

# BATZGROUP

Non-Financial Information  
Statement

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Consolidated Non-Financial Information Statement for the year ended 31 December 2019 for BATZ, S.COOP. and subsidiaries (hereinafter, the Group) which forms part of the Consolidated Management Report of the Group.

# NON-FINANCIAL INFORMATION STATEMENT

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Consolidated Non-Financial Information Statement for the year ended 31 December 2019 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.



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# 1. OUR BUSINESS MODEL

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.

The BATZ Group is made up of close to 1,600 professionals and we have 14 production plants and offices around the world, allowing us to support our customers in their current and future challenges, wherever they are.

## ***Our identity***

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.

# BATZGROUP

## ***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 VALUES, OUR FOUNDATIONS***



## 1.1 ABOUT US

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

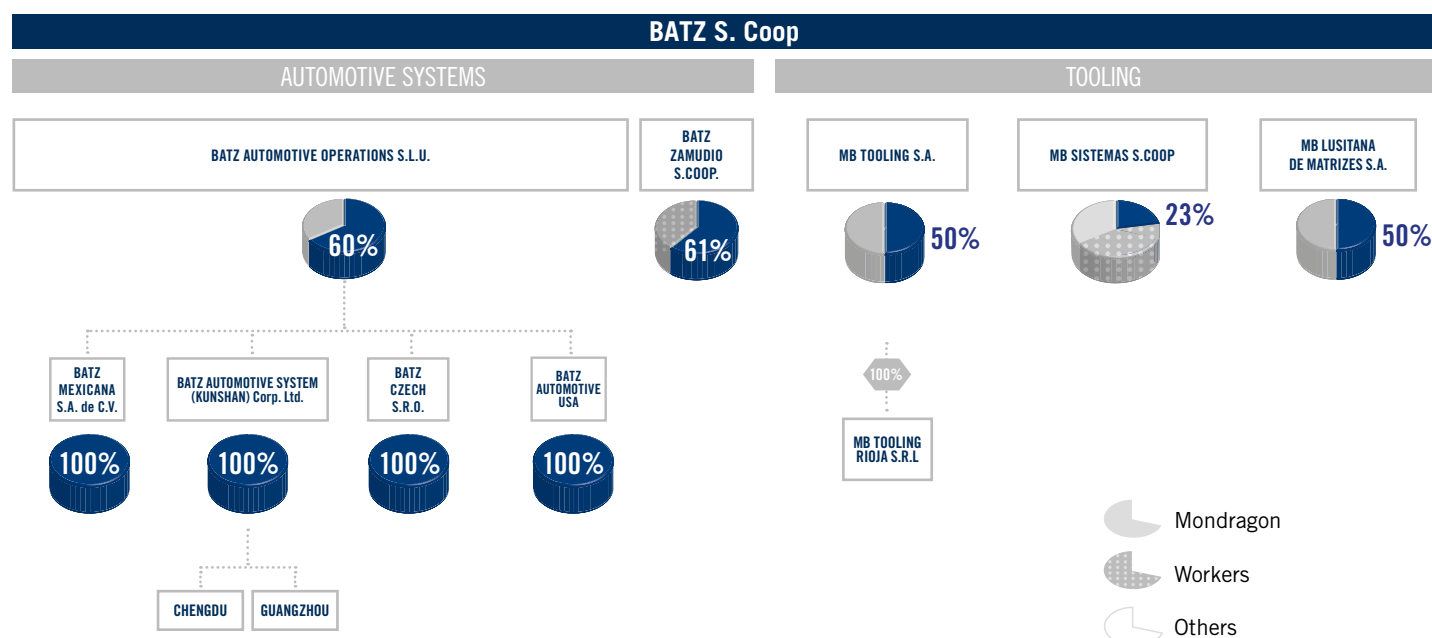
### BATZ AUTOMOTIVE SYSTEMS



- 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 mechatronics.

## 1.2 ORGANISATIONAL STRUCTURE 2019

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:



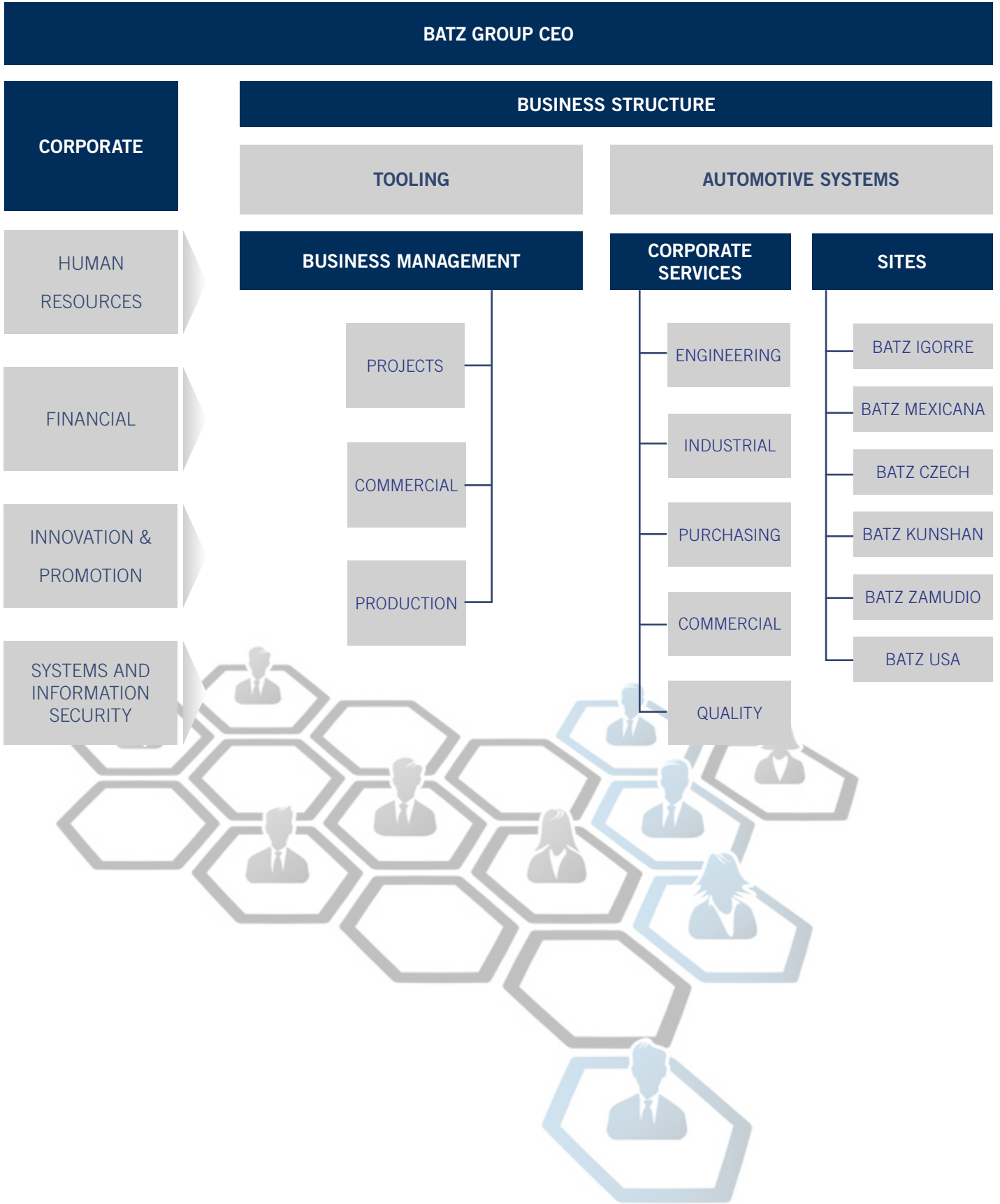
- In October 2019, the liquidation process of the Araluce SLU company began, which as of the date of preparation of this report, was still ongoing.
- Similarly, on 31 December, the sale of BATZ Brasil was made effective, as it is a plant whose activity focuses on a non-strategic sector within the BATZ Group.
- Finally, as it has been done in the financial statements, due to the homogenisation of the base and a better comparability of the information presented throughout the report, references from the previous fiscal year of these two companies have been eliminated.





# 1.2 ORGANISATIONAL STRUCTURE 2019

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.



## 2. 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.

### A EVOLVING SECTOR AS WE KNOW IT



New car uses



Alliances between OEMs



Debate on regulatory framework

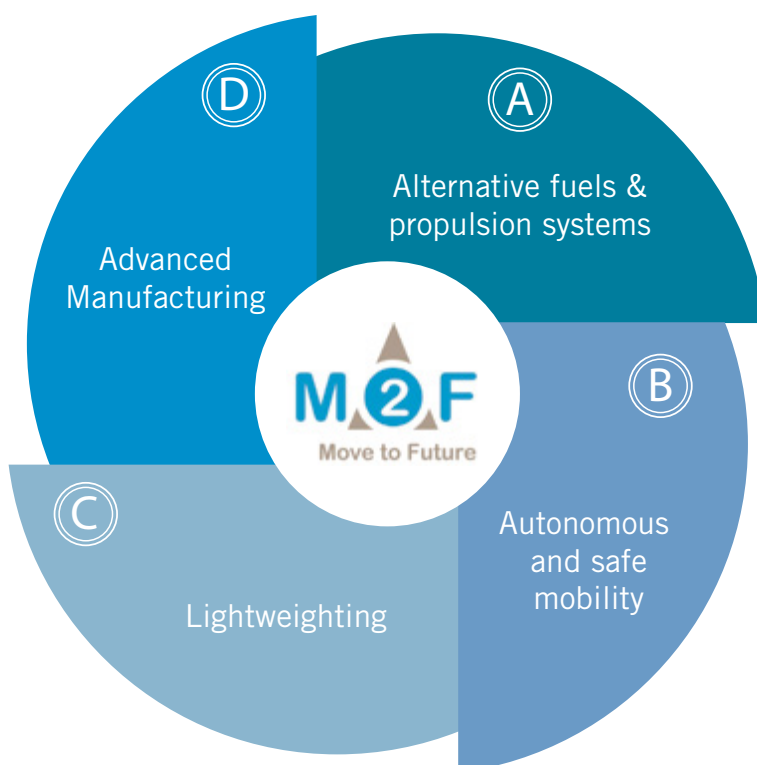


Uncertain geo-political context



Irruption of non-traditional keyplayers: Apple, google, Uber

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**, **Active Aerodynamics** 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.

On the other hand, BATZ also responds to the need for greater vehicle efficiency through the development of active aerodynamic systems that allow a reduction in air resistance, and therefore, lower consumption.

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.

## 3. HOW WE DO IT

### 3.1 DIVERSIFICATION

#### *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.





## ***Naturally global***

Ours is a global market, with global customers, who demand global service. And it is in response to this need that our internationalization project was born. Mexico, Czech Republic, China, and USA, since 2007, we have been maintaining a firm and sustained commitment to go abroad until we became the global automotive supplier that we are, with 14 production plants of our own and collaboration agreements in countries where we do not have industrial facilities.



