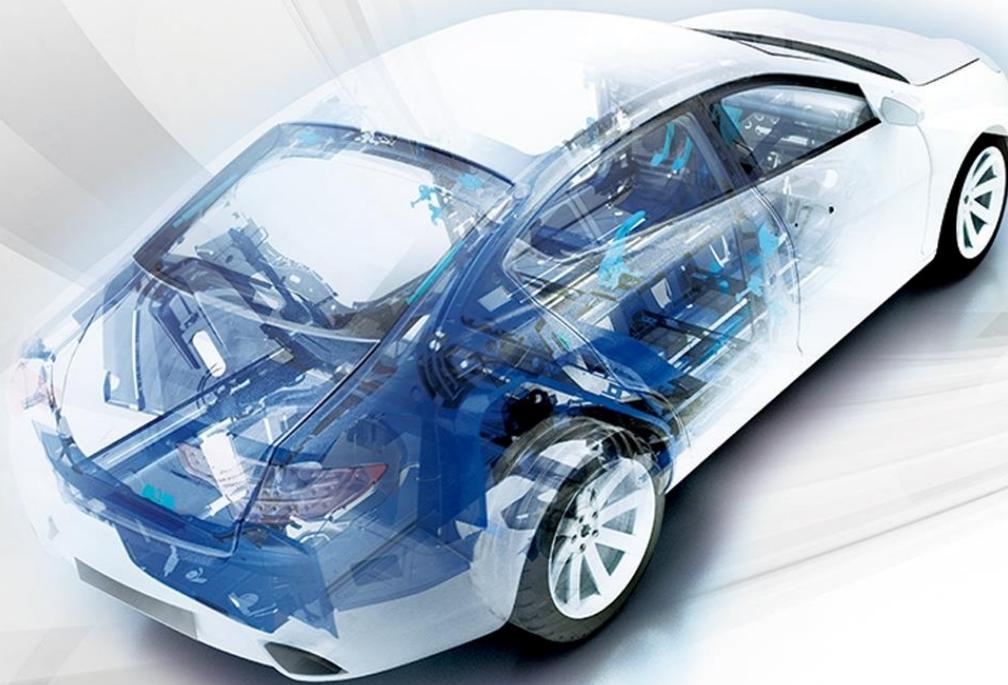


This document is a translation into English of an original document drafted in Spanish. This translation is for information purposes only, therefore, in case of discrepancy, the Spanish version shall prevail.



Activities Report for the year 2018

Audit Committee

Gestamp Automoción, S.A.

28 February 2019

CONTENTS

1. Introduction.....	3
2. Regulations.....	3
3. Structure.....	3
4. Functions	5
5. Operation	7
6. Meetings.....	8
7. Activities	9
8. Preparation and approval	14

1. Introduction

The Audit Committee of Gestamp Automoción, S.A. (the “**Company**”) has prepared this activities report (the “**Report**”), which describes the main activities undertaken by this Committee during the financial year ended 31 December 2018.

This Report is prepared pursuant to article 39 (j) of the Regulations of the Company’s Board of Directors and in compliance with the recommendations of the Good Governance Code for listed companies, which was approved by the Board of the National Securities Market Commission (CNMV) on 18 February 2015 and the standards of the Technical Guide 3/2017 on Audit Committees of Public Interest Entities published by the CNMV (“**Technical Guide 3/2017**”), and shall be made available to the Company’s shareholders when the convening notice regarding the 2019 Ordinary General Shareholders’ Meeting is made.

2. Regulations and standards

The Audit Committee regulations are set out in the Regulations of the Board of Directors which were approved by the company's Board of Directors on 3 March 2017. In addition, the Audit Committee is governed by the provisions of the Spanish Companies Act and also the recommendations in the Code of Good Governance for Listed Companies and the standards of the Technical Guide 3/2017.

