

The background of the entire page is a high-resolution image of concentric ripples on a body of water, creating a sense of movement and depth. The ripples are most prominent in the lower half of the image, fading towards the top.

Ingeteam

SUSTAINABILITY REPORT 2017

We take care of what is truly important

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CHIEF EXECUTIVE OFFICER'S LETTER



In what concerns Corporate Social Responsibility 2017 was a year of change for Ingeteam. In essence, so far as our base roots are concerned, those have not been changed. We continue to apply our management policies in the usual four vectors: Human Resources, Safety and Occupational Risk Prevention, environmental protection, assistance in the development of local communities, and transparency, communication and collaboration with other stakeholders.

At Ingeteam our actions are geared towards valuing people and the continuous improvement of our management practices. This way Ingeteam becomes, over time, a sustainable project, used as base for the soundness of the following domains:

Economic – where we need to achieve certain levels of profitability so as to ensure future growth.

Environmental – where the products, systems and services provided by us need to be environment friendly.

Social – Ingeteam's responsibility in this domain is to create value for all stakeholders and in concrete our workforce, by offering them the opportunity to develop, while working in environments that are safe and healthy.

In these domains 2017 was a great year for us, and our achievements remarkable:

- » 12 % turnover increase
- » Increased international presence, with the opening of subsidiaries in Peru and India.
- » We continue to hold a leading position in the renewable energies market, which represents 70% of our revenue figures.

- » We have contributed to avoiding the emission of more than 9.6 million tons of CO2 into the atmosphere.
- » In what concerns net job creation, this year Ingeteam recruited over 300 professionals.

Besides this unquestionable and satisfactory reality Ingeteam has gone a step further in its expansion has a responsible company: in 2017 we started the transition towards the model of sustainability indicators report in compliance with the consolidated GRI 2016 standard. Also, this change goes hand in hand with the reflection on how to systematize the Corporate Social Responsibility as an overall strategy of the Group.

To this end, besides its membership with the Global Compact and compliance with its 10 principles, we decided to align the strategic objectives with the Sustainable Development Objectives of the 2030 agenda. Initially this will be implemented at a slow pace, but nonetheless this is the first step in a path, we trust will bring results in what concerns raising awareness of the impact company activities have on the group of stakeholders.



Mr. Adolfo Rebollo Gómez
Chief Executive Officer

INTRODUCTION

In 2018, Ingeteam drafted its 10th Sustainability Report. So far the objective has been to represent the reality of the impacts Ingeteam's activity has on the 4 vectors discussed in this report.

- Occupational risk prevention
- Environmental aspects
- Our workforce
- Actions undertaken by Ingeteam, in the communities it is actively involved

This report has been based on the structure marked by the Global Reporting Initiative indicators, version 3 of the GRI. Starting this year, Ingeteam has begun reflecting about ways of addressing its Corporate Social Responsibility. This approach discloses several facets:

- Regarding the Sustainability Report, the decision was to follow the guidelines of the "GRI set of Consolidated Standards 2016 to draft the Sustainability Report"
- In the transition from one approach to another, we have opted to follow the "essential" development indicators, although the ones we will be presenting are enriched by the indicators, we have collected over the years, and whose reflection we find useful, even if not strictly disclosed in the new standard.
- On the other hand, the new guidelines define a few new indicators, which will be gradually incorporated into our list. Obviously, in 2018 data will already be reported regarding these new indicators. These indicators will be disclosed for the first time in the 2018 Sustainability Report, which will be drafted in 2019.

A new aspect taken into account in our sustainability is the fact that Ingeteam has, since 2006, been a member of the Global Compact. Consequently, our approach in our Sustainability Reports is geared towards complying with the 10 principles of the UN Global Compact.

In line with a natural evolution, we have decided to align our strategic approach with the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development, adopted by the UN General Assembly in 2015.

This is the first year we attempt to establish the relationship between the sustainability indicators we decided reporting on, using the SDGs we believe correspond to said indicators.

Our roadmap contemplates a reflection this year, regarding which of those SDGs we need to work on becoming more efficient. Next year, we will select them and propose an improvement strategy in indicators that support said SDGs,

This way we will have countable improvement goals whose evolution we will be analyzing at the end of the financial year.

This kind of task is not to be consolidated in a single year. An evolution in our approach is expected to take place in upcoming years, until we manage to consolidate our strategy for defining goal improvements as well as their analysis and review.

Future strategic plans need to contemplate topics relating to Corporate Social Responsibility, as an intrinsic part of the Ingeteam group strategy.

This document incorporates the following disclosures:

GRI 102. General Contents

This section describes the company's position regarding the following topics:

- Organizational profile
- Structure
- Ethics and integrity
- Governance
- Stakeholders engagement
- Reporting practices

GRI 200 Economic aspects

In this section the following economic topics are analysed:

- Economic performance
- Market presence
- Indirect economic impacts
- Procurement practices
- Anticorruption
- Unfair competition

GRI 300 Environmental aspects

This section deals with the impacts of the company's activities on the environment, mainly in what concerns the following:

- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Effluents and waste
- Environmental compliance
- Environmental evaluation of suppliers

GRI 400. Social performance aspects

In this last point are analyse aspects relating to the company's activities that directly affect the people that form part of the company, suppliers and the communities in which Ingeteam operates

- Employment
- Employees-company relations
- Occupational health and safety
- Education and training
- Diversity and equal opportunities
- Non-discrimination
- Human rights







GRI 102

GENERAL CONTENTS

Organizational profile
Strategy
Ethics and integrity
Governance
Stakeholders engagement
Reporting practices

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Organizational profile

102-1 Name of the organization

The organization object of this report is the business group Ingeteam.

102-2 Actividades, marcas, productos y servicios

Within the Ingeteam Group, Ingeteam Power Technology (IPT), as the head division, specializes in power and control electronics (inverters, frequency converters, controllers and protections), electrical engineering and automation projects, completing its offer with operation & maintenance services.

IPT develops its products for the following sectors:

- **Wind Energy:** converters with Doubly Fed Induction Generator (DFIG) technology and Full converters with units power outputs of up to 10 MW, Energy Management Systems and control centers, substation automation, wind farm operation and maintenance (O&M) services and power storage systems.
- **Hydropower:** complete automation of hydropower plants, voltage regulators, speed governors, and hydropower plant O&M services.
- **Solar PV energy:** string and central inverters, including Medium Voltage output of up to 7,500 KVA, storage, and PV plant O&M services.
- **Marine and Ports:** frequency converters, integrated electric propulsion solutions, automation systems and Power Management Systems, on-board power plants, and silent vessels.
- **Railway Traction:** on-board traction converters, Train control and monitoring systems (TCMS), control of auxiliary systems (HVAC, door control, etc.) and braking energy recovery systems.
- **Power Transmission and Distribution:** substation automation, power grid control and protection systems, grid-edge power electronics, and power storage solutions.
- **Water:** frequency converters and electrical engineering and automation.
- **Electric mobility:** e-vehicle charging systems in DC, AC, rapid and domestic modes.
- **Industry:** integrated management of electrical projects, project direction, development of detail design engineering, manufacture and supply of electrical equipment, electrical installation, systems automation, commissioning, Technical Support Service (SAT) training, and maintenance.

IPT also has important credentials in **mining, oil & gas, energy efficiency, thermal generation and solar thermal energy.**



Headquarters of the Ingeteam Group

Within the Ingeteam Group, the Indar head division specializes in the design and manufacture of rotary electrical machines and hydraulic machines. Indar develops its products for the following sectors:

- **Wind Energy:** generators for wind turbines with outputs of up to 9 MW, with more than 23,000 units installed in the wind turbines manufactured by the world's leading OEM in the sector. Doubly fed asynchronous generators, squirrel cage generators and permanent magnet synchronous generators.
- **Hydropower:** hydro generators with unit power outputs of up to 80 MVA for voltages of up to 15 kV, with a cumulative active presence of 8 GW across the globe. Retrofitting and repowering of large machines, with outputs of up to 200 MVA.
- **Marine and Ports:** electric motors and generators for marine propulsion, delivering solutions for main and auxiliary electric propulsion and on-board power generation systems in the Offshore segments (Supply and Heavy Offshore), ferries, cruisers, dredgers, tugs, research vessels etc.
- **Water:** submersible motor-pump sets and motors to drive surface pumps, delivering pumping solutions for power outputs of up to 6.5 MW, with specific focus on the supply of fresh water, offshore marine platforms, mining, hydropower plants and waste water and fresh water pumping stations.
- **Thermal generation:** generators coupled to steam, gas or reciprocating engine turbines. Cogeneration, biomass, waste to energy, combine cycles, internal combustion and geothermal projects.