A U T O M O T I V E

**BATZ**  
TORREÁ

**BATZ**  
TOURNE

**BATZ**  
DARGUÉ

**BATZ**  
CZÉCH

**BATZ**  
INDICANA

**BATZ**  
USA

**BATZ**  
KUNSHAN

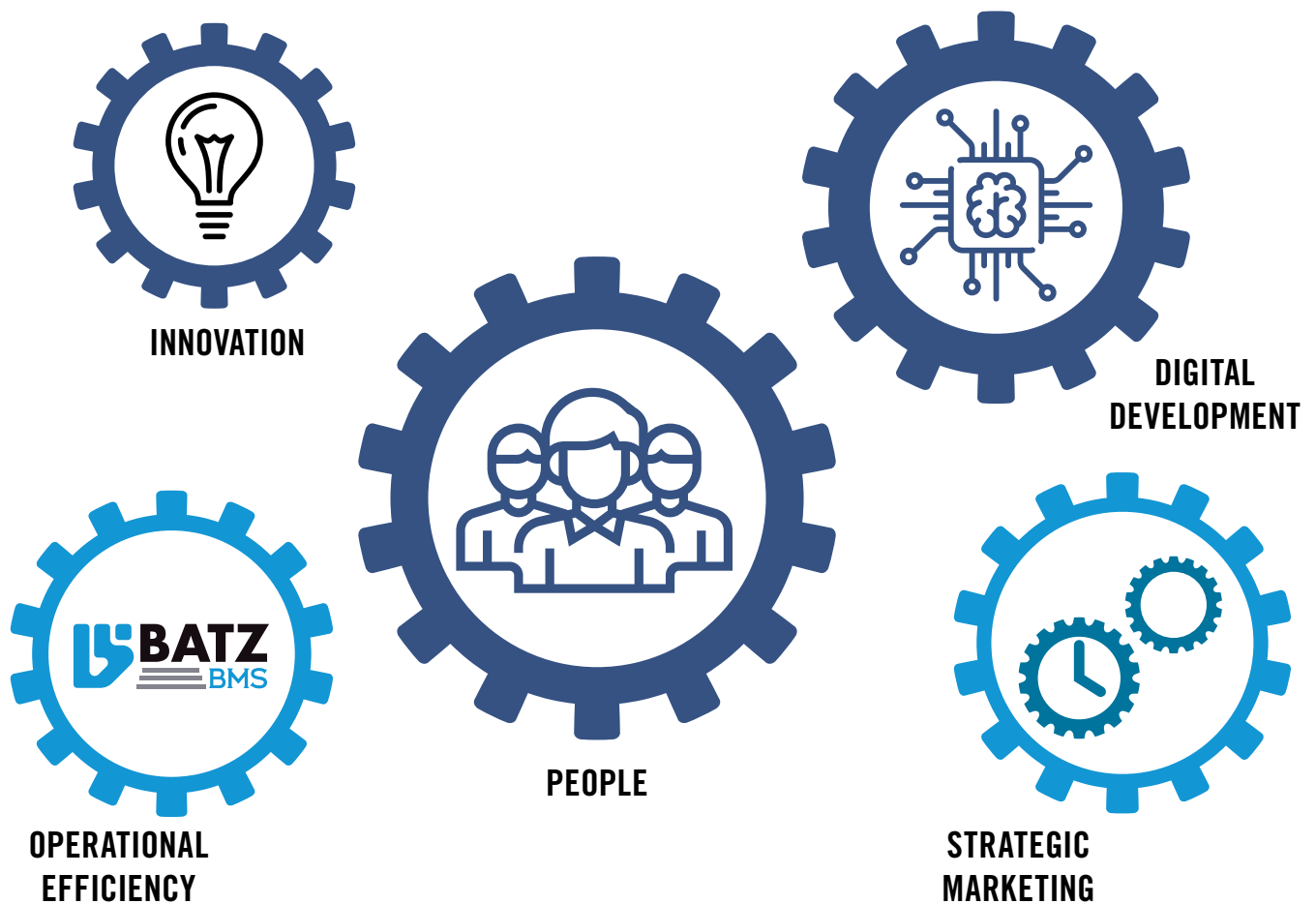
**BATZ**  
CHENGDU

**BATZ**  
GUANGZHOU

## 3.2 OBJECTIVES AND STRATEGIES

In the year 2019, we continued to work to strengthen our systems and processes with a clear objective of promoting diversification and improving our competitiveness and customer service while strengthening our offer and supply capacity of an increasingly wide range of products, encompassing multi-product, multi-technology and multi-customer plants.

To achieve this objective, we have defined cross-cutting processes that involve all business areas in a comprehensive and coordinated manner so that the gears that make up the company can operate as a whole. This cross-sectional management pivots on:



*The strategy, the gear that brings coherence to our management*

***Innovation, a tool for adaptation to uncertainty***

The automotive sector is undergoing a profound transformation in which new scenarios are emerging. On the one hand, the emergence of new trends such as digitisation are bringing us closer to the autonomous car, while new business models bring us to the shared car and the commitment to the environment brings us to the electrification of vehicle. These technological changes are giving rise to the entry of new stakeholders. On the other hand, geopolitical changes that produce, among other critical factors, tariff tensions, are changing the paradigm of this industry. These are disruptive changes towards a new mobility, which are causing uncertainty across the value chain.

Today, more than ever, it is necessary to have a clear strategy and positioning that allows this industry to adapt its products, processes and even business models to ensure its sustainability. Without a doubt, the future encompasses digitisation, efficiency and competitiveness.

***In short, we could define our main drivers as follows:***



The first and crucial driver is based on our people

***HIGHLY  
SKILLED  
PEOPLE***

We understand that, regardless of what happens, the best to adapt to changes with an unprecedented magnitude and impact is to have PEOPLE with certain training and, above all, behaviour. For this reason, we develop different competences to put into practice our philosophy of “Innovation as teamwork”, which is based on the values that define our industrial group.

In turn, our drivers are also defined in association with the market, based on three product families in which our value contribution is the highest:

## **LIGHTWEIGHT TECHNOLOGIES**

*BiW(Body in White)  
Lightening*

An absolutely crucial trend in automotive manufacturing at BATZ, which we approach based on three research lines:

- Forming processes of metallic materials, steels/aluminium – hot/cold
- Development of composite materials and their transformation processes
- Specific components oriented to electric vehicles, “battery lid” type

## **MECHATRONICS**

*Advancing in product  
smartisation*

The challenge presented by the new mobility, which is well defined by the acronym CASE (Connected, Autonomous, Shared, Electric) will progressively require products with a higher degree of intelligence. The so-called body controls are already communicating to read and/or transmit instructions, and we are making progress in this area. The 1990s pedals were first made safe, then lightweight, and are now smart.

## **AIRDRIVE**

*Vehicle upgrade in  
progress*

A recently implemented product line at BATZ, which brings efficiency with the vehicle running by adapting its aerodynamics at different speeds. Through active aerodynamic systems, we manage air flow with different objectives, from the admission of air in combustion vehicles or the cooling of batteries in electric vehicles, through the performance itself (behaviour, vehicle dynamics), to noise itself. This last aspect is essential in the electric vehicles, as it provides perceived quality on the go.

## **ADVANCE MANUFACTURING**

It is precisely in this absolutely cross-sectional driver that we are able to identify aspects for the implementation of different challenges of technological innovation and digital transformation projects. This is not related only to technological solutions, but it also encompasses a profound cultural transformation in the organisation. It is this union with our people that gives rise to what we refer to at BATZ as the Digital Brains.

At the base of this driver, we are addressing standardisation. This includes the design and manufacture of capital goods such as dies, as well as the rest of the organisation's processes, ranging from the management processes themselves, through the relationship with customers, project management, to the operations and much more.

Based on this standardisation, the key process in which we are focusing on at BATZ is the analysis of the data that, through machine learning, enables us to improve decision-making in real time, establishing a system that is scalable to current and future needs, as well as the traceability of processes, while considering the most efficient flows. This is yet another of the great advantages and virtues of this change.



## ***Co-innovating around cybersecurity, augmented reality and machine learning***

From a technological standpoint, in the field of **cybersecurity**, we are continuing to work on the IT/OT integration itself at the plant, following the implementation of access control from the internal network to the company's infrastructure, in collaboration with the start-up **Keynetic Solutions**.

Alongside the start-up **Neosentec**, we are exploring the possibilities offered by **augmented reality technology** for the digitisation of processes, allowing us to obtain and exchange information in real time and thus contribute to increasing the efficiency of our die-cutting through the ONIRIX platform.

The implementation of **machine learning** is a process in that requires its own technological solution and stages. We have tackled this challenge thanks to the collaboration of our internal team with the start-up **Skootik**. Based on the massive processing of existing data originating from different applications, we have created a DATA LAKE that has allowed us to develop a mathematical model that learns from current data and implements a predictive model. Following its successful application in the optimisation of finished product inventories, we continue to advance in the management of intermediate inventories, maintenance, etc.

### ***Creating value through co-innovation***

In this context, innovation at BATZ stands as a key transformation tool that, based on prospects, is enabling the company to build future scenarios in an open and collaborative model with other agents in the ecosystem. Despite their uncertainty, these scenarios facilitate the shared vision of the business in the medium and long term, enabling discussion and subsequent decision-making. This innovation model goes hand in hand with digital transformation, allowing us to manage the current uncertainties in the automotive sector in a systematic, efficient and competitive way, in favour of sustainability.

Specifically, and at the level of the Autonomous Community of the Basque Country and the different technological challenges of the "**Hazitek**" programme, one highlight is the leadership in the **MAT-EV project**, aimed at developing new materials and their transformation processes aimed for the new electric mobility. Simultaneously, we have developed other projects at the national level financed by the Ministry of Science, Innovation and Universities in the "**Retos**" (challenges) programme and the CDTi (Centre for Technological and Industrial Development), as is the case of the **NG-PED initiative**, which integrates the technological plan of the new generation pedals. At the European level, we participate in a wide number of programmes, as is the case of "**Horizon 2020**", including, in particular, **ALLIANCE (Affordable Lightweight Automobiles)**, and continue to look for opportunities in other specific projects, alongside the EIT (European Institute and Innovation Technology), both in the **Raw Materials** and in **Advance Manufacturing**. Finally, at European level, we are an active agent in the CleanSky programme in the aeronautical sector, with the **RIB-ON initiative**.

With respect to the integration of new technologies and in collaboration with start-ups, BATZ participates as a driving company in the **BIND 4.0 initiative** led by the Basque Government through the Basque Business Development Agency (SPRI). We have continued to work on programmes to incorporate Machine Learning and increase **Cybersecurity** by integrating IT/OT networks launched in 2018, and in 2019, we experimented with **Augmented Reality** in the die-cutting business, affecting, by extension, automotive systems.

Finally, the BATZ Group is an active agent within its ecosystem of innovation and entrepreneurship. In a continuous relationship with different agents in the surrounding region, our continuous participation in research programmes coordinated by the different public-private agencies is especially noteworthy. BATZ participates and promotes other initiatives in the framework of sustainability, focusing on the economic and social development of our environment, leading the Errota Foundation, and on social and labour integration, through Red Denbora Sarea, Fundación Novia Salcedo, and Bizkaia Talent, among other initiatives, as specified in the Society section of this report.

