



**CIE** Automotive

**Corporate Tax Policy**

---

|   |                             |         |                |
|---|-----------------------------|---------|----------------|
|  | <b>CORPORATE TAX POLICY</b> | Code:   | CIE CO F PO 01 |
|   |                             | Review: | 02             |
|   |                             | Page:   | 2 of 5         |

## Contents

|  |   |
|--|---|
| 1. Purpose.....  | 3 |
| 2. Principles .....  | 3 |
| 3. Best tax practices .....  | 3 |
| 3.1. Fiscal risk prevention .....  | 4 |
| 3.2. Relations with tax authorities .....  | 4 |
| 3.3. Reporting to the Board of Directors .....   | 4 |
| 3.4. Reporting to the market regarding compliance with the best tax practices undertaken in this policy..... | 5 |
| 3.5. Update of best tax practices .....  | 5 |
| 4. Dissemination throughout CIE Automotive .....   | 5 |
| 5. Monitoring and control .....  | 5 |

|   |                             |         |                |
|---|-----------------------------|---------|----------------|
|  | <b>CORPORATE TAX POLICY</b> | Code:   | CIE CO F PO 01 |
|   |                             | Review: | 02             |
|   |                             | Page:   | 3 of 5         |

The Board of Directors of CIE Automotive, S.A. ("**CIE Automotive**" or the "**Company**" and the group of companies of which CIE Automotive is the parent, the "**Group**"), approves this Corporate Fiscal Policy that forms part of the corporate governance policies and regulatory compliance and that includes the fiscal strategy of the Company and its commitment to the application of best tax practices.

## 1. Purpose

The main objective of the fiscal strategy of CIE Automotive is to ensure compliance with the applicable tax regulations in all areas in which it operates in keeping with the activity carried out in each area. Its main objective, of respecting and complying with tax laws, is consistent with achieving corporate interests and generating sustainable value over time for shareholders, avoiding tax risks and inefficiencies when making business decisions.

In this context and within the framework of corporate social responsibility, the Company promotes responsible tax activities taking into consideration the interests and sustainable economic development of the communities where it is present, ensuring the proper application of best tax practices.

## 2. Principles

Fulfilment by the Group of its tax obligations and its relationships with the tax authorities is governed by the following principles:

- ✓ Compliance with the tax rules in the various countries and areas in which the Group operates, paying the taxes for which it is responsible in accordance with the legal system.
- ✓ Adoption of decisions related to tax matters based on a reasonable interpretation of the applicable legislation and in close connection with the activity of the Group.
- ✓ Prevention and reduction of significant fiscal risks, ensuring that taxation is properly related to the structure and location of the Group's activities, its human and material resources and business risks.
- ✓ Fostering a relationship with the authorities in relation to tax matters based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity and good faith, without prejudice to the legitimate disputes that, respecting the preceding principles and in defence of corporate interest, may arise with the aforementioned authorities in relation to the interpretation of the applicable rules.
- ✓ Reporting to the Board regarding the main fiscal implications of the transactions or matters submitted for its approval when they are a relevant factor for making their decision.
- ✓ Conceiving of the taxes that the Group companies pay in the countries and areas in which they operate as the main contribution to supporting public expenditure and, therefore, one of the Company's contributions

## 3. Best tax practices

CIE Automotive aims to comply with its fiscal obligations in all areas in which it operates, as well as maintaining a proper relationship with the corresponding tax authorities.

To include the aforementioned general commitment to comply with, develop and implement best tax practices in the Corporate Governance Rules of CIE Automotive, the Company agrees to engage in the following practices:

|  |                                     |                           |
|--|-------------------------------------|---------------------------|
| <b>Issued and reviewed:</b> Audit and Compliance Committee | <b>Approved:</b> Board of Directors | <b>Date:</b> October 2019 |
|--|-------------------------------------|---------------------------|

|   |                             |         |                |
|---|-----------------------------|---------|----------------|
|  | <b>CORPORATE TAX POLICY</b> | Code:   | CIE CO F PO 01 |
|   |                             | Review: | 02             |
|   |                             | Page:   | 4 of 5         |

### 3.1. Fiscal risk prevention

When carrying out its activities, CIE Automotive will follow the principles of an orderly and diligent tax policy, as embodied by its commitment to:

