Consolidated Non-Financial Information Statement for the year ended 31 December 2018 for BATZ, S.COOP. and subsidiaries (hereinafter, the Group) which forms part of the Consolidated Management Report of the Group.
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Consolidated Non-Financial Information Statement for the year ended 31 December 2018 for BATZ, S.COOP. and subsidiaries (hereinafter, the Group) which forms part of the Consolidated Management Report of the Group.

This document contains the information required by the Non-Financial Information and Diversity Act, of 28 December 2018, and describes the main aspects of the BATZ Group’s business model and risk management, sustainability plans, environmental matters, social and employment issues, the policy of respect for and promotion of human rights, matters relating to the prevention of corruption and bribery, and the management of the relationship between the Group and society and its stakeholders.

In addition, a summary of the Group’s business model is provided, as well as a description of the policies in relation to the above issues and the measures adopted, the results of such policies, the main risks related to these issues in connection with the Group’s activities, the management of such risks and the key non-financial performance indicators.

The statement of non-financial information has been prepared in accordance with the international Global Reporting Initiative standard, in its Essential version and all its principles, this being a reporting framework recommended by the 2018 Spanish Non-Financial Reporting Law. It is also externally verified by the independent firm Albacus S.L.
ABSTRACT US

We are BATZ, a worldwide supplier of products and services for the automotive sector. Founded in 1963 and with our headquarters in Igorre (Biscay), we have now become a well-established industrial group thanks to the commitment and customer focus of our professionals.

Our main business is in the automotive sector, specifically in the areas of capital goods and serial production. As such, we design and manufacture dies for both structural parts and leather pieces, offering a full service that ranges from the conceptual design of the product to its completion. Furthermore, our company is qualified and recognised by the main OEMs in the automotive industry for the design and manufacture of mechanical and mechatronic control systems, known for their safety, lightweight, ergonomic and efficiency attributes.

At present, the BATZ Group is made up of close to 1,900 professionals and we have 16 production plants around the world, allowing us to support our customers in their current and future challenges, wherever they are.

Who we are

BATZ was created as a cooperative located in the Northern Spain with an international outlook which, throughout its more than half-a-century existence, has managed to perfectly combine its expansion and global nature with the roots and commitment it maintains in its local environment.

OUR VALUES, OUR FOUNDATIONS

Our mission. What we are

Batz is a Worldclass supplier of premium products and services for automotive industry.

By our innovative added value proposal, we grow steadily and profitably in any industry where training, technology and serial manufacturing are competitive advantages based on a personal commitment to our customers.

Vision. What we want to be

Collaborate in our Customers success as premium supplier for automotive industry aiding as well to the development of our socio economic environment.
OUR BUSINESS MODEL

The BATZ Group is mainly focused on the automotive sector, BATZ Automotive, with two distinct businesses.

BATZ TOOLING

- We offer a comprehensive service that ranges from the conceptual design of stamping dies to its try out and commissioning.
- The cooperative's original business, with the knowledge and experience of the various forming technologies, allows us to address the development of the new materials present in today's light and safe vehicles.

BATZ AUTOMOTIVE SYSTEMS

- Design and serial production of a wide range of products for major automotive manufacturers.
- Products mostly with development engineering geared towards
  - Safety functions in vehicles avoiding damage in accidents
  - Structural lightweighting based on composite technologies
  - Aerodynamic efficiency features to reduce emissions
  - And others in which the end user perceives improved quality

WHERE WE ARE

Naturally global

Ours is a global market, with global customers demanding a global service. And in response to this need, our internationalisation project began. Brazil, Mexico, the Czech Republic, China and, more recently, the United States, since 2007 we have pushed ahead with a strong and steady commitment to expand abroad, to become the global automotive supplier that we are today, with 16 of our own production plants and partnership agreements in countries where we do not have industrial plants.
The BATZ Group is committed to a business model that is supported by cooperative values which sets the company apart. These operating principles are transferred to the corporate level through a series of identifying features in the management of the Group that combine the autonomy and responsibility of each of the businesses with common rules and shared decision-making. Our organisational model is essentially structured into business units, as described in point 1.1 above, which focus on business development, products, processes and strategic projects, and for which the corporate holdings are shown in the following diagram:
Also, BATZ Group is equipped with management bodies adapted to its corporate and business structure, which allow the cohesion of key relationships and strategic decisions of the company, as shown in the following organisational chart.
HOW WE DO IT

Diversification as the basis for the creation of value and development of our members

At BATZ we have developed a business model based on geographical, business, product and customer diversification in response to the dynamic and constantly changing automotive market, a model that guarantees our sustainable growth.

Customer diversification

Our customer portfolio is made up of the main groups and car manufacturers (OEM) and TIER1 at an international level which allows us to avoid platform or exclusive model dependence.

Innovation as a lever for transformation

At BATZ, innovation is the lever for transformation that enables us to adapt our products and processes to the challenges we face. It is the tool for change that helps us to give coherence to our vision and to identify the drivers of strategic value for each business from a shared group vision, with an eye on the 2020 horizon and aligned with the new mobility scenario.
In short, we could define our main drivers as follows:

- **LIGHT AND SAFE BIW**
  Addition of new materials and lightweight forming processes (hot stamping of aluminium, multi-property body parts, sandwich panels...)

- **SMART PRODUCTS**
  Mechanical and mechatronic solutions that provide safety and ergonomic features.

- **EXCELLENCE IN PROJECT MANAGEMENT**
  Ensuring deadlines by improving all stages in the value chain.

- **LIGHTWEIGHTING TECHNOLOGIES**
  Incorporation of new materials and lightweighting processes for weight reduction that enable lower energy consumption and a reduction in CO₂ emissions.

- **ACTIVE AERODYNAMICS**
  Innovative aerodynamic solutions that reduce energy consumption by improving airflow management.

- **PREMIUM ENGINEERING**
  Qualified professionals for the development of automotive systems in partnership with universities and research centres.

- **ADVANCED MANUFACTURING**
  Implementation of Smart Factory concepts throughout the manufacturing process, increasing the quality of both the product and the service.
Thus, our innovation is structured on four very different levels:

1. **STRATEGIC OBJECTIVES**
   - Customer/Market knowledge
   - Shared Business Vision in the medium and/or long term

2. **DEFINITION OF DRIVERS**
   - Innovation Process
   - Definition of Drivers
   - Technology

3. **INNOVATION COMMITTEE**
   - Decision making and Project selection
   - Shared Business Mission

4. **TECHNOLOGY PRODUCT PLAN**

   - **4.1. WATCH**
     - Analysis of Trends and Opportunities

   - **4.2. NETWORK**
     - Network of technological partnerships

5. **4. STRATEGIC MARKETING**
   - Analysis of Trends and Opportunities
   - Network of technological partnerships

6. **5. INNOVATION COMMITTEE**
   - Decision making and Project selection
   - Shared Business Mission

7. **6. PRODUCT TECHNOLOGY PLAN**

8. **7. PROJECT DEVELOPMENT**
The following shows the indicators of the innovation process at the BATZ Group:

![Diagram showing indicators]

In the first block of the initial three indicators we see its QUALITY, in terms of investment, success and impact. The main indicator is the RESULT, by business:

- In Tooling, the result is slightly above 10% when including sales of cooled dies for hot stamping and serial production parts for aeronautics up to 2020.
- In Automotive Systems, this objective is influenced by the existence of an important portfolio of projects currently in the industrialisation phase.

In terms of the EFFICIENCY of the development project management, we measure the following two indicators: costs and deadlines.

Lastly, given that the innovation process is intensive in terms of financing and other public funding, we measure success in securing these. We also consider this same criterion to establish whether or not it is an innovation project, that is, the approval itself of the application submitted is considered a criterion by a specialised agent to consider the projects as innovative. This year all of them have been approved.
Thus, in BATZ we have internalised the premise that to innovate is to face the challenges in an efficient way. A culture of innovation and entrepreneurship that goes beyond the merely technological area which we deploy throughout our value proposition in order to permanently adapt to the market. An innovation model conceived from a shared vision of long-term opportunities based on the implementation of a strategic marketing system to achieve business sustainability, promoting the development of the people who together make up BATZ.

This marketing system is aligned with the strategic basis of our business, and responds to two of the main challenges identified:

I) The establishment of a new customer relations model

II) Innovation for the diversification of solutions.

Within this framework the Strategic Marketing Management System (SMMS) is being developed, the implementation of which requires work on orientation towards the customer, marketing, innovation, future order acquisition and perceived value, and which is explained in more detail in another section of this document. Within the SMMS, the implementation of a system of technological vigilance and competitive intelligence acquires special relevance since this is where the type of information and sources, access, distribution and use of these inputs are established. So, from the analysis and documentation of trends and opportunities, the innovation process begins, creating the knowledge that is provided as key information for the definition of marketing and commercial plans. Specifically, the outputs that guide the main variables of the business (product, technologies, customers, segmentation, positioning) and the commercial management (sales).

Create value from the knowledge generated in the network. A concept that goes beyond the idea of mere collaboration to, instead, providing solutions to ensure the success of our customers. ‘Meeting your challenges’.
At BATZ we have always been committed to making progress in a collaborative environment, aimed at broadening and strategically reinforcing our capabilities, weaving an ecosystem that includes universities, technology centres and, more recently, ‘startups’.

In short, we are an active agent within our innovation ecosystem. In ongoing liaison with various environmental agencies, our continuous participation in research programmes coordinated by the different public-private bodies is especially noteworthy. At the Basque Autonomous Community level we are involved in a number of technological challenges in the “Hazitek” programme and others at the state level financed by the Ministry of Science, Innovation and Universities and the CDTi (Centre for Technological and Industrial Development). We also present research activity in several programmes at a European level, both general as well as those of “Horizon 2020”, other specific ones jointly with the EIT (European Institute and Innovation Technology) and some at a sectorial level from the “CleanSky” programme.

