



Annual Report 2019

#engage



ECONOMIC PROGRESS

SEAT has a history of continuous and sustainable growth, based on the principle of optimising revenues and expenditure in all areas of its business.



PEOPLE DEVELOPMENT

The company offers its staff a safe, respectful and diverse working environment, with effective tools for their personal and professional development.

GOVERN MANAGE

In addition to complying strictly with current legislation, SEAT develops internal regulations to help ensure that the company achieves success in a sustainable manner.



SEAT strives to build a better future through a commitment to reducing its environmental impact throughout the life cycle of its products.

ENVIRONMENTAL ROLE MODEL



Augmented Reality

Would you like to discover another perspective of the SEAT Annual Report? Download the Augmented Reality app using the following QR codes or searching for our SEAT Report AR app in your App Store. To view the content, once you have installed the app, look for the icon on pages 76, 99 and CUPRA 18 and point your mobile phone at the chart or picture you see until the AR content appears.

Download app SEAT Report AR



Android / IOs

Social responsibility

A young couple is shown in a close embrace, about to kiss. The woman on the left has long dark hair and is wearing a denim jacket and a colorful beaded necklace. The man on the right has short dark hair and is wearing a yellow and black patterned shirt with pink flowers. They are in a tropical setting with colorful lights in the background.

Sustainability
attractiveness



Management Report

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Management

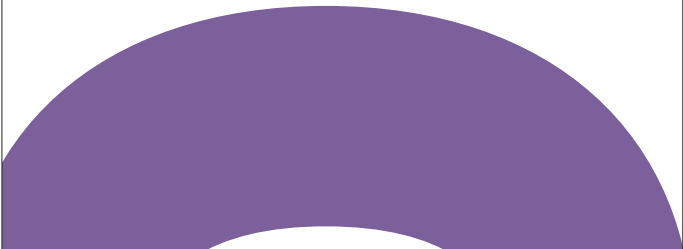
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CUPRA: sophistication and sportiness

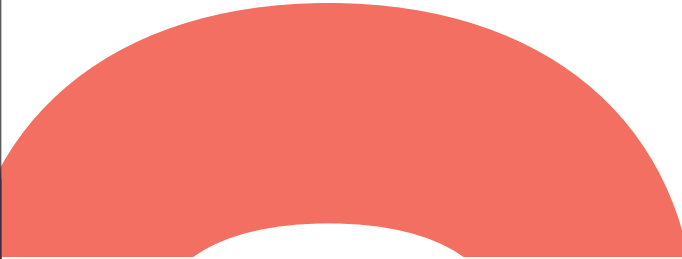
A year after its launch, CUPRA has won over enthusiasts with a love for cars, sport and competition. Its new releases and partnerships reinforce the individual personality of the brand, which champions a lifestyle based on sophistication, uniqueness and a sporting spirit.

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Socioeconomic Impact

Discover what SEAT's contribution is to the economy, employment and the environment **188**



SEAT, S.A. Annual Accounts

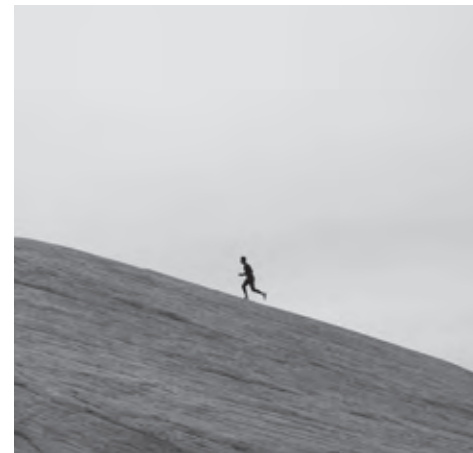
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Commitment to the utmost rigour and stringency



SEAT follows a management model that incorporates a commitment to the utmost integrity and transparency in all its activities at the highest level of responsibility. The company extends this level of rigour and stringency to the entire value chain, thus helping to develop a more rational and sustainable business model.



SEAT MEANS UPWARD PROGRESS



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DR. HERBERT DIESS
Chairman of the Board of Directors of SEAT

2019 was a successful year for SEAT. The company continued its upward trend and posted its best ever results.

Today SEAT has a solid base, as evidenced by the much-improved financial figures as well as its growth in terms of sales and production. The new cornerstone of the future strategy is CUPRA, the brand based on striking design and electrified performance. SEAT means upward progress. CUPRA means forward progress. The new brand gives SEAT the opportunity to move to more profitable models and reach different customers. Certainly, the whole team is doing its homework, and now we can see the results of all the effort that has been made over the past few years.

We are grateful for the successful leadership of Luca de Meo and proud of the performance of the entire SEAT workforce. All the achievements have reinforced the important role of Martorell on the map of the Volkswagen Group. Firstly, it is important for the Group because SEAT has the youngest customers, almost ten years younger than the industry average.

Secondly, it is important because SEAT is the gateway to new customers for our Group. This is one of the reasons why SEAT was chosen as the brand to spearhead the Volkswagen Group's micromobility strategy.

“SEAT is the gateway to young, new customers for the Volkswagen Group”

The traditional business of car manufacturers is changing fundamentally. We must be ready to face up to the challenges of this new decade we have just begun. Despite all the positive momentum, 2020 will be challenging for SEAT in three main areas: decarbonisation and moving to zero emissions to comply with CO₂ targets; the huge investments in the electrification of the range, and the situation in the markets with moderate or even slightly declining growth. Above all, however, it will be challenging because of the digital transformation, with software taking on a more important role than hardware.

Regarding the first area, electric cars are the solution for reaching the zero emissions target and meeting the climate change targets for our sector, and the Volkswagen Group has a firm global commitment to democratising electric mobility. In this regard, 2020 will be much more than the year of SEAT's 70th anniversary. It will be the kick-start to the company's electrification process, with the arrival of the Mii electric on the markets, the presentation of five more electrified vehicles by the beginning of 2021 – including the el-Born, the second model based on the Group's MEB platform – and the new Leon family.

Speaking of software, the car of the future will be the most complex and valuable mass-market internet device. That means we must be more than just an automotive company; we need to position ourselves as a tech company. This means being a company that is able to develop its own software and implement it in the best-quality cars, which we have been manufacturing since day one. It means transforming Volkswagen from an automotive group into a digital tech group.

To be honest, we have difficult tasks to manage in the coming years and these challenging times call for fresh thinking and for joining forces. Consumer habits and the way we understand mobility are changing at a particularly fast pace, but the Group really believes in the SEAT team. Together, we are more prepared than ever to deal with these changes and with the same determination as we have done so in recent years.

“The traditional business of car manufacturing is changing fundamentally, and we must be ready to face up to the challenge”

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CARSTEN ISENSEE

Acting Chairman of the Executive Committee of SEAT

We did it again. 2019 was the best year in the history of SEAT. With a turnover of more than 11 billion euros and a profit after tax of 346 million, SEAT today has a solid foundation for tackling the many challenges of 2020, especially those related with electrification and new mobility, which represent the greatest revolution the sector has experienced since its creation more than a century ago. These results are no coincidence, but rather are the outcome of another outstanding year in terms of sales, with more than 574,000 vehicles delivered, demonstrating the strength and competitiveness of our product range.

The successful launch of SUV models over the past few years has shown an amazing ability to satisfy customer preferences and map out a medium-term plan for making a difference and being one of the fastest growing brands in Europe. In 2019 around half of the vehicles sold by SEAT were Arona, Ateca and Tarraco models, and the Leon and Ibiza were still the first and second best-selling cars and two cornerstones of our total sales.

Furthermore, CUPRA consolidated its organisational structure to strengthen its international expansion and posted an increase of over 70% compared to 2018 thanks to the boost provided by the new CUPRA Ateca. The result achieved last year, together with the CUPRA Formentor, will serve as a driver of success in the coming years.

2019 will also be remembered as the year when we began the process of electrifying the company, with the presentation of the el-Born Concept car and the plug-in hybrid version of the SEAT Tarraco, as well as the launch of the firm's first 100% electric model, the Mii electric. This is a strategy that will gain momentum in 2020 and will also be reinforced by the consolidation of micromobility as a strategic business unit - something that certainly left its mark on the past year and will continue to do so in 2020.

For the first time in history, SEAT presented a 100% electric motorbike that is now available to private customers and sharing services. This demonstrates our firm commitment to urban mobility and to becoming true allies of cities, which will be supported by SEAT:CODE, our software development centre, to boost the digital transformation and enhance our business models focusing on new concepts of mobility, connectivity and digitalisation, from production to sales.

“These results are no coincidence; they are the result of the effort, talent and commitment of everyone”

“We closed an exceptional year and are now embarking on a new period with a firm commitment to leading the transformation of the sector from Barcelona”

In short, 2019 was a year full of projects that were made possible thanks to the effort, talent and commitment of everyone in the SEAT family. We closed an exceptional year and are now embarking on a new period with a firm commitment to leading the transformation that the automotive sector is facing, from Barcelona, our home city.

We are entering 2020 with the strength to take on the challenges of the next few years that are going to completely transform mobility and, therefore, the automotive sector. Looking beyond short-term objectives, such as CO₂ targets or investment in R&D to tackle the electric and product offensive, our goal today must be to get ready for what SEAT will be like in the long term. Our future, like that of other companies, is decided today.

Sustainability - in other words, the decarbonisation of our activity - is a goal which is closely linked to the profit and loss account and, even more importantly, to our contribution to society. We must have the necessary vision, the ability to contribute ideas and the creativity to come up with the solutions that younger generations are demanding of us. Only then will we make the future of SEAT stronger, no different from the one we are living now.

FROM
RECORD
TO
CHALLENGE



12

13

07

06

05

04

03

02

01

Board of DIRECTORS

The Extraordinary and Universal Shareholders' Meeting of the company, at its session held on 7 January 2020, accepted the resignation filed by Luca de Meo from his position as a member of the company's Board of Directors, with effect from the same day.

Chairman
Dr. Herbert Diess

Board Members
Dr. Ingrun-Ulla Bartölke
Dr. Oliver Blume
Bernd Osterloh
Dr. Stefan Piëch
Dr. Josep Piqué
Mark Philipp Porsche
Hiltrud Dorothea Werner

Secretary and Legal Counsel
Luis Comas Martínez de Tejada

Axel Andorff was appointed vice-president of Research and Development, with effect from 1 March 2019, replacing Dr. Matthias Rabe.

Carsten Isensee was appointed vice-president of Finance and IT, with effect from 1 June 2019, replacing Holger Kintscher.

Alfonso Sancha García was appointed vice-president of Purchases, with effect from 1 September 2019, replacing Klaus Ziegler.

Carsten Isensee was appointed acting chairman of the Executive Committee of SEAT, with effect from 7 January 2020, also maintaining his position as vice-president of Finance and IT of SEAT.

Carsten Isensee /01
Chairman / Finance & IT

Axel Andorff /07
Research & Development

Luis Comas Martínez de Tejada /04
Legal Services & Governance

Wayne Anthony Griffiths /02
Sales & Marketing

Xavier Ros /05
Human Resources & Organisation

Alfonso Sancha /06
Purchases

Dr. Christian Vollmer /03
Production & Logistics

Execu tive COM MITTEE



Faithful to the legacy of an historic brand



SEAT maintains society's trust in a brand with almost 70 years of history that is still part of the day-to-day lives of thousands of families throughout the world. The company acts with responsibility, respect and transparency to reinforce its brand's prestige and to lead it into a future full of new challenges.

mit
ent

From good to great

Sustainability,
Compliance
and Governance





Values that create value

SEAT maintains its position as one of the companies that generates the most direct and indirect jobs in Spain, as the leading R&D investor in the industrial sector and as one of the country's leading exporters. Its turnover represents more than 0.8% of Spain's Gross Domestic Product (GDP). Conscious of the economic and social impact of its activities, SEAT is highly committed to sustainability to ensure it continues to contribute to the progress and prosperity of its stakeholders and of the communities in which it operates.

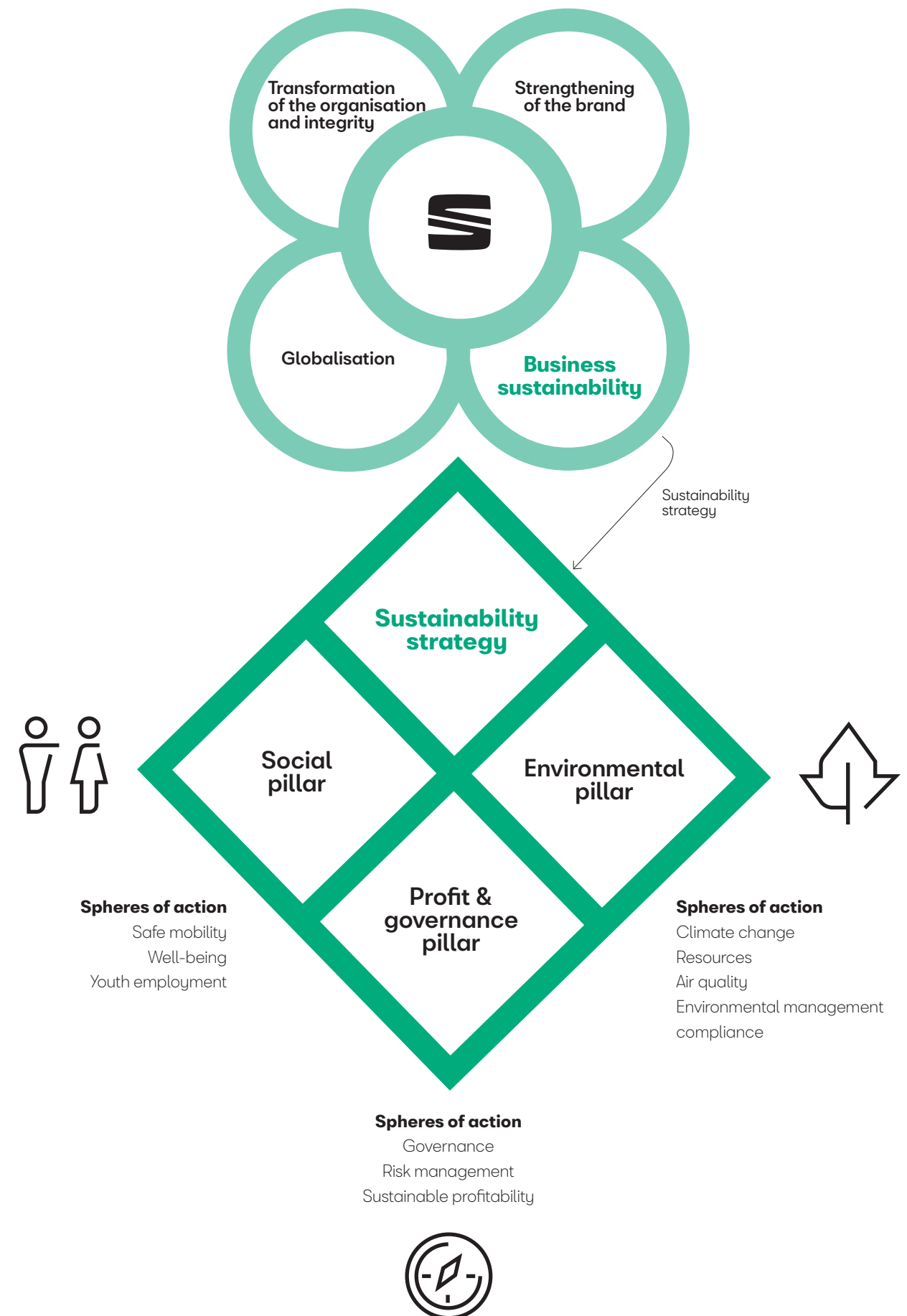
Raising awareness of the impact of its activities and its efforts to create value for society are principles that have historically been present in the company. Society is currently immersed in a process of cultural change, with changing values and needs relating to the field of sustainability. SEAT is responding to this transformation by integrating it as one of the company's core values and strategic pillars, with the aim of continuing to make progress and consolidating its position as a benchmark in this field.

SEAT is highly committed to sustainability to ensure it continues to contribute to the progress and prosperity of its stakeholders and of the communities in which it operates.

The integration of sustainability into SEAT's strategy is addressed at three levels: profit & governance, in the social sphere and in the environmental field. In 2019, progress was made in identifying and analysing all the currently active projects contributing to sustainability on which SEAT has been working in recent years. In parallel, a mission and areas for action relating to sustainability were defined, as were some projects and strategic initiatives for each of the three levels.

The concept of profit & governance has been reinforced with the inclusion of integrity and compliance as central pillars of SEAT's corporate strategy. This decision was approved in March by the Executive Committee and represents another step for the company, as part of the steady and comprehensive implementation of the "Together for Integrity" (T4I) project. Launched in 2018, during 2019 T4I continued its development to encompass all employees and spheres of activity. The importance of the concept of integrity also extends to the relationship with two of the main stakeholders: suppliers, through the implementation of the initiative S-Rating (sustainability rating), which certifies their commitment to sustainable development, and customers, with transparency in the information from the Star Rating project, which publicly disseminates the results of user rating surveys.

Sustainability in the 2025 strategy



SEAT's current sustainability strategy is fully aligned with the 17 Sustainable Development Goals (SDGs) defined by the United Nations, with a view to meeting them by 2030.

In the social sphere, SEAT is primarily focused on two areas: on the one hand, ensuring a safe and healthy working environment for its employees, and on the other, helping to improve the living conditions of its closest communities and those of society in general. In the field of employment, the company promotes policies of diversity and gender equality. It also has a service providing healthcare and promoting healthy living, which is a benchmark in the European business environment because of its quality and its research activities. Furthermore, the company promotes initiatives for training and attracting talent, which enable it to have the most highly-skilled and committed professionals among its workforce. With regard to its contribution to society, SEAT supports a number of initiatives in the fields of education and employment, sustainable mobility and road safety, in addition to promoting actions of a charitable nature, such as the Cursa SEAT, a run organised by the company in which employees, their families and friends took part.

Finally, in the environmental sphere, the company focuses on its contribution to curbing climate change, in accordance with the Volkswagen Group's commitment at the global level. In 2019, the decarbonisation programme was approved. This lays down the roadmap to be followed by the company for reducing its carbon footprint throughout the product life cycle in order to meet the objectives of the 2015 Paris Climate Agreement. The efficient use of resources and the introduction at the end of the year of a general environmental compliance management system are other key initiatives that are pushing SEAT to continue to make progress towards its ambition of becoming an environmental model to follow.



Aligned with the UN Sustainable Development Goals (SDGs)




SEAT's current sustainability strategy is fully aligned with the 17 Sustainable Development Goals (SDGs) defined by the United Nations, with a view to meeting them by 2030. The SDGs have been assumed by companies from all over the world as a guide for identifying the value they contribute to society and as a communication tool in their relations with their various stakeholders.

SEAT aims to meet the SDGs in their entirety. However, due to the nature of the business, it particularly identifies with the following goals:

Dialogue with stakeholders

Two key tools for defining and updating the sustainability policy are the stakeholder map and the materiality analysis. The map identifies and prioritises the main groups which the company is involved with. The materiality analysis, meanwhile, determines which subjects are of most concern for the stakeholders, as well as determining their impact on the company's business model.

The complexity of the current environment requires these two indicators to be permanently monitored, using an internally-developed methodology based on three phases:

-  1. Identification of issues related to sustainability through an analysis of the companies of the sector, sector-specific advisers and sustainability advisers.
-  2. Consultations with stakeholders, both internally and externally, to assess and prioritise the issues related to corporate social responsibility.
-  3. Selection of the material issues of interest to SEAT, giving preference to those with a greater economic, social or environmental impact.

The materiality analysis determines which subjects are of most concern for the stakeholders, as well as determining their impact on the company's business model.

As a result of this process of constant dialogue and analysis, the company identifies guidelines for moving towards a stakeholder relationship model based on trust and the creation of links that enable it to more accurately rise to the challenges it shares with society.

Stakeholders involved in SEAT's materiality analysis



Risk management, compliance and integrity and governance

2019 was a turning point in the inclusion of integrity and compliance in the corporate strategy of SEAT. The company's vision is based on the concept that business and values must go hand in hand in order to achieve success, meaning that "how it is done" is just as important as "what is done". That "how" can be summarised as acting with integrity and complying with all regulations in force, both those of a legal nature and the commitments that have been assumed internally.

At the end of 2018, this concept was presented to the entire workforce for the first time. Throughout 2019 various communication, awareness-raising and training initiatives were developed to acquaint the various groups of employees with the principles of integrity and compliance, as well as the programmes and tools developed to ensure their proper implementation. Training in these principles is led by the Compliance & Integrity and Risk Management departments.

In line with these objectives, SEAT has doubled down on the strategic work carried out by certain areas of the company in order to respond to the increase of risks associated with the current complexity of the market. Together with Compliance & Integrity and Risk Management, this process has involved other departments, including Legal Services, responsible for providing preventive advice on legal matters, among other functions; and Technical Conformity, which has strengthened its activities in relation to the certification of engines under the emissions compliance regulations applicable to passenger cars (WLTP). The activity of all these departments is carried out under the oversight of the Audit, Compliance and Governance Commission (ACGC), which is the highest body in charge of such matters in SEAT.

Compliance and Integrity

The main function of the Compliance & Integrity Department is to spread these principles among the workforce. In 2019, this task focused on the development and continuous improvement of three programmes and basic tools:

/ Together for Integrity (T4I): a Volkswagen Group programme that integrates the principles of integrity and compliance.

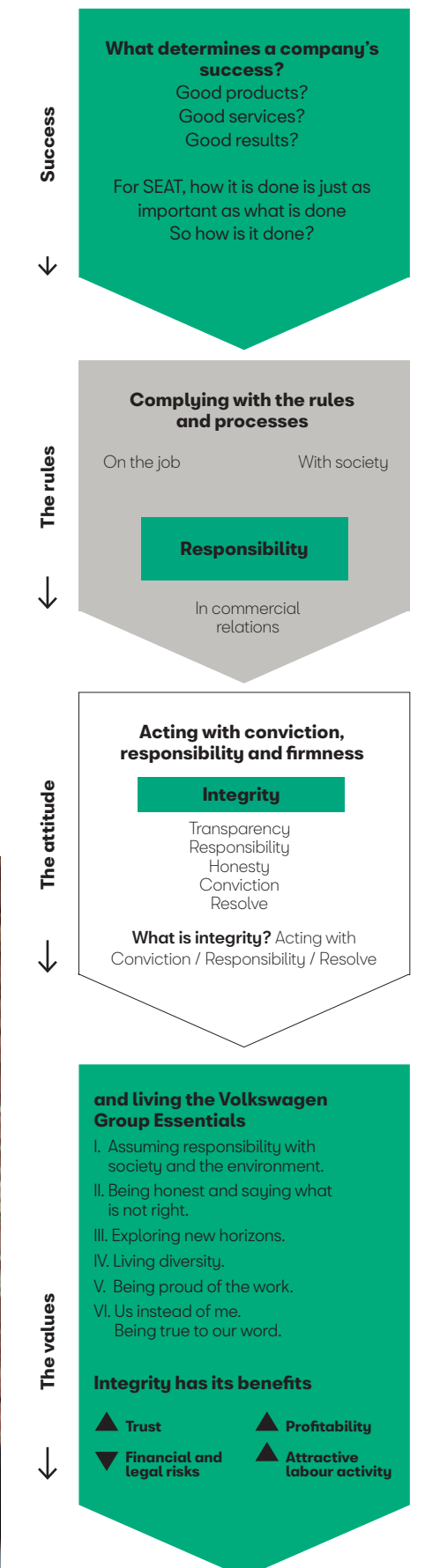
/ Code of Conduct: update of the official document on the company's conduct principles, which staff are required to be familiar with and adhere to.

/ Complaints System: SEAT offers its employees, business partners and third parties specific channels to report reasonable suspicions of breaches of applicable laws or of the company's internal regulations ["regulation breaches"].

Alongside the communication and training function, the Compliance & Integrity Department also assumes the responsibility of reporting on these topics to the employee and management bodies of SEAT and the Volkswagen Group. Furthermore, it is responsible for ensuring that these processes are certified through internal or external audits of the compliance model, according to the most stringent national and international standards. In 2019, the company underwent a review for the demanding certification of the US Monitor, involving a major effort from all departments.

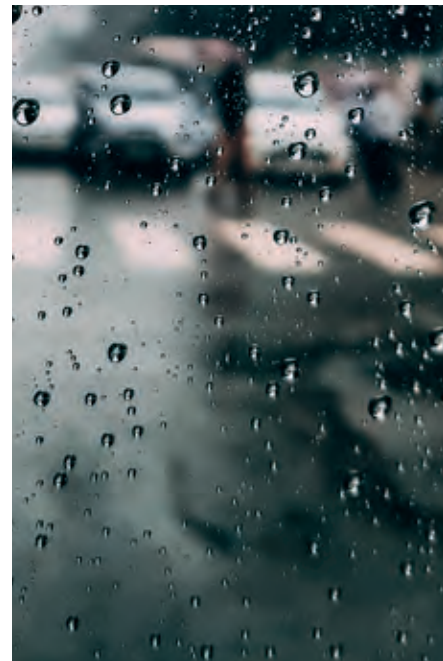
SEAT's vision is based on the concept that business and values must go hand in hand in order to achieve success, meaning that "how it is done" is just as important as "what is done".

The role of integrity and compliance



Achieving this depends on each and every one of us

Together for Integrity



Award for the Best Ethical Initiative and the Best Compliance Officer of 2019

SEAT won two awards in the second edition of the Compliance Awards, with which the newspaper *Expansión* recognises the most outstanding business projects of the year for their contribution to the culture of compliance.

SEAT received the award for the Best Ethical Initiative for the actions undertaken in the field of communication and training, such as the "Together for integrity" session. The award was collected by Sandra Olivera, Chief Compliance & Integrity Officer at SEAT, who was also recognised with the award for Best Compliance Officer of the year.



Together for Integrity (T4I)



Together for Integrity (T4I) is a Volkswagen Group programme which encompasses the actions related to dissemination and training on integrity and compliance. Its objectives can be summarised in five principles:

- 1 - Strategy**
Ethics and compliance are fundamental to the business strategy.
- 2 - Risk management**
The risks relating to practices related to ethics and compliance are identified, are assigned a person responsible for them, are managed and are mitigated.
- 3 - Culture of integrity**
Leaders from across the organisation create and maintain a culture of integrity.
- 4 - Environment of dialogue**
The company encourages, protects and values the reporting of concerns and alleged irregularities.
- 5 - Taking responsibility**
The company takes measures and responsibility when irregularities are committed.

Audit by the US Monitor to certify the T4I principles

The US Monitor audit was carried out with the aim of ensuring compliance with the commitments described in the Together for Integrity (T4I) programme. In particular, the audit focused on aspects such as the policies and processes related to the management of human resources, risks or relations with suppliers, as well as the development of specific programmes and tools on integrity and compliance.

In the first phase, the company implemented the previous recommendations of the external entity in charge of the audit (US Monitor), which was followed by the corresponding certification process (still in progress). This process involved significant dedication and effort on the part of all departments of the company, while at the same time helping to identify a number of improvements that allow it to consolidate an integrity and compliance model in accordance with the highest quality standards.

Code of Conduct

The Code of Conduct defines and incorporates the corporate principles and values, in addition to providing guidance and advice to the whole workforce when making decisions in their day-to-day activities.

At a time of profound transformation like the present in the automotive sector, having a solid foundation of values is a fundamental requirement for ensuring that success can be achieved on a sustained basis. For this reason, the Code of Conduct develops the idea that "responsibility for compliance falls upon all of us".

The Code of Conduct defines and incorporates the corporate principles and values, in addition to providing guidance and advice to the whole workforce when making decisions in their day-to-day activities.

In October 2019 the Code of Conduct was updated, with changes in the Complaints System and placing particular emphasis on the obligation of staff employed outside the collective agreement to report any reasonable suspicions of "serious regulation breaches". In addition, SEAT's subsidiaries incorporated a new foreword highlighting their commitment to the Code of Conduct and to SEAT's integrity and compliance standards.

As part of a process of continuous improvement, in 2019 the Guide to competition and anti-corruption law, which helps prevent potential regulation breaches, was revised and updated.

The management group plays a key role in risk management and in SEAT's compliance and integrity model. For this reason, all managers in the company participated in training courses on these topics, as well as on SEAT's Complaints System and on the topic of criminal responsibility. The goal of these sessions was to help them to understand the obligations and responsibilities assigned to them under Spanish law because of their role.

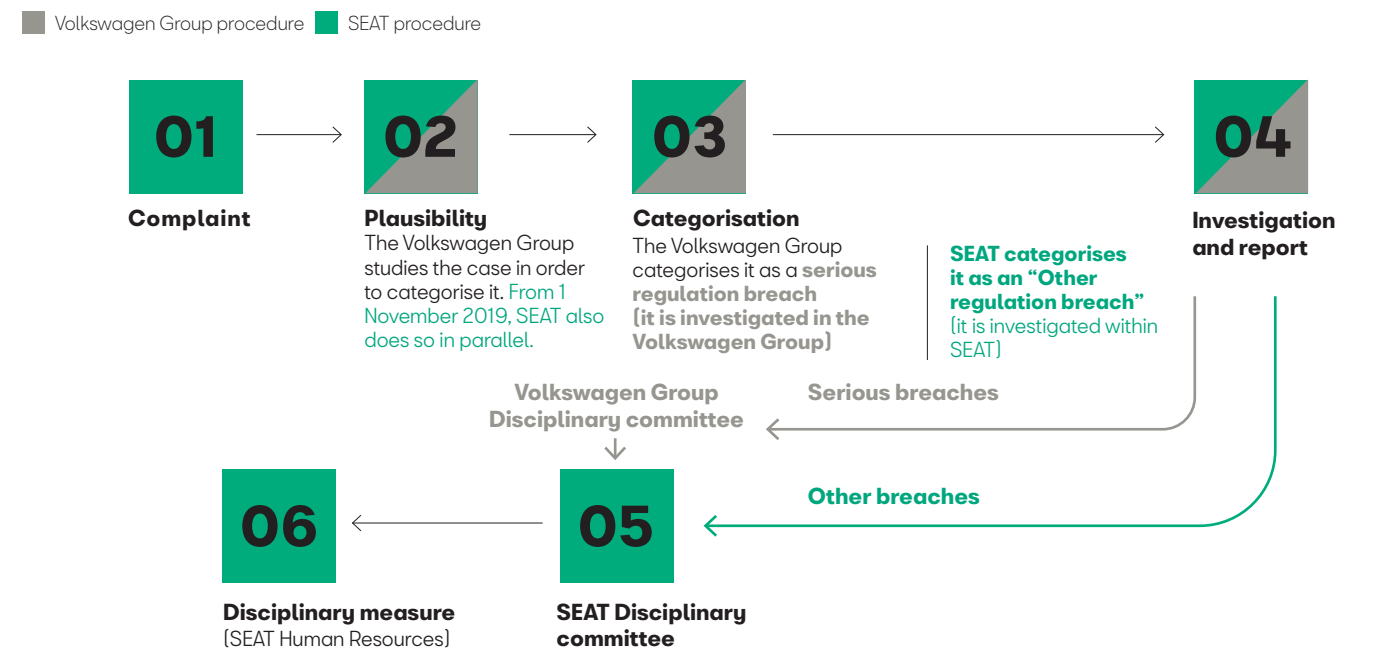
Complaints System

With the goal of strengthening the transparency of the process, in 2019 various updates were applied to the Complaints System. The main adjustments were as follows:

- / Highlighting that the Complaints System is for dealing with "serious regulation breaches".
- / Stressing Management's obligation (including for management staff employed outside the collective agreement) to report reasonable suspicions of "serious regulation breaches".
- / Stressing that inappropriate use of the Complaints System is not tolerated and that reprisals and discrimination against complainants are considered "serious regulation breaches".

01 SEAT's complaint channels	
SEAT	Volkswagen Group
Internal Channel Analysis Office (Compliance) transparencia@seat.es	Internal Channel io@Volkswagen.de +800 444 46300 +49 5361 94300 www.bkms-system.com/vw
External Channel SEAT ombudsman david.velazquez@miombudsman.es Tel: +34 609 665 001	External Channel Volkswagen Group ombudsman www.ombudsmen-of-volkswagen.com

How the SEAT complaints system works



Subsidiary companies that follow the SEAT Code of Conduct



Training in groups

The campaign of awareness-raising and training on integrity and compliance was carried out in groups of employees, according to their various responsibilities and the most suitable contact channels.



Supervisors: training for instructors

Face-to-face sessions were held, aimed at supervisors of the Martorell, SEAT Componentes and SEAT Barcelona production centres, as well as those of the Quality, Logistics and Spare Parts divisions. The participants received training for instructors, since they are the ones responsible for conveying the contents to their respective teams. The goal of these sessions is to generate a space of trust and dialogue with employees in order to expose real situations and have an open discussion on the topic.



On-line course

In a second phase, an on-line course was designed for the rest of the groups (managers, technicians, administrative and support staff, and indirect staff). This training, which is compulsory and had to be undertaken during a specific period, was available in the Always Learning section of the Yo en SEAT [YeS] portal.



Management: focus on criminal responsibility and complaints procedures

As professionals with a key role in risk prevention and management, the Management group also attended sessions to learn more about their responsibilities, the processes in place for managing risks and how the Complaints System works. Attendees heard about under which situations they could be criminally responsible for and what their role is. They were also reminded of their obligation to report irregularities of any kind, particularly serious regulation breaches.

Sponsorship of the main professional event on Compliance in Spain

SEAT's commitment to regulatory compliance extends beyond internal management. The company was one of the main sponsors of the 4th International Compliance Congress, which was held in May in Madrid and brought together some 300 professionals who are experts in this field.

SEAT's head of Compliance, Sandra Olivera, participated in one of the round table discussions at the event, focused on "The practical implementation of international deployments", together with representatives from companies such as ACS Group and Telefónica.

Risk Management, Compliance and Integrity Model: three lines of defence

As part of the Volkswagen Group, SEAT's Risk Management, Compliance and Integrity model is based on international standards. It encourages the early management of risks and compliance with national and international legislation, as well as the ethical principles that must be present in the day-to-day management of the company.

This model is based on three lines of prevention and defence, a standard widely used and required by the European Confederation of Institutes of Internal Audit (ECIIA):



Risk management: a preventive model for the sustainability of the company

Corporate risk management is a cornerstone of the governance system which must ensure SEAT's durability and sustainability. This function includes identifying potential events that could be detrimental to the company, having a series of measures and controls in place to try to mitigate them, and providing reasonable assurance over the achievement of objectives.

Responsibility for risk management falls directly on SEAT's Management, which has a number of tools and protocols that are already defined. The Risk Management department coordinates and provides support to the company's various business areas in managing the respective risks, on the basis of the international COSO standard (*Committee of Sponsoring Organizations of the Treadway Commission*). The main areas of action are as follows:

1. Training and raising awareness to improve the operational management of risks in all business areas. This management is an essential prerequisite in order to continue to comply with the requirements of ISO 9001:2015, among other aspects.

2. Leading the GRC process (Governance, Risk & Compliance),

aimed at creating the map of the organisation's systemic risks, and assessing their management and the effectiveness of the measures and controls in place to mitigate them.

3. Leading the quarterly process for identifying imminent risks that could affect the company in the short term, or risks which, while able to affect the company in the medium or long term, require measures to be immediately defined in order to mitigate them on time.

On the basis of the established processes, the various departments of SEAT periodically evaluate and update their risks, as well as the measures and controls established to mitigate them.

In 2019, the annual GRC process reported over 320 risks, with those associated with sustainability, the environment and regulatory aspects (such as compliance with fleet CO₂ levels or certifications) taking a prominent role.

A new IT tool, called Riskradar, was also implemented to improve the traceability of the quarterly risk assessment process.

Corporate risk management is a cornerstone of the governance system which must ensure SEAT's durability and sustainability.

Risk processes established in SEAT



Main risks faced by SEAT



Simulation of a crisis caused by meteorological factors in Martorell

Business continuity is critical to ensuring organisations' future. In 2018, the Risk Management department took over the business continuity function at SEAT (Business Continuity Management, BCM). The aim of this team is to ensure the operation of the company's most critical processes in the event of a serious interruption in the business activity.

As part of its duties, and together with the Martorell Production crisis committee, Risk Management organised a simulation at the factory to test the effectiveness of the mechanisms in place to deal with situations involving serious damage caused by weather. For instance, simulations included impacts on various workshops in the factory, with personal injury, environmental damage and disruption to computer systems.

The exercise was successfully completed and the processes in place worked properly to reduce the damage.

Economic, financial and legislative risks, including social, environmental and climate change-related aspects



EXAMPLES OF RISKS

- / Evolution of economic conditions, both nationally and internationally, legislative changes or political situation.
- / Market risks: exchange rate, interest rate or price variability.
- / Adaptation to stakeholders' new demands. New legislation: on data protection, the environment (prohibition of vehicles in large cities), etc.

ACTION PLANS

- Strategy of expansion to new markets. Strong product offensive.
- Development of new business models related to mobility.
- Foreign exchange hedges.
- Analysis and monitoring of economic indicators.

Risks in the production process



EXAMPLES OF RISKS

- / Incidents that could affect the production capacity - energy supply problems, technical failure, interruption of systems or fire - and which lead to downtime, loss of production, rejections and duplication of work.

ACTION PLANS

- Ongoing maintenance of facilities, ensuring they are always operational and function properly.
- Preventive plans for warning systems and facility maintenance to detect possible faults.

Information technology risks



EXAMPLES OF RISKS

- / Challenges related to digitalisation.
- / System obsolescence and IT insecurity (cyber-attacks, data theft, identity theft, phishing, etc.).

ACTION PLANS

- Policies and regulations for proper use and system safety.
- Review and update of IT systems.
- Plans for protecting against and monitoring cyber threats.

Supply risks



EXAMPLES OF RISKS

- / Delays in the receipt of materials, quality defects or supplier insolvency.
- / Short-term changes in demand among customers who require the company's products to adapt rapidly to their needs.

ACTION PLANS

- Preventive and reactive measures: broad portfolio of suppliers in order to respond flexibly to any adverse factors and ongoing review and revision of suppliers' financial stability.
- Continuous comparison of available resources with future demand.

Quality and development risks



EXAMPLES OF RISKS

- / Challenges arising from the manufacture of products of a high technical complexity which have stringent quality requirements in terms of their safety, fuel consumption or control of emissions of harmful substances.

ACTION PLANS

- Quality standards in all stages of the production process.
- Obtaining international quality certifications, such as ISO 9001.
- Checks on emission measurements by external bodies.

Risks in human resources



EXAMPLES OF RISKS

- / The need to have a well-trained workforce with technical skills.

ACTION PLANS

- Comprehensive human resources strategy: planning, recruitment, training and incentives.
- Preservation of jobs.
- Plans relating to occupational health and safety.
- Specific training plans (Apprentice School, dual vocational training, etc.).
- Preparation of the workforce for future trends, such as digital transformation.



Audit, Compliance and Governance Commission [ACGC]

The Audit, Compliance and Governance Commission (ACGC) is the delegated commission of SEAT's Board of Directors in charge of compliance with the Audit of Accounts Act, the Capital Companies Act, the Penal Code, the Code of Governance, the ACGC's own regulations and the internal regulations related to the risk management, compliance and integrity system. It is made up of Dr. Josep Piqué, who holds the position of chairman, Dr. Stefan Piëch and Mark Phillip Porsche.

In 2019, the ACGC met on five occasions. At each meeting, representatives from the company's departments involved in these areas presented the issues that are most relevant for SEAT, which were analysed and debated by the members of the Commission. Some of the most significant issues discussed in the meetings were as follows:

- / The 2018 annual report and approval of the activities programme for 2019, submitted, respectively, by the Compliance & Integrity and the Risk Management departments.
- / Quarterly information on the main operational risks for the company.
- / Progress of the audit by the US Monitor and of the implementation of the Together for Integrity programme.

- / Appointment of the Compliance Officers and Integrity Officers in the SEAT subsidiaries.
- / Information on the company's financial performance.
- / Relevant tax-related information.
- / Internal audit reports posing the greatest risk, approval of the audit programme for 2020 and information on the work of the external auditors.

The Legal Services division has consolidated itself in recent years as an essential unit for the development of the company's main projects.

Legal Services: transition from a functional unit to a strategic one

The Legal Services division has consolidated itself in recent years as an essential unit for the development of the company's main projects. The professionals of the department have assumed a more cross-disciplinary and strategic role, with the aim of anticipating the risks associated with the complexity of the current regulatory framework and the evolution of the sector. Some of the issues that generate the most demand

for legal advice include the development of the digital economy and e-commerce, new business and distribution models, and the new products and services associated with mobility.

SEAT's legal team forms part of the Legal Services and Governance division. Its main functions are:

- / Providing preventive advice on all legal matters affecting the company's interests and those of its main subsidiaries.
- / Negotiating and managing contracts and contractual commitments.
- / Coordinating actions on pre-litigious or litigious matters before courts or arbitration bodies.
- / Providing legal advice to the Board of Directors and the Executive Committee and their members, as well as to the management, administration and representation bodies.
- / Representing the company in administrative and court proceedings in its areas of competency.

Technical Conformity: consolidation and development of functions

In addition to its legal impact, the increased complexity of legislation and the new product validation procedures at various levels (on matters relating to the environment, electronics, data privacy, etc.) led to the creation of the Technical Conformity department at the end of 2017. Its main objective is to adapt the internal processes to this new reality, specifically supporting professionals in the Research & Development division.

The 2018 and 2019 financial years proved particularly active due to the need to adapt to the new engine approval standard (WLTP, Worldwide harmonized Light-duty vehicles Test Procedures) in a very short space of time. Despite the division's recent creation and limited time available for adaptation, Technical Conformity managed to consolidate a very effective and agile working group and methodology that allowed both phases of the WLTP to be successfully completed.

In parallel, and in order to continue to develop its role, in 2019 the structure of the department was finalised. The responsibilities of its four areas currently cover the following aspects:

- / Complete vehicle and safety certification.
- / Emissions certification (including WLTP).
- / Technical legislation and environmental matters relating to the products.
- / Conformity of modifications and processes.

The main update in this structure, which is now fully aligned with the requirements of the Volkswagen Group, is the creation of the Modifications Compliance area, which is responsible for analysing updates that are applied to the vehicles. The development of this function is one of the department's main challenges in the short term. Its other challenges include addressing new emissions requirements, developing knowledge in the field of cybersecurity and software updates, and raising awareness about the importance of product approval and conformity.

Technical Conformity managed to consolidate a very effective and agile working group and methodology that allowed both phases of the WLTP to be successfully completed.



Economic sustainability

Sustainability as a driver for growth

SEAT is currently operating in an environment of constant change, marked primarily by globalisation and the new digital era. In the specific sphere of mobility, overlapping trends such as technological development, urban concentration, the collaborative economy and environmental awareness are leading to the emergence of new mobility models, the development of solutions with an enormous technological burden and advancements in alternative propulsion systems. All this entails an extraordinary amount of investment, although this is largely offset by the initiatives undertaken to improve productivity, establish synergies or share knowledge.

SEAT is tackling this complex challenge as part of its commitment to sustainable development, based on a solid financial structure and a trajectory of continuous growth. To achieve this, cost control and optimisation criteria are applied to all links of the value chain, both internally and in relations with suppliers. The challenge lies in reconciling the level of profitability required to fulfil the corporate strategy and the sustainability commitment assumed by the company in all its spheres of action. In this regard, SEAT operates under a principle of "sustainable growth", which constitutes one of the pillars of its sustainability model.

The S-Rating tool ensures sustainability criteria in the supplier selection process that are aligned with the standards of the Volkswagen Group. The possibility of exclusion for not meeting the requirements represents a pioneering level of commitment in Spain's business sphere.

This principle also applies to the relationship with all stakeholders. Particular emphasis is placed on the suppliers, which are required to meet a very demanding level of commitment to sustainability, and the customers, whose opinion on the quality of the service and the product is constantly monitored. In 2019, significant progress was made in developing tools in order to analyse and develop sustainability policies in both groups.

S-Rating, the new measure of supplier sustainability

Compliance with the sustainability standards laid down by the Volkswagen Group is a requirement for any contracts that are entered into or renewed by SEAT, whether directly related to vehicle production ("material purchases") or otherwise ("general purchases"). In order to ensure these requirements are fully met, the company develops and updates a series of internal policies, regulations and guidelines to promote a sustainable supply chain. In addition, an Ad-hoc team performs checks on compliance with these regulations, as well as investigating and dealing with any cases in which a sustainability requirement may have been breached.

Under the current framework, the Volkswagen Group applies a highly strict set of requirements, resulting in the development of new tools to assess and promote sustainable growth among the suppliers. Under this principle, on 1 July 2019 the new S-Rating [sustainability rating] tool was implemented. This tool evaluates the supplier in areas such as health and safety, environment, human rights, labour conditions and compliance. To do this, the supplier has to answer a questionnaire in which compliance on these matters is verified.

S-Rating, a formula for continuous improvement

In addition to determining whether the sustainability standards of the Volkswagen Group are met, the S-Rating tool also serves as a formula for continuous improvement.

This tool analyses each supplier in their various areas of activity and proposes a series of measures focused on the achievement of milestones to ensure their sustainable growth.



Any supplier that files a bid to SEAT in a tender process, or that has to renew or extend a contract in force, must achieve a positive rating in the S-Rating tool. If the appropriate level is not met, they cannot be appointed as a SEAT supplier. The possibility of excluding a supplier for not achieving the required levels represents a pioneering commitment to sustainability in Spain's business sphere. In turn, it ensures sustainability criteria that are aligned with the standards of the Volkswagen Group and it ensures that SEAT only hires suppliers that are excellent in all areas, including in matters related to sustainability.

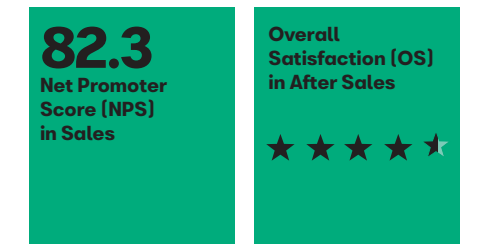
With the aim of ensuring a transparent relationship with its stakeholders, SEAT is a pioneer in giving visibility to its customers' ratings of its sales and after sales services.

Customer satisfaction: transparency in the communication of ratings

Taking advantage of the development of communication technologies, and in order to ensure a transparent relationship with its stakeholders, SEAT is also a pioneer in giving visibility to its customers' ratings of its sales and after sales services. All customers who purchase a vehicle at a dealership of the brand, as well as all users of an authorised service centre, receive an on-line questionnaire in which they can express their opinion on their general satisfaction with their last visit, together with other indicators. The responses are analysed according to the Customer Experience Management (CEM) methodology, which allows the data to be analysed and the comments received to be interpreted.

The main internal after sales indicator is that of Overall Satisfaction (OS), while the Net Promoter Score (NPS) serves as the main indicator for sales. With these indicators, the company analyses the experience and quality in both the sales network and the service network in order to identify and implement actions for improvement. With the same goal in mind, SEAT also uses mystery shopping methodologies (in assessing the sales network) and phantom test methodologies (in the after sales services). These consist of visits conducted by professionals who are experts in the analysis of service quality.

Customer satisfaction in 2019



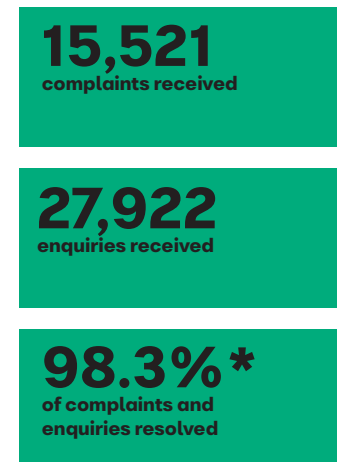


Star Rating

To promote transparency, SEAT is implementing the “Star Rating” project, in order to publish the level of customer satisfaction on both country-specific and dealership websites. The Star Rating system adapts the traditional star-based rating system, which is used in many other sectors and is familiar to most users, to publish their ratings on the company’s websites for each country. Together with the stars assigned to each service (on a scale from 1 to 5), users’ comments are also openly included in an exercise of transparency and clarity. When filling out the survey, buyers give their consent to the publication of the results, so the information provided is fully certified. Moreover, to ensure it remains up to date, views remain on the page for one year and are constantly updated with new comments. This system began to be applied in 2019 and it will be gradually extended to all of the company’s markets.

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2019 enquiries and complaints in figures



* Figure as of the close of 15 January 2020.

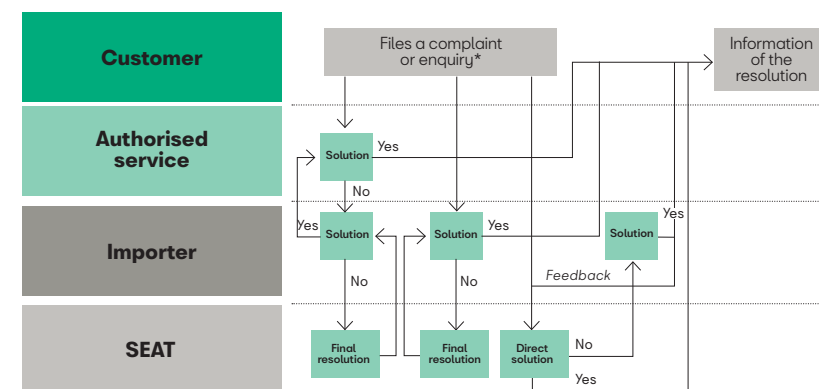
Decentralised management of enquiries and complaints

The internationalisation of the company’s activities and the popularisation of the use of applications and social networks as communication channels between consumers and businesses have led to the evolution of the system used to manage enquiries and complaints submitted by customers.

SEAT has a central department dedicated to managing such incidents, although most of them are dealt with and resolved directly by the importers and authorised services of each country, to which customers usually go as a first port of call. Nevertheless, the central department does handle enquiries and complaints received on the corporate website (www.seat.com), on social networks or on marketplaces, in addition to responding proactively to opinions expressed by users in these channels.

The majority of enquiries for information are related to features or release dates of new models, while most complaints relate to product and service-related issues in equal proportions.

Management system for complaints and enquiries



* Channels: www.seat.com, @mail, marketplaces, social networks, etc.

Social responsibility

SEAT’s new sustainability strategy understands the social aspect as the commitment to offer its workers a safe, respectful and diverse working environment, with employees who are proud to belong to the company and are fully engaged with its values and strategy. The social sphere also encompasses a variety of actions of cooperation with partners to create value in the communities in which the company operates.

Supporting equal opportunities

SEAT’s Equality Plan, which was approved in 2012, identifies equal opportunities between women and men as a strategic principle of the company’s Corporate and Human Resources Policy. This document explicitly sets out the commitment to “establishing and developing policies that integrate equal treatment and opportunities between women and men [...], as well as promoting and implementing measures to achieve real equality within our organisation”. This commitment extends to areas such as staff selection and promotion, wage policy, training, working and job conditions, occupational health, the organisation of working hours and work-life balance.



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SEAT’s Equality Plan identifies equal opportunities between women and men as a strategic principle of the company’s Corporate and Human Resources Policy.



Equal opportunities in SEAT

3,038
women in the workforce

20.7%
of the workforce are women, which is above the average for the automotive sector

3.9%
of all the women in the workforce hold management positions

Despite operating in an industrial sector that has historically been unattractive to women, SEAT's commitment on this topic has led to it having a higher percentage of women among its workforce than the average for the automotive sector in Spain: 20.7% of all staff, of which 3.9% hold management positions. The progressive change of model in the sector and the diversification of professional profiles that this implies also favours the growth of women in a wide variety of positions.

Alongside the development of equality policies, SEAT is also proactive in organising actions and events to promote gender equality. In 2019, these included a talk given by the company's chairman, Luca de Meo, on the occasion of the International Working Women's Day (8 March). The meeting was devoted to diversity and dealt with topics such as work-life balance, unconscious biases and equal opportunities. A number of actions were also undertaken to raise awareness on the subject, including the distribution of commemorative ribbons at the entrance points of the work centres.

Aware of the social visibility of the actions it promotes and supports, SEAT also joined the "Mentoring Walking" programme, which is led by the international organisation VITAL VOICES and supports women's leadership as a value for transforming society.

Among its values in the field of corporate social responsibility, the company's collective labour agreement includes non-discrimination, equal opportunities and the categorical rejection of any behaviour that suggests conduct or practices that involve discrimination, including workplace, sexual or gender-related harassment. For this reason, SEAT's Equality Plan, signed on 9 July 2012, includes mechanisms aimed at upholding these values. Among others, these include:

- / A protocol for taking action against sexual and gender-related harassment, through prevention measures, which allows this kind of action to be eradicated within the company.
- / An Equality Committee comprised of members of the company's Management team, the unions that are signed up to the Equality Plan and with representation on SEAT's Intercentre Committee which strives to ensure fulfilment of the objectives that are set, to maximise the efficiency of the measures that are implemented and to deal with any potential changes proposed to the plan's contents.

/ Different instruments that promote the employment of workers with disabilities, such as:

- Identifying activities and job positions that lend themselves more easily to being covered by people with disabilities.
- Establishing an equitable framework for developing the labour relations of people with disabilities.
- Collaborating with special employment centres.

SEAT's Equality Plan also sets out the company's principles in the field of balancing professional, family and personal life. The company's goal, with the participation of the workers' representatives, is to develop rules to ensure the right to digital disconnection. These rules provide employees with the necessary resources to allow them to take their regulatory break times and promote the management of working hours, clearly defining what is considered working time (whether on-site or otherwise) and rest periods.

Implementation of an internal protocol against gender violence

In November, SEAT approved the implantation of an internal protocol for the prevention of gender-based violence. Its objective is to protect the right of all female workers in the company to live safe from this social problem. To this end, a framework for action was defined to provide support to victims, to inform them of their labour rights and to activate specific measures to balance the employment relationship with their personal and/or family circumstances.

Some of the measures contained in the document include flexibility in the work schedules, the justification of absences and permissions to take leave, psychological support and financial aid for obtaining medical care.

In addition, SEAT will implement a plan to raise awareness among its staff and to offer them training so that they can learn how to detect potential cases of gender-based violence and contribute to protecting victims.

The protocol was promoted by SEAT's Equality Commission, which is made up of both employee and management representatives, and it was developed with the guidance of the renowned Ana Bella Foundation, which offers support to mistreated women.

Its implementation was announced on 25 November, coinciding with the International Day for the Elimination of Violence Against Women. To mark the occasion, a masterclass was also given by Ana Bella, who shared her experience as a victim of gender-based violence.



In 2019, specific measures were also implemented in the fields of diversity, work-life balance and employee benefits:

- / The signing of a protocol aimed at preventing gender violence.
- / The implementation of the ASES programme (an abbreviation in Spanish for Social Assistance for SEAT Employees), which offers a personalised and free service with face-to-face attention for those cases that need it.
- / The approval of an agreement between the company's Management and the UGT and CCOO trade union representations on the Intercentre Committee for people with conditions. The agreement establishes a system for relocating staff to positions suitable for their profile, in addition to defining the economic conditions, the steps to be followed to register a disability and the situations arising after the registration is granted or denied.

Commitment to human and labour rights

Consistent with the principles of integrity and compliance that SEAT has incorporated into its corporate strategy,

the company has policies that explicitly set out its commitment with regard to respect for human and labour rights across its sphere of activities. In particular, this vision is expressed in two framework documents:

/ Labour Relations Charter.

This document sets out the commitment to apply the fundamental principles in the defence of human rights and to comply with the conventions of the International Labour Organization (ILO).

/ Statement of the SEAT Group against slavery and human trafficking.

Describes the actions taken to combat modern slavery.

The commitment set out in these documents is not only limited to the actions undertaken within the company, but extends to the whole of the supply chain.

A milestone in 2019 in this regard was the implementation of the S-Rating tool, which requires all suppliers to comply with minimum sustainability standards, including on the subject of human rights.

During the year, SEAT also enhanced the permanent channels established for detecting and reporting any violation of these rights, articulated through the

Complaints System that was developed with the support of the Volkswagen Group. Throughout 2019, no complaints categorised as a violation of human rights were registered through SEAT's compliance channels. However, one report of sexual harassment was received by the Equality Commission. This has been dealt with by SEAT through the bodies established for this purpose, and as a result of the investigation into this report, suitable corrective measures have been implemented.

Living diversity

Respect for diversity, and the promotion thereof, is a value that is fully integrated into SEAT's daily activities, in coherence with its position as one of the leading employers in Spain and its current globalisation strategy. This concept is reflected under the slogan "We live diversity" in the Volkswagen Group Essentials, the essential values that govern the behaviour of the employees of all the brands and companies of the Group.

SEAT understands this value, in its broadest sense, as the promotion of diversity of gender, age, race and culture. All this makes for an organisation that is increasingly diverse and multicultural, with the new opportunities for professional and personal development that this environment represents for all its staff.

Diversity adds up

14,663
people

67 nationalities who speak
26 different languages



4
generations working together in **8** different divisions



Coverage of SEAT's corporate health, safety, emergency and well-being services

18,841
people in Spain

78%
of all the employees of Volkswagen Group companies in Spain

A benchmark in occupational health and safety

SEAT is now an international benchmark in the field of occupational health and safety, thanks to the development of a comprehensive model that combines two complementary lines of work. On the one hand, it covers the provision of services relating to health, safety, emergencies and corporate well-being to its staff through the CARS Healthcare and Rehabilitation Centre. On the other hand, the company is involved in research projects related to occupational safety, managed by the SEAT Healthy Company Scientific Committee (known as CCSES). These initiatives make the most of the company's position as one of the biggest corporate employers in Spain to generate knowledge, which it then places at the disposal of wider society, actively contributing to the creation of shared value.

Certification of the system and extension to new employees

Thanks to its occupational health and safety model, SEAT is accredited as a Healthy Company and has the new ISO 45001 certification. This international standard specifies the requirements for an occupational health and safety management system and provides indications for its use. Its ultimate goal is to allow organisations to provide safe and healthy jobs, and to prevent accidents and health-related problems, in addition

to proactively improving the system. In this regard, 2019 saw the first cross-company audit of the Volkswagen Group throughout the world for the renewal of this same ISO 45001 standard, which included the participation of SEAT.

Thanks to its occupational health and safety model, SEAT is accredited as a Healthy Company and has the new ISO 45001 certification.

The exercise also helped in extending SEAT's health, safety, emergency, and corporate well-being services to new companies of the Volkswagen Group in Spain. In particular, employees of Volkswagen Group España Distribución (VGED) and of the startup Respiro, which manages SEAT's wholly owned subsidiary Connected Mobility Ventures, S.A., were integrated into the system. With these incorporations, the joint prevention service led by SEAT provides health services to 18,841 people in Spain, representing 78% of all the employees of Volkswagen Group companies in the country.

Another milestone in the development of common activities for the continuous improvement of health and safety culture was the celebration of the first Joint Prevention Service Intergroup

Committee of the Volkswagen Group companies in Spain, held in September. The meeting brought together the CEOs and staff representatives of the participating companies: SEAT Group, MAN Truck and BUS, Volkswagen Group Services, Volkswagen Group España Distribución, Volkswagen Retail España, SEAT Motor España, Volkswagen Group Retail Spain and MAN Energy Solutions. The committee is chaired by SEAT's vice-president of Human Resources & Organisation, Xavier Ros, and meets twice a year to establish the overall health and safety objectives. During the first meeting, the attendees signed the common Health and Safety Policy of the Volkswagen Group companies in Spain.

Participation in medical research

The SEAT Healthy Company Scientific Committee (CCSES), meanwhile, made progress in developing new areas of research in collaboration with prestigious entities from the medical and healthcare sector. Created in 2017, its mission is to conduct research in the fields of health, well-being and labour, in addition to proposing specific measures to improve the health of company employees and of society in general.

One of the main projects undertaken by the CCSES is the MedCARS study. This is a worldwide pioneering research project into multi-factor intervention in healthy lifestyle habits, which is being undertaken in collaboration with IrsiCaixa, Barcelona's Hospital Clínic, ITAE Business and scientists

from the Harvard TH CHAN School of Public Health.

The MedCARS team worked for over a year to incorporate healthy habits into the lifestyle of around 500 SEAT staff and to check the impact they had on their health. Previously, the CCSES had conducted a retrospective study on the health of the workers, which involved analysing almost 10 million pieces of data and allowed it to conclude that the company constitutes a representative sample of the environment and that the conclusions can be extrapolated to the rest of the population.

In November, the results of MedCARS were presented. They show that incorporating healthy habits, such as a Mediterranean diet and physical exercise, improves some important health indicators in only six months, including cardiovascular risk factors, quality of sleep, and mental and emotional health.

At the same time, the research managed to collect the largest global microbiome database associated with an intervention involving a Mediterranean diet, which will enable additional analyses to be performed in the future.

During the year, research was also conducted as part of the LiverScreen project, in collaboration with Barcelona's Hospital Clínic. The objective of this project is to improve the early detection of chronic liver diseases, and the prevalence of liver fibrosis in the general population in particular. Once again, the project aims to take advantage of the volume and

diversity of SEAT's workforce in a study that will benefit society as a whole. In this case, the opportunity to participate on a voluntary and confidential basis is offered to all employees who perform their medical review with the corporate Medical Service. Volunteers have to answer a few of health-related questionnaires and undergo a FibroScan®, a non-invasive and painless test that measures the stiffness of the liver.

Award for the director of SEAT's Health division

The Barcelona College of Physicians (Colegio de Médicos de Barcelona, CoMB) bestowed Dr. Patricia Such, director of the Health, Safety and Emergency division at SEAT, with the award for Professional Excellence, recognising her work and initiative within the company.

Recognition as a benchmark healthy and emotionally responsible company

SEAT received the first M. Angustias Martín Quirós award in the large organisations segment and within the "Healthy body and mind" category. The award, which was delivered by the Official Psychology Association of Andalusia (Colegio Oficial de Psicología de Andalucía) in collaboration with various public entities, recognises the company as a benchmark healthy and emotionally responsible company.

