



Non-financial information statement Year 2021



March 2022

CONTENTS

.....	1
1. About the Company	1
1.1. Profile of the Company	1
1.2. Business model	1
1.3. Market environment and strategy	3
1.4. Mission, Vision and Values	4
1.5. Corporate governance	5
1.6. Risks	6
2. Ethics and Integrity	9
3. Environmental matters	10
4. Human Resources	16
4.1. Description of staff	17
4.2. Remuneration	18
4.3. Work organization and flexibility policies	19
4.4. Occupational Health and Safety	20
4.5. Social Relations	21
4.6. Workers' development, training and promotion	21
4.7. Respect for diversity and equal opportunities	22
4.8. Human Rights	23
5. Information about the Company	24
5.1. Commitment to sustainable development	24
5.2. Subcontracting and suppliers	25
5.3. Consumers	26
5.4. Tax information	27
Annex 1. Scope and methodology used to prepare this report	29
Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2 , and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity	31
Annex 3. External verification of the non-financial information statement	36



1. About the Company

Aernnova Aerospace Corporation, SA is a company with registered address in Miñano Mayor (Vitoria, Alava, Spain), in the Technological Park of Alava (Spain), calle Leonardo Leonardo Da Vinci, 13, and is registered in the Commercial Register of Alava, Volume 1242, Page 210, Sheet V-11396.

The company started its activity in 2006 with the acquisition of 100% of the shares of Gamesa Aeronáutica SAU, currently called Aernnova Aerospace, SAU.

Aernnova Aerospace Corporation, SA is the parent company of the Aernnova Group (hereinafter "Aernnova", "the company" or "the Group"). The Group started its activity in the aerospace sector in 1986 with the creation of Fibertecnic and the achievement of the first contract to manufacture composite components for CASA (today integrated in Airbus Group).

1.1. Profile of the Company

Aernnova is a leading independent supplier in the design and manufacture of structures and components for the aerospace industry, including associated systems and equipment. The company specializes in the design and manufacture of a wide range of technologically advanced aerostructures and related components for commercial aircraft, business jets and helicopters, with solid experience in the use of composite materials. Aernnova has experience and resources in industrialization, aerospace component manufacturing (assemblies, composites, machinery, surface treatment, raw material and metal cutting), as well as engineering services.

The company supplies a wide variety of integrated aerostructures, including empennages, wings, doors, nacelles, pylons, fuselage sections and canopies.

It currently designs and/or manufactures structures and related components for more than 30 aircraft models including Airbus A350, A220-100/300, A330 XL Beluga, A330, A320, A380, EADS A400MM, C295/CN235, Eurofighter, Airbus Helicopter, Superpuma y Tiger, Boeing 787-8-9-10, Boeing 747-8I/F, Boeing 747LCF, Embraer E1, E2, ERJ145, KC-390, Sikorsky S-92, Leonardo NH90, Bell 505, 407 & 429, Beachcraft King & Piston, Pilatus PC24, Northrop Grumman F35, JSF, F18, Boeing F18, F15, Boeing P8, Space X Falcon 9, De Havilland Dash 8, Bombardier Global, CRJ 700-900-1000, Honda jet HA 480, etc.

In addition, it provides high value-added engineering services to major aircraft manufacturers and Tier 1 suppliers. Aernnova has significant capabilities in product development, manufacturing engineering and product support, in particular for complex composite structures. The concurrence between design and manufacturing engineering makes it possible to offer more efficient technical solutions. Finally, it provides technical assistance to its customers in the aerospace sector.

Main business and activity indicators



Aernnova is a leading supplier of aerospace structures for the main OEMs. With a turnover of 515 MM € and 4,309 employees at the end of 2021.

1.2. Business model

The Group has become one of the leaders in the design and manufacturing of aerostructures and their components. In this regard, the Group provides cost-effective, innovative and reliable solutions to its clients, offering a wide range of activities carried out by specialized and globalized business units.

Since its incorporation, the client portfolio has expanded to include the major manufacturers, including, among others, Airbus, Boeing, Bombardier, Embraer, Sikorsky, Bell, Leonardo, Beechcraft, Spirit, Space X, Pilatus, de Havilland or Northrop Grumman.

It should be noted that on November 24, 2021, the Group closed a strategic collaboration agreement with Paris Saint Denis Aero (PSD), whereby PSD took over the cutting and material distribution operation for the entire Group, by virtue of which all the shares of the company Gestión de Materiales y Proyectos, S.A.U. were transferred to PSD, this company having therefore ceased to form part of the Group on that date.

Finally, it should be noted that the Group assumes full responsibility for a large part of its programs, from conceptual and detailed design, testing and certification, to mass production and support services.

Products and Services

The Group designs and manufactures a wide range of technologically advanced aerostructures and components for civil aircraft, business jets and helicopters. As a Tier 1 supplier, it produces integrated aerostructures and is responsible before OEMs, for the management of complete work packages involving various technologies and activities. It specializes in wings and empennages, including their mobile and secondary structures, and also designs and produces fuselage sections and other integrated aerostructures. Its tier 1 capabilities also include the engineering services it provides to its customers, which include conceptual and preliminary design, detailed design (model-based), load analysis and advanced simulations of statics, fatigue, damage tolerance, impact, thermal, etc. Manufacturing engineering and prototyping are also part of Aernnova's offer to its customers, with autonomous multifunctional teams and MRB, materials and processes,

integral configuration management, testing and certifications (FAA, EASA) as well as after-market engineering support.

In addition to producing components for integration into its own aerostructures, it also produces composite components, metal components and sub-assemblies for integration into customers' aerostructures. Its Tier 2 capabilities are generally limited to manufacturing, and do not include the product development services offered at Tier 1.

It also provides technical assistance to its customers in the aerospace sector.

The group, in its quest to improve its capabilities towards its customers as a maintenance organization (MRO), has obtained Transport Canada Civil Aviation (TCCA) approval, which joins the certifications already available from the European EASA Part 145 and the US FAA Part 145 agency and which allow maintenance of structural components with flight hours to perform changes and repairs within the scope of the approval.

It also provides products and services to customers in other industries, such as automotive, railway, etc.

Organization: business lines and subsidiary structure

The Group operates business units specialized in integrated aerostructures, composites, metal components, engineering and after-market services.

Aernnova's activity is divided into five business lines:

❖ Aerostructures

Aernnova is a leading Company specialized in the design and manufacturing of aerostructures such as wings, doors, empennages and fuselage sections.

❖ Engineering and services

Through Aernnova Engineering, the Group provides high-added value of Product Engineering, Manufacturing and System services. Furthermore, Aernnova Aircraft Services offers its clients an after-sales service by a skilled team to guarantee 24/7 support.

❖ Composites

Aernnova Composites designs and manufactures various components in composite material.

❖ Metallic Components

Aerometallic supplies metallic components, multi-technology and subassemblies.

❖ Others Aero / Diversification

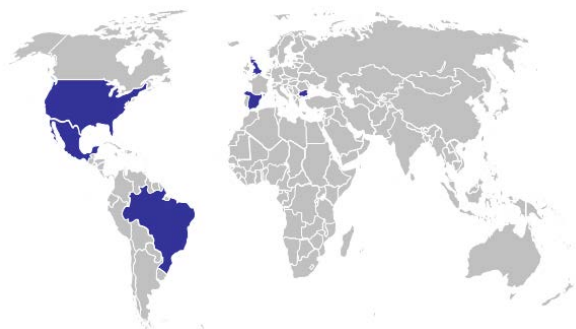
In addition, Aernnova develops its activity in other business lines such as the automotive, passenger trains or aerospace seals.

To develop the aforementioned activities Aernnova has created a corporate structure that as of December 31, 2021 was as detailed below:



International presence

Thanks to its wide range of specialized activities, the Group can carry out each of these activities in its own facilities, located in Spain, United Kingdom, Romania, the United States of America, Mexico and Brazil in which it has manufacturing and engineering centres.



Manufacturing

The table below shows the location and the main activity of the principal facilities of the Group.

Main Act.	Location	Year / m ²	Capacity and outstanding aspects
Assembly of integrated aerostructures	Álava (Spain)	2000 / 21,800 m ²	<ul style="list-style-type: none"> - Structures Assembly: Manual & Automated Tak Lines and MPP Cells - Systems Integration - Paint & Primer Processes - Laser Tracker - Portable Anodizing & Shot Peening - Cold Work
	Querétaro (Mexico)	2008 / 4,500 m ²	<ul style="list-style-type: none"> - Structures Manual Assembly - Systems Integration - Paint & Primer Processes - Cold work & Perma-swage
	Sao José dos Campos	2004 / 7,800 m ²	<ul style="list-style-type: none"> - Structures Manual Assembly - Systems Integration - Paint & Primer Processes - Cold work
Manufacture of composite components	Vitoria (Spain)	1986 / 7,810 m ²	<ul style="list-style-type: none"> - Autoclaves - C-Scan Inspection - CNC Drilling & Trimming
	Toledo (Spain)	1991 / 20,000 m ²	<ul style="list-style-type: none"> - Autoclaves - C-Scan Inspection - Filament Winding machines - Press Hot Plates - Hotforming machine - Resin Injection Equipment
	Orense (Spain)	2001 / 13,000 m ²	<ul style="list-style-type: none"> - Autoclaves - C-Scan Inspection - Laser projectors
	Illescas (Spain)	2010 / 36,000 m ²	<ul style="list-style-type: none"> - Automated Tape Lay-up - Automated Fibre Placement - Autoclaves - Hotforming - Automated Gantry inspection
	Sevilla (Spain)	2017 / 10,000 m ²	<ul style="list-style-type: none"> - Autoclaves - Furnace

			<ul style="list-style-type: none"> - Pattern cutting machine - Automated ultrasonic inspection - Laser projectors
Manufacture of metal components	Vitoria - Gmapsa (Spain) ¹	1975 / 8,000 m ²	<ul style="list-style-type: none"> - Water Jet cutting machine - 2 Disk Saw machines - Bandsawing machine - Automated warehouses
	Cádiz (Spain)	1986 / 10,000 m ²	<ul style="list-style-type: none"> - CNC Router - High Pressure Fluid Cell Presses - Brake Press - Roller Press - Thermal treatments
	Vitoria - Burulan (Spain)	1989 / 4,500 m ²	<ul style="list-style-type: none"> - CNC Machining Centres - CNC Lathes - Automated Anodizing
	Toledo (Spain)	1989 / 3,500 m ²	<ul style="list-style-type: none"> - CNC Lathes - CNC Machining Centres
	Tarazona (Spain)	2000 / 14,000 m ²	<ul style="list-style-type: none"> - Machining centres - 5 axis Gantry CNC
		2000 / 22,000 m ²	<ul style="list-style-type: none"> - Anodizing baths - Shot facilities - Peen Forming 19m facility - Painting cabin (2) - Loading and unloading zone-storehouse
	Querétano (Mexico)	2008 / 14,400	<ul style="list-style-type: none"> - High-speed CNC centres - Hydroforming Press - Rolling Press - CNC Brake forming - Hydraulic presses - Automated Anodizing
Assembly and manufacture of composite and metallic components of aerostructures	BREK Manuf. Gardena (CA)	1968 / 17,000 m ²	<ul style="list-style-type: none"> - High speed machines, multi-spindle machines, long bed gantries - High torque, low RPM machines - Water Jet cutting machine
	Hamble-le-Rice (UK)	1939 / 200,000 m ²	<ul style="list-style-type: none"> - Machine shop. Multi-axis CNC machines, soft and hard metals. Manual milling machines - Sheet details shop. High capacity rubber press for sheet metal forming - Stretching machines: Transversal (vertical and horizontal) and extrusion - Transparencies/Acrylic moulding - Composite manufacturing facilities. Manual lay-up, Autoclaves, CNC trimming and drilling, Gantry ply-cutting machines and automated NDT inspection - Surface treatment baths (anodizing, sulfuric-tartaric, alochrome, boric) - Multiple assembly facilities with dedicated areas and jigs - Mechanical test laboratory - EBM additive manufacturing machine for development and prototyping - Goods in/dispatch facility

1.3. Market environment and strategy

The aerospace sector has been one of the most strongly affected by the crisis unleashed in 2020. The first direct consequence of the crisis was the collapse of air traffic due to mobility restrictions and, as a direct consequence, the paralysation of a large part of the air fleets and the reduction in deliveries of new aircraft to the airlines.

For its part, 2021 was a year of transition in which the company was restructured to adapt it to the new reality of the sector. The

¹ Until 24th November 2022

measures implemented to reduce costs and working capital have enabled the company to significantly reduce losses compared to 2020 and to return to positive cash flow throughout the year.

The vaccination campaigns implemented worldwide, have allowed mobility restrictions to be gradually lifted, and little by little air traffic is recovering compared to year 2020, although it is still far from reaching 2019 levels. It is very difficult to establish when the traffic as well as the delivery of new aircraft will recover to pre-crisis levels in the sector, although most analysts estimate it will be between 2024 and 2025, depending on the evolution of the health and economic crisis.

Over the last few years, the Group has positioned itself as one of the world leaders in the design and manufacture of composite materials and one of the main Tier-1 players in the aerostructures sector with a strong international presence. The measures taken during the 2020 and 2021 have made it possible to reduce the initial impact and lay the foundations for the Group's recovery. However, it is necessary to continue to adapt the Group's companies to the new challenges demanded by our customers.

Although 2022 is expected to be the first year of recovery in the industry, with significant growth in air traffic and, consequently, in new aircraft deliveries, it will still be far from the levels reached before the crisis. Moreover, the recovery of the sector will not affect all models equally, with single-aisle models benefiting the most, while models serving long-haul routes will evolve more slowly.

Significant multi-year projects have been completed in 2021 while new R&D activities have been started. These new activities have been prioritized to meet current and future customer demands, and the development of new technological capabilities to strengthen industrial operations, with the Group anticipating increases in production rates with reliable, competitive solutions and aerospace safety standards.

In addition, during 2021, several R&D projects have been initiated and will be extended over the next 3 years. One of the most relevant, concerns the development of technologies for ultra-light and very high-cadence aerospace components, mainly in carbon fiber, and new means of integration. These technologies will enable new offerings to customers of large commercial transport aircraft, as well as customers who are positioning themselves in the new urban air mobility and drones.

Finally, it should be noted that on January 11, 2022, the Group has signed an agreement with Embraer for the acquisition of two plants located in the Portuguese city of Évora. Along with the acquisition of the plants, Aernnova and Embraer will sign a long-term supply agreement that guarantees the workload of both and allows Aernnova to expand its presence in executive programs such as the Praetor 500/600 and single-aisle programs such as the Embraer 190/195. The parties expect to fulfil the conditions precedent to which the transaction is subject during March 2022 and to be able to close the transaction in April 2022.

Strategic foundations



1.4. Mission, Vision and Values

Mission

Aernnova's mission is satisfying the needs of customers and society as a whole, with safety, quality, efficiency and respect for the environment, thus contributing to the development of the sector. Aernnova is one of the leading companies in aerospace components at a global level.

Aernnova contributes to the development of air transport by providing its engineering, technology, products and services on aircrafts of the world's leaders in the aerospace sector, by establishing long-term and reliable relationships with customers and strategic suppliers that Aernnova considers their partners, through the improvement of competitiveness, a key factor in a global industry where great challenges are faced, through Investment in R&D and our own technology in our products and operations, generating profitable growth that allows future investments in programs and through searching for simplification and efficiency in the way of working.

Vision

Aernnova wants to be recognized as one of the world's Top 5 Aerostructure companies as well as the preferred supplier of the major aircraft manufacturers.