Likewise, Indar has important references in the **industrial sector**, primarily in **steelmaking** and **mining**.



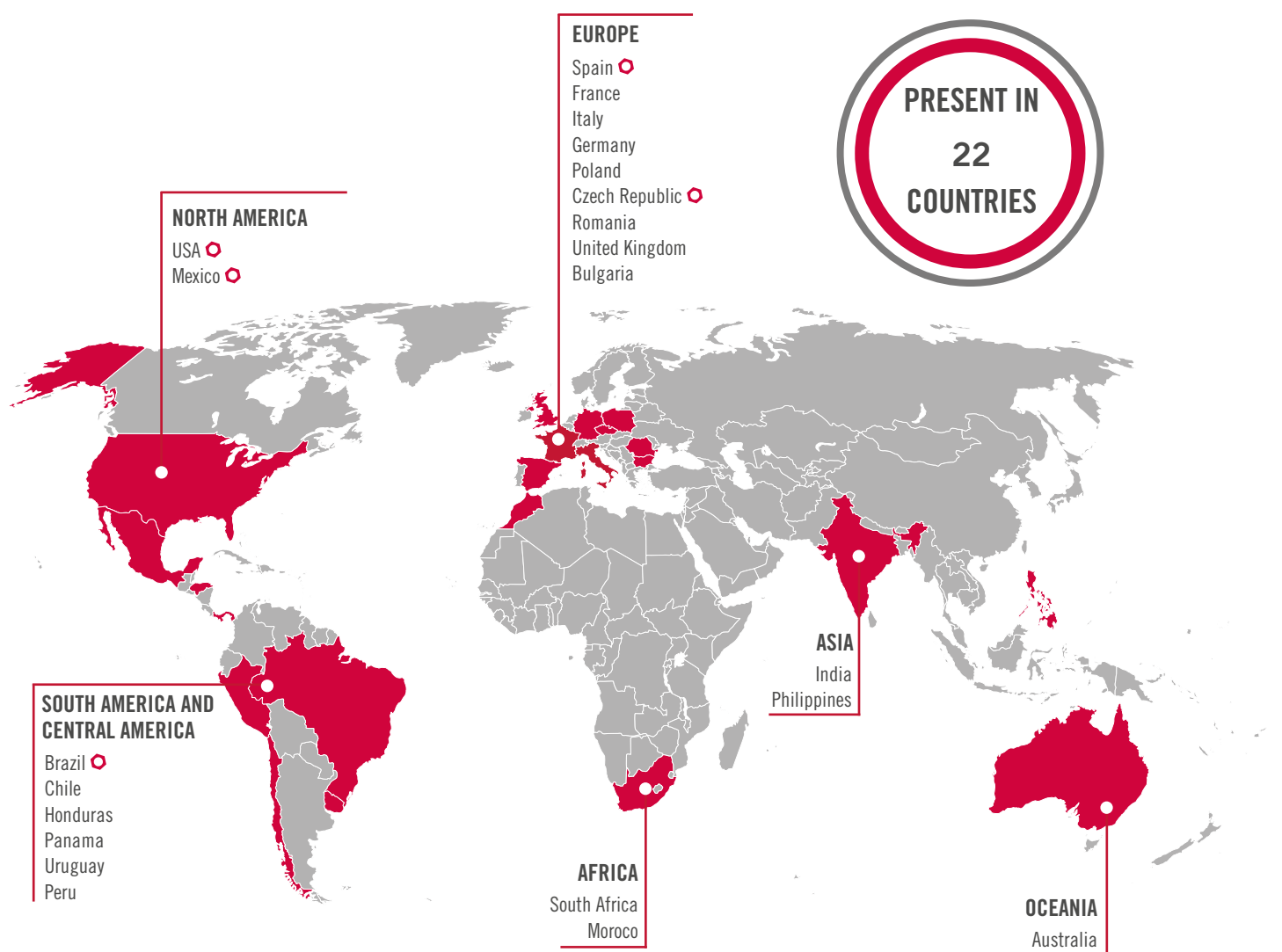
Indar facilities

102-3 Location of headquarters

The headquarter of Ingeteam S.A. is located in Biscay Technology Park (Parque Tecnológico de Bizkaia), in the town of Zamudio, near Bilbao.

102-4 Location of operations

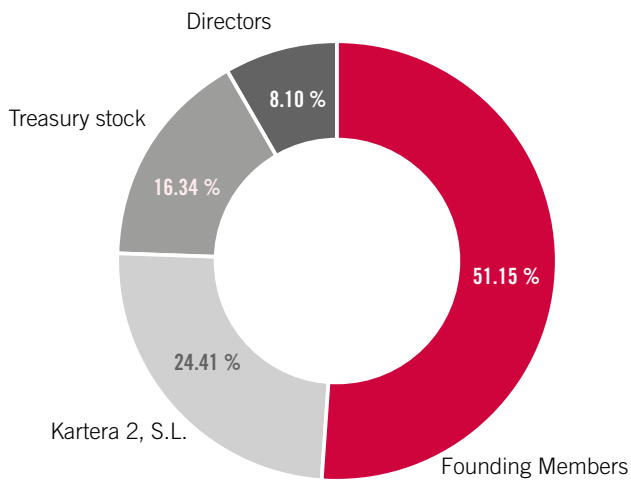
At present our production facilities are located in Spain, USA, Mexico, Brazil, Czech Republic and India, and subsidiaries in France, Italy, Germany, Poland, Romania, United Kingdom, Bulgaria, Chile, Australia, etc.



○ Production centres

102-5 Ownership and legal form

Ingeteam is the Group holding company, constituted as a Shares Company. Its key shareholders are:



102-6 Markets served

The companies forming part of the Ingeteam Group serve market worldwide, without geographical restrictions. The sectors and clients served are disclosed in chapter 102-2 of this report.

102-7 Scale of the organization

In 2017, the average number of people employed by Ingeteam Group was 3,748 persons. Its key economic figures, end of the 2017 financial year, were:

- Sales: 595,798 M€
- Net worth: 333,224 M€
- LT debts: 113,091 M€

102-8 Information on employees and other workers

In 2017, more than 74% of the Ingeteam Group employees were on permanent employment contracts, with similar percentages between women and men employed.

In concrete, 81% of Spain's workers hold a permanent employment contract.

Moreover, 95% of our personnel work full-time.

There are no circumstances where a significant organizational activity is carried out by workers who are not employed by the Group.

These data have been compiled based on information obtained from each of the Group subsidiaries, nationwide or abroad, and collected from the Group's employees databases.

102-9 Supply chain

The supply chain is specific to each type of business, with the exception of a few common topics that may be managed at corporate level, mainly services: insurance, trips, car fleets, etc.

The Business Units with production development establish a supply chain, mainly locally, and backed by the experience of many years of evaluating suppliers.

102-10 Significant changes to the organization and its supply chain

Concerning new subsidiaries, in 2017 we opened a new office in Peru and started the formalities required to open a factory in India. Moreover, we have sold the Pine Group and the Power Plants Production Unit.

102-11 Precaution Principle

Ingeteam is an organization whose operations involve highly technological products and services. The R&D activity is essential for the development of the company; for this reason we have dedicated 5% of our annual turnover to this activity.

Every time Ingeteam starts a new product or service development project, a precautionary approach is adopted to avoid any negative impacts that said product or service may have on the environment and/or people.

102-12 External initiatives

We are voluntarily adhering to the United Nations Global Compact and complying with local laws in economic, environmental and social matters.

