Sustainability Report 2019

ITP Aero

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This Sustainability Report includes all the information provided under Law 11/2018 of 28 December on non-financial information and diversity, which in turn has been included in the Statement of Non-financial Information for 2019 produced by the Company's directors and verified by Pricewaterhouse Coopers Auditores S.L.

Contents

Letter from Carlos Alzola, CEO of ITP Aero

Dear reader,

Thank you for dedicating a few minutes of your time to ITP Aero's 2019 Sustainability Report. 2019 was a year of solid growth for ITP Aero, in which we achieved major milestones, both technological and industrial. This is the second time we prepare this document, adapting its content to the requirements of the new Non-Financial Information and Diversity Reporting Act recently approved by the Spanish Government, and following the guidelines of the Global Reporting Initiative (GRI) standard, in order to share with our stakeholders the information regarding the social, economic and environmental impact of our activity.

I'm writing these lines during the COVID-19 pandemic, aware of the negative effects its generating in countless sectors, particularly in the aeronautical industry. Logically, the data and information contained in this document refer only to 2019.

In 2019, ITP Aero celebrated its 30th anniversary. 30 years in which we have become the ninth largest aircraft engine company in the world. Many of us who make up ITP Aero today have witnessed this growth, based on a commitment to the development of proprietary technology and industrial capacities. Today we are proud to be able to say that, at this moment, more than 185,000 people are flying in planes that have ITP Aero products.

At the end of 2019, ITP Aero's business continued to grow, supported by growth in all segments of commercial aviation: double-aisle, single-aisle and business aviation. ITP Aero has recorded underlying revenue of 983M EUR, an increase of 11% compared to that of 2018. By business area, Commercial Aviation accounts for 75% of sales, while Defence and In-Service Support account for 14% and 11%, respectively. In addition, ITP Aero has increased its workforce by 4% to 4,006 employees.

Flying is a means of transportation that helps connect people around the world and which is becoming increasingly efficient. At ITP Aero, we develop technologies, products and services that contribute to a more sustainable aviation. Proof of this are the first aerodynamic tests we carried out in 2019 on the intermediate pressure turbine of the future Rolls-Royce engine UltraFan™, at the Aeronautical Technology Centre in Biscay (Spain). An engine that will define a new era for jet engines, as it will significantly reduce weight, noise and fuel consumption.

In addition, in order to meet the growing demand for our products, we have expanded our production capacities over the past year. Investments have included a new Externals plant in Derio (Biscay), focused on more technologically complex products, and the expansion of our plant in Querétaro (Mexico).

During 2019, we also made important organisational changes to both the Board of Directors and the management team. As far as the Board is concerned, the appointments of Ben Story and Diego García Bernabeu, as members of the Board, and my own appointment as Chief Executive Director, are worth highlighting. In addition, we combined our three business units into two - Civil and Defence -, integrating maintenance and aftermarket services into the two business units with the aim of improving market access.

Without further ado, I present you with ITP Aero's 2019 Annual Report, in which we take stock of our financial year in relation to the impact of our technological, industrial, social and environmental activity.

Carlos Alzola
CEO of ITP Aero

About ITP Aero

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ITP Aero is Spain's leading aeronautical engine and components company and the ninth largest company in the sector in the world.

About ITP Aero

1.1 Global situation

According to the International Monetary Fund and in a context marked by trade tensions between China and the United States, we have seen 2.9% global growth during 2019 and this is expected to increase to 3.3% in 2020 and 3.4% in 2021.

Europe has recorded its seventh consecutive year of growth and, as a result, Euro Area GDP Growth remains unchanged at 1.2%, while forecasts for 2020 have been reduced slightly to 1.4%. As far as Spain is concerned, the economy has grown by 2% during 2019, with forecasts of between 1.7% and 1.6% growth in 2020 and 2021, respectively.

During 2019, energy and raw material prices have continued to rise. According to OPEC (Organisation of the Petroleum Exporting Countries), the average price per barrel of oil reached 70.73 USD compared to 69.52 USD in 2018. In turn, the price of nickel grew from 11.7 to 18.6 USD/kg, compared to 10.6 to 15.7 USD/kg in the previous year.

The value of the euro grew from 1.0897 to 1.1516. The commercial aviation sector has experienced a decline in deliveries in 2019 due to production-related problems with certain aircraft models, such as the Boeing 737 MAX or the cessation of production of the Airbus A380.

While the commercial aircraft order book has declined slightly from the 2018 peak levels, from 14,700 aircraft to just over 14,000 (September 2019), long-term demand for commercial aircraft remains high, with an estimated almost 40,000 units for the next two decades and supported by the prospect of global GDP growth.

The long-term outlook is positive, with an expected 3.8% growth for the double-aisle aircraft market over the next 20 years.

1.2 Business model description

ITP Aero is Spain's aeronautical engine and components company and the ninth largest company in the sector worldwide.

ITP Aero is an international company that brings together various trading companies in Spain and overseas under a single brand name (ITP Aero), headed by the Spanish parent company Industria de Turbo Propulsores S.A.

ITP Aero is Spain's aeronautical engine and components company and the ninth largest company in the sector worldwide. During its 30 years of activity, the company has grown steadily to become an international leader for its partners and customers, due to its commitment to innovation and the development of proprietary technology.
The company develops aeronautical technologies, products and services that contribute to increasingly sustainable aviation and does so by committing to the development of its own technology - over 400M EUR invested in R&D&I in the last six years - to design and manufacture aeronautical engines and components, working across the entire product life cycle.

ITP Aero contributes to making the aviation industry more sustainable and efficient through a three-pronged strategy of technology development:

- **In the short term, meeting the increased demand that the sector faces. To this end, ITP Aero focuses on the excellence of manufacturing technologies, including additive manufacturing (3D printing) and digitization.**
- **In the medium term, ITP Aero is working on the development of new engine architectures with gearbox systems for the optimal functioning of all engine components, as well as technologies for adaptive propulsion systems for supersonic flight, including the new generation of fighter planes.**
- **In the long term, ITP Aero is investing in technology that will lay the foundation for hybrid-electric propulsion.**

Investment in R+D+i in the last six years.

+400M€

The company contributes to a more dynamic and transformative civil and defence aviation industry, spanning the entire aircraft engine life cycle - from R&D to in-service support - with extensive experience and expertise, in both commercial and defence aviation.

ITP Aero is the company responsible for the maintenance of the engines of the Spanish Armed Forces' aircraft; it is also involved in the design, manufacture and in-service support of the engines of the main European aeronautic defence consortiums (Eurofighter, A400M and Tiger Helicopter).
Since 2017, ITP Aero has been a corporate entity within the Rolls-Royce Group, separate and distinct from the rest of its business or production units, guaranteeing an organisational independence that allows it to comply with all agreements with all its customers.

ITP Aero has its own governing bodies in each of its companies and joint, cross-cutting management for the entire group, responsible for decision-making and the profit and loss account in each applicable area, as well as for looking after the interests of the company and its various stakeholders.

The Board of Directors of its parent company (ITPSA) is the highest governing and administrative body in charge of and ultimately responsible for the direction and performance of ITP Aero and the management of its business. It establishes the strategies and objectives of the company in particular and of ITP Aero as a whole, and supervises and controls the control mechanisms, risk management, compliance and its mode of governance and viability.

In turn, the ITP Aero Executive Committee, headed by the CEO of the parent company ITPSA, brings together the people who lead each of the company's executive functions and throughout ITP Aero and directs ITP Aero's day-to-day business management and activity in accordance with the objectives set out in the ITP 2020 Strategic Plan.

1.3 FY2019 Results

In 2019, ITP Aero recorded underlying revenue of 983M EUR, an increase of 11% over 2018, with a 24.1% increase in Commercial Aviation activity. By business area, Commercial Aviation accounts for 75% of sales, while Defence and In-Service Support account for 14% and 11%, respectively.

The operating profit reached 105M EUR, which represents an increase of 38M EUR compared to the previous year.

At year-end, net cash amounted to 193M EUR (corresponding to the aggregate of cash and cash equivalents and other current financial assets without considering interest with the exception of loans with credit institutions and other creditors without taking into account payment obligations arising from credit notes yet to be issued), which highlights ITP Aero's financial strength in meeting the investments required to develop its own technologies and to generate the production capacity demanded by the delivery plans for the programs in which it participates.

ITP Aero's turnover growth compared to that of 2018.

11%

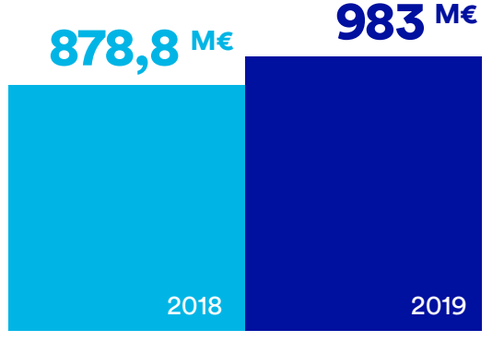
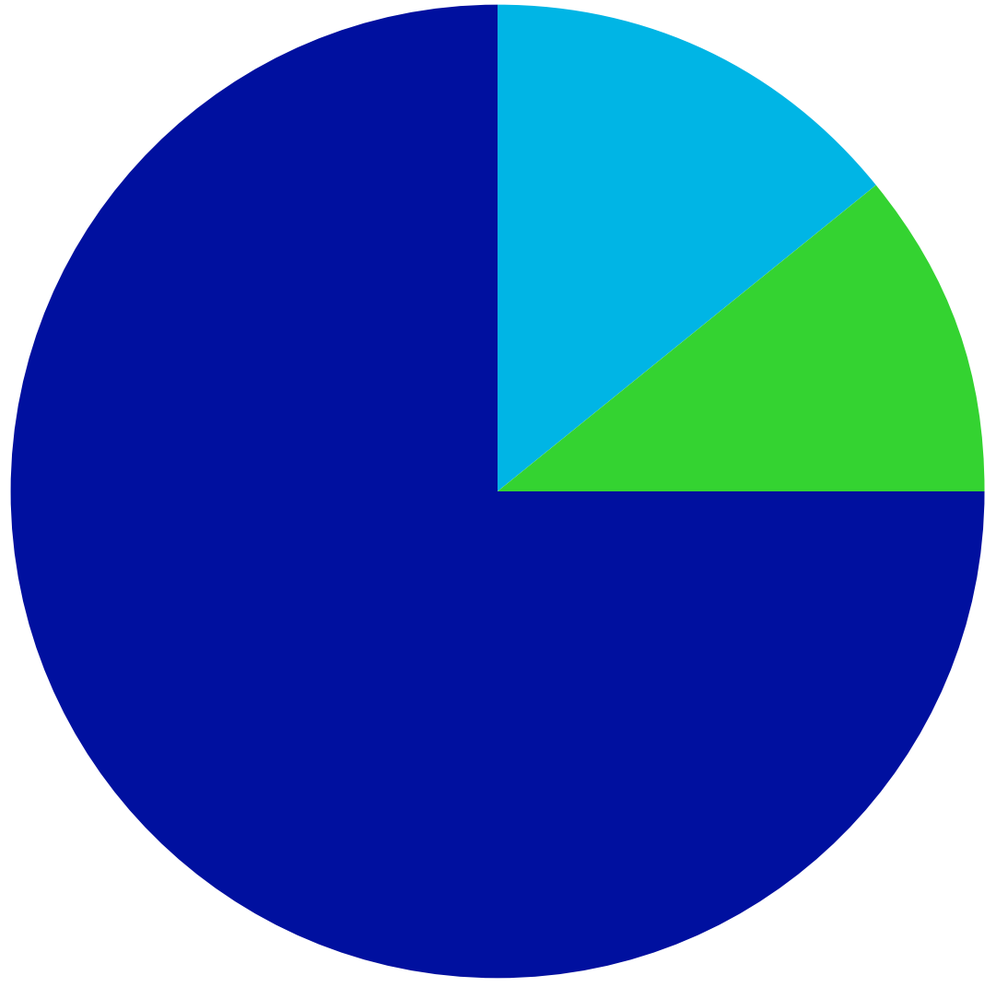


Chart: 2019's revenue by business area.



Commercial Aviation **75%**

Defence **14%**

In-Service Support **11%**

1.4 Business units

Civil

ITP Aero is a Tier 1 supplier to the world's leading aircraft engine manufacturers: General Electric, Honeywell, Pratt & Whitney and Rolls-Royce. The company is involved in all segments of commercial aviation: double-aisle, single-aisle and regional, and business aviation.

Rolls-Royce continues to be the most important customer for ITP Aero, where risk and revenue sharing partnership (RRSP) contracts are particularly important. ITP Aero is a partner of Rolls-Royce in all Trent programmes for the design and manufacture of Low-Pressure Turbine (LPT) modules. There are currently more than 2,000 ITP Aero low pressure turbines in service, with more than 50 million hours in operation

Major milestones in 2019 include the first aerodynamic tests of the intermediate pressure turbine of the Rolls-Royce UltraFan engine, the 100th delivery of the low pressure turbine for the Trent 7000 engine, the 300th delivery of the low pressure turbine for the Trent 1000-TEN engine, as well as the 900th delivery of the low pressure turbine for the Trent XWB.

In the single-aisle segment, the first flight of the Embraer 175 E2, the sixth and final application of the Pratt & Whitney Pure Power® PW1000G engine family, is noteworthy.

As far as business aviation is concerned, the certification and entry into service of the PW815 engine that equips the Gulfstream G600 aircraft, in which ITP Aero is a partner of Pratt & Whitney Canada, is also worth highlighting. In addition, the Praetor 500, Praetor 600 and Cessna Longitude business jets powered by different versions of the HTF7000 engine, in which ITP Aero is a Honeywell partner, have also entered into service.

In the industrial turbine business, ITP Aero continues to participate in various General Electric programmes.

Defence

ITP Aero participates in the main European defence aircraft engine consortia:

- **Eurojet consortium, EJ200 engine for the Eurofighter fighter plane:**

Production deliveries for the four Eurofighter launch nations have continued throughout 2019. One of the most important of the year's milestones was the signing of the preliminary LTE (Long Term Evolution) study for the Eurofighter.

In addition, during the year an agreement (Instruction to Proceed) was signed with BAE Systems for the production of 48 EJ200 engines for Qatar.

- **Europrop International Consortium (EPI), TP400 engine for the A400M transport aircraft.**

During 2019, 52 TP400 engines have been delivered to the Airbus FAL (Final Assembly Line) in Seville and seven additional spare engines to participating nations.

ITP Aero continues to lead, within the consortium, the A400M export campaigns in Mexico and Peru.

- **MTRI Consortium, MTR390-E engine of the Tiger helicopter.**

In 2019, the ITP Aero plant in Albacete was certified as the second engine repair centre in the world, in addition to Toulouse. Thus, ITP Aero's Albacete plant is the repair centre for the Spanish Army's Tiger helicopter engines.

In-Service Support

In-Service Support provides global solutions for civil and defence customers around the world. During 2019, more than 540 engines and modules from over 150 operators in 43 countries were repaired.