3. Structure

By virtue of the provisions of article 20 of the By-laws and articles 39 and 40 of the Regulations of the Company's Board of Directors, the Audit Committee must:

- (a) Have at least three and at most five members, all of whom must be non-executive directors.
- (b) The majority of its members shall be independent directors, one of whom shall be appointed Chairman, and all shall be appointed based on their knowledge and experience in accounting, auditing or risk management. As a whole, the members of the Audit Committee shall have the relevant technical knowledge on the activity sector to which the Company belongs.
- (c) The Chairman must be replaced every four years, with the possibility of re-election one year after their cessation. In turn, the Secretary of the Audit Committee shall be the Secretary of the Board of Directors.

As of 31 December 2018, the Audit Committee has the following members:

Name	Position	Date Appointment	Category
Mr. Javier Rodríguez Pellitero	Chairman	24/03/2017	Independent
Ms. Ana García Fau	Member	24/03/2017	Independent
Mr. Juan María Riberas Mera	Member	24/03/2017	Proprietary
Mr. David Vázquez Pascual	Non-member secretary	24/03/2017	N/A
Ms. Elena Torregrosa Blanchart	Non-member deputy secretary	24/07/2017	N/A

Therefore, as of 31 December 2018, and for the entire fiscal year 2018, the Company's Audit Committee (i) has been comprised of three members, two of whom are independent Directors and (ii) has been chaired by the independent Director Mr. Javier Rodríguez Pellitero.

The members of the Audit Committee have the appropriate knowledge, skills and experience to carry out the tasks entrusted to the Committee by the Board. Furthermore, as a whole, they also have the appropriate technical knowledge on the activity sector to which the Company belongs. In this regard, in determining the profiles of the Audit Committee, the Board of Directors chose directors with knowledge in eminently economic, financial and management areas, given the extensive list of functions and competencies on these matters that are attributed to the Audit Committee by law. Mr. Javier Rodríguez Pellitero was appointed Chairman of the Audit Committee, due to his independent nature, his knowledge and experience in legal matters and in the recognition and analysis of risks and his extensive professional experience in the field of financial market regulation and good corporate governance of listed companies. In addition, Ms. Ana García Fau, was also appointed considering her knowledge and experience in economic and financial matters, strategic planning, business development, recognition and analysis of risks and information technologies as well as her training in accounting, Internal Auditing and her participation in other Audit Committees. Finally, Mr. Juan María Riberas Mera was appointed member of the Committee due to his extensive experience and knowledge in the automotive sector, as he has been a member of the Company's Board of Directors for over 20 years, and also due to his knowledge and experience in business management and development and recognition and analysis of risks.

For further information on the members of the Audit Committee, see the following links to the Company's website:

- www.gestamp.com/Investors-Shareholders/Corporate-Governance/Board-of-Directors

- www.gestamp.com/Investors-Shareholders/Corporate-Governance/Committees-of-the-Board-of-Directors

4. Functions

The Company's Audit Committee is a reporting and advisory body without executive functions that has the power to report, supervise, advise and propose in relation to issues within its scope of activity.

According to article 40 of the Regulations of the Board of Directors, the Audit Committee shall have the following basic functions:

- (a) To inform the General Shareholders' Meeting about issues raised by the shareholders on matters for which it is competent and, in particular, about the findings of audits, explaining how they have contributed to the integrity of the financial reporting and the role that the Committee has played in the process.
- (b) As regards information systems and internal control:
 - (i) To supervise the preparation process, integrity and presentation of regulated financial reporting on the Company, checking that regulatory requirements are met and accounting criteria are correctly applied.
 - (ii) To periodically review the internal control and risk management systems, including fiscal risks, so that the main risks are adequately identified, managed and reported, and also to discuss with the auditor any significant weaknesses in the internal control system found in the course of the audit, never compromising its independence. To this end, and where applicable, recommendations and proposals, with the relevant deadlines for follow-up, can be submitted to the administrative body.
 - (iii) To safeguard the independence and effectiveness of the internal auditing function: to propose the selection, appointment, re-election and dismissal of the head of the internal audit service; to propose the budget for this service; to receive information about its activities regularly; to verify whether senior management takes into account the conclusions and recommendations in its reports; and to discuss with the auditor or auditing firms any significant weaknesses in the internal control system detected in the course of the audits.
 - (iv) To set up and oversee a mechanism that enables employees to anonymously and confidentially report any irregularities they may notice within the company.
 - (v) To approve, supervise, revise and ensure compliance with the Company's corporate social responsibility policy, which must focus on the creation of value at the Company and on fulfilment of its social and ethical duties.
- (c) Regarding the auditor:

Activities Report for financial year 2018

Audit Committee

- (i) To bring proposals on the selection, appointment, re-election and replacement of the auditor, as well as the contract conditions for such party, to the Board and to be in charge of the selection process.
 - (ii) To regularly receive from the auditor information about the audit plan and the results of its implementation, and to verify whether senior management has taken its recommendations into account.
 - (iii) To establish an appropriate relationship with the auditor to receive information about any issues that could jeopardise the independence of the auditors, for examination by the Audit Committee, and any other information related to the progress of the auditing process, as well as any other correspondence stipulated in legislation on auditing and auditing standards. In any case, they must receive written confirmation from the auditor or auditing firms once a year asserting their independence from the entity or entities that are directly or indirectly related to it, as well as information on additional services of any kind provided to these entities by the aforementioned auditor or firms, or by individuals or entities related to them in accordance with legislation on auditing.
 - (iv) To issue a report expressing an opinion on the independence of the auditor once a year, prior to the issuance of the auditor's report. Such report must, in all cases, express a decision on the additional services referred to in the paragraph above.
- (d) As regards the risk management and control policy:
- (i) To propose to the Board of Directors a risk management and control policy, which shall identify as a minimum: (i) the types of risks (operational, technological, financial, legal and reputational) to which the Company is exposed; (ii) setting the risk level deemed acceptable by the Company; (iii) measures to mitigate the impact of the risks identified, should they occur; and (iv) the control and reporting systems to be employed to control and manage said risks.
 - (ii) To supervise the operation of the Company's risk management and control unit, which is responsible for: (i) ensuring that the risk management and control systems function properly and, in particular, ensuring that all the significant risks affecting the Company are adequately identified, managed and quantified; (ii) actively participating in the creation of the risk strategy and in reaching important decisions about its implementation; and (iii) ensuring that the risk management and control systems adequately mitigate the risks in accordance with the policy defined by the Board of Directors.
- (e) To review the prospectuses or equivalent documents for issuance and/or admission of securities and any other financial reporting that the Company is required to submit to the markets and its supervisory bodies.
- (f) In addition, the Audit Committee must inform the Board of Directors before the latter adopts the relevant resolutions on the matters set forth by law, in the By-laws and in these Regulations and, specifically, on the following subjects:

- (i) The financial reporting that the Company, due to its status as a listed company, must periodically publish. The Audit Committee shall ensure that interim financial statements are prepared using the same accounting criteria as the annual statements and, to this end, shall consider whether a limited review by the auditor is appropriate.
 - (ii) The creation or acquisition of shares in special-purpose entities or entities based in countries or territories classified as tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, could diminish the Company's transparency.
 - (iii) Related party transactions.
 - (iv) Operations entailing structural and corporate modifications planned by the Company, analysing their financial terms and conditions, including, where applicable, the exchange ratio and their accounting impact.
- (g) The Audit Committee shall also be responsible for overseeing compliance with the internal codes of conduct and rules of corporate governance. In this regard, the Audit Committee shall periodically assess the suitability of the Company's corporate governance system in order to ensure that it fulfils its mission of promoting social interest and takes into account, as applicable, the legitimate interests of the other stakeholders, and shall make proposals for improvement of this system and oversee compliance with the Company's internal codes of conduct and rules of corporate governance.
- (h) Finally, in relation to the corporate social responsibility policy, the Audit Committee must:
- (i) propose the principles accepted or commitments made voluntarily by the Company in its relations with diverse stakeholders;
 - (ii) identify the aims of the corporate social responsibility policy and develop support instruments;
 - (iii) define the corporate strategy related to sustainability, the environment and social issues;
 - (iv) establish specific practices on issues related to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conduct;
 - (v) establish methods or systems for monitoring the results of application of the specific practices, associated risks and management thereof, and
 - (vi) implement (i) mechanisms for monitoring non-financial risk, ethics and business conduct; and (ii) the channels of communication, participation and dialogue with stakeholders; as well as responsible communication practices that prevent manipulation of information and protect integrity and honour.

