



ANNUAL SUSTAINABILITY REPORT

2018



LETTER FROM THE CEO

REPRESENTATIVE BODIES

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**At Aciturri, our daily pursuit is
to be an economically,
environmentally and socially
sustainable company**

**—we want to have a positive impact on the
environment and our stakeholders. To achieve
this, we ensure all activities and initiatives are
managed in ethical and responsible ways.**

Letter from the CEO



Dear friends,

I would like to start by thanking you for taking a few minutes to read Aciturri's Sustainability Report for 2018, a year in which we have renewed our commitment to the United Nations Global Compact as signatory partners.

With the purpose of sharing details about the social, economic and environmental impact of our activity with our stakeholders, we drafted this document based on the new requirements of Law 11/2018, aimed at amending the requirements regarding non-financial information, and following the guidelines of the Global Reporting Initiative (GRI).

In the aerostructures division, we have strengthened our activity in growth programs, mainly for models A320, A350XWB and B787. We have also achieved some major milestones such as the delivery of the second BelugaXL or the incorporation of the outboard aileron spars program for the A330 program as a ramp-up series production process.

As for the engine business, Aeroengines has strengthened its position as a supplier in different programs, for example LEAP, thanks to the inclusion of two new contracts for LEAP 1C and LEAP 1B. Also, the team has been able to meet the ramp-up of different programs, among them the different variations of LEAP, and the manufacture of the first components for Pratt & Whitney programs.

Throughout this year, we have further ensured the development of our ethics and compliance model by updating and disseminating our Code of Conduct, but also by activating an online channel for complaints accessible from our corporate website.

Our commitment to continuous improvement of occupational health and safety of the people who work for Aciturri, together with the work carried out by the entire team in recent years, has allowed us to bring accident rates below the industry's average in all our production plants.

Where the sector is concerned, global passenger traffic continues to increase and the major players in the market forecast a continuous growth in commercial aviation. If their predictions are correct, the commercial fleet will need to be doubled over the next 20 years.

However, since there are no new short-term programs, we have decided to devote our efforts to those undergoing an intense stage of growth, and to the adaptation of our industrial capacity and supply chain to meet the needs of our main clients.

In this context, we have maintained the same turnover as in the previous year and focused on

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continuous improvement, on raising our competitive capacity and developing our current programs even more with the purpose of maintaining the upward trend from recent years.

Looking ahead toward 2022, we keep on working on our growth process to remain as Tier1 supplier of aerostructures and advance in our field, which so far has allowed us to improve our position as suppliers of engine components for all major manufacturers.

Throughout this process, we will spare no effort to achieve operational excellence and develop our knowledge and technological skills—key aspects to be able to offer competitive solutions to the market— advance our position as suppliers in the value chain, reduce costs, and contribute to the goals of reducing fuel consumption and CO₂ emissions in the aviation industry from our role as designers and manufacturers.

Our idea of a sustainable company is rounded out by two objectives: to increase our global presence with offices in the United States, the UAE and China, and to be recognized as one of the best companies to work for by our team and by those who are part of our supply chain, our client portfolio and the society in general.

GINÉS CLEMENTE



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The entities included in Aciturri's consolidated financial statements, hence in this Sustainability Report, are Aciturri Aeronáutica, S.L.U., Aciturri Aerostructures, S.L.U., Aciturri Engineering, S.L.U., Aciturri Assembly, S.A.U., Aciturri Aeroengines, S.L.U. and Aciturri Additive Manufacturing, S.L.U.

Unless otherwise specified, in this document the term "Aciturri" refers to those companies.

As the parent company, Aciturri Aeronáutica S.L.U. wholly owns the others. There are also other companies (Caetano Aeronautic, S.A., owned at 50%, and Payload Aerospace, S.L.), which belong to Aciturri Aeronáutica but are not included in the consolidated financial statements.

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Representative bodies

Aciturri's long-term objective is to achieve sustainable management of economic, environmental and social aspects as a guarantee of our success.



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Board of Directors

PRESIDENT

Aciturri Aerostructures, S.L.U., represented by

FRANCISCO FERNÁNDEZ SAINZ

CEO

Govera Inversiones, S.L.U., represented by

GINÉS CLEMENTE ORTIZ

MEMBERS

Aciturri Engineering, S.L.U., represented by

RAFAEL BARBERO MARTÍN

Aciturri Aeroengines, S.L.U., represented by

MARÍA EUGENIA CLEMENTE ZÁRATE

SECRETARY

PEDRO MEJÍAS VILLATORO

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Aerostructures Management Team ¹

