

02 Strategic vision for building the future

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02.1

A time of challenges and action

The year 2022 will be remembered for the simultaneous effect of three crises —geopolitical, energy and financial— and their impact around the world. Rising energy and raw material prices added complexity to a situation still marred by the pandemic and the interruption of supply chains. The main drivers of the global economy recorded higher inflation figures month after month up to December, when the eurozone closed the year with a figure of 9.2%. In order to combat these rises, both the US Federal Reserve and the European Central Bank resorted to increasing interest rates, which until then had been close to 0% or even negative.

These monetary policy measures have been accompanied by policies to stimulate the economy to prevent a recession. In the United States, the approval of the Inflation Reduction Act in August 2022 meant an injection of \$400,000 million in subsidies for North American industry. Meanwhile, on the European continent, the leaders of the EU-27 bid farewell to the year by asking the European Commission for a proposal to mobilize all instruments at the national and EU level to boost European industry at a decisive moment for its future.

China, for its part, maintained its “zero COVID” policy for practically the whole of 2022, with the consequent effects on the global supply chain. Although growth in the Asian giant slowed down —to only 3%, one of the lowest figures in almost half a century— in the final third of the year, the easing of measures against the virus led to the first signs of recovery, although uncertainty was the predominant feeling.

Spain has been no exception to this general picture. Its industrial sector has had to cope with a lack of components and shortages of raw materials such as chemicals, plastics, steel, aluminum and cardboard, which are essential for manufacturing. The inflationary spiral and the difficulty of passing on this extra cost to customers have also left their mark on Spanish companies.

However, the containment of inflation in Spain —the eurozone economy with the lowest figure at year end— and the holding up of employment figures are keeping the most negative forecasts at bay. In this situation, the resilience of the automotive industry as a whole and, in particular, that of the component manufacturing sector once again stands out, despite the challenge of maintaining its competitiveness in a very complex situation.

Tangible commitments and progress

In a context where energy was once again the main bone of contention, the conversation in 2022 fluctuated between the need to guarantee the energy supply and the importance of not giving up in the fight against the climate emergency. Last year was also the year in which the UN formally recognized access to a healthy environment as a universal right. For their part, the reports of the Intergovernmental Panel on Climate Change (IPCC) and the call of the COP27 to work on a mitigation and adaptation scenario highlighted the defining moment at which the planet finds itself.

Given this urgency, companies have started to take the lead on actions and sustainable financing is gaining ground. In recent years, not only have financial products such as green bonds grown, but strategic initiatives such as the Sustainable Finance Action Plan have also been promoted to meet the challenges of the European Green Deal.



The climate emergency and technological disruption go hand in hand as the greatest challenges facing humanity in this decade of action. The “fair transition” aims to ensure that the efforts to consolidate a green and digital economy also reach the countries, communities, and sectors of the population that are most vulnerable to this paradigm shift.

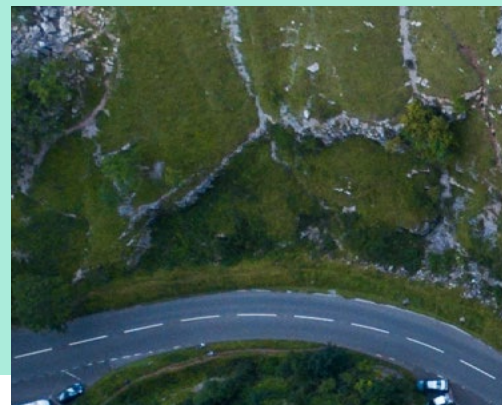
Aware of the need to meet this challenge, legislative action has reached cruising speed in the last two years. Among the most significant developments in 2022 are the boost to the European taxonomy and the approval of the proposal for a Directive on corporate due diligence in sustainability. These regulations will focus on the role of organizations in society, their responsibility to build a fairer world, and their actions to prevent, tackle, and mitigate the adverse impacts of their activities on human rights and the environment.