The awards ceremony, which was held in September, also served to highlight the importance of emotional development for organisations' competitiveness.



“SEAT Ideas programme”

8,942
ideas received

2,698
winning ideas

€10,700,533
of savings

€1,749,393
of prizes

Strategic involvement of employees

One aspect in SEAT’s progress that affects all areas of the company is the involvement of the employees in its strategic goals and principles, as set out in the company’s Labour Relations Charter. The company develops tools and innovative platforms that promote this implication in order to channel it in a way that is practical and effective, while also helping to reinforce the pride of belonging among employees.

Meetings with the Executive Committee

With the aim of giving the workforce a first-hand understanding of key strategic aspects, 2019 saw the continuation of the cycles of meetings between groups of workers and members of SEAT’s Executive Committee. In the “Chatting with...” cycle of meetings, the chairman, Luca de Meo, met with around a hundred employees to discuss the importance of sustainability in the company’s future, as well as answering questions raised by the attendees. In the same vein, the first edition of the “Breakfast with...” cycle of

meetings was held, at which the vice-president of Research & Development, Axel Andorff, was a guest. This format has a smaller capacity (around 15 people), allowing attendees to have a more intimate and informal discussion about the guest’s area of expertise.

Brand experience family days

With the same goal of strengthening employees’ sense of belonging, and with a more playful and family spirit, SEAT organises various activities throughout the year that allow employees to enjoy the brand’s facilities and products in the company of their closest family members.

The initiatives developed in 2019 included the BCN Day at SEAT Barcelona, at which attendees had the opportunity to view a selection of the brand’s models and to attend the inauguration of new production lines equipped with cutting-edge technology. Other important initiative included the Open Day at SEAT Componentes, which allowed attendees to discovery the technological innovations at the plant and to participate in fun activities, while the SEAT Festival held at the Ricardo Tormo race track in Valencia marked the 50th anniversary of the SEAT 1430 and the 850 Sport Spider.

Working Climate Survey

93%
participation

77.7%
degree of satisfaction



1INNOVATION DAY: nurturing a culture of innovation

One of the major events involving employees’ participation held in 2019 was the first edition of the Innovation Day, an inspirational event open to the entire workforce aimed at showcasing and nurturing the company’s innovative attitude and culture.

During 1Innovation Day, 23 innovative projects related to new mobility solutions, Industry 4.0 and new business models, among others, were presented that had been implemented during the year.

Inspirational talks were also organised with experts in innovation, such as Pau García-Milà, co-founder of eyeOS; Javier Rodríguez Zapatero, former managing director of Google Spain; and Carlos Buénosvinos, CTO of SEAT:CODE, the company’s own software development centre.

Participatory activities included the SEAT Challenge, in which various teams of workers tackled challenges linked to new forms of mobility, the collaborative economy, sustainability, and connectivity. A digital platform was also set up, giving staff the opportunity to contribute innovative ideas. The most highly-rated projects received the “Passport to innovation” and were recognised at the day’s closing session, which was attended by SEAT’s Executive Committee and involved the renowned chef Ferran Adrià.

Innovation Day

23
projects presented

7
strategic challenges posed

28
value propositions achieved

Corporate citizenship

As part of the company's efforts to create value for society, collaborative actions are undertaken with entities in the fields of training and job creation, health and well-being, and mobility. Thanks to this cooperation, SEAT contributes to improving the living conditions and quality of life of its closest communities.

"BeSEAT" project

Community of Madrid:

27 participants, 15 of which were selected for the attendance phase.

11 students currently work in the SEAT dealership network.

Catalonia:

9 students participated in the pilot programme, 7 of which were selected for the attendance phase.

The **7 students** were hired in the service where they completed their internship.

Support for vocational training

One of the areas in which the company operates in this field lies in its support for vocational training through direct participation in various projects and through the donation of equipment. One of its main initiatives in this area is the training and labour insertion programme "BeSEAT", aimed at students in the final year of the Automotive Degree course. The objective of this programme is to improve the employability of these young people through offering additional training and specific internships. In the 2018-2019 academic year, "BeSEAT" was operated in the Community of Madrid region, and a pilot phase was launched in Catalonia. In the 2019-2020 financial year, it is expected to be extended to all other regions of Spain, with the exception of Andalusia, the Basque Country and Murcia, which will be incorporated in the 2020-2021 academic year.

Also in the field of vocational training, SEAT leads a series of training activities aimed at teachers and educators to help them update their knowledge on topics that are continuously evolving. The activities carried out in 2019 included the organisation of a day on the operation and repair of the technology used in TGI engines (the name given to the engines in SEAT's vehicles powered by compressed natural gas), in collaboration with Scania and the Naturgy Foundation. In addition, SEAT collaborates with the FORTECO project (coordinated technical training), in which Spain's various automotive brands offer places on on-line and face-to-face training courses on new technologies related to the car. In particular, the company offered training linked to driving assistance systems and vehicles equipped with TGI technology.

The support for training at various academic levels materialises in the donation of vehicles, engines and other elements of the vehicle to various educational centres. At the university level, a vehicle was also given to the inLab FIB Laboratory of the Barcelona IT Faculty at the Polytechnic University of Catalonia (Universitat Politècnica de Catalunya).

Supporting the Princess of Girona Foundation to promote youth employment

In October 2019, SEAT joined the list of supporters of the Princess of Girona Foundation (Fundación Princesa de Girona, FPdGI), the main objective of which is to support young people in their professional and personal development.

The company will participate in the foundation's "Talent Rescuers" programme, created to help improve the employability of people aged between 20 and 30 years with higher education, whether in the form of vocational training or a university degree. The initiative promotes the mobility of labour between autonomous community regions and provides custom tools such as mentoring and specific training in companies, among other benefits.

Among the commitments assumed, the brand will collaborate with the foundation in its various projects, publishing its vacancies for the company's Trainee Programme, which is made up of young talents who have the opportunity to join SEAT after an initial training period.

In addition, there will be two SEAT Open Days a year for the company to present its vision of the automotive sector to young people and to offer them training sessions to help develop their skills.

One of the major events in the field of health and well-being was the fifth edition of the Cursa SEAT run, now fully consolidated as a great charitable and festive event.



Health and well-being

One of the major events in the field of health and well-being was the fifth edition of the Cursa SEAT run, now fully consolidated as a great charitable and festive event. The run, which follows a route around SEAT's entire corporate headquarters and includes sections that pass through the inside of the production workshops, broke its own record with the participation of 6,000 workers, family members and friends (4,500 adults and 1,500 children), 20% more than in 2018. In total, more than 13,500 euros were raised, which went to the "Candela Bracelets" project which supports research into childhood cancer. More than 200 people collaborated in the organisation of the event, including volunteer workers, and recreational and entertainment groups.

Furthermore, SEAT collaborated economically with entities such as the Paideia Foundation, the Hospital Sant Joan de Déu for research into childhood cancer and the Lucha Contra el SIDA Foundation for the fight against AIDS, as part of the People in Red gala. The company also donated merchandising material to the Orden Hospitalaria San Juan de Dios.

Developing safe and sustainable mobility

As a leading company in the field of mobility, SEAT also collaborates in activities and programmes that promote a safer and more sustainable mobility.

In this regard, in 2019 the company participated in the Sustainable Mobility Day of the Sustainability Excellence Club held in Seville, at which it presented its sustainable mobility solutions for cities. It also participated in the fourth edition of the "Imperdible" initiative of the COTEC Foundation. In this case, SEAT presented various of its innovative projects relating to education, road safety and the environment to demonstrate how innovation can contribute to the achievement of the Sustainable Development Goals (SDGs). The company also installed a circuit of scooters to show its commitment to sustainable mobility and to disseminate advice on road safety.

As a leading company in the field of mobility, SEAT also collaborates in activities and programmes that promote a safer and more sustainable mobility.

SEAT opens the doors of its Zona Franca factory during the 48h Open House Barcelona event

As a company with a strong link with Barcelona, SEAT was one of the sponsors of the 48h Open House event, which is organised in order to showcase the city's architectural heritage and allows citizens to visit more than 200 emblematic buildings and facilities.

SEAT participated in this initiative for the first time by organising visits to its factory in the city's Zona Franca district, which received around 250 people (the maximum number allowed through guided tours). Attendees had the opportunity to visit the factory's most important spaces, such as the canteens and laboratory, as well as being able to view the historical cars collection in warehouse A122.

Environmental sustainability

“Move to Zero”, a roadmap towards zero emissions

In 2019, SEAT took a new step forward in defining its corporate environmental strategy through the adoption and dissemination of the environmental Mission Statement. This document lays the foundation for the company’s commitment and global strategy on environmental matters, which are aligned with the objectives laid down by the Volkswagen Group at the global level.

Under the slogan “Move to Zero”, this mission aims to gradually reduce the environmental impact generated by the company’s activities and by the use of its products, with the long-term goal of reaching zero emissions in the life cycle of SEAT vehicles. To rise to this challenge, the company sets four main areas of action:

- / Decarbonisation of the life cycle of products and services to combat climate change.
- / Efficient management and reduction of waste.
- / Improving air quality with the introduction of the electric car.

/ A cross-disciplinary environmental management system that ensures compliance with both the legislation in force and the commitments undertaken voluntarily by the Group itself.

The Mission Statement is framed within the company’s global sustainability strategy, set out in the “SEAT environmental policy statement”. This document assumes the commitment for the company to become a leading provider of sustainable mobility and a role model in the environmental field. In practice, this vision is integrated into the organisation’s main processes, both through the continued reduction of its environmental indicators in the production process and in various projects for developing alternatives to fossil fuels under the company’s own model for a circular economy.

SEAT “Move to Zero”

We work to minimise the environmental impact generated throughout the life cycle of our products and mobility services in order to safeguard and protect the ecosystem and to generate added value for our environment and for wider society, in compliance with environmental regulations and standards.

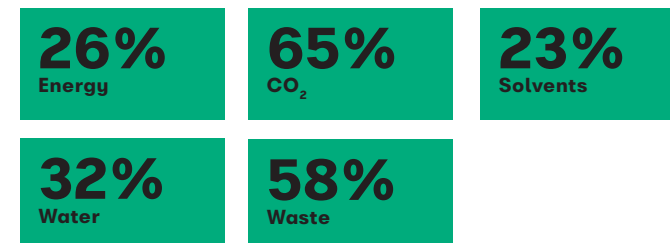
Production processes: significant progress in reducing the environmental impact

In the specific area of production, and as part of the overall objectives set by the “Move to Zero” mission, since 2010 the company has been developing a programme that aims to cut the main environmental indicators by 50% between 2010 and 2025. In 2019, this programme made progress towards achieving this goal, with an overall reduction of 43% achieved at the end of the year.

For this purpose, numerous projects are carried out that have an impact on the main environmental and resource efficiency indicators: energy and CO₂ emissions, water consumption, waste disposed of and emissions of volatile organic compounds. In 2019, particular emphasis was placed on promoting the waste management policies, with the goal of reducing the waste disposed of in the year by two kilogrammes per car.

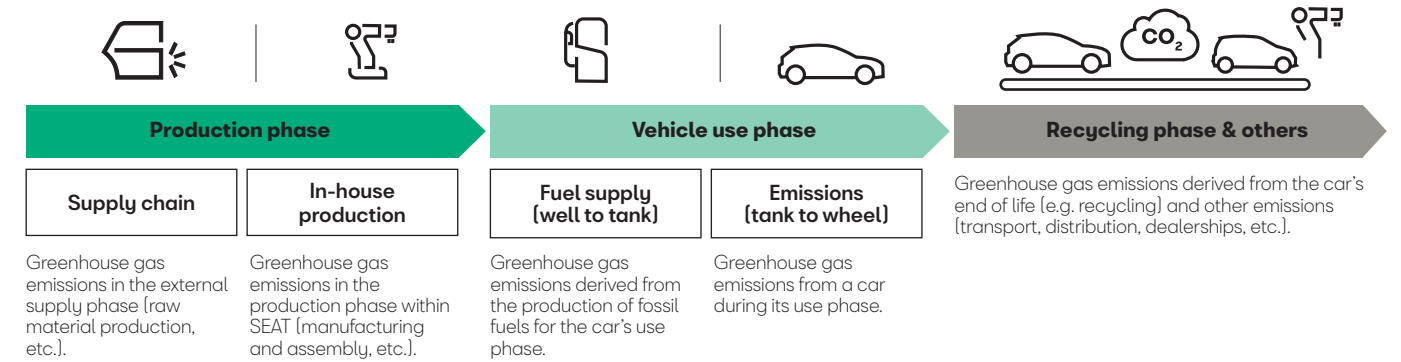
Below is a summary of the progress achieved in each of the environmental indicators at the end of the year.

Cumulative percentage improvement in 2010-2019 by environmental indicator



Decarbonisation programme

In 2019, a decarbonisation programme was launched throughout the Volkswagen Group with the goal of reducing the carbon footprint of its products throughout their life cycle by approximately 30% by 2025 (versus 2015). This ambitious project aims to cut greenhouse gas emissions in each area associated with the company’s activities.



Energy and CO₂ emissions

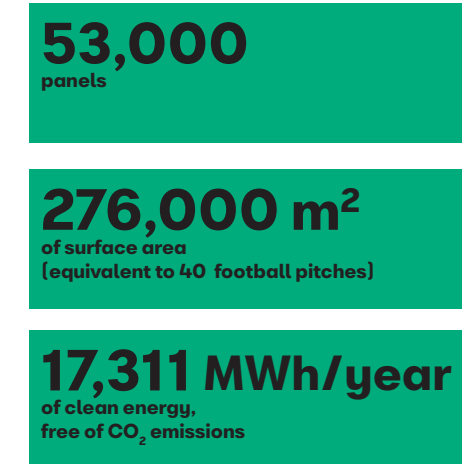
The Martorell factory carried out a number of actions aimed at achieving greater energy efficiency and, with it, a reduction in the CO₂ emissions associated with the production activity. On of the main measures in terms of volume of savings was the project to recover energy in the chimneys that channel the gases produced by the combustion of the furnaces for the treatment of surfaces. This project enables 7 GWh of energy to be recovered each year and prevents the emission of 1,400 tonnes of CO₂.

Other noteworthy actions include the renewal of the high-efficiency combustion equipment in the furnaces of the assembly workshops (reduction of 1.4 GWh and 282 tonnes of CO₂ per year) and the measures

related to programming the operation of the paint furnaces according to the humidity levels (a saving of 1.3 GWh and 273 tonnes of CO₂ per year).

Some of the facilities that contribute the most to improving energy efficiency include the six photovoltaic plants of SEAT al Sol. Located on the roof and on the outdoor vehicle storage areas of the Martorell factory, they make up the largest solar plant in the automotive industry in Europe, and one of the largest in the world. In 2019, they generated 17,311 MWh of clean energy, completely free of CO₂ emissions. In addition, all the electric power consumed at SEAT’s production plants comes from sources that are certified as 100% renewable.

“SEAT al Sol”, the largest solar plant in the automotive industry in Europe

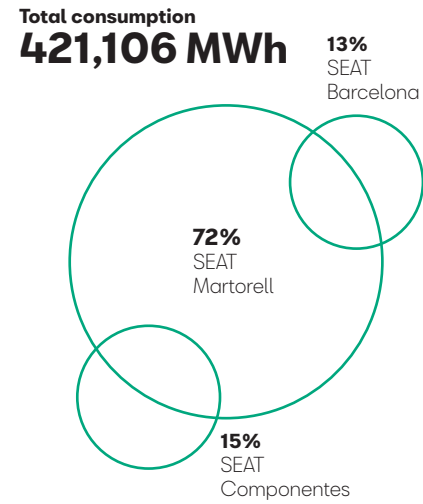


AREAS OF ACTION

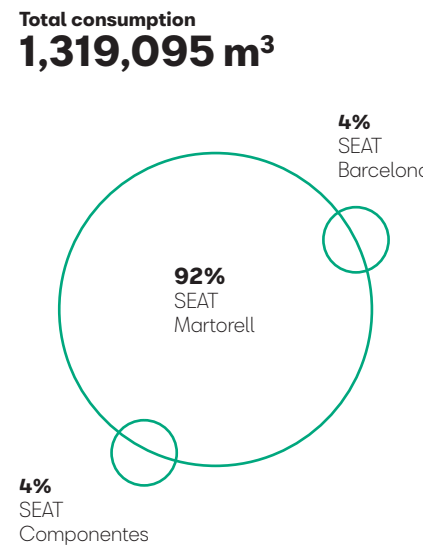
<p>Climate change</p> <p>We are committed to the Paris Climate Agreement. We strive to become a company that is neutral in carbon dioxide emissions by 2050.</p>	<p>Resources</p> <p>We promote the maximisation of efficiency in resources and the circular economy in the fields of energy, materials, water and land use.</p>	<p>Air quality</p> <p>We encourage electric-powered micromobility to improve air quality in our sphere of action.</p>	<p>Environmental compliance</p> <p>We aspire to become an exemplary company in terms of integrity by implementing an effective environmental compliance management system (ECMS).</p>
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Consumption in SEAT's production centres in 2019

Electricity



Water



Ecomotive Factory Day in Martorell

In March, the Martorell plant hosted the 2019 Ecomotive Factory Day, an event open to the company's entire workforce and attended by the Executive Committee.

The meeting served as a stage for the presentation of various projects that are either contributing or will soon contribute to reducing SEAT's environmental indicators, as well as the new "Move to Zero" environmental strategy, the decarbonisation objectives and the approach for reducing waste.

Awards were also given to the best proposals related to environmental indicators presented as part of the "SEAT Ideas programme".

All in all, the energy saving and efficiency initiatives implemented in 2019 led to a reduction of 21.2 GWh.

Water consumption

With regard to water consumption, in 2019 the effects of the main actions implemented in previous years became apparent. These included efficiency improvements in the wetting of the painting facilities and the recovery of condensed water from the air conditioning systems for use in other cooling processes.

Waste management

The special focus on waste management materialised in the analysis of the various measures aimed at achieving a reduction in waste and its reuse in the production process. These actions are developed with a comprehensive vision, covering all aspects from minimising waste generation to its subsequent recycling and reuse.

Among the measures applied in this exercise, of particular note was the reduction of product packaging at the source and of sealants intended for disposal, as well as improvements in the segregation and treatment of waste to

ensure it is made use of where possible. With these actions, the company managed to reduce the amount of waste generated and destined for disposal by 3 kg per vehicle produced.

Emission of volatile organic compounds (VOCs)

A major step in reducing the emission of volatile organic compounds (VOCs) was the implementation of incinerators in order to eliminate these substances in the cataphoretic coating and sealant furnaces of Workshop 2B at the Martorell plant.

The extension of this tooling, which was already installed in previous years in the main paint workshop, marks an important step forward in reducing VOC emissions in the painting processes.

Circular economy: a comprehensive vision of a vehicle's life cycle

SEAT's environmental Mission Statement specifically mentions the development of its own circular economy model as a paradigm for the management of

resources and the design of new models. Historically, the automotive industry has applied a linear economy system to the design and production of vehicles, in which aspects of criticality in the use of materials were not taken into consideration. In contrast, the circular economy model incorporates an analysis of the entire life span of the vehicle. It therefore takes into account aspects such as the impact of its use - mainly from an environment perspective -, the preservation of its value for as long as possible, and the possibility to recycle parts.

The implementation of this circular economy model across the entire value chain materialises in practice in two ways. On the one hand, projects are undertaken

aimed at analysing the life and function of the vehicle's components in order to explore options for reuse. On the other hand, the company actively searches for alternative propulsion systems to fossil fuels, ranging from electric mobility to the reuse of waste natural gas.

In parallel with these initiatives, SEAT incorporates the latest environmental innovations into all its new models, both in terms of their efficiency and the emissions of their engines and in terms of the composition of the materials or the everyday use of their main features. The innovations incorporated into the brand's latest model, the Tarraco, are a prime example of this approach.



Preservation of biodiversity in the Llobregat river delta

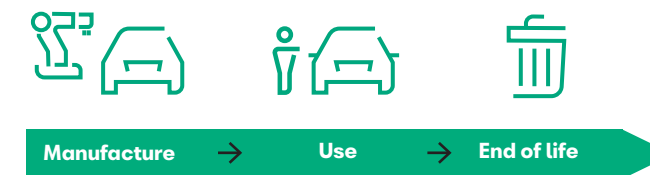
In accordance with the company's annual commitment to the protection of biodiversity, the company developed a new project to plant Mediterranean trees and shrubs in the Llobregat Delta Nature Reserve (Barcelona). In particular, in September 414 trees were planted and 10 nest boxes were installed to help protect bird species. The number of trees planted symbolises the 414,000 SEAT models that were produced in the first eight months of 2019.

The action was performed in the Filipines Remolar area (Viladecans), which has been declared a special area for the protection of birds and is located very close to the SEAT Barcelona and SEAT Componentes plants. The event involved the participation of 30 employees from the production line and from the Environment Team, which hired people at risk of social exclusion from Viladecans to carry out the planting.

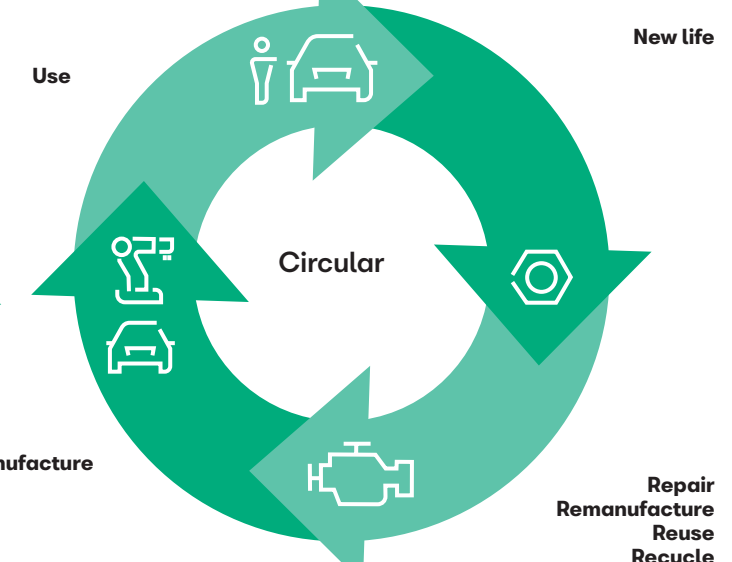
In 2019, particular emphasis was placed on the policies for reducing waste at the production centres. These materialised in the form of comprehensive actions covering all aspects from the waste generation process to its subsequent recycling and reuse.

Linear economy versus circular economy

Linear



Use



Circular

Manufacture

Repair
Remanufacture
Reuse
Recycle

SEAT Tarraco

Environmental information

Air quality

The diesel engines incorporate the selective catalytic reduction (SCR) system to reduce nitrogen oxide emissions.



Engine

All engines include the Start/Stop and recovery technology.

Their modular configuration enables a reduction in the number of components and assemblies, thus reducing the weight of the bodywork.



Lighting

By incorporating Full LED headlights with daytime LED lights, the headlights' power consumption is reduced and their life span is increased.



Bodywork

86% of the bodywork is composed of high-strength steel which, together with innovative moulding technologies, allows its thickness to be reduced without compromising its mechanical properties.



Eco-friendly driving

ECO tips: messages with recommendations to drive in a more efficient and environmentally-friendly manner. ECO trainer: recognises unnecessary acceleration and braking, allowing you to enjoy a more efficient and pleasant driving experience.

All engines with an automatic transmission come with "inertia mode", which saves fuel and reduces emissions.



Tyres

Tyres with a low rolling resistance.



Air conditioning

Use of the new R1234YF refrigerant reduces the system's potential contribution to global warming by 99.7%.



Fuel tank

Improvements to the fuel tank system improve its sealing properties and increase the absorption of hydrocarbon particles from the activated carbon tank by 85%.



Acoustics

All version of the SEAT Tarraco include acoustic windscreens that reduce the sound level in the interior and improve comfort.



Renewable materials

Renewable materials such as cotton, natural rubber and pulp/paper are present in several parts of the vehicle.



Environmental goals of SEAT's technical developments

- Preserving resources
- Protecting people's health
- Protecting the climate



CLOSE and AWARE, analysis of the life span and recycling of vehicle components

In 2019, the CLOSE project (Circular Life Of uSed componEnts) was brought to its conclusion. This was one of SEAT’s pioneer initiatives in the field of the circular economy and was led by the Product Environment working group. The purpose of the CLOSE project was to identify the components of vehicles not in use that have the greatest potential for reuse in order to give them a second life. To do this, an initial economic and environmental analysis was performed, and the findings were subsequently shared at working sessions with representatives from various areas of SEAT, as well as from other companies and entities related to urban mobility. Finally, the headlights and sensors were identified as the components with the greatest potential, and opportunities for reuse in the framework of urban mobility were explored, as well as their potential uses at events and in sponsorships.

Also focusing on the recycling of vehicle components, the AWARE project (Automobile WAsTe Reduction of critical raw materials through rEcycling) aims to analyse the technical, economic and environmental feasibility of developing processes for recycling valuable metals and critical content in SEAT’s vehicle components, which are currently not being functionally recycled. This initiative gives continuity to the EXCITE project (EXergy approach to encourage Circular economy pracTices in vEHicles), which developed a methodology for evaluating the vehicles’ sustainability from the point of view of the materials used in their manufacture. In the application of this methodology to two versions of the SEAT Leon Model Year 2017, over 100 eco-design recommendations were identified. In the face of this potential for improvement, AWARE delves deeper into researching recycling processes that would enable the most valuable and critical metals to be recovered.

Pioneers in the development of biomethane as a fuel

Another practical application of the circular economy model to the automotive industry is the use of waste in the production of biofuels for vehicles powered by natural gas. SEAT is currently pursuing two pioneering initiatives in this field, which also involve the participation of highly prominent companies and entities in the fields of mobility and sustainability.

“Life Landfill Biofuel” project

In September 2019, SEAT announced its participation in the “Life Landfill Biofuel” project, which will continue until 2023 with co-financing from the European Commission.

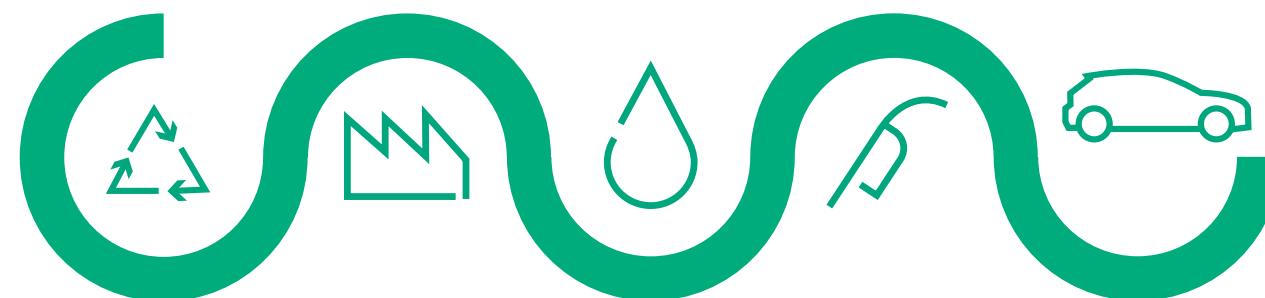
This project is also aimed at obtaining biomethane from waste collected at municipal landfills. However, unlike the “Life Metamorphosis” project, the raw material used will come directly from the landfill, without the need for a prior separation process. Together with the development of an alternative fuel, biofuel production from municipal waste represents a solution to the environmental challenge of managing landfills and a business opportunity.

This new project involves the participation of FCC, IVECO, the University of Granada, the CARTIF Foundation, SYSADVANCE and Gasnam.

“Life Metamorphosis” project: from waste to methane in five phases

The “Life Metamorphosis” project transforms organic waste from a waste treatment plant in Barcelona into biomethane. This is a biofuel that can be used in any vehicle that runs on natural gas and which reduces CO₂ emissions by 80% compared to a petrol model.

Led by SEAT, this initiative is co-financed by the European Union and involves the participation of Naturgy, Aqualia, FCC, the Metropolitan Area of Barcelona (Área Metropolitana de Barcelona, AMB) and the Catalan Institute of Energy (Institut Català d’Energia, ICAEN).



Recycle

At the Ecoparc 2 plant in Barcelona, waste from the city’s brown organic waste containers and any usable material from the grey general waste containers is selected.

Transform

The organic waste is introduced into an anaerobic digester which performs the decomposition process that generates the gases. After 30 days, a gas is obtained containing 65% methane.

Refine and compress

To optimise it for use in vehicles, the biogas obtained is then refined, compressed and stored.

Refuel

The biomethane is now ready for direct use in any natural gas-powered vehicle. Refuelling at a gas station takes no more than three minutes.

Drive

The biomethane production potential at the Ecoparc 2 is enough to power 3,750 SEAT Leon models on a trip around the world.




The use of compressed natural gas (CNG) in vehicles

The CNG supply network is growing day by day. At the end of the year, there were over a hundred gas refilling stations in Spain

Gas refilling stations in Spain

77



The stock of vehicles powered by natural gas

22,815
vehicles in Spain

+60.5%
increase in 2019 over 2018

The major advantage of CNG

Vehicles powered by natural gas have the ECO label issued by the Spanish traffic directorate, the DGT. This allows them to avoid restrictions during episodes of poor air quality, and provides discounts at car parks, on some toll motorways and on road tax.

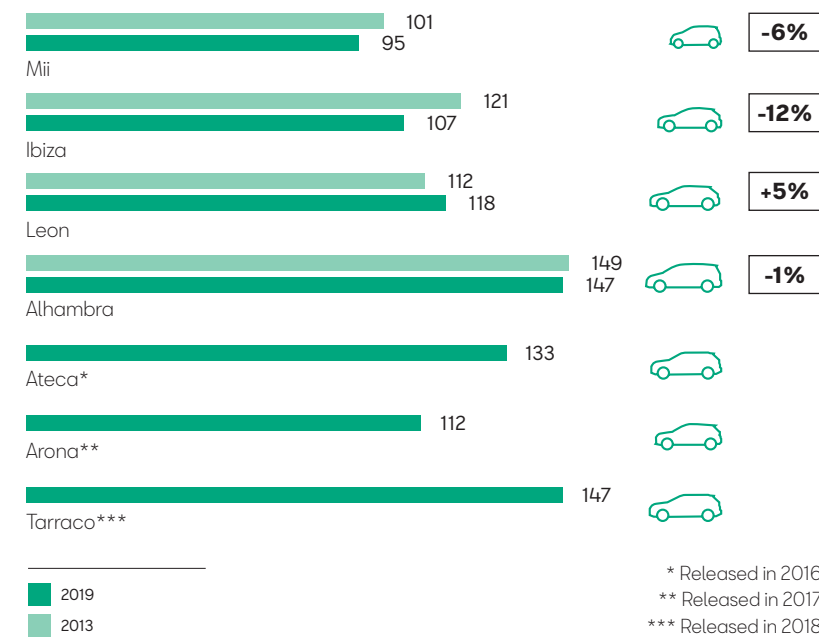
More for less

The use of CNG offers significant fuel savings. It is possible to go from Barcelona to Paris, for instance, for only...

€45

Average reduction in CO₂ emissions in the models of the SEAT range (g/km)

[2013-2019]



SEAT incorporates the latest environmental innovations into all its new models, both in terms of their efficiency and the emissions of their engines and in terms of the composition of the materials or the everyday use of their main features.





54

-75%
NOx emissions compared to a diesel vehicle

-25%
CO₂ emissions compared to a petrol engine



SEAT's CNG range

- Mii TGI 
- Ibiza TGI 
- Leon TGI 
- Arona TGI 

SEAT has the widest range of vehicles powered by compressed natural gas (CNG) of all European car manufacturers.



Sedigas recognises SEAT's commitment to natural gas

The Spanish Gas Association (Sedigas) granted SEAT the "Energy and Sustainability" award in recognition of its commitment to natural gas as an alternative fuel. Sedigas highlighted that the company currently has the widest range of vehicles powered by compressed natural gas (CNG) of all European car manufacturers.

55

Note

On 28 December, Act 11/2018 was approved, amending the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Act 22/2015 of 20 July on the Auditing of Accounts, regarding the reporting of non-financial and diversity-related information. In accordance with the exemption established in article 49.6 of the Code of Commerce / article 262.5 of the revised text of the Capital Companies Act, SEAT, S.A. has opted not to prepare a full statement of non-financial information, given that the company and its subsidiaries are included in the "Sustainability Report" of the Volkswagen Group, through which it complies with this obligation. Volkswagen AG, parent company of the Group to which SEAT, S.A. and its subsidiaries belong, is a company incorporated in Germany, with registered address at Berliner Ring 2, D-38436 Wolfsburg, Germany, and inscribed in the Companies Register of the Wolfsburg City Court under entry number HRB 215. The "Sustainability Report" of the Volkswagen Group can also be found on the corporate website <https://www.volkswagenag.com>.

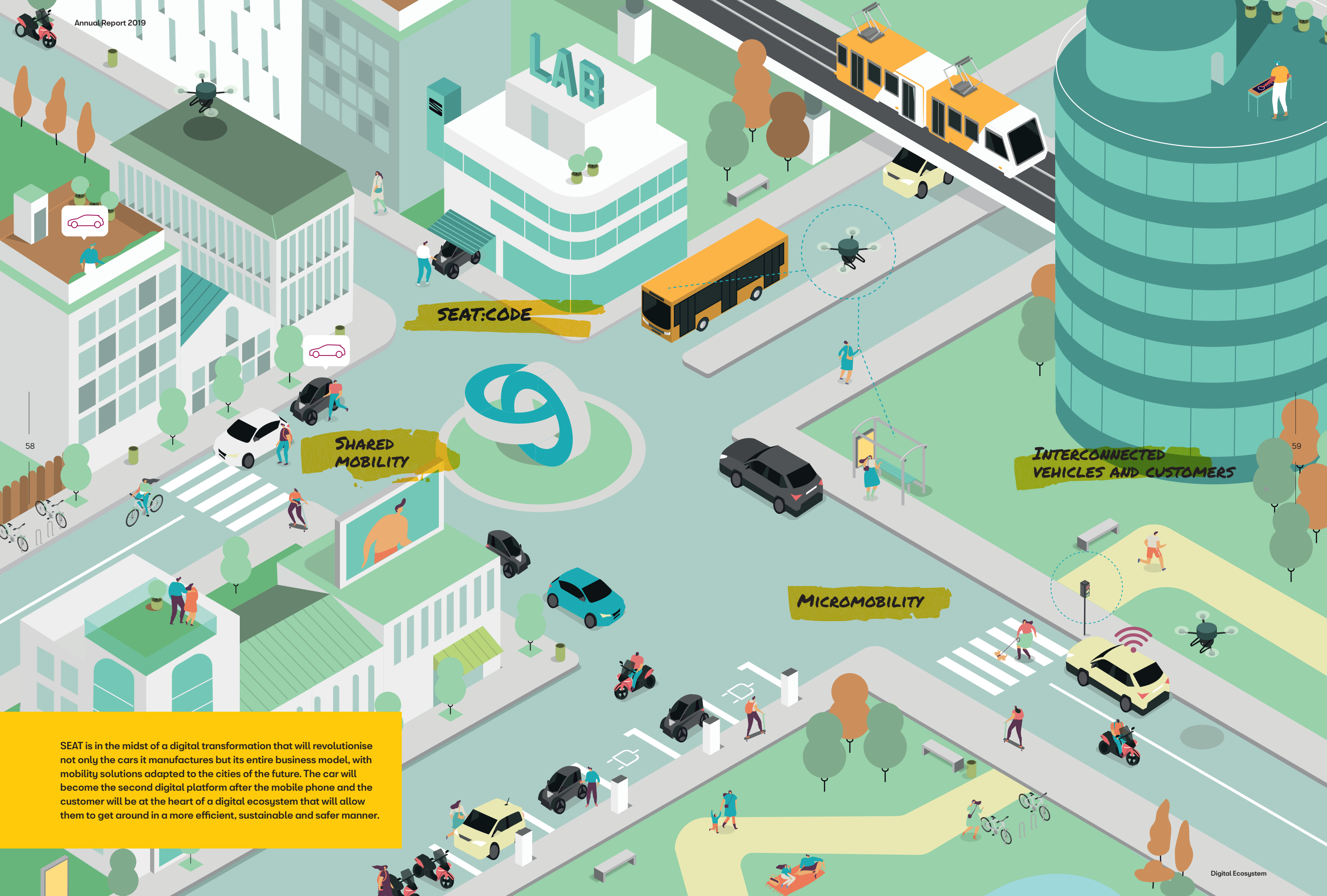
In order to comply with the commercial obligations regarding the publication of non-financial information currently in force, SEAT, S.A. has carried out an analysis to identify the additional information required by article 49.6 of the Code of Commerce. This included a comparison between the contents required by article 49.6 of the Code of Commerce and the non-financial information included in the "Sustainability Report" of the Volkswagen Group, with the aim of identifying the contents that are required by the Spanish commercial regulations in force which are not covered at the Group level and, therefore, which SEAT, S.A. must include as part of its Management Report. In this regard, the Volkswagen Group includes in the "Sustainability Report" information concerning the business model, non-financial risks, policies in place in the non-financial sphere and the results of their application, as well as all of the contents regarding anti-corruption and anti-bribery measures and part of the contents related to environmental matters, social matters and those relating to the staff, the respect for human rights and society. The remaining contents are presented in the Table of Complementary Non-financial Information of the 2019 Annual Report for SEAT, S.A. and form an integral part of the company's Management Report. This table links the complementary information with the various Global Reporting Initiative (GRI) standards and with the corresponding section of the 2019 Annual Report where it is included.

Digital Ecosystem

Tech nolo

guy moves you





SEAT:CODE

SHARED MOBILITY

INTERCONNECTED VEHICLES AND CUSTOMERS

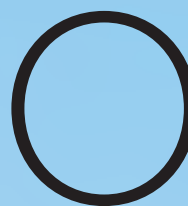
MICROMOBILITY

SEAT is in the midst of a digital transformation that will revolutionise not only the cars it manufactures but its entire business model, with mobility solutions adapted to the cities of the future. The car will become the second digital platform after the mobile phone and the customer will be at the heart of a digital ecosystem that will allow them to get around in a more efficient, sustainable and safer manner.

58

59

SEAT Urban Mobility



On the occasion of the 9th edition of the Smart City Expo World Congress in Barcelona, SEAT announced a breakthrough in its

mobility strategy with the creation of SEAT Urban Mobility. This is a new business unit that will integrate all of the company's mobility solutions, both in the form of products and as services and platforms, and it will serve as the focal point for micromobility competencies for the entire Volkswagen Group.

Together with representatives from the cities in question and the relevant public administrations, this new division will continue to analyse the suitability of a vehicle engineered for urban mobility, like the SEAT Minimo Concept car.

SEAT Urban Mobility will also integrate Respiro, the sharing platform, and will be supported by the company's new software development centre, SEAT:CODE.

Furthermore, it will lead the launch of the e-Scooter Concept, which will hit the market in 2020, and will include the development of the new SEAT e-KickScooter Concept.

The birth of SEAT:CODE



In 2019, SEAT created SEAT:CODE [Centre of Digital Experience], which aspires to become a global benchmark in the development of software applicable to the mobility sector.

The challenge for SEAT:CODE is twofold. On the one hand, its team will help to boost efficiency through process digitalisation. On the other, it aims to strengthen areas such as mobility, vehicle connectivity and digitalisation, with a special emphasis on SEAT.

The team from SEAT Metropolis:Lab Barcelona, the centre for excellence whose aim is to analyse and seek out smart solutions to the mobility challenges of the future, will be integrated into SEAT:CODE.



Shared mobility

#01 SEAT helps Respiro's carsharing service to evolve

In 2019, the carsharing service offered by SEAT made a qualitative leap. Higher expectations on the demand side, as well as the new low-emission regulatory framework in Madrid, led to Respiro carrying out a major fleet renovation, adding 173 new vehicles with an ECO environmental label. The models chosen were the SEAT Mii, Ibiza and Leon in their five-door and family versions, all with TGI technology, the CNG-petrol hybrid engine that enables free movement throughout the city centre's low emissions zone.

Respiro has focused its efforts on improving the user experience, renewing the fleet of vehicles and drawing up the brand's plans for expansion into other cities.

In November, L'Hospitalet de Llobregat (Barcelona) was the second city in Spain to have access to Respiro's carsharing service, after Madrid. The service consists of 16 CNG vehicles scattered across the various neighbourhoods in fixed parking spaces, with the electric Mii due to be added to the fleet in the coming months.

In this first year, Respiro has focused its efforts on improving the user experience, renewing the fleet of vehicles and drawing up the brand's plans for expansion into other cities.

Respiro in SEAT and other companies

While the carsharing system initially began as an internal project for SEAT employees (connected sharing), the acquisition of the startup Respiro in 2018 made it possible to launch a carsharing service aimed at companies for making trips within the city during the working day, starting with SEAT.

With over 15,000 users, Respiro has shown that there is a demand for this type of service, especially in the metropolitan areas of Madrid and Barcelona, and it has responded to a new need among users to have access to a car by the hour during their working day.



Respiro, also at the dealership

One of the fields in which Respiro's carsharing service has a high potential for growth is at dealerships. During the year, the dealer Castellana Motor joined the network of over 100 carsharing bases in Madrid to offer users two SEAT Ibiza TGI vehicles. This is a hybrid CNG model with the ECO environmental label that gives it access to the low emissions zone in central Madrid and allows users to drive and park in the centre during periods when emission control protocols are in force, as well as providing a 50% discount on the price of regulated parking.

Respiro's presence in dealerships allows customers to learn first hand about a sustainable and innovative solution for urban mobility, as well as providing them access to a simple and economical alternative in the event of having to leave their vehicle at the repair garage due to a breakdown or for maintenance.

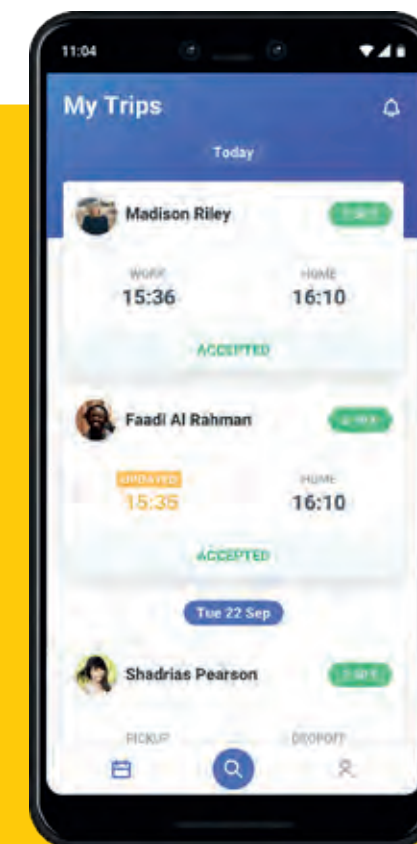
#02 Komuti, a new application for optimising commutes to work

In 2019, the team from the Metropolis:Lab developed Komuti, a ridesharing platform that allows users to share car journeys, either as a driver or as a passenger. The system allows the user to create a trip between two points and make it visible for colleagues to find and share their journey.

The Komuti application not only puts the driver and passengers in touch, but it can also manage trips in real time. This includes notifying the parties in the event of any changes in the request and indicating the exact location of the

driver at all times, as well as that of the passengers waiting to be picked up at the agreed location.

The purpose of Komuti is to make users' day-to-day lives easier and help them with their commutes. The Metropolis:Lab made the application available to SEAT employees with two goals in mind: on the one hand, to help reduce the environmental impact of private travel (less traffic and less pollution) and, on the other hand, to check its operation and detect any potential aspects for improvement.





Micromobility

#04 SEAT Minimo Concept car, an exponent of connected urban micromobility

SEAT Minimo Concept car, presented at the Mobile World Congress in Barcelona, represents the company's vision for the urban mobility of the future and is designed to solve many of the problems currently presented by cities in relation to polluting emissions, traffic congestion and a lack of parking.

Designed as a concept vehicle 100% electric that combines the benefits of a car and a motorbike, it stands out for the advanced technology it incorporates. Despite its small size, it has capacity for two people and meets all the requirements to offer a means of getting around in the utmost safety.



The SEAT Minimo Concept car includes a large range of connectivity solutions that allow the user to enjoy a digital experience based on wireless Android Auto technology, making it a car suitable for both private and shared use. The vehicle is managed via a digital display located behind the steering wheel, which at the same time serves as an instrument panel and a display for the content of the driver's smartphone. Thanks to this connectivity, which includes the Google assistant in Android Auto, the user can focus on the road while interacting with the vehicle using their voice to get answers to questions, manage tasks and control the various media, making it safer on the road.

#03 Mobike and ByBus, efficient and sustainable mobility

In 2019, SEAT launched the pilot phase of two free sustainable mobility services, Mobike and ByBus, which are aimed at facilitating employees' movements within the Martorell facility and cutting the number of vehicles driving around at the production plant. Both initiatives provide efficient, smart and sustainable mobility solutions.

Mobike is a shared bicycle service with a presence in some Spanish cities that has been installed at the Martorell factory with more than 100 units. Staff use of the service is subject to the factory's internal regulations, which require the use of a helmet and a reflective vest at night, as well as prohibiting their use in some marked areas, including inside the workshops. The bikes are equipped with GPS, a smart padlock and a solar panel that allows them to be located at all times. Employees who wish to use Mobike simply

have to download the official app and register in the system.

ByBus, meanwhile, is a project developed by the team from the SEAT Metropolis:Lab. Following an initial pilot test in Wolfsburg (Germany), the scheme entered a second phase in Martorell. ByBus offers employees three SEAT Alhambra vehicles with which they can make on-demand trips between the various areas of the factory site. To use the service, staff have to request it 10 minutes in advance and indicate the starting point, the destination and the number of companions, after which a car with a driver collects the user to take them to their destination. In 2019, around 2,000 passengers per week used the scheme, with seven buses operating and 24 stops located within the factory. The plan is to expand the service to 10 buses in order to reach the figure of 3,000 passengers per week as new stops are gradually added.

The purpose of Mobike and ByBus is to facilitate employees' movements within the Martorell facility while cutting the number of vehicles driving around at the production plant.



SEAT, winner of the Smart Business prize for its adaptation to new mobility

The digital publication *Business Insider* awarded SEAT the Smart Business prize, in recognition of its ability to adapt to the new times and to the new mobility landscape that is emerging in cities.

SEAT, which leads the Volkswagen Group's micromobility strategy, is in the midst of a transition to become not just a car manufacturer, but a provider of mobility services.

The technology platform used by this concept car gives it the ability to adapt in the future to the implementation of level 4 autonomous technologies, which will allow vehicles to pick up users upon request. This level of autonomy allows cars to move around without the need for a driver in designated urban areas equipped with elements that enable communication between the car and the environment.

The SEAT Minimo Concept car is yet another example of SEAT's efforts to respond to the mobility needs of urban societies and an increasingly young and demanding public in terms of sustainability and the use of new technologies.



#06
e-Scooter Concept, SEAT's first electric motorbike

Presented during the Smart City Expo World Congress in Barcelona, the e-Scooter Concept, the first motorbike in SEAT's history developed in collaboration with Silence, represents a new mobility solution for urban environments intended for both individuals and fleets.

With a launch planned for 2020, the e-Scooter Concept is 100% electric, with a power output equivalent to that of a 125-cc motorbike and a top speed of 100 kilometres per hour. It also has a range of 115 kilometres according to the WMTC test cycle.

The battery can be conveniently removed and charged at home or at public charging stations, and the cost of charging it is estimated to be affordable for all users (€0.7 per 100 kilometres).

Interconnected vehicles and customers

#07
Real-life test of a SEAT connected car

During the Mobile World Congress in Barcelona, SEAT conducted a test of a connected car made by the company. The test formed part of the "5G Connected Car" project, which is being carried out in collaboration with Telefónica and, starting in January, Mobile World Capital Barcelona, Ficosa, Etra and i2Cat.

The test involved equipping a SEAT Ateca with Ficosa's Cellular Vehicle to Everything technology, which allows the vehicle to take advantage of the speed offered by Telefónica's 5G network to communicate in real time with cars, traffic lights, cyclists, pedestrians and other elements of real traffic in a city. The result of the test demonstrated the system's effectiveness, as it was able to warn of the presence of pedestrians at a blind turn, as well that of other vehicles and cyclists in the car's path. In doing so, it provides the driver with a new tool, allowing them to make informed decisions at the wheel in order to avoid accidents both in day-to-day driving conditions and in low-visibility environments.

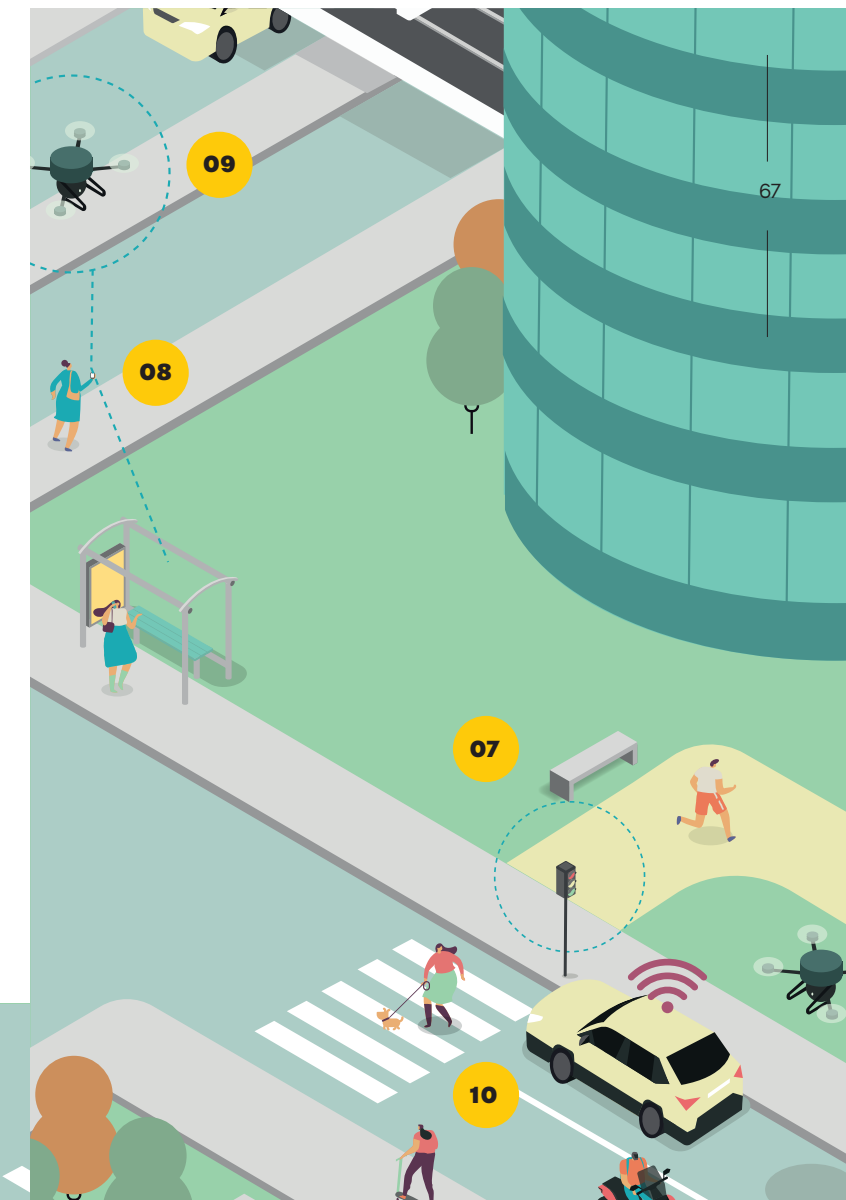
The incorporation of Mobile World Capital Barcelona, Ficosa, Etra and i2Cat into the initiative, which already involved SEAT and Telefónica, represents a significant increase in the capabilities of the connected car project.

#05
The SEAT EXS KickScooter

The SEAT EXS KickScooter is the first product designed by SEAT specifically for so-called "last mile" mobility - short trips that often constitute the final leg of a journey. Created in collaboration with Segway, the new model has been very well received in the market and its sales in 2019 surpassed 11,000 units.

The SEAT EXS KickScooter's features make it a means of transport with great potential within the field of sustainable urban mobility, and a product that is attractive not just for private use but also for shared use. In this regard, in 2019 SEAT established a strategic collaboration agreement with the startup UFO, to offer citizens a fleet of 590 units of scooters in Madrid and Malaga.

The Smart City Expo World Congress in Barcelona served as the stage for the presentation of the new generation of the SEAT EXS KickScooter: the SEAT e-KickScooter Concept. This new version offers a range of up to 65 kilometres, two independent brake systems and a battery with a much higher capacity, reaching 551 Wh.





A drone fitted with a camera captures what happens on the road and sends it, via the Telefónica network, to a DGT server.



**#08
The internet of things boosting road safety**

Telefónica, the General Directorate of Traffic [DGT] and SEAT began collaborating on a project in 2019 which, through the use of IoT (Internet of Things) technology applied to a SEAT Ateca Cristóbal 5G, aims to reduce accidents on Spanish roads. The goal of the initiative is to demonstrate how the IoT can serve to detect and warn drivers of the presence of a cyclist on the road or of a car that has broken down or stopped for any other reason.

In order to improve road safety, the IoT system consists of a drone fitted with a camera that captures what happens on the road and sends it, via the Telefónica network, to a DGT server, which is responsible for processing the image and sending a warning to the SEAT vehicle. In this way, all connected cars driving on that route and in the same direction as the obstacle receive an alert to warn them of the danger so that the driver can anticipate and avoid the risk.

The pilot programme was presented at the finishing point of the 18th stage of the Cycling Tour of Spain. In addition to SEAT, Telefónica and the DGT, the project also involves the collaboration of Ficosa, which

has developed the unit and the software that allow the information to be sent to and from the car, and Aeorum, which handles the camera-fitted drones and the systems for identifying obstacles on the road.

**#09
SEAT and IBM revolutionise urban mobility with artificial intelligence**

In 2019 and as part of a collaboration agreement, SEAT and IBM began the development of Mobility Advisor, a solution based on the artificial intelligence platform IBM Watson aimed at transforming driving in cities. The project is designed to offer citizens the information they need in order to decide whether to use one mode of transport or another, be it a car, motorbike, bikesharing or public transport.

Thanks to Mobility Advisor, users will be able to use a chat interface to help them plan and optimise routes.

SEAT is working with cities and technology companies to create solutions that facilitate mobility and make it more efficient. It is in this context that the company is collaborating with IBM. Through Mobility Advisor, users of the application will be able to use a chat interface to help them plan and optimise routes and which will suggest the transportation options best suited to their needs. Using Machine Learning technology, the application will learn the user's preferences in order to customise their recommendations, while always taking into account variables such as traffic, weather or events that could affect mobility in the city.



#10 DataPlug: SEAT cars that are always connected

Since 1 November, all new SEAT vehicles that are registered come with the new DataPlug, a device that allows users to connect the car to their mobile phone using the free application My SEAT App, offering easy access to a range of functions.

Customers who already have a SEAT vehicle can request the DataPlug device free of charge, as long as their vehicle is compatible with it, through the company's official dealer network, where they will also install it.

For dealers, the device represents a channel for communicating with the customer in order to send them reminders of maintenance appointments, offers and customised alerts. In addition, the DataPlug's alert system not only informs the user, but also the technical service, which can then contact the customer in order to inform them of what is going on and how best to proceed.

Functions of the DataPlug device with My SEAT App



Metrics: provides certain real-time information and offers specific features related to the model's use.



Trips: saves the journey history (date, time, kilometres, trip cost, etc.).



Interactive manual: includes a quick and easy-to-use manual with all the information at the click of a button.



Maintenance guide: allows users to view multiple maintenance options.



My car: offers user-specific features related to their vehicle.



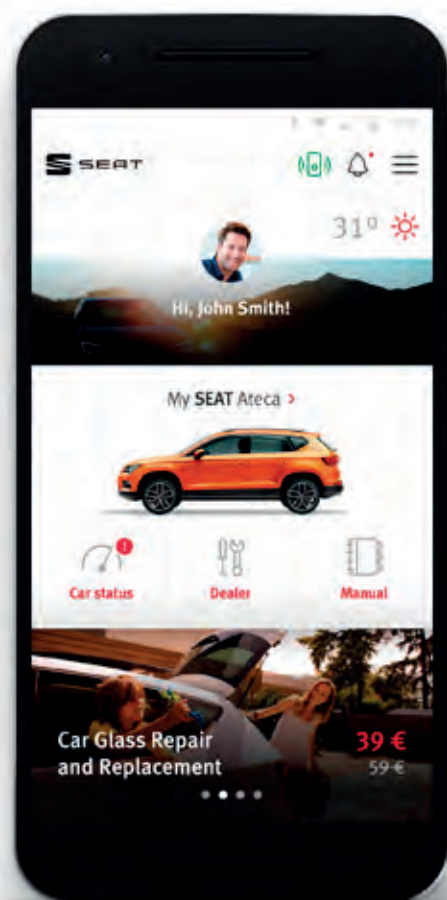
Offers: includes personalised offers and announcements related to the model.



Roadside assistance: allows the user to contact the assistance service at the click of a button in the event of a breakdown, accident, theft or damage.



Vehicle status: provides relevant maintenance information for managing the vehicle's status, even automatically booking appointments.



Parking reminder: remembers the vehicle's location and calculates the route to get there.



Appointment booking: allows the user to request an appointment with the technical service, without leaving the application and guaranteeing a response within 48 hours.

First edition of Start4big

SEAT, Aigües de Barcelona, CaixaBank, Naturgy and Telefónica are the driving force behind Start4big, the first multi-sector open innovation initiative in Europe, which held its first edition in 2019. A total of 40 finalists reached the final phase, presenting their innovative solutions before a jury composed of a panel of experts from the companies behind the project.

Finally, there were five winning startups in the first Innovation Wave:

LANG.AI. A platform for understanding any language, without human supervision.

PLAYFILM. A tool that creates a gamified video format for improving mobile campaigns on Facebook and Instagram and for increasing the connection with users.

SÉNTISIS. Analyses text from digital channels in real time using its own technology based on artificial intelligence and supervised machine learning.

SMART IOT LABS. Redefines the concept of a smart home. The company is developing a new generation of virtual assistants for homes and other environments.

UNMANNED LIFE. A software platform for managing airborne and land-based vehicles, as well as other robotic systems, in a completely autonomous manner, without human intervention and all with a single management system.

The winning startups will get to implement pilot projects together with the corporations behind Start4big, which have a presence in over 80 countries and an enormous customer portfolio amounting to 380 million people worldwide.

Furthermore, Start4big launched the call for its second Innovation Wave, with new challenges focused on biometric authentication, augmented and virtual reality, technologies for smart cities, sustainability and the circular economy.



The challenges of Start4big

The projects presented by the startups participating in the first Start4big Innovation Wave responded to the following challenges:



Multi-sector challenges

How can we help users to control and manage their household consumption?

How can we improve the customer experience and reduce the costs of online transactions?

How can we offer new services connecting devices, vehicles and/or infrastructure?



Cross-disciplinary challenges

How can we customise the customer experience by following their activities in real time?



Technological challenges

Software, big data, the internet of things and artificial intelligence.

"Pure Digital" prize for XMOBA

The second edition of the Digital Talent awards, organised by Accenture and the newspaper *El Economista*, awarded XMOBA with the "Pure Digital" prize.

The goal of the Digital Talent awards is to identify and showcase the most important initiatives being pursued by companies in the field of digital transformation. In the case of XMOBA, the jury valued the company's achievement of becoming a major player in the mobility sector after just a year in the market, with new initiatives such as ByBus, Komuti and Justmoove, and the development of Respiro, the carsharing platform acquired in 2018 by SEAT.

Production and Logistics
/ Quality

Commit
ment
with
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Towards a more global and efficient production

During 2019, the Production and Quality divisions launched a new strategy conceived as part of SEAT's 2025 Strategy, known as Global and Efficient ProduQtion. Its goal is to implement initiatives that are tailored to the challenges faced by the company's divisions in the present and immediate future. The main challenges in question are restrictive regulations on CO₂ emissions, the development and introduction of new propulsion technologies, complexity management and contributing to new business models.

New Global and Efficient ProduQtion strategy



Increased production

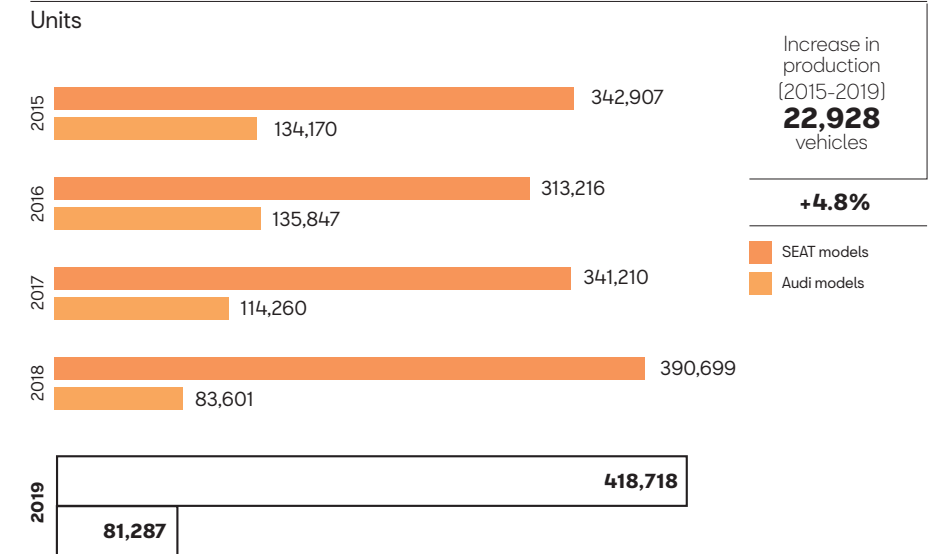
SEAT closed the year with renewed production growth in all its factories. The Martorell plant achieved an increase of 5.4% compared to 2018, with 500,005 vehicles assembled and reaching more than 90% of its maximum daily capacity.