Values

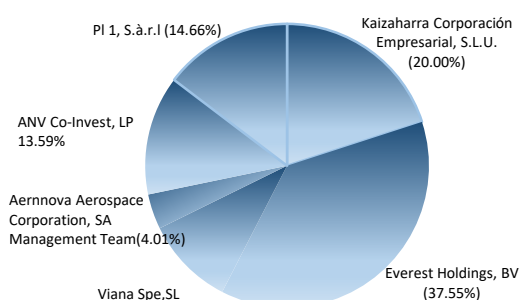
The principles that should be promoted in the relationships in the Company are (i) client-orientation; (ii) integrity; (iii) result-orientation; (iv) team work; (v) personal commitment and respect and (vi) openness and adaptation to change.

1.5. Corporate governance

The existence of an effective Corporate Governance system, transparent, structured and focused on the management of the Company operation is essential to guarantee the success of Aernnova Group through sustainable and organized growth. The governance model is solidly articulated in the applicable legislation, principles, internal regulations, codes and corporate policies. The Group's Corporate Governance model consists of two bodies, the General Meeting of Shareholders, and the Board of Directors.

General Shareholders Meeting

Aernnova's shareholders structure as of 31 December 2021 is as follows:



Board of Directors

The Board of Directors is in charge of the management and representation of the Company. Except for those issues reserved to the General Meeting, the Board of Directors is the top decision-making body of the Company and has all the necessary power to manage it.

Members of the Board of Directors

Chairman	KAIZAHARRA CORPORACION EMPRESARIAL, S.L.U., represented by Mr. Juan Ignacio López Gandásegui
Chief Executive Officer	Mr. Ricardo Chocarro Melgosa
Secretary not member of the Board	Mr. Hipólito Suárez Gutiérrez
Members	EVEREST HOLDINGS BV, represented by Mr. José M ^a Arellano Navarro
	Mr. Alfredo Tennenbaum
	Mr. Fahd El Kadiri
	Mr. Karim Saddi
	Mr Joseph Knoll
	Mr. David J. Barger
	AML SAS, represented by Mr. Marwan Lahoud
	PI1 SÀRL, represented by Mr. Javier de la Rica Aranguren

Board Committees

In addition to the two specialized permanent committees with a permanent, informative and consultative nature, with supervision, information, guidance and proposal powers within their scope of action, i.e., the Audit and Compliance Committee and the Appointment and Remuneration Committee, the Board of Directors established the Delegated Executive Committee in 2020. Therefore, these are the specialized committee of the Company:

❖ Delegated Executive Committee

In accordance with the provisions of article 249 of the Spanish Corporate Act and articles 31 and 31 bis of the Company's bylaws, this permanent Committee has been established with all the powers inherent to the Board of Directors, except for those that are considered non-delegable by virtue of the law or the statutes.

Members of the Delegate Executive Committee

Chairman	KAIZAHARRA CORPORACION EMPRESARIAL, S.L.U., represented by Mr. Juan Ignacio López Gandásegui
Secretary not Member	Mr. Hipólito Suárez Gutiérrez
Members	Mr. Ricardo Chocarro Melgosa
	EVEREST HOLDINGS BV, represented by Mr. José M ^a Arellano Navarro
	Mr. Alfredo Tennenbaum
	PI1 SÀRL, represented by Mr. Javier de la Rica Aranguren

❖ Audit and Compliance Committee

In charge of providing support to the Board of Directors in their supervision duties and, specially, with regard to the result of the audit, supervising the process for the preparation, presentation as well as the integrity of the mandatory financial information regarding the Company and, where appropriate, the Group. Moreover, amongst other tasks, it revises periodically the internal control and risk management systems, including tax systems, supervising the effectiveness and proposing the appointment, re-election and replacement of the account auditor, being in charge of the selection process.

Members of the Audit and Compliance Committee

Chairman	Mr. David J. Barger
Secretary not member of the Board	Mr. Hipólito Suárez Gutiérrez
Members	PI1 SÀRL, represented by Mr. Javier de la Rica Aranguren
	EVEREST HOLDINGS BV, represented by Mr. José M ^a Arellano Navarro

❖ Appointment and Remuneration Committee

In charge of submitting to the Board of Directors proposals for the appointment of Directors, to be designated by co-optation or to be submitted to the decision of the General Shareholders Meeting, as well as the proposals for their re-election or cessation. Moreover, amongst other duties, it revises periodically the remuneration policy, verifies it is being complied, ensures that the eventual conflicts of interest do not harm the independence of the external guidance given to the Committee, examines the compliance with the Rules of Corporate Governance and makes any necessary proposals for its improvement. It also proposes the appointment and remuneration of the Senior Management of the Company to the Board of Directors.

Members of the Appointment and Remuneration Committee

Chairman	AML SAS, represented by Mr. Marwan Lahoud
Secretary not member of the Board	Mr. Hipólito Suárez Gutiérrez
Members	KAIZAHARRA CORPORACION EMPRESARIAL, S.L.U., represented by Mr. Juan Ignacio López Gandásegui
	Mr. Alfredo Tennenbaum Casado
	Mr. Karim Saddi

1.6. Risks

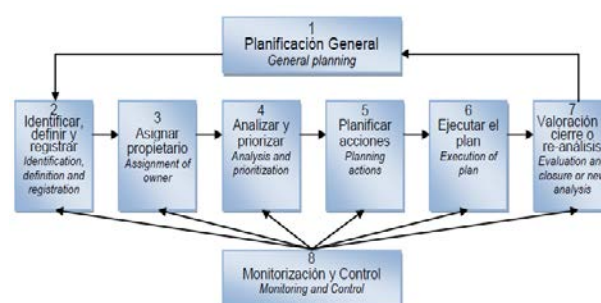
Risk Management System

Aernnova is a company that is exposed to various risk factors that will depend not only on its activity, but also, among other factors, on the countries in which it operates, the different products and services offered and the circumstances existing at any given time. Therefore, the company seeks to identify these risks and assess them, an initiative that allows it to implement timely management measures sufficiently in advance to mitigate the probability of these risks occurring and/or their possible impact on the business, people and society.

The Aernnova Group has a comprehensive Corporate Model for risk management which is applied to all Aernnova's companies, programmes and activities and which has been developed in accordance with the requirements of the defence programmes to which PECAL/AQAP2010 standards are applied, and with the guidelines established in standard EN9100 "Aerospace Management Systems".

The Risk Management System is complemented with policies and procedures for the main processes of Aernnova Group that are reviewed and updated periodically to ensure compliance with applicable regulations and best practices in risk management.

The Corporate Risk Management Manual establishes the elements of the comprehensive risk management system. The risk management system always involves the same logical management sequence:



Each of the facilities is responsible for identifying and managing the risks derived from its activity. Their identification and the measures and plans to mitigate them are revised annually.

The Group has a corporate registry that facilitates the control and management of risk scenarios. Given that the criticality of the identified risk scenarios measures the potential impact with respect to the budgets for the period, the risk map assessment is reviewed at least annually.

The Risk Committee is the supervising body of the Comprehensive Risk Management System. It is in charge of supervising and reporting to the Board of Directors on the Company's Risk Map and the effectiveness of the risk treatment measures.

The Board of Directors, following a report by the Audit and Compliance Committee, which in turn will be informed by the Risk Committee, carries out an annual revision of the supervision task of the Risk Committee and takes the appropriate decisions.

Aernnova has an Improvement Suggestions Channel (IDEM channel), through which employees may make suggestions.

In this regard, it should be noted that, of the 1414 suggestions for improvement received in 2021, 459 (32.46%) are related to risk reduction in its different areas, 213 of which are already implemented. This means that, out of a total of 670 improvement suggestions implemented in 2021, 31% (same percentage as in 2020) have been focused on risk reduction. Of the total number of risk reduction suggestions, 46.4% have been implemented. On average, one in ten people made a risk reduction suggestion in 2021.

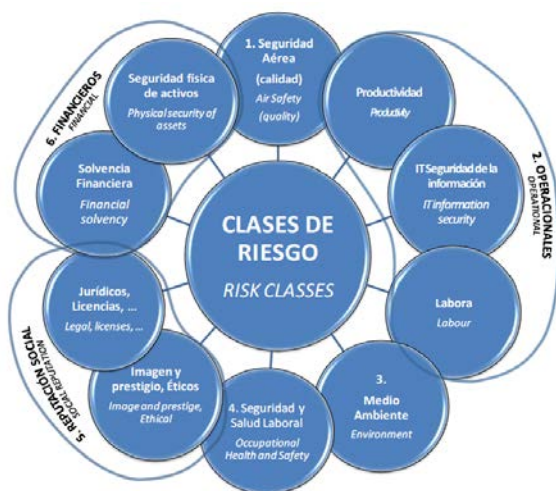
Its classification by type of risk in 2020 and 2021 is as follows:

Reduction of risk – 2020	
Risks	N. measures
Quality and Aviation Safety	09
Operation	36
Environmental	27
Health&Safety	104
Reputational	3
Financial	3
Total	182

Reduction of risk – 2021

Risks	N. measures
Quality and Aviation Safety	26
Operation	39
Environmental	18
Health&Safety	121
Reputational	2
Financial	7
Total	213

Types of risks



The Company is affected by various risks in the exercise of its activity. The types of risks are classified according to the effect or effects which a risk scenario may generate and, therefore, the impact it may have on the objectives of the affected companies or programmes.

The main non-financial risks of the Company are related to air quality and safety, operational, environmental, occupational health and safety and reputational, including legal risks and risks regarding the ethical commitments undertaken.

Below are the main non-financial risks derived from the activity of the Company, as well as the key measures to manage and mitigate them:

RISKS

Air Safety and Quality

Description

In view of the sector in which the Group carries out its productive activity, the quality of the design and production process as well as the process regarding maintenance, repair and operations support become especially important.

Management/ mitigation measures

Advanced Quality Planning and Management System in which the following can be highlighted:

- The mechanisms for revision, validation, verification and approval of designs and prototypes by the authorities.

- The Analysis of Failure Modes of products and processes and their Causes and Effects (FMEAs) for risk identification.
- Product and process Control Plans.
- Staff training, qualification and certification.
- The auditing and certification of the Quality System by Clients, Civil Aviation Authorities, Defence Authorities and independent Certification Bodies.
- Approval of designs and the production system (FAI) by clients and certification of designs and products by the appropriate civil and military authorities.
- Traceability, control, recording and filing of evidence of compliance with the requirements and all operations.
- Communication and deployment of quality requirements to the entire supply chain. Certification of suppliers and their special processes and control and evaluation of the products and processes purchased.
- Management and statistical control of processes and associated risks.
- Surveillance and monitoring of product performance (both our own as well as products from third parties) and the applicable standards and regulations, as well as their changes, during the entire life cycle of the products.

Operational

Description

During the development of all the processes there may be problems which affect the continuity and effectiveness of the activity. These risks may be varied: stoppages in production, problems regarding the availability of industrial resources, national or international trade, customs, labour legislation, cultural, language, insurrection, risks regarding the availability of staff and their qualifications, loss of staff with key knowledge, which affect or may cause loss of the design or manufacturing capacity, risks derived from IT, data processing and security, processing tools, availability of licences and accesses, etc.

Management/ mitigation measures

- Control and management of client's demand risks through the Planning Management Committee.
- Stock Control Committee: It leads and monitors the management of inventories with a view to maximizing stock turnover.
- Programme Management Committee: Revision of the main KPIs, relevant facts and risks associated to each Programme. Launching of corrective and mitigating actions.
- Contractual Observatory: periodical review by the Programme Manager with the Executive Committee of the Company to analyze relevant aspects and risks on the contract.
- Annual testing in connection with the deployment of the group's disaster recovery strategy.
- Risks derived from the infrastructure associated to productive elements. The group is involved in a project to safeguard the equipment associated to productive machines (PCs, network, software and hardware backup, robots, etc). In addition to the configuration of the environment, the current status of software and hardware maintenance contracts for each production equipment is now being revised.

Environmental

Description

The Group carries out projects which may have an impact on the environment, either due to pollution, spills, etc.

Management / mitigation measures	Environmental Management System, in which the following can be highlighted:
	<ul style="list-style-type: none"> -Identification and evaluation of environmental risks and their impact. -Preventive and corrective maintenance of facilities and equipment with environmental relevance. - Periodical measuring and control of the limits on spills, emissions, soil condition and water. -Periodical emergency drills and periodical revision of containment means. -Control and monitoring of changes in regulations. -Audits and certification of the environmental system. -Training and qualification of staff and environmental technicians. -Communication and deployment of requirements to the supply chain and evaluation of environmental performance.

Occupational Health and Safety Risk

Description	Health and integrity of the people who contribute to the activity is essential and special attention must be paid to all those risks derived from the use of materials, tools and machines, the execution of processes, the location, etc.
Management / mitigation measures	<ul style="list-style-type: none"> -Own prevention Service with prevention technicians in each production plant. -Internal and external audits -Occupational risk assessment in all the sites. -Annual ORP Plans in each Company. -Staff training. -Emergency plans in all the centres. -Health and safety committees -Agreement with external organization for health surveillance.

Reputational Risk

Description	The failure to observe due diligence, as well as the failure to comply with the regulations in force by the Group's staff or by third parties which collaborate with Aernnova, may bring about negative effects in the reputation and, therefore, in the results of the Group.
Management / mitigation measures	A criminal risk prevention management system

With regard to reputational risks, including legal risks and risks related to the ethical commitments acquired, the company implemented in the 2018 a Management System for the prevention of crimes, integrated into the Corporate Risk System, which expressly includes principles regarding corruption and bribery, and the protection of human rights. Likewise, in 2021 Aernnova has started with the process of (i) evaluation of the criminal risks to which the Mexican subsidiaries of Aernnova could be exposed and the preparation of a map of controls to mitigate the criminal risks to which they could be exposed, (ii) the preparation and implementation of a crime prevention program for the Mexican subsidiaries, which will be aligned with the program that Aernnova already has in Spain, and (iii) the training for employees of the Mexican subsidiaries in relation to this program.

The company's existing policies and procedures for the identification, evaluation, prevention and mitigation of risks and impacts, including reputational risks, are explained in more detail in the following chapters of this report.

COVID19 Risk Management

In relation to the direct conditions derived from the global Covid-19 pandemic and the contingencies established to guarantee continued compliance with the requirements that apply to our activity, Aernnova has deployed various action plans to combat the effects of the pandemic:

a) A special plan for the protection of risks to the health of employees.

b) A financial and treasury protection plan.

c) A Contingency Plan to prevent and identify any conditions that may occur on the QMS (Quality Management System) and guarantee continued compliance with regulations, customer requirements and approved data and specifications.

d) The review of the Corporate Risk Maps and the corresponding mitigation plans.

With regard to the minimum services provided by Aernnova during this period to avoid risks to the operating fleet, Aernnova Aircraft Services has maintained Product Support services without interruption, 24 hours a day, 7 days a week. The engineering services and the dialogue and reporting mechanisms have also been maintained at all times, operating in a teleworking mode.

As a summary of the conditions and contingencies adopted:

1. The appearance of training problems that could derive from the pandemic has been monitored.

2. There have been no effects on the qualifications, certifications and competence of the people necessary for the activity.

3. The guarantee of personnel capacity has been maintained for all the roles defined by the design, production and maintenance organization, for all processes and products.

4. All equipment and facilities in operation have been maintained in accordance with the provisions of MDG-00-001 (Manual of quality, environment and prevention of occupational risks) thanks to the contingencies adopted that guarantee the adequacy and integrity of the processes and products.

5. The surveillance and monitoring activities have been maintained without affection, having reinforced the controls in the areas of greatest risk (control of suppliers, human factors, prevention of fraudulent elements, etc.).

6. Telematic management means (VPN, TEAMS, etc.) have been enabled throughout the organization. All auditors and responsible personnel have made use of them in order to complement the limitations that may have arisen derived from the sanitary restrictions on the movement of people.

7. The non-affectation of the production processes and associated controls has been guaranteed, being completed in the sequence and extent required by the applicable specifications.

