



ESG Report 2022



ESG Report 2022

This report includes the information prescribed by Law 11/2018 of 28 December on non-financial and diversity information called "STATEMENT OF NON-FINANCIAL INFORMATION" that must accompany the Annual Accounts and Consolidated Management Report of the company Industria de Turbo Propulsores SA (Sole proprietorship) and its subsidiaries.



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 Industria de Turbo Propulsores S.A.(Unipersonal Company):

Pursuant to article 49 of the Code of Commerce, we have verified , with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information (“SNFI”) for the year ended 31 December 2022 of Industria de Turbo Propulsores S.A. (Parent company) and subsidiaries (hereinafter “ITP” or the Group) which forms part of the Group consolidated management report.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in ITP’s consolidated management report and the content thereof, are the responsibility of the directors of Industria de Turbo Propulsores S.A. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the *Sustainability Reporting Standards of the Global Reporting Initiative* (“GRI Standards”) selected as per the details provided for each matter in the section “4. Tables of GRI indicators” of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of material misstatement due to fraud or error.

The directors of Industria de Turbo Propulsores S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

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Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work 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 in the Guidelines for verification engagements of the Statement of Non-Financial Information 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 nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of the Group that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Industria de Turbo Propulsores S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2022, based on the materiality analysis carried out by the Group and described in section "2.2 Materiality Analysis", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2022.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2022.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2022 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.



Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of Industria de Turbo Propulsores S.A. and its subsidiaries, for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of GRI selected as per the details provided for each matter in the section "4. Tables of GRI indicators" of the aforementioned Statement.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Ramón Abella

22 May 2023



CONTENT

01

About ITP Aero

Página 13

02

ESG

Página 29

03

Tables of non-financial indicators

Página 93

04

Tables of GRI indicators

Página 109



01

About ITP Aero

- 1.1.** Letter from Carlos Alzola
- 1.2.** Purpose and values
- 1.3.** Company
- 1.4.** Milestones
- 1.5.** Awards and certificates

1.1.

Letter from Carlos Alzola, Managing Director and CEO

**Dear Reader,**

Thank you for taking a few minutes to read ITP Aero's ESG 2022 Report. We have prepared this document adapting its content to the requirements of the Non-Financial Information and Diversity Reporting Act and following the guidelines of the Global Reporting Initiative (GRI) standard, in order to share with our stakeholders, the information on the social, economic and environmental impact of our activity.

2022 has been a year full of challenges and opportunities for ITP Aero. To begin with, last year we completed the ITP Aero sale process to the consortium led by Bain Capital. As an independent company, we strengthened our position as a leader in the aeronautics and defence sector in Europe and globally. Proof of this is the industrial and technological growth plan we have recently launched, which will accelerate our growth trajectory under our new shareholding.

In addition, 2022 has also been marked by the slow but gradual recovery of the aviation market following the Covid-19 crisis. Our forecasts, and those of the sector, point to a full recovery by 2024-2025. With this perspective, at ITP Aero, not only do we want to grow, but we also want to do so by contributing to a more sustainable aviation.

Earlier this year we delivered the first demonstrator turbine of Rolls-Royce's future UltraFan engine which will be up to 25% more efficient than those currently in service, and besides can be powered by sustainable aviation fuels (SAF). In addition, we are celebrating our tenth anniversary as a risk and revenue partner with the Pratt & Whitney GTF engine family, the quietest, greenest, and most efficient single-aisle engine family on the market.

We have achieved these important milestones through a firm commitment to the development of our own technology, currently being the leading Spanish aeronautical company in R&D investment. At ITP Aero we want to lead the decarbonisation of aeronautical engines. Achieving zero net carbon emissions has become the new common challenge for all of us in the aeronautical sector, a new challenge that is as exciting as it is complex.

To achieve this goal, we face a period of intensive R&D efforts to develop disruptive technologies such as electric and hydrogen propulsion and advanced manufacturing technologies. In this regard, I would like to highlight the fundamental role of public-private initiatives. Together, institutions, universities, technology centres and private companies are shaping the aviation of the future.

To this end, we have become the first Spanish aeronautical company to commit to achieving zero net emissions by 2050 in line with the UN's Race to Zero programme. To achieve this goal, we are working to reduce our emissions in line with scientific targets.

In addition to the environmental commitment in our products and operations, we are convinced that, to be a sustainable company, we must generate a positive impact on society, responding to the needs of our environment with full responsibility, through appropriate corporate governance. For this reason, we are working on our ESG strategy taking into account the expectations and concerns of our stakeholders.

In 2022, ITP Aero's workforce grew by 8% to 4,493 employees. This growth allows us to generate quality, long-term employment, and wellbeing in our environment, benefiting the supply chain and local communities. In the same way, we strive to move towards more diverse and inclusive environments and showcase the professional opportunities that STEM careers can offer to new generations.

Moreover, all of this is carried out with full responsibility, based on a culture of compliance which permeates our entire activity. As part of our commitment in this area, in 2022 we have become the first Spanish aeronautical manufacturer to be certified by AENOR in criminal and anti-bribery compliance.

In short, at ITP Aero we continue to grow, developing our own technology while contributing to sustainable aviation.

Carlos Alzola,
Managing Director of ITP Aero.

1.2. Purpose and values

ITP Aero's ITP2025 Strategic Plan sets out the vision as the company's path for further progress:

VISION

“ITP Aero is a global company, a leader in aeronautical engine subsystems, with proprietary technology and capabilities for the entire engine lifecycle, bringing value to the company and all its stakeholders through strong and lasting alliances with its customers”.

Likewise, ITP Aero's purpose is the guiding motivation that positions the company as a platform for growth.

PURPOSE

“Develop the technology to drive change in the aerospace sector, towards a more sustainable mobility”.

To achieve this purpose, ITP Aero has defined the **values and behaviours** which mark the “personality” that the company wants to have and that guide it in the way it acts.

VALUES

 <p>We operate with INTEGRITY</p> <p>Respect and honesty guide our actions.</p> <p>Our ethics inspire our trip to a better society.</p>	 <p>We move towards EXCELLENCE</p> <p>We surpass the expectations as trusted partner.</p> <p>We are proactive and agile to fly higher.</p>	 <p>We care for our PEOPLE</p> <p>We promote the right development environments for our people.</p> <p>We respect diversity and promote equality.</p>	 <p>We INNOVATE for the future</p> <p>We lead the change to a more sustainable mobility.</p> <p>We develop the technology of the future.</p>
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Each of these values is accompanied by Commitments and Behaviours:

The four behaviours give a sense of direction to ITP Aero's actions and decisions.

BEHAVIOURS

<div style="background-color: #e0e0e0; padding: 5px; margin-bottom: 5px;">CONSISTENT</div> <div style="background-color: #0070c0; color: white; padding: 10px; margin-bottom: 5px;">means being coherent, respectful of rules and people, and to fulfil commitments</div>	<div style="background-color: #e0e0e0; padding: 5px; margin-bottom: 5px;">AGILE</div> <div style="background-color: #0070c0; color: white; padding: 10px; margin-bottom: 5px;">to act with speed and anticipation, focusing on priorities and being decisive</div>
<div style="background-color: #e0e0e0; padding: 5px; margin-bottom: 5px;">BOLD</div> <div style="background-color: #0070c0; color: white; padding: 10px; margin-bottom: 5px;">to act without fear of the new, daring to do things differently and to speak our minds because diversity is welcome</div>	<div style="background-color: #e0e0e0; padding: 5px; margin-bottom: 5px;">TEAM</div> <div style="background-color: #0070c0; color: white; padding: 10px; margin-bottom: 5px;">to promote quality relations between colleagues, with other areas, and of course with suppliers, institutions, or customers</div>

1.3. The Company

ITP Aero is a company that brings together various commercial companies under a single brand (ITP Aero), headed by the Spanish parent company Industria de Turbo Propulsores S.A. ITP Aero has 15 different centres in 5 countries: Spain, Mexico, United Kingdom, Malta, and India.

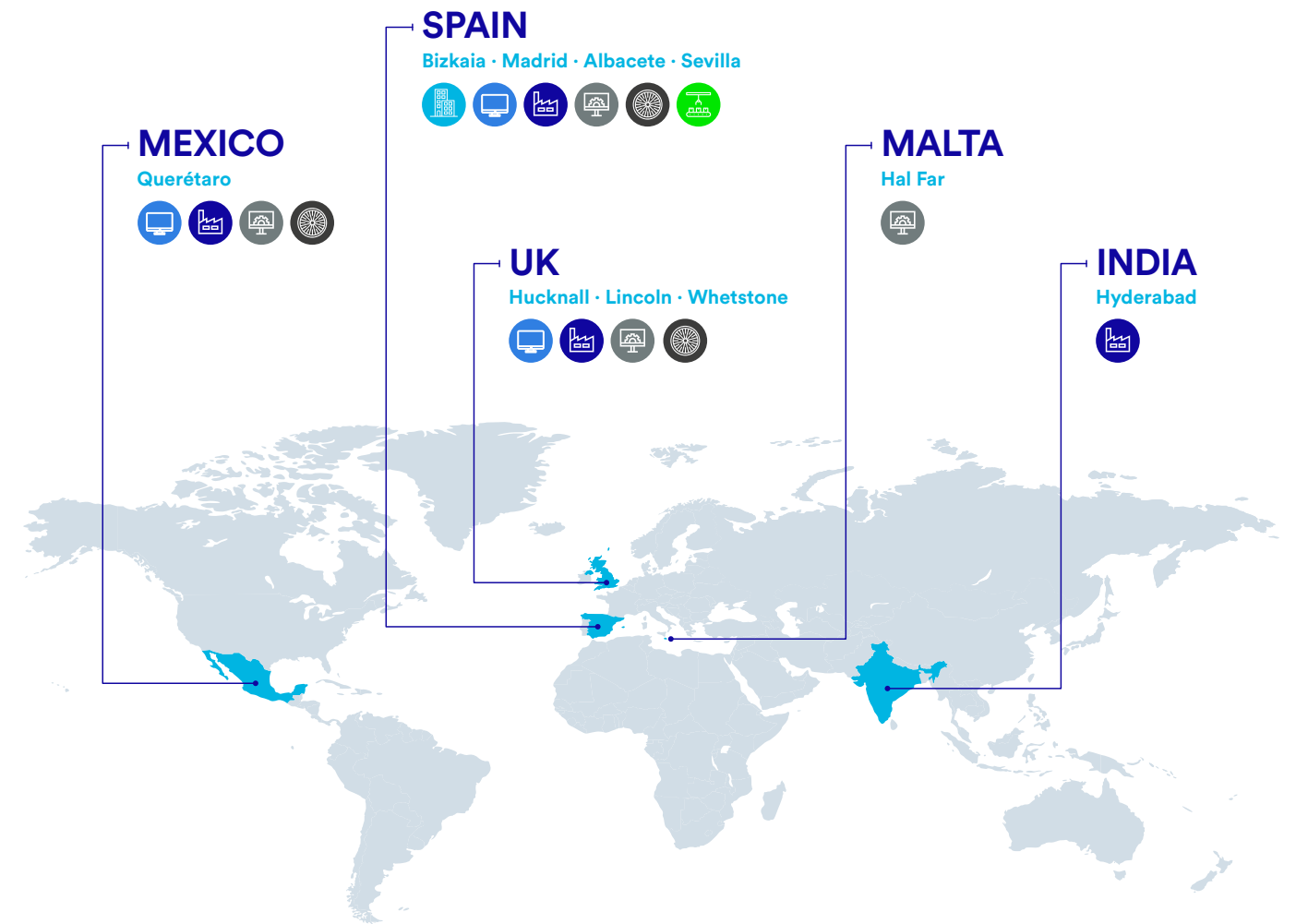
9th

COMPANY
OF ENGINES AND AIRCRAFT
COMPONENTS IN THE GLOBALLY

+50%

TWIN-AISLE AIRCRAFT
POWERED BY
ITP AERO TURBINES

GLOBAL PLAYER



- Headquarters
- Engineering
- Manufacturing
- Assembly
- In-service support
- Engine testing

5

COUNTRIES

+4,400

EMPLOYEES

ITP Aero is a world leading company in the aeronautical and industrial engine market, involved in all phases of the product life cycle, from the design phase to support and maintenance. Since its foundation, the company has grown to become an international benchmark for its partners and customers, thanks to its commitment to innovation and the development of its own technology.



ITP Aero participates as a Risk and Revenue Sharing Partner (RRSP) in the world's leading aeronautical engine programmes.

The company contributes to a more dynamic and transformative civil and defence aeronautical industry with extensive experience and know-how in both commercial and defence aviation.

ITP Aero develops a broad product portfolio, with six main product lines: turbines, compressors, nozzles, structures, Externals and Aerostructures and Com-bustors.

Civil

In commercial aviation, ITP Aero is a Tier 1 partner with the world's leading aeronautical engine manufacturers: Rolls-Royce, Pratt & Whitney, General Electric and Honeywell, being responsible for the design, development, production and assembly of engine subsystems and components.

The company is active in all segments of commercial aviation: twin-aisle, single-aisle, regional and business aviation.

Defence

In the defence area, the company is a complete engine manufacturer (Original Equipment Manufacturer, OEM) participating in major European consortia in design, development, production, certification, service support and maintenance.

- **Eurojet consortium,**
EJ200 engine for the Eurofighter.
- **Europrop International (EPI) consortium,**
TP400 engine for the A400M transport aircraft.
- **MTRI consortium,**
MTR390-E engine of the Tiger HAD helicopter.

In Spain, ITP Aero is a reference partner and leader in aeronautical engine support for the Armed Forces, contributing to the operability of the fleets of the Spanish Armed Forces.

In addition, ITP Aero is the national leader of the engine pillar that will power the new NGF (New Generation Fighter) aircraft within the FCAS/NGWS (Future Combat Air System/Next Generation Weapon System) programme.

Industrial

Additionally, ITP Aero participates in the two most relevant industrial and marine gas turbine programmes in the market: GE's LMS100 and LM2500.

MRO (Maintenance, Repair and Overhaul)

ITP Aero offers a wide range of customized solutions and services that go beyond traditional MRO (Maintenance, Repair and Overhaul) for commercial aviation, defence and industrial customers.

ITP Aero is certified by leading Original Equipment Manufacturers (OEMs) such as General Electric, Honeywell, Rolls-Royce and Safran, as well as by the main global civil and military aviation authorities.

1.4. Milestones 2022

Shareholder change: growth as an independent company

In September 2022, the sale of ITP Aero to a consortium led by Bain Capital was completed. Under the new ownership, ITP Aero has the opportunity to pursue growth opportunities and strengthen its leadership as an independent company in the global aeronautical market.

ITP Aero's five strategic growth pillars include: supporting ITP Aero through market recovery, investing in R&D and customer expansion, maintaining investment in national defence, becoming a platform for consolidation in the industry and continuing to work towards being a leading ESG company.

Under the new shareholder, ITP Aero is governed by a new Board of Directors, chaired by Juan María Nin.

Delivery of first UltraFan® intermediate pressure turbine to Rolls-Royce

In February 2022, ITP Aero delivered the first Intermediate Pressure Turbine (IPT) for the Rolls-Royce UltraFan® engine from its assembly facility in Ajalvir (Madrid). The turbine, which has been designed, manufactured, and assembled by ITP Aero, was subsequently mounted in the complete demonstrator engine at Rolls-Royce's Derby (UK) facility, where the demonstrator engine will undergo its first tests on Rolls-Royce's new Testbed80 test bed in Derby with 100% sustainable aviation fuel (SAF).



Team responsible of the IPT UltraFan Turbine.

The UltraFan is a new generation engine that will be 25% more fuel efficient compared to the first-generation Trent engines currently in service.

ITP Aero and Zeleros collaborate to accelerate hyperloop propulsion system

In 2022, ITP Aero partnered with Zeleros to support the development of a zero-emission propulsion system for hyperloop, a new mode of transport consisting of capsules levitating at high speeds inside low-pressure tubes. The aerodynamic propulsion system, an essential element of the Zeleros proposal, is integrated into the vehicle and is powered by a 100% electric propulsion system. This technology is key to minimising the need for linear engines along the track and reducing infrastructure costs, facilitating the scalability of hyperloop for global deployment.

ITP Aero is able to develop this new zero-emission propulsion technology by building upon its expertise in the development of ultra-efficient gas turbine, electric and hydrogen-powered engine technologies. Exploring new avenues of disruptive mobility - beyond aviation - with Zeleros forms part of the company's sustainability and innovation efforts, aligned with its plans to decarbonise aviation.



Hyperloop zero-emission transport infographic.

ITP Aero and Pratt & Whitney celebrate the 10th anniversary of their alliance

The first contract between ITP Aero and Pratt & Whitney was signed in 2012 and marked ITP Aero's entry into the single-aisle aircraft engine market, an important milestone in the company's customer diversification strategy. ITP Aero is currently a risk and revenue partner for the entire family of Pratt & Whitney's Geared Turbofan (GTF) engines, being responsible for the supply of Mid Turbine Frames (MTFs), (intermediate structure between the two turbine engines) Integrated Bladed Rotors (IBRs) (compressor discs with integrated blades) and Externals (external engine components that distribute fluids such as oil, fuel, or air).

The GTF is the quietest, greenest, and most efficient engine family for single-aisle aircraft.

With more than 1,300 aircraft and more than 15 million engine flight hours in service. In addition, the GTF engine family also offers cutting-edge sustainability features such as up to 75% reduction in noise emissions, up to 50% reduction in NOx emissions, and up to 20% reduction in CO₂ emissions.

Contract awarded to initiate next phase of the NGWS/FCAS programme

The new phase of the Future Combat Air System / New Generation Weapon System (FCAS/NGWS) programme was launched at the end of 2022 following the award of the contract to the participating nations (Spain, Germany, and France). Phase 1B, encompassing 2023-2026, will be funded with €3,000 million and will serve to develop and validate the concepts and technologies for FCAS/NGWS. The first flight demonstration is planned for 2028, with the system entering service in 2040.

ITP Aero is the Spanish national leader of the engine pillar that will power the new NGF (New Generation Fighter) aircraft within the FCAS/NGWS programme. It is responsible for the technological development of the low-pressure turbine, the outlet nozzle and the engine's heat exchangers, besides playing a key role in the architecture and integration of the engine, being responsible for configuration control and the planning and management of the engine's life limits (Life Management Plan). This is a strategic project for ITP Aero, which opens up a stage of intense research and developmental work in new generation technologies.

In addition, ITP Aero represents the interests of the Spanish industry in the engine pillar, promoting the participation of relevant companies in the sector, as well as research centres and universities.

50th anniversary of the ITP Aero Ajalvir plant

In 2022, the company celebrated the 50th anniversary of its Ajalvir* plant, an iconic centre for Spanish aviation maintenance.



Institutional event chaired by the Secretary of State for Defence, Amparo Valcarce.

The growth of this plant has been based on servicing most of the aircraft engines of the Spanish Armed Forces and, in civil aviation, on the assembly of the turbines for the engines that power more than half of the world's twin-aisle aircraft.

Both milestones are a true reflection of the skills, quality employment of the more than 500 people who work in Ajalvir and the knowledge that these facilities house.

To celebrate this milestone, the company organised an institutional event chaired by the Secretary of State for Defence, Amparo Valcarce, as well as an Open Day for employees and families, attended by more than 1,800 people.

1.5. Awards and certificates

ITP Aero received the Retina Eco 2022 award, promoted by the Prisa Group and Capgemini, in the Smart Mobility category for the development of the UltraFan IPT Turbine.



Carlos Alzola receives the award from her Majesty Queen Letizia.

ITP Aero, the first Spanish aeronautical manufacturer to be certified by AENOR in Compliance.



The company received the Euskalit Quality Innovation Award (QIA) in the circular economy category for the UltraFan® IPT Turbine.



ITP Aero was awarded for its project "Development of a High-Performance Culture".



ITP Aero received the Netapp Award, in the Evolution category, for the storage, information safeguarding, and data protection solution project called Rubrik.



*The Ajalvir plant was inaugurated in 1972 as part of the Empresa Nacional de Motores de Aviación S.A. (ENMASA). After being owned by CASA, it was acquired in 1990 by ITP Aero, following the company's foundation in 1989.



02

ESG

- 2.1. ESG Commitment**
- 2.2. Materiality Analysis**
- 2.3. E - Environmental and climate change**
- 2.4. S - Social**
- 2.5. G - Governance**

2.1. ESG Commitment

ESG (Environmental, Social and Governance) refers to the elements that make a company sustainable through its environmental, social, and good governance commitment. In the ITP2025 current Strategic Plan, the company firmly embodies and integrates its commitment to sustainable development, considering ESG as an element of the company’s strategic positioning and in line with the company’s Purpose of “**Developing technology to drive change in the aerospace sector towards sustainable mobility**”.

During 2022, the Executive Committee, with the support of the Board of Directors, launched a multidisciplinary ESG working group to develop a comprehensive action plan for the development of the ESG strategy.

A sustainability assessment, based on recognised sectoral standards, was launched to evaluate environmental aspects of both operations and products, human resources, health and safety, human rights, sustainable contracting, ethics, and information security.

The working group defined an ESG model for ITP Aero and conducted a materiality matrix analysis in which all key stakeholders were consulted.

ESG Elements and Sustainable Development Goals

During 2022, the definition of the ESG model was developed in 6 pillars: products, operations, supply chain, local communities, people, and governance, and the 15 representative elements for ITP Aero related to environment, social and governance.

Additionally, in line with the company’s commitment to the 2030 Agenda, 13 of the 17 Sustainable Development Goals were identified in which ITP Aero is committed to work on.

The ESG elements and the 13 SDGs are shown below:



2.2. Materiality analysis

The economic, social environmental and governance context, where sustainability challenges are ever-increasing, coupled with the diversity of the stakeholders, results in factors that need to be prioritised according to their relevance.

In this context, the material ESG elements of ITP Aero have been identified and the results achieved support the preparation of this report.