GINÉS CLEMENTE
CEO

MARÍA EUGENIA CLEMENTE
Supply Chain Officer

JESÚS DE LA VIUDA
Chief Corporate Officer

ÁLVARO FERNÁNDEZ
Chief Strategy Officer

ÁLVARO FERNÁNDEZ
Chief Operations Officer

FRANCISCA RODRÍGUEZ
Chief Business Development Officer

MANUEL AGUILAR
Head of Aciturri Ayuelas

PABLO LAYNEZ
Head of Aciturri Tres Cantos

JAVIER JIMÉNEZ
Head of Aciturri Seville

PABLO LAYNEZ
Head of Aciturri Boecillo

RAÚL ARRANZ
Process and Innovation Engineering Officer

AGUSTÍN SALABERRÍA
Product Definition Engineering Officer

VICENTE BRISA
Sales Officer

SERGIO CAMPS
Supply Chain Officer

JOSÉ ÁNGEL GALINDO
Lean Manufacturing Officer

SOCORRO GARCÍA
Quality Assurance Officer

JAVIER PEZZI
Program Officer

ISABEL VALLEJO
Human Resources Officer

¹ The Steering Committee consists of the CEO and the Management. The Executive Committees are the same as the management teams. The persons included in this report are the appointees at the moment this document was published.

Aeroengines Management Team

GINÉS CLEMENTE
CEO

MARÍA EUGENIA CLEMENTE
Supply Chain Officer

JESÚS DE LA VIUDA
Chief Corporate Officer

ÁLVARO FERNÁNDEZ
Chief Strategy Officer

ITZIAR DÍEZ
Chief Operations Officer

MANUEL GONZÁLEZ
CoE Large Machining Officer

CARLOS NAVIA
CoE Small & Medium Machining Officer

ELISA ARESO
Quality Assurance Officer

SERGIO CAMPS
Supply Chain Officer

JOSÉ ÁNGEL GALINDO
Lean Manufacturing Officer

SOCORRO GARCÍA
Quality Assurance Officer

RUBÉN GONZÁLEZ
Sales Officer

DIEGO PINACHO
Organization and Control Officer

ESTER PORRAS
Engineering Officer

ISABEL VALLEJO
Human Resources Officer

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History

**Endeavour, resilience and
expertise.**

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Where we come from

1977

Establishment of Talleres Ginés
Kickoff of metallic manufacturing

1984

First project for the aeronautical sector

1986

Kickoff of composites manufacturing (Grupo Aries)

1987

AQAP Certification

1988

A310. Elevator parts and structural repair station
A320. Elevators

1989

Kickoff of Aerostructures (Aerosur)
CN235. Central box structural assembly and tip wings integration
IPTN (Nurtanio): manufacturing of two aircraft per year

1990

Kickoff of Aeroengines
ITP // EJ200 Nozzle Mechanisms

1991

A330 and A340. Leading Edge Ribs

1994

Components for satellites
Hispasat Satellite (SENER). Baffle disc
Integral Satellite (GACE): Masks

1997

Sikorsky. Horizontal stabilizer and ATT parts
Embraer 145. Flaps

1999

Dornier 728. Spoilers, elevator, rudder and ailerons
A320. HTP Detail Parts

2000

Manufacturing of C295 prototype
Integration of CN235 aircraft

2001

NH90. Vertical Tail Plane

2002

A380 - Zone 2 Belly Fairing, Rudder and Elevator
A320. Main Landing Gear Doors

2003

A380. Ribs, wing braces and HTP

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<p>2004</p> <p>F7X. Elevator EFA. Fairings and HTP A310 MRTT</p>	<p>2005</p> <p>Trent 500. Casings A400M. Sponsons, Rudder Spar, Fixed Vane & Flaps</p>	<p>2006</p> <p>B737 - Rudder Trent 1000 - TBH structural components</p>	<p>2007</p> <p>A330 MRTT - Fuel system structural elements Sukhoi 30 - Pylon</p>	<p>2008</p> <p>A350 XWB VTP NH90. Sponsons Takeover of Grupo Aries</p>
<p>2009</p> <p>A350, XWB- Section 19 A320. HTP Skins & Spars</p>	<p>2010</p> <p>A320. HTP Integration A380 - Section 19.1 APU Air Intake Takeover of AEROSUR</p>	<p>2011</p> <p>KC390 -Wing Fuselage Fairing (WFF) A380 - Zone 3 Belly Fairing</p>	<p>2012</p> <p>B777. Flaperon Skins</p>	<p>2013</p> <p>ISO 14001 Certification LEAP 1B. TRV Shrouds & Platforms A400M. Ras Wedge</p>
<p>2014</p> <p>LEAP X. SP5/FHF B787. Passenger Door Surround A350. Outboard Flaps</p>	<p>2015</p> <p>B787. Keel Beams and Keel Shear Ties BelugaXL. Ventral Fin, HTP Box Extension & Auxiliary Fins</p>	<p>2016</p> <p>VTP Dorsal Fin A320 LEAP X. Brackets</p>	<p>2017</p> <p>OHSAS 18001 Certification First delivery of BelugaXL First direct delivery to Rolls Royce</p>	<p>2018</p> <p>LEAP1B-SP5 LEAP1A-VBV DUCTs A330- Outboard Aileron Spars</p>

An industrial project which has been
growing sustainably
since 1977

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Global footprint

**Design, manufacturing and assembly
of aeronautical structures and
manufacturing of aircraft engine
components.**



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We are here

WE HAVE 77,000 sqm (19 acres) IN SPAIN EXCLUSIVELY DEVOTED TO THE ADVANCED DEVELOPMENT OF AEROSTRUCTURES AND ENGINE COMPONENTS.