In addition to the excellent results in Martorell were those of SEAT Barcelona (located in the city's Zona Franca district), with 54.8 million parts produced in 2019, representing 5% more than last year. SEAT Componentes (in El Prat de Llobregat), meanwhile, registered a decrease of 18.9%, with 559,309 gearboxes manufactured. This reduction was the result of the new WLTP regulation coming into force.

The success of SEAT's models (the Leon, Ibiza and Arona), the production of the Audi A1 and the investments in the Martorell plant, which is equipped with the most cutting-edge technologies, as well as the commitment of its employees, allowed the company to end the year with better figures than those of 2018.

SEAT models were also produced at various other factories of the Volkswagen Group, including: 98,370 units of the Ateca in Kvasiny (Czech Republic); 38,835 of the Tarraco in Wolfsburg (Germany); 23,021 of the Alhambra in Palmela (Portugal); 10,660 of the Mii in Bratislava (Slovakia), of which production ended in June giving way to the Mii electric, which began to be manufactured in November with 887 units,

Production at the Martorell plant



and 1,506 of the Toledo in Mladá Boleslav (Czech Republic), of which production ceased in February. Furthermore, in Zwickau (Germany), 22 pre-series units were produced for the new SEAT el-Born, the brand's first fully electric vehicle.

The Martorell plant registered a production increase of 5.4% in 2019, with 500,005 vehicles assembled and reaching more than 90% of its maximum daily capacity.

Ready for the new SEAT Leon

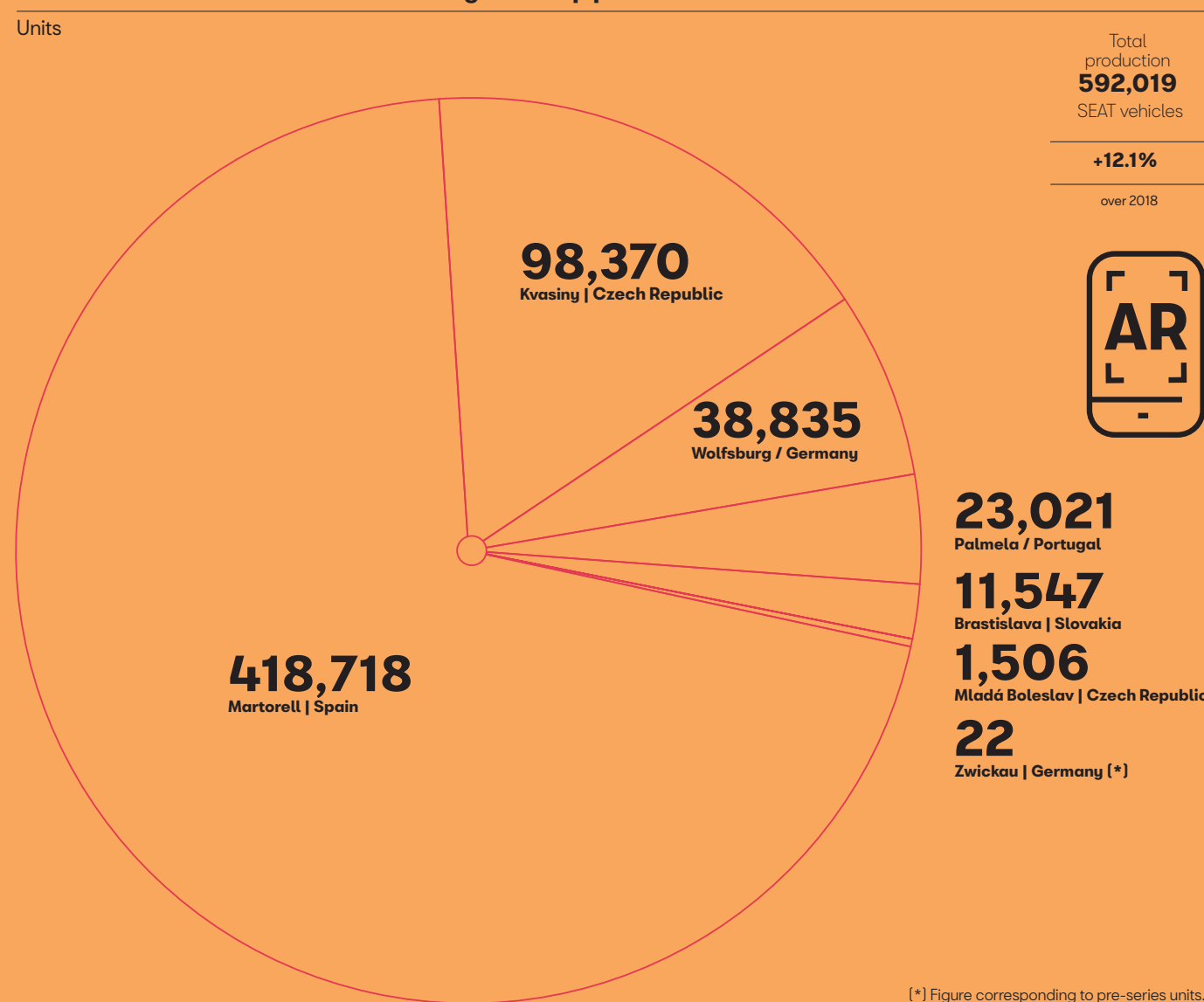
The company made a significant investment in Martorell in order to prepare it for the industrialisation of the new SEAT Leon family. The improvements seek to raise the degree of automation of the factory's assembly lines by 4% compared to the previous model and thereby increase its productivity.

The fourth generation of the SEAT Leon and its wide range of configurations, which for the first time includes a PHEV version (plug-in hybrid electric vehicle), represented a challenge for Martorell. The production process required a greater degree of flexibility in the workshops in order to adapt to each configuration's specifications and, in particular, to the electrification of SEAT's plug-in hybrid.



Production of SEAT models in Volkswagen Group plants

Units



(*) Figure corresponding to pre-series units.

Production at the Martorell plant

Units

	Variation			
	2019	2018	Absolute	%
SEAT / CUPRA models	418,718	390,699	28,019	7.2
Ibiza	130,243	120,287	9,956	8.3
Arona	134,611	110,926	23,685	21.4
Leon	153,837	159,486	(5,649)	(3.5)
CUPRA Formentor (*)	27	0	27	-
Audi models	81,287	83,601	(2,314)	(2.8)
Q3	0	67,075	(67,075)	-
A1	81,287	16,526	64,761	-
Total production (**)	500,005	474,300	25,705	5.4

(*) Figure corresponding to pre-series units.

(**) Figures for 2019 and 2018 do not include 173,301 and 137,594 SEAT vehicles produced at other Volkswagen Group plants, respectively.

Main developments in the field of production

Expansion and consolidation of the "Fast Lane" project

Reduce delivery times and improve users' buying experience: these are the main objectives of the SEAT Fast Lane service, an innovative process that allows the buyer to configure their vehicle and arrange the pick-up at a dealer of their choice in just 21 days. Currently, SEAT Fast Lane is available in three countries: Austria, Germany and Spain.

SEAT Fast Lane makes the user experience more attractive thanks to an easier, faster and more dynamic buying process.

During 2019, the rapid delivery service was launched in Spain for the SEAT Leon with the possibility to choose between the

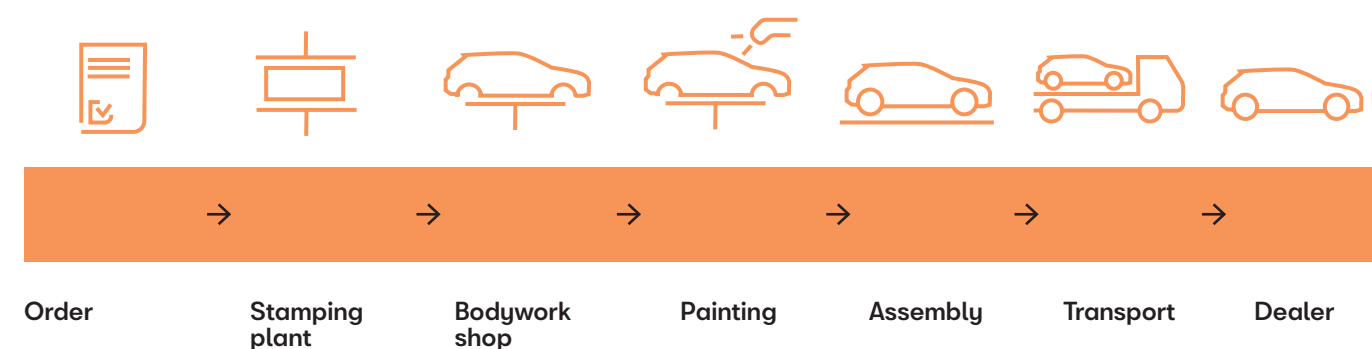


model's five-door version or the familiar Sportstourer body, as well as two levels of features available for the FR finish. The service was also consolidated in Germany, where it was offered for the compressed natural gas (CNG) range of the Ibiza, the Arona and the Leon family. Orders placed through this platform are expected to represent 30% of the total in 2020.

In Austria, where the project was launched in 2017 and where SEAT Fast Lane is more developed, the service launched a

tracking application that allows customers to stay up-to-date at all times on the status of their order and to see how their vehicle is produced in real time at the production plant's various workshops.

Tracking a SEAT Fast Lane order in Austria



Transformation prize for SEAT Martorell

The SEAT factory in Martorell was recognised with the "Production transformation" award, given by the German magazine *Automobil Produktion* and the consultancy firm Roland Berger.

This award showcases solutions implemented to optimise production in the automotive industry, combining current needs (flexibility, efficiency and quality) with the preparation to respond to future trends (new forms of mobility, digitalisation and electrification).



Production of the new MQ281 gearbox begins

In July, SEAT Componentes began production of the Volkswagen Group's new MQ281 gearbox. This is a six-speed gearbox which is used for the SEAT, Volkswagen, Audi and ŠKODA brands.

With a maximum production capacity of 450,000 units of the MQ281 per year, SEAT Componentes has a high degree of integration as it manufactures all of the aluminium parts, gears and shafts of this gearbox. To do this, it has casting, machining, assembly and test bench facilities integrated into its 150,000 m² of space.

The awarding of the project, which represents a recognition by the Volkswagen Group of the work performed by SEAT Componentes, allowed the plant to raise its production ceiling up to 3,500 units a day, 300 more than those achieved before the arrival of the MQ281. In addition, it managed to retain its position as a benchmark for productivity and quality.

Located in El Prat de Llobregat (Barcelona) and established in 1979, SEAT Componentes has a workforce of more than 1,000 employees and, in addition to the new transmission, manufactures the MQ200 gearbox. All in all, its maximum capacity is 800,000 gearboxes per year.

New uniform for employees in Martorell

During the second half of 2019, employees at the Martorell factory donned a new outfit for the first time. Designed in conjunction with Barcelona's prestigious European Design Institute (Instituto Europeo de Diseño, IED), it portrays a more modern and contemporary image.

The new uniforms, which are tailored to the needs of the various positions at the plant in the fields of production, quality and maintenance (operator, spokesperson, supervisor, RTF), are both comfortable and stylish, with a design featuring the colours black and orange.

Investing in the future

In the last five years, the SEAT Barcelona plant (in the city's Zona Franca district) has undergone a continuous process of improvement and modernisation.

The investments made in the plant during 2019 mostly went towards installing a new stamping press and two hot stamping lines. The new facilities were inaugurated in June on the occasion of the open house BCN Day, during which employees, family members and friends also had the opportunity to tour the plant, guided by the workers themselves.

The investments made in SEAT Barcelona contribute to boosting the efficiency, speed and precision of the plant's production process.

The new PXL press will enable SEAT Barcelona to increase its productivity thanks to a greater degree of automation and speed in the manufacturing process, as well as an advanced robotic system. Furthermore, the two new hot stamping lines will help to boost efficiency, speed and precision in the production process.



BCN Day at SEAT Barcelona and SEAT Componentes

During the BCN Day held at SEAT Barcelona in June, attendees were offered dozens of activities aimed at all the family, as well as rest areas and catering services. The facilities also served to showcase employee talent, with live music, DJ sessions, exhibitions of paintings and miniature cars, robotics and graffiti, among other activities. All this was accompanied by the presence of suppliers who showed the technological innovations that are being introduced into the factory.

SEAT Componentes also held an open doors day in September, which was attended by more than 2,000 guests. During the day, visitors had the opportunity to tour the facilities and see the innovations introduced into the plant for the production of the new MQ281 gearbox. Just like the event held at SEAT Barcelona, a number of activities were organised for those attending BCN Day at SEAT Componentes, which also marked 40 years of the plant. These involved the collaboration of volunteer workers and included live performances by some employees.

SEAT 4.0, the smart and connected factory

Flexibility, efficiency and agility

During 2019, SEAT continued to strive to be at the forefront of innovation. Thanks to the application of technological developments throughout its production cycle - such as collaborative robots and the use of drones and automatic guided vehicles in the supply process, coupled with more efficient data management through the use of artificial intelligence, big data and blockchain - the company's plants took one more step towards becoming the smart factories of the future.



Working hand-in-hand with robots

In recent years, Martorell has incorporated 20 collaborative robots that support the work performed on the assembly line, especially in the posts that pose more difficulties from an ergonomic perspective.

In 2019, a new collaborative robot was added, responsible for adjusting the side mouldings of the SEAT Arona. Located at the end of the assembly line in an area where the vehicles pass across a raised causeway, the robot has a roller which it uses to apply the necessary force, while the vehicle is still in motion, to finish fitting these parts.

In addition, in Workshop 9 a collaborative robot is responsible for automatically emptying the contents of brake disc containers on the assembly line. Thanks to new 3D vision technology and powerful management software, the robot is able to recognise where the brake discs are located inside the containers and automatically take them out in a highly-efficient manner, leaving the operator to take care of the assembly.

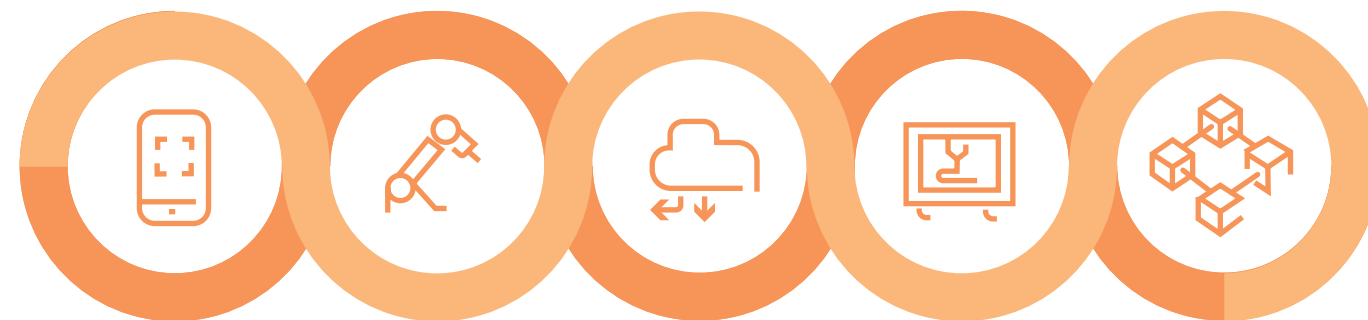


SEAT applies technological developments throughout its production cycle such as collaborative robots and the use of drones and automatic guided vehicles in the supply process.

The Martorell plant is one of the areas driving the company's digitalisation process, with the implementation of initiatives aimed at improving its flexibility, efficiency and agility. In addition, the Volkswagen Group provided its employees access to the more than 100 3D printers available at its factories through the platform 3D Marketplace, in order to

respond to 3D-printing needs across the organisation and help cut tooling costs, among other benefits.

Elements of Industry 4.0



Augmented reality

Based on viewing a physical environment in the real world through a technological device.

Robotics

Robots acquire new capabilities, without the need for a human supervisor, to perform a series of logistical and production-related tasks.

Cloud computing

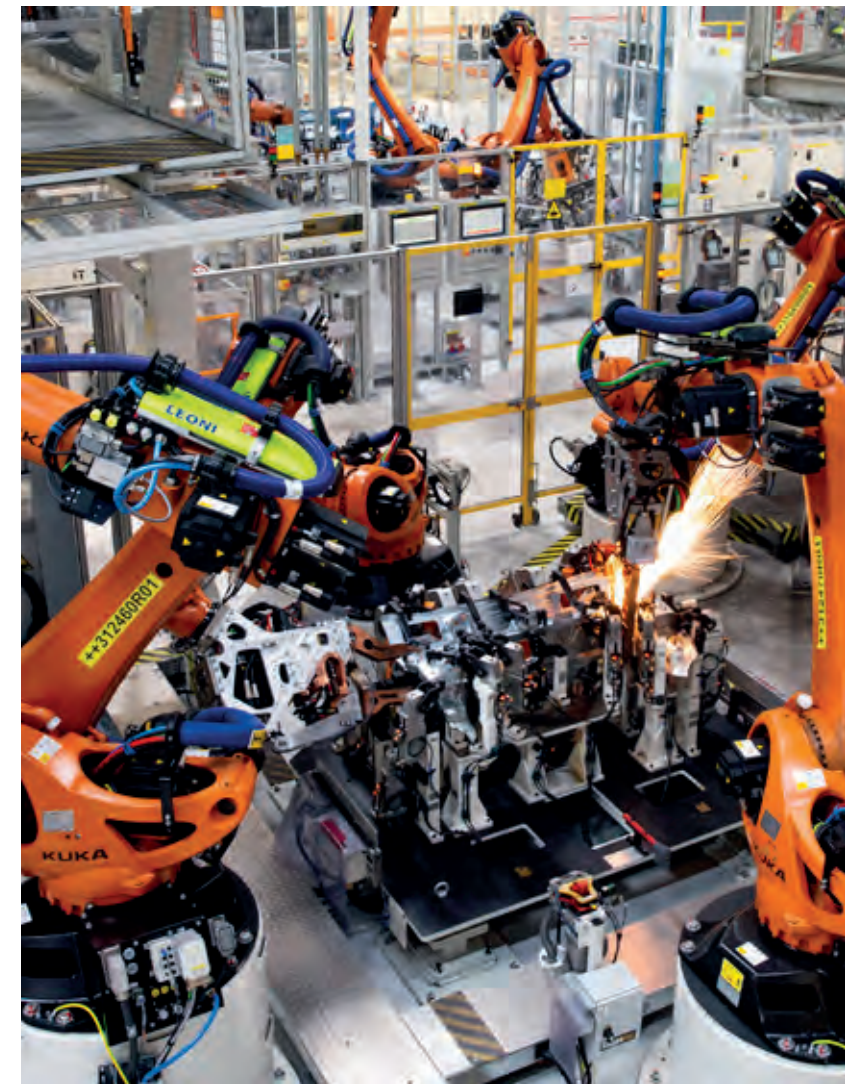
The use of the cloud to store data and share it between different locations and systems, beyond the limits of the company's servers.

Additive manufacturing

Based on 3D printing objects with overlapping layers of material, this is another important new element of the fourth industrial revolution.

Blockchain

A blockchain is a database consisting of digital events, arranged in the form of a chain of blocks of data, that is distributed among many different parties in a secure manner.



On the other hand, two new cobots (collaborative robots) were added at the beginning of Line 1 in Workshop 8, responsible for placing the lettering for the SEAT Ibiza and Arona on the tailgate of the cars and recycling the excess scrap material. These types of robots, which work side-by-side with the operators and perform their tasks while the vehicles are still in motion, are equipped with an artificial vision system that allows them to determine the colour of the car and place the letters with precision, applying just the right amount of force while the vehicle moves along the assembly line. Thanks to a control device, SEAT Martorell has become the first factory of the Volkswagen Group to automate this procedure and perform it while the vehicles are still in motion. They do all this without the need to install a fence separating the robots from the people working in the area. This is why they are referred to as collaborative robots, as opposed to industrial ones, which have a lower capacity to adapt their speed or react to contact in order to ensure the safety of those who share a working space with them, among other differences.

Supply chain optimisation

Automatic guided vehicles

SEAT plans its supply chain with simulation tools and uses smart picking and autonomous driving systems thanks to AGVs (automated guided vehicles), which operate side-by-side every day with workers at the factory in Martorell.

During the year, development work was completed on an AGV prototype, designed and manufactured by students from the Apprentice School and SEAT staff, which will be integrated into the production circuit of Workshop 9.



Real-time management with the SEAT Control Tower

Six months after the construction of the SEAT Logistics Centre, a components warehouse with a capacity for 119,000 boxes and 5,700 m² of surface area intended for storage, the company launched the Control Tower. This is a system for managing the location of the more than 10 million parts that SEAT Martorell needs every day to manufacture its cars.

The Control Tower provides real-time information on the flow of materials, traffic alerts and the consumption of production materials. In total, around 200,000 items of data are provided every day, making it possible to monitor everything from the supplier's stocks to different events, whether on the production line, relating to transport or at the logistics centres.

The ultimate goal of the system, which foresees the needs of the production lines well in advance, is to reduce order delivery times and have a positive environmental impact by optimising material transport itineraries. To this end, a supplemental application has been created that identifies carriers' location and provides an ETA (estimated time of arrival), allowing for interaction in real time.

Furthermore, thanks to the Control Tower, customers will be able to reconfigure their vehicle, even after placing their order, and make special requests such as the assembly of specific parts or a change of colour before the car has been painted.

Prize for the Supply Chain Control Tower project

The organising committee of the SIL International Logistics Exhibition in Barcelona, held in June, gave SEAT an award in the "Supply Chain Digitalisation" category for the Supply Chain Control Tower project, which connects the customer with the factory and suppliers for the first time.



170 automatic guided vehicles (AGVs):

Transport **3,642** parts per day

travel **455,000 km** per year

facilitate and optimise the work of the operators

reduce production time by 25%

Pilot test for supply using drones

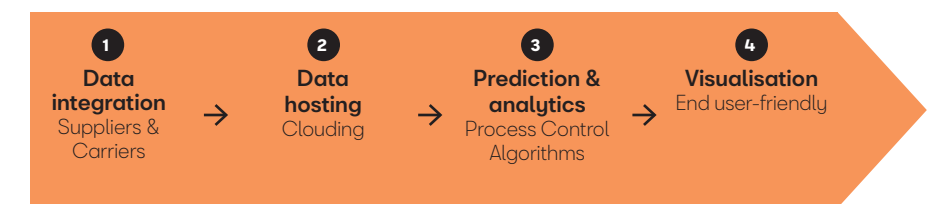
In 2019, SEAT performed the first pilot test to turn Martorell into the first factory in Spain to receive components using drones. Together with the Sesé Group, on 10 July the first supply of parts was successfully carried out between Sesé's logistics centre in Abrera and the factory in Martorell. In particular, steering wheels and airbags were supplied, covering the slightly more than two kilometres that separate the two facilities in just 15 minutes, compared to the hour and a half required by a truck to complete the whole process.

The pilot project, carried out under the supervision of the Spanish Aviation Safety and Security Agency (AESA), will continue on an experimental basis with the goal of incorporating the drones into the supply chain and thus improving the flexibility of the production lines with a fast and efficient supply of parts in the event of an emergency.



Supply Chain Tower: improving the supply chain

Process view



User view



Inbound & In-house

The Quality division, ready for the future

During 2019, SEAT's Quality division implemented a series of structural changes aimed at offering a more agile and flexible service aligned with the challenges of the future, establishing micromobility, electrification, digitalisation and globalisation as its cornerstones.

The new organisation, which unifies some departments, strengthens the division's capacity for analysis and processes, while also enabling more efficient resource management in order to respond to new projects related to new technologies and Industry 4.0 (digital audits, internet monitoring, etc.), as well as the reality of the electric and connected car.

New digital and electronic laboratory

Starting this year, the Quality division has a new digital and electronic laboratory to support the analysis of the new hybrid vehicles under development and to provide an area for cyber-security tests. Work performed in the new facilities focuses on three areas:

/ End to End test (E2E). Checks are performed on the connections between the vehicle (car, scooter, motorbike, etc.), the servers (back end) and the user interface or front end (mobile phone, website, etc.). To do this, automated tests are programmed which analyse the system's functions with different models of vehicles, operating systems and cars.

/ User experience (UX). Potential ways to improve the user's experience with digital products are assessed.

/ Cyber-security. Work is performed to assess and anticipate the impact of a potential cyber attack (extraction of personal data, gaining control of a vehicle, blockage of applications, etc.) and security incidents arising from digital products are investigated.

Ready for electrification

The employees of the Quality and Purchases divisions prepared for electrification by attending various masterclasses aimed at informing the teams about the changes that the new propulsion technology in electric vehicles will bring. Led by the GQ-22 Fachteam Management & Smart Quality department, the talks brought together over 450 people, who had the opportunity to discover the changes that this new technology will entail for their work.

Measurement Technologies Forum

On 4 July, SEAT held the first Measurement Technologies Forum in order to present the benefits offered by these technologies when working with the Meisterbock. The event was aimed at tooling engineers and those responsible for the quality of parts provided by SEAT's suppliers. The Meisterbock is a template tool used during the industrialisation process of a new car model to check the suitability of the parts used in its assembly (both those provided by suppliers and those made in-house), as well as to identify aspects for improvement in the process.

The initiative, which was held at the Meisterbock located in Workshop 3 of the Martorell production facility, was attended by seven suppliers that have laser-measuring equipment in order to begin the implementation process of the so-called Virtual Kaufteile Meisterbock. This will allow supplier parts to be digitalised, thus enabling a faster and more transparent analysis to be performed.



User experience, the protagonist of UX Day

The user experience (UX) in the company's various products and services was the focal point of the UX Day, organised by the Smart Quality team from the GQ-22 Fachteam Management & Smart Quality department.

Around 170 employees attended an informative session held in October, which showcased the various activities being carried out at SEAT in the field of UX, particularly those related to the connected car, as well as covering the initiatives that have been launched in other companies of the sector.

During 2019, SEAT's Quality division implemented a series of structural changes aimed at offering a more agile and flexible service.

Value

beyond savings

Purchases



The Purchases division manages the acquisition of all the products, goods and services required for SEAT's operations, including both vehicle components and all of the company's other resources (General Purchases).

Its role has taken on a great importance in recent years, faced with the growing complexity of the market and the development of SEAT's strategy of international expansion.

Capacity to react and adapt

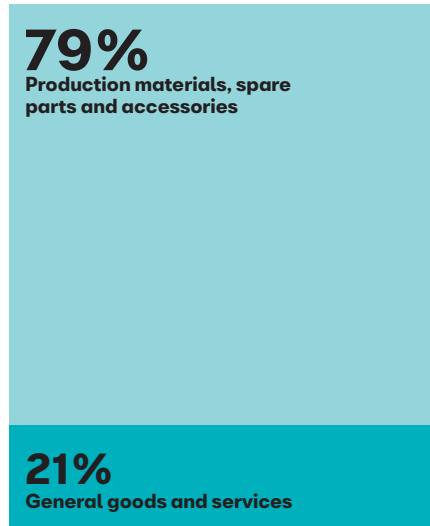
Purchases operates based on the principle of cost optimisation. Its objective is to reach the best agreements with external suppliers and to maximise value for money in terms of quality and service. The complex development of the market and the changes in demand witnessed in recent years require a greater capacity to react and adapt in order to ensure the availability of parts and the continuity of production. With this goal in mind, in 2019 the Capabilities department was formed, which is responsible for these functions.

In the same vein, and faced with an ever-shrinking time-to-market, Purchases has teams dedicated exclusively to identifying and managing suppliers for the production of the brand's upcoming product launches. Of particular note in this regard is the work undertaken for the production of the new generation of the Leon model.

During the year, the division managed a total of 7,166 million euros of purchases, which represents a growth of 0.4% over the previous year. This volume reflects the purchases made for all the models manufactured at the Martorell factory under both the SEAT brand (the Leon, Ibiza and Arona) and the Audi brand (the A1). This figure does not include SEAT models produced at the Group's other factories (the Mii in Slovakia, the Ateca in the Czech Republic, the Alhambra in Portugal and the Tarraco in Germany). However, Purchases is also responsible for appointing a portion of the suppliers for certain specific parts that are used in the production of the Ateca and the Tarraco.

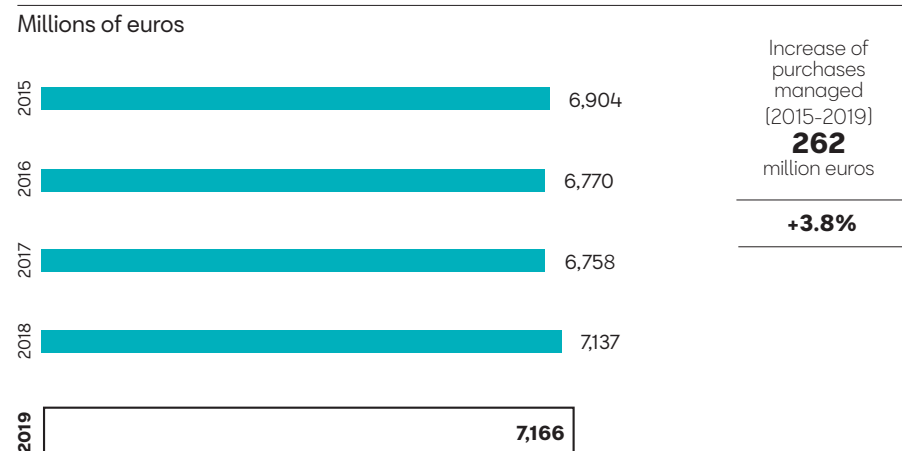
Distribution of purchases in 2019

Destination of purchases



In order to achieve Purchases' objectives of maximum process efficiency and cost optimisation, collaboration between all departments of the company is essential.

Volume of purchases managed



Leading the management of the Volkswagen Group's general purchases on the Iberian Peninsula

Together with the management of purchases directly linked to SEAT's operations, the division also supervises and coordinates all acquisitions not directly related to the vehicles (i.e. General Purchases) for the Volkswagen Group's production centres located in Spain and Portugal.

As such, SEAT is the party ultimately responsible for ensuring that the facilities and services required by the Volkswagen Group's operating centres on the Iberian Peninsula are available on time and meet quality and cost requirements. Specifically, it serves the needs of a total of five production plants and nine headquarters.

Managing these purchases falls to the Regional Sourcing Committee (RSC), which is directly responsible for negotiating with suppliers and subsequently appointing them, supporting them and overseeing operations. This committee meets weekly to coordinate the factories' activities, promote the exchange of knowledge and identify synergies.

Volume of purchases managed

Iberia region

2,161
million euros in 2019

SEAT is the party ultimately responsible for ensuring that the facilities and services required by the Volkswagen Group's operating centres on the Iberian Peninsula are available on time and meet quality and cost requirements.



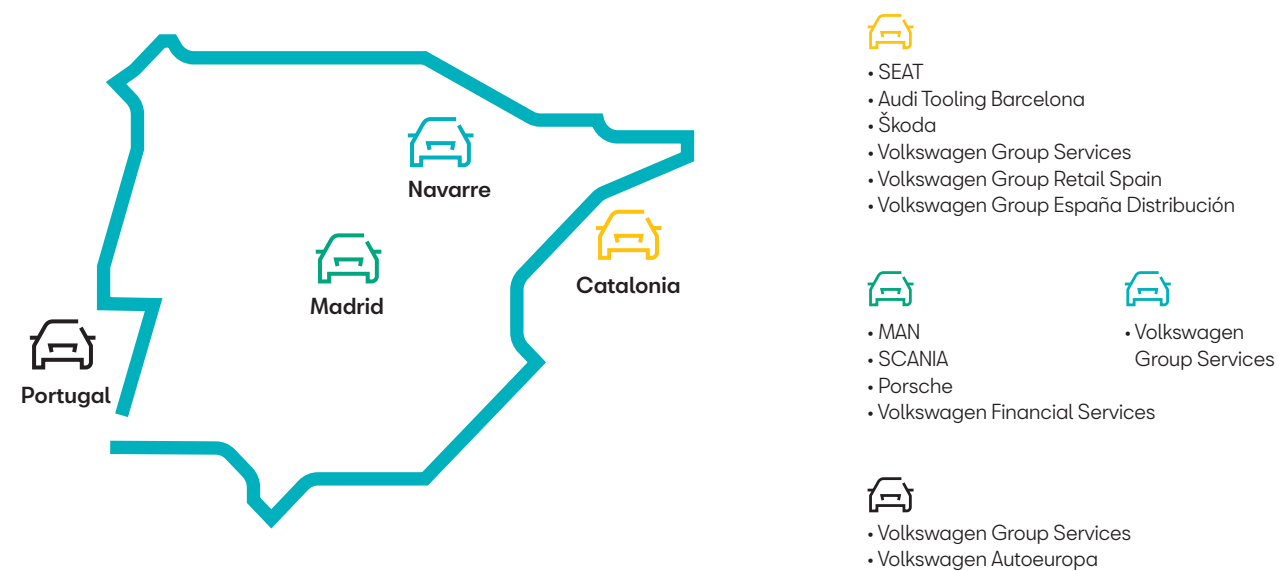
Alfonso Sancha, new vice-president of Purchases

On 1 September, Alfonso Sancha took over from Klaus Ziegler as vice-president of Purchases. During his career in the Volkswagen Group, Sancha has held key positions of an international scope, such as vice-president of Purchases for the Volkswagen Group China and head of Purchases of metal parts for the whole group.

His main objectives in his new position include developing the electrical strategy in the Purchases division and supporting the international expansion in North Africa, China and Latin America.



Centres coordinated by SEAT General Purchases



New horizons: developing operations in North Africa and China

As part of the globalisation strategy that the company is pursuing, the Purchases division extends its experience and best practices in managing and nurturing supplier relationships into new markets.

2019 saw the consolidation of operations in North Africa, which are focused on identifying and collaborating with new suppliers. In China, meanwhile, work began on an initial phase focusing on the exchange of knowledge related to advanced technologies.



What are the tasks performed by the Regional Sourcing Committee (RSC)?



- Scouting**
Seeking out suppliers that could serve as potential alternatives to current ones.
- Sourcing**
Negotiating with suppliers to identify the best supply opportunities.
- Appointment**
Designating the suppliers that will work with the SEAT.
- Industrialisation**
Supporting suppliers in the product industrialisation process.
- Monitoring**
Ensuring that suppliers comply with the technical requirements of R&D and Quality.

Integration of suppliers in North Africa

The activity in North Africa is focused on searching for suppliers and developing ecosystems that can help to boost the Volkswagen Group's competitiveness at the global level. With this goal in mind, in 2018 a dedicated team was created to establish and manage relationships with suppliers in the region.

In addition to identifying potential suppliers for SEAT's own operations, this team also works on promoting collaboration with suppliers of the Group in other countries that are interested in manufacturing parts in North Africa. Its work has already led to a number of suppliers being appointed for current projects, although the objective is to continue to increase the number of assignments to suppliers located in these countries.

China, partnerships with technology providers

The agenda of the Purchases division in China is based on developing synergies and partnerships with local suppliers that specialise in electric mobility, sustainability and connectivity between vehicles and smartphones.

Purchases extends its experience and best practices in managing and nurturing supplier relationships into new markets.

Over the last few years, this market has experienced extraordinary growth and has developed a high degree of specialisation, leading in the development of electric vehicles and consolidating itself as the world's largest market, in terms of both production and sales.

The activity in China represents yet another example of the importance of SEAT's Purchases division, focused on developing global agreements with technology providers.





Purchases Academy: training 4.0

In 2019, particular focus was placed on developing the training module related to new technologies in the sector.

The Purchases Academy is a unit created in 2014 with the goal of anticipating and meeting the Purchases team's training needs. Its programmes focus on the topics that will have the biggest impact on the automotive industry's working methods over the coming years: primarily digital transformation, continuous technological development and the extension of more sustainable mobility models. In 2019, particular focus was placed on developing the training module related to new technologies in the sector.

Together with the development of internal programmes aimed at improving buyers' skills, the Academy also works on designing new learning formats. Some of the projects initiated in this field include the so-called "Expert talks", which foster the exchange of knowledge between members of the division.

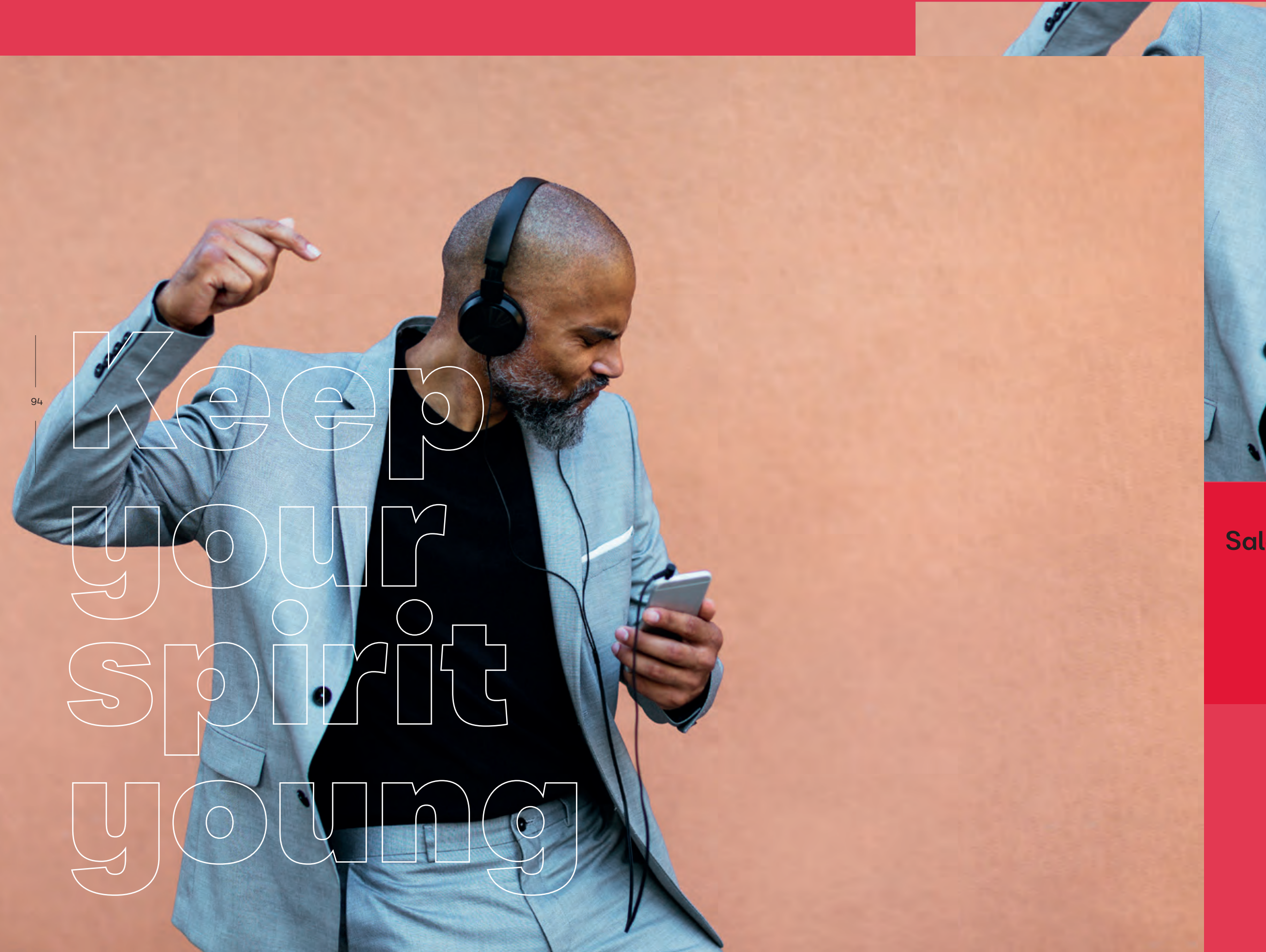


Developing partnerships with suppliers

In collaboration with other departments of the company, Purchases encourages suppliers' involvement in the corporate objectives by organising meetings and conferences. Highlights include the Supplier Day, organised by the Purchases and Quality divisions, which in 2019 was attended by 35 of SEAT's strategic suppliers. Various aspects were covered during the event, including changes in the manufacturing processes to meet future market demands, streamlining approval processes through new measurement techniques and material technologies, and talent management.

Other Supplier Days are also organised in conjunction with the R&D division. These are attended by representatives from the company's main suppliers, who are individually invited in order to share with them the latest projects and innovations.





Keep
your
spirit
young

Sales and Marketing



New sales record

After achieving the best results in the company's history in 2018, SEAT reached a new record in 2019 with 574,078 vehicles delivered, 10.9% more than in the previous year. Thus, this is the third consecutive year in which SEAT has achieved double-digit growth.

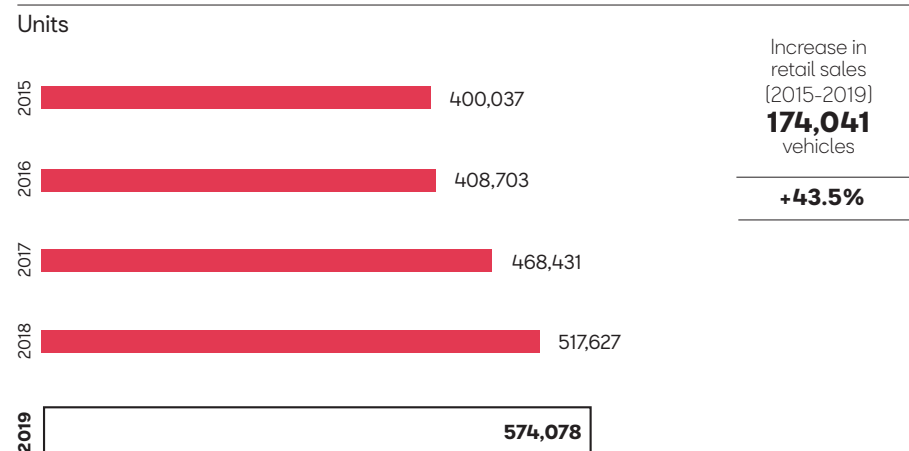
SEAT was also one of the fastest growing brands in Europe, with five of its ten biggest markets achieving their highest sales volume ever. Germany topped the list, with 132,537 units sold in 2019, easily surpassing the threshold of 114,155 registered in 2018 (+16.1%). The United Kingdom, the company's third biggest market, grew to a total of 68,822 units sold (+9.5%). Austria held seventh position, with 19,902 vehicles delivered (+7.9%); Switzerland, ninth, with 12,763 units (+19.6%), and Poland, tenth, with 12,727 units (+6.6%). The company also achieved its best ever sales results in Sweden and Denmark (9,139, +30.9%, and 7,123, +47.3%, respectively).

Spain maintained its position as SEAT's second largest market in terms of vehicle sales (107,954, +0.2%) and once again topped the list of brands and of vehicle registrations for the second consecutive year. On the other hand, France (37,834; +19%) and Italy (26,228; +30.8%) continued to show strong growth and achieved the best results since 2001 and 2008, respectively.

Also of note were the sales achieved in other countries such as Mexico (24,314; +5.4%), the Netherlands (10,957; +22.6%), Israel (9,239; +2.6%), Portugal (11,305; +17.7%), Tunisia (2,237; +19.6%) and Ireland (4,119; +11.3%).

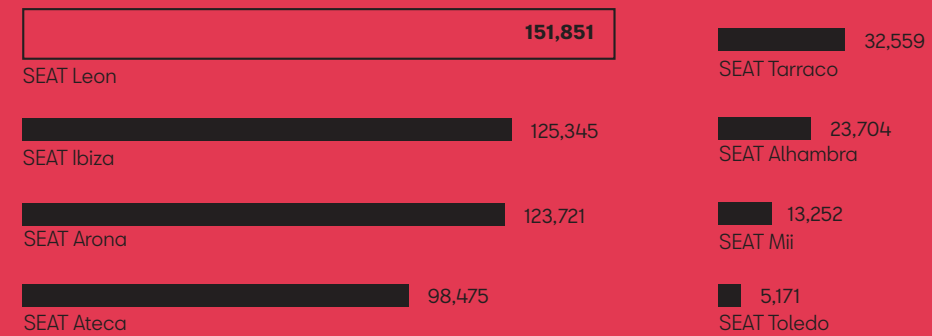
After achieving the best results in the company's history in 2018, SEAT reached a new record in 2019 with 574,078 vehicles delivered, 10.9% more than in the previous year.

Retail sales



Retail sales

Units



Range of models

SEAT Mii electric

Everything you need

Compact, practical, elegant, the SEAT Mii electric is the perfect car for getting around in. Fitted with practical details, it has everything you need: a small car that leaves a great impression.



SEAT Ibiza

Start moving

The new SEAT Ibiza includes more technology, more space and more features. Everything is more ingenious. Smarter. Manufactured to take on the challenge of the city like never before.



SEAT Leon

Start living

Wherever you go, whatever you choose, the SEAT Leon always makes it a pleasure. On the road or off it, it doesn't matter, as long as you're at the wheel. Because what matters is the present.



SEAT Leon Sportstourer

It's a good time to be an adult

Distinctive. Elegant. Refined. And with space for the whole family. On the outside, lines that are polished to perfection. On the inside, greater comfort and spaciousness. The SEAT Leon Sportstourer is a pleasant surprise.



SEAT Arona

Adapted to modern life

An urban crossover built for the brave. Elegant. Powerful. Dynamic. Made for stepping out of it and acting the way you want. Whatever that may be.



SEAT Ateca

Make every day a great day

The urban SUV that combines style, a dynamic design and state of the art technology. Bold lines, additional space and everything you need to keep you entertained, safe and happy on the road. A toast to Monday mornings.



SEAT Tarraco

Dare to do it all

It's never too late to go from dreams to action. With the new SEAT Tarraco, there is space to keep growing. The technology to stay connected. And the tools to keep evolving. To set high goals. And to not stop until you reach them.



SEAT Alhambra

Memories start here

Whatever their size, all families need support. Safety, comfort and technology, with zero compromises. It's the little things that make the difference. Because it's not just about the road, but also memories. Ready to turn journeys in stories.



Main distribution markets of retail sales in 2019

Top ten

- 01 / Germany **132,537**
- 02 / Spain **107,954**
- 03 / United Kingdom **68,822**
- 04 / France **37,834**
- 05 / Italy **26,228**
- 06 / Mexico **24,314**
- 07 / Austria **19,902**
- 08 / Algeria **18,481**
- 09 / Switzerland **12,763**
- 10 / Poland **12,727**



Other countries

- | | | | |
|------------------------|--------------------|-----------------|----------------------|
| Albania | Czech Republic | Lebanon | Qatar |
| Andorra | Denmark | Libya | Reunion Island |
| Angola | Dominican Republic | Lithuania | Romania |
| Bahrain | Egypt | Luxembourg | Saudi Arabia |
| Belgium | Estonia | Malta | Serbia |
| Bosnia and Herzegovina | Finland | Martinique | Singapore |
| Bulgaria | French Guiana | Mauritius | Slovakia |
| Cape Verde | Georgia | Moldova | Slovenia |
| Chile | Greece | Morocco | Sweden |
| China | Guadeloupe | Netherlands | Syria |
| Colombia | Guatemala | New Zealand | Tunisia |
| Côte d'Ivoire | Hungary | North Macedonia | Turkey |
| Croatia | Ireland | Norway | Ukraine |
| Cuba | Israel | Oman | United Arab Emirates |
| Curaçao | Jordan | Palestine | Uruguay |
| Cyprus | Kuwait | Peru | Venezuela |
| | Latvia | Portugal | Yemen |



Consumers' favourite models

The third generation of the Leon, the pillar of the brand and the most well-recognised and highly-valued car among SEAT customers on five continents, contributed to the company's excellent results, surpassing the threshold of two million units sold since its debut in 1999. The SUV family also played a starring role in SEAT's expansion strategy, with its three models, the Arona, Ateca and Tarraco, accounting for 44% of total sales.

The company's results include CUPRA sales, with 24,662 vehicles delivered to retail customers.

Leadership in TGI

In the European market, total sales of SEAT's compressed natural gas (CNG) models grew by 74% compared to 2018, reaching 20,094 units. Furthermore, SEAT maintained its position of leadership in the sale of these models in Spain, with 4,924 vehicles registered, representing a 46% increase over the prior year.

With its hybrid CNG-petrol models - the Ibiza TGI, the Arona TGI and the Leon TGI in its two bodywork variants (five doors and the family Sportstourer version)



- the company is responding to the market, which is increasingly demanding alternative technologies in order to reduce the vehicle's environmental footprint, reduce the costs of mobility and enjoy freedom of movement in urban environments.

Mikel Palomera, "Most important personality in the automotive sector"

Mikel Palomera, managing director of SEAT Spain, was named "Most important personality in the automotive sector" by the Automoción Press Group. This important award recognises his professional career and his excellent work as head of the brand in the Spanish market.



SEAT, a global company

SEAT's globalisation plan was strengthened in 2019 with the growth of the brand in Latin America. As a first step towards growth in Latin America, the brand was launched in Chile with the opening of five brand experience centres designed to offer a new brand experience and to bolster the digital purchase process: three in the capital, one in Viña del Mar and another in the city of Concepción. The company landed in the country with its four best-selling models - the Ibiza, Arona, Leon and Ateca - and with the Leon CUPRA leading the charge as the brand's flagship model in Chile. Added to this list in 2020 will be the SEAT Tarraco and the CUPRA Ateca, which will introduce the CUPRA brand in the country.

In addition to its introduction in Chile, SEAT expanded its presence in the Colombian market with the opening of two dealerships in Bogota (in addition to another one already established) and a total of three more in Medellín, Barranquilla and Bucaramanga. It also continued to pursue its development

plans in Peru, where the brand is already operating.

On the other hand, in Mexico CUPRA opened the world's first CUPRA Garage, an exclusive space dedicated to the brand where car enthusiasts can enjoy a unique experience. CUPRA's first flagship store is located in Colonia Roma, one of Mexico City's most exclusive districts, and it has a digital experience zone so that customers can configure their next car. It also has an area for delivering new cars and in which customers can conduct test drives, among other services.

Wayne Griffiths receives the Eurostars award

Wayne Griffiths, vice-president of Sales & Marketing at SEAT and CEO of CUPRA, was given the Eurostars award in the "Sales & Marketing" category by the prestigious publication *Automotive News Europe*.

The magazine valued his contribution in achieving the best results in SEAT's history and in the launch of the new CUPRA brand.



SEAT's globalisation plan was strengthened in 2019 with the growth of the brand in Latin America.



Main new products and launches

Mii electric, SEAT's first 100% electric vehicle

In September 2019, the Mii electric went on pre-sale. This is SEAT's first 100% electric vehicle, laying the foundations for the brand's future offensive focused on sustainable mobility.

The new model, which is ideal for urban mobility, combines the utmost practicality, dynamism, advanced technology and new levels of connectivity with a low cost of ownership (less than €1 per 100 km and 30% less maintenance than an internal combustion model). These characteristics make it the first 100% electric vehicle that is accessible for everyone.

The Mii electric is equipped with a lithium-ion battery that gives it a range of 260 km on a single charge (up to 360 km if driving is limited to within the city). It also comes with a motor associated with a single-speed transmission that provides 83 hp (61 kW) and a torque of 212 Nm, which allow it to accelerate from 0 to 50 km/h in just 3.9 seconds. These features, combined with its compact dimensions and its convenient charge times (1 hour at a DC public rapid charging point, or 5 hours connected to a SEAT Wallbox), make it ideal for a fast and convenient driving experience in the city, where it will also be unaffected by any traffic restrictions.

The Mii electric's low cost of ownership make it the first 100% electric vehicle that is accessible for everyone.



This urban vehicle is the first model to include SEAT CONNECT, a function that allows the vehicle to be accessed and managed remotely. From the purpose-made mobile app, customers can view the vehicle's driving data, find out its location after parking it, check the status of the batteries, doors and lights, as well as control the air conditioning, all remotely.

The Mii electric is intended for both private customers and drivers in fleets who spend much of their time driving on metropolitan and suburban roads and who value the car's reduced environmental impact thanks to its zero emissions, without sacrificing driving pleasure.

It is available in two different finishes, five optional equipment packages (Garage, Easy Flex, Below Zero, Home Charge and FAST), five bodywork colours (Deep Black, Candy White, Tornado Red, Costa Blue and Tungsten Silver), and there is the option to have the roof and rear-view mirrors in black.

SEAT Leon Black Matt Edition

The third generation of the SEAT Leon, with more than a million vehicles sold since its launch in 2012, included an exclusive edition in 2019, the Black Matt Edition.

This version of the Leon features design details that make it a model that exuberates style. The wing mirror casings are in matte black, the same colour as the frame of the front grille and the 18" alloy wheels, and the roof bars are also black (in the Sportstourer finish only). Inside, the Convenience pack includes the Automatic Coming & Leaving Home function (which allows the user to switch on the car's lights by unlocking the doors via remote control), rain and light sensors and an electrochromic rear-view mirror; the roof is black and the seats come in Alcantara upholstery, with no separation and with a central folding armrest.



SEAT Ateca Black Edition

In 2019, the SEAT Ateca FR was available in a Black Edition fitted with roof bars, window frames and a front grille frame all in glossy black. The same colour featured on the interior vents, the radio, the interior door handles and the frames of the central console, as well as on the mirrors. In addition, the Ateca FR Black Pack came with exclusive 19" Aneto wheels in glossy black.

The Leon Black Matt Edition features design details that make it a model that exuberates style.

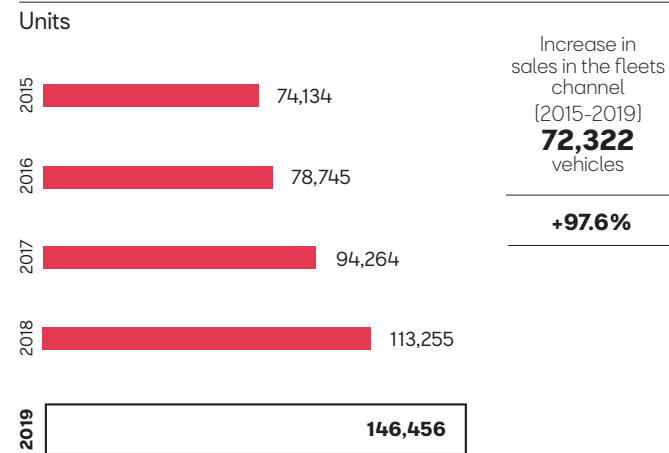


Historic breakthrough in the fleets channel

In 2019, SEAT achieved the best sales result in its history in the fleets channel, reaching 146,456 units delivered (including both direct purchases and leases). This figure represented 29% growth over 2018 and an increase in market share from 2.6% to 3.3%.

The SEAT Leon secured its position as one of the most highly-appreciated models in the channel, with over 48,700 units sold, 6,000 more than in 2018. It was followed by SEAT's full SUV range, composed of the Arona, the Ateca and the Tarraco, with 62,450 vehicles sold, 25,100 more than in the previous year.

Sales in the fleets channel



Big accounts

SEAT's fleets channel demonstrated its great potential through the signing of major new agreements with companies throughout the world. Some of the highlights included the acquisition by the Italian natural gas company Snam Rete Gas of 400 units of the Ibiza and Leon models; the purchase of 300 Ateca units by the Leclerc supermarket chain in France, and the 105 Leon 5D and 195 Ibiza units acquired by Randstad Holding destined for several different countries.

In Spain, the General Directorate of the Guardia Civil police force bought 250 units of the Leon Sportstourer, fitted with specific kits for patrol and camouflaged vehicles, full equipment and a C-rated environmental sticker.

Increased demand for the TGI range

Fleets also registered significant growth in the small and medium-sized enterprise channel, which represented more than 14% of total sales, making it one of the most profitable segments for the company.

In addition, demand increased for the TGI range among companies and self-employed workers, in view of the dual ECO benefits offered by this technology (ecology and economy). One of the most prominent channels was the Real Fleet channel (company leasing plus purchase) which, with over 5,500 units, accounted for 28% of the company's sales and grew by 86% over 2018. The low total cost of ownership (TCO) of these models makes them some of the most highly sought-after among fleet companies.



The customer, the heart of the sales and after sales network

Bolstering the sales network

SEAT's sales network closed 2019 with 1,708 points of sale. Its optimisation continues to be a priority for the company, which implemented programmes during the year aimed at improving the network's coverage, adapting to new technological advances and boosting customer satisfaction.

High-quality services in the after sales network

The customer and their peace of mind, satisfaction, and loyalty are also focuses of attention for SEAT's after sales division, which develops and provides technology solutions and high-quality services designed to improve customers' experience.

SEAT Care and SEAT Insurance: more time worry-free

One of the main initiatives of the after sales network is the SEAT Care service. This loyalty programme combines a Warranty Extension and the Service and Maintenance Contracts in a single package and at a competitive price. Moreover, if it is completed with SEAT Insurance, it allows customers to focus on what is important: enjoying driving, worry-free. SEAT Insurance is the only policy which, in the event of an accident, guarantees that the damaged vehicle will be repaired at a SEAT Authorised Service centre, with original parts and complying with the brand's strictest quality standards.

SEAT, named the most highly-valued brand by dealers

SEAT was the most highly-valued brand by dealers in terms of profitability, trust and business standards, according to the "V_CON" report, an indicator aimed at measuring the state of relations between distributors and the brands they represent.

The study was conducted by the consultancy firm MSI for Faconauto, the organisation that encompasses the associations and dealerships of brands of passenger cars, industrial vehicles and agricultural machinery in the Spanish market.

SEAT Care, which at its outset was associated with the Ibiza, has grown steadily since its launch. Currently, the programme is implemented across the full range of SEAT models in 20 markets, and during 2019 it registered an increase of 27% over 2018. Through this product, the customer is guaranteed a visit to the repair garage at least once a year, which translates into better service and higher user satisfaction.

Furthermore, the SEAT Warranty Extension has continued to develop since its introduction in 2010, with a total of 252,872 contracts in 2019. The package, available in over 30 countries and with a penetration rate of 56% on sales, allows the customer to extend the manufacturer's warranty from two to three years, in any country and with the same conditions and coverages. In addition to offering peace of mind, the warranty extension increases the vehicle's residual value. This is because it is transferred to the new owner, since it is linked to the car's chassis number rather than to the customer themselves.

Charging solutions: the key to electromobility

The arrival of the electric car has led to a new relationship between the user, the vehicle, the manufacturer and the after sales service. Customers expect to have a new range of services and products adapted to their new needs, and these include a service guaranteeing that they can charge their electric cars.

With the goal of satisfying these requirements, SEAT launched the Wallbox. This is a rapid charging solution that is fully guaranteed by the brand and allows the user to optimise the car's charge time, cutting it from 21 to 5 hours, depending on the contracted capacity and the specifications of the device. Moreover, the Wallbox allows the user to manage the charging process from their mobile phone or an on-line platform.

In addition to the device, which is suitable for charging both battery electric vehicles (BEVs) and plug-in hybrids (PHEVs), SEAT offers customers a complete service. This includes everything from an initial visit by a specialist to check the electrical installation where the Wallbox will be fitted, to the necessary planning in order to ensure it is fully operational prior to the vehicle's delivery. The brand's network of distributors accompanies, guides and

supports the customer at all times, paying attention to all phases of the project.

With the aim of offering its customers an entirely worry-free driving experience, SEAT has also developed a service package which covers needs specific to electromobility. The SEAT e-Care service can include a wide range of services, such as the warranty extension, roadside assistance, maintenance and even tyres. All this is intended to offer a unique solution for a unique and demanding customer: that of SEAT's new electric vehicles.

The Wallbox is a rapid charging solution that is fully guaranteed by SEAT and allows the user to optimise the car's charge time, cutting it from 21 to 5 hours, depending on the contracted capacity and the specifications of the device.



SEAT & Barcelona Experience

Always focused on customer satisfaction and loyalty, in July SEAT After Sales organised a visit to SEAT for 200 customers of the Arona and Ibiza models. The customers, who came from eight countries around Europe and North Africa, won the opportunity to take part in a "SEAT & Barcelona Experience" through a prize draw arranged by the after sales network.

The guests had the opportunity to visit the factory in Martorell and the brand's Historic Car Collection, as well as other Barcelona landmarks in a programme that combined technology, art, culture, gastronomy, history, relaxation and excitement. All the customers congratulated the brand for this initiative, which they classified as unforgettable.



Top SEAT People International

In April, the city of Barcelona hosted the international final of the Top SEAT People event, a motivational competition which recognises the best professionals from the network of SEAT dealerships and authorised service centres.

Once again, the 158 participants from 26 countries were given a warm welcome, before showcasing their best skills and attitudes in this competition.

This year's edition was very special as it marked the 20th anniversary of the event, which year after year confirms that SEAT's efforts in the field of training are well-rewarded.



Campaigns that raise SEAT to the next level

For another year, SEAT heads into the future committed to strengthening the brand's connection with a restless, creative and bold lifestyle, which also characterises its target audience.

To achieve this, it has developed advertising campaigns and materials that raise SEAT to the next level, with the Tarraco and the new Mii electric taking a leading role as protagonists. Together with these models, the brand shows its more human side and its efforts in the fields of innovation, connectivity and quality to deliver solutions that reinvent the future of mobility.

In parallel, CUPRA's identity has been consolidated as an independent brand linked to the reinvention of sportiness and exclusive design, as well as being linked to SEAT, with which it shares its commitment to style and innovation.

SEAT heads into the future committed to strengthening the brand's connection with a restless, creative and bold lifestyle, which also characterises its target audience.