An issue is considered material when it impacts decision-making, actions and performance of an organisation and its stakeholders. For the development of the materiality analysis, the relevance of ESG elements for stakeholders is taken into account, as well as their relevance for ITP Aero.

To this end, during 2022 an ESG consultation was launched with the most relevant stakeholders for ITP Aero: shareholders, customers, employees, local government bodies, business associations, general public, universities, technology centres, suppliers, trade unions and subcontracted personnel.

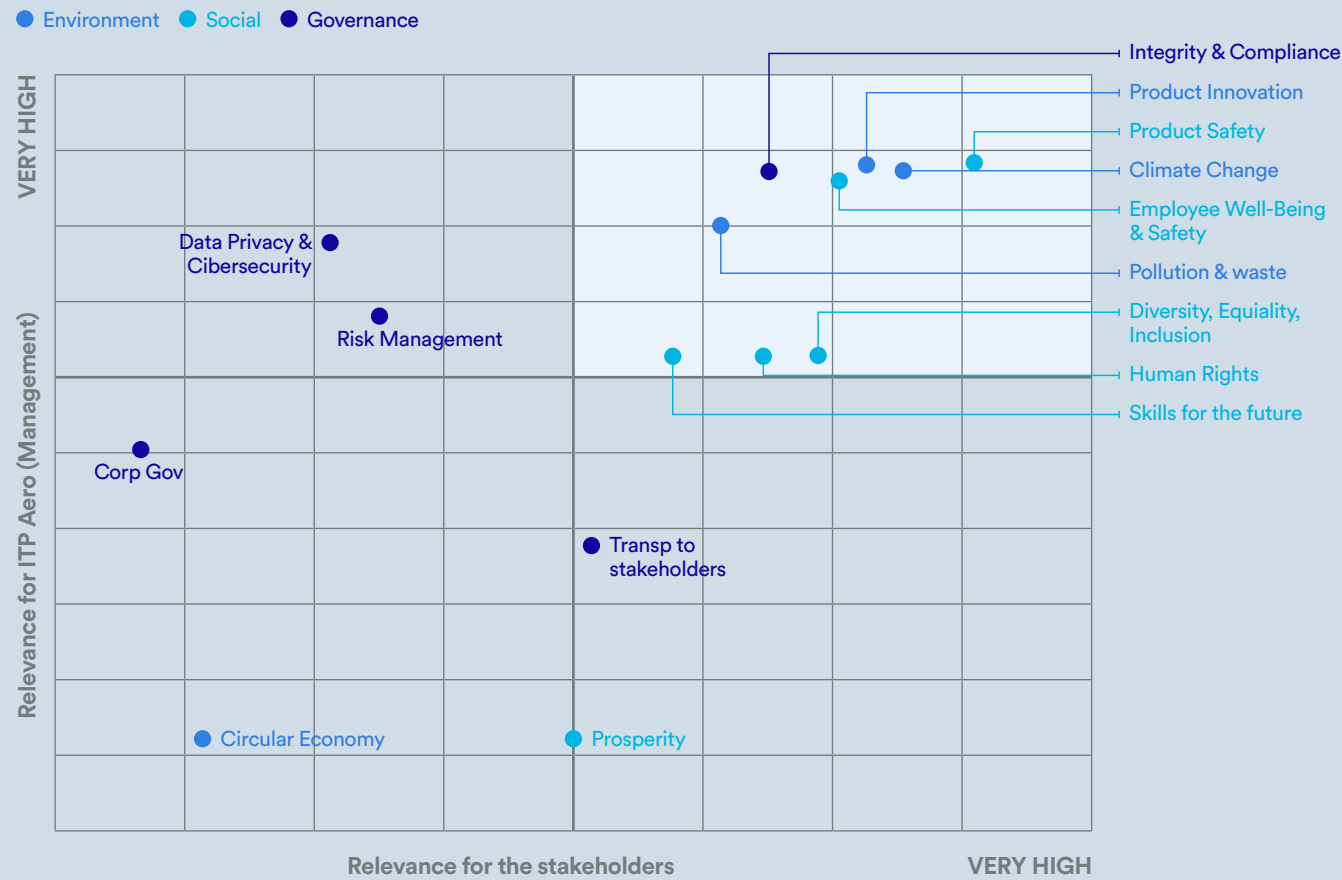
The consultation consisted of a survey to measure the degree of relevance of the 15 aspects of the ESG model for each stakeholder group. It had a global scope and an invitation to participate was sent to the entire ITP Aero workforce and to all employee representatives; and a representative sample was selected from the rest of the stakeholders. Additionally, the survey was made available on the ITP Aero website to invite the general public to participate. A total of 1449 responses were received.

On the other hand, to determine the relevance of the ESG elements for ITP Aero, the same survey was conducted to integrate the opinion of the company's management.

each stakeholder, the opinion of ITP Aero's management, as well as an ESG materiality analysis exercise in the sector.

The final results on the materiality of the elements were obtained taking into account the opinion of

The conclusions of the materiality analysis reached for ITP Aero are presented visually on two axes in the materiality matrix.



The most material ESG elements for both ITP Aero and stakeholders are 9 out of 15 elements: product safety; climate change; product innovation; employee safety and wellbeing; integrity and compliance; pollution and waste; diversity, equality and inclusion; human rights; and skills for the future.

Of the 15 ESG Elements, information relating to 2022 is provided throughout this report:

Elementos ESG	Sección
Climate change	2.3.1. The challenge of decarbonisation 2.3.2. Impact of our products 2.3.3. Impact of our operations 2.4.4. Supply chain
Pollution and waste	2.3.3. Impact of our operations
Circular economy	2.3.3. Impact of our operations
Product innovation	2.3.1. The challenge of decarbonisation 2.3.2. Impact of our products
Product safety	2.4.5. Product quality and safety
Prosperity	2.4.6. Impact on the communities where we operate 2.5.4. Fiscal transparency 2.4.1. Our People 2.4.4. Supply chain
Human rights	2.5.2. Ethics and compliance 2.4.1. Our People 2.4.3. Labour Relations 2.4.4. Supply chain
Employee safety and wellbeing	2.4.1. Our People 2.4.2. Health and Safety 2.5.2. Ethics and compliance
Diversity, equality and inclusion	2.4.1. Our People 2.5.2. Ethics and compliance 2.4.6. Impact on the communities where we operate
Skills for the future	2.4.1. Our People 2.4.6. Impact on the communities where we operate
Corporate governance	2.5.1. Governing bodies
Integrity and compliance	2.5.2. Ethics and compliance
Risk management	2.5.2. Ethics and compliance 2.5.5. Non-financial risk management system
Transparency with stakeholders	2.5.3. Transparency with stakeholders
Privacy and information security	2.5.6. Information security/Cybersecurity

2.3. E - Environmental and climate change

2.3.1. The challenge of decarbonisation

The United Nations Climate Change Conference held in Paris in 2015 (COP21) established an agreement adopted by 196 countries with the aim of limiting global warming to 1.5 degrees Celsius compared to pre-industrial levels. In 2021, the Annual General Meeting of the International Air Transport Association (IATA) passed a resolution to achieve zero net CO₂ emissions by 2050, a commitment by the air transport industry in line with the objective of the Paris Agreement.

Likewise, the European Union has developed a long-term strategic vision to achieve a zero detrimental impact on the global climate by 2050. The development of this vision is achieved through various decarbonisation initiatives in the EU and in the aviation sector.

The challenges set out are significant, and success will only be achieved by developing evolutionary and disruptive technologies through a sectoral approach based on public-private collaboration.

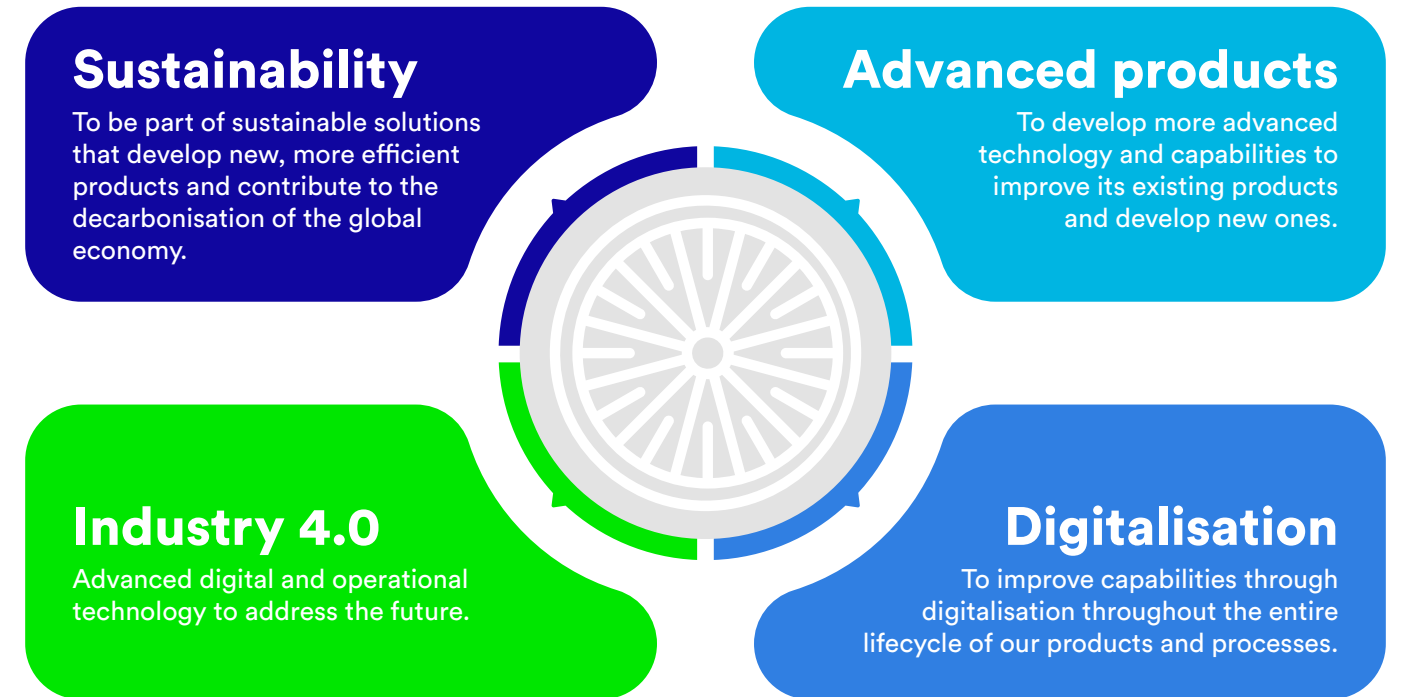
The aeronautical sector is strategic due to its importance for society and the economy, generating economic growth, contributing to competitiveness and being a generator of high technology. Technological progress in commercial aviation to date has been very significant and has always focused on reducing fuel consumption and CO₂, pollutant and noise emissions. Since the 1960s, fuel consumption per aircraft passenger has been reduced by 80% (50% engine, 30% aircraft).

The latest market studies (Global Market Forecast 2022-2041 Airbus) reflect an expected demand for passenger and cargo traffic of almost 40,000 aircraft over the next 20 years, showing an increase in fleet renewal in the short term, compared to previous market studies, because of the demands in fuel consumption reduction and commitments to sustainability (currently 20% of the fleet is of the latest generation).

2.3.2. The impact of our products

- ITP Aero, in the race for the sustainable engines of the future

ITP Aero is a global leading company in the aeronautical industry, committed to decarbonising aviation. In order to do so, the company focuses on developing proprietary technologies through four main pillars:



In this way, ITP Aero promotes its technology with an impact on sustainable development and seeks to play a leading role towards an aviation industry with net zero carbon emissions. As part of this commitment, ITP Aero joined the UN Race to Zero programme in 2021, becoming the first Spanish aeronautical company to commit to achieving net zero carbon emissions by 2050.



Plantation of 50 trees to celebrate the 50th anniversary of ITP Aero's plant in Ajalvir.

• Innovation

ITP Aero maintains a strong commitment to R&D&I, to which it has allocated more than 420 million euros in the last decade -nearly 8% of its total income- and which has positioned it as the leading Spanish aerospace company in R&D investment. This commitment, which resulted in 60.32 million euros earmarked for R&D&I in 2022, is channelled through a two-pronged strategy for developing its own technology:

- **In the short term**, it focuses on **new engine architectures** to reduce the environmental impact of air transport, which include gearboxes for optimal operation of all components and allow the inclusion of **sustainable fuels** that can reduce CO₂ emissions by up to 40%.
- **In the medium term**, it is investing in technology that will lay the foundations for **hybrid-electric and hydrogen propulsion**, with the challenge of minimising the impact of transport systems.

• Public-private R&D projects

Public-private collaboration is essential to develop the disruptive technology needed to achieve the decarbonisation of the aeronautical sector.

The company receives grants in Spain and in 2022 received **€2.7m** (in 2021 €2.3m). At the same time, in 2022 it submitted and was awarded important R&D projects for the main European, national (Spain, United Kingdom) and regional (Basque Country) calls for proposals that will translate into public aid over the coming years.

European projects

As a founding member of the Clean Aviation programme, ITP Aero has positioned itself as a driving force in the development for more sustainable solutions, aimed at developing ultra-efficient engines and laying the foundations for hybrid-electric and hydrogen-based propulsion systems.

Based on the objectives of the European Green Deal, Clean Aviation has set the following general objectives for the air transport sector:

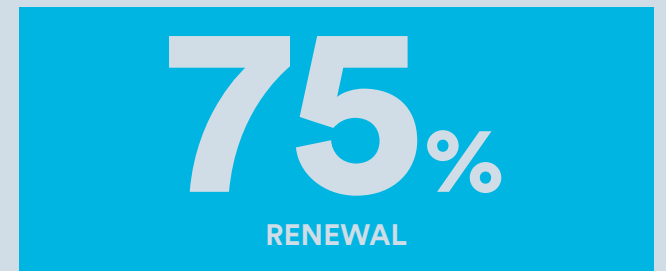
- 55% reduction of net GHG emissions by 2030 (ref. 1990).
- Establishment of a roadmap to achieve emission neutrality in air transport by 2050.

To this end, the following specific objectives have been defined:

- Develop technology with the potential to achieve a 30% reduction in GHG emissions by 2030 (with reference to the state of technology in 2020).
- Launch of new products and services by 2035, to achieve 75% fleet renewal in service by 2050 to achieve climate neutrality.

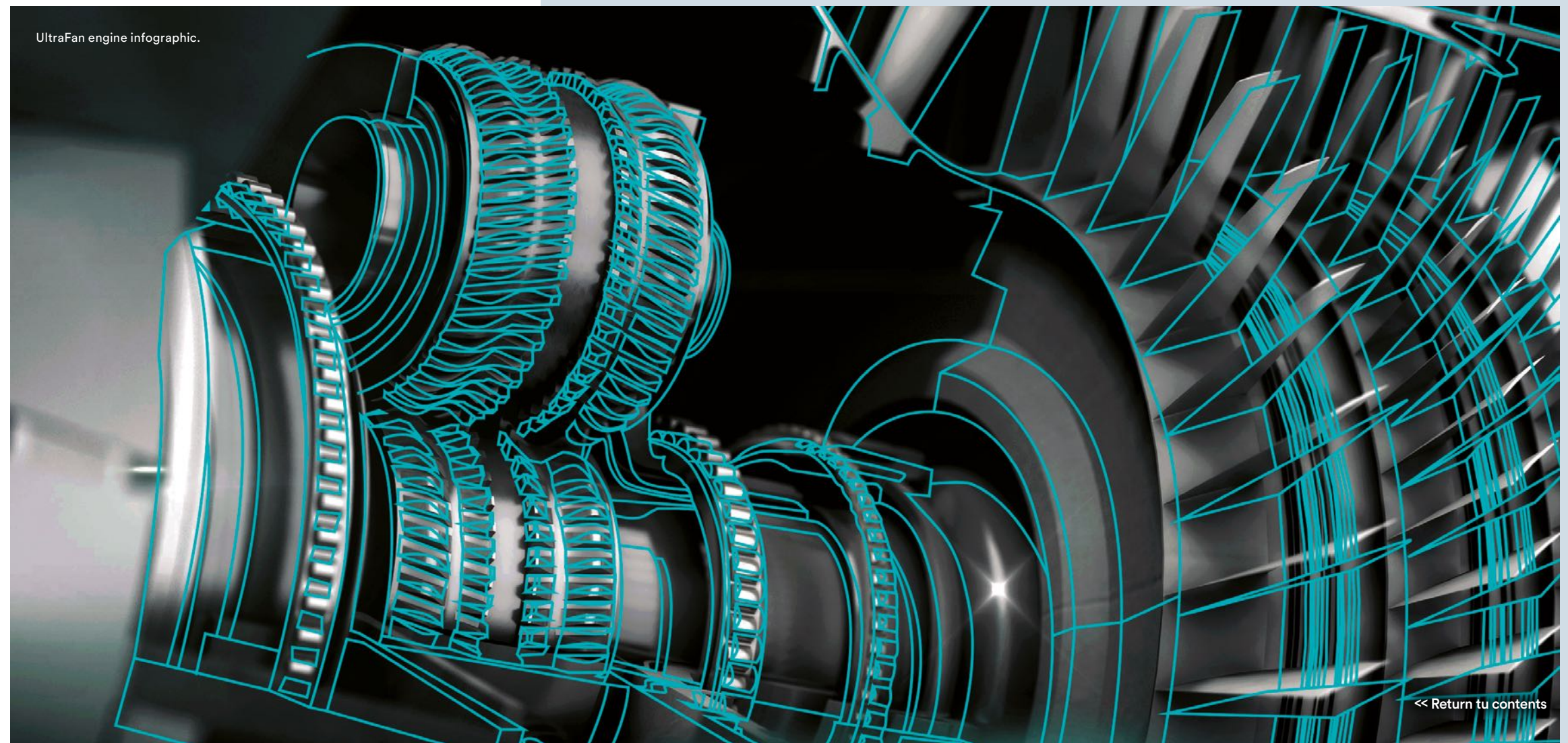


GHG emissions by 2030



fleet in service by 2050

During 2022, ITP Aero has embarked on new projects to develop electrification technologies and the use of hydrogen in aircraft, acting as a catalyst and integrator company for the development of new propulsion systems with CO₂ neutral operation.





The Clean Aviation 2022 projects in which ITP Aero is involved are:

- **HEAVEN** for the development of new SMR (Small-Medium Range) aircraft architectures. ITP Aero is involved in the development of the engine's intermediate turbine.

The environmental objectives set out in this project are:

- Reduction of fuel consumption (and thus GHG emissions) by 30% at aircraft level. Of this total, the propulsion technology developed in the project will directly assume 20% (with reference to the state of technology in 2020).
- The propulsion technology will be 100% compatible with sustainable fuels (SAF) and will be available for entry into service in 2035.
- A roadmap will be drawn up to implement hydrogen as a future fuel.

The emitted noise level will be kept below the foreseeable future regulation, including potential for improvement.

- **THEMA4ERa**: to achieve thermal management solutions for hybrid-electric regional aircraft applications. ITP Aero is involved in the design and validation of an advanced heat exchanger.

The environmental objectives set out in this project are:

- 50% reduction in fuel consumption at aircraft level, with an overall penalty in weight less than 30% (with reference to the state of technology in 2020).
- Thermal control technology suitable for the future use of hydrogen as a fuel.
- Establish a roadmap for demonstration of the prototype by 2027 and entry into service by 2035.
- **CAVENDISH**: for the study of aviation engine combustion. ITP Aero is involved in the conceptual design of a hydrogen preheating system for a hydrogen burning gas turbine.

The environmental objectives set out in this project are:

- Developing technologies for the use of cryogenic hydrogen as a fuel in aeronautical engines. The use of hydrogen will eliminate CO₂ emissions completely and most of the non-volatile particles from the combustion process. In combination with obtaining a CO₂-free process, the complete decarbonisation of air transport will be achieved.
- Development of fuel supply, injection, and combustion systems. Modelling and simulation of the processes to ensure their control, safety, and reduction of NOx emissions.
- Carrying out a ground test using an existing adapted engine.
- Elaboration of a roadmap for technology development at engine, system and critical component level up to 2030.

At the European level, the ENGRT project of the European Defence Funds (EDF), in which ITP Aero participates and which focuses on the new generation of defence helicopters, is also worth mentioning.

National projects

In Spain, the **PTA (acronym in Spanish) (Aeronautical Technological Programme)**, a CDTI proposal call - an entity dependant on the Ministry of Science and Innovation - is the most important funding mechanism for the aeronautical sector. Its objective is to finance highly technological and R&D-intensive initiatives that contribute to developing the technologies of the future of the aviation sector.

ITP Aero is leading the consortia for the following two projects:

- **APERTURAS**: This project consists of the development of electric propulsion demonstrator systems for various urban mobility, intercity and regional aviation applications.
- **CRIPICOM**: A project focused on developing enabling technologies for the use of hydrogen in aircraft propulsion.

In the UK, ITP Aero is working with ATI (Aerospace Technology Institute) and is involved in their **RACHEL** project to develop hydrogen-powered engine architectures. This is an important milestone as it is ITP Aero's first public-private R&D collaborative project in the UK.

Basque Projects

Hazitek is the support programme for business R&D in the Basque Country, managed by SPRI (acronym in Spanish), an entity of the Basque Government's Department of Economic Development, Sustainability and Environment.

ITP Aero has participated in Hazitek proposal calls for 2020, 2021 and 2022.

In the 2022 proposal call, ITP Aero is leading two projects:

- **PRELUDIO**: for the development of electric propulsion systems for aircraft.
- **FIDATU**: for research in digital technologies and artificial intelligence as key elements for the decarbonisation of aviation.

Trade associations

ITP Aero is a member of various associations that promote the development of knowledge and technology in the industrial and aerospace sector. This participation allows it to position itself as a leading company, exerting a pull effect on the local supply chain, universities and technology centres. Likewise, through these associations, the company seeks cooperation and collaboration with strategic partners, and promotes its general interests in regulatory forums (administrations), both national and international.

