

*This document is a translation into English of an original document drafted in Spanish. This translation is for information purposes only, therefore, in case of discrepancy, the Spanish version shall prevail.*

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF GESTAMP AUTOMOCIÓN, S.A. ON THE AMENDMENT PROPOSAL ON THE DIRECTORS' REMUNERATION POLICY.**

**1. PURPOSE OF THIS REPORT.**

Article 529. novodecies of the Spanish Companies Act ("Ley de Sociedades de Capital") requires, between others, a report issued by the Board of Directors and the Nomination and Compensation Committee on the directors' remuneration policy (hereinafter, the "**Policy**").

This report intends to meet such Regulations' requirement and is issued by the Board of Directors of Gestamp Automoción, S.A. (hereinafter, "**Gestamp**" or the "**Company**") in order to justify the proposal to the next Ordinary General Shareholders' Meeting corresponding to the year 2020.

**2. RATIONALE OF THE PROPOSAL**

On December 16, 2019, at the proposal of the Nominations and Compensation Committee, the Board of Directors approved a new long term incentive plan applicable to certain managers of the Company (between others, to the CEO) for the 2019-2021 period.

It is in this sense, the Company has prepared a new Policy to be submitted to the General Shareholders' Meeting for its approval. The main objectives of this proposal are to delete references to the previous long incentive plan approved by the Board in 2016, and to qualify the description made on variable remuneration (annual and multiannual) to reflect the approval of the new plan referred to above.

Also, regarding the Board's power to review the remuneration package of the Chairman and the CEO at the proposal of the Nomination and Compensation Committee and under certain circumstances, it was made clear that such review could be executed as part of the general salary review carried out for the Group's Corporate Services staff.

Finally, this Policy, will enter into force with effects from 1 January 2020 and will be effective for the years 2020, 2021 and 2022, in case of approval by the General Shareholders' Meeting.

As a conclusion, considering the proposal issued by the Nomination and Compensation Committee and its report on such proposal which is annexed as **Exhibit I**, the Board of Directors propose an amended Policy which is annexed as **Exhibit II**.

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**3. FULL TEXT OF THE PROPOSED AGREEMENT TO BE SUBMITTED FOR APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING.**

*“Approval of the Remuneration Policy for the Company's directors for the years 2020-2022.*

*In accordance with Article 529 novodecies of the Companies Act, approve the Remuneration Policy for directors, the full text of which, together with the compulsory report by the Nomination and Compensation Committee, is included in the supporting report by the Board of Directors made available to shareholders as part of the documentation relating to the General Shareholders' Meeting.”*

*Madrid, April 1, 2020*



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**Exhibit I**

**(Nomination and Compensation Committee Report on Directors' Remuneration Policy)**

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**REPORT ISSUED BY THE NOMINATION AND COMPENSATION COMMITTEE**  
**JUSTIFYING THE PROPOSAL OF AMENDMENT OF THE DIRECTORS'**  
**REMUNERATION POLICY OF GESTAMP AUTOMOCIÓN, S.A.**

**1. PRELIMINARY SECTION**

The Directors' Remuneration Policy (hereinafter, the "**Policy**") of Gestamp Automoción, S.A. (hereinafter, "**Gestamp**" or the "**Company**" or the "**Group**") that the Gestamp's Appointments and Remunerations Committee is proposing to the Board of Directors for its consideration by the General Shareholders' Meeting is meant to update both the maximum global remuneration for the directors in their conditions and the remuneration of Directors with executive tasks, as well as to complete explanation on certain conditions that contracts between the Company and its executive Directors shall meet.

This report has been prepared in accordance with section 2 of article 529 novodecies of the Consolidated Text of the Companies' Law, approved by the Royal Decree 1/2010, of 2 of July (hereinafter, "**Companies Act**").

The Policy shall replace the policy currently in force, which was approved by the General Shareholders' Meeting on 6 May 2019.

**2. JUSTIFICATION OF THE AMENDMENT**

On December 16, 2019, at the proposal of the Nominations and Compensation Committee, the Board of Directors approved a new long term incentive plan applicable to certain managers of the Company (between others, to the CEO) for the 2019-2021 period. It is in this sense, references to the previous long incentive plan approved by the Board in 2016, have been deleted, and the description made on variable remuneration (annual and multiannual) has been qualified in order to reflect the approval of the new plan referred to above.

Also, regarding the Board's power to review the remuneration package of the Chairman and the CEO at the proposal of the Nomination and Compensation Committee and under certain circumstances, it was made clear that such review could be executed as part of the general salary review carried out for the Group's Corporate Services staff.

Finally, this Policy, will enter into force with effects from 1 January 2020 and will be effective for the years 2020, 2021 and 2022, in case of approval by the General Shareholders' Meeting.