102-13 Membership of associations

Ingeteam carries out its activity in several technological ecosystems, where companies group into sector associations, geared towards attaining common goals. At present Ingeteam corporation is a member of the following associations:

- The Energy Cluster
- Then Basque Maritime Forum
- INNOBASQUE- Basque Innovation Agency
- Gaia Association
- The Spanish Maritime Cluster
- The Mobility Cluster
- Exporters & Investors Club
- SERCOBE (Spanish Association of Manufacturers of Capital GoSDG)

- EUSKALIT, Basque Foundation for Excellence in Management.
- Association for Management Progress (APD - Asociación para el Progreso de la Dirección)

On the other hand, the companies of the Group also participate in other sector associations, like:

- The Spanish Photovoltaic Union (UNEF)
- AEDIVE - The Spanish Business Association for the Boosting and Development of the Electric Vehicle Market
- The EWEA (European Wind Energy Association), now re-branded to WindEurope
- The American Wind Energy Association (AWEA)
- The Solar Energy Industries Association (SEIA)
- The Spanish Association of Steelworks Exporters' (SIDEREX)
- The Spanish Railway Association (MAFEX – Asociación Ferroviaria Española)
- Hydraulic Institute



Network Spain
WE SUPPORT

Strategy

102-14 Statement from senior decision-makers

In the introduction of this report appears the CEO letter, explaining the principles used by the organization in carrying out its activity and its strategy geared at addressing sustainability. This has been our approach since we started drafting sustainability reports, in 2008.

102-15 Key impacts, risks, and opportunities

In its process of reflection, the organisation has identified a set of risks and opportunities relating to key products and services, markets and clients, and management capacity.

Regarding **products and services**, with its in-house technology Ingeteam is able to have a strong impact on the renewable energy sector.

This occurs in an environment where the energy model is in the process of changing (storage/electric mobility / grids / distributed generation), to an “electric” societies of the future in our sphere of products/services, where pressure in price, technical requisites and dependency on certain critical components are significant.

Regarding **markets** and our **clients**, our target is clearly the renewable energy sector, at international level.

This has been prompted by the intensification of the symbiosis between renewable energies and the smartization of electric grids, in both distribution and consumption. On the other hand, this apparently clear tendency is constantly at risk, due to multiple factors of a geopolitical nature, and competition in the market with the emergence of “low cost” countries.

Our positioning always impacts in a positive manner on the social environment of our locations, mainly due to the need of incorporating local qualified workers in our international locations.

Ethics and integrity

102-16 Values, principles, standards, and norms of behaviour

Once again, within the scope of the conclusions drawn from our last strategic reflection, at Ingeteam we have once again successfully consolidated a set of values that are coherent with those adopted during previous strategic reflections.

Amongst which the following are noteworthy:

- We are, do and feel Ingeteam
- We are optimistic, self-critical and proactive
- We respect people and act with integrity
- We seek to be efficient in everything we do
- We work with the highest precision and professionalism
- We live for and stand by our external and internal clients.
- We cooperate and work as a team, always in a responsible and autonomous manner.

These values underline the several activities carried out by the Group, which are also analysed and discussed in this report. All the aforementioned carried out in line with the organization's maximum standard of conduct, i.e. Ingeteam's “Code of Conduct”.

102-17 Mechanisms for advice and concerns about ethics

Ingeteam has developed a “Compliance” model, whose structure is supported by the Compliance Committee (CC). This body is formed by:

- The Chairman: The Corporate Director of International Development and Internal Operations.

Voting Members:

- Corporate Director of HR
- Corporate Director of ICT
- Legal services Director
- Internal Operations Director

This Compliance Committee reviews, on a monthly basis, the activity of the local bodies of the Production Units (PUs), such as the harassment prevention committees, or the risk prevention committees. The Internal Operations Director is the link between the CDC and the local bodies. In the case of serious situations it has direct access to the Chairwoman of the Group.

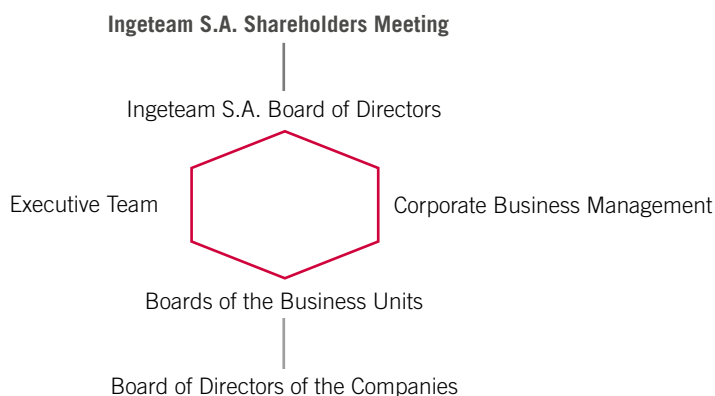
The compliance model is applicable to all the Group’s subsidiaries. This Committee’s channel for complaints may be accessed by post, telephone or e-mail. Ingeteam has implemented a Code of Conduct; this code compiles with all its ethical principles and reaffirms its legal compliance objective.

Lastly, this compliance model resolves standard as well as ethical non-compliances, both internal and external.

Governance

102-18 Governance structure

The Ingeteam Group governance structure includes the following bodies:



102-19 Delegating authority

The authority delegation model at Ingeteam is applicable to all its subsidiaries.

1102-20 Executive-level responsibility for economic, environmental, and social topics

Within Ingeteam's organizational structure, the responsibility at executive level, regarding economic, environmental and social topics, is distributed amongst the members of Corporate Management. This circle is formed of two variants:

- Corporate Business Management; its members are responsible for the executive development of the industrial and production activities.
- Corporate Functional Management; its functions are to oversee issues relating to economic management, legal matters, and the management of people and communications.
- On the other hand, the compiling, analysis and presentation of information to the highest governance body is coordinated by the Director of Corporate Marketing.

102-21 Consulting stakeholders on economic, environmental, and social topics

At Ingeteam the CEO is the person responsible for delegating to his management circle the consultation and the request for information from stakeholders on economic, environmental and social topics.

102-22 Composition of the highest governance body and its committees

The highest governance body of the Ingeteam S.A. Board of Director incorporates at present an appointment and retributions committee:

| <i>MANAGING DIRECTOR</i> | <i>REPRESENTATIVE</i> | <i>POSITION</i> |
|--------------------------------|-----------------------------|--------------------------|
| Teresa Madariaga Zubimendi | | Chairwoman |
| Adolfo Rebollo Gómez | | Vocal |
| Gesfinor Administración, S. A. | Xabier Gotzon Iturbe Otaegi | Vocal |
| Mikel Ruiz Madariaga | | Vocal |
| Ander Gandiaga Osoro | | Vocal |
| Kartera 1, S. L. | Alicia Vivanco González | Vocal |
| Alex Belaustegui Foronda | | Vocal |
| Gregorio Rivas Barricarte | | Vocal |
| Alberto Guerra San José | | Secretary - Non director |

102-23 Chair of the highest governance body

The chair of the highest governance body is Ms. Teresa Madariaga, Chairwoman of the Board of Directors.

102-24 Nominating and selecting the highest governance body

The members of the highest governance body are nominated by proposal of the shareholders and their election is approved by the General Shareholders Meeting.

102-25 Conflicts of interest

A declaration has been made by each member to avoid possible conflicts of interest from arising, where they agree to abstain from participating and voting in the event of a conflict of interest.

102-26 Role of the highest governance body in setting objectives, values, and strategy

Its function is to have the Annual and Strategic Plans approved by the Board of Directors, following proposal by the CEO.

102-27 Collective knowledge of the highest governance body

No corporate training programme or personal training programme has been planned for each member.

102-28 Evaluating the highest governance body's performance

An annual evaluation is carried out by the General Shareholders Meeting.

102-29 Identifying and managing economic, environmental, and social impacts

The CEO submits to the Board, for their knowledge and decision-making, information about impacts, risks and opportunities.

102-30 Effectiveness of risk management processes

The CEO reports to the Board, for their knowledge and decision-making, information regarding the most significant risks.

102-31 Review of economic, environmental, and social topics

This review is carried out on a monthly basis.

102-32 Highest governance body's role in sustainability reporting

The CEO is responsible for approving the sustainability report, drafted by the CSR responsible team

102-33 Communicating critical concerns

Any critical concern must be dealt with at Group Corporate Management level. The CEO is provided first-hand information about any topic of importance that must be communicated to the highest governance body.