ITP Aero is a member of the following trade associations:

In Spain:

- Partner and member of the Board of Directors of **TEDAE (Spanish Association for Defence, Security, Aeronautics and Space Technologies)**, which works to give visibility to the industrial sectors it integrates and to support Spain's economic growth.
- Founding member of the **Aeronautics and Space Cluster of the Basque Country (HEGAN)**, an association that brings together the Basque aeronautics and space sector, facilitating its competitiveness through cooperation and innovation among companies and other agents.
- Founding partner and member of the **Board of Directors of Innobasque, the Basque Innovation Agency**, which develops collaborations in innovation, internationalisation, and R&D.
- Also in 2022, ITP Aero joined **BAIC (Basque Artificial Intelligence Center)** to accelerate the integration of artificial intelligence in Basque industry.

In Europe:

- In 2022, ITP Aero joined the European initiative **AZEA (Alliance for Zero-Emission Aviation)** to prepare the ecosystem for hybrid-electric and hydrogen-powered aircraft.

In the UK:

- **AGP, Aerospace Growth Partnership**, an association that plays a linking role between the government and industry in the UK.
- At the end of 2022, the company became a member of the **Aerospace, Defence, Security and Space (ADS) Group**, the UK's leading association in the sector.

In Mexico:

- **Aerocluster of Querétaro**, an organisation for the development of the aerospace industry in the state of Querétaro.
- **Mexican Federation of the Aerospace Industry (FEMIA)**.

In the USA

- **American Institute of Aeronautics and Astronautics, AIAA**, the world's largest aerospace technical society.

• Strategic partners for innovation

ITP Aero has positioned itself as one of the driving forces behind the search for more sustainable solutions, aimed at developing ultra-efficient engines and laying the foundations for hybrid-electric and hydrogen-based propulsion systems. To this end, it has developed a strong network of collaboration with strategic technology centres for the industry and likewise promotes the creation of joint R&D centres with universities with the aim of developing advanced technologies for aeronautical engines.

Joint R&D&I centres

- **The Centre for Advanced Aeronautical Manufacturing (CFAA-acronym in Spanish)** led by ITP Aero and Danobat with the participation of more than 100 companies from the aeronautical sector, the Provincial Council of Biscay, the Basque Government, the University of the Basque Country (UPV-EHU) and the Biscay Technology Park. It is a public-private collaboration focused on improving industrial processes and advanced machinery in aeronautical manufacturing.
- **The Centre for Aeronautical Technologies (CTA-acronym in Spanish)**, Biscay: aerospace research laboratory specialising in fluid dynamic testing. ITP Aero collaborates with the CTA on several proprietary technology development projects.
- **The Laboratory for the Research of Fluid Dynamics in Turbomachinery (LIFT- acronym in Spanish)**, Madrid, is a technology centre created in collaboration with the Polytechnic Universidad of Madrid to carry out aerodynamic tests on turbomachinery.

Technology Centres and Universities

The company supports the activities of the technology centres with which it collaborates as they specialise in key technologies, thus creating a relationship that promotes the consolidation of industrial framework and more efficient investment in R&D&I.

- **The Centre for Technical Study and Research (CEIT-Spanish acronym), Donostia (San Sebastian):** collaboration in projects for the development of advanced mechanical technologies for aviation.
- **Madrid Institute for Advanced Material Studies (IMDEA de Materiales -Spanish acronym).**
- **Madrid Polytechnic University (UPM - Spanish acronym):** in the field of aeronautics, collaboration in fluid dynamic and simulation technologies for turbines and compressors.
- **Mondragon University:** research in manufacturing technologies.
- **University of the Basque Country (UPV-EHU-Spanish acronym):** collaboration in manufacturing technology development.
- **Barcelona Supercomputing Centre (BSC):** collaboration in supercomputing and high-fidelity simulations.
- **IDEKO:** collaboration in digitalisation of advanced manufacturing systems.
- **Tecnia:** collaboration in the development of advanced aeronautical materials and control systems.

New technology alliances in the UK

It is worth highlighting that at the end of 2022 the company announced alliances with four technology and research centres to help drive its commitment towards innovation and growth in the UK:

- **AFRC:** The Advanced Forming Research Centre at The University of Strathclyde in Glasgow.
- **AMRC:** The Advanced Manufacturing Research Centre at The University of Sheffield.
- **MTC:** The Manufacturing Technology Centre in Ansty Park, Coventry.
- **TWI:** The Welding Institute in Cambridge.

2.3.3. The impact of our operations

In addition to taking into account environmental criteria for the design of its products, ITP Aero focuses on reducing the environmental impact in all its operations through an environmental culture within the organisation and its processes.

To carry out this work, ITP Aero has an environmental management system based on a continuous improvement cycle: planning, development, verification and action. In other words, the company tries to apply this improvement to all stages of the production chain, thus achieving a more sustainable circular economy.

The company boasts an environmental management certification in accordance with the UNE-EN ISO 14001:2015 standard at all its work centres in Spain, Mexico, the United Kingdom and India. Likewise, the Spanish centres in Zamudio, Ajalvir, Alcobendas and Barakaldo have EMAS registration, the highest level of environmental management.

The cornerstone of this environmental management system is the environmental policy, through which the company strives to be recognised for environmental excellence in all its activities, products and services. In the same way, this responsibility is assumed, both personally and collectively, with customers, suppliers, contractors and joint ventures to prevent or minimise any negative impact on the environment.

In previous years (2020 and 2021), the financial guarantee declaration required by Law 26/2007 on Environmental Responsibility for the Zamudio and Ajalvir plants was submitted to the corresponding administrations on the basis of an ad hoc risk analysis. These declarations remain in force without any subsequent update having been necessary.

ITP Aero applies the precautionary principle and has civil and environmental liability insurance to mitigate the consequences of any incident that may arise from its activities.

For the proper implementation and development of the environmental management system, ITP Aero has a total of 10 people (direct and indirect personnel) fully dedicated, as well as other professionals who deal partially and indirectly with environmental issues, especially in waste management operations.

During 2022, environmental improvements have been achieved due to the implementation of objectives related to energy, waste and CO₂.

The company is also aware of the importance of a culture of sustainability. Therefore, in 2022 a training course was launched with content on the prevention of environmental impact in relation to waste generation and disposal, optimisation of the use of resources, prevention of accidents with environmental impact, etc. The course was taken by more than 90% of ITP Aero employees.



ITP Aero's engineering team in Hucknall hosts AMRC team from the University of Sheffield.

• Sustainable use of resources

**From now on, all the information provided focuses on ITP Aero's facilities in Spain, Mexico, and the United Kingdom, except for energy consumption and emissions, where information is also reported for the company's centres in Malta and India. The facilities in Malta and India are outside the scope of this environmental section, not having a material volume from the point of view of their production size, their environmental impact and the number of employees (totalling not more than 5% of the company's total).*

Based on our environmental policy, ITP Aero is committed to the responsible use of resources (water, energy, raw and auxiliary materials...) in all our operations, applying the principle of continuous improvement at all stages of the production chain.

Water

In 2022, there has been an overall increase in water consumption of 12%, due to the increase in production and the integration of the Hucknall production plant into the company. Water consumption at the facilities in Spain and the United Kingdom comes from the municipal water supply network and is used mainly for production processes, and to a lesser extent for sanitary and office use.

At the Zamudio plant, an 11% reduction in water consumption has been achieved thanks to improved leakage control.

Significantly, a new water treatment plant was commissioned at the Mexico facility at the end of 2022 and is expected to be fully operational by 2023. This plant will enable more efficient water consumption.

	Water consumption (m ³)								
	2020			2021			2022		
Source of extraction	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Main water supply	98,981	0	2,856	118,129	0	30,413	118,320	0	43,247
Water from wells	0	37,900	0	0	21,456	0	0	29,621	0
TOTAL	98,981	37,900	2,856	118,129	21,456	30,413	118,320	29,621	43,247

Raw materials

As mentioned above, ITP Aero applies the principle of continuous improvement in the consumption of raw materials in order to make responsible use of them. Accordingly, the company has worked on optimising the use of material resources in all phases of the value chain and the recovery of materials through R&D&I activities.

Depending on the activity of each work centre, the consumption needs for raw and auxiliary materials vary. The facilities in Spain mainly consume molten materials, forgings, tubes, oils and lubricants. In Mexico, on the other hand, the consumption of oils and chemical products is significant, as well as aluminium oxide and industrial acetone. In the United Kingdom, on the other hand, the main consumption of auxiliary materials is that of acids.

	Quantity			Units
	2020	2021	2022	
SPAIN				
Production material	1,498	875	1,127	tn
Production material (tubes)	94,526	147,074	176,980	units
Consumables and supplies	1,958	1,272	1,646	tn
MEXICO				
Production material	162	387	637	tn
Dielectric oils	1,600	5,000	6,400	Litres
Consumables and supplies	1.20	48	44	tn
UNITED KINGDOM				
Production material	37	24	1,177	tn
Production material (units)	0	0	22,566	units
Consumables and supplies	18	17	17	tn

Energy

During the 2022 financial year, energy consumption grew by 24% due to the increase in production. However, on a global level, it should be noted that 98% of the electricity consumed is of renewable origin (vs. 75% in 2021). Specifically, of the total electricity consumed, a total of 79,204,191 KWh of renewable energy was used in 2022 (in 2021 49,022,488 KWh).

In the facilities located in Spain and the United Kingdom, the main energy consumption comes from natural gas and electricity. In Mexico, however, only electrical energy is consumed (the use of natural gas has ceased following the complete refurbishment of the canteen and the replacement of gas equipment with low consumption electrical equipment).

In parallel, the following measures have generated an estimated saving of 3% in electricity in 2022:

- In all plants in Spain, the air-conditioning of the buildings has been adjusted according to energy efficiency and regulatory criteria.

- The Barakaldo plant has installed an integral waste energy recovery system that uses surplus heat from part of the plant and transfers it to other parts in need. The recovered heat, collected, for example, from the atmospheric emissions of the furnaces, is used in the heating of the workshop and office areas, in sanitary hot water or in the air conditioning of certain production sections, among others. In addition, as the supply and demand for recovered energy fluctuates, a geothermal exchange system has been incorporated that stores the heat in the subsoil of the ground, so that it can be recovered when necessary.
- Energy monitoring systems have also been implemented at the Barakaldo plant and presence detectors and use of natural light have been installed.
- Change of lighting (power adjustments, increase in lux and replacement of luminaires with LED technology) at the Zamudio and ITA plants.
- Replacement of compressors and control of machinery start/stop times, lighting, intensity of equipment in Zamudio and Sestao.

• **Biodiversity**

ITP Aero’s facilities situated in Spain are not located in areas of protected biodiversity. Neither are the areas near to these plants. At the Zamudio production plant there is an oak grove that is maintained and preserved in terms of its initial use and characteristics and is used as a rest area for employees.

In 2022, to commemorate the 50th anniversary of the Ajalvir factory, an open day was held in which employees and their families planted 50 trees. The trees, 10 holm oaks, 10 olive trees, 5 oaks, 9 fir trees, 4 arbutus trees, 12 tamarisk trees, are non-invasive native species that do not require increased water stress through spraying and, in turn, protect the outside of the factory from noise and improve the visual impact.

SOURCE OF ENERGY	Energy consumption (kWh)					
	2022					
	Spain	Mexico	United Kingdom	India	Malta	TOTAL
Natural gas + Kerosene	21,906,664	6,640,752	9,105,427	24,126	96,159	37,773,128
Electricity	49,687,794	9,236,170	21,706,385	716,766	199,270	81,546,385
TOTAL	71,594,458	15,876,922	30,811,812	740,892	295,429	119,319,513



ITP Aero facilities in Hucknall (United Kingdom).

• **Waste**

ITP Aero has an environmental strategy for waste management, based on the principles of the circular economy, which minimises the potential impact of its activity. To this end, the company segregates the waste from each work centre at source and delivers it to authorised waste managers who certify appropriate and specific treatment according to its nature, prioritising the reuse of materials.

The main waste generated as a result of the company’s activity is waste from the component machining process and waste from packaging: wood, cardboard and plastic. To a lesser extent, waste of a similar nature to urban waste is also generated, the origin of which comes from the office and rest areas of the work centres.

At group level, it should be mentioned that there was an 11% increase in total waste generated compared to 2021, due to the increase in activity following the pandemic and the incorporation of the new Hucknall production plant.

In 2022, 14% of the waste was sent to landfill. However, it should be noted that in the UK plants and in the Zamudio and Sestao plants in Spain, no waste was sent to landfill.

Finally, it should be noted that ITP Aero has not developed any actions or measures to tackle food waste, as its sector of activity does not generate a significant amount of this.

Type	Waste generated (T)								
	2020			2021			2022		
	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Hazardous waste	1,002	187	83	880	185	572	842	170	367
Non-hazardous waste	2,795	165	10	1623	165	424	2,122	331	470
TOTAL	3,797	352	93	2,503	350	997	2,964	501	837

• **Waste spills**

ITP Aero generates sanitary and industrial waste spills. The latter are discharged into a separate network to the municipal sewage network. Prior to discharge, the water passes through depuration systems to ensure compliance with the waste parameters of the sewage systems.

In 2021, the Bilbao Biscay Water Consortium gave the go-ahead to reduce the frequency of periodic analyses at the Zamudio facilities due to previous good results. This situation is still in place today.

Efforts have been made to reduce the pollution load of waste on several fronts:

- Improvement of the neutralisation equipment at the Zamudio facilities to optimise the dosage of reagents.
- The demineralised water treatment lines favour the depuration of wastewater for reuse using the same process or recharging/regeneration of the tanks at the Ajalvir plant.
- Upgrading of the industrial treatment plant and 2 biological treatment plants at the Ajalvir plant in order to remove chromium from the water.

In 2022, a sanctioning procedure was received from the Department of Sustainability and Natural Environment of the Provincial Council of Biscay for alleged "Hydrocarbon spillage into the river Danoz, in the municipality of Zamudio" in 2019. The company appealed, but the appeal was not accepted and, as a result, a penalty of €3,000 was paid.

• Emissions

Reducing the impact on global greenhouse gas emissions, reducing noise levels, and improving local air quality are the three main environmental objectives set by the International Civil Aviation Organisation. ITP Aero's contribution to the achievement of these objectives is based on the application of continuous improvement and the definition of control parameters for all the environmental aspects derived from its activity.

Atmospheric emissions

All the emission sources in the different plants have control systems to reduce the environmental impact and ensure legal compliance at all times.

In addition, all the group's plants with emission sources have an accredited control body, which carries out periodic measurements to ensure the levels of atmospheric emissions generated by the production processes.

Ozone layer and greenhouse gas emissions

As mentioned before, in 2021, ITP Aero joined the UN's "Race to Zero" campaign through the "Business Ambition to 1.5°C" programme, committing to be a net zero carbon company by 2050.

ITP Aero is thus committed to reducing greenhouse gas (GHG) emissions by setting measurable, science-based reduction objectives, in line with limiting global warming to a maximum of 1.5°C. This commitment is in line with the Science Based Targets initiative (SBTi) and the company will submit its targets for approval by the end of 2023.

It aims to develop the established objectives following criteria, recommendations and guidelines aligned with the GHG inventories of scope 1, 2 and 3 of GHG Protocol (GHG Protocol Corporate Standard and Corporate Value Chain Accounting and Reporting Standard, respectively) and with the requirements of the SBTi emissions inventory.

Therefore, the inventory of ITP Aero's GHG emissions has been carried out in accordance with the standards mentioned above. The scope of the inventory includes all the plants of the ITP Aero group (Spain, Mexico, United Kingdom, India and Malta). The baseline inventory has been carried out taking into account 2019 as the base year, as it is a representative year of activity before the Covid crisis.

The ITP Group's carbon footprint for the base year is 1.363 Mt, of which 8,139 t corresponds to Scope 1, 6,547 t to Scope 2 and approximately 1.349 Mt to Scope 3, mainly due to the product footprint.

The footprint calculation is carried out on an annual basis and includes both CO₂ emissions and other greenhouse gases emitted at ITP Aero sites.

Based on the results of the base year carbon footprint, an analysis has been carried out to prioritise the scope for emission reductions and the centres most likely to implement reduction measures in order to present targets for short- and long-term emission reductions.

Both the footprint result and the targets will be published by SBTi, and by ITP Aero based on the recommendations of the SBTi publication guidelines (Sustainability Report).

In the field of controlling and minimising emissions of substances that have an impact on the ozone layer, the company manages the use of refrigerants in air conditioning systems in accordance with environmental legislation. The use of refrigerants in ITP Aero's installations is carried out for the preventive maintenance of the equipment and, therefore, optimises its operation by increasing its efficiency.

To reduce greenhouse gas emissions, the company is working on a series of measures based on the targets set for CO₂ emissions generated from air conditioning, electricity, and engine testing.

Additionally, it should be noted that electric car chargers have been installed at the Albacete, Alcobendas, Ajalvir, Derio, Sestao and Zamudio centres. Similarly, in the United Kingdom, the company has launched a company vehicle leasing plan, through Octopus, which offers electric vehicles to the workforce.

	Greenhouse gas emissions (tCO ₂)					
	2020		2021		2022	
COUNTRY	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Spain	4,602	110	5,048	11,799	4,560	78
Mexico	140	1,891	45	332	1,977	345
United Kingdom	2	546	666	415	1,853	42
Malta					26	77
India					8	581
TOTAL	4,744	2,548	5,759	12,546	8,424	1,123

The Contract with the energy manager in Spain guarantees a 100% renewable energy supply (Class A green energy).



• Noise

ITP Aero carries out periodic measurements of the possible noise generated at its facilities, with excellent results. At the Zamudio plant, the low noise levels have made it possible to reduce the frequency of measurements required by the administration from three to five years.

Work is being done to reduce ITP's noise impact on the exterior through shielding systems such as the one recently incorporated at the Ajalvir plant, which reduces the impact of the test benches.

• Light pollution

Given the location and characteristics of the production activities carried out by ITP Aero, there is no significant impact in terms of light pollution.

2.4. S - Social

2.4.1. Our people

One of ITP Aero's strategic objectives revolves around its people, whose commitment and leadership are encouraged as a central element of the company.

The headcount on 31 December 2022 reached 4,493 employees, an increase of 8% compared to the pre-

vious year. This growth in headcount is explained by the increase in the workload resulting from the recovery of the aeronautical sector after the pandemic.



ITP Aero UK employees presenting the company capabilities.

In 2021, the workforce adjustment procedures resulting from the Covid-19 crisis came to an end and therefore in 2022 no workforce adjustment measures, or any of their alternatives, have been registered.

As part of the professional development process of our people, ITP promotes the mobility of workers to move to other work centres both within Spain and in other countries. At the end of December 2022 there were 45 mobile workers.

• Recruitment

ITP Aero prioritises quality in employment. In 2022, as in previous years, there is a predominance of permanent contracts (93%) compared to temporary contracts (7%) and most of these being full-time contracts (99%), with very few part-time contracts (1%).

Permanent contracts have grown by 4% compared to 2021. On the other hand, temporary contracts have increased by 88% compared to 2021. This is due to the restructuring adjustment, resulting from the pandemic, of employees with temporary contracts in 2020 and 2021. At the same time, in 2022 there were a significant number of new recruitments.

The evolution with respect to 2021 in terms of full-time or part-time contracts is positive, with an increase of 29% in full-time contracts and a reduction of 26% in part-time contracts. In relation to full-time temporary contracts, there has been a notable increase compared to the previous year, this is due to the growth of the company where the work philosophy is to start with a temporary contract and then subsequently change to a full-time contract.

In 2022 there have been 20 redundancies, compared to 97 redundancies in 2021. Of the redundancies in 2022, half correspond to the end of the restructuring process carried out after the Covid-19 crisis, which amounts to a reduction of 79%.

• Wage gap and average pay

It is worthy of mention that **the pay gap has been reduced at ITP Aero by 66% since 2020.**



ITP Aero's remuneration policy is applied objectively, with no influence whatsoever on gender and diversity issues. Remuneration is set primarily on the basis of the professional's qualifications, experience and responsibility according to the role in the organisation, as well as the level of contribution.

Average salary by gender (thousands of €)	2020	2021	2022	Delta
Women	39.5	40.2	43.5	8.2%
Men	41.8	41.0	44.2	7.7%
Gap	5.4%	2.1%	1.68%	

(*) The gap is calculated as follows:
 (Average pay for men - Average pay for women) / Average pay for men.
 During this financial year and for the correct interpretation of the pay gap obtained, the gap from previous years has been restated.

ITP Aero is committed to equality and fairness of pay for its employees and has calculated the 2022 pay gap between the average salary of women and men at 1.68% compared to 2.1% the previous year). Historically, ITP Aero has hired more men than women, so there is still a gap, with older employees earning higher salaries.

It is worth mentioning the significant reduction of the pay gap, in the period 2020 to 2022, from 5.4% to 1.68%. ITP Aero continues working to eliminate this gap.

• Work organisation

ITP Aero meets the needs of the work-life balance of its staff, with flexible working time tools that balance the needs of the company with the work-life balance of its employees.

The pattern of work organisation may vary depending on the country in which the work centre is located and the applicable collective agreement and labour laws. However, as a general rule, the number of annual hours is determined in collective agreements by negotiation with workers' representatives, where the different types of schedules are also established.

There are several working modalities: split working hours, continuous working hours on Fridays, and different schedules for shift workers. These shifts are established for productive, organisational, and technical reasons.

Depending on the country in which the work centre is located and the applicable collective agreement, there are different measures to improve work-life balance, including the following:

- Work schedules that favour work-life balance.
- Working time regulation agreement applicable to certain centres in Spain which allows flexibility in working hours, in an environment of self-regulation and trust. At present, ITP Aero does not have a formalised work disconnection policy.
- Flexible timetable for arrival at the workplace (1 to 2 hours depending on the workplace) for office work.
- Calendars with holidays preferably organised around the Christmas, Easter, and summer periods, as well as public holidays and long weekends.
- In 2022, a new hybrid working model was launched that provides for the possibility of working part-time from home in many functions of the company.