2018, co-innovation in the field of cybersecurity and machine learning based on the BIND 4.0 initiative of the Basque Government.

<table>
<thead>
<tr>
<th>Keynetic Technology</th>
<th>Skootik</th>
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</thead>
<tbody>
<tr>
<td>Project definition: To implement access control from the internal network to the company’s own infrastructure.</td>
<td>Project definition: To optimise the traceability of production processes allowing us to share and better understand the data collected in all our plants.</td>
</tr>
<tr>
<td>The collaboration consists of the development, adaptation and implementation of a software that allows access policies to be defined for the various network services based on a number of parameters, such as the identity of the user/device, department, etc., thus adding new security measures to those already in place in the company.</td>
<td>This automation of the process allows us to predict machine faults, find consumption patterns, reduce lead time, etc.</td>
</tr>
</tbody>
</table>
Operational efficiency. BATZ Manufacturing System

BATZ Manufacturing System (BMS) is the industrial model on which our organisation is based within the Automotive Systems business. It is a model that involves our various processes and establishes a standard working method based on continuous improvement with a clear objective of increasing customer satisfaction in terms of cost, quality and time.

BMS is a system founded on the values of BATZ with customer as its objective and ensuring good service, cost and quality. It has four main cornerstones:

Work excellence.
This includes improvement projects following standardised methodologies to obtain disruptive improvements in BATZ results. Examples include, among others, the redesign of assembly lines for productivity improvements, SMED in presses and injection, beginning of work in pull planning with suppliers, implementation of the logistics train, lean management of projects (Obeya room and industrial committees).

Daily Kaizen.
This cornerstone entails involving everybody in a daily management focused on maintaining the improvements obtained and detecting and resolving deviations quickly and efficiently, complying with rigorous standards. It is carried out through daily/weekly meetings and implementation of 5S in all areas of the organisation with monitoring of indicators and continuous improvement.

Leader Kaizen.
Definition of business strategies and deployment at all levels of the organisation. Managing, analysing and resolving deviations from objectives in the short term. The main action of this cornerstone is daily meetings of the management team for daily monitoring of key indicators and the beginning of standardised routes of the directors.

Support Kaizen.
Within this cornerstone we work on defining the industrial model of the business, ensuring the sustainability of the cultural change towards continuous improvement through the creation of a governance model, generation of standard manuals, implementation of a Newsletter, starting with annual BMS audits...
Each of these areas is made up of various tools and methodologies that are used to achieve the desired result.

After several years working in the field of continuous improvement, in 2017 the BATZ Manufacturing System was established, thus structuring the work carried out in the different production plants over the last few years.

All the plants belonging to BATZ Automotive Systems work according to the principles of the defined system.

Also, the corporate industrial area is leading the definition of the BMS, standardising and looking for the best and optimum way to work in the different areas.

Work is currently under way on the implementation of the BMS and during 2018 the first BMS audits have been carried out to evaluate the degree of implementation of the model and is the basis for defining the working roadmap for 2019.
**Strategic Marketing Management System**

We are currently facing a VUCA world, where flexibility, sizing, and technological expertise play an important role. In addition, in recent years, the relationship model with vehicle manufacturers has undergone major changes, which continue today, to which we must adapt and which involves the adoption of advanced management models. And it is from the coherence among the challenges that we face at any given time and the way we deal with them, which will allow us to maintain sustainable growth. To this end, in 2018 more than 60 people from different areas of the Automotive Systems business were involved in defining a strategic marketing management system that began to be implemented in January 2019 and for which the definition and development process is expected to be replicated in the die-cutting business.

The Strategic Marketing Management System (SMMS) is a collection of guidelines, processes and tools aimed at defining future challenges, achieving greater visibility and, therefore, contributing to our sustainability. To this end, it is structured around four interrelated areas, as shown in the following diagram:

01. Marketing information system, as a source of market knowledge, upon which marketing strategies are based.

02. Strategic marketing, related to long-term vision and decisions

03. Operational marketing, which contemplates the deployment and marketing activities of the business in the short term.

04. Integration and monitoring of the System (processes, plans and people), which corresponds to the situation of a business, the size and global footprint of which requires special attention to the coordination between different situations.

This teamwork, within which various macro-trends have also worked within the BATZ Ecosystem, as well as the global guidelines applied and applicable to our customer relations model by region, product/function and area, has resulted in the deployment of the 2025 strategic objectives and the 2019 operational objectives. Quantitative and qualitative objectives and action plans that are the roadmap for achieving the long-term objectives set in areas such as improved profitability, greater global presence and greater customer penetration, among others.
Cybersecurity, key to our business management

The digital transformation that is driving the emergence of new technologies provides us with new scenarios and strategic challenges to which we must adapt our management models. Only in this way will we be able to take advantage of the opportunities and minimise the risks posed to us in this new environment.

For this reason, BATZ performs a periodic risk analysis to determine the assets with the greatest vulnerability to external and internal factors, and to identify the threats for each of them based on the following security criteria: confidentiality, integrity and availability. We are very aware that information is one of the main assets of our organisation.

In addition, we have specific plans that establish the systems regarding activities, criteria and responsibilities for the safeguarding, confidentiality and integrity of data and information, as well as the systems that process them.

But first and foremost, we are convinced that we ourselves are the primary and most effective mechanism for incident prevention and information protection. For this reason, we advocate the promotion of a culture of information security through awareness-raising and training. Thus, in 2018 we launched an awareness campaign on the responsibility of each one of us in safeguarding the information, which continues to this day, in which all the warnings in the system about changing the password are accompanied by “informative pills” about good practices in this area.

For all these reasons, in 2018 we achieved certification of our information security management system in accordance with UNE-ISO/IEC 27001:2014 in addition to having passed the TISAX (Trusted Information Security Exchange) assessment through which compliance with the VDA-ISA standard is guaranteed, a standard that has its origin in the German Car Industry Association, and which establishes the level of maturity of our organisation in this field for our customers.
OUR CHALLENGES

The emergence of new automotive trends, such as digitisation, shared use or vehicle electrification, are defining the current situation in this industry and creating new scenarios that, at first, may seem uncertain. In addition, the global nature of the industry also makes us very alert to any international economic or political developments that may affect exchange rates, the price of raw materials, result in greater protectionism, etc.

And in this new environment of intelligent, shared, efficient and sustainable mobility, there are four strategic priorities that have been defined in the automotive sector and on which work has been conducted in recent years.

Source: Spanish Technological Platform for Automotives and Mobility - M2F
Strategic priorities for which BATZ has established approaches are the areas of **Lightweighting** and **Advanced Manufacturing**, as these are the areas in which we can contribute the most knowledge and value.

In relation to lightweighting, the use of new materials such as aluminium and reinforced plastic, together with the use of new technologies, are enabling us to offer customers a significant reduction in the weight of their vehicles. At the same time, we address the advanced manufacturing area through the implementation of Smart Factory concepts throughout the manufacturing process, allowing us to increase the quality of our products and services.
Policies

Batz Group is equipped with a range of corporate policies in which the principles and guidelines that govern its actions are defined and through which the commitment of all the companies in the group to sustainability is manifested.

<table>
<thead>
<tr>
<th>Policies</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code of Conduct</td>
<td>Document that contains various rules and procedures that regulate the responsible behaviour of all the people that make up Batz, extending, as far as possible, to Suppliers, People Associated and Customers.</td>
</tr>
<tr>
<td>CSR Policy</td>
<td>Basic framework for the integration of corporate social responsibility into the Batz Group business model</td>
</tr>
<tr>
<td>Sustainability report</td>
<td>Disclosure document for internal and external stakeholders on the organisation’s performance in relation to the sustainable development objective.</td>
</tr>
<tr>
<td>Environment policy</td>
<td>Framework that establishes environmental objectives aligned with strategic environmental management.</td>
</tr>
<tr>
<td>OHS Policy</td>
<td>Framework that establishes the general principles for action in the area of Occupational Health and Safety.</td>
</tr>
<tr>
<td>Tooling quality policy</td>
<td>Policy through which the die-cutting business defines the guidelines (vision, mission and values) by means of which the business conducts its activity and from which it acquires the commitment to provide the means necessary for compliance and periodic review, as well as promoting understanding and dissemination of this policy, including to all the appropriate parties.</td>
</tr>
<tr>
<td>Automotive Systems quality policy</td>
<td>Policy through which the automotive systems business defines the guidelines (vision, mission and values) by means of which the business conducts its activity and from which it acquires the commitment to provide the means necessary for compliance and periodic review, as well as promoting understanding and dissemination of this policy, including to all the appropriate parties.</td>
</tr>
<tr>
<td>Protocol against sexual and sex-based harassment</td>
<td>Protocol which includes procedures and resources for the prevention and handling, where appropriate, of possible cases of sexual harassment or harassment based on sex that may occur in Batz.</td>
</tr>
<tr>
<td>Equality plan</td>
<td>Document containing an ordered set of measures, adopted after conducting an analysis of the situation, aimed at guaranteeing equal treatment and opportunities between women and men and eliminating discrimination on the grounds of sex.</td>
</tr>
<tr>
<td>Recruitment and development policy</td>
<td>Policy that aims to specify the main points that must be applied by all the companies that make up Batz Group in their processes of selection and development of personnel in order to provide a team of professionals aligned with the mission, vision and values of the company.</td>
</tr>
<tr>
<td>International mobility policy</td>
<td>Document that contains the points that affect the various aspects that come into play in any expatriation process, such as economic, professional, psychological, sociocultural, and family-related aspects.</td>
</tr>
<tr>
<td>Communication policy</td>
<td>Document that establishes and defines the reference framework for the overall management of communication, including the various target audiences and the related communication channels.</td>
</tr>
<tr>
<td>Information security management manual</td>
<td>Reference framework that establishes the guidelines for the implementation of the Information Security System in the Batz Group’s area of activity, as well as the related responsibilities and authorities.</td>
</tr>
<tr>
<td>Work-family balance policy</td>
<td>Document that includes mechanisms regarding permissions, leave of absence and reduction of working hours.</td>
</tr>
<tr>
<td>Profession map</td>
<td>Framework that includes the professions, their description and the level of remuneration.</td>
</tr>
</tbody>
</table>
The BATZ Group is governed by the principles of transparent management and sustainability, taking into account the relevant factors for achieving a long-term sustainable organisation, which considers the interests of the main stakeholders and identifies the most important economic, social and environmental impacts.

