



Non-financial information statement Year 2022



AERnnova



March 2023

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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 Álava (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

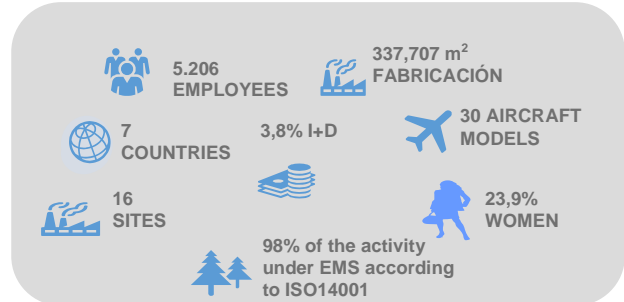
Aernnova is a leading independent supplier in the design and manufacture of structures and components for the aerospace industry, including associated systems and equipment. The company specializes in the design and manufacture of a wide range of technologically advanced aerostructures and related components 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 Haviland 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 first level supplier of aeronautical structures for the main OEMs. With a turnover of €746.6 million and 5,206 employees at the end of the 2022 financial year.

1.2. Business Model

The Group has positioned itself as one of the leaders in the design and manufacturing of aerostructures and their components. In this regard, the Group provides profitable, innovative and reliable solutions for its clients, offering them a wide range of activities that are 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 Haviland or Northrop Grumman.

It should be noted that in January 2022 Embraer and Aernnova signed a strategic agreement for the industrial sites Embraer Metálicas and Embraer Compósitos, located in the Évora Aeronautical Industrial Park in Portugal, which contemplated the sale of all the shares of both subsidiaries to Aernnova. On May 2, 2022, Embraer and Aernnova completed this strategic agreement, resulting in the transfer of both Évora plants to Aernnova. Aernnova thus becomes the owner of all the shares of Embraer Portugal Estruturas Metálicas, SA and Embraer Portugal Estruturas em Compósitos, SA (currently called, respectively, ANN Évora Estruturas Metálicas, SA and ANN Évora Estruturas em Compósitos, SA).

This agreement strengthens Aernnova's position as a Tier 1 supplier for single-aisle aircraft while substantially enhancing its presence in the executive and defence aerospace markets.

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 (Original Equipment Manufacturers), for the management of complete work packages involving several 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 under the structure of several companies specialised in integrated aerostructures, composite components, metal components, engineering and after-sales services.

Aernnova's activity is divided into six 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

Through Aernnova Engineering, the Group provides high-added value of Product Engineering, Manufacturing and System services.

❖ Services

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 several components in composite material.

❖ Metallic Components

Aernnova also supplies multi-technology metal components and sub-assemblies. The company supplies high value-added products in sheet metal technology, large machining and surface treatments.

❖ 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, 2022 was as detailed below¹:



¹ The company Hamble Aerostructures Sublimited has been dissolved and liquidated in the financial year 2023.

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, Portugal, 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 activity	Location	Year / m ²	Capacity and highlights
Assembly of integrated aerostructures	Álava (Spain)	2000 / 21.800 m ²	- Structures Assembly: Manual & Automated Tak Lines and MPP Cells
			- Systems Integration
			- Paint & Primer Processes
			- Laser Tracker
			- Portable Anodizing & Shot Peening
	Querétaro (Mexico)	2008/ 3,000 m ²	- Structures Manual Assembly
			- Systems Integration
			- Paint & Primer Processes
	Sao José dos Campos	2022/ 4.400 m ²	- Structures Manual Assembly
			- Systems Integration
			- Paint & Primer Processes
			- Cold work & Perma-swage
Manufacture of composite components and assemblies	Vitoria (Spain)	1986 / 7.810 m ²	- Autoclaves
			- C-Scan inspection
			- CNC Drilling & Trimming
	Toledo (Spain)	1991 / 20.000 m ²	- Autoclaves
			- C-Scan inspection
			- Filament Winding Machines

Manufacture of metal components and assembly of aerostructures	Orense (Spain)	2001 / 13.000 m ²	- Hot Plate Press
			- Hotforming machine
			- Resin Injection Equipment
	Illescas (Spain)	2010 / 42.000 m ²	- Autoclaves
			- C-Scan inspection
			- Laser projectors
			- Automated Tape Lay-up
			- Automated Fibre Placement
	Évora Composites (Portugal)	2022/27.800m ²	- Autoclaves
			- Hotforming
			- Ultrasonic automatic inspection
			- Autoclave
	Sevilla (Spain)	2017 / 10.000 m ²	- Automatic Tape Lay-up, Fiber placement, RTM
			- Hot forming
			- Ultrasonic automatic inspection
- Water Jet Flow trimming			
- Autoclaves			
Cádiz (Spain)	1986 / 10.000 m ²	- Oven	
		- Pattern cutting machine	
		- Ultrasonic automatic inspection	
		- Laser projectors	
		- CNC Router	
		- High Pressure Fluid Cell Press	
		- Brake Press	
		- Roller Press	
		- Heat, surface and painting treatments	
		- CNC machining centers	
Vitoria - Burulan (Spain)	1989 / 10.627 m ²	- Surface treatments and painting	
		- CNC machining centers	
		- Surface treatments and painting	
Toledo (Spain)	1989 / 3.500 m ²	- CNC machining centers	
		- Surface treatments and painting	
Tarazona (Spain)	2000 / 36.000m ²	- CNC machining centers	
		- Surface treatments and painting	
		- Shot Peening/Peen Forming facilities	
		- Roll forming y Three point bending	
Querétano (Mexico)	2008 / 9,800	- High speed CNC centers	
		- Hydroforming press	
		- Rolling Press	
		- CNC Brake forming	
		- Hydraulic presses	
		- Auto anodized	
Puebla	2022/ 8.317,82 m ²	- Assembly	
Évora Metálicos (Portugal)	2022/37,100 m ²	- CNC machining centers	
		- Automated drilling and riveting centers	
		- Robotic drilling and riveting platforms	
		- Surface treatments and painting	

			- Robotic assembly line
	BREK Manuf. Gardena (CA)	1968 / 17.000 m2	- CNC machining centers - High torque, low RPM machines - Cutting machine Water Jet
	BREK Wichita	10.870 m2	- High level integration of aerostructures. - Integral management capacities & capabilities: Supply Chain, program & project management, commercial - Proven concurrent manufacturing engineering capabilities
Fabricación de componentes metálicos y compuesto y montaje de aeroestructuras	Hamble-le-Rice (UK)	1939 / 53.000 m2	- Machine workshop. Multi-axis CNC machines, hard and soft metals. manual milling machines - Sheet metal workshop. High capacity rubber press for sheet metal forming - Stretching machines: Transversal (vertical and horizontal) and extrusion - Transparencies / acrylic moldings - Composites manufacturing facilities. Manual rolling, autoclaves, CNC milling and drilling, gantry cutting machines, and automated NDT inspection - Surface treatment baths (anodizing, sulfuric-tartaric, alochrome, boric) - Multiple assembly facilities with dedicated areas and templates - Mechanical testing laboratory - EBM additive manufacturing machine for development and prototyping. - Goods in / clearance facility

set in the plan has been completed and lines and priorities for the remainder of the plan and the following period have been identified. Some of the most relevant technologies have already matured in the different projects and have been finalised in demonstrators and trials.

An internal review process of the objectives set in the Group's 2025 technology development plan has been initiated. In particular, those relating to new technologies enabling lighter and better finished wings and wing elements, in particular in composite material with more sustainable approaches, have been revalidated. These scopes are part of the Clean Aviation projects in which Aernnova is involved in their first phase, which will start at the beginning of 2023 and run until 2026. The strategic line of automation technologies for metal component forming, assembly and integration processes has also been maintained, together with a greater and more effective digitalisation of our operations, including artificial intelligence developments.

Regarding future developments, it is difficult to predict when air traffic and new aircraft deliveries will recover, although most analysts estimate 2024. Thus, the recovery of air traffic is expected to continue in 2023. All manufacturers expect to increase aircraft deliveries of all models to meet the growing demand from airlines as a result of traffic recovery and fleet renewal. The incorporation of the Portuguese plants, manufacturers of executive and single-aisle aircraft (which are recovering the fastest from the crisis), is expected to boost the Group's activity in the coming year.

In recent years, the Group has positioned itself as one of the world leaders in the design and manufacture of composite packaging 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 financial years made it possible to absorb the initial impact of the crisis and lay the foundations for the company's recovery, but it is necessary to continue adapting the Group's companies to the new challenges demanded by customers.

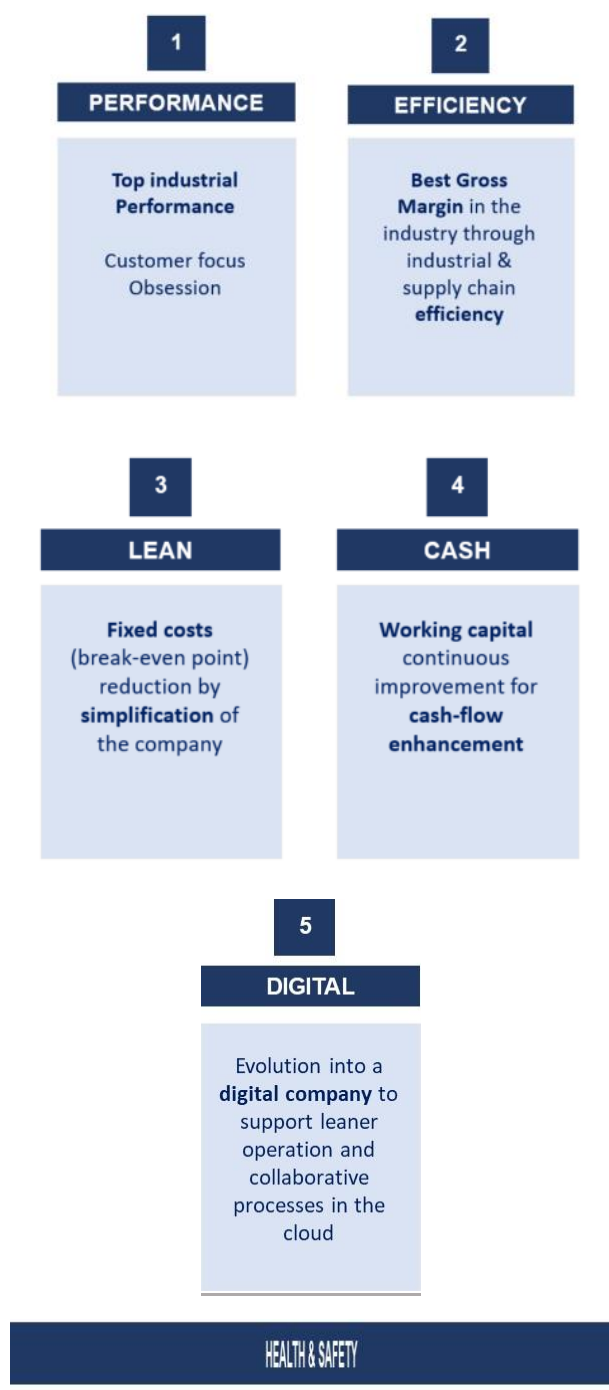
1.3. Market environment and strategy

The aviation sector was one of the most strongly affected by the crisis triggered by the Covid-19 pandemic. The first direct consequence of the crisis was the collapse of air traffic due to mobility restrictions and, as a result, the stoppage of a large part of the airline fleets and the reduction in deliveries of new aircraft to airlines.