**3. CONCLUSION**

The Nomination and Compensation Committee concludes this Policy proposal is consistent with the regulatory frame in force on directors' remuneration.



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On this basis, the Nomination and Compensation Committee issues this report justifying the proposal of amendment of the Policy that will be submitted to the approval of the General Shareholders' Meeting.

*Madrid, April 1, 2020.*

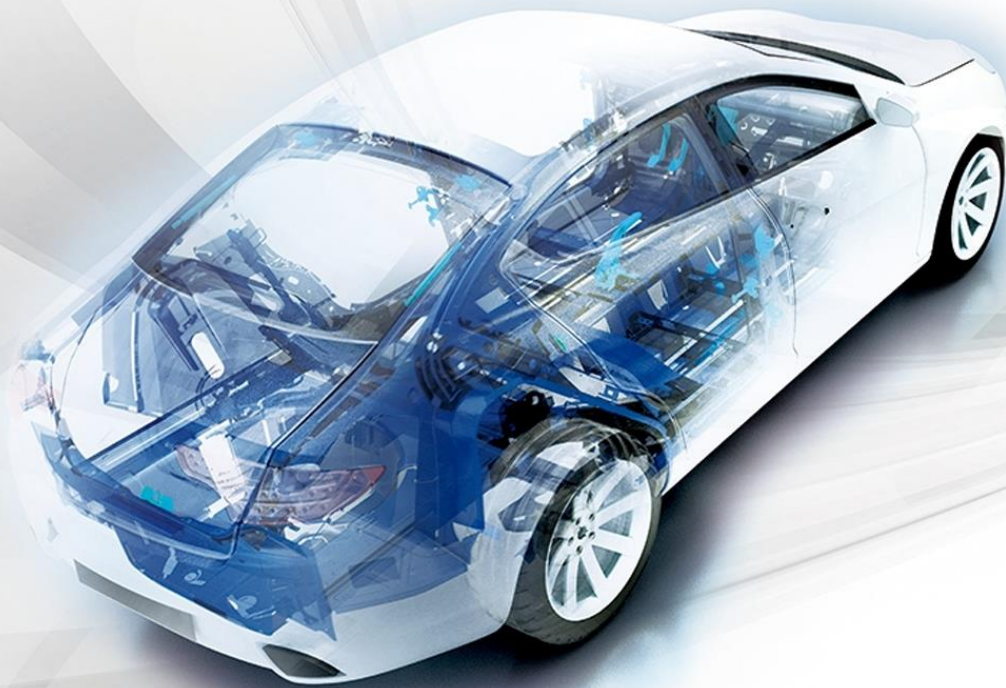


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**Exhibit II**

**(Directors' Remuneration Policy Proposal)**

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# Directors' Remuneration Policy

Gestamp Automoción, S.A.

April 2020

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## 1. Introduction

Under articles 249 bis and 529 novodecies 1 of the Spanish Companies Act (the “SCA”) and article 22 of the bylaws of Gestamp Automoción, S.A. (the “Company” or “Gestamp”), the General Shareholders Meeting is the governing body responsible for approving the Director’s Remuneration Policy, at the Gestamp Board of Directors’ proposal.

In compliance with this legal and bylaw provisions, the following Remuneration Policy is proposed hereby to the General Shareholders Meeting, for its approval by such governing body.

This document includes the remuneration applicable to directors in their conditions as such and the remuneration applicable to executive directors.

## 2. Principles

Directors’ remuneration in their condition as such is based on the following principles:

- (i) Sufficiency. It shall be sufficient in order to compensate their dedication, qualification and responsibility without compromising their independency.
- (ii) Competitiveness. It must help to attract and retain the talent of such professionals. At the same time, it must be in accordance with the standards applied in national or international companies with similar characteristics.
- (iii) Dedication. It shall be in accordance with the dedication and responsibility of each director.
- (iv) Reasonability. It shall reflect the reality of the company, the sector in which it operates, as well as the given economic situation from time to time.
- (v) Transparency. It shall comply with the transparency criteria to guarantee investors and shareholders’ confidence.

Directors’ remuneration for the performance of executive functions is additionally determined by the following principles:

- (i) Performance. It shall include a variable component linked to the achievement of specific targets or goals, aligned with the strategic goals of Gestamp group (“Gestamp Group”) and to the creation of added value.

- (ii) Sustainability. A part of the remuneration will be aligned to the sustained growth over time.
- (iii) Equity. Director's remuneration for the performance of executive duties shall be proportional to their level of responsibility and experience.

### 3. Competent bodies

#### **Directors' remuneration in their condition as such**

The maximum annual remuneration for all the directors in their condition as such shall be the one determined by the General **Shareholders' Meeting** and shall remain in force until it agrees any amendment thereto. However, the Board of Directors may reduce its amount in any fiscal year it deems appropriate, in accordance with article 22 of the Gestamp's bylaws.