It can be concluded that the organization has maintained the guarantee that the Management System provides for its normal performance, complying with all the established requirements (calibrations, controls, audits, qualifications, etc.), that the affections produced have been minor and that there have been established adequate contingency measures for all of them.

2. Ethics and Integrity

Aernnova's Code of Ethics was approved in 2018 with the aim of actively managing conduct and behaviour in accordance with the law and the highest standards of the sector, developing the ethical principles of the organization. Said Code of Ethics has been modified in October 2021 for the purpose of further developing some of the organization's principles. The amendments to the Code of Ethics were agreed by the Company's Board of Directors at the proposal of the Risk Committee, taking into account the recommendations of good corporate governance and the principles of social responsibility being applied in international markets.

It expresses and compiles the set of values, principles and basic rules of operation, as well as the company's guidelines for conduct in all its areas of action, and is therefore the apex of all the rules of corporate social responsibility.

Aernnova Group takes into account the recommendations of good corporate governance and the principles of social responsibility that are being applied in international markets, constituting a basic reference for its monitoring and compliance by all persons belonging to the companies of the Group.

The Code of Ethics contains: (i) General principles, including respect for legal compliance and the rights of the parties; (ii) Substantive principles: applicable to the results for which the Company is responsible and (iii) Operational principles, which should be applied to the nature and the quality of the processes carried out.

The Aernnova Compliance Policy approved by the board of directors in 2018 ensures active management for compliance with current legislation and crime prevention within the Group.

Likewise, the Criminal Risk Prevention Management System implemented by Aernnova in 2018 that is part of the Group's comprehensive corporate model for risk management seeks to organize and manage their prevention based on the following principles:

- Legality, through respect for and compliance with the legislation in force in all the Group's decision and actions.
- Commitment, through compliance with all the requirements which are voluntarily approved, such as codes of conduct, protocols, policies, etc. in connection with compliance, crime prevention and business ethics.
- Discipline, promoting responsible personal behaviour and "zero tolerance" to any type of non-compliance.
- Systematic and adaptive management of criminal risk.
- Leadership, communication and training through the creation and maintenance of a preventive culture in the Company.

Aernnova's commitment to legality has been formally communicated to all board directors, managers and employees of the Group, and it is at all other interested parties' disposal by publishing the Code of Ethics on the corporate website. All the board directors, managers, employees and representatives of the Group must comply fully, not only with the values and principles reflected in the

Code of Ethics, but also with any internal and external regulations that may be applicable to them. Therefore it is mandatory for them to comply with this Code, all those procedures, policies, internal rules and protocols that develop it and any applicable external regulations.

As an essential part of the implementation and monitoring of the Criminal Risk Prevention Management System, an ethical communication channel has been established to report in case of incidents, irregularities and possible risks and unfulfilment of the measures or standards established in the General Crime Prevention System.

It is the responsibility of the Compliance Unit to ensure compliance with corporate governance standards and, in particular, the Code of Ethics, as well as manage the ethical channel.

In year 2021, as in 2020, no complaints were processed through the Ethics Channel for alleged violations of the Code of Ethics.

The primary and executive responsibility for the management and treatment of criminal risks of the organization corresponds to the managers responsible for the processes and business units in which these risks take place (vertical or hierarchical management).

The Risk Committee is the transversal oversight body of the Crime Prevention Management System. Its mission is to supervise and respond to the Board of Directors regarding the Company's Risk Map (within which criminal risk management is framed) and the effectiveness of risk treatment measures. The Risk Committee periodically addresses issues of regulatory compliance and reports the progress of the system to the Audit and Compliance Committee and the Board of Directors at least once a year.

For its part, the Quality department and, in particular, the System Development and Audit function, performs the tests, audits and reviews established by the Risk Committee, incorporating them into the Audit Plan. The results of these audits are reflected in an audit report that is submitted to the Board of Directors.

The Board of Directors, after a report from the Audit and Compliance Committee, which will be informed by the Risk Committee, annually reviews the supervisory work of the Risk Committee, making the decisions it deems most appropriate to the nature and characteristics of the company at all times.

Training needs and sensitivity about crime prevention are identified within the framework of the planning and monitoring of the Crime Management and Prevention System, mainly assessing whether the competencies of executives, managers and jobs that may generate exposure to Criminal risks are appropriate for the level of existing risk.

Training needs are addressed in the following ways: (i) within the framework of the companies' annual training plan; (ii) through specific training actions, if through the Crime Prevention and Management System or by any other means additional training needs are detected in addition to those foreseen and (iii) external specialized training when deemed necessary. During 2021, 124 hours of training in the Crime Prevention System have been given to 33 employees.

During fiscal years 2017 to 2021, a total of 204 employees from different group companies received a total of 1,390 hours of training in the Comprehensive Risk System, of which 146 hours to 44 employees have been given during fiscal year 2021.

Additionally, it should be noted that a total of 1,180 hours of training courses on risks associated with human factors were given to a total of 320 employees, of which 390 hours were given to 137 employees during the 2021 fiscal year.

Finally, with respect to data protection, it should be noted that Aernnova is firmly committed to maintain the highest levels of privacy in accordance with the provisions of the applicable regulations, the General Data Protection Regulation of the European Union (GDPR) and Organic Law 3/2018, of December 5, on the Protection of Personal Data and guarantee of digital rights (LOPDGDD), as well as in accordance with the local regulations of the countries in which the Group companies operate and/or have their registered offices.

Aware of the importance of this new legislation, Aernnova welcomes the additional protection measures offered to natural persons and that have been implemented in accordance with the corresponding adaptation action plan to respond to the new required obligations. In this regard, Aernnova has its Privacy Policy duly updated, making it clearer and more explicit so that it is easier to understand and to provide additional information about how the processing of personal data is carried out. Likewise, it has created the "Privacy Office" to manage all matters related to data protection, from the necessary Treatment Registry, to the control of communications with the Spanish Agency for Data Protection.

To address all doubts and issues related to this matter, a channel of direct communication by email is available to all interested parties through the address rgpd@aernnova.com.

Fight against corruption, bribery and money laundering

Aernnova's Code of Ethics provides the principles of action on corruption, bribery and money laundering matters and the Criminal Risk Prevention Management System ensures compliance with these commitments.

Among other actions, Aernnova prohibits any corrupt behaviour or practice, bribery or money laundering in relation to customers, suppliers, business partners and public, national or international officials or institutions. In this sense, the Company is aware of the risk of 'misuse of power', including any dishonest activity in which employees, board directors or shareholders act contrary to the interests of the entity and abuse of authority because of its position of trust to reach some personal gain or advantage for themselves or for a third party. Therefore, the people that make up Aernnova cannot offer or accept gifts or attention that go beyond the purely symbolic or protocol and in no case that could be interpreted as an attempt to unduly influence a commercial, professional or administrative relationship.

Likewise, the delivery, either directly or through third parties, of gifts, attentions or advantages to public representatives for them to exercise their influence in favour of Aernnova is not allowed. Moreover, it is totally prohibited to take advantage of a personal relationship in order to unduly influence an authority or public official.

Finally, it is established that Aernnova's employees must comply with the duties imposed by money laundering regulations.

Contributions to non-profitable foundations and organizations

Aernnova collaborates with associations, foundations and other non-profit entities in its environment to promote sustainable development. These charitable contributions are made under the values and principles established in the Code of Ethics of the Company.

Aernnova has among its objectives to be an active social agent in the improvement and progress of society, promoting economic development and generating value and wealth for the environment.

With these collaborations Aernnova promotes sustainable development.

During the 2021 financial year, the Group made contributions to 28 entities for a total value of €202,895.64 compared to the €198,325.61 that were contributed in 2020.

3. Environmental matters

Introduction

Aernnova has, as a principle for the decision-making procedure, the need to find a balance between environmental protection, social progress and economic development. The Company assumes environmental management as part of the responsibility acquired with its clients, suppliers and employees, as well as society as a whole.

As a starting point for the achievement of its environmental commitments, the Company complies with the applicable regulations in the places in which it operates. It has all the permits required to carry out its activity, complies with the established provisions and limitations and, in addition to this, it applies measures for the minimization of environmental impacts associated to the operation of its facilities.

Additionally, Aernnova carries out its activities within the framework of an environmental management, which follows the standard of reference (ISO 14001). Nowadays, 96% of the activity is carried out under the safety net of this management system and 88% is also certified externally². The activity that is not carried out under the provisions of this environmental management system refers fundamentally to service and non-industrial activities without material environmental risk.

This comprehensive management system allows the Company to work on the achievement of its objectives:

- Control and mitigate the environmental impacts generated by the activities of the Company.
- Avoid those products which do not comply with the quality standards established in all the production

² In terms of turnover.

stages, from the design to the end of the useful life of the products.

- Minimize the risks for the workers' health.

Within the framework of this management system, the Company developed its Quality, Environmental and Occupational Risk Prevention policy, focused on a continuous improvement of its activities and aligned with these objectives.

As shown in the corresponding chapter, the Company has a corporate risk management system comprising the main environmental risks derived from its activity, associated to the production processes, the materials and chemicals used and the pollutants generated by said activities. The main environmental risks identified within the corporate management system are related to activities involving chemical treatment:

- Soil pollution and groundwater risk.
- Exceeding discharge limits risk.

In the assessment of environmental risks it is taken into account the probability of occurrence as well as its potential impact in economic terms. Likewise, the assessment includes the increasing control of the environmental aspects by the authorities and the penalties and potential consequences should the risks occur.

Today, thanks to the established prevention and control systems, none of the environmental risks is among the most relevant risks for the Company in economic terms.

Before breaking down the effect of the Group's activity on the different environmental indicators, it is necessary to highlight the circumstances that affected these indicators in 2021. Firstly, the drop in production has remained at the same levels as in 2020, while turnover has fallen slightly compared to the same year.

Additionally, as part of the Environmental Management System, each of the facilities is responsible for identifying and managing their main potential effects on the environment, more linked to their daily operation. Their identification and the measures and plans to mitigate them are revised each year. The main effects identified in this area are classified within the following subjects:

Main environmental effects

- Use of substances affected by REACH (chemicals, mainly paints, and processes).
- Consumption of natural resources; raw materials (aluminium, carbon...), water, electric power, fuels, nitrogen...
- Waste generation.
- Discharge of process water after treatment and sanitary water
- Emissions to the atmosphere: VOCs (solvents and paints), combustion gases (boilers, furnaces), other pollutants (gas scrubbers, sanding...).
- Soil pollution and groundwater

The measures adopted to mitigate the effect of climate change (waste management, discharge and emissions control, filtering and purification systems, etc.) have increased by 692,000 euros, the largest increase corresponding to Hamble Aerostructures Limited. Together these measures have resulted in 2021 in a cost of approximately 0.37% of sales (compared to 0.25% in 2020). The increasing regulatory constraints with respect to landfill

and the legislation being developed on energy transition and climate neutrality could lead in the future to a yet to be determined increase in the associated costs (such as the new Spanish regulations establishing the mandatory installation of electric chargers for cars in parking lots and energy certification of administrative buildings to be carried out over the next year).

To prevent and mitigate these effects, in addition to preventive maintenance and periodic controls, the company's facilities have equipment or installations for this purpose at the main points of potential impact:

Main mitigation and prevention measures

- In painting cabins, installation of dry filters to retain pollutants, periodical replacement and removal with authorized manager and water curtain with subsequent processing of water in treatment plant.
- In surface treatment installation of physical-chemical treatment plants.
- Establishment of annual reduction of the main environmental indicators.
- Recycling of compound waste.
- Use of solvent distillers and recirculation systems of dissolvent or watery solutions used to clean paint pistols
- Use of evaporator for waste water with paint.
- Implementation of a single-dose paint format.
- Implementation of sealant cartridges with base and catalyst whose mixture is prepared automatically in a machine.
- Semi-automation of the mould release and dissolvent application process to minimize VOC emissions.
- Periodic measurements in atmospheric emission sources, discharge analysis, environmental noise measurement, groundwater and soil contamination control.

In 2021, the anodizing baths and two acid deoxidizers with Chromium VI (subject to REACH Authorization) have been eliminated, focusing the activity on the tartaric-sulfuric anodizing process at Burulan's facilities in Miñano Mayor (Álava), thus eradicating the use of chromates in the surface treatments of this company.

There have been no environmental sanctions during the 2021 financial year.

For the management of all issues related to the environment, Aernnova has a transversal environmental department, and has 26 technicians and 12 auditors qualified in accordance with the environmental management system. All the premises of the environmental management system are subject to annual internal audits, which are carried out by these managers.

In order to extend its environmental commitment to all its professionals, Aernnova has environmental programmes. Likewise, all the new incorporations receive a Welcome Manual which includes environmental information which is relevant for their position.

The Company also participates in various research and innovation projects as well as other initiatives on environmental matters to improve the performance of its operations as well as its products. Detailed information in this regard is included in each of the chapters.

In addition, various initiatives have been implemented to promote awareness of the environmental impact of our activities, for example, in Mexico, the program "One cell

phone, one tree" was carried out and 34 trees were planted in the Nevado de Toluca. The Health, Safety and Environment Week was held in Brazil and Mexico, during the month of November and August 2021, respectively, where awareness workshops were held and activities were carried out in which participation was rewarded.

In spite of its commitment to the precautionary principle, Aernnova is aware of the potential impact of its activities on the surrounding area and therefore, the Company has underwritten a civil liability insurance which covers sudden and accidental environmental pollution for all the activities of the Group.

Aernnova dedicates more than one million eight hundred thousand euros per year to the proper management of waste, filtration equipment for cabins, periodic measurements of spills, atmosphere, etc., maintenance of purification plants or other facilities with environmental impact, solvent dispensers and energy efficiency audits.

Pollution

Aernnova's activity involves the emission of Volatile Organic Compounds (VOCs) to the atmosphere derived from the consumption of adhesives, sealants, paints and solvents in the assembly and painting processes. No persistent organic compounds (POPs) are generated.

The Company works on the reduction of the emissions associated to these activities through measures such as:

- Filters or water curtain to retain pollutants.
- Semi-automatic application of products with solvents, with lower consumption.
- Solvent dispensers to prevent diffuse emissions.
- Gas washers for pollutant retention and management in treatment plant.
- Use of water based chemicals with less VOC content.

Organic-Volatile Organic Component Emissions (t)

VOCs	2020	2021
Total	79.4*	83.3

The 2020 figure has been updated due to the incorporation of VOCs in Elesla.

The emission of VOCs in the period has been similar to the previous year, i.e., the reduction achieved in 2020 of 22% compared to 2019 has been consolidated in 2021. Progressively, the use of water-based paints and solvents with lower VOC content is spreading, as well as the installation of semi-automatic solvent application machines, recirculators or similar equipment.

In Aernnova's activity, emissions of NOX, SOX or other polycyclic aromatic hydrocarbons (PAH) are not significant, being in orders of magnitude below the established limits, although these parameters are measured for regulatory control.

Neither the environmental noise nor the light pollution are significant of Aernnova's activity. In addition, it should be taken into account that the activity of the Company is carried out mostly in facilities located in industrial and technology parks. However, the Company makes periodic

noise measurements as part of its environmental management and environmental authorizations.

Circular economy and waste

In 2021, actions have been implemented aimed at reducing taladrine waste through filtering and reuse with an estimated reduction of 12t at Burulan Miñano and internalization of the tank cleaning process at Intec-Air with a reduction of 20t and an additional 7t due to the new two-stage gun washing system (dishwasher and manual cleaning machine with recirculated non-hazardous solvent), and the amount of expired products has been reduced by 10t. Additionally, this year the generation of waste has been reduced by 142t due to the management of exhausted baths from surface treatments and washing tanks, mainly at Aerometallic Tarazona. On the other hand, at Hamble Aerostructures there has been an increase of 140t due to the need to change the cooling water of the autoclaves in building 33 for maintenance tasks.