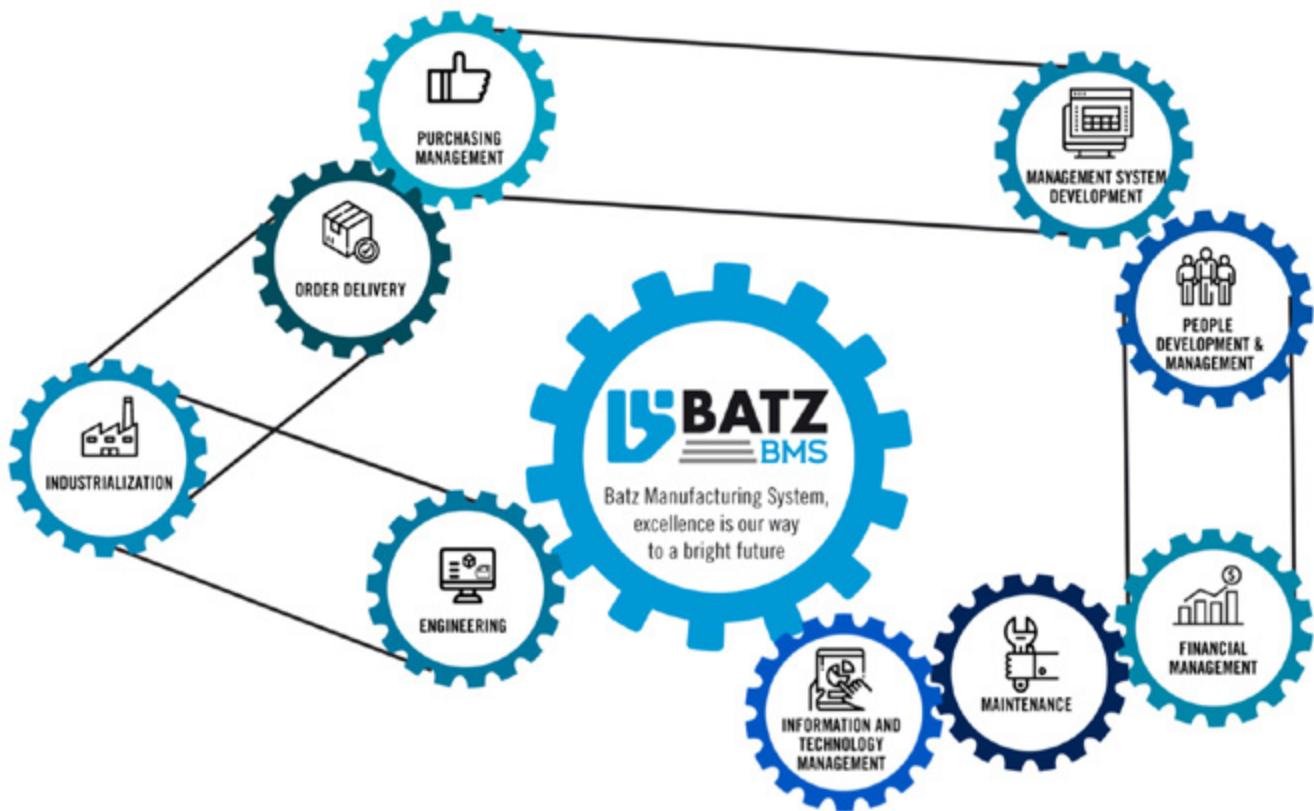
***Create value from knowledge generated in the network. A concept that goes beyond the idea of mere collaboration to the provision of solutions for success of our clients. "Meeting your challenges"***





## **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 built on the values of BATZ, with the end customer as its objective and ensuring good service, cost, and quality. It has four main pillars:

### **Excellence at work.**

It covers improvement projects following standardised methodologies to obtain disruptive improvements in BATZ results. Examples include the redesign of assembly lines for productivity improvements, SMED in presses and injection, start of work in pull planning with suppliers, implementation of the logistics train, and lean management of projects (Obeya room and industrial committees), among others. The development and evolution of the industry also leads us to develop new blocks of knowledge that support improvement such as digitisation and Industry 4.0.

### **Daily Kaizen.**

This pillar encompasses the involvement of all people in a daily management that focuses on maintaining the improvements obtained and detecting and solving deviations quickly and effectively, strictly complying with standards. It is carried out through daily/weekly meetings and implementation of the 5 Ss in all areas of the organisation, with monitoring of indicators and continuous improvement.

### **Kaizen Leaders.**

Definition of business strategies and deployment at all levels of the organisation by managing, analysing and addressing deviations from short-term objectives. The main action of this pillar consists of daily meetings of the management team for daily monitoring of key indicators and beginning of standardised routes of the directors.

### **Kaizen Support.**

Within this pillar, we work on the definition of the industrial business model, ensuring the sustainability of the cultural change towards continuous improvement through the creation of a governance model, generation of standard manuals, implementation of the Newsletter, beginning with the annual BMS audits, etc.

## **BATZ Manufacturing System rollout in 2019**

After several years working in the area of continuous improvement, in 2017, the BATZ Manufacturing System was defined, thereby structuring the work carried out in the different production plants in recent years.

All plants belonging to the Automotive Systems business operate according to the foundations of this system, being led by the corporate industrial area.

Thanks to the audits carried out in 2018 at the Igorre (Spain), Czech Republic, Mexico and Kunshan (China) plants, in which the progress of the implementation of each of the four pillars that support the BMS (Excellence at Work, Daily Kaizen, Kaizen Leaders, and Kaizen Support) was evaluated, in 2019, we were able to continue advancing in terms of efficiency through optimisation and standardisation in the improvement projects identified based on them. Similarly, in 2019, BATZ Zamudio was integrated into the deployment of the BMS as a plant that already had years of experience working in the Lean field, as demonstrated by the excellent results obtained after the audit.

In the field of Excellence at work, the involvement of the entire team of our Mexican subsidiary has allowed us to continue advancing on the path of continuous improvement, with excellent results. Proof of this is the fact that the methodology of the BATZ Manufacturing System for Line and Border of Line Design enabled them to increase the productivity of parts/man/hour while reducing the production shift during the past year.

In Daily Kaizen, the work carried out in Kunshan to reduce costs through better use of materials and equipment deserves special mention. The achievement of this milestone was possible thanks to the implementation of a Kamishibai auditing system, which has allowed them to maintain the defined sustainability method and standards over time. This is demonstrated by the results obtained in physical and digital 5S in all management areas in Kunshan.

In the Kaizen Leaders pillar, the daily meeting of the plant committees was implemented for the management and resolution of deviations in the key short-term indicators, the progress in San Luis Potosí being a highlight. In turn, it is also worth noting the deployment of this pillar in the operations team at the group level.

Finally, and framed in Kaizen Support, one highlight is the work carried out in training and communication of the BMS methodology, with outreach actions that are allowing a better understanding and assumption of the methodology, as well as its objectives while ensuring a greater involvement of teams.



## **Digital development, crucial in our business management**

As we have stated throughout this document, the digital transformation that is driving the development of new technologies outlines new scenarios and strategic challenges for us, which require that we adapt our management models. Only in this way are we able to take advantage of the opportunities and minimise the risks that are presented to us in this new environment.



To this end, in 2019, we worked on defining a roadmap for our digital development. Based on an analysis of the state of the organisation in terms of the application of digital tools and the progress made to date, we prepared a Strategic Digital Development Plan that contains this roadmap, and which focuses on two main lines of action:

- Digital training plan
- Communication of the digital strategy

Two key ideas emanate from the study itself: first, digital development is mainly a cultural change, so we must consider all the people who make up BATZ as the cornerstone of this process. Ultimately, they are the ones who are going to pivot this transformation. Second, there is a vector that encompasses and envelops everyone else, and that is Cybersecurity.

In this sense, a Cybersecurity awareness plan that covers the entire organisation within the BATZ Group has been addressed. This plan has contemplated the development of all kinds of actions aimed at raising awareness and sensitising people, not only in the professional field, but especially, in at the personal level. In this line, the highlights are the face-to-face training for the entire organisation, regularly distributed training pills, infographics, cyber attack drill tests, etc.

Conversely, the scope of the certification of our information security management system has been expanded in accordance with UNE-ISO/IEC 27001:2014, including more developed contingency plans and preparing business continuity plans, which currently cover a large part of the plants that make up the BATZ Group.

Strategic Marketing Management System

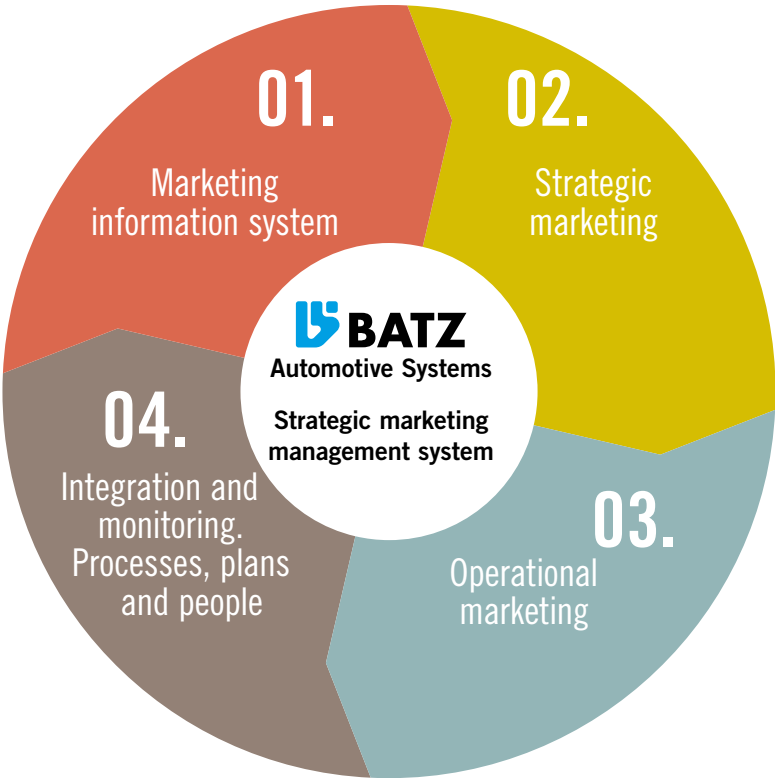
In 2019, we continued to develop the Strategic Marketing Management System (SMMS) project, comprising a set of guidelines, processes and tools aimed at defining future challenges, achieving greater visibility, and therefore, contributing to our sustainability. This definition of the strategic marketing management system has become an essential tool that is allowing us to ensure strictness, order and clarity in the long-, medium- and short-term strategies at BATZ. We have defined two objectives:

- A. At the strategic level, defining the methodology that allows us to identify and manage opportunities with a broad horizon (5-10 years).
- B. In the operation, implementing the annual review tool for our strategy.

Both objectives have had a high degree of compliance, since, on the one hand, the results obtained from the application of this methodology will allow us to lay the foundations for the period of strategic reflection that we began in 2020. On the other hand, this has enabled us to be more efficient in defining the objectives and action plans to be transferred to the Management Plan for the following year, as well as the periodic review in the current year.

In short, it consists of an analysis that will facilitate the concretion of our roadmap to achieve the long-term objectives set in axes such as improving profitability, greater global presence, and greater penetration of customers, among others.

Our SMMS is structured around four interrelated axes, as shown in the graph below:



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

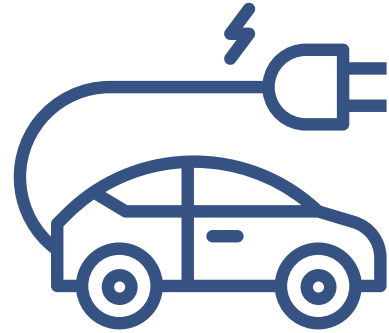
03. Operational marketing, which contemplates the deployment and marketing activities of the business in the short term.

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.

### 3.3 RISK AND OPPORTUNITY MANAGEMENT

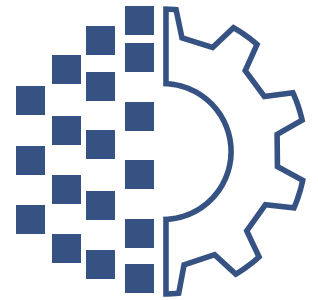
Currently, we are facing a VUCA world, in which flexibility, dimensioning and technological training play a key role. Furthermore, in these years, the relational model with vehicle manufacturers has undergone major changes to which we have been required to adapt, and which has led to the adoption of advanced management models. In this sense, and as is our specific case, innovation, deployed to all areas of the organisation, is enabling us to adapt to the new scenarios that are presented to us.

As we stated when talking about innovation, it is now more necessary than ever to have a well-defined and shared strategy and positioning, which allows us to adapt to this VUCA environment and thus ensure our sustainability. Undoubtedly, this involves digitisation, efficiency and competitiveness.



