

BATZGROUP

NON-FINANCIAL INFORMATION
STATEMENT

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Consolidated Non-Financial Information Statement for the year ended 31 December 2020 for BATZ, S.COOP. and subsidiaries (hereinafter, the Group) which forms part of the Consolidated Management Report of the Group.

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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

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1.1 ABOUT US

We are BATZ, a global supplier of products and services for the automotive sector. Founded in 1963 and based in Igorre (Northern Spain), we are currently a solid industrial group thanks to the commitment and customer focus of our professionals.

We evolve and grow with our customers, getting involved from the initial phase in the supply of innovative solutions, focusing on the design and manufacture of products characterised by providing attributes of safety, lightweighting and ergonomics, which promote a more efficient and sustainable mobility, fully aligned with the main trends in the mobility sector.

BATZ Group is made up of around 1,300 professionals and we have 11 production plants and offices around the world, which allows us to accompany 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.

Naturally global



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 BUSINESS

We develop our activity in the automotive sector, specifically in the areas of serial production and tooling.

The extensive experience of our professionals in the design and manufacture of lightweight composite structures using new materials and processes, and of active aerodynamic components, together with our qualification and recognition in the design and manufacture of mechanical and mechatronic control systems, make us a first-class supplier for the main car manufacturers. We also develop solutions for the implementation of new advanced materials by improving their forming processes in a wide range of steels and aluminium, both in hot and cold forming, offering a comprehensive service that ranges from the conceptual design of the product to its fine-tuning.



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.

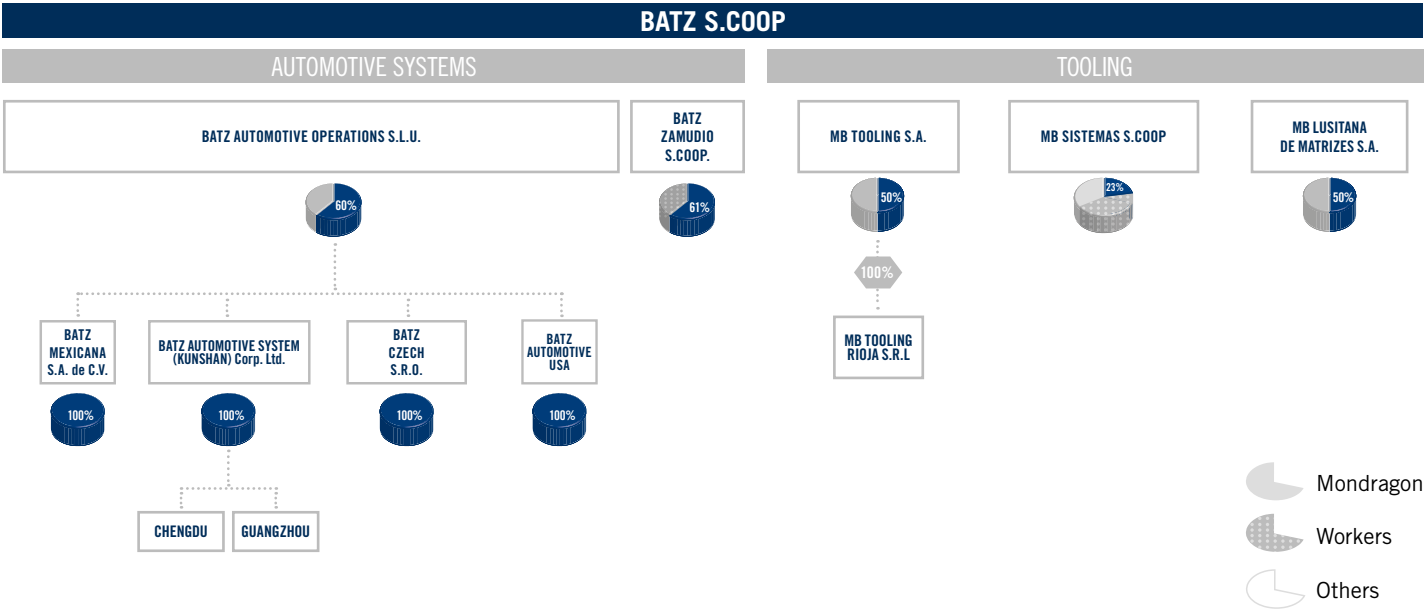


AUTOMOTIVE SYSTEMS

- Design and serial production of a wide range of products for major automotive manufacturers.
- Products mostly with development engineering geared towards
 - Structural lightweighting based on composite technologies
 - Aerodynamic efficiency features to reduce emissions
 - And mechatronics.

1.2 ORGANISATIONAL STRUCTURE 2020

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 , which focus on business development, products, processes and strategic projects, and for which the corporate holdings are shown in the following diagram:

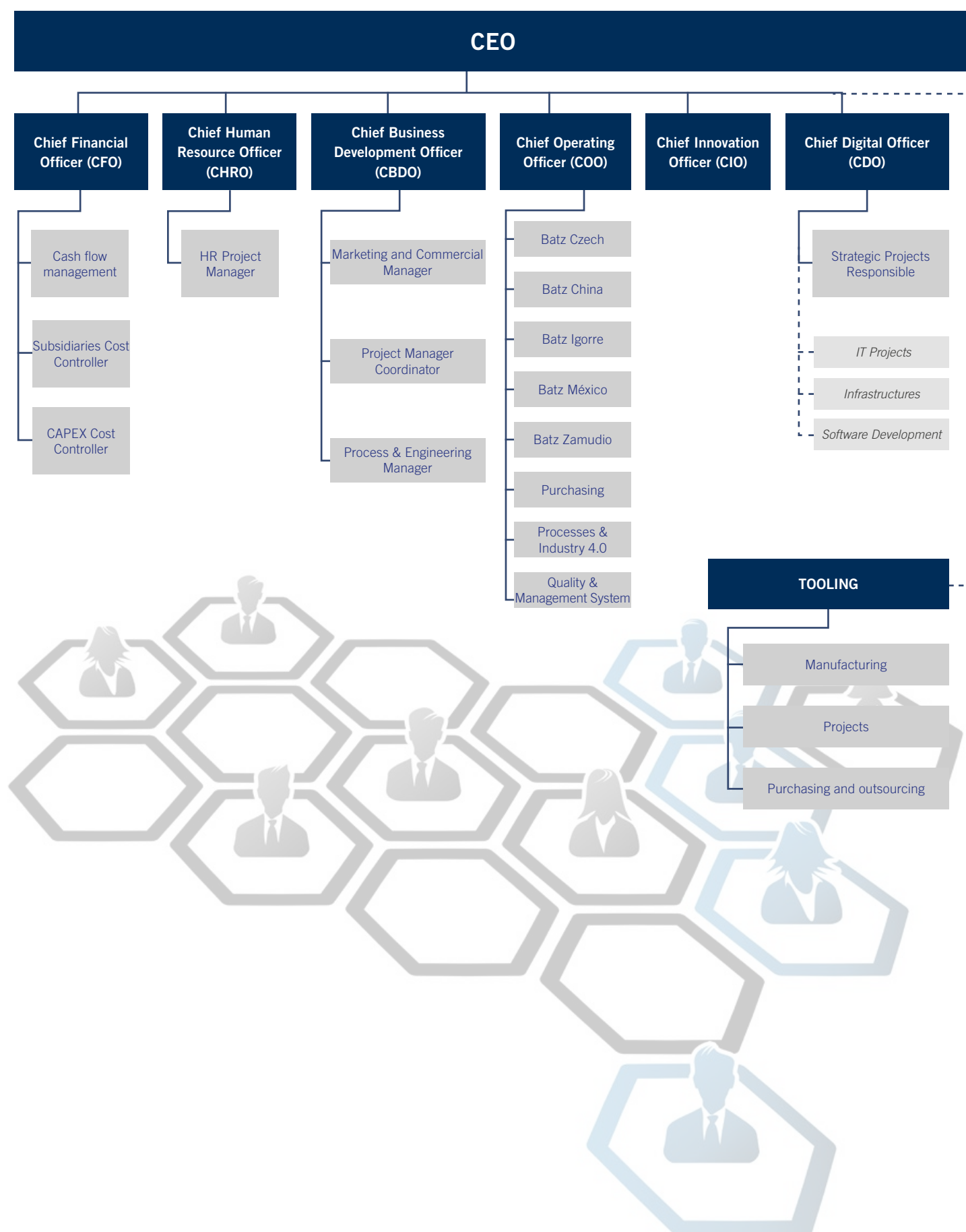


Also, BATZ Group is equipped with management bodies adapted to its corporate and business structure, which allow the cohesion of key relationships and strategic decisions of the company.

The new organisational structure of the BATZ Group was set up in 2020. An organisation for a global automotive market, in which the idea of the Group is strengthened with greater levels of integration and transversality. A structure that is vertebrated on the corporate areas, that favours proximity and cohesion between the Group Management and the business activity, and that favours coordination between the areas, with a marked orientation towards the customer, as shown in the following organisation chart.



1.2 ORGANISATIONAL STRUCTURE 2020



1.3 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.

AN EVOLVING SECTOR AS WE KNOW IT



New car uses



Debate on regulatory framework



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



Alliances between OEMs

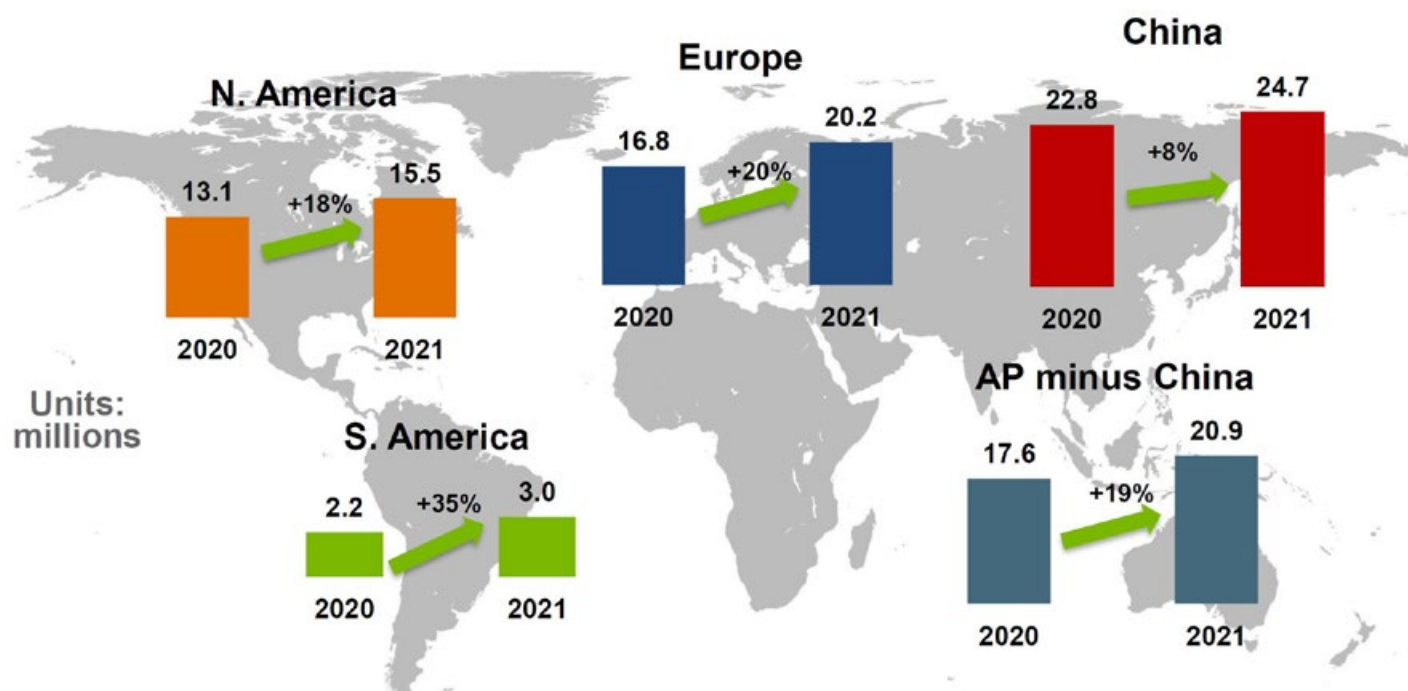


Uncertain geo-political context

But 2020 will undoubtedly go down in history as the year of one of the biggest health crises known in our most recent global history, caused by the 2019 coronavirus. A pandemic that will accelerate the changes in our sector, and which will become a priority issue in the management of companies as well as a source of uncertainty about the future of the market, business models as well as the prevailing economic and social models.

Thus, vehicle sales and production during the pandemic collapsed in all markets, ending 2020 with a 14% drop in sales and a 16% drop in production. In the best-case scenario, and according to the forecasting company LMCA, a recovery to the 2019 figures is not expected until the end of 2022.

2021 LV output recovery : 86.4mn (+16%)



Source: LMC Automotive.

In our case, and given the diversification of our activity in the areas of serial production and tooling, the impact of the crisis has been uneven. After a critical first few months with a halt in production in our automotive systems business, due in turn to the closure of the OEMs' plants, we gradually recovered our activity until the end of the year at almost the pre-COVID rate, with a good level of acquisition. However, the health crisis had a particular impact on the die-making area, where activity had already been reduced in the months preceding the health crisis, due to the reduction in new vehicle launches. This activity will be structurally reduced in the immediate future, and in all likelihood will not reach the previous frequency of launches until 2023.

Nevertheless, the sector's capacity for adaptation and resilience, together with the incentives and plans promoted by Europe, governments and sectoral associations, which in turn can stimulate demand, will provide a good opportunity to place our industry in the key to the future, gaining competitiveness and sustainability.

1.4 HOW WE DO IT

1.4.1 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.

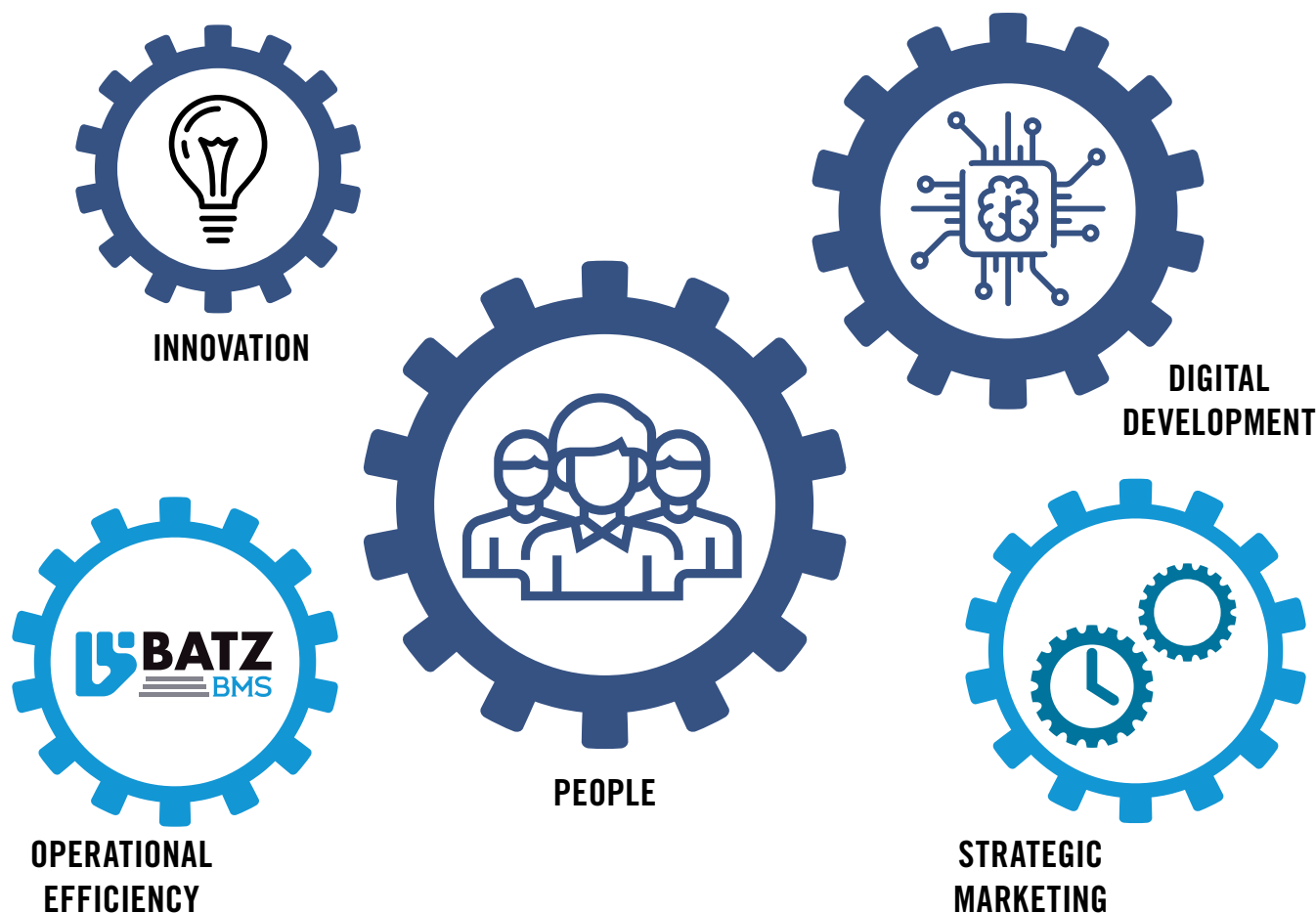


1.4.2 Goals and strategies

The mobility sector is at a turning point for its future. In addition to facing the challenge of electrification with the uncertainty in the markets and the changes in mobility habits, there is also the still unknown scope of the crisis caused by COVID-19. As if this were not enough, during these years the paradigm of the relationship with vehicle manufacturers has undergone major changes to which BATZ has been able to adapt and which has led to the adoption of advanced management models. For this reason, it is more than necessary to have a clear positioning and strategy that allows us to adapt products, processes and the business model itself to ensure our sustainability.