- In line with the company's values, this model promotes environments of trust among people and fosters their well-being by facilitating a balance between personal and professional life without losing focus on the fulfilment of service commitments.

Hybrid working model

In 2022, when the Covid-19 health situation made it possible, a new hybrid presental-remote working model was implemented.

This model allows office staff from different functions of the Company to voluntarily request to work from home 1 or 2 days a week.

In line with the company's values, this model promotes environments of trust and fosters people's well-being by facilitating work-life balance.

In addition to working from their usual homes, people who take advantage of this model can also "move" their office to a second residence, as long as it complies with the established safety and occupational risk prevention requirements.

ITP Aero provides the necessary computer equipment for those who choose to work away from their usual centre, laptop and screen.

Flexible working has become an important pillar of ITP Aero's culture which seeks to promote trusting environments based on people's responsibility and commitment.

This measure complements ITP Aero's strategic commitment to flexible working that the company has been promoting in recent years. In short, it is a question of valuing the multiple advantages offered by the presence and interaction in the different plants and offices, with the incorporation of new working models that are also possible.

This measure is the result of a process that began in 2021 when an international culture team made up of managers from different ITP Aero centres drew up a hybrid work policy in line with the value "We care for our people" and adapted to the company's industrial environment.

• Culture: Fostering the company's values

ITP Aero promotes a high-performance culture with new values and behaviours that mark the "personality" of the company and are mentioned at the beginning of this report.

The company seeks to foster a culture of high performance, understood as one in which great results are achieved in a sustainable manner and in a healthy working environment.

During 2022, various initiatives have been launched, worthy of mention being the deployment of the ITP leadership model in Spain, Mexico and the United Kingdom, the global REcognise awards to people who are a good example of our values and the implementation of the hybrid work model in the Company.

This comprehensive project for the development of a high-performance culture has been awarded as the best Human Resources practice by Cegos-Equipos & Talento for its transformational nature and its connection with the company's strategy. The jury highlighted the innovation of developing a leadership model based on trust, results and the development of people and the differentiating value of this being deployed through a network of internal ambassadors.

The ITP leadership model

The deployment of the ITP leadership model in 2022 has been the leveraged initiative to drive the high-performance culture.

After defining a common model throughout the company, 44 leaders from different areas were chosen to be Internal Ambassadors and trained to deploy it to all leaders in Spain, Mexico and the UK, reaching 671 people.

The deployment also sought to generate a complete learning experience, starting with an initial reflection exercise, followed by attendance at each of the three presental workshops, and completed with a proposal for an implementation plan to take forward into the day-to-day work of the teams.

The workshops were evaluated positively by the participants and six months later, the impact of what had been learnt was measured and 80% of the leaders in Spain and Mexico responded that they are applying what they have learnt in their day-to-day work with their teams. In the UK, the workshops have been completed in January 2023.

In addition to the workshop training, leaders have been provided with access to digital content to further strengthen their leadership.

Global awards for our values

Recognition is part of the high-performance culture at ITP Aero. Therefore, at the end of 2021, a global initiative, the REcognise awards, was launched to reward people who demonstrate good examples of the values in their day-to-day work.

All employees could participate by including their peer recognition and voting on the proposals of others.

In 2022, participation has been very positive, with 400 people recognised from all countries and 3,646 medals awarded. The Culture team, made up of people from different directorates and centres, is responsible for ensuring the smooth running of the process and the final selection of the 24 winners.

• **Employee engagement**

In October 2022, the global engagement survey "Building ITP Aero together" was launched to the entire ITP Aero workforce with the aim of listening to people's opinions on relevant aspects that make a difference in companies with a high-performance culture, specifically in three blocks: culture, sustainable engagement, and employee experience.

As of October 2022, a total of 2,836 people have participated in this new edition conducted entirely online in the five countries where ITP Aero is present; Spain, United Kingdom, Mexico, Malta and India.

- **Our culture:** Employees were asked about their perception of the four behaviours in their environment that are part of the company's culture to be promoted.
- **Sustainable engagement:** A good level of sustainable engagement speaks of an environment where people are committed to the company's goals and empowered to do their work well in a healthy environment.
- **Employee experience:** This measures 12 company dimensions considered key to delivering a differentiating experience.

• **The processes for developing talent at ITP Aero**

The objective of the process to develop people and teams at ITP Aero is to ensure that the defined strategic challenges are met, in a manner consistent with the values and culture, while maintaining safety at work.

The different talent sub-processes are aligned with ITP Aero's culture to ensure developmental environments for people: recruitment and onboarding, training, performance tracking and talent review.

In 2022, reporting and data analysis systems have been improved to measure and monitor key performance indicators.

Recruitment and Onboarding

Company-wide recruitment and onboarding processes are governed by the recruitment and selection policy, which ensures competency and values-based selection processes.

In 2022, a new corporate values-based interview model has been implemented, aligned with ITP Aero's culture, which seeks to determine how well a person matches the competencies required for each position, in an objective, robust and reliable manner, giving equal opportunities to all candidates.

ITP Aero encourages professional growth and mobility so that staff are satisfied with their professional lives. Office employees can proactively update their CV and indicate their career concerns at any time throughout the year. This information is visible both to their line manager and to the recruitment team who take these mobility wishes into account when filling internal vacancies.

A new campaign was launched in 2022 to encourage staff to update their CVs and more than 800 people have already done so in the Talent Management system.

Likewise, induction training has been standardised for all new recruits to ITP and includes the company's main corporate policies.

Performance

ITP Aero promotes frequent feedback between managers and employees to ensure good performance and to boost people's development.

Leaders and technicians:

In 2020, the performance evaluation process for leaders and technicians was transformed, evolving towards a monitoring model based on continuous feedback. This process is the lever to set clear expectations, well-defined roles, and responsibilities, and to frequently track the progress and contribution of each person in the team.

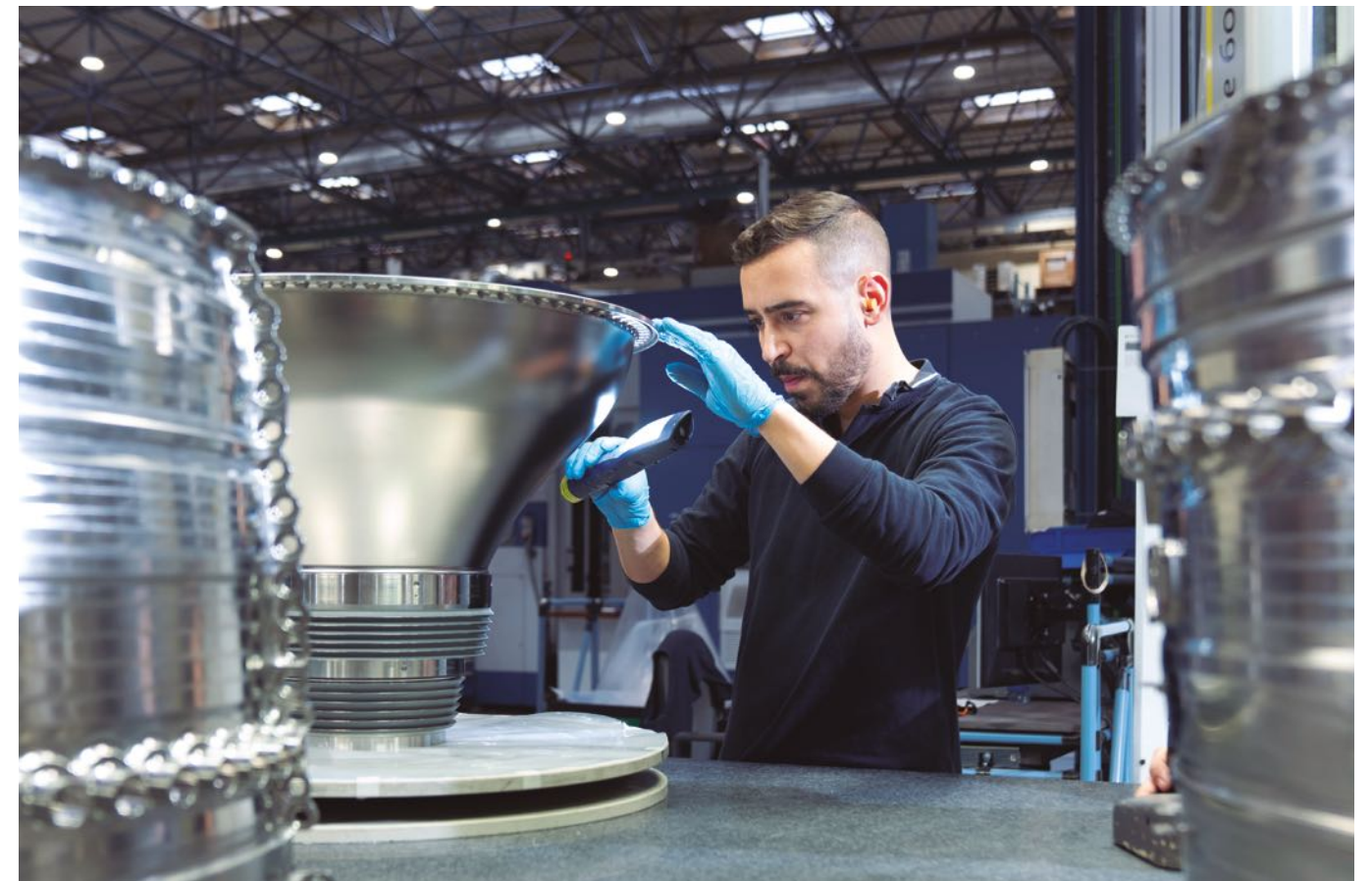
In 2022, this model has been implemented at the Hucnall plant, with an application to all leaders and technicians in Spain, Mexico, and the United Kingdom.

Likewise, throughout the year, webinars were organised on how to give and request feedback effectively, in which more than 500 people participated, thus improving the functionalities of the digital continuous feedback tools.

Additionally, at ITP Aero there is a 360° feedback process, which is voluntary and with questions based on our 3 pillars of leadership, with a clear focus on development. It currently applies to all leaders in Spain, Mexico, and the United Kingdom.

Workshops (direct staff)

The evaluation of categories in workshops is governed by the various collective agreements and plant and/or company agreements. These agreements have their regulatory bodies and monitoring mechanisms.



Training

At ITP Aero, each team leader ensures that their employees are adequately trained to carry out their roles in the company. Training needs can be met through a variety of actions: attending courses, participating in congresses, carrying out on-the-job training, self-learning or disseminating knowledge to third parties.

All staff have access to a training module where they can consult the allocation of training actions, training history, planning of anticipated courses, available training and learning paths. All of this is monitored through the global training control panel. At the same time, every year, a survey is conducted with all team managers to assess the impact of their employees' training and to take action if necessary.

The main challenges in 2022 in terms of training have been twofold: the development of standardised knowledge pathways by function and the promotion of the digitalisation of content in the company.

Standardised training pathways

The Senda project was created to standardise the ways of acquiring knowledge of technical engineering functions. It involves understanding training in a holistic way, through courses, self-learning, on-the-job training and mentoring.

New Technological Knowledge Days (TKD) have been held in 2022 with the aim of sharing the latest technological advances in different engineering disciplines. In collaboration with different technology centres, ITP Aero professionals and external experts give visibility to the projects carried out and display the research work being developed in specific technical knowledge.

Two days of training have been held during 2022:

- **Experimental Tech**, in telematic format, with more than 100 guests from ITP Aero and technology centres and universities.
- **Fluidynamics** on-site at the ETSIAE- acronym in Spanish (Aerospace Advanced Engineering Technical School of Madrid).

Boosting digital training

ITP Aero promotes knowledge management in its teams by sharing learning and experiences. Therefore, around 80% of training actions in 2022 have been internal, in a virtual, presential or mixed format, which has contributed to acquiring and reinforcing skills and knowledge to apply in their jobs.

The progress made in the dissemination of corporate content through digital channels is noteworthy, making it possible to reach large groups in different centres in an efficient manner. Digitalisation in training has multiple advantages and is especially visible when it comes to deploying transversal themes, as it ensures that all employees are aware of and understand the set of policies, principles and guidelines.

Specifically, during 2022, the following global training actions were carried out for all employees: *environmental awareness, human factors awareness and cybersecurity awareness*, with an average compliance rate of over 90%. Furthermore, in order to raise awareness of the different risks related to health and safety in the factory, all operations personnel have received the Health & Safety factory works awareness course.



ITP Aero employees in Querétaro (México) part of the social investment initiatives.

Talent Review

The talent review is an annual process that aims to identify high potential individuals, mobilise internal rotation opportunities, activate planned succession processes and act in case of underperforming teams.

The process is carried out in three phases:

- **IDENTIFY:** Each manager makes an analysis of his or her team to identify high potentials, rotation needs in the team, upcoming departures for succession planning and underperformance to activate improvement plans.
- **SHARE:** The talent review promotes relevant conversations, among managers, with human resources, with the manager and with leaders from other areas. The aim of these conversations is to jointly analyse the different scenarios identified.
- **ACT:** The identification and conversations that take place during the talent review process help to make decisions about talent and to plan development actions in teams.

In 2022, **70% of the planned actions were completed** and the remaining actions are in progress.

• Attracting and developing early careers

ITP Aero attracts and promotes the development of talent from the very beginning of a person's professional career and has several initiatives to this end.

Scholarships:

Through close collaboration with the main universities, training centres and benchmark technology centres in our environment, new scholarships are awarded every year. In 2022, almost 300 students have completed their internships at ITP Aero, of which 200 are part of the e-Talent programme, aimed at university profiles, mostly in STEM degrees.

Global Talent Programme

The Global Talent programme aims to foster early career development by giving employees with up to five years of experience the opportunity to participate in strategic national and international projects.

This programme, which lasts two years, helps to create synergies and favours internal rotation, reinforcing the development of more transversal profiles in the company.

The first edition began in 2019 and 12 people from different centres in Spain, Mexico and the United Kingdom took part. The good assessment obtained, both from the participants and from the areas in which they developed their projects, encouraged the company to launch a new edition in 2022. In this edition, 10 people from Spain, Mexico and the United Kingdom have been selected to begin their first itinerary in January 2023.

LinkedIn ambassadors

ITP Aero has launched the LinkedIn ambassadors' initiative, which seeks to reinforce our brand image through a greater presence on social networks. The protagonists of this programme are people from the company who have received training to become reliable spokespeople for the ITP Aero brand. In this first edition, there were 14 ambassadors from different countries.

• **Diversity, equality, and inclusion**

In line with the values and behaviours that mark its personality, ITP Aero ensures the development of diverse and inclusive work environments, free of discrimination and where people are treated with dignity and respect, as explicitly stated in the value “**we care for our people**”.



Workforces made up of people from diverse backgrounds and cultures bring different perspectives that enrich talent and generate a great competitive advantage for the company.

The code of conduct - in its principle 1.1 - states that the company must guarantee the fundamental rights of its employees, which in terms of diversity entails ensuring a working environment free of discrimination, as well as the reconciliation of work and family life.

To this end, ITP Aero promotes a culture of respect as the way to offer its people the opportunity to develop their full potential and ensures that decisions are made on the basis of merit, and do not discriminate on the basis of race, colour, religion, gender, gender identity, age, sexual orientation, marital status, disability, or any other characteristic.

As the main regulatory framework for diversity, ITP Aero has two policies:

- 1 **Diversity and inclusion policy**
- 2 **Anti-discrimination policy**

Both apply to everyone in the company - at all levels and in all business areas - and the same level of compliance is expected from suppliers, distributors and third-party suppliers who collaborate with the company.

These policies set out principles to achieve the goal of a diverse workforce and an inclusive working environment.

ITP Aero does not tolerate any form of discrimination, harassment, bullying or intimidation and protects the following characteristics of individuals: age, race, colour, nationality, ethnic or national origin, disability, marital status, pregnancy or maternity, religion or belief, gender, gender identity, sexual orientation or sex change.

Likewise, ITP Aero has **protocols for the prevention of harassment** at work that define the framework for action to identify and manage possible situations that arise in this area, in line with our Code of Conduct.

To complement the Diversity and Inclusion Policy, the **Gender Transition Guide** was included in 2022, which sets out guidelines to support the transition of trans/non-binary people to live in a way that is consistent with their gender identity in the work environment.

In terms of effective equality between men and women, during 2022, ITP Aero has taken a further step forward with the signing of new **Equality Plans** for the companies ITP SAU and ITP Externals SLU, to be applied in the centres in Spain: Seville, Albacete, Ajalvir, Alcobendas, Derio and Zamudio.

In PCB, the company is currently negotiating with the legal representatives of the employees to adapt the Equality Plans to the new provisions and regulations on equality for men and women in the company.

The plans include a series of measures and actions, defined between the management of ITP Aero and the legal representation of the workers, such as:

- **Communication:** use of inclusive language, STEM initiatives for women, communication campaigns with a gender perspective, campaigns to disseminate the equality plan and reconciliation measures.
- **Equality training** for staff and recruitment and training personnel.
- **Continue with the company's current policy** on recruitment and promotion, and further strengthen the idea of non-discrimination in our processes.
- **Listening:** specific equality survey and onboarding assessment with a gender perspective.
- **Annual remuneration audit.**

Promoting diversity and inclusion through learning

Over the last few years ITP Aero has promoted diversity and inclusion through various training activities aimed at the entire workforce.

Likewise, in 2022, the "Preventing Workplace Harassment" training was launched in Mexico with a participation of 760 people, i.e., 99% of employees.

At the same time, in 2022, induction training has been created for all new recruits, where these concepts of diversity and equality in our Company policies are also reinforced.

In addition, everyone involved in the selection of internal or external candidates receive specific "Recruit the best" training on aspects to be taken into account in the recruitment process to avoid bias and stereotypes and to guarantee equal opportunities for men and women.

Another initiative to promote women's careers is through the Ambassadors' Leadership programme, with 10 women leaders from Spain, Mexico and the UK as protagonists. These ambassadors have been chosen to promote diversity in the workplace and act as role models through their example and mentoring.

The different people and team development processes are aligned with ITP Aero's culture and specifically with the policies and principles of diversity and equality. Examples of this are the recruitment and onboarding process, the job evaluation process, training, performance and salary review.

Likewise, workplaces also launch their own local initiatives in support of diversity, such as International Women's Day, Pride Day, etc.



• Universal accessibility for people with disabilities

ITP Aero is committed to universal accessibility, and this is reflected in its construction standards that are applied in all new constructions and refurbishments.

The main work centres in Spain (Zamudio, Alcobendas, Derio, Baracaldo and Sestao) have universal accessibility for workers with different disabilities and others such as Ajalvir have accessibility in the main areas.

In the centres in the United Kingdom, Mexico, India and in ITA (Bizkaia), accessibility requirements are partially met, although work is being done to resolve this and the current employees of these centres do not suffer any limitations in this centre for this reason. In India, for example, office refurbishments have been carried out and will be completed in 2022, including the installation of a lift to guarantee accessibility.

Likewise, all the centres comply with accessibility for visits, with accessible areas for visits of people with different disabilities, with some limitations at the Lincoln and ITA centres.

Of the total ITP Aero workforce in 2022, 11 people had some degree of disability, all of them in Spain, 3 more than in 2021 (8).

• Communication for professionals

The company attaches great importance to internal communication with the people who form part of ITP Aero. To this end, it has a significant number of communication channels and implements many initiatives throughout the year:

- The **intranet** is the main channel for internal communication and where global information affecting the entire company is published or of a more local nature depending on the work centre. In the same way, through this platform, the staff has secure access to multiple personal and professional applications.
- **Newsletters** with relevant information for the staff are also sent out periodically via e-mail.

- Workshop personnel can access information via computers available in the production areas. However, the company is aware that it is more complex for this group to access information in this way, and, for this reason, **information screens** and **corporate boards** are distributed in these areas.

- On a biannual basis, the **Al Vuelo magazine** is sent to the entire workforce, in which business information and other strategic content is shared with special emphasis being placed on the value of the people who make up the company.

- There are also **bimonthly online sessions with the directors and the Executive Committee** where strategic information is shared and cascaded to all employees.

- The **working breakfasts** are a two-way communication channel in which the CEO shares the company's situation and, at the same time, collects first-hand suggestions and comments from employees in a relaxed atmosphere.

In the same way, events are a relevant communication channel for ITP Aero:

- At the **Annual Heads Convention**, business issues are discussed among the company's management (with annual events in Spain, the UK and Mexico).
- Once a year, and for staff with a more technical profile, the **Technological Convention** is held, attended by engineers from all the work centres and countries where ITP Aero is present, where the technological strategy is shared with the aim of aligning all the technical disciplines to achieve the company's technological objectives.
- On a regular basis, the company opens the doors of a productive work centre to the workforce and their families on a festive day; "**Open Doors Day**". In 2022, coinciding with the 50th anniversary of the Ajalvir plant (Madrid), a very special day was organised, attended by more than 1,800 people and their families from different work centres in Madrid, Biscay, Albacete and Seville.
- Finally, at the end of the year and to **celebrate the Christmas holidays**, an event is organised at each work centre.

2.4.2. Health and safety



ITP Aero's Safety Culture has reduced the number of reportable accidents by 61.8% since 2019 by defining a proactive global strategy to anticipate any risks and problems.

As part of ITP Aero's health, safety and environmental policy, the company promotes measures to:

- **Create a safe and healthy** working environment for everyone on ITP sites (employees, contractors and visitors) that supports people's well-being and minimises the risk of injury, work-related health problems or environmental incidents.
- **Preventing or minimising any negative impact on health, safety and the environment** in our activities, products and services and promoting the sustainable use of resources.

For ITP Aero, adopting a health and safety policy that pursues a safe and comfortable working environment makes it stronger to achieve its strategic objectives.

In terms of health and safety, there is an occupational safety team that operates corporately and locally at each work centre. All the centres have Self-Protection Plans in the plants and work centres, which permit an adequate response to emergency situations in order to guarantee the safety not only of the workforce but also of third parties in the vicinity, all in compliance with current occupational safety and civil protection regulations in each territorial area.