The year 2022 has been a year in which the sector has started to recover due to the significant increase in air traffic, although the levels of 2019 have not yet been reached. The recovery is uneven, both by type of journey and by geographical area. This delayed recovery is strongly influenced by the measures and restrictions implemented by China until early 2023. While the rest of the markets are between 80% and 90% of the pre-pandemic level of activity, China was still around 50% at the end of 2022.

With regard to Aernnova's activity in 2022, the acquisition on 2nd of May 2022 of the two sites located in the Portuguese town of Évora previously owned by Embraer is noteworthy. Along with the acquisition of these, Aernnova and Embraer signed a new long-term supply agreement that guarantees the workload of both and allows Aernnova to expand its presence in executive programmes such as the Praetor 500/600 and single-aisle programmes such as the Embraer 190/195.

On the other hand, in terms of research and development activities, the year 2022 has been found at the mid-point of the Group's 2019-2025 technology development plan "advanced and intelligent materials and manufacturing processes". The mid-term assessment of objectives achieved in relation to those



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

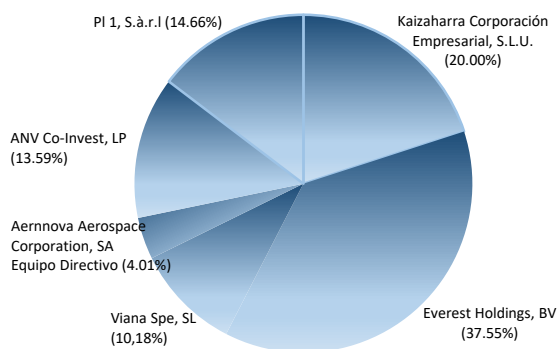
The principles that should be promoted in the relationships in the Company are (i) client-orientation; (ii) integrity; (iii) result-orientation; (iv) team work; (v) personal commitment and respect and (vi) openness and adaptation to change.

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 2022 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 Delegated 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 several 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.

Of the 1687 suggestions for improvement received in 2022, 500 (29.6%) are related to risk reduction in its different areas, 279 of which are already implemented. This means that, out of a total of 898 improvement suggestions implemented in 2022, 31% (the same percentage as in 2020 and 2021) have been focused on risk reduction. 55.8% of the total number of risk reduction suggestions have been implemented. On average, one in ten people made a risk reduction suggestion in 2022. It should also be noted that in the case of aviation quality and safety risks, the level of implementation rises to 82%.

Their classification by type of risk in 2021 and 2022 is as follows:

Risks	Nº meassures
Quality and Aviation Safety	26
Operational	39
Environment	18
Occupational Risk Prevention	121
Reputational	2
Financial	7
Total	213

Risks	No. of measures implemented (of received)
Quality and Aviation Safety	32 (out of 39)
Operational	38 (out of 57)
Environment	28 (out of 78)
Occupational Risk Prevention	177 (out of 311)
Reputational	4 (out off 10)
Financial	0 (out of 5)
Total	279 (out of 500)

Types of risks



The Company is affected by several 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 procedures and indicators of the Safety Management System (SMS) and, in particular, the elements of the Advanced Quality Planning Model (APQP)
- The Analysis of Failure Modes of products and processes and their Causes and Effects (FMEAs) for risk identification.
- Mastery and statistical control of processes and associated risks.
- Product and process Control Plans.
- The approval of designs and the production system (FAI and PPAP) by customers and the certification of designs and products by the competent civil and military Authorities.
- Sharing of Lessons Learned and Best-Practices of the Akrimas system (Aernnova Known Risk Management System).

- The surveillance and monitoring of the performance of products (both our own and those of others) and of the applicable standards and regulations, as well as their changes, throughout the life cycle of the products
- Procedures and mechanisms for analysis and improvement of the potential contribution of Human Factors to the occurrence of failures and errors.
- Mechanisms for feedback and notification of occurrences related to product safety and quality
- Training, qualification and certification of personnel, especially quality inspectors and technicians
- The auditing and certification of the Quality System by Clients, Civil Aviation Authorities, Defence Authorities and independent Certification Bodies.
- 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.

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.
- Establishment of indicators to measure operational performance and periodic monitoring and control in the different Management Committees.
- 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. -Establishment of environmental performance measurement indicators and regular monitoring and control in the Management Committees -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 regulatory changes throughout all the companies of the group. - Internal and external audits and certification of the environmental system. - Training and qualification of all staff and, in particular, environmental technicians. - Sharing of lessons learned and best environmental practices. -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. - Establishment of performance measurement indicators in Occupational Health and regular monitoring and control in the Management Committees.

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

This risk management model has been implemented in Évora and Hamble during the 2022 financial year, with the results being incorporated into the corporate Risk Register.

With regard to reputational risks, including legal risks and risks related to the ethical commitments acquired, the company maintains since 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 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 process was finally completed during the 2022 financial year.

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.

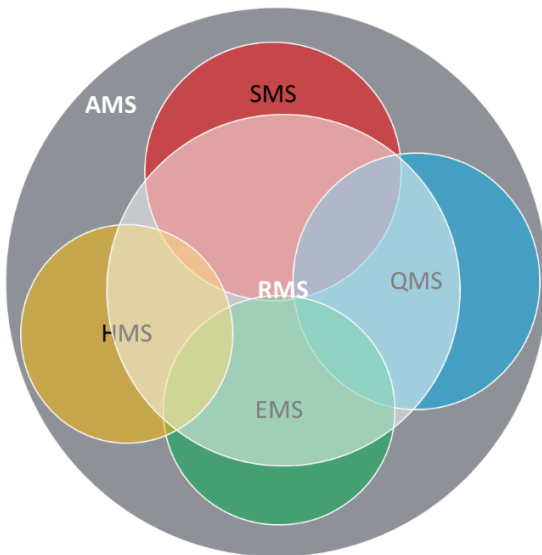
Evolution of COVID19 Risk in 2022

The corporate risk map has undergone significant variations over the past year as a result of tensions in the supply chain, volatility in the energy markets, uncertainties in raw materials (particularly those affected by Russia's war against Ukraine) and the impact of inflation on all costs. The risks stemming from the COVID pandemic have become less relevant, although the persistence of the pandemic in China continues to affect the sector's recovery.

In this regard, it is worth noting the generalised tension for the acquisition of some raw materials affected by the war in Ukraine, which has led to the application of stock generation measures to protect activity while other alternatives are developed.

Likewise, the efforts to mitigate the impact of inflation have generated significant social and labour tensions throughout the year which have led, in some cases, to strikes and work stoppages and the subsequent deterioration in customer service levels, mainly during the last quarter. Selling prices, however, have not kept pace with the evolution of costs, causing an imbalance in the company's business equation.

With regard to aviation safety risks, it is worth highlighting the entry into force of the Safety Management System (SMS) regulation from December 2022 in the area of continued airworthiness (maintenance) and from March 2023 in the area of initial product airworthiness (design and production). The Aernnova SMS is a fundamental part of the Aernnova Management System (AMS). The AMS is the set of all Management Systems formally established by Aernnova and is focused on the satisfaction of stakeholders: Customers, Authorities, Shareholders, Employees, Suppliers-Partners, Consumers and Society and Consumers in general. The AMS Manuals aim at deploying the corresponding corporate policies. The focus of the AMS is to reduce aviation safety risks. The main focus of the Quality Management System (QMS) is performance and customer satisfaction. The focus of the Environmental Management System (EMS) is environmental protection. The main focus of the Health and Safety Management System (HMS) is occupational health and safety. Aernnova's Risk Management System (RMS) described in MDG-00-400 is a common element for all of them.



The procedures and results obtained in this section are explained in more detail in section 5.3 (Consumers).

One of the main environmental risks of recent years (associated with the management and storage of waste at Aernnova Do Brasil) has been significantly mitigated with the transfer of the plant to its new facilities.

Finally, the progress of the Zero Latency project with the first phase (wave 1) should be mentioned for its contribution to mitigating cybersecurity risks, which has meant the start of the new IT platforms in a process that will continue progressively until it is completed in 2026.

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 was 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 2022, as in 2021, 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 financial year 2022, 88 hours of training were given to 12 attendees on the Integrated Risk System. Thus, from 2017 to 2022, a total of 216 people have been trained in said System and a total of 1,478 hours have been given.

In addition, a total of 1,878 hours of training were given in Product Safety and in risks linked to Human Factors with a total of 524 participants.

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 within the aeronautical sector.

During the financial year 2022 the Group has made contributions to 32 entities for a total value of EUR 331,002.86 compared to the EUR 202,895.64 that were contributed in 2021.

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, employees and shareholders, as well as with the Authorities and 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, 98% of the activity is carried out under the safety net of this management system and 88% is also certified externally². Specifically, during 2022, the Évora sites were integrated into the corporate environmental management system and Aernnova's ISO 14001 certificate. The activity that is not carried out under the provisions of this environmental management system refers essentially to service and non-industrial activities without material environmental risk.

This integrated environmental management system allows the company to work towards achieving its environmental objectives, controlling and mitigating the environmental impacts generated by the company's activities.

Within the framework of this management system, the company has developed an environmental policy, focused on continuous improvement in the development 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 despite the fact that the metallic site of Évora is classified as

SEVESO Superior Level according to the regulations on Major Accident Safety, but has controlled and periodically audited processes.

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 2022. The absolute values of the indicators have increased for two main reasons: firstly, production has increased with respect to the previous year, although pre-COVID production has not been recovered, and secondly, the plants acquired in Évora in May 2022 have been included in the scope of the report. Likewise, although with less influence on the values, the new Brek Manufacturing plant in Wichita and Serra Soldadura México in Puebla are included in the scope of the report.

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 and its recyclability
- 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
- Climate change through CO2 equivalent emissions mainly due to the consumption of electricity, fuels and other indirect emissions.

The measures adopted to mitigate the effect of climate change (waste management, control of discharges and emissions, filtering and purification systems, etc.) have increased by 138,000 euros, mainly due to the growing implementation of energy management systems in the Group. Overall, these measures cost approximately 0.27% of sales in 2022.

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.
- Search for waste recycling alternatives, e.g. recycling of composite waste.

² In terms of turnover.

- 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.
- Implementation of energy efficiency measures, energy management systems and awareness of responsible energy consumption

There has been one environmental sanction during the 2022 financial year for non-compliance with the discharge parameter at COASA (€2,400.80). This has not had any environmental impact as it is sanitary water that is subsequently treated at the municipal facility.

For the management of all issues related to the environment, Aernnova has a transversal environmental department, and has 28 technicians and 13 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 several 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, several initiatives have been implemented to promote awareness of the environmental impact of our activities, for example.