In Spain, ITP Aero is a reference partner and leader in the support of the Armed Forces' aircraft engines. In addition to the previously-mentioned new certification of the Albacete plant for the MTR390-E engines, this centre has also been trained during 2019 for the repair of the CT7-2E1, which powers the Augusta Westland AW189 helicopters, a new step in the training of General Electric family engines.

In Spain, ITP Aero is a reference partner and leader in the support of the Armed Forces' aircraft engines.

Engines and modules repaired in 2019.

+540

1.5 Worldwide presence

ITP Aero has 4,006 employees across 14 different sites, spread over 5 countries: Spain, Mexico, United Kingdom, Malta and India.

At the end of July 2019, ITP Aero ceased its in-service support operations at its Mesa plant (United States).

1.6 Company objectives and strategy

The company follows the ITP 2020 Strategic Plan, the roadmap for the period 2016-2020 based on 6 pillars:

01
Promoting the commitment and leadership of people, who are at the heart of ITP Aero's business.

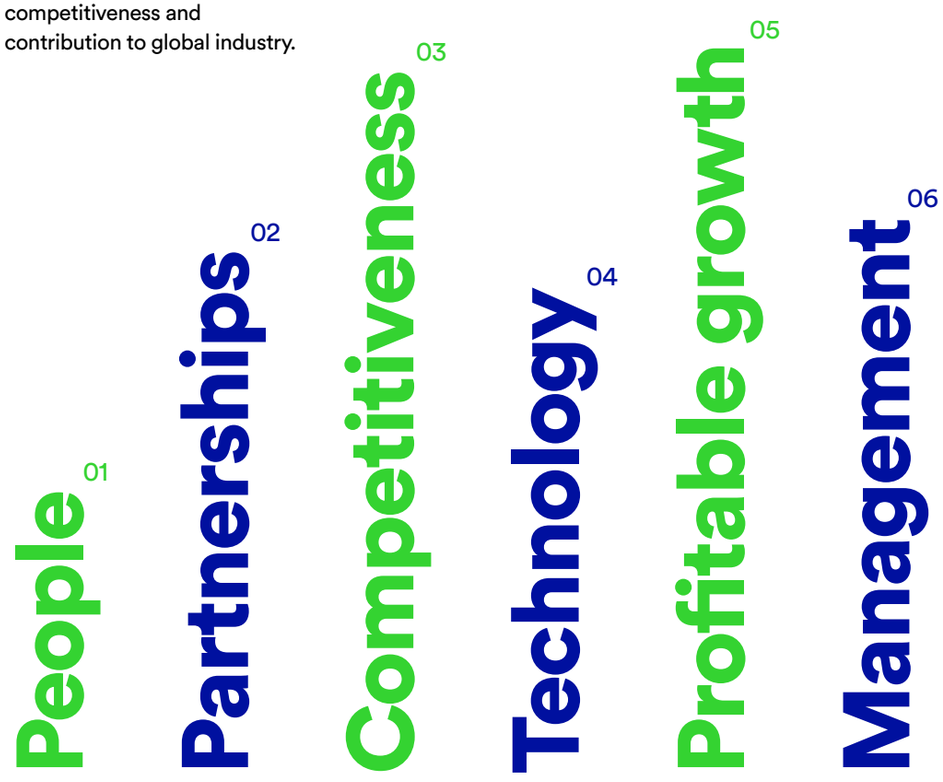
02
Establishment of long-term relationships of trust with strategic customers and suppliers, who are considered partners.

03
Competitiveness is a key factor in a global industry with significant challenges.

04
Investment in R&D and proprietary technology in our products and operations as one of the keys to business competitiveness and contribution to global industry.

05
Generating profitable growth that allows investments in future programmes.

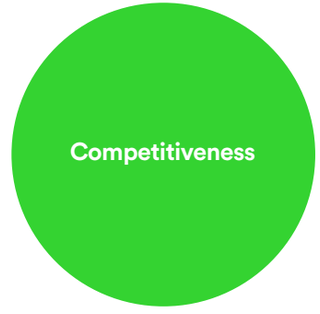
06
Search for simplification and efficiency in the way we work.



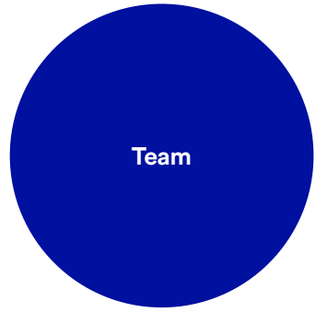
In this way, ITP Aero hopes that its activity in 2020 will be marked by:

Growth in deliveries of civil programmes. Slight growth in turnover in 2020.

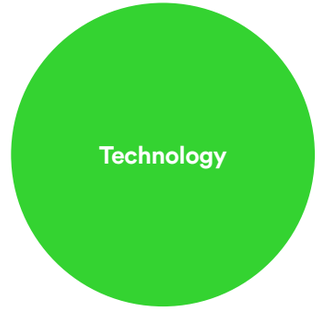
Contentious meeting of all the commitments established with the different customers.



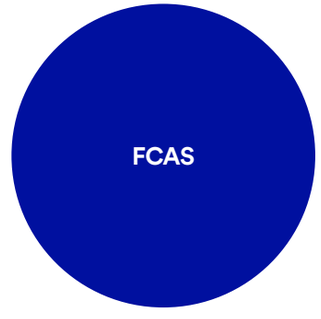
A continued focus on productivity, competitiveness and on the control and reduction of operational and containment costs such as those of structure.



The increase in capacity needed to handle growth in deliveries.



Development of technology for the new generation of UltraFan engines, as well as manufacturing technologies.



Participation in the European fighter programme FCAS.

Milestones 2019

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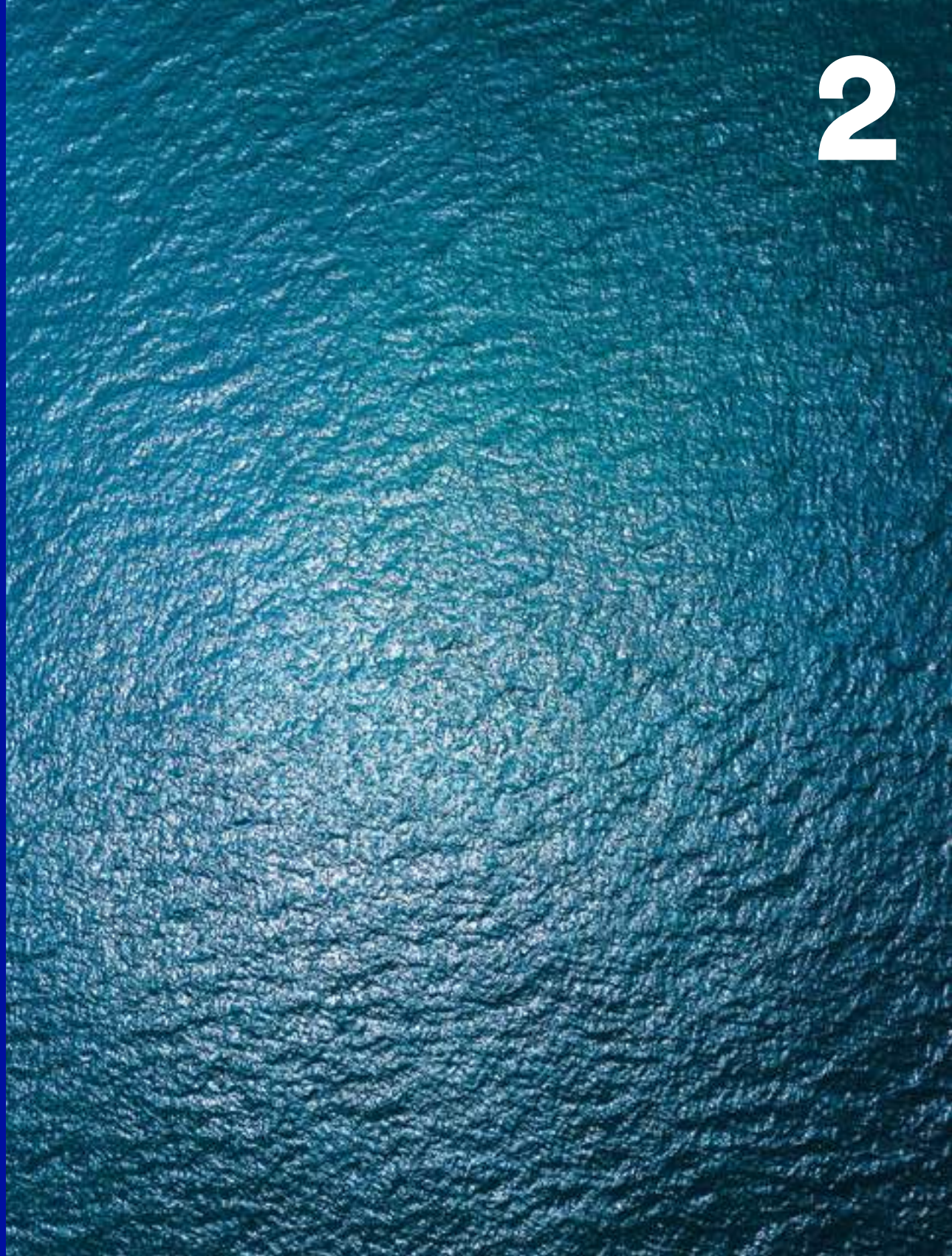
2

The company develops aeronautical technologies, products and services that contribute to increasingly sustainable aviation and does so by committing to the development of its own technology.



Milestones 2019

2.1 Technology

Nº1

First aerodynamic tests to the Rolls-Royce UltraFan's IPT

The UltraFan represents the new generation of Rolls-Royce engines, designed to power both single and double-aisle aircraft. Based on a new engine architecture, it is designed for maximum fuel efficiency and low emissions.

One of the highlights of 2019 in terms of technology applied to sustainability has been the achievement of a key technological milestone in the development of the future Rolls-Royce UltraFan. An aircraft engine architecture that will define a new era in jet engines by significantly reducing weight, noise and fuel consumption, and will be 25% more efficient than Rolls-Royce's first generation Trent engines.

ITP Aero and the CTA (Aeronautical Technology Centre) submitted the UltraFan's intermediate pressure turbine (IPT) to an aerodynamic test for the first time in Biscay, to verify the functional characteristics and design methodologies defined by ITP Aero. The results obtained in the tests represent a key technological milestone in the development of the IPT, designed to operate at very high speeds that allow the new engine architecture to be optimised.

This milestone is part of the technology demonstration programme for the UltraFan that began in 2015, when ITP Aero was selected as the main partner. A programme supported by an investment of 43M EUR, of which the EU Clean Sky 2 initiative finances 23.5M EUR, and ITP Aero the remaining 19.5M EUR, the largest single technology investment ever made by ITP Aero.

UltraFan Intermediate Pressure Turbine

Unlike the first generation of Rolls-Royce Trent engines, in which ITP Aero participates as a risk and revenue sharing partner (RRSP), the UltraFan does not have a Low Pressure Turbine (LPT) and this is replaced by an Intermediate Pressure Turbine (IPT) that drives both the fan and the intermediate pressure compressor. The main technological challenge of the IPT is that this turbine has to provide high power at significantly higher speeds and temperatures. To this end, ITP Aero has used its experience in developing high performance Low Pressure Turbines for the previous Trent engines.

The UltraFan represents the new generation of Rolls-Royce engines, designed to power both single and double-aisle aircraft. Based on a new engine architecture, it is designed for maximum fuel efficiency and low emissions. The UltraFan will go into service in the late 2020s.

Project BIRAN

The tests have been carried out by the CTA (Aeronautical Technology Centre), in its high-speed wind tunnel located in Biscay (Spain) as part of the BIRAN Project (Grant Agreement ID: 785418), belonging to the EU initiative Clean Sky 2.

Investment in technology for the UltraFan.

43M€

Improved jet engine efficiency.

+25%

Project BIRAN aims to achieve the environmental and competitiveness objectives of the European aeronautical sector, through experimental testing for the development of aerodynamic and acoustic technologies for the UltraFan IPT. Thanks to the BIRAN Project, ITP Aero develops aerodynamic and acoustic technology for the complete IPT of the UltraFan, while the CTA is in charge of the detailed design, including drawings, hardware manufacturing, equipment assembly and instrumentation, equipment testing and supply of all test data.

The development of the UltraFan's IPT technologies will help to achieve the global objectives of Clean Sky 2, which aim to achieve the ambitious goals of ACARE Flight-Path 2050 to reduce CO2, NOx and Noise emissions.

Project BIRAN was chosen by Clean Sky 2 in the JTI-CS2-2017-CFP06-ENG-03-15 call, in which ITP Aero is the topic manager.

Rolls-Royce UltraFan.

N°2

First components designed and manufactured in-house with additive layer technology

It is estimated that the proprietary design criteria used by ITP Aero will result in significant cost savings and a reduction of up to 40% in the weight of the components.

Another of the most relevant milestones in terms of sustainability has been the design and production of the first components manufactured by ITP Aero with additive layer technology. These are two different components: the seal segments of the Rolls-Royce Trent XWB-84 engine's low-pressure turbine for the Airbus A350 aircraft, and the vanes of the TEC (Turbine Exhaust Case) of the TP400 engine that equips the Airbus A400M military transport aircraft. It is estimated that the proprietary design criteria used by ITP Aero will result in significant cost savings and a reduction of up to 40% in the weight of the components.

The first turbine to include segments in the development stage manufactured through additive manufacturing was delivered last year to Rolls-Royce in Derby (Great Britain) for assembly on the Rolls-Royce Trent XWB-84 engine. As part of the standard maturation process, the seal segments are being tested, validated and certified for incorporation into engines in production. The seal segments are components located between the rotating blades and the turbine casing, and their function is to minimise the airflow between the two.

On the other hand, the design phase of the TP400 engine TEC vanes is under development, with a view to their validation and standardisation. The TEC is located at the end of the engine and plays a decisive role as one of the two anchorage points to the wing of the aircraft. The TEC is a module that is subjected to temperatures of up to 600 degrees and channels the air expelled by the engine. It is estimated that industrial-level additive technology production of this component will be operational by 2021.

The additive manufacturing technology used for these components is the selective laser fusion method - also known as 3D printing. First, the 3D model of the component is digitally divided into individual layers, and then a laser melts the superalloy powder to form the component layer by layer. This method makes it possible to produce components of complex geometry, using only small amounts of powder and fewer tools. It should be noted that components manufactured with additive technology are in the process of being approved by the European Union Aviation Safety Agency (EASA).

ITP Aero has an additive manufacturing cell and a team of professionals dedicated exclusively to this method of production at its Zamudio facilities. It should also be noted that the company, thanks to its investment in collaborative technology development projects, is able to apply its own standards and specifications for the application of this technology to aircraft engine components subjected to high temperatures. A clear example of this is the MTR390-E engine delivered to Airbus Helicopters in December 2018, which

incorporated a lubrication tube designed by ITP Aero to be manufactured using additive technology, as well as the complex instrumentation probes already tested on Rolls-Royce engines.