The increase in the amount of non-hazardous waste managed is mainly due to the management and recycling of stored material due to the favorable market situation in the sale of offcuts, aluminum sheets and other materials due to the scarcity of raw materials, which has produced an extraordinary increase of 560t compared to 2020.

Aernnova maintains a firm commitment to the implementation of an environmental strategy based on the principles of the circular economy to minimize the potential impacts derived from its activity. Most of the innovation projects in which the company participates are focused on improving the environmental performance of its materials and products.

Thanks to these and other similar initiatives, 73% of the carbon waste generated by Aernnova is currently recycled. The decrease compared to the recycling ratio in 2020 (79%) is due to the lower generation of waste in the facilities where there is a technical solution for recycling.

For non-hazardous waste, such as paper and wood, there is also continuous recycling, as well as for all waste except organic waste, for which composting is performed at Aernnova do Brasil.

The company generates other types of non-hazardous waste such as scrap or urban waste. It should be noted that Aernnova has not developed actions or measures to implement to deal with food waste, since its sector of activity does not generate a significant amount of food waste. In 2020 and 2021, the generation of hazardous waste (HWR) and non-hazardous waste (NHW) was as follows:

Waste Generation (t) *		
Residuos	2020	2021
HW	1,564	1,373
NHW	5,359	5,640
Total	6,923	7,013

* The 2020 data is updated, including all Hamble Aerostructures industrial services waste in hazardous waste and BREK chip data in non-hazardous waste.

Ratio of Waste Generation (t/M€)		
Waste	2020	2021
HW	3.06	2.73
NHW	10.51	11.23
Total	13.57	13.96

Sustainable use of resources

❖ Water consumption

The sole source of water supply at all the facilities is the municipal supply network, except for Hamble Aerostructures Limited which has a license from the Environment Agency to extract 182,000m³ per year of groundwater at its facilities in the UK, although during in 2021 only 5,280m³ were extracted. Part of the process water is purified in situ and reused on-site.

Water is consumed in various productive processes such as baths, the refrigeration of autoclaves and for human consumption, in toilets and changing rooms. It is also consumed water for the landscaped areas surrounding the companies.

Water consumption (m ³) *		
Water	2020	2021
Total	219,767	211,666

Water consumption in terms of billing has been as follows:

Ratio of Water Consumption (m ³ /M€) *		
Water	2020	2021
Total	431	421

Consumption has been slightly reduced with respect to the previous year. In 2021, improvements have been

implemented such as adjustment of rinsing times in Intec-Air treatments, modification of irrigation parameters and replacement of taps in Serra, reduction of changes in ultrasonic tank for use of cleaners in ACI. However, the increase in activity and some incidents, such as leaks due to cracks detected in the ICSA water tightness pool, corrected in November, have not allowed further improvement in the indicator.

Most part of water consumption is due to the surface treatment processes, which remains constant almost independently of the number of parts treated. Industrial process water is discharged after treatment to ensure the quality of the discharge.

Six companies with surface treatments (Intec-Air, Aerometallic Tarazona, Burulan, Aernnova México, Aeronáutica y Automoción and Hamble Aerostructures) account for 66% of Aernnova's water consumption. These companies recirculate 100% of the process water in a closed circuit with osmosis plants.

❖ Consumption of raw materials

Aernnova's industrial activity demands raw materials. In the manufacturing of composite parts, the main material consumed is carbon, which represents more than 80% of the total material consumed in this technology. These materials have limited possibilities for being reused, which besides is technically complex to do. However, really significant progress has been made as explained in the waste generation section. In addition, the Company develops technological innovations to improve the efficiency in the use of raw materials, the implementation of new materials and the improvement in the design of structures.

The drop in the 2021 data is due to the fact that there was a stock of materials that have been consumed and therefore the quantity purchased has been reduced, reducing the Group's inventories of both composite materials and metals.

Material Consumption - Composites (thousands of sm) *		
Composites	2020	2021
Carbon Fibre	994	857

* Consumption is estimated based on purchase volume.

On the other hand, the main materials used in the manufacturing of metal pieces are aluminium, titanium and steel.

Material Consumption - Metals (t)*		
Metals	2020	2021
Steel	31	31
Aluminium	3,189	2,205
Copper	2	45
Titanium	126	13
Others	0	6
Total	3.348	2.301

* The data include the raw material consumption of Mexico, Brek, CIA ANN, CIA Aerometallic and Hamble Aerostructures, which are the parent companies that supply raw materials to the rest of the Group's companies.

Metallic materials do have an almost total recovery rate and all the waste from the process is recovered in order to be recycled.

Moreover, other materials such as sealants, paints, solvents, paper and wood are also consumed.

In the case of solvents, distillers are installed for the regeneration and reuse of the solvents used in paint pistols and cleaning.

Aernnova also carries out a correct separation of auxiliary materials, such as packaging and paper, for their being subsequently recycled. Furthermore, the paper consumed is environmentally certified, specifically with the FSC mixed and EU-Ecolabel.

❖ Paper Consumption

Paper consumption in Aernnova is associated with the printing of production orders. Through the PaperCut tool, there is visibility of consumption per printer and user in most of the Group's companies.

The number of printouts is progressively decreasing, mainly due to the digitalization of documentation and electronic signatures. The slight increase is due to the incorporation of Hamble Aerostructures in the second half of 2021. Without this effect, the reduction in paper consumption in 2021 is 1.2%. Compared to 2019, a 40% reduction in paper consumption has been consolidated.

Paper consumption (units) *		
	2020	2021
Black/White Prints	6,110,198	6,267,817
Color Prints	823,304	850,416
Double-sided printing	52.2%	53.4%

* The data includes the consumption of all companies except BREK, SIE and ELESA. Data for Hamble Aerostructures are only included from the 2nd half of 2021.

❖ Energy consumption

The main sources of energy used by Aernnova in the development of its activities are electricity and fuels: natural gas, diesel, propane and LPG.

In 2021, 18% of the company's electricity consumption comes from renewable sources compared to 11% in 2020 (17% due to the generation mix of the grid supplier and an additional 1% generated by the company's own renewable facilities). This increase is due to the fact that our main electricity supplier in Spain has gone from 16% to 24% from renewable sources and to the effect of Brek and Hamble Aerostructures, whose energy is 37% and 32% renewable, respectively:

Electricity Consumption (GJ) *		
Electricity	2020	2021
Total	236.135	233.261

During the period, we have continued to carry out actions to improve energy efficiency, such as changing lighting to LEDs, regulating air conditioning, detecting inefficiencies with the energy management system, etc. In 2021, a 1% reduction in fixed electricity consumption and a 0.6% reduction in variable electricity consumption was achieved with respect to the previous year. The reduction in electricity consumption in absolute values was 1.3%.

With regard to fuel consumption, the figures are as follows:

Fuel Consumption (GJ) *		
Fuel	2020	2021
Natural Gas	131,221	127,224
Gasoil	1,132	523
Propane	2,634	2,782
LPG	83	78
petrol/diesel A	826	751
Total	135,895	131,363

* Fuel consumption of BREK vehicles is broken down in 2020.

The reduction in natural gas consumption is due to the installation of timers in radiant panels in Fibertecnic, and heating schedule adjustments in Serra, mainly, additionally, some incidents have been detected with the gas meters of Hamble Aerostructures. The reduction in heating oil is due to the reduction in Burulan Concejo in comfort.

Energy consumption in terms relative to turnover was as follows:

Energy Consumption Ratio (GJ/M€) *		
Energy	2020	2021
Total	729	726

The ratio has been maintained with respect to the previous year, partly conditioned in both years by the continuity of ventilation policies and without recirculation to minimize the risk of COVID-19 contagion, which increased the fixed consumption in heating, as well as by the lower invoicing.

In the next period, the deployment of energy management systems will continue at Aernnova Aerostructures Alava.

Aernnova seeks to maximize the energy efficiency of its operations, for which, among other measures, it carries out energy audits in its facilities, focused on identifying the most energy-consuming elements, proposing actions to improve their operation.

Additionally, in its commitment to the environment, Aernnova has renewable energy installations in six of its companies: Aernnova Aerospace, SAU; Aernnova Composites Illescas, SAU; Fibertecnic, SAU; Aerometallic Tarazona, SAU, Aernnova Andalucía Estructuras Aeronáuticas, SAU and Hamble Aerostructures Limited, which generated a total of almost 3,000 GJ/year. In particular, in 2021, solar panels were installed in Miñano for Burulan's domestic hot water consumption.

The company also participates by committing to the energy efficiency of its products through different measures adopted from the design phase and extending to all stages of the life cycle, such as:

- Reduction in aircraft weight due to the improved structural performance of composite materials (strength per unit weight). In the last 20 years, composite materials have gone from accounting for 5% of aircraft weight to more than 50%. The 424 MT of carbon structures delivered by Aernnova in 2021 will save 394,000 MT of fuel for aircraft during their operational life. This represents a saving equivalent to the CO₂ emitted in a year by 353,000 cars and an environmental benefit equivalent to that produced by 568,000 trees.
- Reduction of aerodynamic drag by optimizing designs and finishes.
- Use of alternative materials to aluminum with lower energy requirements in their industrial processes (47 kWh/kg of carbon/epoxy compared to 105 kWh/kg of aluminum). This has resulted in savings of 33,000 MWh in 2021 in the entire manufacturing cycle.

Through these and other similar measures, the Company has contributed to improving the energy efficiency of the aircraft by 46.5% from the B737-300 of 1985 (3.46L / 100km per passenger) to the current A220-300 (with 1, 85 L/100km per passenger).

Climate change

Aernnova calculates the carbon footprint of the organization for all its facilities included in the Environmental Management System. For this purpose, the methodology based on the UNE-EN ISO 14064 standard is used as a reference for the quantification and reporting of GHG emissions and removals.

Direct GHG emissions (Scope 1) are associated with fuel combustion and the use of refrigeration gases. Scope 2 emissions are associated with the purchase or sale of electricity. Other indirect emissions are associated, for example, with the purchase of fuels, the use of raw materials, the emission of VOCs and the transportation of waste, among others (Scope 3).

Aernnova's emissions in 2020 and 2021 are detailed in the following table, the calculation of which corresponds to the same methodology used in the previous non-financial information statements and up to this year:

GHG Emission (tCO ₂ eq) *		
	2020	2021
Scope 1	10,461	9,814
Scope 2	26,241	25,681
Scope 3	5,544	4,466
Total	42,247	39,960

* Scope 3 emissions include emissions associated with fuel consumption, raw material use, VOC emissions and waste transportation, among others. Aerometallic Tarazona data is updated in 2020.

In 2021, a 5.6% reduction in GHG emissions is estimated to have occurred, maintaining the same conversion factors as in the previous year.

And in terms of turnover, the reduction is 4.1%:

Ratio GHG Emission (tCO ₂ eq/M€) *		
	2020	2021
Scope 1	20.51	19.53
Scope 2	51.44	51.12
Scope 3*	10.87	8.89
Total	82.82	79.54

Following the GHG Protocol Quantis tool for the calculation of Scope 3 emissions and updating the calculation for the main emission sources according to the official conversion factors, the following emissions are obtained:

GHG Emission (tCO ₂ eq) ³ *		
	2020	2021
Scope 1	7,971	7,643
Scope 2	13,621	13,403
Scope 3	26,428	25,465
Total	48,019	46,511

Scope 3 recalculated with <https://quantis-suite.com/Scope-3-Evaluator/> of GHG Protocol, including Categories 3, 4, 5, 6, 7 and 9.
Scope 1 and 2 of 2020 have been estimated with conversion factors updated.
In 2021, the conversion factors are updated according to the source MITECO Spain, GOV.UK in the UK and EPA in the USA.

In this case, the reduction is 3.2%, which is largely explained by the significant reduction in the Scope 2 conversion factor.

In the calculation of Scope 3 emissions according to GHG Protocol, we have included our main categories such as company and employee travel (including daily transportation to the company), and internal transportation or product shipments.

And in terms of turnover:

GHG Ratio Emission (tCO ₂ eq/M€)		
	2020	2021
Scope 1	15.63	15.21
Scope 2	26.70	26.68
Scope 3	51.81	50.69
Total	94.13	92.58

One of the most relevant aspects of the change in methodology is the relative increase in the footprint associated with Scope 3, particularly in fixed aspects independent of the volume of production, such as employee transportation.

Overall, a reduction of 2% has been achieved in Aernnova's emissions per turnover.

The company also takes responsibility for the environmental impact of its processes, having systems for the retention of atmospheric pollutants such as filters, gas scrubbers and others. These improvements in the facilities allow the company to reduce its atmospheric emissions.

Aernnova maintains a firm commitment to the sustainability of our operations and of the products and services we offer our customers. The technological developments underway within Clean Aviation are part of the European industry response, of which Aernnova is a member, to reduce emissions and make operations more sustainable. Aernnova is one of the 27 founding European partners that, together with the European Commission, have launched Clean Aviation with more than €1.7 billion of public funding under Horizon Europe and a commitment from the private sector that exceeds the Commission's contribution. Clean Aviation is the aeronautical and industrial R&D program that will articulate Aernnova's response in the coming years to the objectives set out by the European Union's Green Deal for 2030, which means a drastic reduction in emissions and thus achieving zero-emission aviation by 2050. These objectives are achievable thanks to the combination of two lines of development: the use of net emission-free energy sources and the optimization of commercial aviation platforms for ultra-efficient operation in terms of energy consumption.

In 2021, the technological developments and innovations of Clean Sky 2 have been continued, completing some of the lighter, more aerodynamic and competitive aerostructures demonstrators. Eco-design and recyclability requirements and elements have been included. Aernnova has completed some of the demonstrators of new Resin Transfer Molding (RTM) technologies with innovative automatic dry fiber deposition and infusion processes, thermoplastic components for Clean Sky 2 whose quality has been validated by Airbus and DLR, titanium-carbon hybridizations in RTM for laminar flow wing leading edge demonstrators with new eco-sustainable laser surface treatments, with its partner Fraunhofer-IFAM. Aernnova's Clean Sky 2 activities in 2021 account for about €4M of total costs, having received €2.8M in public funding.

The ultra-efficient operation of new generation aircraft requires, in addition to the maintenance of safety standards, a comprehensive aerodynamic and structural weight optimization together with the expected increased aircraft noise restrictions, eco-design, end-of-life recycling and reduced industrial impacts. The new net emission-free energy sources are primarily zero-impact sustainable fuels, electric batteries, hydrogen-based fuel cells and direct hydrogen combustion. The design of aeronautical structures must be adapted to these new energy sources and this will require developments over the next few years on which we will be working. These challenges are already a reality in the development of the airframe for the ES-19 aircraft of Aernnova's customer Heart Aerospace, an all-electric, battery-powered, short-haul 19-passenger aircraft that aims to be operational in 2026. Along these lines, Airbus has made public its interest in launching a 100+ seat regional hybrid electric model by 2035. The Clean Aviation developments in which Aernnova participates, and other regional, national and European projects, are aligned with all these objectives and challenges, summarized in the previous lines.

In the 2021 financial year, no risk derived from climate change has materialized. It is considered that the change in aviation is an opportunity for Aernnova rather than a risk and that actions are being taken for this new business model to materialize. In the medium term, due to the new legislative requirements for the energy transition, it will

require investments mainly related to energy self-consumption and the use of sustainable fuels.

On the other hand, Aernnova has participated in 2021 in the Climate questionnaire of the Carbon Disclosure Project (CDP) where it has obtained a grade of C "Awareness". This non-governmental initiative manages a global environmental disclosure system to which the main industries, cities and other public and private entities worldwide have subscribed. Aernnova's participation demonstrates the Group's interest in transparency and commitment to the fight against climate change.

Protection of biodiversity

In all the facilities where the regulations so require, an environmental impact study is carried out before starting the activity. This survey takes into account the various environmental impacts, including the protection of biodiversity. Likewise, environmental due diligence is carried out before any acquisition, to determine the condition of the facilities.