1
MIRANDA DE EBRO (BURGOS)
HEADQUARTERS
Engineering
Metallic manufacturing
Assembly

2
IRCIO, MIRANDA DE EBRO (BURGOS)
Engineering
Metallic manufacturing

ORÓN, MIRANDA DE EBRO (BURGOS)
Engineering
Metallic manufacturing

AYUELAS, MIRANDA DE EBRO (BURGOS)
Engineering
Metallic manufacturing
Assembly

BERANTEVILLA (ÁLAVA)
Engineering
Metallic manufacturing
Logistics

3
TRES CANTOS (MADRID)
Engineering
Composites manufacturing
Assembly

4
BOECILLO (VALLADOLID)
Engineering
Composites manufacturing
Assembly

5
ALCALÁ DE GUADAIRA (SEVILLA)
Engineering
Assembly

6
GIJÓN (ASTURIAS)
Engineering
Innovation
Product definition
Process engineering
Additive manufacturing

7
VILA NOVA DE GAIA (PORTUGAL)
Engineering
Composites manufacturing
Metallic manufacturing



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Place we serve

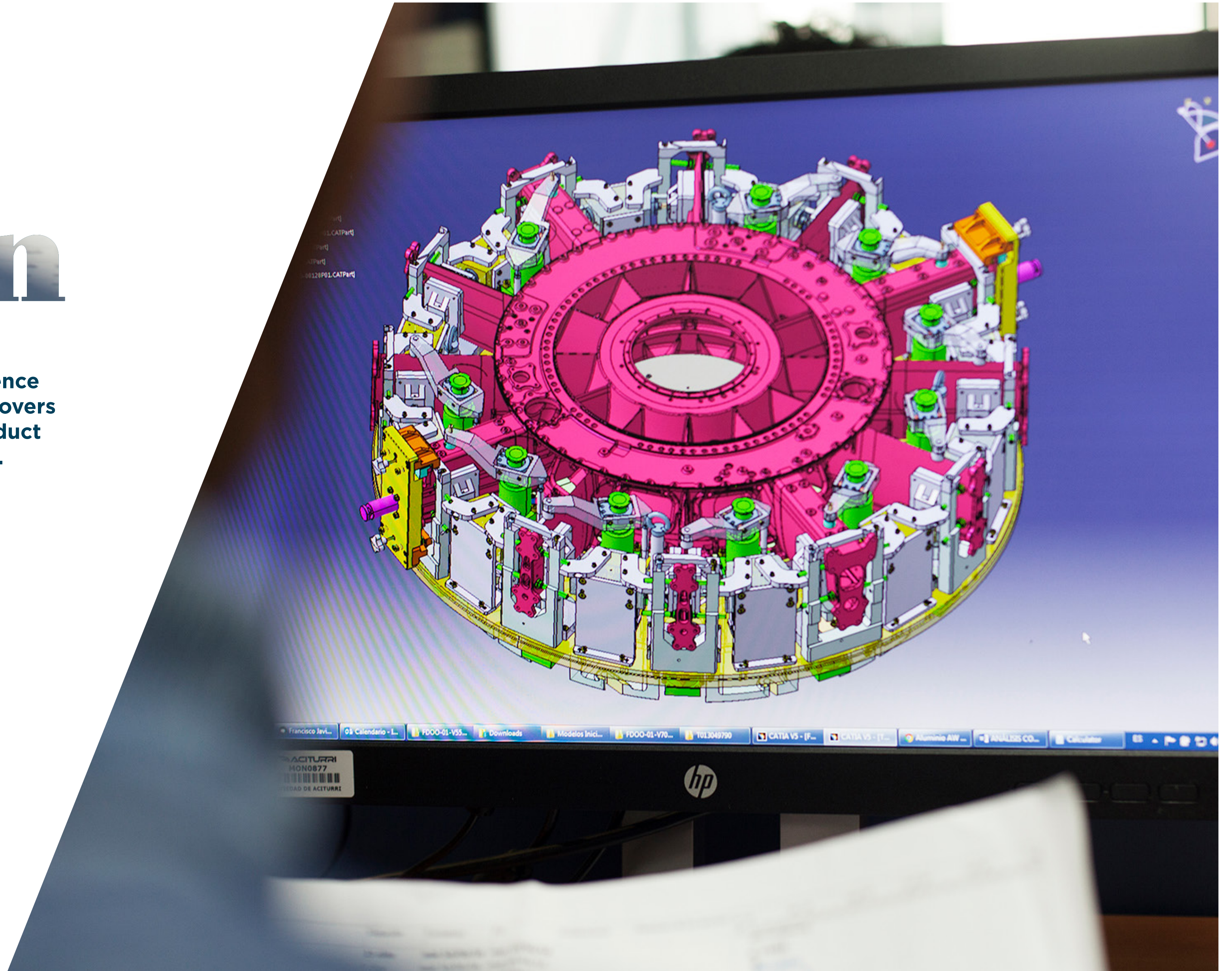


Our products are delivered to companies from the aerospace sector based in **Europe, Asia and America**, both aircraft engine manufacturers and OEMs (*Original Equipment Manufacturer²*).