Sustainability in the BATZ Group is based on ensuring that the needs of stakeholders are met, while the business develops and generates value, through the following action framework:
The Sustainability Framework of the BATZ Group is based on the following internal and external principles:

**Internal**
- Mission, Vision and Values of the BATZ Group
- Risk Management and Policy: people, commitment to the environment, public authorities and anti-corruption policies, customers and suppliers, information management
- Our Code of Conduct

**External**
- Main Sustainability Standards
- Sustainability in Automotive Manufacturers
- Benchmarking of Best Business Practices in CSR

We at the BATZ Group have identified the most important material issues, based on impact criteria that take into account the concerns of stakeholders, and those areas that are subject to active management, given their significance for the organisation.

In accordance with these criteria, a set of material impacts have been identified which have been evaluated and prioritised according to their importance for stakeholders and the business, as shown below.
COMMITTED TO OUR STAKEHOLDERS

Caring for and strengthening the relationships we maintain with our stakeholders is crucial to us. Our mission is clear, we are here to contribute to the success of our customers while participating in the socio-economic development of our environment. And this can only be achieved through trust, integrity, cooperation and transparency.

To achieve this, we have several official communication channels through which we can establish a dialogue and thus meet the expectations of our stakeholders, while building long-term relationships of trust with each and every one of them.

INTEREST GROUPS

<table>
<thead>
<tr>
<th>INTERNAL</th>
<th>SOCIAL BODIES</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>OUR PEOPLE</td>
<td>The Cooperative’s own communication channels</td>
<td>CLIENTS</td>
</tr>
<tr>
<td>Intranet</td>
<td>Intranet</td>
<td>Websites</td>
</tr>
<tr>
<td>Newsletter</td>
<td>Newsletter</td>
<td>Direct contact</td>
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<tr>
<td>Meetings</td>
<td>Meetings</td>
<td>Tech days</td>
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<td>Noticeboards</td>
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<td>Trade fairs and events</td>
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<td>Screens</td>
<td>Screens</td>
<td>Social networks</td>
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<tr>
<td>Ethics channel</td>
<td>Ethics channel</td>
<td>Visits to our premises</td>
</tr>
<tr>
<td>Satisfaction surveys</td>
<td>Satisfaction surveys</td>
<td>Reports</td>
</tr>
<tr>
<td>Welcome plan</td>
<td>Welcome plan</td>
<td>Catalogues</td>
</tr>
<tr>
<td>SUPPLIERS</td>
<td>Websites</td>
<td>Websites</td>
</tr>
<tr>
<td>Extranet</td>
<td>Social networks</td>
<td>Social networks</td>
</tr>
<tr>
<td>Meetings</td>
<td>Visits to our plants</td>
<td>Visits to our plants</td>
</tr>
<tr>
<td>SOCIETY¹</td>
<td>Websites</td>
<td>Reports</td>
</tr>
<tr>
<td>Websites</td>
<td>Press articles and interviews</td>
<td>Press articles and interviews</td>
</tr>
<tr>
<td>Social networks</td>
<td>Meetings</td>
<td>Meetings</td>
</tr>
<tr>
<td>Visits to our plants</td>
<td>Conferences, trade fairs and events</td>
<td>Conferences, trade fairs and events</td>
</tr>
<tr>
<td>GOVERNMENT AGENCIES AND INSTITUTIONS²</td>
<td>Websites</td>
<td>Visits to our plants</td>
</tr>
<tr>
<td>Social networks</td>
<td>Reports</td>
<td>Reports</td>
</tr>
</tbody>
</table>

¹ Includes the civilian society, associations, local organisations, NGOs, universities, training centres, technology centres…
² Includes government authorities, financial institutions, regulatory bodies, public funding bodies…

MEETING YOUR CHALLENGES

It is in our DNA. It is a maxim that summarises BATZ and reflects the commitment and customer orientation of all the people who compose it. Innovation, teamwork and our focus on achievement, among other values on which the company is based, allow us to establish long-term relationships of trust with our customers, supporting them in meeting targets and offering solutions for existing and future challenges.

Our values are the fundamental cornerstone of all our management practices and the principles around which we define our strategic framework to ensure the long-term sustainability of our business.
In the BATZ Group we have tools that help us to evaluate the strength and quality of our management, while certifying it in accordance with the main international standards that set the guidelines for defining and maintaining these Management Systems.

Our quality management system is implemented by business (Tooling and Automotive Systems), by plant and by process, thus focusing on meeting customer requirements in a systematic, reliable and sustainable manner.

The defined Management System includes the entire organisational structure, responsibilities, action procedures, processes and required resources established in BATZ for the management of quality, so as to continuously improve its effectiveness.

All the requirements of the IATF 16949 standard, as well as the specific customer requirements, are evaluated and included in the various processes that make up our quality management system (QMS).

In 2018 we obtained excellent ratings in our customers’ sustainability questionnaires, which assess the main indicators on environmental matters, employment practices, ethical management, human rights, etc. An average of 84% in the NQC platform (Volkswagen, BMW, Toyota, Volvo) and Silver recognition in Ecovadis (Groupe PSA, Renault) which also validates our customers’ perception of our business and our responsible management.
- X Anniversary of BATZ Kunshan and BATZ Mexicana.

- Opening of BATZ Automotive USA. A new customer relations model. In 2018, as a global supplier with a clear customer focus, we established our technical-sales office in Troy, Michigan, supporting our customers through local expertise.

- BATZ Artea. This plant, just a few kilometres from BATZ’s headquarters and focused on active aerodynamics, completes the abilities of the Igorre plant. The launch took place during the first quarter of 2018 with the production of AGSs. ARTEA, a Tier 1 automotive plant located in the Arratia valley, is a benchmark in the manufacture and delivery of active aerodynamic products to improve vehicle efficiency performance. It integrates innovative injection technologies (bi-material injection, Mucell injection...) as well as assembly and control of the aerodynamic equipment referred to above.

- Corporate Dragon Award: BATZ Kunshan. Awarded by the Official Spanish Chamber of Commerce in China. The highest distinction that recognises the history and achievements of companies in the field of commercial relations, investment and business cooperation between the two countries.

- Supplier Quality Excellence Award 2017 from General Motors Co. BATZ Kunshan. A distinction granted by the North American manufacturer worldwide to suppliers who demonstrate their commitment to excellence.

- Best Plant Excellence Award 2017 from Groupe PSA. BATZ Zamudio. This award recognises BATZ Zamudio’s management excellence as well as its commitment to PSA in achieving the objectives set out in its strategic plan “Push to Pass” and “PACE”, making it a benchmark plant for the manufacturer.

- ON Bizkaia Award. BATZ Energy. Recognition of Beaz, a public company of the Provincial Council of Bizkaia, as the best business spin-off.
At BATZ, we have always been very clear that our activity must yield results in today’s society, as well as leaving a legacy for future generations, as our founders did. This has been possible thanks to the strength of a business model that is based on solid principles and shared by all, with a clear mission: To grow in a constant and profitable way, through the development of innovative solutions and our commitment to the customer, without losing sight of the economic and social development of our environment.

This integral sustainable management is based on five axes:

- Ethical corporate governance
- People development
- Integration in society
- Supplier development
- Environmental responsibility
At BATZ, we are firmly committed to the protection of the environment and the respectful management of resources and our surroundings. In addition, we are committed to generating value by minimising the possible environmental impact, as established in the principles set out in our environmental policy, encompassing the entire BATZ Group.

Promoting the spirit of respect towards the environment.

We are convinced that good environmental management begins with the awareness of our professionals in this area. In this sense, we carry out periodic and specific training aimed at all people who in some way are involved in the Environmental Management System.

We also seek the involvement of our surrounding area in the actions that are adopted in environmental matters, through the dissemination of our policies and actions that have an impact on the improvement of our environment.
Our environmental impact

At BATZ, we improve energy performance by investing on energy savings and efficiency to contribute to the protection of the environment and enhance our competitiveness.

In this sense, we annually dedicate a series of human, economic and material resources to minimise the negative environmental impacts produced in our plants, as well as compliance with the applicable legal requirements in environmental matters.

To achieve these goals, one of the management system tools used is the Evaluation of environmental aspects.

ENERGY CONSUMPTION

We mainly consume electrical energy and natural gas, the latter exclusively for heating to improve the comfort level of our workers. The use of energy from other fossil fuels is insignificant and is used for the forklift truck fleet.

In 2018, overall energy consumption increased by 2.7% to 36,324 MW due to production needs. The plants with the highest energy demand are those with plastic injection processes.

