ESG Report 2023

ITP Aero

ITP Aero Group - ESG Report 2023

Includes the information prescribed by Law 11/2018 of 28th December regarding non-financial and diversity information referred to as **"STATEMENT OF NON-FINANCIAL INFORMATION"** which must accompany the Annual Accounts and Consolidated Management Report of the company **Bain Propulsión Bidco, S.L.** and its subsidiaries **(ITP Aero Group)**.

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Bain Propulsión Bidco, S.L.:

Pursuant to article 49 of the Code of Commerce, we have verified , with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2023 of Bain Propulsión Bidco, S.L. (Parent company) and subsidiaries (hereinafter "Grupo ITP Aero" or the Group) which forms part of the Grupo ITP Aero's consolidated management report.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in Grupo ITP Aero's consolidated management report and the content thereof, are the responsibility of the directors of Bain Propulsión Bidco, S.L. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the *Sustainability Reporting Standards* of the *Global Reporting Initiative* ("GRI Standards") selected as per the details provided for each matter in the section "Table of GRI Indicators " of the aforementioned Statement.

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

The directors of Bain Propulsión Bidco, S.L. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality management

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

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed solely in relation to the year 2023. The data relating to previous years were not subject to verification in accordance with current mercantile legislation. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

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

- Meetings with the Bain Propulsión Bidco, S.L. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2023, based on the materiality analysis carried out by Grupo ITP Aero and described in section "Materiality Analysis", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2023.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2023.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2023 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Bain Propulsión Bidco, S.L. and its subsidiaries

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of Bain Propulsión Bidco, S.L. and its subsidiaries, for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of GRI selected as per the details provided for each matter in the section "Table of GRI Indicators " of the aforementioned Statement.

Use and distribution

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

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Ramón Abella

21 March 2024

C O N T E N T

01 About ITP Aero

02 ESG Commitment

03 E - Environmental and climate change

04 S - Social

05 G - Governance

06 Table of non-financial indicators

07 Table of GRI indicators

08 Global Compact / SDGs Table

01

About ITP Aero Group

1.1. Letter from Eva Azoulay, CEO of ITP Aero Group

1.2. Strategy, purpose and values

1.3. The Company

1.4. Milestones 2023

1.5. Ratings and awards

1.1. Letter from Eva Azoulay, CEO of ITP Aero Group

Dear Stakeholders,

I am delighted to have this opportunity to lead ITP Aero Group as its new CEO and to do so hand in hand with an incredibly talented leadership team. In 2023, we achieved significant growth despite global challenges and delivered on our goals and surpassed expectations.

As we enter this new era as a leading independent global aerospace and defence organization following the acquisition by Bain Capital in 2022, we felt it was the right time to strengthen and refresh our strategic purpose to reflect our evolving mandate and aspirations for the future!

Today, I am thrilled to share with you our new strategic purpose that will propel us into a future full of opportunities for continued growth, innovation, and sustainability improvements.

Together, find better ways to power flight and keep its magic alive!

Each word matters as it brings the heart of ITP with its ambition for the future. It is not just about what we do; it is about why we do it. It also encapsulates our four strategic drivers, Future-Flights Technologies, Lifecycle Propulsions Services, Smart Delivery at Scale and Privileged Partnerships establishing our key focus areas. With this strategic purpose as our compass, we have crafted our strategic plan ITP 2027 that is bold, innovative, and forward thinking which will be released in 2024. It builds upon our strengths and drives us in to new arenas leveraging emerging trends in aviation to position us at the forefront of our industry and ensures the alignment of our more than 5000 talented employees in Spain, Mexico, the UK, Malta, India and the US who make ITP Aero the extraordinary organization that it is today.

For ITP Aero the expertise and unwavering commitment to excellence of our teams worldwide are what has resulted in an Employee Net promoter score in the top quartile of the industrial sector. We continue to launch numerous initiatives to enable our employees to be their best selves, but this is a journey that never ends, and continued focus especially on diversity, equity and inclusion is key to attracting the best talent and creating a high performing team. In 2023 our team grew by 11% and we continue to grow to meet our customer commitments. Diversity of thought, skill, experience, pay equity and a workplace free of biases that values the differences we all bring is the goal towards which we are striving.

2023 was also a year focused on expansion and technological advancement. As part of that goal, we launched our global technology and industrial roadmap to accelerate our growth trajectory. We made record levels of investment to launch numerous new projects and initiatives, including the construction of ADMIRE (ADvance Manufacturing aeRospace centEr), a new advanced manufacturing R&D center, which will be fully operational by the end of 2024, and investments in ITP Aero's Casting facilities both in Barakaldo, Spain and Queretaro, México.

Also, in line with our strategic objectives, in the last quarter of the year we announced the acquisition of BP Aero, a leading provider of aero engine aftermarket services based in Irving, Texas, USA. This is ITP Aero's first MRO acquisition in the United States and is one of the strategic investments we are making to strengthen our MRO capabilities and global reach.

As an industry we have a demanding challenge to deliver to our commitment of achieving net-zero climate impact by 2050. As you read our ESG report we hope to demonstrate that our strategic plan is underpinned by a commitment to sustainability. In line with this commitment, last year we launched R&D projects on electric and hydrogen propulsion that will lead to the development of disruptive technologies on the path to decarbonisation. In addition, for the first time we completed the assessment, and were awarded the 'Gold Medal' in the EcoVadis Sustainability Rating, placing us in the top 5% of companies rated by the organisation. This is a very important achievement for us, it demonstrates that our efforts are delivering results and that we are on the right track to make a difference for today and for the future.

By embedding sustainability into everything we do, through the whole product lifecycle, we are convinced we will create long term value for our stakeholders and contribute to a more sustainable aviation industry.

Thank you for taking the time to read the ITP Aero Group's 2023 ESG Report. We have prepared this report, adapting its content to the requirements of the Non-Financial Information and Diversity Reporting Act and following the guidelines of the Global Reporting Initiative (GRI) standard, in order to share with our stakeholder's relevant information on the social, economic and environmental impact of our activities.

Eva Azoulay,
CEO of ITP Aero Group.

1.2. Strategy, purpose and values

In 2023, ITP Aero Group (Bain Propulsión Bidco S.L. and subsidiaries) launched its ITP 2027 Strategic Plan. As part of the plan, the Group has defined its new Purpose: *"Together, find better ways to power flight to keep its magic alive"*.

Together, because we believe that collaboration is the key to innovation and progress, both within ITP Aero Group and with our partners, and engines are made through collaboration.

Find better, because this is an engineering effort. It requires work, knowledge, and innovation. As a company, we are relentless in the search for better answers to the challenges aviation faces.

Ways to power flight, because we create complete solutions, not just products and focus on aerospace propulsion.

And to keep its magic alive, because powered flight is a miraculous engineering feat. It keeps us safe, connects us, allows us to explore, learn and enjoy. But in this era, it faces three key challenges: Cost, environmental impact and the need to be safer every day and we will strive to keep the magic of flight as part of the solution.

The ITP Aero Group's Purpose is based on the impact the company wants to have on its customers and society and responds to its ambition for growth, which differentiates it from its competitors, defines the market in which it operates and highlights the challenging aspect of the Strategic Plan.

In addition, the ITP2027 Strategic Plan also includes the four strategic drivers on which the ITP Aero Group will focus over the coming years, framed in a phase of intense growth and challenging international expansion. The four drivers are: Future Flight Technologies, Lifecycle Propulsion Services, Smart Delivery at Scale and More Privileged Partnerships, supported by a People and an ESG Strategy.

The Strategic Plan also includes the four Behaviours that will be the benchmark for all employees in the Group: Love the challenge, Bring others in, Make the call and Be excellent together. These behaviours enhance how ITP Aero Group operates today and enable where it is heading.

1.3. The Company

Bain Propulsión Bidco S.L., with registered office in Zamudio, Vizcaya, Technological Park, Building 300, Postal Code 48170, is the parent company of the **ITP Aero Group**. This company has 19 subsidiaries domiciled in the following countries: Spain, Mexico, United Kingdom, United States of America, Malta and India. All the companies of the ITP Aero Group operate under the brand name "ITP Aero".

ITP Aero Group is at the forefront of the most revolutionary advances in aero propulsion. Its commitment to R&D has positioned it as a world leader in aeronautical propulsion and a trusted partner in the most efficient aero engine programmes currently in service and it is involved in all phases of the product life cycle, from the design phase through to support and maintenance. Since its foundation in 1989, the ITP Aero Group has grown to become an international reference for its partners and customers. Today, under the shareholding led by Bain Capital, it is an independent global group, focused on its industrial and technological growth plan, expanding its facilities and its global industrial footprint, in commercial aviation, defence and maintenance markets.

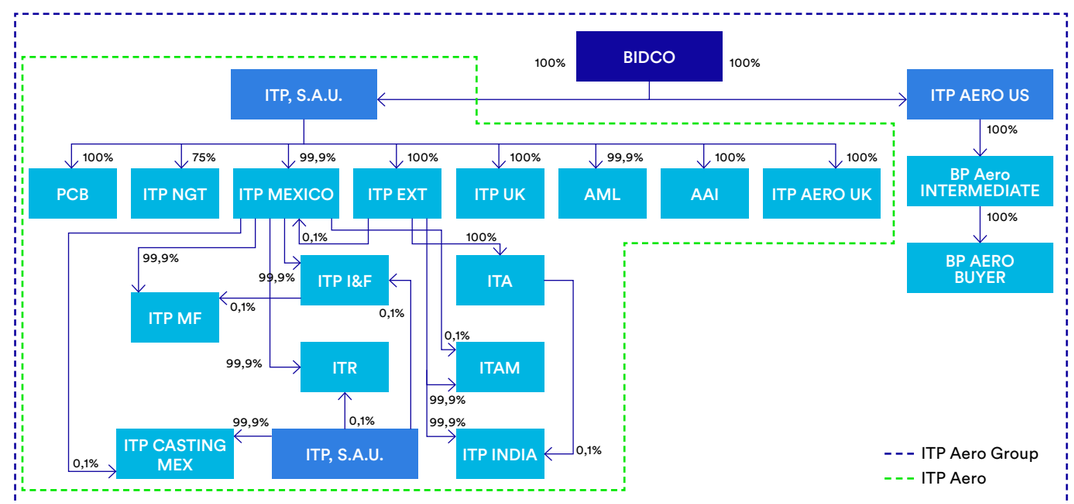
This 2023 ESG Report is the first for the company Bain Propulsión Bidco S.L. (hereinafter referred to as BIDCO), parent company of the ITP Aero Group. Until 2022, the ESG Report was related to ITP Aero, which corresponds to the company ITP, SAU and its subsidiaries.

This change is purely for organisational purposes, as BIDCO's activities in 2023 correspond almost exclusively to ITP Aero's activities.

To facilitate the understanding of this report and for the sake of comparability and transparency, given the change in scope with respect to the 2022 ESG Report, the following terms are used henceforth:

- The ITP Aero Group or Group: refers to the perimeter of the company Bain Propulsión Bidco S.L. and the consolidation of its subsidiaries.
- ITP Aero: refers to the perimeter of ITP SAU consolidated with its subsidiaries.
- When mentioning any specific company within the Group, the following nomenclature is used.

CORPORATE STRUCTURE



Companies		Location
BIDCO	BAIN PROPULSIÓN BIDCO, S.L.	Spain
ITP, SAU	INDUSTRIA DE TURBO PROPULSORES, S.A.U.	Spain
PCB	PRECISION CASTING BILBAO, S.A.U.	Spain
ITP NGT	ITP NEXT GENERATION TURBINES, S.L.U.	Spain
ITP EXT	ITP EXTERNALS, S.L.U.	Spain
ITA	INDUSTRIA DE TUBERÍAS AERONÁUTICAS, S.A.U.	Spain
ITP I&F	ITP INGENIERÍA & FABRICACIÓN, S.A. de C.V.	Mexico
ITP MF	ITP MEXICO FABRICACIÓN, S.A. de C.V.	Mexico
ITP MEXICO	ITP MEXICO, S.A. de C.V.	Mexico
ITAM	INDUSTRIA DE TUBERÍAS AERONÁUTICAS MÉXICO, S.A. de C.V.	Mexico
ITR	TURBORREACTORES, S.A. de C.V.	Mexico
ITP CASTINGS MEX	ITP CASTING MEXICO, S.A. de C.V.	Mexico
ITP UK	ITP ENGINES UK LTD	United Kingdom
ITP INDIA	ITP EXTERNALS INDIA PRIVATE LTD	India
AAI[1]	AEROMARITIME AMERICA Inc.	United States
AML	AEROMARITIME MEDITERRANEAN LTD.	Malta
ITP AERO UK	ITP AERO UK LTD.	United Kingdom
ITP Aero US[2]	ITP AERO US, INC	United States
BP Aero Intermediate[2]	BP AERO INTERMEDIATE, LLC	United States
BP Aero Buyer[2]	BP AERO BUYER, LLC	United States

[1] Non-active company.
[2] Instrumental companies.

Commercial aviation

The ITP Aero Group develops a broad product portfolio with six main product lines: turbines, compressors, nozzles, structures, externals and aerostructures and combustors.

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

In this regard, the ITP Aero Group has played a key role in shaping the market's most efficient engine programmes and is steadily advancing towards further diversification of its customer portfolio. It currently participates in all segments of commercial aviation: twin-aisle, single-aisle, regional and business aviation.

Within the single-aisle segment, ITP Aero Group participates as a Risk and Revenue Sharing Partner (RRSP) in Pratt & Whitney's GTF™ engine programmes, the quietest, most environmentally friendly and most efficient single-aisle engine family, with more than 1,300 aircraft in service and more than 15 million engine flight hours to date. In addition, this engine family offers cutting-edge sustainability benefits, such as up to 75% reduction in noise footprint, up to 50% reduction in NOx emissions and up to 20% reduction in CO_2 emissions.

In twin-aisle segment, ITP Aero Group is also a Risk and Revenue Partner for the entire Rolls-Royce Trent engine family, a long-standing collaboration between the two companies that began more than 30 years ago. As a result, the Group's turbines power more than half of the world's twin-aisle aircraft. With respect to future engines, the ITP Aero Group has designed, manufactured, assembled and delivered the first intermediate pressure turbine for Rolls-Royce's UltraFan demonstrator, which successfully completed its initial bench tests in 2023 with 100% sustainable aviation fuel. UltraFan will enable a substantial reduction in fuel consumption of 25% compared to first-generation Trent engines and 10% compared to other recent models. Additionally, in 2023 the milestone of the first transatlantic flight using 100% sustainable aviation fuel by a commercial airline using Trent 1000 engines was achieved.

In the business aviation sector, the ITP Aero Group is responsible for the design, development, production, assembly and maintenance of the low-pressure compressor and inter-turbine structures of the PW800 engine. In 2023, the milestone of completing a transatlantic flight with PW800 engines using sustainable aviation fuel was achieved.

Similarly, the ITP Aero Group is a risk and revenue partner in Honeywell's HTF7000 engine family, where it is responsible for the production of low-pressure turbine components and the outlet structure.

In addition, it participates in the two most relevant gas turbine programmes for industrial and marine applications in the market: GE's LMS100, LM2500 and Stella.

Defence

In the Defence segment, ITP Aero is an Original Equipment Manufacturer (OEM) in the main European consortia, participating in the design, development, production, certification, service support and maintenance of the programmes:

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

In addition, the ITP Aero Group is the Spanish leader of the engine pillar that will propel the new NGF (New Generation Fighter) aircraft within the European FCAS/NGWS (Future Combat Air System / Next Generation Weapon System) programme. This programme is a strategic project for the Group and is in a stage of intense research and development work into new generation technologies.

For the ITP Aero Group, it is a key mandate to coordinate the Spanish industry, national technology centres and universities for the development of strategic and transversal industrial and technological capabilities in propulsion, in line with the interests of the Ministry of Defence. At least 30% of all technology development work is carried out leveraging this entire value chain. Therefore, this is the most ambitious technology development project with the greatest impact on the national technological ecosystem led by the ITP Aero Group, which is expected to transform the technological and industrial map of propulsion in Spain, creating a strong and stable national ecosystem.

MRO (Maintenance, Repair and Overhaul)

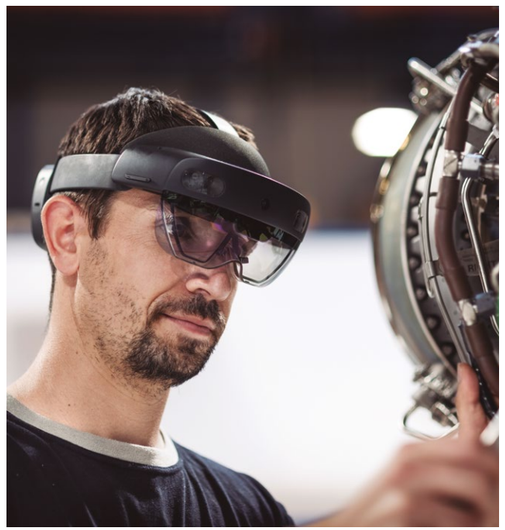
ITP Aero Group offers a wide range of customised solutions and services that go beyond traditional MRO (Maintenance, Repair and Overhaul) for commercial aviation, defence and industrial customers.

It is certified by leading engine manufacturers (Original Equipment Manufacturers OEMs) such as General Electric, Pratt & Whitney Canada, Honeywell, Rolls-Royce and Safran, as well as by major civil and military aviation authorities globally.

The Group provides support to more than 80 operators in 40 countries across 5 continents in both fixed-wing and rotary-wing engines. In addition, the ITP Aero Group has a portfolio of licences serving both the Spanish air forces and para-public entities, foreign customers and helicopter operators, and has a wide range of in-house repair capabilities.

In 2023, ITP Aero Group has started testing GE CT7-8F5 engines using a blend of sustainable aviation fuel (SAF) with conventional aviation fuel.

In Spain, the Group is a reference partner and leader in the maintenance of aeronautical engines for the Armed Forces, contributing to the operability of the fleets and the effective and safe execution of their missions.



1.4. 2023 Milestones

Eva Azoulay, new CEO of ITP Aero Group

In 2023, ITP SAU Board of Directors appointed Eva Azoulay as the new CEO of ITP Aero Group. Eva Azoulay has more than 25 years of experience in the aerospace and defence sector, having held various senior positions at the engine manufacturer Pratt & Whitney. Her vision of the industry, her strategic and commercial experience and her global outreach strengthen ITP Aero Group's ability to grow on a global scale as a leading player in the aerospace sector.

Carlos Alzola was also appointed Managing Director by ITP SAU Board of Directors. In this new role he leads the Defence, Operations, Engineering and Supply Chain units, which are key to the business at a time of intense growth. Javier Lázaro, the Group's Chief Financial Officer, also joined the Board of Directors of ITP SAU in 2023.

Global technological and industrial growth plan

In 2023, ITP Aero Group launched an overall technological and industrial growth plan. Its objective is to strengthen its leadership as an independent company in the global aeronautics market, increasing its production capacities, global industrial footprint and its proprietary technological development capabilities, to lead the shift towards a more sustainable aeronautics sector.

In doing so, ITP Aero Group is accelerating its growth trajectory, with record levels of investment and the launch of several initiatives to bring about growth.

These include a new R&D centre, which is dedicated to carrying out research in advanced manufacturing technology. The ADMIRE centre (Advance Manufacturing Aerospace Centre), benefited from an investment of 24 million euros. Designed to the highest standards of sustainability, this new R&D facility will focus on the digital and advanced manufacturing technologies needed to manufacture the products requested by the aircraft engine market, in line with ITP Aero Group's commitment to sustainable aviation.

Leading the Spanish consortium that will develop the use of hydrogen in aeronautical propulsion

In 2023, ITP Aero Group announced the launch of the R&D project it leads called "Cryogenics, Fuel Cells and Hydrogen Combustion in Air Transport" (CRIPICOM). This is to develop hydrogen propulsion technology in Spain. The first bench tests are scheduled for 2026.

An investment of 12 million euros has been made in this project, involving companies, technological centres as well as Spanish universities. The project is part of the Aeronautical Technological Plan, managed by the Spanish Centre for Technological Development and Innovation, (CDTI).

Leading R&D projects focused on electric propulsion systems

In 2023, ITP Aero Group made an announcement regarding two R&D projects the company leads to develop electric propulsion systems for urban and regional mobility. With a total budget of 13 million euros, these will be the first propulsion systems of this kind made in Spain.

ITP Aero Group is committed to the development of disruptive technologies that can bring about more sustainable air transport systems. With the aim of integrating the entire system, the Group aims to put in place five different variants of propulsion systems. These systems are to have a very wide range of power, ranging from 60 to 600 kilowatts. These zero-emission electric propulsion systems will be used for urban and intercity mobility applications, such as aerotaxis.

Thanks to a collaborative effort between the public and private sectors, both projects are in the development phase. In particular, the first project, which is named "Aperturas", is supported by the Spanish Centre for Technological Development and Innovation, (CDTI). This is through the "Aeronautical Technology Programme" within the framework of the Recovery, Transformation and Resilience Plan. The second project, which is named Preludio, is supported by the business R&D support programme, Hazitek, from the Basque Government.

ITP Aero Group becomes majority shareholder of BP Aero

In the last quarter of the year, ITP Aero Group signed an agreement to become the majority shareholder in BP Aero. This company is a leading provider of aircraft engine aftermarket services. Founded in 2008, BP Aero has become a leading provider of engine component repairs, hospital shop visits and engine disassembly. The company employs over 200 people and is based in Irving, Texas, which is a strategic aviation hub. ITP Aero Group will continue to invest in BP Aero to further evolve its capabilities in the coming years.

For ITP Aero, this acquisition is part of its global MRO strategy and development of aftermarket capabilities in some of the more important engine platforms currently in operation, a key area of strategic focus for the Group. Furthermore, BP Aero has become the first centre of the Group in the United States, an important area of growth.

The transaction was completed in February 2024.

ITP Aero receives the DOF designation by Pratt & Whitney Canada for PW200 engines

Pratt & Whitney Canada has appointed ITP Aero as a Designated Overhaul Facility (DOF) for the maintenance, repair and overhaul of PW200 engines at ITP Aero's facilities in Albacete, Spain. This marks an important milestone for the Group, as it expands its portfolio of maintenance, repair, and overhaul services.

The PW200 engine family is the preferred choice for the new generation of light twin-engine helicopters and has taken the lion's share of global sales over its competitors. This is as a result of its unprecedented levels of reliability and economy. The engine is used in a wide variety of missions, including emergency medical services, security and defence, public services, business, and other operations.

Testing of GE Aerospace CT7-8F5 engines with SAF

During 2023, at its Albacete facilities (Spain), ITP Aero Group successfully completed the first tests on GE Aerospace's CT7-8F5 engines, which power the Spanish Ministry of Defence's NH-90 helicopters, using a blend of sustainable aviation fuel (SAF) with conventional aviation fuel. In addition, ITP Aero Group committed to using SAF in all GE CT7 engine tests. This milestone is a further step towards the company's commitment to continue to advance in the use of SAF.

25th Anniversary of ITP Aero in Mexico

The Governor of Querétaro, Mauricio Kuri, and the Managing Director of ITP Aero, Carlos Alzola, led the ceremony to celebrate the 25th anniversary of ITP Aero Group's plant in Querétaro (Mexico). ITP Aero set up in Querétaro in 1998, becoming the first aeronautical company in the State to do so. Since then, ITP Aero's facilities have grown steadily, evolving from offering engine maintenance services to design and manufacturing capabilities for aeronautical turbine components.

84% participation rate in the global survey "Building ITP Aero 2023 Together"

Last year, ITP Aero Group launched "Building ITP Aero 2023 Together". This is a global survey aimed at all employees to capture their opinions on relevant aspects that make a difference in high performance companies.

A total of 4,046 people took part in the survey, 84% of the total workforce, which is the highest response ever obtained in a global survey of the Group.

Conducted entirely online in all countries where ITP Aero Group was present at the time, Spain, the United Kingdom, Mexico, Malta, and India, the survey focused on 3 main areas, these were: Our Culture, Commitment to Sustainability and Employee Experience.

1.5. Ratings and awards[1]

1.5.1. Ratings

In 2023, ITP Aero obtained a "Gold Medal" in the EcoVadis Sustainability Rating, with a score of 71. This places it in the top 5% of companies rated by EcoVadis. More information about this rating is available in the ESG Commitment section.

In addition, ITP Aero obtained a "B" rating in the CDP Climate Change assessment. This is a global non-profit organisation whose environmental rating process is widely recognised as the "gold standard" for corporate environmental transparency with a focus placed on climate change. More information about this rating is available in the ESG Commitment section.

1.5.2. Awards

ITP Aero Group's centre in Querétaro (Mexico) was recognised as the "Most Improved Supplier" in 2023 at Honeywell's Supplier Summit held in Chihuahua.

Furthermore, the ITP Aero Group won the Expansion Award for Innovation in the domain of Human Resources for the "Feedback Community" project.

[1] The ratings, awards and certifications are differentiated by the perimeter of companies to which they correspond, so that in some cases it may be noted that reference is made to ITP Aero and not to the Group.

02

ESG Commitment

2.1. ESG at ITP Aero Group

2.2. Materiality Analysis

2.1. ESG at ITP Aero Group

ESG (Environmental, Social and Governance) refers to the three fundamental pillars that determine a company's sustainability, encompassing the integrated management of economic, environmental, social, and good governance aspects.

In ITP Aero Group's strategy, the company firmly embodies and integrates its commitment to sustainable development. We recognise the importance of sustainability for our stakeholders in addition to its fundamental role for the aviation industry. We have incorporated ESG aspects into our corporate strategy, in line with ITP Aero Group's purpose: "Together, find better ways to power flight and keep its magic alive!".

Being aware of the challenges facing our industry and their impact, ITP Aero Group wants to be part of the solution and lead by example. To fulfil this commitment, in 2023 the Group has outlined its ESG strategy, based on the ESG model linked to the Sustainable Development Goals (SDGs) and the materiality matrix, identifying priorities in which to progress in the coming years and defining specific targets to achieve this end.

2.1.1. Our ESG Model

The ITP Aero Group's ESG model is based on **6 pillars**: products, operations, supply chain, local communities, people, and governance, which represent the drivers that the company aims to transform, aligned with 13 of the 17 **Sustainable Development Goals (SDGs)**. It also includes the **15 elements** that are relevant in terms of ESG for the Group, defined by taking into account our characteristics, those of the sector, size, activities and sites where we operate, among other aspects.

The ITP Aero Group ESG model is shown below.

This model was developed in 2022 through a multidisciplinary working group set up by the Executive Committee, with the support of the ITP SAU's Board of Directors.

Once defined, a materiality analysis was carried out based on the relevance that the 15 ESG elements had for the Group and its stakeholders. As a result of this, a consultation was launched with key stakeholders, as described in the Materiality Analysis section.

2.1.2. ESG Governance

ITP Aero Group's Governance Framework is continuously being refined, to ensure that the appropriate functionality and effectiveness of its policies, processes, procedures, risk management and compliance mechanisms, are adapted to the Group's reality. The Code of Conduct and associated policies, as well as the Code of Conduct for Suppliers, summarise the essence of the principles to which the ITP Aero Group is committed, and which have been approved by the Board of Directors.

Specifically in 2023, to provide the desired ESG focus within the Group's management, the governance of ESG aspects was significantly strengthened, under the leadership of the Executive Committee and shareholders, with the following milestones:

- Including ESG within the Group's priorities and objectives for 2023.

ESG was identified as a priority for 2023 and the definition of the ESG strategy and agenda for the coming years was earmarked as a global Group objective. Fulfilling these objectives affects the variable remuneration for the year.

In terms of its implementation, ESG was identified as one of the relevant transformation projects in 2023. As such, ESG is part of the ITP Aero Group's Value Creation Plan and is subject to the monitoring and governance defined for this plan by the Executive Committee and other decision-making forums involving senior management and shareholders.

- The creation of an Executive Directorate of Strategy and Sustainability within the ITP Aero Group, which is part of the Group CEO's top management.

The creation of an ESG organisational unit, led by the Head of ESG and within the Executive Directorate of Strategy and Sustainability.

The ESG function leads the definition and implementation of the ESG Strategy, working with those responsible for each of the ESG elements, according to the defined governance model.

- Definition of the ESG governance model based on *workstreams*.

At the global level, ESG focus areas within the ITP Group are governed through fourteen workstreams, which address the risks and opportunities arising from all ESG elements. The teams responsible for Environment, Property, Engineering and Technology, Labour and Human Rights, Talent and Culture, Health and Safety, Local Communities, Ethics and Compliance, Corporate Governance, Security (physical and cybersecurity), Risk and Strategy are involved.

As part of the model, activities, responsibilities, and accountabilities were defined for each of the roles underpinning it. Each workstream has a sponsor, who is a member of the Executive Committee and an accountable lead. In addition, there may be other area managers, who oversee the various initiatives which are part of the *workstreams*.

This model is also used to develop ITP Aero Group's ESG Plan, which aims to implement the strategy. This model further ensures that all ESG elements are addressed, and that there is alignment with the Group's Purpose as well as consistency in terms of how objectives, action plans, priorities and other aspects are put in place.

Furthermore, ITP Aero Group's governance mechanisms ensure that each of the ESG elements are managed by the responsible function in the various decision-making forums such as the Net Zero, Energy, Safety, Environment, People, Health and Safety, Compliance or Security committees, among others. The first Supply Chain ESG Committee was held in 2023.

In addition, the risks relating to the various ESG elements are managed in accordance with the Corporate Risk Management process, which is described in the corresponding section. In 2023, the risks relating to the ESG function were identified and assessed following this process.

- Definition of the ESG strategy for the coming years.

As part of the Corporate Strategic Planning process, the definition of the Company's new purpose and strategy for the coming years was carried out in 2023. In December 2023, purpose, and strategy, including the ESG strategy, were defined by the Executive Committee and approved by the ITP SAU Board of Directors.

- Updating the Code of Conduct and Global Policies.

In 2023, the scope of the Global Policies and the Code of Conduct were revised to emphasize and strengthen aspects related to climate change. All these documents were approved by the BIDCO Board of Directors in December 2023 and are applicable within the perimeter of the ITP Aero Group.

2.1.3. ESG Commitment and Strategy

During 2023, the ITP Aero Group approved its **ESG Strategy 2027**, which is part of the Group's strategy and puts into practice its commitments to a more sustainable future, protecting the environment, with a positive impact on society and exercising proper governance.

In line with the Company's Purpose and the ITP Aero Group's ambition to become a leading model in terms of sustainability, the ESG strategy is based on 10 strategic action lines:

- **Environment:** Decarbonise our industry and reduce our overall environmental footprint leading by example.