² Companies dedicated to the integration of Airbus, Boeing, and similar aircraft types.

Value chain

Through eight centers of excellence (productive facilities), Aciturri covers the entire value chain, from product definition to its final integration.



<p>Innovation</p> <p>Manufacturing the future</p>	<p>Product definition</p> <p>Conceptual design Structural design Calculus Systems installation MRB Product support Functional testing</p>	<p>Process engineering</p> <p>Definition of manufacturing processes Concurrent engineering for materials and processes</p>	<p>Tooling engineering</p> <p>Conceptual and detail design Manufacturing Management and implementation</p>	<p>Metallic manufacturing</p> <p>Conventional machining and EDM Welding Painting Heat treatment Chemical treatments</p>
<p>Composites manufacturing</p> <p>Automatic lay-up Manual lay-up RTM Hot forming</p>	<p>Additive manufacturing</p> <p>Metallic DMLS and polymers SLS and FDM technologies</p>	<p>Assembly</p> <p>Equipped parts and subassemblies Assembly of aerostructures Final delivery FAL support Mechanical and functional tests</p>	<p>Certification</p> <p>Product validation Verification and conformity tests Airworthiness certification</p>	<p>Post eis phase</p> <p>Airworthiness Modifications Repairs & Spare parts Product support</p>

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Business overview

**Sustainable solutions to complex
challenges in the aeronautical sector.**



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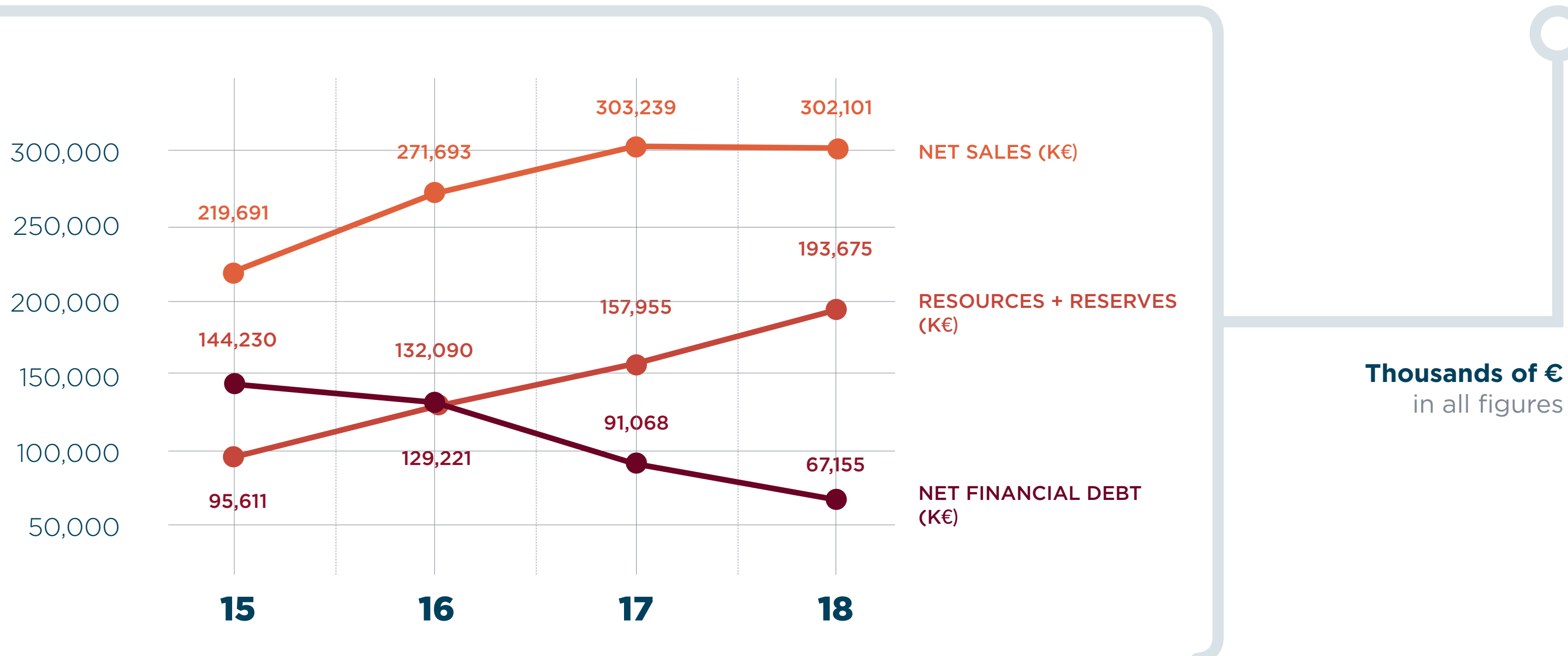
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The company

Productivity, quality, efficiency, profitability and long-term sustainability—all these qualities are built into the company's DNA.