Trends that lead the way

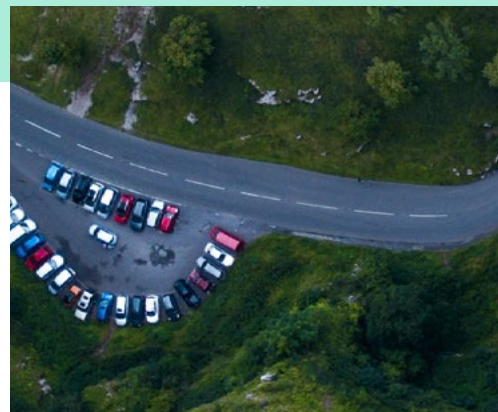
A number of trends define our present and will shape our future. Although most of them existed before the outbreak of COVID-19, the pandemic has accelerated adaptation processes while imposing new needs on society.

It is around these trends that the new sustainable mobility is taking shape. This mobility aspires to contribute to a fairer and more prosperous world and automotive component manufacturers have a key role to play.



DECARBONIZATION AND NET ZERO

The European Union, the United States, and China are setting ambitious emission reduction targets, with climate neutrality as the ultimate goal. Electrification is seen as a decisive way to move in this direction, and the world's leading economies are working to increase the penetration of vehicles powered by alternative energies.



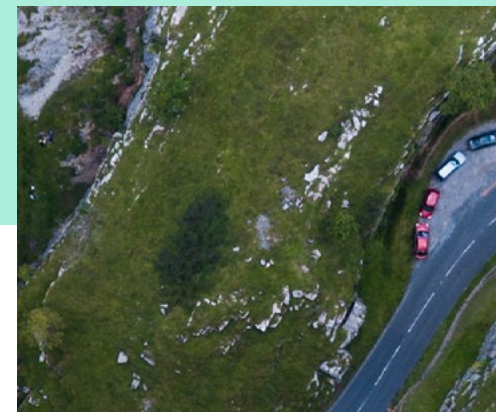
CIRCULAR ECONOMY

The days of the linear model of produce, use, and throw away are numbered. Gaining force in its place is the circular model, which maintains the value of materials and resources for as long as possible, minimizes the generation of waste, and recycles or reuses any waste that cannot be avoided. The goal of closing the circle and achieving zero waste is on the horizon.



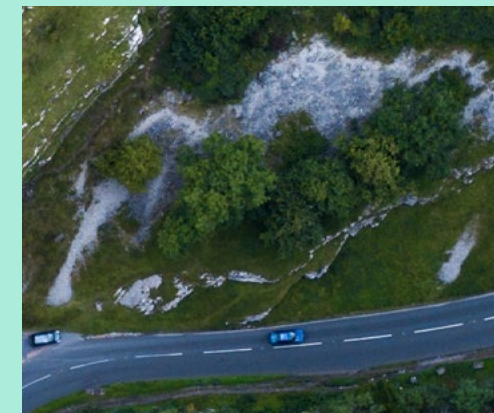
INDUSTRY 4.0^s

Companies and production centers of the future will be smart environments where repetitive processes are automated, advances in remote management are made, and decision-making is digitalized. In addition to improving management and energy efficiency, this new model makes it possible to focus efforts on the activity with the greatest added value.



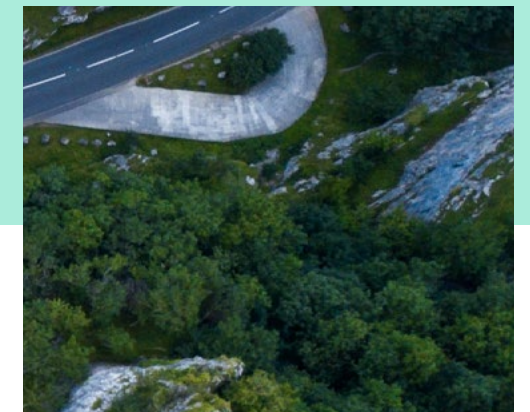
CULTURAL TRANSFORMATION

Companies are becoming increasingly flexible organizations, with a higher degree of involvement and collaboration by employees at all levels. The transformation is also moving towards new management models in which responsible leadership and employee autonomy take on a key role.



“GLOCAL” CHAINS

The pandemic acted as a catalyst for the previous tension in supply chains. After the situation experienced over the last two years —bottlenecks, shortage of components—, a glocal model is emerging that combines efficiency and the economies of scale of a global presence with the demands of proximity to customers and markets.