102-34 Nature and total number of critical concerns

Information regarding critical concerns is not information that should be disclosed to the public, and hence cannot be disclosed in this document. The mechanism used to handle such topics is described in the previous paragraph.



102-35 Remuneration policies

■ With regards to the remuneration policies for the highest governance body and senior executives of the Ingeteam group, the Board of Directors of Ingeteam, S.A. constitutes the Appointment and Remuneration Committee, a permanent internal body, of an informative and consulting nature, with right of information, advisory and proposal faculties within its scope of action, including:

- Presenting to the Board of Directors the remuneration policies for senior managers of the Ingeteam Group and review them periodically, suggesting to the Board of Directors them to be modified and reviewed, where applicable.
- Notifying and submitting to the Board of Directors proposals, made by the Chief Executive Officer of the Company, relating to contracts of senior managers of the Ingeteam Group, as well as the remuneration structure and the basic conditions of their contracts.
- Periodically review the Group's staff employees' general remuneration programs, assessing their adequacy and results.
- Ensure compliance with the remuneration programs of the Company and inform about the documents that need to be approved by the Board of Directors

The fixed salary of the organization's executives is determined, in each case, by their hierarchical managers, upon advice from the corresponding human resources department closest to the responsible division, as well as their functional directors.

Each annual review takes into account, each individual's degree of compliance with its objectives, the evolution progress of his or her individual performance, as a team and all relating to his or her functional area, the economic and strategic reality situation of the organization in which he or she operates, sector and location, as well as the remuneration policy guidelines applicable to each organizational unit and the organization as a whole.

Regarding the variable remuneration of the group's managers, the policy for the organization as a whole, establishes a variable remuneration model as part of its compensation systems. The fundamental objective being to link the monetary compensation to managers, with the evolution of the different indicators regarding the progress of the Group, the company or the business units, as well as on the fulfilment of collective (team, department, functional area, etc.) and individual objectives.

In this regard, another of its purposes is to promote the organizational strategy, enhancing competitiveness, as well as the Employees' commitment to it.

It is not common practice in the organization to implement contractual tax benefits or the payment of incentives in this regard.

Indemnities for cancellation or termination of an employment contract in the organization (whether dismissal, retirement or other causes) are carried out in accordance with a scrupulous compliance with any existing agreements between the parties or, failing that, in accordance with the laws in force regarding each cause for the termination of the employment relationship.

■ The variable remuneration policy defines, for the different management levels, the general characteristics of the objectives that can be used in structuring and calculating the variable remuneration, and also establishes the different percentage bands for the concepts into which it can be distributed:

- Objective variable remuneration based on compliance with measurable objectives following that stipulated in the indicators, vs. subjective variable compensation based on performance evaluation.
- Indicators on economic results of the different levels of the organization in which each director acts, indicators on objectives of the functional area, indicators on different projects.

Likewise, the policy provides a reference calculation model for the set of the indicators, as well as the thresholds and limits to be taken into account for that purpose.

102-36 Process for determining remuneration

The process for determining remunerations is as outlined in the aforementioned paragraph. No external specialist consultants participate in this process.

102-37 Stakeholders' involvement in remuneration

The opinion of stakeholders is not consulted in determining remunerations.

102-38 Annual total compensation ratio

No information available in this regard.

102-39 Annual total compensation ratio

No information available in this regard.

Stakeholder engagement

102-40 List of stakeholder groups

- Strategic customers
- The rest of the customers
- Final customers
- People
- Shareholders
- Suppliers
- Financial institutions
- Expertise centres
- Public Institutions
- Community and environment
- Regulatory bodies
- Sector associations
- Competitors

102-41 Collective negotiation agreements

The majority of our employees are covered by collective negotiation agreements, be it sector, national, provincial level or collective negotiation agreements at work place level, be it statutory or non-statutory.

102-42 Identifying and selecting stakeholders

During the group's strategic reflection, the principle stakeholders, likely to have an impact on Ingeteam's activities, have been identified.

102-43 Approach to stakeholder engagement

While the companies of the group carry out their activities, we consult with stakeholders to obtain their feedback. This feedback is channelled to the CEO, via the channels established for that purpose.

102-44 Key topics and concerns raised

The key topics affecting the Ingeteam Group are disclosed in the strategic reflection. Overall, these are aimed at meeting the expectations of our stakeholders: employees, customers, suppliers, society, etc. To this end we focus all our activities on achieving this:

- Adapting ourselves to our customers' technological continuous evolution.
- Taking advantage of the technological evolution applied in our products, supplied by third parties.
- Enrich our employees' technical capacity and work methods, whilst offering each time the best conditions to conciliate private with professional life.
- Attending to the needs of the social environments where we develop activities, employing, whenever possible, local human resources.
- Foment environmental improvements through the diffusion of our clean and efficient technological solutions.

Reporting practices

102-45 Entities included in the consolidated financial statements

Listed below are said entities:

| | |
|--|--|
| INGETEAM, S.A. | INGETEAM, SpA |
| INGETEAM Power Conversion, S.L.U. | INGETEAM (PTY), Ltd |
| INGETEAM Power Technology, S.A. | INGETEAM Power Technology India Private Co. Ltd. |
| INDAR Electric, S.L. | INGETEAM Australia (PTY) Ltd. |
| INDAR Máquinas Hidráulicas, S.L. | INGETEAM Panamá, S.A. |
| Shanghai INGETEAM Automatic System Engineering, Co. Ltd. | INGETEAM Service S.r.l. |
| INGETEAM México, S.A. de C.V. | INGETEAM Philippines INC |
| INGETEAM, Inc. | INGETEAM Uruguay, S.A. |
| INGETEAM, S.R.L. | INGETEAM UK, LTD. |
| INGETEAM, A.S. | INGETEAM R&D Europe, S. L. |
| INGETEAM, GmbH | INGETEAM Morocco, S.A.R.L.A.U. |
| INGETEAM, Ltda. | INGETEAM Honduras, S.A. de C.V. |
| INDAR América, S.A. de C.V. | INGETEAM Bulgaria, E.A.D. |
| INGETEAM, S.A.S. | INGETEAM Perú, S.A.C. |
| INGETEAM, Spzoo | |



102-46 Defining report content and topic boundaries

The four reporting principles applied for defining this report's contents:

Stakeholders Inclusiveness

Definition of stakeholders and how their approaches and impacts are taken into account are disclosed in points 40 to 44 of this chapter.

Sustainability Context

The entire document attempts to disclose the organization's performance in topics having any effect on the sustainability of the activity in environments where we operate. The sustainability work team has handled all the pertinent information relating to environmental sustainability, of the people and the society.

Materiality

Ingeteam is present in a great number of diversified industrial environments; hence the material topics handled by us are equally diversified. In this report we disclose the topics that, in our opinion, are the most relevant in terms of sustainability.

Completeness

The level of completeness of the information disclosed by us was determined by the sustainability work team. Said level meets the expectations of Corporate Management members as well as the highest governance body

The application of the four principles covers the following parameters:

- A list of the material topics disclosed in this report.
- The coverage, which in our case is worldwide, given to extent of our settlements and the commercial and industrial action undertaken by us.
- Time period. The information is compiled as from the month of February of the year following the year under review. This is normally the time when all the information for the period indicated in the report has already been compiled.



102-47 List of material topics

The list of the material topics is included in the corresponding annex, and has a direct relation with the selected indicators.

102-48 Restatements of information

This report does not contain any restatements of information from previous years.

102-49 Changes in reporting

The introduction to report describes the fundamental reporting change we have implemented herein. Said change concerns the adoption of reporting criteria outlined in the consolidated set of GRI STANDARDS 2016, which differ from the requisites in force until such date, i.e. the GRI13

102-50 Reporting period

The reporting period is limited to the financial year in question.

102-51 Date of most recent report

The last report was published in June 2017

102-52 Reporting cycle

The reporting cycle is annual.

102-53 Contact point for questions regarding the report

Any questions relating to this report must be addressed to Corporate Marketing of Ingeteam, the department responsible for its drafting.

102-54 Claims of reporting in accordance with the GRI Standards

This report has been drafted in accordance with the GRI Standards: Core Option.

102-55 GRI content index

Said index is disclosed at the beginning of the document.

102-56 External verification

This sustainability report has not been submitted to external review. The review is internal, and carried out by a work team coordinating the works of definition and compiling of indicators, as provided by all business areas of the group.