The functions described did not change during the year.

5. Operation

Activities Report for financial year 2018

Audit Committee

The basic principles of conduct and the internal operating system of the Audit Committee are set forth in the rules contained in the Spanish Companies Act, the By-laws and the Regulations of the Board of Directors.

Pursuant to the terms of article 20 of the Company's By-laws and article 39 of the Regulations of the Board of Directors, the Audit Committee:

- Shall meet whenever necessary, at the Chairman's discretion, to exercise its powers, and whenever two of its members so request, and it shall be convened in a valid manner whenever the majority of its members are present or represented, its resolutions being adopted by an absolute majority of the attending members. In the event of a tie, the Committee Chairman shall cast the tie-breaking vote.
- Minutes shall be taken of the meetings and a copy thereof shall be sent to all the members of the Board. Likewise, the Chairman of the Audit Committee shall inform the Board of Directors of the issues discussed and the resolutions adopted at its meetings during the first Board of Directors' meeting held after the Committee meeting.
- Within three months after each year-end, it shall submit this Report for approval by the Board of Directors, which shall be made available to the shareholders during their Annual General Shareholders' Meeting.
- In order to carry out its functions, it may seek external advice whenever it deems it necessary.

As regards the other rules of operation, the operating system established for the Board of Directors in the Regulations of the Board shall apply.

6. Meetings

In 2018, the Audit Committee met on eight occasions. The three members of the Committee were present at all of the meetings. In addition, the Audit Committee, through its Chairman, invited the following persons to take part in the meetings, solely to deal with the specific items for which they have been called:

- **External Auditor.** He attended four meetings of the Audit Committee to (i) report the review of the financial statements, (ii) report on the status of the audit work on the financial statements, (iii) any important developments regarding matters related to the auditing of the financial statements and (iv) to hold meetings with the Committee without the presence of the Company's senior management team.
- **The Director of Internal Audit and Risk Management.** She took part in seven meetings of the Audit Committee, presenting the degree of progress of the work carried out by the Internal Audit Department. Furthermore, she reported to the Audit Committee the internal control weaknesses identified as a result of the work performed in relation to the review of the ICFRS. She also presented the update of the Corporate Risk Map carried out during the year.

- **CEO and financial team.** They took part in seven meetings of the Audit Committee, mainly to report on the progress of the business and the financial information presented for approval by the Board of Directors.
- **General Manager of the Legal Department, Tax and Corporate Governance of the Gestamp Group.** He took part in five meetings of the Audit Committee, mainly to present the related party transactions submitted for approval by this body and the Fiscal Strategy of **Gestamp**. Has informed on the status of the most relevant legal claims.
- **Data Protection Officer in the Legal Department of the Gestamp Group.** He took part in a meeting of the Audit Committee to present the process of adapting the Gestamp Group to Regulation (EU) 2016/679 of 27 April 2016 on data protection and to present the Gestamp Group's Data Protection Policy and other implementing regulations.
- **Corporate Director of Purchasing and Quality.** He took part in a meeting of the Audit Committee in relation to an item on the agenda concerning risk analysis of quality-related incidents, giving a presentation on the impact of this type of risk on the operations of the Gestamp Group, the organisation of the quality department and the evolution and initiatives existing in this regard in the group.