- Publication and dissemination of Aernnova's Energy Responsibility Decalogue.
- Energy Efficiency awareness campaign 2022-23 for all Group employees.
- Cleaning of the beach and surrounding areas at Hamble Aerostructures in July 2022.
- Celebration of the Health, Safety and Environment week with electronic waste collection and waste awareness campaigns as well as a handicraft competition with recyclable materials on All Souls' Day at Aernnova Mexico.
- Seeding of 13 trees in AYA in April 2022, equivalent to the previous year's paper consumption.

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 two million 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, implementation of energy management systems. This figure continues to increase annually (7.4% increase in 2022)

Pollution

Aernnova's activity involves the emission of Volatile Organic Compounds (VOCs) to the atmosphere derived from the consumption of adhesives, sealants, paints as well as other contaminants such as particles or substances from surface treatments. Persistent organic pollutants (POPs) are not 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	2021	2022
Total	172,2	180,4

Organic-Volatile Organic Component Emissions (t/M€)

VOC	2021	2022
Total	172,2	180,4

VOC emissions in the period were higher than in the previous year due to the incorporation of the data from the Évora plants. Without Évora, it would have been reduced by 3% in terms of turnover. The use of water-based paints and solvents with lower VOC content is gradually extended, as well as the installation of semi-automatic solvent application machines, recirculators or similar equipment. In 2022, the use of paint spray guns with lower solvent consumption in the paint gun cleaning process has been extended. In addition, a new closed-cycle spray gun washer has been installed at Burulan and a solvent distiller at Fibertecnic, both of which contribute to reducing the consumption of these volatile substances.

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 2022, certain actions have been implemented aimed at reducing waste and/or improving its recovery, such as:

- Reduction of washing water in the cleaning process of paint facilities at Aernnova do Brazil.
- Greater control in Surface treatment rinses, improvement of the recoverable area with soluble recirculation, reduction in chemical formats and optimization of the solvent distillation process at Aernnova Mexico.
- Elimination of the chrome reduction module from the Intec-Air site.
- Recovery of the prospective plastic of the prepeg cuts in ANA Seville.
- Reduction of the amount of expired waste due to non-use prior to the expiration date.
- Segregation and recovery of organic waste at headquarters.

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.

For non-hazardous waste, such as paper and wood, there is also continuous recycling, as well as for all waste except non-recoverable fraction of waste.

The company generates other types of non-hazardous waste such as scrap or urban waste (such as paints, sealants and pre-pregs). 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 2021 and 2022, the generation of hazardous waste (HWR) and non-hazardous waste (NHW) was as follows:

Waste generation (t)		
Waste	2021	2022
HWR	1.373	1.889
NHW	5.640	6.762
Total	7.013	8.651

Waste generation rate (t/M€)		
Waste	2021	2022
HWR	2,73	2,08
NHW	11,23	9,06
Total	13,96	11,14

The main hazardous wastes generated are exhausted baths from surface treatments, cutting oils, product washing water, pre-preg trimmings, expired products, material impregnated with chemicals, contaminated metal and plastic containers, sewage sludge, etc

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 Aerostructures and the new sites acquired in Evoras. Hamble Aerostructures has a license from the Environment Agency to extract 182,000m³ per year of groundwater at its facilities in the UK, although during in 2022 only 6,303m³ were extracted. The plants in Évora have an irrigation licence of 15,000m³ for Composites and 7,000m³ for Metallic and in 2022 only 5,978m³ was consumed in Composites. Part of the process water is purified in situ and reused on-site.

Water is consumed in several 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	2021	2022
Total	211.666	285.681

Water consumption in terms of billing has been as follows:

Ratio of Water Consumption (m ³ /M€) *		
Water	2021	2022
Total	421	383

Consumption in m3 of water increased by 35% due to the incorporation of the Évora companies (51,407m3) and the increase in production in 2022. The consumption ratio has been reduced with respect to the previous year by 9%. In 2022, the irrigation area at the Compósitos plant in Évora was significantly reduced and the retention of pollutants in AYA's paint booths was replaced from wet to dry with filters, which also contributes to the reduction of sludge. Other actions mentioned above, such as the revision of the paint booth washing process at Aernnova do Brasil and more efficient rinse control at Aernnova Mexico, have also contributed to the reduction in water consumption.

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.

70% of Aernnova's water consumption originates from the seven companies with surface treatments (Intec-Air, Aerometallic Tarazona, Burulan, Aernnova Mexico, Aeronáutica y Automoción, Hamble Aerostructures and Évora). These companies recirculate 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 fibre, which represents more than 80% in weight of the total raw 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 increase in metal consumption in 2022 is due to the incorporation of Évora and the fact that stocks were consumed in the previous year, reducing the volume of material purchases

Material Consumption - Composites (thousands of sm) *		
Composites	2021	2022
Carbon Fibre	857	1.027

* 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	2021	2022
Steel	31	110
Aluminium	2.205	6.007
Copper	45	3
Titanium	13	33
Others	6	14

Total	3.348	6.168
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* The data include the raw material consumption of Mexico, Brek, Aernnova, Hamble Aerostructures and Évora, which are the parent companies that supply raw materials to the rest of the Group's companies.

Metallic materials do have an almost 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 and recirculator 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. Progressively, the use of returnable packaging for product delivery to customers is spreading, as well as the replacement of plastic consumables by cardboard in vending machines.

❖ 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 digitalisation of documentation and electronic signatures. The increase in consumption is due to the increase in production and the consequent printing of production orders, the main cause of the amount of paper printed in the Group. Évora has implemented paperless processes, so the expected impact is of little material relevance.

Paper consumption (ud) *		
	2021	2022
Black and White pages	6.267.817	8.181.579
Color pages	850.416	906.100
Double-sided printing	53,4%	54,1%

*Data includes consumption of all companies except BREK, SIE, ELESA and EVORA. 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 2022, 21.4% of the company's energy consumption came from renewable sources compared to 18% in 2021; 20.9% due to the electricity supplier's generation mix and an additional 0.4% generated by its own renewable facilities (0.2% self-consumption and 0.2% delivered to the grid). This increase is due to the progressive increase of renewables in the electricity mix:

Electricity Consumption (GJ) *

Electricity	2021	2022
Total	233.261	289.238

During the period, actions to improve energy efficiency have continued to be carried out, such as changing lighting to LED, air conditioning regulation, detection of inefficiencies with the energy management system, etc., although the most notable in 2022 is the extension in the implementation of energy management systems at the Aernnova Aeroestructuras Álava and Aernnova Composites Illescas plants through the installation of measurement equipment and a control platform.

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

Fuel Consumption (GJ) *

Fuel	2021	2022
Natural Gas	127.224	146.613
Gasoil	523	511
Propane	2.782	2.397
LPG	78	120
petrol/diesel A	757	644
Total	131.363	150.286

Energy consumption in terms relative to turnover was as follows:

Energy Consumption Ratio (GJ/M€) *

Energy	2021	2022
Total	726	580

The energy consumption ratio has been significantly reduced compared to the previous year, despite the incorporation of the new companies, although it has not yet reached the pre-COVID ratios. The integration of Évora has not led to a significant change in energy consumption over revenues, as its ratio is similar to that of the rest of the Group.

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; Aernnova Composites Illescas.; Fibertecnic.; Aerometallic Tarazona, Aernnova Andalucía Estructuras Aeronáuticas, and Hamble Aerostructures Limited, which generated a total of more

than 2,000 GJ/year. In 2022, the solar panels were retrofitted at Fibertecnic to improve their performance.

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 529 MT of composite structures delivered by Aernnova in 2022 will save 491,000 MT of fuel for aircraft during their operational life. This represents a saving equivalent to the CO2 emitted in a year by 440,000 cars and an environmental benefit equivalent to that produced by 709,000 trees.
- Reduction of aerodynamic drag by optimizing designs and finishes.
- Use of alternative materials to aluminium with lower energy requirements in their industrial processes (47 kWh/kg of carbon/epoxy compared to 105 kWh/kg of aluminium). This has resulted in savings of 42,000 MWh in 2022 across 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 (Scope 3) are mainly associated with emissions from contracted transport, company trips and employee transfers and waste management.

With the help of the GHG Protocol's 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 emissions are as follows:

GHG Emission (tCO2eq) *

	2021	2022
Scope 1	7.643	9.369
Scope 2	13.403	19.288
Scope 3	25.624	42.233
Total	46.671	70.890

* Scope 3 calculated with <https://quantis-suite.com/Scope-3-Evaluator/> of GHG Protocol, including Categories 3, 4, 5, 6 and 7. The 2021 Scope 3 value is updated, due to Category 3 correction.

And in terms of turnover:

Ratio GHG Emission (tCO ₂ eq/M€) *		
	2021	2022
Scope 1	15,21	12,55
Scope 2	26,68	25,83
Scope 3*	51,00	56,57
Total	92,90	94,95

As can be seen, the increase in terms of greenhouse gas emissions is concentrated in Scope 3, which has grown by 11% (and without which the reduction would be 8.4%). This increase is explained by the drastic restriction experienced during the COVID pandemic on mobility in the previous year, as well as by the lower transport traffic associated with the reduction in the company's working capital. In addition, increased use of air transport in shipments during 2022 has been necessary due to demand growth and supply chain stresses.

Other initiatives that have been implemented to mitigate climate change include COASA's carpooling campaign with preferential parking spaces. Also noteworthy is the offsetting of 5,025 kg CO₂ by contributing 1,681kg of Sustainable Aviation Fuel (SAF) to airlines in 2022.

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.

During 2022, Aernnova has deployed activities that respond to the corporate commitment to industrial sustainability and the sustainability of the products and services we offer our customers.

During this year, three projects have been approved in which Aernnova has a relevant participation, within the European Clean Aviation initiative. Clean Aviation is the major programme of the European Horizon Europe framework programme for emission reduction and sustainable industrial operations. The three projects are UPWing, FASTER H2 and HERA. These projects will start in 2023 to end in 2026 within Clean Aviation phase 1. Thus:

(i) In the UPWing project, led by Airbus, Aernnova aims to mature and develop new materials, processes, configuration, design features and technologies for leading edge devices, including new anti-icing systems for wings and vertical and horizontal tail planes. This will involve the development of an advanced device with new composite materials and processes that integrate different functionalities in an innovative way, thereby reducing weight.

(ii) Aernnova's participation in FASTER-H2 activities focuses on "green composites". That is, new composite materials based on bio-resins and natural fibres. Aernnova will also develop new solutions for the structural integration of liquid hydrogen storage tanks into the fuselage structure of the aircraft.

(iii) In HERA, Aernnova will focus on activities related to sustainable industrialisation and digitalisation. It includes the proposal of appropriate metrics to help analyse the consequences of design for sustainable industrialisation and the impact of HERA solutions and enabling technologies integrated in a regional aircraft. Aernnova will coordinate HERA interactions on sustainable industrialisation within Clean Aviation, in other Horizon Europe projects and other opportunities.

Two technology development and innovation projects have also been launched in 2022 and will end in 2025: E-Flight and Aerobotics.

The new electrified concepts of air mobility are associated with a disruption and transformation of a large part of aircraft architectures, systems and configurations. E-Flight includes studies and technological developments for electric aircraft. The main objective of this project is to anticipate and respond to the challenges posed by the electrification of the power plant for the structure of commercial transport aircraft. E-Flight serves to identify and study the requirements, develop the configurations, and begin to validate the functional and structural solutions.