GRI 201

ECONOMY

Economic performance
Market presence
Indirect economic impacts
Acquisition practices
Anti-corruption
Unfair competition



Ingeteam's economic evolution, during this fiscal year, has shown evidence of the correct positioning of its industrial activity together with the development of renewable energies. This is a worldwide and unstoppable trend.

This trend favours Ingeteam's presence in multiple geographic and social environments, which are clearly benefiting from said presence, both due to the added value of the local human factor, as well as the economic advantages our activities have on the community we are operating in. All the aforementioned is carried out in a transparent manner, of fair competition and without any possible corrupt practices.

Economic performance

201-1 Direct economic value generated and distributed

2017 economic value figures were as follows:

- EV Generated: 552,748,590 €
- EV Distributed: 526,754,663 €
- EV Retained: 25,993,927 €

201-2 Financial implications and other risks and opportunities due to climate change

Climate change is having a direct effect on the designs used in renewable energy sources. For some time now the Kyoto agreements, and more recently the Paris and Marrakech agreements, have secured binding commitments on the part of a great number of industrialized countries to increase the percentage of renewable energy generation assets. This is advantageous for Ingeteam in what concerns the development of its activities, strongly founded on the design and fabrication of systems applied to said type of energy generation.

SUSTAINABLE DEVELOPMENT
GOAL RELATED

**SDG 7 «AFFORDABLE AND
CLEAN ENERGY»**

201-3 Defined benefit plan obligations and other retirement plans

The Ingeteam Group does not make any contributions to specific employee retirement plans. This coverage is carried via the official contributions made to Social Security, following the laws in force at each time and in each country.

SUSTAINABLE DEVELOPMENT
GOAL RELATED

**SDG 8 «DECENT WORK AND
ECONOMIC GROWTH»**

201-4 Financial assistance received from government

In 2017 the Ingeteam group received a total of 1,895,748 Euros under the concept of aids to research programmes promoted by different institutions.

SUSTAINABLE DEVELOPMENT
GOAL RELATED

**SDG 17 «PARTNERSHIPS FOR
THE GOALS»**

Market presence

202-1 Ratios of standard entry level wage by gender compared to local minimum wage

There are no women or men in our teams whose remunerations are on a scale equal to the national minimum wage.

Overall, no significant percentage of employees' wages is based on the rules set for minimum wages. In general, the wages paid by the organization are based on the minimum wages set in the tables of provincial agreements, which are organised according to categories or professional groups and superior to the set national minimum wage.

Wages are defined according to the training, experience and performance of the employee, without taking into account gender, and are, for above the wages set in the previously mentioned minimum provincial wage tables.

In our Code of Conduct, chapter 2, it is defined as follows:

"The wages received by employees shall be set according to the functions by them executed, always in keeping that set in the applicable collective negotiation agreements"

SUSTAINABLE DEVELOPMENT
GOAL RELATED

SDG 1 «NO POVERTY»
SDG 5 «GENDER EQUALITY»

202-2 Proportion of senior management hired from the local community

95% of the personnel who make up the Management bodies of the organization were contracted in the local community; local community understood as the community in the country where each subsidiary is established.

This percentage demonstrates Ingeteam's commitment to the communities where it is established, in terms of increasing the industrial network and economic and social profits.

Moreover, our aim is also to increase human capital, since we believe that diversity makes us grow as a company.

SUSTAINABLE DEVELOPMENT
GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Indirect economic impacts

203-1 Infrastructure investments and supported services

Ingeteam does not have amongst its activities the development of any type of infrastructure.

203-2 Significant indirect economic impacts

The economic impact Ingeteam has on local communities is centred on two key areas:

- Job creation and the contracting of local personnel in our production facilities.
- Local economic contributions in the form of company taxes. In this regard, in 2017, the taxes paid by Ingeteam amounted to 76,163,219 Euros.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Acquisition practices

204-1 Proportion of purchasing on local suppliers

The percentage of the budget allocated to local suppliers, in 2017, reached 78.98%.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 11 «SUSTAINABLE CITIES AND COMMUNITIES»

Anti-corruption

205-1 Operations assessed for risks related to corruption

In 2017 no operations relating to corruption cases were reported. Nonetheless, this type of caseload is defined in our Code of Conduct and the possible situations monitored by the Compliance Committee.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 11 «SUSTAINABLE CITIES AND COMMUNITIES»

205-2 Communication and training about anti-corruption policies and procedures

The Ingeteam Group's Code of Conduct details our corruption control and surveillance policy. This document has been disclosed, in a generalised manner, to all the members of the highest governance body and all the employees, and moreover, is also available publicly in the Group's webpage.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»

205-3 Confirmed incidents of corruption and actions taken

In 2017 no incidents of corruption, relating to the activities of the Ingeteam Group, occurred.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»

Unfair competition

206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

In 2017 no legal actions for anti-competitive behaviour or monopoly practices, relating to the activities of the Ingeteam Group, occurred.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»







GRI 300

ENVIRONMENT

Materials
Energy
Water
Biodiversity
Emissions
Effluents and waste
Environmental compliance
Environmental evaluation of suppliers



This year we have included some new indicators, whose data were already being collected.

Furthermore, we have considered the collection of new data which, from next year onwards, will serve to establish new indicators that we consider to be appropriate for showing the impact of our activity on the environment.

Although a detailed description is provided of each indicator later on, in general it can be said that the consumption indicators have increased, although in a controlled way due to the introduction of certain measures that seek to optimize consumption. On the positive side of the scale, as a result of the said production increase, this year the Ingeteam Group has reached the figure of 50 GW of energy generated from renewable sources, thereby achieving the tremendous saving (9.6 MTn) of contaminating emissions.

Finally, as is to be expected, Ingeteam remains true to its environmental commitment, as demonstrated by the respect for the natural environments in which it operates.

The Sustainable Development Goals that best relate to our activity in this sector are:

- SDG 6 Water management
- SDG 7 Energy
- SDG 12 Responsible production and consumption
- SDG 13 Climate action
- SDG 15 Life on land

Materials

301-1 Materials used by weight or volume

This year we have included four new indicators: consumption of metal, plastic, cable and electric-electronic equipment. The absolute values for the consumption of paper, cardboard, chemicals and wood have increased from 9% to 19% in relation to last year, however the figures per person are lower.

STANDARDS 2017

| | | | |
|---------|-----------------------------------|-----------|--------|
| 301-1.a | Paper consumption | Kg/person | 8.40 |
| 301-1.b | Cardboard consumption | Kg/person | 22.72 |
| 301-1.c | Wood consumption | Kg/person | 173.56 |
| 301-1.d | Chemical consumption | Kg/person | 564.51 |
| 301-1.e | Metal consumption | Kg/person | 21.45 |
| 301-1.f | Plastic consumption | Kg/person | 2.41 |
| 301-1.g | Cable consumption | Kg/person | 28.36 |
| 301-1.h | E/E equipment and ICT consumption | Kg/person | 0.16 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»

301-2 Recycled input materials used

The consumption of recycled paper dropped 18% and recycled cardboard increased by 28% in relation to 2016.

| <i>STANDARDS 2017</i> | | | | |
|-----------------------|------------------------------|---|-------|--|
| 301-2.a | Recycled paper purchased | % | 21.37 | |
| 301-2.b | Recycled cardboard purchased | % | 47.00 | |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»

301-3 Materials used by weight or volume

Products which are reused are mainly: pallets, boxes, barrels and GRPs.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»

Energy

302-1 Energy consumption within the organization

This year an increase in the total consumption of all energies was recorded: electricity, fossils for heating and vehicle fuel. Notwithstanding the aforementioned increase, electricity and heating fossils consumptions per person decreased.

| <i>STANDARDS 2017</i> | | | | |
|-----------------------|--|------------|----------|--|
| 302-1.a | Electricity consumption | kWh/person | 4,193.98 | |
| 302-1.b | Natural gas consumption for heating | kWh/person | 3,645.58 | |
| 302-1.c | Fuel oil consumption for occupancy heating, machinery etc. | kWh/person | 246.01 | |