Almost all of the company's facilities are located in industrial parks and technology parks, so the impact on biodiversity is limited.

4. Human Resources

The Aernnova project is based on people, an essential asset for the success of the group.

Under this premise, the Group's "**Code of Ethics**" expressly identifies 10 fundamental principles which govern its Human Resources policy and put into practice its commitment to people.

These principles are recorded in point 3.13 of the Code of Ethics and are the following:

1. Non-discrimination
2. Harassment
3. Health and Safety
4. Employees' privacy
5. Communication with employees
6. Personal development
7. Remuneration and Benefits
8. Working hours
9. Free association
10. Migrant workers

These being the principles of the Company, through the Human Resources Management Plan of the Aernnova group and by developing this plan in the Management Plan of the various companies which make it up, different initiatives are proposed and developed in order to guarantee compliance with the principles laid down in the Code of Ethics.

In this regard, the Aernnova Group has a Human Resources Committee to define the Group's general strategies in connection with people and has implemented various measures and management protocols (e.g. "Action protocol in case of harassment").

4.1. Description of staff

The reduction in the demand of the customers of the different companies of the Aernnova Group during the years 2020 and 2021 has led to a decrease in the activity of all these companies. Most of the Aernnova companies in Spain agreed during the year 2021 to various temporary furloughs plans (ERTE) that affected a number equivalent to 400 employees, in view of the forecasts of a drop in activity in the medium and long term that have been received from customers.

In this sense, the companies have found it necessary to continue applying structural and circumstantial adjustment measures, which have affected employees and the Management team in order to adapt to the new market scenario and preserve their sustainability.

Thus, as of December 31, 2020, Aernnova had a total workforce of 4,535 employees, of which 3,324 provided services in Spain, and the rest were distributed among the United Kingdom, Mexico, the United States, Brazil, Romania and Switzerland. At December 31, 2021, the year ended with a total of 4,309 active employees, of whom 3,162 provided services in Spain, and the rest were distributed among the United Kingdom, Mexico, the United States, Brazil, Romania and Switzerland.

In terms of professional classification, there are four major professional groups: a first group of Management, comprising an Executive Committee and a Management Committee, made up of 15 people (15 people in 2020), which is supported by the rest of the management team, i.e. those workers who perform management functions in the different companies.

A second professional group, corresponding to middle management, made up of highly qualified people with planning, execution and team management functions.

A third group corresponding to offices, whose functions are directly related to engineering activities, product development, technological development and continuous improvement activities, as well as support functions, such as quality, purchasing and logistics, human resources, financial, commercial, legal, etc.

And a fourth professional group called workshop, composed of workers whose jobs are directly related to production and production support functions, such as plant quality, production engineering, maintenance, warehouse and expeditions.

Aernnova, as a company belonging to the aeronautical sector, has a workforce with a particularly relevant technical training. Thus, practically the entire workforce has a minimum of vocational training or higher. As a general criterion, the company hires recent graduates to complete its workforce.

The following is a breakdown of the workforce by gender, age, country, professional category and type of contract.

Breakdown by gender (*)

	2020	2021
Women	1,054	995
Men	3,481	3,314
Total	4,535	4,309

(*)The difference in the number of male and female employees is due to the historical evolution of the sector and, specifically, to the requirement that the majority of the workforce must have technical vocational training, studies in which female participation has been low.

Breakdown by age

	2020	2021
<=25 years	155	129
26-35 years	814	717
36-45 years	1,570	1,431
46-55 years	1,384	1,394
56-59 years	334	346
>=60 years	278	292
Total	4,535	4,309

Breakdown by country

	2020	2021
Spain	3,324	3,162
Mexico	312	287
United States	178	180
Brazil	120	114
Romania	34	34
Switzerland	6	6
United Kingdom	561	526
Total	4,535	4,309

Breakdown by professional group

	2020	2021
Group 1: Senior Management	114	111
Group 2: Middle Management	279	259
Group 3: Offices	1,118	1,098
Group 4: Workshop	3,024	2,841
Total	4,535	4,309

[*]It includes the Executive Committee and the Management Committee, as well as the rest of the managers.

Breakdown by type of contract (*)

	2020		2021	
	Indefinite	Temporary	Indefinite	Temporary
By age				
<=25	101	54	81	48
26-35	735	79	634	83
36-45	1,520	50	1,359	72
46-55	1,369	15	1,357	37
56-59	328	6	340	6
>=60 years	208	70	218	74
By gender				
Male	3,265	216	3,051	263
Female	996	58	938	57

By type of contract

Group 1: Senior Management	110	4	108	3
Group 2: Middle Management	275	4	256	3
Group 3: Offices	972	146	959	139
Group 4: Workshop	2,904	120	2,666	175

* The average is not provided since Aernnova's activity is not seasonal, so the data variation is not relevant.

Distribution of workforce by percentage of working day in the hiring process

	2020		2021	
	Full	Part-time	Full	Part-time

By age

<=25	154	1	129	0
26-35	806	8	712	5
36-45	1,561	9	1,425	6
46-55	1,369	15	1,384	10
56-59	333	1	344	2
>=60	205	73	219	73

By gender

Male	3,401	80	3,241	73
Female	1,027	27	972	23

By professional group

Group 1	111	3	108	3
Group 2	271	8	258	1
Group 3	1,097	21	1,079	19
Group 4	2,949	75	2,768	73

Besides, the number of dismissals produced in the company is broken down below, by sex, age and professional classification:

Dismissals

By gender	2020	2021
Men	327	208
Women	110	57
By age	2020	2021
<=25 years	37	5
26-35 years	151	32
36-45 years	142	91
46-55 years	58	65
56-59 years	19	38
>60 years	30	34
	2020	2021

By professional category

Group 1	6	3
Group 2	17	10
Group 3	122	43
Group 4	292	209

Hours of Absenteeism

Finally, the hours of sickness absenteeism are the following:

	2020	2021
Hours of Absenteeism	240,539	229,052
COVID hours	88,880	34,768
TOTAL	329,419	263,820

* Only hours due to common illness are included as absenteeism. Likewise, a specific section of hours of absenteeism due to Covid-19 is included

4.2. Remuneration

The remuneration system to be applied in Aernnova's companies is determined, in the first place, by the compliance with the legal regulations as well as the agreements, covenants or arrangements reached with the legal representations of each unit, in view of their own productive process and the conditions of the work environment.

Notwithstanding the above, in professional groups 1 and 2, the remuneration policy is more individualized, in such a way that, in many cases, the remuneration package is defined in accordance with the content of the position held, responsibilities, professional competencies or required experience. This process guarantees a homogeneous treatment for comparable positions and also differentiates situations which cannot be compared.

Additionally, depending of the various companies in the group, and more specifically, on the habits and customs of the country in which the activity is carried out, it is possible to join a flexible compensation plan, as well as numerous social benefits, such as restaurant vouchers, canteen service at subsidized prices, food vouchers, nursery school vouchers, health, accident or life insurance, discounts in collaborating companies, etc.

❖ Gender Remuneration Ratio

As stated above, the team called "Senior Management" is made up of an Executive Committee and a Management Committee (15 people in 2021, who do not have a comparable remuneration ratio), as well as the rest of the senior managers on which they rely on. This group has an average seniority of 20.1 years, with a mainly university education. The forecast for the next years is a substantial increase in the number of women in managerial positions.

With regard to the Middle Management group (Group 2), 29% (30.5 in 2020) of which is made up of women, it has an average seniority of 16.2 years and it is a highly-qualified group. This is a highly qualified group where women are becoming increasingly important in non-corporate functions, with 32.9% of women with university technical training.

With regard to the Offices group, as stated above, it is made up of all Aernnova's employees whose job is directly related to the engineering activity, product development, technological development and continuous improvement activities, as well as supporting tasks (quality, procurement and logistics, human

resources, financial, commercial and legal). Women represent 35.3% of the people in this group (37.9% in 2020).

Finally, the Workshop group is made up of all Aernnova's employees whose job is directly related to production and production support tasks, such as plant quality, production engineering, maintenance, warehouse and dispatches. Women represent 18.3 % of the people in this group (17.6% in 2020).

The company's total gender salary ratio is 1.16 (compared to 1.15 in 2020) in line with the sector context, generated by the historical gender composition of the company and the sector and the greater seniority of men in positions of responsibility.

Below is the gender remuneration ratio by professional group:

Gender Remuneration Salary

		2020	2021
Group 1:	EC-MC		
	Senior Management	1.21	1.21
Group 2:	Middle Management	1.16	1.12
Group 3:	Offices	1.2	1.22
Group 4:	Workshop	1.16	1.18
		1.15	1.16

On the other hand, regarding average remunerations received in the financial year 2021 by gender, it amounted to 40,002³ euros in men and 30,017 euros in women, having been these figures of 37,105 euros and 28,963 euros, respectively, in 2020.

In the same way and according to the professional classification of the Company, the average remuneration received in 2021 amounted, following the same parameters, to 47,000 euros in the members of the Board of Directors (64,493 euros in 2020), 111,112 euros in the professional group 1, corresponding to managers (135,396 euros in 2020), 60,832 euros in professional group 2, corresponding to middle managers (57,406 euros in 2020), 41,801 euros in group 3, offices (38,753 euros in 2020), and 31,949 euros in group 4, workshop (28,381 euros in 2020). Aernnova's Board of Directors is made up entirely of men, so the average remuneration reported is the average remuneration of the men on the Board. Within the "Management Team" group, the average remuneration of men during the 2021 financial year was 115,779 euros, while that of women was 74,486 euros (141,665 euros and 83,329 euros, respectively, in 2020). The Management Team is made up of the people who lead and establish lines of action derived from the strategic objectives set by the company. In this respect, it is important to note that group 1, "management team", is made up of the General Management and Management Committees of the companies, including the Management and those responsible for corporate functions.

Finally, and with respect to the age of the Company's workers, the average remuneration received in 2021 amounted to 20,980 euros in workers under 26 years (18,990 euros in 2020), 27,609 euros in workers between 26 and 35 years old (25,223 euros in 2020), 33,417 euros in workers between 36 and 45 years old (30,680 euros in 2020), 43,206 euros in workers between 46 and 55 years old (41,661 euros in 2020), 47,946 euros in workers between 56 and 59 years old (47,818 euros in 2020) and 65,926 euros in workers over 60 years old (59,187 euros in 2020).

³ Including salary, extra-salary, compensatory and compensation concepts, calculated on the equivalence of FTEs.

It should be taken into consideration that 2021 was once again a special year. The calculation of total amounts paid has included salary, non-wage, compensatory and indemnity items. Thus, the differences both upwards and downwards in some groups with respect to 2020 are due, on the one hand, to the indemnities paid for the adjustment actions carried out, and on the other hand, the lower amount paid for variable remuneration for objectives, which, in some groups (mainly management team) was completely eliminated.

4.3. Work organization and flexibility policies

❖ Working time organization

The organization of working time in the Group is determined by the regulation which may be locally applicable to each of the companies which make it up. In this regard, generally applicable regulations are complied with as well as the regulations which may be specially provided for certain specific jobs.

Additionally, through Collective Agreements or the Company's own Agreements, Aernnova applies working conditions which are more advantageous for the workers. These improvements have an effect on both the quality of the work as well the Company's efficiency.

All these conventional regulations always improve the legally required minimum with regard to various issues such as the annual working time, breaks or measures aimed at reconciling work and family life.

Therefore, in keeping with the needs of each job but without forgetting the needs of the employees, at Aernnova there are shifts, either split or continuous, according to the type of work and activity.

❖ Implementation of work disconnection policies

The Organic Act 3/2018, of 5 December, on Personal Data Protection and Guarantee of Digital Rights, recognized to workers their right to digital disconnection in order to guarantee, outside the legal or conventionally established working time, respect for their resting time, leaves and holidays, as well as their personal and family privacy.

The code of ethics of Aernnova, regulatory element of the Company and the performance of its employees, provides respect for the privacy of its workers as a guiding principle of its activity.

❖ Measures aimed at facilitating the enjoyment of reconciliation and promoting co-responsible exercise by both parents.

In general terms, work and family reconciliation measures vary depending on the activity of each Company, on each worker's specific position and on each family unit's needs. Below are the reconciliation measures available to staff, some of which provide advantages beyond what is expressly provided for by the law. In certain companies in the group and/or situations it is possible to establish the schedule in the case of reduced working hours to look after a child outside the worker's normal working hours.

- Breastfeeding leaves.
- Leave or reduced working hours due to birth of a premature child or hospitalization of a newborn.

- c) Reduced working hours for a person who, for reasons of legal guardianship, has to take care of a person with a physical, mental or sensory disability who does not carry out a gainful activity.
- d) Reduced working hours to take direct care of a child under 12.
- e) Reduced working hours to take direct care of a relative to the second degree of consanguinity or affinity who, due to old age, accident or illness, cannot manage on his/her own and does not carry out a gainful activity.
- f) Reduced working hours to take care of minors who suffer cancer or any other serious illness.
- g) Adaptation of the length and distribution of working hours.
- h) Leave for legal guardianship and/or to take care of a relative.

In particular, with regard to the reductions in working hours, in Aernnova in 2021 there were a total of 281 employees undergoing measures to reduce the working day due to the reconciliation of family and work life in Spain (figure that in 2020 amounted to 317 people).

4.4. Occupational Health and Safety

The Aernnova Group considers its employees to be their main asset. Therefore, occupational health and safety are an essential part of its activity. The actions by the Company in this area go beyond compliance with the legal obligations, adopting additional requirements and measures to foster the continuous improvement of the working conditions of its employees as well as the management of their health, safety and wellbeing.

In the different companies, improvements related to health and safety are continuously promoted, which are continuously monitored through internal systems. In addition, the general policy of the company not only tries to involve its employees, but also its suppliers, customers, collaborating companies and other interest groups, to avoid and prevent accidents and damage to health, providing at all times an environment healthy and safe.

Aernnova has its own Joint Prevention Service ("JPS") to manage and organize prevention in the Group. This service is a specific organizational unit which has the facilities as well as the human and material means which are necessary to carry out the preventive activities which are carried out in the companies covering three of the preventive technical specialties: Safety at Work, Industrial Hygiene and Ergonomics and Psycho-Sociology.

Aernnova's JPS is in charge of preparing the Occupational Risk Prevention (ORP) Management Plan.

Notwithstanding the above, each of the companies in the Group has its own occupational risk prevention ecosystem, comprising: an occupational risk prevention manager per production company and, depending on each Company's size and circumstances, the appropriate Occupational Health and Safety Committee or prevention delegates.

In addition to this, as stated above, the Aernnova activity aimed at protecting its employees' Health and Safety is much more extensive.

To cover the Health Surveillance specialty, each Company has entered into an agreement with various accredited external bodies, which also assist the Company in occasional technical activities such as hygiene and technical measuring, external audits, etc.

Moreover, an Occupational Health Service has been created within the group. Its main task is to monitor health, provide medical assistance, manage temporary incapacities, carry out supporting tasks, promote health in the Company, conduct

epidemiological research and assess and control especially sensitive workers.

Likewise, in order to control the effectiveness of the work carried out on ORP, in addition to the mandatory external audits, demanding and continuous internal audits are carried out. Moreover, the advances and difficulties on ORP matters in Aernnova are monitored by the Prevention Committee as well as each of the Company's prevention Committees and in the Health and Safety Committees with the workers' representatives.

Likewise, the frequency, seriousness and incidence of work-related accidents was the following:

❖ Frequency, seriousness and incidence of work-related accidents (broken down by gender).