- i. Promote practices that lead to the prevention and reduction of significant fiscal risks through internal information control systems.
- ii. Avoid using contrived and/or opaque structures for tax purposes, with the understanding that the latter are aimed at preventing the discovery by the competent tax authorities of the party ultimately responsible for the activities or the ultimate owner of the goods or rights involved.
- iii. Not to form or acquire companies that are residents in tax havens to elude tax obligations with the sole exception of cases in which it must to do so due to an indirect acquisition in which the Company that is a resident of a tax haven is a part of a group of companies acquired.
- iv. Reduce conflicts arising from the interpretation of the applicable legislation through the use of tools established for such purposes by tax laws.
- v. Adequately assess, in advance, investments and transactions that, a priori, pose a particular fiscal risk.

### 3.2. Relations with tax authorities

The Company's relations with the competent tax authorities will be governed by the principles of transparency, mutual trust, good faith and loyalty, and CIE Automotive will adopt the following best tax practices:

- i. Collaborate with the competent tax authorities in identifying and seeking solutions to fraudulent tax practices that may be used in the markets in which the Group is present.
- ii. Facilitate information and documentation with fiscal relevance that is requested by the competent tax authorities within the shortest time frame possible and in the most complete manner.
- iii. Properly inform and discuss with the corresponding body of the competent tax authorities any matters related to significant events of which it is aware to commence, where applicable, the proceedings in question and to promote, to the extent reasonably possible and without harming good business management, the agreements and conformities within audit proceedings.

### 3.3. Reporting to the Board of Directors

The Company's Audit and Compliance Committee will have the following reporting functions in relation to tax matters:

- i. Furnish the Board information regarding the fiscal policies and criteria applied by the Company in the year and, in particular, regarding the degree of compliance with the Corporate Fiscal Policy. Likewise, in the case of transactions or matters that must be submitted for Board approval, it will report on the fiscal consequences when they represent a relevant factor.
- ii. Report to the Board, based on the information received from the head of tax matters, on the fiscal policies applied by the Company and, in the case of transactions or matters that must be submitted for Board approval, on the fiscal consequences when they represent a relevant risk factor.

|  |                                     |                           |
|--|-------------------------------------|---------------------------|
| <b>Issued and reviewed:</b> Audit and Compliance Committee | <b>Approved:</b> Board of Directors | <b>Date:</b> October 2019 |
|--|-------------------------------------|---------------------------|

|   |                             |         |                |
|---|-----------------------------|---------|----------------|
|  | <b>CORPORATE TAX POLICY</b> | Code:   | CIE CO F PO 01 |
|   |                             | Review: | 02             |
|   |                             | Page:   | 5 of 5         |

**3.4. Reporting to the market regarding compliance with the best tax practices undertaken in this policy.**

The Company's Annual Corporate Governance Report will report on the effective compliance of CIE Automotive with best tax practices.

**3.5. Update of best tax practices**

The best tax practices are subject to being updated by the Board of CIE Automotive within the context of its commitment to constantly improve its Corporate Governance Rules.

**4. Dissemination throughout CIE Automotive**

The Company's Board of Directors is responsible for coordinating, within the legal limits, the Group's general management strategies and guidelines, acting in the interest of each and every one of the companies that compose it and the Chairman of the Board, the managing director and the senior executives of the Company are responsible for organising and coordinating the Group through the dissemination, implementation and monitoring of the general strategies and policies established by the Board.

Pursuant to the foregoing, the Board of the Company, through its chair, and the managing director and senior executives, will promote compliance with the tax principles and best practices contained in this Corporate Fiscal Policy by the companies that compose the Group whose activities have a significant impact in relation to tax matters.

**5. Monitoring and control**

The Group companies will implement the control mechanisms necessary to ensure, as part of proper business management, compliance with tax legislation and the principles and best practices contained in this policy. Likewise, they will dedicate for such purposes the appropriate and sufficiently qualified human and material resources. Guidelines to evaluate and manage fiscal risk applicable to all Group companies will be approved and reviewed periodically and will include certain objective criteria to classify transactions based on their fiscal risk, as well as various procedures for their approval.