On the one hand, we have been offering, for a long time, solutions that reduce vehicle CO2 emissions, responding to the demand for more efficient and environmentally friendly cars. In this sense, BATZ addresses this challenge by developing solutions in mechatronics, structural lightening, and active aerodynamics, responding to more efficient mobility. In parallel, the different analyses of both internal and external factors that affect our daily lives are monitored so that we can position ourselves for the future in new markets and with new partners that are able to provide us with a much richer footprint at the global level. In this line, the methodology defined in our Strategic Marketing Management System (SMMS), which we have previously mentioned in this report, has allowed us to identify and manage new scenarios, as has been the case in die-cutting, and to review our approach towards a more sustainable business model.

On the other hand, the development of new information and communication technologies is defining the current situation of the industry, as well as posing new scenarios with a common component: transformation 4.0. Here, the automotive sector is a magnificent example of these changes in the industrial field. What is clear is that digital transformation is not an option, but rather a challenge that each organisation must take on and integrate into its strategy. With this opportunity, we at BATZ approach the path towards advanced manufacturing, linking this challenge to goals involving efficiency, competitiveness and sustainability based on the implementation of Smart Factory and Cybersecurity concepts across our production processes.



Another great challenge being faced by the industry in general is talent recruitment and loyalty. It is necessary to have trained and qualified people at all organisational levels and, and we at BATZ are fully aware that it is vitally important to invest resources in the education, training and development of personnel. At the BATZ Group, we manage people based on a structured model, called Employee Life Cycle, which observes them from their moment of entry to their departure from the organisation, considering their stay at BATZ with a continuous development approach.



Due to our activity, we pay special attention to resource management as well as to the identification and minimisation of our environmental impact since the earliest stages of product design. With that in mind, we at BATZ have spent years integrating the concept of sustainability as a common denominator in our product portfolio and its production processes, placing an emphasis on energy efficiency as the basis for better performance. Our management system establishes the identification and assessment of the environmental aspects defined in our environmental policy on an annual basis, as the basis for establishing improvement objectives and actions aimed at reducing, minimising or eliminating environmental impacts. Currently, we are able to state that 100% of our plants are certified based on the UNE EN ISO 14001 standard.

## Assessment of economic, environmental and social issues

At BATZ, we have procedures, tools and various methodologies at different levels that allow us to identify risks and opportunities for improvement both outside and within the organisation, as well as analysing them in order to carry out preventive or corrective actions, as the case may be, with their corresponding monitoring, implementation, and effectiveness evaluation.

The monitoring and assessment of these actions is carried out in the operational meetings of each process, as well as in the operational and strategic committees, at the group, business and plant level, with a minimum monthly monitoring.

*Note to the reader: Please refer to the organisational structure on pages 6 and 7 of this report.*

## Policies

The BATZ Group is endowed with a set of corporate policies in which the principles and guidelines that govern our actions are developed, which manifest the recognition and integration of CSR in our management and governance while shaping our relationship with various interlocutors. They help us to identify, prevent and tackle any risk involving negative impacts.

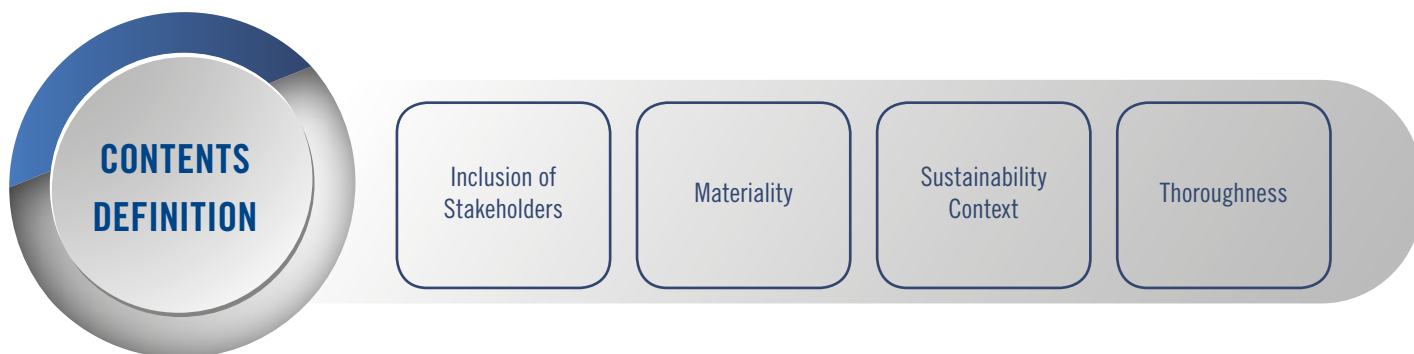
POLICIES	DESCRIPTION
<b>Code of conduct</b>	Document that contains various rules and procedures that regulate the responsible behaviour of all the people that make up BATZ, extending, as far as possible, to Suppliers, People Associated and Customers.
<b>CSR Policy</b>	Basic framework for the integration of corporate social responsibility into the BATZ Group business model
<b>Sustainability report</b>	Disclosure document for internal and external stakeholders on the organisation's performance in relation to the sustainable development objective.
<b>Environment policy</b>	Framework that establishes environmental objectives aligned with strategic environmental management.
<b>OHS Policy</b>	Framework that establishes the general principles for action in the area of Occupational Health and Safety.
<b>Tooling quality policy</b>	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.
<b>Automotive Systems quality policy</b>	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.
<b>Protocol against sexual and sex-based harassment</b>	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.
<b>Equality plan</b>	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.
<b>Recruitment and development policy</b>	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.
<b>International mobility policy</b>	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.
<b>Communication policy</b>	Document that establishes and defines the reference framework for the overall management of communication, including the various target audiences and the related communication channels.
<b>Information security management manual</b>	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.
<b>Work-family balance policy</b>	Document that includes mechanisms regarding permissions, leave of absence and reduction of working hours.
<b>Profession map</b>	Framework that includes the professions, their description and the level of remuneration.



# 4. MATERIALITY

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:



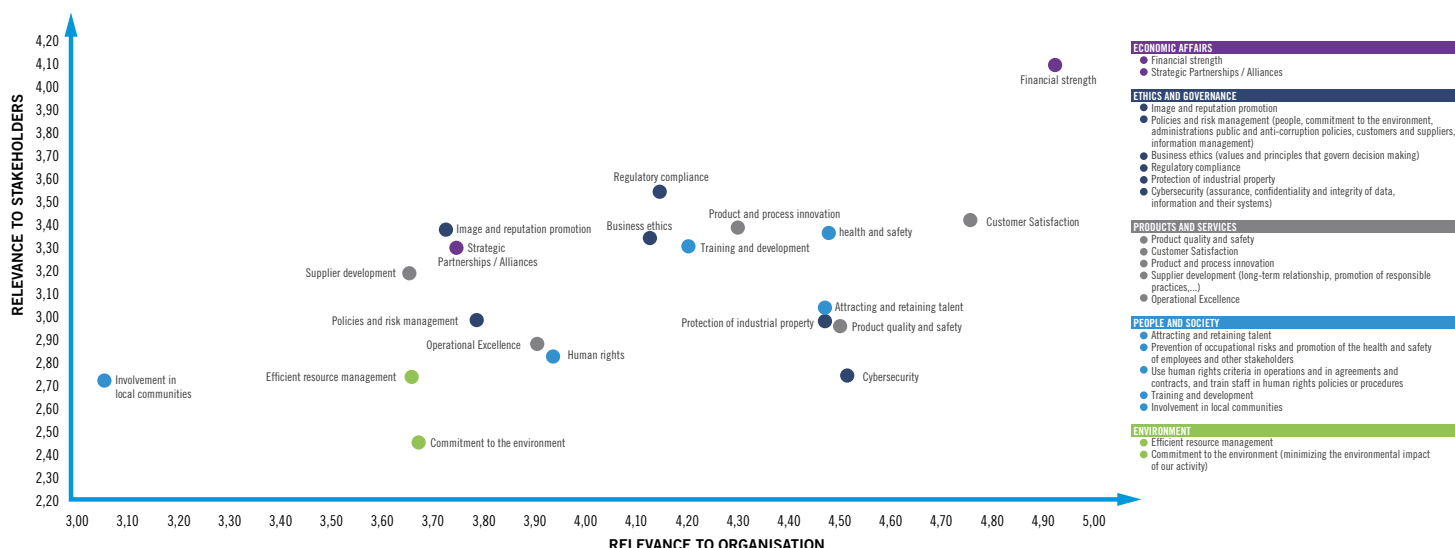
The Sustainability Framework of the BATZ Group is based on the following internal and external principles



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 prioritized according to their importance for stakeholders and the business, as shown below.

## MATERIALITY MATRIX





# 5. 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 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					
INTERNAL		EXTERNAL			
OUR PEOPLE	SOCIAL BODIES	CLIENTS	SUPPLIERS	SOCIETY <sup>1</sup>	GOVERNMENT AGENCIES AND INSTITUTIONS <sup>2</sup>
The Cooperative's own communication channels	The Cooperative's own communication channels	Websites	Websites	Websites	Websites
Intranet	Intranet	Direct contact	Extranet	Social networks	Social networks
Newsletter	Newsletter	Tech days	Meetings	Press articles and interviews	Press articles and interviews
Meetings	Meetings	Trade fairs and events	Social networks	Meetings	Meetings
Noticeboards	Noticeboards	Social networks	Visits to our plants	Conferences, trade fairs and events	Conferences, trade fairs and events
Screens	Screens	Visits to our premises		Visits to our plants	Visits to our plants
Ethics channel	Ethics channel	Reports		Reports	Reports
Satisfaction surveys	Satisfaction surveys	Catalogues			
Welcome plan	Welcome plan				

<sup>1</sup> Includes the civilian society, Mondragon, associations, local organisations, NGOs, universities, training centres, technology centres...

<sup>2</sup> Includes government authorities, Mondragon, 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.

# 6. OUR MANAGEMENT SYSTEM

At 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 2019, we continued to obtain excellent ratings in the sustainability questionnaires of our clients, in which the main indicators in environmental issues, labour practices, ethical management, human rights, etc. are assessed, with an average rating of 84% on the NQC platform (Volkswagen, BMW, Toyota, Volvo) and Silver recognition in Ecovadis (Groupe PSA, Renault), which also supports our clients' perception of our project and responsible management.*



## ACKNOWLEDGEMENTS IN 2019

- **Gold Supplier Excellence Award**, the top recognition given by **Jaguar Land Rover** to its fifteen best suppliers worldwide. This acknowledgement rewards our commitment and ability to develop active aerodynamic solutions for Jaguar Land Rover.
- **Quality Excellence Award, from Volvo Cars**. This award is given to suppliers who have met and exceeded the expectations of this manufacturer, in this case, thanks to our lightweighting solutions.
- **Inclusive Company Award**, granted by the **Department of Labour and Social Welfare and Integral Family Development (DIF) of Mexico**, acknowledging the company's effort to adopt labour inclusion policies and carrying out actions that guarantee the right to work of vulnerable groups.
- **AED Business Award**, from the **Biscay Association of Businesswomen and Managers**, which value the role of businesswomen and managers in society and raise awareness in the business community and general public on the need to achieve the integration of women in companies as a basic condition for a sustainable economic and social environment.





# 7. A SUSTAINABLE PROPOSITION

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At BATZ, we have always made it very clear that our activity must not only yield results in today's society, but also leave a legacy for future generations, just as our founders did. This has been possible thanks to the strength of a business model that is based on sound principles shared by all, with one goal: to grow steadily and profitably through the development of innovative solutions and commitment of all of us to the customer, without losing sight of the momentum of economic and social development in our surrounding region, as stated in our Corporate Social Responsibility Policy.

*This integral sustainable management is based on five axes:*

- *Ethical corporate governance*
- *People development*
- *Integration in society*
- *Supplier development*
- *Environmental responsibility*





# 8. ENVIRONMENTAL ISSUES

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.