About the Rolls-Royce Trent XWB engine

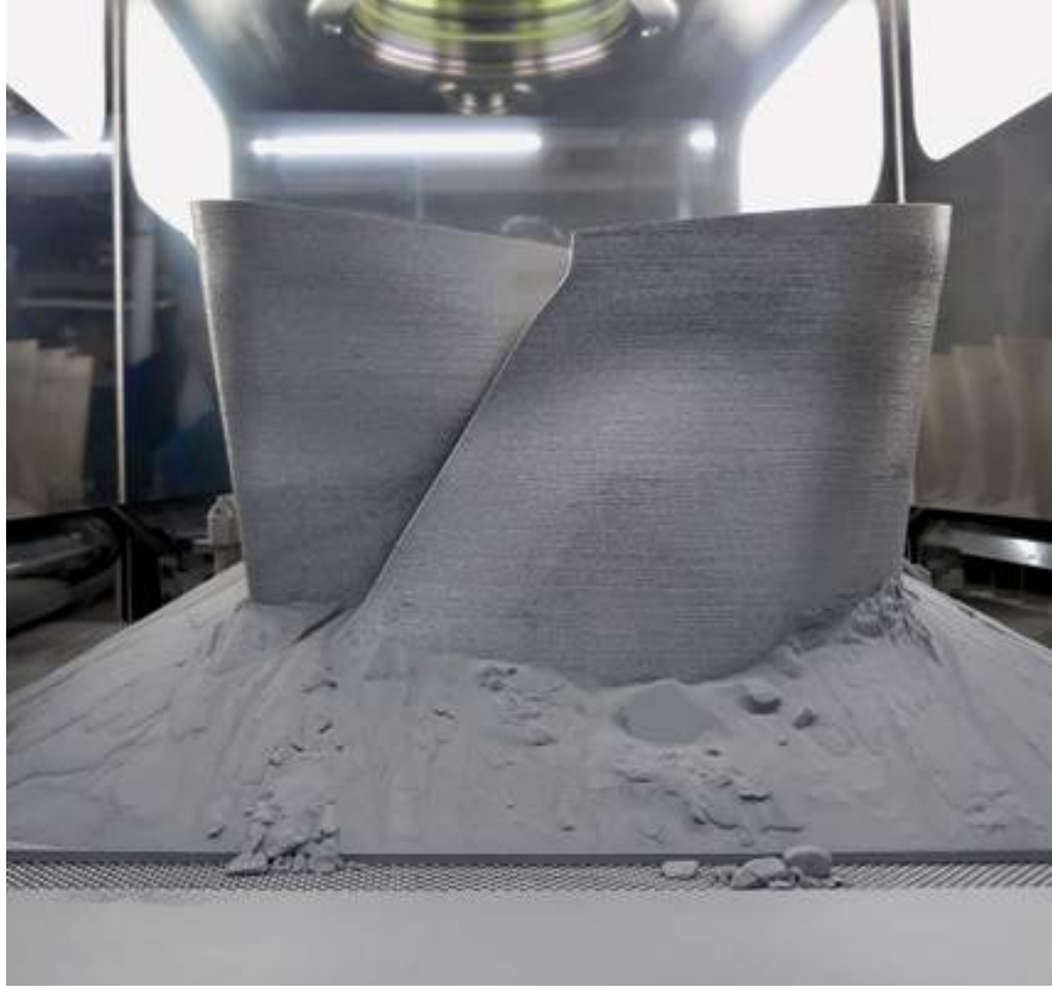
The Trent XWB is the world's most efficient double-aisle aircraft engine, developed and designed specifically for the Airbus A350 aircraft. ITP Aero is a risk and revenue sharing partner for the two variants of the Trent XWB engine (XWB-84 for the Airbus A350-900 and, the higher-thrust version, XWB-97 for the Airbus A350-1000), being responsible for the design, manufacture and assembly of the low-pressure turbine.

About the Airbus A400M TP400

The European consortium Europrop International (EPI) - composed of ITP Aero, MTU Aero, Rolls-Royce and Safran Aircraft Engines - is responsible for developing the TP400 engine that equips the most advanced military transport aircraft, the A400M. ITP Aero is responsible for the design, development, production and maintenance of the low pressure turbine, turbine exhaust case (TEC), exhaust system, front end structure and externals.

ITP Aero is responsible for the design, development, production and maintenance of the low pressure turbine, turbine exhaust case (TEC), exhaust system, front end structure and externals of the TP400 engine.

TP400 engine.



Component designed with additive manufacturing.

The additive layer technology used for these components is the selective laser fusion method - also known as 3D printing.

Nº3

New centre in Biscay

"We are proud to share the anniversary of this Basque multinational that, in 30 years, is close to 900M EUR in turnover, is present in five countries and has 4,000 employees"

Iñigo Urkullu
Lehendakari of the Basque Government

During 2019, ITP Aero continued to develop its research and industrial investment plan. In this sense, it is worth mentioning the opening ceremony of ITP Aero's new Externals plant in Biscay, held on November 11th 2019, in the presence of the Lehendakari (Prime Minister) of the Basque Government, Iñigo Urkullu, and the Deputy General of Biscay, Unai Rementeria.

More than 14M EUR have been invested in the new facilities, in response to the increasing demand of Externals in the aeronautical market, components used in the coating of aeronautical engines, such as fluid systems, structures and other elements.

The new plant, located in Derio, within Biscay's Science and Technology Park, is fully operational and currently employs 115 workers, with forecasts to increase to 160 jobs. The building houses the global headquarters of the company's Externals business area, including engineering, development and production offices for various components.

The demand for Externals is expected to increase significantly over the next few years due to the increasing technological and environmental requirements for new aircraft engines, which add value and responsibility to secondary systems such as Externals. ITP Aero has expanded its product portfolio to include more complex and higher value-added elements, such as the special fabrications that are designed and manufactured at this new plant. For this, the facilities have been equipped with new technologies, such as advanced joining and superalloy forming process capabilities.

ITP Aero designs and manufactures Externals for the world's leading aeronautical motorists (Rolls-Royce, Pratt & Whitney, Honeywell), with manufacturing centres in Spain, Mexico and India.

Investment in new facilities in Biscay.

+14M€

Inauguration of the new Externals plant.

During the ceremony, Iñigo Urkullu, Lehendakari of the Basque Government, stated: "We are proud to share the anniversary of this Basque multinational that, in 30 years, is close to 900M EUR in turnover, is present in five countries and has 4,000 employees. Thanks to its continuous improvement, today ITP Aero is the leading aeronautical engine company in the country and the ninth largest company of its sector in the world."

Nº4

Expansion of the Querétaro (Mexico) facilities

"Over the past few years, ITP Aero's strategic programmes have charted an upward production route in Querétaro, Mexico and around the world. The expansion of your plant is precisely due to a strong demand for your products."

Francisco Domínguez Servién
Governor of the State of Querétaro, Mexico

Expansion of the facilities in Querétaro.

Investment in the Querétaro facilities since 2016.

9M€

Increased pipe production.

9%

Another of the industrial investments made by ITP Aero in response to the growing business of Externals was the inauguration of the expansion of its facilities in Querétaro (Mexico), held on June 12th, 2019, in the presence of the Governor of the State of Querétaro, Francisco Domínguez Servién.

The new facilities in Querétaro are dedicated to the design and production of two types of Externals: pipes and end-fittings. The expansion has included the redesign of the production cells, increased production flow and more space for growth in both production facilities and staff and offices. In addition, the new facilities expand the technological capabilities of ITP Aero's plant in Querétaro.

The increase in activity supported by the new investment has led to an increase in the workforce in Mexico of around 40 new positions. In addition, pipe production is expected to increase by 9%, producing 327,000 pipes in 2020, as well as reaching 230,000 end-fittings in 2020.

ITP Aero's facilities in Mexico are located in Querétaro and employ over 800 workers in the areas of engineering, manufacturing, and engine testing. Since 2016, ITP Aero has invested 200M MXN (9M EUR) in its Querétaro facilities, doubling its production in the last 3 years. The portfolio of products developed in Mexico includes: aircraft engines casings, structural elements, seals, tubes and end-fittings.

Francisco Domínguez Servién, Governor of the State of Querétaro, Mexico: "Over the past few years, ITP Aero's strategic programmes have charted an upward production route in Querétaro, Mexico and around the world. The expansion of your plant is precisely due to a strong demand for your products."

Nº5

Certification as the second worldwide repairer of the MTR380-E engine

This plant carries out the maintenance services for the Tiger helicopters that serve the Spanish Army, amongst others.

On May 29th, 2019, ITP Aero announced the certification of its Albacete plant as the second worldwide repair centre for the MTR390-E engine that equips the Tiger HAD helicopter. This way, ITP Aero's Albacete plant increased its capacity for maintaining the Spanish Army's engines.

The MTR390-E engine equips the most advanced versions of the Tiger HAD combat helicopter, an upgraded version of the engine that provides 14% more power. Its development, manufacture and maintenance is carried out by the MTRI consortium, formed by the companies: ITP Aero, MTU, Rolls-Royce and Safran Helicopter Engines

A total of 194 MTR390-E engines have been contracted, 40 of which belong to the Spanish Armed Forces. Within the MTR390-E engine programme, ITP Aero is responsible for the design of the power turbine and inter-turbine structure, as well as the production of other engine components.

The certification of Albacete as a repair centre is consolidated after a four-year project to establish two repair centres, the AIA Bordeaux (Atelier Industriel de L'Aéronautique de Bordeaux) announced in August 2018 and that of ITP Aero in Albacete. The certification of the Albacete centre includes some activities of the basic inspection and cleaning process, as well as the bench test of the engines, which will be carried out at the ITP Aero facilities in Ajalvir (Madrid).

Tiger HAD combat helicopter.

ITP Aero's Albacete plant was opened in 2009 within the Aeronautics and Logistics Park of Albacete. This plant carries out the maintenance services for the Tiger helicopters that serve the Spanish Army, amongst others.

ITP Aero has always been strongly linked to the world of Defence, since its foundation, to articulate the Spanish participation in the Eurofighter engine consortium. It designs and produces engines and components for all types of aircraft, such as fighter and transport planes, trainers and helicopters, being present throughout the engine life cycle, from the R&D phase to in-service support.

Increased power to the MTR390-E engine.

+14%

N°6

Progress on the "Long Term Evolution" programme of the Eurofighter Typhoon and EJ200

Long Term Evolution study was launched for the improvement and long-term development of the Eurofighter fighter aircraft, worth 53.7M EUR.

The preliminary study, with an execution time of 19 months, aims at developing a list of modifications, both for the aircraft and the engine, to meet the improvement needs of the Weapons System requested by the client, NETMA. NETMA and the Consortium nations - Germany, Spain, Italy and the United Kingdom - will then choose which improvements to implement and sign additional contracts for their development and subsequent introduction into the Eurofighters Typhoon fleet.

The aim of these contracts in the LTE programme is to underpin the future of the Eurofighter. This will be achieved by incorporating a set of technological improvements to the infrastructure of the EJ200 Weapons System and engine, to ensure that the aircraft remains operationally effective for decades to come.

The technological areas being analysed for the EJ200 engine are:

- Increased thrust: increasing air volume and fuel consumption and optimizing the cycle, which will improve the Eurofighter's in-flight manoeuvrability.
- Reduction of specific consumption and longer life of components: increasing the operating distance of the aircraft in long distance missions and reducing maintenance actions to achieve low life cycle costs of the engine.
- Control system improvements: providing precise control and more data in monitoring engine status, maximising asset value and improving response times.
- Vectorisable nozzle: has considerable impact on the aircraft and engine; contributes to improving overall performance.

EJ200

2.4 Reinforcement of the Board of Directors and Management Team

Nº7

ITP Aero Board of Directors Changes

In December 2019, ITP Aero's Board of Directors, chaired by Josep Piqué, was reinforced by incorporating Ben Story, Rolls-Royce Strategic Marketing Director, and Colonel (R) Diego García Bernabéu. In line with ITP Aero's status as a "corporate entity" within the Rolls-Royce Group, Carlos Alzola was appointed CEO and member of the Board of Directors.

New Board of Directors Members

Carlos Alzola, CEO of ITP Aero, has developed his professional career at ITP Aero, holding various positions of responsibility. In 2007 he was appointed Executive Director of the Civil Business Unit, a position he held for ten years. In 2017, he took over as Managing Director of the Externals business. He is an Industrial Mechanical Engineer (UPV-EHU). In addition, Carlos is Director of the European Defence Consortium Europrop, President of HEGAN and member of the Board of the Aeronautical Technology Centre (CTA).

Ben Story, Director of Strategic Marketing at Rolls-Royce has over 25 years of investment banking experience. Ben has spent most of his career in industry, including aerospace, defence and transportation. Prior to joining Rolls-Royce, Ben was head of investment banking at Citibank from 2013. Previously, he worked at Deutsche Bank (2005 to 2012) and Morgan Stanley (from 1997). Ben has a degree in Business Management from the University of Warwick. He is a member of the Board of Directors of Transport for London and Governor of Warwick Manufacturing Group Academy, Coventry.

Diego García Bernabéu, has developed his professional career in the Spanish defence institutions; from 1977 in the Air Force and, from 1986, in the Ministry of Defence. From 2007 to 2010, he worked for NETMA (NATO agency) being responsible for negotiating contracts with Eurofighter and Eurojet, among others. His last official position was that of Deputy Managing Director (Ministry of Defence) from 2014 to 2019. In addition to his military career, he has a degree in law and a Master's degree in international trade.

From left to right, standing: Alberto Garelly, Board Secretary, Bob Stoddart, Ben Fidler, Alberto Garcia Erauzkin, Diego García Bernabeu. Sitting: Ben Story, Josep Piqué, Carlos Alzola.

ITP Aero's Board of Directors is made up of:

Josep Piqué
Chairman

Alberto García Erauzkin
Diego García Bernabéu
Independent board members

Ben Fidler, Ben Story, Bob Stoddart
board members representing controlling shareholders

Alberto Garelly
Secretary of the Board

Carlos Alzola
CEO

Nº8

ITP Aero Organisational Changes

"As part of our 30th anniversary, we have worked on further developing our Strategic Plan and driving our business forward into the next decade. Our Board of Directors has been strengthened with new members, who will help us to continue growing as a corporate entity within the Rolls-Royce Group; with our own income statement and a level of autonomy that will allow us to continue working with all our customers in the different markets in which we operate. The changes to the Board and management team have brought greater clarity and better access to the market, which will help us to continue consolidating ITP Aero's position as the leading Spanish company in the aeronautical engine and components sector, and to face the opportunities and challenges ahead"

Carlos Alzola
CEO

At the same time, and with a view to the coming years, significant organisational changes were also made with the aim of strengthening the two business units: Civil and Defence, which are led by Mikel Lantero and Alvaro Santodomingo respectively. The MRO activities and aftermarket services have been integrated into the two business units with the aim of improving market access through strategic partnerships with the various OEMs (global motorists) and through specific solutions for each of the market segments. These business units have also been reinforced with new capabilities such as engineering services and commercial structure.