In our plants, areas of action, structured into Energy Efficiency Plans, are defined and executed, including the replacement of conventional luminaires with LED technology luminaires, inspection of compressed air circuits to eliminate leaks, reduction in the heating time of moulds in injection machines, control of the presence/time for switching off lighting, investment in compressors with variable flow, to name just a few.

WATER CONSUMPTION

In addition to the use of water in toilets and fountains, it is also used in cooling circuits. Actions are taken to reduce consumption, such as installing aerators in the tap outlets. In this way the user experiences the same sensation when running water, but the volume consumed is lower, partly compensated by air bubbles.

Compared to the previous year, we have reduced consumption by 17.1%, partly because our environmental monitoring indicators have detected incidents in time that could be solved. In 2018, a total of 31,344 m³ of water was consumed, supplied entirely from public networks. Despite having administrative authorisation to use water from natural sources at one of our plants, there is no actual use of this resource, as we at BATZ are well aware that water is a scarce resource and that it is everyone’s responsibility to manage it properly.
WASTE MANAGEMENT

The majority of the waste managed is non-hazardous material, which comes from metal stamping waste, plastic injection waste and unpacking waste. 29.7% more waste was managed than in 2017, an increase mainly attributed to the improved identification and segregation of waste. In total it amounted to 8,073.9 tonnes, of which 7,595.5 tonnes were non-hazardous.

The greatest volume of hazardous waste is oily waste (emulsions and oils), followed by dirty washing water resulting from cleaning in the workshop, containers with chemical remains and impregnated solids.

It should be noted that only a small proportion of non-hazardous waste goes to landfills (11.57%), with the aim of keeping the quantity on a downward trend for the future.

CIRCULAR ECONOMY

At BATZ we are taking steps towards a system of resource use where reduction, reuse and recycling are paramount. Part of our waste ceases to be waste and becomes raw material again, beyond the traditional use of scrap, we can state that 100% of our plants in the Basque Country have replaced the traditional catering containers in their canteens with compostable containers, achieving a reduction of 94% of the plastic discarded. This area of action has recently been joined by the replacement of single-use cups in coffee machines with compostable cups.

ATMOSPHERIC EMISSIONS

All of our production plants assess their atmospheric emissions, complying with the current legislation applicable in each country. Both the environmental acoustic emission limits and the emission limits for atmospheric pollutants are observed. It is validated by independent measuring and reporting with accredited organisations in each field. The processes that require control are those related to welding procedures, with measurement of total particle emissions, natural gas combustion processes for air conditioning, associated with CO and NOx measurements and, lastly, the extractions installed in injection machines.

OUR CARBON FOOTPRINT

Using GRI conversion factors adapted from AECA, the equivalent tonnes issued by the BATZ Group are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Conversion factor (Tonnes CO₂)</th>
<th>Energy consumption (kWh)</th>
<th>Equivalent tonnes CO₂</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>0,000390</td>
<td>32,774,063</td>
<td>12,781,885</td>
</tr>
<tr>
<td>Natural gas</td>
<td>0,002009</td>
<td>3,549,764</td>
<td>604,362</td>
</tr>
</tbody>
</table>
MINIMISATION OF RAW MATERIAL CONSUMPTION

The reduction of raw material consumption in BATZ is considered from the conceptualisation and design phase of the products that will be later manufactured. In this way, we apply different design concepts focused on achieving the lightweighting of the various components. In this first phase, the various highly efficient production processes are also incorporated, which allows us to reduce material consumption resulting from non-productivity and non-quality (optimising band widths for metal parts, thickness for plastic parts, etc.). Our advanced engineering works continuously to improve the correlation between theoretical simulations and actual results, in order to achieve maximum optimisation of resources in our products and processes.

For some of these processes, alternatives are being studied that allow us to reduce the consumption of raw materials, such as the manufacture of additives, with which we anticipate a reduction in the number of re-works and, as a result, a reduction in the consumption of raw materials in the manufacturing processes in our die-making business.

During the manufacturing phase, the entire production chain is managed with Lean Manufacturing techniques that lead to an optimisation of resources and, therefore, of the various raw materials. This is achieved by increasing production efficiency in all processes through the implementation of the kaizen management philosophy of continuous improvement in time, space, waste, inventory and defects, as explained in our industrial model of BMS operational efficiency in a previous section of this document.

This constant review of all processes has led to an optimised raw material consumption of 14,068 Tn of sheet metal and cast iron and 10,689 Tn of plastic.

Certified environmental management system

We have been committed to respect for the environment since our inception. Our first environmental policy was signed in 2001 and entailed the strengthening of actions that respect the environment, which were acknowledged with the certification, in September 2003, of our Environmental Management System (EMS), based on the UNE EN ISO 14001 standard.

During all these years, and by using the continuous improvement methodology, the EMS has been optimised and updated and currently 100% of the BATZ Group plants are certified according to ISO 14001.
Collaboration with the environmental education programme, AZERTU, in its IBAIALDE version, allowing us to monitor the state of the rivers near our locations in Arratia:

Campaign to collect bottle tops for charity, 120kg during 2018 in Igorre. The collection is sent to the Sanfilippo Syndrome association and, at the same time, we are encouraging the correct segregation of plastic waste, reducing the environmental impact.

Development of Pull Planning in Logistics for the optimisation of our packaging. As a result, we reduce our footprint while ensuring that products are shipped in the best possible conditions. This is a global project which, as well as other areas, involves the transition from single-use containers to returnable containers.

Participation in the S-parcs programme (Envisioning and Testing New Models of Sustainable Energy Cooperation and Services in Industrial Parks) at our Artea site. The objective of this project, as part of Horizon 2020, is to explore and implement the most innovative business models in the field of energy efficiency in business parks and to exploit these opportunities for better management of energy expenditure.

Environmental training hours

2,410

100% of the BATZ Group plants are certified according to ISO 14001:2015
BATZ is made up of a team of women and men committed to the long-term success of our venture, working each day to achieve this common goal. And in order to do this, we strive to provide a safe and healthy environment where diversity, equal opportunities and the training and development of our people are paramount. In short, a place designed by and for people.

**Our people management model**

The BATZ Group manages people using a structured model that monitors them from the moment they enter until they leave the organisation, regarding their stay at BATZ as a process of continuous development. We call this model the Employee Life Cycle (hereinafter, ELC).

The ELC model is structured around our STRATEGY and, as a result, around the people management strategies that are established in order to achieve these first strategies which, logically, go hand in hand.

From this core, the different people management systems are identified and developed, serving as a guide to support them throughout their professional career.

**Attraction**

BATZ identifies and manages various channels of communication in order to attract talent:

- Connecting with universities and professional centres in a structured way. (table of partnerships in Society)
- Connecting with research centres and organisations that possess a great deal of knowledge. (table of partnerships in Society)
- Managing social networks (Linkedin and others in which knowledge flows). (Communication map defined in the BATZ Group Communication Policy).
- Promoting ourselves in the Employment Forums. (table of partnerships in Society)

**Selection**

Selection is one of the central factors in people management and must therefore be supported by the best management systems, namely the following:

- The implementation of a selection process requires the prior planning of the human resources needed in the company, from both a quantitative and qualitative point of view.
- After this planning, the process of selecting personnel begins or, more specifically, the process of acquiring skills. This process will be based on skill-based management models. Identifying the necessary profiles or, more precisely, the critical skills for the advancement of the company will provide the basis for this selection. Of course, the recruitment may take place inside as well as outside the company.
- When that person joins the company for the first time, their expectations begin to be met. This first meeting takes place at the time of the initial induction. It is important to introduce ourselves as a company, to make the person feel welcome, to teach them what BATZ is, what values it stands for, how it manages people, how they can move around in the company on a day-to-day basis (administrative aspects), to explain their role (and the Occupational Risk Prevention issues associated with it), and the main relationship networks that they will be involved in every day.
- However, in a Cooperative there is a second welcome, as important or even more important than the first: When the person becomes a member of the cooperative, that person will require an induction process that is more focused on their new status in the company.
- Furthermore, if the recruitment involves international relocation, the company has an International mobility policy, which includes the conditions for such relocation, details of cover at the destination, management of relocation, etc.
Development

Once a person begins to be part of the BATZ team, we start to focus on their development. We recognise and incentivise effort and work through internal promotion policies, equal opportunities and the application of a profession model. Additionally, and through annual development interviews, people are working on the definition of plans for their professional development.

- This process will involve developing their skills, based on a system that identifies the areas to be developed (training and development plans). At BATZ there are internal training initiatives that affect all of our staff, in languages, corporate and technical skills and management systems, to name a few.
- The identification of the areas to be developed is based on the performance evaluation: the manager evaluates their team and oversees its development.
- But for the manager to be able to carry out this task, the role of the manager needs to be identified, the role that the manager must play in the organisation to achieve the development and involvement of their team, and this takes place through their training (leadership development plans).

DEVELOPMENT OF THE LEADERSHIP ROLE.

Since 2016, the BATZ Group has been working on the Leaders Role Project, a project that has involved identifying our values as a group, defining the skills that all our leaders must possess, and specifying the role they must play in the organisation in order to achieve the development and involvement of their team.

The managerial style is decisive in the creation of a shared vision, in generating commitment in the team, in specifying how things are done and, therefore, in the majority of those who work in the Group, even if we are not fully aware of this. The behaviour of the manager when planning, organising and supervising work, motivating, setting objectives, listening to and coordinating their team, etc. will determine our ability to lead change and adapt to the environment at all times and, therefore, to our sustainability as a company.

This has led to the implementation of an ambitious plan for leadership training and empowerment, driven by the BATZ Group’s own Management Committee.