  1. Develop ITP Aero's Net Zero Plan to reduce the CO_2 emissions produced directly or indirectly by our operations and products, defining near and long-term targets.

  2. Improve ITP Aero's products and services, develop sustainable future-flight technologies and endorse sustainable aviation fuels (SAF) to contribute to a sustainable aerospace industry.

  3. Actively collaborate in regional, national and international industry initiatives focused on reducing air transport emissions and developing sustainable future-flight technologies together.

  4. Develop internal operations and activities in a responsible manner, seeking efficiency and defining targets to protect the environment.

- **Social:** Be a great place to work, ensuring equal opportunities and a positive contribution to the communities in which we operate.

  5. Create a safe working environment and working conditions that ensure equal opportunities and the professional and personal development of all employees.

  6. Contribute to communities to achieve a positive development and growth of these communities.

- **Governance:** Act ethically and responsibly, following best practices internally and through the supply chain.

  7. Ensure that ITP Aero Group complies with regulations and follows international best practices in Ethics, compliance, transparency and good governance.

  8. Work together with our external supply chain to foster a sustainable value chain.

- **ESG:** Be a reliable top sustainability aerospace company.

  9. Obtain ESG ratings for ITP Aero Group and be positioned as a top sustainability aerospace company.

  10. Ensure that ITP Aero Group acts with transparency with the stakeholders and follows international best practices in reporting.

ESG Priorities and Strategic Objectives

Taking into account materiality, the sector's challenges, its commitments and the ten strategic action lines, which form part of its ESG strategy, in 2023 the ITP Aero Group outlined its priorities and objectives for the coming years.

PRIORITIES	ESG STRATEGIC OBJECTIVES
ENVIRONMENT	
Climate Change: CO_2 Emissions	• Reduce absolute Scope 1 and 2 GHGs emissions by 65% in 2030 vs 2019 baseline [1, 7] • Reduce GHGs emissions from commercial aviation scope 3 – category 11 Use of Products Sold – by 30% per ASK (Available Seat Kilometres) in 2030 vs 2019 baseline. [1, 2, 7] • Reduce Scope 1, 2 and 3 GHGs emissions by 90% in 2050 vs 2019 baseline. [7]
Climate Change: Product Innovation	• Define ITP Aero's methodology / criteria to measure R&T and R&D across more sustainable programmes, new sustainable technologies (hybrid-electric, hydrogen...) and the environmental efficiency of our products. Calculate baseline and set targets in 2024.
Environmental Impact	• Reduce waste directed to disposal rate by 15% by 2030. 2022 Baseline: 20%. [3, 7] • Analyse the impact of growth by 2027 on waste generation per site and define reduction targets in 2024. • Perform a water withdrawal audit, calculate the baseline, and define targets related to water in 2024.
SOCIAL	
Diversity, Equity, and Inclusion (DEI)	• Achieve 25% of women at all levels of leadership by 2027. 2022 Baseline: 22.9%. [7] • Perform a diversity, equity and inclusion maturity assessment and define and launch a DEI improvement Plan in 2024.
Employee Engagement	• Sustain an excellent Employee Net Promoter Score by 2027. [4]
Health and Safety	• H&S system with 100% coverage by 2025. [5] • Reduce rate of incidence (TRIR) to 0.34 by 2027. [6] 2022 Baseline: 0.47 [7]
Positive impact on the community	• Update the Social Investment Policy, the Strategy on Local Communities and define implementation targets for the period 2024-2027.
GOVERNANCE	
Corporate Governance	• Define a plan to implement the Corporate Governance Strategy for the period 2024-2027.
Integrity and compliance. Anti-corruption	• Ethics and Compliance system with 100% coverage by 2024. • Compliance management system certified in all material sites: ITP Aero UK in 2025, 3 years for any other material site.
Sustainable Procurement	• Define criteria to assess the supply chain regarding ESG aspects, as well as the sustainable procurement strategy and operating model to be implemented by 2027. • Adherence to the Code of Conduct for partners.
ESG	
ESG Rating	• EcoVadis: Achieve a platinum medal in 2025. 2023 baseline: 71/100, gold medal [7] • CDP Climate Change: 1st assessment in 2023, define improvement plan and target in 2024. • Obtain a third rating in 2024.
Reporting and Transparency	• Continuous adaptation of sustainability reporting in accordance with recognised standards and best practices.

[1] 2030 targets submitted to SBTi in 2023, subject to validation by this entity in 2024.
[2] 2019 baseline, commercial aviation baseline: 1.69 gCO_2e/ASK in a Business as Usual (BAU) scenario / 1.51 gCO_2e/ASK in an increase of the availability of Sustainable Aviation Fuel (SAF) scenario.
[3] Disposal: any operation that is not recovery, even when the operation can have energy recovery as a side effect.
[4] Excellent: above the top 25% in the industrial sector.
[5] H&S system coverage: focused on legal compliance control and the appropriate management of accidents and incidents.
[6] Incident rate definition according to ESRS S1-14 standard.
[7] Baseline calculation and definition of quantitative targets have been conducted according to the perimeter of the Group existing in 2023.

Adherence to external initiatives

THE GLOBAL COMPACT WE SUPPORT	The United Nations Global Compact is the world's largest voluntary corporate sustainability initiative, based on ten universal principles in the areas of human rights, labour, environment and anti-corruption. Additionally, it promotes that participating companies take action to implement the Sustainable Development Goals and to report their progress publicly (COP). ITP Aero was a founding member of Pacto Mundial España, the Spanish office of this initiative and participation has been reactivated in 2023.
SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION	In 2021, ITP Aero joined the United Nations "Race to Zero" campaign through the "Business Ambition to 1.5 °C" programme. Hand in hand with the SBTi, it committed to reducing emissions by setting science-based emission reduction targets across the entire value chain. The ITP Aero Group is managing this commitment through the Net Zero project and one of the important milestones in 2023 was the submission to SBTi of the carbon footprint corresponding to the years 2019 and 2022, as well as the proposal of emission reduction targets in line with this commitment.
Cyber Green Proof	The ITP Aero Group is aware of the environmental impact as result of the use of its systems. For this reason, in 2023 the ITP Aero Group signed an endorsement for Sustainable Cybersecurity. Cyber green proof. This pact seeks to promote practices and measures that promote online security, while adhering to the principles of sustainability, thus recognising of the need to protect the environment as well as to achieve an appropriate balance between technological development and the preservation of the environment.

2.1.4. ESG Ratings [1]

As part of our commitment to transparency and to improving our ESG performance in 2023, we carried out two rating processes performed by external entities.

Ecovadis: ITP Aero obtained a "gold medal" from Ecovadis, placing it in the top 5% of companies assessed in 2023. The overall score was 71 out of 100. The score is based on policies, actions, certifications and results in four pillars: Environment, Labour and Human Rights, Ethics and Sustainable Procurement.

GOLD 2023 ecovadis Sustainability Rating

CDP Climate Change: In 2023, ITP Aero achieved a rating of B, at the management level, awarded to companies that demonstrate they are taking coordinated actions regarding climate change to minimise risks and take advantage of opportunities. ITP Aero is positioned above the sector average where CDP includes us, known as "Powered Machinery" which overall receives a C rating.

CDP DISCLOSURE INSIGHT ACTION B

2023 CLIMATE CHANGE

Certifications: Given the ITP Aero Group's long history of environmental, social and governance issues, the Group has management systems in place that are certified by an independent entity. This demonstrates the commitment to ESG standards, the implementation of robust processes that ensure adequate management of risks and opportunities, as well as the tools for continual improvement.

Some of the most sustainability relevant certifications include Environment (ISO 14001 and EMAS); Health and Safety (ISO 45001); Criminal Compliance (UNE 19601) and Anti-bribery (ISO 37001); Product Safety (DOA Part 21J; POA Part 21G and as MOA Part 145) and Quality (AS9100, AS 9110, ISO 9001, PECAL 2310). The management system certifications available in 2023 correspond to the ITP Aero perimeter.

[1] The ratings, awards and certifications are differentiated according to the perimeter of the companies to which they refer, so in some cases the reference is to ITP Aero and not to the Group.

2.2. Materiality Analysis

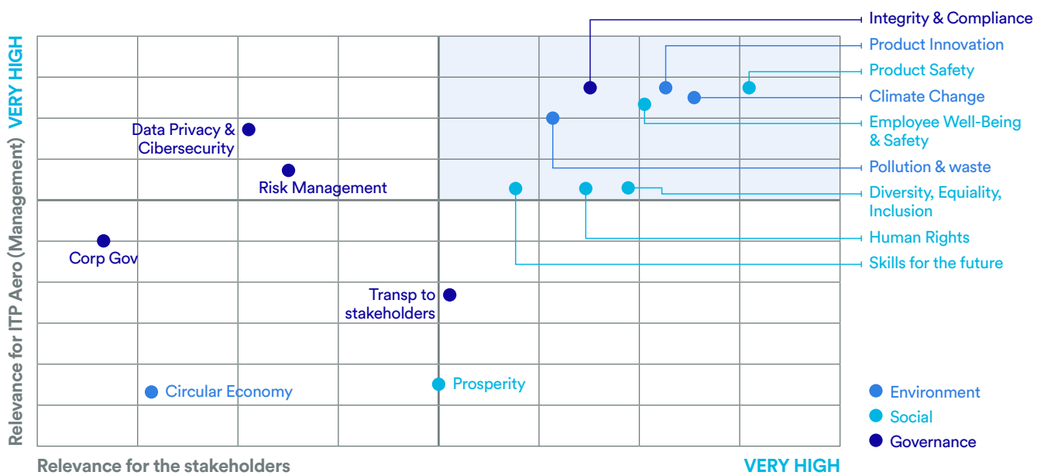
In an economic, social, environmental and governance context, where sustainability challenges are constantly growing, it is essential that ESG elements are prioritised according to their relevance, taking into account the opinions of diverse stakeholders.

An issue is considered material when it impacts the decision-making, actions and performance of an organisation and its stakeholders. The development of the materiality analysis considering the relevance of ESG elements for both the company and its stakeholders.

With this objective in mind, by the end of 2022 the 15 material ESG elements for ITP Aero were identified and a consultation was launched with the most relevant stakeholders to measure the degree of relevance of these elements to them. The opinions of shareholders, clients, employees, local government bodies, business associations, society, universities, technological centres, suppliers, trade unions and subcontracted personnel were considered.

To determine the relevance of ESG elements to ITP Aero, the same consultation process was carried out with senior management. This was in addition to analysing ESG materiality in the sector and the result of this analysis is reflected in visual form on two axes in the materiality matrix.

Given the nature of the business, the transition to the new perimeter of the ITP Aero Group does not have any material impact with respect to ITP Aero. Therefore, the materiality matrix remains valid in 2023 and aligns with the Group's strategy and provides support for the preparation of this report.



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

Throughout this report, information is being provided on ESG elements. As previously described, many of these have been identified as priorities within the ESG strategy and targets have been set for the coming years.

ESG Elements	REPORT SECTION
Climate Change	**2.1.** ESG at ITP Aero Group **3.1.** The challenge of decarbonisation and innovation **3.2.** Reducing the environmental footprint of our operations **5.3.** Our supply chain
Pollution and Waste	**2.1.** ESG at ITP Aero Group **3.2.** Reducing the environmental footprint of our operations
The Circular Economy	**2.1.** ESG at ITP Aero Group **3.2.** Reducing the environmental footprint of our operations **5.3.** Our supply chain
Product Innovation	**2.1.** ESG at ITP Aero Group **3.1.** The challenge of decarbonisation and innovation
Product Safety	**2.1.** ESG at ITP Aero Group **4.4.** Product safety and quality
Prosperity	**2.1.** ESG at ITP Aero Group **4.5.** Contribution to our communities **5.6.** Fiscal transparency **4.1.** Our people **5.3.** Our supply chain
Human Rights	**2.1.** ESG at ITP Aero Group **5.2.** Ethics and compliance **4.1.** Our people **4.3.** Labour Relations **4.2.** Health and Safety **5.3.** Our supply chain
Employee Wellbeing and Safety	**2.1.** ESG at ITP Aero Group **4.1.** Our people **4.2.** Health and Safety **5.2.** Ethics and compliance
Equality, Diversity and Inclusion	**2.1.** ESG at ITP Aero Group **4.1.** Our people **5.2.** Ethics and Compliance **4.5.** Contribution to our communities
Skills for the future	**2.1.** ESG at ITP Aero Group **4.1.** Our people **4.5.** Contribution to our communities
Corporate Governance	**2.1.** ESG at ITP Aero Group **5.1.** Corporate Governance
Integrity and Compliance	**2.1.** ESG at ITP Aero Group **5.2.** Ethics and compliance
Risk Management	**2.1.** ESG at ITP Aero Group **5.2.** Ethics and Compliance **5.5.** Non-financial risk management system
Transparency with Stakeholders	**2.1.** ESG at ITP Aero Group **5.7.** Stakeholder transparency
Privacy and Information Security	**2.1.** ESG at the ITP Aero Group **5.4.** Information Security/Cybersecurity

2.2.1. Information on comparability

This ESG Report 2023 is the first from BIDCO, parent company of ITP Aero Group, as explained in The Company section. Until 2022, the ESG Report related to ITP Aero, which corresponds today to the company ITP, SAU and its subsidiaries.

An analysis of the impact of the change of perimeter on the comparability of the information reported in each of the sections of this report was carried out, with the following result:

- Comparable: The section of the report where the management approach, policies, processes and/or management systems do not differ from 2022, despite the change in perimeter.
- Partially comparable: The section of the report where the change in perimeter does raise some partial aspect that are not comparable, such as the scope of a certification or a performance indicator.
- Relevant changes: The section of the report where the change in perimeter does pose relevant changes with respect to what was reported in 2022.

Section of the ESG Report 2023	Comparable	Partially comparable	Relevant changes	Clarifications on the information presented in 2023 with respect to 2022
1. About ITP Aero Group	✓			N/A
2. ESG Commitment (ESG Approach and Materiality)	✓			N/A
3.1. The challenge of decarbonisation and innovation	✓			N/A
3.2. Reducing the environmental footprint of our operations		✓		Partially comparable. The management system certificate corresponds to the ITP Aero perimeter. However, BIDCO has no operations, and the change of perimeter does not affect the Group's environmental impact.
4.1. Our people		✓		Partially comparable. The ESG Report 2022 includes the remuneration of the Board of Directors of ITP SAU. The figure for 2023 corresponds to the BIDCO Board of Directors, which is not remunerated.
4.2. Health and Safety		✓		Partially comparable. The management system certificate corresponds to the ITP Aero perimeter. However, BIDCO has no operations, and the change of perimeter does not affect the Group's health and safety impact.
4.3. Labour relations	✓			N/A
4.4. Product Quality and Safety		✓		Partially comparable. The management system certificate corresponds to the ITP Aero perimeter. However, BIDCO has no commercial operations or contracts, and the change of perimeter does not affect the impact on the Group's product quality and safety.
4.5. Contribution to our communities	✓			N/A
5.1. Corporate Governance			✓	Relevant change. The ESG Report 2022 includes information from the Board of Directors of ITP SAU. The BIDCO Board of Directors is incorporated in this report. Both Boards of Directors (BIDCO and ITP SAU) are shown in the section.
5.2. Ethics and compliance		✓		Partially comparable. The management system certificate corresponds to the ITP Aero perimeter. However, in 2023 various compliance mechanisms have been approved by the BIDCO Board of Directors, as detailed in the section below.
5.3. Our supply chain	✓			N/A
5.4. Information Security / Cybersecurity	✓			N/A
5.5. Non-financial risk management system		✓		Partially comparable. The management approach, policies, processes and/or risk management systems apply to the perimeter of the ITP Aero Group; however, at governance level these risks are reported to the Board of Directors of ITP SAU.
5.6. Fiscal transparency			✓	Relevant change. The ESG 2022 Report includes tax information for ITP Aero. From the date of the change of control (effective 15.09.22), operating and taxation results are affected. The 2023 fiscal information corresponds to the ITP Aero Group.
5.7. Transparency with stakeholders	✓			N/A

03

E - Environmental and climate change

3.1. The challenge of decarbonisation and innovation

3.2. Reducing the environmental footprint of our operations

3.1. The challenge of decarbonisation and innovation

The United Nations Climate Change Conference in Paris in 2015 (COP21) established an agreement adopted by 196 countries with the aim of limiting global warming to 1.5 degrees Celsius compared to pre-industrial levels. In 2021, the International Air Transport Association (IATA) Annual General Meeting passed a resolution to achieve zero net CO_2 emissions by 2050, a commitment by the air transport industry in line with the Paris Agreement target. In October 2022, at its 41st General Assembly, the International Civil Aviation Organisation adopted its long-term aspirational goal for international aviation to achieve net emission neutrality by 2050 in an environmentally, socially and economically sustainable manner.

The European Union has also developed a long-term strategic vision to achieve a zero detrimental impact on the global climate by 2050 by defining policies and intermediate targets to achieve a 55% reduction in greenhouse gas emissions (compared to 1990 levels) by 2030 (Fit for 55 legislative initiative). The development of this vision is achieved through various decarbonisation initiatives in the EU and in particular in the aviation sector.

The ReFuel EU Aviation regulation, adopted in November 2023, sets mandates for sustainable aviation fuel supply in increasing percentages, starting with 2% in 2025 and rising to 70% in 2050. These mandates bind fuel suppliers as well as airports and operators of a certain size. In addition, the alternative fuels infrastructure regulation (Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the implementation of an alternative fuels infrastructure) requires the provision of electricity supply for aircraft at boarding gates and parking spaces.

Also in 2023, new criteria for the identification of aviation-related activities with a significant contribution to climate change mitigation and/or adaptation were approved under the EU Taxonomy, including fleet replacement with new generation aircraft, use of sustainable fuels, and, of course, zero direct emissions from aviation.

The challenges ahead are significant, and success via innovation will only be achieved by developing evolutionary technologies and disruptive technologies through a sectoral approach based on public-private partnerships.

The aeronautical sector is strategic due to its importance for society and the economy, generates economic growth, contributes to competitiveness and is a generator of high technology. Technological progress in commercial aviation up to the present day has been very significant and always focused on reducing fuel consumption and CO_2, pollutant and noise emissions. Since 1990, the average fuel consumption per passenger and kilometre transported has been decreasing at a rate of 2.6% per year. Consequently, the average emissions per passenger-kilometre transported have also been reduced to approximately 90 grams of CO_2 emitted per passenger-kilometre.

The latest market studies (Global Market Forecast 2023-2042, Airbus) reflect an expected demand for passenger and cargo aircraft of almost 41,000 aircraft over the next 20 years. COVID had a devastating effect on the air transport sector, however, we are experience the positive effect of the fleet renewal acceleration, resulting intraffic levels having almost recovered to 2019 levels (94% by 2023).

3.1.1. Net Zero - Carbon Strategy

Recognising the challenge that climate change issues pose for the industry, ITP Aero Group's commitment to decarbonisation is clear and it is one of the pillars of its ESG strategy.

In 2021, ITP Aero joined the UN "Race to Zero" campaign through the "Business Ambition to 1.5°C" programme, committing to reduce emissions by setting science-based emissions reduction targets by SBTi across the value chain, in line with the 1.5°C emissions scenarios.

Since then, the ITP Aero Group has been managing this commitment through the Net Zero project and has made progress in the calculation and verification of its carbon footprint corresponding to Scope 1, 2 and 3 and the definition of objectives focused on reducing CO_2 emissions produced directly or indirectly by its operations and products.

Greenhouse gas (GHG) emission reduction targets have been established in a measurable and science-based manner. This commitment is taken hand in hand with the Science Based Targets initiative (referred to as SBTi on the rest of this document).

These targets also follow criteria, recommendations and guidelines aligned with GHG Protocol Scope 1, 2 and 3 GHG inventories (GHG Protocol Corporate Standard and Corporate Value Chain Accounting and Reporting Standard, respectively) and with SBTi emission inventory requirements.

Following these standards, the near-term decarbonisation roadmap was submitted to the Science Based Targets initiative (SBTi) in December 2023, including the carbon footprint taking into account Scope 1, 2 and 3 emissions in the years 2019 and 2022, as well as proposed measurable, science-based reduction targets in line with limiting global warming to a maximum of 1.5°C. The calculation of the carbon footprint and reduction targets is based on the Group's existing scope in 2023.

Submitting this information to SBTi starts the validation process to get the reduction targets approved, which is expected to take place during 2024. Once validated, the targets will be published.

In addition, during 2023, the first rating by the CDP Climate Change rating agency was carried out, ITP Aero obtain a B score. Details of our progress are provided below.

Carbon footprint of ITP Aero Group

In 2023, the ITP Aero Group conducted the inventory of its GHG emissions according to the standards mentioned above, including in the scope all its plants located in Spain, Mexico, United Kingdom, India and Malta. The baseline inventory was carried out taking 2019 as the base year, which is a representative year of activity before the COVID crisis and 2022 as the last year with available data.

Scope 1, 2 and 3 emissions were taken into account in the calculation of the carbon footprint in order to consider direct and indirect sources of emissions:

Scope 1: Direct GHG emissions. These are from sources owned or controlled by the ITP Aero Group. This category includes emissions resulting from the combustion of fuels in stationary sources (boilers, furnaces, process installations...), emissions from engine testing and emissions caused by leaks of refrigerant gases from the use of air-conditioning and refrigeration equipment.

Scope 2: Indirect GHG emissions associated with electricity. Includes emissions from electricity generation purchased and consumed by the ITP Aero Group.

Scope 3: Other indirect emissions. Scope 3 is a category that covers the remaining indirect emissions. Scope 3 emissions result from ITP Aero Group activities, but occur at sources not owned or controlled by it. This category includes upstream and downstream emissions from:

- Use of the product.
- Extraction, production and transport of the goods and services we purchase.
- Extraction, production and transport of the capital goods we purchase.
- Transport of goods, semi-processed products and the finished product until it is delivered to ITP Aero; as well as the transport of the product sold by ITP Aero to the client.
- Business travel.
- Travel of employees, between their homes and the workplace.
- Other emissions associated with e.g. waste generation, final disposal of sold products, investments.

For ITP Aero Group, scope 3 GHG emissions are mostly from the use of products, which are generated during the operation of the aircraft. These emissions are calculated as the total emissions associated with the lifetime use of all products sold by the Group and, given their relevance, the ITP Aero Group set its Scope 3 emissions reduction targets on this category.

During 2023, the calculation of the carbon footprint for 2019 and 2022 was carried out, as well as its verification by an independent external entity. The 2023 carbon footprint for Scopes 1 and 2 was also verified as of the date of publication of this report.

Scope 1 and 2 GHG emissions, which are those over which ITP Aero Group has control, are as follows:

Greenhouse gas emissions, GHG (tCO_2 eq)[1]			
	2019 (Base Year)	2022	2023
Scope 1	9.491	8.432	7.867
Scope 2	7.956	1.092	1.949
TOTAL	17.447	9.524	9.816

[1] Details by country and analysis are provided below in the section CO_2 Emissions Scope 1 and 2.

Following verification of the carbon footprint, the ITP Aero Group submitted the application for registration of the footprint and the reduction plan to 2030 in the Register of MITECO, Spain's Ministry for Ecological Transition and the Demographic Challenge, in February 2024.

ITP Aero Group has defined a policy with clear guidelines for recalculating base year emissions, including procedures for acquisitions and divestments, to maintain data accuracy and integrity. This ensures that any recalculation is carried out in a transparent and consistent manner, in line with the latest industry standards and data availability.

Based on this policy it was necessary to recalculate the 2019 emissions due to the addition of the Hucknall, United Kingdon site in 2021.

CO_2 reduction targets

As part of its Net Zero strategy, the ITP Aero Group has defined measurable, science-based CO_2 emission reduction targets in line with limiting global warming to a maximum of 1.5°C, in accordance with the standards of the Science Based Targets initiative (SBTi). They are based on the base year 2019 and build upon the previous year's situation (2022).

ESG Strategic Objective: Climate change. CO_2 emissions[3]

Near-term objectives (2030):

- Reduce absolute Scope 1 and 2 greenhouse gas emissions by 65% by 2030 vs 2019 baseline. That is, from 17,446 tCO_2 eq to 6,106 tCO_2 eq.
- Reduce GHG emissions from commercial aviation scope 3 - category 11 Use of Products Sold - by 30% per ASK (Passenger Seat Kilometre) by 2030 vs 2019 baseline.
  Reference 2019 commercial aviation: 1.69 gCO_2e/ASK considering a Business As Usual (BAU) scenario or 1.51 gCO_2e/ASK in a scenario with increasing availability of sustainable aviation fuel (SAF).

Long-term objectives: Reduce Scope 1, 2 and 3 greenhouse gas emissions by 90% by 2050 vs 2019 baseline.

CO_2 emissions Scope 1 and 2

Emissions corresponding to scopes 1 and 2 correspond to sources controlled by the Group (scope 1) and indirect emissions associated with electricity (scope 2).

In the ITP Aero Group, these emissions are mainly produced by energy consumption, from various sources and due to leaks, that give rise to emissions of refrigerant gases, which are greenhouse gases, to a much lesser extent than those derived from energy consumption.

The energy consumed is mainly natural gas and electricity, the quantity and type of fuel varying from site to site due to differences in processes. Thus, for example, natural gas and electricity are consumed at the facilities located in Spain and the United Kingdom; in Spain, kerosene is also consumed at the test bench at the Ajalvir site; and in Mexico, however, only electricity and kerosene were consumed in 2023 for the test benches.

[3] For more information on the ESG Strategy and Objectives see details in section 2.1.

In the ITP Aero Group, the CO_2 Scope 1 and 2 emissions in recent years, by country, were as follows:

GREENHOUSE GAS EMISSIONS (tCO_2eq)						
	2021		2022[1]		2023	
COUNTRY	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Spain	5.048	11.799	4.568	78	5.159	0
Mexico	45	332	1.977	342	715	1.166
United Kingdom	666	415	1.853	42	1.962	47
Malta			26	76	24	75
India			8	554	8	661
TOTAL	5.759	12.546	8.432	1.092	7.867	1.949

[1] Variations in the 2022 data compared to the information included in the ESG Report 2022 are due to minor errors detected during the carbon footprint verification process in November 2023. This table shows the verified data.

Regarding the 2023 information, it is worth noting:

- There are no Scope 2 emissions in Spain because 100% of the energy consumed has GdO certificates, guarantee of origin.

- A significant decrease in Scope 1 emissions in Mexico, produced on engine test benches, is observed, which is mainly due to two factors. It was detected that the estimation of these emissions was based on the purchase of kerosene made and that part of the emissions produced in 2023 correspond to fuel purchased in 2022, leading to inaccuracies in the data.

  Once detected, from 2024 onwards the calculation of emissions was modified and is based on the fuel actually consumed in tests. On the other hand, the engines that were tested in 2023 were more efficient (they consumed approximately 25% less fuel).

- Increase in Scope 2 emissions in Mexico are due to the fact that it has only been possible to obtain the certificate guaranteeing the origin of energy sources (IRECS) as of May 2023. However, the supply contract that the ITP Aero Group has in Mexico indicates that 90% of the supply comes from a photovoltaic power plant.

In order to achieve its Scope 1 and 2 emission reduction targets, the ITP Aero Group has defined a Net Zero Plan, based on different levers:

a) Energy Strategy

The ITP Group's energy strategy envisages a series of measures with two main aims:

- The reduction of energy consumption through efficiency measures, aimed at obtaining improvements in equipment and installations.

- Diversification as an electricity supply strategy considering PPA (Power Purchase Agreement) ON site, PPA OFF site and hedging policies.

Through efficiency measures, a 2% reduction in electricity consumption has been achieved by 2023. Significant measures that have been put in place include:

- In all the plants in Spain, the air-conditioning of the buildings was adjusted according to the energy efficiency and regulatory criteria, reducing both natural gas and energy consumption.

- Consumption minimisation measures implemented in all plants such as:

  - Installation of electric heat pumps, aerothermal, geothermal in order to eliminate the natural gas used for comfort.
  - Machine shutdown protocols and control of night and weekend consumption.
  - Replacement of compressors and leakage control in the compressed air network.
  - Gradual incorporation of energy monitoring systems in the Group's plants.

- Other measures implemented on an ad hoc basis in centres in Spain:

  - At the Zamudio plant, heat recovery from compressed air.
  - At the Albacete plant, heat recovery from air renewal in the offices was implemented. The aim of this measure was to reduce energy consumption for office heating. Losses were occurring due to the need for air renewal, and these have been minimised by recovering the energy load from the extracted heated air and reintroducing it into the offices as renewal airflow.
  - Change of lighting (power adjustment, increase in lux and replacement of luminaires with LED technology) at the ITA and Zamudio plants.
  - At the Barakaldo plant, automation of the furnace shutdown control.
  - In this same plant, the integral waste energy recovery system continues to be installed, which uses the surplus heat from part of the plant and makes use of it in other deficit areas: an exchange system stores the heat in the subsoil of the plot, so that it can be recovered when necessary. The recovered heat is used for heating workshop and office areas, for domestic hot water or for air-conditioning certain production sections, among others.
  - The measures initiated in previous years are maintained, such as the recovery of heat from compressed air, which was implemented in 2022 at the Derio and Zamudio centres. This measure recovers the excess heat generated in the compressors, reducing the electrical consumption of the compressor as no refrigeration equipment is required. In addition, the excess heat is used in the domestic hot water and heating system.
    This measure results in annual savings of about 640 MWh of energy (electricity + gas) and about 150 tonnes of CO_2.
  - Installation of 10 new electric chargers in the Zamudio centre, 2 in Alcobendas and 2 in the Barakaldo centre.

In addition, energy audits are carried out every 4 years at the ITP Aero Group. Such audits are due to be carried out in 2024 in the Spanish centres of Zamudio, Ajalvir and Barakaldo.

An *Energy Savings Opportunity Scheme (ESOS)* audit was carried out at the Hucknall plant in the UK in 2023. ESOS is a mandatory energy assessment system for certain organisations in the country. The ESOS audit has identified measures to achieve energy savings, carbon footprint and cost reductions.

With regard to PPAs (Power Purchase Agreements), the installation of photovoltaic panels should be highlighted.

The ITP Aero Group is installing photovoltaic panels at its centres in Spain (Zamudio, Derio, Sestao, Ajalvir, Albacete), Mexico and the United Kingdom (Hucknall).

In Albacete, the installation was completed in 2023, making it the Group's first centre to generate electricity in a sustainable manner. Contracts have been signed in Zamudio, Derio and Ajalvir for its implementation, which will begin in the first half of 2024. The percentage of self-consumption will vary from 3% in Zamudio to 30% in Albacete.