The AEROBOTICS project will be used for research into new technologies associated with robotic aeronautical developments for sustainable production. The main objective of the project is to research into enabling technologies so that aeronautical structures assembly companies and our supply chains are able to offer more profitable products by increasing the efficiency of assembly lines: reducing delivery times, reducing defects, increasing quality, reducing consumption of resources, energy, and ultimately reducing product manufacturing costs to increase our competitiveness in an increasingly globalised market. To address this ambitious objective, research is being carried out into advanced manufacturing and automation systems based on flexible and autonomous robotics technologies.

Consequently, both technological development projects are complementary and seek to strengthen the position of Aernnova, and the companies in our value chain that accompany us, in the aeronautical market.

No climate change risk has materialised in 2022. The change in aviation is considered to be an opportunity rather than a risk for Aernnova and actions are being taken to ensure that this new business model materialises. 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 2022 in the Carbon Disclosure Project (CDP) Climate questionnaire where it has obtained a grade of C "Awareness", improving with respect to 2021 in aspects in the report such as "Objectives" and "Scope 1 and 2 Emissions", bringing us in line with the sector average. This non-governmental initiative administers a global environmental disclosure system to which major industries, cities and other public and private entities around the world have signed up. 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 several environmental impacts, including the protection of biodiversity. Likewise, environmental due diligence is carried out before any acquisition, to determine the condition of the facilities.

The company's industrial plants are almost entirely located in industrial parks and technology parks, so the impact on biodiversity has been assessed and 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 several 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 several measures and management protocols (e.g. "Action protocol in case of harassment").

4.1. Description of staff

The reduction in demand from customers of the several companies of the Aernnova Group in 2020 and 2021 led to a decrease in activity and staff in all Group companies, although a slight increase was recorded in 2022.

Furthermore, as can be seen in the data presented here, with the acquisition in May 2022 of the two companies located in Évora (Portugal), the international nature of the company increases from 26.62% to 37.76% at group level.

As of 31 December 2021, Aernnova had a total workforce of 4,309 employees, of which 3,162 provided services in Spain, and the rest were distributed between the United Kingdom, Mexico, the United States, Brazil, Romania and Switzerland. At 31

December 2022, the year ended with a total of 5,206 active employees, of which 3,240 provided services in Spain, and the rest were distributed among the United Kingdom, Mexico, the United States, Brazil, Portugal, Romania and Switzerland.

In terms of professional classification, there are four main professional groups: a first group of **Management**, made up of an Executive Committee and a Management Committee, made up of 13 people (15 people in 2021), which is supported by the rest of the management team, that is, by those workers who carry out the management functions of 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 activity, product development, technological development and continuous improvement activities, as well as support functions, such as quality, purchasing and logistics, human resources, finance, sales, legal, etc.

And a fourth professional group called **workshop**, made up of workers whose jobs are directly related to production and production support functions, such as plant quality, production engineering, maintenance, warehousing and dispatch.

Aernnova, as a company belonging to the aeronautical sector, has a workforce with 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.

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

Distribution of staff by gender (*)

-	2021	2022
Women	995	1.244
Men	3.314	3.962
Total	4.309	5.206

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

Distribution of staff by age

-	2021	2022
<=25	129	286
26-35	717	1.016
36-45	1.431	1.610
46-55	1.394	1.575
56-59	346	402
>=60	292	317
Total	4.309	5.206

Distribution by country

-	2021	2022
Spain	3.162	3.240
Mexico	287	407
US	180	191
Brazil	114	157
Romania	34	36
Switzerland	6	6
UK	526	543
Portugal	0	626
Total	4.309	5.206

Distribution of staff by professional group

-	2021	2022
Group 1: Management[*]	111	116
Group 2: Middle management	259	300
Group 3: Office	1.098	1.213
Group 4: Workshop	2.841	3.577
Total	4.309	5.206

(*) It includes the Executive Committee and the Management Committee, as well as the rest of the management team.

Distribution of staff by temporary nature of employment (*)

-	2021		2022	
	Indefinite C.	Temporary C.	Indefinite C.	Temporary C.
By age				
<=25	81	48	152	134
26-35	634	83	784	232
36-45	1.359	72	1.485	125
46-55	1.357	37	1.519	56
56-59	340	6	393	9
>=60	218	74	245	72
By gender				
Men	3.051	263	3.494	468
Women	938	57	1.084	160
By professional group				
Group 1	108	3	112	4
Group 2	256	3	294	6
Group 3	959	139	1.134	79
Group 4	2.666	175	3.038	539

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

Distribution of staff by percentage of working hours in hiring

-	2021		2022	
	Full Time	Part Time	Full Time	Part Time
By age				
<=25	129		284	2
26-35	712	5	1.009	7
36-45	1.425	6	1.602	8
46-55	1.384	10	1.561	14
56-59	344	2	401	1
>=60	219	73	243	74

By gender

Men	3.241	73	3.882	80
Women	972	23	1.218	26

By professional group

Group 1	108	3	112	4
Group 2	258	1	296	4
Group 3	1.079	19	1.190	23
Group 4	2.768	73	3.502	75

The following is a breakdown of the number of redundancies in the company by gender, age and professional classification.

No. Redundancies

-	2021	2022
Distribution by gender		
Men	208	95
Women	57	26
Distribution by age		
<=25	5	13
26-35	32	37
36-45	91	41
46-55	65	17
56-59	388	6
>60	34	7
Distribution by professional group		
Group 1	3	2
Group 2	10	6
Group 3	43	24
Group 4	209	89

Hours of Absenteeism

Finally, the hours of sickness absenteeism are the following:

	2021	2022
Absenteeism Hours	229.052	303.818
COVID Hours	34.768	33.479
TOTAL	263.820	337.297

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

4.2. Remuneration

The salary system applicable in the different Aernnova companies is determined primarily by compliance with legal regulations and the agreements or pacts reached with the legal representatives of each unit, taking into account their own production process and environmental conditions.

Without prejudice to the foregoing, in professional groups one and two the wage policy is more individualised, so that in many cases the remuneration package is defined according to the content of the job occupied, responsibilities, professional skills or experience required. This process ensures homogeneous treatment for comparable positions, while at the same time differentiating between different situations.

In addition, depending on the different companies in the group and, specifically, on the customs and practices of the country in which they operate, there is the possibility of a flexible compensation plan, as well as numerous social benefits, such as restaurant tickets, canteen services at subsidised prices, grocery vouchers, nursery vouchers, health, accident or life insurance, discounts in collaborating companies, etc.

❖ Gender Remuneration Ratio

As mentioned above, the "Management" team is made up of an Executive Committee and a Management Committee (13 people in 2022, among whom there is no comparable salary ratio), as well as the other managers on which they rely on. This group has an average seniority of 20.4 years, with a predominantly university education. In the coming years, the number of women in management positions is expected to grow substantially.

As regards Middle Management (Group 2), 27.3% of whom are women (29% in 2021), this is a highly qualified group where women are becoming increasingly important in non-corporate functions, with 31% of women with technical university training.

The Office Group, as mentioned above, is made up of all Aernnova employees whose jobs are directly related to engineering, product development, technological development and continuous improvement activities, as well as support functions (quality, procurement and logistics, human resources, finance, sales and legal). It is made up of 35.7% women (35.3% in 2021).

Finally, the Workshop Group is made up of Aernnova employees whose jobs are directly related to production and production support functions such as plant quality, production engineering,

maintenance, warehousing and dispatch. It is made up of 20% women (18.3% in 2021).

The total gender pay ratio of the company is 1.16 (the same as in 2021) 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 a breakdown of the gender³ pay ratio by professional group:

Gender Remuneration Ratio

	2021	2022
Group 1:	1,21	1,20
Group 2:	1,12	1,09
Group 3:	1,22	1,19
Group 4:	1,18	1,19
	1,16	1,16

The average remuneration⁴ received by gender in 2022 amounted to 38,428 euros for men⁵ and 31,609 euros for women, compared to 39,900 euros and 33,017 euros, respectively, in 2021.

Similarly, and according to the company's professional classification, the average remuneration received in 2022 amounted, following the same parameters, to 111,177 euros for members of the board of directors (83,364 euros in 2021), 137,635 euros in professional group 1 corresponding to managers (108,809 euros in 2021), 59,928 euros in professional group 2, corresponding to middle management (60,832 euros in 2021), 43,077 euros in group 3, offices (41,801 euros in 2021) and 29,521 euros in group 4 (31,949 euros in 2021). Aernnova's Board of Directors is made up entirely of men and therefore the average remuneration reported is the average remuneration of the men on the Board. Within the "Management Team" group, the average remuneration of men in 2022 was 143,695 euros, while that of women was 92,777 euros (113,225 euros and 74,486 euros, respectively, in 2021). 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 taking into account the age of the company's workers, the average remuneration received in 2022 amounted to 21,209 euros for workers under 26 years of age (20,980 euros in 2021), 25,919 euros for workers between 26 and 35 years of age (27,609 euros in 2021), 31.764 euros for workers aged 36 to 45 (33,417 euros in 2021), 42,934 euros for workers aged 46 to 55 (42,966 euros in 2021), 47,607 euros for workers aged 56 to 59 (47,946 euros in 2021) and 63,551 euros for workers aged 60 and over (65,926 euros in 2021).

³ Ratio calculated on theoretical gross remuneration.

⁴ Including salary, extra-salary, compensatory and indemnity concepts, calculated on the equivalence of FTEs and active period in the company

⁵ Due to a revision of the error classification criteria in 2021, it is necessary to correct the following data related to 2021 that were included in the NFIS of 2021: (i) average remuneration by gender of men

(according to NFIS 2021 40,002 euros), (ii) remuneration of the members of the board of directors (according to NFIS 2021 47,000 euros), (iii) average remuneration of the management team (Executive (according to NFIS 2021 111,112 euros), (iv) of the men of the Management Team (according to NFIS 2021 115,779 euros) as well as (v) of workers between the ages of 46 and 55 (according to NFIS 2021 43,206 euros).

4.3. Work organization and flexibility policies

❖ Working time organization

The organisation of working time in the Group is determined by the local regulations applicable to each of the Group companies. In this respect, the generally applicable regulations are complied with, as well as the regulations especially envisaged for certain specific jobs.

In addition, through its own collective agreements or pacts, Aernnova applies more advantageous working conditions for its workers. These improvements have an impact both on the quality of work and on the company's own efficiency.

All these conventional regulations always improve the legally required minimum in several matters such as the annual working day, rest periods or measures aimed at reconciling personal and working life.

Therefore, depending on the needs of each position, but without forgetting the needs of the employees at Aernnova, shift, split or continuous working hours are considered depending on the type of work and activity.

❖ Implementation of work disconnection policies

Organic Law 3/2018, of 5 December, on the Protection of Personal Data and the guarantee of digital rights recognised the right of workers to digital disconnection in order to guarantee, outside the legally or conventionally established working time, respect for their rest time, leave and holidays, as well as their personal and family privacy.