SUSTAINABLE DEVELOPMENT GOAL RELATED

**SDG 7 «AFFORDABLE AND CLEAN ENERGY» and
SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»**

302-2 Energy consumption within the organization

STANDARDS 2017

| | | | |
|---------|--|------------|-----------|
| 302-2.a | Energy consumption resulting from vehicle mobility for the company (except in-itinere) | kWh/person | 8,412.54 |
| 302-2.b | Energy consumption resulting from mobility with a private vehicle (in-itinere) | kWh/person | 3,147.03 |
| 302-3 | Energy consumption per person | kWh/person | 19,646.15 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 7 «AFFORDABLE AND CLEAN ENERGY» and
SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»

302-4 Reduction of energy consumption

Several companies of the Group carried out improvements, such as:

- Lighting: Replacing light bulbs by LEDs.
- Driving: Lectures on efficient driving.
- Production: installation of tigger in warehouses to switch off equipment overnight, placement of equipment in test benches to reduce consumption levels during testing, etc.
- Air conditioning: changes in temperature set points

More actions are due to be implemented, as a result of energy audits.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 7 «AFFORDABLE AND CLEAN ENERGY» and
SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»



Water

Water consumption level registered an increase when compared to last year's figures; this was mainly due to an increase in production. This year a significant water leak took some time before it was detected. On the other hand, two of the companies which registered the highest water consumptions, due to their production processes, are reusing water, which led to a water savings of approximately 6.5 million litres.

Within the Group the average consumption per person/ per day is 51 litres, a positive figure considering that we have several production factories.

STANDARDS 2017

| | | | |
|-------|---|--------------|--|
| 303-1 | Liters of water consumed (bill) | L/person day | 50.23 |
| 303-2 | Water sources significantly affected by withdrawal of water | | Water is only taken from the public water supply |
| 303-3 | Water recycled and reused in liters | L/person | 1,738.18 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 6 «CLEAN WATER AND SANITATION»

Biodiversity

Chapter 304 indicators, relating to impacts on biodiversity may be summarised by indicating that the industrial activity carried out by the companies that form the Ingeteam Group, is carried in total respect for the natural environments of the locations where they are being developed. Moreover, Ingeteam also does not have production assets in protected areas.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 15 «LIFE ON LAND»



Emisions

The CO₂ emissions resulting from the industrial activity of the companies forming part of the Ingeteam group (transport, manufacturing, private vehicles, electricity consumption, etc.) have increase in a range of approximately 30% in relation to the previous year, primarily caused by the increase in industrial activity.

STANDARDS 2017

| | | | |
|---------|--|---|----------|
| 305-1.a | CO ₂ emissions from fossil fuel combustion (except 2305-1.b and 305-1.c) | T | 2,999.09 |
| 305-1.b | CO ₂ emissions from vehicle mobility for the company (except in-itinere) | T | 5,955.61 |
| 305-1.c | CO ₂ emissions in Tons resulting from mobility with a private vehicle (in-itinere) | T | 2,227.92 |
| 305-2 | CO ₂ emissions from electricity combustion (due to the generation of purchased electricity) | T | 7,094.85 |
| 305-4 | CO ₂ emissions | T | 4.92 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 13 «CLIMATE ACTION»

Effluents and waste

In what concerns waste water disposals we're not in a position to provide exact data about its impact, since, in general, it is discharged to the sewage system, and consequently must be excluded from this calculation.

An important point that, in our opinion, is a considerable achievement is the fact that we have managed to reduce hazardous waste by 45%, when compared to last year's figures. Moreover, this hazardous waste is handled by authorised waste management and transport companies. On the other hand, an increase in non-hazardous waste was recorded due to increases in production.

STANDARDS 2017

| | | | |
|-------------|---|----|--------------|
| 306-1 | Water effluent | L | 0 |
| 306-2.a.1 | Hazardous waste (batteries, toners, rags, etc.) | Kg | 107,178.75 |
| 306-2.a.2 | Electrical-electronic-IT waste | Kg | 33,831.40 |
| 306-2.b.1+2 | Paper + Cardboard waste | Kg | 127,357.99 |
| 306-2.b.3 | Plastic waste | Kg | 41,917.42 |
| 306-2.b.4 | Wood waste | Kg | 677,603.55 |
| 306-2.b.5+6 | Metal + Cable waste | Kg | 4,135,750.80 |
| 306-3 | Major spills | L | 0 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»

306-4 Transport of hazardous waste

The transport of the waste produced in the Ingeteam Group companies is done by authorised waste transport companies. Noteworthy is the Brazilian subsidiary's commitment in this area, since it managed to obtain environmental related movement certification.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 15 «LIFE ON LAND»

306-5 Water bodies affected by water discharges and/or runoff

No discharges of this nature were detected within our Group.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 14 «LIFE BELOW WATER»

Environmental compliance

307-1 Non-compliance with environmental laws and regulations

None of the Group's companies were sanctioned with monetary fines or sanctions for non-compliance with environmental laws.

Environmental evaluation of suppliers

At present the Group has 4 Production Units, which apply environmental criteria on their suppliers, and only 2 companies have reported non-compliances from its suppliers.

STANDARDS 2017

| | | | |
|-------|---|-----|-------|
| 308-1 | New suppliers whose selection includes environmental criteria | % | 10.19 |
| 308-2 | Environmental nonconformities in the supply chain and steps taken | No. | 20.00 |





GRI 400

SOCIAL PERFORMANCE

Employment
Labour – company relations
Occupational health and safety
Training and Education
Diversity and equal opportunities
Non-discrimination
Freedom of association and collective negotiation
Child labour
Forced or compulsory labour
Security practices
Rights of indigenous peoples
Human rights assessment
Local communities
Social evaluation of suppliers
Public policy
Customer health and safety.
Marketing and labelling
Customer privacy
Social & economic compliance



This section describes the relationships between the Ingeteam group and those persons interacting with the company, in the communities in which the company operates.

We have added some indicators that are not specifically included in the GRI 2016 standard, but do provide valuable information given the fact that they show the positive involvement of the company in the professional and personal advancement of its employees. We would highlight the net job creation, with more than 300 new employees, many of which are from the local communities in which Ingeteam is internationally established. Likewise, mention should be made of the investment in employee training, in terms of cost and time.

Finally, the fact that we have adhered to the 10 principles of the Global Compact ensures that, in the course of our business, we promote the application of respect for human rights, both among employees and in relation to the supplier chain and, in general, in the communities in which we operate.

The Sustainable Development Goals (SDG) that best relate to our activity in this section are:

- SDG 5 Gender equality
- SDG 8 Decent work and economic growth
- SDG 11 Sustainable cities and communities
- SDG 12 Responsible consumption and production
- SDG 16 Peace, justice and strong institutions

Employment

401-1 New employee hires and personnel rotation

The Ingeteam Group workforce includes an average of 3,748 highly qualified professionals, average below 38 years and 8.47 years average seniority. 112 of these professionals form part of Management Bodies.

2107 yielded a net employment gain of 310 job positions.

74% of our staff is employed on a permanent contract term basis.

Ingeteam Group is committed to conciliating work life with family life. We offer our working time reduction options, to staff who request it, during this fiscal year more than 5% of our staff have chosen said options. Hence, 185 employees work on a reduced working time basis and more than 1,560 were granted working time reductions (42%).

A big part of our workforce, 74% of our staff, is employed on a permanent contract term basis.

STANDARDS 2017

| | | | |
|-----------|--|--------------------|-------|
| 401-1 (a) | Average time spent working at the company | Years | 8.17 |
| 401-1 (b) | Net job creation in the course of the year | (No. of employees) | 310 |
| 401-1 (c) | Average age of the workforce | Years | 37.87 |
| 401-1 (d) | Permanent contracts for the workforce | % | 74 |
| 401-1 (e) | Part-time workers | % | 5 |
| 401-1 (f) | Flexi-time workers | % | 42 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

In our organization no benefits are provided to employees. Paternity and maternity leave is granted in the same manner to part-time and full-time employees.

We see no purpose in discriminating in terms of the type of contract. Benefits are granted to staff, independently of the nature of their contract. Some of the services offered are:

- Accident insurance with coverage far superior to those established by law.
- Private health care premiums with significant discounts.