And this context of uncertainty only reinforces our commitment to the main challenges of the sector: **to respond to a more sustainable mobility, strengthening our global offer and “glocal” positioning from a multi-product, multi-technology and multi-customer approach.** And all this, to be able to adapt our strategies to the different speeds of this transformation, depending on the scope, greater or lesser, derived from a more selective demand for differential value by OEMs.

To achieve this objective, we have defined transversal processes that involve all business areas in an integral and coordinated manner so that the gears that make up the company function as a whole. This transversal management pivots on:

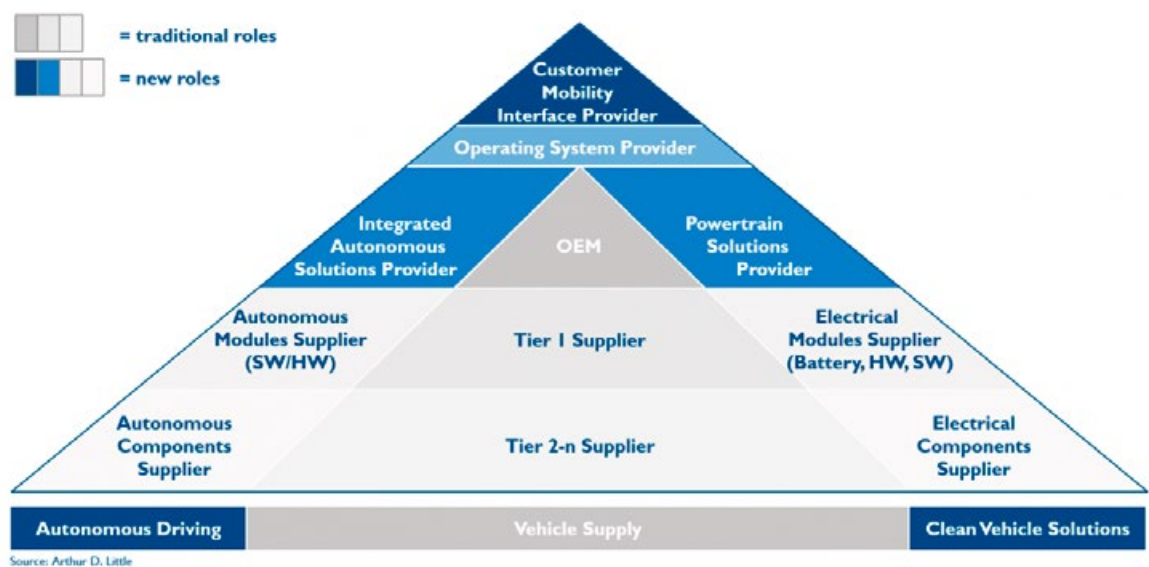


Innovation, a tool for adaptation to uncertainty

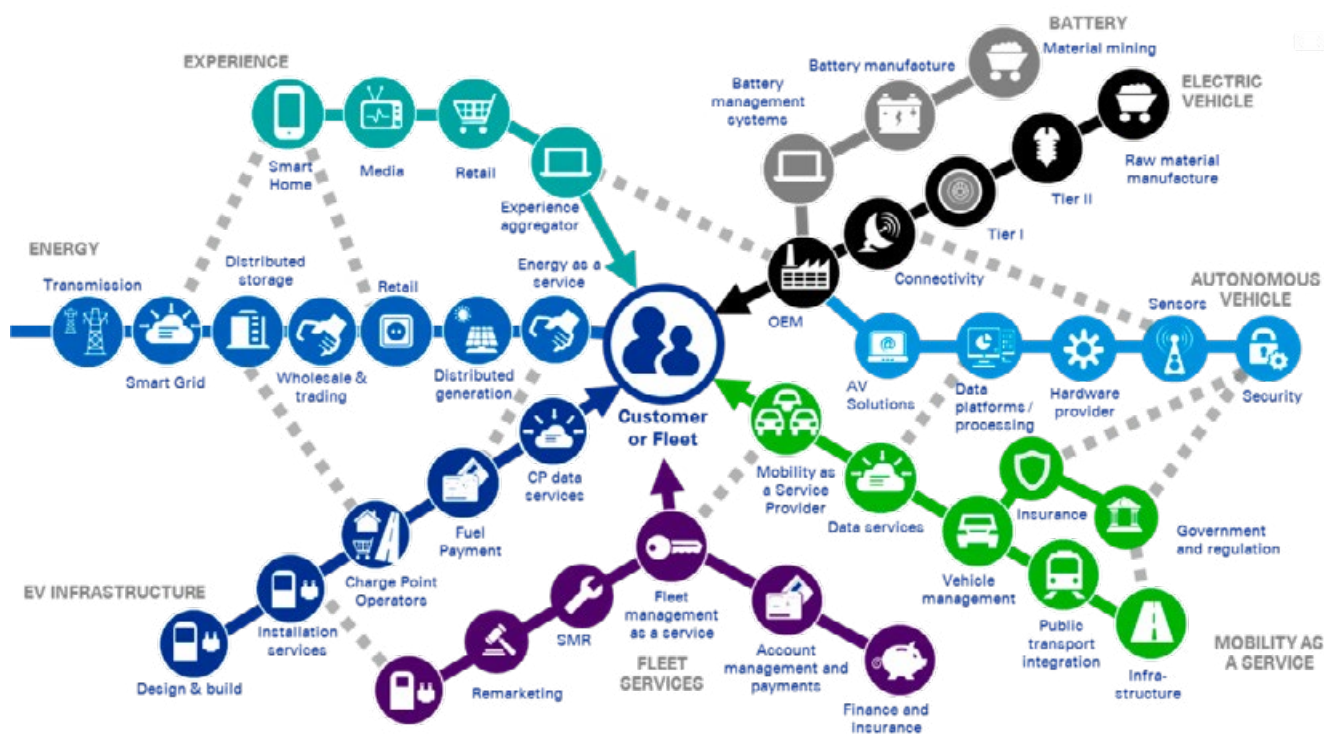
The automotive sector is undergoing major changes, according to experts, as significant as those that originated at the beginning of the last century with the appearance of the combustion engine and serial production. And this has led to a profound transformation of the industry itself. Today, the abbreviation MADE, mobility, autonomous, digital and electrified, has become widespread and unified on a global level, in a similar way to that previously used by some manufacturers CASE (connected, autonomous, shared and electrified) or, in another order, ACES (connected, autonomous, shared and electrified).

The socialisation of technology as it is already accessible and reliable leads to new uses for cars (shared, autonomous, connected, digital, etc.). On the other hand, awareness of climate change is forcing the development of new propulsion systems and fuels, for which the field of batteries is already emerging as a backbone element.

All this is accelerating in response to a more restrictive regulatory framework on emissions, leading to geopolitical changes, alliances between OEMs and the emergence of new players that have not traditionally been active in this market. The following image faithfully represents the new positioning of the OEMs.



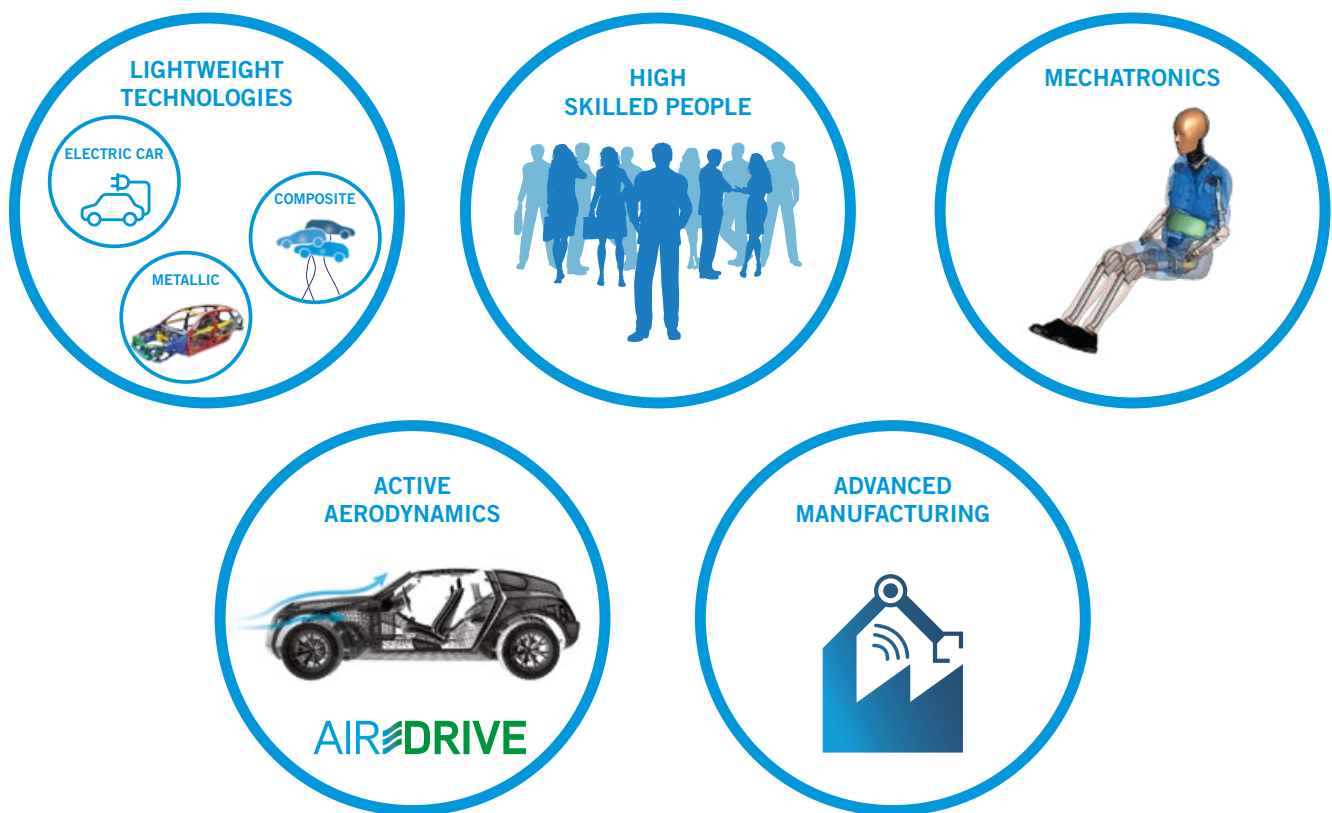
While the following overview shows the complexity of the new ecosystem generated around the new mobility.



In this sense, and as in our specific case, innovation has allowed us to anticipate and adapt to this new context. On the one hand, by responding to the demand for more efficient and environmentally friendly vehicles, through our lines of work specifically oriented towards the development and manufacture of solutions focused on vehicle **lightweighting** through advanced materials and processes, as well as the design and manufacture of **active aerodynamics systems** that improve vehicle efficiency and engine thermal management. It should be noted at this point that lightweighting and active aerodynamics, together with autonomous mobility and new propulsion systems, are the four priorities on which work is being carried out in this sector worldwide, basically to achieve a lighter, more ecological and safer

On the other hand, we are immersed in another project focused on the development of complex **mechatronic systems**, in response to the increasing automation and digitalisation of vehicles. In parallel, we are implementing the Smart Factory concept in all our plants and undertaking projects that allow us to improve the standardisation of our processes and the optimisation of data collection and processing, enabling us to improve decision-making in real time.

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



Creating value through co-innovation

At BATZ we have deep-rooted the premise that to innovate is to face challenges in an efficient way. A culture of innovation and entrepreneurship that goes beyond the merely technological sphere and that we deploy throughout our entire value proposition. For years we have been committed to **advancing in a collaborative environment**, aimed at expanding and strategically reinforcing our capabilities, weaving an ecosystem that includes universities, technology centres and start ups.

We are an active agent within our innovation and entrepreneurship ecosystem. In permanent relationship with different agents in the environment, our continuous participation in research programmes coordinated by the different public-private bodies stands out.

REGIONAL PROGRAMMES

• MAT-EV (BATTERY HOUSING)

It is a project backed by a Hazitek Strategic grant that was considered by the SPRI as an Industrial Research project and was assessed as Excellent. The aim of the project is to obtain expertise in materials for application in electric vehicle batteries, so that solutions can be offered to each OEM, adapted to their needs in terms of fire resistance, EMC shielding and mechanical properties. The programme is scheduled to end in 2021.



• AEROSTRUK

The AEROSTRUK project is a Hazitek Competitive project, which ends in 2021. The objective is to analyse the possibility of developing a product that integrates the Front-End with the AGS in a single system. It also analyses the possibility of anticipating the behaviour of parts produced by IMC, given that no “solver” (finite element-FEM software) accurately considers their real behaviour. For this reason, a study is being carried out comparing the results with those obtained with long fibre pellets, which are more predictable.

NATIONAL PROGRAMMES

• NG-PED

The NG-PED project is a CDTI funded project that investigates the foreseeable requirements for pedals in future electric and autonomous vehicles. It is based primarily on the concept of a brake pedal without mechanical connection to the rest of the braking system, i.e. electronic connection. This implies the need for “feel simulator” systems (brake pedal feel emulator), retractable pedals, etc. In addition, plastic-injected brake pedals with WIT technology will be produced, which will be a world first. The programme is scheduled for completion in 2021, and the prototype of the plastic brake pedal is currently in production.



• ALUTOOL

Projects financed with ERDF funds, which seek to respond to the current and future reality in the field of forming high specification aluminium parts. In this regard, the main challenge underlying the ALUTOOL project is the development of new materials and cutting-edge technologies in order to integrate them into the main elements that influence aluminium forming for the motor vehicle sector. More specifically, dies will be developed with specific characteristics for the forming and cutting of aluminium parts for the motor industry and aluminium sheet materials with optimised properties for improved part forming. Simultaneously, new advanced processes will be created for surface treatments and specific lubricants for drawing and cutting operations of aluminium parts for the motor industry.

EUROPEAN PROGRAMMES

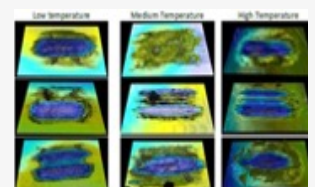
• FIBEREUSE

The FIBEREUSE project is part of the European Horizon 2020 programme. The aim is to investigate the Circular Economy behind the reuse of fibres (in our case carbon fibres) and give them a second life. In addition, this project is working on the use of unidirectional (UD) continuous fibres in pedal supports. Prototypes of the different demonstrators are currently being produced using the materials recovered in the project.



• AEROSTRUK

The RIB-ON project addresses the application of new materials in hot stamping dies, aimed at the manufacture of aeronautical components. As part of the H2020 Clean Sky 2 programme, it proposes a completely new paradigm for the development of hot stamping tools, exploring alternatives to the usual working steels. Thus, the overall objective of the project is to develop and manufacture an innovative stamping die based on a modular/reconfigurable and low-cost approach to successfully produce different outer wing rib models using new high-performance aluminium alloys and customised die steel and cladding solutions.