Business development³

Family company founded in 1977
77,000 sqm worth of facilities (19 acres)
1,455 employees
€ 302m turnover (approx. \$337m)



³ Unless otherwise specified, all figures are for 2018.

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Main customers



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“To develop innovative technologies and processes, globalize activities and promote the advancement of our professionals to offer comprehensive, cost-effective, differentiated and customer-driven services.”



“To become an innovative and world-renowned company for our knowledge and technological expertise in the aeronautical sector.”



Transparency, respect, dynamism, commitment, flexibility and value creation.

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Brands



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Corporate principles



VALUE CREATION



DEDICATION TO SERVICE



TEAM BUILDING



SAFE COMPANY



CARING FOR THE ENVIRONMENT



RELATIONSHIP WITH OUR ENVIRONMENT



SOCIAL ACTION

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Results

(Data in thousands of euros)

	2014	2015	2016	2017	2018
FUNDS (INCLUDING CAPITAL GRANTS)	128,839	116,861	148,014	174,217	206,963
OWN FUNDS (EQUITY)	106,411	95,611	129,221	157,955	193,675
RESOURCES	19,537	19,537	19,537	19,537	19,537
LONG-TERM DEBT	143,907	162,728	141,478	108,739	78,071
DEBT TO COMPANIES FROM THE CLUSTER AND PARTNERS	0	0	0	381	3,335
SHORT-TERM DEBT	12,342	19,543	45,460	37,591	34,825
NET REVENUE	164,043	219,691	271,693	303,239	302,101
OPERATING RESULT	19,051	34,841	41,769	58,809	52,310
EBIT	11,596	28,817	34,335	41,635	49,973
EAIT	16,814	31,095	33,866	30,838	37,773

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Economic value generated and distributed⁴

⁴ The 2017 Sustainability Report included Caetano Aeronautic S.A. as part of the consolidated financial statements, which was incorrect.

⁵ The different data between the net revenue (first table) and the revenue is due to the fact that the latter includes financial income.

(Data in thousands of euros)

	2015	2016	2017	2018
DIRECT ECONOMIC VALUE GENERATED	221,556	271,964	304,083	302,925⁵
REVENUE	221,156	271,964	304,083	302,925
ECONOMIC VALUE DISTRIBUTED	213,887	264,294	287,691	278,672
OPERATING EXPENSES	139,027	179,074	198,260	190,437
EMPLOYEES' WAGES AND BENEFITS	45,888	52,764	58,315	58,308
PAYMENTS TO CAPITAL PROVIDERS	7,399	5,773	8,106	6,203
TAXES	21,548	26,666	22,967	23,667
RESOURCES FOR THE COMMUNITY	25	17	43	57
ECONOMIC VALUE RETAINED	7,669	7,670	16,392	24,253

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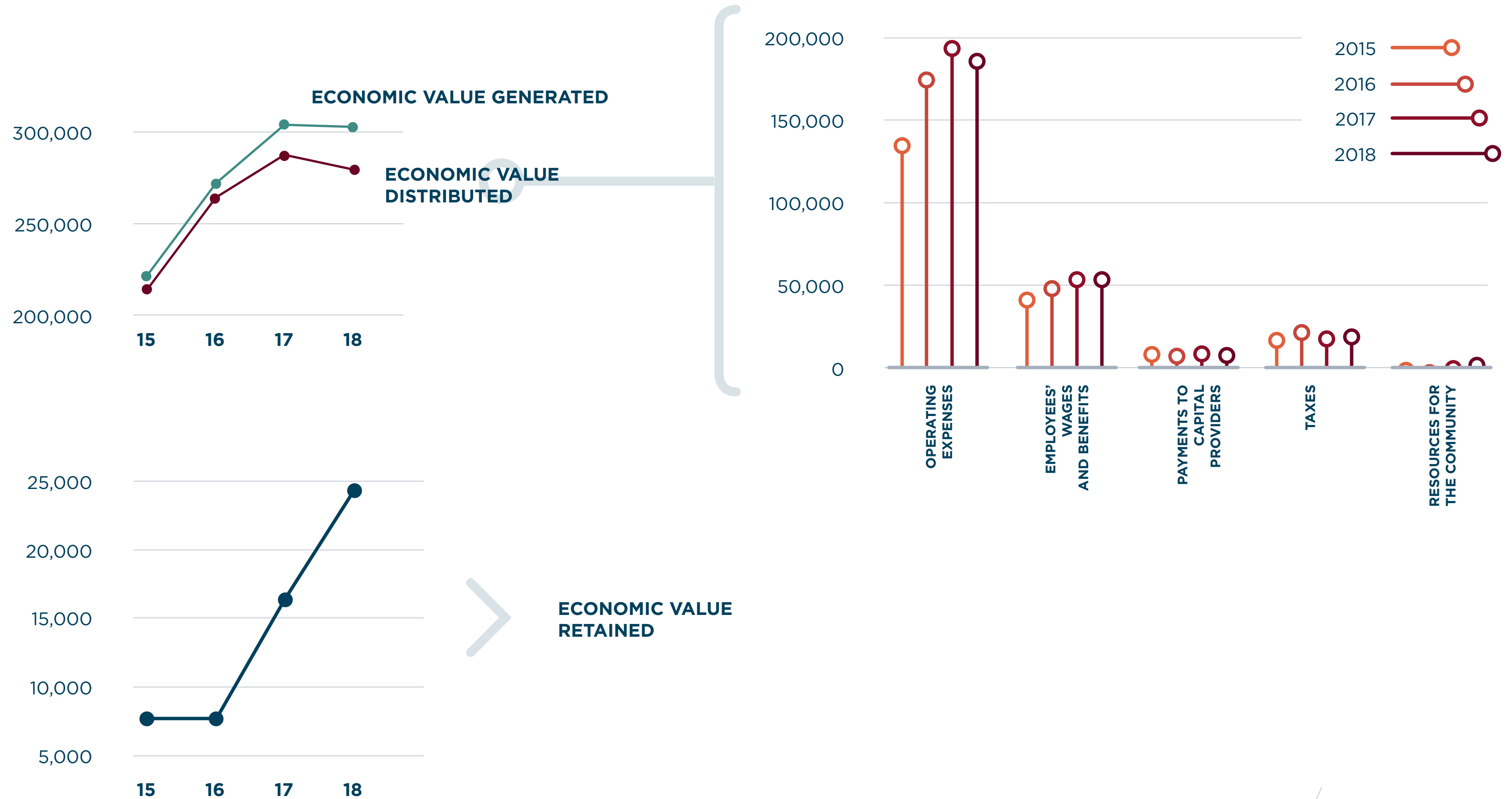