2020 DATA			
Health&Safety	Men	Women	Total
Frequency Rate	10	4.4	8.8
Severity Rate	0.27	0.19	0.25
Influence Rate	1.7	0.7	1.4
2021 DATA			
Health&Safety	Men	Women	Total
Frequency Rate	5.8	5.9	5.5
Severity Rate	0.08	0.08	0.08
Influence Rate	0.9	1	0.8

Rates
Frequency Rate= n° accidents with leave * $10^6/n^{\circ}$ working hours
Severity Rate= working days lost * $10^3/n^{\circ}$ working hours
Influence Rate= n° accidents with leave * $10^2/n^{\circ}$ of workers

In 2021 there were 40 occupational accidents, of which 32 were men and 8 women (in 2020 this figure was 64 accidents, 57 men and 7 women).

In 2020 there were 2 occupational diseases, both in men, with 879 working hours lost, while in 2021 there have been no occupational diseases.

Unfortunately, 2021 was also a year marked by the Covid-19 pandemic. In terms of occupational health and safety, we have continued with the contingency plans implemented with the main objective of preventing contagion in the workplace and ensuring the safety of our personnel. These plans contemplate actions focused on safeguarding the health and health safety not only of the company's employees, but also of third parties collaborating with the company.

Covid-19 monitoring has been maintained for all of Aernnova in order to coordinate all the information, adopt common practices and criteria for all the companies and carry out an adequate follow-up of the cases.

The following is a brief summary of some of the most important measures implemented:

- (i) Cleaning and disinfection measures are maintained for all common elements.

- (ii) Capacity limitations are maintained in the dressing rooms-dining rooms-meeting rooms.
- (iii) Ventilation of the facilities/offices has been controlled by measuring/monitoring CO2 levels.
- (iv) Teleworking measures were adopted in all possible positions, shifts were made more flexible and schedules were adapted, etc.
- (v) Personal hygiene instructions were given and hydroalcohol dispensers were placed in the work centers, and the necessary PPEs were chosen for the workers, providing all the information and training prior to their use so that they are used correctly.

This process has included the mandatory communications to the workers' representatives; all employees have been informed of the instructions and protocols for action.

In this situation, the top priority of the Aernnova Group's Prevention System is aimed at maintaining the tension in compliance with the protection protocols that have been developed, based on the instructions that the health agencies indicate at all times. The model of action is and continues to be the safety of people as the fundamental axis and the involvement of everyone as a necessary factor.

4.5. Social Relations

- ❖ **Manner in which social dialogue is organized, including procedures to inform and consult with staff and negotiate with them**

Aernnova is a group of companies in which each Company has its own social dialogue structure, according to the number of employees and to its own reality, in such a way that the management of work relations is as close as possible to its players.

Nowadays, as shown by the data which appear below, the number of employees covered by collective agreements or covenants is high, both in the companies based in Spain as well as abroad.

The most normal forms of carrying out social dialogue do not vary much among companies, the regular meetings with delegates or work councils being the most common.

In companies with no legal representatives for workers, human resources procedures provide information and dialogue with the people. Especially relevant in this regard is the performance and development assessment as well as the periodical departmental communications.

The aforementioned collective bargaining structure makes the management of work relations more complex from the point of view of the Group, but there is no doubt that it brings decision-making closer to the reality in which they must be applied, which favours the efficacy of the measures to be agreed on.

In this regard, the balance is on the whole positive from the general point of view as well as more specifically with regard to occupational health and safety. In connection with this, it should be mentioned that collective agreements set out the various legal obligations on risk prevention matters, granting greater protection by means of the establishment of additional measures and demands.

Finally, in relation to internal communication to employees, it should be noted that Aernnova Group has several communication channels with them, among which is the Intranet, the internal magazine ("ANNews", which is published and

collected every four months with information and reports of interest where it is intended to make employees partakers of the Group's achievements and latest activities), as well as other channels such as information panels located in the different work centres.

- ❖ **Measures to comply with the provisions of the essential conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining.**

Freedom of association and, consequently, the right to freedom of association and collective bargaining, is expressly included in the company's code of ethics (3.13.9), as one of its fundamental values, and from the percentage of people covered by collective bargaining agreements, which will be explained below, it can be concluded that the exercise of this right is encouraged at Aernnova.

- ❖ **Percentage of employees covered by collective agreement per country.**

The percentage of people whose labor relations are covered by a Collective Bargaining Agreement reached 86.77% in Aernnova (100% of the employees of the companies based in Brazil and the United Kingdom, 88.47% in Spain, 95.12% in Mexico and 85% of the employees of the companies based in Germany, Switzerland and Romania) - a figure that was 86.5% in 2020.

4.6. Workers' development, training and promotion

- ❖ **Employment promotion**

Within the sphere of Employment Promotion, the Aernnova Group had experienced considerable growth in recent years and, in addition to that, maintaining a job creation policy for young people who are studying or have just completed their vocational training or their university degrees, mainly in technical areas, through the "Juniors Incorporation Plan".

As a consequence of the worldwide crisis, and in the aeronautical sector in particular, in 2020 the number of people assigned was drastically reduced, ending the year with 12 people. Throughout 2021 this line of work has been reactivated and the year ended with a total of 37 people, an increase of more than 200% compared to the end of 2020.

Additionally, when Aernnova incorporates experienced workers, it does so in compliance with the "Employee Incorporation Protocol". This protocol foresees the collaboration of the HR department with the department where a need for personnel has been detected, establishing a single interlocutor and deadlines that guarantee maximum efficiency in the hiring of new employees, the minimization of inequality biases, as well as the necessary homogeneity and quality in the hiring process.

- ❖ **Policies implemented in the training field**

The professional development of those people who make up the Aernnova Group is one of the key pillars of the Company and training is one of the fundamental ways to achieve professional development.

Aernnova has a training management model through which training needs are identified, taking the training carried out the previous year (number of hours and training actions carried out) as a reference and with the financial limit defined in the training budget of each Company.

The mechanisms used to detect training needs are the following:

- a) Corporate training needs: those derived from and aligned with the strategic lines of the Company.
- b) Functional training needs: those identified by the corporate functions, the business units and the companies, which are transversal to all (or part) of the organization.
- c) Retraining needs identified by the person in charge within his/her area of competence.
- d) Training needs identified in the employee's performance assessment.

Then, each Company devises and approves its annual Training Plan, whose implementation, management and monitoring comes under their scope of responsibility.

At the corporate level, training indicators are consolidated for them to be monitored throughout the year (training actions, hours, hours/employee/year and cost) at the level of the Company, the business unit and at the global level.

The coordination of training is organized through a Training Committee, which meets on a monthly basis, whose main activities are:

- a) Monitoring compliance with the Training Plan in all its variables.
- b) Analysis of deviations and proposal of corrective measures.
- c) Analysis on non-scheduled training.
- d) Establishment of synergies.
- e) Implementation and activation of improvement proposals.
- f) Standardizations of corporate subject training programmes and suppliers.

Training management is governed by procedure PRH-00-004.

In addition to this, Aernnova has created a training centre which provides in-house technical training. This can be onsite, distance and online.

Since 2020, an important evolution has been carried out towards a digitalized training methodology and management in which the virtual/online methodology with tools such as Teams or Zoom and the collection of evidence of the completion and evaluation of training through Office 365 tools have prevailed. All this has favoured the continuity of training in compliance with the health requirements derived from the pandemic, the optimization of the process and the reduction of the use of paper.

❖ Total number of training hours by professional category

The average number of training hours per employee in 2021 was 11.71. The total number of training hours per professional category is as follows:

	2020	2021
Group 1: Senior Management	1.238	1.048
Group 2: Middle Management	3.677	3.210
Group 3: Offices	12.394	9.647
Group 4: Workshop	29.965	30.347
Total	47.274	44.252

It should be noted that the above table does not include information on the employees of Hamble Aerostructures Limited, since in certain matters it is not fully integrated in the training management model of the Aernnova Group, having its own model for the time being. Thus, following this model, the British company has come to provide a total of 40,986 hours of training throughout the year 2021, all of them to workers included in group 4, Workshop. This represents an exponential increase compared to 2020 (in which 1,910 hours of training were also given to workers included in group 4), a year in which there was a strong impact due to the health crisis resulting from Covid.

In addition, Hamble Aerostructures has a training plan for the incorporation of employees thanks to which, after 4 years of training, 5 employees have joined the staff of this company, occupying positions in manufacturing engineering (3) and assembly (2) (in 2020, 2 employees joined in engineering positions, 2 aircraft assemblers and 2 in maintenance).

As can be seen, the training hours provided in 2021 have experienced a reduction of 6% with respect to 2020, which has been a direct consequence of the Covid-19 pandemic and the impact of this crisis on the sector. In 2021, priority has been given to training in the groups directly involved in the improvement of processes and products, so that the training hours for this group have increased to 69% of the total number of hours compared to 63% in 2020.

4.7. Respect for diversity and equal opportunities

❖ Equal treatment and opportunities for women and men

Equality of men and women is a universal legal principle recognized in various national and international texts, such as the Spanish Constitution or the Convention on the elimination of all forms of discrimination against women, approved by the General Assembly of the United Nations in December 1979 and ratified by Spain in 1983. Equality is also one of the fundamental principles of the European Union since the Treaty of Amsterdam entered into force on 1 May 1999.

Equality of treatment and opportunities between women and men is also part of Aernnova's culture and identity and therefore, for the realization of this equality of treatment and opportunities, it has a Diversity and Equal Opportunity Policy approved in 2019 in accordance with the applicable regulations, through which Aernnova Group is committed to promoting equal opportunities among all the people who are part of the Company and that the salary regime is applied based on professional merits and contributions, adapting to the customs and customs of the country or area where their units reside. Through its internal policies, Aernnova promotes a culture of respect and value for differences and will promote dignity, equality, inclusion and diversity, as key elements to increase people's commitment to the business project.

The coordination of aspects related to Equality and Diversity is articulated through a forum for this purpose that is held monthly, whose main activities are:

- a) Stimulating the performance of Equality Diagnoses and Plans
- b) Proposal and dissemination of measures on Equality and Diversity
- c) Establishment of synergies and good practices
- d) Execution and activation of improvement proposals

Additionally, Aernnova has Equality Plans, which are an ordered set of measures, adopted after making a situation diagnosis, aimed at achieving equal treatment and opportunities between

men and women and eliminating discrimination based on sex. They also set the concrete equality objectives to be achieved, the strategies and practices to be adopted for their achievement, as well as effective systems for monitoring and evaluating the objectives set. These Equality Plans include issues such as access to employment, professional classification, promotion and training, remuneration, organization of working time to favor, in terms of equality between women and men, work, personal and family reconciliation, and prevention of sexual harassment and gender-based harassment.

As a result of the approval of Royal Decree 901/2020, of October 13, which regulates equality plans and their registration and amends Royal Decree 713/2010, of May, on the registration and deposit of collective bargaining agreements, new processes for the negotiation of equality plans have been launched during 2021. Thus, as of December 31, 2021, there are 8 group companies with equality plans signed and another 3 are in the negotiation phase.

❖ Protocols against sexual and gender-based harassment

Amongst the principles which govern the actions of the Company, the fight against harassment includes, as is only natural, Aernnova taking action for its employees to be free from any physical, psychological or verbal harassment, as well as any other abusive behaviour.

As stated in the section "Equal treatment and opportunities for men and women", all Aernnova's equality plans provide measures aimed at eradicating sexual harassment.

Aernnova actively promotes those working conditions which prevent sexual harassment and gender-based harassment and conducts specific procedures to prevent them and to deal with the complaints or claims which those who have suffered them may make.

In this sense, the "Action Protocol in the event of Workplace Harassment" approved in July 2020, which was again reviewed and updated in March 2021, stands out. This applies to all Aernnova employees, as well as to persons from other entities who provide services, perform professional internships or perform similar activities in Aernnova. It also applies to any type of harassment, in any of its modalities, occurring in the work environment. The main objectives of the protocol are as follows:

(i) Establish a work system to address potential conflicts generated by labor relations arising from psychosocial problems (stress, anxiety, etc.).

(ii) Prevent, detect and resolve situations of harassment at work (discriminatory and psychological), and specifically sexual harassment or harassment based on sex.

(iii) To raise awareness and eradicate all behaviors and conduct that violate dignity, respect or equal opportunities in the workplace.

In this sense, and in line with the above, this procedure allows, among other issues, that each person who is part of any Group company has the direct option of activating, with full guarantee of immunity, a communication channel with the company's medical service or the Health Surveillance Service, prevention technicians or the company's HR manager to complain or raise actions that may be considered to be in violation of the aforementioned areas.

❖ Integration and universal accessibility for people with disabilities.

Aernnova is a Company which is committed to universal accessibility for people with disabilities. Therefore, through employing workers with disabilities, the Company intends to:

- a) Favour the transition from the special employment centre to employment in companies in the ordinary job market.
- b) Enable workers with disabilities to carry out their work in a Company in the ordinary labour market.
- c) Contribute to society becoming aware of the real capacities and skills of workers with disabilities.

In Aernnova, in 2021, 52 people with disabilities will provide services (8.3% more than in 2020, when there were 48 people), of which 37 are men and 15 are women. The increase has been equal for both genders.

Additionally, in those cases in which the competent public employment services or placement agencies have not been able to meet the job offer presented by the company or when, for productive, organizational or technical reasons, it has become clear that it is particularly difficult to hire people with disabilities, the company has requested the corresponding certificates of exceptionality. At present, 5 companies in the group have certificates of exceptionality that allow companies to resort to alternative measures.

In this way, and as a measure for the promotion of labor insertion activities and job creation for people with disabilities, the company collaborates with Special Employment Centers, among which are centers such as Usoa, Envera or Iturri, and also collaborates with entities such as Femarec, whose purpose is the promotion of employment.

4.8. Human Rights

Aernnova is firmly committed to respect for the human rights recognized in the national and international legislation and, in particular, the respect for the principles of the United Nations International Covenant. Likewise, Aernnova is fully committed to the rejection of forced or compulsory labour, as well as the eradication of child labour and ensures compliance with the legal provisions regarding child labour and human trafficking.

With regard to non-discrimination matters, the Company's commitment involves treating every person and every situation in a fair way, guaranteeing equal opportunities, irrespective of skin colour, race, gender, religion, nationality, political opinion, sexual orientation, social origin, age or disability, by promoting equality and diversity.

The measures adopted by the Company in connection with the prohibition of discrimination have been set out in section 4.7 of this report.

These commitments are expressly recognized in the Code of Ethics, whose compliance is supervised through the Crime Prevention Management System implemented in the Group.

In 2021, as in 2020, there has been no complaint for alleged violation of human rights.

5. Information about the Company

5.1. Commitment to sustainable development

Aernnova is a company committed to social development and the communities where it operates through the implementation of responsible business practices that seek to contribute to the creation of value for all the company's interest groups and for society in general. The commitment to the environment is one of Aernnova's axes of action, especially in relation to the improvement of social and labor integration of young people or groups with special needs.

The Company's contribution in this regard is carried out either through the projects promoted by Aernnova in the business sphere or through the support to the initiatives in which its employees take part.

In addition, Aernnova is involved in projects aimed at promoting and disseminating social responsibility in the environmental field. Some of the company's contributions in this area are made through grants obtained from the Center for the Development of Industrial Technology (CDTI). Specifically, the projects are 'Development of New Zero Waste Technologies towards obtaining sustainable and competitive carbon composites' for an amount of 359,830.55 Euros and the B-Luzatu Project ("Hazitek" in SPRI denomination) subsidized by the SPRI and which has been active in two of the Group's subsidiaries (Aeroblade, SAU and Aernnova Engineering Division, SAU) for a total amount of 200,000 Euros.

Projects promoted by Aernnova in the business sphere

Aernnova is a Company which operates in a sector with a high technological value. Therefore, our effort focuses to a large extent on the support to youth training in the communities in which it operates.

Three main areas of action in terms of promotion and collaboration have been defined:

❖ Training:

There are several collaboration agreements with Universities and Vocational Training Centres situated near our production sites to visit our facilities, internships and training for their students.