The energy consumed by the ITP Aero Group per country taking into account its different sources is as follows:

ENERGY CONSUMPTION (KWh), year 2023						
SOURCE OF ENERGY	Spain	Mexico	United Kingdom	India	Malta	TOTAL
Natural gas	22.019.391	0	10.164.399	0	0	**32.183.790**
Diesel/diesel	136.916	13.944	5.040	23.752	0	**179.652**
Kerosene	1.575.658	2.655.630	0	0	88.679	**4.319.967**
LPG			145.947			**145.947**
Kerosene with 2% SAF	197.725	0	0	0	0	**197.725**
Electricity	54.426.883	10.057.086	21.259.579	802.682	194.100	**86.740.330**
TOTAL	**78.356.573**	**12.726.660**	**31.574.965**	**826.434**	**282.779**	**123.767.411**
Renewable energy	54.426.883	7.029.903	21.259.579	0	0	**82.716.365**
% Renewable energy	**69%**	**52%**	**70%**	**0%**	**0%**	**66%**

Of the energy consumption in 2023, it is worth noting:

- There has been a 4% increase in total energy consumption compared to 2022, mainly due to increased activity.
- Of the total energy consumed (natural gas and electricity), approximately 67% is of renewable origin. Considering only electricity consumption, the percentage rises to 95%.

ENERGY CONSUMPTION (KWh), year 2023						
ENERGY SOURCE	Spain	Mexico	United Kingdom	India	Malta	TOTAL
Natural gas + Kerosene	21.906.664	6.640.752	9.105.427	24.126	96.159	**37.773.128**
Electricity	49.687.794	9.236.170	21.706.385	716.766	199.270	**81.546.385**
TOTAL	**71.594.458**	**15.876.922**	**30.811.812**	**740.892**	**295.429**	**119.319.513**
Renewable energy	49.404.828	8.312.553	21.486.810	0	0	**79.204.191**

ENERGY CONSUMPTION (KWh), year 2021				
ENERGY SOURCE	Spain	Mexico	United Kingdom	TOTAL
Natural gas + Kerosene	22.187.316	4.492.966	2.470.960	**29.151.242**
Electricity	47.267.071	8.098.090	11.576.044	**66.941.205**
TOTAL	**69.454.387**	**12.591.056**	**14.047.004**	**96.092.447**

b) Technological transformation

Another lever is **technological transformation**, which is being applied primarily to reduce emissions associated with natural gas consumption.

In the Net Zero plan, the different alternatives to natural gas are being considered for the processes in which ITP Aero uses this fuel. Depending on the feasibility analysis in each case, this lever will be key in the coming years to achieve a significant reduction of the scope 1 CO_2 emissions required to achieve our Net Zero targets.

It is worthy to note that in the course of 2023, two natural gas boilers at the Hucknall (UK) site have been replaced with electric equipment. This change of technology will lead to a significant reduction in both natural gas consumption and CO_2 emissions, which is remarkable as the use of natural gas at Hucknall accounts for more than 85% of the centre's CO_2 emissions, mainly used to generate heat for heating.

c) CO_2 emissions generated on the test benches

This is a particular case of the generation of Scope 1 emissions, as the ITP Aero Group has engine test benches at its Ajalvir and Albacete sites in Spain and at the Mexico site.

These are facilities where the engine is run-in for testing or as a final stage in maintenance processes, prior to delivery to the client. During these tests, kerosene, the fuel used in aircraft engines, is consumed, generating the CO_2 emissions associated with combustion.

In this case, the reduction measures defined by ITP Aero Group are aimed at favouring the use of SAF (Sustainable Aviation Fuels), which ensure a reduction in CO_2 emissions compared to conventional kerosene. It is worth noting that since July 2023 the ITP Aero Group is using kerosene blended with SAF in its engine test bench at the Albacete plant in Spain.

d) Emissions from refrigerant gas leaks

In addition to emissions produced by energy consumption in any form, there are greenhouse gas emissions, GHGs, produced by leaks of refrigerant gases.

The ITP Aero Group makes a conscious effort to avoid refrigerants with higher GWP, Global Warming Potential, however there are emissions caused by leakage of these compounds, which are calculated based on the refrigerants that need to be replenished within the refrigeration systems and are shown in the table below:

	KG OF REFRIGERANT GASES RECHARGED									
	Spain			Mexico			United Kingdom			Malta
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2023
R410A	39	88	186	0	2	6	48	31	5	0
R407C	169	96	164	17	5	0	0	28	38	0
R134A	32	36	10	0	2	0	0	36	0	0
R407A	0	0	0	0	0	0	0	0	0	0
R-404A	0	0	0	0	39	0	0	0	0	0
RS-22	0	0	0	0	9	0	0	0	0	0
RS-70	4	0	0	0	0	0	0	0	0	0
R-32	0	0	0	0	0	0	0	0	0	1

A slight increase in refrigerant charge is observed in 2023. It is worth mentioning that in Spain, in the Alcobendas centre, the increase was due to the maintenance required on the freecooling installation due to a breakdown.

In the area of controlling and minimising emissions of substances that affect the ozone layer, the company manages the use of refrigerants in air conditioning systems in accordance with environmental legislation. The use of refrigerants in ITP Aero Group plants is carried out for preventive maintenance of the equipment, thus optimising its operation by increasing its efficiency.

CO_2 emissions Scope 3

As mentioned above, in ITP Aero Group's Scope 3 indirect CO_2 emissions, the largest contribution is due to emissions generated during the use of our products.

The purpose of our products is to enable aircraft propulsion and energy production in an efficient and sustainable manner. However, the very performance of its function necessarily involves intensive fuel consumption, resulting in greenhouse gas emissions from the use of our products by the end customer (airlines, air forces and other institutional customers, energy companies) are orders of magnitude higher than the rest of the group's emissions.

Aware of this, the ITP Aero Group is working on all possible strategies and dimensions to reduce them:

A) producing state-of-the-art aircraft engine modules and components to replace older fleet.

B) continuously working on technology developments that improve the efficiency and reduce the weight and noise of our turbines.

C) supporting the development of sustainable aviation fuels (SAF) through their use in our test centres to build customer confidence and participating in technology development programmes that expand the productive possibilities of such fuels.

D) researching the development of disruptive technologies such as the electrification or hybridisation of aircraft or the use of hydrogen as an energy source in aircraft.

Particularly relevant is the fact that these initiatives are developed jointly with the rest of the participants in the value chain of air services or energy generation: Engine and vehicle OEMs, fuel manufacturers, institutions, technology development centres, etc.

The following details the Product Innovation Strategy of the ITP Aero Group with the different perspectives of the short, medium and long term levers that will be key to develop future flight technologies to decarbonise the industry, as well as improving other environmental aspects, improving their manufacturing, maintainability, repair and use.

3.1.2. Product Innovation

ESG Strategic Objective: Product Innovation[3]

Product innovation is a priority within the ESG Strategy, which is why the ITP Group has set itself the objective: Define a methodology / criteria to measure R&T and R&D across more sustainable programmes, new sustainable technologies (hybrid-electric, hydrogen...) and environmental efficiency of its products. The objective is to calculate the baseline and set targets in 2024.

R&D&i plan and collaborations for future flight technologies

Throughout its history, the ITP Aero Group has distinguished itself by a commitment to the development of proprietary technology applicable to all phases of the product life cycle: design, manufacture, repair and testing of engine modules and components. The traditional vectors of efficiency improvement and weight reduction that have always been present in the development of aeronautical systems have been reinforced in the last decade due to their relevance in the reduction of emissions, while other vectors have been strengthened, such as the reduction of aircraft noise, with increasingly demanding regulations, the reduction of polluting products and waste in production processes and the improvement of combustion systems to reduce the concentration of harmful products (nitrogen oxides).

The Group's R&D&i plan supports the continuous improvement of traditional products in order to improve on the aforementioned aspects, while developing the exploration of disruptive technologies capable of decarbonising, reducing emissions and aircraft noise in the longer term.

Digital technology is a tool that enables accelerated development of basic technologies and design and manufacturing processes, as well as the establishment of integrated product lifecycle management tools that enable the collection of learning from production and operating processes in order to continuously improve products and services.

Public-private collaboration is essential to carry out different initiatives and R&D projects. During 2023, the ITP Aero Group received grants worth 3.6 million euros.

	Grants (thousands of €)		
	2021	2022	2023
Spain	2.325	2.749	3.643

Moreover, ITP Aero Group's commitment to R&D&i has materialised through the investment of more than 486 million euros over the last 11 years - around 7% of its total income. This commitment resulted in 66.2 million euros (60.32 million euros in 2022) earmarked for R&D&i in 2023, developing proprietary technology with different time perspectives:

a) Short and medium-term perspectives

- **UltraFan**

Improving efficiency and reducing noise in aircraft propulsion system gas turbines requires the development of new architectures that enable larger diameter fans. Since 2015, the ITP Aero Group has been involved as a partner in the development of the intermediate turbine of the UltraFan technology demonstrator, an ultra-high bypass ratio engine developed by Rolls Royce with support from the European Union through the Clean Sky 2 Joint Undertaking.

Throughout 2023, validation tests of this architecture have been carried out on the engine test bench known as Test Bed 80 (the world's largest and smartest engine test bench) at the Rolls-Royce facility in Derby (United Kingdom). The engine has been tested over its full power range. The performance of the turbine designed and manufactured by the ITP Aero Group has been perfect, maintaining its integrity and providing its functionality under the most demanding operating conditions. Group staff have been providing on-site support throughout the testing campaign. The UltraFan project has been the subject of several awards recognising its high degree of innovation and the tangibility of its realisation, such as the ATI (Aerospace Technology Institute) Project of the Year, highlighting the 25% improvement in efficiency of the UltraFan compared to the first generation of Trent engine; and the Aviation Week Laurate Award in commercial aviation, highlighting that it is the largest turbofan ever tested.

In addition, much of UltraFan's testing has been conducted with pure sustainable aviation fuel, not blended with conventional kerosene.

Simultaneously, and in parallel to the engine tests, which were primarily aimed at confirming the functional benefits and integrity of the new architecture, improvements to the core technologies of intermediate turbines have continued to be developed within the HEAVEN project, in the framework of the European Union's Joint Undertaking Clean Aviation. Taking advantage of the fact that the UltraFan architecture is scalable to different engine sizes and thrust requirements, this project aims to develop architectures capable of powering single-aisle intermediate-range aircraft (SMR Small and Medium Range).

As the largest expected fleet growth in the coming years is expected to be in this segment, the project sets ambitious environmental targets:

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

The specific technologies that the ITP Aero Group is developing in this project are, among others, mainly improvements in the turbomachinery, using lightweight materials, a second generation of noise reduction features, more efficient transonic blades and advanced concepts of more efficient stators, always considering the design criteria of maintainability and ease of assembly and disassembly.

- **Sustainable aviation fuels**

The ITP Aero Group aims to play an active role in the development of sustainable aviation fuels. Recognising that the main burden of development of these compounds lies with the manufacturers, the involvement of engine manufacturers is essential to expand the portfolio of raw materials, processes and blending ratios with fossil-derived kerosene, thereby promoting their industrial production and commercialisation.

Similarly, engine and aircraft manufacturers must help build customer confidence in these types of fuels by helping to demonstrate their lack of impact on safety and operations, and their true emission-reducing impact compared to fossil fuels when their full life cycle is taken into account.

[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

In this regard, in 2023 the ITP Aero Group has started to use sustainable fuel supplied by BP for engine testing at its Albacete facilities. While the degree of blending with fossil fuel is very moderate, it exceeds the mandates that will be imposed by the ReFuel EU Aviation regulation for the operation of commercial aircraft in 2025.

Although assembly and maintenance entities are not bound by the regulation, ITP Aero Group's customers have been very positive about the initiative, appreciating not only the emission reductions involved, but also the opportunity to confirm the functionality of the fuel in a risk-free environment in preparation for future use in operational contexts. This initiative builds confidence in alternative fuels, not only in aircraft operators, but also in the end customer, encouraging the development of sustainable consumption patterns.

Additionally, the ITP Aero Group is collaborating with fuel manufacturers, institutional customers and other industrial partners to develop collaborative research project plans aimed at characterising the operation of new proposals for sustainable fuel formulations.

- **Advanced manufacturing technologies**

Advanced manufacturing technologies enable sustainability improvements in two dimensions: by increasing the efficiency of the operations themselves (reduction of consumption and waste, recovery of materials...) and through the functional improvement of the products (reduction of fuel consumption of engines, increase of durability and life of components, etc.).

The ITP Aero Group has been and continues to be the promoter of numerous projects for the development of advanced manufacturing technologies (casting, forging, machining, special processes, additive manufacturing, powder metallurgy, etc.). It is also a partner and leader of the Advanced Aeronautics Manufacturing Centre - CFAA (further details to follow) and has started in 2023, within the ITP Aero Group's facilities in Zamudio, the construction of its own centre for the development of additive manufacturing, casting and welding technology called **ADMIRE** (Advanced Manufacturing Aeronautics Centre), which will start its activity during 2024.

The ITP Aero Group works in the UK with ATI (Aerospace Technology Institute), which develops the technology strategy and R&D portfolio of activities for the UK aerospace industry. As a significant milestone in 2023, the ITP Aero Group is leading for the first time a project called LADDER (Laser Automation and Design Development for future Engine Requirements), aimed at developing advanced manufacturing technologies, specifically to implement an innovative laser beam welding solution as a robust joining technology for complex sheet metal fabrications of aero engines.

- **Component repair technology**

Due to their extreme operating conditions (high temperatures and mechanical stresses), propulsion systems are the main contributor to maintenance costs as well as to the consumption of high-performance aircraft materials. The ITP Aero Group develops component repair technology that allows both the correction of defects in manufacturing processes, avoiding costly scrapping, and the restoration of high-value alloy components for their return to service, increasing their useful life, improving their durability and reducing consumption. In the FAKTORIA project, developed within the framework of the Basque Government's Hazitek programme, and led by the ITP Aero Group, repair technologies have been developed using additive welding processes, with low heat input that allow the useful life of metal parts to be extended before their end of life and final recycling.

b) Medium-term perspectives

The ITP Aero Group's technology development plan considers product lines and technological elements that require additional efforts for their maturation before being incorporated into service, but which offer great potential for the decarbonisation of propulsion systems and aircraft.

- **Advanced thermal management technologies**

New propulsion technologies (from new engine architectures to hybrid-electric or hydrogen-based solutions) have as a common denominator the achievement of greater efficiencies, which necessarily involves a better and more integrated management of the residual thermal energy generated by the systems, reducing thermal energy losses, both in the propulsion plant and in the aircraft.

The ITP Aero Group is working on the development of thermal conditioning systems technology by exploring solutions that can be industrialized and that are functionally optimised for each type of application.

Along these lines, the ITP Aero Group is participating in the **THEMA4Era** a project within the framework of the EU's Clean Aviation Joint Undertaking. This is a project aimed at achieving thermal management solutions for hybrid-electric regional aircraft applications and its main objectives are:

- 50% reduction in fuel consumption at aircraft level, with an overall weight penalty of less than 30% (with reference to the state of technology in 2020).
- Thermal control technology suitable for the future use of hydrogen as a fuel.
- Establish a roadmap for prototype demonstration by 2027 and entry into service in 2035.

Throughout 2023, the ITP Aero Group has made progress in the design and validation of an advanced heat exchanger integrated into the aircraft.

The heat exchanger technology developed in this line is also applicable to the hydrogen-fuelled propulsion plants described below.

- **Electric and hybrid-electric propulsion technologies**

The higher efficiency of electric systems compared to thermal machines, as well as their zero direct emissions, make electric propulsion a technology with a high decarbonisation potential and also a high degree of maturity. In the coming years, small aircraft of smaller size and range are expected to enter service, reactivating short-haul regional transport and enabling new markets for decarbonised urban and intercity aviation. The ITP Aero Group is involved in the development of this technology through two projects.

- **PRELUDIO**, developed within the framework of the Basque Government's Hazitek programme, and led by the ITP Aero Group. The project aims to develop specifications and simulation tools for electric propulsion systems, to be completed by 2023, and to realise a first functional demonstrator. In 2023, the collection of elements for the prototype began, as well as the adaptation of the test facilities.
- **APERTURAS**, developed within the framework of the Aeronautical Technology Programme. The aim of this project is the development of advanced electric propulsion demonstrators with different power levels and integrating the energy system (battery).

c) Long-term perspective

- **Hydrogen technologies applied to propulsion and energy management in aircraft**

Hydrogen is one of the key energy carriers for achieving a decarbonised economy and society. For this reason, institutions and governments support its development through plans and strategies such as the European Union's European Hydrogen Strategy and the Hydrogen Roadmap in Spain.

The use of hydrogen as an energy source in aircraft is seen as an opportunity for the elimination of CO_2 emissions and the reduction of other pollutants (microscopic particles, sulphur oxides, volatile organic compounds and potentially nitrogen oxides) and greenhouse gases in small and medium-sized aircraft.

The associated technological challenges are very important and require sustained research efforts over time, supporting the development of methodologies, system architectures, design systems, manufacturing technology, materials, safety, etc. In addition to design and manufacturing capabilities, testing facilities will be needed to validate technologies, designs, and ultimately certify systems. The ITP Aero Group is fully committed to developing the aeronautical technologies, systems and test facilities necessary to introduce hydrogen into aircraft through the following projects currently under development:

- **CAVENDISH**, developed within the framework of the Clean Aviation Joint Undertaking, researches hydrogen combustion in aircraft turbines. The ITP Aero Group is involved in the design of components of the hydrogen conditioning system for consumption in the engine.
- **PRESCOR**, developed within the framework of the Hazitek programme of the Basque Government, and led by the ITP Aero Group. The aim of the project is to study the cooling of electric motors using cryogenic hydrogen, proposing concepts for the installation of the system in the aircraft.
- **CHALUPA**, developed within the framework of the Aeronautical Technology Programme. The aim is the integration of different liquid hydrogen-fuelled auxiliary power unit (APU) architectures into the aircraft. The ITP Aero Group is involved in the design of the hydrogen conditioning system for combustion in gas turbine APUs. In addition, it carries out testing and validation activities.
- **CRIPICOM**, developed within the framework of the Aeronautical Technology Programme. The aim is to research the use of hydrogen in aeronautical propulsion systems, considering both gas turbines and electric engines powered by fuel cells. The project is developing basic combustion technologies as well as demonstrators of propulsion systems based on existing engines adapted to hydrogen operation. A key contribution of the project is the development of test facilities adapted for operation with aviation kerosene, natural gas, hydrogen or gas-hydrogen mixtures.
- **RACHEL**, a UK project led by the Aerospace Technology Institute (ATI) to develop hydrogen-powered engine architectures. ITP Aero Group's contribution focuses on the design and manufacture of engine structures.

3.1.3. Active participation in associations and with strategic partners

a) Sectoral associations

The ITP Aero Group participates in different associations that promote the development of advanced and sustainable technology and knowledge in the aerospace and industrial environment. In this way, the Group reinforces its position as a leader in the sector while exerting its tractor effect on the local supply chain and its relationship with the technology centres and universities with which it collaborates. Furthermore, participation in these associations allows ITP Aero Group to foster collaboration and cooperation with strategic partners, with whom it shares and promotes its general interests in regulatory forums (administrations), both national and international.

The ITP Aero Group is a member of the following sectorial associations, through the companies present in each country:

In Spain:

- Partner and member of the Board of Directors of **TEDAE** (Asociación Española de Tecnologías de Defensa, Seguridad, Aeronáutica y Espacio, Spanish Association of Defence, Security, Aeronautics and Space Technologies), which works to give visibility to the industrial sectors it integrates and to support Spain's economic growth.
- Founding member of the Clúster de Aeronáutica y Espacio del País Vasco (Aeronautics and Space Cluster of the Basque Country, **HEGAN**), an association that brings together the Basque aeronautics and space sector, facilitating its competitiveness through cooperation and innovation between companies and other agents.
- Founding partner and member of the Board of Directors of **Innobasque**, the Basque Innovation Agency, with which it develops collaborations in innovation, internationalisation and R&D.
- **BAIC** (Basque Artificial Intelligence Centre), to accelerate the integration of artificial intelligence in the Basque industry.
- **Alianza Española para el Uso del Hidrógeno Verde en Aviación (Spanish Alliance for the Use of Green Hydrogen in Aviation)**, which aims to promote hydrogen-based solutions (by direct use or through synthetic fuels) in air transport.
- Partner of the Corredor Vasco del Hidrógeno (Basque Hydrogen Corridor, **BH2C**), an organisation whose objective is the creation of a hydrogen ecosystem, based in the Basque Country, which will enable progress in the decarbonisation of the energy, industrial, residential and mobility sectors.
- Member of **IZAITE**, Asociación de Empresas Vascas por la Sostenibilidad (Association of Basque Companies for Sustainability).

In Europe:

- Member of the European **AZEA** (Alliance for Zero-Emission Aviation) initiative to prepare the ecosystem for hybrid-electric and hydrogen-powered aircraft.
- By virtue of its membership in **TEDAE**, it actively participates in the ASD (Aerospace, Security and Defence) environment committee.

In the United Kingdom:

- **AGP, Aerospace Growth Partnership**, an association that plays a linking role between government and industry in the UK.
- Member of the **ADS Group (Aerospace, Defence, Security and Space)**, the UK's leading association in the sector.
- Member of the **Midlands Aerospace Cluster**, in 2024 they aim to realise a local Industrial Decarbonisation Plan with key players in the aerospace sector in the region.

In Mexico:

- **Aerocluster de Querétaro**, an organisation for the development of the aerospace industry in the state of Querétaro.
- Federación Mexicana de la Industria Aeroespacial (Mexican Federation of the Aerospace Industry, FEMIA).

In the USA:

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

b) Trade associations

The ITP Aero Group also participates in associations that promote, encourage and defend the rights and goals of entrepreneurs:

- Member of the CEOE (Spanish Confederation of Business Organisations), participating in different committees of the organisation: legal, circular economy, R&D, industry and ecological transition, corporate social responsibility, digital society and equality and diversity.
- Member of the Confederación Empresarial de Bizkaia (Bizkaia Business Confederation, CEBEK), the business organisation representing the territory of Bizkaia in the Basque Country.
- Member of FVEM, Federación Vizcaína de Empresas del Metal (Biscayan Federation of Metal Companies), a business organisation that brings together the group of companies in the iron and steel industry in Bizkaia.
- Member in Mexico of CANACINTRA, Cámara Nacional de la Industria de Transformación, an organisation representing the Mexican industrial sector.

c) Strategic partners for innovation

The ITP Aero Group is committed to the search for more sustainable technological solutions and has positioned itself as a driving force in developing ultra-efficient engines and laying the foundations for hybrid-electric and hydrogen-based propulsion systems.

To this end, the Group has built a strong network of collaboration with strategic industry technology centres for the development of technology in the environments in which it operates. The ITP Aero Group is also promoting the creation of joint R&D&i centres with universities to develop the advanced technologies that will equip the engines of the future.

Joint R&D&i centres

- The Centro de Fabricación Avanzada Aeronáutica (Centre for Advanced Aeronautical Manufacturing, **CFAA**) is a public-private collaboration centre, led by the ITP Aero Group and Danobat for aeronautical manufacturing focused on the improvement of industrial processes and advanced machinery. The centre has the participation of more than 100 companies from the aeronautical sector, the Provincial Council of Bizkaia, the Basque Government, the University of the Basque Country (UPV-EHU) and the Bizkaia Technology Park.
- Centro de Tecnologías Aeronáuticas (Aeronautical Technologies Centre, **CTA**), Bizkaia: an aerospace research laboratory specialising in fluid dynamic testing. It collaborates with the CTA on several research and technology development projects.
- The Laboratorio de Investigación en Fluidodinámica de Turbomáquinas (Turbomachinery Fluid Dynamics Research Laboratory, **LIFT**), Madrid, is a technology centre created in collaboration with the Universidad Politécnica de Madrid to carry out aerodynamic tests on turbomachinery.

Technology Centres and Universities

The ITP Aero Group supports the activities of the technology centres with which it collaborates as they specialise in key technologies, thus creating a relationship that promotes the consolidation of the industrial fabric and more efficient investment in R&D&i.
In Spain:

- Barcelona Supercomputing Centre: collaboration in high-performance computing and high-fidelity simulations.
- Centro de Estudios e Investigaciones Técnicas (Centre for Technical Studies and Research, CEIT), Donostia: collaboration in projects for the development of advanced mechanical technologies for aviation.
- IDEKO: collaboration in digitisation of advanced manufacturing systems.
- Instituto Madrileño de Estudios Avanzados de Materiales (Madrid Institute for Advanced Materials Studies, IMDEA Materials).
- Tecnalia: collaboration in the development of advanced aeronautical materials and control systems.
- Universidad Politécnica de Madrid (Polytechnic University of Madrid, UPM): in the field of aeronautics, collaboration in fluid dynamic and simulation technologies for turbines and compressors.
- Mondragon University: collaboration in research into manufacturing technologies, including machining processes, forming technologies and latest generation materials.
- University of the Basque Country (UPV-EHU): collaboration in the development of advanced manufacturing technologies.

In United Kingdom:

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

Suppliers

The ITP Aero Group is committed to and maintains a close relationship with its suppliers to develop collaborative research, development and innovation programmes. These relationships are of great importance to encourage investment in innovation in the products and services that suppliers provide to the Group.

As part of the ITP Aero Group's R&D&i strategy, there are collaborations with strategic suppliers at local, national and international level. Suppliers are involved as strategic partners, through technical collaborations or by contributing to the development and manufacture of components. Collaborative projects set specific milestones to be achieved by both the Group and the suppliers as well.

In 2023, several local suppliers of the ITP Aero Group participated in various R&D&i programmes, including Ultrafan, Prelude, Aperturas and Faktoria, as well as advanced manufacturing centres such as CFAA and CTA.

3.2. Reducing the environmental footprint of our operations

In addition to the commitment to decarbonise the industry, innovate products and actively engage in industry initiatives, ITP Aero Group is committed to reducing the environmental footprint of its operations through its ESG strategy. Therefore, one of its strategic lines approved in December 2023 is: To develop internal operations and activities in a responsible manner, seeking efficiency and defining objectives to protect the environment. The strategic ESG objectives for operations in the coming years relate to Waste and Water, as well as CO_2 Emissions.

3.2.1. Environmental Management System [1]

The circular economy is a model of production and consumption that involves reusing, repairing, renewing and recycling existing materials and products as often as possible to create added value by extending the life cycle of products. In practice, it means minimising waste: less raw materials, less waste, less emissions.

ITP Aero Group's environmental management system provides a framework for improving environmental performance, making efficient use of resources, reducing waste and establishing efficiency improvements with a circularity approach.

To carry out this work, the Group has an environmental management system based on the cycle of continuous improvement: planning, development, verification and action. In other words, the company tries to apply this improvement to all stages of the production chain, developing internal operations and activities in a responsible way, seeking efficiency and defining targets to protect the environment.

Thus, ITP Aero has an **environmental management certificate** in accordance with the UNE-EN ISO 14001:2015 standard in all its work centres in Spain, Mexico, the United Kingdom and India. In the year 2023, the Hucknall centre has been included in the multisite certificate, so that 12 of the 14 centres included in the scope of this report are within the UNE-EN ISO 14001 multisite certificate and 13 of the 14 have a certified environmental management system.

In addition, the Spanish centres in Zamudio, Ajalvir, Alcobendas and Barakaldo have **EMAS registration**, the highest level of environmental management.

ITP Aero Group's environmental management system is based on the **Environmental Policy**, through which the Group strives to be recognised for environmental excellence in all its activities, products and services. Likewise, it assumes this responsibility, both personally and collectively, with clients, suppliers, contractors and joint ventures to prevent or minimise negative impact on the environment. The policy covers the principle of prevention and improvement for all ITP Aero Group's environmental aspects associated with activities, products and services and in 2023 it was updated to adapt it to the ITP Aero Group's perimeter and approved by the BIDCO Board of Directors.

Based on this policy, environmental objectives are defined annually at all the Group's plants in order to minimise or eliminate environmental impact. The environmental aspects covered range from the consumption of resources: materials, energy, water, etc., the generation of waste, dumping, emissions, noise and any other aspect that could have a significant impact.

Environmental objectives vary in scope and number, depending on the organisation and its Management System. Some objectives, for example, may be organisation-wide in scope, while others will be restricted to certain areas.

These and other issues are planned and reviewed through the environmental committees in which all centres participate. The meeting held in January 2023 established objectives related to:

- CO_2 reduction and energy efficiency.
- The reduction of total waste generation, and particularly the reduction of the % of waste destined for disposal, taking into account in this concept.
- Water consumption.
- Reduction of environmental incidents.

In addition, specific objectives have been addressed in each centre, depending on the particularity and impact of each one of them: Emissions of volatile organic compounds, noise and paper consumption in centres with predominantly office activity.

The results associated with the deployment of targets and other plans are included in the appropriate sections: energy, waste, CO_2 emissions, etc.

The ITP Aero Group has implemented measures to **prevent, avoid and repair any environmental damage** that may be caused, in order to return the damaged resources to their original state. Thus, we pursue:

- To strengthen prevention mechanisms to avoid accidents with harmful consequences for the environment.
- To ensure remediation of environmental damage resulting from accidents.
- To guarantee that prevention and remediation of environmental damage is borne by the responsible operator.

These measures are regulated by Law 26/2007 of 23 October 2007 on Environmental Responsibility, which transposes Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004. This law establishes a new environmental damage remediation regime according to which operators who cause damage to natural resources or threaten to cause damage must take the necessary measures to prevent such damage or, where damage has occurred, to limit or prevent further environmental damage, as well as to restore the damaged natural resources to the state they were in before the damage occurred.

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

In addition, the ITP Aero Group applies the precautionary principle and holds civil and environmental liability insurance that covers all plants, to mitigate the consequences of any incident that may arise from its activities.

For the proper implementation and development of the environmental management system, the ITP Aero Group has a total of 15 fully dedicated individuals (including both direct and indirect staff), as well as other professionals who either partially or indirectly deal with environmental issues, particularly with regard to waste management operations.

The increase in staff from last year, specifically 5 employees, corresponds to the increase in responsibilities that the function has assumed in the areas of energy and climate change, especially.

The Group is also aware of the importance of corporate culture in sustainability. In 2022, a **training course** was launched on environmental impact prevention in relation to the generation of waste, discharges, optimisation of the use of resources, prevention of accidents with environmental impact, etc. The course was completed by more than 90% of ITP Aero Group employees and is currently part of the training that is provided to 100% of the staff, as well as within the induction training process for new workshop staff.