Aernnova's code of ethics, which regulates the company and the actions of its employees, provides for 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, family reconciliation measures vary depending on the activity of each company, the specific position of each worker and the needs of each family unit. The following is a list of the work-life balance measures available to employees, some of which offer advantages beyond those expressly provided for by law, with the possibility, in certain group companies and/or situations, of setting the timetable in the event of a reduction in the working day for childcare outside the employee's normal working hours:

- a) Breastfeeding leave.
- b) Leave or reduction of working hours for the birth of a premature child or hospitalisation of a newborn child.
- c) Reduction of the working day for those who, for reasons of legal guardianship, have in their direct care a person with a physical, mental or sensory disability, who does not carry out a paid activity.
- d) Reduction of working hours for direct care of a child under 12 years of age.
- e) Reduction of working hours for the direct care of a relative up to the second degree of consanguinity or affinity, who for reasons

of age, accident or illness, is unable to look after him/herself and is also not gainfully employed.

f) Reduction of the working day to care for minors affected by cancer or another serious illness.

g) Adaptation of the length and distribution of the working day.

h) Leave of absence for legal guardianship and/or care of a family member.

In particular, with regard to reductions in working hours, in Aernnova in 2022 there were a total of 276 people taking advantage of measures to reduce working hours to reconcile work and family life in Spain (a figure that in 2021 amounted to 281 people).

4.4. Occupational Health and Safety

In terms of health and safety, Aernnova considers its employees to be its greatest asset. Therefore, health and safety at work is a fundamental part of its activity. The company's actions in this field go beyond compliance with legal obligations, adopting additional requirements and measures to promote the continuous improvement of its employees' working conditions and the management of their safety, health and well-being.

Health and safety-related improvements are continuously promoted in the different companies and are continuously monitored through internal systems. In addition, the company's general policy is not only to involve its employees, but also its suppliers, customers, collaborating companies and other stakeholders in order to avoid and prevent accidents and damage to health, providing a healthy and safe environment at all times.

Aernnova has a Joint Prevention Service ("SPM") for the management and organisation of prevention. This service constitutes a specific organisational unit that has the facilities and the human and material resources necessary to carry out the preventive activities that are developed in the companies, covering three of the technical preventive specialities: Occupational Safety, Industrial Hygiene and Ergonomics and Psychosociology.

Aernnova's SPM is primarily responsible for drawing up the Occupational Risk Prevention Management Plan.

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

In addition, and as indicated above, Aernnova's activity aimed at protecting the health and safety of its employees is much broader.

In order to cover the speciality of Health Surveillance, each company has established an agreement with different external accredited entities, which additionally assist the company in specific technical activities such as, among others, hygiene and technical measurements and external audits.

In addition, an Occupational Health Service has been set up within the group, whose main task is to monitor health, provide medical assistance, manage temporary incapacity, carry out support tasks, promote health within the company, carry out

epidemiological research and evaluate and control particularly sensitive workers.

Furthermore, in addition to the mandatory external audits, demanding and continuous internal audits are carried out in order to monitor the effectiveness of the work carried out in the area of ORP. Aernnova's progress and difficulties in the area of ORP are monitored in the Company's Prevention Committees and in the Health and Safety Committees with the workers' representatives.

Similarly, the frequency, severity and incidence of accidents at work were as follows:

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

2021 DATA			
Health&Safety	Men	Women	Total
Frequency Rate	5,9	5,5	5,8
Severity Rate	0,08	0,08	0,08
Influence Rate	1	0,8	0,9

2022 DATA			
Health&Safety	Men	Women	Total
Frequency Rate	6,8	1,6	5.65
Severity Rate	0,10	0,10	0,10
Influence Rate	1,1	0,2	0,9

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 2022 there were 48 accidents at work, of which 45 were men and 3 women. In 2021 there were 40 accidents at work, of which 32 were men and 8 women.

Neither in 2021 nor in nor in 2022 has there been any occupational disease.

Fortunately, 2022 was the year of the end of the extraordinary measures marked by the Covid-19 pandemic. In terms of occupational health and safety, the contingency plans implemented with the main objective of preventing contagion in the workplace and ensuring the safety of staff continued. These plans contemplated 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.

In the first half of 2022, Covid-19 monitoring was maintained for all of Aernnova with a view to coordinating all information, adopting common practices and criteria for all companies and carrying out an adequate follow-up of cases. A brief summary of some of the most important measures that have been maintained is given below:

- (i) Cleaning and disinfection measures for all common elements are maintained.
- (ii) Capacity limitations in changing rooms-dining rooms-meeting

rooms are maintained.

(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 adapted, etc.

(v) Personal hygiene instructions were given and hydroalcohol dispensers were placed in the work centres, and the necessary PPE was chosen for the workers, providing all the information and training prior to their use so that they are used in the correct way.

This process has been communicated to the workers' representatives; instructions and protocols for action have been passed on to all employees.

Finally, in September 2022, the instruction to relax the aforementioned extraordinary and compulsory measures was passed on. Nevertheless, health and safety practices have been maintained based on the knowledge and habits acquired by everyone during the pandemic. The model of action is and continues to be the health and 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 constituted as a commercial group, in which each of its companies has its own social dialogue structure, depending on the number of employees and its own reality, so that the management of labour relations is as close as possible to its protagonists.

Today, as can be seen in the data below, the number of employees covered by agreements or pacts is high, both in companies based in Spain and abroad.

The usual forms of social dialogue do not vary much between companies, with regular meetings with shop stewards or works councils being the most common form.

In companies where no legal workers' representatives have been set up (i.e. those based in the United States as well as, mainly, in corporate services companies), human resources procedures facilitate information and dialogue with people. Of particular importance in this regard are performance appraisal and development processes and regular departmental communications.

The aforementioned collective bargaining structure entails greater complexity in the management of labour relations from the Group's point of view, but it undoubtedly brings decision-making closer to the reality in which they are to be applied, which favours the effectiveness of the measures to be agreed.

In this sense, the balance is positive overall, from a general point of view and, specifically, in the specific aspect of health and safety at work. In this respect, it should be noted that collective agreements include the several legal obligations in terms of risk prevention, while also providing greater protection through the establishment of additional measures and requirements.

Finally, with regard to internal communication with employees, it should be noted that the Aernnova Group has several channels of communication with them, including the Intranet, the internal

magazine ("ANNews", which is published every four months and contains information and reports of interest aimed at involving employees in the Group's achievements and latest activities), as well as other channels such as the information panels located in the several 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 labour relations are covered by a Collective Bargaining Agreement reached 88.34% at Aernnova (100% of employees at companies based in Brazil, Portugal and the United Kingdom, 88.59% in Spain, 91.15% in Mexico and 85% of employees at companies based in Switzerland and Romania) - a figure that was 86.77% in 2021.

	2021	2022
Brasil	100,00%	100,00%
Portugal		100,00%
España	88,47%	88,59%
Mexico	95,12%	91,15%
Others	85,00%	85,71%
Reino Unido	100,00%	100,00%
Estados Unidos	0,00%	0,00%
TOTAL	86,77%	88,34%

4.6. Workers' development, training and promotion

❖ **Employment promotion**

Aernnova continues to promote the generation of job opportunities for young people or recent university graduates through recurring collaborations with universities and training centers. As a result of this policy and the reactivation that began the previous year, the year ended with 57 people enrolled in this type of collaboration, 35% more than the previous year.

In addition, when Aernnova incorporates workers with experience, 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 recruitment of new employees, minimising inequality biases, as well as the necessary homogeneity and quality in the recruitment process.

❖ **Policies implemented in the training field**

The professional development of the people who make up the Aernnova Group is one of the fundamental pillars of the company

and one of the fundamental ways to achieve professional development is training.

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

The mechanisms for detecting training needs are as follows:

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

On this basis, each company designs and approves its annual Training Plan and is responsible for its implementation, management and monitoring.

At corporate level, training indicators are consolidated for monitoring throughout the year (training actions, hours, hours/employee/year and cost) at company, business unit and global level.

The coordination of training is articulated through a monthly Training Committee, whose main activities are:

- a) Monitoring of compliance with the Training Plans in all their variables.
- b) Analysis of deviations and proposal of corrective actions.
- c) Analysis of unplanned training.
- d) Establishment of synergies.
- e) Implementation and activation of improvement proposals.
- f) Approval of training programmes and providers in corporate subjects.

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

In addition, Aernnova has created a training centre that provides technical training internally. This training is included in a catalogue of courses that can be given in person, by distance learning and on-line.

Since 2020, there has been a significant evolution towards digitalised training delivery and management. This has favoured the continuity of training, the optimisation 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 2022 was 13.98, an increase of 19% compared to 2021, showing an upward trend that highlights the recovery from the Covid-19 era and the impact it had on the sector.

The total number of training hours by professional category is as follows:

	2021	2022(*)
Group 1: Sennior Management	1.048	2.178
Group 2: Middle Management	3.210	5.602
Group 3: Offices	9.647	17.061
Group 4: Workshop	30.347	39.172
Total	44.252	64.013

* Unlike the previous year, this year 2022 incorporates information from Hamble.

It should be noted that in May 2022, the two companies of Évora in Portugal joined the Group, adding, as of that date, a total of 334 additional training hours. This training is received by employees included in group 4. This information is not included in the table above as we do not have the information for the full year.

4.7. Respect for diversity and equal opportunities

❖ Equal treatment and opportunities for women and men

Equality between women and men is a universal legal principle recognised in several national and international texts such as the Spanish Constitution and the Convention on the Elimination of All Forms of Discrimination against Women, approved by the United Nations General Assembly in December 1979 and ratified by Spain in 1983. Equality has also been a fundamental principle in the European Union since the entry into force of the Treaty of Amsterdam on 1 May 1999.

Equal treatment and opportunities between women and men is also part of Aernnova's culture and identity, and therefore, in order to achieve this equal treatment and opportunities, it has a Diversity and Equal Opportunities Policy approved in 2019 in accordance with the applicable regulations, through which the Aernnova Group undertakes to promote equal opportunities among all the people who form part of the company and that the salary system is applied according to merit and professional contributions, adapting to the customs and habits of the country or area where its units are located. Through its internal policies, Aernnova fosters 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 the aspects related to Equality and Diversity is articulated through a forum for this purpose which is held monthly, the main activities of which are:

- Dynamisation of the implementation of Equality Diagnoses and Plans.
- Proposal and dissemination of Equality and Diversity measures.
- Establishment of synergies and good practices.
- Implementation and activation of improvement proposals.

In addition, Aernnova has Equality Plans, which are an ordered set of measures, adopted after a diagnosis of the situation, aimed at achieving equal treatment and opportunities between men and women and eliminating discrimination based on sex. They also establish the specific equality objectives to be

achieved, the strategies and practices to be adopted for their attainment, as well as effective systems for monitoring and evaluating the objectives set. These Equality Plans cover issues such as access to employment, professional classification, promotion and training, remuneration, organisation of working time in order to favour, in terms of equality between women and men, the reconciliation of work, personal and family life, and the prevention of sexual harassment and harassment on grounds of sex.

