of material topics	p. 62-63
	102-48: Re-expression of information	P. 24 – correction of tube and metal sheet consumption data for the year 2019 P. 34 – Updating GHG emissions data in 2019 with the emission factors of electricity consumption for this year
	102-49: Reporting changes	Not applicable
	102-50: The period that is the subject of the report	Title Page

	102-51: Date of last report	15/04/2020
	102-52: Reporting cycle	It is published on an annual basis
	102-53: Contact point for questions about the report	p. 67
	102-54: Statement of preparation of the report in accordance with the GRI standards	p. 60
	102-55: GRI Content Index	p. 64-67
	102-56: External verification	p. 67
Material matters		
Sustainable resource management and pollution prevention		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 20-23;63
	103-2: The management approach and its components	p. 20-23
	103-3: Evaluation of the management approach	p. 20-23
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 24
GRI 302: Energy 2016	302-1: Energy consumption within the organization	p. 28
	302-3: Energy intensity	p. 29
GRI 303: Water and Effluents 2018	303-1: Interaction with water as a shared resource	p. 30-31
	303-2: Management of impacts related to water discharges	p. 31
	303-3: Water extraction	p. 30
GRI 306: Effluents and Waste 2016	306-2: Waste by type and method of disposal	p. 32-33
Fighting Climate Change		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 26-27;34-35;63
	103-2: The management approach and its components	p. 23;26-27;34-35
	103-3: Evaluation of the management approach	p. 23;26-27;34-35
GRI 305 Emissions 2016	305-1: Direct GHG Emissions (Scope 1)	p. 34.36
	305-2: Indirect GHG emissions when generating energy (Scope 2)	p. 34.36
	305-4: Intensity of GHG emissions	p. 36
Quality in employment		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p.37-38;43-44;63
	103-2: The management approach and its components	p. 37-38;43-44
	103-3: Evaluation of the management approach	p. 37-38;43-44
GRI 401: Employment 2016	401-1 New employee hires and staff turnover	p. 40-41
GRI 405: diversity and equal	405-1 Diversity in governing bodies and employees	p. 38-39 Out of the 3 members of the Board of Directors, one is over 50, and two are between 30 and 50 years of age.

opportunities 2016		Out of the Corporate Management Areas, 4 of the members are between 30 and 50 years of age, and 3 are over 50.
	405-2 Rate of base salary and compensation of women versus that of men	p. 42
Occupational Safety and Health		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 37;46-48;63
	103-2: The management approach and its components	p. 37;46-48
	103-3: Evaluation of the management approach	p. 37;46-48
GRI 403: Occupational safety and health 2016	403-2: Accidents' types and frequency rates of accidents, occupational diseases, lost days, absenteeism, and number of deaths caused by a work accident or occupational disease	p. 46-48 Information about non-employee workers is not available.
Development of the human team		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 37;45-46;63
	103-2: The management approach and its components	p. 37; 45-46
	103-3: Evaluation of the management approach	p. 37; 45-46
GRI 404: Training and education 2016	404-1 Average training hours per year per employee	p. 46
Integrity and ethical management in business		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 49-51;63
	103-2: The management approach and its components	p. 18-19; 49-51
	103-3: Evaluation of the management approach	p. 18-19; 49-51
GRI 205: Anti-Corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	Information is not available – it has not been possible to collect the required information
Respect for human and labour rights		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 51-52;63
	103-2: The management approach and its components	p. 51-52
	103-3: Evaluation of the management approach	p. 51-52
GRI 412: Human rights assessment 2016	412-2: Training of employees in human rights policies or procedures	Information is not available – it has not been possible to collect the required information
Contribution to the local community		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 53-57;63
	103-2: The management approach and its components	p. 53-57
	103-3: Evaluation of the management approach	p. 53-57

GRI 201: Economic performance 2016	201-1 Direct generated and distributed economic value	p. 54
Responsible supply chain management		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 23;58-59;63
	103-2: The management approach and its components	p. 23;58-59
	103-3: Evaluation of the management approach	p. 23;58-59
GRI 308: Environmental assessment of suppliers 2016	308-1: New suppliers who have passed evaluation and selection filters according to environmental criteria	p. 59 The information refers to the total number of suppliers with which business relationships are kept, not just new ones.
GRI 414: Social assessment of suppliers 2016	414-1: New suppliers who have passed selection filters according to social criteria	Information is not available – it has not been possible to collect the required information
Financial value creation		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	2020 Consolidated Management Report P. 1-4
	103-2: The management approach and its components	2020 Consolidated Management Report P. 1-4
	103-3: Evaluation of the management approach	2020 Consolidated Management Report P. 1-4
	Turnover evolution	2020 Consolidated Management Report P. 1

Contact details

[102-53]

Financial and Investors: investors@tekniagroup.com

Independent external verification

[102-56]

TEKNIA Group performs an independent external verification of its annual information. Verification of this Non-Financial Information Statement shall be carried out by Moore AMS Auditors, S.L., the same company that audits TEKNIA Group's Consolidated Yearly Financial Statements.

This Non-Financial Information Consolidated Statement (EINF) for the financial year 2020 of the Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) and Subsidiary Companies, which is presented in a separate statement of the Consolidated Management Report of 2020, but which is part thereof, appears on the front of the folios of stamped paper, with numbers 000127797 to 000127863, both inclusive.

The Board of Directors signs this page number 000127864, in recognition of the formulation of this Non-Financial Information Statement, which is an integral part of the Consolidated Management Report:

	Signature
Chairman: Javier Lázpita Sarriugarte (Chief Executive Officer)	
Executive Director: Iñigo Miguel Marco-Gardoqui Alcalá-Galiano	
Executive Director: Javier Quesada de Luis	

Elorrio, 31 March 2021

Certification

“Ms. Inmaculada Borja Rodriguez, Sworn Translator and Interpreter of the English language, appointed by the Spanish Ministry of Foreign Affairs and Cooperation (MAEC), hereby certifies that the preceding text is a true and complete translation into English of a document drafted in Spanish.”

Certificación

«Doña Inmaculada Borja Rodriguez, Traductora-Intérprete Jurada de inglés, nombrada por el Ministerio de Asuntos Exteriores y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en castellano ».