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Economic value generated and distributed

(Data in thousands of euros)



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Stakeholders

At Aciturri, we identify our stakeholders and establish an ongoing dialogue with them, which leads to relationships based on trust.

The insight we glean from this dialogue allows us to gain a more realistic perception of the company's operating environment. Thanks to this reliable information we can better develop the business and identify opportunities and threats.

The company's stakeholders are made up of all the people, organizations and/or institutions that either have an impact on or are impacted by the decisions of all Aciturri companies, including our subsidiaries.

To be able to identify such stakeholders, we have set some criteria to shape **the dialogue model we use to communicate with them:** namely, closeness, influence, responsibility, and reliance. Urgency, power and legitimacy are our prioritization criteria.

**Aciturri contributes to creating
relationships built on
trust**



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STAKEHOLDERS

BUSINESS PARTNERS

COMMITMENT

EMPLOYEES AND FAMILY MEMBERS

- Value creation in the short and long term.
- Implementation of best management practices.
- Timely information and equal conditions.
- Open, real, and close dialogue.

- Continuity of the business project and employment stability.
- Recognition based on commitment, performance and achievement of objectives.
- Equal opportunity and work-life balance.
- Continuing professional development (CPD).
- Guarantee of occupational health and safety.
- Ethical, responsible, social, and environmental behavior on the part of the company.
- Receptiveness to freedom of association and direct dialogue with the management.
- Compliance with the laws and the collective agreement.

CHANNEL OF COMMUNICATION

CEO
Aciturri's Legal Consulting team.

INTERLOCUTORS: CEO and Chief Corporate Officer, according to the relationships with partners protocol.

E-mail address for general inquiries and complaints about the Code of Conduct.
NEXO, Employee Portal.
JAM (internal social network).
Breakfast with the CEO.
Escuch&Do.
Handbook and protocol for new recruits and employees.
Bulletin boards.
Meetings with trade union representatives.
Communication procedure and e-mail address for the Joint Prevention Service.
Employee's Day.
Christmas party.
Management forum.
Annual Convention.

INTERLOCUTORS: Head of HR, HR Officer for each plant, Head of communications and CSR, and middle management.

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STAKEHOLDERS

COMMITMENT

CHANNEL OF COMMUNICATION

CLIENTS

- Customer service, open dialogue and an efficient management of problems and complaints.
- A comprehensive, cost-effective, differentiated and customer-driven service.
- Implementation of quality principles that meet our clients' needs.
- Clear and accurate information on the commercial offer.
- Security guarantee of our products.
- Respect for the principles of responsible advertising.

Corporate website.
Sustainability report.
Aciturri's Head of programs.
Customer satisfaction questionnaires.
Reports of customer complaints.
Regular meetings.
Participation in trade fairs and business meetings.
Involvement in industry associations.

INTERLOCUTORS: Focal Point Program, Plant Manager, Chief Operations Officer, Quality Assurance Officer, Sales Officer, Business Development Officer, and CEO.

SUPPLIERS AND SUBCONTRACTORS

- Responsible behavior.
- Promotion of business sustainability.
- Transparency and equal opportunity.
- Confidentiality.
- Recruitment of local suppliers.
- Dialogue and communication.

Visits to the facilities.
Corporate website.
Sustainability report.
Regular meetings.
Regular electronic communications.

INTERLOCUTORS: Head of purchasing, procurement and subcontracting at each plant and Supply Chain Officer.