Check all the programmes in in the Innovation section of our website www.batz.com

Work streams during 2020

In addition to the development projects themselves, in which BATZ takes on medium and long-term capacity building challenges in cooperation with various technology centres and universities worldwide, we accelerate the advanced manufacturing driver by fostering relationships with various technology start-ups. To this end, we actively participate as a driving company in the BIND 4.0 initiative, from which we have access to the programme for attracting technological start-ups with international scope. Specifically, during 2020 we have implemented a system of authentication by geolocation of the equipment to have a double security in the cyber field.

AUTOMOTIVE INNOVATION SUMMIT



BATZ Innovation Summit

In October 2020 we held the fifth edition of the **BATZ Innovation Summit**. This year, in an online format, and under the topic “Innovation in times of change”, the urban mobility of the future was debated by different agents, providing an intermodal approach to the transformation of the current model towards a more efficient, sustainable and safe mobility.

You can access the session in the BATZ News section of our website www.batz.com

Evolving towards an organisation-wide model of excellence: from BATZ Manufacturing System to BATZ Management System

In 2020, we made progress in the development of a single continuous improvement model for the entire organisation, the BATZ Management System (BMS). A very closely linked model to the industrial area of the plants, now taking on a more comprehensive dimension, extending to all areas of the BATZ Group, from commercial management with our customers to the development of our suppliers.

The deployment of this model involves advancing in new blocks of knowledge within the pillar of Excellence that supports disruptive improvement at group level, such as Digitalisation and Industry 4.0.

Thus, it is worth highlighting the involvement of management in this process, as evidenced by the implementation of the strategy deployment in both the group committee and the Operations areas according to the standards of the **Kaizen Leader's** pillar.

In the field of **Excellence at work**, we would like to highlight the Kata project for the optimisation of our internal and external logistics flows. Likewise, and within the framework of this same flow management work area, we would like to highlight the implementation of a new layout at the Kunshan Plant, in accordance with the standards created for IMC technology.

During 2020 we also took important steps in consolidating the **Daily Kaizen** pillar, making progress in achieving the physical and digital 5S. Proof of this was the improvement in the results of the Kamishibai audits carried out at the Czech and Mexican plants.

Finally, and within the framework of **Kaizen Support**, we have continued with the training and communication of BMS methodologies, initiatives that are facilitating the understanding and assumption of these methodologies and their objectives, and therefore, greater involvement of the teams. In this regard, and thanks to the involvement of the team at our Igorre plant, during the year the methodology known as TPM was implemented for production and maintenance management, which has enabled us to achieve a double-digit improvement in efficiency on the pilot line. We should also highlight the launch of new knowledge blocks in the application of Artificial Intelligence in the supply chain or artificial vision for detecting quality problems.

Digital development, crucial in our business management

Digitalisation and sustainability. These are the two cross-cutting strategic drivers defined after the strategic reflection in which we were immersed during 2020, and which will be the driving elements in our agenda for the 2024 transformation. They reflect the essence of the change in the markets and in the socio-business environment in which BATZ GROUP wants to play an active role. Drivers of transformation that will make a decisive contribution in the next decade to achieving the BATZ GROUP’s Purpose. Specifically, up to 18 Digital Development projects emanate from the **Digitalisation Driver (SMART)** that support all the Strategic Axes for the period 2021-2024: smart working, data governance, digital governance, cybersecurity, etc.

In addition to working on defining the framework and standards for this digital development, the health crisis was also at the top of our agenda. In a very short time, and thanks to the great work carried out by the digital development team, all BATZ Group professionals were able to have the necessary means to continue their daily work remotely, maintaining an adequate level of service throughout the most critical months, and above all, in a cybersecure manner.

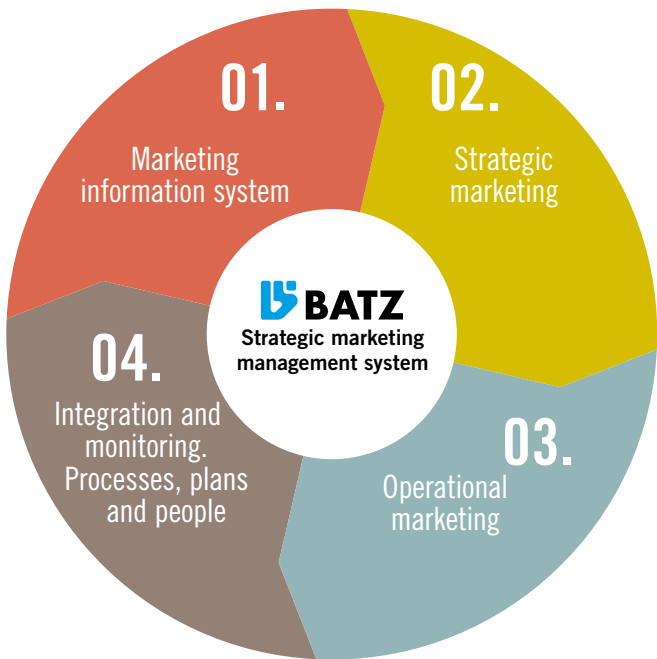
Other work streams during 2020

Application of cybersecurity measures based on the geolocation of people, implementation of online monitoring modules for assets and services, cybersecurity training.

Strategic Marketing Management System

What we call the Strategic Marketing Management System (SMMS) encompasses 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 give rigour, order and clarity to the long, medium and short term strategies at BATZ.

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



In this sense, and in an environment of uncertainty that has been aggravated by the outbreak of the new Coronavirus, anticipating scenarios such as the current one has become particularly relevant. And the SMMS provides us with tools that help us to reflect, make decisions and define future challenges in BATZ. Specifically, we are referring to technological surveillance and competitive intelligence, as it is in this area where the type of information and sources, access, distribution and use of business inputs are specified, to which other elements such as health, social stability, etc., which a priori did not seem to directly affect our sector, were added.

The year 2020 has been key to consolidate the SMMS project and, in turn, to try to give a global and close vision of it to the entire organisation. Being a year of Strategic Reflection and aware of the internal and external factors that affect our entire ecosystem, we have taken a step forward by acquiring first-hand information through the Globaldata tool and by committing to the implementation of a CRM+ that will help us to disseminate, implement, manage and communicate the Group’s marketing strategy in a transversal approach throughout the organisation.

1.5 OUR SUSTAINABLE APPROACH

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*

2. POLICIES

2.1 DESCRIPTION OF THE POLICIES

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The BATZ Group has a set of corporate policies that develop the principles and guidelines that govern our actions; they express the recognition and integration of CSR in our management and governance while shaping our relationship with various stakeholders and helping us to identify, prevent and address any risk of negative impact.

BATZ Group environmental, social and governance (ESG) policies:

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

2.2 POLICIES OUTCOMES

No 3 - Non-financial reporting and diversity law compliance traceability index

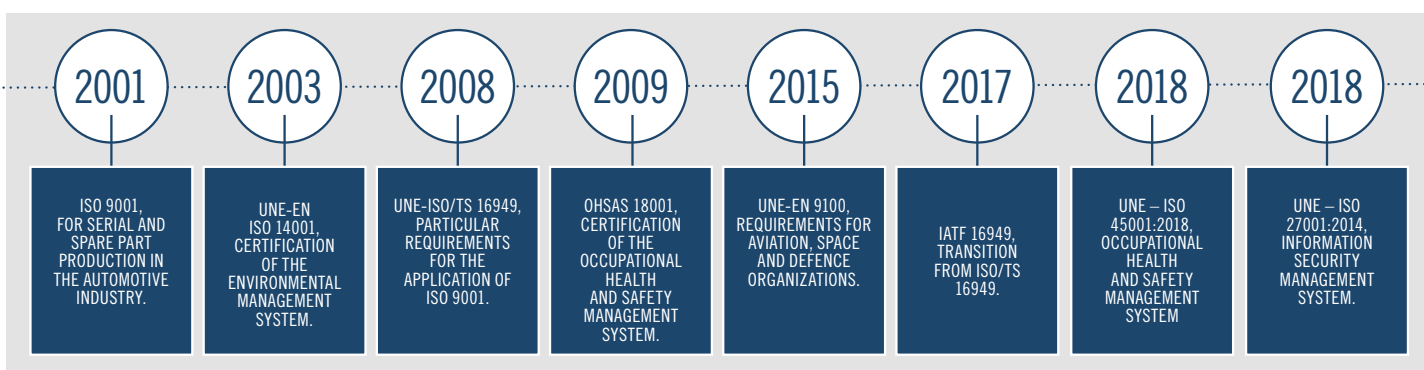
Our management system

At BATZ Group we have tools that help us to assess the consistency and quality of our policies and management, as well as certifying them based on the main international standards that set the guidelines for defining and maintaining these systems.

Each management system is made up of the organisational structure, responsibilities, action procedures, processes and resources necessary to continuously improve its effectiveness. They all have a common structure defined by ISO to align its international standards, the High Level Structure (HLS). This defines the requirements in an order consistent with organisational planning and process management. All requirements of each certified standard: **ISO 9001, IATF 16949, ISO 14001, ISO 45001, ISO 9100, ISO 27001**; as well as customer-specific requirements or those derived from legal regulations, are evaluated and included in the different processes that make up our management systems.

On the one hand, we have a system for measuring our performance on the corporate intranet, which is updated monthly by each area, plant or goal manager. A scorecard broken down into indicators, which enables us to monitor them periodically and to detect and correct any deviation in the measures adopted practically in real time.

On the other hand, each management system ensures that its effectiveness and efficiency is maintained through the implementation of continuous improvement and the adoption of a process-based approach. The monitoring and evaluation of these actions is carried out in the operational meetings of each process, as well as in the operational and strategic committees, both at group, business and plant level, with a minimum of monthly monitoring.



Both the management systems applicable to each plant and the certifications obtained are available on the BATZ website: www.batz.com.

Aligned with our customers' sustainability strategy

During 2020, we continued to achieve excellent ratings in our customer sustainability questionnaires, which assess key indicators on environmental issues, labour practices, ethical management, human rights, key indicators on environmental issues, labour practices, ethical management, human rights,... An average of 84% on the NQC platform (Volkswagen, BMW, Toyota, Volvo, etc.) and Bronze recognition on Ecovadis (Groupe PSA, Renault), which places us above 63% of the companies in the sector evaluated by this second platform, and which endorses our customers' perception of our project and responsible management.

AWARDS 2020

GM Award to BATZ Mexicana for its performance in 2019: this recognition is given to suppliers who have met and exceeded the manufacturer's expectations during the previous year, in terms of performance and quality, and who have obtained the support of various areas throughout the GM organisation.

- **Quality Excellence Award, de Volvo Cars** to BATZ Zamudio for the second consecutive year. Recognition awarded to suppliers who have met and exceeded the expectations of this manufacturer, in this case, thanks to our lightweighting solutions.



3. RISKS IN SHORT, MEDIUM AND LONG TERM

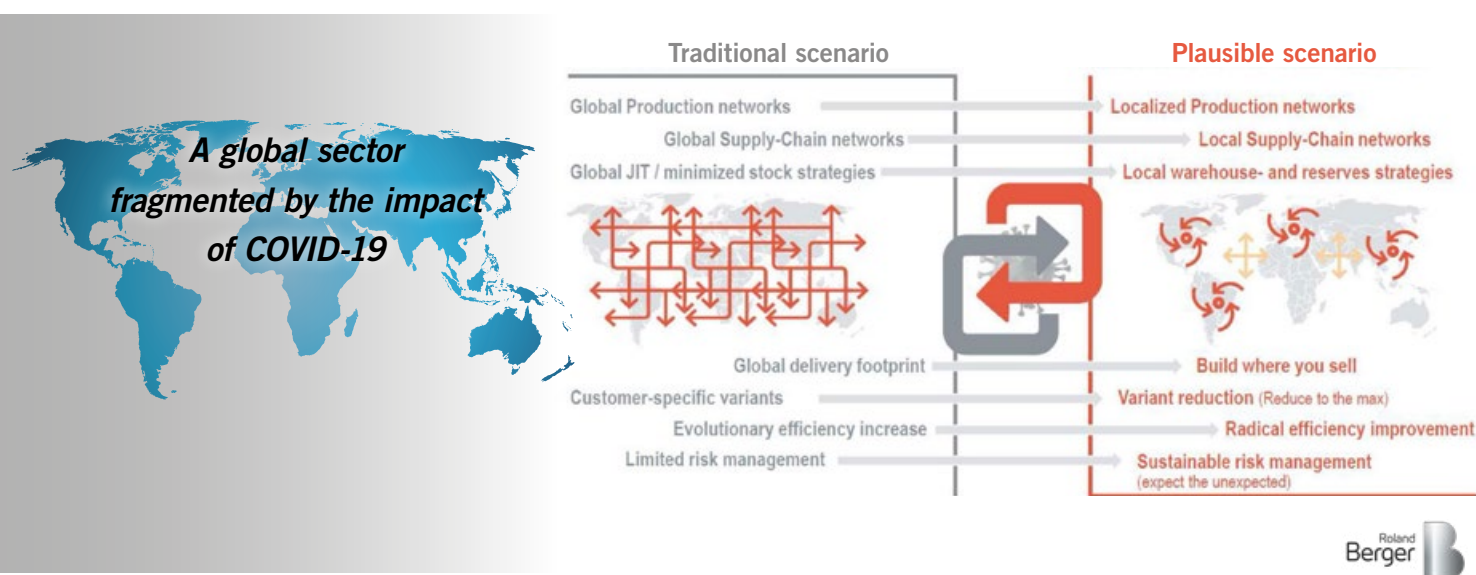
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We are currently facing a VUCA world, where flexibility, dimensioning and technological skills play an important role. During these years, moreover, the relational model with vehicle manufacturers has undergone major changes to which we have had to adapt, and which has led to the adoption of advanced management models. In this sense, and as in our specific case, innovation, deployed in all areas of the organisation, is allowing us to adapt to the new scenarios that are presented to us. Today, it is more necessary than ever to have a defined and shared strategy and positioning that allows us to adapt to this environment and thus ensure our sustainability. And this is undoubtedly about digitalisation, efficiency and competitiveness.

At BATZ we have tools and methodologies that enable us to identify risks as well as opportunities for improvement both outside and inside the organisation, such as the SMMS described in the previous section, which is allowing us to give rigour, order and clarity to long, medium and short term strategies.

The main risks we face at BATZ Group and how to address them in the long term have not changed substantially compared to previous years, and are directly related to the trends in our industry, as described in sections 3 and 4 of this report. Trends in our market, to which should be added the “war for talent”, the management approach to which is described in sections 6 (social and personnel issues) and 9 (Society).

However, the arrival of COVID-19 also brought with it a change of paradigm in our sector and, therefore, the need to work on new scenarios and take on board the changes that will consolidate the economic model of the future in the medium and short term. This “new reality”, which burst onto the scene in the midst of our organisation’s strategic reflection process for the 2021-2024 period, led us to identify and integrate new determining factors for the evolution of the market, of the companies participating in it and, therefore, of the BATZ GROUP over the coming years.



In this new context, we are committed to strengthening our position in markets where we are present and maintaining a product mix that guarantees sustainable revenues and reduced dependence, as well as expanding our footprint through partnerships, a key issue in the near future and in a situation of uncertainty, high investment and increasingly shared platforms to achieve economies of scale and scope.

In addition, we are focusing on consolidating our value chain in a sustainable way, combining efficiency and reliability. Focusing on the development of a chain of strategic suppliers close to us, in response to a paradigm shift that has been accelerated after the COVID-19 crisis, towards a de-globalisation of the value chain, less influenced by geopolitical and economic aspects.

4. KEY INDICATORS, KPI.

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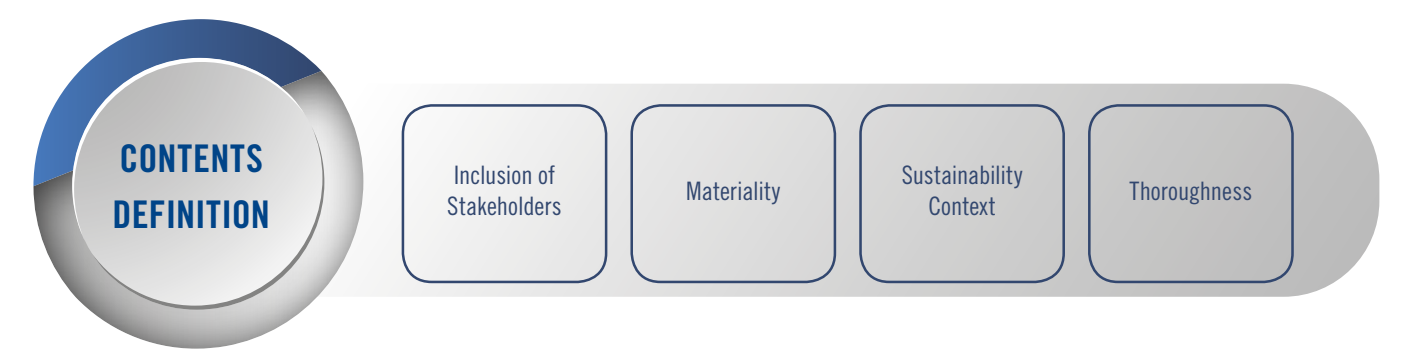
4.1 KPI

This report has been elaborated in accordance with the GRI Standards and provides a comprehensive and balanced picture of our organisation’s material issues and related impacts, as well as the management there of.