[1] The ratings, awards and certifications are differentiated according to the perimeter of the companies to which they refer, so in some cases the reference is to ITP Aero and not to the Group.

In addition, it is ensured that all personnel who may have responsibility for environmental management issues as a result of their functions receive specific training. An example of this is the induction training that is completed by100% of new workshop staff and specific sessions focused on selected topics. Specifically:

- Ad hoc training sessions in all plants, at least once a year, through the performance of drills.
- Training for new recruits at the Zamudio centre in Spain, 26 training courses were given and were attended by 135 employees.
- At the Lincoln Centre in the UK: specific training on chemical products.
- At the centre in Mexico: training in hazardous waste and special waste handling for maintenance and warehouse personnel.
- Various awareness campaigns to make employees aware of waste reduction and sorting.

Finally, it is worth mentioning that awareness-raising notices are published in a timely manner via the intranet, to which all ITP Aero Group employees have access. The news is spread through global dissemination or in a centre, depending on the scope. These are some examples:

- Separate your waste properly, published in the Zamudio centre.
- Let's reduce the impact of our activities, focused on reducing the impact in offices.
- Membership to the Basque Ecodesign Centre for the generation of applied knowledge in circular economy for the benefit of the Basque business community.
- Publication in the magazine Al Vuelo: the company's commitment to decarbonisation.

3.2.2. The impact of our operations

The ITP Aero Group relies on its environmental management system to ensure compliance with the legal requirements applicable to each of its centres and to minimise and prevent pollution through the operational control of its activities.

For this purpose, each plant has the necessary procedures depending on the characteristics of its activities and operations. The following are established through these mechanisms: pollution prevention measures via purification systems, filtering etc; control measures, periodically analysing emission sources, discharges, noise emissions, etc; reports to the administration with information related to environmental performance; as well as all relevant internal controls to ensure the above.

All ITP Aero Group centres have the environmental authorisation that corresponds to the centres in Zamudio and Ajalvir in Spain and Hucknall in the UK have Integrated Environmental Authorisation.

From now on, all information provided focuses on the facilities that the ITP Aero Group has in Spain, Mexico, and the UK, except for water consumption, energy and CO_2 emissions, which also includes information from the centres in Malta and India.

It should be noted that work is currently being done to improve the Group's data, and it is an objective for 2024 to incorporate the information of all the centres in the environment database. The aggregated data are considered representative, since the centres in Malta and India do not have a material volume from the point of view of their productive size, environmental impact and number of employees (in total no more than 5% of the company's total).

Based on the commitment to the circular economy strategy and the environmental policy, the ITP Aero Group is committed to the responsible use of resources (water, energy, raw materials and auxiliaries etc.) in all its operations, applying the principle of continuous improvement in all phases of the production chain.

USE OF MATERIALS AND CHEMICALS

The ITP Aero Group seeks to develop internal operations and activities in a responsible way, seeking better efficiency in the consumption of raw materials to make responsible use of them.

To this end, the Group works on optimising the use of material resources at all stages of the value chain and the recovery of materials through R&D&i activities.

One of the outstanding initiatives to reduce the carbon footprint is the Revert programme, an initiative that aims to recover and reuse metallic materials throughout the manufacturing supply chain. The ITP Aero Group works to maximise the amount of material reused throughout the product value chain. In recent years, up to 30% of the surpluses generated during manufacturing processes have been recycled, with this percentage of recycling reaching 70% in certain strategic products. We are working on extending this practice to other types of products. This aligns with the principles of the circular economy, seeking not only to minimise waste, but also to maximise the useful life of resources, thus reflecting ITP Aero Group's commitment to sustainability.

The impact on operations, consumption of materials, water, waste generation, emissions, etc. (both in terms of type and quantity) is directly related to the activity. The one that most influences this category is the recovery of air traffic, where 2023 levels have already been close to 2019 levels; consequently, deliveries have recovered, along with a generalised increase in production and maintenance activity at the ITP Aero Group centres.

In addition, it should be noted that the processes and activities in the work centres are not homogeneous, therefore the consumption needs of raw and auxiliary materials vary from one centre to another.

The facilities in Spain mainly consume raw materials such as castings, forgings, bars, and sheets, as well as oils and lubricants as auxiliary materials.

In Mexico, raw materials such as tubes and housings, and auxiliary materials such as aluminium oxide or dielectric oil are consumed. The latter consumption associated with the year 2023 has been included in the Consumables and Supplies category.

In the United Kingdom, on the other hand, the raw material consumed includes titanium, nickel alloys and steels.

	Material and Consumables (Quantity)			Units
	2021	2022	2023	
SPAIN				
Production material	875	1.127	1.304	tn
Production material (tubes)	147.074	176.980	256.477	units
Production material (tubes)[1]	20.511[1]	20.750[1]	22.716[1]	m
Consumables and supplies	1.272	1.646	1.969	tn
MEXICO				
Production material	387	378[2]	507	tn
Dielectric oil	5.000	6.400	-	Litres
Consumables and supplies	48	44	49	tn
UNITED KINGDOM				
Production material	24[3]	366[4]	594	tn
Production material (units)	0[3]	22.566	0	units
Consumables and supplies	17[3]	1.674[4]	1.637	tn

[1] The ESG 2022 report did not include consumption of production material - tubes purchased in metres. It is provided for the first time for the last 3 years.
[2] It was discovered that the data reported in the 2022 ESG Report was incorrect as some materials were counted twice. The error has now been corrected and the 2022 data is reported as corrected.
[3] The 2021 UK data does not include the Hucknall site, which was integrated into the Group in 2022.
[4] Data differs from the ESG 2022 report: the 2022 calculation used the quantity of certain materials in units as there was no corresponding quantity in tonnes. The 2022 data in the table has been corrected.

On the variation of consumption of 2023 with respect to 2022:

- In Spain, a general increase in the consumption of production materials and consumables and supplies is observed in 2023, due to the increase in activity.
- The consumption of pipes takes place in the ITA and Derio centres in Spain. In this case the increase in activity has also caused higher consumption in 2023.
- In the United Kingdom it should be noted that the Hucknall centre has improved data management compared to the previous year: in 2023 raw materials have been accounted for in tonnes that were reported in units in 2022, which means better quality of the information and will allow better comparability from here on. On the other hand, a significant decrease in productive activity in the Lincoln centre is also noteworthy.
- In Mexico, there has been an increase in production materials, mainly due to the increase in activity and the new production processes being implemented in this plant.

As for the **use of hazardous substances** in the operations, it should be noted that the ITP Aero Group strictly complies with all existing requirements and regulations through various mechanisms that are explained below:

a) REACH

Regulation (EC) No. 1907/2006 (called REACH, acronym for Registration, Evaluation, Authorization and Restriction of chemical substances and mixtures) aims to ensure a high level of protection of human health and the environment, as well as the free movement of substances in the internal market of the European Union, facilitating citizens' access to information on these chemical substances.

The ITP Aero Group has a procedure in place to ensure compliance with the requirements established in this regulation, as well as with resulting legislation. The procedure is applicable to all ITP Aero Group sites where chemicals are used in production processes or manufactured products containing substances affected by REACH or UK REACH regulation, taking into account the entire supply chain: import of substances and/or articles, intermediate uses of substances and/or articles, and sale of substances and/or articles on the market, with either origin or destination in the European Union.

A multidisciplinary coordination team has been created to ensure compliance with these regulations. Furthermore, based on this procedure, the ITP Aero Group has an exhaustive control over all the chemicals affected by REACH in all its centres.

It should be noted that the Group also participates in the TEDAE and HEGAN Chemical Substances Group.

b) Substance management

The ITP Aero Group uses substances with auxiliary materials in certain processes. To do this, it has the necessary procedures in place that guarantee the necessary means for safe handling, without environmental impact. In relation to these protocols, it should be mentioned that the ITP Aero Group complies with:

- All methods for labelling, storage, handling and transport measures of dangerous substances, in accordance with the provisions of the product safety data instructions.
- Reduction of material consumption through optimisation of processes.
- Implementation of environmental emergency measures in order to prevent any impacts associated with the handling of chemical substances.
- Training of employees to safely handle and manage hazardous substances.
- Ensure safe disposal of hazardous substances.
- Use of less hazardous alternative substances in operations.

CONSUMPTION OF REFRIGERANT GASES

Information on the consumption of refrigerant gases is shown in section 3.1.1 “Net Zero - Carbon Strategy”.

ENERGY CONSUMPTION

Information on energy consumption in operations is shown in section 3.1.1 “Net Zero - Carbon Strategy”.

WATER CONSUMPTION

In the ITP Aero Group, water is consumed both for sanitary purposes, as well as in certain industrial processes. Thus, water consumption is heterogeneous from one centre to another.

The water in the facilities in Spain and the UK originates mainly from the municipal supply network and is used for production processes, and to a lesser extent for sanitary and office purposes.

ESG Strategic Objective: Environmental Impact[3]

The reduction of the impact associated with water consumption is considered strategic for the ITP Aero Group; for this reason, an improvement objective has been set for the coming years. Specifically:

- Perform a water withdrawal audit, calculate the baseline and define targets related to water in 2024.

Work began to carry out a water audit at the Zamudio plant In November 2023. The objective was to obtain an assessment of the possibilities of action related to the management of the water cycle, including water saving measures, recommendations regarding use, etc.

The results of this audit will be available in the first part of 2024, and will be extended to those plants with similar processes to Zamudio.

Water consumption levels in the ITP Aero Group in recent years are shown below.

	Water consumption (m^3)									
	2021			2022			2023			
Source	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom	Malta
Main water supply	118.129	0	30.413	118.320	0	43.247	130.132	0	37.374	455
Water from wells	0	21.456	0	0	29.621	0	2.970[1]	24.786	0	0
TOTAL	**118.129**	**21.456**	**30.413**	**118.320**	**29.621**	**43.247**	**133.102**	**24.786**	**37.374**	**455**

[1] In the centre of Ajalvir, well water is consumed for irrigation of green areas. The amount captured complies with the ITP Aero Group's concession for the use of groundwater for irrigation issued by the Confederación Hidrográfica del Tajo, the competent authority for this matter.

A total of 195 megalitres of water were consumed in the Group in 2023, 4 more than those consumed in 2022.

In Spain, consumption has increased due to the production increase in 2023. In addition, there was a considerable, exponential increase in the centre of Ajalvir due to leaks in the cooling tower and in the office hot water system, caused by connectivity issues. Once the cause was investigated and the issue detected, the deficiencies were corrected.

In the United Kingdom centres, there has been a significant reduction in water consumption (about 14%), due to the decrease in production activity during 2023.

Lower consumption was also observed in Mexico in 2023 (reduction of 16%), mainly due to improvements in the irrigation system.

[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

WASTE

The ITP Aero Group has an environmental strategy for waste management based on the principles of circular economy, which helps to minimise potential impacts derived from its activity. For this reason, the company segregates the waste from each work centre at source and delivers it to authorised handlers, who certify an adequate and specific treatment according to its nature, prioritising the reuse of the materials it comprises.

The main waste products generated resulting from the Group's activity originate from the component machining and packaging processes: wood, cardboard, and plastic. Refuse of a similar nature to urban waste is also generated on a smaller scale, whose origin is primarily offices and rest areas of work centres.

In all these centres, the ITP Aero Group ensures that:

- Waste is stored in accordance with appropriate hygiene and safety conditions.
- It is not mixed with other waste, substances, or materials.
- It is stored, packaged, and labelled at the place of production before being collected and transported under the supervision of authorised handlers.

Finally, it should be noted that the ITP Aero Group has not developed any actions or measures to deal with food waste, since its area of activity does not generate a relevant amount of this type of waste.

The waste generation of the ITP Aero Group is shown below:

	WASTE GENERATED (Tn)								
	2021			2022			2023		
Type	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Hazardous waste	880	185	572	842	170	367	1.093	182	410
Non-hazardous waste	1.623	165	424	2.122	331	470	2.497	468	574
TOTAL	**2.503**	**350**	**997**	**2.964**	**501**	**837**	**3.591**	**650**	**984**
Total waste recovered[1]							2.423	549	953

[1] In 2023 the recovered waste began to be accounted for: this includes waste that is not destined for disposal, whether hazardous or non-hazardous.

Waste increased by 21% in 2023 compared to 2022, mainly as a result of:

- In Spain:
  - Significant increase in wood waste and chips due to the increased activity in the Zamudio centre.
  - There were specific incidents in Ajalvir, in one of the treatment lines, as well in Zamudio, due to the start-up of the hydrocarbon separator, which led to extraordinary levels of waste generation.
  - Reconditioning operations at the Albacete plant during August 2023 generated alkaline solutions and other waste.
- In Mexico: increase due to the dismantling and adaptation of facilities.
- In the United Kingdom: significant generation of waste due to site transformation activities.

Some important milestones of 2023 to highlight, in Spanish centres:

- In Sestao, suction dust residue became recoverable. This means it can be accounted for as "recovered waste", thus avoiding the delivery of approximately 15 tonnes per year to landfills.
- "Reusable cloth" system installed in Albacete and Zamudio. This is a concept involving acquisition of services instead of consumer goods, through leasing for subsequent treatment by the supplier company; the materials are reintroduced into the life cycle of the product, avoiding waste generation.

An improvement objective is determined as a priority aspect within the ESG strategy for the coming years.

ESG Strategic Objective:
Environmental Impact[3]

- Reduce the rate of waste directed to disposal by up to 15% by 2030. 2022 baseline: 20%.
- Analyse the impact of growth up to 2027 on waste generation per site and define reduction targets in 2024.

ATMOSPHERIC EMISSIONS

The reduction of the impact on atmospheric emissions, the control and reduction of noise levels, and the improvement of local air quality are all issues that the ITP Aero Group addresses in its environmental impact management.

The contribution of the ITP Aero Group to the achievement of these objectives is based on the application of continuous improvement and the definition of control parameters concerning all environmental aspects derived from its activity.

a) Greenhouse gas emissions

Greenhouse gas emissions are discussed at length in section 3.1.1 "Net Zero - Carbon Strategy". Additionally, the ESG Strategic Objective with regards to CO_2 Emissions, is detailed in this section.

b) Other atmospheric emissions

The ITP Aero Group annually evaluates the impact generated by any type of atmospheric emission: from mobile and fixed sources to diffuse emissions etc.

In addition, it ensures that all existing emission sources in the various plants are equipped with control systems to reduce environmental impact, and to ensure legal compliance at all times. For this reason, all the plants of the group with emission sources to the atmosphere carry out controls with an accredited control body, which performs periodic measurements of atmospheric emission levels generated by the production processes.

In 2023, at the Barakaldo centre in Spain, the percentage of diffuse emissions permitted for the amount of volatile organic compounds (VOCs) used in the surface cleaning process was exceeded. A reduction plan was launched and presented to the Basque Government in the first quarter of 2024.

With the exception of this event, which has occurred for this specific emission in this centre, the preventive controls applied to the emission sources to the atmosphere have been correctly maintained in the rest of the plants of the ITP Aero Group, ensuring compliance with applicable requirements and an optimal functioning of the processes, which also results in adequate control and prevention of pollution.

DISCHARGES

The ITP Aero Group generates water-based, sanitary, and industrial discharges. The latter are discharged into a network separate from the municipal sanitation network. Prior to the final discharge, the waters pass through the relevant purification systems to ensure compliance with all discharge parameters for the corresponding sanitation systems. In each centre, the system varies depending on the physicochemical characteristics of the discharge.

In all ITP Aero Group centres, discharge monitoring is carried out periodically in order to ensure compliance with parameters and adequate water quality.

It should be noted that in 2023, the installation of a hydrocarbon separator equipment to treat rainwater before discharge, in the Zamudio centre in Spain, in order to minimise environmental impacts.

In addition to the installation and commissioning of this hydrocarbon separator, the centre's discharge permit has been updated to incorporate the new stormwater discharge point.

NOISE

In order to ensure adequate outdoor noise levels and minimise noise pollution caused by its operations, the ITP Aero Group carries out periodic measurements of the noise level generated by its facilities, in addition to installing both measures to act at the source and outdoor noise minimisation or reduction systems, such as shielding.

In Spain, the low noise levels at the Zamudio plant have made it possible to reduce the frequency with which the measurements required by the administration are carried out, going from three to five years. In 2023, a noise measurement campaign was carried out in the centre, with favourable results.

In the Ajalvir centre in Madrid, the impact of the test bench noise is reduced through shielding systems. In September 2023, a noise measurement campaign was carried out at the centre, exceeding the indicated limit on the test bench due to the operation of the extraction system at night, when the allowed levels are lower. Currently, the modification of the monitoring software is being carried out to ensure that the activity of the fans at night is limited to the essential minimum without harming the operation or affecting safety conditions.

In Mexico there was also a case where indicated levels were exceeded, which has been corrected by placing silencers in the ITAM air extraction systems.

In the United Kingdom, an acoustic enclosure plan is being implemented in the centre of Hucknall in order to prevent noise from affecting neighbours who are building houses in the vicinity of the plant. Most of the acoustic insulation works have been executed in 2023 and, once completed, a measurement will be carried out in order to ensure compliance with limits.

BIODIVERSITY

The ITP Aero Group facilities in Spain are not located in protected biodiversity areas. This is also the case for the areas near the plants.

In Spain, in the Zamudio production plant, there is an oak grove which is used as a rest area for employees that is maintained and preserved with regards to its terms of use and basic characteristics.

LIGHT POLLUTION

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

[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

04

S - Social

4.1. Our people

4.2. Health and safety

4.3. Labour relations

4.4. Product quality and safety

4.5. Contributing to our communities

4.1. Our employees

With the ESG strategy, approved in 2023, the ITP Aero Group has the ambition ensure the company is and continues to be a great place to work and one that guarantees equal opportunities to all. To this end, a strategic line was established focused on creating a safe working environment and working conditions that ensure equal opportunities and professional and personal development opportunities for all employees. For this reason, objectives related to the priorities were defined for: employee engagement, health and safety (H&S) and diversity, equity and inclusion (DEI).

The headcount as of December 31, 2023 reached a total of 5.007 employees. This workforce growth is explained by the increased workload resulting from the recovery of the aeronautical sector after the pandemic.

As part of the professional development process of our people, the ITP Aero Group promotes the ability of employees to relocate to work in other workplaces, both within Spain and in other countries. At the end of December 2023 there were 48 employees taking advantage of this mobility.

4.1.1. Quality recruitment and employment

The ITP Aero Group prioritises quality in employment, which is done by carrying out hiring through temporary contracts which can then be transformed into a permanent contract.

In 2023, permanent contracts predominated (93%) compared to temporary ones (7%), and full-time hires make up the majority (97%), with very few part-time hires (3%).

Permanent contracts and temporary contracts are consistent in terms of percentages with the 2022 fiscal year. In turn, in 2023, there were a considerable number of new hires, which have made it possible to reach a net increase of 514 individuals as compared to the 2022 fiscal year.

The evolution with respect to the 2022 financial year in terms of full-time or part-time hiring resulted in minimal variations, these are a 2% decrease in full-time contracts and a 2% increase in part-time contracts.

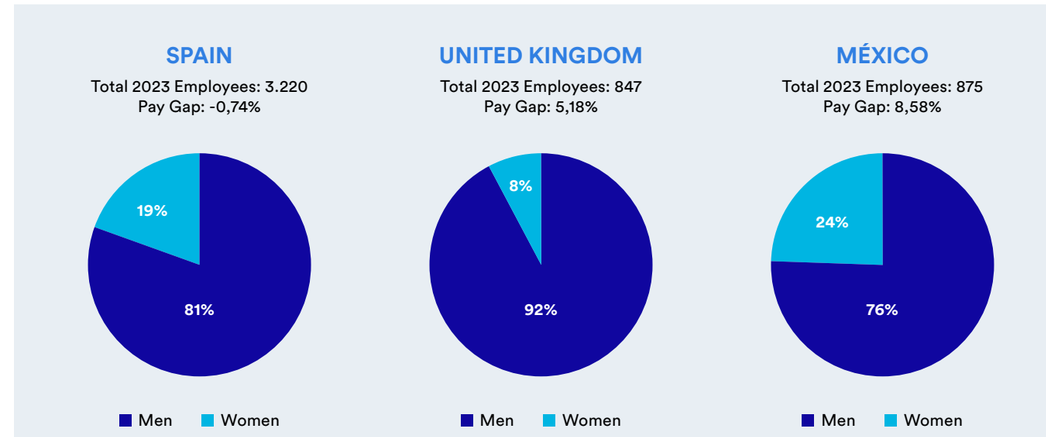
There have been 25 dismissals in 2023, compared to 20 dismissals in 2022.

4.1.2. Wage gap and average remuneration

ITP Aero Group is committed to pay equity and applies its remuneration policy in an objective manner, considering gender and diversity issues. Remuneration is determined considering qualifications, the experience of the professional, responsibilities related to their role in the organisation, as well as their level of contribution.

Equal pay was achieved in Spain, compared to a national average of 9%, with efforts and focus paying off, but there is still work to be done to sustain it going forward and across all of our global sites. In the UK, the gender pay gap is 5,18%, also lower than the UK average. In Mexico, the gender pay gap reached 8,58% in 2023, compared to a country average of 15,8%.

As an industrial and engineering company, ITP Aero Group has historically recruited more men than women. This means that there is a higher proportion of men who, due to their seniority, benefit from higher salaries and fringe benefits.



At the ITP Aero Group level, the pay gap expressed as ((average male salary - average female salary) / average male salary) was 7% in 2023, the same as in 2022. A correction to the pay gap reported in 2022 has been included, as an arithmetic error in its calculation was detected during the preparation of the information for 2023. The error identified relates to the application of the euro/pound exchange rates. The main difference between FY2021 and the corrected FY2022 is due to the inclusion of ITP Aero UK where as a result of the ratio of women to men being significantly lower than the previous baseline of Spain and Mexico resulted in a deterioration from 2% in 2021 to 7% in 2023.

4.1.3. Remuneration management - ReWell

In 2023, the ITP Aero Group launched the ReWell platform in Spain and the United Kingdom, enabling each employee to manage three aspects: a) flexible remuneration, b) access to discounts and c) information on wellbeing. Mexico developed the definition of the platform in 2023, and its deployment is scheduled for 2024.

Each employee can activate flexible remuneration through ReWell by contracting various products or services (health insurance, life and accident insurance improvement, transportation to the workplace, purchase of computer equipment, training, retirement savings mechanisms, etc. depending on the organisation to which they belong, reducing their monetary remuneration and applying the tax benefits established by current legislation. In this manner, each employee can identify the products or services that interest them at any time, as well as to know their cost and tax impact if applicable.

Additionally, the ReWell platform provides access to a multitude of discounts (more than 430) where ITP Aero Group employees and their beneficiaries can make purchases of products and services with discounts or refunds.

This platform also provides monthly recommendations on wellbeing covering the key pillars: physical, emotional, social, financial, and professional.

4.1.4. Organization of work

The ITP Aero Group meets the work-life balance needs of its workforce using tools for managing flexibility in working time that balance the needs of the company with the lives of employees.

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

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

Depending on the country in which the workplace is located and the applicable collective agreement, there are different measures to improve the balance of personal and professional life, which include:

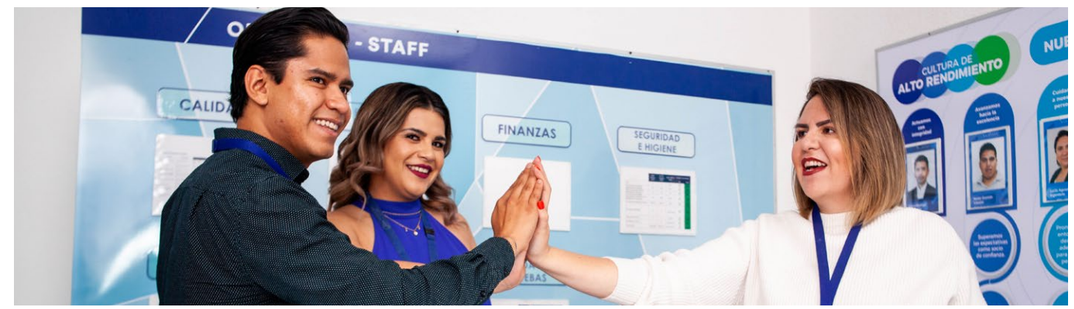
- Work schedules that favour work-life balance.
- Agreement on the regulation of working hours applicable to certain centres in Spain that allow for flexible working hours, in a self-regulated and trusting environment.
- Flexibility in arrival and departure times at the workplace (from 1 to 3 hours depending on the work centre) for office jobs.
- Calendars with holidays preferably organised during the Christmas, Easter and summer periods, as well as bank holidays and long weekends.
- The hybrid work model that includes the possibility of working partially from home in many Group functions.

In 2023, the Group deployed the digital disconnection policy in Spain, the UK, and Mexico, in order to establish criteria of respect for the personal sphere of employees. This is a Group-wide policy that was approved by the BIDCO Board of Directors.

4.1.5. Our high-performance culture

The ITP Aero Group continues to promote its High-Performance Culture through different initiatives, in order to achieve great results in a sustainable way and in a healthy working environment.

In 2023, the “more than words” campaign was launched to reinforce the meaning of the four values that guide the way we work in the ITP Aero Group. Through different communication actions, the commitments that are behind each of the words were shared with employees: **We innovate for the future, We care for people, We move towards excellence, and We operate with integrity.**



The ITP Aero Group Leadership Model

One of the Group’s main drivers for fostering culture is the training of leaders in the “ITP Aero Group Model”, based on three pillars: Inspiring trust, Transforming vision into results, and Promoting development.

In 2023, 63 new leaders from Spain, United Kingdom, and Mexico participated in the programme delivered by internal ambassadors, with an excellent average rating. In addition to the individuals trained since 2022, more than 700 leaders received training from the programme.

Habits for a high-performance culture

During 2023, the deployment of the culture focused on the office collective and workshop team leaders.

More than 1,500 individuals from Spain, Mexico, and the UK were trained in effective habits, with an average rating above 4 out of 5, in line with the objective set by the Group. This training was carried out by 76 leaders from different areas and centres of the ITP Aero Group who were trained as ambassadors of the initiative, providing unique value generated from their experience and knowledge of the Group.

REcognition: Global awards for our values

Recognition is an integral part of the culture of the ITP Aero Group. Therefore, each year, outstanding individuals are rewarded though the global initiative REcognition, which acknowledges those who demonstrate excellence in the application of the Group’s values in their daily activities. The entire staff can participate by submitting their recognitions through a digital application and voting for other proposals.

Participation in 2023 continued to grow in the third edition of this initiative, indicating the positive reception that this initiative has had in the ITP Aero Group.

The hybrid working model in the ITP Aero Group

Flexibility is part of the ITP Aero Group’s value proposition. One year has passed since the implementation of the hybrid model of face-to-face and remote work; the impact on teams was assessed by surveying a sample of 143 leaders from different centres and countries.

The result reveals that this model is not only highly valued by the workforce for facilitating work-life balance, but also contributes to improving the commitment and productivity of many teams.

4.1.6. Employee listening strategy

In October 2023, we launched the "Building ITP Aero 2023 Together" survey. This is an annual survey whose aim is to hear the opinions of employees on aspects relevant to making a difference in companies with a high-performance culture.

A total of 4.046 people participated in the survey, 84% of the ITP Aero Group's workforce, which was the highest response rate obtained so far in a global survey and exceeded the target of 80%.

The survey, conducted entirely online in all countries, consisted of 27 questions grouped into 3 blocks: Our Culture, Sustainable Commitment and Employee Experience. The percentage of favourable answers increased in all three blocks in this edition, and responses to all the questions improved compared to the previous year. It should also be noted that the improvement occurred across all the companies of the Group, which indicates that global and local actions are having a positive impact. The objective was to improve the favourable responses of each block by 5 percentage points with respect to the results of the last survey conducted, an improvement of 4 points in culture and sustainable commitment and 5 points in employee experience were observed.

The question **"I am proud to work at ITP Aero"** / "I am proud to belong to ITP Aero", received a **positive response rate of 88%**, one of the higher favourable scores.

For the first time, we evaluated the eNPS (employee net promoter score), a universal indicator to measure commitment based on a single question: "I would recommend ITP Aero as a good place to work". The overall result places us within the top 25% of companies in the industrial sector.

As part of our ambition for the ITP Aero Group to continuing to be a great place to work, we have set ourselves a goal within the ESG strategy of maintaining this level of performance in the coming years.

ESG Strategic Objective: People Engagement[3]

Sustain an excellent Employee Net Promoter Score by 2027. This means being in the top 25% of the industrial sector.

[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

4.1.7. Talent development processes

The objective of the people and team development process is to ensure the fulfilment of strategic challenges in a manner consistent with our culture.

The different Talent processes of the ITP Aero Group are aligned to ensure a strong development environment for employees: Recruitment and Onboarding, Learning, Performance monitoring and Talent Review.

In 2023, the management and reporting systems for data analysis was improved, which allowed for the measurement and monitoring of the main effectiveness indicators: lead-time selection, completed onboardings, agreed challenges, registered feedback sessions, completed courses, and actions derived from the annual talent review, among others. Each manager has access to a scorecard with the team's data to monitor these indicators.

Recruitment and Onboarding

The Recruitment and Onboarding processes of the entire Group are governed by the Recruitment and Selection Policy, which lays the foundations for developing processes based on competencies and behaviours. The ITP Aero Group has a corporate interview model aligned with our Culture, which seeks to determine the degree of suitability of a person to the required competencies in each position in an objective, robust, reliable way, and providing the same opportunities to all candidates.

In 2023 there were more than 250 employees trained and more than 1,000 selection processes were carried out utilizing this model, both internally and externally.

The Group promotes an environment where the entire staff can update their Curriculum Vitae (CV) at any time and indicate their career ambitions throughout the year. This information is visible both to the direct manager and to the recruitment team, who take these career objectives into account when filling internal vacancies. To this end, a new campaign was launched in 2023 that increased the number of people with an updated Curriculum Vitae by 11%, now reaching more than 1,800.

Likewise, an induction training aimed at all new recruits was standardised, which includes an introduction to the main corporate policies of the Group. 98% of the new recruits in 2023 completed this training.

The ITP Aero Group also encourages active listening within the collective of new recruits through an assessment survey of the onboarding process. This provides awareness of the degree of satisfaction of the people who join the Group, with the aim of developing action plans to improve their experience and that of new recruits in the future.

Performance

The ITP Aero Group promotes frequent feedback between managers and collaborators to ensure high levels of performance and promote employee development.

Leaders and technicians

The continuous feedback model applied to leaders and technicians from Spain, Mexico and the UK is the mechanism used to identify the priorities of the year and specify the contribution expected from each person in the team with SMART objectives. In addition, it is a useful tool for regular monitoring of progress.