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COMMITMENT

CHANNEL OF COMMUNICATION

SOCIAL SETTING ⁶

- Timely and transparent information of the activities carried out and their environmental and social impact on the setting.
- Security of the facilities.
- Sustainability of the business plan.
- Ethical business practices.
- Compliance with the law and the Universal Declaration of Human Rights.
- Participation in training programs and projects that generate knowledge and innovation.
- Promotion of employment and job opportunities.

Visits to the facilities.
Corporate website.
Sustainability report.
Press releases distributed to the media.
Collaboration agreements with educational institutions.
Involvement in the governing of educational institutions.

INTERLOCUTORS: HR Officer for each plant, Head of Communications and CSR, and Head of Environmental Management.

INDUSTRY ⁷

- Promotion of fair competition and respect for our competitors' property rights.
- Fostering cooperation and partnerships, and sharing experiences between companies within the sector and other business organizations.

Taking part in industry associations such as PAE (Spanish Technological Aerospace Platform), TEDAE, Hélice or HEGAN. Taking part in business organizations like the Chamber of Commerce, FAE or Empresa Familiar.
Participation in meetings with competitors.

INTERLOCUTORS: Sales Officer, Innovation Manager, Head of Communications and CSR.

⁶ This includes local governments, NGOs and foundations, educational institutions, the media, the environment, and society in general.

⁷ This category includes competitors, industry associations and other business associations.

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Supply chain

Aciturri's supply chain can be described as **sound, high-quality and comprehensive** and is based on three pillars: **excellence, ethics, and support**

At Aciturri, we purchase raw and auxiliary materials for our manufacturing process, as well as industrial supplies and tools. We outsource some activities; namely, transportation, maintenance, testing, inspections and calibrations, ancillary services for the production, and the cleaning and security of our facilities.

53 % of the budget allocated for supplies goes to local suppliers⁸.

35 % of the budget allocated for supplies goes to suppliers that belong to industry clusters.

⁸ The decrease in the percentage when compared to 2017 is due to several factors: the internalization of several outsourcing packages at Aciturri; the launch of certain packages outside the domestic market, as per request of the client; and a low rate of major packages from domestic suppliers.



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As per our **Purchases and Subcontracting Policy**, at Aciturri we seek to develop the business network and promote employment in the communities where we operate, hence resorting to local suppliers and subcontractors (local meaning national) whenever possible. What is more, we promote the acquisition of goods and services between the companies that are part of the different industry clusters, for example TEDAE, Hélice or HEGAN.

This Purchases and Subcontracting Policy, in line with the company’s Code of Conduct and Moral Management and Socially Responsible Policy, aims to encourage suppliers and subcontractors to comply with the basic standards or criteria concerning human and labor rights, as well as their employees’ occupational health and safety; to respect the environment and show an ethical behavior; and to ensure the implementation and general awareness of the principles of the United Nations Global Compact.

The company also has a procedure in place for **assessing** our suppliers. Such procedure establishes the methodology used to perform a standardized evaluation of their industrial processes. It analyzes their industrial capacity and identifies opportunities for improvement, with the ultimate goal of internally evaluating Aciturri’s ability to meet the needs and expectations of our clients.

This procedure consists of several tools, one of which is Aciturri Assessment Tool; it assesses four aspects: processes, organization, tooling, and indicators. Other tools are IPCA+, PMCA, TDCA, SPCA and SIA.

As a result of the assessment, a report is generated. It lists all participants, the opportunities for improvement that have been identified, the associated plan of action, and an overall assessment with the grades A+, A, B, C or D. The person in charge of the assessment keeps track of all this, paying special attention to the percentage of solved issues within the established time frame.

Aciturri observes and overtly supports the **United Nations’ Universal Declaration of Human Rights**, the social policy of the International Labour Organization and the Ten Principles of the UN Global Compact. We ensure that both Aciturri and our suppliers and subcontractors fulfill a series of basic criteria relating to the fight against all forms of forced and compulsory labor; harsh or inhuman treatment of workers; the

effective abolition of child labor; regularized employment; the freedom of association and the recognition of the right to collective bargaining; non-discrimination based on gender, age or any other personal traits; and wages and a work schedule that guarantee a decent life. Likewise, the company ensures compliance with the basic principles established by law in relation to occupational health and safety.

Additionally, we expect our suppliers to observe the applicable environmental legislation in each case, as well as unquestionable behaviors and attitudes with regards to their environmental practices.

100 %

of our suppliers have been assessed and vetted according to ethical and social criteria.

of our suppliers and operations guarantee the right to freedom of association and collective bargaining.

of our suppliers have been assessed and vetted according to environmental criteria.

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Aerostructures

The aeronautical sector will continue growing. This brings an excellent opportunity for our competitiveness by increasing industrial capacity and innovation.



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Aerostructures

Throughout 2018, Aciturri has worked hard to honor the commitments with our clients, especially in the programs for the A320, A350XWB and the B787, all of which are greatly expanding.