SMART CITIES

According to the OECD, 70% of the world's population will live in urban centers by 2050. Given that they already generate 60% of GHG (greenhouse gas) emissions, the cities are being called upon to transform themselves. Technology is their great ally in the more efficient and sustainable management of energy resources, mobility, and public spaces.



02.2

The time for new mobility

Sustainable, smart, and safe: this is the new mobility. Vehicles are becoming ever lighter to reduce emissions, and have components manufactured from materials made from renewable, recycled, or natural sources, with a lower impact at the end of their life cycle. As technology evolves, they also incorporate a higher level of safety and connectivity between the different components and the surroundings. People can enjoy a unique travel experience in which the vehicle interior becomes a smart, sustainable, and more comfortable space that interacts with the passenger.

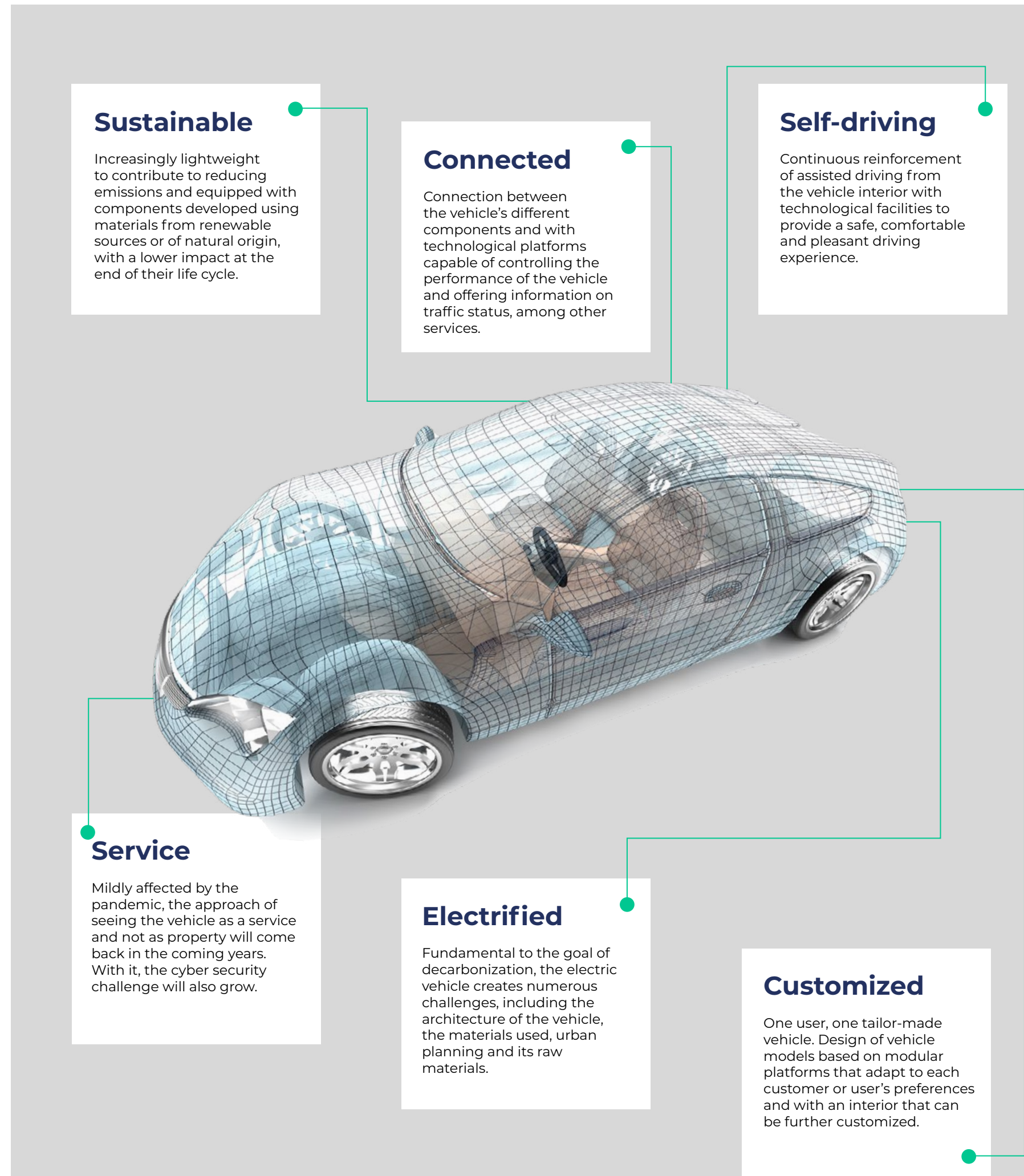
In the new mobility, the vehicle is the reflection of a **new consumer who not only seeks to move from one point to another**, but aspires for that experience to be consistent with their values and their vision of the world. Therefore, in addition to the attributes usually considered (affordability, comfort), they also demand that manufacturers are committed to sustainability, flexibility, and immediacy in meeting their needs.