- Paternity and maternity leave
- Extended pay leave
- Working time reductions for family care
- Leave of absence
- Regular medical tests
- Minimum guaranteed wage

All staff members are accorded equal treatment and opportunities in working relations, with the exception of those that may be derived from the nature and duration of their contracts.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

401-3 Parental leave

All workers who were entitled to maternity or paternity leave in the course of this year, took this leave. 171 workers benefited from this conciliation measure, returning to work afterwards.

STANDARDS 2017

| | | | |
|-----------|--|-----|-----|
| 401-3 (a) | Employees entitled to maternity or paternity leave in the course of the year | No. | 171 |
| 401-3 (b) | Employees who took maternal or paternal leave in the course of the year | No. | 171 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Labour - company relations

402-1 Minimum notice period regarding operational changes

At Ingeteam there is no specific corporate policy that defines the minimum notice period to staff members and their representatives regarding significant operational changes, either than that strictly stipulated by law.

They are always communicated based on the circumstances of each situation and through the appropriate channels, but without any prior minimum notice period.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Occupational health and safety

403-1 Representation of workers at official worker-company health and safety committees

Own personnel represented on Health and Safety Committees in the Ingeteam Group 81%

With a high percentage, the Ingeteam workforce is represented by Health and Safety Committees formed by management and employees, set up for consultation purposes and to provide advice on occupational health and safety matters. The setting-up of these Committees makes it possible to guarantee decision-making participation in the control and monitoring of the actions directed at improving occupational health and safety.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 3 «GOOD HEALTH AND WELL-BEING»



403-2 Types of accidents and accident rates, occupational diseases, lost days, absenteeism, and number of deaths due to accident at work or occupational disease

| <i>STANDARDS</i> | | |
|------------------|---|------|
| 403-2 (a) | Accident rate* | 4.48 |
| 403-2 (b) | Professional disease rate* | 0.66 |
| 403-2 (c) | Lost days rate* | 0.38 |
| 403-2 (d) | Worker absenteeism rate* | 3.01 |
| 403-2 (e) | Number of deaths due to accidents at work | 0 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 3 «GOOD HEALTH AND WELL-BEING»

403-3 Workers with a high incidence or high risk of job-related diseases

In general terms, with regard to the tasks performed by Ingeteam's employees, it is considered that there are no risk situations that could create professional diseases or job-related diseases that could be considered to have a high incidence rate or be high risk.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 3 «GOOD HEALTH AND WELL-BEING»

403-4 Health and safety matters addressed in formal agreements with trade unions

The minimum number of meetings established in the appropriate legal framework (national or international) are held, in addition to extraordinary meetings called in order to count on the viewpoint and collaboration of the workers' representatives, seeking continuous improvement in health and safety. In order to record the formal agreements reached at the said meetings, written documents are issued and signed by both parties (workers' representatives and the company), stating the mutual intention of the parties to observe the contents of the documents.

| | |
|---|-----|
| Formal agreements in Occupational Health and Safety, reached by the works' committee or at the specific Health and Safety Committees. | 82% |
| Number of formal agreements reached | 61 |
| Number of meetings held | 74 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 3 «GOOD HEALTH AND WELL-BEING»

*Tasa de frecuencia de accidentes: (Número de accidentes con baja / Número total de horas trabajadas) x 200000

*Tasa de incidencia de enfermedades profesionales: (Número total de enfermedades profesionales / Número total horas de trabajadas) x 200000

*Tasa de días perdidos : (Número total de días laborales perdidos / (Número total de horas de trabajadas)) x 1000

*Tasa de absentismo laboral: (Número total de días laborales perdidos / Número total de días trabajados) x 1000

Training and Education

404-1 Training and education

Investment in training activities related to the company's line of business and directed at acquiring and improving competitiveness and the professional qualification of employees, amounted to 2 million euros in 2017 (an investment of 531 euros per worker).

In the course of this year, more than 100,000 hours were dedicated to training (28 hours per employee).

STANDARDS 2017

| | | | |
|-------|----------|--------------|-------|
| 404-1 | Training | H per person | 27.94 |
|-------|----------|--------------|-------|

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

404-2 Programs for upgrading employee skills and transition assistance programs

At Ingeteam we are constantly providing training to our staff members, both internal and external, so as to narrow the margin of differences between knowledge and skills of our staff regarding know-how and skills required for the positions held. Always with the intent in mind of equipping the workers with the skills required to meet the demands of an ever-changing work environment.

Furthermore, some organizations grant "Leave of Absence for Training", in many cases with the option of keeping their position or a similar one; always with the condition that said leave is taken for the purpose of carrying out professional training studies or recycling, with subsequent incorporation into their respective companies, once certain requirements have been met.

Apart from this, there are management programs to assist workers manage the end of their professional careers due to retirement or lay-off, including:

- Planning prior to retirement, for employees planning to retire, backed by professionals who will assist them during that transition from work to retirement.

STANDARDS 2017

| | | | |
|-------|---------------------------|--------------|--------|
| 404-2 | Cost of training per year | € per person | 531.59 |
|-------|---------------------------|--------------|--------|

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

404-3 Percentage of employees receiving regular performance and career development reviews

At Ingeteam we are aware of the fact that our human team is our most valuable asset. For this reason, more than 1,200 workers, i.e. nearly 35% of our workforce, receive periodic performance evaluations.

With this we aim to contribute towards the personal and professional development of our employees, with the management of aptitudes and development of human capital in constant growth.

STANDARDS 2017

| | | | |
|-------|---|---|-------|
| 404-3 | Employees receiving regular performance reviews | % | 33.88 |
|-------|---|---|-------|

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Diversity and equal opportunities

405 Diversity and equal opportunities

Our workforce comprises 83% men and 17% women, with is a normal ratio in industrial groups. 10% of the positions on the governing bodies are held by women.

With regard to salary and contract conditions, there is no differentiation: 75% of men and women have permanent contracts.

With regard to the recruitment of disabled persons, including direct and equivalent hiring, we have 4% of disabled persons on the workforce.

Most of our facilities are adapted for persons with reduced mobility.

| STANDARDS | | | |
|-----------|--|---|-------|
| 405-1 (a) | Female employees | % | 16.87 |
| 405-1 (b) | Male employees | % | 83.17 |
| 405-1 (c) | Women with a permanent contract | % | 76.06 |
| 405-1 (d) | Men with a permanent contract | % | 77.53 |
| 405-1 (e) | Women on governing bodies | % | 9.82 |
| 405-1 (f) | Men on governing bodies | % | 90.18 |
| 405-1 (g) | Direct number of disabled employees on the workforce | % | 0.36 |
| 405-1 (h) | Number of equivalent disabled employees | % | 3.97 |
| 405-1 (i) | Existence of disabled-friendly facilities | % | 51.98 |

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 5 «GENDER EQUALITY»

405-2 Ratio of basic salary and remuneration of women to men

As disclosed in Indicator 202-1 wages are set based on training, experience and performance, independently of the gender of the worker. At Ingeteam we aim to eliminate potential bias based on gender and support equal opportunities, both during the recruitment of our personnel, in professional progress opportunities as well as whilst defining remuneration policies.

For the same professional category there is no gender gap.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 5 «GENDER EQUALITY»



Non discrimination

406-1 Incidents of discrimination and corrective actions taken

In 2017 our Compliance Committee was not made aware of any incident of discrimination based on a person's race, religious belief, nationality, ethnic origin, social origin, political opinion or any other relevant form of discrimination.

Chapter 2 of Our Code of Conduct, dated 2012, stipulates the following:

Ingeteam will not employ anyone who is not of legal age.

No employee shall be discriminated based on race, physical disability, religion, age, nationality or sex.

Employees have freedom of becoming members of syndicates, associations and join representative collective negotiation entities.

Ingeteam, does not permit any form of harassment or physical, sexual, psychological or verbal abuse or any other forms of ill-treatment. "The wages received by employees shall be set according to the functions by them executed, always in keeping with that set in the applicable collective negotiation agreements"

Ingeteam shall guarantee that its employees carry out their activities in a safe and healthy work environment.

Ingeteam shall respect the private life of its personnel and consequently the private sphere its decisions and choices.

Ingeteam shall offer the same in work access opportunities and professional promotions.