Training

<table>
<thead>
<tr>
<th></th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house environmental training received by workers hrs.</td>
<td>98,0</td>
<td>0,0</td>
<td>150,0</td>
<td>520,0</td>
<td>8,0</td>
<td>16,0</td>
<td>4,0</td>
<td>276,0</td>
<td>730,0</td>
<td>0</td>
<td>1.802,0</td>
</tr>
<tr>
<td>External environmental training received by workers hrs.</td>
<td>18,0</td>
<td>0,0</td>
<td>80,0</td>
<td>0,0</td>
<td>20,0</td>
<td>0,0</td>
<td>4,0</td>
<td>72,0</td>
<td>414,0</td>
<td>0</td>
<td>608,0</td>
</tr>
<tr>
<td>Training in Occupational Health and Safety: risks in the workplace hrs.</td>
<td>84,0</td>
<td>11,0</td>
<td>150,0</td>
<td>1.040,0</td>
<td>8,0</td>
<td>8,0</td>
<td>8,0</td>
<td>82,0</td>
<td>84,0</td>
<td>0</td>
<td>1.475,0</td>
</tr>
<tr>
<td>Training in Occupational Health &amp; Safety: maintenance methods (cranes, platforms, forklifts, work at height) hrs.</td>
<td>299,0</td>
<td>46,0</td>
<td>80,0</td>
<td>176,0</td>
<td>8,0</td>
<td>16,0</td>
<td>8,0</td>
<td>217,0</td>
<td>80,0</td>
<td>0</td>
<td>930,0</td>
</tr>
<tr>
<td>Other training hrs.</td>
<td>25,0</td>
<td>1.270,0</td>
<td>90,0</td>
<td>240,0</td>
<td>8,0</td>
<td>24,0</td>
<td>24,0</td>
<td>nada</td>
<td>102,0</td>
<td>0</td>
<td>1.783,0</td>
</tr>
<tr>
<td>Total hrs training all types</td>
<td>524,0</td>
<td>1.327,0</td>
<td>550,0</td>
<td>1.976,0</td>
<td>52,0</td>
<td>64,0</td>
<td>48,0</td>
<td>921</td>
<td>1.410,0</td>
<td>0</td>
<td>6.872,0</td>
</tr>
</tbody>
</table>
**Commitment and retention**

It is fundamental to the success of any project that the person feels valued within the company and, therefore, recognised. BATZ recognises and encourages effort and work through internal promotion policies, equal opportunities and the application of a professions model, among other things, as detailed below:

- Career curves are identified (both in terms of horizontal and vertical mobility).
- Compensation systems are established that aim not only to achieve the objectives but also to develop the critical skills of the organisation.
- Structured systems of welfare benefits are established.
- Recognition Systems are implemented to validate the person's contribution to the organisation.
- Policies that allow a balance between work and family life are defined.
- Organisational models are improved to promote the development of people's skills and the person-position match.
- Internal communication processes are worked on, which are very important to obtain commitment from people.
- People management is carried out promoting gender equality.

*All policies and their description are found in point Policies*

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**Equality plan**

In compliance with the current legal framework for the equality between men and women, in 2013 we carried out an external analysis of BATZ S. Coop. in this area with a very satisfactory result in terms of compliance with the requirements.

This analysis led to the development of a specific action plan and the establishment of an equality committee. This committee is made up of members from different business areas, is appointed every four years and meets annually.

The activities of the Equality Plan are divided into three areas:

**Values:** to work on the values of gender equality in the company so that it forms part of its culture and expertise. In addition to making equality visible in its strategy.

**People management:** To incorporate a gender perspective in the processes of people management: selection, promotion, training, working conditions in general, promotion of occupational health and prevention of occupational risks, work-life balance, prevention and detection of sexual and gender-based harassment, etc.

**Communication:** to activate internal and external information and communication on the activities that are undertaken and the progress made in terms of equality. The aim is to be aware of the equality in the use of language and images in all advertising and in the external image of BATZ and in the corporate communication of the organisation, in order to break with stereotypes linked to the automotive sector.

This is a plan which, in this first phase, is confined to the cooperative, but it should be noted that BATZ complies with the principles laid down in legislation by having an advanced management plan, a map of professions and because equality (of all kinds) is a very internalised subject within the whole group, not a matter of quotas.
### Employee gender diversity

<table>
<thead>
<tr>
<th>No. of women with contract</th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>103</td>
<td>8</td>
<td>19</td>
<td>90</td>
<td>60</td>
<td>6</td>
<td>9</td>
<td>24</td>
<td>120</td>
<td>0</td>
<td>439</td>
<td></td>
</tr>
<tr>
<td>% of women with contract</td>
<td>15.49%</td>
<td>5.50%</td>
<td>14%</td>
<td>68%</td>
<td>29.41%</td>
<td>50%</td>
<td>40.90%</td>
<td>20%</td>
<td>40.80%</td>
<td>0</td>
<td>28%</td>
</tr>
</tbody>
</table>

### Gender diversity in senior management positions

<table>
<thead>
<tr>
<th>No. of people with employment contracts in senior management positions</th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>n/a</td>
<td>7</td>
<td>7</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>8</td>
<td>1</td>
<td>48</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of women with employment contracts in senior management positions</th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>n/a</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of women with employment contracts in senior management positions</th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
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<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>44%</td>
<td>0</td>
<td>43%</td>
<td>43%</td>
<td>44.44%</td>
<td>0</td>
<td>0</td>
<td>57%</td>
<td>12%</td>
<td>0</td>
<td>24%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of male employees benefiting from paternity leave</th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>36</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of female employees benefiting from maternity leave</th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

“The participation of women in the governing and social bodies of BATZ S. Coop, the parent company of the group, is 25%, in proportion to the percentage of women in the total workforce. These are the highest representative and governing bodies elected from and by the cooperative’s own members.”

Our subsidiary in Mexico is known for the intense work it does, month after month, recognising its people:
- Employee of the month
- Years of loyalty (seniority)
- Team of the month.
- Graduation of younger siblings (new intake staff who complete their probationary period).

In addition, we hold events and celebrations aimed at fostering a feeling of belonging and promoting labour relations among all BATZ members, such as open days, Christmas dinner, International Women’s Day and Euskera celebrations, to name but a few.

### Benefits

- Nursery voucher
- Medical service
- Worker scholarships
- Language classes
- Lunch assistance
- …
**Leaving the organisation**

As well as being welcomed, at BATZ we consider it extremely important to manage the departure from our organisation. Whatever the reason for their departure, we are aware of their dedication, time and effort in making our business grow, and we must ease their way.

- This departure may be by way of retirement (which may involve specific retirement plans and the management of administrative processes to support their entry into this new situation).
- It might also be a departure from the company that involves helping the worker by setting up various outplacement processes.
- Any departure requires a continuum. Therefore, the organisation implements the corresponding succession plans.

**Occupational health and safety**

BATZ facilitates and ensures that the tasks and activities of everyone who is part of it are carried out in a safe environment, ensuring that all the requirements for prevention, safety and ergonomics are met, and offering the necessary training and methodology for the correct execution of our activities. To this end, we have implemented a certified occupational health and safety resource management system and an occupational health and safety plan. We also have an Occupational health and safety policy that is adapted to each production plant.

---

**Training in Occupational Health and Safety**

<table>
<thead>
<tr>
<th></th>
<th>2,405 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEVERITY RATE</strong></td>
<td>0,42</td>
</tr>
<tr>
<td><strong>FREQUENCY RATE</strong></td>
<td>31,77</td>
</tr>
</tbody>
</table>

76% of the BATZ Group plants are certified according to OHSAS 18001

47% of workers qualified to act in emergencies

---

We also have our own in-house medical and nursing service as well as agreements with mutual societies and other medical service providers in all of our locations... Furthermore, we promote health campaigns and activities to encourage healthy living habits on a regular basis.

---

**CAMPAIGNS FOR HEALTH AND HEALTHY HABITS**

Campaign to detect chronic diseases, health week, vaccination campaigns (Influenza, TD, hepatitis, reproductive health, first aid), sessions on nutrition, anti-smoking campaign, nordic walking…
Other activities included in occupational health and safety management in 2018

Psycho-social risk assessment.

In addition to ensuring that our business is conducted in a safe and secure environment, at BATZ we also identify opportunities to improve our working environment through the assessment of psycho-social risks through individual and anonymous interviews with a randomly selected group of people in which risk factors are identified and improvement measures are established in the conditions prevailing in a work situation directly related to the organisation of work and its social environment as well as to the work content and the performance of the task.


During the past year, BATZ S. Coop was certified under the ISO 45001 standard, signifying a change in the management of prevention and occupational health, given that it integrates the well-being of the organisation’s people through its Occupational Health and Safety Management System:

- Management and workers play a greater role
- Influence of the organisational environment on health and safety performance at work.
- Introduction of the concepts of risk and opportunity.