The organisational changes have resulted in a more agile Executive Committee, composed of the Civil and Defence business units, Operations, Engineering and corporate functions.

Álvaro Santodomingo and Mikel Lantero.

Business Unit Directors

Mikel Lantero, Executive Director, Civil Business Unit, will be responsible for the relationship with all of ITP Aero's commercial aviation customers, and the development of current and future programmes. Mikel joined ITP Aero in 1998, holding senior positions in engineering and commercial aviation programmes. In 2014, he was appointed Commercial Director of Pratt & Whitney Canada. He holds a Bachelor's Degree in Industrial Engineering from the University of the Basque Country (UPV-EHU) and Master of Science (MSc) in Thermal Energy from Cranfield University.

Álvaro Santodomingo, Executive Director, Defence Business Unit. Álvaro will be in charge of ITP Aero's positioning and access to the Defence market, in addition to the development of current and future programmes. Álvaro joined ITP Aero in 2008 as Executive Director of Strategic Planning and Corporate Development. Before joining ITP Aero, he worked for over 10 years in investment banking at Lehman Brothers. He has a Bachelor's Degree in Economics and Business Studies from the Universidad Pontificia de Comillas in Madrid and is a CFA Charterholder.

Sustain-ability

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Both in the technology it develops and the manufacturing processes it implements, ITP Aero focuses on manufacturing aeronautical engines that are increasingly efficient, less noisy and more respectful of the environment.

Sustainability

ITP Aero facilities in Zamudio.

Involvement in the development of the local communities in which it operates is one of the cornerstones of ITP Aero's corporate social responsibility policy.

ITP Aero, as a relevant player in the global aeronautical industry, has a strong commitment to sustainable development, through the implementation of responsible business practices that contribute value to all the company's stakeholders and for society in general.

Both in the technology it develops and in the manufacturing processes it implements, ITP Aero focuses on manufacturing aeronautical engines that are increasingly efficient, less noisy and more respectful of the environment.

At the same time, it applies the highest ethical standards, both within the company and with the partners it works with.

3.1 Ethics and Compliance

ITP Aero is committed to the highest standards of quality, safety and professional ethics in its activities, and therefore has a complete compliance programme that conforms with legal requirements.

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

Everyone within ITP Aero is committed to the culture of compliance that the company promotes.

3.1.1 Crime prevention model

ITP Aero pays special attention to compliance with legal mandates that may involve criminal liability for the company for acts committed by its employees.

Thus, the crime prevention model includes the specific compliance programme for the area of criminal compliance, identifying the controls implemented to prevent or mitigate the risk of any employee, collaborator or manager acting outside the law in the exercise of their duties.

The model is described in a manual, which includes a list of the existing control elements relating to each of the offences for which the legal person is criminally liable, as well as the mode of supervision, monitoring and control required to mitigate and prevent criminal breaches at ITP Aero.

ITP Aero includes money laundering clauses in all its contracts whereby the third party undertakes to comply with the money laundering prevention controls imposed by the legislation in force.

During 2019, an exhaustive review of the company's criminal risks has been carried out, involving all areas of application. This exercise will be completed in 2020, including the identification and evaluation of existing controls in the company and areas for improvement.

In order to control, supervise, evaluate and improve the model of crime prevention and reporting to the Board of Directors, ITP Aero has opted for the configuration of a Body Responsible for Criminal Compliance to which are attributed all the functions of criminal compliance provided for and established in Organic Law 1/2015 of 30 March, those established in the Criminal Code; the verification and supervision of compliance with the controls that make up the manual; and any other competencies that are related to regulatory compliance.

3.1.2

Code of Conduct

The code of conduct is the backbone of ITP Aero's compliance programme and establishes the main responsibilities and rights to be fulfilled by all people working in the company and also serves as a guide for action in the performance of the company's daily activities. Employees sign the code of conduct as proof of their understanding of their compliance rights and responsibilities.
ITP Aero's compliance programme is composed of several policies that explain and regulate certain components of the code of conduct. It also includes elements such as communication channels, training, criminal risk and compliance management, and monitoring and auditing.

Bribery and corruption

ITP Aero has a strict zero tolerance policy when it comes to bribery and corruption regardless of local legislation or customs, even if it means losing business. Therefore, a policy has been developed that establishes the basic rules and a framework to prevent and detect bribery and corruption in the actions of the company's personnel. This policy applies to all the company's professionals and to third parties (agents, consultants, promoters, intermediaries, etc.) representing ITP Aero, including all its legal companies and all its offices in its various geographical locations.

Facilitating payment

ITP Aero has developed a policy on facilitating payments, aware that such payments are considered a form of bribery in most countries where it operates. This policy prohibits the carrying out of facilitating 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. who makes payments on behalf of ITP Aero.

Suppliers

The Supplier Code of Conduct requires suppliers to comply with the above measures, prohibiting the receipt of gifts that may influence business decisions, prohibiting payments to expedite services and establishing measures for compliance with anti-corruption regulations and laws.

Advisers, lobbying and political relationships

In general terms, it is ITP Aero's employees who carry out the lobbying and public relations activities. However, on some occasions, the company must hire advisers (agents, promoters or intermediaries) who represent the company and help it market and distribute its products and services or in strategic or political matters.

ITP Aero has developed a management system of advisers based on its own policy, processes and procedures established to ensure the hiring of representatives of proven integrity who are required to perform to the standards of ITP Aero. Furthermore, ITP Aero will only recruit when there is a real need from a business point of view, and after thorough examination of the proposed candidates.

Similarly, a policy of lobbying and specific political relations has been developed that regulates the activities of employees, advisers and people acting on behalf of ITP Aero and carrying out these activities with honesty, integrity and transparency.

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 to act in the best interests of the company.
To this end, ITP Aero has developed a policy on conflict of interest, which is mandatory and applies to all employees and company representatives and which establishes the obligation to produce a written report whenever a potential conflict of interest is detected. The ethics and compliance team reviews these reports and suggests actions to resolve or manage them.

Gifts and hospitality

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

The policy on gifts and hospitality provides a framework and specific rules for recording, notifying and approving gifts and hospitality, both given and received. In 2019, the tools for better control of care with third parties have been updated and specific training has been launched on the learning platform to which all employees have access

Third parties

Additionally, the "Know your partner" procedure requires that in any process of marketing or contracting with a potential new customer and/or supplier, the verification of the third party is necessary ("screening and due diligence of third parties"). Furthermore, at each extension or renewal of existing contracts with third parties and at any time when there is suspicion of any irregular activity, such verification process shall be repeated.

During 2019, this process has been updated to improve its robustness and rigour by establishing, for example, new controls according to the risk that the third party poses.

Charitable contributions and social sponsorship

ITP Aero collaborates with associations, foundations and other non-profit organisations in its area 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 could constitute a form of bribery or corruption, a policy on charitable contributions and social sponsorship has been developed.

In 2019, the company made contributions and donations to NGOs and foundations to the value of 131,687 EUR, including 95,834 EUR donated to the Board of Trustees of the Guggenheim Museum Foundation in Bilbao and 13,853 EUR to the ITP Aero Solidarity Initiative.

Respect for human rights

The code of conduct sets out the obligation to guarantee the fundamental rights of all persons working at ITP Aero and compliance with the fundamental 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
– Respect for the reconciliation of work and family life
– Treating all employees and candidates equally
– Promotion of respectful treatment between people who carry out their work, not tolerating violent behaviour, physical, psychological or moral harassment or abuse of authority, as well as intimidating and offensive behaviour.

Along these lines, in 2019 the "Protocol for Harassment in the Workplace" was implemented to provide the company and employees with a framework of action to identify and manage harassment and discrimination problems and any type of intimidation in the workplace.

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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, and proof of this is the ethical line that was set in motion in 2015 and which, during 2019, was updated and improved.

This channel allows employees, customers, suppliers or anyone else who needs it to both resolve doubts or concerns about ethical issues and make a complaint. It also guarantees confidentiality and allows for anonymous reporting.

ITP Aero undertakes to respond to all complaints and their investigation, constituting 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. In 2019, 9 complaints were registered for possible cases of human rights violations, which are now closed. Of those nine cases, five were for harassment and four for unethical behaviour.

In addition to the ethics line, ITP Aero has other channels in which employees can obtain support and thus resolve their ethical dilemmas, among which we highlight the Local Ethics Advisers (LEAs); employees who volunteer to promote an ethical culture at ITP Aero. They are also a nearby channel for people to ask questions or raise concerns about ethical issues in a timely manner and, likewise, advise where to find information and/or who to contact, as well as acting as intermediaries if necessary. Currently there are 40 LEAs distributed across all the centres and countries where the company operates.

In 2019, the "You Speak" policy was also launched to publicise the various communication channels available at ITP Aero through which concerns, dilemmas and ethical breaches can be correctly raised.

3.1.3 Training and awareness

The area of ethics and compliance at 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 2019, different campaigns were launched to raise awareness and sensitise employees to the culture of compliance. Among them is the "Politically Correct" campaign, through which employees demonstrated their knowledge of the company's policies. In addition, the 40 local ethics advisors (LEAs) have deployed the company's new ethics line locally through informal meetings and a training plan has been prepared to be deployed throughout 2020 that includes various courses on topics related to the area of ethics and compliance.

During 2019, different campaigns were launched to raise awareness and sensitise employees to the culture of compliance.

3.2 The environment

3.2.1 Technology and responsibility for maximum efficiency of our products and operations

ITP Aero, as a relevant player in the global aviation industry, is committed to the environmental objectives that have been assumed internationally for improved efficiency and sustainability of aviation.

In 2009, during the Copenhagen Climate Conference, the Air Transport Action Group (ATAG) defined objectives aimed at achieving an annual 1.5% improvement in fuel efficiency between 2009 and 2020 and a 50% reduction in CO2 emissions by 2050, compared to 2005 values.

The company's commitment to the environment is part of its strategy. The ITP 2020 Strategic Plan (period 2016-2020) regulates its responsibility to ensure sustainable growth that allows the generation of value in the long term. Thus, the Strategic Plan establishes environmental objectives including the design of more respectful products, the reduction of 50% of C02 emissions by 2030, the reduction of environmental risk in work centres and excellence in environmental management.

The company's commitment to the environment is part of its strategy

3.2.2 Products

The increase in air traffic expected over the next few years must be accompanied by the need to reduce its environmental impact, and for this reason it is critical for ITP Aero to develop its own technology to design and manufacture increasingly efficient, less noisy and more environmentally friendly aircraft engines throughout the product life cycle.

For the development of the advances that will allow the aeronautical industry to tackle the global challenges in terms of sustainability, it is of vital importance to participate in Research and Development (R&D) and Design and Development (D&D) projects, both individually and in collaboration with other industries, technology centres and universities.

Many of the R&D projects in which the company participates are focused on achieving environmental improvements, both in the field of the product and its operation, as well as in the industrial processes associated with the manufacture of aeronautical components.

Among the most prominent projects in which the company participates, we can highlight the Clean Sky2 initiative, the European research program for the development of cutting-edge technology with the aim of reducing CO2, gas emissions and noise levels produced by aircrafts. In this program, ITP Aero is a core partner for the development and manufacturing of the intermediate pressure turbine and the rear structure (Tail Bearing Housing) of the future Rolls-Royce engine UltraFan®. The company's participation in the program meets the objectives set by the Advisory Council for Aeronautics Research in Europe (ACARE) with ambitious noise and emission reductions.

Blades of a disc produced by ITP Aero.

Among the most prominent projects in which the company participates, we can highlight the Clean Sky2 initiative, the European research program for the development of cutting-edge technology with the aim of reducing CO2, gas emissions and noise levels produced by aircrafts.

3.2.3 Operations

Environmental management

It is important to note that in addition to taking environmental criteria into account in the design of its products, ITP Aero focuses on improving the environmental culture within the company and its processes.

The company is certified for environmental management according to the UNE-EN ISO 14001:2015 standard in all its work centres in Spain, Mexico, the United Kingdom and India. In addition, in 2019 the new facilities located in Derio (Biscay) have been included in the multi-site certificate. In addition, the Spanish centres in Zamudio, Ajalvir, Alcobendas and Barakaldo have EMAS registration, the highest level of eco-management.

The Environmental Management System is based on the company's Environmental Policy, through which ITP Aero employees are committed to reducing the risks and impacts derived from the company's activities, as well as to promoting objectives for continuous improvement. In addition, it refers to relationships with customers, suppliers, shareholders and the communities in which its workplaces are located in terms of sustainability and the environment.

In turn, the Environmental Management System enables compliance with legal and contractual requirements and implementation of annual objectives; these in 2019 have focused on energy improvement and reduction of the environmental impact of waste and establish systems to prevent pollution. Thus, ITP Aero's centres in Spain have not received any fines or penalties related to environmental regulations. In particular, at the Zamudio plant in Biscay, the declaration of financial guarantee required by Law 26/2007 on Environmental Responsibility has been presented to the Basque Government on the basis of an ad hoc risk analysis.

For the proper implementation and development of the environmental management system, ITP Aero's Environmental Department has a total of 10 people (direct and indirect personnel) working full-time, as well as other human resources personnel that deal indirectly with environmental issues, especially in waste management operations. Specifically, almost 200,000 EUR have been allocated to improving industrial waste disposal and to minimising waste.

The company is certified for environmental management according to the UNE-EN ISO 14001:2015 standard in all its work centres in Spain, Mexico, the United Kingdom and India

Sustainable use of resources

**From now on, all the information provided focuses exclusively on the facilities that ITP Aero has in Spain, Mexico and the United Kingdom. The facilities in Malta and India are outside the scope of this environmental section, as they do not have a material volume from the point of view of their production size, their environmental impact and their number of employees (in total no more than 5% of the company's total).*

ITP Aero is committed to the responsible use of resources in all its operations, applying the principle of continuous improvement in all phases of the production chain.

Water

In 2019 there was a 12% increase in water consumption, in relation to the increase in general production. Water consumption at the facilities in Spain comes mostly from the municipal supply network and is used for production processes, although it is also used in a residual manner for office consumption. Wastewater and industrial water are discharged into the municipal sewage network, always in compliance with current legislation on dumping. During the year, actions were undertaken to improve the quality of the discharge in the Zamudio centre, through the improvement of the current neutralisation system, eliminating the risk of exceeding pH limits with the entry of new production processes.

Raw materials

IITP applies the principle of continuous improvement in the consumption of raw materials in order to make responsible use of them. To this end, 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 of raw and auxiliary materials vary. In the installations in Spain, mainly casting materials, forgings, pipes, oils and lubricants are consumed. On the other hand, in Mexico, the consumption of oils and chemical products, as well as aluminium oxide or industrial acetone, stands out.

Energy

In the facilities located in Spain, the main energy consumption comes from natural gas and electricity, while in Mexico it is mainly reduced to electrical energy.