ADG Laus Graphic Design Award for the typeface of SEAT Bcn

The new font of SEAT Barcelona received the Laus Gold award in the "Alphabet or Complete Family Design" category of the ADG Laus Graphic Design and Visual Communication awards, in a ceremony held at the Disseny Hub Barcelona.

SEAT won the top award for having created the first extended multi-display typeface to be commissioned and created in Spain. The SEAT BCN typeface was conceived in collaboration with the graphic design studio Typerepublic to ensure its use and excellent legibility on all types of format, ranging from digital formats to its application in commercial establishments and in advertising.



SEAT Tarraco: expansionist mindset

SEAT reinforced the marketing of the new SEAT Tarraco with a new advertising campaign positioning it as the most versatile SUV on the market, perfect for men and women aged 40 and over who have children, a youthful and non-conformist spirit, and who find in this model their perfect companion for exploring a new family life.

Under the slogan "Expansionist mindset", the campaign associates the sportiest SUV in the segment with desires, challenges and adventures that buyers will be able to experience in the company of their family thanks to the Tarraco's capacity, comfort, spacious layout, connectivity options, practicality and dynamism.

"Cross it off your wish list" and "Have it all" are just some of the messages that accompany the new advertising campaigns for the SEAT Tarraco, which were kick-started in October in Sweden, Spain and Great Britain, and expanded to all other markets over the following months.

Mii electric: it's a great start

SEAT's first 100% electric car, which will go on sale in 2020, joins a market which is in constant expansion and demands mobility solutions adapted to the new needs of modern life in urban environments.

Under the motto "It's a great start", the SEAT Mii electric is aimed at an urban audience, between 20 and 50 years of age, who choose the sustainability and practicality offered by electric cars, which are perfectly suited to their ideals and lifestyle. The vehicle, which has low maintenance costs, also offers a simple and fun driving experience.

The advertising campaigns related to the pre-sale of the Mii electric, which used video and web-based audio-visual material, highlight the benefits of driving a car with zero emissions, its range and its short charge time, as well as the ability to manage its features through a mobile application. In addition, its use associated with the electric SEAT EXS KickScooter and a new Lease&Care insurance policy allow drivers to enjoy driving worry-free.

Under the slogan "Expansionist mindset", the Tarraco campaign associates it with desires, challenges and adventures that buyers will be able to experience in the company of their family thanks to the model's capacity, comfort, spacious layout, connectivity options, practicality and dynamism.





SEAT Lost&Sound App

As a new development this year, during the Primavera Sound festival the company launched the SEAT Lost&Sound application. This app, which allows users to locate their companions using a smart phone thanks to augmented reality, thus becomes an essential tool for all festival-goers.

In the event that the user wants to search for someone, a sign appears in the sky in the form of a customisable icon when viewed through the SEAT Lost&Sound app on their phone screen, making it easier to locate people registered among the user's phone contacts. The application, which can be used at any festival, sends a notification to the person's mobile device both when someone is looking for the owner of the phone and when someone sends a signal in order to be located.

Partnerships and sponsorships

Support for music and innovation

For yet another year, SEAT confirmed its commitment to music, street art and innovation through its partnership with two of the most important international festivals in the world.

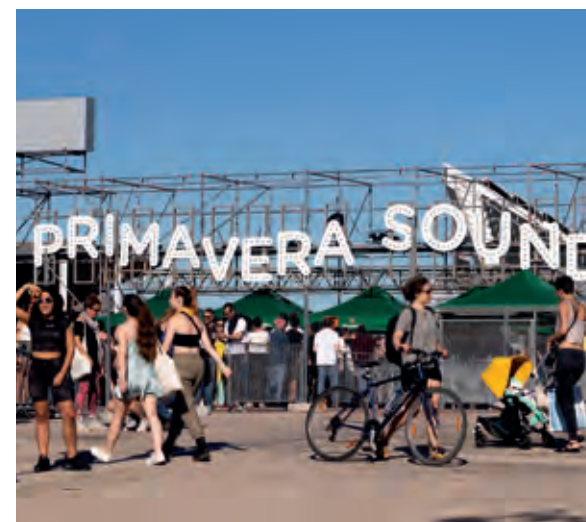
SEAT and Primavera Sound, much more than music

For the third consecutive year, in June the company returned to the Primavera Sound festival as a strategic partner to connect with the young and urban spirit of Barcelona, passion for music and professional talent.

The collaboration involved various activities, such as the new digital radio and audio-visual platform Radio Primavera Sound, with music and cultural programming 365 days of the year, or the SEAT Village Stage, which joined the festival's schedule in this edition with 19 artists from the national and international scene.

In addition, the brand once again got to name the "Created in Barcelona" public stand; it provided a free bus service during peak hours, connecting the Parc del Fòrum area with Barcelona city centre as a sign of its commitment to mobility solutions, and it provided a space for collaboration featuring more than 15 national and international street artists.

For yet another year, SEAT confirmed its commitment to music, street art and innovation through its partnership with two of the most important international festivals in the world: Primavera Sound and Sónar.



A new format for learning: Sónar+D MasterClasses by SEAT

For the first time, SEAT collaborated with Sónar, the international music, creativity and technology festival, which held its 26th edition in Barcelona in July.

The brand became an innovation partner of Sónar and Sónar+D, an international congress held since 2013 and which brings together prominent artists, technologists, creative people, musicians, filmmakers, designers, scientists and entrepreneurs, among other profiles, in order to explore how creativity influences and modifies the present.

As part of the event, which serves as an international benchmark in the fields of creativity and innovation, SEAT launched the Sónar+D MasterClasses by SEAT. These were one of the great novelties of this edition and took place in the new Sónar+D Auditorium by SEAT, with a capacity for 80 people.



In total, nine masterclasses were held, with sessions dedicated to collaboration between artists and artificial intelligence, machine learning, interaction with robots and the design of immersive and interactive environments. Some of the most noteworthy sessions included the following:

- / "Ways to predict the future", by the teachers and artists Tega Brain and Sam Lavigne.
- / "The [R]Evolution of immersive audio", with 3D sound technology guru Ludovico Vignaga.

/ "The future of humans and machines: human-robot interaction in the arts, sciences and society", with the multidisciplinary designer Madeline Gannon.

/ "The limits of learning", given by Kyle McDonald, programmer and code artist.

SEAT, connected to sport

SEAT's commitment to sport and to the values of self-improvement, effort, perseverance, perfection and teamwork that it represents was reinforced in 2019 with new partnerships and sponsorships.

10 years in the Copa del Rey

The brand marked 10 years as a sponsor of the Copa de S.M. el Rey, Spain's primary annual knockout football cup. This collaboration was strengthened with a more comprehensive model that included SEAT's presence on the pitch through physical media, on the one hand, and the implementation of unique and exclusive actions aimed at fans, on the other.

One of the highlights was the organisation, through social networks, of promotions aimed at the youngest members of the family, who had the opportunity to step on the pitch accompanied by their idols on the day of the final.

In addition, on the morning of the encounter, a 7 a-side football tournament was organised under the slogan "We all play this Cup", featuring Julio Salinas, Andrés Palop, David Albelda and the journalist Mr. Chip as ambassadors.

New sponsor and official vehicle of the women's Spanish football team

SEAT completed its partnership with the Royal Spanish Football Federation by becoming the new sponsor and official vehicle partner of the women's Spanish football team until 2021.

The brand delivered the SEAT Arona models used by the players of the Spanish women's team under the agreement at a presentation ceremony held in May. The company was also keen to show its support for the players through a digital advertising campaign on the occasion of the team's debut in the FIFA Women's World Cup held in France, which was presented through all the advertising formats traditionally used by SEAT in its campaigns (banners, a brand day, web and social networks).



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In the advertisement, which did not promote any of the brand's vehicles, the names of the 23 players appeared as though they were launches of SEAT models, with the intention of putting them centre stage and bringing them closer to the fans.

This new partnership, which reinforces SEAT's commitment to women's Spanish football, was in addition to the sponsorship of the Copa de S.M. la Reina Spanish Cup for the next three seasons, as well as that of the Spanish Supercup. The brand is also a sponsor and the official vehicle of the men's Spanish national team and the Spanish U-21 team.



Supporting fashion and design

SEAT made its debut in 2019 as an official sponsor of the 23rd edition of the international fashion platform O80 Barcelona Fashion, held in June at the Hospital de Sant Pau modernist complex in Barcelona.

The brand presented the SEAT O80 Award for emerging design, a recognition for new designers aimed at encouraging the creation of companies in the fashion industry, the implementation of good practices and promoting the success and growth of emerging brands.

Moreover, the company provided mobility services during the event with a fleet of SEAT Arona and Alhambra vehicles to bring some attendees and representatives from the national and international press.

On the other hand, the venue's open area featured a display of street art and offered visitors the opportunity to become designers for a day and to customise their own tote bags, with the help of spray paints and stencils.

SEAT's commitment to Barcelona and the world of design was reinforced in 2019 with the sponsorship of the Barcelona Design Week. This is an international design event organised jointly by the Barcelona Design Centre (Barcelona Centro de Diseño, BCD) and the Promotion of the Arts and Design association (Fomento de las Artes y del Diseño, FAD) which, in its 14th edition, brought together more than 67,000 visitors.



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The electric offensive is kick-started in Geneva

The SEAT el-Born Concept car and the CUPRA Formentor Concept car were the two models which, making their world debut, accompanied SEAT at the Geneva Motor Show held in March. SEAT's first 100% electric vehicle, based on the MEB platform, and the hybrid CUV (Cross Utility Vehicle) with CUPRA DNA, respectively, were accompanied by the SEAT Minimo Concept car, the company's showpiece for the urban micromobility of the future.

The brand chose one of the main events in the sector worldwide to kick-start its electric offensive and to show its vision for electric mobility applied to vehicles as wide ranging as an urban two-seater, a high-performance CUV and an electric concept car designed to respond to the mobility needs of the cities of the future.



Participation at motor shows and congresses

The MWC and the urban micromobility of tomorrow

For the fifth consecutive year, in February SEAT was present at the Mobile World Congress (MWC) in Barcelona, the leading international event in mobile technology and connectivity. During the event, the brand presented its major showpiece for the urban micromobility of tomorrow, the new SEAT Minimo Concept car.

This model is a concept car that combines the safety and comfort of a car with the agility and ease of parking of a motorbike. Furthermore, it has been specially developed to adapt to the platforms that will define the future of urban mobility, in which traffic will be restricted and only a few operators will be able to offer their services.

The SEAT Minimo Concept car has a capacity for two people, it is 100% electric and it features an innovative battery swap system that allows the battery to be charged in just a few minutes, providing a range of 100 km and thus reducing operating costs for carsharing service providers, since it does not need to be taken to a charge point to remain operational.

On the other hand, during the MWC SEAT confirmed its position as the centre of expertise of the Volkswagen Group in the field of micromobility, with ideas and products specifically designed for short journeys in urban centres.

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Anniversary in Barcelona

In May, and coinciding with its 69th anniversary, SEAT was present at the 100th edition of the Automobile Barcelona motor show together with all the brands of the Volkswagen Group, sharing a single space to demonstrate the strength of the Consortium and its vision for the mobility of the future.

The SEAT el-Born Concept car and the SEAT Minimo Concept car, as well as the CUPRA Formentor Concept car and CUPRA e-Racer model were accompanied by some of the brand's new products, such as the new Tarraco, the Arona TGI, the Ibiza, the CUPRA Ateca and SEAT's first solution for urban micromobility, the SEAT EXS KickScooter.

During the Group Night, held as part of the show, three global CEOs from the Volkswagen Group were given the stage for the first time in the show's history

to discuss the future of mobility. They included: Oliver Blume, CEO of Porsche and global head of Production for the Volkswagen Group; Stefano Domenicali, CEO of Lamborghini, and Luca de Meo, CEO of SEAT and the most senior representative of the Volkswagen Group companies in Spain.

On the other hand, SEAT participated in the round table discussion organised by the General Directorate of Traffic (DGT) and Barcelona City Council on connected and urban mobility. The company shared some of the key points that have made it a benchmark in the connected car, such as having been the first brand in the world to integrate Shazam and the Waze browser into a car, or the first in Europe to incorporate the voice assistant Amazon Alexa into a vehicle.

New showpieces from SEAT and CUPRA in Frankfurt

Following the announcement of the Mii electric and the el-Born Concept car, SEAT landed at the Frankfurt Motor Show in September with the Tarraco FR PHEV Concept car. This is the brand's first plug-in hybrid electric SUV and the fourth of six electric models that the company will launch onto the market by 2021.

CUPRA, meanwhile, presented the Tavascan Concept car on the international stage. This is its first 100% electric vehicle, which combines the sturdiness of an SUV with the sportiness of a coupé.

The new SEAT Tarraco made an appearance with its version equipped with a hybrid engine and an FR finish, with a range of over 50 km and emissions of less than 50 g/km. With a combined power of 245 hp (180 kW), thanks to the 150-hp (110-kW) 1.4 TSI petrol engine and a 116-hp (85-kW) electric motor powered by a 13-kWh lithium-ion battery, the Tarraco PHEV has become the most powerful version within the range.

During the show, SEAT announced the beginning of pre-sales for the new Mii electric, which will be made available in 13 European countries: Spain, Germany, Italy, France, the United Kingdom, Austria, Belgium, the Netherlands, Switzerland, Denmark, Finland, Norway and Sweden. Its arrival on the market in 2020 will coincide with the launch of the Wallbox smart charging solution, which will allow customers to optimise the vehicle's charge time and can be managed from a mobile application or an on-line platform.

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Smart City Expo: moving towards a more efficient form of mobility

In November, SEAT attended the 9th edition of the Smart City Expo World Congress, held in Barcelona. This event serves as a platform for addressing the challenges faced by cities to spur on the global transition towards a more sustainable and smarter form of mobility.

During the event, the brand presented its new solutions conceived as part of SEAT Urban Mobility. This is a new business unit dedicated to continuing to develop and spearhead its urban mobility strategy, focusing on electric products as well as services and platforms for younger consumers. This initiative responds to the company's commitment to cities, their inhabitants and the environment.

In the SEAT space, visitors were also able to discover the major new developments of this edition. These included, on the one hand, the SEAT e-Scooter Concept, a 100% electric motorbike that is equivalent to a 125-cc petrol version and is the first in the brand's history. The vehicle will go on sale in 2020 and represents another step in the company's urban micromobility strategy. On the other hand was the SEAT e-KickScooter Concept, an evolution of the brand's first scooter presented at the previous edition.

Visitors also had the opportunity to see other products encompassed within the strategy, such as the SEAT Minimo Concept car and the Mii electric.

During the Smart City Expo World Congress, the brand presented its new solutions conceived as part of SEAT Urban Mobility. This is a new business unit dedicated to continuing to develop and spearhead its urban mobility strategy, focusing on electric products as well as services and platforms for younger consumers.



SEAT historic cars

The SEAT 1430 and 850 Sport turn 50

2019 marked 50 years since two of the company's most iconic models were released onto the market. The models in question are the SEAT 1430, a refined and exclusive hatchback that defined an entire era, and the SEAT 850 Sport, the only convertible ever developed by the brand.



SEAT 1430

With more than 255,000 vehicles manufactured, this model had dual headlights, larger rear lights than its predecessor (the SEAT 124) and a more powerful engine which was used in the Formula 1430, the first Spanish single-seater racing car created by the company in the early 1970s. This mythical car was replaced in 1976 by the 131, leaving behind a legacy of multiple successes in the rallies of the mid-1970s.

SEAT 850 Sport

Popularly known as the 850 Spider, this was the first convertible vehicle produced by the brand and a two-seater devised by the renowned Italian car designer Bertone, also available with a hardtop. In addition to its iconic design, the 903-cc petrol engine with 52 hp, which was subsequently used for the 850 Sport Coupé version, laid the foundations for thousands of cars, including an entry version of the SEAT Ibiza in the mid-1980s. With 1,746 units produced, the 850 Sport Spider was discontinued in 1972 and became a symbol of the brand.



April

Techno Classica trade fair (Essen, Germany)

Both vehicles participated in the Techno Classica in Essen, a world-renowned fair that brought together old, classic and prestige cars alike.



Espíritu de Montjuïc (Barcelona)

The SEAT 1430 and the 850 Sport were also the stars of the Espiritu de Montjuïc, an event with a nostalgic tone held at the Circuit de Catalunya racing track in Montmeló and which recalls the atmosphere of the races held on Barcelona's Montjuïc hill in the 1960s and 1970s.

The SEAT space also delighted youngsters with its fleet of pedal-powered SEAT 600s, which they could try out on a circuit marked with straw bales next to the brand's booth. Also on display at the booth were other pedal-powered cars that were unique and exact replicas of the vehicles from the SEAT Historic Cars Collection.

To round it all off, the SEAT 1430 received the National Treasure award in the Elegancia Arte en Movimiento competition, which was held in parallel with the meeting, while the SEAT 850 Sport was awarded the Popular Gem award.

May

SEAT Festival, Clásicos y Familia (Cheste, Valencia)

The second edition of the SEAT Festival, Clásicos y Familia, an event with a leisurely family atmosphere held at the Ricardo Tormo racing track in Cheste (Valencia), proved a resounding success. More than 6,000 people got to enjoy 550 classic SEAT and CUPRA models from

all generations, which filled the circuit's paddock and also commemorated the company's 69th birthday.

Participants who came with their vehicles were able to parade around the track of the world-championship circuit, and the list of models included the SEAT 600, the 124, the 1430 and the 124 Sport.



Annual appointment with the SEAT 600

For yet another year, TraveSEAT served as the meeting point for all enthusiasts of the SEAT 600, which in its fourth edition was based around the basin of the River Ebro. Around 90 SEAT 600s, including three models from the SEAT Historic Collection (a 600 D convertible, a 600 E and a SEAT 800), toured some 900 km across the Spanish landscape. The route, named SEAT4Ebre for the occasion, led them through towns such as Burgos, Miranda de Ebro, Logroño, Zaragoza, Tortosa and, finally, Ulldecona.

A year of triumphs for SEAT Historic Cars

January-February

Rallye Monte-Carlo Historique (Monaco)

In what was one of the toughest editions in memory due to the amount of ice and snow, the SEAT team led two of the three vehicles that competed in the rally to the finish line. These were the SEAT 124 D 1800 Special group 4, driven by Salvador Cañellas and Daniel Ferrater, and the SEAT 1430 FU 1600, with Josep Plana at the wheel and Carles Jiménez as co-driver.

The third participant, a SEAT 127 driven by the pair made up of Jaime Fernández and Anna Vives, had to abandon the rally due to a technical problem.



March

3rd Rally Catalunya Històric - Rally de les Caves (Catalonia)

SEAT Historic Cars won a thrilling and fair victory in this trial. The SEAT 124 D Special 1800 group 4 from 1977, driven by Salvador Cañellas and Carles Jiménez, claimed victory after a race covering 610 kilometres and involving 41 participants with classic vehicles manufactured up until 1986. Among the other participants were five more cars belonging to the SEAT Collection, which also achieved strong finishing positions.



April

Rally Costa Brava Històric (Catalonia)

The SEAT 124 D Special 1800 group 4 of Salvador Cañellas and Eloi Alsina took fifth place in the European championship for Historic Regularity Rallies, while the SEAT 1430/1600 of Mia Barolet and Josué Sánchez finished sixth, making this year the brand's best overall result at this European competition.

In addition, SEAT made the podium in the H class for vehicles manufactured up until 1976, with the 124 Special 1800 taking second place and the 1430/1600 finishing third.

July

Eifel Rallye Festival (Daun, Cologne, Germany)

The brand was represented at this competition by two of its most legendary rally models, creating a lot of anticipation among attendees. The SEAT Ibiza Kit Car, crowned World Champion in 1996, and the SEAT Ibiza Twin-engine, the four-wheel-drive prototype developed in the second half of the 1980s, were also driven by Erwin Weber and Josep M. Servià, recalling their participation with the same cars in 1994.



October

Sauerland Klassik (North Rhine-Westphalia, Germany)

The brand participated in this competition with the SEAT 1430 Special 1600 Family edition and the 850 Coupé, which completed the 650-kilometre race without incident. In addition, the first of them managed to take an extraordinary sixth place overall among the 130 vehicles that took part.



67th Rally Costa Brava (Catalonia)

The SEAT Ibiza 1.5 GLX group B, driven by Josep María "Mia" Barolet, ended up taking second place in the championships of Spain and Catalonia, while the SEAT 124 D Special 1800 group 4 of Salvador Cañellas and Eloi Alsina finished fifth.

The SEAT Ronda Crono 2.0 of Joan Dalmau and Josué Sánchez, meanwhile, finished eighth in the championship of Catalonia.



A NEW ERA

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THE CUPRA DNA

Garage: urban and sporty cars created with passion

PAGE 06

Racing: the evolution of motor sport

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Distribution: experiencing the CUPRA world

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Experience: enjoying the CUPRA univers

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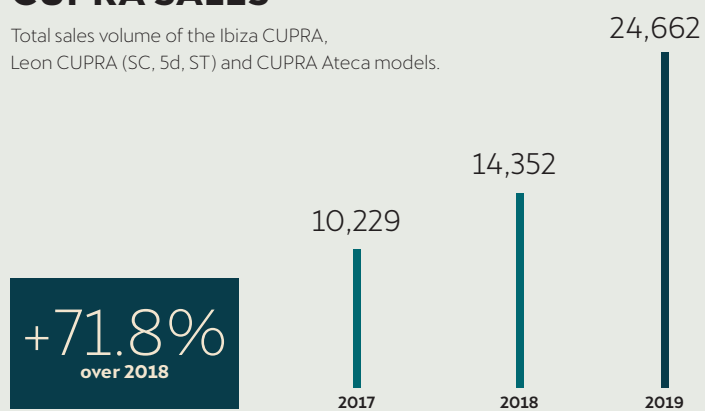


CUPRA

sophistication

CUPRA SALES

Total sales volume of the Ibiza CUPRA, Leon CUPRA (SC, 5d, ST) and CUPRA Ateca models.

**SALES BY COUNTRY**

2019 / 2018

Germany
10,677 / 6,241

Spain
2,689 / 1,608

United Kingdom
3,472 / 1,597

Switzerland
1,757 / 1,035

Mexico
1,347 / 1,334

France
1,638 / 584

Rest of the world
3,082 / 1,953



and sportiness



A new era

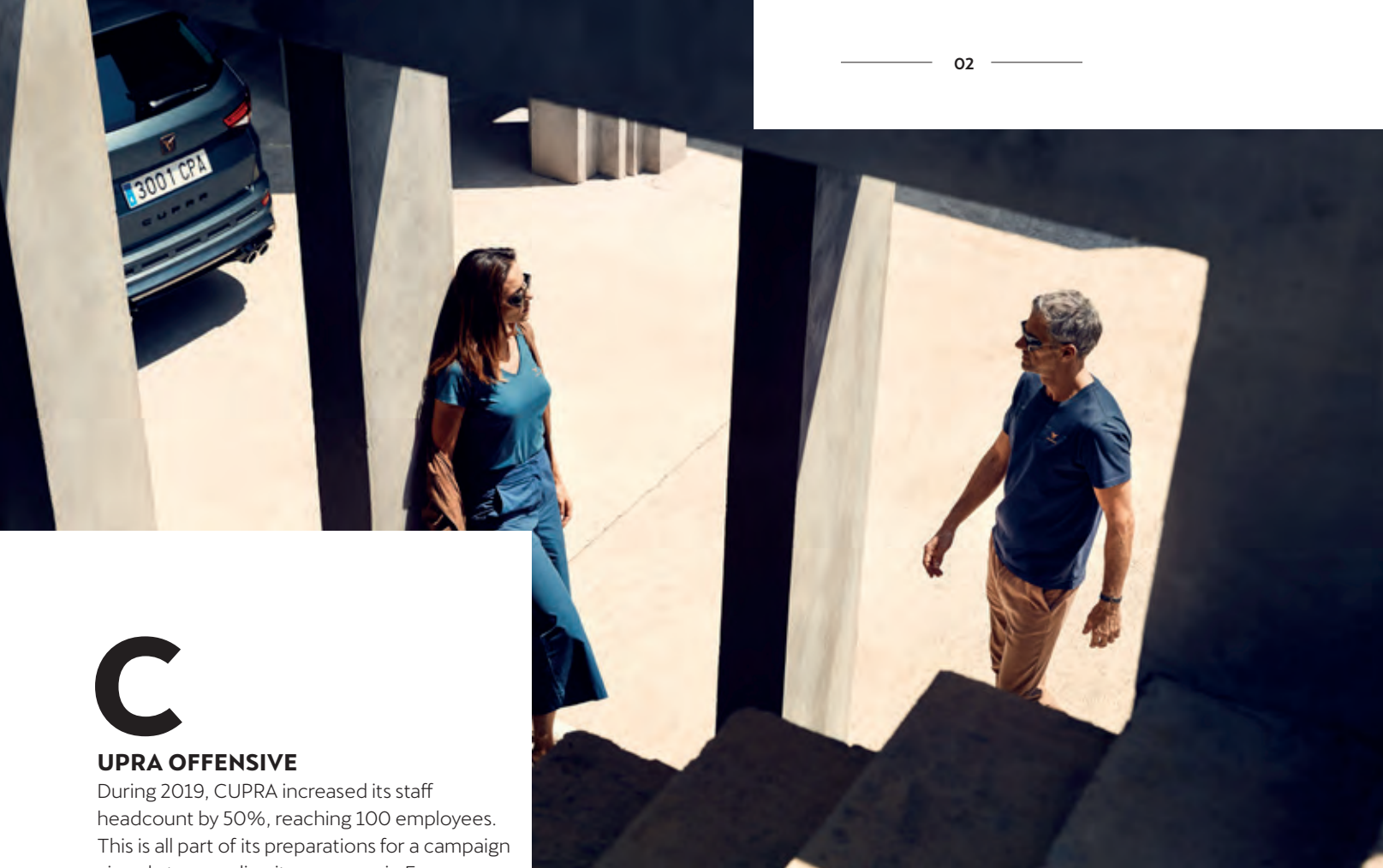
February 2018 marked the birth of CUPRA, a brand of sports vehicles with an identity of its own integrated into SEAT.

Created to captivate enthusiasts from the world of sports cars and, in turn, all those who seek a brand with personality and character, the new and exclusive firm champions a lifestyle based on sophistication, uniqueness and a sporting spirit.

A year after its launch, CUPRA has consolidated its organisational structure, increasing its workforce by 50%, and it has launched a European offensive that has exceeded all forecasts in terms of market positioning, results and sales.

In addition, it has expanded its range of vehicles with the launch of the CUPRA Ateca Limited Edition model, it has developed the CUPRA Tavascan and CUPRA Formentor concept cars, and it has kept its spirit of competition alive with the CUPRA e-Racer and the TCR.

On the other hand, partnerships with the World Padel Tour until 2021 and with Barcelona Football Club as an exclusive automotive and mobility partner have helped to secure its globalisation and to strengthen its links with the world of sport.



C

CUPRA OFFENSIVE

During 2019, CUPRA increased its staff headcount by 50%, reaching 100 employees. This is all part of its preparations for a campaign aimed at expanding its presence in Europe thanks to the success of the CUPRA Ateca, boosting sales of the Leon CUPRA and achieving significant growth in countries like France, the United Kingdom, Switzerland and Austria.

This expansion also involves increasing the brand's international presence in the most important regions of North Africa and Latin America, strengthening its market position, completing the establishment of the distribution network and continuing to train CUPRA Masters.



N

NEW HEADQUARTERS

In 2019, CUPRA built a new headquarters, located next to the SEAT headquarters in Martorell. The building is a multi-purpose space measuring 2,400 m², with an innovative and contemporary design that evokes a racing paddock and a warm and modern atmosphere aligned with the brand's philosophy. The space is divided into two floors that host the operating centre of the sales, marketing, purchasing and finance departments.

The new headquarters, which represents the culmination of CUPRA's consolidation as an independent brand, is surrounded by green spaces and has a patio and a large terrace for outdoor events where presentations of future models will be held.

In parallel, refurbishment work was undertaken on the SEAT Sport building, which served as the company's temporary headquarters. The facility, with a space measuring 16,000 m², was reorganised to convert it into the CUPRA Racing Factory, a workshop for competition touring cars where future racing cars will be manufactured and the CUPRA e-Racer will be prepared for its debut in the electric touring car championship. The CUPRA Racing Factory is currently developing and converting special vehicles such as the Leon CUPRA R Sportstourer.



C

CUPRA AT THE GENEVA AND FRANKFURT MOTOR SHOWS

After a year in the making, at the Geneva Motor Show CUPRA unveiled the first model developed specifically by and for this company: the CUPRA Formentor Concept car. This high-performance plug-in hybrid SUV, which will hit the market next year, is CUPRA's most emotional and technologically advanced model yet and represents the brand's entry into a new segment with a high-performance hybrid engine. The brand also unveiled the CUPRA Ateca Limited Edition, with a production run of just 1,999 units, which has improved the performance, sophistication and attractiveness of the original model.

The CUPRA Formentor Concept car, the first model developed specifically by CUPRA, made its debut at the Geneva Motor Show.



On the other hand, at the Frankfurt Motor Show CUPRA presented the new CUPRA Tavascan Concept car, an electric vehicle which combines the high performance that is synonymous with the brand's DNA with a state of the art motor and an expressive, emotive and sophisticated design.

This prototype combines the proportions of a four-door crossover, the presence of an SUV and the elegance of a sports coupé, and it is the first CUPRA road car to use a 100% electric propulsion system with zero emissions.

At the Frankfurt Motor Show CUPRA presented the new CUPRA Tavascan Concept car.



KINETIC WALL, AN INTERACTIVE EXPERIENCE IN FRANKFURT

The design of the CUPRA stand at the Frankfurt Motor Show included a striking interactive wall, inspired by the brand's vision of electrification, which allowed visitors to discover the sophistication and elegance of the CUPRA world.

The installation, which reproduced a pre-programmed choreography, interacted with visitors and revealed the secrets of the new vehicle, in addition to offering a sophisticated and exclusive experience aligned with the CUPRA philosophy.



The CUPRA DNA

Uniqueness, sophistication and high performance: these are the values that define the identity of CUPRA, a brand born to captivate car enthusiasts with high-performance sports cars.

Its logo, consisting of two intercrossing Cs, has become a sign of identity which represents the entire world of vehicles, accessories, competitions, events, merchandising and lifestyle championed by CUPRA. It is a lifestyle that represents its customers - men and women who are sure of themselves, with a sophisticated life, carving out their own path and choosing the differentiation, uniqueness and sophistication that the brand represents.

CUPRA aspires to occupy a position not covered by other firms in the market, in between general and premium brands.

The new world of power, style, sportiness and beauty created around CUPRA is developed on top of the four pillars that define the brand's DNA: garage, racing, distribution and experience.



Garage: urban and sporty cars created with passion

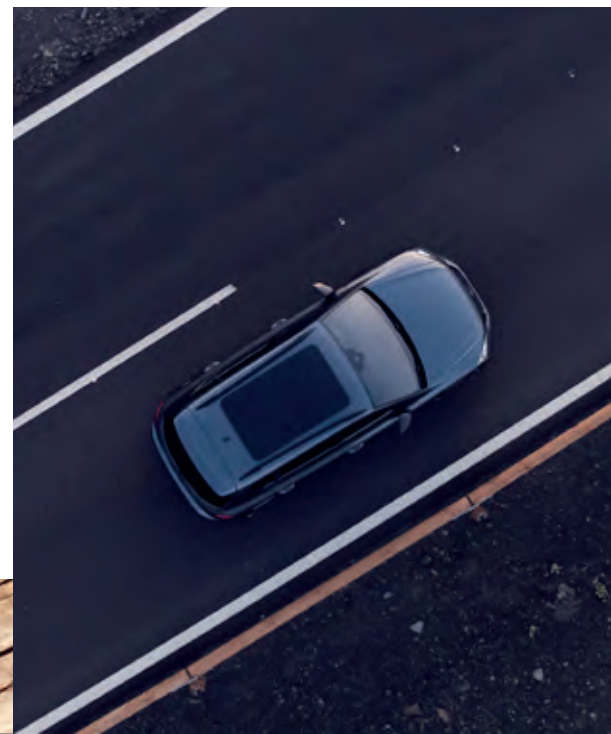
C

UPRA ATECA, A YEAR OF SUCCESSES

With an impressive 2.0 TSI four-cylinder and 300-hp engine, a seven-speed DSG gearbox, 4Drive four-wheel drive and an improved chassis, the CUPRA Ateca was the vehicle chosen to represent the brand's values at its international presentation in 2018.

A year after its arrival across the sales network, its receipt has exceeded all expectations both nationally and at the European level, with 10,356 units sold.

This compact SUV, which has opened up a new era among sports cars, combines technology, sophistication and performance without sacrificing maximum security and exclusivity.



L

LEON CUPRA R SPORTSTOURER, THE ZENITH OF EXCLUSIVITY

At the beginning of the year, the new Leon Cupra R Sportstourer went on sale. This is a vehicle that unites all the qualities of a Leon with the high-performance attributes of the CUPRA brand.

This compact family car, with a 2.0 TSI engine that delivers 300 horsepower as well as 4Drive four-wheel drive and a seven-speed DSG gearbox, demonstrates CUPRA's ability to make unique and exciting cars equipped with the latest technology.



The CUPRA R version of the compact family car offers 300 horsepower with a 2.0 TSI engine associated with the 4D four-wheel drive system and the seven-speed DSG gearbox.



In addition, it includes aerodynamic components in carbon fibre, a specific wheel camber setup that enhances in-turn performance, CUPRA R designer 19" alloy wheels, Brembo brakes, bucket seats and a sports steering wheel, both in Alcantara, as well as a complete set of features that come as standard. All this makes the Leon CUPRA R Sportstourer a special vehicle that takes exclusivity, performance, sportiness and sensations at the wheel to the next level, all for the purpose of making driving more fun.

During 2019, 1,096 units of the Leon CUPRA R Sportstourer were sold.

C

UPRA ATECA LIMITED EDITION, SOPHISTICATION AND SUPERIOR PERFORMANCE

At the Geneva Motor Show, the brand unveiled the CUPRA Ateca Limited Edition. This is a unique vehicle of which only 1,999 units will be produced in the world and which improves the performance, sophistication and attractiveness of the exclusive high-performance SUV.

At the heart of the CUPRA Ateca Limited Edition, it retains the impressive 2-litre TSI petrol engine, all four cylinders, the direct injection and the turbocharger of the standard version, which generates 300 hp. It also comes with the seven-speed DSG gearbox, the 4Drive four-wheel drive system, and the progressive steering and dynamic control of the DCC chassis with variable shock absorbers.



In terms of design, it incorporates distinctive elements such as the exclusive 20" alloy wheels in copper colour, the Brembo brakes system, wing mirrors and a rear spoiler in carbon fibre with copper-coloured inserts, an optional exhaust system developed by Akrapovic, copper-toned CUPRA lettering on the tailgate and the exclusive graphene grey exterior colour. Inside, the comfort, elegance and sportiness are highlighted in the interior mouldings in carbon fibre with copper inserts, the bucket seats with Alcantara upholstery in petrol blue, the premium floor mats, and even in the vehicle's keys, which have a CUPRA carbon fibre casing.

The CUPRA Ateca Limited Edition, which will be available through the dealer network from 2020, became available to reserve in Spain through an on-line platform starting in November 2019. This gave SUV lovers and special edition enthusiasts the opportunity to

be the first to receive their vehicle after making a reservation and configuring it on-line.

The international launch of the new CUPRA Ateca Special Edition took place in October and brought together 60 journalists from all over the world in the wine-making region of El Priorat (Tarragona), where they had the opportunity to try out the vehicle on a private circuit together with the racing driver Jordi Gené. During the presentation, participants reflected on the experimentation, the need to adapt, the attention to detail and the exclusivity that envelop the world of wine - values that also represent the new CUPRA.

The CUPRA Ateca Limited Edition includes exclusive exhaust pipes, developed by Akrapovic, for enjoying a unique sound experience.



C

UPRA FORMENTOR CONCEPT CAR: THE BIRTH OF A NEW HYBRID WORLD

To mark its first anniversary, at the Geneva Motor Show CUPRA unveiled its most impressive, dynamic and captivating vehicle yet: the CUPRA Formentor Concept car.

The first car created by and for CUPRA, which combines the versatility of an SUV with the compact and sporty design of a coupé, comes with a high-performance plug-in hybrid engine.

Thanks to a striking and captivating exterior, a welcoming interior, cutting-edge technology and a powertrain that delivers maximum-precision performance, this concept car shows the ambition, expressiveness and inspiration of the brand, which is focused on technology and the future.

The CUPRA Formentor Concept car combines the versatility of an SUV with the compact and sporty design of a coupé.



THE CUPRA BEACON

Cape Formentor, known as “the meeting point of the winds” by Majorca’s inhabitants, served as inspiration for the design of the CUPRA Formentor Concept car, in addition to giving it a name and being the location chosen for the vehicle’s debut on the road.

This is a spectacular area and the most northerly point on the island, where nature shows its raw strength. The crystal clear waters that are darkened by the movement of the waves inspired the petrol blue colour of the vehicle’s bodywork - a deep matte, almost black, shade of blue - designed specifically for this concept car. On the other hand, the action of the powerful winds, which create unimaginable silhouettes on the steep cliffs, served as a model for its aerodynamic and refined silhouette.

Designed to cause a sensation

The structural form of the CUPRA Formentor Concept car highlights its attributes. The bodywork is lower to enhance its sporty image, the visual emphasis draws the eye to the rear of the vehicle and, at the same time, the length of the bonnet and its dynamic proportions are accentuated.

The feeling of quality is enhanced with the concept of infinite rear lighting, which highlights the distinctive character of the rear of the vehicle. On the other hand, the exclusivity of the exterior colour, in petrol blue, further underscores its exquisite design.

Quality and sophistication

Inside, the CUPRA Formentor Concept car reflects the expressiveness of the exterior design with a high-end, modern and sporty passenger compartment. Its high quality is evident in the unique welcome light that lights up when opening the door, in the steering wheel that is characteristic of CUPRA, as well as in the leather bucket seats, which have a carbon fibre back rest and hold the driver in a lower and more ergonomic position.

The dashboard is another demonstration of exclusivity, with a horizontal line that stretches across the front of the passenger compartment from door to door and accentuates the intensity of the vehicle’s expression.

The design is completed with chrome and polished black finishes that enhance the exclusivity and quality of the passenger compartment.

The CUPRA Formentor is a concept car full of character that exudes emotion, has a sculptural form that highlights its numerous attributes and represents the height of sophistication.

A sustainable future

The CUPRA Formentor Concept car was designed with the future in mind. The first 100% CUPRA car reinvents the driving experience and revolutionises the brand’s electric technology with a high-performance plug-in hybrid engine, associated with a DSG dual clutch transmission that provides a total power output of 180 kW / 245 hp.

Moreover, it has a battery that provides a range of up to 50 km in exclusively electric mode in the new WLTP cycle (which is equivalent to around 70 km in the NEDC cycle). The DCC adaptive chassis control and differential lock, meanwhile, give the car excellent performance no matter what the conditions or driving style, as it is also equipped with progressive steering.

The design of a concept car in figures

500
sketches

100
renders

700
kilos of clay per
model

1,800
icons on the
screen and 1,300
on the instrument
panel

1
km of thread

More than
50
colour tests



C

UPRA TAVASCAN CONCEPT CAR, DESIGNED TO ALLOW PEOPLE TO DREAM

CUPRA also showed its full potential at the Frankfurt Motor Show with a large-sized concept car with a sporty design, a sophisticated interior and a cutting-edge motor. The CUPRA Tavascan Concept car, a 100% electric prototype that combines the proportions of a 4-door crossover, the presence of an SUV and the elegance of a sports coupé, represents the next step in the electrification of sports vehicles which CUPRA is championing.

This concept car has two motors that provide a combined power of 306 hp (225 kW) to the four wheels and allow it to reach a speed of 100 km/h in under 6.5 seconds. Furthermore, its 77-kWh lithium-ion batteries store enough energy to travel up to 450 km, according to the strict WLTP test cycle, and are located under the floor to give the vehicle a low centre of gravity and dynamic handling at the wheel.



The CUPRA Tavascan Concept car has two electric motors, one on the front axle and another at the rear, which generate a total of 306 hp (225 kW).

Comfort and style

The exterior design of the CUPRA Tavascan Concept car combines strength and exclusivity with a reduced environmental impact. In addition to the illuminated logo on the front and its sophisticated liquid metallic paint, it has air inlets that enable a smoother airflow which cools the batteries and increases their efficiency. Moreover, the aerodynamic design of its wheel arches with 56-cm (20") alloy wheels allows it to glide effortlessly as it moves.

Inside, the CUPRA Tavascan Concept car offers the perfect balance between the leading role of the driver and passenger comfort. The passenger compartment is spacious, light and high-quality, with LED ambient lighting, bucket seats with integrated speakers and connectivity for a smartphone. The dashboard floats along the front creating a sense of spaciousness, together with a 31.2-cm digital instrument panel and a 33-cm infotainment screen.



Racing: the evolution of motor sport

Competition is part of CUPRA's DNA, and it is the brand's ambition to reinvent the sport of motor racing, building on the foundations of the successes achieved with SEAT Sport.

C

UPRA E-RACER

In 2018, the CUPRA made history with the launch of the CUPRA e-Racer, the first 100% electric competition touring car in the world. With a continuous power output of 300 kW and a ceiling of 500 kW (680 hp) that allows it to reach a maximum speed of 270 km/h, accelerate from 0 to 100 km/h in 3.2 seconds and from 0 to 200 km/h in just 8.2, the CUPRA e-Racer's key element lies in its 450 kg battery. Located as low as possible in order to achieve a

centre of gravity close to ground and improve the car's handling, the battery accounts for a third of the vehicle's total weight, and the car is also equipped with four electric motors located on the rear axle, among other elements.

The car also incorporates a regenerative energy system which harnesses the power produced when braking and slowing down, as well as a steering wheel that integrates a screen through which the driver and

engineers can monitor and transmit data about the car's performance while driving in real time, allowing for more efficient energy management.

In late 2019, development began on the new CUPRA e-Racer, based on the chassis of the 380 and the image of CUPRA Electric cars.



C

UPRA TCR IN THE WTCR 2019

Following a successful 2018 in which the brand's first competition model, the CUPRA TCR, achieved great successes at the continental, European and regional levels in the World Touring Car Cup (WTCR) and in other long-distance races, CUPRA returned to the tracks in 2019 for the WTCR - FIA World Touring Car Cup.

The brand was present in the second season of the World Touring Car Cup with four drivers at the wheel of the CUPRA TCR for the PWR Racing and Comtoy DHL Racing teams.

In one of the starting grid lineups, the PWR Racing team made its first appearance on the international stage with the 2018 winner of the TCR Europe, Mikel Azcona, together with Swedish driver Daniel Haglöf. Both drivers finished the 2019 WTCR, taking 6th place

with 226 points and 23rd place with 59 points, respectively. These results serve as a testament to the perfect combination of experience and youth required to succeed in the international arena.

On the other side of the paddock, the Comtoy DHL Racing team was made up of the Dutchman Tom Coronel alongside Aurélien Panis, son of the Formula 1 racing driver Olivier Panis. Both finished the 2019 WTCR, taking 22nd and 63rd place, respectively, in a gruelling schedule that included races in Hungary, Slovakia, the Netherlands, Germany, Portugal, China, Japan, Macau and Malaysia, where the final took place.

M

ATTIAS EKSTRÖM, NEW DRIVER OF THE CUPRA E-RACER AND BRAND AMBASSADOR

The champion racing driver Mattias Ekström was appointed as a new CUPRA ambassador and official driver of the CUPRA e-Racer.

Mattias Ekström is considered one of the most versatile racing drivers in the world, with more than 25 years of experience in touring, rally and karting competitions. His track record includes an FIA World Rallycross Championship title, two victories in the DTM Championship and three in the Race of Champions.





D

DEVELOPMENT BEGINS ON THE NEW CUPRA CUPRA LEON COMPETICIÓN

In late 2019, the new CUPRA Leon Competición made its debut on the track. This is a completely new vehicle which, after 10 months of development, began circuit tests aimed at guaranteeing customers a new platform for continuing the successes of its predecessor, starting in 2020.

The main features of the new model include a new motor; a modular, flexible and much lighter electronics architecture; a more agile chassis; more efficient aerodynamics; a new interior, and safety systems that have been updated in line with the most restrictive FIA specifications.



P

PUT TO THE TEST IN EXTREME CONDITIONS

During the year, CUPRA put the e-Racer to the test in extreme conditions far removed from its natural habitat, on the snowy slopes of Andorra, on tracks covered with 10 cm of snow and ice.

Racing driver Jordi Gené and the team of engineers checked that the vehicle adapted suitably to the conditions and gathered useful information to improve its performance. For instance, the Cupra e-Racer's suspension rose by 20 mm and tyres with 420 nails were used to increase traction on the ice, improving both handling and grip. The cold climate also proved beneficial for the vehicle's electrical system, which includes a battery equivalent to 9,000 mobile phones connected all at once, since it was able to regulate its temperature more efficiently and reduce charging times.

Born to become a winning vehicle, the CUPRA e-Racer has set the standard for other European manufacturers wishing to participate in the ETCR championship to be held in 2020.

The motors of the e-Racer produce up to 500 kW (680 hp), which is 242 kW (330 hp) more than the petrol version of the CUPRA TCR.

Distribution: experiencing the CUPRA world

CUPRA has 244 specialist dealers throughout the world, including 28 in Spain, selected from among the best partners in the SEAT network. The CUPRA spaces perfectly reflect the exclusivity and sophistication that envelop the brand. In addition to its range of vehicles, they offer customers a wide range of accessories, limited collections and merchandising that complement the firm's vision of contemporary sportiness.



Attention to customer service

At each specialist dealership, a CUPRA Master offers customers a personalised and distinguished service. This figure, who is carefully selected and trained, embodies the brand's values and attitude and provides detailed information about CUPRA and its world. The CUPRA Master is also responsible for introducing the specialist service adviser, a CUPRA expert who is there to assist the customer with any technical questions they might have.

The CUPRA Masters have a platform that facilitates communication with the dealer and with the CUPRA headquarters, as well as between the brand's various specialists with the ultimate goal of improving the customer experience.

CUPRA arrives in Mexico

At the end of the year, CUPRA made its debut in Mexico with the launch of the CUPRA Ateca onto the market and the opening of the CUPRA Garage in the Mexican capital. This is the brand's first flagship space of its own in the world and forms part of its expansion strategy.



The CUPRA Garage is located in Colonia Roma, one of Mexico City's most exclusive districts. It offers car enthusiasts an open-plan space measuring 300 m², at street level, and has a contemporary design inspired by uniqueness, sophistication and performance - values that are synonymous with CUPRA.

With capacity to display up to six vehicles and equipped with the latest technology, CUPRA's first flagship store features a Racing zone where the CUPRA TCR racing car will be on display, as well as racing products and accessories. Furthermore, it is staffed by four CUPRA Masters and a sales manager who will offer car fans a unique experience.

In addition to this new space, six CUPRA corners have been installed across the SEAT dealer network in the country, and 13 CUPRA Masters are on hand to provide the brand experience to customers in Mexico City, Puebla and Guadalajara.

CUPRA Masters community app

Starting in 2019, CUPRA Masters have an application that facilitates communication between the brand's community of specialists and keeps them connected with the dealer and the head office at all times.

On the platform, which is available for iOS and Android, CUPRA Masters can view up-to-date information about CUPRA, its product launches and the events planned for the coming months. In addition, through various gamification initiatives included in the app such as games and quizzes, they can get access to prizes and bonuses, thereby strengthening their sense of belonging to the brand.

The CUPRA Masters community app has already been launched in Mexico, Spain and France, and will be extended to all other countries during 2020.

Experience: enjoying the CUPRA universe

Having a CUPRA is more than simply owning a vehicle. The brand offers its customers personalised and exclusive experiences through unique moments.



C

UPRA AND BARCELONA FOOTBALL CLUB JOIN FORCES

At the end of August, CUPRA announced a global alliance with Barcelona Football Club to become its exclusive automotive and mobility partner.

This is an agreement that transcends traditional collaborations and is based on the passion, ambition and global vocation that the two brands share, as well as on their commitment to fostering innovation and young talent. Furthermore, both CUPRA and the football club are from

Barcelona and share the vision of promoting the city's image around the world.

The alliance will serve to create unique experiences among the global community of fans and to develop urban mobility projects around the Camp Nou stadium.



A special agreement

In addition to being the exclusive Official Automotive and Mobility Partner of Barcelona Football Club, CUPRA also becomes one of its Global Official Partners. The two brands share the same DNA, as they have a contemporary vision based on a unique style and high performance.

The agreement includes a VIP CUPRA lounge at the Camp Nou for all games played at home, the brand's visibility at the stadium and the installation of a temporary space dedicated to CUPRA outside the stadium for fans.

A shared vision for the future

On the other hand, in order to promote innovation in the mobility sector, SEAT, CUPRA and Barcelona Football Club will collaborate to develop micromobility and electromobility solutions around the Camp Nou. The stadium facilities will serve as a test lab for urban mobility projects in the city of Barcelona.



With the signing of these agreements, CUPRA brings its values of uniqueness, sophistication and performance to a sport that has grown exponentially in recent years, becoming the second most practised sport in Spain and the fastest-growing sport in Europe.

In addition to helping to boost the international expansion of padel, CUPRA's presence at tournaments held in around 50 different countries and its position as a sponsor allow the brand to connect with an audience with which it shares passion, determination and a sporting spirit.

C

UPRA STORMS THE COURT

In May, CUPRA made its break into the world of padel with Fernando Belasteguín, Pablo Lima, Alejandra Salazar and Ariadna Sánchez as the new brand ambassadors. These are four of the best padel players in the world and they wore the CUPRA emblem in tournaments of the World Padel Tour (WPT) for the remainder of the season.

The players, who are among the top 10 in the world, were accompanied on the court by the passion, precision, determination and courage that CUPRA conveys.

Sponsor of the World Padel Tour and the International Padel Federation

One month later, CUPRA became the official international sponsor of the padel circuit for 2019. It also extended the agreement to the forthcoming seasons, in which it will become a premium sponsor of the circuit and will be present at all national and international tournaments.

During the year, CUPRA was present at five WPT events: the Portugal Padel Master, Brussels Exhibition, Paris Challenger, Sao Paulo Padel Open and Mexico Padel Open.

In December, the brand served another ace by becoming a sponsor of the International Padel Federation (FIP), an agreement which will last through to 2020 and was announced at the 2019 CUPRA European Padel Championship, held in Rome.

C

UPRA SNOW CAMP

During the month of February, around 30 customers had the chance to experience first-hand what it is like to drive a CUPRA Ateca, the brand's exceptional compact SUV.

Jordi Gené, the firm's test and development driver, together with instructors from the CUPRA school, offered participants all the information needed to test the vehicle's handling abilities on snow and ice, including its 4Drive four-wheel drive system, its exceptional chassis and its outstanding powertrain.

The activity, which was held on the slopes of Pas de la Casa in the Andorran Pyrenees and in the Catalan town of Puigcerdà, not only included theoretical and practical classes for attendees focused on how to drive on snow, but also other activities aimed at the more daring drivers.





C

UPRA NIGHT IN FRANKFURT

As part of the Frankfurt Motor Show in September, CUPRA organised its first CUPRA Night, an exclusive event in which the values of creativity, exclusivity and sophistication that define the brand were made tangible.

The DJ Robin Schulz and the tattoo artist Philipp Eid were two of the star guests, along with dozens of celebrities, influencers and representatives from various international media who made the evening a success.

During the party, which included the exhibition of the new CUPRA Formentor Concept car, guests were also able to catch a glimpse of some of the new exclusive products created in collaboration with the brand.

MERCHANDISING AND NEW COLLABORATIONS

The CUPRA line of merchandising, which includes new collaborations and was created on the premises of sophistication and individuality that define the brand, doubled its range of products in 2019.

Its capsule collections, which are exclusive and limited editions, are developed in collaboration with partners who share the brand's values and its passion for craftsmanship, quality and attention to detail.

Some of the new products included the TRAKATAN bags, which were added to the collection of unique accessories. These bags are made with the finest vegetable-tanned and hand-engraved leathers, which incorporate the CUPRA logo. The range also includes three new models of L.G.R sunglasses, a carbon fibre keyring and the Racing Collection, consisting of co-branded products created together with SABELT, a highly prestigious brand in the motor racing sector.

The new CUPRA Tavascan Concept car was the star of CUPRA Night, held during the Frankfurt Motor Show.



C

UPRA TOUCHES THE SKY IN PARIS

In October, the roof of the Parc des Expositions, at the Porte de Versailles in Paris, was the scene chosen by CUPRA to organise a special driving event.

Under the name "CUPRA: The Rooftop Driving Experience", the brand created the first high-rise speed loop ever installed in the city of Paris. Guests got to enjoy the CUPRA Ateca's 300 hp with brand ambassador Mattias Ekström at the wheel, all as part of a unique and immersive experience with panoramic views of the Eiffel Tower.

Attendees at the event, which lasted two days, were also able to get a close-up look at the brand's five models and prototypes: the Leon CUPRA, CUPRA Ateca, CUPRA e-Racer, CUPRA Formentor Concept car and CUPRA Tavascan Concept car.



Research & Development

No
limits
to your
imagination



The SEAT Digital Lab is an open space in which both future products and digital services intended for cars and new mobility concepts are visualised and developed.



Axel Andorff, new vice-president of R&D

In March 2019, Axel Andorff was appointed SEAT's new executive vice-president of Research & Development (R&D), putting him in charge of the company's innovation projects. These include those focused on connectivity, the electrification of the car and new mobility solutions.

He took over from Dr. Mathias Rabe, who was appointed to lead the new Technical Development Operations division at Volkswagen. In his new role, Andorff oversees areas of the company that are considered strategic, such as the Design division, which conceptualises all of the brand's vehicles, and the CTS.

Renovation of the SEAT Digital Lab

During 2019, SEAT continued to strive to build the future of the brand. The R&D division is highly committed to successfully tackling the digital disruption that is taking place in the automotive industry. To this end, updates were made to the facilities of the SEAT Digital Lab, which was created in order to house new simulation and testing systems.

This laboratory is an open space in which both future products and digital services intended for cars and new mobility concepts are visualised and developed.

In its facilities, quality is combined with various disciplines such as electronic architecture, design, and information technologies with a single goal in mind: to foster innovation and a digital culture.

Thanks to the Digital Lab, SEAT can simulate concepts from the early stages of a project and conduct user tests with real customers. This helps it to make better decisions focused on users' needs and, above all, to have the time required to steer projects in the most efficient and agile way possible.



The SEAT Technical Centre: the brand's fulcrum for innovation

With 45 years of history, the SEAT Technical Centre (CTS) continues to serve as a benchmark for the automotive industry. Integrated within the R&D division, it is the company's focal point for innovation and a unique asset in Spain when it comes to developing a vehicle from start to finish.

The importance of the CTS in the brand's success is enormous, as is its influence on SEAT's growing prominence within the Volkswagen Group, where the company is playing an active part in some of its strategic projects such as those related to compressed natural gas engines.

The CTS has evolved over the years and was refurbished in 2019 to adapt to the new needs and demands not only of the automotive sector, but particularly of a new form of mobility that demands increasingly innovative and sustainable solutions. It is in this vein that investments were made for the facility's renovation, the urbanisation of its surrounding environment and the construction of new equipment and technologies.

The CTS' team of engineers works with its eyes firmly set on the future to ensure that the brand's products and services comply with what customers expect from a company that is synonymous with innovation and technology like SEAT.

The SEAT Technical Centre in figures

Year of creation: 1975

Surface area
200,000 m²

Number of engineers
1,137

Kilometres of tests
3,421,000

Number of projects
418

Number of prototypes
21

Hours of engineering
3,803,203

New anechoic chamber

Another important development was the creation of a new anechoic chamber in the SEAT Technical Centre, which helps in understanding the car's sounds. This facility is equipped with the latest technology to accurately measure the sounds produced by each vehicle, ranging from those produced by the closing of the doors or the operation of the engine to those produced by the windscreen wipers or the friction of the tyres.

The anechoic chamber of the CTS is equipped with the latest technology to accurately measure the sounds produced by each vehicle, ranging from those produced by the closing of the doors or the operation of the engine to those produced by the windscreen wipers or the friction of the tyres.

The anechoic chamber makes it possible to find out how the vehicle's occupants perceive the sounds of the car. It is also a key component for helping to answer some of the questions related to the mobility of the future, such as determining the lower noise level produced by electric motors and how the user perceives that the car is in full working order based on how it sounds.

Thanks to the anechoic chamber, the engineers of SEAT's acoustic team have a new tool that allows them not only to reduce the noise produced by the cars, but also to harmonise their sounds in order to improve the interior comfort for their occupants.

New streets and offices for the CTS

As part of the transformation of the CTS' spaces, the company carried out works on the streets that surround it. The works, which were completed in the third quarter of the year, affected the central road and the perimeter and helped to improve both comfort and safety within the premises.

The urbanisation project not only focused on the asphaltting of the streets, but also included improvements in the landscaping and lighting. The pavements include 4,000 m² of photocatalytic paving blocks made out of a material which generates a natural chemical reaction that breaks down particles of NOx, helping to reduce pollution.



In addition to the urbanisation of the CTS' surroundings, work was undertaken to renovate its offices. This involved redesigning them in order to create more comfortable work spaces to facilitate communication and efficiency among team members. The change has made the centre into an even more appealing place for attracting new talent.

SEAT, leading the development of CNG in the Volkswagen Group

Midway through the year, the first phase of a project aimed at making SEAT the Expertise Centre of the Volkswagen Group in the field of compressed natural gas (CNG) was successfully concluded. The intention is to convert the CTS into the nerve centre for the development of CNG engine applications for all brands of the Group.

It is in this context that new versions of TGI engines (the name given to SEAT's engines powered by CNG) were developed in conjunction with Volkswagen for various different models.

The second phase of the project began in June and involved the CTS providing support in the development of new engines that will be launched in 2020. As part of this second phase, SEAT began one of the calibrations of the 1.5 TGI engine, intended for all brands of the Group.

The project is a demonstration of the brand's commitment to a technology that secures the long-term future of gas as a sustainable and low-emissions alternative suited to the new mobility needs.



Electric and connected mobility: the future is here

SEAT's electric strategy foresees the arrival of six electric and plug-in hybrid models by 2021, with the goal of responding to new consumer needs. The Mii electric is the brand's first 100% electric car. It was launched onto the market in 2019 and will be joined in 2020 by the SEAT el-Born, also presented in 2019 as a concept car. Furthermore, the new generations of the Leon and the Tarraco will have a plug-in hybrid version. The CUPRA Leon and the CUPRA Formentor, meanwhile, will also have a plug-in hybrid version.



Electrification, connectivity and micromobility are an integral part of both SEAT's vision for the future and the sector's transformation process, in which the brand wants to play a leading role with a new business model based on mobility services.

In 2019, SEAT took a major step in its urban mobility offensive with the creation of a new strategic business unit: SEAT Urban Mobility. This unit integrates all of the company's mobility solutions, whether products, services or platforms, and it is leading the launch of the eScooter Concept, SEAT's first electric motorbike, and the new SEAT e-KickScooter Concept. It is also responsible for the development of the SEAT Minimo Concept car and for managing the carsharing platform Respiro. SEAT thus becomes the centre of micromobility expertise for the entire Volkswagen Group.

NEW ELECTRIC CARS



SEAT el-Born Concept car

The SEAT el-Born Concept car is the first 100% electric vehicle that the company has conceived using the Volkswagen Group's MEB platform. This model has been designed and developed entirely in Barcelona and its series version will be produced at the Zwickau factory (Germany), from where it will reach the market in 2020.

Named after one of the most emblematic districts of Barcelona, the SEAT el-Born Concept car incorporates elements of connectivity, electrification and autonomous driving to respond to the challenges of the new mobility.

High-density batteries with a 62-kWh capacity.
Range: up to 420 kilometres, according to the WLTP test cycle.

Thermal management system to maximise range.

Charge time: from 0 to 80% in 47 minutes using rapid direct current chargers.

Power: up to 150 kW (204 hp).

Acceleration: from 0 to 100 km/h in 7.5 seconds.

Driver-assistance systems such as the smart parking assistant.



SEAT Mii electric

SEAT's first 100% electric model is the Mii electric, a car that combines practicality, dynamism, technology and a high degree of connectivity at an affordable price, factors that make it an excellent choice for both individual users and fleets.

The Mii electric is produced in Bratislava (Slovakia) and will serve to kick-start the preparation of the SEAT dealership network ahead of the expansion of the market for electric vehicles. Pre-sales began in September 2019 and it will go on full sale in 2020.

Lithium-ion battery with a 36.8-kWh capacity.
Range: up to 260 km on a single charge, according to the WLTP test cycle.

Different options for charging the batteries, such as installing the SEAT Wallbox personal charge point.

Charge time: from 0 to 80% in 60 minutes using rapid direct current chargers.

Power of 61 kW (83 hp) and torque of 212 Nm.
Acceleration: from 0 to 50 km/h in 3.9 seconds.

Driver-assistance systems: comes with the involuntary lane change assistant Lane Assist as standard.

First model with the SEAT CONNECT system for managing the car remotely, including access to driving data, its location once parked and the status of the battery, air conditioning, doors and lights.



CUPRA Formentor Concept car

The PHEV (plug-in hybrid electric vehicle) version of the CUPRA Formentor Concept car combines a traditional combustion engine with an electric motor, and it is the first vehicle created by the development team specific to the CUPRA brand. It is a plug-in hybrid prototype which brings together the benefits of SUVs and sports cars in a single model.

Range: up to 50 km in 100% electric mode according to the WLTP test cycle.
Power: 180 kW / 245 hp.
Acceleration: from 0 to 100 km/h in 7.1 seconds.

Equipped with the Digital Cockpit, which provides the driver with comprehensive information.

Infotainment system with a 10" voice-controllable floating display and a multitude of usage and connectivity options for the occupants.