This consumer profile coexists with others emerging from the economic situation in recent years and from some generations (millennials, Z) who prioritize use over ownership. This has given rise to business models such as leasing, car sharing, and subscribing to a platform — like streaming services— to use a vehicle for months at a time without long-term commitments. This trend for vehicles as a service and not only as a product demands comfortable, safe, and especially robust interiors for continuous use.

As a result of these new consumer habits, an **interconnected ecosystem** is taking shape in which numerous players are intertwined according to the different uses and life cycles of the vehicle. Vehicle manufacturers, technology companies, electricity companies, financial institutions, regulatory authorities and traffic managers, internet providers, fleet managers, data aggregators, and infrastructure managers are just some of them.

The new paradigm breaks with the linear format of the traditional value chain, making way for one made up of multiple cross-cutting value chains in which collaboration is fundamental. Always with the customer at the core, **vehicle component manufacturers are called upon to engage, interact, cooperate, and learn together with new partners**, such as industrial, technology, and service companies.

» [More information in section 4.1 Antolin in the new value chain](#)





02.3

Transformation to lead change

Building the future

Over seven decades have passed since the founding of Antolin in a small workshop located in Burgos. From then, the automotive industry has undergone countless changes up to the present moment, an era marked by sustainable, digital, connected mobility that places the user at the center. A new era in which the boundaries between the possible and the impossible are blurring to the point of practically disappearing.

With the same determination and audacity as in its early years, Antolin has decided to embark on a new stage in its long history. The aim is to consolidate its position in the industry as a global supplier of innovative and technological solutions and thus become a leading player in this new era. The company has launched an extensive transformation program with the goal of generating greater value in its current business, while developing a project for solid and profitable long-term growth. The transformation project, called **GOA (Gear up Our Ambition)**, was presented to and approved by the Board of Directors in 2022, and forms Antolin's roadmap until 2026. The ambition is to lead the transformation of mobility from inside the vehicle.

The plan has three core objectives: Increasing the company's profitability by achieving a double-digit EBITDA margin, evolving the business portfolio with a greater footprint in markets with high growth potential, and attracting the best talent to Antolin.

To achieve these objectives, the company has identified four key levers:

- Strengthening relationships with vehicle manufacturers through innovation and a customer centered culture.
- Developing operational and industrial excellence.
- Fast-tracking technological development, innovation, and digitalization.
- Team talent and engagement coupled with managerial leadership.

The entire GOA Transformation Plan is part of Antolin's commitment to continue developing a sustainable and responsible business model that prioritizes and creates value for all its stakeholders.



Intelligent. Integrated. Inside.

New brand: what Antolin is today, what it wants to be tomorrow

As part of its transformation process, the company has defined a **new brand** and corporate identity to convey the essence of the new Antolin. This new brand represents the link between its history and its desire to create a leading role for a company that works to contribute to the transformation of mobility from the vehicle interior, providing the best on-board experience for people.

The new image reinforces what Antolin is and what it wants to be: changing to adapt to the future without leaving its roots behind. Hence, the central element of the new brand is the A of Antolin, a triangle that represents the company's past, present, and future: stability, growth, and progress.