Specifically, collective agreements provide for the existence of health and safety committees, which are the competent bodies in matters of occupational health and safety and are responsible for 100% of matters relating to these issues.

The global health & safety organisation is audited annually by an accredited external company. The company has a multi-centre certificate according to the ISO 45001 norm (all centres are certified except Malta and India, which represent 85%). Similarly, in Spain, the preventive organisation follows a joint service model for all companies/centres located in the country. Following the legal requirement, legal audits are carried out every 2 years to ensure that both the organisation and the resources employed are adequate in this respect.

In terms of health, during 2022, ITP Aero has outsourced health surveillance, carrying out annual medical examinations of workers, applying the corresponding medical protocols according to the risks identified in the existing risk assessments; there is a medical assistance service in the main factories.

During 2022, we continued with the existing improvement plans to reduce accident rates, which include, among others, ergonomic improvements, definition of responsibilities and improvements in working conditions. The year ended with a performance of 96% of the milestones defined at global level in this aspect.

ITP Aero takes measures to guarantee health and safety at work such as training and information, risk assessment and management (mitigation and improvement plans), standardisation of processes, improvement of behaviour, health surveillance, emergency management and self-protection plans, among others.

The management of operational control and of the maturity of the Health & Safety system in each centre is based on various dynamics and routines. Among them, the main ones would be the following:

- **Performance and performance control:** heat maps, improvement plans and preventive planning. Control and status monitoring, integration and consolidation of the Health & Safety system is carried out by means of half-yearly assessments of 47 factors. In the last two years, the overall assessment has improved by 29.8%.
- **Multidisciplinary change control and management,** managed through a corporate tool.
- **Accident and incident investigations.** Management, recording (following the 5 Whys methodology) and follow-up actions using the IMT corporate incident management tool (ensuring performance control of actions for closure and dissemination of this information).
- **Improvement plans:** corporate and site/company/challenges achieved. Modification, adjustment and monitoring of the Business Plan Development - corporate, centre and operations management milestones. In addition to the improvement plans (both those arising from weak points and those seeking qualitative improvement), in recent years a routine of challenges has been set in order to improve behaviour and achieve a greater commitment to H&S of all the company's employees. In the last 3 years, 122 challenges have been closed.
- **Mitigation plans included in the risk management methodology.** Meetings and follow-ups of the Health & Safety area with the risk management and audit area are held on a quarterly basis.

2.4.3. Labour relations

ITP Aero applies the labour legislation in force in each country and the provisions of the agreements applicable in each centre regarding the procedures for information, staff consultation and negotiation with workers' representatives. In these procedures, the main interlocutor for negotiation, communication and information for typical labour matters is the workers council, the personnel delegates and prevention delegates.

In Spain, collective agreements apply to all staff and technicians, managers and some executives in all aspects not linked to the remuneration system or to promotion and career development.

In Mexico, collective agreements apply mainly to workshop operators, excluding technicians and managers. These agreements are reviewed on an annual basis and thanks to the good relationship with union representatives, negotiation is achieved in a very short time.

2.4.4. Our supply chain

The impact of the Covid-19 pandemic substantially affected the industry and resulted in a very significant drop in workload, mainly in 2020, with a slight recovery in 2021 and a larger recovery in 2022. However, a return to pre-pandemic production volumes is not expected until 2024-2025.

This situation led to a readjustment of the supply chain - to adapt it to the new market size - which the company carried out with special attention to the local supply chain and trying to minimise, as far as possible, its environmental impact. This rationalisation and adjustment work, which began in June 2020, was completed in January 2022.

From a supply market point of view and still as a consequence of the pandemic, tensions still remain in the supply chains, especially those related to raw materials and their semi-finished products (bars, sheets, forgings and castings). These bottlenecks limit the recuperation of the sector.

During 2022 the aeronautics sector has been affected by the effects of the war in Ukraine and as a consequence the sanctions imposed on Russia. This has increased the strain on raw material supply chains (titanium specifically) adding another level of difficulty to the aforementioned recovery.

The supply chain is a fundamental part of the company's development, which is why ITP Aero has a close relationship with its suppliers:

- **Developing** collaborative R&D&I programmes.
- **Providing greater visibility** on long-term planning and new business opportunities.
- **Reaching long-term agreements** that enable dedicated investment and resources.
- **Promoting and facilitating the development** of new skills in its suppliers.
- **Growing together,** developing strategic production plans, and generating value in both directions.

ITP Aero pays special attention to its local supply chain, collaborating with its suppliers and institutions in its industrial plans.

This local supply chain is focused on both direct material production (turbine components and process subcontracting for our own production lines) and indirect material (cutting tools, equipment, machinery...) and services (engineering, industrial maintenance, IT consultancy...).

ITP Aero has a **procedure for the selection and integration of suppliers** that describes the process for the evaluation, selection and initial approval of suppliers and its development through the definition of the Supply Chain Development Process (one of the basic processes of the Company). The objective of this Process is to have the best suppliers available, guaranteeing transparency and a level playing field for the different bidders. Supplier qualification is the necessary requirement to participate in purchasing processes and is obtained as a result of the approval process.

The company also has a **code of conduct for suppliers**, and they also have access to the ethics hotline. Suppliers are obliged to know and apply it; this requirement being deployed through the SUPPort Manual (contractual requirements that are deployed to the supplier via the Contract and Purchase Order).

Regarding environmental management, ITP Aero requires its supply chain to comply with the applicable international requirements and standards, especially ISO14001. Likewise, it requires a commitment to comply with the regulation (EC) 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemical Substances (REACH):



Dimensional Measuring Machine (non-contact) GOM.

To ensure compliance with legal reporting and disclosure requirements related to "conflict minerals", ITP Aero has a guide for its suppliers which is articulated as follows:

- Legal clauses to ensure that suppliers establish good practice in the use and sale of these products and materials are set out in the **SUPPort Manual** mentioned above.
- In addition, ITP Aero has the **"Conflict Minerals Reporting Template"** created by the Responsible Minerals Initiative (RMI). The template provides information on the country of origin of the mineral and the foundries and refineries that are used in compliance with the legislation. The template also facilitates the identification of new foundries and refineries to potentially undergo an audit through the Responsible Minerals Assurance Process.

Similarly, ITP Aero establishes long-term contracts with suppliers, leveraging volumes, mitigating risk and generating a strategic relationship that guarantees sustained growth over time. In this sense, the LTAs (Long Term Agreement) include sustainability clauses that demonstrate due diligence with respect to environmental, social and ethical risks in its commercial relationships.

Likewise, ITP Aero has a monitoring system in place and regularly audits its suppliers. In 2022, 96 audits have been carried out, a number that consolidates the 2021 trend, mainly due to the positive evolution of the pandemic. The audits carried out, in line with previous years, have been generally satisfactory with an 83% success rate (minor findings or observations).

2.4.5. Quality and safety of our products

ITP Aero has a procedure for analysis and evaluation of customers and third parties that aims to detail the activities necessary to regulate the process of analysis and examination of customers, suppliers, intermediaries and strategic third parties. In this way, this procedure constitutes a guide for the analysis and examination of the suitability of clients and third parties subject to the company's business operations.

These procedures are part of ITP Aero's quality system, which complies with the highest quality standards in the sector (AS 9100, AS 9110, ISO 9001 and PECAL 2310), being certified by an external accredited body (Aenor).

ITP Aero considers the quality of its products and services to be the essential lever that drives the sustainability of the organisation and the creation of value for all stakeholders: shareholders, customers, professionals and the general public. The global quality objectives are linked to the Strategic Plan, as well as to the company's objectives on an annual basis.

ITP Aero ensures the airworthiness and safety of all its products, in some cases directly and in other cases through its customers, by adhering to EU Regulation No 748-2012 of 3 August 2012 laying down applicable provisions for the airworthiness and environmental certification of aircraft and related products, parts and equipment, as well as for the certification of design, production and maintenance organisations. The aeronautical authorities carry out audits and check on compliance of these regulations, in some cases directly with ITP Aero and/or through customers.

Based on this, an internal deviation reporting process has been defined which establishes the methodology for the collection, investigation and analysis of data on breakdowns, malfunctions, defects or other occurrences that cause or may cause adverse effects on maintaining the airworthiness of an engine or component.

Likewise, ITP Aero has a product safety policy that outlines the company's commitment to ensuring safety in all its activities and products. This Policy is based on six principles that govern the approach to product safety:

- **Leadership commitment and accountability:** Company leaders ensure that safety-related tasks receive appropriate attention, time and resources, ensuring that all employees understand their responsibility in this area.
- **Product safety level:** ITP Aero designs its products to achieve a high level of safety commensurate with their application, always ensuring that they meet or exceed legal, regulatory and industrial requirements.
- **Maintaining and improving product safety:** there is a commitment to continuous improvement of product safety and active participation in the establishment of industrial standards and best practices.
- **Product conformity:** excellence in quality is an essential pillar of our products and processes, and therefore ITP Aero ensures that all its production processes and suppliers comply with its specifications.
- **Safety awareness and responsibility:** everyone who works at ITP Aero shares responsibility for the safety of its products and is aware of the implications of their actions. To this end, awareness and training campaigns are carried out.
- **"Fair Culture".** Everyone is encouraged to report any product safety issues in a "Fair Culture" context, where individuals are not punished for actions, omissions or decisions made by them that are consistent with their experience and training, but where gross negligence, intentional violations and destructive acts are not tolerated.

ITP Aero carries out periodic internal audits of its processes, proposing corrective actions in the event of detecting anomalies, with continuous monitoring of the same.

Complaints and claims system

Due to the fact that the activity carried out by ITP Aero is fully focused on the B2B (Business to Business) channel and, based on the definition of consumer established in the Commercial Code, the development of policies that establish measures to protect the safety and health of its consumers is not considered applicable. Despite this, quality is a key pillar in ITP's customer relationship strategy and therefore the activities described below are developed and the information on complaints and claims received is included in this document.

Each ITP Aero customer has at their disposal a quality focal point to whom they can personally address any complaint or claim. When this happens, an analysis of the causes is carried out and containment and relevant actions are immediately implemented to solve the problem. All complaints are recorded in the company's SAP tool. At the end of this analysis process, it is determined whether ITP Aero is responsible or not, indicating this in the system.

During 2022, the integration of Hucknall was carried out and, as in other areas of the company, customer complaint management was implemented, aligning it with the process management defined in ITP Aero.

Out of a total of more than one million parts delivered to customers during 2022, the company has handled 266 claims in the three customer processes for all plants, of which 93 have been the responsibility of ITP Aero. Although the overall number has increased, this is due to the addition of Hucknall. Excluding the UK complaints, there has been an improvement in both the number of quality escapes with ITP responsibility (54) and the number of quality escapes counted in parts per million (ppm), with a total of 35ppm. All of these have been satisfactorily resolved.

ITP Aero monitors quality indicators on a monthly basis, recording non-quality costs, customer quality escapes and product concessions to the customer. In addition, ITP Aero has the Disruption Index indicator, which provides a more complete view of the impacts caused to the customer and which is monitored on a monthly basis.

2.4.6. Contribution to our communities

El Código de Conducta de ITP Aero, en su principio 3.3 destaca el compromiso de la compañía con sus comunidades locales, contribuyendo al desarrollo económico y al bienestar social, apoyando e invirtiendo en la comunidad y respetando la legislación y normativa específica de cada país y región en la que realiza sus operaciones, así como costumbres y culturas locales.

Therefore, the company generates a positive impact on the surrounding communities by creating technological, industrial, economic, and cultural development where its work centres and employees are located.

At all its sites, ITP Aero is a major local employer offering a wide variety of highly skilled and attractive apprenticeships in a high-tech environment.

In the same way, ITP Aero has developed a solid network of collaboration with strategic technology centres for the industry in the communities where it is present, promoting the creation of joint R&D&I centres with universities with the aim of developing advanced technologies for aeronautical engines.



Opening of sports facility in Hyderabad (India) financed by ITP Aero.

With sustainable development as a framework, the company focuses on four areas of action in terms of collaborations and sponsorships.

- **Education and skills** centred around Science, Technology, Engineering, Mathematics (STEM), this being the essence of ITP Aero. The aim is to inspire young people to study these subjects and to encourage them to see the career possibilities these can offer, as well as to convey their importance for economic development.
- **Art and cultural heritage** through activities that contribute to the cultural vitality of the places where ITP Aero is based.
- **Social investment**, together with a wide range of specialised partners, ITP Aero supports social investment programmes that respond to local needs and help disadvantaged communities.
- **Environment** reflects the importance of environmental factors in the development of our products, as well as the personal commitment that many of our people have towards environmental care.

ITP Aero collaborates with organisations, associations, foundations and other non-profit entities in its environment to promote sustainable development. In order to ensure that these charitable contributions are made in accordance with the values and principles set out in the Code of Conduct and to avoid improper or excessive sponsorship or donations that may constitute a form of bribery and corruption, ITP Aero has a Policy on charitable contributions and sponsorship.

During 2022, the company has made contributions of €237,127, of which €40,576 were contributions to associations or dedicated to commercial sponsorship and €196,551 to social sponsorship actions (STEAM actions, social and cultural investments).

• STEM initiatives

ITP Aero, as a technology company, gives special support to initiatives designed to awaken young people's vocation for science and technology.

The company develops, in its own centres, in the universities and technology centres with which it collaborates and in schools, a multitude of activities in which it shows the future opportunities offered by STEM (Science, Technology, Engineering and Mathematics) vocations.

During 2022, the company's actions to awaken STEM vocations have been developed in Spain, the United Kingdom and Mexico, for children aged 9 to 14. The company is particularly sensitive to providing girls with female role models through testimonials from female engineers in the company.

ITP Aero's STEM actions have impacted more than 1,450 girls and boys in 2022.

Third-party initiatives ITP Aero supports

Code.org: Encouraging young people to learn programming skills

In 2021, ITP Aero was the first Spanish industrial company to join the international movement **Code.org**, a non-profit organisation that promotes learning programming at an early age and pursues the implementation of computer science as a core subject in schools.



Students from the Technology Bootcamp visiting ITP Aero facilities in Zamudio.

During 2022, the company has strengthened its commitment to Code.org through different initiatives in Spain such as:

- **The second edition of the ITP Aero Technology Bootcamp** for children between the ages of 9 and 14 from Madrid and Bilbao. ITP Aero offered 60, 100% scholarship places for children of employees, the public in general and children at risk of social exclusion. During the camp, the children had the opportunity to learn the basic principles of programming, as well as visiting the facilities in Ajalvir and Zamudio where they learnt from our engineers how computing is applied in the aeronautical sector.

• Hour of Code: we can all programme

In November, ITP Aero organised a new edition of the "Hour of Code" at the Guggenheim Museum in Bilbao. During the event, which was part of the STEAM Sare programme of the Basque Innovation Agency - Innobasque - more than a hundred Basque students in the 2nd year of ESO were shown that they are capable of programming. The event also included a section aimed at teachers, in which around thirty pedagogical directors from Basque schools had the opportunity to listen to the successful experiences of other schools that had already incorporated computer language into the educational curriculum.

STEAMsare

Also relevant is ITP Aero's collaboration with the **STEAMsare** programme, a programme created by the Basque Government's Department of Education with the collaboration of Innobasque to promote STEAM education in the Basque Country. These activities have the particularity of a high level of collaboration between the teaching staff of educational centres and companies so that students can put STEM subjects into a real context and understand their importance and application in different fields.

In October, engineers from the company took part in the Orientation Meeting for Young People, where they shared their academic and professional experience with young Basque students. The meeting served to provide young people with a realistic, positive, and diverse image of STEM subjects and professions.

Industry Day

ITP Aero collaborates every year in the Industry Day organised by the Biscayan Federation of Metal Companies to make the industrial sector visible as an attractive destination for professionals of the future, as well as attracting talent and reinforcing the incorporation of women in the sector.

Biskyteam

ITP Aero has been supporting the Biskyteam project for four years, launched by students at the University of the Basque Country (UPV-EHU) for the design of suborbital launchers using hybrid propulsion technology, which significantly reduces greenhouse gas emissions.

Own initiatives

In the same way, ITP Aero engineers lead the company's own actions to inspire vocations for science and technology among young people.

Open days for employees and families

In 2022, ITP Aero has organised Open Days at its facilities in Ajalvir (Spain) and Querétaro (Mexico) for the workforce and their families. During these days, multiple STEM workshops were held, led by the company's engineering staff and attended by employees' children.

Apprentices and STEM

At ITP Aero's UK sites, STEM activities are largely organised by apprentices – young trainee engineers. During 2022, apprentices at the Hucknall site have carried out a number of actions. Worthy of mention are the workshops on creating gas turbines using construction kits at the Farnborough Airshow during STEM Day for families.

Awareness-raising campaigns

In addition, the company complements its STEM actions with awareness campaigns on its corporate channels and social networks. A highlight was the campaign launched on the International Day of Women and Girls in Science, through which the company's female engineers, with their testimonies, helped to raise awareness of the role of female engineers in today's technological landscape, and to inspire women of the new generations to opt for STEM careers.

• Art and cultural heritage

After more than 25 years of close collaboration with the Guggenheim Museum Bilbao Foundation, ITP Aero has renewed its commitment as a corporate member of the Board of Trustees. This agreement will be extended for a period of five years and reinforces a long-standing relationship that dates back to 1997, the year the Museum was founded, when both entities joined forces to promote the dissemination of arts and culture and the development of an institution

that has become an international reference and icon in Bilbao.

ITP Aero also collaborates regularly in cultural events organised through foundations such as the Aeronautics and Astronautics Foundation. In 2022 it is worth highlighting the sponsorship of the Airforce Awards, which seek to promote aeronautical culture, artistic creation and the values of the Armed Forces.

• Social investment

Save the children - ITP Aero with the children of Ukraine

Following Russia's invasion of Ukraine on 24 February 2022, the company launched a crowdfunding campaign with the NGO Save the Children to help the children of Ukraine. ITP Aero made an initial contribution and thereafter employees made their donations, with the company matching this amount, and raising a final fundraising of close to €47,000.

Solidarity initiative

On an annual basis, ITP Aero launches the "Solidarity Initiative" in which employees and the company, in equal parts, make donations to solidarity projects located in local communities where ITP Aero has a presence. In 2022, four social projects proposed by the company's employees have been selected, raising €25,830 between employees and the Company.

- **Jaime Garralda Foundation:** Project "Not a child in prison, not a child without hope" (Seville)
- **Adela Euskal Herria Federation:** Project "Social care, rehabilitation services, support products and training for relatives of ALS - Amyotrophic Lateral Sclerosis" (Basque Country)
- **Firefighters Help Association:** Project "Take the reins" (Madrid)
- **Joy of Children:** Project "Home - Home for children" (Querétaro - Mexico)

In addition, from its subsidiary in India, ITP Aero allocates 2% of the average profit every three years to local social projects.

Employee initiatives

ITP Aero employees are actively involved in charity campaigns. For example, the Hucknall team actively collaborated with charities in Poland to collect and distribute warm clothes, medical supplies, food and toiletries on the Ukrainian border to support families fleeing their homeland due to the war and managed to send two large pallets of supplies. In Mexico, volunteer actions are organised periodically, involving employee actions and the collection of food and clothing for various NGOs in the Querétaro area.



Children enjoying the workshops during the open day at the ITP Aero facility in Queretaro (Mexico).

Contributions from associations, foundations and sponsorships		
2020	2021	2022
148,484 €	179,433 €	237,127 €

2.5. G - Governance

2.5.1. Corporate governance

The Corporate Governance system constitutes a set of rules, principles and procedures that regulate the structure and operation of the governing bodies of the ITP Aero Group. It is made up of **two bodies**, both of which are responsible for taking decisions and looking after the interests of the company, always in line with the corporate purpose included in the Articles of Association, each one of them in its sphere of action in accordance with the provisions of the Law. These bodies are the **General Shareholders' or Partners' Meeting** (depending on whether the company is an S.A. or S.L.), and the **Administrative Body** (which, depending on the group company in question, will be a Sole Administrator or a Board of Directors).