As a result of the approval of Royal Decree 901/2020, of 13 October, which regulates equality plans and their registration and amends Royal Decree 713/2010, of May, on the registration and deposit of collective bargaining agreements and collective labour agreements, new equality plan negotiation processes have been launched in 2022, although those existing in previous years have expired and new negotiation processes will be opened in 2023. Thus, at 31 December 2022, 7 group companies have signed equality plans and another 11 are in the negotiation phase or are due to start.

❖ Protocols against sexual and gender-based harassment

Among the principles that govern the Company's actions, the fight against harassment includes, of course, that Aernnova acts to ensure that its employees are free from any physical, psychological or verbal harassment, as well as any other abusive conduct.

As stated in the section on "Equal treatment and opportunities between women and men", all Aernnova's Equality Plans include measures aimed at eradicating sexual harassment.

Aernnova actively promotes working conditions that prevent sexual harassment and harassment based on sex and has specific procedures in place to prevent it and to deal with any complaints or claims that may be made by those who have been subjected to this type of situation.

In this regard, the "Protocol of Action in the event of Harassment in the Workplace" approved in July 2020, which was again revised and updated in March 2021, stands out. This is applicable to all Aernnova employees, as well as to people from other entities who provide services, carry out professional internships or perform similar activities at Aernnova. It also applies to any type of harassment, in any of its modalities, that occurs in the workplace. The main objectives of the protocol are:

- To establish a working system to deal with conflicts generated by potential labour relations generated by psychosocial problems (stress, anxiety, etc.).
- To prevent, detect and resolve situations of harassment at work (discriminatory and psychological), and specifically sexual harassment or harassment based on sex.
- To raise awareness and eradicate all behaviours and conduct that violate dignity, respect or equal opportunities in the workplace.

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 medical service or the Health Surveillance Service, prevention technicians or the company's HR manager to complain or raise actions that they believe may infringe on the aforementioned areas.

In 2022, a specific online training course has been prepared to further develop the aforementioned objectives of the Protocol. This initiative has reached 544 employees.

❖ **Integration and universal accessibility for people with disabilities.**

Aernnova is a company committed to universal accessibility for people with disabilities. Therefore, through the hiring of workers with disabilities the company aims to:

- a) Favour the transition from special employment centres to employment in companies in the ordinary labour market.
- b) Enable workers with disabilities to develop their work activity in a company in the ordinary labour market.
- c) To contribute to society's knowledge of the real abilities and skills of disabled workers.

Despite this commitment and as a result of specific situations of the workers themselves, in Aernnova, in 2022, 49 people with disabilities provided services, 5.7% less than in 2021. The distribution of this group is 36 men (7%) and 13 women (3%).

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, organisational or technical reasons, a special difficulty in hiring people with disabilities has become apparent, the company has requested the corresponding certificates of exceptionality. At present, 7 companies in the group have certificates of exceptionality that allow companies to resort to alternative measures.

In this way, and as a measure to promote job placement activities and job creation for people with disabilities, it collaborates with Special Employment Centres, including centres such as Usoa, Envera and Iturri. It also collaborates with entities such as AMPANS and FESOCA, whose aim is to promote employment.

In the international sphere, it is worth highlighting the dynamisation in the field of equality carried out in Mexico, which has resulted in a 17% increase in the hiring of women, 29% of whom are in management positions and for which they have been awarded the "No Gap" distinction. At the same time, the "Raise your hand" programme has been launched to promote good practices in equality and occupational risk prevention.

4.8. Human Rights

Aernnova is firmly committed to respecting the human rights recognised in national and international legislation and, in particular, to respecting the principles of the United Nations Global Compact. Aernnova is also fully committed to the rejection of forced or compulsory labour, as well as to the eradication of child labour, and ensures compliance with the legal provisions on child labour and human trafficking.

In terms of non-discrimination, the company's commitment is to treat all people and all situations fairly and to ensure equal opportunities, regardless 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 relation to the prohibition of discrimination are detailed in section 4.7 of this report.

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

During financial year 2022, as in 2020 and 2021, no complaints have been received 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**. In particular, as described in more detail in the "Climate Change" section, Aernnova is a founding member of the Clean Aviation programme within the European Horizon Europe framework.

Other projects approved in 2022 in which Aernnova participates in the field of **sustainability** are the technology development and innovation projects E-Fliht (electrified air mobility concepts) or Aerobotics (robotic aeronautical developments for sustainable production).

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.

Aernnova also sponsors the "Formula Student Vitoria" and "Moto Student Vitoria" teams that participate in an automobile and motorcycle competition between university students and that promotes excellence in engineering. Each

university team designs and builds a single-seater electric vehicle or electric motorcycle with which it later competes. These events are the spearhead of the future of automotive engineering, presenting numerous technical challenges, both in design and construction, together with the goal of bringing the electric vehicle closer to real life.

❖ **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.

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.

❖ **Others:**

Aernnova sponsors 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 is also a collaborating company of the association "Ellas Vuelan Alto" whose mission is to act to benefit the consolidation of the visibility of women in the aerospace sector in Spain, with objectives such as increasing the participation of women in public and professional life. , develop projects that give visibility to women and recognition of their skills, and promote professions in the aerospace sector among the new generations of girls and young people.

Support to initiatives in which our employees take part

In the 2022 financial year, Aernnova continues 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 number of donors in 2022 has been increased to 175 from 150 in 2021

In addition, Aernnova, together with its employees, has participated in specific actions to sponsor events with associations that fight to give visibility to the scourge of cancer, aimed at preventing the disease. As well as entities that support groups with disabilities.

Finally, in 2022, the company participated in events to guide young people towards STEAM (Science, Technology, Engineering, Art and Mathematics) careers, such as talks at educational centres, in institutional forums such as the "Industry Day in Alava" or in university employment forums.

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
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
Farnborough Aerospace Consortium
DTX-Associacao Laboratorio Colaborativo

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 Alava, 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, 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.

Of the planned audits in 2022, 94% have been carried out against plan, but via telematic (i.e. 38 audits have been carried out against 40 planned).

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 a higher target of 75%. These percentages were the same in 2021 (although the data is not comparable as the list of suppliers audited varies).

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

- A follow-up of the suppliers' 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.

Aernnova contributes to aviation safety (as a design, manufacturing and maintenance organisation) through the product delivered and in operation. The quality and safety of our products is an explicit expectation of all customers as well as consumers and civil aviation safety authorities.

Safety is therefore a management priority (Safety First). Aernnova's Aviation Safety and Quality Policies and the Corporate Management System established on the basis of these policies ensure that the needs and expectations of customers, consumers and authorities are met. Aernnova's Safety Management System (SMS) defines a systemic solution to manage the safety of products in operation through policies, organisational structures, assignment of roles and responsibilities and corresponding work procedures. The commitment of Aernnova's people to the improvement and compliance of the SMS in turn defines the safety culture of the organisation.

Safety is defined as the state in which the risk of harm to people or property associated with the aviation activities of our products is reduced and maintained below an acceptable level through a continuous process of hazard identification and risk management.

The identification and mitigation of Aviation Safety risks is a priority that extends to all products and processes in accordance with the Advanced Quality Planning Model (APQP), which requires the identification of all relevant characteristics and their proportional assurance and control. The Management System thus guarantees the safety of designs prior to their approval and the prevention of products not conforming to such designs in all phases of production and operation until the end of their service life. The Safety and Quality of our products take precedence over 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).

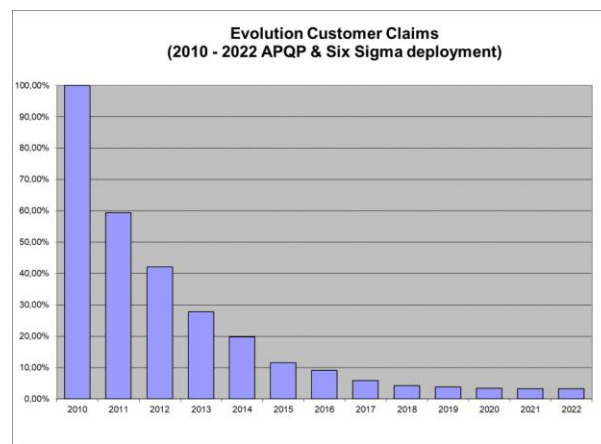
Likewise, in the event of any deviation, the Control System guarantees that it will be detected and that the affected materials are segregated, thus avoiding their unintentional use or confusion with acceptable materials. The Material Review Board (MRB) and Quality Departments, defines the disposition of non-conforming materials and the Quality Department guarantees their scrapping in the event that full compliance with the requirements cannot be restored.

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

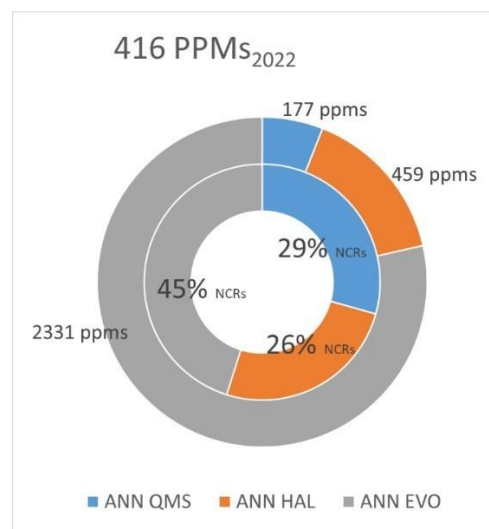
In fiscal year 2022, there has not been any report to the aeronautical authority related to the safety of Aernnova's products by the FRB. In addition, it should be noted that, since the beginning of Aernnova's activity, no accident or incident has been recorded whose root cause is associated with its 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.



The average value of claims per million in the products delivered by the companies in the traditional perimeter of the Management System (AMS) was 177 ppms, 2.2% higher than the value experienced in 2021 (181 ppms), with all these claims being lower. In addition, in 2022 the most recently acquired companies (HAMBLE and EVORA) were included in the corporate metrics, with values of 459 and 2331 ppms respectively, leading to an aggregate result of 416 ppms for the entire group.



<i>PPMs</i>	<i>2021</i>	<i>2022</i>	<i>%</i>
ANN-AMS	181	177	-2,2%
ANN-HAMBLE	487	459	-5,7%
ANN-ÉVORA		2331	-
ANN TOT	269	416	+55%
5 sigma	230	230	

Hamble has improved the level of complaints received by 5.7% in 2022.

Évora currently accounts for 45% of customer complaints. The integration of this company into the Corporate Management System and the deployment of the APQP preventive model in both Évora and Hamble should contribute to a significant improvement in the indicator in the short term, enabling the strategic levels of 230 ppm (5 sigmas) achieved by the rest of the organisation to be recovered.

In 2022 the organisation has maintained the elements of the risk prevention model related to Aviation Safety such as the quarterly publication of the Airworthiness Observatory bulletins and the deployment of AKRIMAS (Aernnova Known Risk Management System), which establishes a mechanism for the application of lessons learned for those processes susceptible to incur the observed failure modes. The model continues to be successfully applied in the prevention of tool marking, controlled torque application, crimping processes and prevention of identification errors.