What is the difference?

Range

Hybrid

No charge port

○○○○



Combines a dual propulsion system, the main one (combustion engine) and an electric one. The battery recharges when the vehicle slows down.

Plug-in hybrid

Refuel it and plug it in

○○○○○



Combines an internal combustion engine and an electric motor, with the latter being given preferential use. The battery is recharged when the vehicle slows down or directly by plugging it in.

100% electric

Zero emissions

○○○



Exclusively electric propulsion, basing all of its power and range on the energy provided by a high-capacity rechargeable battery.



SEAT EXS KickScooter and SEAT e-KickScooter Concept

The SEAT EXS KickScooter, launched in 2018, has found its place among users of electric scooters, a type of vehicles that is increasingly common in our cities. This model is an excellent alternative for urban mobility thanks to its versatility and gentle handling.

In 2019, SEAT presented the new generation of this model: the SEAT e-KickScooter Concept. The new version offers a longer range, two independent brake systems and a battery with a much higher capacity.



SEAT e-KickScooter Concept

Battery: 551 Wh.
Range: up to 65 km.
Integrated rapid charging.
Climb angle: up to 20%.
Double brake system: front electric brake and rear disk brake.

SEAT EXS KickScooter

Battery: 187 kWh.
Range: up to 25 km.
Charge time: 3.5 hours.
Speed: 25 km/h
Power output: 300 W.
Weight: 12.5 kg
Climb angle: up to 10%.
High-power front light, rear brake light and ambient light on the base.
Electric front brake with a rear mudguard step-on brake.
Front and rear suspension system.
Battery and brake cables integrated into the bar shaft for added protection.
Solid rubber wheels to avoid punctures.
It can be used from 14 years of age.



eScooter Concept

SEAT's latest proposal for urban mobility, presented during the Smart City Expo World Congress in Barcelona, is the new SEAT eScooter Concept, a motorbike with a 100% electric motor equivalent to a 125-cc petrol engine.

The first eScooter in the brand's history has been developed in collaboration with the Barcelona-based electric motorbike manufacturer Silence and will be available for sale to both individual customers and shared fleets.

Removable batteries with incorporated wheels and handlebars.
Range: 115 km according to the WMTC test.
Power: 7 kW with peaks of 11 kW.
Acceleration: from 0 to 50 km/h in 3.8 seconds.
Maximum speed: 100 km/h
Torque of 240 Nm.
Connected via a mobile app.



URBAN MOBILITY

SEAT Minimo Concept car

The SEAT Minimo Concept car represents the company's vision for the urban mobility of the future. This is a 100% electric vehicle, with a capacity for two people, which combines the best of a car and a motorbike and has been designed with new urban mobility needs in mind, both for individual users and for carsharing platforms. SEAT is working with institutions to continue developing the model before a potential launch onto the market.

Battery exchange system to recharge the vehicle in minutes.
Range: > 100 km.
Power: 15 kW.
Digital key system.

Technological innovation, the cornerstone of SEAT

What will the car of the future be like?

EMPATHETIC

The integration of smart technology will allow cars in the not-so-distant future to recognise their owners with biometric and facial recognition systems and to adapt to their tastes and preferences.

ELECTRIC

Various research projects, both at the European level and those undertaken by car brands themselves, are working on substantially increasing the range of electric vehicles by optimising the battery and the efficiency of the drivetrain components.

FLYING?

Several companies have developed their first models of flying cars, which will complete their first trips in 2020.



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HIGH-TECH

Advances in technology will open the door to new processes in car manufacturing, such as 3D printing, as well as new services, such as diagnosing the health of the driver through sensors that are likely to be wireless.

DRIVERLESS

LIDAR technology, a laser system similar to radar which is able to generate high-definition 3D maps, will enable the emergence of the first driverless robotaxis, which will collect their clients autonomously and will be hailed using apps.

WELCOMING

When driving is 100% autonomous, the steering wheel and driver's seat will no longer be needed. In this way, the car will be transformed into a kind of living room in which the occupants will be able to relax, rest or work.

AUTONOMOUS

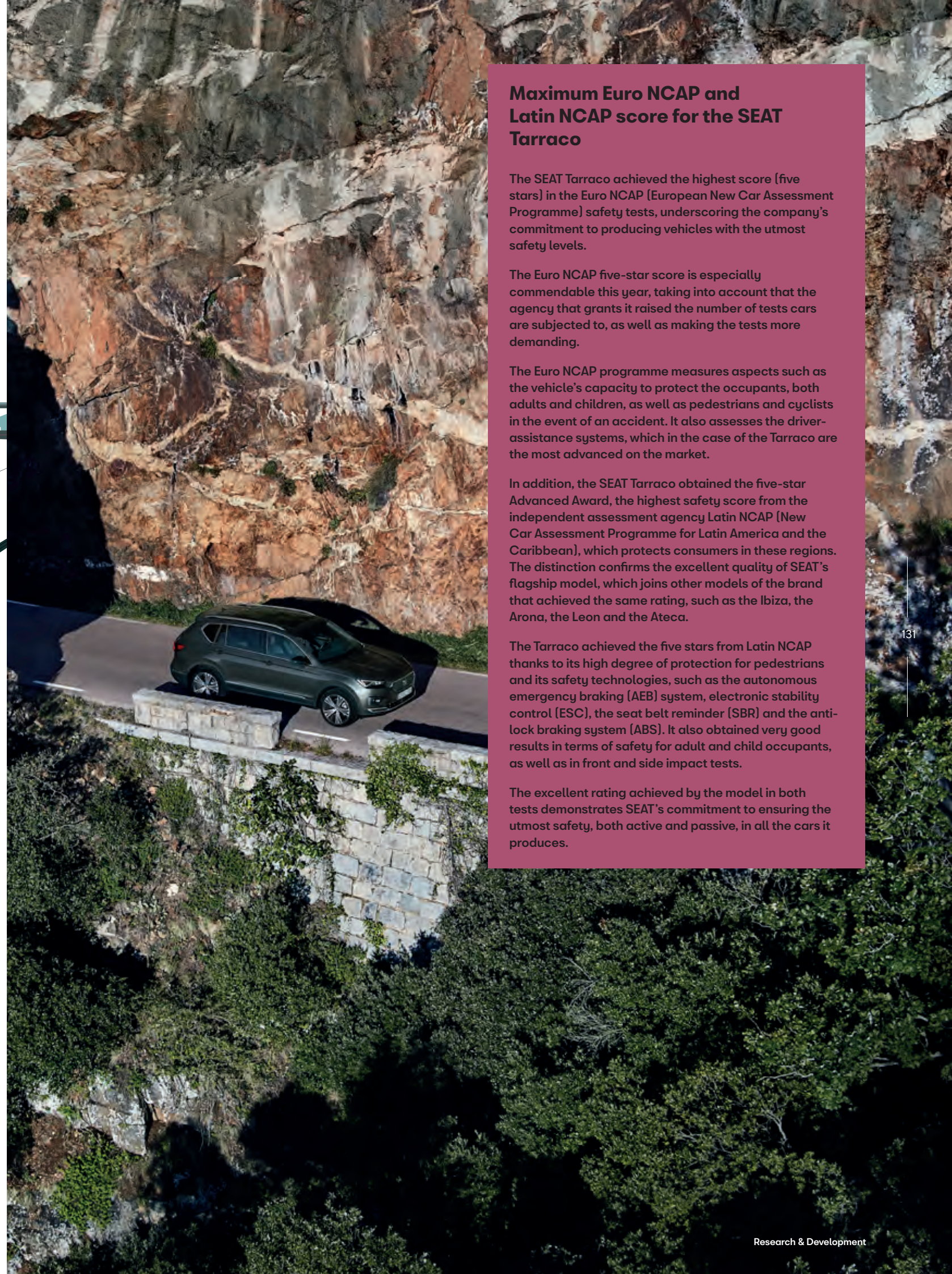
The mobility that is coming: autonomous cars (level 5 autonomous cars, which are 100% self-driving, are already being tested), driving on smart roads, which will go from being a mere component of the infrastructure to being an active element of the mobility ecosystem thanks to 5G connectivity.

CONNECTED

Full connectivity with the infrastructure will allow cars to coordinate with it and with each other, thereby preventing traffic jams and increasing road safety. They will also be able to send data to our mechanic.

SAFE

The autonomous car does not drink, look at its mobile phone, get distracted or exceed the speed limit, which will eliminate the main causes of accidents. On the other hand, their materials (steels, plastics and foams) will improve the protection of the occupants.



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Maximum Euro NCAP and Latin NCAP score for the SEAT Tarraco

The SEAT Tarraco achieved the highest score (five stars) in the Euro NCAP (European New Car Assessment Programme) safety tests, underscoring the company's commitment to producing vehicles with the utmost safety levels.

The Euro NCAP five-star score is especially commendable this year, taking into account that the agency that grants it raised the number of tests cars are subjected to, as well as making the tests more demanding.

The Euro NCAP programme measures aspects such as the vehicle's capacity to protect the occupants, both adults and children, as well as pedestrians and cyclists in the event of an accident. It also assesses the driver-assistance systems, which in the case of the Tarraco are the most advanced on the market.

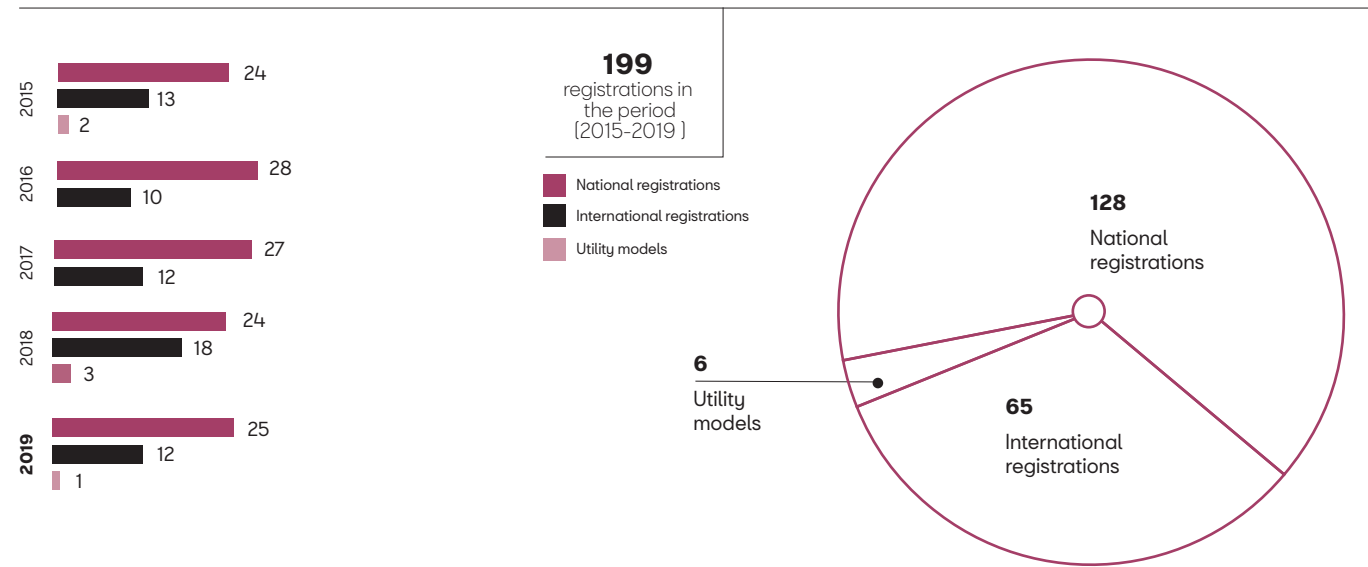
In addition, the SEAT Tarraco obtained the five-star Advanced Award, the highest safety score from the independent assessment agency Latin NCAP (New Car Assessment Programme for Latin America and the Caribbean), which protects consumers in these regions. The distinction confirms the excellent quality of SEAT's flagship model, which joins other models of the brand that achieved the same rating, such as the Ibiza, the Arona, the Leon and the Ateca.

The Tarraco achieved the five stars from Latin NCAP thanks to its high degree of protection for pedestrians and its safety technologies, such as the autonomous emergency braking (AEB) system, electronic stability control (ESC), the seat belt reminder (SBR) and the anti-lock braking system (ABS). It also obtained very good results in terms of safety for adult and child occupants, as well as in front and side impact tests.

The excellent rating achieved by the model in both tests demonstrates SEAT's commitment to ensuring the utmost safety, both active and passive, in all the cars it produces.

Industrial property - Registration of SEAT patents

SEAT's work in the field of innovation and research results in the continuous growth of its industrial property.



Commitment to education and training to foster technological innovation

SEAT's relationship with the world of education and training is key for two reasons:

- It allows the company to find talent that can later be incorporated in order to contribute their particular vision.
- It facilitates collaboration with different centres in order to update the range of training courses available, aligning them with the needs of the automotive industry, technological developments and the challenges posed by the mobility of the future.

In practice, SEAT's vocation in this field translates into collaboration at different levels with various university centres specialising in a number of areas, providing support to training programmes and projects related to technology and connectivity in the automotive sector.

KIC on Urban Mobility

Together with the city of Barcelona and another 12 cities, 16 companies and 18 universities from 15 different European countries, SEAT is part of EIT (European Institute of Innovation & Technology) Urban Mobility, a consortium selected by the European Union (EU) to build the Knowledge and Innovation Community (KIC) on urban mobility, which has its headquarters in Barcelona. Its mission is to develop and implement new solutions and investments in the field of urban mobility in the EU until at least 2026.

For SEAT, which leads the development of micromobility within the Volkswagen Group, participating in this project represents an important opportunity to promote a new mobility model that supports innovation and competitiveness.

Support for the Polytechnic University of Catalonia

The collaboration between SEAT and the Polytechnic University of Catalonia (Universitat Politècnica de Catalunya, UPC) remained active throughout 2019. This relationship is articulated through two specific measures that have been consolidated over the years: the SEAT/UPC professorship and CARNET, an innovation body backed by the UPC, SEAT and Volkswagen Group Research.

SEAT's relationship with the world of education and training allows it to find talent that can later be incorporated into the company in order to contribute their particular vision.



The company continued offering its support to the two postgraduate programmes offered by the UPC: CARMAT (automotive bodywork and materials) and ELTICA (electricity and car electronics). These are two courses with a highly practical perspective and with which the company strengthens its commitment to education and training and the transfer of knowledge to the sector.

On the other hand, CARNET (Future Mobility Research Hub) was consolidated in its fifth year of existence as an important R&D&i hub in the automotive sector and the field of future urban mobility. The initiative participates in various projects focused on areas such as smart mobility and systems for shared vehicles.

Creative Lab

The fifth edition of the Creative Lab was brought to a close in April with the presentation of the projects developed by students from the Industrial Engineering, Aerospace and Audiovisual School of Terrassa (Escuela Superior de Ingeniería Industrial, Aeroespacial y Audiovisual de Terrassa, ESEIAAT) and the Centre of Image and Multimedia Technology (Centre de la Imatge i la Tecnologia Multimèdia, CITM).

This innovation initiative, led by CARNET, addressed topics such as new ideas on the interaction of virtual reality, predictive sports driving and the interaction between robots and people. Like every year, CARNET set challenges for which the university students had to develop innovative solutions, with help from their professors and from professionals from SEAT's Innovation Department and Volkswagen Group Research.



Elisava collaborates with SEAT on the future of mobility

The University School of Design and Engineering of Barcelona (Escuela Universitaria de Diseño e Ingeniería de Barcelona, Elisava) and SEAT continued their cooperation to analyse the future of the automotive industry in Spain. As a result of this collaboration, over the past three years 51 students in Industrial Design Engineering and Design from Elisava have developed 16 projects defined by SEAT relating to the mobility of the future. The students have submitted worthy proposals relating to three major themes: "Autonomous car and future mobility" (2017), "SEAT CarSharing 2025" (2018) and "SEAT Future Vision 2030" (2019), thanks to a training programme developed by CARNET.

This initiative allows the company to get to know the students as they develop their projects and to offer some of them the opportunity to join its scholarship programme. With these agreements, students have the opportunity to work in real company environments, and they get to do so under the guidance of professionals in the sector and teachers from Elisava.

Agreement between SEAT and ESADE

In 2019, SEAT signed a collaboration agreement with the ESADE business school to launch areas of cooperation to promote research, training in disciplines related to entrepreneurship and business management, and the exchange of knowledge related to the automotive sector.

Under the agreement, ESADE students will study case studies of initiatives led by SEAT, as well as participating in think tanks related to the sector and collaborating in research on data science, artificial intelligence and entrepreneurship.

At the same time, and as a sign of its commitment to young talent, the company will award scholarships to five students from ESADE, two at the undergraduate level and three studying for the Master's degrees in Innovation and Entrepreneurship and in Business Analytics at the business school.

Awards for SEAT and CUPRA vehicles

SEAT Leon

- > **"Estrella Luike del Motor" award** for the Best-selling Compact/Medium-sized Car among Individual Customers in Spain for the Leon, awarded by Luike Iberoamericana de Revistas.
- > **"Estrella Luike del Motor" award** for the Best-selling Car of the Year in Spain for the Leon, awarded by Luike Iberoamericana de Revistas.

- > **"Honest John Award"** in the United Kingdom for the Leon ST in the "Best Estate Car" category, awarded by the readers of *Honest John*.
- > **"Fleet Car of the Year" award** in Portugal for the Leon ST in the "Gasolina Station" category, awarded by Leaseplan.

SEAT Arona

- > **"Mujer Hoy" award** in Spain in the "Best Sustainable Car" category, awarded by the magazine *Mujer Hoy*.
- > **"Firmenauto 2019" award** in Germany in the "Small SUV - Import" category, awarded by the publication *Firmenauto*.
- > **Overall winner in the "What Car Awards"** for the "Best Small SUV" in the United Kingdom, awarded by the magazine *What Car?*

- > **"Best Small Crossover" award** in the United Kingdom, awarded by Diesel/Car EcoCar.
- > **"Best in Class" award** in Ireland in the "Best Compact Crossover" category, awarded by the newspaper *The Irish Times*.
- > **"2018 Gladiators Ceremony" award** in Turkey in the "Best Outdoor of the Year" category, awarded by the Automotive Distributors Association.

CUPRA Ateca

- > **Overall winner in the "What Car Awards"** for the "Best Sports SUV" in the United Kingdom, awarded by the magazine *What Car?*

SEAT Ibiza

- > **"Firmenauto 2019" award** in Germany in the "Small Car - Import" category, awarded by the publication *Firmenauto*.
- > **"Compacte Business 2019" award** in France in the "Best B-to-B car in the segment" category, awarded by Kilomètre Entreprises.

SEAT Ateca

- > **"Best Family Car" award** in the United Kingdom, awarded by the users of Auto Trader.

SEAT Alhambra

- > **"Firmenauto 2019" award** in Germany in the "Vans Import" category, awarded by the magazine *Firmenauto*.
- > **"Auto Bild Allrad" award** in Germany in the "Best All-wheel Car in Vans and Buses" category, awarded by the publication *Auto Bild Allrad*.

CUPRA Formentor Concept car

- > **"German Design Council's Automotive Brand Contest" award** in Germany, awarded by the German Design Council.

- > **"ABC Best Car of the Year 2020" award in Spain**, awarded by the panel of 35 judges, all of whom were specialist motor journalists, and the public votes of the readers and subscribers of the newspaper ABC.
- > **"Best Cars 2019" award** in Spain in the "Best Medium-high Model" category, awarded by the publication *Autopista* by the editorial group Motorpress Ibérica.
- > **"Best Car for Travelling Safely" award** in Spain, awarded by CEA [European Automotive Commissariat] and by MotoryViajes.com.
- > **"Ecomotor" award** in Spain in the "Best Large SUV" category, awarded by Ecomotor.
- > **"Telva Motor 2019" award** in Spain in the "Unidad Editorial Motor Journalists Award" category, awarded by the magazine *Telva*.
- > **"Ideal Car" award in Spain**, awarded by the collective of golfers and professionals of the sector in the 11th edition of the Spanish Media Cup.
- > **"2020 Readers' Car of the Year" award** in Spain, awarded by the readers of the newspapers of the Editorial Prensa Ibérica Group and of the newspaper *La Vanguardia*.
- > **"2020 Car of the Year in Catalonia" award**, awarded by the Motor Press Association of Catalonia [Asociación Prensa Motor de Catalunya, APMC].
- > **"Auto Express New Car Award"** in the United Kingdom in the "Large SUV of the Year" category, awarded by Auto Express.
- > **"Irish Large SUV of the Year 2020" award** in Ireland, awarded by the Irish Motoring Writer's Association.

SEAT Tarraco

We
not
me

Human Resources & Organisation

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Talent, the fulcrum of cultural change at SEAT

In line with the plan under SEAT's new strategy, 2019 was an especially intense year in terms of talent management at various levels. The area responsible for this function was renamed HR & Organisation, with the aim of offering employees a more efficient and direct service, while also tackling the important process of cultural change launched this year by the company.

The transformation that the automotive sector is undergoing requires it to develop and attract new professional profiles with digital skills. To this end, in 2019 new tools and systems were developed for the acquisition and retention of talent. In addition, the new training model "Always Learning" is focused on digital content and incorporates an innovative range of free courses that employees can undertake outside of working hours for their own personal and professional development. This innovation consolidates SEAT's position as a benchmark company in terms of services offered to its employees due to the quality of its healthcare and preventive medicine, its employee benefits, its flexible remuneration system and, now, its new training model.

The transformation that the automotive sector is undergoing requires it to develop and attract new professional profiles with digital skills.



Definition of the new corporate culture

One of the major challenges that SEAT is facing in terms of talent management is adapting the skills and attitudes of all its professionals to the new business model being developed by the company. In order to align these two processes, in 2019 an ambitious project of cultural change was launched, under the name Cooltura. This project will define the organisation's new culture and will activate all of the tools and processes required to achieve this new goal.

For SEAT, the concept of "corporate culture" has a very clear and direct definition: "The way we do things". With this as a starting point, the project is based on the premise that the organisation has a culture of a large-scale industrial manufacturing company. The new environment of digitalisation and the transformation that the automotive sector is experiencing require an evolution of that culture in order to make the organisation

more agile and flexible, thereby supporting the development of the current corporate strategy.

The Cooltura project kicked off in the last quarter of 2019 and is due to be pursued until 2021. Its first phase consists of an in-depth analysis of the concept of corporate culture and the different models in order to define the organisation's current positioning and its "target culture". To do this, employees were directly involved in the analysis through surveys, workshops and focus groups.

In parallel, in 2019 a series of initiatives were launched that will accompany this cultural transformation, in accordance with the principles of the project Together 4 Integrity (T4I). These initiatives included Team Dialogue, a communication tool designed to find out and assess the extent to which the Volkswagen Group Essentials are being complied with, and Role Model Programme 2.0., a set of activities to be undertaken by the management team to promote these same values. The

Volkswagen Group Essentials are the seven values that govern the behaviour of the employees of all the brands and companies of the Consortium, and they constitute the basis for the inclusion of integrity and compliance within the company's corporate strategy.

Such is the importance of adhering to the Volkswagen Group's integrity and compliance principles that it has a direct impact on the compensation model for staff employed outside the collective agreement: the new formula for calculating the bonus will incorporate this criterion from 2020.

"#ReinventingHR", the new model for talent management

Developing this new culture is also one of the main challenges faced by the new HR & Organisation department, which was restructured in 2019 in order to give it a less hierarchical and more flexible structure. To this end, the new model makes it easier for work to be conducted using processes, reduces the number of parties involved and promotes the automation of tasks that provide less value. On a practical level, the staff management functions were redefined through the creation of HR Service Points and Business Partners - initiatives that offer employees a more personalised, expert and approachable service for all their queries and problems.

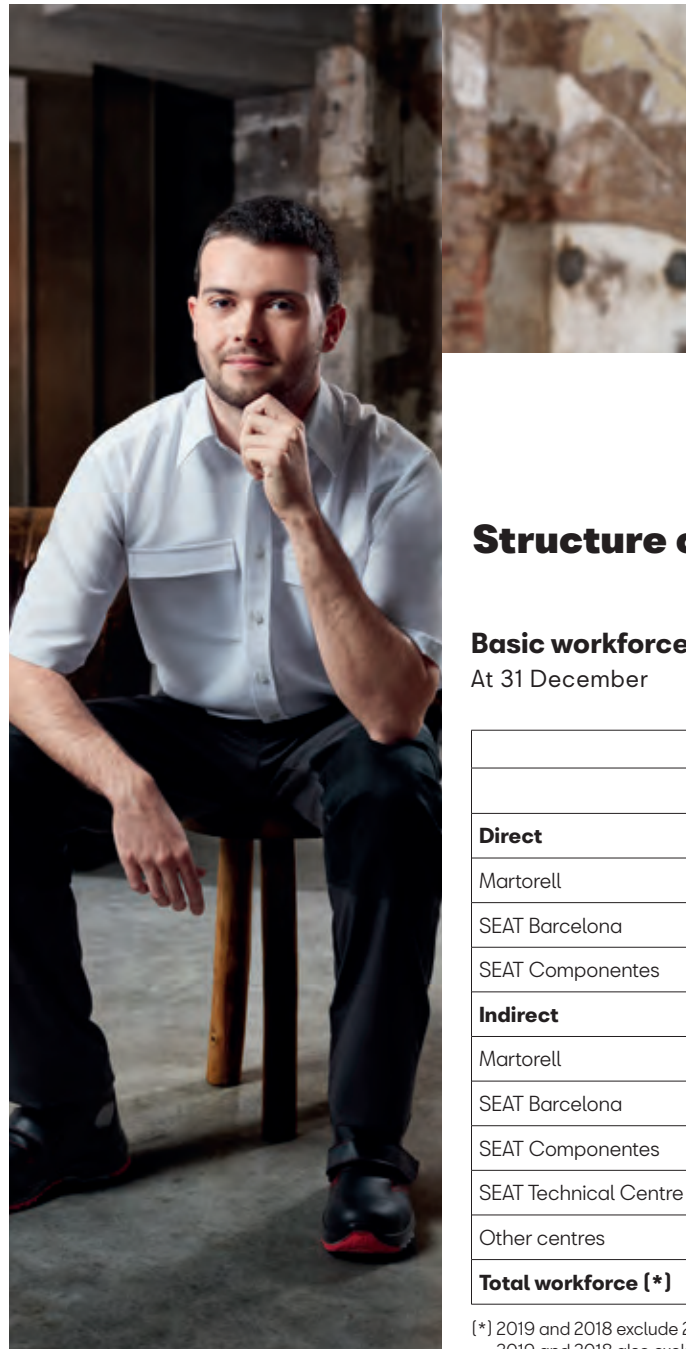


Top Employer for the fifth consecutive year

In 2019, SEAT received the Top Employer award for the fifth year in a row. This is a recognition that certifies SEAT's position of excellence as the leading employer and company to work for in Spain, based on the working conditions it offers to its employees. This recognition also consolidates the company's commitment to the professional development of its staff and to providing them a working environment of the highest calibre.

Obtaining the Top Employer recognition consolidates SEAT's commitment to the professional development of its staff.





Structure of the workforce

Basic workforce by functions and centres

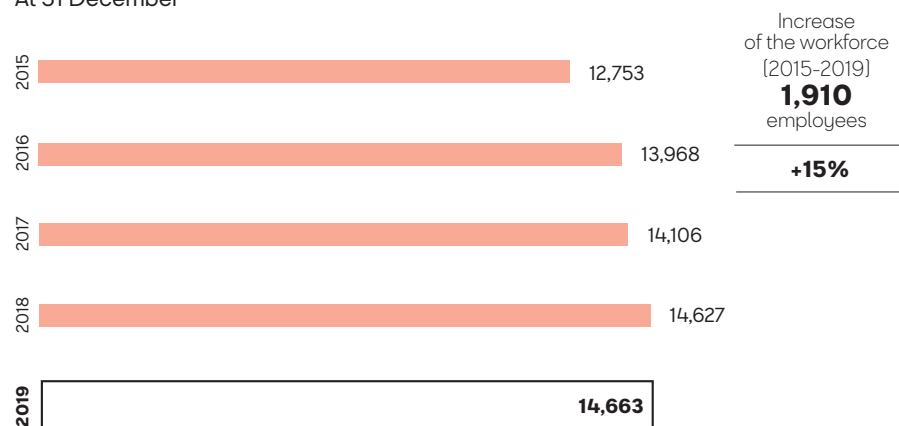
At 31 December

	Variation			
	2019	2018	Absolute	%
Direct	8,586	8,659	(73)	(0.8)
Martorell	7,124	7,111	13	0.2
SEAT Barcelona	649	659	(10)	(1.5)
SEAT Componentes	813	889	(76)	(8.5)
Indirect	6,077	5,968	109	1.8
Martorell	3,946	3,866	80	2.1
SEAT Barcelona	530	526	4	0.8
SEAT Componentes	266	264	2	0.8
SEAT Technical Centre	1,294	1,264	30	2.4
Other centres	41	48	(7)	(14.6)
Total workforce [*]	14,663	14,627	36	0.2

[*] 2019 and 2018 exclude 232 and 210 employees in partial retirement, respectively.
2019 and 2018 also exclude 174 and 160 apprentices with an employment contract, respectively.

Basic workforce

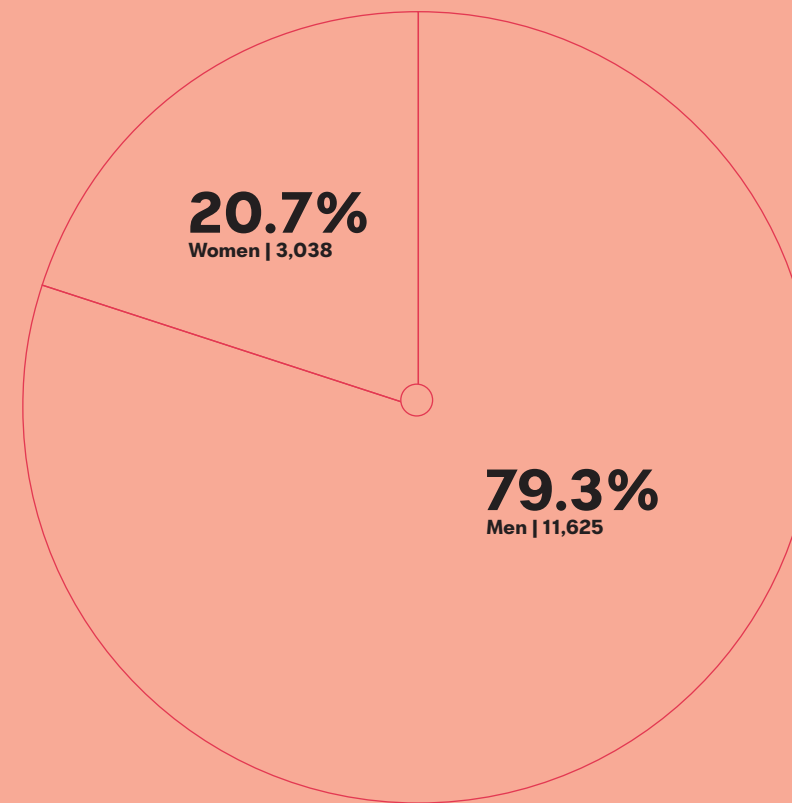
At 31 December



One of the challenges that SEAT is facing is adapting the skills and attitudes of all its professionals to the new business model being developed by the company.

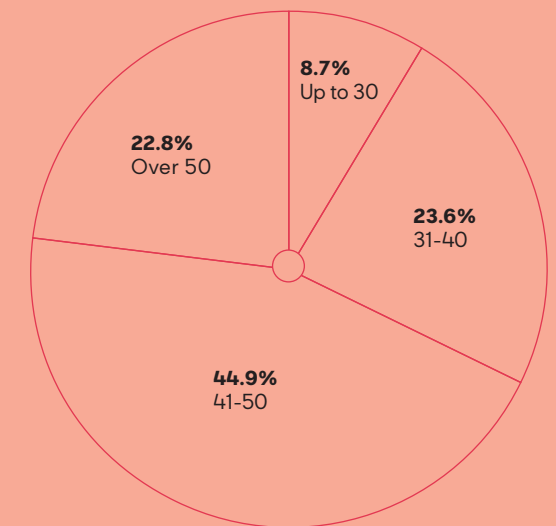
Structure of the basic workforce

At 31 December



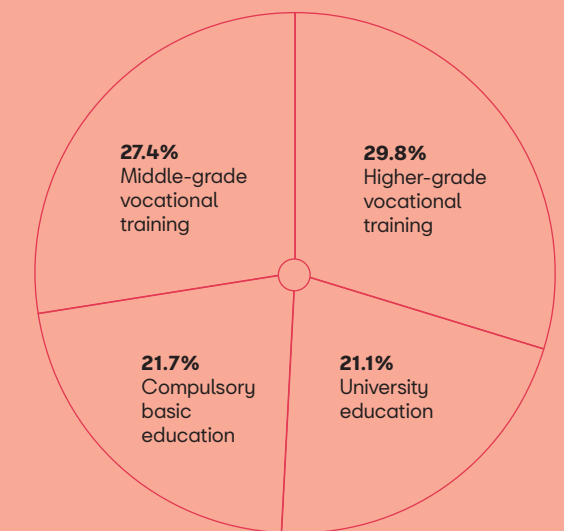
Structure by age

Percentage /years



Structure by level of studies

Percentage



43.6
Average age of the workforce

16.2
Average length of service

97.8%
Permanent contract

5.7%
Proportion of foreign workers

2.9%
Proportion of employees with disabilities

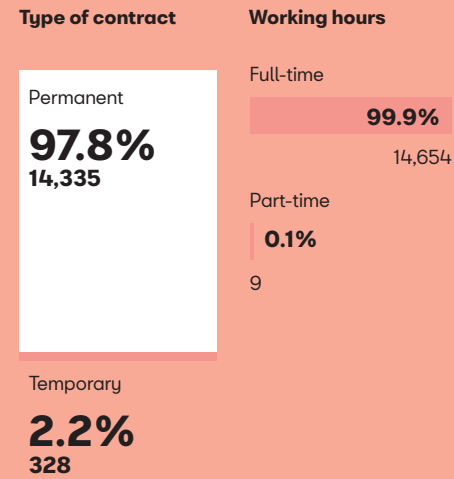
66.5%
Proportion of employees included in training programmes

67
Nationalities

26
Languages

Types of employment contract

At 31 December



Types of employment contract by function

2019 annual average

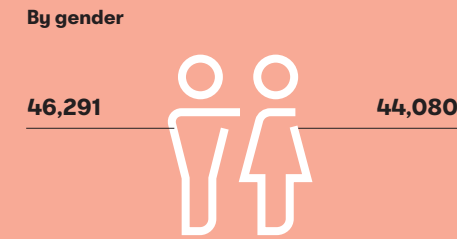
Type of contract	DL	IL	MNCA+TA
Permanent	8,619	920	4,782
Temporary	11	0	335

Working hours	DL	IL	MNCA+TA
Full-time	8,629	920	5,109
Part-time	1	0	8

[DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff]

Average remuneration (€)

2019



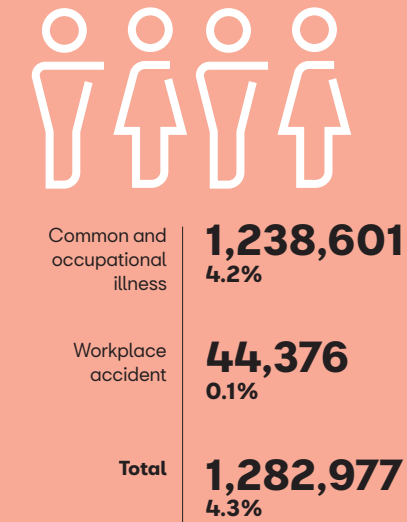
By function*	
DL	37,725
IL	47,182
MNCA+TA	59,382

By age*	
Up to 30	34,904
31-40	42,488
41-50	45,328
Over 50	53,017

[DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff]

Staff absenteeism

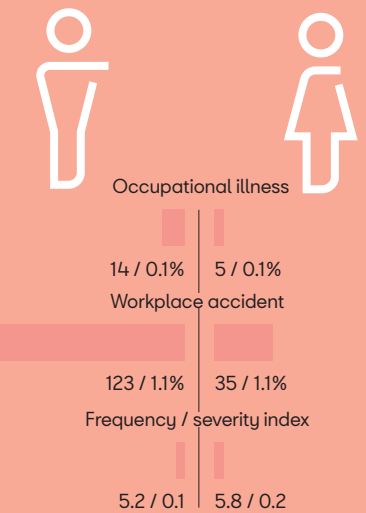
Number of hours in 2019*



[*] Compared to the total number of industrial hours.

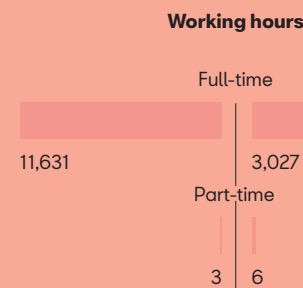
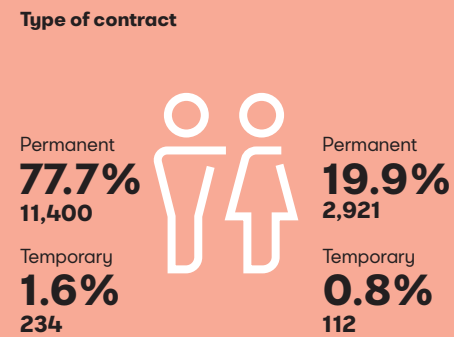
Staff illness and accidents

Number of employees in 2019



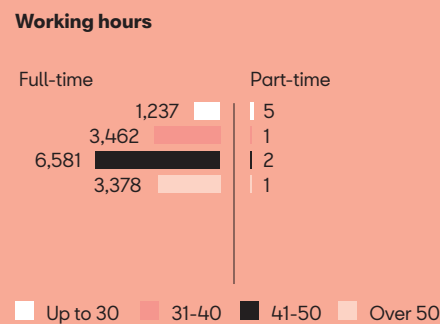
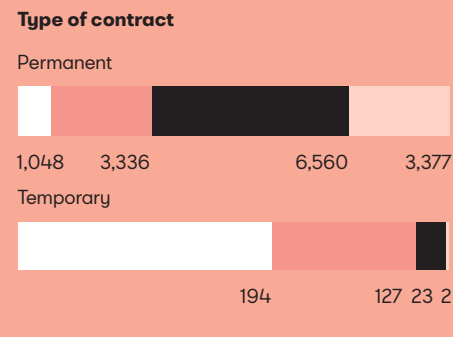
Types of employment contract by gender

2019 annual average



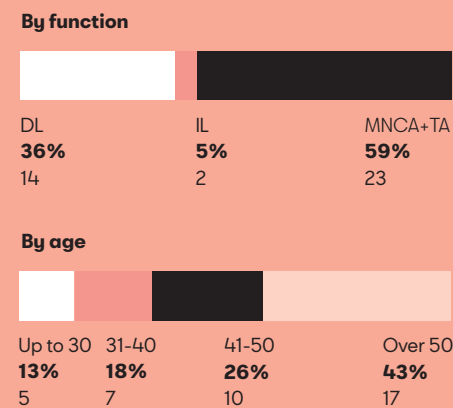
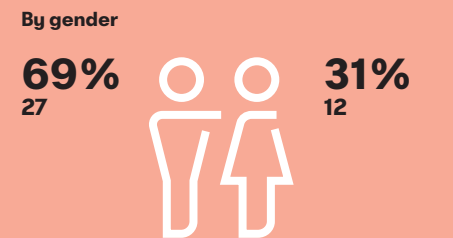
Types of employment contract by age

2019 annual average



Number of dismissals

At 31 December



SEAT's remuneration policy follows the principle of gender equality, so there is no difference between the base salary received by men and women in the same job.

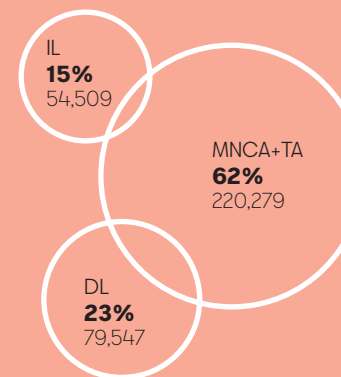
Salary gap

2019

SEAT guarantees equality of wages and rights among its employees. Its remuneration policy follows the principle of gender equality, so there is no difference between the base salary received by men and women in the same job. The salary gap in the company (4.8%) is well below the average in Spain, which, according to the latest data available from the National Statistics Institute (INE), is 21.9%.

Hours of training

Number of hours in 2019



[DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff]



[*] Includes all components of remuneration (fixed salary, variable salary and payments in kind). The following groups are excluded: retirees, apprentices, in-patriate and expatriate staff. The remuneration of the members of the Board of Directors and Executive Committee is disclosed in the notes to the Financial Statements (note 21b).



First year of working three shifts in Martorell in August

For the first time in its history, due to production needs three shifts were worked at the Martorell factory during the month of August, a time normally dedicated to the maintenance and refurbishment of the production lines.

This demand led to some 1,000 employees volunteering to work in the month, in addition to some 600 professionals being hired through temporary employment agencies. The result was highly satisfactory and the objectives set were successfully achieved.

Organisation of work and social dialogue

Working time

Chapter V of the SEAT collective labour agreement sets out everything concerning how employees' working hours are organised. As a general rule, the basic timetable consists of 1,712 hours per year, distributed across 214 working days.

For staff with rotating shifts, the working day consists of eight hours on site. There are 15 weekly shifts from Monday to Friday, and additional production shifts may be worked at weekends for product launches and during peaks in demand. At the most, additional shifts may be organised on 42 weekends.

Each employee has a log of hours which reflects any shortfall in the number of hours worked as a negative balance and any extra hours worked as a positive balance. The purpose of this computation is to allow the company and its staff to adapt the working hours to market demand and, therefore, production requirements, thereby helping to maintain employment and ensuring wage integrity.

Daytime shift workers (most office staff and some production staff) have an eight-hour working day, with flexibility in their start time within a maximum range spanning from 60 minutes earlier to 90

minutes later than the established start time. To implement this schedule change, the employee must submit a request and the corresponding manager must issue an approval.

All of this falls under the "trust-based work" system established in the company for indirect daytime shift staff. This system is based on mutual trust, transparency and accountability, without affecting the legal obligation to ensure that staff's daily schedule is logged, including the specific start and end time of each person's working day.

The SEAT collective labour agreement applies to all its workers, with the exception of those in managerial positions and certain staff employed outside the agreement. The percentage of employees covered by the agreement is 91.6%.



Guaranteeing social dialogue

SEAT has a series of joint committees, which are composed of company staff (from different divisions and levels) and trade union representatives. These committees define reporting procedures, handle consultations and negotiations, guarantee social dialogue and agree employees' working conditions.

Furthermore, the workforce representation includes an Intercentre Committee, which is comprised and operated in accordance with the legislation and has powers extending across the full breadth of the company. This committee is entrusted with negotiating with the Management any matters that affect more than one work centre, without affecting the powers of negotiation that may be attributed in specific cases to special committees or trade union representatives.

SEAT employee committees

Job position assessment and classification committee		Protected jobs committee	
Productivity and ergonomics committee		Social affairs committee	
Health and safety committee		Canteen committee	
Transport committee		Equality committee	
Training committee			

Employees' health and well-being

The CARS Healthcare and Rehabilitation Centre in Martorell is the fulcrum of SEAT's model for managing the health, safety and well-being of its staff. This model consists of three main areas of action:

/ Face-to-face care for staff.

/ **Prevention activities**, both against occupational illnesses (biomechanics laboratory) and against other conditions through diagnostic imaging tests (ultrasound, x-rays and mammograms), as well as gynaecology and cardiology services.

/ **Well-being and dissemination of healthy habits in all areas of life**, with the integration of new services (yoga and emotional fitness) and through specific campaigns.

These services make SEAT a true international benchmark in preventive medicine and as a healthy company. At the same time, the company is aligned with its commitments under the current collective labour agreement (2016-2020), which sets out a concept of occupational health that takes into account "all the working conditions and circumstances that contribute to preventing risks, promoting healthy attitudes and adapting the work to the individual".

The services offered by SEAT in relation to employees' health, safety and well-being make it a true international benchmark in preventive medicine and as a healthy company.

The company has a suitable culture geared at risk prevention which puts the health of its staff at the heart of any activity.

Article 112 of the SEAT collective labour agreement recognises that occupational risk prevention goes beyond merely strict safety and hygiene to encompass occupational health in its broader sense. This includes preventing risks, fostering preventative attitudes and adapting the work to the individual. The company has a suitable culture geared at risk prevention which puts the health of its staff at the heart of any activity at all levels, in terms of both operations and management procedures.

This article also expresses the company's willingness to cooperate in detecting and assessing all the occupational risks that affect the automotive industry in particular, as well as in determining the most appropriate techniques to prevent them. This work is conducted with the full participation of the health and safety committees, the trade union representatives and all staff at all levels. In each of the work centres there is a health and safety committee, which carries out its functions in collaboration with the inter-centre health and safety committee.

Furthermore, and as part of the joint prevention service of the Volkswagen Group companies in Spain, SEAT is part of and chairs the intergroup committee which brings together representatives of the workers and the management teams of the various companies that form part of this group of companies.

In addition, article 112 of the collective labour agreement places particular emphasis on improving the practices for occupational risk prevention, especially in relation to psychosocial risks and occupational illnesses related to repetitive movements. Reference is also made to the problem of alcohol and drug consumption in the workplace, establishing programmes and measures to seek solutions to any such situations and the occupational risks that derive from them.



SEAT has a willingness to cooperate in detecting and assessing all the occupational risks that affect the automotive industry in particular, as well as in determining the most appropriate techniques to prevent them.



CARS, innovation and technology for healthcare

A year of CARS

5,268
traumatology consultations

6,496
diagnostic tests

20,038
physiotherapy sessions

4,224 ultrasound scans
1,319 x-rays
612 mammograms
341 injections of platelet-rich plasma

1,315
Return to Work sessions

12,261
CARSFIT sessions

403
Back school sessions

70
biomechanical tests

1,335
gynaecology consultations

806
cardiology consultations

1,505
mental health consultations

82,825
Total activities conducted by the Medical Service*

The CARS Healthcare and Rehabilitation Centre in Martorell is the fulcrum of SEAT's model for managing the health, safety and well-being of its staff.

Spain's first in-house biomechanics laboratory

In the field of prevention, CARS has the first in-house biomechanics laboratory in Spain geared towards health in the workplace. This facility is equipped with the latest technology to capture and analyse the operators' movements on the production lines.

Analysing the muscular effort and the position of the joints when performing certain actions helps to reduce injuries. Furthermore, this knowledge is used the design a new assembly line in order to prevent associated risks. The technologies employed by the laboratory include the creation of 3D avatars using 20 cameras combined with sensors and the use of virtual reality to simulate real working environments.

Since 2017, the biomechanics laboratory has performed more than 4,000 studies and has achieved a 70% reduction in sick leave due to muscular injuries. The data collected has been used for various purposes, such as adapting the production line for the new SEAT Leon such that one of the sections will be lowered by 20 centimetres.

*This total also includes services not specified, such as staff medical checks, interventions or visits to the infirmary, other medical consultations, etc.

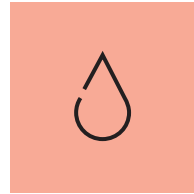
Pilot tests: yoga and emotional fitness

Each year, CARS carries out pilot tests for new services in order to assess how they are received and to study their integration into the centre's regular programme. In 2019, pilot tests were conducted for yoga and emotional fitness, with both group and individual sessions to help staff gain emotional empowerment and self-confidence in both their personal and professional lives.

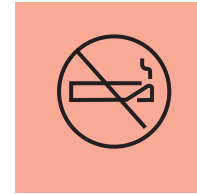


Occupational health and safety campaigns

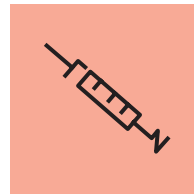
As a complement to the regular activity of the CARS, throughout the year SEAT carries out numerous campaigns and projects aimed at improving the health and well-being of the staff and their families:



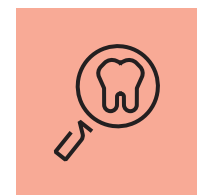
Blood donation: installation of the mobile unit of the Banc de Sang i Teixits (blood and tissue bank) at the Martorell facilities to promote blood donation.



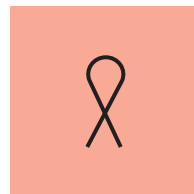
Support for quitting smoking: information campaign for employees interested in the tools that SEAT offers to help staff quit tobacco. These include brochures and documents, personalised advice from the medical personnel, and diagnostic tests to find out their lung capacity or the level of carbon monoxide they take in.



Flu vaccination: free and voluntary vaccination service in the CARS and in all of SEAT's other medical service centres. In 2019, the campaign included the collaboration of Dr. Bonaventura Clotet, brand ambassador and a global leader in research on infectious diseases.



Dental health checks and prevention: a dental bus visits Martorell, in which check-ups lasting approximately 15 minutes are carried out to review employees' dental health and identify potential problems.



Cancer prevention: distribution of leaflets to raise awareness of the importance of periodic checks.



Monthly prevention campaigns: in June 2019, monthly campaigns began dedicated to issues specific to each season of the year (skin care before exposure to the sun, allergies, immunisations and travel, etc.).



Second edition of the SEAT Healthy Week

Organised for the first time in 2018, employees' interest in quality of life and healthy habits have consolidated the SEAT Healthy Week as one of the most popular events among staff at the Martorell plant.

In 2019, it was held in May and involved numerous theoretical and practical activities and workshops on a wide variety of topics (sports nutrition, road safety, physical exercise, first aid, prostate cancer prevention and skin care). There were also practical sessions related to relaxation and providing an introduction to mindfulness.

SEAT carries out numerous campaigns and projects aimed at improving the health and well-being of the staff and their families.



Promoting continuous learning and development

“Always Learning”, comprehensive training in professional and personal skills

Always Learning” is the concept that encompasses all the training activities that SEAT offers its employees. Launched in the previous year, in 2019 it became a comprehensive programme with two types of training:

“I need it”: training designed to improve employees' professional skills or for them to acquire new knowledge in order to perform their role in the company.

“I want it”: a range of courses on a wide variety of disciplines, which employees can undertake free of charge and at a time of their choice, outside of working hours.

A highlight of the “Always Learning / I need it” programme was 38 employees graduating from the demanding “Nanodegrees” programme, which offers short advanced-level training courses on topics such as big data, the latest technologies, and web and mobile environments. These highly-specialised on-line courses require great dedication and effort and are taught by Udacity, which is known as “the university of Silicon Valley” for its collaboration with leading technology companies.

“Always Learning” reaffirms SEAT’s commitment to employment and provides additional possibilities for professional development to all its employees.

Always Learning



On the other hand, the launch of "Always Learning / I want it" represents a major shift in the orientation of corporate training programmes, since it is the worker themselves who steers their learning towards the topics they are most interested in, even if they are not directly related to their current job. The programme offers 200 in-person and on-line courses, with a special focus on digitalisation and new technologies. Another important area of training is in languages, which are taught through on-line courses provided by EF (Education First). Access to "Always Learning / I want it" is managed through the YeS employee portal (yes.seat.es), in the section "My Training", or at <http://alwayslearning.seatformacion.com>.



Masterclasses conducted by international experts

As a complement to the employee training provided through "Always Learning", throughout the year SEAT organises a series of masterclasses taught by internationally-renowned professionals. In 2019, the following masterclasses were organised:

- / "Communicating in English with impact", given by the coach Hugo Immink.
- / "Effective presentations", given by the team from the consultancy firm Both. People & Comms.
- / "On the irruption of Big Data", given by the director of Deusto BigData, Álex Rayón.

Employees are informed about these sessions through the usual internal communication channels and are open to all staff. Subsequently, a recording of the masterclass is made available in order to provide access to employees who were unable to attend in person.

Meeting of the thought leaders group

The SEAT thought leaders are a select group of highly-skilled professionals who share their knowledge with others both within and outside their division.

In July 2019, this group met in Martorell to gain a deeper understanding of their profile and to encourage networking with one another. The event also included a presentation by an expert in neuroinfluence, as well as talks by various internal thought leaders.



The Apprentice School incorporates gamification to provide training in programming

Since its creation in 1957, SEAT's Apprentice School has adapted its programmes to the evolution of the industry in order to maintain its status as a specialist training centre of excellence in the automotive industry.

In this vein of continuous improvement, in 2019 it incorporated into its programmes an innovative gamification system that offers students a natural way to learn different programming languages. Each day, students have to solve a series of challenges in the Python, Java or Unity programming languages. The training mechanism is simple, intuitive and encourages ongoing training in skills that will be key in their future careers.

The Apprentice School currently offers four higher-education programmes aimed at students aged between 18 and 21, which last 3 years and include 5,000 hours divided between training and practical internships.

In July 2019, the 43 apprentices who completed their training joined SEAT's workforce, while registrations for the 2019/20 academic year closed with 74 students signed up.

Always Learning



I need it

2,313
courses

10,227
employees received training



I want it

212
courses

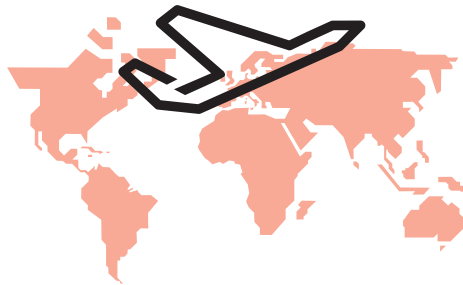
1,120
employees received training

International placements

During 2019 the company oversaw:

229
international placements

158 expatriates
71 inpatriates



13
countries

21
companies of the
Volkswagen Group

40%
of placements were undertaken
by management staff

54%
of placements
were undertaken
with the
employees'
family

14%
under the split
family format
(their family remains
in the country of
origin)

Development of international placements

In the context of the globalisation strategy that SEAT is currently pursuing and the increase in synergies with other Group companies, international placements offer a unique opportunity for professional and personal development, with increasing options available for occupational mobility. Placements allow staff to participate in strategic projects of great value, due to their cross-disciplinary nature and the opportunity they offer to learn about different working cultures. The main destinations of expatriates include the plants of the Volkswagen Group in other countries that produce models of the SEAT brand.



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Performance assessment

In line with the personalisation of each employee's career path, SEAT has its own performance assessment model that is based on individual interviews. These provide an opportunity to document the employee's work and potential, to identify talent and to offer advice on their training programme and development actions.

In 2019, a new phase was completed in the implementation of this programme. The actions undertaken included implementing a new format for the Feedback Interview, which is no longer managed on paper and has switched to the YeS employee portal. In the interview, the employee has to complete a self-assessment questionnaire divided into four areas (Innovation, Team, Results and Reflection). The employee then meets with their manager to agree on their evaluation and their training needs.

Another development is that the goal-setting system known as OKR (Objectives and Key Results) has been extended to staff who hold jobs not governed by the collective labour agreement. The OKR system is based on a fluid dialogue between manager and worker, providing an easy and flexible means to set goals and monitor progress against them.

SEAT has a performance assessment model based on individual interviews, which provide an opportunity to document the employee's work and potential, to identify talent and to offer advice on their training programme and development actions.

Recruitment and retention of talent

The renewal of professional profiles with a greater focus on digital literacy, coupled with the diversification of the company's activity with the incorporation of business units such as SEAT:CODE, which specialises in software development, make it necessary to intensify the recruitment and retention of professionals with specialist skills. To this end, SEAT pursues its own programmes and actions, and it is especially active in the major technology forums.

Kickstart, renewal of the internship programme

One of the traditional ways in which the company attracts talent is internship programmes for students (at degree and Master's degree level), with placements lasting between 6 and 12 months in various areas of SEAT.

In 2019, the internship programme underwent a profound renovation process aimed at enhancing SEAT's position of prestige as an innovative employer



that serves as a benchmark for future professionals. The main developments in the programme include improvements in the economic conditions, a new selection process and the incorporation of students at only two specific times of the year (September-October and February-March).

The new Kickstart programme also introduces Jump Day, a workshop that provides tools for participants' professional and personal growth, based on an analysis of their main skills and aptitudes. Finally, the programme now incorporates the role of "Buddies", veteran students who accompany the new joiners.



First edition of the Kickstart Challenge

In the framework of the development of the new internship programme, in May 2019 SEAT organised the first edition of the Kickstart Challenge. This event challenged students in the final year of their degree or Master's degree to demonstrate their talent, with the goal of selecting professionals to incorporate into the Kickstart programme.

The 120 young participants demonstrated their skills through different situations and by solving specific challenges related to the future of mobility, in areas related to technology, commerce and the digital world.

With the Kickstart Challenge, SEAT seeks to identify the future leaders of mobility with knowledge in different areas, contributing their multidisciplinary and unique value. The company searches for profiles such as "Tech Lover" (students of Engineering, Technology, Science, Mathematics, or similar subjects), "Digital Ninja" (with knowledge of big data, data science, user experience and digital marketing) and "Business Genius" (students of Business Administration and Management, Economics or related disciplines). Initiatives of this kind also reinforce SEAT's commitment to youth employment and to training the professionals of the future.

The Trainee programme selects young graduates with high potential and performance who can help to tackle SEAT's future strategic challenges and digital transformation.

Trainee programme, focusing on digital profiles

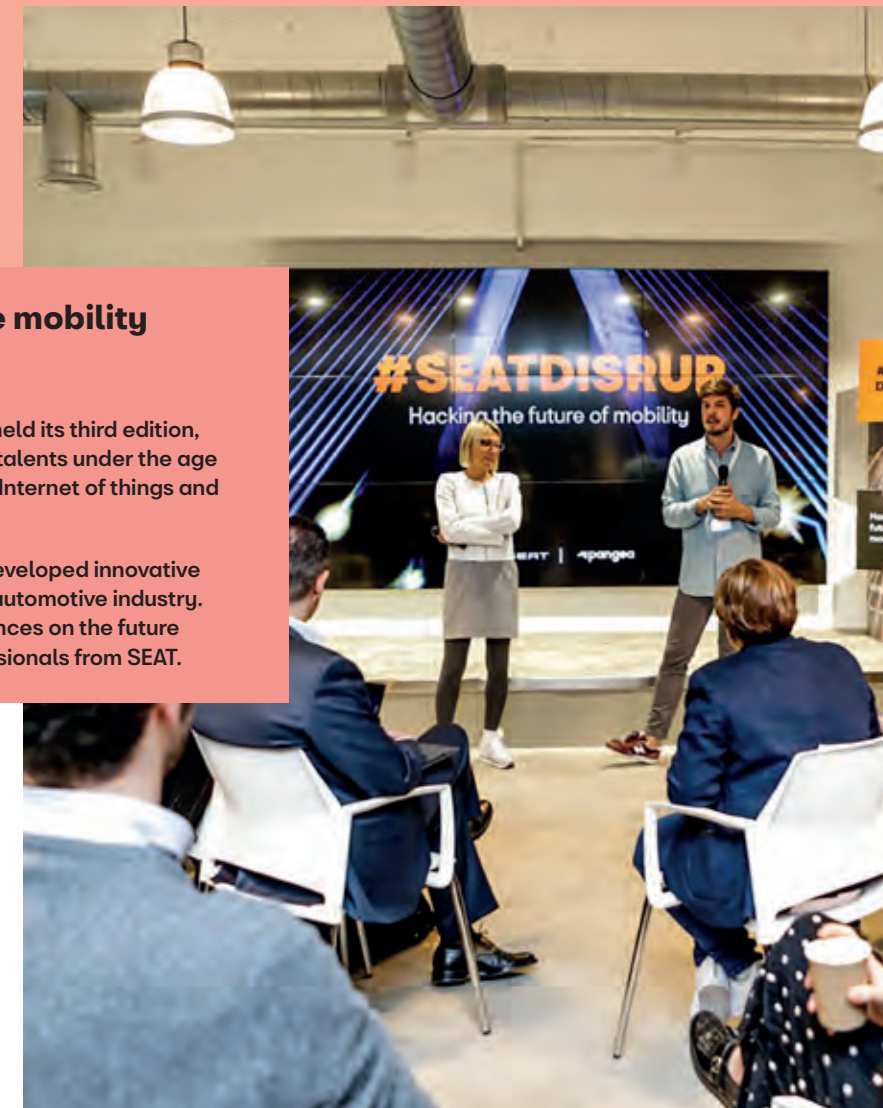
Whereas Kickstart is aimed at students undertaking internships, the Trainee programme selects young graduates with high potential and performance who can help to tackle the company's future strategic challenges and digital transformation. The 12-month programme is an excellent opportunity for trainees to get an overview of SEAT through a personalised rotation plan that encompasses several areas of the company and includes continuous training, challenging projects and an international placement at one of the companies of the Volkswagen Group in Europe.

SEAT also offers the Doctorate Programme, which facilitates the performance of strategic research projects within the company itself, in a bid to support high-quality research and to make progress in new areas for the future.

SEAT Disrup, designing the mobility of the future

The SEAT Disrup initiative, which in 2019 held its third edition, brought together in Barcelona 30 young talents under the age of 30 who specialise in e-commerce, the Internet of things and cyber-security.

Divided into 10 teams, the participants developed innovative and disruptive proposals to reinvent the automotive industry. They also got to attend inspiring conferences on the future of the automotive sector, given by professionals from SEAT.



Participation in technology forums

With the aim of attracting talent among enterprising professionals with digital profiles, the company was also present in 2019 at various technology forums held in European cities:

4 Years From Now - 4YFN (Barcelona), an international technology meeting of entrepreneurs and startups at which SEAT organised a number of activities to publicise its current projects and challenges. These include the Start4big initiative, which is led by the company together with Aigües de Barcelona, CaixaBank, Naturgy and Telefónica.

WeAreDevelopers World Congress (Berlin), the largest international conference of software programmers in Europe, at which the company presented its new software development centre, SEAT:CODE.