The line across the A represents a crossroads, the moment of transformation the industry is going through. The green element is Antolin's business, the window through which it sees the vehicle interior, as well as trying to better connect with its stakeholders. That is why it wanted to identify a font that conveys experience, knowledge, and future. These same concepts are transferred to the chromatic range: blue as a reflection of the professionalism of its collaborators and the green shade that personalizes sustainable innovation.



A culture focused on the customer, technological innovation, operational excellence, sustainability, and talent, differential values in Antolin's transformation to lead a new era



Innovation: more integrated, more cross-cutting, with more value

Innovation is Antolin's faithful travel companion on its path towards the future. In the transformation plan, it plays a greater role as a lever to continue researching and delivering disruptive technologies to customers. The area is also strengthened through the addition of the projects, activities, and teams that until now have been working on advanced engineering tasks in the Business Units. As a result, the Innovation Department has evolved from the exploration and evaluation of new medium and long-term solutions to the pre-development, validation, and pre-sale of short-term solutions.

Antolin is strengthening this commercial orientation by collaborating with the innovation departments of its customers from the initial stages of each project. In this way, the commercial viability of the solutions to be developed later is ensured well in advance, as well as their pre-sales process up to the achievement of a first formal request for proposal.

In order to guarantee these objectives, the Innovation area will become an "agile ecosystem", based on excellence, whose projects will be executed by innovation cells made up of multidisciplinary teams. Future projects need to capitalize on the opportunities arising from both the current market situation and the trends that will shape the sector in the coming years.

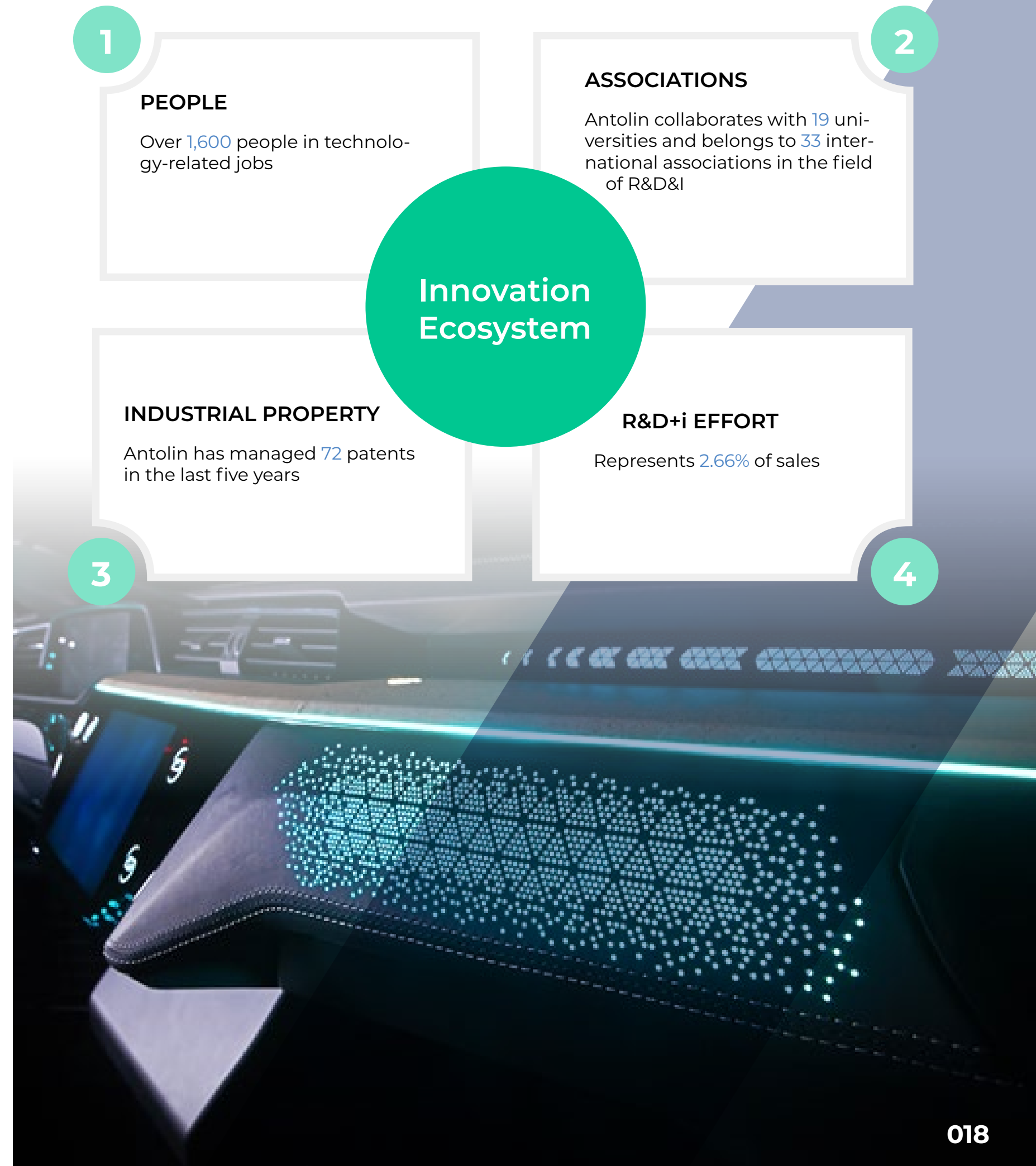
Seizing all of the opportunities inevitably involves strengthening collaboration with vehicle manufacturers, suppliers, and other stakeholders from the earliest stages of idea conception and design, thus creating an innovation ecosystem.