Control measures have also been reinforced, and prevention measures have been audited with 4% more audits than in the previous year. A total of 55 quality system audits were carried out (21 internal audits, 12 external audits by aeronautical authorities, 17 customer audits and 5 system certification audits by Bureau Veritas). In particular, 4 audits were carried out at the new sites in Portugal, which enabled them to be certified EN9100 by ANN.

In the traditional perimeter of the Aernnova Management System (AMS), the objectives were achieved with a ratio of 0.078 major deviations per audit (better than the objective of 0.1 and the 2021 result of 0.09) and 2.3 minor deviations per audit (better than the objective of 3 and equal to the 2021 figure). This is 23% less deviations than the target defined in the Management Plan. In the case of Évora, these figures are 1.25 and 4.25 respectively.

In accordance with the Quality Policy, the company measures the level of customer satisfaction with a proprietary tool that considers both specific operational performance indicators by customer and programme and surveys. In the 2022 financial year, the customer satisfaction rating reached 91% on a scale of zero to one hundred, covering all phases of the Product Life Cycle (development, series, post-series and end-of-life). The defined objective is being steadily achieved, maintaining satisfaction levels above 90%.

<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>Objetivo</i>
86%	89%	90%	89%	92%	91%	>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
- 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.

Boeing's Gold Supplier recognition signifies Boeing's maintenance of 100% performance in delivering Zero Defect products since the inception of the B787 programme. 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 in changing environments such as the pandemic or the ability to take on the management of new products and workplaces in a very demanding environment of production growth and without affecting operations and customer needs.

5.4. Tax information

Aernnova pays particular attention to complying with its obligation to pay the taxes due in each territory in accordance with the applicable regulations.

In 2022, Aernnova paid taxes totalling Euros 879 thousand, distributed among the several countries in which it operates (Euros 319 thousand in Spain, Euros 556 thousand in the United States and Euros 7 thousand in other countries). In 2021, Aernnova paid taxes totalling Euros 173 thousand,

distributed among the several countries in which it operates (Euros 1,569 thousand refund in Spain, paying taxes amounting to Euros 78 thousand in Mexico, Euros 1,646 thousand in the United States and Euros 17 thousand in other countries).

In 2022, there has been a profit before taxes for an amount of 44,645 thousand euros, of which 57,536 thousand euros correspond to a positive effect in the consolidated income statement as a result of a consolidation adjustment derived from the acquisition of Évora's assets. The profit before taxes is distributed with 61,226 thousand euros in Spain (where all the consolidation adjustment for the acquisition of Évora falls), 5,870 thousand euros in Portugal, 129 thousand euros in Romania and 64 thousand euros to other countries, resulting in 22,644 losses in other countries, of which 14,633 thousand euros occurred in the United Kingdom, 4,571 thousand euros in the USA, 1,544 thousand euros in Brazil, 1,770 thousand euros in Mexico, and 126 thousand euros in China.

Regarding the aforementioned consolidation adjustment, as reflected in the annual accounts of the Company and its consolidated group, once the companies were purchased, a third party was asked to determine the fair value of the assets and liabilities identified in this operation on the acquisition date, resulting in a value higher than the purchase price, which means, in accordance with the criteria established by the international financial reporting standard IFRS 3, increasing the positive result by the difference between fair value and price. Thus, a difference has arisen whose value amounts to 57,536 thousand euros at the exchange rate on the date of the transaction. In short, had this adjustment not been made (which is exclusively due to accounting regulations), Aernnova's result would have been pre-tax losses of 12,891 thousand euros.

In 2021 there were losses before taxes taking into account the aggregate data after the appropriate consolidation adjustments for an amount amounting to 49,290 thousand euros, of these losses corresponding to Spain the amount of 36,554 thousand euros, to Brazil 636 thousand euros, to Mexico 4,414 thousand euros, Romania 416 thousand euros, the 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 were produced in said year in the US and 63 in Switzerland.

With regard to grants, in 2022 Aernnova received operating and capital grants totalling 2,777 thousand euros (amounting to 5,962 thousand euros in 2021).

6. Sustainable Development Goals

6.1. Goals

Aernnova is firmly committed to contributing to the achievement of the Sustainable Development Goals ("SDGs") through its ESG Action Plan. To this end, in 2022 an analysis of the company's strategic priorities and value creation areas was carried out to align them with the SDGs included in the 2030 Agenda for Sustainable Development approved by the United Nations in 2015.

In order to maximize our contribution to the SDGs, the purpose has been defined in coherence with the SDGs that represent Aernnova's values and mission.

Regarding those related to the **environment**, we are committed to incorporating climate action into our business

vision, improving efficiency and promoting safe and sustainable production and aviation to preserve the environment. All this related to the SDGs 9/12/13.

SDG 9: Industry, innovation and infrastructure



SDG 12: Responsible consumption and production



SDG 13: Climate action



Regarding social issues, Aernnova is firmly committed to respecting human and social rights, promoting safe and healthy work and achieving fair wages. Thus, our policies and measures will contribute to compliance with SDGs 3 / 5 / 8 / 10

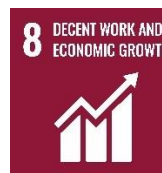
SDG 3: Health and well-being



SDG 5: Gender equality



SDG 8: Decent work and economic growth



SDG 10: Reduction of inequalities



In addition, our goal is to champion integrity and strong corporate governance, in accordance with SDG 16.

SDG 16: Peace, justice and strong institutions



Aligned with these objectives, and with the collaboration of all stakeholders, Aernnova can contribute to mitigating vulnerable situations, creating a better future for all, and protecting the planet. This is embedded in the goal of alliances and partnerships of SDG 17.

SDG 17: Partnership to achieve the goals



In this way, Aernnova's purpose, mission and values are closely related to guarantee a culture of sustainable responsibility with respect to our products, employees, customers and the planet.

6.2. Sustainability Committee

One of the measures adopted to promote these matters is the creation of the Sustainability Committee.

In recent times there has been an increase in sensitivity towards Sustainability-ESG issues and Aernnova has begun to adopt actions in this area.

To develop the sustainability strategy and integrate the priorities with the demands of our interest groups, Aernnova has created a Sustainability Committee, with powers of information, advice and proposals in ESG areas and within the strategy aligned with the SDGs. Its mission is to supervise and propose corporate policies in the fields of Environment, Social and Governance.

For this, its members are a multidisciplinary team, where the key functions of the company are represented, to obtain points of view from multiple angles (General Secretary, Quality and Environment, Business Excellence, Human Resources, Procurement and Supply Chain). The committee meets monthly.

The Sustainability Committee is a body dependent on the Executive Committee. Once approved by the latter, their proposals will be submitted to the Board of Directors, if applicable.

The functions and objectives of the committee include different areas:

STRATEGY: Define and propose the company's sustainability strategy, set specific objectives for each area, with its baseline commitment, time horizon and person responsible.

PROGRESS: Review the evolution with respect to the objectives set, monitor the projects and initiatives and assess their degree of compliance.

REGULATION: Know and analyze the regulatory framework, regulatory requirements, trends in the sector, benchmarking and best practices.

INTEGRATION: Integrate the SDGs into the Sustainability Master Plan, focusing on actions that can generate the greatest positive impact

COMMUNICATION AND REPORTING: Communicate to all Aernnova employees and their Stakeholders relevant aspects of ESG.

6.3. ESG Plan

Aernnova has not been oblivious to the challenges and demands that in terms of sustainability are common to companies in the aeronautical sector, and has been integrating ESG measures into its activities for years.

But also, we want to give a boost and integrate ESG into our business model. To do this, we must reinforce the role of sustainability at all levels, reduce the carbon footprint of our activities, and promote commitment to ESG criteria among employees and our value chain.

In 2022 we have carried out an analysis both internally (reviewing the main areas, and the measures and policies in force) and externally (of the sector in which we operate, our investors, the different regulations, certifying bodies) in order to:

-understand where Aernnova was in terms of sustainability, and what our priorities and ambitions are

-identify the levers that would make us advance in the integration of ESG criteria in our operations.

After this in-depth analysis and in order to align these priorities with what our stakeholders (workers, shareholders, community, customers and suppliers) require of us and thereby contribute to the achievement of the SDGs, Aernnova has established an Action Plan with 9 objectives with respect to ESG, its KPIs and with a time horizon of 2030. These objectives have been approved by the Board of Directors, and communicated to all Aernnova employees.

Each objective has lines of action with their corresponding metrics to evaluate performance.

ENVIRONMENTAL GOALS 2030

- 40% reduction in energy consumption compared to billing. Faced with the challenge that we have proposed to reduce energy consumption with respect to billing by 40%, we need the involvement of everyone for a responsible use of energy, and at the same time, improve processes and detect inefficiencies.

- Reduction of the carbon footprint with respect to billing by 40%, which can be achieved by increasing the use of renewable energy and self-consumption, with the installation of photovoltaic panels.

To this end, training in energy awareness has already begun in 2022 to promote cultural change that makes Aernnova an energetically sustainable and efficient company, betting, for example, on sustainable mobility to reduce the environmental impact of our transport and displacements. This energy efficiency training plan started in November 2022, and has been given to 31 managers, but by 2023 it will be extended to all Aernnova employees, both direct and indirect workforce. Training will be mandatory and biennial.

- 90% of waste recycled compared to that generated. To increase the percentage of recycled waste, the use of recyclable and/or returnable materials in packaging and other auxiliary materials and other actions will be increased, such as the composting of organic waste in rest or dining areas.

SOCIAL OBJECTIVES 2030

- Reduction of the Work Accident Frequency Rate by 40% by 2030. Aernnova has a firm commitment to the health and safety of all employees, and through implementation plans and specific training, we are working to reduce the Rate of Frequency of Work Accidents by 40% by 2030.
- Achieve a minimum percentage of 33% female presence in the new vacant management positions in the period 2023-2030.
- Zero accidents caused by Aernnova products. A key objective of our Quality System is to maintain Zero accidents caused by Aernnova products. For this, as an intrinsic part of the management system, it has tools for the detection and prevention of defects with a risk in air safety. To mention a few, these would be APQP, 6 Sigma program, Akrimas, risk management. Likewise, strengthened assurance mechanisms will be added shortly, in line with the regulation on the Safety Management System.

OBJECTIVES OF GOOD GOVERNANCE 2030

- Compliance by our most relevant suppliers with our code of ethics by 2030. We want to partner with our suppliers to extend our principles to the entire value chain, for which we will require compliance by our most relevant suppliers with our Code of Ethics and we will promote audit systems to monitor its effective compliance.
- Zero tolerance for any breach of the code of ethics or applicable legislation. Aernnova is committed to respecting its Code of Ethics, applicable legislation and industry standards, which is why it requires its employees and other stakeholders to be transparent and fair in the performance of their tasks, complying with the law and the ethical principles of the organization.
- Maintain the Customer Satisfaction indicator above 90, as has been the case in recent years, even reaching 91% in 2021.

In addition to these main objectives, we have defined other lines of action in the short and medium term in the three areas, which we have included in the ESG Development Plan.

Thus, in the area of good governance, we will deploy several policies that are now integrated into the code of ethics, creating a corporate policy on corruption, money laundering and bribery, conflict of interest, and a Human Rights policy. We will review and integrate ESG risks into our Risk Management System. Likewise, we will implement a corporate communication plan for the different interest groups and thus effectively manage the reputation of the company.