Barcelona Digital Talent (Barcelona), a conference that connects startups, innovation centres, technology providers and large corporations that are in the process of undergoing a digital transformation. The company also presented the role of SEAT:CODE.

Finally, SEAT has joined the on-line information platform Welcome to the Jungle in order to attract technological profiles from among its extensive database.

With the aim of attracting talent among enterprising professionals with digital profiles, SEAT participates in various technology forums.

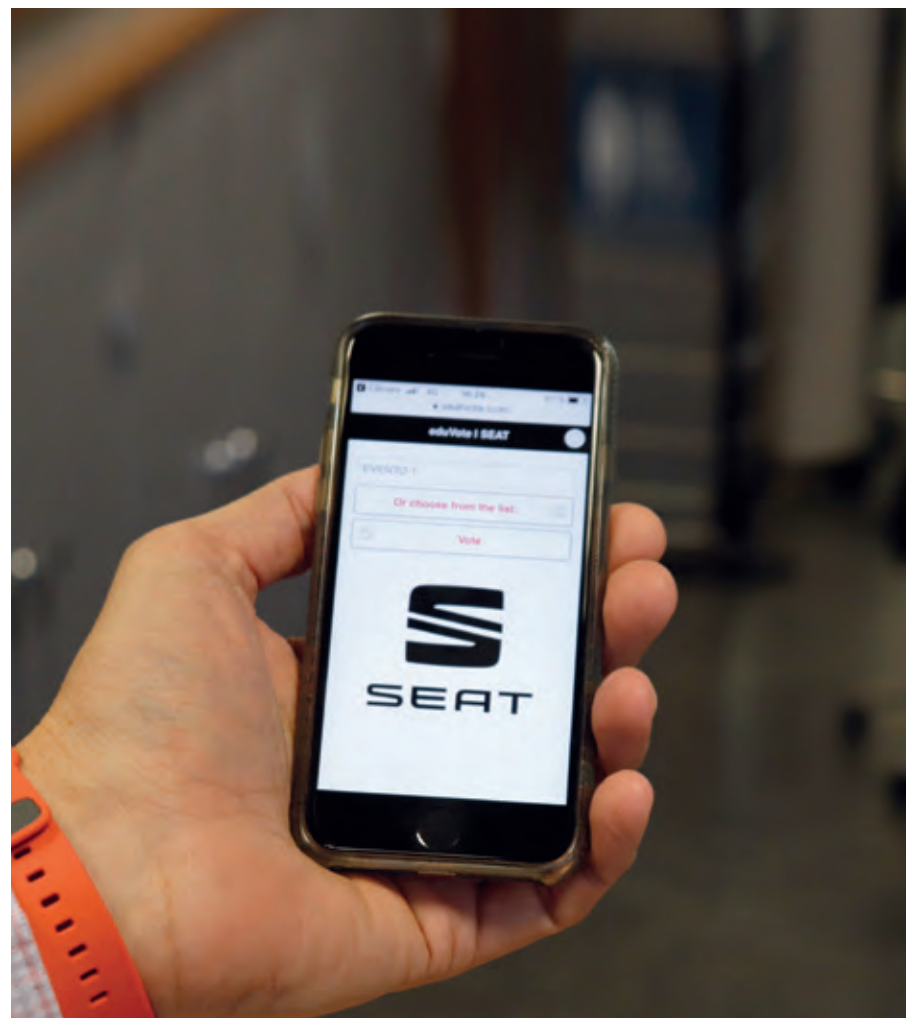
Company benefits: “BEING SEAT IS MORE”

Employment benefits: new developments in the flexible remuneration and benefits system

Starting in 2019, the flexible remuneration system “Activa tu nómina” (Activate your payroll) incorporates the possibility for staff to pay for training courses at various universities and business schools through the payroll, taking advantage of the tax benefits offered by this model. In particular, it allows staff to sign up for the range of courses offered by the Open University of Catalonia (Universitat Oberta de Catalunya, UOC), ESADE, EAE and Abat Oliba CEU. Applications are assessed by a committee, which then proposes to the employee how payment for the course would be applied to their payroll. This option is in addition to the possibility to pay for language courses, health insurance and child day care through the payroll.

The flexible remuneration system also incorporated the option to pay for snacks and canteen lunches through their payroll, which means that all these costs will benefit from the tax deduction offered by allowing each employee to reduce their taxable base income.

Starting in 2019, the flexible remuneration system “Activa tu nómina” (Activate your payroll) incorporates the possibility for staff to pay for training courses at various universities and business schools through the payroll.



The increase in the company's operating profit in 2018 allowed employees employed under the current collective labour agreement to receive a payment based on the company's profits for the third consecutive year. Each employee received 1,069 euros gross, 49% more than in 2018 (716 euros).

New benefits and services for staff

ASES, advice on social issues

Among the new benefits introduced in 2019 was the SEAT social assistance service for employees (ASES), which offers advice and support for various situations in people's private lives.

In particular, ASES offers specialised information on issues related to

relationships (marriage, registered cohabitation, divorce, widowhood, etc.), children (birth, education, adoptions, rights of large or single-parent families, etc.), the elderly (care), housing, and skill diversity and dependency.

The programme offers a completely personalised service that is confidential and free of charge, and advice can be given by telephone or face-to-face, where required. Use of the service is managed through the portal <https://programa-ases.com>.

Modernisation of common areas: canteen and corporate building lobby

In 2019, refurbishments were completed on two of the most important spaces at SEAT's facilities in Martorell. The canteen of the central offices was expanded and completely modernised in order to ensure



Descubre-T by SEAT, professional guidance for children of employees

Uniting SEAT's values as a company committed to supporting staff and their families and also talent development, in May the Martorell facilities hosted the first edition of Descubre-T by SEAT (meaning “Discover yourself”), an initiative aimed at 4th-year secondary school students who are children of company staff.

The company prepared a fun-filled day intended to give them guidance on new professional opportunities and to help them in making a decision that is so important to their future. The master of ceremonies of the event was the YouTuber David Calle, considered “the most famous teacher on the Internet”.

SEAT offers its employees exclusive offers to enjoy some of the main cultural, sporting and automotive events.

employees receive a more convenient and comfortable service. This space serves over 1,000 menus every day.

In the corporate building, meanwhile, a brand new lobby was opened, which conveys the company's new identity and values. The improvement has provided better functionality for employees, as it incorporates different floating workstations and spaces for holding meetings.

SEATvote service for organising ballots in real time

SEAT employees have a new application aimed at improving the experience of the events they organise. SEATvote allows staff to vote in real time using their mobile phone, as well as instantly displaying the results and saving them in a subsequent report. This system offers an attractive, convenient and digital means to liven up events and to check whether people have understood the messages being conveyed.

Offers to enjoy the city of Barcelona

Throughout the year, SEAT offers its employees exclusive offers to enjoy some of the main cultural, sporting and automotive events that are held in the city of Barcelona. In 2019, some of the events that staff were able to attend included:

- / Espiritu de Montjuic historic car meeting
- / Jardins de Pedralbes garden festival
- / Automobile Barcelona (Motor Show)
- / Primavera Sound music festival (ticket draw)
- / FC Barcelona first team matches (ticket draw)

Employees also enjoyed a special offer on purchases of the electric SEAT EXS KickScooter, on the occasion of Father's Day.

“We move SEAT”, motto of the annual tribute to employees' commitment

In October, the Barcelona Auditori hosted a new edition of the event “Aniversario en SEAT” (Anniversary in SEAT), which for the past 12 years has paid tribute to the company's most veteran employees (mostly those marking 30 years of service).

On this occasion, the event was held under the motto “We move SEAT” and was focused around the themes of urban culture and micromobility. The meeting brought together more than 600 people, including workers and those accompanying them.

Lets walk toget ther



Communication and Institutional Relations



Institutional meetings

Sharing the challenges of the new mobility

In 2019, various events of an institutional nature were held with the aim of familiarising public entities, companies and organisations with the transformation that the company is undergoing in order to address the challenges and meet expectations related to the new forms of mobility that are emerging. In this way, SEAT is pursuing its goal to go beyond simply manufacturing vehicles in order to become a mobility provider.

All these meetings served to convey the importance of a stable regulatory and institutional framework that gives companies a clear picture of the conditions and rules of play of the environment in which they are going to operate. In addition, they allowed the company to collaborate in the creation of public and private ecosystems in order to respond to the challenges related to mobility, many of which are shared with the public administrations.

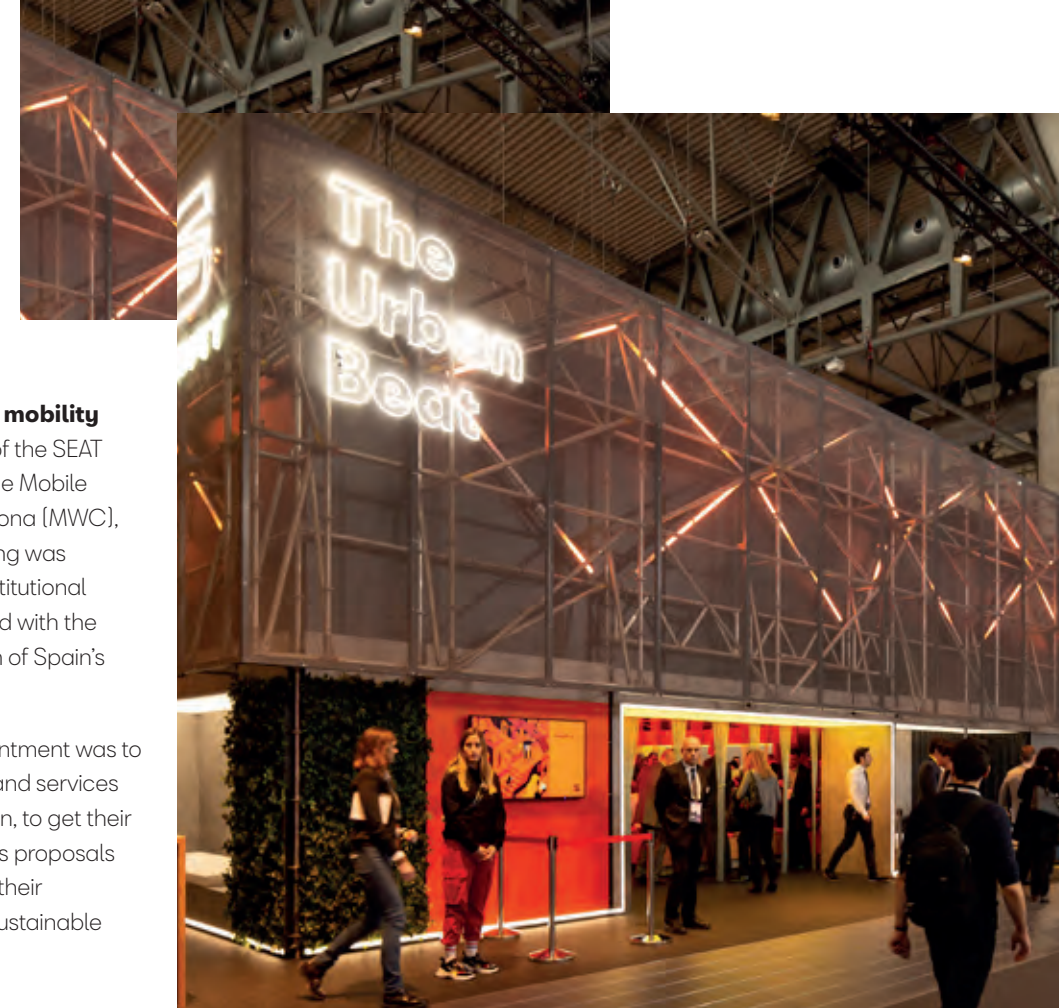
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February

Appointment on urban mobility

Prior to the presentation of the SEAT Minimo Concept car at the Mobile World Congress in Barcelona (MWC), in early February a meeting was organised with various institutional representatives connected with the urban mobility ecosystem of Spain's major cities.

The purpose of this appointment was to show them the products and services the company is working on, to get their impressions on the brand's proposals first-hand and to find out their expectations in terms of sustainable urban mobility.



Institutional and business contacts at the MWC

SEAT was one of the protagonists of the Mobile World Congress (MWC), held from 25 to 28 February in the Catalan capital. The presentation of the company's innovations in the field of micromobility, especially the world premiere of the SEAT Minimo Concept car, aroused the interest of a large number of personalities from fields such as politics, business and the media.

Visitors to the brand's stand included political representatives such as Reyes

Maroto, the minister for Industry, Trade and Tourism; Raúl Blanco, secretary general for Industry; Joaquim Torra and Pere Aragonés, president and vice-president, respectively, of the Catalan regional government (Generalitat de Catalunya), accompanied by various ministers; Inés Arrimadas, spokesperson for the Citizens party (Ciudadanos); Núria Marín, mayor of l'Hospitalet de Llobregat; Jaume Collboni, councillor of Barcelona City Council; the politician Manuel Valls, and the MEP Róza Gräfin von Thun und Hohenstein.

In the economic sphere, visitors included Josep Sánchez Llibre, president of the Catalan organisation Foment del Treball; Pedro Mier, president of the Multisectoral Association of Information, Communications and Electronics Technology Companies (AMETIC); Pere Navarro, special delegate from the consortium of Barcelona's Zona Franca district (Estado del Consorcio de la Zona Franca de Barcelona), and Juan Pedro Moreno, president of Accenture, who wanted to get a first-hand look at the new SEAT Minimo Concept car and the rest of the proposals presented by the brand during the congress.



June

SEAT & CUPRA on Tour, Oslo

Considered the electric vehicle capital of Europe, Oslo was the first stop of the "SEAT on Tour", which takes the brand's latest innovations to some of the countries that are considered strategic for the company. The company's goal there was to present its range to an audience composed of media, representatives from Spanish society in Norway, as well as leading Norwegian citizens with connections to Spain.

The event, which brought together 40 people, was opened in June by the Spanish ambassador in Norway, M.ª Isabel Vicandi, and served to show the attendees the brand's future models (the SEAT Minimo Concept car, the SEAT el-Born Concept car and the CUPRA Formentor Concept car) and to present the Mii electric to the world. The international press conference was covered by media including journalists from Spain, Norway, Finland, Estonia and Latvia.



October

SEAT & CUPRA on Tour, Cascais

The Portuguese town of Cascais hosted another appointment of the SEAT & CUPRA On Tour in October, which was attended by some 50 representatives from Portugal's main institutions as well as leading executives linked to the two Iberian countries and a delegation of 40 Portuguese journalists.

The event included a presentation by the counselor for trade and economy from the Spanish embassy in Portugal, Pedro Moriyón. The company representatives present at the event explained the changes that the brand has experienced in the last five years, as well as the future strategy of SEAT and CUPRA.



July

"Madrid moves by SEAT"

The "Madrid moves by SEAT" day (Madrid se mueve by SEAT), held in July, provided a new opportunity to share with media and an institutional audience SEAT's strategic vision for mobility, digitalisation and connectivity, as well as to present the new mobility and micromobility products and services that the company is launching onto the market.

Among other developments, SEAT announced its new carsharing service for companies with CNG vehicles through the startup Respiro.

September

Luca de Meo at the World Manufacturing Convention in Hefei (China)

SEAT's chairman, Luca De Meo, participated in the World Manufacturing Convention (WMC) held in September in Hefei, capital of China's Anhui region and headquarters of the JAC Volkswagen R&D centre.

De Meo, who attended on behalf of the entire Group, spoke about the future of production in China and the outlook for the automotive industry in the country. In his speech, the chairman stressed the Volkswagen Group's desire to form an active part of the industry's transformation and the role played by the R&D centre in Hefei, which is a prime example of innovation applied to the car and is working to define the future of mobility.

November

Participation in the New Economy Forum

SEAT's chairman, Luca de Meo, took part in November in an informative breakfast meeting organised by Nueva Economía Fórum (New Economy Forum), which took place in Madrid.

De Meo spoke about the current situation of the automotive sector in Spain and the future challenges that lie ahead for an industry that represents 10% of Spain's gross domestic product. He also stressed the automotive industry's capacity for innovation and pointed out the need for a stable framework at all levels so that the new mobility ecosystem can be properly developed.



SEAT at the 10th anniversary of the Automotive Cluster of La Rioja

The Automotive Cluster of La Rioja (Clúster de Automoción de La Rioja) marked its tenth anniversary in November with an event called "The great journey, 2009-2019", held at the headquarters of the winemaker Bodegas Franco-Españolas, in Logroño. The company was represented at the meeting by Christian Stein, managing director of Communications at SEAT and of Institutional Relations of the Volkswagen Group in Spain, who gave a presentation entitled "Situation and outlook of the automotive sector".

The celebrations for the cluster's anniversary were also attended by partners and collaborating companies, other national clusters of the sector and the secretary general for Industry and Small and Medium-sized Enterprises of the Spanish government, Raúl Blanco.

Institutional meetings at the Smart City World Congress

SEAT was present at the 9th edition of the Smart City Expo World Congress, held in Barcelona from 19 to 21 November. There, the company presented the first eScooter in its history in front of an audience of over 200 journalists, as well as receiving visits from prominent personalities from the world of politics and business.

The acting minister for Economy and Business of the Spanish government, Nadia Calviño; the president of the Catalan regional government (Generalitat de Catalunya), Joaquim Torra, and the mayor of Barcelona, Ada Colau, were some of the political representatives who visited the SEAT stand. The company's chairman, Luca de Meo, explained to them the brand's new strategy in the field of mobility solutions.



Visits by personalities and companies

January

New Year reception in Brussels

At the end of January, the traditional new year reception organised by the Volkswagen Group took place in Brussels and was attended by various political personalities from the European capital.

Christof-S. Klitz, head of the Volkswagen Group's representation office for the European Union, welcomed the attendees before handing over to a speech by Gunnar Kilian, a member of the Group's Board of Directors and head of Human Resources and Organisation. The event ended with a reception for the attendees.



Membership of the Cercle d'Economia

During the year, the company joined the Cercle d'Economia, a meeting space and discussion forum which aims to contribute to shaping an open and plural society and a dynamic and innovative economy that is capable of offering opportunities for improvement to all citizens.

SEAT's chairman, Luca de Meo, is part of the entity's new Board of Directors which took over its management in July.

October

Governor of the Bank of Spain

On 3 October, the governor of the Bank of Spain and one of the top economic authorities in the country, Pablo Hernández de Cos, visited SEAT's facilities. The meeting allowed the company to convey to him the importance of the automotive sector for Spain and the company's contribution to the national economy as an investor and generator of employment.

In addition, Luca de Meo, SEAT's chairman, informed Hernández de Cos about the transformation process that the company is undergoing to address the challenges facing the sector and to take advantage of the new opportunities they generate.

December

Strong presence at the COP25 World Climate Summit

SEAT actively participated in the COP25 World Climate Summit, which took place in Madrid from 2 to 13 December. The company's chairman, Luca de Meo, participated as a speaker at the roundtable discussion on "The challenges of mobility", alongside José Vicente de los Mozos, deputy managing director of the Renault Group and chairman of Renault Spain; Ángeles Santamaría, CEO of Iberdrola Spain; Francisco Riberas, executive chairman of Gestamp, and Julia Poliscanova, director of the NGO Transport & Environment. At the roundtable discussion, which was chaired by the minister for Industry, Tourism and Trade, Reyes Maroto, and moderated by the former minister for Industry, Tourism and Trade, Miguel Sebastián, topics

were addressed such as how to promote electromobility as one of the cornerstones for achieving more sustainable and healthier cities.

In addition, Sara Riera, from the Corporate Strategy department at SEAT, and Ramón Calderón, director of Sustainable Mobility and Institutional Relations at the company, took part in the roundtable discussions "Raising climate ambition and performance in the transport sector" and "CNG, biomethane and hydrogen", respectively.

On the other hand, the SEAT Mii electric was the vehicle chosen by the environmental activist Greta Thunberg as her means of transport during her stay in Madrid on the occasion of the climate summit.



Institutional sponsorships

April

7th Gasnam Congress

SEAT once again became one of the protagonists at the annual Gasnam Congress, of which it is a sponsor. The event, which took place in April, has consolidated its role as a meeting point for administrations, companies and organisations that are promoting the use of natural gas in transportation.

The company maintains its commitment to compressed natural gas [CNG] through its participation in Gasnam and its annual congress. The 7th edition of the congress took the motto "Renewable gas: innovation for sustainable mobility" and was attended by over 50 speakers from both Spain and abroad. The two-day event also involved more than 30 working group sessions, several keynote speeches and the largest exhibition of gas-powered vehicles in Europe. SEAT was represented directly in three of the working group sessions.



June

21st edition of the SIL International Logistics Congress

In June, SEAT sponsored the 21st SIL International Logistics Congress in Barcelona, held under the motto "Supply Chain and Industry 4.0: the new era of digitalisation and sustainability". At the congress, various experts from the company took part in several round table discussions and gave various presentations on digitalisation, sustainability and safety in this field.

The SIL congress serves as a business platform and a meeting point for the logistics sector that allows ties to be established between international markets, as well as fostering new technologies.

November

18th CEDE Foundation Congress

As a sponsor of the event, SEAT was present at the 18th Congress of the CEDE Foundation (the Spanish Confederation of Managers and Executives), held in November in Malaga. The event was attended by around one thousand executives from the country's leading companies, who analysed the present and future of the Spanish and the global economy, as well as the steps that need to be followed in order to achieve an efficient system with fewer inequalities.

SEAT's chairman, Luca de Meo, participated in a roundtable discussion on the future of sustainable mobility. During his talk, he spoke about the growth that electric mobility will experience over the next few years, a field in which SEAT wants to be increasingly active and to become one of the driving forces in the democratisation of vehicles of this type.



Recognitions

Luca de Meo bestowed the Benvingut Talent award

The Welcome Talent Society, which brings together professionals from various different fields with the intention of promoting and disseminating Catalan talent, bestowed SEAT's chairman, Luca de Meo, with the Benvingut Talent award. This award is granted to foreign personalities who support creativity, talent and competitiveness in Catalonia.

The jury valued Luca de Meo's work in supporting the company's production plants in Catalonia.

Honoris Causa Master's Degree for Luca de Meo

SEAT's chairman, Luca de Meo, received an Honoris Causa Master's Degree in Business Administration from the Italian business school CUOA. The centre recognised de Meo as an example of ethical management focused on innovation, entrepreneurial culture and the promotion of talent.

At the diploma award ceremony, the chairman expressed his honour at being recognised by one of the most prestigious business schools in Italy. In his acceptance speech, he stressed the importance of the union of the business sector with a high-quality academic environment as drivers of innovation.

The UAB bestows Luca de Meo with the Universidad-Empresa award

The Social Council of the Autonomous University of Barcelona (Universitat Autònoma de Barcelona, UAB) bestowed Luca de Meo, chairman of SEAT, with the Universidad-Empresa (University-Business) award. This is an award that recognises his leadership of the company and the momentum that has been achieved under his management in terms of financial strength, technology, sustainability and innovation.

De Meo collected the award at a ceremony held in the modernist complex of the Hospital de Sant Pau in Barcelona. In his acceptance speech, he highlighted the need for developed countries to increase the budget they allocate to innovation and the role of the university in boosting research in a world that is changing at a breakneck pace.

The Mossos d'Esquadra police force acknowledges the collaboration of SEAT's Safety division

SEAT Safety was acknowledged by the prefecture of the Mossos d'Esquadra of the Southern Zone for its close collaboration with the police force and its willingness to facilitate the work of the police. The heads of the region presented a commemorative plaque to the company on the occasion of the so-called Les Esquadres Day (9 April), which marked 300 years of the force. SEAT was the only private company to receive an award at this event.



Throughout 2019, SEAT took an active role in the Spanish Association of Car and Lorry Manufacturers (ANFAC) through its working groups, committees and forums.

In addition, a 15 million-euro credit line was allocated to support unique sustainable mobility projects that are being developed in World Heritage cities or in towns that either have a high pollution index or are located on islands, as well as supporting projects in the field of electromobility.

Through ANFAC, SEAT participated in designing the loans and grants under the MOVES Plan, as well as in disseminating information on how to access them.

VEA Committee on electric and alternative fuel vehicles

The company is part of a new committee created within ANFAC that is dedicated specifically to electric and alternate fuel vehicles (known as VEA in Spanish).

The goal of the VEA Committee is to work to foster a sustainable and smart form of mobility, and to this end its members include experts in the field from the various brands that comprise the association. This is yet another example of SEAT's commitment to the new mobility of the 21st century.

Sustainable mobility working group

The Zaragoza Mobility City initiative, led by the Ibercaja Foundation, held a working group session which brought together ANFAC's Mobility Forum and VEA Committee, to which SEAT belongs.

The topics addressed included issues related to climate change, incentive schemes for alternative fuel vehicles and their infrastructure, and the activities of the VEA Committee.

Presentation of the electric lorry and van by MAN

SEAT's Institutional Relations team collaborated with other authorities and associations in disseminating the presentations of two new electric vehicles developed by the company MAN Truck & Bus Iberia, which took place at the Training Centre of its platform in Coslada (Madrid).

January saw the presentation of the TGM 26.360 E electric lorry, a rigid vehicle weighing 26 tonnes intended for urban distribution, while in June the 100% electric MAN eTGE van saw the light. Both events served to underscore the disruptive change that is taking place in the goods transportation sector, with the electrification of the industry and the arrival of autonomous driving.



Promoting mobility with natural gas

SEAT's chairman, Luca de Meo, and the chairman of Redexis, Fernando Bergasa, signed an agreement in December to create a network of compressed natural gas (CNG) refilling facilities and to promote sustainable mobility through the use of this alternative fuel. Under the agreement, SEAT will share information with Redexis on the demand for low-emission vehicles, making it possible to identify in which areas the installation of public CNG charging points is most needed.

According to data from Gasnam, by 2030 there could be more than one million cars powered by natural gas in Spain. For this reason, the development of a network of gas refilling stations to cover their needs is a strategic goal for Redexis, which expects to have over 100 refilling points nationwide within the next two years.

One of the proposals by SEAT and Redexis is to take the growth model for natural gas that has been applied in Madrid and Barcelona and replicate it in the rest of Spain. This would offer the disaggregated reach required to allow any citizen to travel around the entire country using natural gas as an economic and ecological fuel.



Luca de Meo, awarded the Medal of Honour by Foment del Treball

SEAT's chairman, Luca de Meo, was bestowed with the Medal of Honour for Business Person of the Year by the Catalan organisation Foment del Treball. The award recognises his leadership and disruptive vision at the helm of the company, which has led it to achieve the best results in its history, both in turnover and in profits.

De Meo thanked the organisation for the recognition and also stressed the company's commitment to Spanish society and underscored the change of model that the sector needs in order to respond to the needs of the new mobility, all while without ceasing to be a driving force for the country's economy.

Business cooperation

SEAT and ANFAC, a joint commitment to sustainable mobility

Throughout 2019, SEAT took an active role in the Spanish Association of Car and Lorry Manufacturers (ANFAC) through its working groups, committees and forums.

The company's chairman, Luca de Meo, is a member of the Board of Directors of the association, which represents all manufacturers in the automotive industry in Spain and is responsible for defining their positions vis-à-vis public bodies, facilitating the development of the automotive sector and contributing to the general interests of the country.

"Automoción 2020-2040" project

Through a collaboration between ANFAC, SEAT and KPMG, the "Automoción 2020-2040" project analyses the future of the automotive sector with various goals in mind: maintaining leadership, attracting investment for Spanish factories and defining manufacturers' positioning in the mobility ecosystem of the future.

The long-term challenge is to address the transformation of the business model and the creation of a roadmap that allows the automotive industry to evolve, with technology, innovation and modernity taking a leading role.

MOVES Plan

The MOVES Plan is an initiative by the Spanish government, allocated a budget of 45 million euros, which aims to facilitate the acquisition of alternative energy vehicles and the deployment of different kinds of mobility infrastructure, such as charging points for electric cars, electric bicycle loan schemes and measures to support transport plans at places of work.

Ready for the future

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Finance and IT



Slowdown of the economy

The global economy grew by 2.9% in 2019, seven decimal points less than the previous year and the lowest level of growth since the beginning of the financial crisis in 2008. The main causes of this economic slowdown lie in the trade and geopolitical tensions that have arisen and in the implementation of protectionist policies, which sow insecurity among businesses and investors. The diagnosis of what the International Monetary Fund (IMF) calls a “synchronised slowdown” is compounded with local factors that are putting a strain on emerging economies and with the structural problems of low productivity and ageing of the population endured by advanced economies.

The trade war between the United States and China dominated the global economic calendar, although some measures, such as the drive for multilateral cooperation and the efforts to relieve tensions in the closing months of the year, softened the impact of the struggle between the two powers.

The trade war between the United States and China dominated the global economic calendar.

The decline in the growth of the more developed economies particularly affected the United States, the eurozone and the emerging countries of Asia and Latin America. The pace of growth of the US economy experienced a slight slowdown as the boost provided by the tax cuts implemented in early 2018 faded. In China, the cooling experienced reflects not only the introduction of ever-increasing tariffs resulting from its trade struggle with the United States, but also the slowdown in domestic demand

following the implementation of measures necessary to control the country's levels of debt.

The eurozone economy grew more in the first quarter of the year than in the previous six months, although from the second quarter the contraction of the German economy became apparent, caused by the decline in industrial activity. The decline in exports weighed heavily on the economy, offset in part by the strength of domestic demand. The uncertainty generated by Brexit continued to affect business confidence, which only in October 2019 seemed to be steering towards an orderly withdrawal from the European Union by the United Kingdom, following the agreement reached to extend the deadline until 31 January 2020, the date on which its official departure finally took effect.



Spain, meanwhile, was not immune to the slowdown in global economic activity, with international tensions sharing the limelight with local political uncertainty as a consequence of the institutional blockade caused by the persistence of caretaker governments or parliamentary minorities over the past four years. The political paralysis has led to missed opportunities for carrying out the necessary structural reforms relating to employment, debt and the deficit. In this context, and with clear signs of a slowdown, Spain's growth rate in 2019 stood at 2%, a figure higher than

that of the eurozone [1.2%]. Nevertheless, the weakening of the macroeconomic variables that drive growth (exports, investment and consumption), the slowdown in industry, the reduction in the pace of job creation and the maintenance of the level of the deficit are all signs of a shift in Spain's economic cycle.

Paradigm shift in the automotive sector

The automotive industry has dived head first into the challenge of responding to the demands of a digital society and an increasingly connected world. Digitalisation has brought about a paradigm shift in traditional business models, which has led to a transformation not only in the way in which industry produces, but also in the way it communicates with its customers.

Advances such as vehicle connectivity, electrification and autonomous cars pose a huge challenge for manufacturers. So does the onset of shared mobility, which is growing year after year, or the way in which cars, owners and dealer networks and repair garages remain permanently connected to ensure that users are satisfied and remain loyal to the brand.

Just as changes in technology and customers' consumption habits have led to a profound transformation of the sector, the traditional heartlands for the production and sale of vehicles have also moved to other regions. China has established itself as the biggest producer and seller of cars in the world, surpassing the countries that have dominated the industry for decades in Europe, Japan and the United States.





Spain enjoys a privileged position among the top 10 biggest car manufacturers.

The influence of the Chinese market and the rise in demand in emerging countries in the Asia/Oceania/Middle East region have led to half of all global production and sales now taking place in that area.

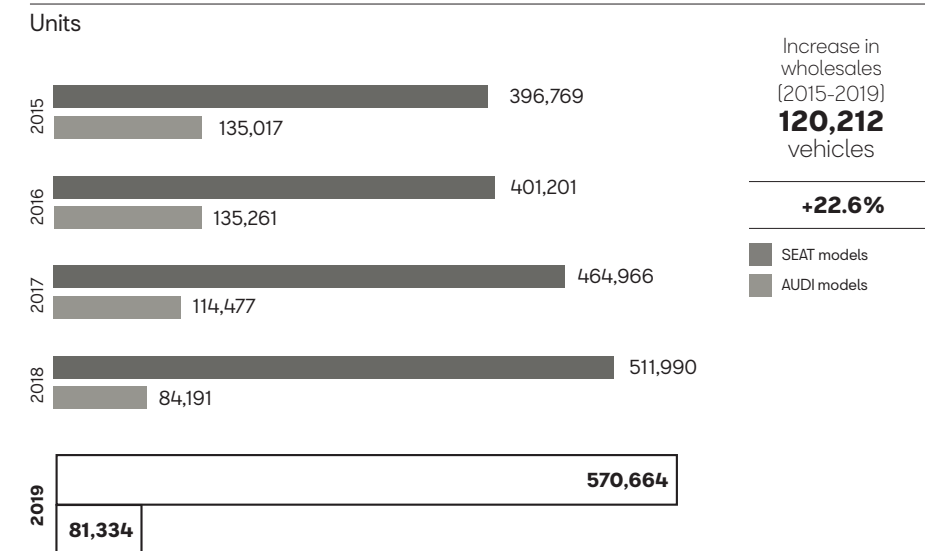
The automotive industry remains a cornerstone of the European Union's economy based on its contribution to gross domestic product (GDP), exports and employment, as well as due to the indirect impact it generates in other sectors. During 2019, the sector went through a process of adjusting to the new WLTP measurement protocol (Worldwide harmonised Light-duty vehicles Test Procedures), which came into force on 1 September 2018. The new system, which is much stricter than the previous one, serves to certify the fuel consumption and emissions of new vehicles produced from that date onwards and of those put on sale starting from January 2019. Its implementation led to imbalances in the production and distribution chains of brands in the sector during the first half of the year. Nevertheless, the recovery experienced during the second half allowed the industry to end 2019 with sales of 15.3 million passenger cars, representing a 1.2% increase over the prior year.

In this context, the 1.3 million passenger cars registered in the Spanish market represented a fall of 4.8%. Spain, which enjoys a privileged position among the top 10 biggest car manufacturers, produced a total of 2.8 million vehicles in 2019, which also represents a 0.1% increase compared to 2018. The main market for Spanish factories is that of exports, to which around 82% of their production was allocated. For this reason, vehicle exports also increased by 0.2%, reaching 2.3 million units.

2019 figures for the sector in Spain



Wholesales of new vehicles to the commercial network



New financial records for SEAT

In 2019, SEAT broke records in its main financial indicators, reflecting the strength of the company's strategy and having already broken records in the previous year.

Particularly significant was the increase in turnover, thanks to a 9.4% rise in the volume of units sold to the commercial network, resulting in the highest number in the company's history (651,998 units). Net sales reached a figure never achieved before of 11,157.3 million euros, easily surpassing the 10,000 million euro threshold and representing an increase of 11.7% over the previous year. The company's revenues in the Spanish market totalled 2,143.4 million euros, 4.8% more than in 2018, while exports grew by 13.5% to reach 9,013.9 million euros.

The company's profit after tax once again registered significant growth over the previous year. The 345.6 million euros generated reflects an increase (+17.5%) over 2018 and once again represents the highest profit before extraordinary items in SEAT's history. Operating profit also significantly exceeded the prior year figure (+57.5%) to reach 351.6 million euros, the company's highest operating profit ever.

The continuous effort in all areas of the company to optimise income and expenditure was reflected in the profit and loss statement. To name a concrete example, SEAT benefits from the implementation of its cross-departmental Full Cost Optimisation (FCO) programme. A year and a half after its introduction, the company continues to make improvements in cost reductions, thereby increasing its added value and competitiveness. The profit and loss statement also includes a positive impact generated by adaptations in the Volkswagen Group's process for performing asset impairment tests. This adaptation of the accounting estimate is consistent with the gradual transformation of the automotive industry's business model.

In 2019, SEAT broke records in its main financial indicators, reflecting the strength of the company's strategy.



Carsten Isensee, SEAT's new executive vice-president of Finance and IT

On 1 June, Carsten Isensee took over as SEAT's new executive vice-president of Finance and IT. In joining the Executive Committee, he replaced Holger Kintscher, who became the head of Finance and IT at Volkswagen Commercial Vehicles.

With a degree in Business Administration from the University of Wilhelmshaven (Germany), Isensee has been linked to the Volkswagen Group since 1987. Prior to assuming his new position, he was executive vice-president of Finance at Volkswagen Group China, where he participated in the creation of digital and smart mobility services.

The new executive joins SEAT with the challenge of consolidating the company's record figures and strengthening its financial base in order to tackle future projects.

Wholesales of new vehicles to the commercial network

Units

	2019	2018	Variation	
			Absolute	%
SEAT models	570,664	511,990	58,674	11.5
Mii	11,235	14,131	(2,896)	(20.5)
Ibiza	124,754	118,249	6,505	5.5
Arona	129,981	108,597	21,384	19.7
Altea	0	1	(1)	—
Leon	147,185	153,414	(6,229)	(4.1)
Toledo	1,682	9,892	(8,210)	(83.0)
Ateca	95,997	87,020	8,977	10.3
Tarraco	36,742	1,536	35,206	—
Alhambra	23,088	19,150	3,938	20.6
Audi models	81,334	84,191	(2,857)	(3.4)
A1	81,334	15,068	66,266	—
Q3	0	69,123	(69,123)	—
Total wholesales[*]	651,998	596,181	55,817	9.4

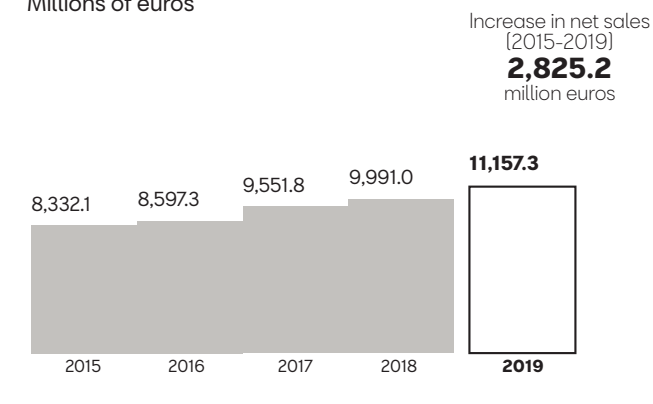
[*] Figures for 2019 and 2018 do not include 15,911 and 14,435 used vehicles, respectively.

SEAT continues to generate the required resources in order to self-finance its activities and strengthen its financial structure. The respective ability is reflected in its cash flow generated from operations of 1,091.9 million euros (9.8% of net sales). This figure represents a 56.2% increase over 2018 and allows the company to continue to allocate a high volume of resources to new projects. In 2019, 908.2 million euros were devoted to investments, 2% more than the previous year and 8.1% of net sales.

This important investment commitment, supported by a solid financial foundation, has the strategic objective of boosting the core business of the company and enhancing its digital transformation in order to address the technological challenges that the automotive sector is facing.

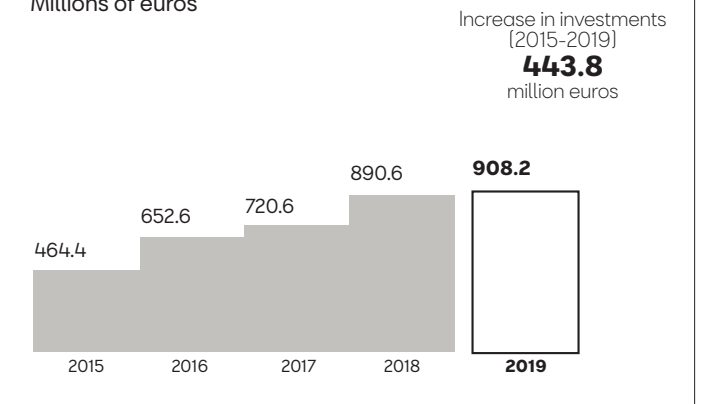
Net sales

Millions of euros



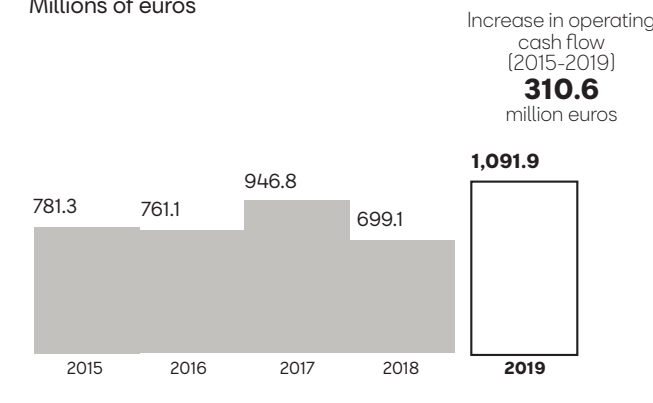
Investments

Millions of euros



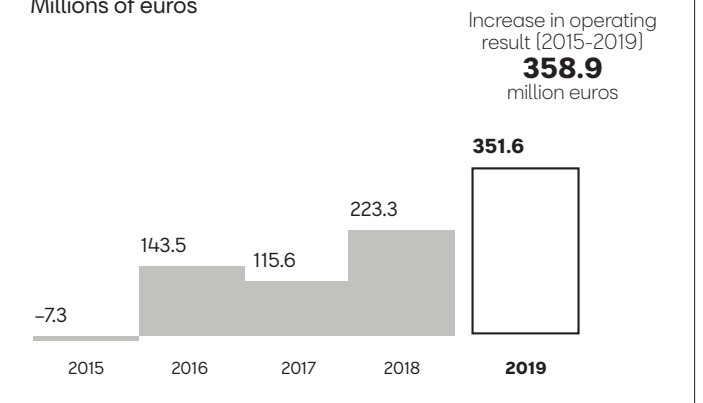
Operating cash flow

Millions of euros



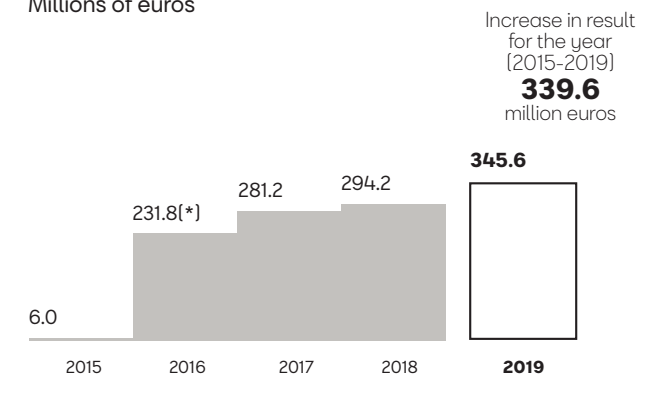
Operating result

Millions of euros



Result for the year

Millions of euros



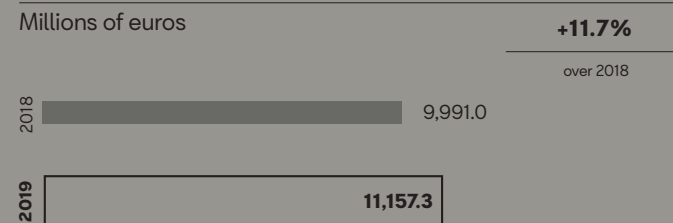
[*] Before extraordinary items

Particularly significant was the increase in turnover, thanks to a 9.4% rise in the volume of units sold to the commercial network, resulting in the highest number in the company's history.



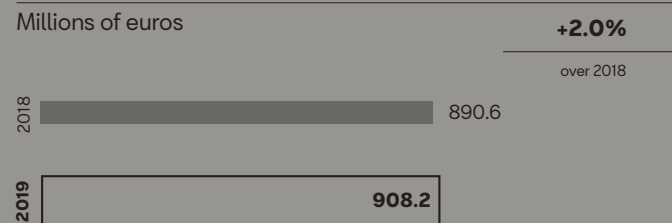
Net sales

Millions of euros



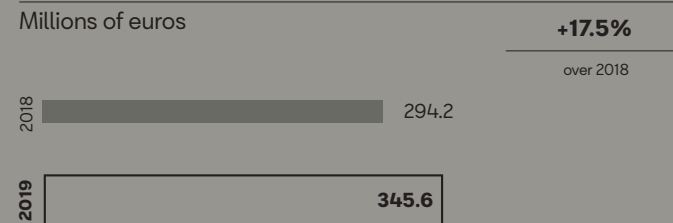
Investments

Millions of euros



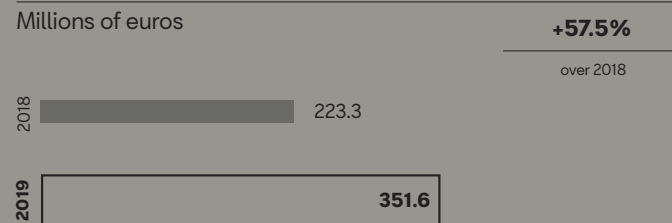
Result for the year

Millions of euros



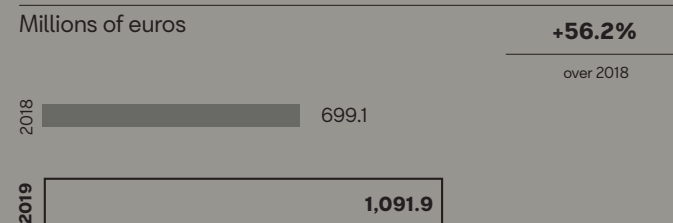
Operating result

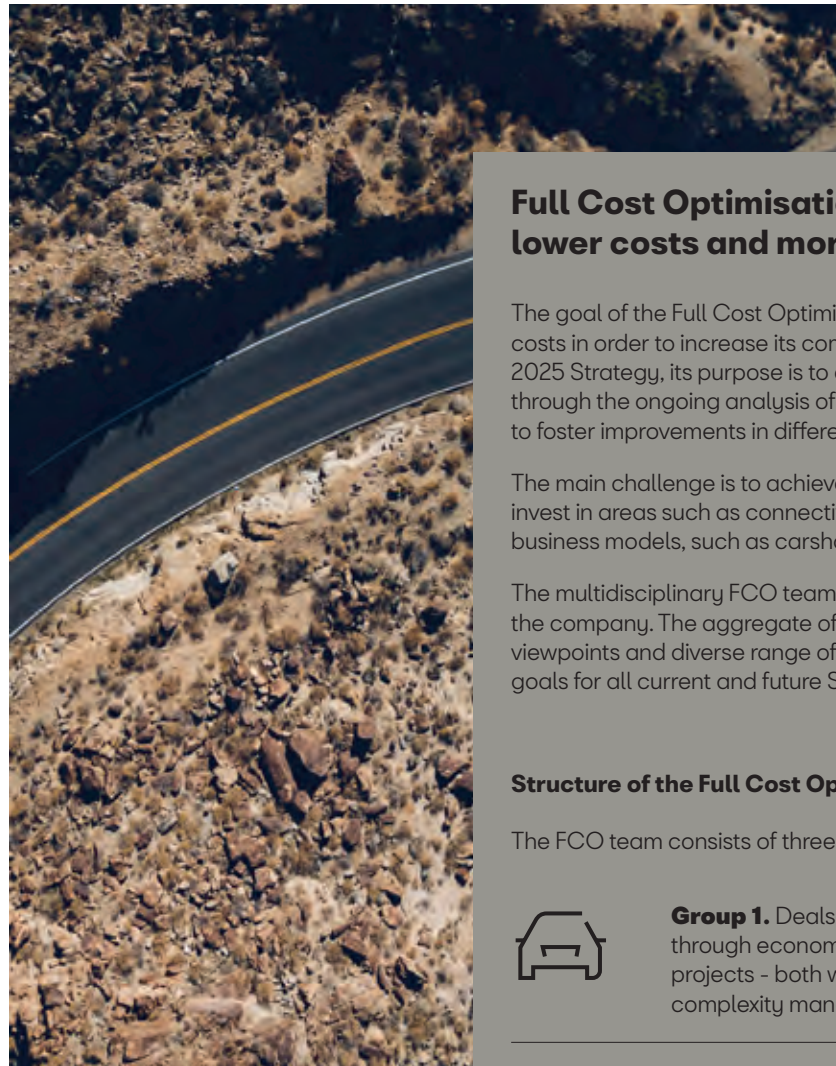
Millions of euros



Operating cash flow

Millions of euros





Full Cost Optimisation: lower costs and more competitiveness

The goal of the Full Cost Optimisation (FCO) strategic plan is to optimise SEAT's costs in order to increase its competitiveness. Created as part of the company's 2025 Strategy, its purpose is to contribute to the sustainability of the company through the ongoing analysis of the cost structure of the brand's models in order to foster improvements in different areas.

The main challenge is to achieve cost savings that free up funds in order to invest in areas such as connectivity, autonomous driving, electrification and new business models, such as carsharing and mobility services.

The multidisciplinary FCO team is made up of members from various areas of the company. The aggregate of their experience, with their different technical viewpoints and diverse range of knowledge, allow the group to set efficiency goals for all current and future SEAT models in a cross-disciplinary manner.

Structure of the Full Cost Optimisation team

The FCO team consists of three working groups:



Group 1. Deals with the material costs, seeking efficiencies through economies of scale, shared use of parts between projects - both within SEAT and across the Consortium - and complexity management.



Group 2. Pursues the optimisation of the manufacturing process, working on improving the models' production times and participating in the early stages of the process and in the logistical support, both internally and for the finished product.



Group 3. Helps to reduce service-related costs, such as the design of contract packages intended to improve competitiveness and purchase prices.

Innovation in systems and processes

The Systems team continued with the implementation of new solutions in order to consolidate SEAT's digitalisation processes. In this way, the company matches its innovative nature in the automotive sector with an identical philosophy in its internal working methods.

Agile Centre of Excellence

The current disruption in the automotive sector has an impact that goes beyond the changes in technology, as it also affects ways of working and collaborating

within the company. For this reason, SEAT IT aims to develop solutions and provide the necessary support to meet the challenges posed by the current pace of change in the digital world within the company.

Agility is essential in order to continue improving collaboration models within the organisation. The use of Agile methodology allows for dynamic planning, introduces lean and transparent processes, and ensures quicker response

times. It also offers the possibility to implement changes and innovations more easily. It is in this scenario that high-quality solutions and products can arise that respond to customers' needs.

SEAT's Agile Centre of Excellence (ACE) supports teams in their day-to-day tasks in order to quickly develop products and introduce Agile methodologies where they can be useful. This makes it easier to adapt to changes and, ultimately, to achieve greater customer satisfaction.

In this vein, Agile Coaches collaborate with employees in all areas to create teams that are self-organising and focused on adding value. In addition, the ACE has formed an Agile Community within SEAT. The goal of this community is to share experiences, learn from each other, develop professionally as a team and get in touch with different Agile initiatives across the Volkswagen Group.

Clearly, Agile tools are useful for much more than just software development. Within the IT division, this approach is also applied to day-to-day tasks in order to share information in a transparent and continuous manner, as well as to support all levels of the company. Moreover, suggestions for improvement are constantly discussed and implemented, which has a positive influence on the organisation's service capacity and development.

This process of continuous improvement serves as the starting point for developing an organisation that learns by following a common set of values and principles, thus creating an Agile mindset. The ACE is actively facilitating the agile transformation of SEAT's entire value chain.

The 12 Agile Principles



1. Customer satisfaction

The highest priority is to satisfy the customer through early and continuous delivery of valuable software.



2. Welcome change

Welcome changing requirements, even late in the development process. The agile methodology harnesses change to boost the customer's competitive advantage.



3. Deliver frequently

Deliver working software frequently, from every fortnight to every two months and preferably as frequently as possible.



4. Working together

Business people and developers must work together daily throughout the project.



5. Motivated members

Build projects around motivated individuals. Give them the environment and support they need, and trust them to get the job done.



6. Face-to-face conversation

The most efficient and effective method of conveying information to and within a development team is face-to-face conversation.



7. Working software

Working software is the primary measure of progress.



8. Sustainable development

Agile processes promote sustainable development. The sponsors, developers, and users should be able to maintain a constant pace indefinitely.



9. Continuous attention

Continuous attention to technical excellence and good design enhances agility.



10. Keep it simple

Simplicity - the art of minimising the work required - is essential.



11. Self-organising teams

The best requirements, designs and architectures emerge from self-organising teams.



12. Reflect and adjust

At regular intervals, the team reflects on how to become more effective, then tunes and adjusts its behaviour accordingly.

Augmented and virtual reality

The strategy of SEAT IT when it comes to innovating has led to the development of virtual reality (VR) and augmented reality (AR) for use in the production process. Technologies of this kind have generated a lot of hype, to the point that during the year 13 proofs of concept were carried out for Production and R&D. Specifically, one of them materialised into the first VR training and analysis project for the prototype department.

Both VR and AR are immersive technologies that offer very good prospects for use in SEAT. As an example, an application was developed for the use of AR in the analysis of weld spots that allows the user to identify the part to be analysed, reproduce the CAD design on top of the part and confirm whether the weld is in the correct coordinates. On the basis of the programming code developed for this application, different use cases have been tried out in seven different areas.

With regards to VR, a training system was created for reviewing quality on the assembly line. In this case, the vehicle is

recreated in a training room, which allows for a better training programme.

Other solutions that streamline employees' work

2019 saw the launch of the TechBar, a service conceived to bring the Information Technology (IT) division closer to the end user. The goal is to offer users personal attention and skilled help to identify and resolve any queries or problems that arise relating to their computer and technological equipment. In February, the first TechBar point was opened in the Corporate Building, followed by two more in November and December.

Thanks to the work of the Systems department, the use of chatbots was consolidated in order to automate some of the tasks within the company. One of the applications already implemented offers the possibility to hold an interactive conversation with the virtual assistant on the Intranet in real-time to answer enquiries and questions on IT-related topics.

Both virtual reality and augmented reality are immersive technologies that offer very good prospects for use in SEAT.



Security of computing infrastructures

One of the most critical areas in the field of technology at SEAT is IT security. For this reason, a number of initiatives were set in motion to cover all phases affecting the security of computing infrastructures: prevention, detection, response and remediation.

The CyberSOC (CyberSecurity Operations Centre) monitors and analyses all warnings and security incidents that occur within SEAT. To improve its effectiveness, cutting-edge technologies such as machine learning and big data are employed in the predictive analysis of the security threats that could potentially affect the company. These technologies allow anomalous behaviours and possible alerts and threats to be predicted by studying the behaviour of machines and their connections with the outside world.

The virtual assistant can also be used to book meeting rooms. The system guides the user throughout the process and handles the management of the booking, as well as proposing alternatives if the room is unavailable. The assistant itself also takes care of sending the booking confirmation notifications. This is just one example of the more than 90 cases of robotic process automation (RPA) implemented during the year by Systems, which allow repetitive tasks to be performed autonomously and free of errors, freeing up employees so that they can focus on value-added tasks.

effective and secure means of exchanging documentation. The "Paperless Office" plan will be introduced gradually over the coming months.

Finally, another of the Systems department's initiatives is managing the cloud. 2019 saw the first deployment of applications on the cloud, which offers several advantages: more flexibility, less development time, significant savings in local infrastructure and greater portability.

Furthermore, the IT Security team deployed solutions that allow potential threats that are generated within SEAT's infrastructures to be continuously analysed, while also providing protection for the company's assets through a dual line of defence: anti-virus and anti-APT. The strength of the company's security systems ensures that they serve as an effective line of defence even when faced with threats that only are a matter of hours or days old.

Systems is leading SEAT's drive towards achieving a paperless office, an initiative aimed at reducing the company's environmental footprint and working in a more ecologically responsible manner.

On the other hand, Systems is leading SEAT's drive towards achieving a paperless office, an initiative aimed at reducing the company's environmental footprint and working in a more ecologically responsible manner. In November, a comprehensive programme was implemented in the company to restrict colour printing, which will continue in January 2020 with the introduction of restrictions on printing in general. The absence of paper will not only be beneficial for the environment but it will also save financial costs and space, boost productivity, and lead to a more



The main goal of the Finance & IT Academy is to design and promote training activities to strengthen the competencies that the division considers key.



Enhancing the team's key competencies

The Finance & IT Academy continued its journey in its second full year of existence. Founded in September 2017, its main objective is to design and promote training activities aimed at strengthening the competencies that are considered key by the division, according to the different professional profiles that make it up.

Given the differential characteristics between the professionals of the Finance and IT departments in terms of technical concepts, different profiles have been created based on each of these areas, considering their corresponding roles and responsibilities. The intention is therefore to have specific training plans that are tailored to each of the competencies that form the different profiles of these departments.

In the financial field, key competencies include planning and analysis skills, as well as knowledge of the company's new business models and strategy.

In the more technological field, IT has six new profiles created to suit the division's current structure. These profiles cover the concepts of security, infrastructure and digital workplace, architecture, management of application-oriented service, software management and engineering, and IT governance and the implementation of Agile procedures.

Since its foundation, the Academy has launched various initiatives such as "Meet the Director", in which different groups of collaborators pose questions to the Management team during a breakfast meeting in a relaxed atmosphere. Another example is "Finance Soft-Skills", where participants are faced with various role-play scenarios involving professional actors which recreate real business situations. Around 140 people from the division have already taken part in at least one of these activities.

Furthermore, internal talks have been held on key aspects of IT, and specific micro-training sessions have been provided, led by expert partners in this area.

The teams in charge of the Academy, consisting of professionals from the division, will continue to develop new training formats and proposals for the next year that ensure the academic goals are achieved, while also remaining attractive to participants.

Note

The company does not conduct and has not conducted any operations with its own shares during the period. The company has conducted operations involving foreign exchange hedging derivatives during the period. The weighted average payment period to company suppliers was 35 days in 2019. There have been no events having an impact on the financial statements after the closure of the financial year.



Masterclasses for sharing financial knowledge

During 2019, the Academy also organised and delivered sessions in a masterclass format that allowed different experts in the field to share their financial knowledge with team members.

In particular, two masterclasses were organised: "We are planning to launch a new model: how do we assess whether it will be profitable?" and "Planning to preempt the future". Both sessions had an excellent level of participation and were each attended by more than 200 people.





Striving to continue creating value



SEAT is aware of the social, economic and environmental impact of its activities at all levels. With this in mind, it acts with responsibility and a long-term vision in order to continue providing value to society. Its aim is to carry out actions which not only lead by example but also contribute to achieving the common goal of a better future for all.

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Summary of the study performed by SEAT with the guidance of PricewaterhouseCoopers (PwC), based on the figures of SEAT, S.A. for the 2018 financial year, in order to highlight the company's contribution in economic, tax, social, environmental and innovation terms.



SEAT's activities in Spain actively contribute to the country's economic development, with revenues that represent 0.8% of GDP and with the creation of more than 100,000 direct and indirect jobs.

ECO NO MIC IM PACT

SEAT contributed to the generation of economic activity with **revenues of €9,991 million in 2018**, a figure which represents **0.83% of Spain's GDP**. Since 2013, SEAT's turnover has increased by 54.4%.

€9,991 m

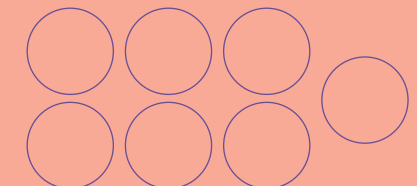
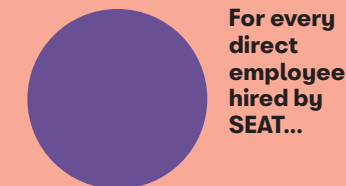
SEAT's revenues

SEAT uses predominantly national suppliers in its operations. In particular, approximately **60% of its purchases and investments** in Spain are made through domestic suppliers.

60%

SEAT suppliers based in Spain

SEAT's activities generated 14,997 direct jobs⁽¹⁾, a figure that rises to 103,164 including those that are generated indirectly and induced, which is equivalent to 0.53% of the total employment in Spain.



Source: Analysis based on information from SEAT and the Spanish National Statistics Institute: National Accounts (2018) and Labour Force Survey (4th quarter of 2018).

(1) Includes the basic workforce (14,627 people), partial retirees (210 people) and apprentices with a contract (160 people) at 31/12/2018.

SEAT is the leading exporter company in the Spanish manufacturing industry with exports of nearly €8,000 million during 2018, which represents 2.8% of the total exports carried out in Spain in this period.

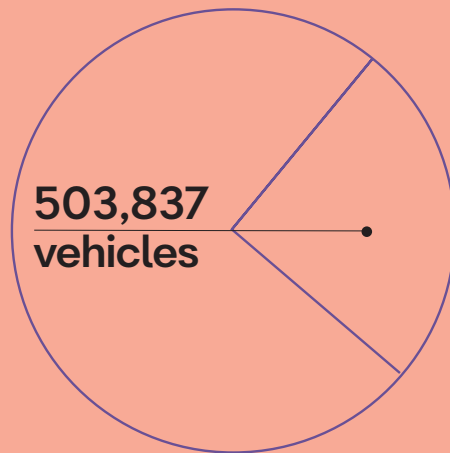


In 2018, the volume of exports carried out by SEAT from Spain reached **€7,945 million**, which represents a **2.6% increase** over the previous year.

In 2018, SEAT exported a total of **503,837 passenger cars and SUVs⁽¹⁾**, surpassing the previous year's figure by 6,364 units.

Since 2013, the number of passenger cars and SUVs exported by SEAT has increased by **25.2%**.

Exports carried out by SEAT (2018)

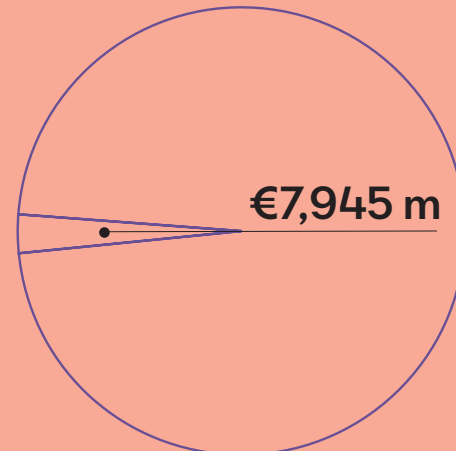


Passenger cars and SUVs exported by SEAT

... representing **26.2%** of the total number of passenger cars and SUVs exported by Spain in 2018, with 25.2% growth since 2013.