» [More information about innovation in chapter 3](#)

Quality: key driver for the future

Antolin's transformation in 2022 has also been present in the Quality Department as one of the key drivers for its future. During the last year, its strategy has been redefined based on customer orientation and increasing value for the company by combining effectiveness and efficiency. To guide this process, a new organization has been approved, which has taken over the strategy from beginning to end, integrating all teams under a single management. In short, a more transversal approach to maximize improvement opportunities, standardization and synergies in Antolin's quality management that puts the customer at the center.

Quality at Antolin involves more robust developments, ensuring efficient operations, and increasing quality levels in the supply chain, as well as consolidating the quality culture across the entire company, and boosting total and constant improvement focused on removing waste throughout the value chain.





Sustainability: motivation and ambition

The commitment to sustainable development permeates the entire organization: it is Antolin's way of being and doing things. The company assumes its responsibility for building a better future through its own activity with each of the people who work in it. Its business model combines the **search for profitability with the ability to connect with the demands and needs of its stakeholders.**

This responsible business model, which is the basis of the transformation plan that Antolin has in place, is based on three fundamental areas that increase value for the company and allow it to transform the challenges of the environment into business solutions: Planet, People and Business. To make progress in these three axes, Antolin has had **Environmental, Social, and Corporate Governance (ESG) goals in place since 2021.**

In a context of increasing pressure from regulators, customers, and the investment community, and based on a continuous analysis of their materiality, **Antolin has sought to increase its ambition in relation to these initial goals.** This requirement reflects the strategy transformation and review process that has taken place over the last year. This updating of the ESG goals will be approved and communicated in 2023.

The role of the environmental, social, and governance goals in determining the company's business strategy and culture continues to strengthen and gain ground. Strong evidence of this is the improvement achieved in 2022 in the leading ratings of the ESG rating agencies. It has also earned recognition by the prestigious Merco ESG Responsibility ranking.

Antolin, leading industrial company in ESG responsibility

Antolin is the leading industrial company in ESG responsibility in Spain for the second consecutive year, according to the 2022 Merco ESG Responsibility ranking, the leading monitor of corporate reputation and talent in Spain. The company was recognized as one of the 100 most responsible companies in ESG terms, placing it 57th in the overall ranking, an improvement of 18 positions. In the category of the most environmentally responsible companies, Antolin entered the ranking for the first time in 38th position, and it was 43rd in the social category.

Merco ESG Responsibility assesses which companies best comply with the environmental, social, and governance factors. The results are the outcome of a process of surveys of different groups, which determine the responsibility of the companies. All the weighting criteria are public and can be consulted on the [Merco website](#).