Total energy consumption at the Zamudio, Ajalvir, Alcobendas and Albacete centres in Spain is 100% renewable, as certified by AENOR. It should also be noted that the energy consumption of the new building in Derio, Biscay, inaugurated in 2019, is 100% of renewable origin and has obtained the A energy efficiency certificate, the highest category available.

In order to improve efficiency and savings in terms of energy expenditure, a series of measures have been implemented in different work centres:

- **Implementation of a network reconnaissance plan at a general level to establish future improvements.**
- **Installation of charging points for electric vehicles (Zamudio, Ajalvir).**
- **Replacing windows (Ajalvir).**
- **Replacement of lights with LEDs and improvements to the warehouse doors (Zamudio) .**

Energy

Total energy consumption at the Zamudio, Ajalvir, Alcobendas and Albacete centres in Spain is 100% renewable

3.2.4 Protection of biodiversity

ITP Aero's facilities in Spain are not located in protected biodiversity areas.

During 2019, a series of measures were taken to protect a species of oak tree located around the Zamudio plant in Biscay, such as pruning branches in poor condition and planting new specimens for repopulation.

Waste

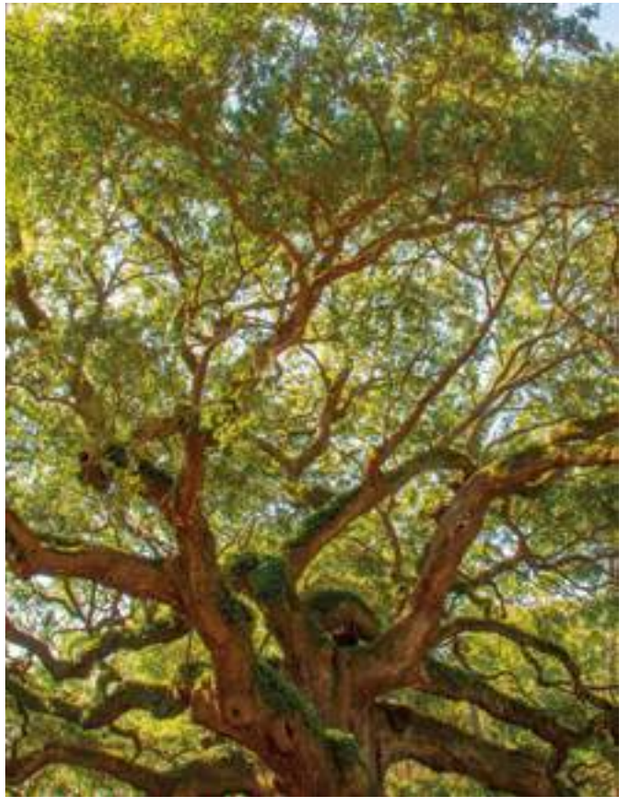
ITP Aero has an environmental strategy for waste management, based on the principles of the circular economy, which makes it possible to minimise the potential impact of its activity. For this reason, the company separates the waste from each work centre at the source and delivers it to authorised managers who certify appropriate and specific treatment according to its nature, trying to reuse the material that makes it up.

The main waste generated as a result of the company's activity is waste from the component machining process and packaging waste: wood, cardboard and plastic. Some minor waste of a similar nature to urban waste is also generated, the origin of which is based on office areas and rest areas in work centres.

In 2019, important improvements in waste management were achieved, such as the reduction of 1,000 tonnes of waste, as a result of the establishment of a series of objectives and specific actions, among which the reduction of 17% in oil emulsion with respect to that generated in 2018 in Zamudio (Biscay) stands out.

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

In 2019, important improvements in waste management were achieved, such as the reduction of 1,000 tonnes of waste.



3.2.5 Emissions

Reducing the impact on global greenhouse gas emissions, reducing noise levels and improving local air quality are the three major environmental objectives assumed 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 on all environmental aspects derived from its activity.

Atmospheric emissions

ITP Aero has an authorised control body that carries out periodic measurements to control the level of emissions released into the atmosphere generated by the production processes.

The atmospheric emissions generated by ITP Aero do not generate a relevant environmental problem; however, as part of the company's commitment to the aforementioned objectives, in 2019 different actions were carried out to reduce them, such as the elimination of the electrolytic coating line that allows the suppression of emission sources in the centre of Querétaro (Mexico).

Ozone and greenhouse emissions

In the field of controlling and minimising emissions of substances that impact the ozone layer, the company manages the use of cooling substances in air conditioning systems in accordance with environmental legislation.

The use of refrigerants in ITP Aero's facilities is carried out for preventive maintenance of the equipment and, therefore, optimises its operation by increasing its efficiency.

To reduce greenhouse gas emissions, a series of measures have been articulated on the basis of the targets set for CO2 emissions generated by air conditioning, electricity and engine testing. Among these, the goal of reducing CO2 emissions by 10% in all centres by 2020 should be highlighted.

The improvement objectives are based on the optimisation of energy consumption to achieve a lower rate of CO2 emissions indirectly associated with energy production. In this sense, in 2019 a geothermal plan was drawn up to allow the storage of heat, with the first data on its operation in terms of energy reuse being collected in the first quarter of 2020.

Noise

ITP Aero carries out periodic measurements of possible noise generated in its facilities, with excellent results. In fact, in Zamudio (Biscay), the low noise levels have made it possible to reduce the periodicity in which the measurements required by the administration are taken, from three to five years.

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.

3.3 Corporate Social Responsibility

ITP Aero seeks to generate technological, industrial, economic and cultural development in the communities where its workplaces and employees are located. With sustainable development as a framework, four main areas of action have been defined in terms of partnerships and sponsorships:

- **Education and skills**

  Centred around Science, Technology, Engineering and Mathematics (STEM) which is the essence of ITP Aero. The aim is to inspire young people to study these subjects and to encourage them to see the professional possibilities they can offer, as well as to convey to them their importance for economic development.

- **The environment**

  With the aim of adding value, and a social dimension, to the company's environmental strategy.

- **Art and cultural heritage**

  Through activities that contribute to cultural vitality in the places where ITP Aero has offices.

- **Social investment**

  To contribute positively to the communities where the company operates.

3.3.1 Collaborations

STEM

As a technology company, ITP Aero supports in a special way initiatives designed to awaken vocations among young people for science and technology.

The company develops, in its own centres and in the universities and technological 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.

In 2019, the collaboration with the Industry Day organised by the Biscayan Federation of Metal Companies to promote the careers related to the industry among young people of 15 and 16 years of age stands out.

Likewise, and coinciding with the inauguration of its new plant in Biscay (Derio), ITP Aero organised an open day for employees and families, which was attended by more than 200 people who were able to get to know the facilities and attend STEM activities such as the aeronautics classroom aimed at bringing the principles of aeronautics closer to young people.

In addition, the company collaborates with the Community of Madrid's Science Week. During the 2019 edition, the aeronautical companies of TEDAE - ITP Aero included - organised "The Professions of the Aeronautical Industry" activity, in order to illustrate how this industry works hand in hand with the youngest professionals, aimed at students studying towards ESO*, the Baccalaureate and Ciclos Formativos**.

In the United Kingdom, it participated in the Lincoln Cathedral Spark Festival in May 2019, where it showed the activities taking place at its plants in Lincoln and Leicester, and informed students about the career opportunities that the company and the aeronautical sector offer.

ITP Aero also supports initiatives to awaken a scientific and technological vocation in young women to become future engineers. In this sense, during 2019, it participated in events such as "Women in aeronautic engineering" organised by the Official College of Aeronautic Engineers of Spain, the initiative "Science and technology in women conference" or Inspira STEAM, during which the students could listen to and learn about the experience of these women in the aeronautic sector and discover the work they do in a technologically advanced company such as ITP Aero.

In 2019, ITP Aero began collaborating with the Biskyteam project launched by students from the University of the Basque Country (UPV-EHU) to design suborbital launchers using hybrid propulsion technology, which significantly reduces greenhouse gas emissions. This is an "in kind" collaboration, providing technical advice to students and advanced aeronautical materials for the development of the project.

* ESO= Four years of Secondary Education in Spanish education system

** Ciclos Formativos= Vocational training courses

Art and cultural heritage

From an arts and cultural heritage standpoint, ITP Aero has been a Trustee of the Guggenheim Museum of Bilbao since it was founded in 1997, thus committing itself to promoting the dissemination of arts and culture and the development of an institution that is an international reference and an emblem of the city of Bilbao.

ITP Aero has also sponsored various cultural events, notably the collaboration with the Aeronautics and Astronautics Foundation for the 41st edition of the Air Force Awards or the Army Awards.

Social investment

ITP Aero also collaborates with social investment initiatives.

On an annual basis, the "Solidarity Initiative" is developed in which employees and the company, in equal parts, make donations to solidarity projects located in local communities where ITP Aero is present.

Projects are chosen on the basis of employee proposals. In 2019 it collaborated with:

- **NEEDED** (Querétaro - Mexico) develops a specialised and integral line of support to female victims of severe mistreatment. As they reach adulthood, they are provided with training, teaching them trades to be able to thrive in the future and a working life. NEEDED is the first rehabilitation centre of its kind in Latin America.

- **Fundación Harribide de Etxebarri Etxebarri** (Biscay) helps young homeless people and uses a method that combines the most basic shelter and food aid with host communities in which meetings, awareness raising and activities aimed at having monitors and volunteers share life and day-to-day activities with the people being hosted are encouraged.

- **Sociedad de San Vicente de Paul** (Madrid) and its social project to assist 32,000 homeless people in shelters, day centres, sheltered housing and soup kitchens.

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

Social investment

To contribute positively to communities in which the company operates.

® FMGB. Guggenheim Bilbao Museoa, Bilbao, 2020.
Picture: Erika Baraona Ede.

Art and cultural heritage

ITP Aero has been a Trustee of the Guggenheim Museum of Bilbao since it was founded in 1997, thus committing itself to promoting the dissemination of arts and culture and the development of an institution that is an international reference and an emblem of the city of Bilbao.

3.3.2 Strategic partners for innovation

Technology centres and universities

ITP Aero has developed a solid collaboration network with strategic technology centres for industry and also promotes the creation of joint R&D&I centres with universities with the aim of developing advanced technologies for aeronautical engines.

Joint R&D&I centres

- The Aeronautics Advanced Manufacturing Centre (CFAA), Biscay, is led by ITP Aero and Danobat with the participation of more than 60 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. This is a public-private partnership focused on improving industrial processes and advanced machinery in aeronautical manufacturing.

- The Turbomachinery Fluid Dynamics Research Laboratory (LIFT), Madrid, is a technological centre created in collaboration with the Universidad Politécnica de Madrid to carry out aerodynamic tests on turbomachinery.

Technology centres

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 the industrial fabric and more efficient investment in R&D&I.

- Aeronautical Technology Centre (CTA), Biscay: aerospace research laboratory specialising in fluid dynamic testing.

- Centre for Technical Studies and Research (CEIT), Donostia: collaboration in projects to develop advanced mechanical technologies for aviation.

- Madrid Institute for Advanced Materials Studies (IMDEA Materials Institute): an initiative promoted by the Community of Madrid to foster research and technology transfer to the industrial fabric in materials science and engineering.

- Universidad Politécnica de Madrid (UPM): in the field of aeronautics, collaboration in fluid dynamic and simulation technologies for turbines and compressors.

- Universidad de Mondragón: research into manufacturing technologies, including machining processes and state-of-the-art materials and forming technologies.

- Universidad del País Vasco (UPV-EHU): collaboration in the development of manufacturing technologies in the aeronautical field.

- University of Sheffield, the United Kingdom: advanced manufacturing research centre.

In the same way, ITP Aero is a partner of HEGAN (Basque Aerospace Cluster), an association that groups together the Basque Aeronautics and Space sector, facilitating its competitiveness through cooperation and innovation between companies and other agents. Furthermore, ITP Aero is a partner and member of the Board of Directors of Innobasque, the Basque Agency for Innovation, with which it develops collaborations in innovation, internationalisation and R&D. The company is part of TEDAE (Spanish Association of Technological Defence, Security, Aeronautics and Space), a non-profit organisation that works to give visibility to the industrial sectors it integrates and to support the economic growth of Spain by responding to the needs of all customers who make use of the technologies developed by their companies.

3.4 Suppliers

The supply chain is a fundamental part of the company's development. With a combined annual growth of 8.5% in recent years, ITP Aero has developed an even closer relationship with its suppliers:

- **Developing R+D+i collaboration programs.**
- **Providing greater visibility with respect to planning and opportunities.**
- **Making long-term agreements.**
- **Promoting and facilitating the development of new capacities in their suppliers.**

ITP Aero pays special attention to its local supply chain, collaborating with its suppliers and the institutions in its industrial plans, which has mobilised, in machining alone, more than 20M EUR worth of investment in the last two years in Biscay. ITP Aero also has development plans in other processes, such as sheet metal and forming, tools, auxiliary casting processes, etc.

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 their development. This Procedure aims to have the best suppliers, guaranteeing transparency and equal conditions for the different bidders. Supplier qualification is the necessary requirement to participate in the purchasing process and is obtained as a result of the approval process.

ITP Aero has a code of conduct for suppliers that can be consulted on the company's website and that suppliers must assume and comply to. This Code, which addresses, among other things, social, gender equality and environmental issues, is part of the terms and conditions specified by the company in all contracts and purchasing documents assumed by suppliers.

In the same way, ITP Aero has a monitoring system and periodically audits its suppliers, having carried out a total of 103 audits in 2019, 46 of which are already closed.

ITP Aero pays special attention to its local supply chain, collaborating with its suppliers and the institutions in its industrial plans, which has mobilised, in machining alone, more than 20M EUR worth of investment in the last two years in Biscay.

3.5 Consumers and customers

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

Blade produced by ITP Aero.

3.5.1 Measures for the safety and health of consumers

ITP Aero considers the quality of its products and services to be the essential lever that drives the sustainability of the company and the creation of value for all stakeholders: shareholders, customers, professionals and society. The global objectives of Quality are linked to the Strategic Plan, as well as to the objectives of the company on an annual basis. ITP Aero ensures the airworthiness and safety of all its products, in some cases directly and in others through its customers, by adhering to EU Regulation No 748-2012 of 3 August 2012, laying down implementation provisions for the airworthiness and environmental certification of aircraft and related products, parts and appliances, as well as for the certification of design and production organisations. The aeronautical authorities carry out audits and controls on compliance with these regulations, in some cases directly to ITP Aero and/or through the customers.

On this basis, an internal deviation reporting process has been defined which sets out the methodology for the collection, investigation and analysis of data on failures, malfunctions, defects or other occurrences which cause or are likely to cause adverse effects on the continued airworthiness of the engine or component.

In 2019, the corporate manual for ITP Aero's product safety management system was defined, the purpose of which is to show the procedures and processes developed and applied by the company to comply with the standards and recommended practices established by Annex 19 of the International Civil Aviation Organisation's (ICAO) Safety Management Annex. This Annex 19 is recognised as currently the highest safety management framework and is therefore used as a reference in the products, components, equipment and services in which ITP Aero participates.