It is worth highlighting the agreement signed with the Provincial Council of Álava, the University of the Basque Country and the Aerospace Technologies Center for the training of Aerospace Doctors.

In addition, Aernnova is part of the Basque consortium EIT MANUFACTURING that has been launched in order to create a specific innovation network in Euskadi, to promote and finance projects for advanced manufacturing, training and revitalization of productive activity in southwestern Europe.

❖ Entrepreneurship:

Aernnova participates in the BIND 4.0 program, public-private accelerator of start-ups in the field of industry 4.0, starting collaborative projects with two of the start-ups that participated in this initiative.

❖ Sport:

Aernnova has sponsored the D. Alaves football team in the Genuine League, an integrating social responsibility initiative involving a football league made up of teams from the ID (intellectual disability) group which seeks the standardization of the practice of sport in this group.

Aernnova also sponsors the "Formula Student Vitoria" team that participates in an automobile competition among university students and promotes excellence in engineering. Each university team designs and builds a single-seater vehicle with which it subsequently competes. Unlike Formula 1, the main objective of Formula Student is not speed, but rather various technical and economic characteristics of the design, as well as the business plan and the business viability of the project.

Support to initiatives in which our employees take part

In the 2021 financial year, and despite the difficulties associated with the pandemic, Aernnova has continued to collaborate with the Alava Blood Donors Association in order to facilitate blood donations by employees, thus helping to cover the hospital needs of the surrounding communities. The pandemic, the lockdown and fear of infections have also taken their toll on blood donations, and the health crisis has been seen to leave blood reserves at low numbers, which has also been reflected in the number of donors at Aernnova, whose figure has dropped to 150 donors in 2021 compared to more than 250 donors in 2019 (although with a slight improvement compared to 2020, when this figure amounted to 129 donors).

The Group has been implementing various actions to support the NGO "Alianza por la Solidaridad", with which we have collaborated in recent years. As in 2020, in 2021, due to mobility limitations caused by the pandemic, none of the Group's employees were able to travel to Senegal or Colombia as planned, but in any case we have continued to collaborate with the organization in projects to promote the ecological and economic sustainability of local agricultural and livestock production.

Facing the difficult situation created by the volcanic eruption on the island of La Palma (Spain), in 2021 Aernnova sent protection material (goggles and masks) to the affected population, in collaboration with the airline Binter and the Health Area of La Palma, attached to the Ministry of Health of the Canary Islands Government.

Other associations or sponsorship actions

Associations

Center for Development of Excellence
Cluster Aeronáutico de Sao José dos Campos
SEA Empresarios Alaveses
Asociación Española de Tecnologías de Defensa, Aeronáutica y Espacio
Asociación Española de Contabilidad y Administración de Empresas
Asociación Clúster de Aeronáutica y Espacio del País Vasco – HEGAN
Asociación empresarial Polígono San Cibrao
Andalucía Aerospace Cluster
FEMZ – Federación de empresarios del Metal de Zaragoza
Federación de Empresarios del Metal
Asociación Space España
Asociación de Investigación Metalúrgica del Norte
Federación de las Industrias del Estado de São Paulo
Confederación Empresarial Vasca (Confebask)

Foundations

Fundación Tekniker
Fundación Hélice
Fundación Laboral San Prudencio
Fundación de Mujeres
Tecnalia Research & Innovation

Others

Agencia Vasca de Innovación
Cámara de Comercio de Álava
CEO (Confederación Empresarios Orensanos)
Clúster Aeronáutico Gallego
Clúster Energía
Aeroclúster de Querétaro
Clúster Aeronáutico de Aragón
Unión Patronal Metalúrgica
Círculo de Empresarios Vascos

Likewise, Aernnova is a member of the organizations which appear below:

Elkargi
Asociación ensayos no destructivos
Federación Empresarial Toledana

Additionally, it is worth highlighting the membership of Hamble Aerostructures to the Farnborough Aerospace Consortium, a non-profit organization. The fees are reinvested in services and facilities for its members and on behalf of the industry.

Social Contribution

❖ Local employment:

In most cases, the staff who works for Aernnova comes from the same geographical area in which its activity is based. The recruitment of expatriate staff is only resorted to in the case of positions of great responsibility or positions with a very specialized technical profile.

❖ Local development:

Aernnova's companies generate considerable activity in the area in which they are located, not only due to the development of new suppliers specializing in aeronautics, but also the service companies which meet the needs and logistics of our companies.

❖ Technological development:

Due to its being a Company of a technological nature, with a high investment in R&D, the network of Universities and Technology Centres in the area around Aernnova's sites benefits from the different projects in which Aernnova takes part, many of which are of a national or European character.

❖ Relationship with local actors:

Aernnova participates in different local forums in the surrounding area, with special attention to what is related to the communities' digitalization and competitiveness. In connection with this, the Company participates actively in the Agora 4.0 Forum, promoted by the Provincial Council of Álava, for the implementation of Industry 4.0 concepts in the province.

Likewise, Aernnova participates in different forums related to employment, technical training, promotion of women in the aeronautics world, such as the Ellas Vuelan Alto (They Fly High) association sponsored by us, as well as observatories, such as the Basque Agency for Innovation, Innobasque and the Basque Institute of Competitiveness, Orkestra.

5.2. Subcontracting and suppliers

Aernnova has a supplier evaluation and authorization procedure which establishes that all suppliers must be previously approved by the Quality Department, as well as the process which must be carried out for such approval.

In compliance with Aernnova's occupational risk prevention policy, the Company has a "Procedure to Coordinate Aernnova's Business Activities (control of contractor workers) establishing the basic minimum requirements to manage the health and safety of external staff when contracting any work or service.

This procedure expressly establishes that all the Company's suppliers must comply with all state, regional and local rules and regulations, both administrative as well as labour, such as those regarding health, safety and the environment, as well as those procedures, instructions, technical guidelines and standards of Aernnova's which may be applicable. In particular, all Aernnova's suppliers must comply with the Dodd-Frank Act regarding "conflict minerals" including tantalum, tin, tungsten and gold.

Suppliers assume this commitment by means of a Responsible Declaration, by virtue of which they declare that their company complies with the required legal requirements and possesses and applies prevention programs that meet Aernnova's expectations in preventive matters. In the event that any supplier carries out partial subcontracting of the activity to be carried out, the latter must transfer to them the obligation to facilitate said responsible declaration.

Likewise, the company has a procedure called "Quality requirements to suppliers", which defines the quality requirements that a supplier must comply with applied to the design, manufacture, testing or maintenance of the product supplied, requiring the presentation of a Quality plan. In

addition, this procedure expressly contemplates the commitment of the subcontractors and suppliers of the Company to comply with the Code of Ethics. In this regard, it is worth highlighting the evaluation and authorization procedure of the company's suppliers, which establishes that all suppliers must be previously approved by the Quality Department, as well as the process to be carried out for such approval, reaches to all suppliers and suppliers.

To develop this provision, the Company has some **General Procurement Conditions**, which will set out the Company's subcontractors' and suppliers' commitment to complying with the Code of Ethics, which are included in all the orders issued.

Subcontractors and suppliers are subject to periodic audits to ensure compliance with these obligations, as well as internal evaluations of their management capacity. In this sense, and facing the impossibility of making trips for reasons derived from Covid-19, an analysis of industrial risks has been carried out in the suppliers electronically, and implementing associated action plans.

Specifically this year, the audits for the months of January and February were 100% completed in person. The rest of the year the average was 92% compared to what was planned, but via telematic.

The criteria that are audited for suppliers are those established in Procedure PCO-00-010 "Evaluation of the management capacity of our suppliers and their risks". The criteria marked in this procedure are the following:

1. Information and documentation flows
2. Material Flow
3. Management of continuous improvement in production processes
4. Quality Management
5. Planning, control of internal production and subcontracting
6. Financial risk management

The average value obtained after the audits is 79% compliance for an objective greater than 75%.

As extraordinary measures to avoid possible risks derived from the pandemic, a series of actions have been included among the functions of the company's Supply Chain department to guarantee the continuity of Aernnova's supply chain:

- A biweekly follow-up of the suppliers' openness/operational status continues to be maintained, as well as the risk in deliveries, which in some cases had to be solved with urgent transport.
- The financial risk analysis of the supply chain continues to be monitored, identifying potential supplier bankruptcies, which has sometimes led to internalizing work packages in ANN or transferring them to other suppliers.

5.3. Consumers

Given to the products and services developed by Aernnova, which are capital goods rather than consumer goods, the Company has no direct commercial relation with consumers and users, being its customers the original manufacturers of aircraft and air transport services companies.

The Quality, Safety, Environmental and Prevention policy as well as the Management System based on it seek to satisfy clients' needs and expectations, focusing on the

prevention of non-compliant products in all the production stages, from design to the end of the useful life.

Aernnova's Aviation Safety and Quality, Environment and Prevention Policies and the Corporate Management System established on the basis of these policies, aim to satisfy the needs and expectations of customers and consumers, focusing on the prevention of non-conforming products in all phases of production, from design to the end of their useful life, and placing Aviation Safety before other considerations in the decision-making process. This Corporate Management System is certified by the competent Civil Aviation authorities in the areas of design (Design Organization Approval), production (Production Organization Approval) and aeronautical maintenance (Maintenance Organization Approval), which provides consumers with the additional guarantee of the continuous surveillance exercised by the European Aviation Safety Agency (EASA) and the Spanish Aviation Safety Agency (AESA).

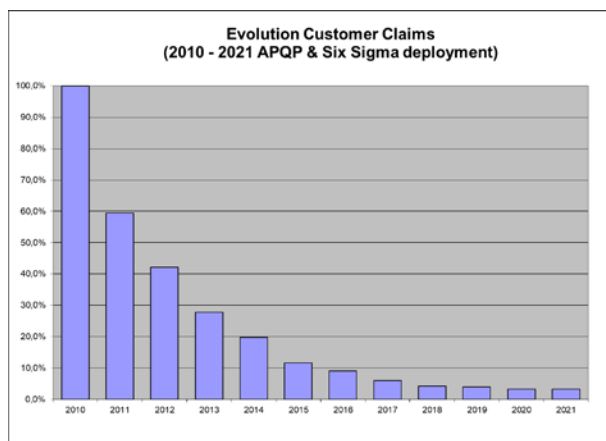
The Quality System guarantees the prevention of defective materials that may affect the safety or reliability of the aircraft. Likewise, in the event of any deviation, it guarantees that the affected materials will be detected and segregated, thus avoiding their unintentional use or confusion with acceptable materials. The Materials Review Committee, composed of technicians from the Engineering and Quality Departments, defines the disposition of non-conforming materials and the Quality Department guarantees their scrapping in the event that full compliance with the requirements cannot be restored.

Additionally, Aernnova has implemented closed-loop Continuous Improvement Procedures that ensure the monitoring of product and process performance and regulate the management of non-conformities in the Quality System during the product life cycle, as well as those arising from non-compliance with requirements (environmental, prevention), occupational hazards or the Management System itself, which is continuously subjected to internal and external audits. It has also implemented a procedure for the Treatment of non-conforming material and a procedure for the Analysis of Failure Reports and Corrective Action System. The Failure Review Board (FRB) analyzes those cases in which there could be any potential unsafe condition, in which case it reports to the aviation authorities.

In fiscal year 2021, there has not been any report to the aeronautical authority related to the safety of Aernnova's products by the FRB. In addition, it should be noted that, since the beginning of Aernnova's activity, no accident or incident has been recorded whose root cause is associated with its products or services.

With regard to customer complaints, Aernnova has procedures that contemplate the system to be followed in these cases, such as the aforementioned Failure Report Analysis and Corrective Action System procedure, the procedure for the Deployment of Six Sigma Projects and the Customer Service and Technical Assistance procedures.

The continued application of Aernnova's advanced quality planning model (APQP) and the Six Sigma-Zero Defects program is directly reflected in the results obtained, with a 96.7% reduction in the number of customer complaints since the beginning of its deployment in 2010. In 2021, the average parts per million value of products delivered was 180 parts per million, a 12% improvement on the value experienced in 2020.



During 2021, new improvement projects have been launched to anticipate and mitigate the occurrence in our processes of risks observed both internally and in third parties (through the corporate airworthiness observatory), thus contributing to increase the safety of our products and services and the aeronautical sector. The AKRIMAS management model (Aernnova Known Risk Management System), establishes a mechanism to apply lessons learned for those processes susceptible to incur in the observed failure modes. The model has been successfully applied to the prevention of tool marks, application of controlled tightening torque, process socketing and prevention of identification errors.

Control measures have also been reinforced, and prevention measures have been audited, with special emphasis on preventive risk assurance. A total of 53 quality system audits have been carried out (22 internal audits, 16 external audits by aeronautical authorities, 10 customer audits, and 5 system certification audits by Bureau Veritas) with ratios of 0.09 major deviations (better than the target of 0.1) and 2.3 minor deviations per audit (better than the target of 3), which represents an improvement of 24% fewer deviations than the Management Plan target.

In accordance with the Customer Needs Satisfaction Policy, the company measures the level of customer satisfaction with its own tool that considers both specific operational performance indicators by customer and program and surveys. In 2021, the customer satisfaction rating reached 92% on a scale of zero to one hundred, its highest historical level and 3 points higher than in 2020, which was 89%.

2017	2018	2019	2020	2021	Objective 2021
86%	89%	90%	89%	92%	90%

As an element of confirmation of the level of satisfaction achieved in customer service, we can also cite the numerous awards and recognitions received by Aernnova from its customers, among which we highlight for its relevance:

- Airbus Operational Excellence Award, announced during the annual Airbus Global Supplier conference held last October 29, 2021.
- Recognitions from the Airbus SQIP program (Airbus SQIP Awards) established to drive and recognize the improvement of the quality and performance of the companies that are part of its

supply chain. Aernnova has been recognized since 2012 by Airbus in several categories: Best Improver (2012), Best Performer (2013 and 2020) and in the top category Best In Class Accredited Member (2014, 2015, 2016, 2017, 2018 and 2019).

- Award granted by Embraer to the Best Aerostructures Supplier Award, in the years 2011, 2015, 2016, 2016, 2017, 2017, 2018, 2019, 2020 and 2021.
- Award granted by Embraer to the Best Supplier of Technical Solutions/Product Support in the years 2009, 2010, 2013, 2013, 2016, 2016, 2017, 2019, 2020 and 2021.
- Award granted by Embraer for Best Supplier for Engineering Services in 2020 and 2021.
- Boeing Gold Supplier and access to the Premium Bidder status program, starting in 2019.
- Boeing Excellence Awards in the Engineering Services category (Boeing Excellence Awards - Engineering) in 2010, 2012, 2013 and 2014.
- Sikorsky Best Supplier Award (Best Supplier Award) in the S92 program, in 2018.

Additionally, Aernnova has received recognition by Boeing for its outstanding performance and "Perfect Parts on Time". This is a token of appreciation to those suppliers who have demonstrated excellent performance throughout the year and symbolizes the achievement of the highest service standards necessary to meet customer requirements, in addition to a demanding competitiveness in the supply chain of a global industry such as aeronautics.

Customers have highly valued the maintenance of a high level of operational excellence during the pandemic, as well as the extraordinary evolution in Hamble Aerostructures' performance following its recent acquisition by Aernnova.

5.4. Tax information

Aernnova pays special attention to complying with its obligation to pay the taxes that, in accordance with the applicable regulations, are due in each territory.

In 2021, Aernnova paid taxes for a total amount of €173 thousand, distributed among the different countries in which it operates (€1,569 thousand refund in Spain, paying taxes amounting to €78 thousand in Mexico, €1,646 thousand in the United States and €17 thousand in other countries). In 2020, Aernnova obtained a tax refund for a total amount of €251 thousand, distributed among the different countries in which it operates (€491 thousand refund in Spain and €494 thousand in the United States, paying taxes amounting to €710 thousand in Mexico and €23 thousand in other countries).