**Occupational health and safety**

<table>
<thead>
<tr>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of employees involved in work activities considered to be at risk</strong></td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>1</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Absenteism due to illness</strong></td>
<td>5.32%</td>
<td>7.78%</td>
<td>2.30%</td>
<td>7.71</td>
<td>0.42%</td>
<td>0.52%</td>
<td>1%</td>
<td>1</td>
<td>1.27</td>
<td>0</td>
</tr>
<tr>
<td><strong>Severity Index: (number of days lost/number of hours worked)*10E3</strong></td>
<td>0.84</td>
<td>1.57</td>
<td>1.42</td>
<td>0.00</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td>0.41</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Frequency Index: (no. of accidents/no. worked)*10E6</strong></td>
<td>19.97</td>
<td>40.56</td>
<td>59.00</td>
<td>180.00</td>
<td>5.46</td>
<td>0.00</td>
<td>0.00</td>
<td>31.52</td>
<td>1.14</td>
<td>0</td>
</tr>
</tbody>
</table>
### Staff profile

<table>
<thead>
<tr>
<th></th>
<th>BATZ S. Coop</th>
<th>BATZ Araluce</th>
<th>BATZ Zamudio</th>
<th>BATZ Czech</th>
<th>BATZ Kunshan</th>
<th>BATZ Guangzhou</th>
<th>BATZ Chengdu</th>
<th>BATZ Brasil</th>
<th>BATZ Mexicana</th>
<th>BATZ Automotive USA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of employees with contract</td>
<td>665</td>
<td>147</td>
<td>139</td>
<td>133</td>
<td>204</td>
<td>12</td>
<td>22</td>
<td>120</td>
<td>294</td>
<td>2</td>
<td>1738</td>
</tr>
<tr>
<td>No. of employees with indefinite contract</td>
<td>531</td>
<td>143</td>
<td>139</td>
<td>116</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>118</td>
<td>199</td>
<td>2</td>
<td>1256</td>
</tr>
<tr>
<td>No. of employees with temporary contract</td>
<td>134</td>
<td>4</td>
<td>0</td>
<td>17</td>
<td>196</td>
<td>12</td>
<td>22</td>
<td>2</td>
<td>95</td>
<td>0</td>
<td>482</td>
</tr>
<tr>
<td><strong>Distribution by age (total no.)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 30</td>
<td>61</td>
<td>13</td>
<td>17</td>
<td>33</td>
<td>39</td>
<td>7</td>
<td>4</td>
<td>38</td>
<td>147</td>
<td>0</td>
<td>359</td>
</tr>
<tr>
<td>30 - 50</td>
<td>466</td>
<td>65</td>
<td>87</td>
<td>90</td>
<td>164</td>
<td>4</td>
<td>18</td>
<td>75</td>
<td>129</td>
<td>1</td>
<td>1099</td>
</tr>
<tr>
<td>&gt; 50</td>
<td>138</td>
<td>69</td>
<td>35</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>6</td>
<td>18</td>
<td>1</td>
<td>141</td>
</tr>
<tr>
<td>Average age</td>
<td>43.5</td>
<td>47.42</td>
<td>42</td>
<td>38.42</td>
<td>37</td>
<td>32</td>
<td>35</td>
<td>34</td>
<td>31</td>
<td>43.5</td>
<td>38,391</td>
</tr>
<tr>
<td><strong>Categories</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. Senior managers</td>
<td>16</td>
<td>2</td>
<td>7</td>
<td>7</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>9</td>
<td>1</td>
<td>61</td>
</tr>
<tr>
<td>No. Middle managers</td>
<td>47</td>
<td>12</td>
<td>6</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>11</td>
<td>0</td>
<td>87</td>
</tr>
<tr>
<td>No. Rest MOI</td>
<td>267</td>
<td>35</td>
<td>30</td>
<td>38</td>
<td>82</td>
<td>6</td>
<td>9</td>
<td>42</td>
<td>18</td>
<td>1</td>
<td>575</td>
</tr>
<tr>
<td>No. MOD</td>
<td>335</td>
<td>98</td>
<td>96</td>
<td>85</td>
<td>113</td>
<td>5</td>
<td>12</td>
<td>61</td>
<td>256</td>
<td>0</td>
<td>1014</td>
</tr>
<tr>
<td>No. of employees with disabilities*</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Net job creation</td>
<td>-29</td>
<td>0</td>
<td>23</td>
<td>10</td>
<td>-17</td>
<td>0</td>
<td>0</td>
<td>31</td>
<td>135</td>
<td>2</td>
<td>155</td>
</tr>
<tr>
<td>Average no. of years of employee service in the company</td>
<td>9.5</td>
<td>20.35</td>
<td>8.3</td>
<td>6</td>
<td>3</td>
<td>3.7</td>
<td>3.9</td>
<td>3.33</td>
<td>2.58</td>
<td>1.55</td>
<td>6,221</td>
</tr>
<tr>
<td>Percentage of employees covered by collective bargaining agreements</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*BATZ provides access to employment for people with disabilities either through direct hiring or by subcontracting products and services to special employment centres.
**Employee relations**

The organisation of social dialogue, including procedures for informing, consulting and negotiating with staff, is defined in accordance with the legislation of each region, with 100% of its employees covered by collective bargaining agreements. For us, respect for union and employment legislation, non-discrimination policies, compliance with the Code of Conduct, and occupational health and safety are priorities.

Given the diversity of areas, channels and specific objectives on which the internal communication is structured at BATZ, the issuers are specified for each channel defined below, as well as in the internal communication map of the BATZ Group.

The channels, goals and basic contents related to them and the issuers that should facilitate the dynamisation and efficiency of the internal communication processes of BATZ are global in scope for all companies and subsidiaries. Notwithstanding the foregoing, and given the cultural, organisational and/or corporate differences of the companies that make up the Group, they may propose the approval in the corresponding bodies of additional channels of communication or certain adaptations to be applied locally that, in any case, comply with the lines defined in the global policy of the BATZ Group.

**Internal communication map**

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>INSTITUTIONAL</th>
<th>EXECUTIVE OR MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHANNEL</td>
<td>Intranet</td>
<td>Team Meetings</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>To offer information on the highlights of the BATZ Group</td>
<td>A communication forum between command and employees to discuss the evolution of the objectives of the area, involve and motivate the team and provide a bottom-up communication on all types of concern (business or social)</td>
</tr>
<tr>
<td>MAIN ISSUER</td>
<td>General Management</td>
<td>All Command</td>
</tr>
<tr>
<td>ADDRESSED TO</td>
<td>All personnel</td>
<td>Employees</td>
</tr>
<tr>
<td>FREQUENCY</td>
<td>Continuous</td>
<td>Bimonthly</td>
</tr>
<tr>
<td>RESPONSIBLE FOR THE CONTENT</td>
<td>Head of Communication</td>
<td>Corresponding command</td>
</tr>
</tbody>
</table>
Our code of conduct

BATZ Group has had a code of conduct since 2017. It is more than a document and contains various rules and procedures that regulate the responsible behaviour of all the people who make up BATZ. The code of conduct aims to reinforce a corporate culture that already existed in the BATZ Group, built on our inherent company values.

Compliance with the Code is based on cooperation, trust and respect, as well as on the confidential treatment of all communications between the people representing the BATZ Group and the third parties with whom it is in contact.

Area of application

The Code of Conduct applies throughout the BATZ Group at a GLOBAL level, without prejudice to the continued respect for any local legislation that may strengthen the minimum and mandatory requirements described here.

People to whom the Code applies

Everyone in the BATZ Group, including the Companies Controlled by BATZ, S. Coop., and extending, as far as possible, to Suppliers, Associates and Clients.

Communication of the Code

This Code of Conduct is communicated to all new recruits in the BATZ Group through the Induction Plan established for that purpose. For Personnel already employed on the date of approval of the Code of Conduct, it will be promoted via the intranet or through the specific documentation provided for this purpose. With respect to third parties or interest groups, dissemination of the Code of Conduct will be made through the website or through specific publications. It will be the responsibility of the Management of each Controlled Company to ensure that there is effective dissemination of the Code of Conduct.

The Compliance Committee

The BATZ Group Compliance Committee, chaired by the Compliance Manager (Compliance Officer), has jurisdiction in all aspects of the compliance function. The Compliance Committee drafts and proposes the content of this Code of Conduct as well as the set of Protocols that make up the BATZ Group Compliance Programme which, once approved by the Governing Board of BATZ, S.Coop., are of obligatory compliance for all people.

Non-compliance and communication to the Ethical Channel

Failure to comply with this Code of Conduct constitutes an infringement of the Compliance Programme, and may lead to employment or company sanctions, without prejudice to the relevant administrative or criminal sanctions. To facilitate compliance with the Code of Conduct, there is a confidential and internal Ethical Channel, through which:

- Any possible questions about the interpretation or practical application of the Code of Conduct are managed.
- Any possible violations of this Code are reported.

Every Person belonging to BATZ S. Coop. who has knowledge of an Area for Improvement or Non-compliance with this Code of Conduct or with the Protocols that implement it must notify this knowledge immediately to the Compliance Officer, through the Ethical Channel.

Notification to the Compliance Officer may be made in either of the following ways:

- Ethical Channel on the Intranet of BATZ.
- By sending a letter, for the attention of the Compliance Officer, to: Compliance Officer. BATZ S. Coop. Torrea, 2. 48140 IGORRE (Bizkaia). Spain.
The person who makes the notification will be informed of the progress made by the Ethical Channel.

During 2018 there were 6 communications received, of which only one could be considered applicable to compliance with this code. The rest were dealt with through the appropriate communication channels or were merely proposals for improving the conduct channel itself. In the only case that was applicable, the subsequent investigations were carried out, informing the concerned of the results and future actions in relation to it.

*Principles that guide the behaviour of all the people who are a part of BATZ*

**PEOPLE**

**Health and safety**

We are committed to offering the People who make up the BATZ Group, as well as Suppliers, Associates and Clients, a safe and healthy work environment with regard to the processes as well as the installations and the services.

All the people who perform their duties at the BATZ Group centres are obliged to know and comply with the rules and to use the resources established by the BATZ Group, relating to occupational health and safety, in a safe and responsible manner, with the objective of preventing and minimising occupational hazards.

**Prohibition of forced labour and recruitment policy**

The BATZ Group does not use nor does it directly or indirectly resort to work obtained against the person’s free will through the use of threats, punishments, deprivations, the application of systems of slavery or semi-slavery or through any other human rights violations. The BATZ Group pursues a recruitment policy in accordance with the legislation in force, including, in conformity with this, anything that gives entitlement to social protection, which demonstrates a commitment to stable and quality employment, and establishes a remuneration policy that provides a decent standard of living.