	OBJECTIVES	MAIN PROGRESS 2022
 VALUE FOR THE PLANET	CARBON NEUTRAL COMPANY BY 2050 CO₂ emissions neutral in own operations (Scopes 1 and 2) by 2040 -75% CO ₂ emissions by 2028 (versus 2019)	Reduction of total Scope 1 and 2 emissions by 36% versus base year (2019) and by 13.8% versus 2021 10.92% electricity from renewable sources versus 2.46% in 2021 Monitoring of the main Scope 3 categories
	CIRCULAR BUSINESS Eco-design. Life Cycle Analysis of its main products 10% reduction of non-hazardous waste by 2028 (versus 2019)	Consolidation of the Life Cycle Analysis as an ecodesign tool -5.1% versus sales of non-hazardous waste
	» More information in chapter 7. Committed to the planet	
 VALUE OF PEOPLE	ZERO ACCIDENTS. SAFE AND HEALTHY WORKING ENVIRONMENT Decrease of 2.30 in the global frequency rate by 2030 Reinforcing the commitment to the health and safety culture	Decrease of 10.76% in the Global Frequency Rate and of 18.18% in the Severity Rate
	DIVERSITY, EQUITY AND INCLUSION, APPLIED TO TALENT Diversity and inclusion focused on knowledge, values, skills and experiences Specific plans in the tangible dimensions of diversity: gender, disability, age, race, culture and professional profile Increased promotion of women to managerial levels	60% female presence in the governing bodies: 40% on the Board of Directors and 75% on the Advisory Board. 28% women on the Executive Committee 4 new equality plans Among the top 100 companies in attracting and retaining talent according to the Merco Talent ranking
	DRIVER OF SOCIAL DEVELOPMENT Promoting initiatives for the economic development of society	€38.13 contribution per employee versus €34.19 in 2021
	» More information in chapter 6. Committed to people	
 BUSINESS WITH ADDED VALUE	A BENCHMARK IN ETHICS, INTEGRITY, AND COMPLIANCE 100% of confirmed reports resolved 100% of people trained in the Code of Ethics	100% of substantiated claims resolved 91% trained out of the target group based on proximity to the risk, cumulative to 2022
	A RESPONSIBLE SUPPLY CHAIN 100% adherence to the Supplier Code of Conduct by 2028 95% of direct material suppliers assessed in ESG by 2028	84% adherence of suppliers of direct material and investments in 2022 63.1% of suppliers assessed in 2022
	» More information in chapter 5. Conscious leadership	



Materiality analysis: listen, analyze, and act

At a time as volatile as this, listening to the environment and understanding its signals is crucial for the viability of any business. On that basis, Antolin annually reviews the materiality study conducted in 2017 to identify the main expectations and concerns of its stakeholders and try to respond to them through the business model and the performance of its business activity.

Based on the evaluation of social and economic trends, stakeholder demands, company risks and opportunities, and best practices in the sector, the study identified 14 material issues, which