On the other hand, in 2021 there were losses before taxes taking into account the aggregate data after the appropriate consolidation adjustments for a total amount of 49,290 thousand euros, corresponding of these losses to Spain the amount of 36,554 thousand euros, Brazil 636 thousand euros, Mexico 4. 414 thousand euros, Romania 416 thousand euros, United Kingdom 8,471 thousand euros, Germany 9 thousand euros and China 361 thousand euros, resulting in a positive result in other countries of 1,571 thousand euros, of which 1,507 thousand euros occurred in that year in the USA and 63 in Switzerland. In 2020, the loss

before taxes amounted to a total of 72,924 thousand euros, of which 78,141 thousand euros corresponded to Spain, 1,062 thousand euros to Brazil, 12,190 thousand euros to Mexico, and the United States 6,426 thousand euros and China 1,910 thousand euros, resulting in a positive result in other countries of 26,804 thousand euros, of which 26,728 thousand euros occurred in that year in the United Kingdom, 7 in Romania and 69 in other countries.

With regard to grants, Aernnova received operating and capital grants in 2021 for a total amount of €5,962 thousand (amounting to €7,309 thousand in 2020).

Annex 1. Scope and methodology used to prepare this report

This report responds to the obligation established in Act 11/2018, of 28 December, on non-financial information and diversity, to prepare a non-financial information statement which includes information which may be necessary to understand the evolution, results and situation of the group, as well the impact of its activity with regard to, at least, environmental and social issues, the respect for human rights and the fight against corruption and bribery, as well as staff-related issues.

This report includes the most relevant non-financial information in accordance with the appropriate materiality analysis carried out, and comprises the period from 1 January to 31 December 2021, coinciding with the Company's financial year.

Although the non-financial information statement is issued in a separate report, this report forms part of Aernnova Group's consolidated management report and will be subject to the same approval, deposit and publication criteria as the management report.

Scope of the Information

This NFIS includes information regarding Aernnova's economic, environmental and social performance in 2021 as well as the data compared with 2020.

The scope of the companies considered by the group to prepare this non-financial report coincides with the definition of Group when preparing the consolidated financial statements, with the particularity that in that case they are recorded in each of the sections of the report.

Standards used

The development of the EINF has been carried out on the basis of the GRI standards. A series of standards have been selected following the information requirements of Law 11/2018, Aernnova's activity sector and the materiality analysis carried out.

Reporting principles

The following principles established in GRI's "Sustainability Reporting Guidelines" have been taken into account to prepare the NFIS:

- **Participation of stakeholders.** The NFIS has been prepared bearing in mind the expectations and concerns of the stakeholders (STKH) in connection with the Company's operation and performance. These expectations have been taken into account through those managers of Aernnova's with whom they are in contact.
- **Context.** An evaluation has been conducted on how the activities and services rendered by the Company interact with the social, economic and environmental context in which the activity is carried out.

- **Materiality.** A materiality analysis has been carried out whose aim was to define the most relevant aspects for Aernnova.

- **Comprehensiveness.** The contents of the NFIS have been designed after identifying the material aspects, so as to be able to include sufficient information about them in such a way that the stakeholders may assess and understand Aernnova's economic, environmental and social performance.

The principles established by GRI have been followed. These principles seek to guarantee the quality of the information:

- **Balance.** According to this principle, the NFIS must be able to show both positive as well as negative aspects in connection with the Company's performance. A broad and objective view of Aernnova's global performance has been achieved with the application of this principle.
- **Comparability.** The Company has gathered information which has been included in the contents so that the stakeholders are able to analyze the evolution of the Company's performance in recent years and compare it to that of other organizations.
- **Accuracy.** The information recorded in this NFIS is intended to be sufficiently detailed to satisfy the expectations expressed by the Company's stakeholders.
- **Timeliness.** Aernnova's aim is to carry out an annual update of the contents included in this NFIS, providing its stakeholders with periodical access to information regarding the Company's performance.
- **Clarity.** Aernnova works to deliver information on its performance in an accessible and clear manner for all its stakeholders.
- **Reliability.** Aernnova has set out in detail in this NFIS the process followed to prepare it, ensuring that the content shown can be subjected to external evaluation to assess the quality and the degree of materiality of the information included.

Materiality Analysis

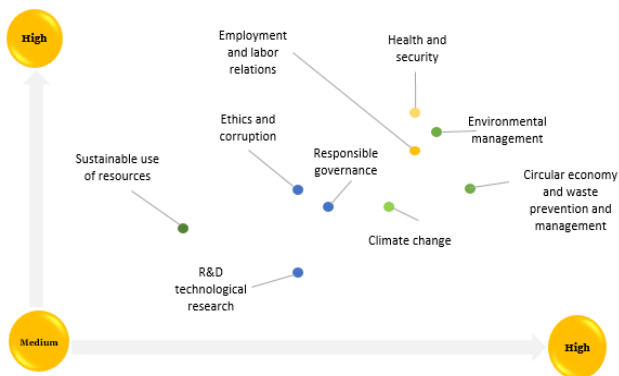
Following the recommendations of the GRI guidelines, this document includes information on the indicators associated to those aspects which have been determined as being material.

To achieve this aim, a specific analysis has been prepared to assess the issues which are the most relevant, either due to their influence on the stakeholders' assessments and perceptions or because they have a direct impact on the medium- and long-term success of Aernnova's strategy.

To be precise, the main activities carried out for this materiality analysis were the following:

- Meetings with the middle and senior managers of the key areas of the Company.
- Material aspects for the sector according to an analysis of the information reported by companies with similar characteristics in terms of social, environmental, labour impact, etc.
- Identification of requirements by opinion leaders in the sector (GRI, SAASB, etc.).
- Analysis of news regarding the Company and its sector in the latest fiscal year.

As a result of these actions, the following materiality matrix has been prepared:



After identifying the material aspects (including their coverage) the information necessary to prepare the NFIS was gathered from interviews with the managers of the key areas of the Company and the examination of corporate documents.

Once these data were received and the context information which was necessary for the materiality analysis was gathered, Aernnova prepared the final version of this NFIS. The contents table included in the following section shows readers the sections in which they may find information regarding each of the indicators required by Act 11/2018.

For those cases in which it was not possible to cover all the requirements of the GRI guidelines when reporting a specific indicator, this fact is highlighted in the aforementioned table. Aernnova undertakes to improve its information systems so as to include the data required in future editions of the NFIS.

Contact details

For any clarification on the information which appears in this NFIS or any aspect of the Company's performance, you may contact Aernnova at the following address: general@aernnova.com.

Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2 , and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity

General Disclosures

Scopes		Reporting Framework	Reference	Comments / Reason for omission
Business Model	Description of the business model: Business environment Organization and structure Markets in which it operates Objectives and strategies Main factors and trends that may affect its future evolution	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 102-15 Key impacts, risks, and opportunities	3-6	
Policies and results of these policies	Description of the policies applied by the group, as well as the results of those policies, including the key indicators of the relevant non-financial results.	GRI 103 Management approach	8-10	
Main risks and impacts identified	Main risks related to these issues and related to the activities of the group, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in these areas.	GRI 103 Management approach	8-10	
		102-15 Key impacts, risks, and opportunities	8-10	

Environmental issues

Scopes		Reporting Framework	Reference	Comments / Reason for omission
Environmental Management	Current and foreseeable effects of the company's activities	GRI 103 Environmental management approach GRI 102-11 Precautionary Principle or approach GRI 307-1 Non-compliance with environmental laws and regulations	12-13	
	Environmental assessment or certification procedures		13	
	Resources dedicated to the prevention of environmental risks		13	
	Precautionary Principle or approach		14	
	Amount of provisions and guarantees for environmental risks		14	
Pollution	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	Internal framework: Qualitative information on measures and on the materiality and importance of the indicator for the company	14	
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of waste recovery and disposal	GRI 103: Waste management approach / circular economy GRI 306-2 Waste by type and disposal method	14-15	
	Actions to combat food waste	Internal reporting framework: Information on the materiality and importance of the indicator for the company	14	Aernnova, due to its sector of activity, does not generate a significant amount of food waste
Sustainable use of resources	Water consumption and water supply according to local limitations	Internal framework: Qualitative and quantitative information on consumption by source (m3)	15	

Scopes		Reporting Framework	Reference	Comments / Reason for omission
	Raw material consumption. Measures implemented to improve the efficiency of its use	GRI 103: Management approach of materials Internal framework: Quantitative and qualitative information (kg)	15-16	
	Direct and indirect consumption of energy and measures to improve energy efficiency and use of renewable energy	GRI 103: Management approach of energy GRI 302-1 Energy consumption within the organization	16	
Climate change	Important elements of greenhouse gas emissions generated	103: Management approach GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305- 3 Other indirect (Scope 3) GHG emissions	17	
	Measures taken to adapt to the consequences of climate change	GRI 103: Management approach	18	
	Voluntary reduction targets set	GRI 103: Management approach	18	
Protection of biodiversity	Measures taken to preserve or restore biodiversity	Internal reporting framework: Qualitative information and information on the materiality and degree of impact of the indicator	18	
	Impacts caused by activities or operations in protected areas		18	All the company's facilities are in industrial estates and technology parks, so the impact on biodiversity is limited.

Social and personnel matters

Scopes		Reporting framework	Reference	Comments/Reasons for omission
Employment	Total number and distribution of employees by sex, age, country and professional category	GRI 103: Magement approach employment Internal framework: Quantitative information	19	
	Total number and distribution of employment contract modalities	Internal reporting framework: Quantitative information	19-20	
	Annual average of permanent, temporary and part-time contracts by sex, age and professional category	Internal framework: Quantitative information	19-20	No averages are provided since Aernnova's activity is not seasonal and the difference compared to closing data is not significant
	Number of dismissals by gender, age and professional category	Internal framework: quantitative information on layoffs	20	
	Wage gap	GRI 405-2: Ratio of basic salary and remuneration of women to men	20-21	
	Average remuneration by gender, age and professional category	Internal reporting framework: Quantitative information	21	
	Average remuneration of directors by gender	Internal reporting framework Quantitative information	21	Aernnova's board of directors is made up entirely of men, so the average remuneration reported is the average remuneration of the men on the board
	Average remuneration of managers by gender	Internal reporting framework Quantitative information	21	
	Implementation of labor disconnection policies	Internal reporting framework Quantitative information	21	
	Employees with disabilities	Internal reporting framework Quantitative information	25	

Scopes		Reporting framework	Reference	Comments/Reasons for omission
Organization at work	Organization of working time	Internal reporting framework Quantitative information	21	
	Number of hours of absenteeism	GRI 403-2 Types of accidents and frequency rate of accidents, occupational diseases, lost days, absenteeism and number of deaths due to occupational accident or occupational disease	20	
	Measures aimed at facilitating the enjoyment of conciliation and promoting the co-responsible exercise of these by both parents	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 401-3 Parental leave	21-22	
Health and Safety	Health and safety conditions at work	GRI 403-2 Types of accidents and frequency rate of accidents, occupational diseases, lost days, absenteeism and number of deaths due to occupational accident or occupational disease	22	
	Number of occupational accidents and diseases by sex, frequency rate and severity by gender		22	
Social Relations	Organization of social dialogue	GRI 403-1 Representation of workers in formal worker-company health and safety committees	23	
	Percentage of employees covered by collective bargaining agreements	GRI 102-41 Collective bargaining agreements	23	
	Balance of collective bargaining agreements, particularly in the field of health and safety at work	Internal reporting framework: Qualitative information	23	
Training	Policies implemented in the field of training	Internal reporting framework: Qualitative information	23-24	
	Total number of training hours by professional category.	Quantitative information on training hours by professional category	24	
Equality	Measures implemented to promote equal treatment and opportunities between women and men	GRI 405-2 Ratio of basic salary and remuneration of women to men Internal reporting framework: Quantitative information	24-25	
	Equality plans, measures adopted to promote employment, protocols against sexual and sexual harassment	Internal reporting framework: Qualitative information	24-25	
	Integration and universal accessibility of people with disabilities	Internal reporting framework: Qualitative information	25	
	Policy against all types of discrimination and, where appropriate, diversity management	GRI 406-1 Incidents of discrimination and corrective actions taken	25	

Information on respect for human rights

Scopes	Reporting framework	Reference	Comments/Reasons for omission
Application of human rights due diligence procedures		25	Upon analysis of existing policies and controls, it was determined that no additional procedures were necessary
Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed	102-16 Values, principles, standards, and norms of behavior	25	
Complaints for cases of human rights violation	Internal reporting framework: Qualitative information	25	

Promotion and compliance with the provisions of the fundamental ILO Conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor		23-25	
--	--	-------	--

Information regarding the fight against corruption and bribery

Scopes	Reporting framework	Reference	Comments/Reasons for omission
Measures taken to prevent corruption and bribery	102-16 Values, principles, standards, and norms of behavior	12	
Measures against money laundering	205-2 Communication and training about anti-corruption policies and procedures	12	
Contributions to foundations and non-profit entities	Internal reporting framework: Qualitative information	12	

Information about the company

Scopes		Reporting framework	Reference	Comments/Reasons for omission
Company commitments to sustainable development	Impact of society's activity on employment and local development	Internal reporting framework: Qualitative and quantitative information	26	
	Impact of society's activity on local populations and on the territory	Internal reporting framework: Qualitative information	26	
	Relations maintained with the actors of the local communities and the modalities of dialogue with them	102-43 Approach to stakeholder engagement	26-27	
	Actions of membership of associations	102-12 External initiatives 102-13 Membership of associations	27	
Subcontracting and suppliers	Inclusion in purchasing policy of social, gender equality and environmental issues	Internal reporting framework 308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	27-28	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	Internal reporting framework: Qualitative information	27-28	
	Supervision systems and audits and their results	Internal reporting framework: Qualitative information	28	
Consumers	Measures for consumer health and safety	Internal reporting framework: Qualitative information	28	

	Claim systems	Internal reporting framework: Qualitative information	29	
	Complaints received and their resolution	Internal reporting framework: Quantitative and qualitative information	29	
Tax information	Benefits obtained country by country	Internal reporting framework: Quantitative information	29	
	Taxes paid over the previous year	Internal reporting framework: Quantitative information	29-30	
	Financial assistance received from government	Internal reporting framework: Quantitative information	30	

Annex 3. External verification of the non-financial information statement

Independent limited assurance report on the Consolidated
Non-Financial Statement for the year ended
December 31, 2021

AERNNOVA AEROSPACE CORPORATION, S.A. AND ITS SUBSIDIARIES

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of AERNNOVA AEROSPACE CORPORATION, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2021, of AERNNOVA AEROSPACE CORPORATION, S.A. and its subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in section "Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity", included in the accompanying NFS.

Directors' Responsibility

The Board of Directors of AERNNOVA AEROSPACE CORPORATION, S.A. are responsible for the approval and content of the NFS included in the Consolidated Management Report of the Group. The NFS has been prepared in accordance with the contents established in prevailing mercantile regulations and following *Sustainability Reporting Standards* selected criteria of the *Global Reporting Initiative* (GRI standards), as well as other criteria described in accordance with that indicated for each subject in section "Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity", included in the accompanying NFS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

The Directors of AERNNOVA AEROSPACE CORPORATION, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control

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

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- ▶ Analysing the scope, relevance and integrity of the content included in the NFS for the year ended December 31, 2021 based on the materiality analysis made by the Group and described in section “Annex 1. Scope and methodology used to prepare this reporting” , considering the content required by prevailing mercantile regulations.
- ▶ Analysing the processes for gathering and validating the data included in the NFS for the year ended December 31, 2021.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS for the year ended December 31, 2021.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the NFS for the year ended December 31, 2021 and its correct compilation from the data sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the NFS of the Group for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity", included in the NFS.

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(signed on the original version In Spanish)

Alberto Castilla Vida

March 25th, 2022