The BATZ Group addresses the expectations and needs of the People with the aim of achieving an adequate balance between their private and their professional life, with a view to ensuring that these measures do not detract from the competitiveness of the organisation, paying special attention to the obligations of those people who must care for dependents.

**Equality and a respectful work environment**

The BATZ Group aims to create a work environment in which trust and mutual respect prevail, so that everybody will pursue, at all professional levels, relationships based on mutual respect, integrity, cordiality, trust and collaboration and effort in teamwork, fostering a respectful work environment among colleagues, line managers and people in charge, in order to achieve a positive working atmosphere.

We adhere to a rigorous and objective selection policy, paying attention exclusively to the academic, personal and professional merits of the candidates and to the needs of the BATZ Group.

The BATZ Group training programmes guarantee equal opportunities and career development and contribute actively to the achievement of the Group's objectives. Also, promotion is based on the merit, ability and individual performance of the People.

Accordingly, we expressly undertake not to discriminate on the basis of race, religion, sex, age, nationality, sexual orientation, gender identity, marital status, disability or any other circumstance likely to be a source of discrimination.
Privacy, use of personal data and confidentiality

The BATZ Group respects people's right to privacy, in all its forms, as well as the personal communications of people via the Internet and other means of communication. In particular, the privacy and confidentiality of personal data will be respected. Access to personal data is limited to certain, duly authorised company personnel, who will be required to sign a Confidentiality Agreement.

Accordingly, the BATZ Group undertakes not to disclose personal data unless the interested parties consent or in cases of legal obligation or compliance with judicial or administrative rulings. Under no circumstances may personal data be processed for purposes other than those provided for either legally or contractually.

COMMITMENT TO THE ENVIRONMENT

Environment

The BATZ Group is committed to minimizing the environmental impact of its activity. We, therefore, have environmental management systems that ensure compliance with the legislation and the continuous improvement in processes.

The people, within their area of responsibilities, should strive to minimise the environmental impact derived from the use of the installations, assets and resources made available to them by the BATZ Group and must actively and responsibly commit themselves to the conservation of the environment. In particular, (i) they must be aware of and comply with the environmental rules, instructions and procedures in force in their workplace, and (ii) within their area of responsibility and in accordance with the policies of the BATZ Group, they must endeavour to improve the conditions of the installations from the environmental point of view and to apply an efficient management of environmental components.

Healthy life

The BATZ Group promotes a healthy life among its People, in particular, through the occupational risk prevention service and OSHAS 18001:2007 certification.

CLIENTS AND SUPPLIERS

The BATZ Group uses criteria based on sustainability and social responsibility in its supplier selection processes, promoting the application of socially responsible practices throughout the organisation's supply chain. Everybody should apply criteria of quality, opportunity, cost and sustainability in the processes of selecting suppliers and customers, always acting in the interests of the BATZ Group. This obligation particularly affects those who have to make decisions on contracting supplies and services and those who decide the financial conditions of transactions with Clients.

The Anti-Corruption Policy established in section 5.3 of the Code applies to all relationships with Suppliers, Associated Persons and Clients.
INFORMATION MANAGEMENT

The information generated whilst performing the professional activity of the BATZ Group (technical, financial, commercial, etc.) is owned by the BATZ Group, and should therefore be protected. That which is not owned by the BATZ Group must be used in accordance with legal provisions.

Non-public information held by the BATZ Group, whether in computerised or any other format, will, in general, be considered as Confidential Information. The People who make up the BATZ Group must, therefore, respect the principle of professional secrecy.

PROTECTION OF INDUSTRIAL-INTELLECTUAL PROPERTY, RESPONSIBLE USE OF THE COMPANY’S ASSETS AND RESOURCES

Industrial or intellectual property developed by Personnel of the BATZ Group is an asset that must be protected and used well.

The rights of exploitation of intellectual property, industrial property and business secrets generated by the People during the performance of their professional activity in the BATZ Group, will be owned by the Group.

In addition, intellectual property rights (copyrights, patents, utility models, industrial designs, trademarks, domain names and other rights) shall be respected as well as the business secrets of the Clients or any other third parties with whom the BATZ Group has contact.

The erroneous or reckless use of the assets and resources that are made available to People entails a serious risk for the BATZ Group and the People who comprise it. Consequently, the BATZ Group seeks to protect IT security and prohibits the use of unauthorised software. People in the BATZ Group must not install or use on the computer equipment of the BATZ Group any malicious software or any other illegal software or application that is not covered by the appropriate official license or which carries the risk of introducing any element dangerous to the security of the computer systems of the BATZ Group or of third parties.

The BATZ Group provides its workers with the assets and resources necessary for the performance of their activity. The custody and management of their access passwords will be the responsibility of each Person, applying the Protocols developed in this respect. It is also the responsibility of the People who are part of the BATZ Group to make good use of the computerised resources received in order to avoid causing damage to external properties, such as disabling or deleting data, programmes or computer documents.

PROMOTING THE IMAGE AND REPUTATION OF THE BATZ GROUP

The BATZ Group has a solid reputation due to its extensive experience and to its reliable and loyal technical team who are committed to the Values, Ethical Principles and know-how that make up the culture of the BATZ Group.

All employees must take the utmost care in preserving the image and reputation of the BATZ Group in all its professional activities. They must also safeguard the respect for and the correct and appropriate use of the corporate image and reputation insofar as the Suppliers, Associates and Clients are concerned.
CORRUPTION
AND BRIBERY

The relationships with the Authorities, Regulatory Bodies and Public Administrations will be considered under the principles of cooperation and transparency.

The BATZ Group will fulfil its duties before the various Public Administrations, in particular, with the Tax Office, Social Security and those in respect of any subsidies received.

Corruption

The BATZ Group is against corruption, in all its forms, as well as unlawfully influencing the will of people outside of the BATZ Group in order to obtain some form of benefit or advantage. Extortion and bribery are expressly prohibited, including the direct or indirect offer or promise of any kind of illicit advantage, as well as influence peddling.

The prohibitions established in this section also extend to persons closely related by family ties or friendship to the private individual, authority or public official concerned.

Gifts policy

Gifts or freebies are intended to promote the image of the BATZ Group brand. Neither the management nor other members of the BATZ Group may offer, give, solicit or accept, directly or indirectly, any gifts, invitations, favours or compensations, in cash or in kind, of whatever nature, for illegal purposes or contrary to this Code of Conduct.

Subsidies

The request for subsidies by any of the companies of the BATZ Group will always be supervised by the Group’s Financial Corporate Area, which will ensure the correct application of the relevant regulations, with external advice for their management and ensuring their correct justification through external audits.

It will ensure that the subsidies requested or received from the Public Administrations receive the appropriate use, avoiding any falsification of the conditions for receiving them or giving them a different use to the one for which they were awarded.

Prevention of money laundering and the financing of terrorism

The BATZ Group will comply with the national and international provisions that apply to them for money laundering and the financing of terrorism.

Customer identification, information and internal control measures will be applied and maximum cooperation will be given to the competent authorities.

In order to prevent and avoid money laundering or the financing of terrorist operations arising from criminal or illicit activities, employees should pay particular attention to the prevention of conduct that may be related to such illicit behaviour.


Conflicts of Interest

The BATZ Group believes that the relationship with the People who form the Group must be based on loyalty derived from common interests. Consequently, people should avoid any situation which produces a Conflict of Interest.

Political activity

Any Person from the BATZ Group has the right to participate on an individual basis in political matters but their participation in politics will not be related to the Group.

No BATZ Group company may illegally fund candidates or political parties.

It is strictly prohibited to access funds or credits of public origin without the prior authorisation of the Financial Director of the BATZ Group.
SOCIETY

One of the key pillars of BATZ is the commitment to our environment. It is thus our obligation and responsibility to actively contribute to its social, economic and environmental improvement. Thus, BATZ pursues sustainable development through transparency, commitment, teamwork, talent development, and respect. In summary, it works through ethical and sustainable values that have been internalised in our culture since our inception.

Generating wealth in our environment.

We promote initiatives for economic and social development based on respect for the communities in which we are integrated, internalising each culture and its reality. Additionally, our presence in various locations across the world stimulates, directly and indirectly, the generation of employment, promotes the training and qualification of people, and drives the economic activity in our immediate environment. We can say that our initiatives are aligned with the sustainable development agenda 2030.

Some of the social initiatives and collaborations of the BATZ Group

<table>
<thead>
<tr>
<th>Commitment to culture and sport</th>
<th>We support and promote initiatives related to sport and culture by sponsoring and organising both cultural and sporting activities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to work-home life balance</td>
<td>We promote the reconciliation of professional and family life not only of our internal talent, but also participating in external initiatives such as Red Dentbbara sarea and Fundación Novia Salcedo.</td>
</tr>
</tbody>
</table>
| Commitment to social and professional integration | • Lanbide  
• Behargintza  
• Beharbide  
• Bizkaia Talent  
• Novia Salcedo Foundation  
• Mundukide  
• Dar Taliba Moroccan Association  
• Gure Seheak Association (rare diseases)  
• AVIFES (Biscayan Association of relatives and mentally ill people)  
• ASAEX Association of People and Families Affected by Vesical Exrophy, Cloacal, Epispadias and Related Conditions  
• Northern Kings wheelchair basketball association.  
• NGOs Basque House (China)  
• Ezequiel Hernández Romo Institute for the blind and visually impaired (Mx)  
• Central Hospital of the State of San Luis Potosi (Mx) |
| Commitment to the development of our environment | Errota Foundation  
Eгаз Txorierrri |
| Other | Collection of bottle tops to support Niños SanFilippo |
Disclosure as the engine of value generation

At BATZ, we are committed to generating value and promoting the development of our environment through the transfer of our knowledge, whether through patents, publication of technical articles, agreements with the public-private sector, or participation in forums, among others. We firmly believe that the communication of knowledge constitutes a decisive pillar in economic and social development.