## 8.1 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.

## ***Certified environmental management system***

We have opted for 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.

The EMS has been optimised and updated over these years, through a continuous improvement methodology, and currently, 100% of the BATZ Group plants are certified according to ISO 14001 in its latest version. This new international standard includes the perspective of the life cycle, changes in risk management, and the high-level structure (HLS), which facilitates integration between the different Management Systems.

It thus consists of a structured management system involving a series of guidelines to incorporate environmental protection into the daily activities of our company. This dedication is oriented to the fulfilment of the following goals:

- Guaranteeing clean, healthy air, water, and floors.
- Responsible management of natural resources and waste.
- Protection of nature and biodiversity: a unique value to enhance.
- Territorial balance and mobility: a common approach.
- Limiting the influence of climate change.



To achieve these goals, one of the management system tools used is the assessment of environmental aspects. Similarly, environmental committees are also held in which the progress of the objectives is reviewed, with the participation of the board and managers from various areas, particularly those linked to productive activity. These periodic meetings, alongside the internal audits that are conducted, allow us to correct any deviation and anticipate possible environmental impacts in time. Our environmental management system also includes communication thereof, both internally and externally (information pills on the intranet, corporate website, RSS, environmental reports, etc.), as well as training and education of all BATZ professionals for the correct performance of their functions with less environmental impact.

In 2019, the reorganisation of all the Management Systems was proposed, providing a supported global vision that will allow the easy alignment of objectives and goals at the group level.



## 8.2 OUR ENVIRONMENTAL IMPACT

At BATZ, we improve energy performance by betting on energy efficiency and savings to contribute to protecting the environment and increase our competitiveness.

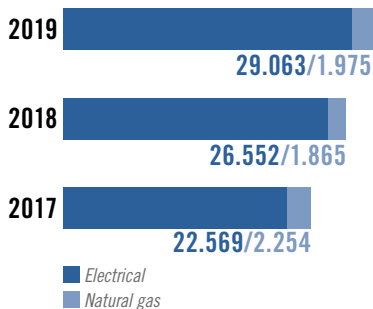
In this sense, we dedicate annually a series of human, economic and material resources, with the aim of minimising the environmental impacts produced in our plants, as well as achieving compliance with applicable legal requirements in environmental matters.

To achieve these goals, each plant employs the assessment of environmental aspects as part of its environmental policy. Both documents are tools of the Management System itself.

The most significant environmental aspects in terms of consumption and waste generation are the following:



### Energy consumption MWh



### ENERGY CONSUMPTION

We mainly consume electrical energy and natural gas, the latter being dedicated exclusively to heating to improving the comfort level of our workers. The use of energy from other fossil fuels is insignificant and is mainly employed in the forklift fleet. The latter has amounted to a total of 11.57 m3.

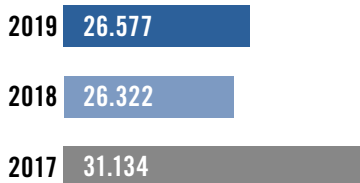
After several years investing on improving our energy efficiency, in 2019, we achieved a 9.46% increase in electricity consumption and a 5.92% increase in natural gas consumption. These data indicate that we must continue to maintain the appropriate challenges to manage energy, starting with a consumption diagnosis in real time that allows us to react quickly.

In 2019, we continued executing the lines of action framed in the efficiency plans of various plants, with the replacement of conventional lighting fixtures by fixtures with LED technology, started in 2018, being virtually completed, as well as continuing with the periodic review of compressed air circuits to eliminate leaks. In addition, our work continues on the implementation of an energy efficiency plan that reaches the entire group.

The absolute consumption increase, which reached 31,038 MW/h, is relative to the growth of our facilities and installed capacity in them. The 6 new injection machines included in our production processes are components with high energy demand.



### Water consumption in m³



### WATER CONSUMPTION

Three processes responsible for water consumption can be defined: the one derived from the refrigeration circuits in the production areas, consumption in areas dedicated to personal hygiene and drinking fountains, and consumption dedicated to cleaning.

It is worth mentioning the commitment to cooling circuits not based on traditional systems, such as semi-open circuit cooling towers. The new systems are based on adiabatic cooling in closed circuits. At the same time that water consumption is reduced, the risks derived from the Legionella species are avoided.

The actions to reduce individual consumption by our workers are being implemented continuously, as renovations or expansions are carried out at our facilities. We can mention the installation of integrated aerators in the taps, which reduces flow, taps with push buttons, to avoid water losses due to carelessness, toilet tanks with double flushing, and periodic checks of the sources, avoiding leaks and ensuring their sanitisation.

Regarding cleaning, whenever possible, manual scrubbing has been replaced by autonomous scrubbers, which has allowed us to optimise cleaning and consumption times, reducing the consumption of both water and chemicals.

Compared to 2018, we have increased global consumption by 1%. As with the increase in absolute energy consumption, the 26,577 m3 consumed include the new facilities purchased, and thus, relative to this factor, performance is considered to have been better than in the previous year.

Full water supply is maintained provided by municipal networks, not using its proprietary catchments that could damage the aquifers near our plants. We are fully aware that water is a scarce resource and that it is everyone's responsibility to perform its good management.



## WASTE MANAGEMENT

The environmental objective to be achieved is twofold. It involves, on the one hand, the minimisation of waste itself, and on the other hand, ensuring that the waste generated is preferably managed through recycling, reuse, or recovery, not reaching its landfill.

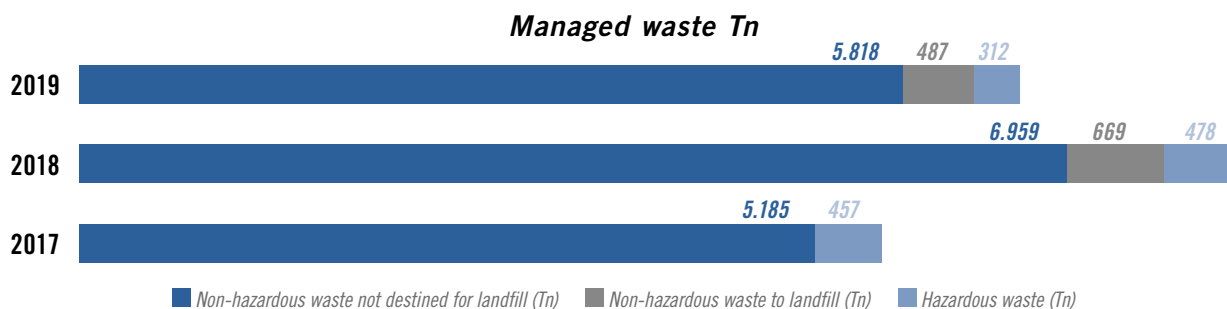
Most of the volume of waste managed is not considered hazardous material, which comes from metal stamping remains, plastic injection remains, and unpacking remains.

An amount 16.4% lower of non-hazardous waste was managed compared to the previous year, with 34.73% less hazardous waste. In total, it reached 6,617.1 tonnes.

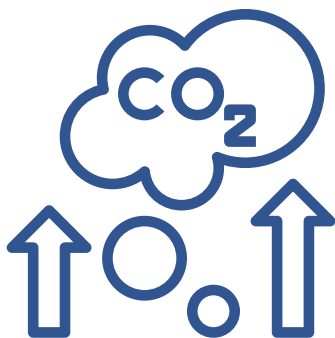
In line with previous years, the highest-volume hazardous wastes comprise oily waste (drills and oils), followed by dirty washing water resulting from workshop cleaning and impregnated solids. Only 8.37% of non-hazardous waste ends up in landfills.

Despite being low, this value has increased slightly compared to the previous year (1%). We interpret it as an improvement in the reliability of the data. The clear effort to avoid this destination is appreciated.

Metallic remains are the most important, accounting for 84.05% of the total. In 2019, a decrease in the category of “other non-hazardous waste” was observed, which is due to the improvement in the management of containers and packaging, strengthening the use of returnable containers.



## ATMOSPHERIC EMISSIONS



All of our production plants assess their atmospheric emissions, complying with the emission limits imposed by current legislation applicable in each country.

The usual processes that require control are those relating to welding processes, with measurement of total particulate emissions, natural gas combustion processes for air conditioning, associated with CO and NOx measurements, and finally, extractions installed in the injection machines.

Some plants have begun to work actively on reducing emissions in Volatile Organic Compounds (VOCs), by purchasing low-impact chemicals that replace traditionally used products. So far, it has already been possible to introduce mould release agents, solvents and paints with low VOC content.

These substances are not only harmful to human health, but also have adverse effects on natural ecosystems, influencing the photosynthetic activity and metabolism of organisms, and are precursors to photochemical smog.

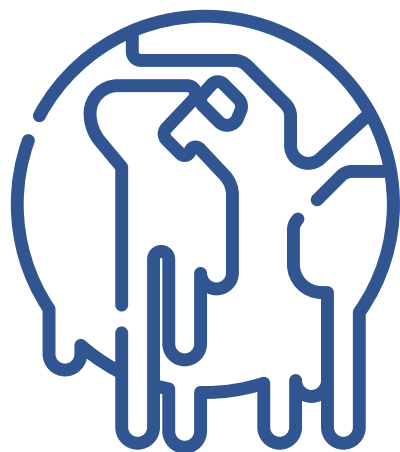
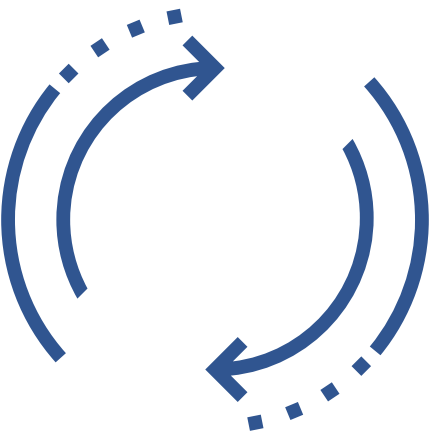
Environmental noise emission levels are also periodically inspected through independent measurements and reports with accredited bodies. Thus, we have been able to know that, except for one plant, which has already implemented the appropriate corrective measures, the BATZ group respects the limits set for night and daytime hours.

CIRCULAR ECONOMY

At BATZ, we continue to take steps towards a system of use of resources in which reduction, reuse and recycling are paramount.

Part of our waste is reverted again into raw material, beyond the traditional use of scrap metal. For the second consecutive year, 100% of our plants in the Basque Country have continued to use compostable catering containers instead of the traditional ones, which, alongside the use of compostable cups, has allowed us to achieve a 94% reduction in waste from single-use plastic. Additionally, the sorting of compostable waste has allowed the collection of 2,375 kg this year in these plants.

Part of our returnable containers have been produced with our own plastic that could have been removed as waste. It is a non-significant line of action in terms of tonnes, but it is very important in terms of our Organisation's determination to increasingly support initiatives in circular economy.



CLIMATE CHANGE

The commitment to more sustainable mobility is reflected in our daily activities. From the solutions based on our innovations in lightening and active aerodynamics, including their production processes, we seek vehicle efficiency, and, thus, less energy consumption and lower emissions, which results in an improvement in city air quality and minimises the greenhouse effect produced by the vehicles' CO2 emissions.

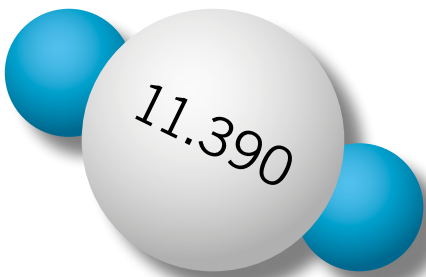
Plants located in the Basque Country have already identified, within legal compliance limits, the need to develop their Sustainable Mobility plans. This initial step can be extrapolated to the group in the medium term. There are already measures in place, such as the use of appropriate software to manage non-face-to-face meetings, avoiding unnecessary travel.