82% of leaders and technicians held feedback sessions with their managers at least 3 times a year, exceeding the goal set for this year. Likewise, the percentage of employees who consider that these sessions are useful for improving their performance is growing very significantly.

In order to help boost the feedback culture, a new guide aimed at managers and collaborators was launched in 2023 that seeks to improve the quality of feedback conversations so that they are more effective, as well as taking advantage of all the functionalities offered by the Talent Management system.

Additionally, in the ITP Aero Group there is also the biennial 360° feedback process that, on a voluntary basis and with questions based on our 3 pillars of leadership, has a clear focus on development. In the May 2023 edition, 613 leaders from Spain, Mexico and the UK voluntarily participated in the 360° Feedback process, in which a total of 2.379 people including colleagues, collaborators and managers gave their opinion on a series of relevant behaviours identified in day-to-day work and provided comments and recommendations for improvement.

This process is one of the various development initiatives intended to boost the potential of the leaders in the Company and this year 90% of the leaders invited to participate took advantage of it to continue improving. The result is ten points higher than the set goal, which demonstrates that it is a useful and valued tool.

Workshops (direct staff)

The evaluation process in the workshops is governed by the different collective agreements and agreements of each plant and/or company. These agreements all have their applicable regulatory bodies and monitoring mechanisms.

Work was carried out in 2023 on digitising the performance monitoring process for the workshop collective, which in the ITP Group is called Category Evaluation, in Spain. The objective is to achieve a more agile process, which ensures the traceability of the data, and a unique and shared data record, which allows progress in decision-making.

Learning. 70-20-10 learning model

In the ITP Aero Group, leader ensures the adequate training of their teams to perform their role in the company and ensures the best format to achieve the needed training: on the job training, self-learning, mentoring, internal mobility, participation in forums, internal or external training.

Employees can consult the training activities assigned to them, their history, the planned course schedule, the trainings, and the available learning pathways. This is monitored through the global training dashboard. In addition, a yearly survey is used aimed at all managers with a team to evaluate the impact of their employees´ training and actions are taken if required. In 2023, more than 800 training actions were carried out in the ITP Aero Group with valuation indices above 4 out of 5, exceeding the internal training satisfaction KPI. In turn, more than 96% of the workforce completed some kind of training during 2023.

The main learning challenges during 2023 covered three axes: strengthening policies and good practices through training, the development of standardised knowledge itineraries by function and driving the company's digitisation.

Reinforcing our policies and good practices through training

The ITP Aero Group wishes to ensure that all employees who are part of the company are aware of, understand, and behave in accordance with a set of policies, principles, and guidelines. To do this, every year an online training course aimed at the entire workforce is provided to familiarise or refresh employees on the policies.

During 2023 the policies were updated to adapt their application to the perimeter of the ITP Aero Group and were approved by the Board of Directors of BIDCO.

In relation to policy training, these were the global actions required in 2023: Information Security, Export Control, Ethics and Compliance, and Code of Conduct. Compliance levels of 96% were achieved across all ITP Aero Group centres, both in offices and workshops.

Standardised course plans and knowledge days

The objective of the Senda project creation was to standardise ways of acquiring knowledge of technical engineering functions. It facilitates the understanding of the learning process in a comprehensive way, through courses, self-training, on-the-job training and mentoring. Training pathways for new technical functions were added in 2023.

Promotion of digitisation

In 2023 the project *Digital WorkPlace* was launched, an initiative that has actively contributed to ensuring that all ITP Aero Group professionals have a unique and intelligent digital workspace, adaptable to their needs, and all supported by a solid and secure cloud infrastructure.

This project makes advanced computer tools and training available to employees. 30 sessions were organised during 2023, aimed at all employees of the ITP Aero Group and more than 90 training modules were created.

Development Programmes

Global Talent Programme

The Global Talent programme seeks to promote the development of early careers by providing employees with up to five years of experience, the opportunity to participate in national and international strategic projects. This programme, that has a duration of two years, helps to create synergies, and favours internal rotation for the development of more transversal profiles in the Group.

The second edition began in January 2023 with 10 new Global Talent participants, 7 of whom have had the opportunity to develop at least one of their projects in a workplace and country different from their own.

Coaching for Managers

The ITP Aero Group wishes to continue developing its leaders as an essential element of its high-performance culture and for this it launched a pilot coaching project with leaders from the United Kingdom, Mexico and Spain.

In 2023, 15 leaders participated in a new personalised and online coaching programme, with certified external coaches. The average grade that the participants gave the programme as a whole was 4.5 out of 5, and the average satisfaction score for the sessions was 4.9 out of 5.

Talent Review

The talent review is an annual process that aims to identify high-potential employees, mobilise internal rotation opportunities, activate planned succession processes, and act in cases of low performance.

This process is carried out in three phases:

- **IDENTIFICATION:** Each manager conducts an analysis of their team to identify high potentials, rotation needs, upcoming departures to plan successions and low performances that imply initiating improvement plans.
- **SHARING:** The talent review promotes relevant conversations, between managers, with human resources, with individuals in charge, and with leaders from other areas. The objective of these conversations is to jointly analyse the different scenarios identified.
- **ACTION:** The identification and conversations that take place during the talent review process help to make decisions about talent and to plan development actions for the teams.

Attraction of talent

The ITP Aero Group strives to continue attracting talent to strengthen its competitive potential by offering a challenging professional development environment, a differential culture, and an attractive value proposition for the employee.

Scholarships

Every year scholarships are offered at the Group's plants through a close collaboration with leading universities, training, and technological centres of reference. In 2023 there were a total of 392 students who completed their internships in the ITP Aero Group, mostly in STEM fields.

LinkedIn Ambassadors

The LinkedIn Ambassadors initiative continued, which seeks to strengthen the brand image through a greater presence on social networks. This initiative is led by volunteers who received training to be reliable spokespersons for the ITP Aero brand. The first edition was launched inn2022, and the Group already has 42 Ambassadors from different countries.

4.1.8. Diversity, Equity and Inclusion

Our commitment to Diversity, Equity and Inclusion

In accordance with its values "Operating with integrity" and "Caring for people", the ITP Aero Group ensures the development of diverse and inclusive work environments, free of discrimination, and where people are treated with dignity and respect.

The Code of Conduct – in section 1.1 – establishes that the ITP Aero Group must guarantee the fundamental rights of its employees, which, in terms of diversity, entails guaranteeing a work environment free of discrimination, as well as ensuring work-life balance.

To this end, a culture of respect is promoted as the way to offer people the opportunity to develop their maximum potential and have professional recognition based on merit, regardless of race, colour, religion, gender, gender identity, age, sexual orientation, marital status, disability, or any other characteristic.

As the main regulatory framework in the field of diversity, the ITP Aero Group has the Diversity and Inclusion Policy and the Anti-Discrimination Policy. Both apply to all employees of the Group – at all levels and business areas – and the same level of compliance is expected from all suppliers, agency workers, contractors, and third-party suppliers who collaborate with the Group.

These policies establish principles that allow us to fulfil the purpose of having a diverse workforce and an inclusive work environment.

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

There are also protocols for the prevention of harassment at work, which define the framework for action to identify and manage possible situations that arise in this area, in accordance with the Group's Code of Conduct.

Additionally, the Ethics Line is a channel that allows employees, clients, or suppliers to resolve questions about ethical issues, and to file a complaint if necessary. The Ethics Line is available 24/7 and all questions and complaints that are registered via intranet, corporate website or mobile via a QR code, reach exclusively the Ethics & Compliance (E&C) team of the ITP Aero Group, which manages them appropriately and conducts investigations, when applicable.

The Local Ethics Advisors (LEAs) are employees who voluntarily help to promote an ethical culture in the ITP Aero Group and who channel – in an agile and friendly way – queries that may arise on a day-to-day basis.

In order to complement the Diversity and Inclusion policy, the ITP Aero Group has a Guide for Gender Transition that establishes the lines of action to provide support in the transition of trans/non-binary persons, so that they can live in a manner that is coherent with their gender identity in the work environment.

The ITP Aero Group ensures justice in equality and remuneration for employees, applies objectively its remuneration policy, without any influence from gender and diversity elements. More detailed information is included on this topic in section 4.1.2. Wage gap and average remuneration.

Main initiatives and alliances to promote Diversity, Equity, and Inclusion

In terms of effective equality between men and women, there are **Equality Plans** in the three main companies in Spain: ITP SAU, ITP Externals and, since 2023, in PCB. The implementation of these plans cover the ITP Aero Group centres in Spain: Seville, Albacete, Ajalvir, Alcobendas, Derio, Zamudio, Barakaldo and Sestao.

The equality plans contemplate a series of measures defined between the management of the ITP Aero Group and the legal representation of the workers, which includes inclusive communication, campaigns with a gender perspective, STEM actions aimed at women, conciliation measures, and guarantee of equality in the various human resources processes.

Within the framework of the commitments of the equality plans, training in "Gender equality awareness" was launched in Spain in 2023, a course that 362 employees completed. Likewise, all employees who participate in internal or external selection processes were trained to carry out the processes with objectivity and free of bias.

In United Kingdom, the ITP Aero Group confirmed its partnership with the Royal Academy of Engineering and committed to participating in various programmes that seek to improve Diversity, Equity, and Inclusion within the Engineering collective. A team of volunteers were also established at the Hucknall centre in the UK to promote initiatives in this area.

In Spain, the ITP Aero Group joined the Ellas Vuelan Alto association in 2023 to make female talent visible and promote gender equality in the sector, as well as to promote STEM vocations among the new generations. In addition through this agreement, we are committed to leading the new delegation of the association in the north of Spain.

In Mexico, a strategic alliance was created with the Universidad de las Mujeres with the aim of supporting the professional development of university women through professional internship programs in the company. In addition, it participated for the second consecutive year in the Aeronautical University of Querétaro programme entitled "Women in the sky" that seeks to empower women who are studying engineering.

Globally, the ITP Aero Group promotes the development of female leadership. In the Coaching program, 40% of the invited people were women and in the ITP Aero Group's Culture deployment project, out of the 120 ambassadors, 31 are women, that is, 26%.

Accessibility for individuals with disabilities

The ITP Aero Group is committed to universal accessibility, and this is reflected in its construction standards that are applied in all new construction or renovation. The Group's work centres in Spain (Zamudio, Alcobendas, Derio, Albacete, Barakaldo, Sestao), in the United Kingdom (Hucknall and Whetstone), and in India have guaranteed accessibility in all facilities.

In the Ajalvir centre in Spain there is accessibility in at least one building, so the current employees in these centres do not suffer any limitation.

In Mexico, in the Querétaro centre there are plans to achieve full accessibility, although at this time it is limited to the first floor.

The new ADMIRE building that is under construction in the Zamudio centre will have an elevator and full accessibility.

Likewise, all the centres offer accessibility for visits, as they have areas dedicated to visits accessible to people with different abilities, with the only limitations being in the Lincoln centres in the UK and in ITA in Spain.

Of the total ITP Aero Group workforce, 10 people had some degree of disability in 2023, all of them in Spain, one less than in 2022 (11). In centres where the legal minimum of people with disabilities hired is not reached, the ITP Aero Group makes purchases of products or services in special employment centres after obtaining the exceptional permission of the labour authority.

ESG Strategic Objective: Diversity, Equity and Inclusion [3]

Within the ESG strategy, the ITP Aero Group has set the following objectives:

- Achieve 25% of women at all levels of leadership by 2027. Baseline 2022: 22,9%.
- Perform a diversity, equity and inclusion maturity assessment and define and launch a DEI improvement Plan in 2024.

[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

4.1.9. External recognitions

In 2023, the ITP Aero Group was awarded at the *Premios Expansión a la Innovación en Recursos Humanos* for the project **"The Feedback Community"**, a set of initiatives aimed at ensuring that employees have the forums to provide and receive feedback, which helps us to continue promoting our high-performance culture.

This implied the transformation of certain development processes for individuals, as well as the implementation of new ones, with a demonstrated and measurable impact.

4.1.10. Communications with professionals

The ITP Aero Group sees great importance in internal communication directed at those who are part of the company. To do this, it maintains a relevant number of communication channels and launches many initiatives throughout the year:

- The **corporate portal**, updated in 2023, is the main internal communication channel and where global information affecting the entire company is published, or of a more local nature, depending on the workplace. Likewise, the staff has secure access to multiple applications of a personal and professional nature through this platform.

- **Newsletters** with information relevant to the staff are also sent out periodically via e-mail.

- The workshop staff can access the information through computers that are available in the production areas. However, the company is aware that it is more complicated for this group to access information in this way, and for this reason **information screens** and **corporate boards** are distributed in these areas.

- The entire staff receives the biannual **Al Vuelo Magazine**, in which business information or other strategic content is shared and special focus is placed on the value of the people who make up the company.

- There are, in addition, **online sessions throughout the year with the Managers** where strategic information is shared and cascaded down to all employees.

- **Working breakfasts** are a two-way communication channel in which the CEO shares the company's situation, while at the same time also collecting first-hand suggestions and comments from the workers in a relaxed atmosphere.

- Furthermore, in 2023, the ITP Aero Group launched a new internal communication channel called **"WhatsApp Communities"**. Through this channel, all employees can join the different communities on a voluntary basis and receive information of their interest directly on their corporate or personal devices, whether global or local in nature.

At the same time, events also provide a relevant communication channel for the ITP Aero Group:

- In the **Annual directors' convention**, business issues are discussed with the Group's management.

- The **Technological Convention** is held once a year and for staff with a more technical profile, attended by engineers from all the workplaces and countries where the ITP Aero.

  Group is present and in which the technological strategy is shared with the aim that all technical disciplines are aligned to achieve the company's specific technological objectives.

- On a regular basis, the Group opens the doors of a productive work centre to the staff and their families on special occasions called "Open Days". In 2023 and coinciding with the 25th anniversary of the Barakaldo plant (Bizkaia), a special day attended by more than 400 people was organised. In addition, an event was organized to celebrate with the entire staff the 25th Anniversary of the Mexico plant.

- Finally, at the end of the year and to celebrate the Christmas holidays, an event is organised in each workplace.

4.2. Health and Safety

In the ESG strategy, approved in 2023, the ITP Aero Group layed out its ambition to be a great place to work that ensures a safe working environment for its employees. That is why Health and Safety (H&S) is a priority in the ESG Strategic Objectives for the coming years.

- **Health and Safety Management System (H&S)** [1]

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

- Create a safe and healthy working environment for everyone at the Group's sites (whether employees or otherwise) that supports employee well-being and minimises the risk of injury, work-related health problems and environmental incidents.

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

In terms of health and safety, ITP Aero Group has an occupational-safety team operating corporately and locally at each work centre. All sites have Self-Protection Plans at the plants and work centres, allowing for an adequate response to emergency situations in order to guarantee the safety not only of employees but also of third parties in the area, all in compliance with the current occupational health and safety and civil protection regulations in each territorial area.

More specifically, collective agreements provide for the existence of health and safety committees, the competent bodies in matters of health and safety at work, responsible for 100% of issues related to these matters.

An accredited external firm annually audits ITP Aero's global Health and Safety (H&S) organisation and it holds a multi-site certificate in accordance with ISO 45001.

95,6% of individuals at ITP Aero perform their activities at work centres included in the scope of ISO 45001 H&S certification. The only sites not certified are India and Malta. BIDCO is included in the scope of ISO 45001 certification, with plans for completion in the second quarter of 2024.

In any event, to ensure legal compliance at sites not certified, in the last quarter of 2023, an external legal audit was introduced at these two centres. The results are available and corresponding action plans are being defined.

Similarly, in Spain, the preventive organisation follows a joint service model for all companies/centres located in the country. Following the legal requirements, legal audits are carried out every two years to ensure that both the organisation and the resources employed are adequate in this respect. In 2024, another legal audit will have to be conducted (Royal Decree 39/97) at all centres/companies within the scope of the Joint Prevention Service in Spain.

In terms of health, during 2023, the ITP Aero Group outsourced health monitoring, conducting annual medical examinations on employees and applying the corresponding medical protocols according to the risks identified in the existing risk assessments. A medical assistance service is available at the main factories.

During 2023, the existing improvement plans to reduce accident rates continued, including, among others, ergonomic improvements, performance monitoring (both formal and operational) of contractors, definition of responsibilities and improvements in working conditions. The year ended with a 93% achievement of the milestones defined at global level in this aspect, and a 91% achievement of the Joint Prevention Service's preventive plans (Spain).

[1] The ratings, awards and certifications are differentiated according to the perimeter of the companies to which they refer, so in some cases the reference is to ITP Aero and not to the Group.

The ITP Aero Group takes measures to guarantee health and safety at work, such as the provision of training and information, risk assessment and management (mitigation and improvement plans), process standardisation, behavioural improvement, health monitoring, emergency management and self-protection plans, among others.

The following H&S courses were provided in 2023 and with a higher number of participants: induction training (new recruits), emergency training (fire and first aid), use of cranes and hoists, forklifts, working with chemicals and remote-working (for everyone using the teleworking model).

In 2023, a 2023-2027 Health Plan was defined and it was included in the ITP Aero Group's ESG Plan.

Management of operational control and of the maturity of the Health and Safety system at each centre is based on various dynamics and routines. The main ones among these are:

- Performance and performance control: heat mapping, improvement plans (IMPP) and prevention planning. Status monitoring and control, integration and consolidation of the Health and Safety system in the company is conducted by means of half-yearly assessments on 45 factors or enablers. In the last three years, the overall assessment has improved by 37.3%.
- Multidisciplinary change control and management: managed using a corporate tool.
- Active monitoring of access and preventive performance of contractors carrying out their work at ITP Aero Group facilities.
- Investigation of accidents and incidents. Management, recording (in accordance with the 5 Whys methodology) and monitoring of actions using the company's Incident Management Tool (IMT), ensuring control of action completion and dissemination of this information.
- Improvement plans (IMPPs): corporate and centre/company/challenge implementation. Modification/adaptation and follow-up of BPDs (Business Plan Development) - corporate, site and DOP (Operations Management) milestones. In addition to the improvement plans (both those resulting from weaknesses and those aimed at qualitative improvements), a routine of establishing initiatives was established in recent years to improve behaviour and achieve greater commitment to the health and safety of all the Group's employees. Since 2020, 189 initiatives were completed.
- Mitigation plans included in the risk management methodology. Meetings and follow-ups in the area of Health and Safety with the area of Risk Management and Audit are held on a quarterly basis.
- The health and medical services for monitoring the aptitudes of individual workers follow the applicable legal requirements at each ITP Aero Group centre. Through business activity coordination routines, health validations are requested and monitored for external workers accessing the company's sites.
- At each centre, following the legal and internal requirements, forums and committees are held periodically to assess the action taken and results obtained, inviting workers to get involved in these types of actions/improvements. At corporate level, a committee is also convened on a quarterly basis to share the results from all centres and propose improvement plans at a global level, integrating these measures and/or best practices across the entire ITP Aero Group.

• Accident rate indicators

The accident rates for 2021, 2022 and 2023 are shown below:

RESULTS	2021			2022			2023			22 VS 23
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Total Delta
Accidents with sick leaves[1]	3	17	**20**	3	30	**33**	8	18	**26**	-21%
Fatalities	0	0	**0**	0	0	**0**	0	0	**0**	0%
Accidents without sick leave	3	69	**72**	9	73	**82**	8	91	**99**	21%
Frecuency Rate	2,63	0,5	**3,76**	1,93	4,99	**4,34**	5,37	2,65	**3,14**	-28%
Severity Index	0,15	0,7	**0,85**	0,02	0,22	**0,18**	0,39	0,25	**0,27**	50%
Incidence Rate[1]	0,07	0,56	**0,5**	0,38	0,81	**0,73**	0,9	0,45	**0,53**	-27%
Occupational diseases	1	6	**7**	5	6	**11**	4	4	**8**[2]	-27%

[1] This table corrects the erroneous data reported last year for the years 2021 and 2022 (Accidents with sick leave)). Due to an error and the fact that TRI (Total Reportable Incident) is the concept used since 2018 as the company's target for the accident rate, in last year's report the accidents classified as reportable (according to the definition of TRI) were reported as Accidents with Sick Leave, which also affected the incidence rate shown in the previous report. This year's report corrects the data presented in the 2022 report.
[2] Total of 8 occupational diseases in 2023 = 7 with sick leave and 1 without sick leave.

Definitions:

- **Accidents with sick leaves** Any bodily injury sustained by a worker during or as a result of work on behalf of others which results in incapacity to work for more than one day/shift.
- **Accident without sick leave** Any bodily injury sustained by a worker during or as a result of work on behalf of others which results in incapacity to work for less than one day/shift.
- **Accident resulting in death (fatality):** Any bodily injury that the worker suffers on the occasion or as a consequence of work performed on behalf of another and resulting in death for the affected worker.
- **Frequency rate:** is an indicator of the number of times during a given period that workers were exposed to the risk of an accident at work. The frequency index corresponds to the total number of accidents with injuries per million man-hours exposed to the risk. F.I. = (number of accidents resulting in lost time / hours worked) x 1000000.
- **Severity index (S.I.)** is the number of days lost per thousand hours worked. S.I. = (days lost / hours worked) x 1000.
- **Incidence index** It is defined as the ratio between the number of accidents recorded in a period and the average number of people exposed to the risk under consideration. I.I. = (number of accidents with sick leave / number of employees) x 100.
- **Occupational disease (OD):** is the disease contracted as a result of working in the activities listed in the Table of Occupational Diseases (it must be classified as a possible occupational disease).

TRI (Total Reportable Incidents)

This report presents the TRI results, which are considered a corporate target included in the Group's ESG plan.

A particularly good result was achieved in 2023, with a 47.6% improvement in the number of TRIs and a 53.2% improvement in the ratio (comparing the number of recordable incidents to the average number of employees over the period) compared to 2022.

RESULTS	2021			2022			2023			22 VS 23
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Total Delta
TRI #	3	15	**18**	2	19	**21**	3	8	**11**	-48%
TRIR	0,45	0,44	**0,44**	0,25	0,51	**0,47**	0,32	0,2	**0,22**	-53%

Definitions:

- **TRI #:** Total Reportable Incidents = work-related injury. Occupational accidents defined by law (during working hours) that are not directly related to work are not considered TRI. Itinerant accidents, injuries occurring during work but not related to work (e.g. heart attack, stroke) and occupational diseases are not included in the same way: See ESRS S1-14, c.
- **TRIR:** Total Reportable Incident rate = (number of reportable incident (TRI#) / average number of workers) x 100.

The target (TRIR) set in the ESG plan for 2024 is 0.40.

Health and safety, H&S, as a priority aspect within the ESG strategy, has an improvement target for the coming years:

ESG Strategic Objective: Health and Safety[3]

- H&S system with 100%coverage by 2025.
- Reduce incidence rate (TRIR) to 0,34 by 2027. Baseline 2022: 0,47.

[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

4.3. Labour relations

The ITP Aero Group applies the labour legislation in force in each country and the provisions of the agreements applicable at each centre regarding the procedures on information, staff consultation and negotiation with workers' representatives. In such procedures, the main intermediary for negotiation, communication, and the provision of information on typical labour matters is the works council, together with the staff delegates and prevention delegates.

In Spain, collective agreements apply fully to all shop-floor workers, as well as to technicians, managers, and selected executives, for all aspects not related to the pay system or to promotion and career development.

In Mexico, collective agreements apply mainly to shop-floor workers, excluding technicians, managers and executives. These agreements are reviewed annually and, as a result of good relations with union representatives, negotiations are concluded in a timely manner.

In the United Kingdom, as in the other countries, the agreement covers the full operators and technicians in one of the two companies. The technicians in the second company, as well as all managers and executives, are excluded from the agreement as it relates to pay and career development. Wage increases are reviewed and negotiated annually with employee representatives.

4.4. Product quality and safety

The ITP Aero Group considers the quality of its products and services to be the key component that drives the organisation's sustainability and creates value for all stakeholders: shareholders, clients, professionals, and society in general. The global quality objectives are linked to the annual company objectives.

The Group identified its interest groups as well as their needs and expectations, with clients being one of the most relevant interest groups. The company uses various processes to address these expectations.

4.4.1. Product Safety Management System[1]

ITP Aero ensures the airworthiness and safety of all its products, in some cases directly and in others through its clients, by adhering to EU Regulation 748-2012 of 3 August 2012 and its amendments, laying down the implementing rules for the airworthiness and environmental certification of aircraft and related products, components and equipment, as well as for the certification of design, production and maintenance organisations. The aeronautical authorities conduct audits and check the compliance of this regulation, in some cases directly at ITP Aero and/or through its clients.

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

ITP Aero is certified by EASA as a Design Organisation (EASA.21J.097 DOA Certificate), as a Production Organisation (EASA ES.21G.0006 POA Certificate) and as a Maintenance Organisation (EASA ES.145.003 MOA Certificate).

Likewise, it has a Product Safety Management System in place that complies with international regulations and shows that the company is committed to the highest standards in product safety.

[1] The ratings, awards and certifications are differentiated according to the companies to which they refer, so in some cases the reference is to ITP Aero and not to the Group.

Commitment to "Just Culture"

This commitment is reflected in the Product Safety Policy, which has been updated in 2023 and approved for the entire ITP Aero Group, following six principles:

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

The ITP Aero Group conducts periodic internal audits on its processes, proposing corrective action if anomalies are detected, with continuous monitoring thereof.

2022 saw the conclusion of the first two-year training course on product safety and human factors, with global reach and a 99% participation rate. In 2023, these courses will be included as part of the company's onboarding training for new recruits.

4.4.2. Quality Management System [1]

In addition, ITP Aero's quality system complies with the highest quality standards in the sector (AS 9100, AS 9110, ISO 9001 and PECAL/AQAP 2110/2310), is certified by an accredited external entity (Aenor) and holds various client certifications.

[1] The ratings, awards and certifications are differentiated according to the companies to which they refer, so in some cases the reference is to ITP Aero and not to the Group.

4.4.3. Complaints and claims system

Due to the fact that the activity carried out by ITP Aero Group is fully focused on the B2B (Business to Business) channel and, based on the definition of consumer as established in the Commercial Code, the development of policies setting out measures to protect the health and safety of its consumers is not considered applicable. However, quality is a key pillar in ITP Aero's Group customer relationship strategy and is the reason why the activities described below are being developed.

Each ITP Aero Group client has a quality focal point at their disposal to which they can personally address any complaint or claim. When this happens, an analysis of the causes is conducted and containment and remedial actions are immediately put in place to resolve the issue. All claims are recorded in the company's SAP tool. Upon completion of this analysis process, it is determined whether ITP Aero Group is responsible or not, indicating this in the system.

2022 saw the integration of the Hucknall site in the United Kingdom and, as in other areas of the company, customer complaint management was implemented, aligning it with the process management defined at the ITP Aero Group. In 2023, several quality escape objectives were identified for Hucknall, for monitoring improvements in the same way as for other areas of the Group.

	Complaints and claims system		
	2021 [1]	2022 [1]	2023 [1]
Complaints	194	266 (132 en Hucknall)	280
Responsibility of ITP Aero Group	65	93 (40 en Hucknall)	95

[1] The data integrates both production and MRO. The year 2021 does not include the Hucknall site and from 2022 this site is integrated.

Out of a total of more than one and a half million parts delivered to clients during 2023, the Group has handled 280 claims in the three customer processes (New Product Launch, Product Supply and In Service Support) for all plants, of which 95 have been the responsibility of the ITP Aero Group. Although the overall number has increased slightly compared to the year before (by just two quality escapes), it is worth highlighting that over the same period the number of parts delivered increased by 20% (including parts from Hucknall). If we count the number of quality escapes in parts per million (ppm), 2023 ended with 25 ppm compared to 35 ppm in 2022 (not counting Hucknall) and with 46 ppm (including Hucknall). All of these have been resolved satisfactorily.

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

External recognition

Work carried out over recent years was rewarded in 2023 with the recognition of our clients, among which was Honeywell's award to the ITP Aero Group centre in Querétaro as a "Supplier with the Most Improvement" in 2023, at the Honeywell Supplier Summit held in Chihuahua in November 2023.

4.5. Contribution to our communities

In its ESG strategy, approved in 2023, ITP Aero Group aspires to contribute positively to the communities where it operates. This is why its impact on the local community is a matter of priority in the ESG Strategic Objectives for the coming years:

ESG Strategic Objective – Positive impact on the community[3]:

Update the Social Investment Policy, the Strategy on Local Communities and define implementation targets for the period 2024-2027.

Our contribution in 2023:

The ITP Aero Group generates a positive impact on surrounding communities by creating technological, industrial, economic and cultural development where its work centres and employees are located.

At all its sites, the ITP Aero Group is a major local employer offering a wide variety of highly skilled jobs and attractive apprenticeships in a high-tech environment. Details on this contribution are broken down in Section 4.1 Our people and in Section 6.

In the same way, the ITP Aero Group has developed a solid network of collaboration with strategic technology centres for the industry in the communities where it is present and, when the circumstances allow, has promoted the creation of joint R&D&i centres with universities with the aim of developing advanced technologies for aeronautical engines. Details on this contribution are broken down in Section 3.1.3 Active participation in associations and with strategic partners.

In relation to suppliers, the ITP Aero Group promotes a strong and mutually beneficial partnership with the value chain. It has also adopted a development strategy for its local supply chain for strategic contracting. In 2023, approximately 50% of its procurement came from local suppliers. Details on this contribution are broken down in Section 5.3 Our supply chain.

In relation to the Group's Social Investment Policy, with sustainable development as a framework, focus is placed on four areas of activity in terms of collaboration and sponsorship:

- **Education and skills**, centred around Science, Technology, Engineering and Mathematics (STEM), subjects that are the essence of the ITP Aero Group. The aim is to inspire young people to study these subjects and to encourage them to see the career possibilities they can offer, as well as to convey their important role in economic development.
- **Art and cultural heritage.** Our support for local projects helps to improve the cultural vitality of the communities in which our professionals live and work.
- **Social investment.** Alongside specialised partners, the ITP Aero Group supports social investment programmes that address local needs and help disadvantaged communities.
- **Environment.** Reflecting the importance of environmental factors in the development of our products, as well as the personal commitment that many of our people have towards caring for the environment.

The ITP Aero Group collaborates with organisations, associations, foundations and other non-profit entities in its environment to promote sustainable development. In order to ensure that these contributions are made in accordance with the values and principles set out in the Code of Conduct, the company has a Policy on charitable contributions and sponsorship.

During 2023, the ITP Aero Group has made contributions of 573.239€, of which 388.024€ were contributions to associations or dedicated to commercial sponsorship, and 185.215€ to social sponsorship actions (STEM initiatives, social and cultural investment).