4.2 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:

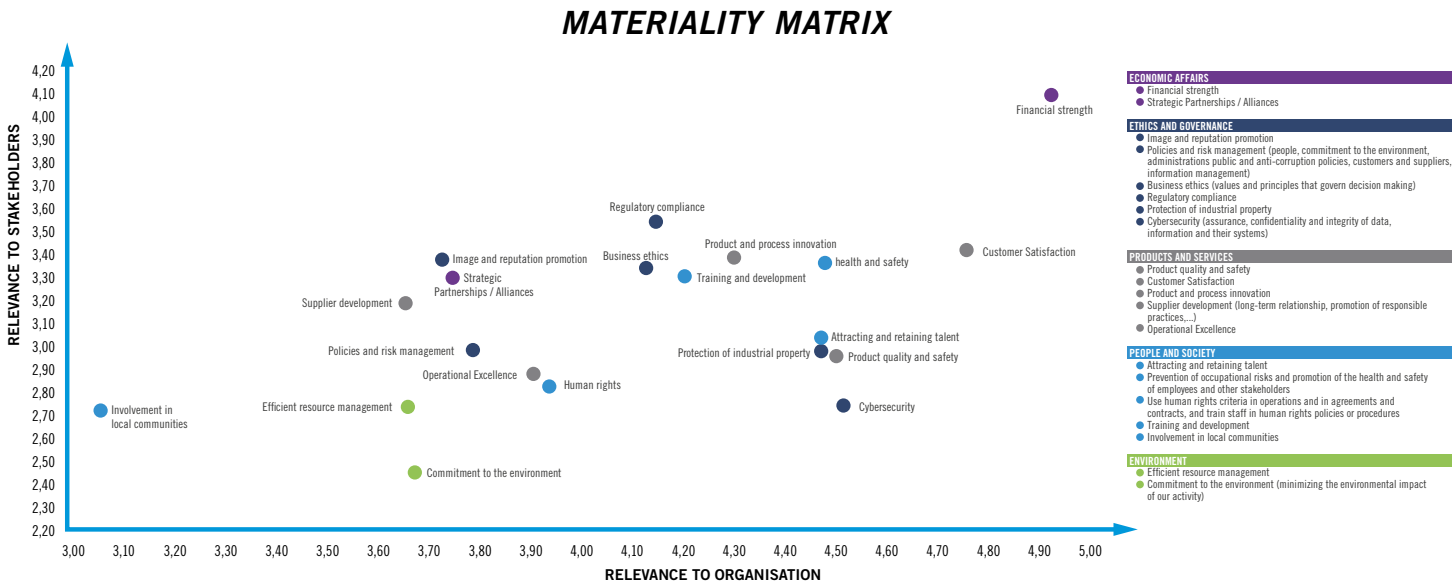


The Sustainability Framework of the BATZ Group is based on the following internal and external principles

Internal	External
<ul style="list-style-type: none">• Mission, Vision and Values of the BATZ Group• Risk Management and Policy: people, commitment to the environment, public authorities and anti-corruption policies, customers and suppliers, information management• Our Code of Conduct	<ul style="list-style-type: none">• Main Sustainability Standards• Sustainability in Automotive Manufacturers• Benchmarking of Best Business Practices in CSR

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

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



4.3 STAKEHOLDERS

Our mission is clear, we are here to contribute to the success of our clients while participating in the socio-economic development of our environment. socio-economic development of our environment. And this can only be done through trust, integrity, cooperation and transparency. and transparency. Therefore, taking care of and strengthening the relationships we maintain with our stakeholders is key for us. To this end, we have official communication channels through which we can establish a dialogue and thus meet the expectations of our stakeholders.

INTEREST GROUPS					
INTERNAL		EXTERNAL			
OUR PEOPLE	SOCIAL BODIES	CLIENTS	SUPPLIERS	SOCIETY ¹	GOVERNMENT AGENCIES AND INSTITUTIONS ²
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				

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

2 Includes government authorities, Mondragon, financial institutions, regulatory bodies, public funding bodies...

5. ENVIRONMENTAL ISSUES

No 6 - Non-financial reporting and diversity law compliance traceability index

At BATZ we are firmly committed to protecting the environment and the respectful management of resources and our surroundings. We are determined to generate value by minimising the possible impact on the environment and we encourage a spirit of respect for it. That is why we have implemented Corporate Social Responsibility and Environmental policies, which can be consulted by our stakeholders through internal corporate channels, such as the intranet and extranet, and externally, such as the BATZ Group website.



Our actions in this area are aligned with the Sustainable Development Goals (SDGs) of the 2030 Agenda, they are our basis for understanding how we are impacting our environment and society, and for setting the challenges as an organisation. It is our duty to know how to combine sustainability as a business group with the promotion of the circular economy and the transition to an energy model that reduces the consequences of climate change.

It is essential to provide environmental education to our employees, with the aim of training and raising awareness in this area, without losing sight of the “amplifying” role that each person plays in his or her environment. The BATZ Group’s sphere of influence extends beyond our production plants. Periodic training is carried out, appropriate to the profile of our employees, adapting environmental training to the needs detected. We have resources adapted to the new technological realities, which allow us to better disseminate our environmental campaigns, such as information pills through the intranet, corporate website, RSS, etc.

Likewise, we pay special attention to the management of emergencies, events which, even though they are punctual and of low probability, require specific actions, planning simulations to evaluate our response capacity. For this reason, we carry out a continuous assessment of environmental aspects, in order to avoid negative impacts before they materialise. We act proportionally based on the principle of prevention. The environmental objectives at BATZ are established with two levels of monitoring: Group objectives and objectives specific to each plant. The first ones have been defined on the basis of GRI standards and must be reported monthly, which allows us to act before a significant deviation could occur. The progress of the objectives is analysed by Senior Management, which demonstrates their involvement in the achievement of the goals set.

We maintain environmental financial guarantees within the policies covered by our insurances, which guarantees sufficient economic resources to face a possible environmental liability derived from our activity.

And this commitment to our environment goes back a long way. The first environmental policy at BATZ was established in 2001, serving as a framework for implementing a management system based on the international ISO 14001 standard. Two years later, certification was obtained for the Igorre plant, the group's headquarters. We adapted the system at the same time as the standard was renewed, adopting the high-level structure, new risk-based approach and including the life cycle perspective.

Management has made it a requirement to maintain an Environmental Management System (EMS), certified by a third party, at each new plant or facility expansion. We are proud to say that none of our plants has lost its certification since it was obtained.

2019 marked the start of integration between the different management systems. During 2020, the process has been consolidated and is now progressing satisfactorily.

5.1 POLLUTION, OUR ENVIRONMENTAL IMPACT

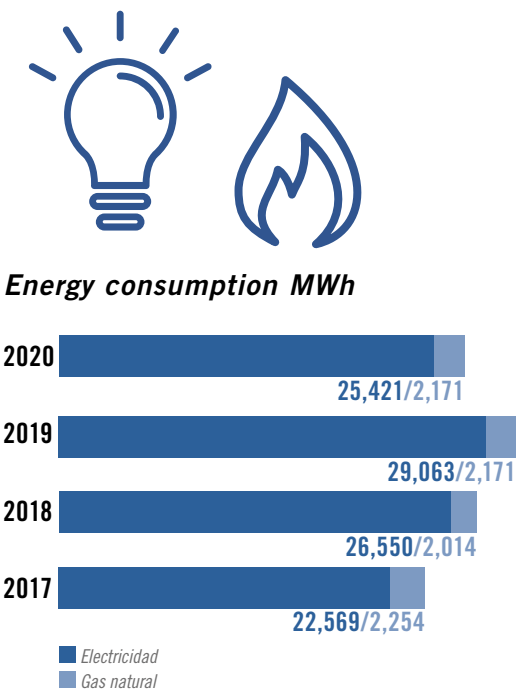
No 7 - Non-financial reporting and diversity law compliance traceability index

Every organisation generates environmental impacts, which, in our case, we quantify and at the same time develop strategies aimed at avoiding or minimising them. BATZ provides human, economic and material resources to each of its plants, in order to achieve full compliance with environmental legislation and any regulations in this area that may be applicable to us as required by our stakeholders. This philosophy leads us to establish plans prioritising the minimisation of waste and emissions, as well as to improve our energy sustainability.

ENERGY PERFORMANCE

One of the aspects that can most influence industrial organisations is the high energy demand necessary for the development of their productive activities. At BATZ Group we identify each of our energy sources and monitor their consumption on a monthly basis.

Energy sources: electricity and fossil fuels. The latter include natural gas, diesel and petrol. The distribution of energy consumed is shown in the following diagram:



The **natural gas** is used to maintain the thermal comfort of our workers, exclusively for heating, being the energy source of choice in three of our plants. We have slightly increased absolute consumption, reaching 2,271MWh, 12.76% more than in 2018, due to weather conditions.

In addition, one of the plants has decided to supplement its heating by burning **diesel**, which has meant an increase in consumption of 536% compared to 2018. In total, during 2020 we consumed 21.69m³ of this fuel.

The **other fossil** fuels are used for the fleet of vehicles, either to move loads in our plants (forklift trucks) or those provided by the company for personal use, the value is not particularly significant (2790 litres).

With 25,421MWh consumed, the main source of energy is **electricity**, with a 4.25% reduction in absolute consumption compared to 2018. However, if we look at the ratio between electricity consumed and hours worked, we have increased by 6.37% compared to the previous year. Despite the reduction in hours worked due to the pandemic, some of our sites have maintained baseline consumption.

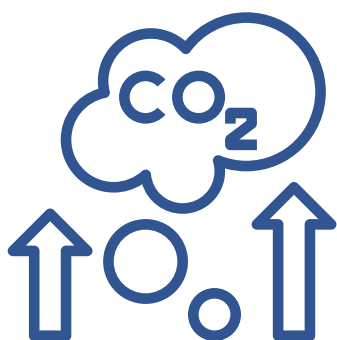
ENERGY INTENSITY (kWh/m€)		
2018	2019	2020
144.89	144.01	159.68

In 2020 the **energy intensity** was introduced in the monthly report of each plant. This indicator provides us with information on energy efficiency based on the economy of each production centre. In addition, we continued with the Energy Efficiency Improvement Plans, maintaining mature lines of work, such as replacing conventional lighting technology with LEDs, audits of compressed air circuits to eliminate leaks, programming systems to be switched off when they are not needed, etc.

Looking at the origin of the electricity consumed in our plants in the Basque Country, we can see that the proportion of renewable energies has increased in the last year to 49.01% on average, which represented a consumption of 12,886 MWh generated by renewable energies.

AIR EMISSIONS

Our main **atmospheric pollutants** are grouped in two main blocks; those from processes such as welding and machining, associated with pollutants such as CO, NOx and particulates; and those from the use of chemicals with volatile organic compounds (VOCs). Several plants have begun to include chemicals with zero or low VOC emissions as a priority in their purchasing criteria.



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 of photochemical smog.

Each plant controls its atmospheric emissions and complies with the emission limits imposed by the legislation in force in each country. All our plants report 100% compliance in this respect.

In addition, the levels of **ambient sound pressure** are regularly monitored through independent measurements and reports with accredited bodies. We can state that in 2020 the reports submitted by the plants have been considered satisfactory.

CARBON FOOTPRINT

The BATZ Group integrates sustainability into its strategy and remains aligned with the SDGs. It is therefore embarking on the path to increase its understanding of its own carbon footprint, reflecting, among other things, on the impact of its energy consumption. This is the first step towards the future decarbonisation of the organisation and the successful management of our impact.

To calculate our greenhouse gas emissions, we use the methodology described in the GHG protocol, prioritising the conversion factors provided by the suppliers themselves and, failing that, those published by the International Energy Agency (IEA) and the Ministry of Ecological Transition (MITECO).

We use 2018 as the base year, as a calendar year. We report scope 1 (direct emissions from fossil fuels) and scope 2 (indirect emissions from the purchase of electricity). We have also started to compile part of Scope 3, obtaining the footprint data derived from business travel (data provided by our travel agencies).

	Scope 1	Scope 2	Scope 3	Compensate	Total Tn CO ₂
2018	378.6	12,781.9	0		13,160.5
2019	423.7	11,786.1	0		12,209.8
2020	634.7	8,844.6	283.6	-27.9	9,735.0

It is worth noting that, despite not purchasing energy with a renewable origin guarantee, a better energy mix from electricity suppliers can be seen in several plants, which has contributed to a total decrease of 26.03% compared to 2018.

During 2020, we would also like to highlight our collaboration with Lurgaia, a non-governmental organisation dedicated to the recovery of the Undabaso forest in Bizkaia. This NGO not only offsets emissions by planting trees, but also chooses to return the forest to its natural state, which includes improving native biodiversity by, for example, managing ponds for amphibians.



5.2 CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT

No 8 - Non-financial reporting and diversity law compliance traceability index

Sustainability as a strategy involves promoting the circular economy at the BATZ Group. According to this production model, we must reduce the input of virgin materials, minimise the production of waste and extend the life cycle of products.

For years, we have been promoting savings in raw materials right from the design phase of our products. We implement technologies that reduce the use of resources, such as WIT or MuCell® injection moulding, and we incorporate recycled plastic materials into our processes and are able to reuse our own plastic. Of the total amount of plastic purchased, we managed 2.79% as waste in 2020.

The metallic materials used are themselves 100% recyclable, once they are considered to be waste in our plants, they are sent to waste managers who melt them down again and put them on the market.

During 2020, we continued with the composting programme at our centres in the Basque Country, so that the organic material from food waste, cups and vending service containers is used to make compost.

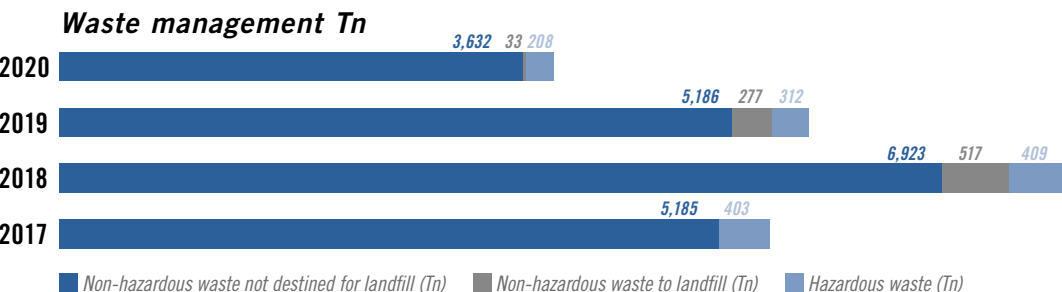
Landfill is the last option, prioritising any form of reuse or recycling. We have managed not to use landfill for any metal or plastic non-hazardous waste (NHW), and only 1% of the remaining NHW ended up in landfill.

WASTE MANAGEMENT



After years of establishing policies to minimise the generation of different types of waste, the total volume managed has decreased to 3,632.4 tonnes of non-hazardous waste and 207.7 tonnes of hazardous waste.

This data represents a decrease compared to 2018 of 50.65%, while maintaining the ratio of waste with hazardous characteristics proportional to the rest.



An indicator is established with a monthly report for each plant, based on the amount of hazardous waste generated per hours of work carried out by direct labour workers. This data is valuable for quantifying this type of waste more reliably, as it is mainly generated in the workshops. According to this data, we can see that we have significantly increased the ratio with respect to the last two years, reaching a value of 275.85% compared to 2018.

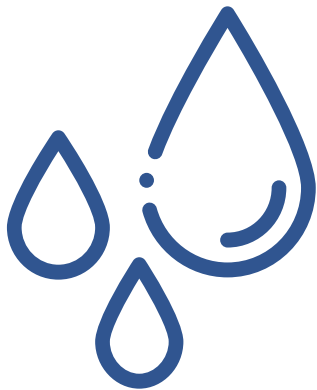
Similar to previous years, the highest volume of hazardous waste is oily waste, followed by impregnated solids, dirty washing water from workshop cleaning and, lastly, packaging that has contained chemical products. Non-hazardous waste is mostly metallic, 71% of the total.