OUR CARBON FOOTPRINT

We have calculated the carbon footprint derived from energy consumption. Using GRI conversion factors adapted from AECA, the equivalent tonnes emitted by the BATZ Group are 11,390.24 t of CO2 equivalent. They are distributed as follows:

	Conversion factor (tonnes of CO <sub>2</sub> )	Energy consumption (kWh)	Tonnes of CO <sub>2</sub> equivalent
Electricity	0.00039	29,063,067	11,334.60
Natural Gas	0.002009	1,975,062	55.64

The data has been calculated based on the values issued by ECODES for Spain (planned implementation of a global model in 2020).



**MINIMISATION OF RAW MATERIAL CONSUMPTION**

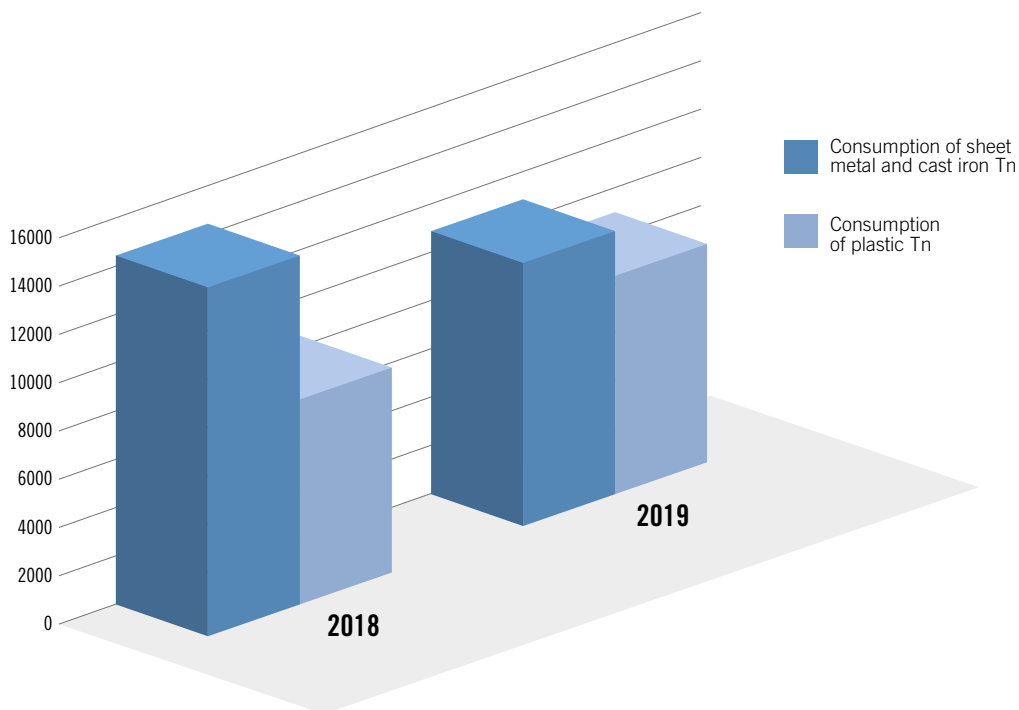
At BATZ, we have integrated sustainability into our product portfolio for years, which provides added value to them by recognising them as products manufactured with a better environmental impact and ensuring that they are less harmful to the environment throughout their life cycle. This ranges from the supply of raw materials, through production, marketing, and transportation, to the final management of the waste. We have already addressed many of these aspects throughout this document.

In this sense, the reduction of raw material consumption at BATZ is conceived based on the conceptualisation and design phase of the products that will be manufactured later. Thus, we apply various design concepts that focus on achieving the lightening of various components. In this first phase, different high-efficiency production processes are also reflected, which allow us to reduce the consumption of materials due to non-productivity and non-qualities (optimising bandwidths 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.

We continue to study and implement alternatives for some of these processes, with options that allow us to reduce the consumption of raw materials, such as additive manufacturing, which is expected to reduce rework and, subsequently, the consumption of raw materials in manufacturing processes in our tooling business.

During the manufacturing phase, the entire production chain is managed with Lean Manufacturing techniques that involve optimisation of resources and, thus, different raw materials. This is achieved by increasing productive efficiency in all processes from the implementation of the Kaizen management philosophy of continuous improvement in time, space, waste, inventory, and defects, as explained in our BMS industrial model of operational efficiency, in a previous section of this document, and on which progress has continued during 2019.

This constant review of all processes has led to the optimisation of raw material consumption with 10,753 tonnes of sheet metal and cast iron and 8,954 tonnes of plastic.





## BIODIVERSITY

Most of the BATZ Group plants are located in industrial areas, so our impact on diversity is not significant. Nevertheless, the facilities of its head office in Igorre are located in an area of special interest for the protected species *Mustela nutreola*, as its habitat extends along the banks of the Arratia River and its tributaries. In this sense, any work to be carried out, as was the case in 2019, must avoid the execution of these tasks during the reproductive period of the minks, following a machinery cleaning routine to avoid the introduction of invasive species and ensuring the elimination of invasive plant species classified as such according to Basque Government guidelines, and as specified by BATZ in agreements with the companies it hires for such work. Simultaneously, work has been performed to revegetate the area with native trees. This riparian vegetation has consisted of about 50 specimens of alder, poplar, and ash trees.

### HIGHLIGHTS OF 2019

For the sixth consecutive year, we have collaborated with the AZTERTU environmental education programme, in its IBAIALDE version, monitoring the state of the rivers near our locations in Arratia:

[http://www.euskadi.eus/web01-a2inghez/es/contenidos/informacion/ibaialde\\_anual/es\\_def/index.shtml](http://www.euskadi.eus/web01-a2inghez/es/contenidos/informacion/ibaialde_anual/es_def/index.shtml)

In 2019, we maintained the solidarity cover collection campaign, intended to the Sanfilippo Syndrome association. This initiative fulfils a dual objective since, in addition to ensuring our contribution to promoting research into this disease, we are able to promote the correct sorting of plastic waste.

Replacement of single-use plastic bottles with reusable aluminium bottles given to each worker at BATZ Zamudio.

Development of Pull Planning in Logistics for the optimisation of our containers. Thanks to this, we have reduced impacts while ensuring that the shipment can be performed in ideal conditions for the products. It is a global project that, as well as other areas, includes the transition from single-use containers to returnable containers.

Reduction of Volatile Organic Compound emissions. Development of a specific chemical product for BATZ, in collaboration with A&B Laboratories, a company awarded with the European Business Awards for the Environment, and which replaces a traditional solvent, reducing VOC emissions by 79.96% by weight.

**This actions are aligned with  
the United Nation's Sustainable  
Development Goals**



# 9. SOCIAL AND PERSONNEL RELATED MATTERS

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

## 9.1 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.



### **Recruitment and selection**

BATZ identifies and manages various communication channels to recruit talent:

- Connecting with universities or professional centres in a structured way. (Table of collaborations in the Society section)
- Connecting with research centres or entities that generate high amounts of knowledge. (Table of collaborations in the Society section)
- Presenting ourselves at the Employment Forums. (Table of collaborations in the Society section)
- Welcoming visits to training centres at our facilities.
- Also, in 2019, the visibility of professional opportunities in the BATZ Group was promoted through online tools such as selection portals, our website and social networks (LinkedIn or others in which knowledge is disseminated). (Communication map defined in the BATZ Group Communication Policy)

Selection is one of the pillars of people management at BATZ. More than just “selection”, however, we like to refer to this process as talent recruitment, basing it on our competency management model defined in the BATZ Group. The identification of the necessary profiles, or in a more concrete way, the critical technical and cross-sectional skills for the advancement of the company will serve as support for this selection. Recruitment can be carried out inside and outside the company.

When this person joins the company for the first time, their expectations begin to be met. This first meeting occurs at the time of the initial reception. It is necessary to present the project so that the person feels welcome, teaching what BATZ is, the values it works with, how it manages people, how they can move in the company on a daily basis (administrative aspects) and introducing their position (and the Occupational Risk Prevention topics associated with it) and the main relationship networks in which they will be working every day. In this sense, in 2019, work has been performed on the redefinition of this welcoming plan and the development of an online tool that is expected to be deployed and implemented at the group level during 2020.

Conversely, if the selection implies an expatriation, the company has an International Mobility Policy, which includes the expatriation conditions, aspects of coverage at the destination, the management of their repatriation, etc.



## Development

Once a person begins to be part of the BATZ dynamic, we take care of their development. We recognise and encourage effort and work through internal promotion policies, equal opportunities and the application of a profession model. Additionally, and through annual development interviews, work is conducted with people in the definition of plans for their professional development. This development will involve the development of their skills, based on an identification system of the areas to be developed (training and development plans).

The definition of the corporate competences to be developed, in order to advance towards the desired culture, has been key to the design of a Competency Management Model for the entire Group, a model that is being gradually deployed and implemented in the BATZ Group, and which ranges from the realisation of job descriptions to the assessment by competences of people and their subsequent development.

The identification of the areas to be developed is based on performance assessment: the person in charge evaluates their team and guides its development. For the person in charge to carry out this task, however, an identification of the leader's role is required, defining what they must do in the organisation in order to achieve the development and involvement of their team, and that encompasses his their (development plans of leadership).

In 2019, the focus was on the consolidation and implementation of the first phases of the Competency Management Model as one of the key aspects to be developed with the Management and Command Line team, within what is defined as "Leader's Role" at BATZ.

**AT BATZ, TRAINING ACTIONS ARE PROMOTED THAT AFFECT OUR ENTIRE WORKFORCE IN LANGUAGES, CORPORATE AND TECHNICAL SKILLS, AND MANAGEMENT SYSTEMS, TO HIGHLIGHT A FEW.**

## Training

	IGORRE		CZECH REPUBLIC		ZAMUDIO		MEXICO		KUNSHAN		GUANGZHOU		CHENGDU		AEB		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
In-house environmental training received by workers hrs.	98	15	520	0	150	66.5	730	84	8	4	16	16	4	3	0	0	1,526	189
External environmental training received by workers hrs.	18	26	0	152	80	0	414	96	20	12	0	0	4	24	0	0	536	310
Training in Occupational Health and Safety: risks in the workplace hrs.	84	121	1,040.00	304	150	126	84	67	8	302	8	8	8	7	0	0	1,382	935
Training in Occupational Health & Safety: maintenance methods (cranes, platforms, forklifts, work at height) hrs.	299	509	176	74	80	345	80	103	8	120	16	16	8	7	0	0	667	1,174
Other training hrs.	9,039.00	4,751.40	240	520	90	803.5	102	279	8	0	24	24	24	38.5	0	0	9,527	6,416
<b>Total hrs training all type</b>	<b>9,538.00</b>	<b>5,422.40</b>	<b>1,976.00</b>	<b>1,050.00</b>	<b>550</b>	<b>1,341.00</b>	<b>1,410.00</b>	<b>629</b>	<b>52</b>	<b>438</b>	<b>66</b>	<b>64</b>	<b>48</b>	<b>79.5</b>	<b>0</b>	<b>0</b>	<b>13,64</b>	<b>9,024</b>

• Other training hours Igorre 2018, corrected.

• The decrease in training hours is related to the indicator Net Job Creation in the Profile table of the workforce.

## Towards people management 4.0

In 2019, a significant effort was made to promote cultural change and integrate digital transformation in the organisation through people and for people. On the one hand, digital tools have been incorporated and enhanced that improve communication, as well as optimising and streamlining the management of our people. On the other hand, multiple actions have been carried out for the development of digital competences and skills aimed at the command line in tools that allow better management of their teams in this first phase.