In the Social field, we want to develop internal tools to increase internal communication, systematizing satisfaction and climate surveys for all employees. In the specific Health and Safety policy, an ambitious management plan will be included to take care of mental health and well-being.

To improve our management in environmental matters, and to anticipate future regulations, we will carry out an in-depth analysis to assess the climate risks to which we are exposed, as well as their financial impact. This generated by climate change and the company's exposure to transition risks to a more sustainable economy.

We have designed a calendar for evaluating compliance with the actions, which will be monitored in the Sustainability Committee on a monthly basis regarding progress or variations with respect to the initial plan as well as future regulations and standards that may be applicable to us. Aernnova's commitment to sustainability is integrated into the strategy as a guiding principle in decision-making.

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 2022, 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, being published according to the provisions of Law 11/2018, of December 28, on non-financial information and diversity.

Scope of the Information

This NFIS includes information regarding Aernnova's economic, environmental and social performance in 2022 as well as the data compared with 2021.

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

Information on Aernnova's economic, environmental and social performance in 2022 has been included in this NFIS, as well as data compared to 2021. The scope of the companies considered by the group for the purposes of preparing this non-financial report coincides with the definition of Group for the purposes of preparing the consolidated financial statements, with the particularities that, if applicable, are stated in each one of the report.

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.

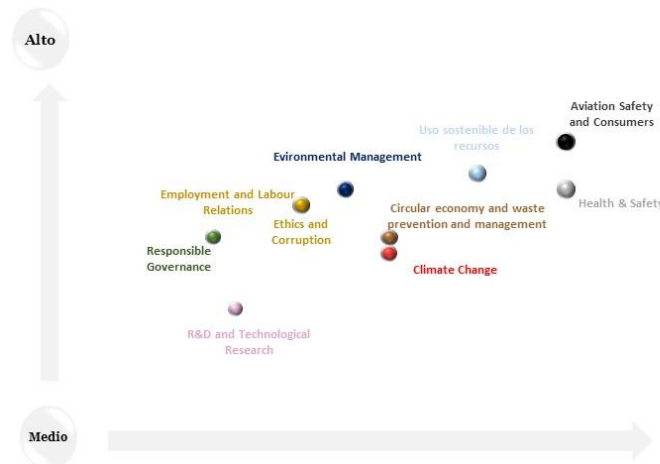
Materiality Analysis⁶

Following the recommendations of the GRI guide, this document includes information on the indicators associated with those aspects that have been determined as material. To achieve this objective, a specific analysis has been prepared that has assessed the key issues, either because of their influence on the assessments and perceptions of interest groups or because they have a direct impact on the success of the strategy in the medium and long term. Specifically, the main activities carried out for this materiality analysis have been the following:

- Meetings with managers and managers of key areas of the Company.
- Material aspects for the sector based on an analysis of the information reported by companies with similar characteristics in terms of social, environmental, labor impacts, etc.
- Identification of requirements of sector

⁶ Aernnova monitors the legal changes that will take place in the coming years, taking a proactive attitude towards their future implementation in matters such as double materiality.

prescribers (GRI, SAASB, etc.). • Analysis of news about the Company and its sector in the last fiscal year. As a result of these actions, the following materiality matrix has been prepared:



After the identification of the material aspects (including their coverage), the necessary information for the preparation of the EINF was compiled based on interviews with those responsible for the main areas of the Company and the review of corporate documentation. Once this data has been received, and the necessary context information for the materiality analysis has been compiled, Aernnova has prepared the final version of this NFIS. In the table of contents that has been included in the following section, readers are indicated in which sections they can find the information related to each of the indicators that Law 11/2018 requires. For those cases in which it has not been possible to cover all the requirements of the GRI guide when reporting a specific indicator, this fact has been revealed in the aforementioned table. Aernnova undertakes to improve its information systems with the aim of including the requested data 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 2-1 Organizational details GRI 2-2 Entities included in the presentation of sustainability reports GRI 2-6 Activities, value chain and other commercial relationships GRI 2-9 Governance structure and composition GRI 2-23 Commitments and policies	3-8	
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 Approach2-23 Commitments and policies GRI 2-24 Incorporation of management of each area of commitments and policies	9-12	
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 3-3 Management of material topics	9-12	
			9-12	

Environmental issues

Scopes		Reporting Framework	Reference	Comments / Reason for omission
Environmental Management	Current and foreseeable effects of the company's activities	GRI 3-3 Management of material topics Internal criterion GRI 201-2 Financial implications and other risks and opportunities derived from climate change (Accounting criterion) GRI 2-23 Commitments and policies	14	
	Environmental assessment or certification procedures		14	
	Resources dedicated to the prevention of environmental risks		14	
	Precautionary Principle or approach		15	
	Amount of provisions and guarantees for environmental risks		15	
Pollution	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 3-3 Management of material topics	15	
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of waste recovery and disposal	GRI 3-3 Management of material topics GRI 306-3 (2020) Waste generated	16	
	Actions to combat food waste	GRI 3-3 Management of material topics	16	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	GRI 3-3 Management of material topics GRI 303-3 Water withdrawal	16-17	

Scopes		Reporting Framework	Reference	Comments / Reason for omission
	Raw material consumption. Measures implemented to improve the efficiency of its use	GRI 3-3 Management of material topics GRI 301-1 Materials used by weight or volume	17	
	Direct and indirect consumption of energy and measures to improve energy efficiency and use of renewable energy	GRI 3-3 Management of material topics 302-1 Energy consumption in the organization	17-18	
Climate change	Important elements of greenhouse gas emissions generated	GRI 3-3 Management of material topics GRI 305-1 Direct emissions (Scope 1) GRI 305-2 Indirect emissions (Scope 2) GRI 305-3 Other indirect GHG emissions (Scope 3)	18-19	
	Measures taken to adapt to the consequences of climate change	GRI 3-3 Management of material topics	19	
	Voluntary reduction targets set	GRI 3-3 Management of material topics	19	
Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 3-3 Management of material topics	20	
	Impacts caused by activities or operations in protected areas		20	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 2-7 Employees GRI 405-1 Diversity of government bodies and employees	20	
	Total number and distribution of employment contract modalities	GRI 2-7 Employees	21	
	Annual average of permanent, temporary and part-time contracts by sex, age and professional category	GRI 2-7 Employees	21	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	GRI 401-1 New employee hires and staff turnover	21	
	Wage gap	Internal framework: the calculation has been made with the following formula: (Average Sal. Women – Average Sal. Men) / Average Sal. Men	22	
	Average remuneration by gender, age and professional category	Internal framework: Average remuneration (includes total remuneration for the year, fixed salary and all variable remunerations (allowances, compensation, payment to savings forecast systems, etc.) obtained during the year	22	
	Average remuneration of directors by gender		22	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		22	
Implementation of labor disconnection policies	GRI 3-3 Management of material topics	23		

Scopes		Reporting framework	Reference	Coments/Reasons for omission
	Employees with disabilities	GRI 405-1 Diversity in governing bodies and employees	27	
Organization at work	Organization of working time	GRI 3-3 Management of material topics	23	
	Number of hours of absenteeism	Internal framework: absenteeism rate	22	
	Measures aimed at facilitating the enjoyment of conciliation and promoting the co-responsible exercise of these by both parents	GRI 3-3 Management of material topics	23	
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 work-related accidents or occupational diseases GRI 403-9 Work-related injuries Frequency rate= No. of accidents with sick leave x 1,000,000/ No. of hours worked (excluding commuting accidents) Severity rate= No. of days lost x 1,000,000/ No. of hours worked (excluding commuting accidents)	23-24	
	Number of occupational accidents and diseases by sex, frequency rate and severity by gender		24	
Social Relations	Organization of social dialogue	GRI 403-1 Representation of workers in formal worker-company health and safety committees	24-25	
	Percentage of employees covered by collective bargaining agreements	GRI 2-30 Collective bargaining agreements	25	
	Balance of collective bargaining agreements, particularly in the field of health and safety at work	GRI 3-3 Management of material topics	25	
	Mechanisms and procedures that the company has to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	GRI 2-29 Approach to stakeholder engagement	25	
Training	Policies implemented in the field of training	GRI 404-2 Programs to improve employee skills and transition assistance programs	25-26	
	Total number of training hours by professional category.	Internal framework: Quantitative information	26	
Equality	Measures implemented to promote equal treatment and opportunities between women and men	GRI 3-3 Management of material topics	26	
	Equality plans, measures adopted to promote employment, protocols against sexual and sexual harassment	GRI 3-3 Management of material topics GRI 2-23 Commitments and policies	26	
	Integration and universal accessibility of people with disabilities	GRI 3-3 Management of material topics	27	
	Policy against all types of discrimination and, where appropriate, diversity management	GRI 3-3 Management of material topics GRI 2-23 Commitments and policies	26	

Information on respect for human rights

Scopes	Reporting framework	Reference	Coments/Reasons for omission
Application of human rights due diligence procedures	GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 3-3 Management of material topics	27	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	GRI 3-3 Management of material topics GRI 2-23 Commitments and policies GRI 2-26 Mechanisms for seeking advice and raising concerns	27	
Complaints for cases of human rights violation	Internal framework: quantitative information on the number of complaints.	27	
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	GRI 3-3 Management of material issues GRI 2-23 Commitments and policies	25 27	

Information regarding the fight against corruption and bribery

Scopes	Reporting framework	Reference	Comments/Reasons for omission
Measures taken to prevent corruption and bribery	GRI 2-25 Processes to remedy negative impacts	13	
Measures against money laundering	GRI 2-23 Commitments and policies	13	
Contributions to foundations and non-profit entities	GRI 2-26 Mechanisms for seeking advice and raising concerns	13	

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	GRI 3-3 Management of material topics	27-29
	Impact of society's activity on local populations and on the territory	GRI 3-3 Management of material topics	27-29
	Relations maintained with the actors of the local communities and the modalities of dialogue with them	GRI 3-3 Management of material topics	27-29
	Actions of membership of associations	GRI 3-3 Management of material topics GRI 2-28 Membership of associations Internal framework: description of the association or sponsorship actions.	28

Subcontracting and suppliers	Inclusion in procurement policy of social, gender equality and environmental issues	GRI 3-3 Management of material topics GRI 2-6 Activities, value chain and other commercial relationships GRI 2-24 Incorporation of commitments and policies	29	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility		29	
	Supervision systems and audits and their results		29	
Consumers	Measures for consumer health and safety	GRI 3-3 Management of material topics	30	
	Claim systems	GRI 2-16 Communication of critical concerns GRI 2-25 Processes to remedy negative impacts	30-31	
	Complaints received and their resolution	GRI 2-25 Processes to remedy negative impacts Internal framework: information on complaints and opportunities for improvement	31	
Tax information	Benefits obtained country by country	GRI 207-4 Country-by-country reporting	32	
	Taxes paid over the previous year	GRI 207-4 Country-by-country reporting	31-32	
	Financial assistance received from government	GRI 207-4 Country-by-country reporting	32	