• Corporate and governance structure

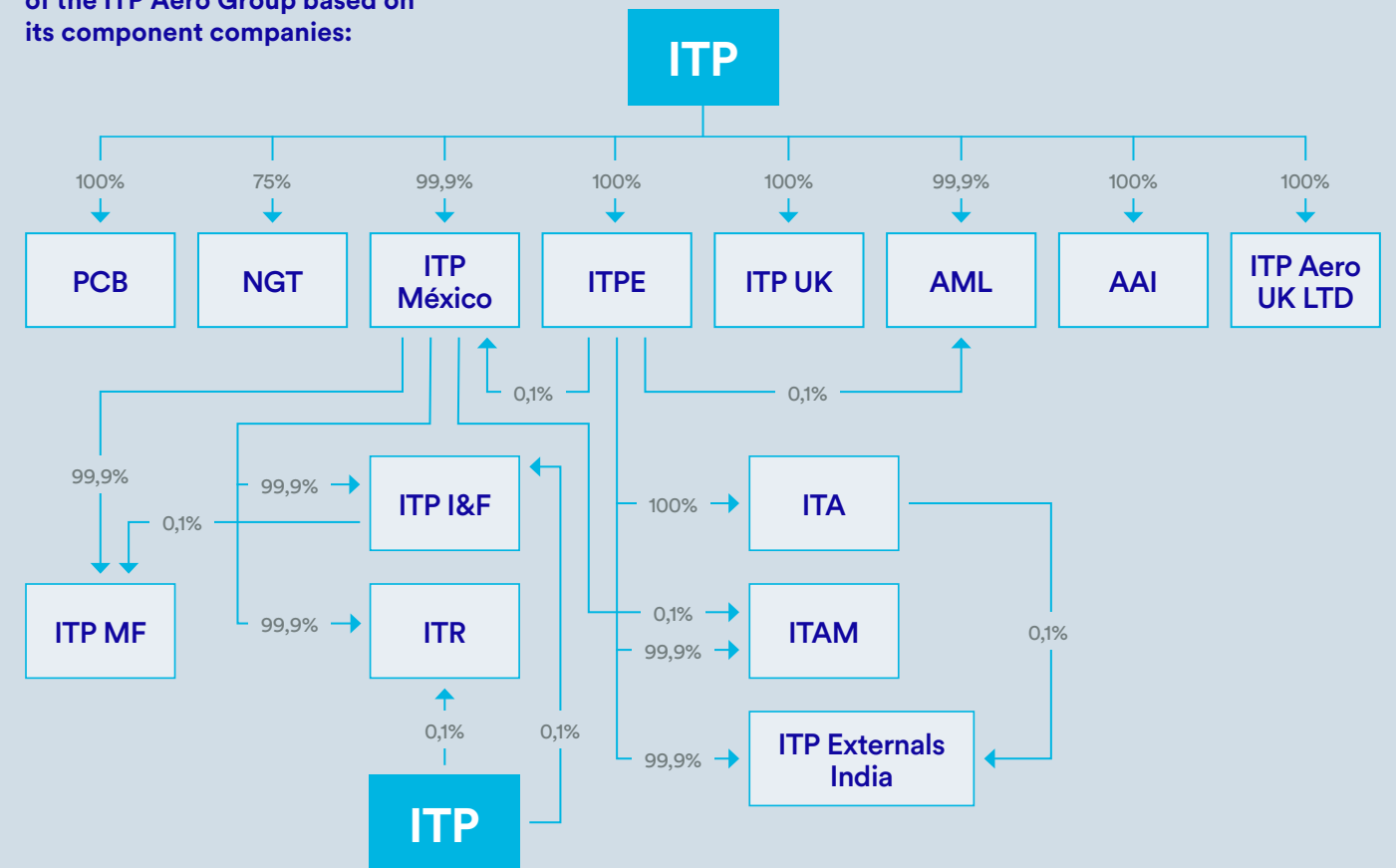
During the 2022 financial year, the sole shareholder of Industria de Turbo Propulsores, S.A. (Single Shareholder Company), following a process of sale, has changed from Rolls-Royce plc to Bain Propulsion Bidco, S.L., which currently holds 100% of the shares of Industria de Turbo Propulsores, S.A.

Likewise, it is also worth noting that in October the Basque Government – through the Finkatuz fund – signed an investment agreement with Bain Capital to acquire 6% of ITP Aero. In this way, the Basque Government becomes part of the industrial and institutional consortium of investors of ITP Aero.

Industria de Turbo Propulsores, S.A. (Single Shareholder Company), directly and indirectly, holds the majority of stocks and shares of fifteen subsidiaries, which are incorporated and established in six different countries, namely Spain, the United Kingdom, Malta, India, the United States and Mexico.

The ITP Aero Group's corporate governance system, established in accordance with national and international best practices and standards, guides the structure, organisation and operation of its corporate bodies in the interests of the company and its shareholders and is based on the principles of transparency, independence and accountability. The governance structure adequately differentiates between management and executive functions.

Below is the corporate structure of the ITP Aero Group based on its component companies:



ITP	INDUSTRIA DE TURBO PROPULSORES, S.A.U.	Spain
PCB	PRECISION CASTING BILBAO, S.A.U.	Spain
ITP NGT	ITP NEXT GENERATION TURBINES, S.L.U.	Spain
ITP EXT	ITP EXTERNALS, S.L.U.	Spain
ITA	INDUSTRIA DE TUBERÍAS AERONÁUTICAS, S.A.U.	Spain
ITP I&F	ITP INGENIERÍA & FABRICACIÓN, S.A. de C.V.	Mexico
ITP MF	ITP MEXICO FABRICACIÓN, S.A. de C.V.	Mexico
ITP MEXICO	ITP MEXICO, S.A. de C.V.	Mexico
ITAM	INDUSTRIA DE TUBERÍAS AERONAUTICAS MÉXICO, S.A. de C.V.	Mexico
ITR	TURBORREACTORES, S.A. de C.V.	Mexico
ITP UK	ITP ENGINES UK LTD	United Kingdom
ITP INDIA	ITP EXTERNALS INDIA PRIVATE LTD	India
AAI*	AEROMARITIME AMERICA Inc.	United States
AML	AEROMARITIME MEDITERRANEAN LTD.	Malta
ITP AERO UK	ITP AERO UK LTD.	United Kingdom

* Inactive company.

• **Articles of Association**

The Articles of Association are the core of the internal regulations and form the backbone of the governance and sustainability system. Based on the Purpose and Values of the ITP Aero Group, they outline the guidelines that define the identity and uniqueness of the Company and its business project, establishing, among other things, the performance standards governing the aforementioned corporate governance bodies.

• **General Shareholders' Meeting**

The General Shareholders' Meeting is responsible for deliberating and deciding by majority vote on corporate matters within its competence, which are, inter alia, the following:

- Approval of the annual accounts, distribution of profit and loss and approval of the corporate management.
- The appointment, re-election and revocation of directors.
- The appointment, reappointment and replacement of external auditors.
- Amendment of the articles of association.
- Conversions, mergers, spin-offs, or capital increases.
- The dissolution of the company.

• **Board of Directors**

The Board of Directors is the body responsible for the management and representation of the company. Except in matters reserved for the General Meeting, the Board of Directors is the highest decision-making body of the company and has all the powers necessary to manage the company. The Board of Directors shall, in all cases have the powers established in article 249 bis of the Capital Companies Act "non-delegable powers", which are, among others:

- The preparation of the annual accounts and their presentation to the general meeting.
- The determination of the company's overall policies and strategies.
- The appointment and removal of the company's managing directors, as well as the establishment of the terms of their contracts.
- The convening of the general meeting of shareholders, the drawing up of the agenda and the proposal of resolutions
- Its own organisation and functioning.

The Board of Directors of Industria de Turbo Propulsores S.A. (Single Shareholder Company) has Regulations whose purpose is to outline the principles for the Board's actions beyond the provisions of the Articles of Association, thus establishing the basic rules of its organisation and the standards of conduct of its members in order to achieve a good, transparent and committed internal operation.

Pursuant to the provisions of these regulations, in addition to the non-delegable matters referred to above, the Board of Directors shall have authority over the decisions mentioned in article 529 ter of the Capital Companies Act, without prejudice to the powers granted to the General Shareholders' Meeting.

Industria de Turbo Propulsores, S.A. (Single Shareholder Company) as of 31 December 2022 has a Board of Directors composed of eight directors with diversity in nationalities and different professional profiles, highlighting among them Spanish, Italian and German nationalities.

As stipulated in the Capital Companies Act, directors must comply with the following duties:

- Duty of diligent administration.
- Duty of loyalty.
- Prohibition to use the name of the company and to invoke the status of director.
- Prohibition to take advantage of business opportunities.
- Duty to disclose situations of conflict of interest with the company.
- Prohibition of competition.
- Duty of secrecy.

• **Composition of the Board of Directors**

On 15 September 2022, the composition of the Board of Directors of Industria de Turbo Propulsores, S.A. (Single Shareholder Company) was modified following the change of ownership, the new composition being as follows:

		New Board
President	Josep Piqué I Camps	Juan María Nin Génova
Non-director Secretary	Irantzu Irastorza Martínez	Javier Villasante Ferrando
Non-Director Vice-Secretary	N/A	Javier Rovira Benítez
Board members	Josep Piqué I Camps Alberto García Erauzkin Benjamin Phillip Fidler Carlos Alzola Elizondo Diego García Bernabeu Benjamin Robert Story Steven Carlier	Carlos Alzola Elizondo Tobias Weidner Davide Vidotto Enrique Hernández Vítón Javier Ortigosa Salvador Miguel Fco Azorín Aguirre Ivano Sessa



Juan María Nin, ITP Aero's President.

• **Committees of the Board**

The Board of Directors of Industria de Turbo Propulsores, S.A. (Single Shareholder Company), during the 2022 financial year, has not set up any specialised and permanent delegated Board committees.

The Board of Directors intends to set up various committees for the 2023 financial year, determining their composition, appointing members and establishing the duties of each one. The minutes of the committees shall be made available to all members of the Board of Directors.

2.5.2. Ethics and compliance

ITP Aero is committed to the highest standards of quality, safety and professional ethics in its activities and therefore has a compliance system that takes into account legal requirements and also goes beyond them, being a management tool that promotes continuous improvement.

Everyone who makes up ITP Aero is committed to the culture of compliance that the company promotes, the same commitment that ITP Aero demonstrates to its customers, suppliers, partners and collaborators, as well as to society in general.

- **Criminal and anti-bribery compliance management system**

ITP Aero pays special attention to compliance with legal mandates that may involve criminal liability for the company for acts committed by the workforce. Thus, since 2020, it has implemented a criminal and Anti-bribery Compliance Management System that is proof of the company's commitment to matters of compliance. This system identifies, among others, the controls established to prevent or mitigate the risk of exposure of any employee, collaborator or manager to crimes associated with the company's activity. It also includes other relevant elements such as the context of the organisation, leadership, governing bodies, objectives, culture, resources employed, controls, monitoring, auditing and improvement.

In January 2022, the company became the **first Spanish aeronautical manufacturer to obtain AENOR's criminal and anti-bribery compliance certificates**. These certificates recognise the correct implementation of a Criminal Compliance Management System, in accordance with the Spanish standard UNE 19601, and of an Anti-bribery Management System, in accordance with international standard ISO 37001.

ITP Aero's Anti-bribery and Criminal Compliance Management System covers the company's 4,493 employees and is Certified according to the above-mentioned standards for more than 3,500 employees at 8 ITP Aero centres.

ITP Aero has an Internal Compliance Committee, formed by the members of the Ethics and Compliance function, which meets quarterly to monitor all relevant points of the Management System, such as criminal risks and controls, ongoing projects, use of ethical channels, improvement actions and training, among others.

During 2022, progress has been made in the management of criminal risks; those related to bribery and corruption have been included, a corporate tool has been implemented in which these risks are managed and measured (creating heat maps with high, medium and low risks) and the controls that the company has in place to mitigate them.

In addition, reviews of processes to prevent corruption, such as payment for certain services or gifts and hospitality both given and received, are carried out on a regular basis.

Similarly, external and internal audits are carried out annually to assess the effectiveness of the controls in place and to propose actions for remediation and improvement.

The body responsible for criminal compliance consists of the Crime Prevention Committee and the Ethics and Compliance function, to which the more operational functions are delegated. The Crime Prevention Committee has a global scope, with powers to supervise the compliance system in all companies. It is a decision-making forum which meets periodically, analyses the information reported by the Ethics and Compliance function and issues an annual report to the Board of Directors on compliance matters. Additionally, twice a year there is a review of the system by the company's Executive Committee.

The Compliance Group is a communication channel between the Ethics and Compliance function and all areas of the company with Compliance responsibilities. During 2022, the way of reporting to the Ethics and Compliance function has been improved. In addition, the Know Your Partner Committee manages the

authorisations of high-risk third parties and relevant third-party issues.

These are all governance mechanisms put in place to ensure that Ethics and Compliance issues are taken into account in decision-making at different levels of the organisation.

In 2022, a programme was defined that included objectives focused on expanding the development of the function globally, updating the code of conduct, Ethics and Compliance policies and processes, advancing in the management of regulatory compliance and strengthening risk management in relation to the third parties with whom ITP Aero has relationships. At the end of the year, compliance with the programme was 83%.

In relation to the development of the function, it should be noted that following the integration of the Hucknall plant, the company is fully committed to ensuring that all UK sites meet the same standards as those established in Spain and Mexico.



• Code of conduct and policies

The code of conduct is the backbone of ITP Aero's criminal and anti-bribery compliance management system and sets out the main responsibilities and rights to be fulfilled by everyone working in the company and also serves as a guide in the performance of the company's daily business. Employees sign the code of conduct as proof of their understanding of their rights and responsibilities in terms of ethics and compliance.

In addition to the code of conduct, the following policies in the area of ethics and compliance are in place, which during 2022 were adapted to the change of ownership and will be approved in 2023 by the new Board.

Global compliance policy

The global compliance policy defines the scope of the programme and establishes the framework and basic principles of the function, demonstrating the commitment of the Board of Directors and senior management to business ethics and compliance.

Criminal compliance policy

This defines the basic principles of ITP Aero's crime prevention model and the Criminal and Anti-bribery Compliance Management System, which conveys the firm commitment to the prevention and detection of criminal risks associated with the company's activity.

Bribery and corruption

ITP Aero has a zero tolerance policy towards bribery and corruption regardless of local legislation or customs, even if it means losing business. Therefore, a policy has been developed that sets out the basic rules and a framework for preventing and detecting bribery and corruption in the actions of company personnel. This policy applies to all ITP Aero professionals and third parties (agents, consultants, promoters, intermediaries, etc.) representing ITP Aero, including all its legal companies and all its branches in its various geographical locations.

Facilitation payments

ITP Aero has developed a policy on facilitation payments, recognising that facilitation payments are considered a form of bribery. This policy prohibits the making of facilitation payments, whether or not they are permitted by local law, no matter how insignificant. This prohibition extends to any person, promoter, advisor, intermediary, consultant, etc. making payments on behalf of ITP Aero.

Gifts and hospitality

ITP Aero accepts and offers gifts and hospitality as proper business practice within some pre-determined limits. Excessive or inappropriate gifts and hospitality can be a form of bribery or corruption, which is absolutely prohibited by law and ITP Aero's policies.

The policy on gifts and hospitality provides a framework and specific rules for the registration, reporting and approval of gifts and hospitality, whether offered or received.

In 2022, more than 120 requests for gifts and hospitality have been handled and 16 have been rejected.

Conflicts of interest

A conflict of interest is any relationship that may adversely affect an employee's ability to make fair and objective decisions or act in the best interest of the company. ITP Aero has developed a policy on this aspect, mandatory and applicable to all employees and representatives of the company, which establishes the obligation to prepare a report when situations of this type are detected, in order to know the existing conflict and the proposed mitigation actions.

Eight conflicts of interest are currently identified and being managed in the company.

Lobbying and political relations

There is a lobbying and political relations policy, which regulates the activities of employees and individuals acting on behalf of ITP Aero, to ensure that these activities are carried out with honesty, integrity and transparency. In this regard, a register of interactions with public entities has also been created.

Third parties

The Know Your Partner (KYP) policy and procedure sets out the process for knowing the risk of bribery and corruption in business relationships with third parties, taking action to mitigate them and being able to detect any indications of inappropriate behaviour and act accordingly.

A verification of the company and its shareholders is carried out before entering into a relationship with certain suppliers, customers or business partners, as well as whenever there are indications or suspicions of any irregular activity.

Within the classification of third parties, the figure of the high-risk partner is relevant, understood as the agent, promoter or intermediary who represents the company and helps in the marketing and distribution of its products and services, or who carries out procedures with the administration on behalf of the company.

ITP Aero has a high-risk partner management system in place based on its own policy, established processes and procedures to ensure the recruitment of representatives of proven integrity, who are required to behave to ITP Aero's standards. In addition, the company ensures that it will only recruit where there is a genuine business need and only after meticulous examination of proposed candidates.

A third-party risk management tool (GAN Integrity) is in place, which during 2022 analysed companies, totalling more than 700 third parties.

ITP Aero includes in its contracts with third parties, clauses on anti-corruption and bribery, money laundering and tax evasion, among others.

Charitable contributions and social sponsorship

ITP Aero collaborates with associations, foundations and other non-profit organisations in its environment to promote sustainable development. To ensure that these charitable contributions are made in accordance with the values and principles set out in the code of conduct and to avoid incurring in improper or excessive sponsorship or donations that could constitute a form of bribery and corruption, a policy of charitable contributions and social sponsorship has been drawn up.

Suppliers

In addition, ITP Aero has a Code of Conduct for suppliers where it establishes the obligation for its suppliers to comply with the ethical principles aligned with the ITP Aero Code of Conduct, such as not giving gifts that may influence business decisions or establishes measures for compliance with regulations and laws relating to the fight against corruption.

Respect for human rights

The Code of Conduct sets out the obligation to guarantee the fundamental rights of everyone working at ITP Aero and compliance with the core conventions of the International Labour Organisation:

- Freedom of association and the right to collective bargaining.
- Rejection of any form of forced or compulsory labour, as well as the employment of minors.
- Inclusive and non-discriminatory workspace.
- Respecting the reconciliation of work and family life.
- Equal treatment of all employees and applicants.
- Encouraging respectful treatment among people at work, not tolerating violent behaviour, physical, psychological or moral harassment or abuse of authority, as well as intimidating and offensive behaviour.

• “You Speak” Channels

ITP Aero is committed to creating and maintaining an environment in which questions or concerns about ethics and compliance can be raised without fear of reprisal, as evidenced by the Ethics Line that has been active for over 7 years.

This channel allows employees, customers, suppliers or anyone who needs to resolve doubts or concerns about ethical issues or to make a complaint. Confidentiality is also guaranteed and permits the management of anonymous complaints.

ITP Aero undertakes to respond to and investigate all complaints, and it constitutes a violation of the Code of Conduct if it is proven that a false accusation has been made with premeditation and intentionality, which may lead to disciplinary consequences. This year, as an improvement, the categorisation of

cases has been reviewed based on the UN definition of human rights, as previously these cases were referenced with the principles of the ITP Aero Code of Conduct, which is governed by fundamental rights.

In 2022, 25 complaints have been registered on the Ethics Line, with none of them remaining uninvestigated, of which 56% have been substantiated and 44% unsubstantiated. In addition, only 15% of the complaints received during 2022 were anonymous.

Of the 14 substantiated cases, 5 were for unethical behaviour, 2 for harassment, 2 for environmental and prevention issues, 1 for inappropriate use of resources, 1 for behaviour of a third party, 1 for data privacy, 1 for theft and 1 for discrimination. Of these complaints, only one was related to human rights as defined by the UN. During 2022, ITP Aero has had no incidents related to bribery and corruption.



Complaints on the Ethics Line

	2021	2022
	Substantiated (HRD*)	Substantiated (HRD*)
Unethical Behaviour	7 (3)	5
Holidays and breaks	1 (1)	0
Regulatory non-compliance	1 (1)	0
Harassment/mobbing	3	2
Sexual Harassment	1	0
Inappropriate use of resources	0	1
Behaviour of third parties (not including corruption)	0	1
Environmental, Health & Safety	0	2
Data Privacy	0	1
Discrimination	0	1 (1)
Theft/loss	0	1
TOTAL	13	14

* Number of substantiated cases related to the UN categorisation of human rights.

Apart from the complaints, the Ethics & Compliance area has received 10 queries through the Ethics Line.

In addition to the Ethics Hotline, ITP Aero has other channels through which employees can obtain support and thus resolve their ethical dilemmas, among which is highlighted the figure of the Local Ethics Advisers (LEAs); employees who voluntarily help to promote an ethical culture in ITP Aero. Likewise, they are also a friendly channel for people to ask questions or raise concerns about ethical issues in an agile manner and, in the same way, advise where to find information and/or who to contact, as well as acting as intermediaries if necessary.

ITP Aero has 50 LEAs distributed in all the centres and countries in which it operates. During 2022, the LEAs have reported 19 situations in which colleagues have been helped, giving visibility to issues that are not dealt with in other forums and facilitating the creation of criteria between different centres of the company.

In the UK, the number of LEAs has increased from 1 to 8, by the introduction of 7 new ambassadors based in Hucknall, making this channel available to all UK employees.

These channels are promoted and made known through the “You Speak” policy, which also includes the figure of specialists in compliance issues who belong to different areas of ITP Aero and to the Ethics & Compliance team itself, which is always available to support any concerns or doubts.

• **Training and awareness-raising**

The Ethics and Compliance area of ITP Aero is responsible for ensuring the application of the Code of Conduct, defining and maintaining the compliance framework, promoting a culture of compliance and coordinating advice on this matter in the company.

During the year 2022, various awareness and consciousness-raising campaigns have been launched for employees on compliance culture. These are set out in an E&C training and awareness-raising plan that includes actions to prevent corruption and promote good employee practices. In 2022, this training and awareness plan has been fulfilled by more than 70%.

Likewise, following the guidelines of the UNE 19601 and ISO37001 standards, personnel particularly exposed to criminal risks—including new employees in the United Kingdom—have been identified, and a qualification process has been initiated to ensure the proper knowledge of their responsibilities regarding criminal compliance and bribery. It is noteworthy that more than 400 individuals received mandatory training in 2022, which delved into these issues.

Furthermore, with the completion of the integration of the Hucknall site, training on the Criminal and Anti-bribery Compliance Management System, Code of Conduct and policies has been prepared in 2022 and is ready for deployment in early 2023 in the United Kingdom to expand the knowledge and understanding of our employees regarding ITP Aero's commitments and increase awareness on these matters.

The communication throughout 2022 has been continuous through the internal channels available to the company.

On the eve of the 2022 Christmas period, specific interactive communications regarding gifts and hospitality were published throughout the company, reminding all our employees of the good practices for giving and receiving gifts, which are in line with the G+H Gifts and Hospitality policy.

The Board of Directors and the Executive Committee have conveyed their commitment to the compliance culture, thus reinforcing the importance it has for ITP Aero.

2.5.3. Transparency with stakeholders

ITP Aero develops a responsible and sustainable business model and places stakeholders at the centre of its strategy. The aeronautical sector is going through a transformational stage and faces significant technological challenges that require greater interaction among all agents of change. ITP Aero, as one of these agents, is transparent about its role in the sustainable development of society and the economy, and therefore builds trusting relationships with its key stakeholders and maintains a constructive and open dialogue with them, which is essential for ITP Aero's success.

• **Main stakeholders for ITP Aero**

The main stakeholders for ITP Aero are shareholders, customers, employees, public administrations, business associations, society, universities and technology centres, suppliers, trade unions and subcontracted personnel. Similarly, ITP Aero is in continuous dialogue with the media, consortia, companies in the environment and aviation safety agencies.

In order to assess the relevance of the various ESG-related elements for stakeholders, the company conducted a stakeholder survey, resulting in the following priorities.