ITP Aero also has a product safety policy that extols the company's commitment to ensuring safety in all its activities and products. This Policy is based on five principles governing the product safety approach:

- Leadership commitment and accountability: company leaders ensure that safety-related tasks receive appropriate attention, time and resources, making sure that all employees understand their responsibility for safety.
- Product safety level: ITP Aero designs its products to achieve a high level of safety in accordance with their application, always ensuring that they comply with or improve legal, regulatory and industrial requirements.
- Maintaining and improving product safety: There is a commitment to continuous product safety improvement and active participation in setting industry standards and good practices.
- Product conformity: excellence in quality is an essential pillar of products and processes, and therefore ITP Aero ensures that all its suppliers comply with its specifications
- Safety awareness and responsibility: everyone who works at ITP Aero shares responsibility for the safety of their products and is aware of the implications of their actions. To this end, awareness and training campaigns are carried out.

ITP Aero carries out periodic internal audits of its processes, proposing corrective actions in the event that anomalies are detected, and carrying out continuous monitoring of these actions.

3.5.2 Information Security Awareness

ITP Aero considers the correct management of its customers' confidential information to be a key element in the company's success. In this line, it has a Confidential Information Policy that makes employees responsible for the proper use of the information, ensuring its confidentiality and disclosing it only with authorization and to the extent that it allows. This policy is mandatory and applies to all ITP Aero employees. Where local laws, regulations or rules impose a stricter standard, the latter must be followed.

Likewise, there is a personal data protection policy that is mandatory for all ITP Aero employees, which provides a standard that is complemented by the rules and laws of each country, also demonstrating that ITP Aero considers the correct handling of personal data a fundamental business principle and an essential part of its Code of Conduct.

ITP Aero considers the correct management of its customers' confidential information to be a key element in the company's success.

3.5.3 Complaints and claims systems

Each ITP Aero customer has a quality focal point to which it can personally address any complaint or claim. When this happens, an analysis of the causes is carried out and appropriate actions are taken to solve the problem. All claims are recorded under the company's SAP tool. At the end of this analysis process, it is determined whether the responsibility was ITP Aero's or not, and this is indicated in the system. Of the more than half a million parts delivered to customers during 2019, the Company has handled 243 claims, of which 81 were the responsibility of ITP Aero. All of them have been successfully resolved.

ITP Aero tracks quality indicators on a monthly basis, recording non-quality costs, leaks to the customer and product concessions to the customer. In addition, the Disruption Index was launched in 2019, providing a more complete view of the problems caused to the customer

3.6 Tax information

ITP Aero pays special attention to the fulfilment of its tax obligations in accordance with the applicable regulations of each of the countries in which it is present. The following table gives a breakdown of the profits, corporate taxes paid and subsidies received in each of the countries in which ITP Aero is present:

	Benefits contributed to the consolidated accounts (thousands of euros)	
	2018	**2019**
Spain	52.928	150.882
Mexico	9.638	7.756
United Kingdom	5.011	4.784
USA	-734	-949
Malta	105	476
India	833	1.333
	67.782	**164.283**

	Tax on profits (thousands of euros)	
	2018	**2019**
Spain	2.186	2.894
Mexico	906	1.747
United Kingdom	571	737
USA	-	-
Malta	68	-187
India	182	209
	3.913	**5.401**

	Grants (thousands of euros)	
	2018	**2019**
Spain	5.963	2.886
Mexico	-	-
United Kingdom	-	-
USA	-	-
Malta	-	-
India	-	-
	5.963	**2.886**

ITP Aero tracks quality indicators on a monthly basis, recording non-quality costs, leaks to the customer and product concessions to the customer. In addition, the Disruption Index was launched in 2019, providing a more complete view of the problems caused to the customer

People

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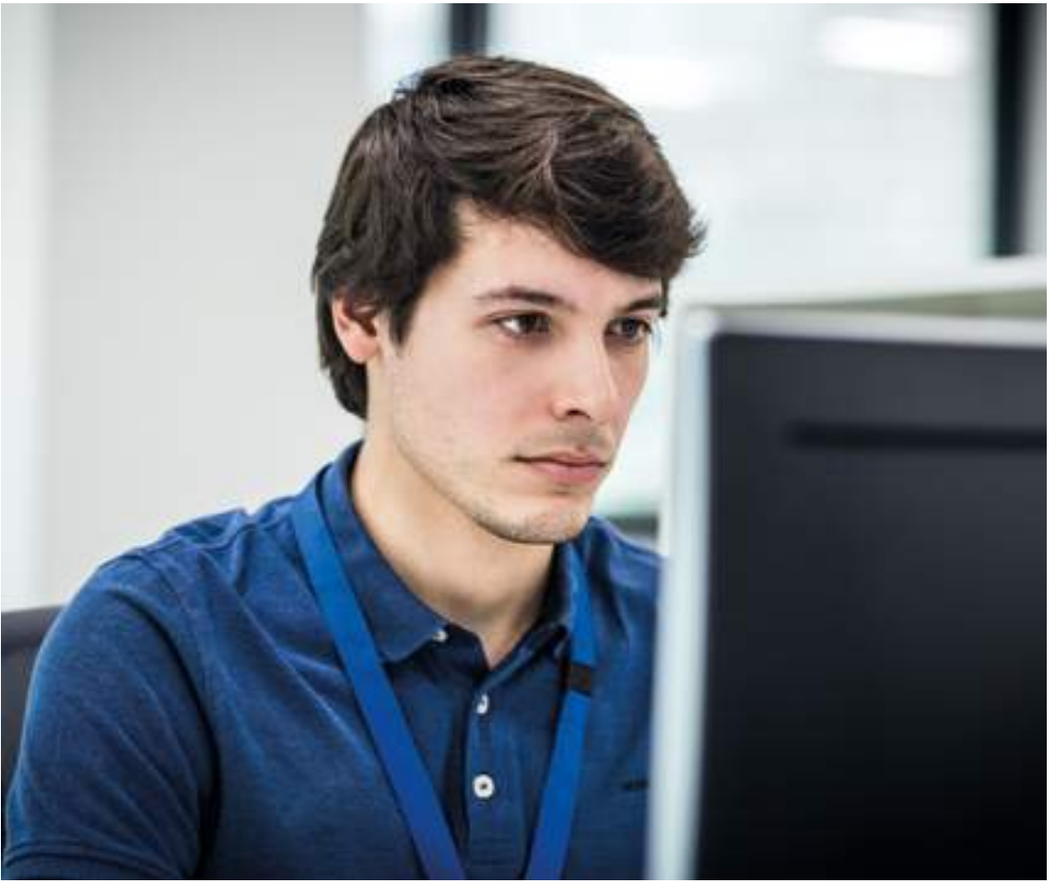
The company's employment and recognition policies, procedures and practices ensure the application of the principles of diversity and inclusion with equal treatment of and opportunities for both men and women.

4

People



4.1 Employment

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

On 31 December 2019, the workforce reached 4,006 employees, an increase of 4% over the previous year.

4.2 Recruitment

At ITP Aero, we prioritise quality in the workplace. This is why the proportion of permanent to temporary contracts is so high, and why most contracts are full-time, with very few part-time contracts. Permanent contracts have increased by 4% compared to 2018 and temporary contracts have decreased by 2% compared to the end of the same year.

The evolution with respect to 2018 in terms of full-time or part-time contracts is positive, with an increase of 4% in full-time contracts and a decrease of 11% in part-time contracts.

In 2019 there were 27 dismissals, 46% less than in 2018.

4.3 Wage gap and average wage

The compensation policy applied by ITP Aero is established in an objective manner, with no discrimination on the basis of gender. Remuneration is set taking into account mainly the qualification, experience of the professional and the responsibility according to the role in the company, as well as the achievement of objectives.

ITP Aero ensures the equality and fairness of compensation of its employees and has calculated the 2019 salary gap between the average salary of women and men at 4.3% (a deterioration compared to 3.7% in the previous year). This gap is explained by the majority presence of men in the company, who also have more seniority and perform jobs that generate benefits to which women have less access. In addition, the slight increase in the wage gap recorded during 2019 is related to the greater number of women hired compared to men during the year; mostly women with a younger profile, less experience, and as a result with lower salaries. ITP Aero continues to work to eliminate this gap.

On 31 December 2019, the workforce reached 4,006 employees, an increase of 4% over the previous year.

4.4 Organisation of work

ITP Aero meets the needs of its employees for work and personal reconciliation, with tools for flexibility in working time that balance the needs of the company with the reconciliation of the employee.

The work organisation scheme may vary depending on the country where the workplace is located and the applicable collective agreement and labour legislation. However, as a general rule, the number of hours per year is determined in collective agreements by negotiation with workers' representatives where the different types of working time are also established.

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

Depending on the country where the work centre is located and the applicable collective agreement, there are different measures to improve the reconciliation of personal and professional life, among which the following stand out:

- **Working hours that favour reconciliation.**
- **Working day regulation agreement applicable to certain centres in Spain that allows for working day flexibility, in an environment of self-regulation and trust.**
- **Time flexibility on arrival at the workstation (ranging from 1 to 2 hours depending on the work centre) for office work.**
- **Calendars with holidays preferably organised in the Christmas, Easter and summer periods, as well as bank holidays and long weekends.**

ITP Aero meets the needs of its employees for work and personal reconciliation, with tools for flexibility in working time that balance the needs of the company with the reconciliation of the employee.

4.5 Climate survey

In 2018, a climate survey - "Building ITP Aero Together" - was conducted among the company's professionals with 73% participation. This high participation percentage provided a reliable basis for developing the diagnosis of the work climate and obtaining global and area-based conclusions, on which action plans were built in the areas of improvement detected. The Executive Committee regularly monitors compliance with these action plans.

Following the review of the overall results, four priority and global lines of work were defined: Learning, Communication, Internal Rotation and Performance Model

In Learning, programs and actions aimed at sharing technical knowledge have been intensified, such as the specialised Technological Knowledge Conferences in which more than 200 people have participated with excellent results.

Another initiative such as the Senda Project for the standardisation of learning itineraries for engineering functions is also noteworthy. Likewise, a great leap forward has been made in the dissemination of corporate content via e-learning.

Communication-wise, 2019 has been an important year, externally with the launch of a new corporate website and a greater presence in social networks and internally with the implementation of various initiatives to better reach employees.
In relation to internal rotation for the development of people, it was decided to give more transparency to the vacancies of Head and Manager by publishing them on the intranet.

Finally, in relation to the Performance model, after an analysis of the pros and cons and a study of good market practices, it was decided to go to a new model of Continuous Feedback, which is simpler, more agile and useful. It has been in the works for 2019 and will be released in February 2020, with a global scope for Heads, Managers and Technicians of ITP Aero.

Following the review of the overall results, four priority and global lines of work were defined: Learning, Communication, Internal Rotation and Performance Model

Participation in the climate survey 'Building ITP Aero Together' (Construyendo Juntos ITP Aero).

73%

4.6 Attracting talent

ITP Aero continues to be committed to its employees' development. In 2018, the new Global Y-Talent Program was launched and continues in 2019, with the objective of promoting the development of multipurpose professional profiles. This is a new modality within the Y-Talent Program that we started in 2015, aimed at recent graduates or Master's degree holders of prestigious universities who are starting their professional careers.

The following Global Y-Talent 2019 graduates are industrial and aeronautical engineering graduates who, after nearly two years' experience at ITP Aero, have been selected to participate in two rotation itineraries over the next 24 months.

All of them will have the opportunity to learn about different positions, businesses, workplaces and even have international mobility to the United Kingdom and Mexico, which will undoubtedly give them an excellent global vision that will result in their career development.

The program includes training and coaching, with the aim of accelerating the development of their personal and professional skills, accumulating to date more than 100 professionals who have participated in the initiative Y-Talent.

4.7 Training

The process of detecting ITP Aero's training needs begins with meetings that, at the beginning of the year, each training manager has with Management. The objective of these sessions is to identify learning priorities for the year, linked to business challenges.

In addition, the groups of Directors, Managers and Technicians have a conversation with the person in charge where, in an individualised way, they detect the learning needs linked to the function and position. These needs may be for technical knowledge or for the development of personal skills and are reflected in a Development Plan that both agree upon.

The first level needs, added to those of each employee, make up the Training Needs Assessment (TNA) for the year. This TNA is specified in a Plan that fits the approved budget considering both direct cost factors and working time per employee.

The plan takes shape throughout the year with different calls that reflect objective, content, dates and attendees and can be both internal and external, in presence, online or mixed mode.

At the end of each training action, the employee completes a survey in which they assess aspects such as the subject matter, the trainer, logistical and organisational aspects and the application to their job. This allows us to monitor the quality of training at ITP Aero.

Likewise, in the development plan for the following year, the employee and their manager evaluate the training received globally, so that the impact of the training on people's development is monitored.

This whole process is supported by an online platform to which employees and their managers have access, where they can consult their training history, the planned planning of courses, the assessments made, etc. And all of this is monitored through the training scorecard where different KPIs (Key Performance Indicators) are evaluated, which are periodically monitored by the training team.

During 2019, a new E-learning platform has been implemented for the entire company, which has resulted in greater effectiveness in carrying out the courses; in other words, the greater effectiveness of the digital tools has meant that the same courses are carried out in less time per employee.

4.8 Recognition of professionals

ITP Aero annually announces the Recognition Awards that its professionals can receive as public recognition for standing out in the corporate competencies derived from the company's values, such as Leadership and Teamwork, Customer and Results Orientation, Commitment, and Ethics and Social Responsibility.

In addition, with the aim of encouraging innovation, one of the main values of ITP Aero, the Global Innovation Award is announced annually, aimed at all the company's professionals.

4.9 Universal accessibility for people with disabilities

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

There are certain centres that do not yet meet accessibility requirements in all facilities (ITP UK, Querétaro, ITA, India), although this does not imply any limitation for current workers.

ITP Aero is firmly committed to universal accessibility, and this is reflected in its construction standards that are applied to all new construction or renovation. In 2019 this standard has been applied in the new Derio plant and renovation in Zamudio of the A10 building and the main entrance.

In 2019, 13 people had some degree of disability, all of them in Spain.

Likewise, all the centres comply with accessibility for visits by having areas dedicated to visits that are accessible to people with different abilities.

4.10 Health and safety

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

- Create a safe and healthy working environment that supports the well-being of employees and minimises the risk of injury, work-related health problems or environmental incidents.

- Prevent or minimise the negative impact on health, safety and the environment of our activities, products and services, and promote the sustainable use of resources.

In the area of health and safety, there is an occupational prevention team that operates corporately and locally in each work centre and there are Self-Protection Plans in the plants and work centres, which allow an adequate response to emergency situations in order to guarantee the safety not only of the employees but also of third parties that are in the environment and all of this in compliance with the current regulations on Occupational Prevention and Civil Protection in each territory.