## Commitment and retention

For the success of any project, it is essential 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 model of professions, among others, as detailed below:

- Career curves are identified (in the sense of both horizontal and vertical mobility).
- Structured social benefit systems are established.
- Policies are defined that allow the reconciliation of family and professional life.
- Organisational models are improved to favour the development of people's skills and person-job adaptation.
- Internal communication processes are addressed, which are very important to achieving people's commitment.
- People management is carried out promoting gender equality

*All policies and their description are available in item 3, Policies.*

## 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.

## Diversity

	IGORRE		CZECH REPUBLIC		ZAMUDIO		MEXICO		KUNSHAN		GUANGZHOU		CHENGDU		AEB		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
<b>Employee gender diversity</b>																		
No. of women with contract	103	110	90	79	19	22	120	118	60	49	6	6	9	6	0	0	407	390
% of women with contract	15.49%	16.77%	67.67%	46.75%	13.67%	11.46%	40.82%	34.50%	29.41%	30.63%	50.00%	50.00%	40.91%	42.86%	0.00%	0.00%	27.67%	25.21%
<b>Gender diversity in senior management position</b>																		
** No. of people with employment contracts in senior management positions	9	20	7	9	7	7	8	11	9	11	0	0	0	0	1	0	41	58
No. of women with employment contracts in senior management positions	4	3	3	5	3	3	1	1	4	3	0	0	0	0	0	0	15	15
% of women with employment contracts in senior management positions	44%	15%	43%	56%	43%	43%	13%	9%	44%	27%	0%	0%	0%	0%	0%	0%	37%	26%
No. of male employees benefiting from paternity	19	8	0	0	3	4	3	8	6	9	1	0	1	1	0	0	33	30
No. of female employees benefiting from maternity	2	6	3	5	0	0	7	4	3	3	1	1	0	0	0	0	16	19

\*\* Change of criteria in computing senior management positions compared to 2018.

***“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.*”**

### SOME OF THE RECOGNITION AND INTEGRATION ACTIVITIES DURING 2019

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
- ...



### Detachment from work

At BATZ, we continue to work on promoting personal and professional reconciliation of Group employees, as well as incorporating new practices that allow for detachment from work. These range from the assignment of measurable tasks through attainable objectives in the assigned schedule to the development of policies for the reconciliation of work and family life.



**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	
2,109 hours	
SEVERITY RATE	FREQUENCY RATE
0.48	30.7
85 % of the BATZ Group plants are certified according to ISO 45001 and OHSAS 18001	

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 actions integrated into occupational health & safety management in 2019.***

### **Psychosocial risk assessment**

In late 2018, we proceeded to identify opportunities to improve our work environment through an assessment of psychosocial risks. This exercise enabled us to identify risk factors and establish, in 2019, improvement measures related to the organisation of work and its social environment, as well as the content of work and the completion of the task. The main line of work has been based on the communication of the conclusions of said study and on the training of our people in this field.

### **Safety in international destinations**

We carry out our activities in a global environment, which presents us with a series of challenges in terms of managing people. One of them is the necessary mobility of the workforce, either through what is known as expatriation or through short-term displacement, also referred to as business trips or regular displacement. Whatever their cause, however, all of them share a common denominator: the safety and well-being of our people.

To do this, we provide our workers with an additional travel assistance service that makes it easier to manage the medical and safety risks they face in their international destinations. In 2019, 250 people who travel regularly, out of a total of 300 identified, were trained in this area.



## Occupational health and safety

	IGORRE		CZECH REPUBLIC		ZAMUDIO		MEXICO		KUNSHAN		GUANGZHOU		CHENGDU		AEB		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Number of employees	665	656	133	169	139	192	294	342	204	160	12	12	22	14	2	2	1471	1547
Number of working hours	1,151,884	1,196,616	193,551	97,940	210,620	241,312	718,907	546,119	915,422	460,897	29,370	29,964	56,233	38,456	3,504	3,504	3,279,491.02	2,614,808.64
Number of accidents with sick leave - women	n/a	6	n/a	0	n/a	2	n/a	0	n/a	1	n/a	0	n/a	0	n/a	0.00	n/a	9.00
Number of accidents with sick leave - men	n/a	27	n/a	0	n/a	23	n/a	0	n/a	2	n/a	0	n/a	0	n/a	0.00	n/a	52.00
Number of accidents with sick leave - total	n/a	33	n/a	0	n/a	25	n/a	0	n/a	3	n/a	0	n/a	0	n/a	0.00	n/a	61.00
Number of accidents without sick leave - women	n/a	0	n/a	15	n/a	1	n/a	0	n/a	0	n/a	0	n/a	0	n/a	0.00	n/a	16.00
Number of accidents without sick leave - men	n/a	3	n/a	13	n/a	9	n/a	0	n/a	0	n/a	0	n/a	0	n/a	0.00	n/a	25.00
Number of accidents without sick leave - total	n/a	3	n/a	28	n/a	10	n/a	0	n/a	0	n/a	0	n/a	0	n/a	0.00	n/a	41.00
Number of incidents	n/a	69	n/a	0	n/a	4	n/a	30	n/a	3	n/a	0	n/a	0	n/a	0.00	n/a	106.00
Severity Index: (No. of days lost/No. of hours worked)	0.84	0.74	0.00	0.00	1.42	1.44	0.00	0.00	0.01	1.67	0.00	0.00	0.00	0.00	0.00	0.00	0.28	0.48
Frequency Index: (No. of accidents/No. worked)	19.97	17.24	180.00	145.80	59.00	75.80	1.14	0.00	5.46	6.51	0.00	0.00	0.00	0.00	0.00	0.00	33.2	30.7
Absenteeism rate	n/a	6.51	n/a	4.86	n/a	4.89	n/a	1.32	n/a	0.05	n/a	3.30	n/a	0.02	n/a	0.00	n/a	2.6
Absenteeism hours	78,465.50	74,194.25	n/a	13,858.00	n/a	11,535.00	n/a	8,884.44	n/a	23,373.00	n/a	69.00	n/a	745.50	n/a	0.00	n/a	132,659

## 9.2 STAFF PROFILE

	IGORRE		CZECH REPUBLIC		ZAMUDIO		MEXICO		KUNSHAN		GUANGZHOU		CHENGDU		AEB		TOTAL	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
<b>Employees</b>																		
No. of employees	665	656	133	169	139	192	294	342	204	160	12	12	22	14	2	2	1,471	1,547
No. of employees with indefinite contract	531	531	116	69	139	151	199	281	196	11	12	11	22	14	2	2	1,217	1,070
No. of employees with temporary contract	134	125	17	100	0	41	95	61	8	149	0	1	0	0	0	0	254	477
No. of employees with contract	665	656	133	169	139	192	294	342	204	160	12	12	22	14	2	2	1,471	1,547
<b>Distribution by age (total No.)</b>																		
Age <30	61	45	33	27	17	21	147	160	39	15	7	9	4	1	0	0	308	278
Age 30-50	466	470	90	73	87	133	129	163	164	144	4	2	18	13	1	2	959	1,000
Age >50	138	141	10	23	35	38	18	19	1	1	1	1	0	0	1	0	204	223
Average age	43.57	43.60	38.42	39.21	42	42	31	37	37	35	31	32	35	38	43.5	44	37.7	38.9
<b>Categories</b>																		
No. Senior managers	16	19	7	9	7	7	9	11	9	11	1	1	1	1	1	0	51	59
No. Middle managers	47	34	3	9	6	6	11	19	0	0	0	0	0	0	0	0	67	68
No. rest MOI**	267	263	38	55	30	35	18	102	82	76	6	7	9	7	1	2	451	547
No. rest MOD**	335	340	85	96	96	144	256	210	113	73	5	4	12	6	0	0	902	873
No. of employees with disabilities*	0	0	0	1	2	2	0	2	0	0	0	0	0	0	0	0	2	5
Net job creation	-29	-9	10	16	23	25	135	48	-17	- 44	0	0	0	-8	2	0	124	28
Average no. of years of employee service in the company	9.5	12	6	7	8.3	9	2.58	2.1	3	5.11	3.9	3.48	3.9	5.2	1.55	10	4.8	6.7
Percentage of employees covered by collective bargaining agreements	100%	100%	0%	0%	100%	100%	84%	84%	100%	100%	100%	100%	100%	100%	100%	50%	86%	79%

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

\*\* MOI = indirect labor; MOD = direct labor

## 9.3 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.

## 9.4 INTERNAL COMMUNICATION MAP

SCOPE	INSTITUTIONAL	EXECUTIVE OR MANAGEMENT					
CHANNEL	Intranet	Team Meetings	Meetings with the Line of Command	Welcome Plan	Satisfaction surveys	Individual Follow-up meetings	Performance Assessment
OBJECTIVE	To offer information on the highlights of the BATZ Group	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)	A communication forum on the Strategic Plan, Management Plan, Evolution of the company, most prominent social issues, etc.	To offer initial information about the company, the job position, labour aspects, training on Risk Prevention, etc.	To know the workers' level of satisfaction regarding to various variables.	A space for communication between command and employees to follow up on objectives and establish joint improvement actions	A space for communication between command and employees to share the performance assessment and agree on areas and concrete actions for development and improvement
MAIN ISSUER	General Management	All Command	General Management / Business Management / Subsidiaries	HR and Command	HR	Command	Command
ADDRESSED TO	All personnel	Employees	Command	New hire	All personnel	Employees	Employees
FREQUENCY	Continuous	Bimonthly	Biannual	At the time of hiring	Triennial	Bimonthly	Annual
RESPONSIBLE FOR THE CONTENT	Head of Communication	Corresponding command	General Management / Business Management / Head of Communication	HR and corresponding Command	HR	Corresponding command	Corresponding command

*This actions are aligned with the United Nation's Sustainable Development Goals*



# 10. HUMAN RIGHTS

## 10.1 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.

The person who makes the notification will be informed of the progress made by the Ethical Channel.

During 2019 there were 2 communications received, of which only one could be considered applicable to compliance with this code. The second one was dealt with through the appropriate communication channels. In the only case that applied, the consequent investigations and actions were carried out in relation to it.





## ***10.2 PRINCIPLES THAT GUIDE THE BEHAVIOUR OF ALL THE PEOPLE WHO ARE A PART OF BATZ***

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### **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.

*This actions are aligned with the United Nation's Sustainable Development Goals*



# 11. CORRUPTION AND BRIBERY

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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**

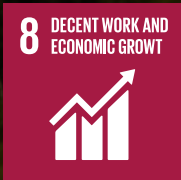
Any Person from the BATZ Group has the right to participate on an individual basis in political matters but their participation in politics will not be related to the Group.

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



*This actions are aligned with the United Nation's Sustainable Development Goals*



# 12. SOCIETY

More than half a century has passed since BATZ made the commitment to be a socially responsible company committed to its entire ecosystem. It is an industrial group that meets the needs of the present without compromising the future, being above all, a project that was born as a cooperative and which has managed to combine expansion and its global Nature with the roots and commitment to the socio-economic transformation of its environment. This is our commitment and responsibility, regardless of the country where we are.

## 12.1 GENERATING WEALTH IN OUR ENVIRONMENT

We promote initiatives for economic and social development with respect for the communities in which we are integrated. In addition, our presence in various locations around the world promotes, directly and indirectly, the training and qualification of people as well as driving economic activity that is located in our closest environment. We are proud to state that our initiatives are aligned with the objectives defined in the 2030 agenda for sustainable development.