Determining each director's remuneration in his or her condition as such, shall correspond to the **Board of Directors**, at the **Nomination and Compensation Committee's** proposal, which will take into account the functions and responsibilities of each director, the position held in the Board committees and other objective conditions that may be considered relevant.

#### **Executive director's remuneration for the performance of executive duties**

Under article 529 octodecies of the SCA, the executive director's remuneration foreseen in contracts approved in accordance with article 249 of the SCA, will be consistent with this Remuneration Policy.

The **Board of Directors** will be in charge of determining each executive director's remuneration, at the **Nomination and Compensation Committee's** proposal, as set out in articles 8.3(b).ii) and 41.3 (a).ii) of the Regulation of the Board of Directors.

### 4. Directors' remuneration structure in their condition as such

This remuneration is to be perceived by the directors in their condition as such (except for the executive directors) being the maximum annual amount subject to the approval of the General Shareholders' Meeting of Gestamp as per the provisions set forth in articles 529.sepdecies of the SCA, 22 of the Gestamp's bylaws and 29 of the regulation of the Board of Director.

As provided by article 22.1 of Gestamp's bylaws, the Directors' remuneration in their condition as such is structured as follows:

#### **Fixed remuneration**

Directors receive a fixed annual amount that will be distributed by the Board of Directors as such

governing body determines on the basis of each director's conditions, duties and responsibilities attributed by the Board, and the director's position in the different committees. This may lead to different remuneration amounts for each of them. The Board will also determine the periodicity and the form of payment, which may include insurance and pension systems as set forth from time to time.

No credits, advanced payments, guarantees or indemnifications for termination of the relationship with the Company are contemplated, nor is any remuneration other than these indicated above.

### **Maximum amount of the fixed remuneration**

The maximum global remuneration for the Directors in their conditions as such, shall amount to € 1,050,000. This maximum amount shall remain in force until the approval of the amendment of this Remuneration Policy.

This amount may be reduced in such fiscal years in which the Board of Directors may deem appropriate, in accordance with article 29.2 of the regulation of the Board of Director.

## **5. Executive directors' remuneration structure for the performance of executive duties**

As provided by article 22 of Gestamp bylaws, if a director is assigned executive duties, it will be necessary to execute an agreement by and between the director and the Company in accordance with the provisions set forth in the SCA. The agreement must include any concept by virtue of which the director may receive any remuneration for performing executive functions including, where appropriate, severance payments and the amounts to be paid by the Company as insurance premiums or contribution to saving systems.

Such agreement may include a fixed remuneration and an additional variable remuneration, which will accrue provided previously determined targets are achieved. In any case, the variable remuneration will be related to the professional performance and will be linked to certain performance criteria that: (i) will be predetermined and quantified; and (ii) will take into account the risk assumed to achieve a certain result.

The structure of the remuneration of the directors for the performance of their executive duties, which in this case applies to the Chairman and to the Chief Executive Officer (CEO), is detailed below and it is similar, in terms of concepts and components, to the one provided for the senior management of Gestamp Group.

### **Fixed remuneration**

## **Directors' Remuneration Policy**

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The fixed remuneration amount will be determined according to the performance of their executive duties, the level of responsibility, their experience and contributions to the position and the remuneration standards of the markets in which the Company operates.

### **Variable annual and multiannual remuneration**

The goal of the variable remuneration for executive directors is to: (i) link part of their remuneration to the accomplishment of specific targets aligned with the strategic targets and the creation of value for Gestamp Group, (ii) foster their commitment and (iii) link their short and long-term goals to those of Gestamp Group and its shareholders.

The Board of Directors, at the Nomination and Compensation Committee's proposal, will determine the variable remuneration considering the level of fulfilment of the targets pursued by this remuneration.

### **Variable annual remuneration**

Variable annual remuneration will remunerate, on an annual basis, the contribution to the achievement of predetermined, concrete and quantifiable targets established by the Gestamp Group, which will include, in any case, targets of an economic-financial nature. Metrics to determine the degree of achievement will be previously established and approved by the Nomination and Compensation Committee.

Variable annual remuneration is configured as a percentage of the total annual fixed remuneration that will be determined based on achievement metrics. Additionally, the following will apply to the variable annual remuneration: a minimum threshold of achievement below which the right to receive the variable annual remuneration will not be granted and a maximum threshold of achievement above which the amount of such remuneration will remain constant.

### **Variable multiannual remuneration (long-term incentives)**

It pursues the creation of sustainable value to the shareholder in the long-term, as well as to motivate and retain the key employees of Gestamp Group. For such purpose, the Company may establish long-term remuneration schemes, the duration of which may exceed the one of this Remuneration Policy, and the goals of which shall be linked to the achievement of predetermined, concrete and quantifiable long term targets, which will include, in any case, targets of an economic-financial nature, with the aim to promote value creation of Gestamp Group in a sustained way over time. The achievement metrics will be previously established and approved by the Nomination and Compensation Committee.