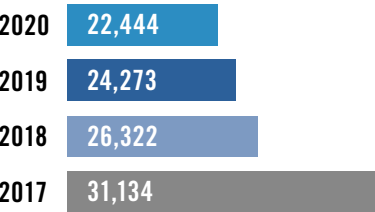
5.3 SUSTAINABLE USE OF THE RESOURCES

WATER CONSUMPTION

No 9 - Non-financial reporting and diversity law compliance traceability index



Water consumption m³



At BATZ, there are three processes responsible for the water consumption: the cooling circuits in the production areas, the consumption in the areas dedicated to personal hygiene and drinking fountains, and the consumption for cleaning.

We currently have the most efficient cooling systems in place for each plant, transferring the experience of adiabatic coolers from one to another. Also included are actions to reduce water consumption in the bathrooms, including push-action taps with automatic shut-off, aerators to reduce the flow while maintaining the feeling of pressure, dual-flush toilet cisterns, circuit checks for leaks, etc.

Total water consumption in 2020 was 22,444m³, which is 14.73% less than in 2018. The water supply is provided entirely by municipal networks, avoiding the collection of water from natural aquifers despite their proximity in several plants, thus committing to responsible water management. It should be noted that in 2020, our plant in Mexico began to reuse water. We hope to build on this experience.

Aware that a significant proportion of water is consumed by our workforce, in 2020 we established an indicator of consumption in relation to the number of employees. The results indicate that compared to 2018, we have obtained a reduction of 10.85%, a very significant figure, and a trend that has been repeated since 2017.

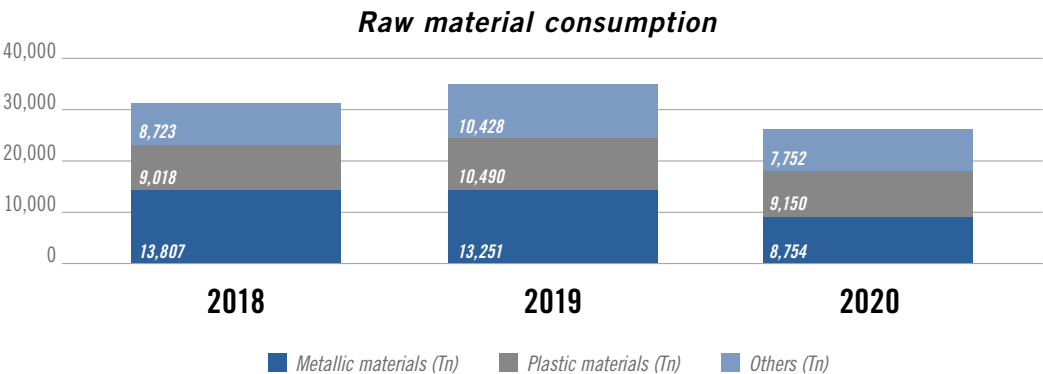
RAW MATERIALS CONSUMPTION

No 10 - Non-financial reporting and diversity law compliance traceability index

At BATZ we have been integrating sustainability into our product portfolio for years. It provides added value to these products in recognising them as being manufactured with a better environmental impact and guaranteeing that they are less harmful to the environment throughout their life cycle. From the sourcing of raw materials, production, marketing and transport to the final management of waste.

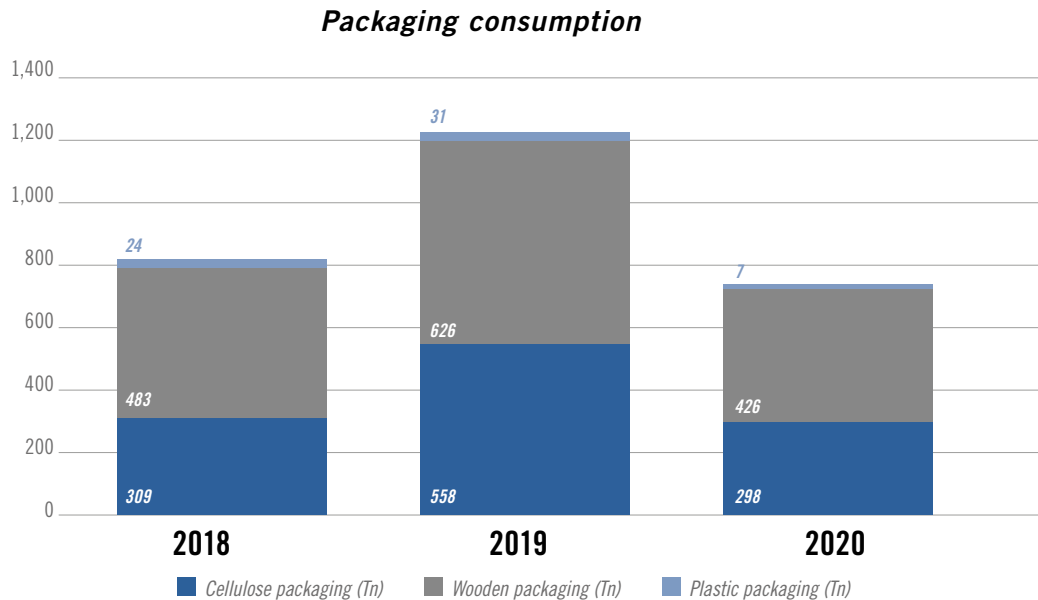
In this respect, the reduction of raw material consumption at BATZ is considered from the very conceptualisation and design of the products that will be manufactured later on. In this way, we apply various design concepts focused on achieving the lightening of the various components and we continue to explore and implement alternatives to further improve our processes. In this sense, and as explained in a previous section of this report, our industrial model of operational efficiency is allowing us to optimise resources and, therefore, the consumption of raw materials. This is achieved by increasing production efficiency in all processes through the implementation of the Kaizen management philosophy of continuous improvement in time, space, waste, inventory and faults

Joining forces has led to a reduction in the consumption of raw materials to 8,754Tn of metallic materials, 9,150Tn of plastic materials and 7,752Tn of other significant materials, which represents a reduction in consumption compared to the 2018 base year of 53%, 68% and 23% respectively.



Similarly, we have continued to work on improving packaging materials. The implementation of returnable boxes and the standardisation of packaging has managed to minimise the environmental impact. The data indicate that, after the general increase in 2019, the performance in 2020 was much better, obviously influenced by the decrease in the movement of goods during certain periods of the pandemic.

Compared to 2018 we have reduced paper and cardboard packaging materials by 47%, wood by 32% and plastics by 77%.



ENERGY CONSUMPTION

No 11 - Non-financial reporting and diversity law compliance traceability index

See Energy performance

5.4 CLIMATE CHANGE

No 12 - Non-financial reporting and diversity law compliance traceability index

Our commitment to more sustainable mobility is reflected in our day-to-day business. From solutions based on our innovations in lightweighting and active aerodynamics to our production processes, we strive for vehicle efficiency, and therefore lower energy consumption and emissions, which results in improved air quality in cities and minimises the greenhouse effect caused by CO2 greenhouse gas emissions from vehicles.



But the consequences of climate change are already being felt. Despite the gradual rise in temperatures, at the same time we are experiencing colder winters and summers with extremely hot days. This forces us to use more energy to maintain the thermal comfort of our workers, either using fossil fuels or electricity, which results in an increase in our carbon footprint.

Although we have identified the need to develop sustainable mobility plans, the exceptional situation experienced during 2020 due to the pandemic has not allowed us to address this initiative in a structured way. However, this same health crisis, which has led to restrictions on mobility and the non-concurrence of people in enclosed spaces, has also led to a reduction in our emissions as a result of the measures adopted by BATZ for remote work, a reduction in travel to the workplace and in other journeys in general.

5.5 PROTECTION OF BIODIVERSITY

No 13 - Non-financial reporting and diversity law compliance traceability index

The BATZ Group's production plants are located in industrial areas, except for those located near the Gorbea natural park (Bizkaia – Northern Spain), declared a Special Conservation Area by the Basque Government and included in the European Natura 2000 network. Beyond its naturalistic values, this area and its surroundings constitute a reference point with an enormous symbolic and cultural significance for the Basque population in general, and for the population of the surrounding area in particular.

Specifically, the Igorre plant is located in an area of special interest for the protected species *Mustela nutreola* (European mink), as its habitat extends along the banks of the Arratia river and its affluents. For this reason, special requirements have been established to protect the mammal and its habitat, complemented by a plan against invasive species such as *Cortaderia selloana*, which is highly prevalent in the surrounding municipalities.

As mentioned above, the collaboration with the Lurgaia Foundation has opened up a way of working in which the protection of native fauna and flora and the offsetting of greenhouse gas emissions converge.

- For the seventh consecutive year, we have collaborated with the environmental education programme AZTERTU, in its IBAIALDE version, in monitoring of the rivers near our locations in Arratia (Biscay-Northern Spain).
Aztertut-Ibaialde program

- During 2020 we have kept active the campaign for the collection of solidarity caps, the funds raised from which go to the Sanfilippo Syndrome Association (Biscay - Northern Spain)) and the Centro de Estudios y de Promoción Social Cáritas A.C. (Mexico) to support cancer patients. This initiative fulfils a double objective as, in addition to promoting research into these diseases and making them visible, we manage to encourage the correct segregation of plastic waste.

- At Christmas 2020, we gifted 1,500 m² of forest to our customers. This collaboration with the Quercus programme offset the emission of 27.9 tonnes of CO₂. This programme is part of the initiative promoted by the Lurgaia Foundation for the restoration and conservation of native forests in the Urdaibai Biosphere Reserve (Biscay – Northern Spain).

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



6. SOCIAL AND PERSONNEL ISSUES

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

OUR PEOPLE MANAGEMENT MODEL

The BATZ Group manages people using a structured model that monitors them from the moment they enter until they leave the

organisation, regarding their stay at BATZ as a process of continuous development. We call this model the Employee Life Cycle (hereinafter, ELC)

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



Recruitment and selection

One of the pillars of people management at BATZ. But rather than “selection”, we like to refer to this process as talent recruitment, basing this process on our competency-based management model. The identification of the necessary profiles, or more specifically, of the technical and transversal competencies that are critical for the company's progress, will serve as a support for this selection. Recruitment can take place both inside and outside the company.

BATZ identifies and manages various channels of communication through which it can target its environment in order to attract talent:

- By establishing structured relationships with universities and professional centres (see table of collaborations in the section on Society section)
- By establishing relationships with research centres or entities that contain a great deal of knowledge (table of collaborations in the Society section)
- Participating in Employment Forums. (table of collaborations in the Society section)
- Hosting visits from training centres at our facilities.
- Visibilising professional opportunities in BATZ Group through online tools such as recruitment portals, our website and social networks social networks (Linkedin, MONDRAGON People or others where knowledge moves) (Communication map defined in the BATZ Group Communication Policy).

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.

During 2020, the pilot project for the implementation of the new welcome plan was carried out at the Igorre plant, the development of which began in 2019. Its deployment to the rest of the plants is planned for 2021, and will replace the plans implemented in each of them at present. This welcome, which is carried out in person, can also be found on the BATZ corporate intranet. In this way, the person who has just joined the company can consult all the content whenever they need to.

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 becomes part of the BATZ dynamic, we take care of his or her development. We recognise and encourage effort and hard work through internal promotion policies, equal opportunities and the application of a career model. In addition, through annual interviews, we work with people to define plans for their professional growth. More information in point 5 Training in this section.

A major milestone was reached in 2020 with the consolidation of the competency-based management model at Group level. This exercise 2020 has been the year of the global launch of the competency-based assessment process through our internal management application called PKS. It is, therefore, the first year in which the entire MOI (indirect labour force) team has been involved at Group level, and the results of the evaluation closure are around 80%. The objective of the process is based on identifying individualised development action plans for BATZ people. It is intended to be the main input for the Training Plan.

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 2, Policies.

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.

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



Our response to the pandemic

The arrival of COVID-19 posed quite a challenge for the management of our professionals. From 9 February, the date on which the Chinese government decreed the closure of companies in that country, where we are present, to the almost total paralysis of activity in the rest of the world in the following months, we focused on ensuring the well-being and health of our professionals, while working against the clock to implement work mechanisms and provide the technology that would guarantee this.

A crisis coordination office was set up to take the appropriate measures as the situation progressed, and protocols were drawn up for action and containment of the virus in coordination with each plant, establishing, among other mechanisms, the extension of working shifts in the case of direct labour (MOD), implementation of flexible working hours and remote working with a greater impact on indirect labour (MOI), the elimination of work trips and the exhaustive control of incoming transport and suppliers, thus guaranteeing the minimum service to customers and the avoidance of massive concurrence of personnel in confined spaces.



6.1 EMPLOYMENT

The impact of the production stoppage, due to the collapse in demand, the disruption in the supply chain, and above all, the safety of employees, also had consequences on employment in our sector worldwide, which had already been affected in previous months.

In our case, and especially during the first half of 2020, we applied labour flexibility measures in accordance with the legislation of each country in which we are present, and specific measures based on the production needs of each plant to ensure the continuity of supply to customers.

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Year-end data

	IGORRE			CZECH			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
STAFF PROFILE																											
Total employees	665	656	584	133	169	153	139	151	167	294	342	98	204	160	130	12	12	10	22	14	11	2	2	2	1,471	1,506	1,155
No. of employees with permanent contract	531	531	528	116	69	72	139	151	167	199	281	97	196	11	11	12	11	0	22	14	0	2	2	2	1,217	1,070	877
Number of employees with temporary contract	134	125	56	17	100	81	0	0	0	95	61	1	8	149	119	0	1	10	0	0	11	0	0	0	254	436	278
Distribution by age (total No.)																											
Age <30	61	45	25	33	27	29	17	21	14	147	160	34	39	15	14	7	9	5	4	1	1	0	0	0	308	278	122
Age 30-50	466	470	399	90	73	104	87	96	111	129	163	62	164	144	115	4	2	4	18	13	10	1	2	1	959	963	806
Age >50	138	141	160	10	23	20	35	34	42	18	19	2	1	1	1	1	1	1	0	0	0	1	0	1	204	219	227
Average age	43.57	43.60	45.00	38.42	39.21	40.1	42	42	43	31	37	36	37	35	36	31	32	34	35	38	38	43.5	44	45	37.7	38.9	39.64
Categories																											
Top management (No. of people)	16	19	16	7	9	9	7	7	8	9	11	9	9	11	11	1	1	1	1	1	0	1	0	0	51	59	54
Intermediate manager (No. of people)	47	34	39	3	9	2	6	6	6	11	19	9	0	0	0	0	0	0	0	0	0	0	0	0	67	68	56
Rest of indirect labour (No. of people)	267	263	266	38	55	59	30	34	36	18	102	33	82	76	67	6	7	6	9	7	7	1	2	2	451	546	476
Rest of direct labour (No. of people)	335	340	263	85	96	83	96	104	117	256	210	47	113	73	52	5	4	3	12	6	4	0	0	0	902	833	569

No 16 - Non-financial reporting and diversity law compliance traceability index

	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
TYPE OF EMPLOYMENT CONTRACTS																											
Total employee number	665	656	584	133	169	153	139	151	167	294	342	98	204	160	130	12	12	10	22	14	11	2	2	2	1,471	1,506	1,155
No. of employees with permanent contract	531	531	528	116	69	72	139	151	167	199	281	97	196	11	11	12	11	0	22	14	0	2	2	2	1,217	1,070	877
No. of employees with temporary contract	134	125	56	17	100	81	0	0	0	95	61	1	8	149	119	0	1	10	0	0	11	0	0	0	254	436	278

No 17 - Non-financial reporting and diversity law compliance traceability index

	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Net job creation & rotation																											
Net job creation	-29	-9	-72	10	16	-16	23	25	16	135	48	-244	-17	-44	-30	0	0	0	0	-8	-3	2	0	0	124	28	-349
Average % rotation per plant			0.029			0.83			1.2%			1.68			0.018			0.035			0			0			32.6%
Average number of years that employees have been with the entity	9.5	12	14.6	6	7	8	8.3	9	8	2.58	2.1	3.5	3	5.11	5.75	3.9	3.48	3.59	3.9	5.2	4.5	1.55	10	13.5	4.8	6.7	7.68

No 18+19 - Non-financial reporting and diversity law compliance traceability index .