All managing directors, managers and employees are obliged to interact in their work relations, with other managing directors, managers and employees following criteria of respect, dignity and justice, taking into account the different cultural sensitivity of each individual, and not allowing any form of violence, harassment or abuse at the workplace, or discrimination based on race, religion, age, nationality, sex or any other personal or social conditions which are not their own conditions of merit and capacity, with special consideration given to work integration of people with disabilities or handicaps.

A communication channel is also established to handle any incidents detected, which infringe that set out in our Code of Conduct.

At the beginning of the 2017 fiscal year Ingeteam established a Prevention Protocol and action procedures to be followed in the event of sexual harassment, gender or work-related, strengthened by a nationwide unified campaign and subsequent appointment of Commissions dedicated to harassment prevention and hands on training provided to all those involved.

Subsequently, the Code of Conduct and the new Protocol was transmitted to all the subsidiaries, in order that said subsidiaries adapt the latter to the legal aspects of their respective countries.

The existence of our Code of Conduct and the recent Protocol for the prevention of harassment and its effective application highlights our commitment to promote socially responsible behaviour.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 5 «GENDER EQUALITY»

Freedom of association and collective negotiation

407-1 Operations and suppliers in which the right to freedom of association and collective negotiation may be at risk

The Ingeteam group employees are covered by the respective sector Collective negotiation agreements, supplemented by the individual company agreements negotiated with employees' representatives at the different work centres.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Child labour

408-1 Operations and suppliers at significant risk for incidents of child labour

Ingeteam is totally against the use of morally reprehensible child labour.

This procedure, however, is not prone to exist in the companies linked to our activities, unlike what may happen in other sectors.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Forced or Compulsory Labour

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

This type of action is not applicable to our organization or to any of our main stakeholders, and we express our support for initiatives in favour of eradicating actions of this nature

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Security practices

410-1 Security personnel trained in human rights policies or procedures

The Ingeteam group lacks security personnel in the sense disclosed under this point

Rights of Indigenous Peoples

411-1 Incidents of violations involving rights of indigenous peoples

In the course of the activities carried out by the companies of the Ingeteam group, and related to them, there have been no incidents reported involving the violation rights of indigenous peoples.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»

Human Rights Assessment

412-1 Operations that have been subject to human rights reviews or impact assessments

Ingeteam does not carry out evaluations of the application of human rights. However it has participated in the development of a tool to carry evaluations of the application of human rights, in the supply chain of the energy sector, in the Basque Country. This work was developed by Innobasque, the Basque Innovation Agency.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»

412-2 Employee training on human rights policies or procedures

In 2018, more than 500 hours of training on harassment prevention were given to a large number of managers.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»

412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

The Ingeteam Group contracts do not presently incorporate any clauses regarding human rights. The inclusion of said clauses in the general conditions of purchase is to be analyzed throughout 2018.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»

Local communities

413-1 Operations with local community engagement, impact assessments, and development programs

In Ingeteam, all approaches relating to people management are reproduced exactly in each of the international sites where our subsidiaries are established. In each case, in compliance with the laws in force in each country.

We actively contribute towards the improvement of the societies in which we are present through different actions, of which we should highlight the following categories:

- Technical
- Social
- Sports

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 11 «SUSTAINABLE CITIES AND COMMUNITIES»

413-2 Operations with significant actual or potential negative impacts on local communities

No incidents of operations with significant negative results were reported to have taken place in local communities.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 11 «SUSTAINABLE CITIES AND COMMUNITIES»

Social evaluation of suppliers

414-1 New suppliers that were screened using social criteria

In 2018, no new suppliers were selected in which social criteria filters have been applied.

414-2 Negative social impacts in the supply chain and actions taken

In 2018 no negative social impacts were reported to have occurred in the supply chain of the Ingeteam group companies.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 12 «RESPONSIBLE CONSUMPTION AND PRODUCTION»

Public Policy

415-1 Political contributions

In 2018 the Ingeteam group did not allocate any contributions to political parties and / or political representatives.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 16 «PEACE, JUSTICE AND STRONG INSTITUTIONS»

Customer Health and Safety

416-1 Assessment of the health and safety impacts of product and service categories

The products produced by the Ingeteam group are developed taking into account the most advanced electrical technology state of the art criteria. These products have to meet different types of product certification requirements. These certificates are only granted if the product was designed in full compliance with International Design Standards, which encompass functionality and nature of the components

416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

No incidents of non-compliance with regulations regarding impacts on the health and safety of our products were reported during the year covered by this report

Marketing and labeling

417-1 Requirements for product and service information and labelling

The products manufactured and marketed by the companies of the Ingeteam group are not subject to product labelling procedures used in retail products sold to consumers. Each product has a nameplate with basic information, which refers to a manufacturing serial number that guarantees traceability. Additionally, each product type, complies with all characteristics detailed and recorded in own product technical data sheet, where all the technical, constructive and functional characteristics are entered.

417-2 Incidents of non-compliance concerning product and service information and labelling

No incidents of non-compliance concerning product and service information and labelling were reported during the financial year under review.

417-3 Incidents of non-compliance concerning marketing communications

No incidents of non-compliance concerning marketing communications, such as advertising, promotion, sponsorship, etc., were reported during the financial year under review.

Customer privacy

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

No claims were placed against any of the Ingeteam group companies for breach of customer privacy and losses of customer data

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»

Socio-economic compliance

419-1 Non-compliance with laws and regulations in the social and economic area

The Ingeteam group has not been subject to any fine for non-compliance with social and economic laws and regulations during the financial year under review.

SUSTAINABLE DEVELOPMENT GOAL RELATED

SDG 8 «DECENT WORK AND ECONOMIC GROWTH»





THE TEN PRINCIPLES OF THE GLOBAL COMPACT

Human rights
Labour Standards
The environment
Anticorruption



HUMAN RIGHTS

■ Principle 1

BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS, WITHIN THEIR AREA OF INFLUENCE

The Ingeteam Group endeavors to ensure that all our actions promote and guarantee the full enjoyment of human rights. Day by day, our organization, with an extensive international presence, makes every effort to incorporate new measures to better address this principal, if at all possible, in areas such as working conditions, safety, health, education and the rights of disadvantaged groups, amongst others.

This year, we would highlight the campaign entitled “TAKE YOUR TIME, for your health and safety. This campaign came into being with the idea of raising the awareness and sensitizing still further the Ingeteam employees in the area of Occupational Risk Prevention, whilst also promoting a series of actions directed at different groups and promoting a healthy lifestyle.

■ Principle 2

COMPANIES MUST MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

We have no record of activities of this type, either at present or in the past.



LABOUR STANDARDS

■ Principle 3

BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE NEGOTIATION

Our workers are covered by the appropriate sector-level collective agreements, complemented by company-specific agreements, negotiated with the workers’ representatives at the various work centers.

■ Principle 4

BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

Actions of this type are not applicable to our organization or to any of our principal stakeholders, and we hereby declare our support to initiatives promoting the eradication of any action of this nature.

■ Principle 5

BUSINESSES MUST SUPPORT THE ABOLITION OF CHILD LABOUR

This conduct is not applicable to our organization, either in the past or at present, given the fact that the performance of our activities is not prone to the wrong and reprehensible use of child labor, as may occur in other sectors.

■ Principle 6

BUSINESSES MUST SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

The Ingeteam Group promotes equal opportunities without taking account of race, color, nationality, gender, marital status, religion or sexual orientation. Diversity is one of our identifying marks, all the more so in an organization like ours, operating in a number of geographical areas.



THE ENVIRONMENT

■ Principle 7

BUSINESSES MUST MAINTAIN A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

The commitment of the Ingeteam group to the conservation and protection of the environment, has been present right from the outset and is a priority objective. To such an extent that, nowadays, we're unable to work without a preventive approach that aims to minimize our environmental impact, as confirmed by our indicators.

■ Principle 8

BUSINESSES MUST UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

In 2017 we continued to make every effort to reduce our energy emissions and consumptions. On the other hand, environmental sustainability continues to be a priority in our organization, with an ongoing focus on promoting material recycling. Proof of this is the continuous optimization of our consumption ratios.

■ Principle 9

BUSINESSES MUST ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

This year we are proud to highlight the fact that we have considerably increased our budget allocation for environmental investments.



ANTICORRUPTION

■ Principle 10

BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS INCLUDING EXTORTION AND BRIBERY

We have no record of activities of this type.

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