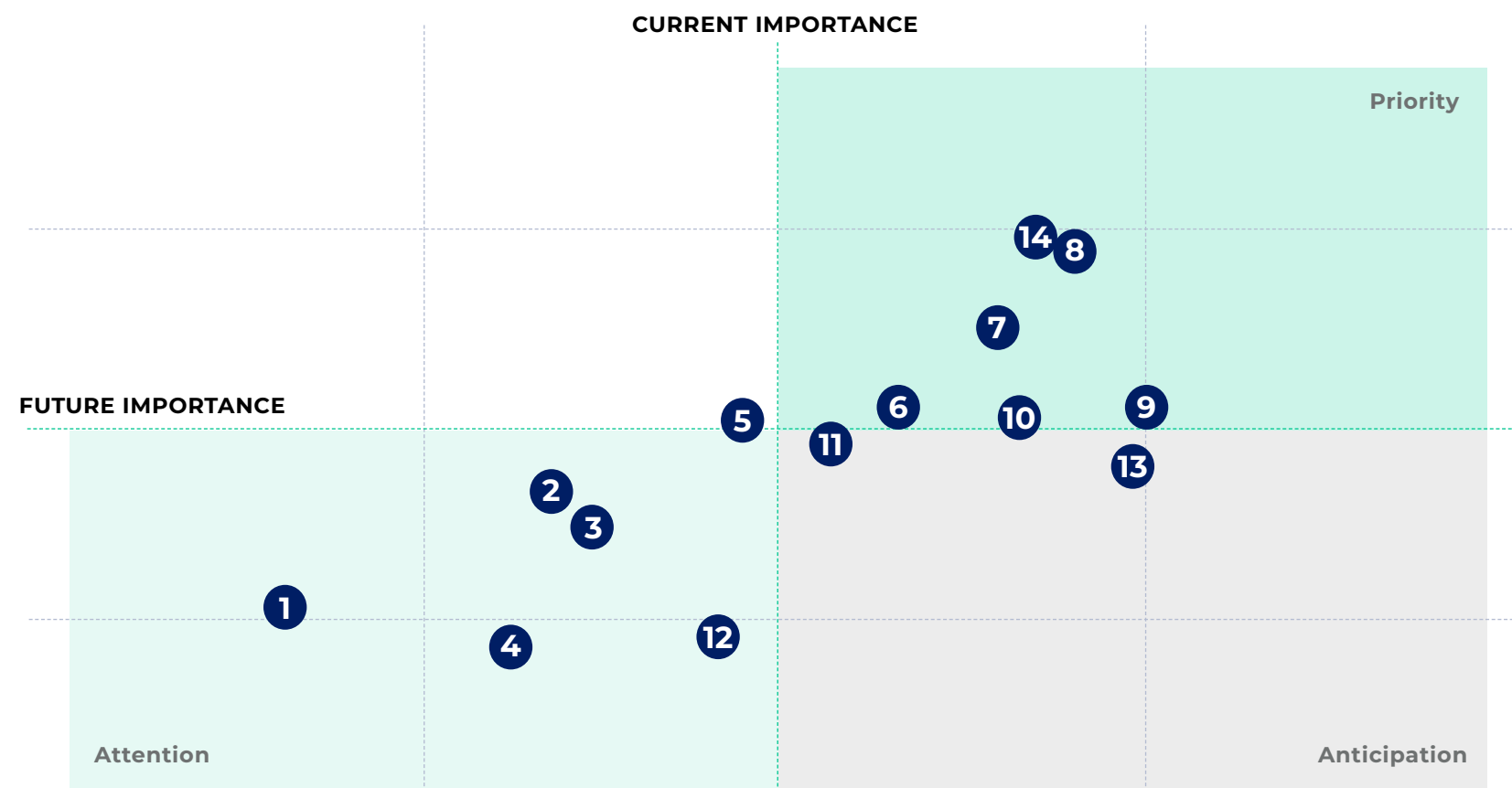
were then ranked according to their importance to stakeholders and the company, both now and in the future.

As a result of the various projects developed and managed by the company's areas, Antolin has been able to direct its efforts and actions towards those issues considered a priority for the main stakeholders, including the company itself.

Antolin has updated materiality within the framework of the annual corporate information reporting process, in an exercise of adapting and communicating the response to these expectations and demands from the business. To do so, it has followed a materiality approach that considers the perspectives of outside (surroundings) in (company), and inside (company) out (surroundings).

The focus is therefore, on one hand, on identifying key environmental, social, and governance issues that affect the development, performance, and value of the business; and, on the other, on the impact of the business on its surroundings, mainly on people and the environment.

As a result of this dual vision, the following are among the most important issues for the business and its surroundings:



- 1 Social contribution
- 2 Diversity
- 3 Economic efficiency
- 4 Environmental impact of products
- 5 Professional development
- 6 Attraction and retention of talent
- 7 Ethics and Compliance
- 8 Occupational health and safety
- 9 New materials and technologies
- 10 Innovation in processes
- 11 Protection of human rights in the supply chain
- 12 Reduced use of natural resources
- 13 Security of information
- 14 Adaptation to the customer's needs

PLANET

- Responsible use of materials and components
- Energy management and efficiency
- Sustainable innovation

PEOPLE

- Employment practices
- Attraction, development, and training
- Health and safety
- Commitment, diversity, and inclusion

BUSINESS

- Business model and ability to adapt
- Security of information and cyber security

» [More information on the updating of material issues and methodology in the Appendices. About this report](#)