7. Activities

In 2018, the Audit Committee mainly carried out the following activities:

- **Periodic review of financial reporting**

The Audit Committee supervised and reviewed the process of drawing up and presenting the regulated quarterly and semi-annual, separate and consolidated, financial reporting that the Board of Directors must submit to the markets, and has, in general, ensured that the legal requirements in this regard were met and that generally accepted accounting principles were correctly applied, all within the deadlines set by law for these purposes.

The CEO and the financial team, responsible for the preparation of the financial reporting, took part in the analysis carried out by the Audit Committee on this information, giving a thorough presentation on said information and the criteria followed for the accurate accounting and presentation of such, and also to give the relevant explanations regarding its preparation, as well as any others required by the Committee.

Finally, and in accordance with standard 43 of Technical Guide 3/2017, the Committee has ensured that the financial information published on the Company's website is up to date and coincides with that drawn up by the Board of Directors and published, where appropriate, on the website of the CNMV.

- **Review of financial statements**

Activities Report for financial year 2018

Audit Committee

The Audit Committee reviewed and issued a favourable report on the individual and consolidated financial statements of the Company and its group of companies, for financial year 2017, in its meeting on 26 February 2018. These financial statements were subsequently prepared by the Board of Directors and approved by the Annual General Shareholders' Meeting on 7 May 2018.

The review of the financial statements by the Committee included reviewing the non-financial information contained in the Management Report required by Royal Decree-Law 18/2017, of 24 November, which modifies the Code of Commerce, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing, regarding non-financial information and diversity.

■ **Review of other information**

In accordance with the requirements of article 277 of the Spanish Companies Act, the Audit Committee has reviewed and reported favourably on the liquidity statement subsequently prepared by the Board of Directors, on the occasion of the distribution of an interim dividend charged to the profit for 2018, in cash, amounting to 0.065 euros gross per outstanding share.

As established in article 40.6(e) of the Regulations of the Board of Directors. The Committee reviewed the Prospectus relating to the 400,000,000 euros of covered bonds maturing in 2016 issued by the Company on the Euro MTF market in Luxembourg.

■ **Relationship with the External Auditor**

The External Auditor attended the meetings in which the Audit Committee analysed the individual and consolidated financial statements of the Gestamp Group for 2017 and the corresponding Audit Report. In addition, in financial year 2018, the half-yearly financial information was subject to a limited review procedure by the External Auditor and, therefore, the Audit Committee revised said information and the corresponding limited review report. The External Auditor regularly reported to the Committee on the progress of the audit and limited review work and the most important aspects of both. Furthermore, in 2018, the full Audit Committee held several meetings with the External Auditor without the presence of the Company's management to ensure that the audit process of the individual and consolidated financial statements and the limited review of the half-yearly financial information was progressing correctly and, in particular, it verified that there were no discrepancies between the External Auditor and the Company's management, nor were any significant aspects detected by the External Auditor in relation to accounting, the internal control system or the audit or limited review.

The Audit Committee verified that, in 2018, the work assigned to the External Auditor met the independence requirements set forth in the Audit Act in force and, therefore, there are no objective reasons to question said independence, thus issuing for these purposes the report required on the independence of the External Auditor. In this regard, the Audit Committee analysed the work assigned to the External Auditor in relation to auditing, approving the 2018 audit plan and the fees set out in relation to such. Regarding the approval of services other than auditing, the Audit Committee approved a Policy for the Approval of External Auditor Services other than Auditing, which establishes the

procedure to be followed in order to approve said services. In this regard, the Committee analysed and approved certain additional services other than auditing during financial year 2018.

The Audit Committee unanimously agreed to propose the appointment of the current External Auditor (Ernst & Young, S.L.) to the Board of Directors for the audit of financial year 2019.