The BATZ Group is committed to the economic well-being, diversity and development of its employees. For this reason, it guarantees transparency of remuneration among its employees and the absence of discrimination in terms of salaries on the basis of gender, establishing effective equality of remuneration between women and men on the basis of internal promotion, selection and development policies as well as the application of a career model, a framework which encompasses the professions, their description and remuneration levels.

The wage gap during 2020 was 4.69%, calculated on the basis of the ratio of basic salary and remuneration between women and men

All policies and their description are available in item 2, Policies

	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Wage gap																											
Ratio of basic salary and remuneration of women vs. men			-3.94%			22%			-29.21%			31.76%			41%			73%			83%			N/A			4.69%

(M-F) / M x100% M Average hourly pay rate male - F Average hourly pay rate male women

No 20 - Non-financial reporting and diversity law compliance traceability index

The BATZ Group does not have any specific measures in place regarding the disconnection from work, although this was a point that was emphasised during 2020 by means of information pills, given the high percentage of people who were working remotely during COVID-19.

No 21 - Non-financial reporting and diversity law compliance traceability index

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

	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Employees with disability	0	0	0	0	1	0	2	2	2	0	2	1	0	0	0	0	0	0	0	0	0	0	0	0	2	5	3

6.2 WORK ORGANISATION

No 22 - Non-financial reporting and diversity law compliance traceability index

We work to promote the personal and professional work-life balance of our employees, beyond gestational periods, maternity and paternity leave and breastfeeding leave. To this end, at BATZ we have flexible working hours for arrivals, departures and meals, management of overtime, work bonuses on public holidays, reduced working hours during the summer period... among others, regulated and included both in the Overtime Policy and in the collective agreements and internal regulations, depending on the plant. We would also like to highlight our work-life balance policy, a document that includes mechanisms for leave of absence and reduced working hours.

	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Work organisation																											
Absenteeism rate	n/a	6.51	8.94	n/a	4.86	3.64	n/a	4.89	5.19	n/a	1.32	3.62	n/a	0.05	3.76	n/a	3.30	0.01	n/a	0.02	0.00	n/a	0.00	0.00	n/a	2.6	3.1
Absenteeism hours	78,465.50	74,194.25	93,593.67	n/a	13,858.00	24,055.50	n/a	11,535.00	14,470.00	n/a	8,884.44	11,289.00	n/a	23,373.00	22,142.00	n/a	69.00	137.50	n/a	745.50	0.00	n/a	0.00	0.00	n/a	132,659	165,688
No. of male employees on parental leave	19	8	24	0	0	0	3	4	6	3	8	5	6	9	4	1	0	1	1	1	0	0	0	0	33	30	40
No. of female employees on maternity leave	2	6	5	3	5	3	0	0	0	7	4	2	3	3	1	1	1	1	0	0	0	0	0	0	16	19	12

6.3 OCCUPATIONAL HEALTH & SAFETY

No 23 - Non-financial reporting and diversity law compliance traceability index

At BATZ we facilitate and ensure the performance of the tasks and activities of all the people who make up the company in a safe environment, verifying that all prevention, safety and ergonomic requirements are met, and offering the necessary training and methodology for the correct performance of our operations. Along these lines, we have implemented a certified occupational health and safety resource management system and an occupational risk and prevention plan. We also have an occupational health and safety policy that is adapted to each production plant.

We undertake information, consultation and participation actions for workers and their specific representatives in matters of prevention, health and safety. These actions are coordinated through occupational health and safety committees (OHSC) and prevention officers in the plants and, in those where they are not required by law, through external prevention services.

Their responsibilities include the planning of preventive activities and the choice of equipment, plant and processes involving the introduction of technologies that generate previously non-existent risks, or that amplify existing ones. The OHSC will report on any other action that may have substantial effects on the safety and health of workers.

	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Occupational health & safety																											
Labor accidents with medical leave - women	n/a	6	0	n/a	0	0	n/a	2	0	n/a	0	0	n/a	1	0	n/a	0	0	n/a	0	0	n/a	0.00	0.00	n/a	9.00	0.00
Labor accidents with medical leave - men	n/a	27	22	n/a	0	1	16	25	14	n/a	0	0	n/a	2	4	n/a	0	0	n/a	0	0	n/a	0.00	0.00	n/a	54.00	41.00
Total labor accidents with medical leave	n/a	33	22	n/a	0	1	16	25	14	n/a	0	0	n/a	3	4	n/a	0	0	n/a	0	0	n/a	0.00	0.00	n/a	61.00	41.00
Labor accidents without medical leave - women	n/a	0	0	n/a	15	29	0	0	0	n/a	0	6	n/a	0	0	n/a	0	0	n/a	0	0	n/a	0.00	0.00	n/a	15.00	35.00
Labor accidents without medical leave - men	n/a	3	4	n/a	13	14	7	10	12	n/a	0	7	n/a	0	2	n/a	0	0	n/a	0	0	n/a	0.00	0.00	n/a	26.00	39.00
Total labor accidents without medical leave	n/a	3	4	n/a	28	43	7	10	12	n/a	0	13	n/a	0	2	n/a	0	0	n/a	0	0	n/a	0.00	0.00	n/a	41.00	74.00
Number of incidents	n/a	69	48	n/a	0	0	2	4	1	n/a	30	12	n/a	3	2	n/a	0	0	n/a	0	0	n/a	0.00	0.00	n/a	106.00	63.00
Severity rate	0.84	0.74	0.69	0.00	0.00	0.58	1.43	1.44	1.05	0.00	0.00	0.00	0.01	1.67	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.28	0.48	0.33
Incidence rate			42.41			579.91			83.83			0.00			0.03			0.00			0.00			0.00			88.27
Frequency rate	19.97	17.24	28.14	180.00	145.80	142.94	59.00	75.80	52.91	1.14	0.00	0.00	5.46	6.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.2	30.7	32.0

Calculation of indicators

Severity Rate (No. days lost/no. hours worked)*10E3 | Incidence rate = (No. of accidents on working day with sick leave / No. of employees) x 100.000

Frequency rate (no. accidents/no. hours worked)*10E6

Despite having been an unusual year, in 2020 BATZ professionals received 2,139 hours of specific training in occupational health and safety, with a notable increase of 48% in training hours related to risks in the workplace. Also, more than 63.1% of our people are currently trained to act in the event of emergencies.

We have our own in-house medical and nursing service and agreements with mutual insurance companies and other medical service providers at all our locations. We also promote health campaigns and activities to encourage healthy lifestyles on a regular basis.



Chronic disease screening campaign, health week, vaccination campaigns (Influenza, TD, hepatitis, reproductive health, first aid), nutrition sessions, anti-smoking campaign, health careers.

Our response to the pandemic

• Undoubtedly, managing the health and safety at work of our people has been one of the aspects on which we have worked most intensely during 2020 and which has required the most resources due to the health alert situation we have experienced. This management was recognised by Osalan (Basque Institute of Occupational Health and Safety) for excellence in the management of our medical and prevention service for its performance in one of the COVID cases and, by extension, for the effectiveness of the measures implemented at BATZ.

• Employees who, despite the restrictions, had to travel internationally for work-related reasons were able to rely on the services of International SOS, a leader in medical assistance, international healthcare and travel safety services, which we had already been relying on since 2019. In addition, for this group, PCR tests were also set up prior to travel and upon return, long before the entry into force of the obligation to carry them out.



6.4 SOCIAL DIALOGUE

No 24 - Non-financial reporting and diversity law compliance traceability index

The organisation of social dialogue, including procedures for informing, consulting and negotiating with staff, is defined in accordance with the legislation of each territory. Respect for trade union and labour legislation, non-discrimination policies, compliance with the Code of Conduct, as well as occupational health and safety are all priorities for us.

The channels, objectives and basic contents of internal communication in BATZ, as well as the issuers that must facilitate the galvanisation and effectiveness of BATZ's internal communication processes, are of a global nature for all the Group's companies and subsidiaries. Notwithstanding the above, and given the cultural, organisational and/or corporate differences of the companies that make up the Group, these may suggest approving additional communication channels, through the corresponding bodies, or certain adaptations for local application which, in all cases, respect the lines defined in the global policy of the BATZ Group.

COMMUNICATION CHANNELS

The cooperative's own channels

General Assembly
Informative sessions
"Consejos"

Institutional domain

Corporate Intranet
Newsletter
Audiovisual media in communal areas
BatzZmobile Platform (BATZ Zamudio)
Notice board
Information kiosk (BATZ Mexicana)
Email

Executive and management domain

Collaborators Meeting
Meetings with the chain of command
Induction plan
Satisfaction survey
Command-collaborator office
Performance Assessment
Daily Kaizen meetings
Regular management systems committees

6.5 TRAINING

No 25 - Non-financial reporting and diversity law compliance traceability index

In such a dynamic environment as the motor industry, the training of our professionals is a fundamental work strategy that allows us to adapt to the real needs and changes that occur in the market. With this in mind, we rely on a system for identifying the areas to be addressed (training and development plans), within the framework of the Skills Management Model, a model that covers everything from the drawing up of job descriptions, to the skills-based assessment of people and their further development. Identification of the areas to be developed is based on the performance evaluation where the person in charge evaluates their team and supervises their development.

With regard to the consolidation of the competency-based management model, this financial year, 2020, was the year of the global launch of the competency-based assessment process at Group level through our internal management application called PKS. It is, therefore, the first year in which the entire MOI collective has been involved, at Group level, with the results of the evaluation closing at around 80%. The objectives for 2021 in this regard will be to define the Training Plans based on the actions identified in the evaluation process, to consolidate and improve the results of previous evaluations and to support the evaluation process by further developing our internal application.

In relation to the “Leadership role at BATZ” project, after several years of work in this area, in 2020 the opinion and feedback of all BATZ Group managers was compiled by means of an internal survey. The aim of this survey was to find out the perception of the leadership team as regards the actions defined within this role and to identify possible areas for improvement.

The main conclusions obtained from this analysis can be summarised as follows: a majority belief in the need to continue with the initiatives defined within the role as a way to strengthen and improve communication, cohesion and management of our teams, the need for greater support in terms of the content to be covered and the way in which to lead and develop the meetings, and the importance of gathering the views not only of the leadership team but also of the rest of the collaborators. Based on these conclusions, in the 2021 financial year we will work on the detailed definition of the content to be covered in these meetings, as well as collecting feedback from employees via the satisfaction and commitment survey that will be launched in the same year.

AT BATZ WE PROMOTE TRAINING ACTIONS THAT AFFECT ALL OF OUR STAFF IN LANGUAGES, CORPORATE AND TECHNICAL OUR ENTIRE WORKFORCE IN LANGUAGES, CORPORATE AND TECHNICAL COMPETENCES, AND IN MANAGEMENT MANAGEMENT SYSTEMS, TO NAME BUT AT BATZ WE PROMOTE TRAINING ACTIONS THAT AFFECT ALL OF OUR STAFF IN LANGUAGES, CORPORATE AND TECHNICAL COMPETENCES, AND IN MANAGEMENT SYSTEMS, TO NAME BUT A FEW.

Training

	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Internal environmental training sessions for the employees (total hours)	98.0	15.0	3.75	520.0	0.0	0.0	150.0	66.5	0.0	730.0	84.0	30.0	8.0	4.0	6.0	16.0	16.0	16.0	4.0	3.0	2.0	0.0	0.0	0.0	1,526	189	58
External environmental training sessions for the employees (total hours)	18.0	26.0	49.5	0.0	152.0	400.0	80.0	0.0	0.0	414.0	96.0	24.0	20.0	12.0	16.0	0.0	0.0	0.0	4.0	24.0	16.0	0.0	0.0	0.0	536	310	506
Health & safety training sessions: risk at the workplace (total hours)	84.0	121.0	796.5	1,040.0	304.0	368.0	150.0	126.0	0.0	84.0	67.0	51.0	8.0	302.0	152.0	8.0	8.0	8.0	8.0	7.0	8.0	0.0	0.0	0.0	1,382	935	1,384
Health & safety training sessions: handling equipment (cranes, platforms, folklifts, work at height) (total hours)	299.0	509.0	304.0	176.0	74.0	249.0	80.0	345.0	0.0	80.0	103.0	26.0	8.0	120.0	144.0	16.0	16.0	16.0	8.0	7.0	16.0	0.0	0.0	0.0	667	1,174	755
Other training sessions	9,039.0	4,751.4	3,800.2	240.0	520.0	390.0	90.0	803.5	272.0	102.0	279.0	149.0	8.0	0.0	4.0	24.0	24.0	24.0	24.0	38.5	24.0	0.0	0.0	0.0	9,527	6,416	4,663
Total training hours	9,538.0	5,422.4	4,954.0	1,976.0	1,050.0	1,407.0	550.0	1,341.0	272.0	1,410.0	629.0	280.0	52.0	438.0	322.0	66.0	64.0	64.0	48.0	79.5	66.0	0.0	0.0	0.0	13,640	9,024	7,365

6.6 FUNCTIONAL DIVERSITY

No 26 - Non-financial reporting and diversity law compliance traceability index

There are several lines of work developed by BATZ Group around employability, integration and support for groups with different abilities.

On the one hand, as mentioned above, at BATZ we facilitate access to employment for people with disabilities either through direct hiring or by subcontracting products and services to special employment centres. On the other hand, we collaborate with associations and initiatives to promote social and labour integration, as detailed in the Society section of this report.

6.7 EQUALITY AND DIVERSITY

No 27 - Non-financial reporting and diversity law compliance traceability index

We are a business project that was born as a cooperative and today has a worldwide presence and a multicultural character. A global group, in which there is room for diversity in the people who make up the group. In accordance with the above, and as stated in our Code of Conduct, we expressly undertake not to discriminate on the grounds of race, religion, sex, age, nationality, sexual orientation, gender identity, marital status, disability or any other circumstance that could be a source of discrimination.

We recognise and encourage effort and hard work through internal promotion policies, selection and development policies, work-life balance policies and the application of a career model. We are very aware that promotion is based on merit, ability and individual performance.

We also have a Protocol against sexual and gender-based harassment, which includes procedures and resources for the prevention and response, where appropriate, to possible cases of sexual or gender-based harassment that may occur at BATZ.

In the specific case of BATZ Mexicana, we also continue to work closely with the State Government and maintain our status as an Inclusive Company, which we were already awarded for in 2019.

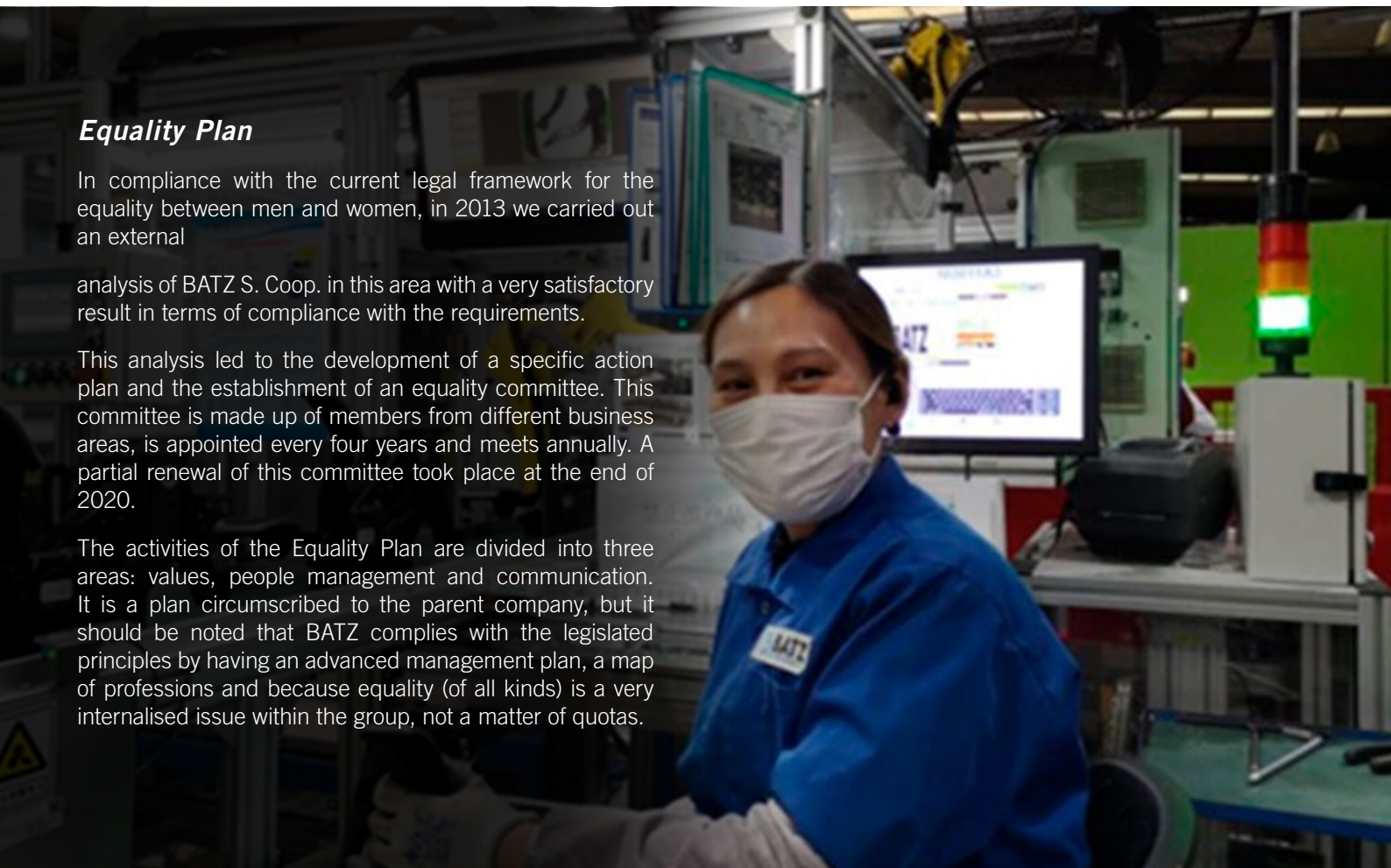
Equality Plan

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. A partial renewal of this committee took place at the end of 2020.