It is important to highlight that the amount related to associations was significantly higher in 2023. This is due, on the one hand, to the fact that the company's growth required a greater presence in relevant industry associations, particularly in the United Kingdom following the integration of the Hucknall site in 2022. It is also due to improvements during 2023 in the monitoring of associations with which the company collaborates in all of the countries where it is present.

Contributions to associations, foundations and sponsorships		
2021	2022	2023
179.433€	237.127€	573.239€

STEM initiatives

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

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

During 2023, the company's actions to awaken STEM vocations have been developed in Spain, the United Kingdom and Mexico, mainly for girls and boys aged 9 to 14. The Group is particularly sensitive to providing girls with female role models through testimonials from women engineers in the company.

ITP Aero Group's STEM initiatives have impacted more than 2.700 girls and boys in 2023.

Initiatives we support

Code.org: encouraging young people to learn programming skills

In 2021, the ITP Aero Group was the first Spanish industrial company to join the Code.org international movement, a non-profit organisation that promotes learning programming at an early age and seeks to establish computer science as a core subject in schools. For the past three years, the Group has strengthened its commitment to Code.org, continuing to support projects in Spain since the start of its collaboration, and in 2023 driving new initiatives in the United Kingdom and Mexico:

- **ITP Aero Group Technology Bootcamps.**
  2023 saw the third edition of these summer bootcamps in Madrid and Bilbao in Spain, and the first in Hucknall in the United Kingdom, for children aged 9 to 14. The company offered 80 places, 100% funded, for children of employees, the general public and girls and boys at risk of social exclusion. During the bootcamp, the children had an opportunity to learn the basic principles of programming, as well as visiting the facilities at Ajalvir and Zamudio in Spain, and at Hucknall in the United Kingdom, where they learnt from our engineers how computing is applied in the aeronautical sector.
- **I "Super Coder" programming contest.**
  In 2023, the Group went one step further to bring computer language closer to the new generations with the launch of a programming contest for students from Biscayan schools in Spain. This activity, which was part of the STEAM Sare programme of the Basque Innovation Agency (Innobasque), brought together more than 200 Basque schoolchildren who had to use programming to present a disruptive solution to make mobility more sustainable, and adopt urgent measures to help fight climate change and its impacts. The participating teams developed their projects at their schools with the help of their teachers and with support from mentors from the ITP Aero Group.
- **Hour of Code at the ITP Aero Group in Querétaro, Mexico.**
  In 2023, the first event with Code.org and promoted by the Group was held at its plant at Querétaro, Mexico. More than 50 children of professionals learnt to programme and discovered its applicability to the world of aeronautics.

[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

STEAM Sare

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

As part of this collaboration, the Group took part in the STEAM Sare Professional Orientation Day, where engineers shared their professional experience and offered guidance to 800 fourth-year secondary students in the Basque Country on their academic choices.

Industry Day

The ITP Aero Group collaborates every year in Industry Day, an event organised by the Biscayan Federation of Metal Companies to make the industrial sector visible as an attractive destination for professionals of the future, as well as drawing talent and reinforcing the incorporation of women in the sector. Children from Biscayan schools were thus able to visit ITP Aero Group's facilities in Zamudio and Derio and learn more about the technology developed by the Group from its own young talent.

Biskyteam

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

Own initiatives

The ITP Aero Group engineers are also leading the company's own actions to inspire vocations in science and technology among young people.

Open Days for employees and families

In 2023, the ITP Aero Group organised an Open Day at its facilities in Barakaldo and Sestao (Biscay) for staff and their families. During the day, multiple STEM workshops were run by the company's engineering staff and attended by employees' children.

In the United Kingdom

Sites in the United Kingdom have a team of STEM professionals trained by engineers and apprentices (young trainee engineers), who carry out an array of STEM initiatives throughout the year. Highlights in 2023 were as follows:

- In January 2023, 11 STEM workshops on engineering were held for students from the National Church of England Academy, which showcased the apprentices programme rolled out by the Group at its Hucknall site.
- In July 2023, coinciding with Careers Day, STEM workshops were organised at educational centres in Hucknall (National Church of England Academy and Holgate Academy).
- In September 2023, coinciding with National Manufacturing Day, the Group organised a day of activities, visits to workshops and talks on professional careers for students.

Awareness campaigns

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

- **Art and cultural heritage**

The ITP Aero Group has collaborated with the Bilbao Guggenheim Museum Foundation as a corporate member of its Board of Trustees for 26 years, promoting the dissemination of arts and culture and the development of an institution that has become an international reference and icon in the city of Bilbao. As part of this collaboration, it sponsors the "programmes for families" project, consisting of educational leisure experiences for families associated with the exhibitions.

In addition, ITP Aero collaborates regularly in cultural events organised through foundations such as the Aeronautics and Astronautics Foundation. In 2023, worth a mention is its sponsorship of the Air Force Awards and the Army Awards, which seek to promote the culture, artistic creation and values of the Armed Forces. The company also supported Aerospace Confraternity Day at Morón Air Base in Spain, which opened its doors to families and the general public.

Social investment

Boosting Education

The ITP Aero Group firmly believes in the essential need to support children's access to education in the communities where it is present. Therefore, in 2023, it launched Boosting Education, a social investment campaign to support projects that promote access to education for girls and boys at risk of social exclusion, involving both the company and all professionals from the ITP Aero group.

The Group supports projects in the main countries in which it operates, these being:

- Spain - Haszten Association in support of the programme "Supplementary adapted swimming and physical education during schooltime for children with disabilities".
- India - Sphoorty Foundation, School Essentials for children: a project whose aim is to get basic school supplies for 150 girls and boys, whose parents are unable to provide them with a suitable uniform, shoes, backpack or books.
- United Kingdom - Ignite Futures; Nottingham Festival of Science and Curiosity: a project to get disadvantaged groups involved in STEM activities.
- Mexico - Vértice Querétaro A.C: A social inclusion programme for young people.

Employee initiatives

Employees from the ITP Aero Group take part in solidarity campaigns.

In the United Kingdom, employees actively participate in charity campaigns. Each year, the Hucknall team collaborates with the Great Nottinghamshire Toy Appeal, collecting toys and presents for children of all ages and their families. Staff collect money to buy presents and volunteer during the weeks leading up to Christmas to help with donations and distribute them to the most needy.

In Mexico, volunteer actions are periodically organised that involve employee initiatives and the collection of food and clothing for various NGOs in the Querétaro area.

05

G - Governance

5.1. Corporate governance

5.2. Ethics and compliance

5.3. Our supply chain

5.4. Information Security / Cybersecurity

5.5. Non-financial risk management system

5.6. Fiscal transparency

5.7. Transparency with stakeholders

The ITP Aero´s Group ESG strategy, approved in 2023, includes a strategic line intended to ensure that we comply with regulations and follow international best practices in terms of ethics, compliance, transparency, and good governance.

5.1. Corporate Governance

This is why Corporate Governance is a priority and the following objective has been set for implementation in the coming years:

Strategic ESG Objective:
Corporate Governance[3]

- Define a plan to implement the Corporate Governance Strategy for 2024-2027.

The Corporate Governance system comprises a set of rules, principles and procedures that regulate the structure and functioning of the governing bodies of the companies that make up the ITP Aero Group. **Each company has two governing bodies**, which are responsible for decision-making and looking after the Group's interests, always in line with the corporate objective set out in the Articles of Association and each within their purview, in accordance with the provisions of the law and the Articles of Association of each company. These bodies are the **Shareholders General Meeting or Partners** (depending on whether the company is a Sociedad Anónima [Public Limited Company] or a Sociedad Limitada [Private Limited Company]) and the **Administrative Body** (which depending on the company within the group will consist of a Sole Director or a Board of Directors).

As a sign of our commitment to sustainability, the governing bodies of the ITP Aero Group make their strategic decisions in line with rigorous ESG standards. This integral focus ensures that the ITP Aero Group contributes to the creation of value over the long term for the sector, communities, and geographies in which the ITP Aero Group has a presence.

This commitment materialised in 2023 when the Board of Directors approved the ITP Aero Group's strategy for the next few years. This strategy also includes the ESG strategy, which lays out the group's ambitions, strategic lines, and priorities for the coming years in terms of environmental and social aspects as well as governance.

• Corporate and Governance Structure

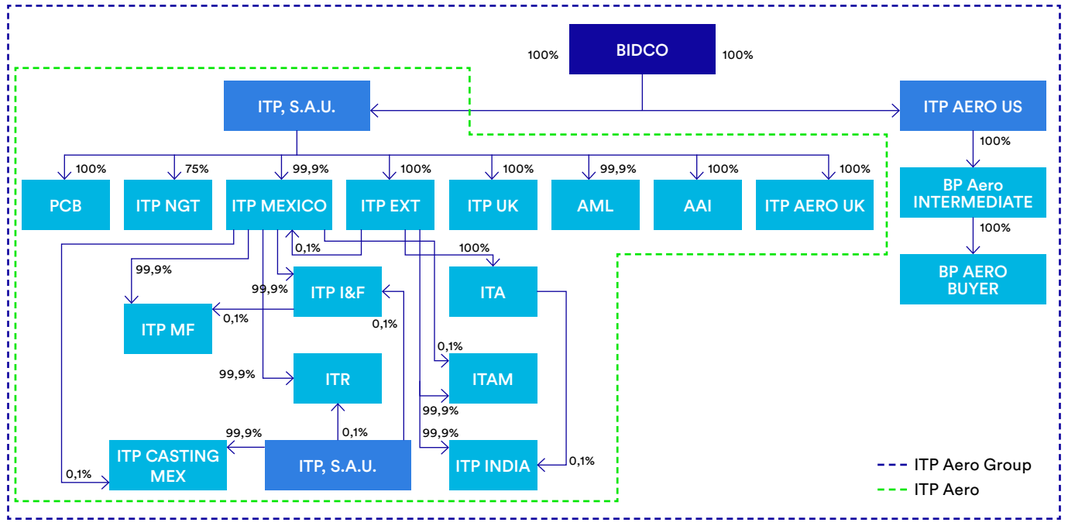
During the 2023 fiscal year, the company Bain Propulsión Bidco, S.L. retained 100% of the shares in Industria de Turbo Propulsores, S.A. (Sociedad Unipersonal [Single Shareholder Company]). As of 31 December 2023, the Partners in Bain Propulsión Bidco, S.L. are Bain Propulsión Poolco, S.L. (which holds 15.50% of the share capital) and Propulsión (BC) Finco SARL (which holds 84.50%).

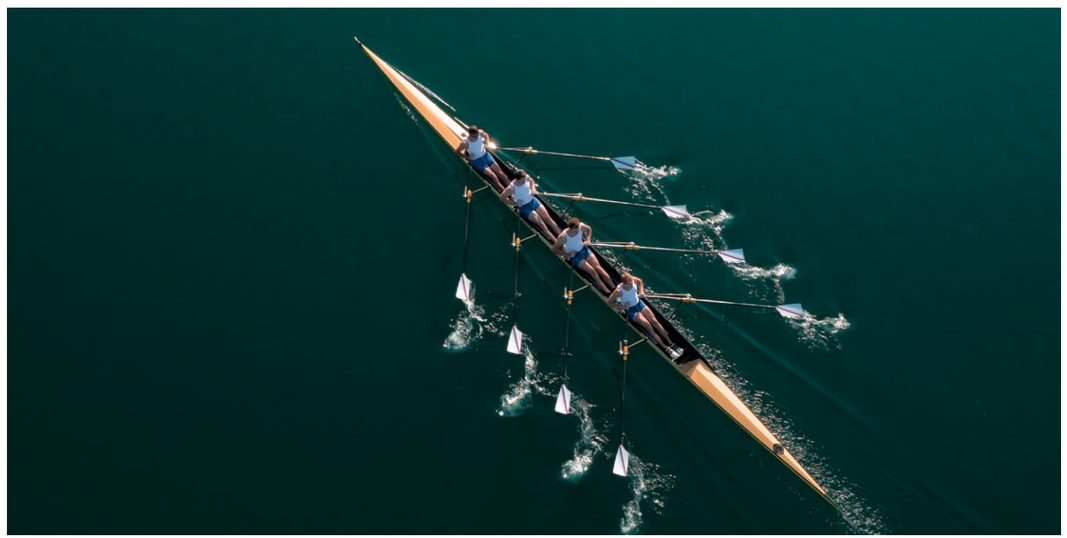
Likewise, it is worth noting that in August the company Indra Sistemas, S.A. (INDRA) signed an investment agreement with Bain Capital to acquire an indirect share of approximately 9.5% in Industria de Turbo Propulsores, S.A. (Single Shareholder Company]). Thus, INDRA joined ITP Aero Group as an industrial partner.

Industria de Turbo Propulsores, S.A. (Single Shareholder Company]).), both directly and indirectly, holds 100% of the shares or stocks of fourteen of the fifteen subsidiary companies, formed and established in six different countries, including Spain, the United Kingdom, Malta, India, the United States and Mexico. It owns 75% of the remaining company's (ITP NGT) share capital. Likewise, as of 31 December 2023, Bain Propulsion Bidco, S.L. owns, directly or indirectly, all of the shares of its subsidiary companies established in the United States of America.

The system of corporate governance of the ITP Aero Group, established in accordance with the best practices and standards applicable to each company, orients the structure, organisation and operation of its corporate bodies based on the interests of the company itself and its shareholders, and is guided by the principles of transparency, independence and responsibility. The governance structure properly differentiates between the functions of administration and management.

The ITP Aero Group's corporate structure is set out below, starting from the companies it comprises.





[3] For more information on ESG Strategy and Objectives, see the details in section 2.1.

Companies		Location
BIDCO	BAIN PROPULSIÓN BIDCO, S.L.	Spain
ITP, SAU	INDUSTRIA DE TURBO PROPULSORES, S.A.U.	Spain
PCB	PRECISION CASTING BILBAO, S.A.U.	Spain
ITP NGT	ITP NEXT GENERATION TURBINES, S.L.U.	Spain
ITP EXT	ITP EXTERNALS, S.L.U.	Spain
ITA	INDUSTRIA DE TUBERÍAS AERONÁUTICAS, S.A.U.	Spain
ITP I&F	ITP INGENIERÍA & FABRICACIÓN, S.A. de C.V.	Mexico
ITP MF	ITP MEXICO FABRICACIÓN, S.A. de C.V.	Mexico
ITP MEXICO	ITP MEXICO, S.A. de C.V.	Mexico
ITAM	INDUSTRIA DE TUBERÍAS AERONÁUTICAS MÉXICO, S.A. de C.V.	Mexico
ITR	TURBORREACTORES, S.A. de C.V.	Mexico
ITP CASTINGS MEX	ITP CASTING MEXICO, S.A. de C.V.	Mexico
ITP UK	ITP ENGINES UK LTD	United Kingdom
ITP INDIA	ITP EXTERNALS INDIA PRIVATE LTD	India
AAI[1]	AEROMARITIME AMERICA Inc.	United States
AML	AEROMARITIME MEDITERRANEAN LTD.	Malta
ITP AERO UK	ITP AERO UK LTD.	United Kingdom
ITP Aero US[2]	ITP AERO US, INC	United States
BP Aero Intermediate[2]	BP AERO INTERMEDIATE, LLC	United States
BP Aero Buyer[2]	BP AERO BUYER, LLC	United States

[1] Non-active company
[2] Instrumental companies

• Company Statutes

The Company Articles of Association are a company's internal regulations, and they make up the spine of its system of governance and sustainability. Based on the Purpose and Values of the ITP Aero Group, they outline the governing principles that define the identity and individuality of the Group and its undertaking, establishing, among other things, the rules according to which the two aforementioned corporate governing bodies operate, with scrupulous respect for applicable law.

Governing bodies of the company Bain Propulsion Bidco S.L.:

• General Shareholders' Meeting

The General Shareholders' Meeting is tasked with deliberating and deciding by way of a majority on the company's affairs that fall under the General Shareholders' Meeting's competence, which extends to, among other things, the following:

- Approval of the annual accounts, distribution of profits/losses, and approval of corporate management.
- Appointment, re-election, and dismissal of directors.
- Appointment, re-election, and substitution of external auditors.
- Amendment of the Articles of Association.
- Transformation, merger, division of the company, or capital increases.
- The dissolution of the company.

• Board of Directors of Bain Propulsion Bidco S.L.

The Board of Directors is the governing body charged with managing and representing the company. Except in matters reserved for the General Shareholders' Meeting, the Board of the Directors is the company's supreme deciding entity and has all the powers necessary for its administration. The Board of Directors shall have, in any case, the powers set out in Article 249 bis of the Capital Company Act – "non-delegable powers", which include, among others:

- Preparing the annual accounts and presenting them to the General Shareholders' Meeting.
- Determining the company's general strategies and policies.
- Appointing and dismissing the members of the company's managing directors, as well as setting the terms of their contract.
- Calling General Shareholders' Meetings and drawing up the agenda, and proposing agreements.
- Its own organisation and functioning.

As set forth by the aforementioned Capital Companies Act, the directors must comply with the following duties:

- Duty of diligent administration.
- Duty of loyalty.
- Prohibition against using the company's name and invoking the status of a director.
- Prohibition against benefiting from business opportunities.
- Duty to communicate conflicts of interest with the company.
- Duty of non-competition.
- Duty of secrecy.

The composition of the Board of Directors of Bain Propulsión Bidco, S.L. is as set out below:

	Composition of the Board of Directors as at 31 December 2023
Members	Ivano Sessa I Davide Vidotto I Enrique Hernández Vitón I Enrique Parra Arce
Non-Board Member Secretary	Javier Villasante Ferrando
Non-Board Member Vice Secretary	Javier Rovira Benítez

• Committees of the Board of Directors of Bain Propulsion Bidco S.L.

The Board of Directors of Bain Propulsion Bidco, S.L. did not form any delegated committees during the 2023 fiscal year.

Governing Bodies of Industria de Turbo Propulsores S.A.U:

• General Shareholders' Meeting

The General Shareholders' Meeting is tasked with deliberating and deciding by way of a majority on the company's affairs that fall under the General Shareholders' Meeting's competence, which extends to, among other things, the following:

- Approval of the annual accounts, distribution of profits/losses, and approval of corporate management.
- Appointment, re-election, and dismissal of directors.
- Appointment, re-election, and substitution of external auditors.
- Amendment of the Articles of Association.
- Transformation, merger, division of the company, or capital increases.
- Dissolution of the company.

• Board of Directors of Industria de Turbo Propulsores S.A.U.

The Board of Directors is the governing body charged with managing and representing the company. Except in matters reserved for the General Shareholders' Meeting, the Board of the Directors is the company's supreme deciding entity and has all the powers necessary for its administration. The Board of Directors shall have, in any case, the powers set out in Article 249 bis of the Capital Company Act – "non-delegable powers", which include, among others:

- Preparing the annual accounts and presenting them to the General Shareholders' Meeting.
- Determining the company's general strategies and policies.
- Appointing and dismissing the members of the company's managing directors, as well as setting the terms of their contract.
- Calling General Shareholders' Meetings and drawing up the agenda, and proposing agreements.
- Its own organisation and functioning.

The Board of Directors has a set of Regulations intended to outline the operating principles of the Board of Directors of Industria de Turbo Propulsores, S.A. (Single Shareholder Company), beyond that established in the Articles of Association, determining the basic rules for its organisation and the rules of conduct for its members, in order to ensure that its internal functioning is effective, transparent and dedicated.

Industria de Turbo Propulsores, S.A. (Single Shareholder Company), as of 31 December 2023, has a Board of Directors made up of seventeen directors of various nationalities, mostly Spanish, but also Italian and German nationals and varied professional profiles. Of these seventeen directors, two are women.

As set forth by the aforementioned Capital Companies Act, the directors must comply with the following duties:

- Duty of diligent administration.
- Duty of loyalty.
- Prohibition against using the company's name and invoking the status of a director.
- Prohibition against benefiting from business opportunities.
- Duty to communicate conflicts of interest with the company.
- Duty of non-competition.
- Duty of secrecy.

• Composition of the Board of Directors of Industria de Turbo Propulsores S.A.U.

The composition of the Board of Directors of Industria de Turbo Propulsores, S.A. (Single Shareholder Company) is as set out below:

	Composition of the Board of Directors as at 31 December 2022	Composition of the Board of Directors as at 31 December 2023
Chair	Juan María Nin Génova	Juan María Nin Génova
Non-Board Member Secretary	Javier Villasante Ferrando	Javier Villasante Ferrando
Non-Board Member Vice Secretary	Javier Rovira Benítez	Javier Rovira Benítez
Members	Carlos Alzola Elizondo Tobias Weidner Davide Vidotto Enrique Hernández Vitón Javier Ortigosa Salvador Miguel Fco Azorín Aguirre Ivano Sessa	Eva Azoulay Carlos Alzola Elizondo Javier Lázaro Rodríguez Tobias Weidner Davide Vidotto Enrique Hernández Vitón Javier Ortigosa Salvador Miguel Fco Azorín Aguirre Ivano Sessa Juan Alberdi Salvador Álvarez Pascual Enrique Parra Arce Andrej Victor Mykola Wasyl Busch Andrea Filippa Fátima Porras Plalla Marc Thomas Murtra Millar

- **ITP S.A.U. Board Committees**

The Board of Directors of Industria de Turbo Propulsores, S.A. (Single Shareholder Company), in the 2023 financial year, formed two delegated committees: the Audit and Compliance Committee and the Appointment and Remuneration Committee, each with their own operating rules set out in the Regulations of the Board of Directors of the company ITP SAU.

- **Audit and Compliance Committee**

In accordance with the provisions of Article 32 of the Articles of Association and Article 12 of the Regulations of the Board of Directors, it was agreed to form an Audit and Compliance Committee at the core of Industria de Turbo Propulsores, S.A. (Single Shareholder Company), with the aim of supervising the systems of internal control and risk management, internal auditing and regulated financial information, establishing appropriate relationships with external account auditors, as well as informing and drawing up proposals for the Board of Directors on compliance with legal standards, the prevention of the Risk of Criminal Liability, Internal Policies, an Ethical Channel and the Ethics and Compliance Programme, among other matters.

As a result of the above, it was agreed to appoint the following directors as members of the Audit and Compliance Committee:

- Tobias Weidner
- Marc Thomas Murtra Millar
- Davide Vidotto
- Miguel Francisco Azorín Aguirre

It was also agreed to appoint Mr Andrew Woosey as Chairperson for a term of five years and Mr Javier Villasante as Secretary for the same term.

- **Appointment and Remuneration Committee**

In accordance with the provisions of Article 32 of the Articles of Association and Article 13 of the Regulations of the Board of Directors, it was agreed to form an Appointment and Remuneration Committee, with the aim of informing and drawing up proposals regarding the appointment and remuneration of the Directors, of the members of the Committees and of the managers of Industria de Turbo Propulsores, S.A. (Single Shareholder Company) where mandatory under the Articles of Association and the Regulations.

As a result of the above, it was agreed to appoint the following directors as members of the Appointment and Remuneration Committee:

- Ivano Sessa
- Tobias Weidner
- Juan María Nin Génova

It was also agreed to appoint Mr Ivano Sessa as Chairperson for a term of five years and Mr Javier Villasante as Secretary for the same term.

5.2. Ethics and compliance

The ITP Group's ESG strategy, approved in 2023, sets out the objective of acting ethically and responsibly while adhering to best practices, both internally and across the value chain. This is why integrity, compliance and anti-corruption are priorities, and the following objectives have been set for the coming years:

Strategic ESG Objective: Integrity and Compliance. Anti-Bribery [3]

- Ethics and Compliance system with 100% coverage by 2024.
- Compliance management system certified in all material sites: ITP Aero UK in 2025, 3 years for any other material site.

The ITP Aero Group applies the highest standards in terms of quality, security and professional ethics in its activities, which is why it has a compliance system that goes beyond just meeting the legal requirements, serving as a management tool that promotes continuous improvement.

The people that make up the ITP Aero Group are all committed to a culture of compliance that strengthens the company, a commitment that the ITP Aero Group demonstrates to its clients, suppliers, partners and collaborators, as well as to the general public.

- **Criminal compliance and anti-bribery management system** [1]

The ITP Aero Group affords particular attention to compliance with legal mandates that might entail criminal liability for the company due to acts committed by personnel. Thus, it has in place a criminal compliance and anti-bribery management system that is a sign of the company's commitment regarding compliance. This system identifies, among other things, the established checks to prevent or mitigate the risk of exposure of any employee, collaborator or manager to criminality associated with the company's activity, as well as to any risk related to corruption or bribery.

In 2023, ITP Aero renewed its certifications under the UNE 19601 (Criminal Compliance) and ISO 37001 (Anti-Bribery) standards, which were first obtained in 2022, making it the first Spanish aeronautical manufacturer to receive criminal compliance and anti-bribery certificates from the external entity AENOR.

The ITP Aero Group's Criminal Compliance and Anti-bribery Management System covers more than 5,000 employees and is certified under the aforementioned standards in Spain and Mexico, with more than 3,500 employees in 8 ITP Aero centres, corresponding to 70% certification.

One of the principal milestones of 2023 has been the approval by BIDCO's Board of Directors of the Criminal Compliance and Anti-Bribery Management System, including the various compliance mechanisms, such as the appointment of ITP Aero's Crime Prevention Committee as a delegated body tasked with managing the system for the prevention of crime and responsible for the ITP Aero Group's internal information system, as well as the approval of policies and the code of conduct that will apply to the Group.

Thus, the body responsible for criminal compliance is the Crime Prevention Committee, which delegates the daily management of the operative functions of the system within Ethics & Compliance, which is global in scope, with supervisory powers over the compliance system within the ITP Aero Group. It is a decision-making forum that convenes periodically, analyses the information reported by Ethics & Compliance, and issues an annual compliance report to the Board of Directors. Furthermore, the Executive Committee reviews the system twice a year.

The ITP Aero Group has an Ethics & Compliance department that comprises 7 people, who in turn make up the Internal Ethics & Compliance Committee, which meet once every quarter to follow up on all relevant issues related to the Management System, such as criminal and anti-bribery risks, inspections, ongoing projects, use of the ethical channel, and improvement, training, and awareness initiatives, among others.

[3] For more information on ESG Strategy and Objectives, see the details in section 2.1.
[1] The ratings, awards and certifications are differentiated according to the companies to which they refer, so in some cases the reference is to ITP Aero and not to the Group.

In 2023, further advances were made in terms of criminal risk management, with a focus on activities that might facilitate bribery and corruption. Also, a criminal risk assessment was conducted regarding the parent company BIDCO, during which said risks were identified and evaluated. A corporate tool is in place that is used to manage and measure these risks (creating heat maps with high, medium, and low risks) along with the controls that the company has to mitigate them.

In addition, the department constantly monitors various processes to mitigate criminal and bribery risks, such as payment for certain services, gifts and hospitality, both given and received, sponsorship activities and conflicts of interest, among others.

Likewise, annual external and internal audits are conducted to evaluate the efficacy of the established checks, and remedial and improvement actions are proposed. In addition to audits of the Criminal Compliance and Anti-bribery Management System, in 2023 the majority shareholder contracted a British law firm to conduct a specific compliance audit focused on: Anti-bribery and Corruption, Money Laundering, Sanctions, Exports, Data Privacy and Anti-trust. The result of the audit was an inherent risk assessment of medium-high and an evaluation of the System as "adequate" (4 out of 5). Furthermore, a plan was put forward to implement the 16 recommendations following the audit, which is 94% complete.

The Compliance Group is a channel for communication between the Ethics & Compliance department and all other areas within the company that are responsible for compliance. In 2023, further improvements were made to reporting to Ethics & Compliance in order to achieve more fluid communication between all areas.

There is also a Know Your Partner Committee tasked with managing authorisations of high-risk third parties and relevant issues relating to third parties. All of these are governance mechanisms implemented to ensure that ethics and compliance issues are considered in decision-making processes at the various levels of the organisation.

2023 saw the creation of a programme that included objectives focused on expanding on the E&C governance and reporting mechanisms in subsidiaries and operations, to commence implementation of the Compliance System in the United Kingdom, to improve certain Ethics & Compliance processes and to strengthen the anti-bribery and corruption checks in some of the Group's processes. At the end of the year, completion of the programme reached 88%.

In relation to the development of the department, following the integration of the Hucknall facility, a specific Ethics & Compliance manager was appointed for the United Kingdom, familiarising employees with the department thanks to thorough commitment and presence on site. Also, in line with the Group's ESG strategy, certification under ISO 37001 – Anti-bribery management systems, was proposed as an objective to be achieved in the UK in 2025.

• Code of Conduct and Policies

The Code of Conduct provides the spine of the criminal compliance and anti-bribery management system of the ITP Aero Group and establishes the main responsibilities and rights that should be complied with by all those working within the Group. It also serves as a guide for the performance of the company's day-to-day activities. All employees sign the code of conduct to confirm that they understand their rights and responsibilities regarding ethics and compliance. In 2023, an obligatory refresher course on the various principles set out in the Code of Conduct was organised for the entire Group.

In addition to the Code of Conduct, the ITP Aero Group also has certain policies on ethics and compliance which, along with the Code of Conduct, were approved by the Board of Directors of BIDCO in 2023:

Global Compliance Policy

The global compliance policy defines the scope of the programme and establishes the framework and basic principles of the department, demonstrating the commitment of the Board of Directors and top management in terms of ethics and compliance.

Criminal Compliance Policy

This policy defines the basic principles for the crime prevention model of the ITP Aero Group and the criminal compliance and anti-bribery management system, which reflects the Group's firm commitment to preventing and detecting criminal risks associated with its activities.

Anti-Bribery and Corruption Policy

The ITP Aero Group has a zero-tolerance policy when it comes to bribery and corruption, regardless of local legislation or customs, even if it means losing business. For this reason, it has developed a policy that establishes the basic standards and a framework for preventing and detecting bribery and corruption in the activities of the Group's personnel. This policy applies to all professionals within the Group as well as to third-party (agents, consultants, promoters, intermediates, etc.) representing it, including all of its legal entities and all of its registered offices in its various geographical locations.

Policy on Facilitation Payments

The ITP Aero Group has developed a policy on facilitation payments, as it is aware that this type of payment is considered to be a form of bribery. This policy prohibits facilitation payments, regardless of whether they are permitted by local laws or not and no matter how insignificant they might be. This prohibition extends to all individuals, promoters, advisers, intermediates, consultants, etc. that make payments on behalf of the Group.

Policy on gifts and hospitality

The ITP Aero Group accepts and offers gifts and hospitality as an honest business practice within predetermined limits. Excessive or inappropriate gifts and hospitality may be a form of bribery or corruption, which is absolutely prohibited by law and by the Group's policies.