Finally, throughout 2018 the External Auditor gave several training presentations to the members of the Committee on matters of interest relating to the accounting or auditing process as the new accounting standards IFRS N° 9, 15 and 16, the content of the new non-financial accounting statement, the transition of the interest rates IBOR and RFRs, the draft amendment proposal of the General Accounting Plan, and on some Circulars of the CNMV.

■ **Internal Auditing**

The Committee regularly monitored the activities carried out by the Internal Audit department. In this sense, the Committee has approved the Annual Activities Report of the Internal Audit department for the years 2017 and 2018¹.

Furthermore, the Audit Committee approved the 2019-2021 Internal Audit Plan and the 2019 budget for this department on 17 December 2018.

Through the Internal Audit Plan, the scope of the activities covered by this department has been determined, including, among others, those related to the Company's financial and non-financial information, risk management and control, other responsibilities and general aspects of the Internal Audit Department.

In addition, the 2019 internal audit budget was prepared in such a way as to ensure that the independence and effectiveness of this department is not compromised in the course of its work.

Finally, the Audit Committee assessed the functioning of the Internal Audit department and the performance of its manager during 2018².

■ **Internal Control over Financial Reporting System (ICFRS)**

In the performance of its duties to oversee and periodically review the effectiveness of the Company's internal control procedures and risk management systems, the Audit Committee promoted and oversaw the development and implementation of the Company's Internal Control over Financial Reporting System (ICFRS) approved by the Board of Directors at its meeting on 3 March 2017. In particular:

- (a) On 7 May 2018, the Audit Committee approved the ICFRS scope matrix for 2018 defined in accordance with the requirements of the CNMV.

¹ The Annual Activities Report of the Internal Audit department for the year 2018 has been approved by the Committee on 28 February 2019.

² The assessment of the functioning of the Internal Audit department and the performance of its manager during 2018 has been conducted by the Committee at its meeting on 28 February 2019.

- (b) It analysed the action plans carried out in relation to the implementation and improvement of the ICFRS, reviewing the degree of implementation of the ICFRS in the plants and companies of the Gestamp Group, the weaknesses detected and the measures adopted to resolve these weaknesses.

At the meetings of the Audit Committee, the Head of the Internal Control Department gave several presentations to inform its members of the internal measures implemented in relation to the ICFRS.

■ Risk management

The Audit Committee periodically supervises and reviews the internal control and risk management systems, ensuring that the main risks are adequately identified, managed and reported, receiving support in this task from the Internal Audit and Risk Management Department. In this regard, in 2018 the Audit Committee encouraged a re-assessment of the Corporate Risk Map, as well as the updating of the risk assessment scales (probability of occurrence and impact) and the effectiveness of the controls, in order to ensure that it is in line with the Company's current situation and indeed represents a management tool that enables the organisation, in general, and the Audit Committee, in particular, to make decisions in an effective and informed manner.

This re-assessment took place in 2018 and was presented to the Audit Committee, which made it aware and gave it an overall picture of the organisation's significant risks based on uniform criteria, thus facilitating early identification of any events that could arise and enabling the Company to take anticipatory action aimed at avoiding or, in the event of occurrence, reducing the impact of such events.

In order to thoroughly analyse the risks arising from quality incidents, the Committee invited the Corporate Director of Purchasing and Quality of the Gestamp Group, who gave a detailed presentation on the impact of this type of incident on the operations of the Gestamp Group, the organisation of the Quality department in the group and its evolution and any initiatives underway in this area.

Finally, the General Manager of the Legal Department, Tax and Corporate Governance has reported on the status of the most relevant ongoing legal claims in 2018³.

■ Related party transactions

The Audit Committee, in accordance with article 529 quaterdecies, section 4(g) of the Spanish Companies Act, has reported to the Board of Directors regarding any related party transactions.