The activities of the Equality Plan are divided into three areas: values, people management and communication. It is a plan circumscribed to the parent company, but it should be noted that BATZ complies with the legislated principles by having an advanced management plan, a map of professions and because equality (of all kinds) is a very internalised issue within the group, not a matter of quotas.



	IGORRE			CHEQUIA			ZAMUDIO			MEXICO			KUNSHAN			GUANGZHOU			CHENGDU			USA			TOTAL		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Employee gender diversity																											
Total number of employees	665	656	584	133	169	153	139	151	167	294	342	98	204	160	130	12	12	10	22	14	11	2	2	2	1471	1506	1155
No. of women with contracts	103	110	87	90	79	81	19	22	22	120	118	26	60	49	40	6	6	5	9	6	5	0	0	0	407	390	266
% Women with contract	15.49	16.77	14.90	67.67	46.75	52.94	13.67	14.57	13.17	40.82	34.50	26.00	29.41	30.63	30.77	50.00	50.00	50.00	40.91	42.86	45.45	0.00	0.00	0.00	27.67	25.90	23.03
No. of people with employment contracts in senior management positions	9	19	16	7	9	9	7	7	8	8	11	9	9	11	11	0	0	0	0	0	0	1	0	0	41	57	53
No. of women with employment contracts in senior management positions	4	3	3	3	5	5	3	3	3	1	1	2	4	3	3	0	0	0	0	0	0	0	0	0	15	15	16
% Women with employment contract in senior management positions	44	16	19.0	43	56	56	43	43	37	13	9	22	44	27	27	0	0	0	0	0	0	0	0	0	37	26	30



7. HUMAN RIGHTS

No 28 - Non-financial reporting and diversity law compliance traceability index

Our code of conduct

BBATZ 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 Compliance Committee of the BATZ Group, chaired by the Compliance Officer, is responsible for all matters pertaining to the compliance function.

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 reporter will be informed about the progress of the communication made to the Ethics Channel.

No communication has been received during 2020 that applies to compliance with this code.





No 29 - Non-financial reporting and diversity law compliance traceability index

PRINCIPLES THAT GUIDE THE BEHAVIOR OF ALL THE PEOPLE THAT MAKE UP BATZ

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.

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.

During 2020, no communication or complaint has been received through the channels established for this purpose.

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



Universal Declaration of Human Rights

8. CORRUPTION AND BRIBERY

No 30 - Non-financial reporting and diversity law compliance traceability index

Relations with the Authorities, Regulatory Bodies and Public Administrations shall be based on the principles of cooperation and transparency.

BATZ Group complies with its duties towards the various Public Administrations, in particular with the Tax Authorities, the Social Security and those in respect of which subsidies are 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.

During 2020, no communication or complaint has been received through the channels established for this purpose.

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



9. SOCIETY

9.1 OUR COMMITMENT TO THE SUSTAINABLE DEVELOPMENT

No 31 - Non-financial reporting and diversity law compliance traceability index

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.

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

Commitment to culture and sport	We support and promote sport and culture initiatives by sponsoring and organising cultural and sporting activities.
Commitment to work-home life balance	We promote the reconciliation of professional and family life not only for our internal talent, but also by participating in external initiatives.
Commitment to social and professional integration	<ul style="list-style-type: none"> • Lanbide (Sp) • Behargintza (Sp) • Beharbide (Sp) • Mundukide (Sp) • DYA (Sp) • Zubietxe Association for people at risk or social exclusion (Sp) • Aladina Foundation, support for children with oncological diseases, irreversible and terminal situations and their families (Sp) • Association for development and cooperation between Senegal and the Basque Country "Sunu Gaal" (Sp) • Bizitegi, Entity for the rehabilitation and incorporation of people in a situation of social exclusion (Sp) • Kukumiku Foundation, a schooling programme for girls and boys in rural areas of northern Malawi (Sp) • ADENBI, Multiple Sclerosis Association of Bizkaia (Sp) • "Gazteleku" community development association (Sp) • "Dislebi" Dyslexia Association (Sp) • Ezequiel Hernández Romo Institute for the Blind and Visually Impaired (Mx) • San Luis Potosi Central State Hospital (Mx)
Commitment to the development of our environment	Errota Foundation
Other initiatives	<p>Collection of bottle tops to support the StopSanfilippo Foundation and the Centro de Estudios y de Promoción Social Cáritas A.C. against cancer (Sp-Mx)</p> <p>Kilometron 2020 to raise funds for the non-profit association "the boys and girls club of San Luis Potosi" (Mx)</p>

Disclosure as the engine of value generation

At BATZ we are committed to generating value and promoting the development of our environment through the transfer of our knowledge, as we firmly believe that the communication of it is a decisive pillar for creating links with our environment and collaborating in its economic and social development. And in 2020, in a context of “new normality”, we continue with this activity, in most cases, in telematic mode.

MONTH	EVENT	ORGANISATION
January	China EV100 General Assembly	ICEX Spain Export & Investment
February	Digital transformation	Orchestra Basque Institute of Competitiveness
	JEPE 2020	UPV-EHU University of Basque Country
	Bilbao Berrikuntza Factory	Mondragon University & the Init Group
	15th Conference for the presentation of companies and Technological Innovation Centres	UPV-EHU University of Basque Country
	Basque Ecodesign meeting	Basque Ecodesign Center & Basque Government
	Key issues for Basque companies	APD Association for the management development
March	Networking session Bind 4.0	SPRI, the Basque Agency for Business Development (Basque Government)
April	Webinar Competitive Watch	Innobasque Basque Innovation Agency
	Technological watch - implementation M4FUTURE Model 2018	MONDRAGON Corp.
June	Bind 4.0 Round table	SPRI, the Basque Agency for Business Development (Basque Government)
	INTERNATIONAL HOT STAMPING TECHNICAL FORUM	Tabira and Azterlan Foundry Institute
	Kaizen Talks. Accelerated Product Development: Reducción del Time to Market y las Ventas de los Nuevos Productos	Kaizen Institute
July	Demo Day Bind 4.0	SPRI, the Basque Agency for Business Development (Basque Government)
	Round Table Businesses, key players in reconstruction	AED Association of Business and Executives Women of Biscay & CEBEK Business Confederation of Biscay
October	IMH II Dual Engineering Job Fair	IHM Advanced Manufacturing Centre
	BATZ Innovation Summit	BATZ
	Round Table - Digital during COVID and beyond	Orchestra - Basque Institute of Competitiveness & SPRI, the Basque Agency for Business Development (Basque Government)
November	Estrategia Topaguneak	Estrategia Empresarial Newspaper
	AUTOREVISTA 8th Suppliers Day	Auto Revista Magazine
December	Webinar Key innovations in hot stamping technology	Tabira Foundry Institute



INDUSTRY ASSOCIATIONS

Aeronáutica

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.

Innobasque - Basque Innovation Agency

CRE100do Foundation

HR Partners Club of Moravia Silesia Region

Commitment to the professionals of the future

The continuous transformation of the sector means that the qualification requirements of both current professionals and those who will join the sector in the future are evolving very quickly. Undoubtedly, training and attracting talent is another of the great challenges facing the industry in general.

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

<div>BATZ IGORRE</div> <ul style="list-style-type: none">•UPV-EHU University of Basque Country•Mondragon University•Maristak Durango School•Zornotza•Andra Mari Vocational Training Centre•Repélega Integrated Vocational Training Centre•Nicolas Larburu Integrated Vocational Training Centre"	<div>BATZ MEXICANA</div> <ul style="list-style-type: none">•Autonomous University of San Luis de Potosi•Polytechnic University of San Luis Potosi•Technological Institute of San Luis de Potosí	<div>BATZ ZAMUDIO</div> <ul style="list-style-type: none">•Polytechnic School of the Txorierri•LEA Artibai school•• Mondragon University
		<div>BATZ CZECH</div> <ul style="list-style-type: none">•Technical university in Ostrava: Vysoká škola báňská-Technická Univerzita

FAIRS AND EMPLOYMENT FORUM	EVENT	JEPE	Bizkaia engineers employability conference	IMH II Dual Engineering Job Fair
	ORGANISATION	UPV-EHU University of the Basque Country	UPV-EHU University of the Basque Country	IHM Advanced Manufacturing Center

9.2 SUBCONTRACTING AND SUPPLIERS

No 32 - Non-financial reporting and diversity law compliance traceability index

At the BATZ Group, we use criteria based on sustainability and social responsibility in our supplier selection processes, promoting the application of socially responsible practices throughout our supply chain.

That is why we foster a relationship of closeness and continuous dialogue with them in order to involve them in our project, and we seek an ever greater involvement from our supply chain in the generation of value. Because for BATZ it is essential to build a long-term relationship with our suppliers. Our aim is to turn potential risks into opportunities by working hand in hand with them to reduce any vulnerability and to ensure efficient supply chain continuity. We encourage an increasing involvement throughout the supply chain in the generation of value. This means ensuring that compliance with responsible practices extends to them as well. Similarly, all those taking part in supplier selection processes must apply criteria of quality, timeliness, cost and sustainability.

At BATZ we carry out a continuous evaluation that studies performance in terms of sustainability, strengths and possible weaknesses of each of the suppliers that form or will form part of our panel, on the basis of which we proceed to their approval and classification. This continuous evaluation makes it possible to identify possible risks as well as to establish improvement measures and joint action plans.

Our response to the pandemic

Throughout this period of great uncertainty, and to mitigate the impact of potential disruptions in supply, monitoring and communication with the entire chain was increased, reviewing coverage for each of the components and raw materials on a daily basis, as well as applying containment actions as far in advance as possible for the risks identified. Thanks to the efforts and involvement of both suppliers and the entire team involved in their management, it has been possible to meet the commitments entered into with our customers, even in the most critical months of 2020.

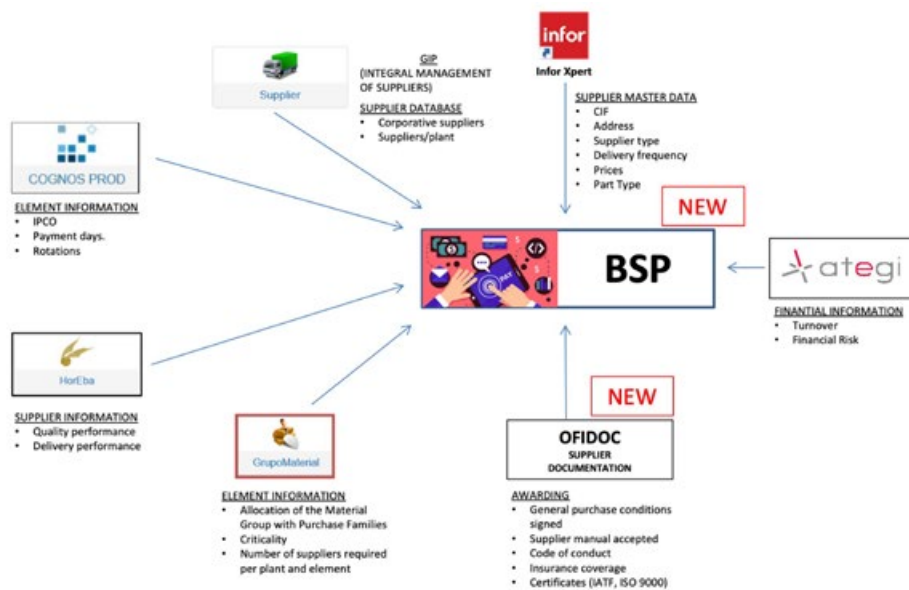


Main lines of action in 2020

The main lines of action during the period were focused on optimising the capture, management and analysis of data, which is enabling us to achieve greater standardisation, integration, reliability and agility in the management of our supply chain.

In this regard, during 2020, we have worked on the definition and implementation of a new Supplier Panel Risk Index for which we have developed a new portal, the BATZ SUPPLIER PANEL (BSP). A portal that integrates all the information from this panel, and which allows us, on the one hand, greater agility and reliability in accessing the individual data, and on the other, to evaluate the risk index of each supplier.

We have also developed a new application called OFIDOC, which contains all the supplier documentation required in our purchasing procedure: general purchasing conditions, code of conduct, insurance cover, as well as environmental, social and good governance matters.



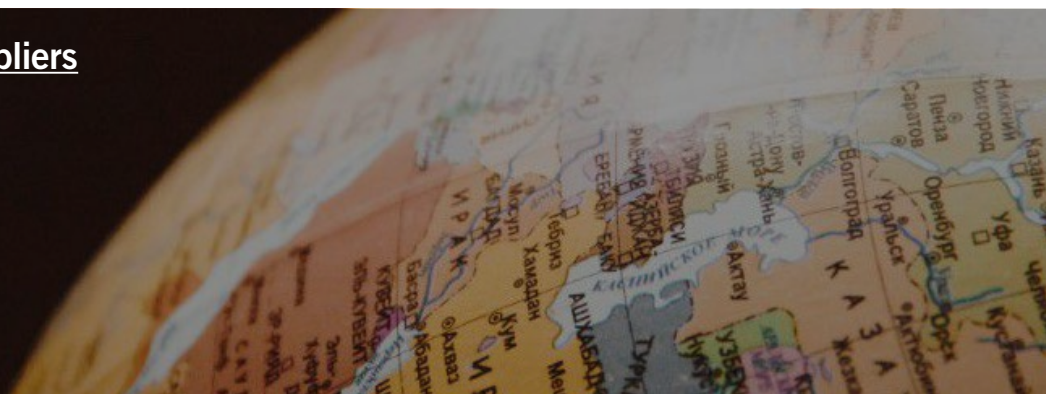
We also continue working on Early Supplier Involvement (ESI), a relational model with key suppliers based on trust and long-term relationships, involving them in our projects from the earliest stages, so that they can help us in defining a feasible and competitive product. This joint planning and exchange of information is allowing them to be more on board with our strategy and for us to optimise our time to market.

BATZ Automotive suppliers

80% Europe

15% Asia

5% NAFTA



9.3 CONSUMERS

No 33 - Non-financial reporting and diversity law compliance traceability index

Due to our activity, the BATZ Group does not have direct contact with the end consumers, only with manufacturers in the sector, complying with the standards defined in the IATF 16949 standard, considered the most widely used international quality management system standard in the motor industry. And of course, minimising the risks posed by this new environment and guaranteeing cybersecurity in processes and communications, based on the international reference standard ISO 27001:2014.

Furthermore, and as explained in our Code of Conduct, the BATZ Group respects intellectual and industrial property rights (copyrights, patents, utility models, industrial designs, trademarks, domain names and other rights) as well as the business secrets held by Clients or any other third parties with whom we have a relationship.