The policy on gifts and hospitality offers a framework and specific rules for the registration, notification and approval of gifts and hospitality, whether offered or received. In 2023, more than 120 gift and hospitality requests were handled, two of which were rejected.

Conflicts of Interest Policy

A conflict of interest is any relationship that might negatively affect the ability of an employee to make fair and objective decisions, or to act in the best interest of the company. The ITP Aero Group has developed a policy regarding this issue that is obligatory and applicable for all the Group's employees and representatives. It sets out an obligation to draw up a report any time situations of this kind are detected in order to understand the conflict of interest and explore proposed mitigation measures.

There are currently eleven identified conflicts of interest being managed within the Group.

Lobbying and Political Relations Policy

There is a lobbying and political relations policy in place that regulates the activities of employees and individuals acting on behalf of the ITP Aero Group. The policy is aimed at ensuring that these activities are conducted honestly and with integrity and transparency. Accordingly, the group has a register of interactions with public entities.

Know Your Partner (KYP) Policy

The "Know your partner" (KYP) policy and procedure set out how to determine the risk of corruption and bribery in business relations with third parties, what actions to take to mitigate such risks, and how to detect any signs of inappropriate behaviour and take action accordingly.

Before establishing relations with specific vendors, clients or business partners, a background check of the company and its shareholders should be conducted. Checks should also be performed whenever there are signs or suspicions of any irregular activity.

When classifying third parties, it's important to recognise high-risk partners, understood to be an agent, promoter or intermediate that represents a Group and helps it to market and distribute its products and services, or conducts administrative processes on behalf of the Group.

The ITP Aero Group has a high-risk partner management system that's based on its own policy, on processes and procedures established to ensure that it only contracts with representatives of proven integrity, who are expected to conduct themselves according to the ITP Aero Group's high standards. Furthermore, the Group ensures that it will only enter into contracts where there is a real need from a business perspective and once it has conducted a scrupulous assessment of the proposed candidates.

It has a tool for the management of risk associated with third parties (GAN Integrity), through which around 250 companies were included in 2023, reaching more than 900 monitored third parties.

In contracts with third parties, the ITP Aero Group includes clauses covering anti-bribery and corruption, money laundering and tax evasion, among other things.

Policy on Charitable Contributions and Social Sponsorship

The ITP Aero Group collaborates with associations, foundations, and non-profit organisations in its environment in order to promote sustainable development. With the aim of ensuring these charitable contributions are made according to the values and principles established in the code of conduct, and in order to avoid inappropriate or excessive sponsoring or donations that might constitute a form of bribery and corruption, a policy on charitable contributions and social sponsorship has been drawn up.

Supplier Code of Conduct

The ITP Aero Group also has a Code of Conduct for suppliers, wherein it establishes an obligation for its suppliers to comply with the ethical principles and expectations concerning conduct in relation to the environment, social standards, governance and anti-bribery in line with the Group's Code of Conduct, for example, by refraining from giving gifts that might influence business decisions or by establishing measures aimed at ensuring compliance with regulations and laws related to combating corruption.

Respect for Human Rights

The Code of Conduct lays out an obligation to guarantee the fundamental rights of all those who work within the ITP Aero Group, and to comply with the core conventions of the International Labour Organization:

- Freedom of association and the right to collective bargaining.
- Rejection of any form of forced or coerced labour, including the employment of minors.
- A workspace that is inclusive and free of discrimination.
- Respecting the balance between family and professional life.
- Treating all employees and candidates equally.
- Promotion of respectful treatment among individuals performing their work, with zero tolerance of violent conduct, physical, psychological or moral harassment or abuse of authority, including intimidating or offensive behaviour.

• "Speak Up" Channel

The ITP Aero Group is committed to creating and maintaining an environment in which questions or concerns about ethics and compliance can be raised without fear of reprisals and proof of this is the Ethics Line that has been active for more than 8 years.

This channel allows employees, clients, suppliers, or anyone who needs it to resolve doubts or concerns about ethical issues and make a complaint. In addition, it guarantees confidentiality and allows handling of anonymous complaints.

The ITP Aero Group undertakes to respond to all complaints and investigate them, constituting a violation of the Code of Conduct if it is proven that a false accusation has been made with premeditation and intent, which may result in disciplinary consequences. With the change of the European directive and the entry into force of the new whistleblower protection law, this year a new version of the Speak Up policy and the Ethics Line Management procedure has been issued and approved by the Board of Directors.

In 2023, 21 complaints have been registered in the Ethics Line, of which 38% have been founded. 28% of the complaints received during 2023 were anonymous.

Complaints in the Ethics Line

Founded Cases[1]	2021	2022	2023
	Total Founded (HR[2])	Total Founded (HR[2])	Total Founded (HR[2])
Unethical behaviour	7 (3)	5	2 (1)
Vacations and days off	1 (1)	0	0
Regulatory non-compliance	1 (1)	0	0
Harassment / mobbing	3	2	3 (3)
Sexual harassment	1	0	2 (2)
Inappropriate use of resources	0	1	0
Third-party behaviour (does not include bribery)	0	1	1
Environmental, Health & Safety	0	2	0
Data Privacy	0	1	0
Discrimination	0	1 (1)	0
Theft / loss	0	1	0
TOTAL	**13**	**14**	**8**

[1] In 2023, the term "substantiated" has been replaced by "founded" without changing the typology of cases to be compared, as the definition is the same. This change facilitates the terminology of case resolution.
[2] Number of cases related to the UN Human Rights Classification.

Of the 8 founded cases, 2 were for unethical behaviour, 5 for harassment and 1 for third-party behaviour. Of these complaints, 6 of them were related to human rights as defined by the UN. During 2023, the ITP Aero Group had no incidents related to Corruption and Bribery.

Apart from the complaints, the Ethics & Compliance area received 20 queries through the Ethics Line.
A differential value of the ITP Aero Group compared to other companies is the existence of a wide network of LEAs (Local Ethics Advisors). LEAs are employees who voluntarily help promote an ethical culture at the ITP Aero Group. Reinforcing the Speak Up policy, they represent a close channel for people to ask questions or raise concerns about ethical issues in an agile way and, likewise, advise where to find information and/or who to contact, in addition to acting as intermediaries if necessary.

The ITP Aero Group has 58 LEAs distributed in all centres and countries in which it operates. There are 39 LEAS in Spain, 9 in the United Kingdom, 8 in Mexico, 1 in Malta and 1 in India. During 2023, the LEAs reported 32 situations in which they have helped their colleagues, giving visibility to topics that are not discussed in other forums and that facilitate the creation of criteria among the different centres of the Group.

A relevant milestone for LEAs in 2023 was attending the first LEA Convention held in Spain, Mexico, and the United Kingdom. A different and dynamic day of work to further unite our network of volunteers.

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

- **Awareness**

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

During the year 2023, different awareness campaigns were launched to raise awareness among employees regarding the ethical and compliance culture. These are outlined in an E&C awareness plan that includes both training and communication actions to prevent corruption and promote good ethical practices among employees. In 2023, this awareness plan touched more than 72% of the population.

A mandatory course on the Code of Conduct was launched mid-2023 for all Group employees. This course, with a more interactive format than previously, included videos and questions so that employees could participate and find it engaging. In addition, adherence to its compliance was requested once again from each employee. It was completed by 97% of employees.

Likewise, and following the indications of the UNE 19601 (Criminal Compliance) and ISO37001 (Anti-Bribery) standards, specific actions were carried out with respect to personnel particularly exposed to criminal risks, such as specific training for them. The qualification process has continued to ensure correct knowledge of their responsibilities regarding criminal compliance and anti-bribery. A specific declaration was also sent to the people who are part of this group (more than 500) so that they could confirm that they know that they are exposed personnel and they that they need to comply with the Compliance System and declare their willingness to promote the culture of Compliance and ethical principles of the ITP Group's Code of Conduct.

In addition, following the integration of the Hucknall centre in the United Kingdom in 2022 and the preparation of training on the Criminal Compliance and Anti-Bribery Management System, the Code of Conduct and policies, were deployed in early 2023 in the United Kingdom. This training, which was completed by 99% of employees, served to expand their knowledge and understanding of the ITP Aero Group's commitments and increase awareness on these matters.

During 2023, more than a dozen communications were made through internal and external channels available to the Group. Among other activities, the International Day Against Corruption was commemorated on December 9 and the figure of LEAs was promoted through videos in which they explained their roles and encouraged their colleagues to join the network or approach them with their concerns.

In the run-up to the 2023 Christmas period, specific interactive communications on gifts and hospitalities were carried out internally and externally, reminding all our employees and partners of good practices for giving and receiving gifts, which align with the G+H policy for Gifts and Hospitality.

Both Boards of Directors (BIDCO and ITP SAU) and the Group's Management Committees received Ethics & Compliance training in 2023 and once again they have reaffirmed their commitment to the culture of compliance, thus reinforcing the importance it has for the ITP Aero Group.

5.3. Our supply chain

- **Context**

The supply chain in the aeronautical and defence industry is a complex ecosystem spanning multiple levels of suppliers. From the procurement of raw materials to the delivery of components and services, disruptions or inefficiencies at any level can have significant impacts on production timelines and customer satisfaction.

The sector has seen a significant increase in demand as the global economy recovers from the effects of the pandemic. This sharp increase in production has put immense pressure on the supply chain to scale and deliver, making it critical to build a highly resilient supply chain for the industry.

The supply market situation, still impacted by the aftermath of the pandemic, presents significant tensions, especially in these critical areas:

- **Geopolitical tensions**

Throughout 2023, the aeronautical sector continued to face the collateral effects of the war between Ukraine and Russia, the sanctions imposed on Russia and the war in Israel. These events have intensified tensions in the supply chain, especially in the procurement of titanium and steel raw materials, adding a new level of complexity to the recovery. This generates limitations or the impossibility of sourcing from certain regions or countries, therefore overloading the rest of the supply chain.

- **Availability and prices of raw materials**

Shortages and price increases of raw materials such as Nickel, Cobalt or Titanium base alloys pose significant operational and financial challenges in the supply chain.

- **Lack of production capacity in the supply chain**

The limited production capacity in the supply chain, added to the difficulty of hiring specialized personnel, is generating bottlenecks that affect the fluidity and efficiency of the supply chain. This situation is aggravated by the growth in the aeronautical market.

- **High levels of inflation**

High inflation sustained over several years affecting all cost components (energy, labour, basic raw materials, etc.), as well as financing costs, generating narrowing of margins for suppliers who do not have the capacity to pass on the increases to their clients.

- **Financial stability of suppliers**

Economic uncertainty and market fluctuations are testing the financial stability of suppliers, which could affect the continuity and quality of supplies.

On the other hand, the challenge of decarbonisation in the aeronautical industry, together with the upcoming regulations in the European Union, relative to the sustainability report (CSRD) and due diligence on environmental and human rights aspects (CSDDD), as well as the Regulation (EU) 2023/1115 on raw materials associated with deforestation and the entry into force of the CBAM (Carbon Border Adjustment Mechanism) Regulation, currently in a transitional period, which involves the declaration of CO_2 emissions when importing products such as steel and aluminium and subsequently, the purchase of emission rights in 2026, poses a transformation challenge that affects the supply chain.

• Our relationship with Suppliers

The supply chain is a fundamental pillar for the development of the ITP Aero Group, which is why we maintain a close relationship with our suppliers.

In 2023, the ITP Aero Group purchased more than 850 million euros, of which approximately 530 million euros correspond to direct material purchases of aeronautical components. Regarding purchases of indirect materials, services and investments, the Group has a purchase volume of approximately 320 million euros.

Through various collaborative strategies, we promote a strong and mutually beneficial partnership for the value chain:

- **Development of collaboration programmes in R&D&i:** We promote innovation and the joint development of technologies that boost the competitiveness and sustainability of both parties.
- **Providing greater visibility and long-term business opportunities:** We offer our suppliers a clear vision of our strategy and demand and new opportunities for long-term growth.
- **Long-term agreements that enable dedicated investments and resources:** We establish relationships of trust through long-term agreements, which allows our suppliers to make strategic investments and dedicate material and human resources to meet our expectations.
- **Promoting the development of new capabilities in our suppliers:** We encourage growth and diversification of skills in our suppliers, thus strengthening our supply chain and its ability to adapt to market challenges.
- **Growing together and sustainably, generating value in both directions:** We work closely with our suppliers to develop a supply chain that not only maximizes efficiency, but also promotes sustainable and responsible practices, generating value for both the ITP Aero Group and our suppliers.

This strong, collaborative relationship with our suppliers allows us to mitigate challenges and seize opportunities in an increasingly complex and dynamic business environment.

• Commitment to the local supply chain [4]

The ITP Aero Group adopted a strategy focused on the development of its local supply chain for its strategic purchases, thus promoting job creation and strengthening the industrial fabric in the regions where it operates. This local supply chain is focused on both the production of direct material (components for the turbines and process subcontracting for our own production lines), as well as indirect material (cutting tools, fixtures, machinery, etc.) and services (engineering, industrial maintenance, IT consulting, etc.).

In 2023, approximately **50% of purchases were sourced from local suppliers**.

• ESG in the Supply Chain

The Supply Chain is one of the pillars of the ITP Aero Group's ESG Model.

In 2023, the Company approved the global ESG strategy, including Sustainable Purchasing as a priority. Furthermore, in 2023 the ESG Plan applied to the Supply Chain was defined and the creation of the **supply chain ESG committee**.

In 2023 ITP Aero underwent the **EcoVadis evaluation**, obtaining a score of 71 and a Gold medal, as well as the **CDP climate change rating** in 2023 with a grade of B. The strengths and areas for improvement from these assessments were considered in defining the supply chain ESG plan.

ESG Strategic Objective: Sustainable purchases [3]

In accordance with our principles of sustainability and corporate responsibility, the ITP Aero Group is committed to working hand in hand with its suppliers to fulfil ESG (environmental, social and corporate governance) expectations.

The ITP Aero Group's commitment to ESG and its extension to its main suppliers is reflected in:

- The definition of criteria to assess the supply chain regarding ESG aspects, as well as the sustainable procurement strategy and operating model to be implemented by 2027.
- The adherence to the Code of Conduct for partners.

• Policy - Code of Conduct for suppliers

In our pursuit of an ethical and sustainable supply chain, the ITP Aero Group has established a **Code of Conduct for suppliers**. This code aims to establish ethical principles and behavioural expectations in environmental, social, governance and anti-corruption for suppliers, contributing to the creation of value in a sustainable manner. We require our suppliers to adhere to the corporate principles established in our Supplier Code of Conduct, formalising their commitment by signing the contractual terms and conditions. Additionally, suppliers have access to the ITP Aero Group Ethics Line, a confidential channel through which any ethical concerns can be communicated. This approach reflects ITP Aero Group's commitment to transparency, integrity, and ethical management in all phases of its supply chain. The Ethics and Compliance section of this report provides more detail on the Speak Up policy, the Ethics Line Management procedure, and complaints in 2023.

• Supplier Selection and Integration Process

The ITP Aero Group follows **a procedure for the selection, development, and integration of suppliers**, detailed in the Process of Developing the Supply Chain, which is one of the Company's core processes. This process aims to guarantee transparency and equal conditions for the different bidders. Supplier qualification is the requirement to participate in purchasing processes. The approval of new suppliers involves a comprehensive initial evaluation, which includes aspects such as adherence to the Code of Conduct, commitment to ESG, technical and operational risks, among other aspects. A checklist is used for this, which was **improved in 2023 to include the aforementioned ESG aspects**.

In the ITP Aero Group, long-term contracts are established with suppliers, leveraging volumes, mitigating risk and generating a strategic relationship that guarantees sustained growth over time. In this regard, LTAs (Long Term Agreements) include sustainability clauses that demonstrate due diligence regarding environmental, social and ethical risks in their commercial relationships.

With the intention of providing suppliers with clear guidance to understand and apply the requirements established in Long Term Agreements (LTA) and purchase orders, the Group has created and deployed the SupPORT Manual. This manual comprehensively details the contractual terms between suppliers and the ITP Aero Group, focusing on quality requirements, but also addressing other ESG aspects such as ethics, compliance, social, environmental and conflict minerals. We require our suppliers to perform a self-assessment each time a new revision of the Support Manual is published. This resource is presented as an integral tool to ensure alignment and mutual understanding in our contractual collaboration, thus promoting a strong and transparent relationship between the parties involved.

• Supply Chain Risk Management

Supply chain risk management is a priority for the ITP Aero Group, which aims to guarantee the quality, delivery and efficiency of its production processes. To this end, the Group has a system that allows it to identify, mitigate and monitor risks in suppliers. This system is based on a continuous evaluation of the technical, financial, operational, geopolitical and cybersecurity criteria of suppliers, as well as the implementation of corrective and preventive action plans when necessary. The objective is to minimize the potential impact that these risks could have and maximize both the resilience of the chain and the added value that suppliers bring to the ITP Aero Group. The ITP Aero Group applies a due diligence process called Know Your Partner, whose procedure establishes the process of knowing the risk of bribery and corruption in business relationships with third parties, taking actions to mitigate them and being able to detect any indication of inappropriate conduct and act accordingly.

[4] A supplier that is located in the same country as the ITP Aero Group company for which it carries out operations is considered local (Spain, United Kingdom, Mexico, India, Malta).
[3] For more information on the ESG Strategy and Objectives, see details in section 2.1.

In addition, the ITP Aero Group carries out a rigorous supervision process that includes periodic audits of its suppliers.

In 2023, a total of 94 audits were conducted in the supply chain, of which 22 included ESG-related aspects.

Supplier supervision and audit systems	2021	2022	2023
Audits carried out	86	96	94
Closed audits[1]	52	86	90
Audits with ESG criteria	[2] No data	[2] No data	22

[1] Closed audits: audits in which non-conforming actions have been closed after follow-up.
[2] Audits with ESG criteria: The years 2021 and 2022 were carried out, but the KPI was not measured.

These audits, aimed at both new suppliers and those identified as key suppliers, are carried out through an audit questionnaire which was strengthened in 2023, to address relevant issues such as adherence to the Code of Conduct, existence of an occupational health and safety management system, environmental management system and compliance with regulatory requirements. This approach reaffirms the Group's commitment to sustainability and responsibility at all stages of the supply chain.

• Digitisation of processes

The digitisation of processes in supply chain development has been a cornerstone in the approach towards efficiency, scalability and sustainability, through the use of the same processes and tools for the entire ITP Aero Group, for example:

- SAP S/4HANA as corporate ERP.
- Supplier Workplace as a joint platform with suppliers.
- Power BI for data analysis.
- Different SAP/Ariba solutions for managing transactions with the chain throughout their life cycle.
- Team centre for the management of product-related technical documentation.

The ITP Aero Group has significantly transformed its operations, starting with the Supply Chain Development process. This initiative has made it possible to optimize the flow and management of work through reliable and traceable information channels, as well as thee control and compliance capacity, both internally and with suppliers.

• Management of social aspects in the supply chain

Regarding social and labour management, the ITP Aero Group requires its supply chain, through Long Term Agreements (LTA), to strictly comply with legal requirements and the Code of Conduct.

This includes ensuring the protection of human rights, the absolute prohibition of child, forced or involuntary labour, as well as the prevention of any form of discrimination in employment and occupation. In addition, compliance with antitrust laws and the prohibition of any manifestation of corruption, including extortion and bribery, is essential. These requirements are fundamental to maintain the highest ethical and legal standards in all ITP Aero Group supply chain activities.

• Environmental Management in the supply chain

Regarding the environment, the ITP Aero Group requires its supply chain to comply with current legal regulations and to have an environmental management system in accordance with international standards such as ISO14001. Likewise, it requires a commitment to comply with regulation (EC) 1907/2006, relating to the registration, evaluation, authorization, and Restriction of Chemical Substances (REACH).

For the purchase of equipment associated with the industrial plan and training and for the provision of investment services in the ITP Aero Group facilities, suppliers are required to comply with the "Environmental Technical Specification Guidelines Standard". This is guaranteed by signing compliance with technical specifications, with the purpose of ensuring adequate environmental practices, focused on pollution prevention and environmental protection.

• Conflict minerals

To ensure compliance with legal reporting and disclosure requirements related to **"conflict minerals"**, the ITP Aero Group has an action guide with its suppliers as follows:

- The legal clauses to ensure that suppliers establish good practices in the use and sale of these products and materials are contained in the SUPPort Manual mentioned above.
- In addition, the "Conflict Minerals Reporting Template" document created by the Responsible Minerals Initiative (RMI) is used, which collects all information required from each affected supplier to ensure the origin of the minerals used (information on the country of origin of the mineral, the foundries and refineries used, etc.). This document also facilitates the identification of new foundries and refineries to potentially undergo an audit through the Responsible Minerals Assurance Process.

• Decarbonisation of the supply chain Scope 3[5]

Within the decarbonisation strategy, which the ITP Aero Group articulates through its Net Zero programme, the management of direct and indirect carbon emissions is carried out. Within the categories of indirect emissions or scope 3, "Product Use" stands out as the main contributor, followed by category 1 related to the acquisition of goods and services, generating around 120,000 tons of emissions per year (base year). This impact is mainly due to the purchase of direct goods, representing 93,000 tons in 2019 (base year) and the remainder are services.

In order to reduce scope 3 emissions, it is essential to implement decarbonisation strategies throughout the supply chain. In this sense, the ITP Aero Group has implemented a system to estimate the carbon footprint generated by the supply chain, providing fundamental data for the measurement and evaluation of emissions. The carbon footprint in 2023 has been verified by an external entity.

One of the notable initiatives to reduce the carbon footprint of the ITP Aero Group is the Revert programme, an initiative that aims to recover and reuse metallic materials, applying circular economy criteria throughout the manufacturing supply chain.

The ITP Aero Group works to maximize the amount of reused material throughout the product value chain. In recent years, up to 30% of the surpluses generated during manufacturing processes have been recycled, with this recycling percentage reaching 70% in certain strategic products and work is being done to expand this practice to other types of products. This aligns with the principles of circular economy, seeking not only to minimize waste, but also to maximize the useful life of resources, reflecting ITP Aero's commitment to sustainability.

[5] For more information on decarbonisation of the ITP Aero Group, go to the section: 3.1 The challenge of decarbonisation and innovation.

5.4. Information Security/Cybersecurity

With the ESG strategy, approved in 2023, the ITP Aero Group has the ambition to act ethically and responsibly following best practices, internally and throughout the value chain. This includes information on security/cybersecurity risks and opportunities, which is a relevant ESG element in the Governance pillar and is part of the ESG workstream scheme managed globally in the ITP Group. In addition, this area was evaluated in the EcoVadis Sustainability rating in 2023 in the Ethics pillar, where it showed advanced performance within the scorecard.

• Security organization and leadership

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

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

The information security management system undergoes an internal audit each year to verify that client information safeguarding protocols are followed.

Additionally, annually, the ITP Aero Group carries out an audit that analyses cybersecurity, the Security Management System, Risks and Information Compliance based on market standards.

• Endorsements

The ITP Aero Group is aware of the environmental impact derived from the use of the systems. For this reason, in 2023 the ITP Aero Group has signed an Adhesion Pact for Sustainable Cybersecurity. Cyber green proof.

This pact seeks to promote practices and measures that promote online security, while adhering to the principles of sustainability, thus recognising the need to protect the environment and achieve an appropriate balance between technological development and the preservation of the environment.

• Compliance

In order to accomplish all of this, the ITP Aero Group has a comprehensive Security Department, which combines cybersecurity, corporate security, data security, IT risks and information compliance, led in a uniform and comprehensive manner.

In 2023, supply chain risk management was also implemented.

• Threat detection, correlation, and cyber intelligence

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

• Response to cyber attacks

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

All employees have access to a telephone number and email account where they can report any information security incident.

• Security culture

All individuals comprising the ITP Aero Group are guarantors of the security of the company and its clients. Therefore, the Group carries out periodic awareness campaigns and has a news blog where the most significant alerts are displayed, and good practices are promoted.

During 2023, a specific course on information security was conducted for all employees.

The Security Committee occurs quarterly, where many areas of the Group participate. The objectives and strategies related to information security are identified and proposed initiatives as well as modifications to the Policies are approved.

5.5. Non-financial risk management system[2]

The ITP Aero Group's risk management strategy is based on dynamic risk management throughout the the group through a simple and effective global framework, which makes risk management a fundamental element of the Company's culture, protecting and creating value, and ensuring that the business is successful, strong and sustainable.

ITP Aero Group Risk Management Policy

The ITP Aero Group's risks are managed as defined in the risk policy and the Risk Management Plan (RMP), documents that outline the basic principles and risk management methodology applied in the organisation. In 2023, the Risk Management policy has been updated, expanding its scope to encompass the perimeter of the ITP Aero Group.

ITP Aero Group Risk Management Process

The Risk Management Plan (RMP) procedure establishes that a risk is an uncertain event with a negative impact on the budget or business plan of the Group or a programme, in Health & Safety, Environment or the reputation of the ITP Aero Group.

For risk management, the Group has established a governance structure that involves different functions and even the Board of Directors, which aims to ensure that the ITP Aero Group Risk Policy is complied with and is based on these management mechanisms:

- Board of directors.
- ITP Aero Group Risk Committee.
- Risk Committees of Functions, Programmes and Operational Areas.
- Committees of Functions, Programmes and Operational Areas.

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

- Board of Directors: together with the rest of the administrative bodies in each of the subsidiaries, is ultimately in charge of managing the Group's risks.
- Risk Leader: is the CEO of the Group, in charge of implementing an effective risk management system and ensuring adequate risk governance.
- Risk Champion: Executive Director of Internal Government and Resources. In charge of ensuring the implementation of risk management.
- Risk Responsible: Executive Director and ultimate risk owner in the different functions, programmes, and areas. Among their responsibilities is to manage the risks in their area at an acceptable level.
- Risk Owner: appointed by the Risk Responsible, is the owner of the risk.
- Risk Focal Point: performed by different people in each function, programme and operational area; they are in charge of managing the risk function in each of them.
- Risk Coordinator: Head of Risks of the ITP Aero Group. In charge of the risk management methodology, providing support to the Business Units, Corporate Functions and Operational Areas, carrying out risk reviews with the areas and leading the Risk Committee.
- Risks Function: led by the Head of Risks of the ITP Aero Group, the risk function is in charge of defining and implementing the risk management methodology, providing support so that it is properly applied, ensuring the implementation of the Risk Management Plan and safeguarding the record of risks, scheduling risk review meetings in each area, reporting risks to the Risk Committee and the Board of Directors and ensuring the deployment of training.

In each area of the ITP Aero Group, periodic risk reviews are conducted involving various Risks Focal Points, key individuals from each programme, area and function. These reviews involve updating the status of risks and identifying new risks, if applicable, while establishing the necessary controls for their correct management. In addition, action plans are established for each risk and the status of existing plans is reviewed. Furthermore, each function, area, or programme holds internal meetings to carry out its own risk management.

The risk management process consists of 5 stages:

1. **Identification:** The identification of a risk is accomplished in a straightforward manner, becoming apparent to those responsible as it derives directly from the Company's activity. The Risk Responsible must ensure that all risks in their area are identified and incorporated into the ITP Aero Group risk register.

2. **Assessment:** Once a risk has been identified, its degree of criticality must be understood. This involves assessing the likelihood of occurrence and its impact are assessed on a 5-level scale, ranging from very low to very high. Additionally, consideration is given to the effect if nothing is done to mitigate it, analysing the possible negative impacts.

   The evaluation is carried out by the person in charge of the area in which the risk has the greatest effect and is agreed upon with other managers who have knowledge of the risk, following the criteria of the "Risk scoring scheme" related to the categorisation and assessment of probability and impact.

3. **Treatment and monitoring:** Once the risk has been identified and assessed, along with its appointed owner, the actions to be taken are decided upon. There are three possible options: detailing a mitigation plan, transferring the risks to a third party such as a bank or insurance company; or accepting the risk, understanding it, and provisioning for it. Mitigation plans must include a responsible person for the actions outlined within them and a deadline for completion of said actions.

4. **Report and documentation:** Risks are reported every three or four months to the Risk Committee, made up of the Executive Committee, the Head of Legal and the Head of Risks and at least once a year to the Board of Directors.

5. **Assessment:** The risk management process is reviewed to achieve continuous improvement, incorporating suggestions and comments from all areas of ITP SA, thus ensuring that it is efficient and meets the objectives described in the Risk Policy, as well as in the Risk Management Plan. The process is audited by the certifying entities of the management systems that ITP Aero has in place and audits are also received from our clients, giving rise to actions to improve the methodology.

Non-financial risks are evaluated according to their impact on the Environment, Health & Safety or the reputation of ITP Aero and a mitigation plan is applied to each of them in order to reduce its criticality. The criticality levels of the impact of these risks are also found in the Risk scoring scheme defined in the Corporate Risk Management Procedure.

During 2023, three risk committees were held. In addition, the governance mechanisms were updated and the Audit and Compliance Committee was created within the Board of Directors of ITP SAU, which is the forum where risks are reported and reviewed starting in 2024. The review of the 2023 risks will be conducted at the first meeting of this Commission in 2024.

[2] For more information regarding comparability see detail in section 2.2.1.

Main Non-Financial Risks:

Below are the main non-financial risks identified by the ITP Aero Group and the most relevant mitigation plans.

A) Risks related to technical aspects.
These are structural risks, derived from the sector in which the ITP Group operates and its activity, both of which have a high technological level.

Main risks	Mitigation plans
Risks to the safety of third parties due to failures in design and/or manufactured products that are integrated into engines/aircraft.	High-level safety policy, commitment to aeronautical authorities, safety committees, high qualification of employees, commitment of the executive committee to safety, change control system implemented and mandatory training for all employees in product safety.
Risks derived from technical incidents in the programmes in which the ITP Aero Group participates.	Contract protection and monitoring of programme milestones alongside partners. During the last quarter of 2023, a technical risk was identified by the OEM in the GTF programme, whose assessment makes it the most critical risk currently.
Climate change and decarbonisation: Risks related to the development of alternative technologies to combustion engines or those that generate capacity to respond to the challenge of decarbonising aviation, in which the ITP Aero Group does not participate.	R&D projects focused on disruptive technologies, hydrogen and electricity (Preludio, Aperturas, Cripicom, PRESCOR, PROPELINA) have been launched. The product strategy is being defined in "Adjacent Markets-Green Aviation" in the development of the Company's value creation plan.

B) Risks related to the operations of the ITP Aero Group.