SEAT's export volume

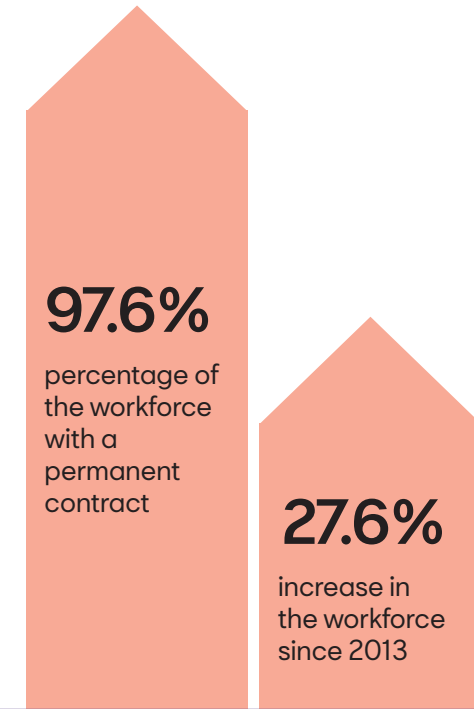
... representing **2.8%** of the total value of exports carried out in Spain in 2018.



Source: Analysis based on information from SEAT, the Ministry of Economy and Competitiveness (Report on foreign trade, with data for January-December 2018) and ANFAC.

(1) The number of vehicles exported corresponds to exports from all of SEAT's factories, whether located in Spain or not.

SEAT contributes to the generation of stable, high-quality employment with almost 98% of its workforce having a permanent contract, well above the national average and that of the industrial sector.



SO CIAL IM PACT

Over the past few years, SEAT has significantly increased its workforce in Spain. **Since 2013, the number of employees has increased by 27.6%.⁽¹⁾**

In addition, SEAT promotes the **creation of stable, high-quality employment: 97.6% of its workforce has a permanent contract**, well above the average in the industrial sector and in Spain as a whole.⁽²⁾

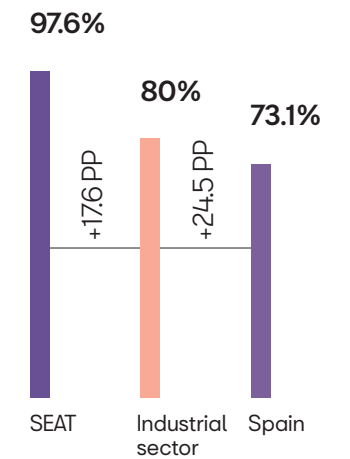
Percentage of employees with permanent contracts in SEAT (2018)

20.6%

of SEAT's workforce in 2018 is made up of women.

39%

of the employees hired by SEAT in 2018 are under 30 years of age.



Source: Analysis based on information from SEAT and the Spanish National Statistics Institute (Labour Force Survey, 4th quarter of 2018 and 2013).

(1) Taking into account the merger with CTS (2014) and with Gearbox (2016), the increase in the workforce since 2013 amounts to 9.1%.

(2) Figure for SEAT calculated on the basis of the basic workforce at the 2018 year end. The figures for the industrial sector and for Spain as a whole correspond to the 4th quarter of 2018.

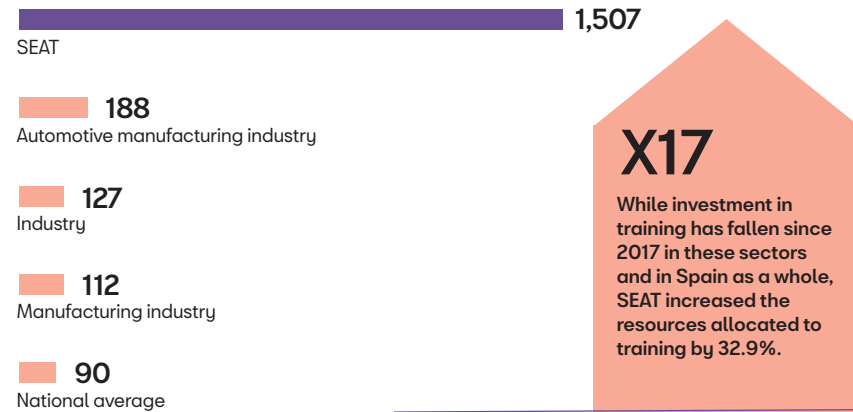
SEAT promotes the training and development of its employees, for which it allocated €22.6 million to training in 2018.

The resources dedicated by SEAT to training its employees amounted to €22.6 million in 2018, which represents a 32.9% increase over 2017.

Investment in training represents 2.6% of all the staff costs incurred by SEAT.

SEAT allocated €1,507 per person to training its employees in 2018. This is well above the amount invested by other industrial sectors and in Spain as a whole,⁽¹⁾ which also registered a reduction in the total resources allocated compared to the previous year.

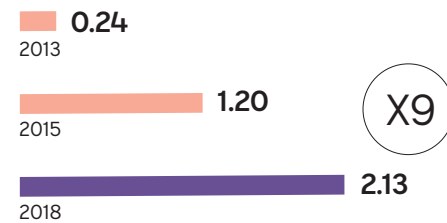
Investment in training in 2018 (€/employee)



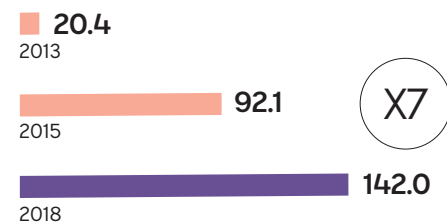
In recent years, SEAT has dedicated significant resources to social projects. Since 2013, SEAT's investment in social actions has increased 9 fold, going from €240,000 to €2.13 million.

During 2018, SEAT dedicated €142 per employee to social actions.⁽²⁾ In doing so, it multiplied the figure allocated to this sphere in 2013 by 7.

Investment by SEAT in social projects (€ millions)



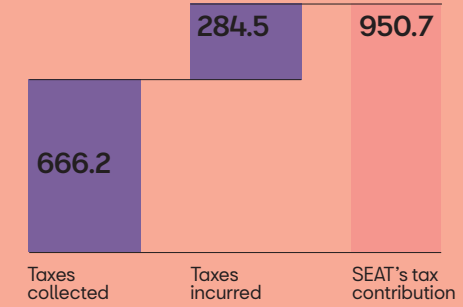
Investment by SEAT in social projects (€/employee)



Source: Analysis based on information from SEAT and the Spanish National Statistics Institute.
 (1) Spanish National Statistics Institute. Annual Labour Cost Survey. Figure for "Expenditure on vocational training", corresponding to 2017 (last year available).
 (2) Figure calculated on the basis of SEAT's total workforce at the 2018 year end.

SEAT makes a significant contribution to the public finances with €951 million in taxes, which represents 9.5% of its total turnover in Spain.

SEAT's tax contribution in Spain in 2018 (€ millions)



In 2018, SEAT's contribution to the public finances amounted to €950.7 million, including €666.2 million corresponding to taxes collected⁽¹⁾ and €284.5 million to taxes incurred⁽²⁾.

SEAT's tax contribution in Spain in 2018 is comparable to...

5.4%

of the Central Government budget for unemployment benefits in 2018.

16.6%

of the Central Government budget for active employment policies in 2018.

FISCAL IMPACT

... almost equivalent to the Central Government budget for business transformation and reindustrialisation in 2018.

... half the Central Government budget for student grants and support in 2018.

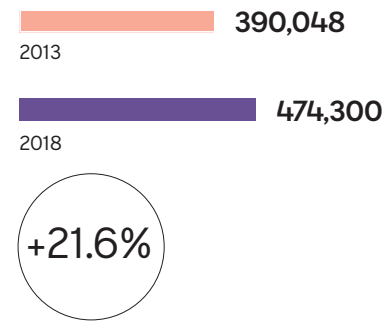
Source: Analysis based on information from SEAT and the Ministry of Finance and Civil Service.
 (1) Includes VAT collected on sales, and personal income tax and Social Security deducted from employee wages.
 (2) Includes Corporate Income Tax, company Social Security and other taxes (Economic Activity Tax, IBI property tax, etc.).



INDUS TRIAL IM PACT

From its factory in Martorell, SEAT manufactured 20.9% of all the passenger cars and SUVs produced in Spain during 2018.

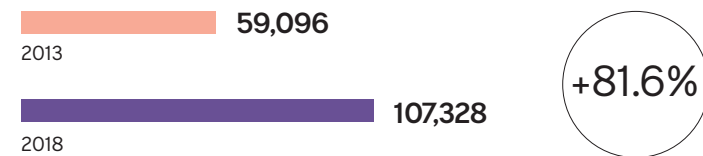
Total production of vehicles in Martorell



In 2018, 474,300 passenger cars and SUVs were built at the Martorell factory, which represents 20.9% of the total production of these vehicles in Spain. This amounts to a 21.6% increase in production compared to 2013.

With 107,328 registrations of passenger cars and SUVs in 2018, SEAT has achieved a growth of 81.6% since 2013, and an increase of 13.6% over the previous year. In 2018, 8.1% of all the passenger cars and SUVs registered in Spain were SEAT vehicles.

Registrations of SEAT vehicles

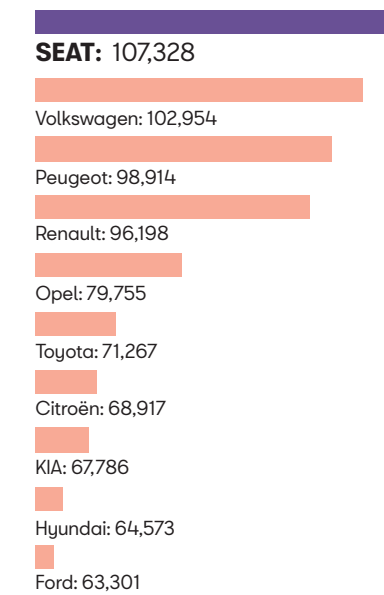


Source: Analysis based on information from SEAT and ANFAC.



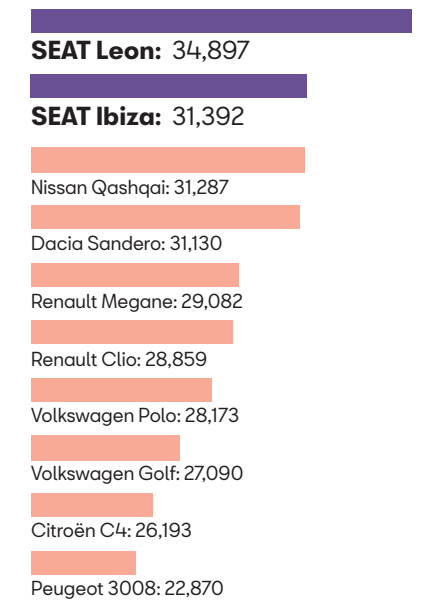
SEAT is the leading company in the automotive sector in Spain, holding the top spot in terms of passenger car and SUV registrations in 2018.

Top 10 brands of passenger cars and SUVs by number of registrations in 2018



SEAT holds the 1st position in the ranking of passenger car and SUV brands by number of registrations in 2018 (107,328 vehicles), thus consolidating its leadership in the sector.

Top 10 models of passenger cars and SUVs by number of registrations in 2018



By model, SEAT also leads the ranking, with two of its models, the SEAT Leon and SEAT Ibiza, holding the 1st and 2nd positions (34,897 and 31,392 vehicles, respectively).

Source: ANFAC. Press release on the number of vehicle registrations in Spain.

ENVIRONMENTAL IMPACT

The preservation of the environment is a priority issue for SEAT, which managed to far exceed its target for reducing harmful emissions per vehicle set for 2018.

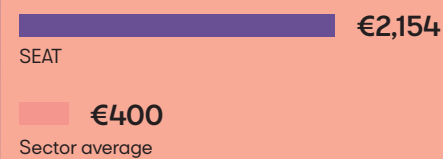
SEAT's efforts to reduce the impact of its activities on the environment have been reflected in the **improvement registered in various environmental indicators.**

Since 2010, SEAT's CO₂ emissions have **fallen by 63%**, clearly surpassing the **25% target** set for 2018.

Reduction in CO₂ emissions [2010-2018] **-63%**

Investment and expenditure on environmental protection per employee⁽¹⁾

SEAT investment and expenditure **€32.3 m**



In 2018, SEAT's investment and expenditure on improving its environmental performance amounted to **€32.3 million**, a figure that represents **€2,154 per employee.**

Source: Analysis based on information from SEAT.

(1) The sector average figure refers to 2016 (latest available data).

SEAT is ranked **4th** among Spanish companies in terms of resources dedicated to R&D, and it is the leading company in Spain's industrial sector.

During 2018, SEAT dedicated **€324 million to investment in R&D**, with a further **€332.4 million in R&D expenditure.** In total, SEAT contributed **€656.4 million to R&D**, equivalent to **€43,769 per direct employee** in the company. At the national level, SEAT's total contribution to R&D represents **4.7% of the total expenditure on R&D carried out in Spain.**⁽¹⁾

Source: Analysis based on information from SEAT, the European Commission (EU R&D Scoreboard 2017) and the Spanish National Statistics Institute.

(1) 2016 Business Innovation Survey, Spanish National Statistics Institute. The figure refers to 2016 (last year available).

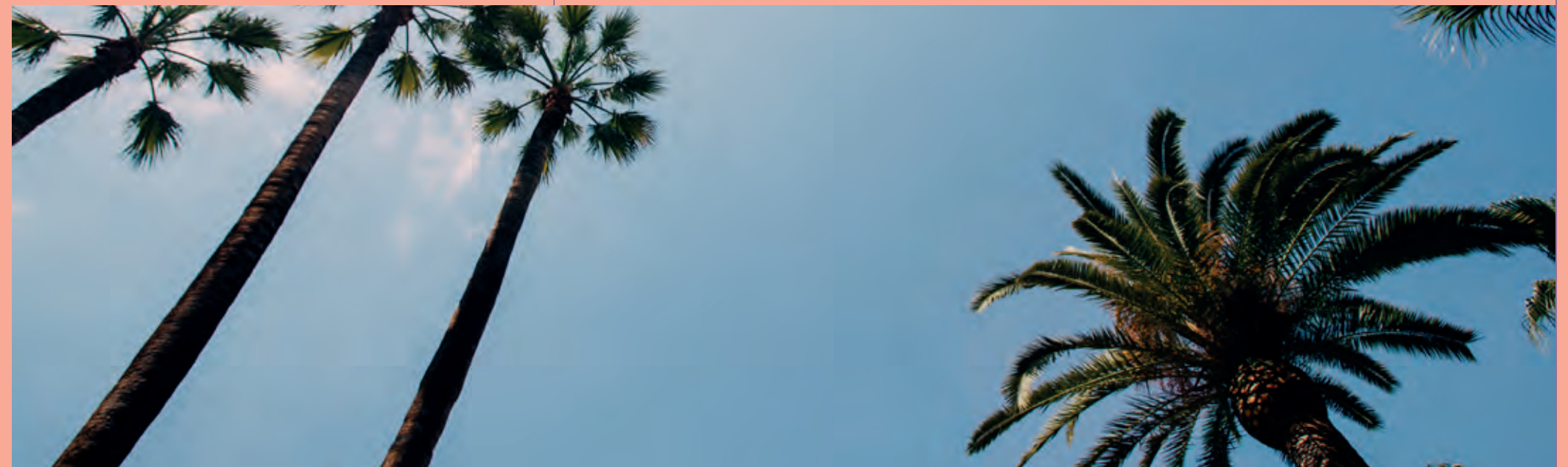
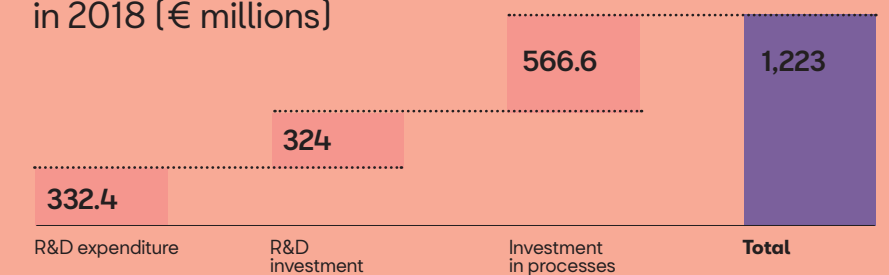
(2) Structural Statistics of Companies, Spanish National Statistics Institute. Data from 2016 (last year available).

The total investment carried out by the company in Spain amounts to **€890.6 million**, of which **€324 million€** were allocated to R&D and **€566.6 million** to processes. In total, the company's level of investment accounted for **4.1% of the total investment of the industrial sector** in Spain.⁽²⁾

In summary, the company's total investment and expenditure on R&D amounted to **€1,223 million** in 2018, which is equivalent to a contribution of **€81,550 per direct SEAT employee.**

R&D IMPACT

SEAT's total investment and expenditure on R&D in 2018 (€ millions)



Through its activities, SEAT makes a significant contribution to Spain's socioeconomic development.



Business driver

SEAT is among the top ten Spanish companies in terms of turnover (€9,991 million, which represents 0.8% of Spain's GDP), and has the highest turnover in the automotive sector.⁽¹⁾

Economic driver

SEAT contributes to Spain's economic development with a high percentage of domestic suppliers (60%), which stimulates economic activity throughout the supply chain.

Made in Spain

Supports the "Made in Spain" brand, since it is the leading company in Spain's manufacturing sector in terms of exports (€7,945 million, a figure that represents 2.8% of all Spanish exports).

Job creator

SEAT is the biggest employer in the automotive sector and one of the most important in Spain overall (14,997 direct employees,⁽²⁾ and as many as 103,164 including indirect and induced jobs).⁽³⁾

R&D contribution

Leading company in the industrial sector in terms of investment in R&D (€656 million in expenditure and investment in R&D, which represents 4.7% of the total investment in Spain), and the fourth largest R&D investment programme overall.⁽⁴⁾

Stability

SEAT once again increased its activity in 2018, with growth of 4.1% in vehicle production and of 4.6% in turnover compared to 2017, thus contributing to the stability of the Spanish economy.

Source: Analysis based on information from SEAT, the Spanish National Statistics Institute (Business Innovation Survey, with data for 2016), the *El Economista* Ranking for 2017 and the European Commission Ranking for 2017.

(1) *El Economista* Ranking 2017.

(2) Includes the basic workforce (14,627 people), partial retirees (210 people) and apprentices with a contract (160 people) at 31/12/2018.

(3) Internally produced ranking of private companies by total jobs.

(4) European Commission Ranking 2017.



Commitment to sustainable growth



SEAT operates in a particularly complex environment in which it must combine a sound financial foundation with the flexibility and adaptability to tackle new challenges. It does this based on a long-term vision of the business, remaining true to its principles and to its commitment with wider society.

Sustainability

Auditor's Report on the Annual Accounts



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the annual accounts

To the sole shareholder of SEAT, S.A. (Single – Shareholder Company)

Report on the annual accounts

Opinion

We have audited the annual accounts of SEAT, S.A. (the Company), which comprise the balance sheet as at December 31, 2019, and the profit and loss statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2019, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 3.a of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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R. Al. Madrid, nº 87-200-E. Abat 75. Torre B.28 F. 1º. 28014 Madrid, Spain
Inscripción en el R.D.A. nº 2004 del 10/05/2012. C.I.F. B-19 011280



SEAT, S.A.

Key audit matters	How our audit addressed the key audit matter
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Impairment test on property, plant and equipment and intangible assets and determination of cash-generating units	
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As stated in notes 5c) and 6 of the accompanying notes to the annual accounts, at year end the Company tests property, plant and equipment and intangible assets (which jointly represent 52% of the total assets) for impairment, comparing the carrying amount of these assets with their recoverable value. As a result of this test, the Company has recognised income totalling EUR 274.2 million in the 2019 profit and loss statement for reversal of impairment of property, plant and equipment and intangible assets.

For the purpose of the impairment test, as described in note 5c) of the notes to the annual accounts, the assets are grouped into cash-generating units (CGUs), which are understood to be the minimum identifiable group of assets capable of generating cash flows that are significantly independent.

In relation to the above, as described in note 3d) of the notes to the annual accounts, in 2019, both the Company and the Volkswagen Group which it forms part of, have revalued their cash-generating units (CGUs) as a result of, amongst others, the impact on their businesses and their management model of technological, market and regulatory changes affecting the automobile industry. Due to these changes, the Company has concluded that, at 2019 year end, the cash flows of its activities and, in particular, the different models that it sells are not significantly independent.

Therefore, as stated in note 3d) of the notes to the annual accounts, for the purpose of the impairment test, at 2019 year end, the Company has considered all of its activities in one single CGU, whereas in 2018 its different ranges of models were in separate CGUs.

We have evaluated and analysed the impairment test of property, plant and equipment and intangible assets prepared by the Company, as well as the determination of CGUs by management at the 2019 year end.

In particular, amongst other matters, we have analysed:

- Evidence of technological, market and regulatory changes affecting the automobile industry, as well as their impact on the businesses, management model and interdependence of cash flows for the sale of the Company's different models of vehicles.
- The consistency of the criteria used by the Company in determining its CGUs with the financial reporting legislative framework applicable.
- The consistency of the data used in projections performed in the impairment test with the budgets approved by Company and Group management.
- The reasonability and sensitivity analysis of the relevant assumptions of this test.
- The disclosures included in the notes to the annual accounts regarding the determination of cash-generating units and the impairment test of property, plant and equipment and intangible assets.

As a result of our procedures, we consider that management's conclusions are adequate and supported by the evidence available.



SEAT, S.A.

Key audit matters

How our audit addressed the key audit matter

We focus on analysing the Company's impairment test of property, plant and equipment and intangible assets and, in particular, the determination of cash-generating units, as it requires significant judgements by management and the directors.

Valuation of provisions for warranties

As stated in note 14 of the notes to the annual accounts, the Company has recognised EUR 596.9 million in the caption "Provisions for trade operations". As note 14 of the notes to the annual accounts states, these provisions mainly include obligations for warranties of commercialized vehicles, which are estimated on the basis of historical ratios that the Company has for sold vehicles.

We focus on the valuation of provisions for warranties as they require significant judgements by management and the directors in estimating the amount to be recognised for these obligations.

We have evaluated the process followed by management to determine the valuation of recognised provisions for warranties. In addition, our work has included, amongst others, the following aspects:

- Understanding internal control and performing tests on the effectiveness of key controls related to provisions for warranties.
- Evaluation of judgements made on valuations of provisions for warranties and their reasonability based on past experience and/or other support documentation.
- Review of minutes of governing and administrative bodies.
- Evaluation of disclosures included in the notes to the annual accounts.

As a result of the procedures performed, we consider that the judgements made by management regarding the valuation of provisions for warranties are in line with our understanding of the obligations incurred, based on the information justifying them.

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SEAT, S.A.

Other information: Management report

Other information comprises only the management report for the 2019 financial year, the formulation of which is the responsibility of the Company's directors, and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report is defined by the legislation governing the audit practice, which establishes two distinct levels in this regard:

- a) A specific level applicable to the statement of non-financial information (SNFI), that consists of verifying solely that the aforementioned information has been provided in the management report, or if appropriate, that the management report includes the pertinent reference to the separate report in relation to the non-financial information in the manner provided by the legislation, and if not, we are required to report that fact.
- b) A general level applicable to the rest of the information included in the management report that consists of evaluating and reporting on the consistency between that information and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit, as well as evaluating and reporting on whether the content and presentation of that part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have ascertained that the management report includes a reference mentioning that the information described in section a) above is disclosed in the consolidated management report of the Volkswagen Group, based in Germany, to which the Company belongs, that a SNFI with complementary information is provided and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2019 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the audit, compliance and governance commission for the annual accounts

The Company's directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of SEAT, S.A., in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company's directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit, compliance and governance commission is responsible for overseeing the process of preparation and presentation of the annual accounts.

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SEAT, S.A.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's audit, compliance and governance commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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SEAT, S.A.

We also provide the Company's audit, compliance and governance commission with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit, compliance and governance commission those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Company's audit, compliance and governance commission, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Report to the audit, compliance and governance commission

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit, compliance and governance commission dated February 25, 2020.

Appointment period

The General Extraordinary Shareholders' Meeting held on March 1, 2019 appointed us as auditors for the year ended December 31, 2019.

Previously, we were appointed by resolution of the General Shareholders' Meeting for an initial period of nine years and we have audited the accounts continuously since the year ended December 31, 1992.

Services provided

Services provided to the Company and its controlled subsidiaries for services other than the audit of the accounts are disclosed in note 22 to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Juan Bautista Álvarez López (21649)

February 25, 2020

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Balance Sheet

At December 31 (millions of euros)

Assets	Note	2019	2018
Non-current assets		4,084.5	3,464.3
Intangible assets	6b	1,310.1	818.9
Tangible assets	6c	1,724.6	1,465.4
Long-term Group company investments	6d	762.9	759.0
Long-term financial investments		8.3	2.7
Deferred tax assets	18	278.6	418.3
Current assets		1,758.5	1,599.3
Inventories	9	546.9	422.8
Trade and other receivables	10	659.1	848.9
Short-term Group company investments	11	548.2	324.3
Short-term financial investments	11	0.0	0.0
Short-term prepaid expenses		3.5	2.0
Cash and cash equivalents		0.8	1.3
Total		5,843.0	5,063.6

Equity and liabilities	Note	2019	2018
Equity		1,991.4	1,663.8
Shareholders' equity	12	2,007.0	1,661.4
Valuation adjustments		(17.3)	0.2
Grants	13	1.7	2.2
Non-current liabilities		606.9	513.0
Long-term provisions	14	331.3	291.0
Long-term liabilities	15	95.0	87.6
Long-term Group company liabilities	15	0.0	0.0
Deferred tax liabilities	18	7.9	8.3
Long-term prepaid income	5i	172.7	126.1
Current liabilities		3,244.7	2,886.8
Short-term provisions	14	933.6	829.6
Short-term liabilities	15	128.1	113.2
Short-term Group company liabilities	15	4.1	14.9
Trade and other payables	16	2,067.0	1,871.1
Short-term prepaid income		111.9	58.0
Total		5,843.0	5,063.6

Profit and Loss Statement

January 1 to December 31 (millions of euros)

Continuing operations	Note	2019	2018
Net sales	19a	11,157.3	9,991.0
Change in inventories of finished goods and work in progress	19b	32.4	(29.1)
Material, wages and overheads capitalized as assets	5a	339.2	314.0
Supplies	19c	(8,258.5)	(7,237.9)
Other operating income	19d	265.7	504.1
Personnel costs	19e	(953.0)	(876.1)
Other operating expenses	19f	(2,126.0)	(1,937.3)
Depreciation of fixed assets	6a	(395.1)	(422.0)
Change of grants from non-financial fixed assets and others	13	1.0	2.7
Excess of provisions		14.4	41.7
Impairment and result on disposal of fixed assets	6a	274.2	(127.8)
Operating result		351.6	223.3
Financial income	19g	98.9	79.9
Financial expenses	19h	(6.3)	(5.4)
Exchange rate differences	17	12.9	(0.9)
Impairment and result on disposal of financial instruments	19i	(3.7)	(10.9)
Financial result		101.8	62.7
Result before tax		453.4	286.0
Corporation tax	18	(107.8)	8.2
Result for year		345.6	294.2

Statement of Changes in Equity

At December 31 (millions of euros)

Statement of recognized income and expenses	Note	2019	2018
A) Result of Profit and Loss statement		345.6	294.2
For valuation of financial instruments		(27.0)	0.3
<i>Financial assets available for sale</i>		0.0	0.0
<i>Derivative financial instruments</i>		(27.0)	0.3
For coverage of cash flow		0.0	0.0
Grants	13	0.2	0.7
For actuarial gains and losses and other adjustments		0.0	0.0
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		5.8	(0.3)
B) Total income and expenses entered directly to equity		(21.0)	0.7
For valuation of financial instruments		3.7	0.0
<i>Financial assets available for sale</i>		0.0	0.0
<i>Derivative financial instruments</i>		3.7	0.0
For coverage of cash flow		0.0	0.0
Grants	13	(1.0)	(2.7)
For non-current assets and linked liabilities, maintained for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		0.3	0.8
C) Total transfers to Profit and Loss statement		3.0	(1.9)
D) Total recognized income and expenses (A+B+C)		327.6	293.0

Statement of total changes in Equity	Subscribed capital	Share premium	Reserve	Profit/loss from prev. years	Profit/loss for year	Valuation adjustments	Subventions	Total
Final balance 2017	0.1	1,008.1	222.7	0.0	281.2	0.0	3.6	1,515.7
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2018	0.1	1,008.1	222.7	0.0	281.2	0.0	3.6	1,515.7
Total recognized income and expenses	0.0	0.0	0.0	0.0	294.2	0.2	(1.4)	293.0
Operations with partners or owners	0.0	0.0	0.0	0.0	(140.6)	0.0	0.0	(140.6)
<i>Capital increase</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital reduction</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Conversion of financial liabilities into equity</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Distribution of dividends</i>	0.0	0.0	0.0	0.0	(140.6)	0.0	0.0	(140.6)
<i>Operations with own shares or participations (net)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Variation in equity due to business combinations</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other operations with partners or owners</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other variations in equity	0.0	0.0	136.3	0.0	(140.6)	0.0	0.0	(4.3)
Final balance 2018	0.1	1,008.1	359.0	0.0	294.2	0.2	2.2	1,663.8
Adjustments for changes of criterion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustments for errors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted balance beginning 2019	0.1	1,008.1	359.0	0.0	294.2	0.2	2.2	1,663.8
Total recognized income and expenses	0.0	0.0	0.0	0.0	345.6	(17.5)	(0.5)	327.6
Operations with partners or owners	0.0	0.0	294.2	0.0	(294.2)	0.0	0.0	0.0
<i>Capital increase</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Capital reduction</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Conversion of financial liabilities into equity</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Distribution of dividends</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Operations with own shares or participations (net)</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Variation in equity due to business combinations</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other operations with partners or owners</i>	0.0	0.0	294.2	0.0	(294.2)	0.0	0.0	0.0
Other variations in equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Final balance 2019	0.1	1,008.1	653.2	0.0	345.6	(17.3)	1.7	1,991.4

Cash Flow Statement

January 1 to December 31 (millions of euros)

	Note	2019	2018
A) Cash flow from operating activities		1,091.9	699.1
Result before tax		453.4	286.0
Adjustment of result		176.3	451.1
<i>Depreciation of fixed assets</i>	6a	395.1	422.0
<i>Valuation corrections due to impairment</i>		(261.7)	129.5
<i>Variation of provisions</i>		142.1	(20.7)
<i>Accounting entry of grants</i>	13	(3.4)	(4.0)
<i>Results of disposal of fixed assets</i>		0.0	0.2
<i>Results of disposal of financial instruments</i>		0.0	0.0
<i>Financial income</i>	19g	(98.9)	(79.9)
<i>Financial expenses</i>	19h	6.3	5.4
<i>Exchange rate differences</i>	17	0.2	0.9
<i>Valuation at reasonable value in financial instruments</i>		0.0	0.0
<i>Other income and expenses</i>		(3.4)	(2.3)
Changes in current capital		321.6	(110.0)
<i>Inventories</i>	9	(134.1)	(32.3)
<i>Trade and other receivables</i>	10	159.8	(22.2)
<i>Other current assets</i>		(1.5)	(1.8)
<i>Trade and other payables</i>	16	196.9	(123.0)
<i>Other current liabilities</i>		100.5	69.3
Other cash flow in operating activities		140.6	72.0
<i>Payment of interests</i>		(2.2)	(1.8)
<i>Collection of dividends</i>		98.3	79.4
<i>Collection of interests</i>		0.6	0.5
<i>Collection (payment) for corporation tax</i>		43.9	(6.1)

	Note	2019	2018
B) Cash flow from investment activities		(1,067.6)	(528.3)
Payments for investment		(1,068.4)	(921.0)
<i>Group and associated companies</i>		(217.3)	(27.9)
<i>Intangible assets</i>	6	(401.3)	(416.2)
<i>Tangible assets</i>	6	(447.3)	(475.9)
<i>Other financial assets</i>		(2.5)	(1.0)
Collection for disinvestments		0.8	392.7
<i>Group and associated companies</i>		0.0	391.4
<i>Intangible assets</i>	6	0.1	0.6
<i>Tangible assets</i>	6	0.4	0.4
<i>Other financial assets</i>		0.3	0.3
C) Cash flow from financing activities		(24.8)	(168.6)
Collection and payments for equity instruments		2.7	2.0
<i>Acquisition of own equity instruments</i>		0.0	0.0
<i>Disposal of own equity instruments</i>		0.0	0.0
<i>Grants</i>		2.7	2.0
Collection and payments for financial liability instruments		(27.5)	(30.0)
<i>Issue</i>		0.0	0.5
<i>Borrowing from credit institutions</i>		0.0	0.0
<i>Borrowing from Group and associated companies</i>		0.0	0.0
<i>Other liabilities</i>		0.0	0.5
<i>Repayment and depreciation of</i>		(27.5)	(30.5)
<i>Borrowing from credit institutions</i>		0.0	0.0
<i>Borrowing from Group and associated companies</i>		0.0	0.0
<i>Other liabilities</i>		(27.5)	(30.5)
Payments for dividends and remuneration of other equity instruments		0.0	(140.6)
<i>Dividends</i>		0.0	(140.6)
<i>Remuneration of other equity instruments</i>		0.0	0.0
D) Effect of exchange rate variations		0.0	(0.9)
E) Net increase/decrease in cash or equivalents (A+B+C+D)		(0.5)	1.3
Cash or equivalents at beginning of year		1.3	0.0
Cash or equivalents at end of year		0.8	1.3

Notes

Notes to the Annual Accounts (Financial year ending December 31, 2019)

1. Company activity

a) Registered offices and legal form

SEAT, S.A. was legally incorporated on May 9, 1950, and is currently included in the Barcelona Mercantile Register, Volume 23,662, Folio 1, Page B 56,855, CIF A-28049161. On June 7, 2006, the Ordinary Shareholders' meeting changed the company's registered offices, with effect the same day, to its present site at: Autovia A2, Km 585 [E-08760 Martorell].

b) Business aim and activities

The company's business aim is the manufacture and sale of cars, parts, spare parts, accessories, R&D services, and any other complementary or related services, including technical assistance and service. Through its subsidiaries SEAT also undertakes commercial sales and marketing activities.

On January 1, 2014 and January 1, 2016, the company merged the subsidiaries SEAT Componentes, S.A. and Centro Técnico de SEAT, S.A., respectively. Under Article 84 of the Corporation Tax Act, the absorbing company may benefit from the assets acquired that are indicated in the merger Balance Sheets included in the company's Annual Accounts for 2014 and 2016, respectively.

2. Exemption from presenting Consolidated Annual Accounts

The General Shareholders' Meeting, held on June 20, 1991, voted for the exemption of the companies making up the SEAT Group, pursuant to the terms of Article 43 of the Code of Commerce, from presenting Consolidated Annual Accounts. In accordance with the provisions of the above-mentioned Article 43, SEAT, S.A. [Single Shareholder Joint Stock Parent Company of the SEAT Group] is exempt from the obligation of presenting Consolidated Annual Accounts, as it is a wholly-owned subsidiary of Volkswagen Finance Luxemburg S.A. [its sole shareholder, with registered offices in Luxembourg], and indirect subsidiary of VOLKSWAGEN AG [with registered offices in Wolfsburg, Germany]; the pertinent financial statements, together with those of its subsidiaries, are included in those of the Volkswagen Group, of which VOLKSWAGEN AG is the parent company.

From the aforementioned agreement, the Consolidated Annual Accounts of VOLKSWAGEN AG, as well as the Consolidated Management Report and the Group's Auditors' Report, are presented in their Spanish translation for deposition at the Barcelona Mercantile Register.

3. Presentation basis of Annual Accounts

a) True and fair view

The Annual Accounts — comprising the Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement and Notes — have been prepared on the basis of the company's accounting records, and are presented in accordance with current mercantile legislation and the Spanish General Accounting Plan approved by Royal Decree 1514/2007 of November 16, in addition to subsequent modifications to said Plan by Royal Decree 1159/2010 of September 17 and by Royal Decree 602/2016 of December 2.

The Annual Accounts give a true and fair view of the company's equity, its financial situation and results of business, cash flow and changes in equity.

The figures contained in the Annual Accounts are expressed in millions of euros.

b) Grouping of headings

In order to present the figures clearly, the headings are grouped together in the Balance Sheet and the Profit and Loss Statement and broken down in the Notes (Article 256 of Capital Company Act).

c) Items appearing under several headings

There are some items whose amounts are shown under different headings of the Balance Sheet, due to their being credits or liabilities whose collection arises in different financial years, with the items receivable or payable in the next year shown as short-term items, while amounts that will fall due in the forthcoming years are shown as long-term.

d) Measurement and estimation of uncertainty

In preparing the Annual Accounts, company management was required to make judgments estimates and assumptions that may affect the accounting policies finally adopted as well as the value of assets, liabilities, income, expenditure and breakdowns related thereto.

Estimates and hypotheses are based, inter alia, on past experience or other factors considered reasonable in view of the factors or circumstances considered at the Balance Sheet date, the result of which constitutes the basis for decisions concerning the book value of the assets and liabilities which cannot be determined immediately in any other fashion. Actual results may differ from initial estimates.

Some judgments, accounting estimates and assumptions are considered material, due to their nature and because their impact on the company's financial position or operating performance is material. Below is a list of the main judgments and estimates made:

- Useful lives of fixed assets (see Notes 5a, 5b and 6). The company's management determines the estimated useful lives and the corresponding depreciation and amortization charges for tangible and intangible assets on the basis of their expected life cycles. These could change as a result of factors such as technical modifications, obsolescence or changes in the demand for the products sold by the company.
- Assessment and quantification of any possible impairment of the tangible and intangible assets (see Note 6). The company assesses whether there are any signs of impairment of its Cash Generating Units at the end of each financial year. Where appropriate, it then determines the amount of the impairment on the basis of their recoverable value, taking into consideration the projections of expected cash flows, which are subject to significant estimates and judgment.
- Assessing the economic and financial viability of the development projects, for the purposes of recognizing the related costs as an intangible asset on the Balance Sheet, involves significant judgment and estimates on sales projections and the expected profitability of their Cash Generating Units (see Notes 3e and 5a).
- The calculation of taxes on profits requires interpretations of tax legislation applicable to the company. The company evaluates the recoverability of deferred tax assets on the basis of the probable existence of future taxable profits within its tax group against which such assets can be offset (see Notes 5k and 18).
- Provisions are recognized when it is probable that a current obligation, the result of past events, gives rise to an outflow of resources and the amount of the obligation can be estimated in a reliable fashion. To comply with the requirements of accounting standards, significant estimates are necessary. The company makes estimates by evaluating all information and relevant events concerning the probability of occurrence of the contingencies as well as the amount of the liability to be settled in the future (see Notes 5h and 14).
- Determining the Cash Generating Units (CGUs) for the purposes of the impairment test of tangible and intangible assets (see Notes 5c and 6). Determining the CGUs requires significant judgments regarding the dependency of the company's various businesses. Up until the prior year, the company considered that its different model ranges constituted separate CGUs. In the 2019 financial year, the company and the Volkswagen Group have reassessed the definition of these CGUs on the basis of the applicable accounting standards and considering the changes affecting the technology, market and regulations of the automotive industry, as well as their impact on the businesses and management models. These changes include, for example, the development of technologies that are increasingly common across different models and regulatory requirements in the European Union on CO₂ emissions.

The company has concluded that at the 2019 year end, the cash flows arising from its activities, and particularly from the different models it sells, are not significantly independent. Therefore, for the purposes of the impairment test, its activities are grouped into a single CGU. As a result of this test at the 2019 year end, the company has recognized an income in the profit and loss statement due to the reversal of asset impairments (see Notes 6b and 6c).

4. Application of results

At its meeting on February 12, 2020, the Board of Directors formulated a proposal to the General Shareholders' Meeting whereby profit generated in 2019 (345.6 million euros) be allocated as follows: 172.8 to dividends and 172.8 to voluntary reserves.

In compliance with the Capital Company Act, dividends which reduce the balance of reserves below the balance of R&D expenses pending amortization may not be distributed.

5. Recognition and measurement standards

a) Intangible assets

Research costs are recognized as an expense when incurred. Development projects that are specifically individualized and that demonstrate grounds for technical success and economic and commercial viability are capitalized as intangible assets. Projects are amortized according to the useful life of the model they refer to. Other development costs are recognized as an expense when incurred. Development costs previously recognized as an expense may not be recognized as an asset in a subsequent financial year.

Software applications are valued at their acquisition cost and are amortized over a three-year period. Expenditure related to software maintenance, meanwhile, is recognized as an expense when incurred.

The estimated useful lives of the assets that make up the other intangible assets are 5 years.

The costs related to SEAT's participation in the manufacturing of tooling needed for the production of shared parts for the platforms of the Volkswagen Group, which incorporate the new models of the Group's different brands, are shown under this heading and will have a linear amortization over a maximum period of five years from the date of the model's launch.

b) Tangible assets

Tangible assets are valued at their acquisition price or production cost. Assets acquired before December 31, 1983 were revalued in accordance with the provisions of Act 76/1961, Decree 12/1973, Act 1/1979, Act 74/1980 and Act 9/1983.

Repair and maintenance expenses are posted as expenses when incurred. Expenses that represent an improvement or lengthening of the useful life of assets are capitalized and depreciated over the new estimated useful life. Depreciation is calculated using the straight-line method, based on the estimated useful life of the assets (see Note 6c).

c) Losses due to impairment of non-financial assets

When the carrying amount of an asset is higher than its estimated realizable value, its net book value is immediately reduced to its recoverable amount. Assets subject to amortization are tested for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the excess of the asset's carrying amount over its recoverable amount, where the latter is understood as the greater of the asset's fair value less costs to sell, or its value in use. For the purposes of assessing impairment losses, assets are grouped into Cash Generating Units (CGUs), which are the smallest identifiable group of assets capable of generating cash inflows that are largely independent of the cash inflows produced by other assets or groups of assets.

The impairment test of non-financial assets is carried out at each financial year end, on the basis of the CGUs identified at the date on which this test is performed (Note 3d). In accordance with the accounting standards, in the event of changes arising in the circumstances and in the dependency of the cash flows generated by the different assets, and where these changes require a modification of the CGUs, this modification is considered to apply prospectively starting from the moment when it occurs.

An impairment loss recognized in prior periods would only be reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or CGU (see Note 3e) since the last impairment loss was recognized. If this were the case, the net book value of the asset or CGU should be increased up to its recoverable value, where this may not exceed the net book value that would have been recognized, net of depreciation or amortization, had the impairment loss not been recorded in previous years. This reversal is recognized in the profit and loss statement for the period in which it arises.

d) Leases

I. When the company is lessee

Leases of tangible assets in which the company substantially has all the risks and rewards deriving from ownership are classified as finance leases. They are capitalized at the beginning of the lease period at the fair value of the property leased or the current value of the minimum payments agreed for the lease, whichever is the lesser. The interest rate implicit in the contract is used to calculate current liabilities and financial charges. Total financial charges are distributed over the duration of the lease operation and are booked to the Profit and Loss Statement of the financial year in which they accrue, applying the method of effective interest rate. Contingent quotas are costs of the financial year in which they are incurred. The corresponding obligations for the lease operation, net of financial charges, are included under 'Creditors for financial leasing'. The fixed assets acquired under finance leases are depreciated during their useful life.

Those leases in which the lessor maintains a substantial part of the risks and rewards of ownership are classified as operating leases. Payments for operating leases (net of any incentive received from the lessor) are booked to the Profit and Loss Statement during the financial year when they accrue, on a straight-line basis for the duration of the leasing period.

II. When company is lessor

When assets are leased under operating leases, the asset is entered on the Balance Sheet in accordance with its nature. Income deriving from leases is recognized on a straight-line basis for the duration of the lease operation.

e) Financial instruments

I. Investments in group, multigroup and associate companies

These instruments are valued at their cost less the accumulated amount of any impairments of value, where applicable. However, when an investment exists prior to it becoming classified as a group, multigroup or associate company, the cost of the investment is taken to be its net book value prior to this new classification. Any previous valuation adjustments recognized directly in equity are maintained in equity until they are canceled.

If there is objective evidence that the net book value is not recoverable, the appropriate valuation adjustments are applied for the difference between its net book value and the recoverable amount, which is understood as the higher of its fair value less costs to sale and the present value of the cash flows derived from the investment. Unless better evidence exists for the recoverable amount in estimating the impairment of these investments, the subsidiary's equity, adjusted for any unrecognized increases in value on the valuation date, is taken. The valuation adjustment, and where applicable its reversal, is recognized in the Profit and Loss Statement in the period in which it occurs.

II. Loans and accounts receivable

Loans and receivables are non-derivative financial assets with receipts that are fixed or that can be determined, which are not quoted in an active market. They are included in current assets, except for maturities exceeding 12 months from the Balance Sheet date, which are classified as non-current assets.

These financial assets are initially recognized at their fair value, including the transaction costs that are directly attributable to them. They are subsequently valued at their amortized cost, recognizing the accrued interest according to their effective interest rate, understood as the discount rate that equates the instrument's net book value with the total of its estimated cash flows to maturity. Nevertheless, accounts receivable from commercial operations with a maturity within one year are valued at their nominal value, both upon their initial recognition and thereafter, provided that the effect of not discounting the cash flows is not significant.

At least at the end of each financial year, the necessary valuation adjustments due to impairment are applied if there is objective evidence that not all the amounts due will be collected.

The amount of the loss due to impairment is the difference between the asset's net book value and the present value of the estimated future cash flows, discounted at the effective interest rate at the time of the initial recognition. Valuation adjustments, and where applicable their reversal, are recognized in the Profit and Loss Statement.

III. Debts and accounts payable

This category includes amounts payable from commercial operations and non-commercial operations. These funds owed to third parties are classified as current liabilities, unless the company has an unconditional right to defer their settlement until at least 12 months after the Balance Sheet date.

These debts are initially recognized at their fair value, adjusted for directly attributable transaction costs, and they are subsequently valued at their amortized cost according to the effective interest rate method. This effective interest rate is the discount rate that equates the instrument's net book value with the expected flow of future payments up until the liability's maturity.

Nevertheless, accounts payable from commercial operations with a maturity within one year and which do not have any contractual interest rate are valued at their nominal value, both upon their initial recognition and thereafter, when the effect of not discounting the cash flows is not significant.

IV. Financial derivatives and accounting hedges

Financial derivatives are measured at fair value, both on initial recognition and in subsequent valuations. The method for recognizing the resulting gains or losses depends on whether the derivative has been designated as a hedging instrument or not and, where applicable, the type of hedge in question. The company uses derivatives to hedge foreign exchange rate fluctuations, which are designated as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized temporarily within equity. These amounts are then released to the profit and loss statement in the periods in which the operation to be hedged affects profits.

The nominal principal of all the fixed-term contracts denominated in foreign currency pending at December 31, 2019 amounted to 1,434.6 million euros (41.8 in 2018).

At December 31, 2019, the value of long-term and short-term assets recognized as derivative financial instruments amounted to 3.5 and 0 million euros, respectively (0.2 and 0 in 2018). The value of long-term and short-term liabilities, meanwhile, amounted to 24.4 and 2.6 million euros (0 and 0 in 2018).

f) Inventories

Inventories are valued at cost or net realizable value, whichever is less, with the pertinent value corrections being made. The following methods are used to determine the cost of inventories:

- Raw materials: At acquisition cost, applying the FIFO method (first in, first out).
- Work in progress, vehicles, gearboxes and spare parts produced by the company: At raw material cost, according to the method described previously, adding labor costs and other direct and indirect manufacturing expenses of production.
- Acquired spare parts: At acquisition cost as per invoice (plus customs, insurance and transport costs), applying the FIFO method.

The vehicle fleet utilized by the company for its own use, whose useful life or sales period is considered lower than one year, is maintained within the year's inventory and is not shown under tangible assets, registering the corresponding valuation correction.

Vehicles handed over to rental car companies with a purchase commitment are recorded in this section with the corresponding depreciation applied. The amount of the consideration received at the time of initial delivery of the vehicles is booked on the liability side of the Balance Sheet. The difference between the amount received and the agreed repurchase price is transferred to the Profit and Loss Statement on a straight-line basis in the period ranging between the initial delivery and the repurchase date.

g) Grants

Capital grants are posted to equity, at the amount granted when they are not repayable. These grants are transferred to the Profit and Loss Statement based on the depreciation of the assets associated to the subsidized projects. For their part, non-repayable grants related to specific costs are recognized on the Profit and Loss Statement in the same financial year in which the corresponding costs accrue, with those granted to offset an operating loss being recorded in the financial year in which they are granted, except when given to offset an operating loss in future years, in which case they are entered during said financial years.

h) Provisions and risks

Provisions are recognized when the company has a present obligation, whether legally or implicitly, as a result of past events, it is probably that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are valued at the present value of the payments that are expected to be necessary to settle the obligation, using a pre-tax discount rate that reflects the current market's assessments of the time value of money and the specific risks of the obligation. Adjustments to the provision to unwind the discount are recognized as a finance cost as when they accrue.

i) Long-term prepaid income

This heading includes the amount relating to warranty extensions that the company offers its customers. This amount is recognized in the Profit and Loss Statement according to the type of contract in question, which is usually linked to an additional period of one or more years beginning at the end of the contractual warranty period.

j) Foreign currency transactions

The conversion into euros (functional currency) of the cost of fixed assets and inventory items whose original value was expressed in foreign currency is conducted at the going exchange rate on the date of acquisition.

Positive and negative differences which may arise between payables and receivables and their corresponding exchange rates in force on the closing date are recorded in the Profit and Loss Statement in the year in which they arise.

k) Corporation tax

The company is subject to corporation tax under the consolidated tax regime, which includes all companies of the Volkswagen Group in Spain that fulfill the requirements required by current legislation.

The Profit and Loss Statement includes as corporation tax income or expenses attributed to the company arising from tax consolidation, calculated according to the criteria established for groups of companies with consolidated taxation [see Note 18].

The expense (income) for taxes on profits is the amount that accrues under this item in the financial year, and which comprises both the expense (income) for current as well as deferred tax.

The expense (income) for both current and deferred taxes is recorded on the Profit and Loss Statement. This notwithstanding, the tax effect related to items directly recorded in equity is recognized in equity.

Deferred taxes are calculated in accordance with the liability method, based on timing differences arising between the tax bases of assets and liabilities and their net book values within the company's tax group.

Deferred taxes are determined by application of the rules and tax rates approved or about to be approved at the Balance Sheet date, and which are expected to be applied when the corresponding deferred tax asset is realized or when deferred tax liability is settled.

Deferred tax assets are recognized insofar as it is probable that there will be future taxable income which can be used to offset time differences.

l) Income and expenses

Income is recognized at the fair value of the consideration received, and represents the amounts receivable for goods delivered and services rendered in the ordinary course of the company's activities, less returns, reductions, discounts and value added tax.

Income is recognized when its amount can be reliably valued and it is likely that the future economic benefits will flow to the company.

Income from dividends is entered as income on the Profit and Loss Statement when the right to receive payment is established. In the event of coming from results generated prior to the date of acquisition it is entered by reducing the book value of the investment.

m) Severance payments

Severance payments are paid by the company to employees as a result of the decision to terminate their labor contract. The company recognises this compensation when it has committed itself demonstrably to terminating the contracts of employees in accordance with a formal detailed plan.

n) Environment – related assets

Expenses deriving from business activities aimed at protecting and improving the environment are posted as expenses in the financial year in which they are incurred. Said expenses are posted as an increase to the value of fixed assets when involving additions to tangible assets whose objective is minimizing environmental impact and protecting the environment.

o) Related party transactions

As a general rule, transactions between Group companies are initially accounted at their fair value. In the event that the agreed price is different from the fair value, the difference is recorded with consideration for the economic reality of the operation. Subsequent valuation is carried out in accordance with the applicable standards.

In the case of merger, demerger or non-monetary contribution operations of a business between group companies, once the transaction has been completed the constituent elements of the acquired business are valued at their corresponding amounts in the consolidated annual accounts of the group or subgroup.

When the transaction does not involve the parent company of the group or subgroup and its subsidiary, the annual accounts in which such assets are recognized for these purposes will be those of the largest group or subgroup into which the assets and liabilities are incorporated and which has a Spanish parent company.

In such cases, any difference arising between the net book value of the assets and liabilities of the acquired company is recognized in reserves.

In the event that these accounts are not prepared, based on any of the grounds for exemption set out in the consolidation standards, the values that appear in the individual annual accounts of the contributing company before the transaction was carried out will be taken.

p) Business combinations

Merger, demerger and non-monetary contribution operations of any deal between group companies are accounted for in accordance with the criteria established for related party transactions (Note 5o).

Merger and demerger operations other than the above, as well as business combinations arising from the acquisition of all the assets and liabilities of a company or of a part that constitutes one or more business, are accounted for in accordance with the acquisition method.

In the case of business combinations arising as a result of the acquisition of shares or holdings in the share capital of a company, the company recognizes the investment in accordance with the criteria established for investments in group, multigroup and associate companies (Note 5e).

q) Greenhouse gas emission rights

I. Facilities:

Greenhouse gas emission rights, obtained for consideration are valued at acquisition price. Rights received via the National Allocation Plan are valued at the beginning of the calendar year they correspond to, in line with a Group-wide uniform single policy.

As gas emissions are generated, the company reflects the cost deriving from the obligation to return the corresponding rights by establishing a balance within 'Short-term provisions'. The rights have been received gratis by the company, so the amount of the subsidy posted should be applied, in general, as the emissions associated with the rights received gratis are booked against costs.

On November 15, 2013 the Spanish Cabinet approved the definitive individual assignment of emission rights for greenhouse gases for 2013-2020. SEAT, S.A. obtained a free assignment of 304,122 tonnes of CO₂ for the above-mentioned period.

On July 17, 2015 a modification was approved affecting the assignment of emission rights for greenhouse gases for 2015-2020. SEAT, S.A. obtained a free assignment of 401,899 tonnes of CO₂ for the above-mentioned period.

During the financial year, there have not been any acquisitions of emission rights (EUAs) (neither in 2018).

II. New vehicles:

The company operates in various markets that are subject to regulations governing CO₂ emissions for manufacturers of new vehicles. With effect from January 1, 2020, a European Union regulation came into force which sets an emissions target of 95g CO₂/km for all vehicles that are registered for the first time in member states.

Under the regulations currently in force, manufacturers can form clusters. SEAT is part of one such cluster, together with all the other manufacturers of the Volkswagen Group. For the purposes of meeting its obligations, this allows the Group to be considered a single manufacturer. This makes it possible for the companies of the Group to trade CO₂ emissions internally among one another (see Note 9).

6. Non-current assets

a) Evolution of non-current assets

Movements of the items included in non-current assets are detailed in Appendix 1 of these Notes.

b) Intangible assets

The cumulative impairment of intangible assets at December 31, 2018 amounted to 285.3 million euros. These cumulative impairments were associated with the estimated future sales volumes of the vehicles that made up the range of models at December 31, 2018. The value in use was calculated on the basis of the contribution margin from sales throughout the models' life cycle and using an annual discount rate of 5.5%.

At the 2019 year end, the company has conducted an impairment test of its tangible and intangible assets based on the Cash Generating Units identified at that date. As a result, it has recognized an income in the profit and loss statement for the reversal of the impairment of intangible assets amounting to 209.6 million euros. This sum corresponds to the net amount of impairment recognized in prior periods, less the amortization that would have been charged had the impairment loss not been recognized in previous years (see Notes 3d and 5c).

The value in use at the 2019 year end is calculated based on the discounted cash flows under the budgets approved by the company for the next 5 years, plus a terminal value calculated with a perpetual growth rate of 1.0%. The discount rate (after taxes) used was 4.8% in 2019. The 100-basis point change in the rate used would not have a material impact on these annual accounts. R&D investments that are capitalized are either acquired from Group companies or developed internally.

Likewise, in 2019 the investment in intangible assets acquired from VW Group companies amounted to 242.4 million euros (260.7 in 2018).

The value of fully depreciated and in-use assets amounts to 824.6 million euros (889.6 in 2018).

At the end of the financial year, the company has firm commitments for the purchase of goods to the amount of 0.3 million euros (0.8 in 2018).

In 2019 and 2018 no grants for the acquisition of R&D assets were received.

c) Tangible assets

The estimated useful life of the goods in tangible assets are as follows: buildings and other constructions, from 10 to 50 years; technical equipment and machinery, from 4 to 18 years; other facilities, tooling and office equipment, and other assets, from 1.3 to 35 years.

The cumulative impairment of tangible assets at December 31, 2018 amounted to 85.7 million euros. These cumulative impairments were associated with the estimated future sales volumes of the vehicles that made up the range of models as set out in Note 6b.

At the 2019 year end, the company has conducted an impairment test of its tangible and intangible assets based on the Cash Generating Units identified at that date. As a result, it has recognized an income in the profit and loss statement for the reversal of the impairment of tangible assets amounting to 64.6 million euros. This sum corresponds to the net amount of impairment recognized in prior periods, less the depreciation that would have been charged had the impairment loss not been recognized in previous years (see Notes 3d and 5c).

The main hypotheses used in the impairment test are set out in Note 6b.

The land and buildings heading includes the gross value of both in a single section. Of the total amount, 6% corresponds to land, and the remaining 94% to buildings (6% and 94% respectively in 2018).

In 2019, assets unrelated to operations amount in 3.5 million euros at cost value and 1.8 million euros of accumulated depreciation (3.5 and 1.8 respectively in 2018). The value of assets fully depreciated and still in use amounts to 3,823.3 million euros (3,964.6 in 2018). Of these, 165.9 million euros relate to buildings (166.5 in 2018).

Likewise, in 2019 investment in tangible assets acquired from VW Group companies amounted to 57.4 million euros (71.5 in 2018).

The principal amounts of assets (listed according to origin, utilization and location) are as follows:

Millions of euros	2019		2018	
	Gross Value	Depreciation	Gross Value	Depreciation
Tangible assets acquired from VW Group companies	599.0	418.8	546.6	416.7
Tangible assets used by VW Group companies	53.0	33.7	46.1	32.6
Tangible assets used by non-Group suppliers	1,709.0	1,516.4	1,825.2	1,616.7
Tangible assets placed abroad	367.3	277.3	315.7	237.5

The company has taken out various insurance policies to cover risks to which tangible assets are subject. The coverage of these policies is considered sufficient.

At the year end the company assumed firm commitments to purchase capital goods to the value of 349.7 million euros (410.2 in 2018).

d) Long-term Group company investments

The companies in which SEAT, S.A. has an investment of 20% or more in the share capital are listed in Appendix 2 of these Notes. None of the companies are quoted on the Stock Exchange.

7. Leases and other similar operations

a) Finance leases

The company did not hold any assets under finance leases at the 2019 and 2018 year ends.

b) Operating leases

The company has operating leases. The amounts paid for rent to other Group companies or third parties, excluding those already mentioned in the previous paragraph, and comprising mainly information technology, land, buildings, fork-lift trucks, containers, fields and warehouses, total 24.3 million euros (15.6 in 2018). Rents received, mainly for buildings, fields and warehouses, amounted to 5.3 million euros (6.6 in 2018). Future amounts to be paid and received, in the event of early cancelation of contracts, are calculated not to be substantially different from those in the current financial year.

8. Financial instruments

a) Impact on financial situation and results

I. Balance Sheet

The categories of financial assets and liabilities appearing on the company's Balance Sheet can be broken down thus:

Millions of euros	Equity instruments		Borrowing securities		Credits, derivatives and others	
	2019	2018	2019	2018	2019	2018
Long-term financial assets						
Group company investments (Note 6d)	762.9	759.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	8.3	2.7
Short-term financial assets						
Loans and receivables	0.0	0.0	0.0	0.0	1,061.8	983.1
<i>Trade and other receivables (Note 10)</i>	0.0	0.0	0.0	0.0	513.6	658.8
<i>Group company investments (Note 11)</i>	0.0	0.0	0.0	0.0	548.2	324.3
<i>Financial investments (Note 11)</i>	0.0	0.0	0.0	0.0	0.0	0.0

Millions of euros	Borrowing from Credit institutions		Bonds and other Negotiable securities		Derivatives and others	
	2019	2018	2019	2018	2019	2018
Long-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	95.0	87.6
<i>Group company liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	95.0	87.6
Short-term financial liabilities						
Debts and other payables	0.0	0.0	0.0	0.0	2,150.9	1,955.3
<i>Group company liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	4.1	14.9
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	128.1	113.2
<i>Trade and other payables (Note 16)</i>	0.0	0.0	0.0	0.0	2,018.7	1,827.2

Financial instruments relate mainly to loans and receivables and debts and other payables.

During the financial year, SEAT did not hold any own shares, and therefore carried out no related operations; neither was this the case in 2018.

II. Profit and Loss Statement and equity

The net amount of valuation corrections due to the impairment for financial interest in Group companies at the end of the financial year totaled 3.7 million euros (10.9 in 2018).

III. Other information

SEAT has formalized various commercial surety contracts jointly with other companies within the Group, for the issue of guarantees covering the refundable advances made by government bodies, and covering third parties, to a maximum total amount of 244.8 million euros (244.8 in 2018)[see Note 15].

b) Nature and level of risk

The company's activities are exposed to various financial risks: market risks (including exchange rates, interest rates and prices), as well as credit and liquidity risks. The company's global risk management program centers on managing the uncertainty of financial markets and aims to minimize potential adverse effects on financial profitability.

Risk management is under the purview of company Management, which identifies, assesses and covers financial risks in accordance with the policies approved by the Board of Directors. The Board provides guidelines for global risk management, as well as for more specific areas such as exchange rate risk, interest rate risk, liquidity risk, the use of derivatives and non-derivatives as well as investment of excess liquidity.

The company has the necessary financing for its business operations via financial support provided by the Group.