Stakeholders	Its main priorities	
Shareholder	<ul style="list-style-type: none"> • Climate change. • Product innovation. • Product safety. • Human rights. 	<ul style="list-style-type: none"> • Diversity, equality and inclusion. • Skills for the future. • Integrity and compliance.
Customer	<ul style="list-style-type: none"> • Product safety. • Human rights. • Employee welfare and safety. • Risk management. 	<ul style="list-style-type: none"> • Diversity, equality and inclusion. • Integrity and compliance. • Data protection and cybersecurity.
Employee	<ul style="list-style-type: none"> • Employee welfare and safety. • Human rights. • Product safety. • Pollution and waste. • Diversity, equality and inclusion. 	<ul style="list-style-type: none"> • Skills for the future. • Climate change. • Integrity and compliance. • Circular economy.
Public administration, professional associations and society	<ul style="list-style-type: none"> • Climate change. • Pollution and waste. • Employee welfare and safety. 	<ul style="list-style-type: none"> • Human rights. • Circular Economy. • Integrity and compliance.
Universities and technology centres	<ul style="list-style-type: none"> • Pollution and waste. • Product safety. • Employee welfare and safety. • Human rights. 	<ul style="list-style-type: none"> • Diversity, equality and inclusion. • Skills for the future. • Risk Management.
Suppliers	<ul style="list-style-type: none"> • Human rights. • Product safety. • Employee welfare and safety. • Integrity and compliance Diversity, equality and inclusion. 	<ul style="list-style-type: none"> • Skills for the future. • Pollution and waste. • Corporate governance.
Trade unions	<ul style="list-style-type: none"> • Human rights. • Employee welfare and safety. • Product safety. • Pollution and waste. 	<ul style="list-style-type: none"> • Diversity, equality and inclusion. • Integrity and compliance. • Risk management.
Contracts	<ul style="list-style-type: none"> • Product safety. • Human rights. • Diversity, equality and inclusion. • Employee welfare and safety. 	<ul style="list-style-type: none"> • Risk management. • Skills for the future. • Pollution and waste.

• Discussion with Stakeholders

The company provides information on the technological advances it develops in line with the company's goal of leading the change towards more sustainable mobility.

In 2022, the key topics have been related to the company's milestones in this area; new architectures for aeronautical engines, new projects for the development of hybrid-electric or hydrogen-powered engines, advances in advanced manufacturing, or those related to sustainable aviation fuel (SAF).

Similarly, ITP Aero has shared information with stakeholders on social issues; the human capital of its employees, new ways of working (hybrid work model), being a quality employer or actions aimed at inspiring STEM subjects for future generations.

Communication with stakeholders is carried out through different channels and platforms and is maintained on a regular basis according to the communication and/or information needs.

2022 has been a year in which the company has strengthened its profile as a leading aeronautical/technological company in Spain through actions with technological, aeronautical or generalist media, participation in forums and sustainability awards.



Erlantz Cristobal, CTO of ITP Aero during an interview on Radio Euskadi.

2.5.4. Fiscal transparency

ITP Aero pays special attention to compliance with its tax obligations in accordance with the applicable regulations of each of the countries in which it is present. The following tables provide a breakdown of the profits and corporate taxes paid in each of the countries in which ITP Aero is present.

	Profit contributed to the consolidate group (€ thousands)		
	2020	2021	2022
España	-9,803	55,526	93,551
México	4,162	4,132	5,530
Reino Unido	6,010	-10,825	-12,591
USA	-5	-3	-4
Malta	224	-242	592
India	-318	404	600
	271	48,991	87,678

	Tax on benefits (€ thousands)		
	2020	2021	2022
España	12,313	482	1,281
México	505	1,365	1,497
Reino Unido	609	-205	0
USA	4	-0,80	0
Malta	651	220.36	-206
India	176	35.49	141
	14,251	3,178	2,715

2.5.5. Non-Financial Risk Management System

Risks in ITP Aero are managed according to the methodology defined in the Risk Policy and in the Risk Management Plan (RMP). Both documents detail the basic principles of the risk management methodology applied in the organisation, with the RMP being a more detailed document. The Risk Management Policy has been updated following the change of ownership to remove references to the previous shareholder.

ITP Aero understands that a risk is an uncertain event with a negative impact on the budget or business plan of the company or a programme, on Health & Safety, the environment or ITP Aero's reputation. For risk management, ITP Aero has established a structure that starts with the Board of Directors of the parent company ITPSA.

The governance structure that ensures that ITP Aero's risk policy is adhered to consists of:

- ITPSA Board of Directors
- ITP Aero Risk Committee
- Risk Committees for Functions, Programmes and Operational Areas
- Function, Programme and Operational Area Committees.

Risk management in ITP Aero is understood as a continuous activity for each area of the company, in which all employees are responsible for identifying, managing and communicating risks. However, some figures with different roles and responsibilities and in risk management have been established:

- **ITPSA's Board of Directors**, together with the rest of the management bodies in each of the subsidiaries: ultimately responsible for risk management in each of the areas.
- **Risk Leader**: is the Chief Executive Officer of ITP Aero and among other things is responsible for putting in place an effective cross-functional Risk Management System throughout ITP Aero and ensuring that adequate risk governance is implemented.
- **Risk Champion**: ITP Aero's Executive Director of Internal Governance and Resources. Among other things, is responsible for ensuring the implementation of risk management.
- **Risk Coordinator**: Head of Risks at ITP Aero. Among other things, is responsible for supporting the Business Units, Corporate Functions and Operational Areas in risk management, scheduling risk reviews with the areas and convening the Risk Committee.
- **Risk Responsible**: is the Executive Director and the most senior person responsible for risk in the different functions, programmes and areas. Among his/her responsibilities is to manage the risks in his/her area at an acceptable level.
- **Risk Owner**: appointed by the Risk Responsible and is the owner of the risk.
- **Risk Focal Point**: performed by different people in each function, programme and operational area who are responsible for managing the risk function in each of them.



The risk function is responsible for defining and implementing the risk management methodology, as well as supporting its proper application. It must also ensure the implementation of the Risk Management Plan, keep the risk register, schedule risk review meetings in each area, report risks to the Risk Committee and the Board of Directors and ensure the deployment of training.

ITPSA's Board of Directors and other governing bodies periodically review risks, at least once a year and the Risk Committee does so on a quarterly basis. This committee is made up of the Chief Executive Officer, the Executive Directors, the Head of Legal Advisory and the Head of Risks and in addition, regular risk review mechanisms have been implemented.

In each area of ITP Aero, cross-functionally and within each of the corporations that make up the Company, periodic risk reviews are conducted in each respective domain, with the participation of the different Risk Focal Points - key individuals from each programme, area and function - as well as any other necessary personnel. During these reviews, the status of the already defined risks is updated and new risks are defined, establishing the necessary controls for their proper management. In addition, action plans are established for each risk and the dates and status of the action plans already defined are reviewed. Furthermore, each function, area or programme holds internal meetings for their own management.

This year, in order to strengthen ITP's position in risk control and following the "three lines" model, the Internal Audit function has been created. The company's risk map is a fundamental element when selecting the processes to be audited by this new area.

In ITP Aero a risk management process consisting of five stages has been established:

1 Identification

The identification of a risk can be done simply by presenting it to those responsible, deriving directly from the company's activity. The Risk Responsible must ensure that all risks in their area are identified and incorporated into ITP Aero's risk register.

2 Analysis

Once a risk has been identified, its degree of criticality must be understood by assessing the likelihood of occurrence and its impact on a 5-level scale ranging from very low to very high. Additionally, the possible negative impacts are analysed if nothing is done to mitigate the risk.

The assessment is carried out by the person in charge of the area where the risk has the greatest effect and is discussed with others who have knowledge of the risk. The Risk Management Procedure includes a "Risk scoring scheme" as a guide for a homogeneous risk assessment across all areas of ITP. Risks are also categorised to make their management easier.

3 Treatment and monitoring

Once the risk has been identified and assessed, and a responsible person has been appointed, a decision is made on the actions to be taken. There are three possible options, to detail a mitigation plan; to transfer the risks to a third party such as a bank or insurance company; or to accept the risk, understand it and make provisions for it. Mitigation plans should include a person responsible for the actions included in them and a date for the completion of those actions.

4 Reporting and documentation

Risks are reported four times a year to the Risk Committee. In addition, they are also reported at least once a year to the Board of ITP Aero.

5 Evaluation

The risk management process is reviewed to achieve continuous improvement, incorporating suggestions and comments from all areas of ITP SA to ensure that it is efficient and meets the objectives described in the Risk Policy, as well as in the Risk Management Plan. The Risk Management System is also audited by certifying bodies in the management system in which ITP is certified, as well as audits carried out by our customers, leading to actions to improve our methodology.

The impact of non-financial risks is assessed according to their impact on the environment, Health & Safety or ITP Aero's reputation. Each of these risks is assigned a mitigation plan aimed at reducing its severity. The levels of severity of these risks are also included in the Risk scoring scheme, which is part of the Corporate Risk Management Procedure.

Although the intensity of the COVID pandemic has been decreasing throughout 2022, during the year the exercise started in 2020 and 2021 of identification and analysis of risks arising from the pandemic COVID 19 as well as monitoring of risks that were initially identified, has continued. These risks were reviewed in all areas of ITP Aero during risk reviews conducted in 2022 and reported to the quarterly Corporate Risk Committee. The COVID-19 Crisis Committee is still open but in a dormant state while legal measures are being withdrawn.

Moreover, the COVID 19 pandemic has been considered a Major Incident at ITP Aero and has been reported as such in the quarterly Corporate Risk Committees.

Following the outbreak of the conflict in Ukraine and in accordance with the Crisis Management Procedure, the relevant Crisis Committee was convened to monitor the impact of the conflict on ITPSA. Additionally, a series of risks related to the conflict were identified during risk reviews with the various departments, which have been closely monitored throughout the year.

In addition to the above and the usual activities of identifying, analysing, treating and reporting the Company's risks, the following events that occurred in the year 2022 stand out.

- A critical risk was identified regarding the impact of the increase in energy costs on ITP Aero and an action plan was implemented to minimise this impact.
- A risk related to the impact on ITP Aero of the increase in the year-on-year CPI, mainly in Spain, which is the basis for employee salary reviews, was identified.

- As a result of the inflationary trend during 2022, an analysis of the impact of the increase in raw material costs was also initiated, identifying the associated risks. This impact was partly mitigated by the escalation formulas included in the customer sales contracts.
- Due to the integration of Hucknall into the Group, the risk management methodology was deployed in this centre, focusing on quarterly risk reviews with risk focal points and involving the centre's responsible person in this deployment. The centre's risks are already integrated into the corporate risk management methodology.
- Once the Brexit process was completed and the impact of Brexit on ITP Aero was mitigated, the associated risks were closed throughout the year.
- The risks associated with the REACH regulation on the use of chemicals have been monitored.
- As was done with the risks related to Criminal Compliance in Spain, the same exercise was carried out during the year, in this case, for Mexico, assigning the identified risks to the corresponding departments.
- An analysis of the financial capacity of the supply chain has been carried out, the result of which has helped to identify risks that have completed the Operations risk map. This exercise will be carried out every year.
- Taking advantage of the insurance broker's report on facility improvements at ITPSA's sites, an in-depth review of Group Property risks was conducted, resulting in the identification of new Key risks and the reassessment of other risks of moderate impact.
- New risk registers have been generated covering new ITP Aero Programmes and activities.

Embedded within the process of continuous improvement of risk management, throughout the year 2022, activities related to business continuity have continued, monitoring scenarios of unavailability of critical assets and resources at the Zamudio centre and beginning the deployment of the project at the Ajalvir centre. In addition, there is a plan to deploy the business continuity methodology, ISO 22301, to the rest of ITP Aero's centres. The risks associated with the BC of these centres have been incorporated into the corresponding risk maps.

During the year 2022, a risk tool has been implemented that replaced the old support systems of risk registers. The tool has provided robustness to the risk management process, providing unique data and avoiding human error.

The main non-financial risks identified by ITP Aero are summarised in the following table:

Main risks	Mitigation plans
Reputational risks arising from business relationships with public institutions due to contractual breaches.	Establish a close relationship with customers, gain in-depth knowledge of contracts, provide thorough training of our professionals and make a concerted effort to allocate resources correctly.
Risks to third-party safety due to product design and/or manufacturing failures that are integrated into engines/aircraft.	Implement a high-level security policy, commit to aeronautical authorities, form safety committees, have highly qualified employees, have the executive committee committed to security, implement a change control system and provide mandatory product safety training for all employees.
Communication risks in crisis situations.	Implement a crisis committee and edit the Crisis Management Procedure, the Business Continuity Management System and the Recovery Plan for the Zamudio plant. Deploy the Business Continuity methodology to other centres, with the project already underway at Ajalvir.
H&S labour risks derived from factories.	Manage incidents in detail, conduct ongoing audits, implement factory adjustment plans and provide mandatory training for all employees in occupational safety.
Reputational and H&S risks due to electrical installations.	Review all electrical installations at all ITP Aero sites and implement an ongoing industrial plan. As corrective actions are implemented, risks are being closed.
Reputational risks arising from our business relationships with public institutions due to compliance issues.	Implement a crime prevention manual, perform due diligence for all advisers, conduct screening processes and involve top management actively. The AENOR certification for the Criminal Compliance Management System has been renewed.
Risks with environmental impact due to waste.	Review of all machinery at all ITP Aero plants, industrial plan in place including measures to eliminate the risk of contamination. Specific measures have been implemented, such as diverting waste from the stormwater network to the sewage network and an oil and grease separator will be installed this year. Approval from the consortium to be able to continue discharging into the sewage network has been obtained. Very close and fluid relationship with the corresponding authorities at each work centre.
Reputational risk arising from the implementation of a compliance culture.	Implement an action plan based on the implementation of a criminal and anti-bribery compliance management system, which has already been certified in Spain. The system has also been implemented in Mexico. The system includes elements that are globally implemented and cover key areas to generate and reinforce a culture of compliance. Elements such as compliance risk management, policies and procedures, organisation and governance involving top management, function and team compliance, monitoring and auditing, as well as whistleblowing channels and training, awareness-raising and communication plans aimed at reinforcing the culture of ethics and compliance. The area has been strengthened with the addition of new members.

Main risks	Mitigation plans
Risks related to the new European Chemicals Regulation (REACH).	A multi-disciplinary working group where risks are identified and action plans are agreed for each of them. Inclusion of a point dedicated to REACH risks in the agenda of the risk reviews with the areas. Exhaustive monitoring of European regulations and potential national regulations for the transposition of European Directives. Collaboration with partners in the sector.
Risk of cyber-attack with an impact on major corporate information systems that could lead to leakage or loss of key information.	As a continuation of the previous plan, the Security Plan for the next 5 years, 2022-2026, has been approved, which includes 20 projects with technical and organisational measures. Additionally, due to the conflict in Ukraine, the IP connection with companies in Russian and Belarusian territory has been severed.
Reputational risk arising from provisional areas assigned to external service companies in production centres.	Implement an adjustment plan for the areas.
Reputational risk arising from constructions annexed to the main buildings.	Implement a plan to relocate the constructions. As corrective actions are implemented, risks are being closed.
Reputational risk due to a severe fire at a site	Plan for the review of fire safety measures and replacement of dangerous elements.
Reputational risk arising from business relationship with Russian companies (supply chain).	Analysis of each supplier and, if applicable, plan to exit Russian suppliers.
Reputational risk due to leakage in screening of Russian companies.	Plan in progress implementing 3 screenings of information on a daily basis with 3 different tools.
Risks of noise pollution at certain production sites.	Mitigation plan in progress in coordination with the respective authorities.
Risk due to loss of quality certifications of Russian entities.	Plan in progress implementing alternatives that ensure the quality of the products.
Risks regarding the fencing standard at certain production centres.	Plan in progress to align with the corporate safety standard.
Reputational risk due to the impact on the customer of technical problems for which ITP is responsible.	Comprehensive plan in progress; reviews with authorities, communication with the customer, search for design alternatives...
Reputational risk of delivery delays caused by supply chain restrictions.	Ongoing plan to search for supply alternatives, establish stable medium- to long-term agreements with suppliers, redefine the "make or buy" strategy...
H&S risk due to changes in regulations regarding the use of oils.	A plan is underway to identify impacts on ITP and make the necessary adjustments to align with the new regulations.
Reputational risk due to technical problems on the corporate website.	A plan is underway with the supplier and ITP's Systems area to review the technical requirements that ensure the correct functioning of the corporate website.
H&S Risk related to handling of components containing asbestos.	A plan is underway to identify the type of asbestos, develop a work procedure and plan training, with a view to submitting it to the labour authorities.

2.5.6. Information security/cybersecurity

• Security organisation and leadership

For ITP Aero, the protection of information assets, both its own and those of customers, partners and suppliers, is of vital importance. To this end, an Information Security Management System (ISMS) has been developed with a global scope and based on the ISO/IEC 27001 standard, safeguarding the integrity, availability, confidentiality, traceability and authenticity of the information processed at ITP Aero, also guaranteeing the privacy of personal data.

The management of ITP Aero is committed to security by providing the necessary resources and means for the development and implementation of security measures that are determined, ensuring business continuity and compliance with legal, regulatory and contractual security requirements. As a result, the Information Security Committee has been created, responsible for the review and improvement of the ISMS and its security controls.

ITP Aero performs an annual internal audit of its management system to verify that the protocols for safeguarding customer information are followed.

• Security culture

All the individuals who make up ITP Aero are guarantors of the safety of the company and its customers. Therefore, the company carries out regular awareness campaigns and has a news Blog where the most significant alerts are published and good practices are promoted.

During 2022, a specific cybersecurity course was conducted for all company employees.

• Compliance

In order to be able to comply with all this, ITP Aero has an integral Security Department, which combines cybersecurity, information security and compliance and corporate security, led in a uniform and integral manner.

• Threat detection, correlation and cyber intelligence

ITP Aero has a SOC (Security Operations Centre) in place that provides coverage for events that take place in its Data Centres, perimeters, workstations and cloud environments. These services act when they receive alerts generated by SIEM (Security Information and Event Management) tools, on detecting security events defined by the Cybersecurity Directorate.

• Response to cyber-attacks

ITP Aero has an incident management procedure in accordance with the ISO/IEC 27035 standard, whose operations are based on three actions: response, containment and eradication.

Schematically:

Security Committee		
Chief Security Officer		
Chief Information Officer	Chief Physical Security	Data Protection Officer & Compliance
<p>Workplace security</p> <ul style="list-style-type: none"> • Browsing and DNS protection. • Antivirus. • Protection of electronic mail. • Advanced device protection. • Proactive management of updates. • Device control. • Multi-factor authentication. • Limiting device privileges. <p>Network security</p> <ul style="list-style-type: none"> • Multilayer perimeter protection. • Segregation of environments. • Active traffic monitoring. • Periodic vulnerability analysis. • Retroactive threat hunting. • Surveillance with external intelligence sources. <p>Security of the factory environment</p> <ul style="list-style-type: none"> • Segmentation of networks and isolation of environments. • Computer hardening. • Restriction of communications. 	<ul style="list-style-type: none"> • Perimeter security installations. • Security with contracted security services. • Control centre and alarm receiving centre for own use. • Access controls. • Intrusion systems. 	<ul style="list-style-type: none"> • Updating of the Information Security Management System. • Updating of the area's risks. • Follow-up of area audits. • Monitoring of global data protection tasks, as well as handling requests and incidents. Updating of documentation according to regulations and business. • Monitoring compliance with customer contracts regarding their information security. • Annual internal audits. <p>Data security</p> <ul style="list-style-type: none"> • Principle of least privilege. • Data leakage protection. • User and permission management. • Awareness-raising.



03

Tables of non-financial indicators

Impact of our products

Subsidies

	Subsidies (thousands €)		
	2020	2021	2022
Spain	4,738	2,325	2,749

Impact on our operations

Water consumption according to origin and consumption area

The increase in water consumption is associated with the increase in activity and the creation of new lines, as well as the integration of the new production plant in the UK (Hucknall).

In Mexico, the increase in consumption is due to tests for the installation of the new well telemetry system and the incorporation of new washing machines.

	Water consumption (m ³)								
	2020			2021			2022		
Source of extraction	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Main water supply	98,981	0	2,856	118,129	0	30,413	118,320	0	43,247
Water from wells	0	37,900	0	0	21,456	0	0	29,621	0
TOTAL	98,981	37,900	2,856	118,129	21,456	30,413	118,320	29,621	43,247

Consumption of raw materials

	Quantity			Units
	2020	2021	2022	
SPAIN				
Production material	1,498	875	1,127	tn
Production material (tubes)	94,526	147,074	176,980	units
Consumables and supplies	1,958	1,272	1,646	tn
MEXICO				
Production material	162	387	637	tn
Dielectric oils	1,600	5,000	6,400	Litres
Consumables and supplies	1.20	48	44	tn
UNITED KINGDOM				
Production material	37	24	1,177	tn
Production material (units)	0	0	22,566	units
Consumables and supplies	18	17	17	tn

The production material mainly consists of forgings, castings, sheets, compounds of different alloys of titanium, nickel and cobalt. Consumables and supplies include mainly lubricants, solvents and other auxiliary products.

This year, it has not been possible to provide certain data in tonnes for the Hucknall facility. This facility joined the group in 2022, which is why data for previous years are not reflected. In addition, it should be noted that work is currently underway to optimise the data so that next year the information will be reported in tonnes.

In order to improve data reporting, the information in the table above has been re-expressed by grouping consumption. In addition, variations in consumption can be observed due to the fact that the products manufactured in the different plants have varied in 2022. These variations are due to the increase in production. On the other hand, consumption for the year 2021 has undergone modifications.

Energy consumption by source and country

In order to improve the information reported in this report, an improvement has been made to the process of obtaining information during the 2022 financial year, with the inclusion of energy and emissions data from the India and Malta centres.

Electricity consumption has increased in the United Kingdom due to the incorporation of the Hucknall plant and in Mexico due to the increase in machinery in both manufacturing and piping.