Main risks	Mitigation plans
Occupational risks associated with own operations (Health&Safety).	Detailed management of incidents, audits, factory adaptation plan and mandatory training for all employees in occupational safety. Review of all electrical installations at all Group headquarters, industrial plan underway.
Risks derived from temporary areas or ancillary constructions in production centres.	Area adaptation plan. As the corrective actions are implemented, the risks are closed.
Risk due to delays in deliveries, supply chain restrictions or single sources of supply.	Mitigation plan in place based on the search for supply alternatives, stable medium-long term agreements with suppliers, redefinition of the "make or buy" strategy, etc.

C) Risks related to the environment in which the ITP Aero Group operates.

Main risks	Mitigation plans
Reputational risks derived from the commercial relationship with public institutions due to contractual breaches.	Close relationship with clients, very thorough knowledge of contracts, exhaustive training of our professionals, effort in the correct allocation of resources.
Environmental impact risks due to spills.	Review of the facilities of all plants, industrial plan in progress including measures to eliminate risks of contamination. Specific measures were implemented such as the diversion of discharges from the stormwater network to the sewer network and an oil and grease separator has been installed at the Zamudio plant. Approval from the Water Board was obtained to be able to continue discharging into the sanitation network and with a close and fluid relationship with the corresponding authorities in each work centre. The mitigation plan was completed with the installation of the oil and grease separator in Zamudio.
Risks of noise pollution in certain production centres.	Mitigation plan underway, in coordination with the corresponding authorities.
Risk identified at the Ajalvir plant (Spain) regarding flooding due to water runoff. This could damage infrastructure, tools and WIP (Work-In-Progress).	The mitigation plan includes the installation of a water drainage channel.
Climate change: potential long-term risks in two plants in Spain (Barakaldo and Sestao), caused by the rise in sea level given that they are located in an area prone to flooding by 2050.	This long-term risk has motivated the implementation of a Business Continuity Plan.
Risks related to European chemicals regulations (REACH).	There is a multidisciplinary work group in place where risks are identified and action plans for each of them are agreed upon. The agenda for risk reviews with the areas includes a point dedicated to REACH risks. There is exhaustive monitoring of European regulations and possible national regulations due to transposition of European Directives, as well as collaboration with partners in the sector.
Risk of cyberattack with impact on the main corporate information systems, which may cause leakage or loss of key information.	As a continuation of the previous plan, the Security Plan is in place for the period 2022-2026, which includes 20 projects with technical and organizational measures. In addition, in 2023, an insurance policy was contracted to cover the risk of cyberattack.
Reputational risk derived from the commercial relationship with Russian companies (supply chain).	Analysis and monitoring of the situation of each supplier and, where appropriate, exit plan for Russian suppliers.
Risks related to export licences in Defence programmes, causing delays and contractual non-compliance.	The validity of export licences is monitored and a close relationship with the authorities is fostered, enabling us to take appropriate actions in the event of any issues with a licence.
Risks derived from international conflicts with impact on the supply chain, flight hours, export/import licences, etc.	Call for the corresponding crisis committees, where the impact of each conflict is monitored in detail and the necessary measures are taken to mitigate said impacts.

In addition to the above, it is worth noting the following milestones occurred in 2023:

- **Improvements in Risk Management:**

- Expanded the scope of the risk management process to cover the perimeter of the ITP Aero Group.
- Provided risk training to those in charge of the Hucknall centres in the United Kingdom and the centre in India.
- Digitisation of "Deep Dive" detailed analyses for the most critical risks.
- The operational risk map has been strengthened by adopting a new approach that provides a risk map and a focal point for each operational unit. The risks from defence programmes at the Hucknall centre of the United Kingdom have also been incorporated.
- The management of ESG risks has been strengthened, incorporating corresponding risks from the ESG organisational unit into the risk map and updating the risk management tool to identify ESG-related risks intuitively and easily from the Group's overall risk sets.
- An analysis of the exposure of the ITP Aero Group centres to catastrophic risks has been conducted with WTW, based on the location of each centre.

- **Other highlights of 2023:**

- Progress was made with the implementation of the ISO 22301 business continuity methodology, monitoring the unavailability scenarios of critical assets and resources in the Zamudio centre and continuing in other centres. As the methodology is applied, the risks associated with business continuity are incorporated into the corresponding risk maps.

  Specifically, progress was made in the Ajalvir centre, where a risk was identified in the galvanic bath line and in 2023 work began on updating it. Additionally, the deployment of the methodology commenced at the Derio centre. Furthermore, the deployment plan is being reviewed for the rest of the Group's centres.

- Following the crisis management procedure, in 2023 the crisis committee related to COVID-19 was closed. The one corresponding to the conflict between Russia and Ukraine continues and a new one related to the conflict in Palestine was launched. In these last two cases, the main risks for ITP Aero are in the supply chain and in the restrictions of export licences for defence programmes.

- The Risk function participated in the ESG Ecovadis and CDP Climate Change qualification processes, carried out in 2023. It should be noted that in CDP Climate Change, where ITP Aero was globally rated with a level B, the highest rated category of the 11 analysed was in relation to Risk management processes, achieving a level A.

5.6. Fiscal Transparency

The ITP Aero Group pays special attention to compliance with its tax obligations in accordance with the applicable regulations of each of the countries in which it is present.

The following tables break down the profits and corporate taxes paid in each of the countries in which the ITP Aero Group has a presence, according to the ITP Aero Group perimeter in recent years.[2]

Profits contributed to the consolidated (thousands €)[1]			
	2021[2]	2022[2]	2023[3,4]
Spain	55.526	93.551	43.480
Mexico	4.132	5.530	5.708
United Kingdom	-10.825	-12.591	-22.005
USA	-3	-4	10
Malta	-242	592	964
India	404	600	1.047
	48.991	**87.678**	**29.203**

[1] Results before taxes: Earnings Before Tax (EBT).
[2] Information corresponding to the perimeter of ITP Aero.
[3] Information corresponding to the perimeter of The ITP Aero Group.
[4] The 2023 pre-tax results include 46 million euros of amortisation expenses of assets revalued by the allocation of the purchase price of the acquisition of the ITP Aero Group (PPA), 37 million euros of start-up costs of transformation projects of the Group towards the highest standards in the market and 50 million euros of interest expenses on acquisition debt, as mentioned in the management report of the Bain Propulsión Bidco SL group and subsidiaries.

Taxes paid on profits (thousands €)			
	2021[2]	2022[2]	2023[2]
Spain	482	1.281	6.759
Mexico	1.365	1.497	1.891
United Kingdom	-205	0	0
USA	-0,80	0	0
Malta	220,36	-206	-146
India	35,49	141	427
	3.178	**2.715**	**8.931**

[1] Information corresponding to the perimeter of ITP Aero.
[2] Information corresponding to the perimeter of The ITP Aero Group.

[2] For more information regarding comparability see details in section 2.2.1.

5.7. Transparency with stakeholders

The ITP Aero Group develops a responsible and sustainable business model and places its stakeholders at the heart of its strategy. The aeronautical sector is facing a stage of transformation and great technological challenges, in which greater interaction is necessary between all agents of change. As one of these agents, the ITP Aero Group is transparent about the role it plays in the sustainable development of society and the economy and, therefore, builds trusted relationships with its main stakeholders and maintains a constructive and open dialogue with them, essential for the success of the Group.

• Main interest groups for the ITP Aero Group

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

In order to evaluate the relevance for the interest groups of the different elements related to ESG, the Group launched a survey among them, resulting in the priorities detailed below.

Interest groups	Their main priorities	
Shareholder	• Climate change • Product innovation • Product safety • Human rights	• Diversity, equality, and inclusion • Skills for the future • Integrity and compliance
Client	• Product safety • Human rights • Well-being and safety of employees • Risk management	• Diversity, equality, and inclusion • Integrity and compliance • Data protection and cybersecurity
Employee	• Well-being and safety of employees • Human rights • Product safety • Pollution and waste • Diversity, equality, and inclusion	• Skills for the future • Climate change • Integrity and compliance • Circular economy
Public administration, professional associations, and society	• Climate change • Pollution and waste • Well-being and safety of employees	• Human rights • Circular economy Integrity and compliance
Universities and technology centres	• Pollution and waste • Product safety • Well-being and safety of employees • Human rights	• Diversity, equality, and inclusion • Skills for the future • Risk management
Suppliers	• Human rights • Product safety • Well-being and safety of employees • Integrity and compliance Diversity, equality, and inclusion	• Skills for the future • Pollution and waste • Corporate governance
Unions	• Human rights • Well-being and safety of employees • Product safety • Pollution and waste	• Diversity, equality, and inclusion • Integrity and compliance • Risk management
Contractors	• Product safety • Human rights • Diversity, equality, and inclusion • Well-being and safety of employees	• Risk management • Skills for the future • Pollution and waste

• Dialogue with stakeholders

In 2023, the key communication topics with the different stakeholders were related to the Group's growth milestones, the R&D projects that the ITP Aero Group leads for the development of hybrid-electric or hydrogen-powered engines, its role as leader of the FCAS engine pillar and those related to the use of sustainable aviation fuel (SAF).

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

Communication with stakeholders is carried out through different channels and platforms and is maintained regularly according to the need for communication and/or information. 2023 was a year in which the ITP Aero Group strengthened its profile as a leading aeronautical/technological company, through actions with technological, aeronautical, or general media, participation in forums and awards on sustainability and people.

06

Table of non-financial indicators

Staff distribution by gender, age, country and professional classification at year-end

By gender	2021	2022	2023	Delta
Women	720	788	908	15%
Men	3.455	3.705	4.099	11%
Total	4.175	4.493	5.007	11%

By age	2021	2022	2023	Delta
<30	458	564	783	39%
>=30<=50	2.857	2.824	3.009	7%
>50	860	1.105	1.215	10%
Total	4.175	4.493	5.007	11%

By category	2021	2022	2023	Delta
Executives	154	157	164	4%
Managers	499	536	575	7%
Technicians	1.350	1.427	1.625	14%
Personnel covered by Collective Agreements	2.172	2.373	2.643	11%
Total	4.175	4.493	5.007	11%

By country	2021	2022	2023	Delta
Spain	2.661	2.844	3.220	13%
Mexico	649	726	875	21%
United Kingdom	805	859	847	-1%
Malta	35	36	37	3%
India	25	28	28	0%
Total	4.175	4.493	5.007	11%

Distribution of types of employment contracts of staff at the end of the year

Type of contract	2021	2022	2023	Delta
Indefinite full-time	3.995	4.175	4.569	9%
Indefinite part-time	20	18	47	161%
Temporary full-time	114	270	374	39%
Temporary part-time	46	30	17	-43%
Total	4.175	4.493	5.007	11%

Annual average of different contract models

The calculation of the contract averages for the 2023 fiscal year has been carried out using three variables: workforce at the end of 2022, workforce at the end of June 2023 and workforce at the end of 2023.

By gender

2021	Indefinite full-time	Indefinite part-time	Temporary full-time	Temporary part-time
Women	660	6	16	2
Men	2.685	7	86	45

2022	Indefinite full-time	Indefinite part-time	Temporary full-time	Temporary part-time
Women	703	10	28	2
Men	3.152	11	156	37

2023	Indefinite full-time	Indefinite part-time	Temporary full-time	Temporary part-time
Women	784	16	44	1
Men	3.557	20	279	22

By category

2021	Indefinite full-time		Indefinite part-time		Temporary full- time		Temporary part-time	
	Women	Men	Women	Men	Women	Men	Women	Men
Executives	20	117	0	1	0	0	0	0
Managers	114	330	0	1	0	0	0	6
Technicians	300	792	4	2	12	54	1	16
Personnel covered by Collective Agreements	226	1.447	2	4	4	32	1	24

2022	Indefinite full-time		Indefinite part-time		Temporary full- time		Temporary part-time	
	Women	Men	Women	Men	Women	Men	Women	Men
Executives	23	127	0	1	0	0	0	0
Managers	122	375	0	1	1	1	0	4
Technicians	291	1.209	6	5	15	72	1	15
Personnel covered by Collective Agreements	267	1.443	5	5	12	83	1	18

2023	Indefinite full-time		Indefinite part-time		Temporary full- time		Temporary part-time	
	Women	Men	Women	Men	Women	Men	Women	Men
Executives	26	133	0	1	0	0	0	0
Managers	136	413	1	2	1	1	0	2
Technicians	374	1.166	10	11	23	74	0	9
Personnel covered by Collective Agreements	248	1.845	6	8	21	205	1	12

By age

2021	Indefinite full-time		Indefinite part-time		Temporary full time		Temporary part-time	
	Women	Men	Women	Men	Women	Men	Women	Men
<30	54	241	1	0	11	57	1	0
>=30<=50	513	1.937	3	6	5	24	0	0
>50	92	507	2	2	0	5	1	45

2022	Indefinite full-time		Indefinite part-time		Temporary full time		Temporary part-time	
	Women	Men	Women	Men	Women	Men	Women	Men
<30	61	292	2	0	20	95	1	0
>=30<=50	511	2.102	5	6	7	54	0	0
>50	130	758	3	5	0	7	1	37

2023	Indefinite full-time		Indefinite part-time		Temporary full time		Temporary part-time	
	Women	Men	Women	Men	Women	Men	Women	Men
<30	85	375	2	2	29	172	0	0
>=30<=50	538	2.270	10	8	15	100	0	0
>50	161	912	4	11	1	7	1	22

Dismissals

By gender	2021	2022	2023	Delta
Women	10	3	7	133%
Men	87	17	18	6%
Total	97	20	25	25%

By category	2021	2022	2023	Delta
Executives	8	5	1	-80%
Managers	17	4	8	100%
Technicians	31	4	6	50%
Personnel covered by Collective Agreements	41	7	10	43%
Total	97	20	25	25%

By age	2021	2022	2023	Delta
<30	6	1	2	100%
>=30<=50	15	9	17	89%
>50	76	10	6	-40%
Total	97	20	25	25%

Average remuneration for the fiscal year 2023, broken down by age, professional category and gender

For the calculation of the average remuneration, the workforce as of 31 December of the audited financial year is considered. The annual remuneration (including seniority; remuneration in kind and bonuses) and variable remuneration actually paid in the year 2023 are considered as the basis. The values in the tables below are the result of equating the remuneration actually paid, extrapolating the situations of reduced working hours and provision of services of less than one year, allowing for a homogeneous comparison.

By gender

Average salary by gender (thousands of €)	2021	2022[1]	2023	Delta
Women	40,2	44,6	46,3	4%
Men	41,0	47,8	49,8	4%
Gap	2%	7%	7%	0%

[1] A correction to the information reported for the 2022 fiscal year has been included as a mathematical error in the calculation was identified during the preparation of the information for 2023 fiscal year. The error detected is related to the application of the Euro-Pound exchange rates.

By age

Average wage by age (thousands of €)	2021	2022[1]	2023	Delta
<30	24,0	31,5	33,7	7%
>=30<=50	38,9	45,8	47,5	4%
>50	58,0	59,1	63,3	7%

[1] A correction to the information reported for the 2022 fiscal year has been included as a mathematical error in the calculation was identified during the preparation of the information for 2023 fiscal year. The error detected is related to the application of the Euro-Pound exchange rates.

By category

Average salary per category (thousands of €)	2021	2022[1]	2023	Delta
Executives	120,1	123	135,3	10%
Managers	50,8	61,3	66,7	9%
Technicians	40,4	46,4	48,4	4%
Personnel covered by Collective Agreements	32,2	39,6	40,6	3%

[1] A correction to the information reported for the 2022 fiscal year has been included as a mathematical error in the calculation was identified during the preparation of the information for 2023 fiscal year. The error detected is related to the application of the Euro-Pound exchange rates.

Executives (thousands of €)	2021	2022[1]	2023	Delta
Women	121,8	120,8	128,2	6%
Men	119,8	123,5	136,7	11%

[1] A correction to the information reported for the 2022 fiscal year has been included as a mathematical error in the calculation was identified during the preparation of the information for 2023 fiscal year. The error detected is related to the application of the Euro-Pound exchange rates.

Average remuneration of Board members[2]

In 2023 the average remuneration of the directors is 0; no director on the Board of Directors of Bain Propulsion Bidco is remunerated.

The information reported in the 2022 ESG Report for the years 2021 and 2022 (201 and 415 thousand €, respectively) corresponds to the average remuneration of the directors of the Board of Directors of ITP SAU, being the existing one at that time.

Absenteeism

Absenteeism	2021[1]	2022	2023	Delta
Hours	330.291	453.132	491.511	8%
Percentage of Theoretical Hours	5,95%	5,97%	5,87%	

[1] Does not include data from ITP Aero UK due to unavailability.

Reduced working hours

Reduced working hours	2021	2022	2023	Delta
Women	82	93	93	0%
Men	76	121	122	1%
Total	158	214	215	0%

Hours of training broken down by professional category

(Annual average per employee; 47 hours/year)

	2021	2022	2023	Delta
Executives	2.629	3.201	2.673	-16%
Managers	10.237	14.281	12.115	-15%
Technicians	31.688	42.129	54.685	30%
Personnel covered by Collective Agreements	90.359	117.096	164.997	41%
Total	**134.912**	**176.708**	**234.470**	**33%**

Percentage of employees covered by collective agreements by country

Employees covered by agreement[1]	2022	2023
Spain	95%	96%
Mexico	49%	52%
United Kingdom	92%	91%
Malta	100%	97%
India	96%	96%
Total	87%	87%

[1] No data for the 2021 fiscal year.

[2] For more information regarding comparability see detail in section 2.2.1.

07

Table of GRI indicators

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

General areas

Areas		Reporting framework	Section	Comments/ Reason for omission
Business model	Description of the Group's business model, including: - Business environment - Organisation and structure - Markets in which it operates - Objectives and strategies - Main factors and trends that may affect its future development	GRI 2-1: Company Details GRI 2-6: Activities, value chain and other relationships GRI 2-22: Statement on Sustainable Development Strategy	1.1. 1.2. 1.3. 1.4. 1.5. 2.1.	
Policies and Policy Outcomes	A description of the policies applied by the group as well as the results of those policies, including relevant non-financial key performance indicators	3-3: Management approach for each area	These are detailed in each of the sections of this report, by virtue of the subject matter covered	
Risks in the short, medium or long term	The main risks associated with these issues linked to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on these areas	3-3: Management approach for each area	5.5.	

Environmental issues

Area		Reporting framework	Section	Comments/ Reason for omission
Global Environment	Current and foreseeable effects of the company's activities	GRI 3-3: Management of material issues GRI 2-23: Policy Commitments	3.2.1.	
	Environmental assessment or certification procedures		3.2.1.	
	Resources dedicated to environmental risk prevention		3.2.1.	
	Application of the precautionary principle		3.2.1.	
	Amount of provisions and guarantees for environmental risks		3.2.1.	
Pollution	Measures to prevent, reduce or mitigate carbon emissions that seriously affect the environment; taking into account any form of air pollution, specific to an activity, including noise and light pollution.	GRI 3-3: Management Approach to emissions/biodiversity	3.1.1. 3.2.1. 3.2.2.	
Circular economy and waste prevention and management	Circular economy	GRI 3-3: Management approach to effluents and waste/ Circular Economy	3.2.1 3.2.2	
	Waste: waste prevention measures, recycling, reuse, other forms of recovery and disposal of waste	GRI 3-3: Management approach to effluents and waste/ Circular Economy GRI 306-2: Waste by type and disposal method	3.2.1. 3.2.2.	
	Actions to combat food waste	GRI 3-3: Management approach to effluents and waste/ Circular Economy	-	Food waste is not relevant for the ITP Aero Group due to its sector of activity.
Sustainable use of resources	Water consumption and water supply according to local constraints	GRI 303-3: Water abstraction	3.2.1. 3.2.2.	
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 3-3: Material Management Approach GRI 301-1: Materials used by weight or volume	3.2.1. 3.2.2.	
	Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energies.	GRI 3-3: Energy Management Approach GRI 302-1: Intra-organisational energy consumption	3.1.1.	
Climate change	Important elements of the greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces;	GRI 3-3: Emissions Management Approach GRI 305-1: Direct GHG emissions (Scope 1) GRI 305-2: Indirect GHG emissions from energy generation (Scope 2)	3.1.1. 3.1.2.	
	Measures taken to adapt to the consequences of climate change	GRI 3 -3: Management Approach to emissions	2.1. 3.1.1. 3.1.2.	
	Voluntary reduction targets	GRI 3 -3: Management Approach to emissions.	2.1. 3.1.1. 3.1.2.	
Biodiversity protection	Measures taken to preserve or restore biodiversity	GRI 3-3: Biodiversity management approach GRI 304-2: Significant impacts of activities, products and services on biodiversity	3.2.2.	
	Impacts caused by activities or operations in protected areas			

Social and staff issues

Area		Reporting framework	Section	Comments/ Reason for omission
Employment	Total number and distribution of employees by gender, age, country and professional category	GRI 3-3: Employment Management Approach GRI 2-7: Employees GRI 405-1: Diversity in governing bodies and employees	4.1. 6.	
	Total number and distribution of types of employment contracts		4.1. 6.	
	Average annual number of permanent, temporary and part-time contracts by gender, age and professional category	GRI 2-7: Employees GRI 405-1: Diversity in governing bodies and employees	4.1. 6.	
	Number of dismissals by gender, age and professional category	GRI 401-1: New employee hires and staff turnover	4.1. 6.	
	Average remuneration by gender, age and professional category	GRI 405-2: Ratio of basic salary and remuneration of women vs. men	4.1. 6.	
	Wage gap, the remuneration for equal positions or the societal average	GRI 3-3: Management approach to employment GRI 405-2: Ratio of basic salary and remuneration of women vs. men	4.1. 6.	
	The average remuneration of directors and executives broken down by gender	GRI 3-3: Management approach to employment	4.1. 6.	
	Implementation of work disconnection policies	GRI 3-3: Management approach to employment	4.1.	
	Employees with disabilities	GRI 405-1: Diversity in governing bodies and employees	4.1. 6.	
Work organisation	Organisation of working time	GRI 3-3: Management approach to employment	4.1.	
	Number of absenteeism hours	GRI 3-3: Health and Safety in the workplace	4.1. 6.	
	Measures aimed at facilitating the enjoyment of work-life balance and promoting the shared responsibility of both parents	GRI 3-3: Management approach to employment	4.1.	
Health and safety	Health and safety conditions at work	GRI 3-3: Management approach to employment	4.2.	
	Number of accidents at work and occupational diseases by gender, frequency and severity rate by gender	GRI 3-3: Health and Safety in the workplace	4.2.	

Area		Reporting framework	Section	Comments/ Reason for omission
Social relations	Organisation of social dialogue	GRI 3-3: Management approach to employee-company relations	4.3.	
	Percentage of employees covered by collective agreements by country	GRI 2-30: Collective agreements	6.	
	Review of collective agreements, particularly in the field of occupational health and safety	GRI 403-4: Employee involvement, consultations and communication on health and safety at work	6.	
	Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	GRI 3-3: Management approach to employee-company relations	4.1.	
Training	Policies implemented in the area of training	GRI 3-3: Management approach to training and education	4.1.	
	Total number of training hours per professional category	GRI 404-1: Average hours of training per employee per year	6.	
Universal accessibility for people with disabilities		GRI 3-3: Management approach to diversity, equal opportunities and non-discrimination	4.1.	
Equality	Measures taken to promote equal treatment and opportunities for men and women	GRI 3-3: Management approach to diversity, equal opportunities and non-discrimination	4.1.	
	Equality plans: measures adopted to promote employment, protocols against sexual harassment and gender-based harassment		4.1.	
	Policy against all forms of discrimination and, where appropriate, diversity management		4.1.	

Information on respect for human rights

Area	Reporting framework	Section	Comments/ Reason for omission
Implementation of due diligence procedures regarding human rights **Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and remedy potential abuses committed**	GRI 3-3: Management approach: assessment of human rights + freedom of association and collective bargaining + child labour + forced or compulsory labour GRI 2-23: Political commitments GRI 2-26: Mechanisms for seeking advice and raising concerns GRI 412-2: Employee training on human rights policies or procedures	2.1. 4.1. 4.3. 5.2. 5.3.	
Complaints regarding cases of human rights violations	GRI 406-1: Cases of discrimination and corrective actions taken	5.2.	
Promotion and enforcement of the core conventions of the ILO relating to respect for freedom of association and the right to collective bargaining, eliminating discrimination in employment and occupation, eradicating forced or compulsory labour and effectively abolishing child labour	GRI 3-3: Management Approach to non-discrimination GRI 406-1: Discrimination cases and corrective actions taken GRI 407-1: Operations and suppliers whose right to freedom of association and collective bargaining may be at risk GRI 408-1: Operations and suppliers with significant risk of child labour GRI 409-1: Operations and suppliers with significant risk of forced or compulsory labour GRI 409-1: Operations and suppliers with significant risk of forced or compulsory labour	2.1. 4.1. 4.3. 5.2. 5.3.	

Information relating to the fight against bribery and corruption

Area	Reporting framework	Section	Comments/ Reason for omission
Measures taken to prevent corruption and bribery	GRI 3-3: Anti-Corruption Management Approach GRI 2-23: Political commitments GRI 2-26: Mechanisms for seeking advice and raising concerns GRI 205-2: Communication and training on anti-corruption policies and procedures	2.1. 5.2.	
Measures to combat money laundering	GRI 205-2: Communication and training on anti-corruption policies and procedures	2.1. 5.2.	
Contributions to foundations and non-profit organisations	GRI 413-1: Operations with local community involvement, impact assessments and development programmes	4.5.	

Company information

Area		Reporting framework	Section	Comments/ Reason for omission
Company commitments to sustainable development	Impact of the company's activity on employment and local development	GRI 3-3: Management approach to local communities + indirect economic impacts GRI 203-2: Significant indirect economic impacts GRI 2-29: Approach to Stakeholder Engagement GRI 413-1: Operations with local community engagement, impact assessments and development programmes	1. 2.1. 4.5. 5.3. 6.	
	Impact of the company's activity on local populations and the territory		1. 2.1. 4.5. 5.3. 5.6.	
	Relationships maintained with actors from the local community and the methods of dialogue with them		4.5. 5.7.	
	Association or sponsorship actions	GRI 102-12: External initiatives GRI 102-13: Association memberships	3.1.3. 4.6.	
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 3-3: Management Approach to Procurement Practices GRI 2-6: Activities, value chain and other business relationships GRI 308-1: New suppliers that have passed assessment and selection filters according to environmental criteria GRI 414-1: New suppliers that have passed screening according to social criteria	2.1. 5.3.	
	Consideration of the social and environmental responsibilities of suppliers and subcontractors in their business transactions		2.1. 5.3.	
	Monitoring and audit systems and their results		2.1. 5.3.	
Consumers	Consumer health and safety measures	GRI 3-3: Management Approach to Customer Health and Safety + Marketing and Labelling + Customer Privacy	2.1. 4.4.	
	Complaint systems		4.4.	
	Complaints received and resolution of complaints		4.4.	
Tax information	Country-by-country profits	GRI 207-4: Country-by-country reporting	5.6.	
	Taxes paid on profits	GRI 207-4: Country-by-country reporting	5.6.	
	Public subsidies received	GRI 201-4: Financial assistance received from the government	3.1.3.	

08

Global Compact / SDGs Table

Theme	Global Compact Principles	Section	Related SDGs
Human Rights	Principle 1. Businesses should support and respect the **protection of** universally recognised **human rights**.	2. ESG Commitment 4.1. Our people 4.2. Health and Safety 5.2. Ethics and compliance 5.3. Our Supply Chain	- SDG 1: End poverty - SDG 3: Health and well-being - SDG 4: Quality education - SDG 5: Gender equality - SDG 8: Decent work and economic growth - SDG 10: Reducing inequalities - SDG 16: Peace, justice and solid institutions - SDG 17: Alliances to achieve goals
	Principle 2. Businesses should make sure that they are not **complicit in violations of** human rights.	2. ESG Commitment 4.1. Our people 4.2. Health and Safety 5.2. Ethics and compliance 5.3. Our Supply Chain	
Labour Standards	Principle 3. Businesses should uphold the **freedom of association** and the effective recognition of the right to collective bargaining.	2. ESG Commitment 4.1. Our people 4.3. Social Relations 4.2. Health and Safety 5.2. Ethics and compliance	- SDG 1: End poverty - SDG 3: Health and well-being - SDG 8: Decent work and economic growth - SDG 5: Gender equality - SDG 10: Reducing inequalities - SDG 16: Peace, justice and solid institutions - SDG 17: Alliances to achieve goals
	Principle 4. Businesses should support the **elimination of all forms of forced labour** carried out under coercion.	2. ESG Commitment 4.1. Our people 4.2. Health and Safety 5.2. Ethics and compliance 5.3. Our Supply Chain	
	Principle 5. Businesses should support the elimination of **child labour**.	2. ESG Commitment 4.1. Our people 4.2. Health and Safety 5.2. Ethics and compliance 5.3. Our Supply Chain	
	Principle 6. Businesses should support the abolition of **discrimination in employment and occupation**.	2. ESG Commitment 4.1. Our people 5.2. Ethics and compliance 5.3. Our Supply Chain	

Theme	Global Compact Principles	Section	Related SDGs
Environment	Principle 7. Businesses should maintain a **precautionary approach to environmental challenges**.	2. ESG Commitment 3.1. The Decarbonisation Challenge and innovation 3.2. Reducing the environmental footprint of our operations 5.3. Our Supply Chain 5.5. Non-financial risk management system	- SDG 3: Health and well-being - SDG 4: Quality education - SDG 6: Clean water and sanitation - SDG 7: Affordable and clean energy - SDG 8: Decent work and economic growth - SDG 9: Industry, innovation and infrastructure - SDG 10: Reducing Inequalities - SDG 12: Responsible production and consumption - SDG 13: Climate action - SDG 16: Peace, justice and solid institutions - SDG 17: Alliances to achieve goals.
	Principle 8. Businesses should encourage **initiatives that promote greater environmental responsibility**.	2. ESG Commitment 3.1. The Decarbonisation Challenge and innovation 3.2. Reducing the environmental footprint of our operations 5.3. Our Supply Chain	
	Principle 9. Businesses should encourage the **development and diffusion of environmentally friendly technologies**.	2. ESG Commitment 3.1. The Decarbonisation Challenge and innovation	
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	2. ESG Commitment 5.2. Ethics and compliance 5.3. Our Supply Chain	- SDG 10: Reducing inequalities - SDG 16: Peace, justice and solid institutions - SDG 17: Alliances to achieve goals.

And in witness thereof, for the purposes of the timely formulation of this report by the Board of Directors of the company **Bain Propulsion Bidco, S.L.** in accordance with Law 11/2018 of 28 December 2018, this report is issued in duplicate signed by all the members of the management body at ..... a ..... of 2024.

Ivano Sessa **Member**	Davide Vidotto **Member**
Enrique Hernández Vitón **Member**	Enrique Parra Arce **Member**