I. Market risk

I.I. Exchange rates

As an operator with global reach, the company is exposed to exchange rate risk via currency operations, especially with the US dollar, pound sterling, Swiss franc, Japanese yen, Polish zloty, Mexican peso, Russian rouble, Chinese yuan, as well as Czech, Danish, and Swedish crowns. The exchange rate risk emerges from future commercial transactions, recognized assets and liabilities, and net investment in operations abroad. This notwithstanding, both the company and the Volkswagen Group manage these foreign currency operations to mitigate this risk.

I.II. Price

The company is not exposed to the risk of the price of securities since it does not include in its Balance Sheet investments held for sale or at a fair value with changes in the Profit and Loss Statement. The company limits its risk exposure to the price of commodities by participating in hedging operations applied at a Volkswagen Group level so as to ensure the price of certain metals such as aluminum, copper and lead. The company does not have any open positions at the year end.

I.III. Interest rates

Since the company does not possess any significant interest-bearing assets or liabilities, the income, expenses and cash flows from its operating activities are substantially unaffected by fluctuations in market interest rates.

II. Credit risk

Credit risk arises out of cash and equivalents, deposits with banks and financial institutions, and clients. With regard to banks and financial institutions, independent creditworthiness scales are used. If clients have been assessed independently, the resulting scale is used; failing an independent creditworthiness check, credit control assesses the client's creditworthiness, taking into account their financial situation, previous experience and other factors. Individual credit limits are established on the basis of internal and external credit qualifications, with regular monitoring of the use of said limits.

III. Liquidity risk

Precaution in the management of liquidity risk involves maintaining sufficient cash and tradable securities as well as financing availability via a sufficient amount of committed credit facilities. Management undertakes close scrutiny of forecasts of the company's liquidity reserves on the basis of expected cash-flows.

9. Inventories

Millions of euros	2019	2018
Acquired products	172.9	146.2
Raw materials and other supplies	136.7	66.2
Work in progress and partly-finished goods	32.2	38.4
Finished goods	205.1	172.0
Total	546.9	422.8

At the year end the impairment of inventory amounted to 135.2 million euros (125.2 in 2018), with provision/application for the financial year totaling -10.0 million euros (-8.3 in 2018).

The company maintains a commitment to purchase cars invoiced to rental car companies (see Note 5f) to the value of 88.2 million euros (34.2 in 2018).

Within the category Raw materials and other supplies, the company holds a total of 78.0 million euros (0 in 2018) relating to CO₂ emission rights purchased from the Group (see Note 5g).

The company has taken out various insurance policies to cover risks to which inventories are exposed. Coverage provided by these policies is deemed sufficient.

10. Trade and other receivables

Millions of euros	2019	2018
Trade receivables	35.7	158.9
Group company receivables	473.4	494.4
Other receivables	3.5	4.4
Personnel	1.0	1.1
Current tax assets	100.7	131.6
Government bodies	44.8	58.5
Total	659.1	848.9

Impairment of the value of receivables from commercial operations totals 5.4 million euros (6.7 in 2018).

11. Short-term investments

Millions of euros	2019	2018
Group companies	548.2	324.3
Loans	1.3	1.0
Other financial assets	546.9	323.3
Third-party	0.0	0.0
Loans	0.0	0.0
Other financial assets	0.0	0.0
Total	548.2	324.3

The heading "Loans in Group companies" includes loans at market interest rates, while "Other financial assets in Group companies" includes mainly the cash pooling and the net value of the balances generated each year by the taxable profits/losses of the subsidiary companies that are subject to corporation tax under the consolidated tax regime applicable to SEAT (see Note 18).

During the fiscal year the company has maintained loans and deposits with Group companies and credit institutions at a weighted average interest rate of 0% (0% in 2018).

12. Shareholders' equity

The breakdown and evolution of company equity may be found in the Statement of Changes in Equity.

On February 25, 2010, the sole shareholder of SEAT, S.A., the German company Volkswagen AG, transferred its shareholding (100%) in SEAT's share capital to the Dutch company Volkswagen International Finance N.V. On May 13, 2014, Global VW Automotive B.V. became sole shareholder of SEAT, by means of a partial division ('split-off') from VW International Finance N.V. Later, on June 28, 2014 Volkswagen Finance Luxembourg S.A. became sole shareholder of SEAT, by means of cross-border absorption of its subsidiary Global VW Automotive B.V.

The share capital amounts to 120,200 euros which represents 20,000 shares at 6.01 euros per share, entirely subscribed and paid up by the sole shareholder Volkswagen Finance Luxembourg S.A. Share premium totals 1,008.1 million euros and legal reserves, recognized in full in compliance with current legislation, total 24,040 euros.

The "Reserve" section includes a capitalization reserve of 79.2 million euros on December 31, 2019 (62.0 million euros on December 31, 2018) in accordance with the Article 25 of the Corporation Tax Act. This reserve will remain unavailable for a 5-year period starting on December 31, 2017.

The company does not have any treasury shares.

13. Grants

Non-repayable capital grants appearing on the Balance Sheet in this section have been provided by central and autonomous regional governments for projects in production process improvement as well as new product development. The movement is as follows:

Millions of euros	2019	2018
Initial balance	2.2	3.6
<i>Addition</i>	<i>0.2</i>	<i>0.5</i>
<i>Transferred to results</i>	<i>(0.7)</i>	<i>(1.9)</i>
End balance	1.7	2.2

The company has also received operating grants, basically to cover costs associated with R&D projects as well as activities relating to training; commercial development and energy efficiency (see Note 19d).

The total of operating grants amounts to 2.4 million euros (1.3 in 2018).

14. Provisions and risks

Millions of euros	Balance 01.01.19	Addition 2019	Disposal 2019	Balance 31.12.19
Trade operations	553.0	218.2	(174.3)	596.9
Personnel benefits	43.2	56.4	(41.0)	58.6
Environmental activities	6.3	5.1	(0.3)	11.1
Other provisions	518.1	190.4	(110.2)	598.3
Total	1,120.6	470.1	(325.8)	1,264.9

At the year end, provisions amounted to 1,264.9 million euros, of which 331.3 million euros were long-term (discounted at a market interest rate) and 933.6 million euros were short-term (1,120.6, 291.0 and 829.6 respectively in 2018).

The 'Trade operations' section includes mainly provisions for vehicle warranties. The estimated cost of warranties has been calculated on the basis of historic ratios held by the company on vehicles sold.

The 'Environmental activities' section includes those activities aimed at recycling vehicles based on the 2000 European directive on end-of-life vehicles (see Note 2Ob), as well as those provided for concerning emission rights (see Note 5q). The estimated cost for the provision of vehicle recycling has been based on two factors – the average useful life of vehicles per country and cost of scrapping. Provision for emission rights is calculated on the basis of annual consumption of the same.

The 'Other provisions' section covers basically provisions for production, legal and trading risks. The estimated cost of these provisions has been based on the probable settlement of claims received, as well as the likely risks to be assumed by the company.

Calculations of provisions have been discounted to present value at a rate of -0.1% in 2019 (0.2% in 2018).

15. Liabilities

Millions of euros	2019	2018
Group companies	4.1	14.9
Third-party	223.1	200.8
Financial institutions	0.0	0.0
Financial leasing	1.0	0.0
Derivatives	27.0	0.0
Other financial liabilities	195.1	200.8
<i>Official loans with granted interest</i>	<i>92.2</i>	<i>114.5</i>
<i>Bonds, deposits received and other liabilities</i>	<i>0.8</i>	<i>0.9</i>
<i>Suppliers of fixed assets</i>	<i>102.1</i>	<i>85.4</i>
Total	227.2	215.7

At the year end liabilities amounted to 227.2 million euros (215.7 in 2018), 4.1 million euros with Group companies (short-term), (14.9 in 2018) and 223.1 million euros with third parties (95.0 long-term and 128.1 short-term), (200.8, 87.6 and 113.2 respectively in 2018).

Liabilities are distributed according to maturity date as follows: 132.2 million euros in 2020, 92.7 million euros for 2021-2025 and 2.3 million euros in later financial years (128.1, 65.9, and 21.7 respectively in 2018).

When granting a loan to the company financial institutions apply current market interest rates applicable at time of authorization. Likewise, interest rates applied to liabilities with Group companies are also subject to market conditions.

Credit lines granted to the company by Group companies totaled 500 million euros on December 31, 2019 of which 0 million euros were used (500 and 0 respectively in 2018).

16. Trade and other payables

Millions of euros	2019	2018
Trade payables	1,009.7	900.5
Group companies payables	865.1	775.4
Other payables	17.7	43.3
Personnel (remunerations pending)	126.2	108.0
Current tax liabilities	0.1	0.1
Government bodies	48.2	43.8
Total	2,067.0	1,871.1

Payment periods to suppliers comply with limits established by Act 15/2010 of July 5, modifying Act 3/2004 concerning late payments in commercial operations.

Said law stipulates a limit for payment of 75 days for 2012, and 60 days from January 1, 2013 onwards. At the year end, payments made within the legally established time-frame totaled 11,680.8 million euros and pending payments totaled 908.3 million euros (10,528.5 and 881.5 respectively in 2018). Furthermore, the weighted average payment period to company suppliers was 35 days, with the ratio of transactions paid being 36 days and the ratio of transactions pending payment, 32 days (35, 35, and 30 respectively in 2018).

17. Foreign currency

The net value of balances in foreign currency totaled a debit balance of 19.1 million euros on December 31, 2019 (debit balance of 63.5 million euros in 2018), held mainly in US dollar, pound sterling, Swiss franc, Mexican peso, Japanese yen, Polish zloty, Russian rouble, Chinese yuan, as well as Czech, Danish and Swedish crowns. Of this total, 66.9 million euros correspond to credit balances with Group companies and other suppliers, and 86.0 million euros to debit balances with Group companies and other customers (56.7 and 120.2 respectively in 2018). The amounts attributed to income and expenses for exchange rate differences during the year total 33.9 and 21.0 million euros, respectively (18.9 and 19.8 in 2018).

Amounts (in millions of euros) of the main transactions carried out in foreign currency are as follows:

Millions of euros	2019	2018
Purchases	155.5	146.8
Sales	2,286.8	1,814.3
Services received	87.8	68.0
Services rendered	4.5	5.4

18. Tax situation

a) SEAT Group Corporate Tax Policy

I. General Principles

The SEAT Group, within the framework of tax risk management and the Volkswagen Group's guidelines on Governance Risk and Compliance (GRC), as well as the endorsement of the Code of Good Tax Practices (hereinafter CGTP) of the Spanish Tax Agency, adopts a nonaggressive conservative position in the assumption of tax risks.

The SEAT Group is committed to assuming its social responsibility by complying with its tax obligations, in line with the laws of each country and the agreements reached with the Authorities, thus maintaining a transparent and collaborative position.

The tax planning projects must have an economic base or essence and be based on the company's business operations.

This corporate tax policy has been approved in line with these basic principles, with the objective of laying out the SEAT Group's tax strategy, as well as the integration of processes and principles that are to guide the tax policy.

This policy includes the recommendations from the CGTP, promoted by the Spanish Tax Agency and which the SEAT Group adhered to in 2010.

II. Tax strategy

The main objective of the SEAT Group's tax strategy is to ensure compliance with the tax legislation and all the tax obligations in each of the jurisdictions it operates in, all within a framework of respect toward the corporate principles of integrity, transparency and achievement of social interest.

Similarly, the SEAT Group is committed to maintaining a relationship of cooperation with the different Public Administrations.

III. Good tax practices

In order to include the above points in the corporate tax policy, as well as the recommendations included in the CGTP, the SEAT Group assumes the following practices:

III.I. Prevention of tax risk

Without prejudice to an optimal business management, the SEAT Group will always respect the tax legislation:

- Promoting and implementing both processes and practices leading to the prevention, reduction and elimination of tax risk at a global company level.
- Informing the Board of Directors on the tax implications of any operations and/or matters that are to be submitted for its approval.
- Adopting decisions on tax matters on the basis of a reasonable interpretation of the rules and, where applicable, avoiding possible conflicts of interpretation through the use of instruments provided by the relevant Tax Authorities, such as prior consultations, assessment agreements, etc.
- Avoiding the use of opaque or artificial structures, as well as the acquisition of companies in tax havens with the aim of evading the applicable tax burdens.
- Making a preliminary assessment of investments and/or operations that carry a particular tax risk.

III.II. Relations with Tax Administrations

The relations of the SEAT Group with the relevant Tax Authorities will be governed by the principles of transparency, mutual trust and good faith. Specifically, the following good tax practices will be assumed:

- Collaborating with the relevant Tax Administration to detect and search for solutions regarding fraudulent tax practices in the countries where the SEAT Group operates.
- Providing information and documentation that is relevant for tax purposes when it is requested by the Tax Authorities, in the shortest time possible and in a comprehensive manner.
- Promoting as much as possible agreements with the competent Tax Administrations.

III.III. Reporting to the Board of Directors

The SEAT Board of Directors assumes powers such as the approval of the tax strategy, the supervision of the internal tax risk control system that forms part of the general company risk control system (RICORS), as well as the approval of investments and/or operations that represent a particular tax risk due to their nature.

The principles mentioned throughout this document, which are to govern the activities of the SEAT Group in tax and corporate matters, will be drafted and executed by the SEAT Tax Department, establishing the internal control mechanisms and rules required to ensure they are complied with.

The Tax Department will report the results of the actions taken in relation to tax risk control and management to the Audit Commission, so that it can inform the Board of Directors appropriately.

III.IV. Communication of the corporate tax policy and good tax practices

The Board of Directors will promote the communication of the corporate tax policy, not only through its Chairman, but also through its senior managers. Similarly, the SEAT tax policy will be communicated:

- By being included in the SEAT annual report.
- By being added to the SEAT corporate website.
- By being published on the SEAT intranet.

b) Corporation tax

SEAT, S.A., has been integrated in the SEAT Group since 1988, under the consolidated tax system of corporation tax, with No. 2/88.

In the 2015 financial year, as a result of the application of the new Corporation Tax Act, the Tax Group of which SEAT was the parent company, was expanded to include all of the Spanish companies in which Volkswagen AG holds an investment that meet the requirements established by this Act, with SEAT having been named its representative.

In 2019, the taxable profit of the SEAT Group deriving from its consolidated corporation tax totaled 35.2 million euros, after offsetting negative tax assessment bases for previous years amounting to 4.5 million euros, and applying fiscal deductions amounting to 38.0 million euros.

The reconciliation of the posted result with the tax assessment base for the corporation tax for SEAT, S.A., including eliminations and adjustments from tax consolidation, is as follows:

Millions of euros	Profit and loss statement			Equity		
	Increase	Decrease	Total	Increase	Decrease	Total
Result for year	345.6	0.0	345.6	0.0	0.0	0.0
Corporation tax	107.8	0.0	107.8	0.0	0.0	0.0
Permanent differences	3.7	[97.6]	[93.9]	0.0	0.0	0.0
Specific to the company	3.7	[97.6]	[93.9]	0.0	0.0	0.0
From consolidation adjustment	0.0	0.0	0.0	0.0	0.0	0.0
Timing differences	279.6	[641.6]	[362.0]	0.0	0.0	0.0
Specific to the company	275.7	[636.7]	[361.0]	0.0	0.0	0.0
<i>Originating in the year</i>	275.2	[0.6]	274.6	0.0	0.0	0.0
<i>Originating in previous years</i>	0.5	[636.1]	[635.6]	0.0	0.0	0.0
From consolidation adjustment	3.9	[4.9]	[1.0]	0.0	0.0	0.0
<i>Originating in the year</i>	0.0	[4.9]	[4.9]	0.0	0.0	0.0
<i>Originating in previous years</i>	3.9	0.0	3.9	0.0	0.0	0.0
Tax assessment base	736.7	[739.2]	[2.5]	0.0	0.0	0.0

Corporation tax comprises a current tax income of 36.0 million euros and a deferred tax expense of 145.3 million euros. This includes 68.5 million euros resulting from the reduction in the rate from 30% to 25% following the withdrawal of the group's financial entities from the consolidated tax group, and 85.0 million euros corresponding to the reversal of impairment applied to capitalized development costs (Note 6b) and tangible assets (Note 6c).

Additionally, due to the adjustments from the previous year an income has been accrued and posted on the Profit and Loss Statement for corporation tax of 1.5 million euros.

In the consolidated corporation tax settlement, 35.4 million euros in tax deductions of SEAT, S.A. have been used.

As a consequence of consolidated taxation, the total reciprocal debts and loans between the Group companies amount to 73.7 million euros.

At December 31, 2019, the accumulated deferred tax assets amounted to 278.6 million euros, of which 272.0 million euros relate to timing differences and 6.6 million euros to items classified within equity.

For their part, deferred tax liabilities amount to 7.9 million euros, of which 6.3 million euros arise from timing differences, basically due to the tax depreciation of assets acquired under the system of finance leases, and 1.6 million euros are related to equity items.

The variation in the financial year of the net balance of deferred tax assets and liabilities amounts to -139.7 and -0.4 million euros, respectively. The detailed breakdown of the net movement of the same is as follows:

Millions of euros	2019	2018
Initial balance	410.0	417.7
<i>Deferred taxes entered directly to Profit and Loss statement</i>	<i>[145.3]</i>	<i>[10.1]</i>
<i>Deferred taxes entered directly to equity</i>	<i>5.7</i>	<i>1.6</i>
<i>Deferred taxes transferred to Profit and Loss statement</i>	<i>0.3</i>	<i>0.8</i>
End balance	270.7	410.0

At December 31, 2019, SEAT, S.A. tax credits or tax incentives for the following items and amounts in millions of euros were left pending for application:

Millions of euros	Maturity date					
	Balance 31.12.19	2020	2021	2022	2023	Later
R&D	129.3	0.0	0.0	0.0	0.0	129.3
Export companies	0.0	0.0	0.0	0.0	0.0	0.0
Environmental investment	0.0	0.0	0.0	0.0	0.0	0.0
Vocational training	0.0	0.0	0.0	0.0	0.0	0.0
Pension plans contributions	0.0	0.0	0.0	0.0	0.0	0.0

These tax credits and incentives will be applied in accordance with consolidated settlements of the Group, within the legal period established for each one.

The company is open to an administrative audit for non-prescribed taxes for the period 2013-2019, with the exception of corporation tax which extends to the period 2012-2018.

19. Income and expenses

a) Net sales

The distribution of items is as follows:

Millions of euros	2019	2018
Vehicles	10,050.4	8,819.6
Spare parts	620.1	608.4
Gearboxes	170.1	228.0
Other sales	316.7	335.0
<i>Materials</i>	180.7	193.6
<i>By-products and reusable waste</i>	32.5	37.4
<i>R&D services</i>	64.8	57.1
<i>Hedging</i>	23.4	35.1
<i>Other services</i>	15.3	11.8
Total	11,157.3	9,991.0

The geographical distribution of markets is as follows:

Millions of euros	2019	2018
Spain	2,143.4	2,045.9
Rest of European Union	7,922.2	6,845.1
Rest of world	1,091.7	1,100.0
Total	11,157.3	9,991.0

b) Change in inventories of finished goods and work in progress

Millions of euros	2019	2018
Decrease/increase of inventory	(24.8)	48.0
<i>Work in progress</i>	9.2	(3.0)
<i>Partly-finished goods</i>	2.5	1.6
<i>Finished goods</i>	(36.5)	49.4
Impairment of inventory	(7.6)	(18.9)
Total	(32.4)	29.1

c) Supplies

Millions of euros	2019	2018
Acquired products	3,040.8	2,132.3
<i>Purchases</i>	3,075.7	2,195.0
<i>Decrease/increase of inventory</i>	(34.9)	(62.7)
Raw materials and other supplies	5,176.0	5,068.9
<i>Purchases</i>	5,250.5	5,086.4
<i>Decrease/increase of inventory</i>	(74.5)	(175)
Other external expenses	24.1	26.1
Impairment of acquired products, raw materials and others	17.6	10.6
Total	8,258.5	7,237.9

During the financial year, the company used an estimated total of 588,211 tons of different materials in the process of producing its vehicles at the Martorell factory. These included: 417,630 tons of metals (steel, iron, alloys, castings and others), 123,524 tons of polymers and plastics, 29,411 tons of materials intended for the vehicles' operation and 17,646 tons consisting of a mixture of various different materials.

d) Other operating income

Millions of euros	2019	2018
Sundry income	262.3	502.1
Operating grants (see Note 13)	2.4	1.3
Discounted provisions	(0.3)	0.5
Other income	1.3	0.2
Total	265.7	504.1

The 'Sundry income' section includes, among others, income from the rendering of services to Group companies and personnel.

e) Personnel costs

Millions of euros	2019	2018
Wages, salaries and similar concepts	740.1	692.2
Social costs	217.4	195.3
<i>Social security</i>	197.2	184.9
<i>Others</i>	20.2	10.4
Provisions	(4.5)	(11.4)
Total	953.0	876.1

f) Other operating expenses

Millions of euros	2019	2018
External services	2,037.6	1,880.2
Taxes	14.1	12.9
Losses, impairment and variation in provisions due to trade operations	65.7	39.6
Greenhouse gas emission rights	4.3	0.1
Other expenses	4.3	4.5
Total	2,126.0	1,937.3

g) Financial income

Millions of euros	2019	2018
For participations	98.3	79.4
<i>Group companies</i>	98.3	79.4
<i>Third-party</i>	0.0	0.0
For other investments and financial instruments	0.6	0.5
<i>Group companies</i>	0.0	0.0
<i>Third-party</i>	0.6	0.5
Total	98.9	79.9

h) Financial expense

Millions of euros	2019	2018
For Group company debts	1.7	1.2
For third-party debts	2.3	4.7
Discounted provisions and debts	2.3	(0.5)
Total	6.3	5.4

i) Impairment and result on disposal of financial instruments

This heading primarily contains impairments and reversals of stakes in Group companies. In 2019 and 2018, they have not been significant.

20. Environment**a) Environment-related assets**

Under the 'Tangible assets' section, the company possesses a waste water treatment facility, plus a heat and power co-generation plant, at the Martorell factory, as well as other environment-related assets. The combined gross value of these facilities amounts to 208.4 million euros, and accumulated depreciation stands at 146.2 million euros (181.4 and 136.5 respectively in 2018).

In the wide-ranging investment program implemented in 2019, a capitalized amount of 26.9 million euros, plus another totaling 14.4 million euros (15.6 and 11.9 respectively in 2018) corresponding to firm commitments for the purchase of capital goods has been identified, which can be devoted entirely to environmental protection-related activities.

b) Environment-related liabilities

In compliance with the European Union directive on end-of-life vehicles, approved in 2000, the company set up a provision to cover risks deriving from end-of-life vehicle recycling (see Note 14).

c) Environment-related expenses

Expenses for material and outside services have been identified. Said expenses, earmarked for protection and improvement of the environment, can be broken down as follows:

Millions of euros	2019	2018
Control and monitoring of air pollution	2.6	1.8
Waste water treatment and management	3.0	3.0
Industrial waste treatment and management	6.6	6.3
Energy savings	0.9	1.4
Visual impact improvement	0.4	0.7
Communication management	0.0	0.0
Environmental process management	0.6	0.4
End-of-life vehicles management	1.1	0.8
Miscellaneous	0.6	0.5
Total	15.8	14.9

Expenses incurred for the financial year, regarding amortization of environment-related assets, amount to 9.8 million euros (7.4 in 2018).

The overall estimated staff costs of SEAT employees devoted to total or partial implementation of environmental protection-related activities amount to 2.4 million euros (1.8 in 2018).

d) Environment-related income

Income deriving from the sale of by-products and reusable waste totaled 32.5 million euros (37.4 in 2018).

21. Related party transactions

a) Group companies

The following transactions were carried out with Volkswagen Group companies. In addition to the companies included in Appendix 2 of these Notes, the most noteworthy being: Audi AG; Audi Hungaria Motor Kft.; Audi Tooling Barcelona, S.L.; Groupe VW France s.a.; Skoda Auto a.s.; Skoda Auto Slovensko s.r.o.; VW AG; VW de México, S.A.; VW Group Services S.A.; VW Group UK Ltd.; VW Insurance Service Correduría de Seguros S.L.; and VW Slovakia a.s.:

Millions of euros	2019	2018
Supplies	3,525.7	3,266.8
<i>Materials</i>	1,323.2	1,234.2
<i>Spare parts</i>	236.9	224.2
<i>Vehicles</i>	1,965.6	1,808.4
Net sales	7,620.5	6,672.5
Services received	749.3	689.6
Services rendered	148.5	193.1
Accrued financial income	0.0	0.0
Dividends received	98.3	79.4
Accrued financial expenses	1.7	1.2

The breakdown of the amounts of the main transactions with related parties carried out in foreign currencies is as follows:

Millions of euros	2019	2018
Supplies	27.1	38.1
Net sales	1,895.2	1,559.7
Services received	69.6	58.2
Services rendered	3.6	5.1

Supplies refer mainly to the acquisition of vehicles, parts, accessories and machinery. Sales corresponded mainly to vehicles produced in Spain for export markets. Services received comprise, among others, R&D, transport of sales, maintenance of equipment, logistics, marketing, consulting services and training. Services rendered refer mainly to transport, warranties, advertising, technical assistance, training, vehicle rental and leasing of buildings. Financial income and expenses stem from loans and current account operations between Group companies.

The margin generated by sales operations with Group companies is broken down by business lines as follows: 40.7% in materials (40.3% in 2018), 29.0% in spare parts (28.5% in 2018), 14.4% in vehicles (13.7% in 2018) and 32.6% in gearboxes (32.8% in 2018). Purchases made from Group companies were done so in normal market conditions.

In the Notes, other transactions with Group companies are referenced: Notes 6b and 6c, additions of assets; and Note 18, net charges for tax consolidation.

Transactions carried out with the parent entity of the Volkswagen Group are: supplies 1,090.5 million euros (1,101.8 in 2018); net sales 202.3 million euros (210.2 in 2018); services received 397.6 million euros (378.0 in 2018); services rendered 49.5 million euros (33.8 in 2018); not existing neither accrued financial income nor accrued financial expenses in the current and the previous year. Likewise, balances at the year end with the parent entity of the Volkswagen Group are: trade and other receivables 62.8 million euros (58.8 in 2018), and trade and other payables 132.5 million euros (147.0 in 2018).

On December 31, 2019, SEAT, S.A. (Single Shareholder Company) and Volkswagen Finance Luxemburg S.A., sole shareholder of the company (see Note 12), have no agreements in force.

b) Board of Directors and Senior Management

The total amount of remuneration received under all headings by members of the Board of Directors and by Senior Management in the exercise of their functions during 2019 was as follows:

Millions of euros	2019	2018
Board of Directors	3.8	3.2
Senior Management	8.6	11.1
Total	12.4	14.3

No advances have been accorded to either members of the Board of Directors or Senior Management, nor other commitments made vis-à-vis pensions, insurance policies, guarantees or similar items during the 2019 and 2018 financial years. At the 2019 year end, there is a loan granted to a member of the Senior Management team for a 15-year term and a sum of 2.1 million euros (0 million euros in 2018).

During 2019, public liability insurance premiums amounting to 0.1 million euros (0.09 in 2018) were paid, covering possible damages caused to the members of the Board of Directors and Senior Management in the performance of their duties.

Members of the Board of Directors make no declaration of interest concerning Article 229 of the Capital Company Act, referring to posts or responsibilities which Board Members hold or discharge in companies outside the Group of which SEAT is a member, concerning activities similar, analogous or complementary to the stated business aims of the company.

Fulfilling their duty to avoid conflicts with the company's interests during the financial year, the members of the Board of Directors have complied with the obligations provided for in Article 228 of the consolidated text of the Capital Company Act. Likewise, they and their affiliates have not entered into the conflicts of interest set out in Article 229 of said act, except in cases where authorization has been given.

22. Other information

a) Workforce

The breakdown of the total average basic workforce by functions of SEAT, S.A. is as follows:

Millions of euros	2019	2018
Direct labour	8,630	8,656
Indirect labour	920	899
Managers and non-collective agreement staff, technicians and administrative staff	5,109	5,006
Members of the Executive Committee	8	8
Total	14,667	14,569

The average number of employees with a disability greater than or equal to thirty three percent, amounts to 415 people: 330 productive wage earners, 12 time-rate wage earners and 73 managers, technicians, administrative and support staff (361; 281, 9 and 71 respectively in 2018).

The breakdown of SEAT, S.A.'s basic workforce at December 31 is as follows:

	2019			2018		
	Men	Women	Total	Men	Women	Total
Direct labour	6,865	1,721	8,586	6,927	1,732	8,659
Indirect labour	904	26	930	896	24	920
Managers and non-collective agreement staff, technicians and administrative staff	3,848	1,291	5,139	3,786	1,254	5,040
Members of the Executive Committee	8	0	8	8	0	8
Total	11,625	3,038	14,663	11,617	3,010	14,627

SEAT, S.A.'s Board of Directors comprises 9 members (two female and seven male).

b) Auditors

The fees accrued by PricewaterhouseCoopers Auditores, S.L. (PwC) for audit services and other services rendered to the company amounted to 0.3 million euros and 0.1, respectively (0.3 and 0.1 in 2018). In addition, the fees received by other companies of the PwC network for tax advisory services and other services rendered to the company amounted to 0.1 and 0.1 million euros, respectively (0.3 and 0.1 in 2018).

Services other than audit provided to the company by PricewaterhouseCoopers Auditores, S.L. have been the following: review of financial information for Group consolidation and verification, with a limited assurance scope, of the statement of complementary non-financial information.

Services other than audit provided to subsidiaries by PricewaterhouseCoopers Auditores, S.L. have been the following: review of financial information for Group consolidation.

c) Emissions

In relation to the issue detected in September 2015 in some of Volkswagen's EA189 diesel engines, during 2019 the implementation of the appropriate technical solutions approved by the competent oversight authorities in the SEAT vehicles equipped with these engines has continued. The cost of this implementation is being and will continue to be assumed by Volkswagen AG. All the vehicles are technically safe and roadworthy.

The Volkswagen Group remains in permanent contact with the various European authorities in this matter, acting quickly and transparently.

The directors have assessed the possible risks that may arise as a result of this situation and have acted consequently considering all existing circumstances with impact in the Annual Accounts.



Appendix 1. Evolution of Non-current Assets

2018	Cost of acquisition or manufacture						Depreciation / Impairment					Net book value		
	Initial balance 01.01.18	Additions	Disposals	Transfers	Impairment	End balance 31.12.18	Initial balance 01.01.18	Additions	Disposals	Transfers	Impairment	End balance 31.12.18	Initial balance 01.01.18	End balance 31.12.18
Millions of euros														
Intangible assets	2,119.8	420.0	[288.0]	0.1	0.0	2,251.9	1,531.6	146.5	[287.1]	0.1	41.9	1,433.0	588.2	818.9
Research and Development	1,486.3	75.6	[286.5]	69.4	0.0	1,344.8	1,165.1	103.0	[286.4]	0.0	28.5	1,010.2	321.2	334.6
Software	49.1	6.9	[1.3]	2.0	0.0	56.7	45.6	2.9	[0.7]	0.1	0.0	47.9	3.5	8.8
Other intangible assets	417.2	86.7	[0.2]	6.0	0.0	509.7	320.9	40.6	0.0	0.0	13.4	374.9	96.3	134.8
Intangible assets in progress	167.2	250.8	0.0	[77.3]	0.0	340.7	0.0	0.0	0.0	0.0	0.0	0.0	167.2	340.7
Tangible assets	5,928.0	437.3	[76.3]	[0.1]	0.0	6,288.9	4,538.2	275.5	[75.8]	[0.1]	85.7	4,823.5	1,389.8	1,465.4
Land and buildings	839.1	16.0	[0.2]	0.6	0.0	855.5	436.8	18.0	[0.2]	[0.1]	0.5	455.0	402.3	400.5
Technical equipment and machinery	2,261.1	102.2	[31.4]	117.7	0.0	2,449.6	1,861.2	120.9	[31.4]	[0.1]	42.3	1,992.9	399.9	456.7
Other facilities, tools and office equipment	2,580.8	110.9	[42.8]	10.4	0.0	2,659.3	2,211.1	133.1	[42.3]	0.0	42.8	2,344.7	369.7	314.6
Other tangible assets	39.5	2.0	[1.9]	0.5	0.0	40.1	29.1	3.5	[1.9]	0.1	0.1	30.9	10.4	9.2
Tangible assets in progress	207.5	206.2	0.0	[129.3]	0.0	284.4	0.0	0.0	0.0	0.0	0.0	0.0	207.5	284.4
Long-term Group companies investments	737.9	32.2	[6.0]	0.0	0.0	764.1	0.2	0.0	[6.0]	0.0	10.9	5.1	737.7	759.0
Participations in Group companies	737.9	32.2	[6.0]	0.0	0.0	764.1	0.2	0.0	[6.0]	0.0	10.9	5.1	737.7	759.0
Loans to Group companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term financial investments	1.8	1.1	0.0	[0.2]	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	1.8	2.7
Participations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	1.4	0.4	0.0	[0.2]	0.0	1.6	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.6
Derivatives	0.0	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Other financial assets	0.4	0.5	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.9
Deferred tax assets	426.6	15.8	[24.1]	0.0	0.0	418.3	0.0	0.0	0.0	0.0	0.0	0.0	426.6	418.3
Total	9,214.1	906.4	[394.4]	[0.2]	0.0	9,725.9	6,070.0	422.0	[368.9]	0.0	138.5	6,261.6	3,144.1	3,464.3

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2019	Cost of acquisition or manufacture						Depreciation / Impairment					Net book value		
	Initial balance 01.01.19	Additions	Disposals	Transfers	Impairment	End balance 31.12.19	Initial balance 01.01.19	Additions	Disposals	Transfers	Impairment	End balance 31.12.19	Initial balance 01.01.19	End balance 31.12.19
Millions of euros														
Intangible assets	2,251.9	407.8	[6.3]	0.0	0.0	2,653.4	1,433.0	125.8	[5.9]	0.0	[209.6]	1,343.3	818.9	1,310.1
Research and Development	1,344.8	14.8	0.0	3.6	0.0	1,363.2	1,010.2	100.2	0.0	0.0	[200.5]	909.9	334.6	453.3
Software	56.7	7.2	[5.9]	1.7	0.0	59.7	47.9	5.7	[5.9]	0.0	0.0	47.7	8.8	12.0
Other intangible assets	509.7	55.1	[0.4]	5.8	0.0	570.2	374.9	19.9	0.0	0.0	[9.1]	385.7	134.8	184.5
Intangible assets in progress	340.7	330.7	0.0	[11.1]	0.0	660.3	0.0	0.0	0.0	0.0	0.0	0.0	340.7	660.3
Tangible assets	6,288.9	464.0	[111.8]	0.0	0.0	6,641.1	4,823.5	269.3	[111.7]	0.0	[64.6]	4,916.5	1,465.4	1,724.6
Land and buildings	855.5	24.9	0.0	0.3	0.0	880.7	455.0	18.8	0.0	0.0	[0.5]	473.3	400.5	407.3
Technical equipment and machinery	2,449.6	225.9	[21.3]	164.3	0.0	2,818.5	1,992.9	129.9	[21.3]	0.0	[34.5]	2,067.0	456.7	751.5
Other facilities, tools and office equipment	2,659.3	151.1	[88.0]	38.0	0.0	2,760.4	2,344.7	116.5	[88.0]	0.0	[29.6]	2,343.6	314.6	416.9
Other tangible assets	40.1	6.5	[2.5]	0.1	0.0	44.2	30.9	4.1	[2.4]	0.0	0.0	32.6	9.2	11.6
Tangible assets in progress	284.4	55.6	0.0	[202.7]	0.0	137.3	0.0	0.0	0.0	0.0	0.0	0.0	284.4	137.3
Long-term Group companies investments	764.1	7.6	0.0	0.0	0.0	771.7	5.1	0.0	0.0	0.0	3.7	8.8	759.0	762.9
Participations in Group companies	764.1	7.3	0.0	0.0	0.0	771.4	5.1	0.0	0.0	0.0	3.7	8.8	759.0	762.6
Loans to Group companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.3	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Long-term financial investments	2.7	28.8	[23.0]	[0.2]	0.0	8.3	0.0	0.0	0.0	0.0	0.0	0.0	2.7	8.3
Participations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	1.6	2.5	0.0	[0.2]	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0	1.6	3.9
Derivatives	0.2	26.3	[23.0]	0.0	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.2	3.5
Other financial assets	0.9	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9
Deferred tax assets	418.3	33.4	[173.1]	0.0	0.0	278.6	0.0	0.0	0.0	0.0	0.0	0.0	418.3	278.6
Total	9,725.9	941.6	[314.2]	[0.2]	0.0	10,353.1	6,261.6	395.1	[117.6]	0.0	[270.5]	6,268.6	3,464.3	4,084.5

Appendix 2. Subsidiary Companies

2018	Location	Holding (*****)		Gross value 31.12.18	Depreciation 31.12.18	Book value 31.12.18	Equity 31.12.18	Profit/Loss for year 2018	Dividend received 2018
		Direct	Indirect						
Millions of euros									
Production									
SEAT Cupra, S.A. [*] [***]	Martorell (Barcelona)	100		0.1		0.1	0.7	[0.3]	
Volkswagen Navarra, S.A. [*]	Arazuri (Navarre)	100		664.0		664.0	701.5	64.6	55.9
Distribution and Marketing SEAT									
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98				1.4	0.7	
SEAT Deutschland GmbH [**]	Weiterstadt (Germany)	100		51.1		51.1	80.8	0.2	
SEAT Motor España, S.A. [*]	Barcelona		100				[1.3]	[0.4]	
Distribution and Marketing VW/Audi/Skoda									
Volkswagen Group España Distribución, S.A. [*]	Prat de Ll. (Barcelona)	100		21.6		21.6	146.8	32.7	23.5
Volkswagen Group Retail Spain, S.L. [*]	Prat de Ll. (Barcelona)		100				30.9	1.4	
Wagen Group Retail España, S.A. [*] [***] [****]	Barcelona		100				22.4	[1.0]	
Services									
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100		0.6		0.6	1.7	0.7	
SEAT Metropolis Lab Barcelona, S.A. [*]	Barcelona	100		5.0	[0.7]	4.3	4.3	[0.6]	
Connected Mobility Ventures, S.A. [*] [*****]	Barcelona	100		21.6	[4.3]	17.3	17.3	[4.3]	
Respiro, S.L. [*] [*****]	Madrid		100				1.3	[2.2]	

[*] Companies subject to corporation tax under the consolidated tax regime.

[**] On January 1, 2018, SEAT Deutschland GmbH sold SEAT Deutschland Niederlassung GmbH.

[***] In 2018, the company changed its business name.

[****] In 2018, Volkswagen Madrid, S.A., Volkswagen Barcelona, S.A., Leica Wagen, S.A., Levante Wagen, S.A., Málaga Wagen, S.A., Sevilla Wagen, S.A., Valladolid Wagen, S.A. and Audi Retail Madrid, S.A. were absorbed for Wagen Group Retail Spain, S.A.

[*****] Company acquired in January 2018 and sold in November 2018 to Connected Mobility Ventures, S.A.

[*****] Company set up in 2018.

[*****] Voting rights do not differ from the percentage shareholding.

2019	Location	Holding [**]		Gross value 31.12.19	Depreciation 31.12.19	Book value 31.12.19	Equity 31.12.19	Profit/Loss for year 2019	Dividend received 2019
		Direct	Indirect						
Millions of euros									
Production									
SEAT Cupra, S.A. [*]	Martorell (Barcelona)	100		0.1		0.1	1.4	0.7	
Volkswagen Navarra, S.A. [*]	Arazuri (Navarre)	100		668.6		668.6	718.5	78.0	65.6
Distribution and Marketing SEAT									
SEAT Center Arrábida Automovéis, LDA	Setúbal (Portugal)	2	98				2.2	0.8	
SEAT Deutschland GmbH	Weiterstadt (Germany)	100		51.1		51.1	111.7	30.9	
SEAT Motor España, S.A. [*]	Barcelona		100				(1.3)	(0.4)	
Distribution and Marketing VW/Audi/Skoda									
Volkswagen Group España Distribución, S.A. [*]	Prat de Ll. (Barcelona)	100		24.4		24.4	137.2	20.4	32.7
Volkswagen Group Retail Spain, S.L. [*]	Prat de Ll. (Barcelona)		100				30.9	1.4	
Wagen Group Retail España, S.A. [*]	Barcelona		100				22.4	(1.0)	
Services									
SEAT Portugal, Unipessoal, LDA	Lisbon (Portugal)	100		0.6		0.6	2.5	0.7	
SEAT Metropolis Lab Barcelona, S.A. [*]	Barcelona	100		5.0	(1.2)	3.8	3.8	(0.4)	
Connected Mobility Ventures, S.A. [*]	Barcelona	100		21.6	(7.6)	14.0	14.0	(3.3)	
Respiro, S.L. [*]	Madrid		100				0.3	(1.0)	

[*] Companies subject to corporation tax under the consolidated tax regime.

[**] Voting rights do not differ from the percentage shareholding.

Table of Complementary Non-financial Information

Areas	Contents	Material issue (Yes/No)	GRI Standards	Section
	Sustainable use of resources			
Environmental issues	Consumption of raw materials.	Yes	301-1	Annual Accounts / Notes / 19 Income and expenses / c) Supplies
	Employment			
	Total number and distribution of employees by gender, age, country and professional classification.	Yes	103 Management approach - Employment 102-8 / 405-1	
	Total number and distribution of types of employment contract.	Yes	102-8	
	Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	Yes	102-8 / 405-1	Management Report / Human Resources and Organisation / Structure of the workforce Annual Accounts / Notes / 22. Other information / a) Workforce
	Number of dismissals by gender, age and professional classification.	Yes	401-1	
	The average remunerations and their evolution disaggregated by gender, age and professional classification or equal value; salary gap, the remuneration of equal or average positions in the company.	Yes	103 Management approach - Diversity and equal opportunity 405-2	
	The average remuneration of directors and executives, including variable remuneration, allowances, severance pay, payment to long-term savings schemes and any other items of remuneration disaggregated by gender.	Yes	103 Management approach - Diversity and equal opportunity	Executive Committee: 8 men; Board of Directors: 7 men and 2 women (the remuneration by gender is not disclosed for confidentiality reasons). Annual Accounts / Notes / 21. Related party transactions / b) Board of Directors and Senior Management
	Implementation of labor disconnection policies.	Yes	103 Management approach - Employment	Management Report / Sustainability, Compliance and Governance / Social Responsibility / Supporting equal opportunities
	Employees with disabilities.	Yes	405-1	Annual Accounts / Notes / 22. Other information / a) Workforce
	Organization of work			
	Organization of working time.	Yes	103 Management approach - Employment	Management Report / Human Resources and Organisation / Organisation of work and social dialogue / Working time
	Number of hours of absenteeism.	Yes	403-2	Management Report / Human Resources and Organisation / Structure of the workforce
	Health and safety			
	Workplace accidents, in particular their frequency and severity, occupational diseases, disaggregated by gender.	Yes	403-2 / 403-3	Management Report / Human Resources and Organisation / Structure of the workforce
	Social relations			
	Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them.	Yes	103 Management approach - Labor/Management relations	Management Report / Human Resources and Organisation / Organisation of work and social dialogue / Guaranteeing social dialogue
	Percentage of employees covered by collective labor agreement by country.	Yes	102-41	Management Report / Human Resources and Organisation / Organisation of work and social dialogue / Working time
	The balance of collective agreements, particularly in the field of health and safety at work.	Yes	403-4	Management Report / Human Resources and Organisation / Employees' health and well-being
	Training			
	The total amount of training hours by professional category.	Yes	404-1	Management Report / Human Resources and Organisation / Structure of the workforce
	Equality			
	Equality plans (Chapter III of Organic Law 3/2007 of March 22, for effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and the universal accessibility of people with disabilities.	Yes	103 Management approach - Employment	Management Report / Sustainability, Compliance and Governance / Social Responsibility / Supporting equal opportunities
Human rights	Complaints about cases of violation of human rights.	Yes	406-1	Management Report / Sustainability, Compliance and Governance / Social Responsibility / Commitment to human and labour rights
	Consumers			
	Claims systems, complaints received and their resolution.	Yes	103 Management approach - Customer health and safety, marketing and labeling and customer privacy	Management Report / Sustainability, Compliance and Governance / Economic sustainability / Customer satisfaction: transparency in the communication of ratings
	Tax information			
Society	Profits obtained country by country. Taxes paid on profits.	Yes	103 Management approach - Economic performance	Annual Accounts / Profit and Loss Statement Annual Accounts / Notes / 4. Application of results Annual Accounts / Notes / 18. Tax situation / b) Corporation tax
	Public subsidies received.	Yes	201-4	Annual Accounts / Notes / 13. Grants

On December 28, Act 11/2018 was approved, amending the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of July 2, and Act 22/2015 of July 20 on the Auditing of Accounts, regarding the reporting of non-financial and diversity-related information. In accordance with the exemption established in article 49.6 of the Code of Commerce / article 262.5 of the revised text of the Capital Companies Act, SEAT, S.A. has opted not to prepare a full statement of non-financial information, given that the company and its subsidiaries are included in the "Sustainability Report" of the Volkswagen Group, through which it complies with this obligation. Volkswagen AG, parent company of the Group to which SEAT, S.A. and its subsidiaries belong, is a company incorporated in Germany, with registered address at Berliner Ring 2, D-38436 Wolfsburg, Germany, and inscribed in the Companies Register of the Wolfsburg City Court under entry number HRB 215. The "Sustainability Report" of the Volkswagen Group can also be found on the corporate website <https://www.volkswagenag.com>.

In order to comply with the commercial obligations regarding the publication of non-financial information currently in force, SEAT, S.A. has carried out an analysis to identify the additional information required by article 49.6 of the Code of Commerce. This included a comparison between the contents required by article 49.6 of the Code of Commerce and the non-financial information included in the "Sustainability Report" of the Volkswagen Group, with the aim of identifying the contents that are required by the Spanish commercial regulations in force which are not covered at the Group level and, therefore, which SEAT, S.A. must include as part of its Management Report. In this regard, the Volkswagen Group includes in the "Sustainability Report" information concerning the business model, non-financial risks, policies in place in the non-financial sphere and the results of their application, as well as all of the contents regarding anti-corruption and anti-bribery measures and part of the contents related to environmental matters, social matters and those relating to the staff, the respect for human rights and society. The remaining contents are presented in the Table of Complementary Non-financial Information of the 2019 Annual Report for SEAT, S.A. and form an integral part of the company's Management Report. This table links the complementary information with the various Global Reporting Initiative (GRI) standards and with the corresponding section of the 2019 Annual Report where it is included.

Independent Verification Report on the Complementary Non-financial Information



A free translation from the original in Spanish

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the Sole Shareholder of SEAT, S.A. (Single – Shareholder Company):

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the State of non-financial information ("NFIS") for the year ended 31 December 2019 of SEAT, S.A. (hereinafter 'SEAT' or 'the Company') which forms part of the accompanying Company's management report.

As indicated in section 'Complementary Non-financial Information' SEAT has taken the exception included in article 49.6 of the Commercial Code / 262.5 of the consolidated text of the Law of Capital Companies for integrating part of its non-financial information in the NFIS of Volkswagen Group based in Germany, to which it belongs. In order to comply with mercantile obligations regarding the publication of non-financial information in force, SEAT has prepared the supplementary NFIS with partial information attached, which includes, in accordance with the analysis carried out by the Company described in section 'Complementary Non-financial Information', the supplementary information required by article 49.6 of the Commercial Code in comparison with that required in articles 19. Bis 1 and 29. Bis 1 of the Directive 2014/95/EU. Our work has been limited exclusively to the verification, based on the aforementioned analysis of the contents, of the accompanying supplementary NFIS, without having carried out any verification procedure on the information integrated in the consolidated NFIS of the Volkswagen Group.

Responsibility of the Board of Directors

The preparation of the NFIS included in SEAT management report and the content thereof are the responsibility of the Board of Directors of the Company. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") in line with the details provided for each matter in section 'Table of Complementary Non-financial Information' of the mentioned State.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of any immaterial misstatement due to fraud or error.

The directors of SEAT are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

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1



Our independence and quality control

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

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out in relation solely to fiscal year 2019. The data relating to previous years were not subject to current mercantile legislation. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or 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 Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several SEAT units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with SEAT personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2019, based on the materiality analysis carried out by SEAT and described in section 'Dialogue with stakeholders', considering the content required under current mercantile legislation.

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- Analysis of the procedures used to compile and validate the information presented in NFIS for 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2019.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2019 and its adequate compilation using data supplied by the Company's sources of information.
- Obtainment of a management representation letter from the Directors and Management.

Conclusion

Based on the procedures performed and the evidence we have obtained, no matters have come to light that might lead us to believe that SEAT's supplementary NFIS, for the year ended 31 December 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") in accordance with the mentioned in each subject in section "Table of Complementary Non-financial Information". The content of the mentioned Supplementary State has been determined by SEAT in accordance with the analysis carried out by comparison between the non-financial information required by Article 49.6 of the Code of Commerce and that provided in Articles 19. Bis1 and 29. Bis 1 of Directive 2014/95/EU. SEAT has determined that this last information will be included in the consolidated NFIS of the Volkswagen Group to which it belongs, so the accompanying supplementary NFIS does not include all of the content included in current mercantile regulations.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Juan Ignacio Marull Guash

February 25th, 2020



Consumption and emission figures

Consumption (mveg) l/100 km - CO₂ emissions (g/km)

Model [*] (**)	Power		Gearbox		Consumption (MVEG) l/100 km			CO ₂ emissions Average (g/km)
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Mii								
eMii	61	83		•				0
New Ibiza								
1.0 MPI	59	75	•		5.5-5.6	4.2-4.3	4.7-4.8	108-109
1.0 EcoTSI	70	95	•		5.5	4.0	4.6	104
1.0 EcoTSI	85	115	•		5.7-5.8	4.0-4.2	4.6-4.7	104-107
1.0 EcoTSI DSG	85	115		•	5.8-5.9	4.2-4.3	4.8-4.9	109-111
1.0 TGI (***)	66	90	•		6.5	4.3	5.1	92
1.6 TDI	70	95	•		4.4-4.5	3.4-3.6	3.7-3.9	98-103
Arona								
1.0 EcoTSI	70	95	•		5.6-6.0	4.3-4.4	4.9-5.0	112-113
1.0 EcoTSI	85	115	•		6.0-6.1	4.3-4.6	4.9-5.2	110-116
1.0 EcoTSI DSG	85	115		•	5.6-5.8	4.4-4.6	4.9-5.1	111-115
1.5 TSI Evo	110	150	•		5.8-6.0	4.2-4.4	4.8-5.0	110-113
1.0 TGI (***)	66	90	•		6.7-7.0	4.6-4.8	5.4-5.5	96-99
1.6 TDI	70	95	•		4.8-4.9	3.6-3.8	4.0-4.2	106-110
1.6 TDI DSG	70	95		•	4.5-4.7	3.8-3.9	4.1-4.2	107-111
Leon/ST								
1.0 TSI Ecomotive	85	115	•		5.6-5.8	4.0-4.2	4.6-4.8	105-110
1.5 TSI	96	86	•		6.3-6.5	4.1-4.2	4.8-5.0	110-115
1.5 TSI	110	110	•		6.1-6.3	4.1-4.3	4.8-5.0	110-114
1.5 TSI DSG	110	125		•	6.3-6.5	4.2-4.4	4.9-5.3	114-119
2.0 TSI DSG CUPRA	213	290		•	8.6	5.4-5.5	6.5-6.7	149-152
2.0 TSI 4WD DSG CUPRA	221	300		•	9.0-9.1	6.0-6.1	7.1-7.2	161-164
1.5 TGI (***)	96	130	•		7.3-7.6	4.4-4.6	5.5-5.7	98-102
1.5 TGI DSG (***)	96	130		•	6.8-7.0	4.4-4.6	5.3-5.5	95-98
1.6 TDI	85	115	•		4.5-4.7	3.4-3.6	3.8-4.0	100-105
2.0 TDI	110	150	•		5.3-5.4	3.7-3.8	4.3-4.4	111-117
2.0 TDI DSG	110	150		•	5.0-5.6	3.8-4.0	4.3-4.5	112-120
Ateca								
1.0 TSI	85	115	•		6.2-6.4	4.5-4.7	5.1-5.4	117-123
1.5 TSI	110	150	•		6.5-6.7	4.6-4.8	5.3-5.5	121-126
1.5 TSI DSG	110	150		•	6.6	4.6-4.8	5.3-5.4	121-124
2.0 TSI 4WD DSG	140	190		•	8.6	5.9	6.9	156
2.0 TSI 4WD DSG CUPRA	221	300		•	8.9	6.5	7.4	168
1.6 TDI	85	115	•		5.0-5.2	4.1-4.2	4.4-4.6	115-120
1.6 TDI DSG	85	115		•	5.3	4.7	4.9	128
2.0 TDI	110	150	•		5.5-5.7	4.0-4.1	4.6-4.7	120-124
2.0 TDI DSG	110	150		•	5.2-5.4	4.1-4.3	4.5-4.7	119-123
2.0 TDI 4WD DSG	110	150		•	6.1	4.8	5.3	138
2.0 TDI 4WD DSG	140	190	•		6.1	4.9	5.3	140

Model [*] (**)	Power		Gearbox		Consumption (MVEG) l/100 km			CO ₂ emissions Average (g/km)
	KW	HP	Man.	Aut.	Town	Out of town	Average	
Tarraco								
1.5 TSI	110	150	•		7.1-7.4	5.0-5.2	5.8-6.0	131-137
1.5 TSI DSG	110	150		•	7.0-7.3	5.1-5.4	5.8-6.1	132-139
2.0 TSI 4WD DSG	140	190		•	9	6.3	7.3	166
2.0 TDI	110	150	•		5.5-5.7	4.2-4.3	4.7-4.8	123-127
2.0 TDI 4WD DSG	110	150		•	5.8-5.9	4.8-5.0	5.2-5.3	136-140
2.0 TDI 4WD DSG	140	190		•	6.4	5.1	5.6	147
Alhambra								
1.4 TSI	110	150	•		8.6-9.0	5.6-6.0	6.7-7.1	154-162
1.4 TSI DSG	110	150		•	8.4-8.7	5.8-6.2	6.8-7.1	155-163
2.0 TDI	110	150	•		6.1-6.2	4.6-4.7	5.2	135-137
2.0 TDI DSG	110	150		•	6.2-6.3	4.7-5.0	5.2-5.4	137-143
2.0 TDI DSG	135	184		•	6.5	4.9-5.1	5.5-5.6	144-147
2.0 TDI 4WD DSG	135	184		•	6.7-7.8	5.2-5.6	5.8-6.4	153-168

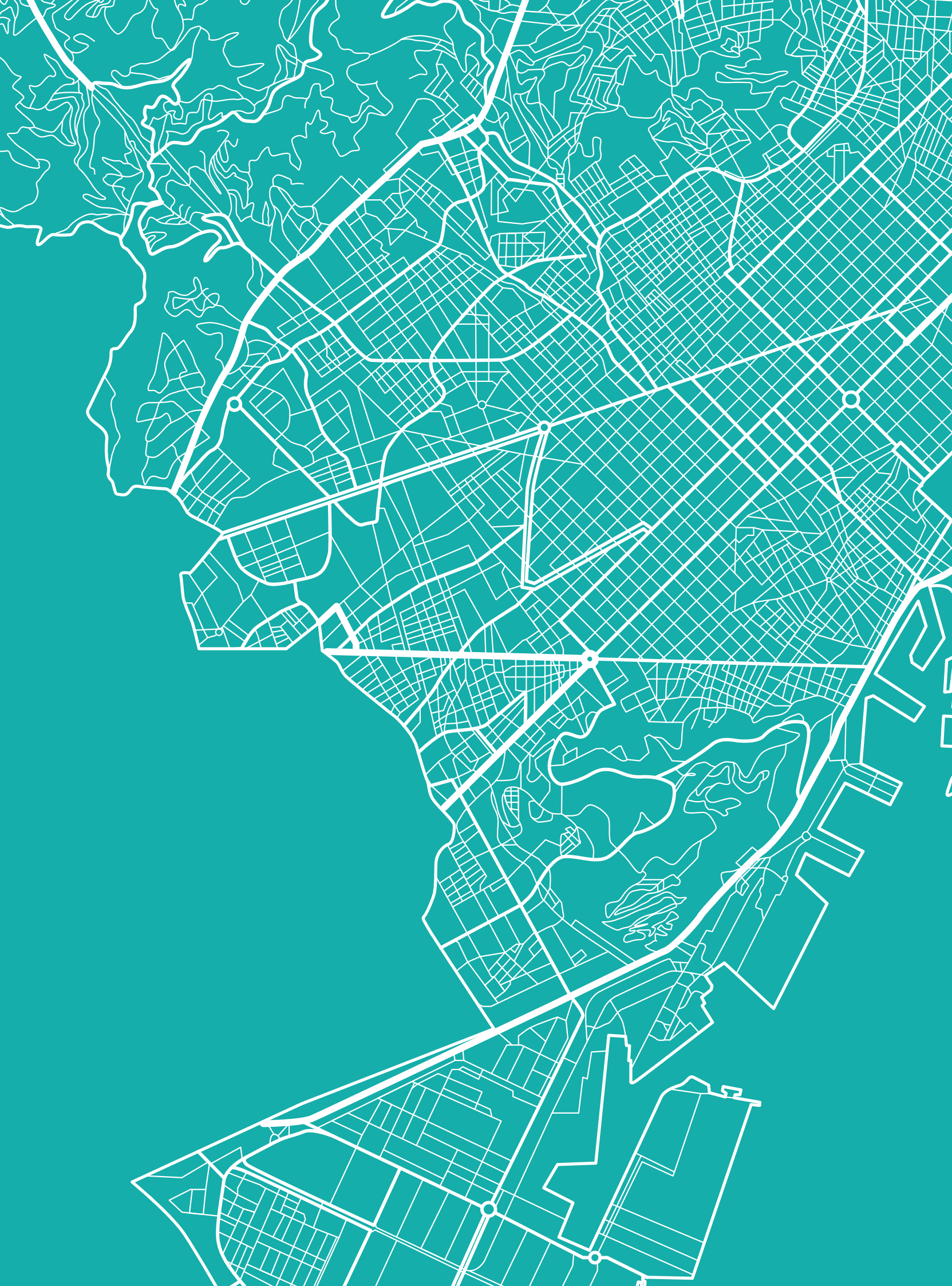
[*] Engines sold in the European Union in 2019. Discontinued models not included.
 (**) Where different models provide different results, data shown refer to minimum and maximum values.
 (***) Consumption (m³/100 km-kg/100km).

SEAT, S.A. key figures (2015/2019)

	2015	2016	2017	2018	2019
Retail sales (units)	400,037	408,703	468,431	517,627	574,078
Wholesales of new vehicles (units)	531,786	536,462	579,443	596,181	651,998
Wholesales of used vehicles (units)	12,722	11,482	15,072	14,435	15,911
Production in Martorell plant (units)	477,077	449,063	455,470	474,300	500,005
Production of SEAT brand in Group plants (units)	72,169	103,796	138,092	137,594	173,301
Basic workforce at 31.12	12,753	13,968	14,106	14,627	14,663
Martorell (includes Spare Parts Centre)	10,422	10,544	10,592	10,977	11,070
SEAT Barcelona	1,196	1,192	1,183	1,185	1,179
SEAT Componentes	1,092	1,087	1,075	1,153	1,079
SEAT Technical Centre (*)	0	1,102	1,210	1,264	1,294
Other centres	43	43	46	48	41
Partial retirement workforce at 31.12	94	116	141	210	232
Apprentices with labor contract at 31.12	186	155	173	160	174
Net sales (millions of euros)	8,332.1	8,597.3	9,551.8	9,991.0	11,157.3
Spain	1,404.2	1,515.6	1,805.8	2,045.9	2,143.4
<i>Vehicles</i>	868.5	950.2	1,235.1	1,427.4	1,543.0
<i>Spare parts</i>	300.4	304.2	322.8	338.5	349.2
<i>Gearboxes</i>	73.4	93.2	83.5	73.4	60.0
<i>Other sales</i>	161.9	168.0	164.4	206.6	191.2
Export	6,927.9	7,081.7	7,746.0	7,945.1	9,013.9
<i>Vehicles</i>	6,519.9	6,592.7	7,251.6	7,392.2	8,507.4
<i>Spare parts</i>	219.3	225.8	246.1	269.9	270.9
<i>Gearboxes</i>	150.9	140.4	148.5	154.6	110.1
<i>Other sales</i>	37.8	122.8	99.8	128.4	125.5
Shareholders' equity (millions of euros)	526.1	1,480.9	1,512.1	1,661.4	2,007.0
Result before tax (millions of euros)	(4.3)	874.7	231.7	286.0	453.4
Result after tax (millions of euros)	6.0	903.2	281.2	294.2	345.6
Depreciation (millions of euros)	311.6	323.3	460.9	422.0	395.1
Investments (millions of euros)	464.4	652.6	720.6	890.6	908.2

(*) In 2016 Centro Técnico de SEAT, S.A. was absorbed by merger with SEAT, S.A.







This version sets forth the Management Report, the Auditor's Report and the Annual Accounts of SEAT, S.A. (Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement, Notes and Appendices 1 and 2) for the year 2019, compiled according to the criteria and rules established by Spanish law[*].

This version of the Annual Report is a translation of the Spanish original. Once approved by the General Shareholders' Meeting, the Annual Accounts and Management Report will be deposited in the Barcelona Mercantile Register together with the Auditor's Report. These reports are authoritative.

The Consolidated Annual Accounts of VOLKSWAGEN AG, together with its Management Report and Auditor's Certificate, will be deposited at the same Registry[**].

Approved by the Board of Directors at the meeting of 12 February 2020.



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Annual Report 2019**

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[*] Publication available on the internet:
<http://www.seat.com>
[**] Art. 43 of the Spanish Commercial Code





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