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

In terms of health, ITP Aero has a medical service in most of the work centres and the company facilitates the annual medical check-up for 100% of the workers. The main measures to ensure health and safety at work implemented by ITP Aero are:

- **Training and information of Health & Safety. In 2018, all centres participated in the "Life Saving Rules" awareness campaign**
- **Risk assessment**
- **Process Standardisation**
- **Behaviour Improvement**
- **Risk management: mitigation/ improvement plans**
- **Transversality (CA and lessons learned from significant accidents and incidents)**
- **Control of working conditions, inspections**
- **Health surveillance**
- **Leadership and self-management: safety walks/kamishibais**
- **Change Management**
- **Self-protection plans**
- **Emergency management**
- **Coordination of contracts, access management**
- **Contract monitoring specific to H&S**
- **Chemical Management: assessment, identification, sampling, exposure...**
- **Equipment reception, machine control**
- **Incident Management (IMT)**
- **Follow-up on the closure of associated CA**
- **Ergonomic improvement of the most unfavourable positions**
- **Management of PIDs**

4.11 Social relationships

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

In Spain, collective bargaining agreements generally apply to Technicians, Managers and some Executives in those other aspects not linked to the compensation system or to promotion and professional development.

Internal communication with employees is of great importance to the company. To this end, it has various communication channels, including a corporate or local intranet, newsletters and the internal magazine "Al Vuelo", which is distributed to all company employees on a six-monthly basis. There are also regular sessions with the Directors, meetings and presentations with management, quarterly meetings with the staff, working breakfasts and information panels on different occasions in the work centres. It is important to note that the level of achievement of the company's objectives is communicated at the end of each month.

4.12 Equality

In addition to complying with the legislation in force in the relevant country in the area of licences and permits, including parental leave, and applying the improvements established in the respective agreements, ITP Aero has a Diversity and Inclusion Policy and Anti-Discrimination and People Management Policies. They ensure that employees are recruited, selected and promoted on the basis of merit, regardless of race, colour, religion, gender, age, sexual orientation, marital status, disability, or any other characteristic protected by applicable law.

The company's employment and recognition policies, procedures and practices ensure the application of the principles of diversity and inclusion with equal treatment and opportunities between women and men. At the highest level of the company, there are 27% female executives on the executive committee (no change from 2018).

ITP Aero also has an Equality Plan, and each centre has mechanisms for its revision and maintenance. In this way, the different legal obligations aimed at effective equality between women and men are fulfilled.

To ensure compliance with these principles, the Equality Plan provides for a series of measures and actions, defined between the management of ITP Aero and the Workers' Legal Representation.

In general, there is also a set of mandatory policies that establish mechanisms for complying with these obligations, including the following:

- **People policy**
- **Recruitment and selection policy**
- **Anti-Discrimination Policy**
- **Diversity and inclusion policy**

All this within the general framework defined by the Code of Conduct.

The Prevention of Harassment at Work Procedure develops the process to be followed when a possible case of harassment of any kind, including sexual harassment, occurs. The People and Anti-Discrimination Policies ensure that situations of discrimination on the basis of gender, among others, are not tolerated.

In the area of employment inclusion of persons with disabilities, ITP Aero not only ensures that its recruitment processes do not exclude these persons when the requirements of the specific position allow it, but also contracts services and products from companies that employ persons with disabilities.

ITP Aero considers that respect and tolerance should be monitored for sensitive differential factors of individuals such as age, race, colour, ethnic origin or nationality, the existence of some kind of disability, marital status, pregnancy or maternity, religion or beliefs, gender identity, sexual orientation and gender change.

The official channel for reporting breaches of the principles of the Code of Conduct or any other corporate guidelines, procedures or principles is the Ethics Line, available to employees and collaborators, as well as third parties (customers, suppliers, institutions...).

To help employees resolve the ethical issues of any such internal dilemma, there is a group called Local Ethics Advisers (LEAs) which, in carrying out its compliance deployment functions, preserves proximity to other employees who may need help in this context.

The company's employment and recognition policies, procedures and practices ensure the application of the principles of diversity and inclusion with equal treatment and opportunities between women and men.

Non–financial risk man–agement

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Risk management at ITP Aero is understood as an ongoing activity in each area of the company, in which all employees are responsible for identifying, managing and communicating risks.

5

Non–financial risk management

ITP Aero understands that a risk is an uncertain event that has a negative impact on the company's budget or business plan or of a program, compliance or reputation risk.

The risks at ITP Aero are managed in accordance with 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 company, with the RMP being a detailed document.

ITP Aero understands that a risk is an uncertain event that has a negative impact on the company's budget or business plan or of a program, compliance or reputation risk. For risk management, ITP Aero has established a structure that starts with the Board of Directors of the ITPSA parent company. The governance structure that ensures compliance with ITP Aero's risk policy consists of:

- **The ITPSA Board of Directors**
- **ITP Aero Risk Committee**
- **Function, Program and Operational Area Risk Committees**
- **Functions, Programs and Operational Areas Committees**

Risk management at ITP Aero is understood as a continuous activity of each area of the company, in which all employees are responsible for identifying, managing and communicating risk

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

- **ITPSA's Board of Directors, together with the other administrative bodies in each of the subsidiaries: ultimately responsible for risk management in each of the areas.**
- **Risk Leader: the Managing Director of ITP Aero**
- **Risk Champion: CFO of ITP Aero**
- **Risk Coordinator: Head of Risks of ITP Aero**
- **Risk Responsible: the Executive Director and the most responsible for risk in the different functions, programs and areas**
- **Risk Owner: chosen by the Risk Responsible and is the 'owner' of the risk**
- **Risk Focal Point: performed by different people in each function, program and operational area and 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. On the other hand, they must ensure the implementation of the Risk Management Plan, safeguard the risk register, schedule the risk review meetings in each area, report the risks to the Risk Committee and ensure the deployment of training.

The ITPSA's Board of Directors and the other administrative bodies in each company carry out a review of the risks, periodically and 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 Director of the General Counsel and the Head of Risks and, in addition, periodic risk review mechanisms have been implemented.

In each area at ITP Aero, across the board and within each of the corporations that make up the company, periodic risk reviews are carried out in each respective area, involving the various Risks Focal Point - key people from each program, area and function - as well as any person whose presence is relevant. In these reviews, the status of the risks already defined is updated and new risks are defined, establishing the necessary controls for their correct management. In addition, action plans are established for each of them and the dates and status of the action plans already defined are reviewed. In addition, each function, area or program holds internal meetings to carry out its own management.

At ITP Aero, a five-stage risk management process has been established:

1

Identification

The identification of a risk can be carried out in a simple way, presenting itself to those responsible by deriving directly from the activity of the company. The Risk Responsible should ensure that all risks in their area are identified and incorporated into the ITP Aero risk register.

2

Analysis

Once a risk has been identified, its degree of severity must be understood, for which its probability of occurrence and its impact on a scale of 5 levels ranging from very low to very high is assessed. It also reflects on its effect if nothing is done to mitigate it, analysing the possible negative impacts.

All this assessment is carried out by the person responsible for the area in which the risk has the greatest effect and is agreed with those responsible who are aware of the risk. In addition, risks are categorised so that they can be managed more easily.

3

Treatment and monitoring

once the risk has been identified and assessed, as well as the person responsible for it, the actions to be taken are determined. There are three possible options, detailing a mitigation plan, transferring the risks to a third party such as a bank or insurance company; or accepting the risk, understanding it and providing for it.

4

Reporting and documentation

Risks are reported four times a year to the Risk Committee and the Rolls-Royce risk area, ERM (Enterprise Risk Management). On the other hand, it also reports at least once a year to the ITP Aero Council.

5

Evaluation

The risk management process is evaluated to ensure that it is efficient and that it meets the objectives described in the Risk Policy, as well as in the Risk Management Plan.

The impact of non-financial risks is evaluated according to whether it is a one-off impact or whether the impact would occur in the medium term an a mitigation plan is applied to each of them to reduce their criticality.

Major risks	Mitigation plans
Reputational risks arising from the business relationship with public institutions due to contractual non-compliance .	Very close relationship with customers, very deep knowledge of contracts, thorough training of our professionals, effort in the correct allocation of resources.
Risks related to the loss of talent.	Identification of key people and plans for loyalty and talent retention.
Risks to the safety of third parties due to failures in products designed and/or manufactured that are integrated into engines/airplanes. This risk has a reputational impact.	High-level safety policy, commitment to aviation authorities, safety committees, highly qualified employees, executive committee commitment to safety, change control system implemented.
Communication risks in crisis situations.	Crisis committee implemented, crisis management procedure, a business continuity and crisis plan in place.
H&S occupational hazards derived from factories.	Detailed management of incidents, audits in progress, plan of adaptation of the factories.
Reputational and H&S risks derived from electrical installations.	Revision of all electrical installations in all ITP Aero sites, industrial plan in place.
Reputational risks arising from our business relationship with public institutions by Compliance.	Manual of crime prevention, due diligence for all advisers, screening processes, active involvement of senior management.
Risks with environmental impact due to spills.	Revision of all the machinery of all the plants of ITP Aero, industrial plan in progress. Specific measures have been implemented, such as diverting discharges from the rainwater system to the sewage system, and this year an oil and grease separator will be installed.
Risks related to authority approvals for new production centres..	Involvement of the Quality area in the implementation process of the new production centres.

Non-financial indicators table

6

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Ethics and compliance

Contributions to non-profit organisations	
2018	129,194 €
2019	131,687 €

Human rights complaints

	2018	2019
Harassment	5	5
Unethical behaviour	3	4
Compensation	1	0
Total	**9**	**9**

Environment

* The following tables show some of the most relevant results achieved in 2019 vs 2018. The cessation of one of the plants in Torrelarragoiti (Biscay) and the new plant in Derio (Biscay) must be taken into account.

Breakdown of water consumption according to its origin and area of consumption

Water consumption (m3)

	2018			2019		
Extraction source	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Mains water	104,417	-	2,555	118,609	-	2,832
Well water	10,247	28,247	-	11,126	31,540	-
Total	**114,664**	**28,247**	**2,555**	**129,735**	**31,540**	**2,832**

Comparison of slabs and castings consumed in 2018 and 2019

The overall rate of total consumption hardly varies by 0.5 %. The products manufactured have varied considerably, so that slight variations can be detected in some of the fields. However, the consumption in tons of materials is similar.

	Quantity		Units
	2018	2019	
Spain			
Busbars	8	10	tn
Metal sheets	3	29	tn
Concrete slabs	988	544	tn
Molten metal	112	297	tn
Ingot castings	1,660	570	tn
Tubes	304,811	306,128	units
Auxiliary materials	1,041	2,265	tn
Mexico			
Tubes, housings and seals	164	254	tn
Transformer oil	9	7	Liters
Auxiliary materials	62	34	tn
Aluminium oxide	10	10	tn
United Kingdom			
Titanium	11	17	tn
Nickel alloys	6	14	tn
Stainless steel	2	3	tn
Auxiliary	17	15	tn

*Auxiliary materials: this includes materials required in the different manufacturing processes that are not part of the final product: oils, compressed gases, chemicals, etc. The same control is carried out as for raw materials.

There are differences in some concepts (increase in auxiliary materials, reduction of ingots, etc.) due to the fact that the products manufactured in the different plants have varied in 2019; the same number of each type of part has not been manufactured homogeneously over time and, therefore, materials that fall into one category in one year may be increased or reduced in another in the following year.

Energy consumption by source and country

The sustained growth in activity - new lines, new machinery - shows an absolute increase in energy consumption, as does the new plant in Derio (which has obtained the A energy efficiency certificate, the highest category available). Gas consumption in Mexico has been reduced due to the replacement of the gas boiler with electric energy.

	Energy consumption (kwh)					
	2018			2019		
Power source	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Natural gas	24,529,393	462,674	11,003	23,854,470	336	10,274
Electricity	51,304,599	9,692,361	2,210,788	53,029,945	10,024,443	2,245,566

Quantitative comparison of waste generated in 2018 and 2019

An improvement is evidenced by a slight decrease in waste generation, despite the increase in production during 2019.

	2018		2019	
	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
Spain	4,185	1,739	4,252	1,607
Mexico	355	189	265	233
United Kingdom	20	87	15	93
Total	4,561	2,014	4,532	1,933

Refrigerant consumption at ITP Aero's facilities in Spain and Mexico

The gas load with the highest contribution in tons of CO2 has been reduced (R410A and RS44).

			Kg recharged	
	Spain		Mexico	
	2018	2019	2018	2019
R410A	91	88	No data	3
R407C	110	171	No data	16
RS-70	-	27	No data	-
R134A	12	-	No data	7
RS44 (R-424A)	16	-	No data	-

Greenhouse gas emissions in countries where ITP Aero is present

The effort for the use of renewable energy that considerably reduces the tons of CO2 emitted (Scope 2) stands out.

	Greenhouse gas emissions (tCO2)			
	2018		2019	
	Scope 1	Scope 2	Scope 1	Scope 2
Spain	4,955	7,669	5,351	86,56
Mexico	267	4,446	108,49	5.282,88
United Kingdom	2	777	2	789
Total	5,224	12,892	4,826	6.158,44

Proveedores

*Supplier audits.

	2018	2019
Audits performed	87	103
Audits closed	67	46

Customers

*Customers: complaints and claims system.

	2018	2019
Claims	280	243
ITP Aero Liability	84	81

Persons

Employees by Gender	2018	2019	Delta
Female	696	729	5%
Male	3,171	3,277	3%
Total	3,867	**4,006**	4%

Employees by Age	2018	2019	Delta
<30	557	507	-9%
>=30 <=50	2,613	2,741	5%
>50	697	758	9%
Total	3,867	**4,006**	4%

Employees by Category	2018	2019	Delta
Management	112	123	10%
Manager	441	441	0%
Technicians	1,273	1,297	2%
Staff as per Agreement Tables	2,041	2,145	5%
Total	3,867	**4,006**	4%

Employees by Country	2018	2019	Delta
Spain	2,897	3,022	4%
Mexico	703	741	5%
United Kingdom	182	179	2%
Malta	38	40	5%
India	24	24	0%
United States	23	-	-
Total	3,867	**4,006**	4%

*Increase in the number of permanent contracts and reduction in the number of temporary contracts with respect to 2018

Type of contract on 31.12.2019	2018	2019	Delta
Indefinite Full Time	3.,73	3,518	4%
Indefinite Partial Time	6	8	33%
Temporary Full Time	428	429	0,2%
Temporary Partial Time	60	51	-15%

*Recruitment models applied on 31 December 2019.

2018	Indefinite Full Time	Indefinite Partial Timel	Temporary Full Time	Temporary Partial Time
Female	644	1	49	2
Male	2,729	5	379	58

2019	Indefinite Full Time	Indefinite Partial Timel	Temporary Full Time	Temporary Partial Time
Female	669	3	55	2
Male	2,849	5	374	49

2018	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
Director	15	96	-	-	-	-	-	1
Manager	99	331	-	1	-	1	-	9
Technicians	295	823	1	1	31	110	1	11
Staff as per Agreement Tables	235	1,479	-	3	18	268	1	37

2019	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
Director	16	106	-	-	1	-	-	-
Manager	101	332	-	1	-	1	-	6
Technicians	302	833	2	1	26	117	1	15
Staff as per Agreement Tables	250	1,578	1	3	28	256	1	28

2018	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
<30	55	291	-	-	37	171	1	2
>=30 <=50	511	1,883	-	4	12	203	-	-
>50	78	555	1	1	-	5	1	56

2019	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
<30	49	242	-	-	32	183	1	-
>=30 <=50	528	2,001	1	4	22	185	-	-
>50	92	606	2	1	1	6	1	49

*Annual average of the different hiring models applied at the end of 2019, at the end of June 2019 and at the end of 2018 distributed by category, age and gender.