## **Directors' Remuneration Policy**

Like the variable annual remuneration, the following will apply to the variable multiannual remuneration: a minimum achievement threshold below which the right to receive the referred remuneration will not be granted and a maximum threshold of achievement above which the amount of the variable multiannual remuneration will remain constant.

In addition to the above, these incentive schemes may include the delivery of shares of the Company or other share-based instruments if approved by the General Shareholders' Meeting at the proposal of the Board of Directors, on the basis of a favourable report issued by the Nomination and Compensation Committee.

### **Other remuneration components**

The same conditions and social benefits, recognized to the management of Gestamp, are applicable to the directors. In this regard, it is applicable, among others, the life insurance.

### **Contract terms applicable to the Chairman and the CEO**

- (i) Indefinite duration. The agreements entered into by the Company and the executive directors shall have an indefinite duration and will remain in force as far as the executive directors hold the office.
- (ii) Legislation. The agreements entered into by the Company and the executive directors will be of a commercial nature and shall be governed by the applicable law in each case.

Likewise, the referred agreements shall include the following conditions, some of which in compliance with basic recommendations of the Good Governance Code:

- (i) Qualifications of the external auditors. The variable annual remuneration of the executive directors which is linked to the Company's earnings because its accrual depends, among others, on the fulfilment of certain quantitative targets, shall be subject to any qualifications stated in the external auditor's report which may reduce the Company's earnings (Recommendation 60).
- (ii) Claw-back: Contractual arrangements should include provisions that enable the Company to claim variable components of remuneration when payment was not adjusted to the executive directors for reimbursement of actual performance or based on data subsequently found to be incorrect (Recommendation 63).

- (iii) Termination payments related to the Executive Directors' agreements: Termination payments should not exceed a fixed amount equivalent to two (2) years of the director's total annual remuneration and should not be paid until the Company confirms that he or she has met the performance criteria previously established (Recommendation 64).
- (iv) Post-contractual non-compete clause: Once the commercial and, if applicable, employment relationship between the executive directors and the Company has been terminated, executive directors undertake, in exchange for an economic compensation, not to provide services for one (1) year, directly or indirectly, on behalf of another person or by themselves, on its own or through a person interposed, in Companies that are concurrent or competing with the Company or the Gestamp Group.

### **Chairman and CEO Remuneration**

According to the above-mentioned, the remuneration of the executive directors for their performance of executive duties will consist of:

- (i) A fixed annual remuneration of € 714,000 for the Chairman, and a fixed annual remuneration of € 561,000 for the CEO.
- (ii) An annual target bonus of € 306,000 for the Chairman, and an annual target bonus of € 255,000 for the CEO, which will be yearly determined in accordance with the creation of value of Gestamp Group. Additionally, the CEO is included in a variable multiannual remuneration program.
- (iii) A non-cash remuneration that includes, among others, a life insurance.
- (iv) An indemnification of no more than two (2) years in case of termination or whatever other form of extinction of the legal relationship with the Company which is not attributable to a breach by the director, which it consists of the fixed annual remuneration and the annual target bonus, provided that if a previous employment relationship has ever existed, this relation is also extinct.
- (v) An economic compensation for their fulfillment of the post-contractual non-compete obligation amounting to € 1,000,000 in the case of the Chairman, and to € 800,000 in the case of the CEO, to be paid in twelve (12) monthly installments.

The review of the remuneration package of the Chairman and the CEO for future periods will be determined by the Board of Directors at the proposal of the Nomination and Compensation Committee, in accordance with this Remuneration Policy, considering, in particular, (i) the value and merits of the executive director, (ii) the market conditions in comparable companies, (iii) the Company's capacity to undertake such review and, and (iv) the evolution of responsibilities and functions assumed by each of them. To these effects, in application of the Remuneration Policy, the Board of Directors, at the proposal of the Nomination and Compensation Committee, may approve the update of the amounts of the fixed and variable annual remuneration of the Chairman and CEO, if such update is aligned with the salary update generally applied to Gestamp Group's Corporate Services employees.

## **6. New appointments**

The remuneration of whatever new executive director shall be governed by this Remuneration Policy, considering the experience and knowledge, if it is an internal or external candidate and its remuneration level at the time of his appointment.

The Board of Directors will approve the remuneration of the new Executive Director on the motion of the Nomination and Compensation Committee.

## **7. Period of validity**

This Remuneration Policy shall be in force for the period 2020, 2021 and 2022.

## **8. Other relevant data**

The Company has contracted a liability insurance policy for the directors and managers of Gestamp Group to cover whatever liability may derive from the performance of their duties.

## **9. Scope**

This Remuneration Policy is applicable to the members of the Board of Directors of the Company.