	Energy consumption (kWh)			
	2020			
Source of energy	Spain	Mexico	United Kingdom	TOTAL
Natural gas + Kerosene	23,497,910	76	11,837	23,509,823
Electricity	48,296,367	7,765,061	2,154,904	58,216,332
TOTAL	71,794,277	7,765,137	2,166,741	81,726,155

	Energy consumption (kWh)			
	2021			
Source of energy	Spain	Mexico	United Kingdom	TOTAL
Natural gas + Kerosene	22,187,316	4,492,966	2,470,960	29,151,242
Electricity	47,267,071	8,098,090	11,576,044	66,941,205
TOTAL	69,454,387	12,591,056	14,047,004	96,092,447

In 2022 there has been an increase in energy consumption of 24% due to increased production.

	Energy consumption (kWh)					
	2022					
Source of energy	Spain	Mexico	United Kingdom	India	Malta	TOTAL
Natural gas + Kerosene	21,906,664	6,640,752	9,105,427	24,126	96,159	37,773,128
Electricity	49,687,794	9,236,170	21,706,385	716,766	199,270	81,546,385
TOTAL	71,594,458	15,876,922	30,811,812	740,892	295,429	119,319,513

Waste generated

The reduction of hazardous waste by 16% is noteworthy.

Type	Waste generated (T)								
	2020			2021			2022		
	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Hazardous waste	1,002	187	83	880	185	572.27	841.60	169.76	367
Non-hazardous waste	2,795	165	10	1,623	165	424.41	2,122.06	331.22	470
TOTAL	3,797	352	93	2,503	350	996.68	2,963.66	500.98	837

Refrigerant consumption

The gas load with the highest contribution in tonnes of CO₂ (RS44) has been eliminated.

At ITP Aero we make a conscious effort to avoid refrigerants with the highest GWP (Global Warming Potential): R-404 A, and R-507A.

	KG recharged								
	SPAIN			MEXICO			UK		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
R410A	54	39	88	27	0	2	0	48	31
R407C	17	169	96	2	17	5	0	0	28
R134A	5	32	36	1	0	2	0	0	36
R407A	0	0	0	37	0	0	0	0	0
R-404A	0	0	0	0	0	39	0	0	0
RS-22	0	0	0	0	0	9	0	0	0
RS-70	0	4	0	0	0	0	0	0	0

Greenhouse gas emissions

COUNTRY	Greenhouse gas emissions (tCO ₂)					
	2020		2021		2022	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Spain	4,602	110	5,048	11,799	4,560	78
Mexico	140	1,891	45	332	1,977	345
United Kingdom	2	546	666	415	1,853	42
Malta					26	77
India					8	581
TOTAL	4,744	2,548	5,759	12,546	8,424	1,123

- The Contract with the energy manager in Spain guarantees a 100% renewable energy supply (Class A green energy).

Our people / quality employment

Breakdown of staff by gender, age, country and occupational classification

By gender	2020	2021	2022	Delta
Women	689	720	788	9%
Men	2,870	3,455	3,705	7%
Total	3,559	4,175	4,493	8%

By age	2020	2021	2022	Delta
<30	379	458	564	23%
>=30<=50	2,514	2,857	2,824	-1%
>50	666	860	1,105	28%
Total	3,559	4,175	4,493	8%

By category	2020	2021	2022	Delta
Executive	135	154	157	2%
Manager	454	499	536	7%
Technicians	1,204	1,350	1,427	6%
Staff Collective Agreement Table	1,766	2,172	2,373	9%
Total	3,559	4,175	4,493	8%

By country	2020	2021	2022	Delta
Spain	2,725	2,661	2,844	7%
Mexico	609	649	726	12%
United Kingdom	163	805	859	7%
Malta	38	35	36	3%
India	24	25	28	12%
Total	3,559	4,175	4,493	8%

Distribution of employment contract types for staff at closing

Type of contract	2020	2021(*)	2022	Delta
Full-time permanent	3,402	3,995	4,175	5%
Part-time permanent	10	20	18	-10%
Full time temporary	100	114	270	137%
Part-time temporary	47	46	30	-35%

(*) The data for 2021 has been modified to ensure compliance with legal requirements and comparability with all reported years.

Annual average of different employment contract types

The calculation of the contract averages for the 2022 financial year has been made using three variables: headcount at the end of 2021, headcount at the end of June 2022 and headcount at the end of 2022.

By gender

2020	Full-time permanent	Part-time permanent	Full-time temporary	Part-time temporary
Women	668	4	37	2
Men	2,799	5	241	49

2021	Full-time permanent	Part-time permanent	Full-time temporary	Part-time temporary
Women	660	6	16	2
Men	2,685	7	86	45

2022	Full-time permanent	Part-time permanent	Full-time temporary	Part-time temporary
Women	703	10	28	2
Men	3,152	11	156	37

By category

2020	Full-time permanent		Part-time permanent		Full-time temporary		Part-time temporary	
	M	H	M	H	M	H	M	H
Executive	18	112	0	0	1	0	0	0
Manager	101	315	0	1	0	1	0	6
Technicians	312	839	3	2	21	95	1	17
Staff Collective Agreement Table	238	1,534	2	3	17	146	1	27

2021	Full-time permanent		Part-time permanent		Full-time temporary		Part-time temporary	
	M	H	M	H	M	H	M	H
Executive	20	117	0	1	0	0	0	0
Manager	114	330	0	1	0	0	0	6
Technicians	300	792	4	2	12	54	1	16
Staff Collective Agreement Table	226	1,447	2	4	4	32	1	24

2022	Full-time permanent		Part-time permanent		Full-time temporary		Part-time temporary	
	M	H	M	H	M	H	M	H
Executive	23	127	0	1	0	0	0	0
Manager	122	375	0	1	1	1	0	4
Technicians	291	1,209	6	5	15	72	1	15
Staff collective Agreement Table	267	1,443	5	5	12	83	1	18

By age

2020	Full-time permanent		Part-time permanent		Full-time temporary		Part-time temporary	
	M	H	M	H	M	H	M	H
<30	58	251	0	0	12	57	1	0
>=30<=50	520	1,960	3	4	6	21	0	0
>50	86	527	2	1	0	4	1	45

2021	Full-time permanent		Part-time permanent		Full-time temporary		Part-time temporary	
	M	H	M	H	M	H	M	H
<30	54	241	1	0	11	57	1	0
>=30<=50	513	1,937	3	6	5	24	0	0
>50	92	507	2	2	0	5	1	45

2022	Full-time permanent		Part-time permanent		Full-time temporary		Part-time temporary	
	M	H	M	H	M	H	M	H
<30	61	292	2	0	20	95	1	0
>=30<=50	511	2,102	5	6	7	54	0	0
>50	130	758	3	5	0	7	1	37

Dismissals

By gender

	2020	2021	2022	Delta
Women	37	10	3	-70%
Men	222	87	17	-80%
Total	259	97	20	-79%

By category

	2020	2021	2022	Delta
Executives	1	8	5	-38%
Manager	5	17	4	-76%
Technician	49	31	4	-87%
Staff Collective Agreement Table	204	41	7	-83%
Total	259	97	20	-79%

By age

	2020	2021	2022	Delta
<30	71	6	1	-83%
>=30<=50	148	15	9	-40%
>50	40	76	10	-87%
Total	259	97	20	-79%

Average remuneration for the financial years 2022 and 2021, broken down by age, occupational category and gender

To calculate the average remuneration, the workforce as of 31 December of the audited financial year is used and the annual remuneration (including seniority; fringe benefits and bonuses) and variable remuneration actually paid in the year 2022 are considered

as the base. The values in the tables below are the result of equating the remuneration actually paid, extrapolating situations of reduced working hours and service provision of less than one year, which allows for a homogeneous comparison.

By gender

Average salary by gender (thousands of €)	2020	2021	2022	Delta
Women	39.5	40.2	43.5	8.2%
Men	41.8	41,0	44.2	7.7%
Gap	5.4%	2.1%	1.68%	7.9%

By age

Average salary by age (thousands of €)	2020	2021	2022	Delta
<30	27.7	24.0	28.7	20%
>=30<=50	39.0	38.9	43.2	11%
>50	57.8	58.0	54.3	-6%

By category

Average salary per category (thousands of €)	2020	2021	2022	Delta
Executive	114.1	120.1	118.4	-1%
Manager	54.9	50.8	58.5	15%
Technicians	42.6	40.4	43.4	8%
Staff Collective Agreement Table	31.5	32.2	36.3	13%

Executives (thousands of €)	2020	2021	2022	Delta
Women	107.5	121.8	114.9	-6%
Men	115.2	119.8	119.1	-1%

Average remuneration of directors (thousands of €)	2020	2021	2022	Delta
Women	-	-		
Men	140*	201	415	107%

* There is no woman on the Board of Directors.

Absenteeism

Absenteeism	2020	2021*	2022	Delta
Hours	476,942	330,291	453,132	37%
% of Theoretical hours	8.3%	5.95%	5.97%	

* Not including data from ITP Aero UK due to unavailability.

Reduced working hours

Reductions	2020	2021	2022	Delta
Women	90	82	93	13%
Men	65	76	121	59%
General Total	155	158	214	35%

Hours of training broken down by occupational category

(annual average per worker; 39 hours/year)

	2020	2021	2022	Delta
Executive	1,450	2,629	3,201	22%
Manager	7,554	10,237	14,281	40%
Technicians	21,075	31,688	42,129	33%
Staff Collective Agreement Table	76,323	90,359	117,096	30%
Total	120,528	134,912	176,708	31%

Percentage of staff whose remuneration is subject to collective agreements in relation to the total workforce

Country	2020		2021		2022	
	Excluding Collective Agreement	Including Collective Agreement	Excluding Collective Agreement	Including Collective Agreement	Excluding Collective Agreement	Including Collective Agreement
Spain	47%	53%	48%	52%	48%	52%
Mexico	50%	50%	52%	48%	51%	49%
United Kingdom	83%	17%	42%	58%	40%	60%
Malta	100%	0%	91%	9%	92%	8%
India	100%	0%	88%	12%	75%	25%
General total	50%	50%	48%	52%	47%	53%

(*) In order to achieve greater representativeness of the data, the information presented in the table has undergone a change in criteria. The percentage of excluded or included individuals has been calculated based on the total number of employees in each country.

Percentage of employees covered by collective agreements by country

% Employees covered by collective agreements	
Spain	95%
Mexico	49%
United Kingdom	92%
Malta	100%
India	96%
Total	87%

Health & Safety

Accident rates for the years 2020, 2021 and 2022

Quantitatively, the accident results for 2021 were better - a year in which particularly good results were achieved. It is worth mentioning that the company's TRI target for 2022, which was set at 22, has been achieved, with a final result of 21.

	2020			2021			2022			21 vs 22
	Woman	Man	Total	Woman	Man	Total	Woman	Man	Total	
Reportable injuries	2	17	19	3	14	17	2	19	21	+23%
Non-reportable injuries	8	71	79	3	69	72	9	73	82	+14%
Frequency rate	0.37	3.21	3.58	2.63	0.50	3.19	1.27	3.16	2.76	-14%
Severity index	0.14%	1.22%	1.36	0.15	0.7	0.85	0.02	0.22	0.18	-79%
Incidence rate	0.06%	0.47%	0.53%	0.07%	0.36%	0.44%	0.25	0.51	0.45	+6%
Occupational diseases	0	3	3	1	6	7	5	6	11*	+57%

Note*: 7 occupational diseases with reportable injuries and 4 occupational diseases without reportable injuries.

Incidence rate is defined as the ratio between the number of accidents recorded in a given period of time and the average number of people exposed to the considered risk.

I.I. = (Number of reportable injuries / Number of workers) x 100

Severity rate (S.R.) represents the number of lost workdays per thousand hours worked.

S.R. = (Lost workdays / Hours worked) x 1000

The frequency rate is an indicator of the number of accidents occurring in a given period of time in which workers were exposed to the risk of suffering a work-related injury. The frequency rate corresponds to the total number of reportable injuries per one million working hours of exposure to the risk.

F.R = (Number of reportable injuries / number of hours worked) x 1000000

Supply chain

Supplier audits

	2020	2021	2022
Audits carried out	67	86	96
Closed audits	45	52	86

Quality and safety in our products

Complaints and claims system

	2020	2021	2022 *
Claims	138	194	266 (132 in ITP UK)
Responsibility of ITP Aero	60	65	93 (40 in ITP UK)

* The number of claims in 2022 includes Production, MRO and ITP Aero UK, whereas in 2021 and previous years ITP Aero UK was not included.

Impact on the communities where we operate

Contributions to associations, foundations and sponsorships		
2020	2021	2022 *
148,484 €	179,433 €	237,127 €



04

Tables of GRI indicators

Index of contents required by Law 11/2018, of 28 December, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts, with regard to non-financial information and diversity.

General areas

Areas	Reporting framework	Section	Comments / Reason for omission
Business model	Description of the Group's business model, including: – Business environment – Organisation and structure – Markets in which it operates – Objectives and strategies – Main factors and trends that may affect its future development	GRI 2-1: Company Details GRI 2-6: Activities, value chain and other relationships GRI 2-22: Statement of Sustainable Development Strategy	1.2 1.3 1.4 1.5 2.1 2.2
Policies and Policy Outcomes	A description of the policies applied by the group as well as the results of those policies, including relevant non-financial key performance indicators	3-3: Management approach for each area	These are detailed in each of the sections of this report, by virtue of the subject matter covered
Short-, Medium-, and Long-term risks	The main risks related to these issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on these areas	3-3: Management approach for each area 102-15: Main impacts, risks and opportunities	2.5.5

Environmental issues

Areas	Reporting framework	Section	Comments / Reason for omission
Global Environment	Current and foreseeable effects of the company's activities	GRI 3-3: Management of material issues GRI 2-23: Policy Commitments	2.3.3
	Environmental assessment or certification procedures		2.3.3
	Resources dedicated to environmental risk prevention		2.3.3
	Application of the precautionary principle Amount of provisions and guarantees for environmental risks		2.3.3
Pollution	Measures to prevent, reduce or remedy carbon emissions that seriously affect the environment; taking into account any form of specific air pollution from an activity, including noise and light pollution	GRI 3-3: Emissions / Biodiversity Management Approach	2.3.3 3
Circular economy and waste prevention and management	Circular economy	GRI 3-3: Effluent and Waste Management / Circular Economy Approach	2.3.3 3
	Waste: prevention measures , recycling, reuse, other forms of recovery and disposal of waste	GRI 3-3: Effluent and Waste Management/ Circular Economy Approach GRI 306-2: Waste by type and disposal method	2.3.3 3
	Actions to combat food waste	GRI 3-3: Effluent and Waste Management / Circular Economy Approach	-
Sustainable use of resources	Water consumption and water supply according to local constraints	GRI 303-3: Water abstraction	2.3.3 3
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 3-3: Material Management Approach GRI 301-1: Materials used by weight or volume	2.3.3 3
	Direct and indirect energy consumption measures taken to improve energy efficiency and the use of renewable energies	GRI 3-3: Energy Management Approach GRI 302-1: Intra-organisational energy consumption	2.3.3 3
Climate change	Important elements of the greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	GRI 3-3: Emissions Management Approach GRI 305-1: Direct GHG emissions (Scope 1) GRI 305-2: Indirect GHG emissions from energy generation (Scope 2)	2.3.1 2.3.2 2.3.3 3
	Measures adopted to adapt to the consequences of climate change	GRI 3-3: Emission Management Approach	2.3.3
	Voluntary reduction targets established	GRI 3-3: Emission Management Approach	2.3.3
Biodiversity protection	Measures taken to preserve or restore biodiversity	GRI 3-3: Biodiversity Management Approach	2.3.3
	Impacts caused by activities or operations in protected areas	GRI 304-2: Significant impacts of activities, products and services on biodiversity	

Social and Personnel issues

Areas		Reporting framework	Section	Comments / Reason for omission
Employment	Total number and distribution of employees by gender, age, country and occupational category	GRI 3-3: Employment Management Approach	2.4.1 3	
	Total number and distribution of types of employment contracts	GRI 2-7: Employees GRI 405-1: Diversity in Governing Bodies and Employees	2.4.1 3	
	Average annual number of permanent, temporary and part-time contracts by gender, age and occupational category	GRI 2-7: Employees GRI 405-1: Diversity in Governing Bodies and Employees	2.4.1 3	
	Number of dismissals by gender, age and occupational category	GRI 401-1: New employee hires and staff turnover	2.4.1 3	
	Average remuneration by gender, age and occupational category	GRI 405-2: Ratio of basic salary and remuneration of women vs. men	2.4.1 3	Remuneration data calculated as of 31/12/2022
	Wage gap, equal job or societal average remuneration.	GRI 3-3: Employment Management Approach GRI 405-2: Ratio of basic salary and remuneration of women vs. men	2.4.1 3	Formula used: 1 - (women's salary/ men's salary)
	Average remuneration of directors and executives disaggregated by gender	GRI 3-3: Employment Management Approach	2.4.1 3	
	Implementation policies for disconnection	GRI 3-3: Employment Management Approach	2.4.1	
	Employees with disabilities	GRI 405-1: Diversity in Governing Bodies and Employees	2.4.1	
	Work organisation	Organisation of working time	GRI 3-3: Employment Management Approach	2.4.1 3
Number of hours of absenteeism		GRI 3-3: Health and Safety at Work	3	
Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents		GRI 3-3: Employment Management Approach	2.4.1	
Health and safety	Health and safety conditions at work	GRI 3-3: Employment Management Approach	2.4.2	
	Number of accidents at work and occupational diseases by sex, frequency and severity rate by sex	GRI 3-3: Health and Safety at Work	2.4.1 3	
Social relations	Organisation of social dialogue	GRI 3-3: Management Approach Worker- Employer relations	2.4.3	
	Percentage of employees covered by collective agreements by country	GRI 2-30: Collective bargaining agreements	3	
	Assessment of collective agreements, particularly in the field of occupational health and safety	GRI 403-4: Worker involvement, consultation and communication on health and safety at work	2.4.1	
	Mechanisms and procedures for promoting employee involvement in the management of the company, in terms of information, consultation and participation	GRI 3-3: Management Approach Worker- Employer relations	2.4.1	
Training	Policies implemented in the field of training	GRI 3-3: Management approach to training and education	2.4.1	
	Total number of training hours per occupational category	GRI 404-1: Average hours of training per employee per year	2.4.1 3	
Universal accessibility for people with disabilities		GRI 3-3: Diversity and Equal Opportunity Management Approach and Non-Discrimination	2.4.1	

Areas	Reporting framework	Section	Comments / Reason for omission
Equality	Measures taken to promote equal treatment and opportunities for women and men	GRI 3-3: Diversity and Equal Opportunity Management Approach and Non-Discrimination	2.4.1
	Equal Opportunity plans measures taken to promote employment, protocols against sexual harassment and gender-based discrimination		2.4.1
	Policy against all types of discrimination and, where applicable, diversity management		2.4.1

Información sobre el respeto de los derechos humanos

Areas	Reporting framework	Section	Comments / Reason for omission
Application of human rights due diligence procedures Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses committed	GRI 3-3: Management approach human rights assessment+ freedom of association and collective bargaining+ child labour+ forced or compulsory labour GRI 2-23: Political commitments GRI 2-26: Mechanisms for seeking advice and raising concerns GRI 412-2: Employee training on human rights policies or procedures	2.4.1	
Complaints of human rights violations	GRI 406-1: Discrimination cases and corrective actions taken	2.5.2	
Promotion and compliance of the ILO fundamental conventions relating to the respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour	GRI 3-3: Non- discrimination Management Approach GRI 406-1: Discrimination cases and corrective actions taken GRI 407-1: Operations and suppliers whose right to freedom of association and collective bargaining may be at risk GRI 408-1: Operations and suppliers with significant risk of child labour GRI 409-1: Operations and suppliers with significant risk of forced or compulsory labour	2.4.1	

Information relating to the fight against bribery and corruption

Areas	Reporting framework	Section	Comments / Reason for omission
Measures taken to prevent bribery and corruption	GRI 3-3: Anti-Corruption Management Approach GRI 2-23: Political commitments GRI 2-26: Mechanisms for seeking advice and raising concerns GRI 205-2: Communication and training on anti-corruption policies and procedures	2.5.2	
Measures to combat money laundering	GRI 205-2: Communication and training on anti-corruption policies and procedures	2.5.2	
Contributions to foundations and non-profit organisations	GRI 413-1: Operations with local community involvement, impact assessments and development programmes	2.4.6 3	

Information about the Company

Areas		Reporting framework	Section	Comments / Reason for omission
Company commitments to sustainable development	Impact of the company's activity on employment and local development	GRI 3-3: Management approach to local communities + indirect economic impacts	2.2.6	
	Impact of the company's activity on local populations and territory	GRI 203-2: Significant Indirect Economic Impacts	2.2.6	
	Relations with local community actors and dialogue methods with them	GRI 2-29: Approach to Stakeholder Engagement GRI 413-1: Operations with local community engagement, impact assessments and development programmes	2.2.6	
	Partnership or sponsorship actions	GRI 102-12: External initiatives GRI 102-13: Membership of associations	2.1.2 2.2.6 3	
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 3-3: Management Approach to Procurement Practices	2.2.4	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 2-6: Activities, value chain and other business relationships GRI 308-1: New suppliers that have passed evaluation and selection filters according to environmental criteria	2.2.4	
	Supervision and audit systems and the results thereof	GRI 414-1: New suppliers that have passed selection filters according to the social criteria	2.2.4 3	
Consumers	Consumer health and safety measures	GRI 3-3: Management Approach to Customer Health and Safety + Marketing and Labelling + Customer Privacy	2.2.5	
	Claims systems		2.2.5	
	Complaints received and resolution thereof		2.2.5	
Tax information	Country-by-country profits	GRI 3-3: Management Approach to economic performance	2.3.4	
	Taxes on profits paid	GRI 207-4: Country-by-country reporting	2.3.4	
	Public subsidies received	GRI 201-4: Financial assistance received from the government	2.1.2	