At BATZ, as a direct supplier to OEMs, we have a clearly defined process for dealing with customer complaints, (BS/PG-10.2-01-Dealing with customer complaints), which defines the stages, responsibilities, documentation and organisation involved, with the aim of

- Providing a rapid response to any customer complaint about the established Quality requirements or contracts, minimising the effect of the deviation and guaranteeing its resolution.
- Ensuring a correct analysis, so that we are able to identify the root cause of the deviation, which in turn allows us to establish the most effective corrective actions.
- Properly recording deviations and the appropriate corrective actions, whether temporary or final, and their follow-up and effectiveness.
- Promoting collaboration and communication between the different areas concerned in order to seek and consolidate permanent solutions to the deviations detected.
- Modifying and adapting the documentation, as a result of the corrective actions established.

In addition to the above, the BATZ Group provides all interested parties with a form on the corporate website, which they can use to send us suggestions, complaints and claims.

9.4 TAX INFORMATION

No 34 - Non-financial reporting and diversity law compliance traceability index

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 813 thousand euros in 2020.

PUBLIC SUBSIDIES RECEIVED

The non-refundable grants amounted to 714 thousand euros in 2020.

Contact

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



10. TRACEABILITY OF COMPLIANCE WITH NON-FINANCIAL REPORTING AND DIVERSITY LAW

AREAS	Contents	N°	GRI Standards	GRI description
Global	The consolidated non-financial information statement shall include the information necessary to understand: <ul style="list-style-type: none"> * the progress, * the results and situation of the group, and * the impact of its activity regarding, at least: <ul style="list-style-type: none"> * environmental matters * social matters, * human rights * the fight against corruption and bribery, * as well as with regard to staff, including measures taken, where appropriate, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility. 		---	
Business model	Brief description of the business model of the group, including: 1.) its business environment, 2.) its organisation and structure, 3.) the markets in which it operates, 4.) its objectives and strategies, 5.) the main factors and trends likely to affect its future development.	1	102-1	Company name
			102-2	Activities, brands, products and services
			102-3	Location of the headquarters
			102-4	Location of the operations
			102-6	Markets served
			102-7	Size of the organisation
			102-14	Statement by senior executive decision-makers
Policies	A description of the policies that the group applies in respect of such matters, which shall include: 1.) the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts 2.) the verification and control procedures, including the measures that have been adopted.	2	103	Management approach in each area, highlighting which internal policies they have.
Policies outcomes KPIs	The results of these policies, including relevant non-financial key performance indicators that allo: 1.) the monitoring and evaluation of progress and 2.) that support comparability across companies and sectors, in accordance with the national, European or international frameworks of reference used for each subject matter.	3	103	Management approach for each area
Risks in short, medium and long term	The main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact in those areas, and <ul style="list-style-type: none"> * how the group manages these risks, * explaining the procedures used to detect and assess them in accordance with national, European and international frameworks of reference for each subject matter. * It must include information on the impacts that have been detected, providing a breakdown of these, in particular on the main risks in the short, medium and long term. 		102-15	Main impacts, risks and opportunities
			205-1	Operations assessed for corruption-related risks
			413-1	Operations with local community participation, impact assessments and development programmes
			407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk
			408-1	Operations and suppliers with a significant risk of child labour cases
			409-1	Operations and suppliers with a significant risk of cases of forced or compulsory labour

AREAS	Contents	Nº	GRI Standards	GRI description
KPIs	<p>Non-financial key performance indicators that are relevant to the specific business activity and meet the criteria of comparability, materiality, relevance and reliability.</p> <p>* In order to facilitate the comparability of information, both over time and between entities, non-financial key indicator standards that can be generally applied and that comply with the European Commission's guidelines in this area and the Global Reporting Initiative standards shall be used, and the report should mention the national, European or international framework used for each subject.</p> <p>* The non-financial key performance indicators should be applied to each of the headings of the non-financial information statement..</p> <p>* These indicators should be useful, taking into account the specific circumstances, and be consistent with the parameters used in the internal risk assessment and management procedures.</p> <p>* In all cases, the information submitted must be accurate, comparable and verifiable.</p>	5	102-54	Statement of preparation of the report in accordance with the GRI Standards
Environmental issues	Global Environment			
	1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety, environmental assessment and certification procedures; 2.) The resources dedicated to environmental risk prevention; 3.) Application of the precautionary principle, the amount of provisions and safeguards for environmental risks.	6	103	Management approach for each area
			102-11	Precautionary principle or approach
			201-2	Financial implications and other risks and opportunities arising from climate change
			308-1	New suppliers that have passed evaluation and selection filters according to environmental criteria
				Negative environmental impacts in the supply chain and measures taken
	Pollution			
	1.) Measures to prevent, reduce or repair carbon emissions that seriously affect the environment;	7	103	Emissions// Biodiversity management approach
	2.) Taking into account any form of activity-specific air pollution, including noise and light pollution.		305-5	Reduction of GHG emissions
			305-6	Emissions of ozone depleting substances (ODS)
				Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions.
	Circular economy and waste prevention and management			
	Circular economy			Effluent and waste management approach// Circular economy
			301-2	Recycled supplies
			301-3	Reused products and packaging materials
	Waste: Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste;		103	Effluent and waste management approach
			306-2	Waste by type and disposal method
	Actions to combat food waste.		103	Effluent and waste management approach// Food waste

AREAS	Contents	Nº	GRI Standards	GRI description
Environmental issues	Sustainable use of the resources			
	The consumption of water and the water supply according to local constraints;	9	303-1	Extraction of water by source
			303-2	Water sources significantly affected by water extraction
			303-3	Recycled and reused water
	Consumption of raw materials and the measures taken to improve the efficiency of their use;	10	103	Materials Management Approach
			301-1	Materials used by weight or volume.
			301-2	Recycled supplies
	Consumption, direct and indirect, of energy, measures taken to improve energy efficiency and the use of renewable energies.	11	103	Energy Management Approach
			302-1	Energy consumption within the organisation
			302-2	Energy consumption outside the organisation
			302-4	Energy intensity
				Reduction in energy consumption
	Climate change			
	The significant elements of the greenhouse gas emissions generated as a result of the activities of the company, including the use of the goods and services that it produces;	12	103	Emissions management approach
			305-1	Direct GHG emissions (Scope 1)
			305-2	Indirect GHG emissions from energy generation (Scope 2)
			305-3	Other indirect GHG emissions (Scope 3)
			305-4	GHG emissions intensity
			305-5	Reduction of GHG emissions
	The measures adopted to adapt to the consequences of climate change;		103	Emissions management approach
	Voluntary reduction targets set for the medium and long term to reduce greenhouse gas emissions and the measures implemented to achieve them.		201-2	Financial implications and other risks and opportunities arising from climate change
			103	Emissions management approach
			305-5	Reduction of GHG emissions
	Protection of biodiversity			
	Measures taken to preserve or restore biodiversity;	13	103	Biodiversity Management Approach
			304-1	Owned, leased or managed operation centres located within or adjacent to protected areas or areas of high biodiversity value outside protected areas
			304-3	Protected or restored habitats
			306-5	Bodies of water affected by water discharges and/or run-offs
	Impacts caused by activities or operations in protected areas.		304-2	Significant impacts of the activities, products and services on biodiversity

AREAS	Contents	Nº	GRI Standards	GRI description
Social and personnel issues	Employment			
	Total number and distribution of employees by gender, age, country and professional classification;	14	103	Employment Management Approach
			102-8	Information on employees and other workers
			405-1	Diversity in governing and employee bodies
	Total number and distribution of types of employment contract,	15	102-8	Information on employees and other workers
	Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational classification,	16	102-8	Information on employees and other workers
			405-1	Diversity in governing and employee bodies
	Number of dismissals by gender, age and occupational classification,	17	401-1	New employee recruitment and staff turnover
	Average salaries and their variation broken down by gender, age and occupational classification or equal value;	18	405-2	Ratio of basic salary and remuneration of women compared to men
			103	Employment + Diversity and Equal Opportunities
			405-2	Ratio of basic salary and remuneration of women compared to men
	The average remuneration of directors and senior management, including variable remuneration, expenses, compensation, payments to long-term savings schemes and any other payments broken down by sex,	19	103	Diversity and Equality management approach - giving average remuneration values for Directors by gender
			102-35	Governance: Remuneration policies
			102-36	Governance: Processes for determining remuneration
			102-38	Governance: Total annual compensation ratio
			102-39	Governance: Ratio of percentage increase in total annual compensation
	Implementation of work disengagement policies,	20	103	Employment Management Approach
	Employees with disability.	21	405-1	Diversity in governing and employee bodies
	Work organisation			
	Organisation of work time	22	103	Employment Management Approach
	Number of hours of absenteeism		403-2	Accident types and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to accidents at work or occupational diseases
	Measures aimed at promoting the enjoyment of work-life balance and fostering co-responsibility along these lines for both parents.		103	Employment Management Approach
	Occupational health & safety			
	Health and safety conditions at work;	23	103	Occupational Health and Safety Management Approach
	Work accidents, in particular their frequency and severity;		403-2	Accident types and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to accidents at work or occupational diseases
	Occupational diseases; broken down by sex.		403-3	Workers with a high incidence or high risk of activity-related illnesses
Labour relations				
Organisation of the social dialogue, including procedures for informing and consulting with staff and negotiating with them;	24	103	Worker-company relations management approach	
		407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	
		102-41	Collective bargaining agreements	
		403-1	Worker representation in formal worker-company health and safety committees	

AREAS	Contents	N°	GRI Standards	GRI description
Social and personnel issues	Training			
	The policies implemented in the area of training;	25	103	Training and Education Management Approach
	The total number of hours of training by occupational category.		404-1	Average hours of training per employee per year
	Universal accessibility for people with disabilities	26	103	Diversity and Equal Opportunities Management Approach + Non-Discrimination
	Equality			
	Measures taken to promote equal treatment and equal opportunities for women and men; Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures taken to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities; The policy against all forms of discrimination and, where appropriate, diversity management.	27	103	Diversity and Equal Opportunities Management Approach + Non-Discrimination
Human rights	Application of due diligence procedures in human rights matters. Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses committed;	28	103	Evaluation of human rights + Freedom of association and collective bargaining + Child labour + Forced or compulsory labour Management Approach
			102-16	Values, principles, standards and norms of conduct
			102-17	Advisory mechanisms and ethical concerns
			412-3	Significant investment contracts and agreements with human rights clauses or subject to human rights screening
			412-2	Employee training on human rights policies and procedures
			410-1	Security personnel trained in human rights policies and procedures
			412-1	Operations subject to human rights impact assessments or reviews
	Allegations due to cases of human rights violations;		406-1	Cases of discrimination and remedial action taken
	Promotion of and compliance with the provisions of the core conventions of the International Labour Organisation related to respect for freedom of association and the right to collective bargaining;	29	407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk
	The elimination of discrimination in employment and occupation;		103	Non-Discrimination Management Approach
			406-1	Cases of discrimination and remedial action taken
	The elimination of forced or compulsory labour;		409-1	Operations and suppliers with a significant risk of cases of forced or compulsory labour
	The effective abolition of child labour.		408-1	Operations and suppliers with a significant risk of child labour cases
Corruption and bribery	Measures adopted to prevent corruption and bribery;	30	103	Anti-Corruption Management Approach
			102-16	Values, principles, standards and norms of conduct
			102-17	Advisory mechanisms and ethical concerns
			205-1	Operations assessed for corruption-related risks
			205-2	Communication and training on anti-corruption policies and procedures
			205-3	Confirmed cases of corruption and measures taken
	Measures to combat money laundering,		205-2	Communication and training on anti-corruption policies and procedures
	Contributions to foundations and non-profit organisations.		413-1	Operations with local community participation, impact assessments and development programmes

AREAS	Contents	Nº	GRI Standards	GRI description
Society	Commitment with the sustainable development			
	The impact of the company's activity on employment and local development;	31	103	Local Communities + Indirect Economic Impacts Management Approach
			203-1	Investments in infrastructure and supported services.
			203-2	Significant indirect economic impacts
			413-1	Operations with local community participation, impact assessments and development programmes
	The impact of the company's activity on the local populations and on the region;		203-1	Investments in infrastructure and supported services.
			411-1	Cases of violations of indigenous peoples' rights
			413-1	Operations with local community participation, impact assessments and development programmes
			413-2	Operations with significant negative impacts (actual and potential) on local communities
	Relationships with local community stakeholders and the forms of dialogue with them;		102-43	Approaches to stakeholder engagement
				Operations with local community participation, impact assessments and development programme
			102-12	External initiatives
			102-13	Membership of associations
	Subcontracting and suppliers			
	* Inclusion in the purchasing policy of social, gender equality and environmental issues; * Consideration of the relationships with suppliers and subcontractors of its social and environmental responsibility;	32	102-9	Supply chain
			103	Supplier environmental assessment + Supplier social assessment + Procurement practices
			308-1	Environmental assessment of suppliers
			414-1	Social assessment of suppliers
	Monitoring and audit systems and audit results.		103	Procurement practices management approach
	Consumers			
	Assessment of the health and safety impacts of product and service categories	33	103	Customer Health and Safety + Marketing and Labelling + Customer privacy Management Approach
			416-1	Health and safety impact assessment of the product or service categories
	Claims systems, complaints received and their resolution.		103	Customer Health and Safety + Marketing and Labelling + Customer privacy Management Approach
				Cases of non-compliance concerning health and safety impacts of product and service categories
	Tax information			
	Profits obtained country by country	34	103	Management approach to economic performance + quantitative data on taxes and benefits
	Financial assistance received from government		201-4	Financial assistance received from government

11. INDEPENDENT VERIFICATION



Independent Verification Report on the Consolidated Non-Financial Information Statement of BATZ, S.COOP. and Subsidiaries for the year 2020

To the members of BATZ, S.COOP:

In accordance with Article 49 of the Commercial Code, we have audited the accompanying Consolidated Non-Financial Information Statement (hereinafter "NFIS") for the year ended 31 December 2020 of BATZ, S.COOP. and subsidiaries (hereinafter "the Group"), which forms part of the Group's Consolidated Management Report, within the limited assurance scope of the audit.

The content of the NFIS includes additional information to that required by current company regulations on non-financial information which has not been the subject of our verification work.

In this sense, our work has been limited exclusively to verifying the information contained in the section:

"Traceability of compliance with non-financial reporting and diversity law" included in the accompanying NFIS.

Responsibilities of the Directors

The Board of Directors of BATZ, S.COOP. are responsible for preparing the NFIS included in the Group's Consolidated Management Report, as well as its contents.

The NFIS has been prepared in accordance with the contents set out in the current company regulations and following the criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards) selected in accordance with that mentioned for each subject in the aforementioned section:

"Traceability of compliance with non-financial reporting and diversity law" included in the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

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

Our independence and quality control

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

Our firm applies the International Quality Assessment Standard 1 (IQAS 1) and accordingly maintains a comprehensive system of quality control that includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team consisted of professionals with expertise in Non-Financial Reporting reviews and, specifically, in economic, social and environmental performance reporting.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work we have done. We conducted our review work in accordance with the requirements of the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guidance on Assurance Engagements on Non-Financial Reporting issued by the Spanish Institute of Chartered Accountants (Instituto de Censores Jurados de Cuentas de España).

In limited assurance work, the procedures carried out vary in nature and timing, and have a smaller scope, than those carried out in reasonable assurance work and, therefore, the security provided is also less.

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11.INDEPENDENT VERIFICATION



Our work has consisted of asking questions of management as well as the various Group units taking part in the preparation of the NFIS, reviewing the processes for collecting and validating the information presented in the NFIS, and applying certain analytical procedures and the sample review tests described below:

- Meetings with Group personnel to understand the business model, the policies and management approaches applied, the main risks related to these issues and to obtain the necessary information for the external review.
- Analysis of the scope, relevance and completeness of the contents included in the NFIS based on the materiality analysis carried out by the Group, taking into account the contents required by current commercial regulations.

Analysis of the processes for collecting and validating the data presented in the NFIS for the year 2020.

- Review of information on the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for the 2020 financial year.
- Verification, through testing, based on the selection of a sample, of the information related to the contents included in the NFIS for the year 2020 and its appropriate compilation from the data provided by the information sources.

Conclusion

Based on the procedures performed during our verification and the evidence we have obtained, no aspect has come to our attention that leads us to believe that the NFIS of BATZ, S.COOP. and subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the contents of current corporate regulations and following the criteria of the selected GRI standards, as mentioned for each subject in section: "Traceability of compliance with non-financial reporting and diversity law" of that State.

Use and distribution

This report has been prepared in response to the requirements of Spanish company law and therefore may not be suitable for other purposes and jurisdictions.

ALBACUS, S.L. (ALBACUS CONSULTING)



Isabel Serna Otaño
(Membership number 16979)

Bilbao, 18 March 2021

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