### Some of the social initiatives and collaborations of the BATZ Group

<b>Commitment to culture and sport</b>	Kirola eta kulturarekin lotutako ekimenak bultzatzen ditugu, kultura- eta kirol-jarduerak babestuz eta antolatuz.
<b>Commitment to work-home life balance</b>	Laneko eta familiako bizitzaren bateragarritasuna bultzatzen dugu, ez bakarrik gure barnetalentuari dagokionez, baizik eta kanpoko ekimenetan ere parte hartuz; adibidez, Denbora sareak eta Novia Salcedo Fundazioak antolatutakoetan.
<b>Commitment to social and professional integration</b>	<ul style="list-style-type: none"> <li>• Lanbide</li> <li>• Behargintza</li> <li>• Beharbide</li> <li>• Bizkaia Talent</li> <li>• Novia Salcedo Foundation</li> <li>• Mundukide</li> <li>• Gure Señeak Association (rare diseases)</li> <li>• ADENBI, Multiple Sclerosis Association of Bizkaia</li> <li>• "Gazteleku" Association for the community development</li> <li>• "Dislebi" Dyslexia Association</li> <li>• Ezequiel Hernández Romo Institute for the blind and visually impaired (Mx)</li> <li>• Central Hospital of the State of San Luis Potosi (Mx)</li> </ul>
<b>Commitment to the development of our environment</b>	Errota Foundation Egaz Txorierri
<b>Others</b>	Collection of caps for support StopSanfilippo Foundation Support of the Txorierri health race

## 12.2 DISCLOSURE AS THE ENGINE OF VALUE GENERATION

At BATZ, we are committed to generating value and promoting the development of our surrounding regions through the transfer of our knowledge, as we firmly believe that its communication constitutes a decisive pillar for establishing bonds with our surrounding region and collaborating in its socio-economic development.







In 2019, we celebrated the fourth edition of the BATZ Innovation Summit, an annual event open to professionals in the automotive sector that, on this occasion, addressed the challenges and opportunities surrounding advanced manufacturing, with the participation of the Automotive Intelligence Centre, EIT Manufacturing, Volkswagen, Gestamp, and Mondragon

Additionally, we participated and hosted business breakfasts and visits to our facilities, highlighting the excellent work done by the Czech Republic in strengthening bonds and exploring synergies with the authorities of the Moravian region.

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

## TRADE ASSOCIATIONS SECTORIALES

### Aeronautics

Hegan – Aeronautics Cluster

### Energy

Basque Country Energy Cluster

### Automotive

ACICAE – Basque Country Automotive Cluster

The Spanish Center of Plastics (CEP)

SERNAUTO (Spanish Association of Automotive Suppliers)

Automobilový klastr - Automotive Cluster of the Czech Republic.  
Club of HR officers of the Moravian-Silesian Region membership.

## 12.3 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 singleseat car for competing in international circuits. We also regularly welcome visits from training centres and universities.

## AGREEMENTS WITH UNIVERSITIES AND TRAINING CENTRES

### BATZ IGORRE

- UPV-EHU, University of Basque Country
- Mondragon University
- AIC-Automotive Intelligence Center
- HETEL Association of Basque Vocational Training Centres
- Armoury school
- Zulabiar
- Learntiker
- Maristas Durango School
- Salesianos
- Bidebieta Vocational Training
- Zornotza
- Elorrieta Erreka Mari
- Repélega Integrated Vocational Training Centre
- Mendizabala Institute
- Integrated Centre of Vocational training Emilio Campuzano
- Barrutialdea institute
- Galdakao Secondary School

### BATZ ZAMUDIO

- Polytechnic School of the Txorierrri
- LEA Artibai school
- Mondragon University

### BATZ CZECH

- Technical university in Ostrava : Vysoká škola báňská-Technická Univerzita

### BATZ MEXICANA

- Tangamanga University
- Polytechnic University of San Luis Potosi
- School of Banking and Commerce
- UTEC - Technological University of the State of San Luis Potosi
- Autonomous University of San Luis de Potosi
- UTEC Training (automotive)
- ICAT (Training Institute for the work of the State of San Luis de Potosi)

## FAIRS AND EMPLOYMENT FORUM

FAIR	JEPE	LANBAI	Job & Talent day	IMH II Feria de Empleo de Ing Dual	Kariéra Plus	Employment fairs
ORGANISER	UPV-EHU University of the Basque Country	Mondragon University	AIC- Automotive intelligence Center	IMH Advanced Manufacturing Center	University of Ostrava (Czech)	BATZ Mexicana, Polytechnic University of San Luis de Potosí, National Employment Service, Ministry of Labor and Social Welfare and Integral Development of the Family of Mexico



## 12.4 SUPPLIER DEVELOPMENT

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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 21.

## MAIN LINES OF WORK IN 2019

### TOOLING

In 2019, we grew in the strategic challenge of multi-project planning, working on the implementation of rhythmic planning, enhancing project orientation and work in both purchasing and subcontracting sub-processes. Incident collection is helping to focus our improvement actions, incorporating new indicators into our control process.

New audits are being carried out in our suppliers for the sharing of our quality objectives and enhance supplier self-control mechanisms.

### AUTOMOTIVE SYSTEMS

On the one hand, we have consolidated our cooperation with the engineering area in the preparation of the product design, promoting the standardisation of purchase components and the use of commercial components, working on the product feasibility in the early stages of design and optimising designs, guiding them towards a reduction of costs and feasibility.

Alongside the electronics engineering team, we have developed panels of local, European and Asian suppliers of the different purchasing subfamilies that make up electronics. We have acquired product and market knowledge supporting the development of mechatronic products.

Finally, we have worked on improving internal purchasing processes by reviewing the main indicators and automating them. Similarly, we have redefined the main purchasing sub-processes in order to facilitate the coordination and efficiency of the global purchasing team.

#### Tooling

843 suppliers

#### ORIGIN

95% Europe

5% others

#### Automotive Systems

265 suppliers

#### ORIGIN

%60 Europe

%30 Asia

%10 NAFTA

*This actions are aligned with the United Nation's Sustainable Development Goals*



## 12.5 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 488 thousand euros in 2019.

### PUBLIC SUBSIDIES RECEIVED

The non-refundable grants amounted to 744 thousand euros in 2019.

# APPENDIX I

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

INDEX OF CONTENTS REQUIRED BY LAW 11/2018	SUBJECT	REFERENCE FRAMEWORK
Business model	Brief description of the group's business model	GRI 102-1, 102-2, 102-3, 102-4, 102-6, 102-7, 102-14, 102-15
General	Reporting framework	GRI 102-54, 102-46, 102-47
Management approach	Description of the policies applied	GRI 103-1
	Results of these policies	GRI 103-3
	The main risks related to these issues linked to the group's activities	GRI 102-15
Environmental management	Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 307-1, 308-2
	Environmental assessment or certification procedures	GRI 103-2, 308-1, ISO 14001
	Resources dedicated to the prevention of environmental risks	GRI 103-3
	Application of the precautionary principle	GRI 102-11
	Amount of provisions and guarantees for environmental risks	GRI 103-3
Pollution	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7
Circular economy and waste prevention and management	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	GRI 301-2, 301-3, 306-1, 306-2
	Actions to combat food waste	GRI 103
Sustainable use of resources	Water consumption and water supply in accordance with local constraints	GRI 303-1
	Consumption of raw materials	GRI 301-1, 301-2
	Measures taken to improve the efficiency of their use	GRI 302-4, 302-5
	Direct and indirect energy consumption	GRI 302-1, 302-2
	Measures taken to improve energy efficiency	GRI 203-1, 302-1, 302-4, 302-5
	Use of renewable energies	GRI 302-1, 302-2
Climate change	Significant elements of greenhouse gas emissions generated as a result of the company's activities	GRI 305-1, 305-2, 305-3, 302-5
	Measures taken to adapt to the consequences of climate change	GRI 201-2
	Voluntary medium and long term reduction targets established to reduce greenhouse gas emissions and the measures implemented to achieve this	GRI 305-5

INDEX OF CONTENTS REQUIRED BY LAW 11/2018	SUBJECT	REFERENCE FRAMEWORK
Protection of biodiversity	Measures taken to conserve or restore biodiversity	GRI 304-3
	Effects caused by activities or operations in protected areas	GRI 304-2, 303-2
Employment	Total number and distribution of employees by country, sex and age	GRI 405-1
	Total number and distribution of employees by professional category	GRI 401-1
	Total number and distribution of employment contract types	GRI 401-1
	Annual average by type of contract (indefinite, temporary and part-time) by sex, age and professional classification	GRI 401-1, 405-1
	Number of severance notices by sex, age and occupational categories	GRI 401-1
	Salary gap	GRI 405-2
	Pay for the same or average jobs in the company	GRI 405-2
	Average pay of directors by sex	GRI 102-35, 102-38
	Average pay of managers by sex	GRI 102-35, 102-38
	Implementation of employment termination policies	GRI 401-2, 401-3
	Employees with disabilities	GRI 405-1
Organisation of work	Organisation of working time	GRI 401-2, 401-3
	Number of absentee hours	GRI 403-2
	Measures aimed at easing the enjoyment of work-life balance and encouraging the joint exercise of these by both parents	GRI 401-2, 401-3
Health & Safety	Occupational health and safety conditions	GRI 403-2, 403-3, 403-4
	Number of occupational accidents by sex	GRI 403-2, 403-3, 403-4
	Frequency rate by sex	GRI 403-2
	Severity rate by sex	GRI 403-2
	Occupational illnesses by sex	GRI 403-2
Employee relations	Organisation of employee dialogue, including procedures for informing, consulting and negotiating with staff	GRI 402-1, 403-1, 403-4
	Percentage of employees covered by collective bargaining agreements by country	GRI 102-41
	Balance of collective agreements, particularly in the field of health and safety at work	GRI 102-41, 403-4
Training	Policies implemented in the area of training	GRI 404-2
	Total number of hours of training by professional category	GRI 404-1
	Universal accessibility for people with disabilities	GRI 405-1



INDEX OF CONTENTS REQUIRED BY LAW 11/2018	SUBJECT	REFERENCE FRAMEWORK
Equality	Measures taken to promote equal treatment and opportunities between women and men	GRI 401-3, 405-1, 405-1
	Equality plans, measures taken to promote employment, protocols against sexual and sex-based harassment	GRI 103-2, 405-1
	Integration and universal accessibility for people with disabilities	GRI 405-1
	Policy against all forms of discrimination and, where appropriate, diversity management	GRI 103-2, 406-1
Human rights	Application of human rights due diligence procedures	GRI 103-2, 412-2
	Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress any abuses committed	GRI 412-2
	Complaints of human rights violations	GRI 406-1
	Promotion of and compliance with the provisions of the fundamental ILO conventions relating to respect for freedom of association and the right to collective bargaining	GRI 407-1, 408-1, 409-1, 410-1
	Elimination of discrimination in employment and occupation	GRI 405-1
	Elimination of forced or compulsory labour	GRI 409-1
	Effective abolition of child labour	GRI 408-1
Corruption	Measures taken to prevent corruption and bribery	GRI 205-1, 205-2, 419-1
	Measures to combat money laundering	GRI 205-2, 419-1
	Contributions to non-profit foundations and organisations	GRI 201-1, 413-1
The company's commitment to sustainable development	Impact of the company's activity on employment and local development	GRI 102-42, 10243
	Impact of the company's activity on local communities and the region	GRI 411-1, 413-2
	Relationships maintained with local community members and the ways of communicating with them	GRI 102-43
	Association or sponsorship initiatives	GRI 203-1, 102-12, 102-16, 102-13
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in the purchasing policy	GRI 102-9, 308-1, 414-1
	Consideration in the relationships with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9, 414-2
	Supervision and audit systems and their results	GRI 308-1, 407-1, 408-1, 409-1
Consumers	Measures for the health and safety of consumers	GRI 416-1, 416-2
	Complaints systems	GRI 416-2, 418-1
	Complaints received and their outcome	GRI 103-2, 416-2, 417-2
Tax information	Profits obtained country by country	GRI 201-1, 201-4, 413-1
	Income tax paid	GRI 201-1, 201-4
	Public subsidies received	GRI 201-4

# BATZGROUP

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