In this respect, the Audit Committee reported to the Board of Directors on the transactions undertaken between the Gestamp Group and (i) companies of the group whose parent company is Holding Gonvarri, S.L. (which, in turn, forms part of the group Acek Desarrollo y Gestión Industrial, S.L.), (ii) companies of the group whose parent company is Sideacero S.L. (a company 50% directly owned by Acek Desarrollo y Gestión Industrial, S.L.) (iii) with Mitsui & Co. Ltd.; and (iv) companies of the ArcelorMittal group.

Moreover, on the occasion of the favourable report issued on the Gestamp Group's financial statements, the Audit Committee reviewed the related party transactions set out in the Protocol for Regulating

³ This report has been conducted at the meeting dated on 25 February 2019.

Related Party Transactions and verified that they comply with the provisions thereof and that they are in line with the terms and conditions approved under the framework agreements.

- **Code of ethics and implementing regulations.**

At its meeting on 16 April 2018, the Audit Committee revised the wording of a new Gestamp Group Code of Conduct, which is used as the basis for detecting and correcting any conduct that goes against the legislation in force at any given time or against the Group's ethical principles. This Code of Conduct was approved by the Board of Directors, with some minor changes, at its meeting on 7 May 2018.

At its meeting on 17 December 2018, the Audit Committee revised the wording of a new Anti-Corruption and Anti-Fraud Policy, which was subsequently approved by the Board of Directors. This policy constitutes an implementing regulation of the Code of Conduct and its purpose is to establish the general parameters of action to be followed by the Directors, executives and employees, as well as by third parties related to the Gestamp Group, ensuring that all of the activities carried out for the development of its business comply with the laws and principles relating to corruption and fraud and with the ethical principles of the Code of Conduct and all other internal regulations of the Group.

Furthermore, the Company has a Whistleblowing Hotline in place, which is ultimately supervised by the Audit Committee. The Committee receives a report on the operation of this hotline during 2018⁴.

- **Corporate Social Responsibility**

The Audit Committee reviewed and approved the Gestamp Group Sustainability Report for 2017. Furthermore, the Committee approved the Corporate Social Responsibility Requirements applicable to Gestamp Group suppliers, which are established as requirements regarding human rights, labour rights, business ethics, environmental protection and safety that all suppliers must follow, regardless of their country of origin or activity.

- **Evaluation of functioning and performance**

The evaluation process regarding the Board of Directors and its committees, including the Audit Committee, began on 22 October 2018 and was coordinated by the Appointments and Remuneration Committee, at the request of the Chairman of the Board of Directors. To this end, an evaluation form was provided to all Company Directors so that they could submit it completed within a specified period of time. Among other areas, the Directors evaluated the functioning and composition of the Audit Committee.

On 17 December 2018, the results of their evaluation were submitted to the Audit Committee. After analysing the results, the Committee issued a report on the evaluation for the approval of the Board of Directors at its first meeting of 2019.

⁴ This report has been conducted at the meeting date on 28 February 2019.

■ Communication with regulators

The Audit Committee reviewed the communications exchanged with the regulators in relation to the following requests:

- A CNMV request regarding the Audit Committee itself and its functioning in accordance with the third additional provision of the Audit Act.
- A CNMV request regarding certain issues in relation to the Annual Corporate Governance Report and the Annual Report on the Remuneration of Company Directors for financial year 2017.

■ Other activities

The Audit Committee reviewed the draft Annual Corporate Governance Report and the Report on the Activities of the Audit Committee, both relating to 2017, which were subsequently approved by the Company's Board of Directors.

In addition, the Committee reported favourably on the Group's Fiscal Strategy, which was subsequently approved by the Board of Directors.

With regards to data protection, the Audit Committee was trained on the new regulations regarding this matter and was informed of the process carried out in the Gestamp Group to adapt to the new requirements of Regulation (EU) 2016/679 of 27 April 2016 on data protection. The Committee also reviewed and approved a new Data Protection Policy for the Gestamp Group, along with its implementing documents.

8. Preparation and approval

This Report was prepared by the Audit Committee on 28 February 2019 and approved by the Board of Directors on the same date.