- Photovoltaic sector workshop. Organised by the Basque Energy Cluster and the Tecnalia Foundation
- JNIC Congress, National Conference on Cybersecurity Research. Organised by INCIBE, Mondragon University
- Nissan Innovation Day. Organised by MONDRAGON
- Demo Day Bind 4.0. Organised by SPRI
- Intergune Internationalisation Forum. Organised by SPRI
- Forum 400, Management Forum. Organised by Mondragon
- CAMPUS AIC, automotive immersion programme. Organised by the Automotive Intelligence Centre
- The International Suppliers Fair (IZB). Organised by Wolfsburg AG | MobilityBusiness
- Indussec, cybersecurity for industry. Organised by SPRI and the Basque Cybersecurity Centre
- Be Basque Talent Conference. Organised by Bizkaia Talent
- Basque Talent Observatory. Organised by Bizkaia Talent
- China Hi-Tech Fair. Organised by China Hi-Tech Transfer
- Job Talent Open Day for automotive. Organised by the Automotive Intelligence Centre
- VI Hot Stamping Technical Forum. Organised by Instituto de Fundición Tabira and IK4-AZTERLAN
- ANTEC, the plastics technology conference. Organised by SPE-Plastics Professional Society
- Investment and business opportunities in Spanish technologies. Organised by the European Investment Bank (EIB)
- Materials in car body engineering. Organised by Automotive Circle
- AEROMAT. Organised by BCI Aerospace
Historically we have been committed to protect and value the knowledge generated in BATZ, this being reflected in the various patents applied for in recent years. At present we have 52 patent groups in force, which shows a remarkable activity in industrial property. (Source: Galbaian).

Also, in 2018 we held the third BATZ Innovation Summit, an event open to professionals in the automotive sector that addressed the challenges and opportunities around active aerodynamics, with the participation of the major OEMs in this field. This event is scheduled to take place annually.

Lastly, BATZ participates in the trade associations most representative of its field of activity in the countries where it operates.

Commitment to the professionals of the future

At BATZ, we perform actions to favour the access of young people to their first job, as well as improving our positioning among young people in order to attract profiles that share our mission, vision, and values. In this sense, in addition to participating in trade shows and employment forums or organising visits to our facilities, BATZ carries out an intense work of dissemination and talent development while collaborating with training, innovation and training programmes in all the countries where it is present, ranging from Dual Training to projects such as the Formula Student, in which engineering students develop a single seat car for competing in international circuits.

**TRADE ASSOCIATIONS**

**Aeronautics**
Hegan – Aeronautics Cluster

**Energy**
Basque Country Energy Cluster
Unef – Spanish Photovoltaic Union
Protermosolar

**Automotive**
ACICAE – Basque Country Automotive Cluster
Automobilový klastr – Czech Republic Automotive Cluster

**AGREEMENTS WITH UNIVERSITIES AND TRAINING CENTRES**

**BATZ S. COOP.**
- UPV-EHU
- Mondragon Unibertsitatea
- AIC
- HETEL
- Armeria Eskola
- Zulaiabar
- Leartiker
- Maristak Durango Ikastetxea
- Salesianos

**BATZ ZAMUDIO**
- Bidebieta Formación Profesional
- Zornotza
- Elorrieta Erreka Mari
- CIFP Repélega
- Instituto Mendizabala
- Centro Integrado de Formación Profesional Emilio Campuzano
- Barrutialde Institutoa
- IES Galdakao

**BATZ CZECH**
- Technical university in Ostrava : Vysoká škola báňská-Technická Univerzita

**MÉXICO**
- Universidad Tangamanga
- Universidad Politécnica de San Luis Potosí
- Escuela Bancaria y Comercio
- UTEC - Universidad Tecnológica del Estado de San Luis Potosí
- Universidad Autónoma de San Luis de Potosí
- UTEC Formación (automoción)
- ICAT (Instituto de capacitación para el trabajo del Estado de San Luis de Potosí)

**JOB FAIRS AND FORUMS 2018**

<table>
<thead>
<tr>
<th>TRADE FAIR</th>
<th>JEPE</th>
<th>LANBAI</th>
<th>Lea Artibai LAN AZOKA</th>
<th>WORKINN</th>
<th>BBTC</th>
<th>Kariéra Plus</th>
<th>Job Fair at the Polytechnic University of San Luis de Potosí</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANISER</td>
<td>UPV-EHU</td>
<td>Mondragon Unibertsitatea</td>
<td>Lea Artibai</td>
<td>ATM Cluster for advanced and digital manufacturing</td>
<td>Bizkaia Talent</td>
<td>Ostrava University (Czech Republic)</td>
<td>Polytechnic University of San Luis de Potosí (Mexico)</td>
</tr>
</tbody>
</table>

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Supplier development

We work in close collaboration with our suppliers, promoting the application of responsible practices, improving sustainability standards and optimising the performance of the entire supply chain during the different stages of the life cycle of our product.

JOINT RESPONSIBILITY, CRUCIAL IN THE RELATIONSHIP WITH SUPPLIERS.

At BATZ, we are looking for an increasingly greater involvement of our supply chain in the generation of value. This includes ensuring that compliance with responsible practices also extends to them.

To this end, we have incorporated corporate social responsibility as one more aspect to be taken into account in each of the phases of approval of our panel of suppliers and purchasing management, including our stance on responsible practices explicitly in the purchasing manual, contracts and agreements.

FOSTERING THE CULTURE OF COLLABORATION.

For BATZ, it is essential to build a long-term relationship with our suppliers. Our goal is to turn potential risks into opportunities by working hand in hand with them in order to reduce any vulnerability and ensure efficient continuity in the supply chain.

In this sense, BATZ conducts a continuous evaluation that studies the evolution in terms of sustainability, strengths and possible weaknesses of each of the suppliers that form or will be part of our panel, on the basis of which we proceed to their approval and classification. This continuous evaluation allows the identification possible risks, as well as establishing improvement measures and joint action plans.

In addition to establishing quality and service criteria in the assessments, their performance in matters relating to the environment, employment and the protection of human rights are also taken into account, both in the case of suppliers who already form part of our panel and for those who have recently joined us. We can state that 100% of our suppliers are evaluated.

A RELATIONSHIP BASED ON TRANSPARENCY

We seek to foster a relationship of closeness and continuous dialogue with our suppliers in order to encourage them to participate in our activity.

To do this, we have established channels such as visits and meetings in which we share and exchange initiatives and aspects related to good practices, approval questionnaires and our supplier portal, in addition to technical requirements and quality standards, through which the minimum responsible business criteria defined by BATZ are communicated. See section on Communication channels on page 39.
Main areas of work during 2018

TOOLING
During 2018 we have increased our strategic challenge of multi-project planning by working on the implementation of rhythmic planning, enhancing project orientation and work in both purchasing and subcontracting sub-processes. The recording of incidents is helping to focus our improvement initiatives, incorporating new indicators into our process control system.

New audits are being carried out on our suppliers in order to share our quality objectives and strengthen suppliers’ self-monitoring mechanisms.

AUTOMOTIVE SYSTEMS
During the past year, work has been done to establish areas of work in terms of collaboration with product engineering in the design phase in order to anticipate possible supply and quality incidents while at the same time facilitating the achievement of a competitive design.

We are also implementing improvements in HOREBA, a tool for the overall evaluation of each of the suppliers that make up the BATZ Automotive Systems panel through which their performance is evaluated in terms of QUALITY and DELIVERY.

Tax information

PROFITS OBTAINED COUNTRY BY COUNTRY
Country-by-country information is not provided as it is sensitive information for the Group's commercial activities.

INCOME TAX PAID
The amount of income tax paid was 883 thousand euros in 2018.

PUBLIC SUBSIDIES RECEIVED
The non-refundable grants amounted to 773 thousand euros in 2018.
## APPENDIX I

**Traceability between Law 11/2018 and the GRI reference framework**

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<th>INDEX OF CONTENTS REQUIRED BY LAW 11/2018</th>
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<td></td>
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<td>GRI 103-3</td>
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<td></td>
<td>The main risks related to these issues linked to the group’s activities</td>
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<td>GRI 103-3</td>
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<td></td>
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<td>GRI 102-11</td>
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<td></td>
<td>Amount of provisions and guarantees for environmental risks</td>
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<tr>
<td>Pollution</td>
<td>Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)</td>
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<tr>
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<td></td>
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<td></td>
<td>Measures taken to improve energy efficiency</td>
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<td></td>
<td>Use of renewable energies</td>
<td>GRI 302-1, 302-2</td>
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<td>Organisation of working time</td>
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<td>GRI 401-2, 401-3</td>
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<tr>
<td>Equality</td>
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<td>Integration and universal accessibility for people with disabilities</td>
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<td>Application of human rights due diligence procedures</td>
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<td></td>
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<td>Corruption</td>
<td>Measures taken to prevent corruption and bribery</td>
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<td>The company’s commitment to sustainable development</td>
<td>Impact of the company’s activity on employment and local development</td>
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<td>Relationships maintained with local community members and the ways of communicating with them</td>
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<td>Subcontracting and suppliers</td>
<td>Inclusion of social, gender equality and environmental issues in the purchasing policy</td>
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