2018	Indefinite Full Time	Indefinite Partial Time	Temporary Full Time	Temporary Partial Time
Female	629	1	55	3
Male	2,624	4	404	59

2019	Indefinite Full Time	Indefinite Partial Time	Temporary Full Time	Temporary Partial Time
Female	659	2	50	2
Male	2,799	5	371	53

2018	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
Director	16	96	-	-	-	-	-	1
Manager	100	338	-	1	1	1	-	7
Technicians	281	800	1	1	28	92	2	13
Staff as per Agreement Tables	232	1,390	-	2	26	311	1	38

2019	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
Director	16	103	-	-	1	-	-	1
Manager	100	332	-	1	-	1	-	7
Technicians	302	834	1	1	28	111	1	12
Staff as per Agreement Tables	241	1,530	1	3	21	259	1	33

2018	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
<30	45	246	-	-	35	164	1	1
>=30 <=50	505	1,814	-	3	20	232	-	-
>50	79	564	1	1	-	8	2	58

2019	Indefinite Full Time		Indefinite Partial Time		Temporary Full Time		Temporary Partial Time	
	F	M	F	M	F	M	F	M
<30	55	277	-	-	34	175	1	2
>=30 <=50	523	1,964	1	4	15	190	-	-
>50	81	558	1	1	1	6	1	51

*Dismissals

Dismissals by gender	2018	2019	Delta
Female	13	4	-69%
Male	37	23	-38%
Total	50	**27**	-46%

Dismissals by Category	2018	2019	Delta
Director	1	-	
Manager	3	4	33%
Technicians	1	6	500%
Staff as per Agreement Tables	45	17	-62%
Total	50	**27**	-46%

Dismissals by age	2018	2019	Delta
<30	6	3	-50%
>=30 <=50	37	21	-43%
>50	7	3	-57%
Total	50	**27**	-46%

* Average compensation at 31 December 2019 based on different criteria of age, professional category and gender, compared with the data for 2018.

The average compensation is calculated on the basis of annual remuneration (including seniority; annualised supplements and variables, calculated without considering reductions in working hours; considering all the countries in which ITP Aero operates with groups of both genders in order to achieve homogeneous groups for comparison). Therefore, India has been excluded from the analysis in its entirety and in the case of the United Kingdom, Mexico and Malta, those groups that do not have representation of both genders have been excluded. The United States centre is not considered as it ceased its activity before December 31, 2019.

Average salary by gender (thousands of euros)	2018	2019	Delta
Female	39.4	38.8	-1.3%
Male	40.9	40.6	-0.7%
Gap	**-3.7%**	**-4.3%**	17.0%

Average salary by age (thousands of euros)	2018	2019	Delta
<30	26.2	25.7	-2%
>=30 <=50	39.6	38.8	-2%
>50	56.1	**55.8**	0%

Average salary by category (thousands of euros)	2018	2019	Delta
Director	114.0	112.2	-2%
Manager	56.7	57.4	1%
Technicians	41.6	42.6	2%
Staff Tables Agreement	32.6	31.5	-3%

Directors (thousands)	2018	2019	Delta
Female	109.7	107.7	-2%
Male	114.7	112.9	-2%

Board members (thousands)	2018	2019	Delta
Female	-	-	-
Male	80.0	73.3	-8.4%

* Absenteeism:

Absentismo	2018	2019	Delta
Hours	244,858	324,754	33%
% over Theoretical H.	4%	5%	21%

* Reduction in working hours:

Reductions	2018	2019	Delta
Female	116	128	10%
Male	42	81	93%
Grand total	158	**209**	32%

* Training hours 2019 by professional category (annual average per employee 26 hours/year).

	2018	2019	Delta
Director	2,134	1,672	-22%
Manager	16,922	9,846	-42%
Technicians	36,963	22,668	-39%
Staff as per Agreement Tables	61,487	67,587	10%
Total	117,506	**103,700***	-12%

* Includes 1972 hours of people who were discharged on 31 December 2019.

* The accident rates for 2019 are shown below:

	2018			2019			
	F	M	Total	F	M	Total	Delta
Accidents with leave	4	36	40	10	39	49	**23 %**
Accidents without leave	8	131	139	9	114	123	**-12 %**
Frequency	0.34	3.57	3.91	1.5	5.9	7.41	**90 %**
Severity Rate	0.08	0.79	0.87	0.19	1.73	1.92	**121 %**
Incident Rate	0.11	1.01	1.12	0.26%	1.04 %	1.30 %	**-99 %**
Occupational illnesses	0	8	8	1	18	19	**138 %**

* Percentage of staff covered by collective bargaining agreements in each country in relation to total employees at the end of 2019.

Country	Excluded from Agreement	Included in Agreement
Spain	34%	42%
India	1%	0%
Malta	1%	0%
Mexico	8%	11%
United Kingdom	4%	1%
United States	1%	0%
Total *	**47%**	**53%**

GRI Indicator Table

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

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General areas

Areas		Reporting framework	Section	Comments/ Reason for omission
Business model	Description of the **Group's business model, which will include**: – Business environment – Organisation and structure – Markets operated in – Goals and strategies – Main factors and trends that may affect its future development	GRI 102-1: Company Name GRI 102-2: Activities, Brands, Products and Services GRI 102-3: Location of headquarters GRI 102-4: Location of operations GRI 102-6: Markets served GRI 102-7: Company size	1, 2, 3	
Policy and Policy Results	A description of the policies being implemented by the group and the results of those policies, including relevant non-financial key performance indicators	GRI 103: Management approach to each area	1, 2, 3	
ST, MT and LT risks	The main risks related to those issues that are associated with the activities of the group, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on those areas	GRI 103: Management approach to each area GRI 102-15: Main impacts, risks and opportunities	3, 4, 5	

Environmental issues

Areas		Reporting framework	Section	Comments/ Reason for omission
Global Environment	**Current and foreseeable effects** of the company's activities	GRI 103: Environmental Management Approach GRI 102-11: Precautionary Principle or Approach	3.2.1	
	Environmental **Evaluation or certification procedures**		3.2.3	
	Resources dedicated to the prevention of environmental risks		3.2.3	
	Application of the **precautionary principle**		3.2.3	
	Amount of **provisions and guarantees** for environmental risks		3.2.3	
Pollution	**Measures** to prevent, reduce or restore carbon emissions that seriously affect the environment; taking into account any activity-specific form of air pollution, including noise and light pollution	GRI 103: Emissions/ Biodiversity Management Approach	3.2.5	

Circular Economy and Waste Prevention and Management	**Circular Economy**	GRI 103: Effluent and waste management approach/circular economy	3.2.4	
	Waste: prevention, recycling, reuse, other forms of recovery and disposal measures.	GRI 103: Effluent and waste management approach / circular economy GRI 306-2: Waste by type and disposal method	3.2.4, 6	
	Actions to combat food waste	GRI 103: Effluent and waste management approach/circular economy	–	Due to its sector of activity, food waste is not relevant for ITP Aero
Sustainable use of resources	Water **consumption** and water supply in accordance with local constraints	GRI 303-1: Water withdrawal by source	3.2.3, 6	
	Consumption of raw materials and the measures taken to improve the e fficiency of their use	GRI 103: Materials Management Approach GRI 301-1:Materials used by weight or volume	3.2.3, 6	
	Direct and indirect energy **consumption** measures taken to improve energy efficiency and the use of renewable energy.	GRI 103: Energy Management Approach GRI 302-1: Energy consumption within the company	3.2.3, 6	

Climate change	**Important elements** related to greenhouse gas emissions generated as a result of the activities of the company, including the use of the goods and services it produces	GRI 103: Emissions Management Approach GRI 305-1: Direct GHG emissions (Scope 1) GRI 305-2: Indirect GHG emissions from power generation (Scope 2)	3.2.5, 6
	Measures taken to adapt to the consequences of climate change	GRI 103: Emissions Management Approach	3.2.5
	Voluntary reduction targets	GRI 103: Emissions Management Approach	3.2.5
Protection of biodiversity	**Measures** taken to preserve or restore biodiversity **Impacts** caused by activities or operations in protected areas	GRI 103: Biodiversity Management Approach GRI 304-2: Significant Impacts of Activities, Products and Services on Biodiversity	3.2.4

Social and staff-related issues

Areas		Reporting framework	Section	Comments/ Reason for omission
Employment	Total **number** and distribution of employees by gender, age, country and occupational category	GRI 103: Employment Management Approach GRI 102-8: Information on employees and other workers GRI 405-1: Diversity in governing bodies and employees	4.1, 6	
	Total number and distribution of modalities of employment contract		4.2, 6	
	Average annual number of permanent, temporary and part-time contracts by gender, age and professional category	GRI 102-8: Information on employees and other workers GRI 405-1:Diversity in governing bodies and employees	4.2, 6	
	Number of dismissals by sex, age and professional category	GRI 401-1: New hires and staff turnover	4.2, 6	
	Average **compensation** by sex, age and professional category	GRI 405-2: Ratio of basic salary and compensation of women to men	4.3, 6	Compensation data calculated on 31/12/2019
	Wage gap, compensation for equal or average jobs in society	GRI 103: Employment Management Approach GRI 405-2: Ratio of basic salary and compensation of women to men	4.3, 6	Formula used: 1 - (women's salary/men's salary)
	The average compensation of directors and executives broken down by gender	GRI 103: Employment Management Approach	4.3, 6	
	Implementation of **policies** employment disconnection	GRI 103: Employment Management Approach	4.4	
	Employees with disabilities	GRI 405-1: Diversity in governing bodies and employees	4.9	
Work organisation	**Organisation** of working time	GRI 103: Employment Management Approach	4.4	
	Number of absence hours	GRI 403-2: Types of accidents and accident frequency rates, occupational illnesses, lost days, absenteeism and number of deaths due to occupational accidents or illnesses	4.4 4.10, 6	
	Measures aimed at facilitating the enjoyment of conciliation and promoting the co-responsibility of both contributors	GRI 103: Employment Management Approach	4.4	
Health and safety	**Conditions** of health and safety at work	GRI 103: Employment Management Approach	4.10	
	Number of accidents at work and occupational diseases by gender, frequency and severity rate by gender	GRI 403-2: Types of accidents and accident frequency rates, occupational illnesses, lost days, absenteeism and number of deaths due to occupational accidents or illnesses	4.10, 6	

Social relationships	**Organisation** of social dialogue	GRI 103: Management Approach Worker-Enterprise Relationships	4.11
	Percentage of employees covered by collective agreements by country	GRI 102-41: Collective bargaining agreements	4.11, 6
	Balance of collective agreements, particularly in the field of health and safety at work	GRI 403-4: Health and Safety issues addressed in formal agreements with trade unions	4.11
Training	**Policies** implemented in the field of training	GRI 103: Management approach to training and education	4.7
	Total **number** of training hours by professional category	GRI 404-1: Average hours of training per year per employee	4.7, 6
Universal accessibility for people with disabilities		GRI 103: Management approach to diversity and equal opportunities and non-discrimination	4.9
Equality	**Measures** taken to promote equal treatment and opportunities between women and men	GRI 103: Management approach to diversity and equal opportunities and non-discrimination	4.12
	Equality plan measures taken to promote employment, protocols to tackle sexual and gender-based harassment		4.12
	Integration and universal accessibility of people with disabilities		4.9
	Policies against all forms of discrimination and, where appropriate, for the management of diversity		4.12

Information in relation to human rights

Areas	Reporting framework	Section	Comments/ Reason for omission
Application of human rights due diligence procedures Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed	GRI 103: Management approach to human rights assessment+ freedom of association and collective bargaining+ child labour+ forced or compulsory labour GRI 102-16: Values, principles, standards and norms of conduct GRI 102-17: Advisory mechanisms and ethical concerns GRI 412-2: Employee training on policies or procedures on human rights	3.1	
Complaints about human rights violations	GRI 406-1: Discrimination cases and remedial action taken	3.1, 6	
Promotion and observance of the provisions of the fundamental ILO conventions concerning respect for freedom of association and the right to collective bargaining, elimination of discrimination in employment and occupation, elimination of forced or compulsory labour, and effective abolition of child labour.	GRI 103: 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 cases of child labour GRI 409-1: Operations and suppliers with significant risk of cases of forced or compulsory labour	3.1	

Information about the company

Areas		Reporting framework	Section	Comments/ Reason for omission
The company's commitment to sustainable development	**Impact** of the company's activity on employment and local development	GRI 103: Approach of Local community management + indirect economic impacts GRI 203-2: Significant indirect economic impacts	3.3	
	Impact of the company's activity on local populations and on its land	GRI 102-43: Stakeholder engagement GRI 413-1: Operations with local community participation, evaluations of impact and development programs	3.3	
	Relationships maintained with local community actors and the modalities of dialogue with them		3.3	
	The actions of association or sponsorship.	GRI 102-12:External initiatives GRI 102-13: Membership in associations	3.3	
Subcontracting and suppliers	**Inclusion** of social, gender equality and environmental issues in procurement policy	GRI 103: Management Approach to Procurement Practices GRI 102-9: Supply chain	3.4	
	Advising in relationships with suppliers and subcontractors of their social and environmental responsibility	GRI 308-1: Nuevos proveedores que han pasado filtros de evaluación y selección de acuerdo con los criterios ambientales	3.4	
	Monitoring and audit **systems** and results	GRI 414-1: New suppliers that have passed evaluation and selection filters according to environmental criteria	3.4	
Consumers	**Measures** for the health and safety of consumers	GRI 103: Customer Health and Safety Management Approach + Marketing and labelling + Customer privacy	3.5	
	Complaint **systems**		3.5	
	Complaints received and their resolution		3.5	
Tax information	**Benefits** obtained country by country	GRI 103:Economic performance management approach	3.6	
	Tax on profits	GRI 103: Economic performance management approach	3.6	
	Public **subsidies** received	GRI 201-4: Financial assistance received from the government	3.6	

Information related to anti-corruption and bribery

Areas	Reporting framework	Section	Comments/ Reason for omission
Measures taken to prevent corruption and bribery	GRI 103: Anti-corruption management approach GRI 102-16: Values, principles, standards and norms of conduct GRI 102-17: Advisory mechanisms and ethical concerns GRI 205-2: Communication and training on anti-corruption policies and procedures	3.1	
Measures to combat money laundering	GRI 205-2: Communication and training on anti-corruption policies and procedures	3.1	
Contributions to foundations and non-profit organisations	GRI 413-1: Operations with local community participation, evaluations of impact and development programs	3.1	

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