Despite the absence of new programs, the forecast suggests that the aeronautical sector will continue growing. In the short term, this brings an excellent opportunity to raise the level of competitiveness by increasing our capacity and promoting innovation, all with a focus on improving our processes.

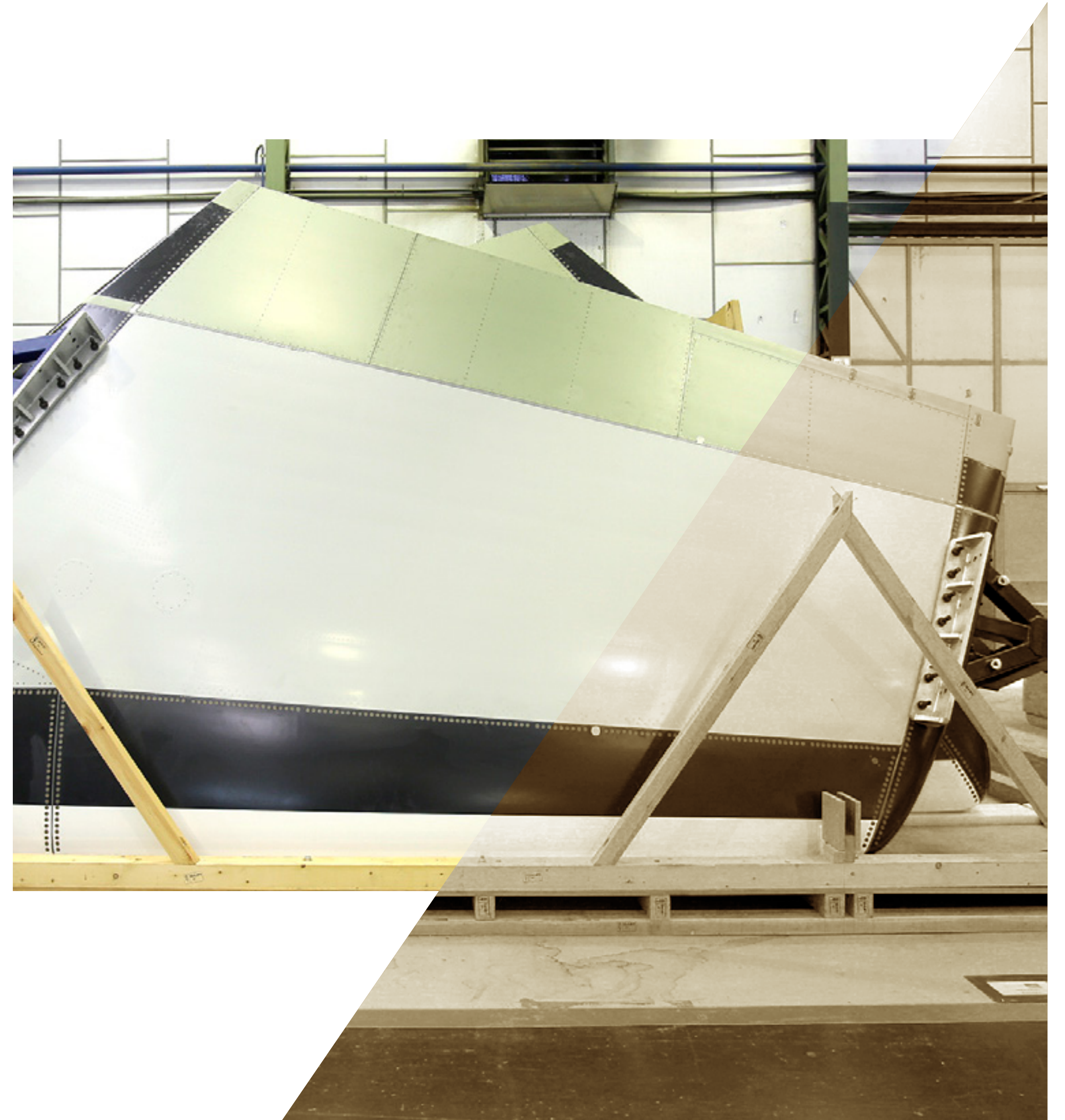
In a scenario where new competitors arise within the industry it is essential that we find fellow travelers with whom we could collaborate to provide the aerospace market the solutions it will need in the future.

In 2018, the Aciturri Aerostructures team devoted most of their efforts to the expanding programs, mainly **A350 XWB, A320 and B787**. We adapted both our internal industrial capacity and our supply chain to meet the increasing demand and fulfill our clients' needs.

Aciturri delivered over 650 A320 aircraft in 2018; as for the A350 model, deliveries reached 90 between both versions (V900 and V1000); finally, regarding the B787, we completed over 145 aircraft including versions: V8, V9 and V10.

The A350 program is undergoing a series of changes related to the enhancement of the aircraft's features, that will lead, among other advances, to a better performance in pollution indexes per passenger. In this context, Aciturri focused on implementing these changes in the program in a timely manner, which called for major structural changes in the Section 19 and VTP programs. We expect to have these modifications in place between 2019 and 2021.

The evolution of longer-term programs such as the **A320 HTP** demanded considerable



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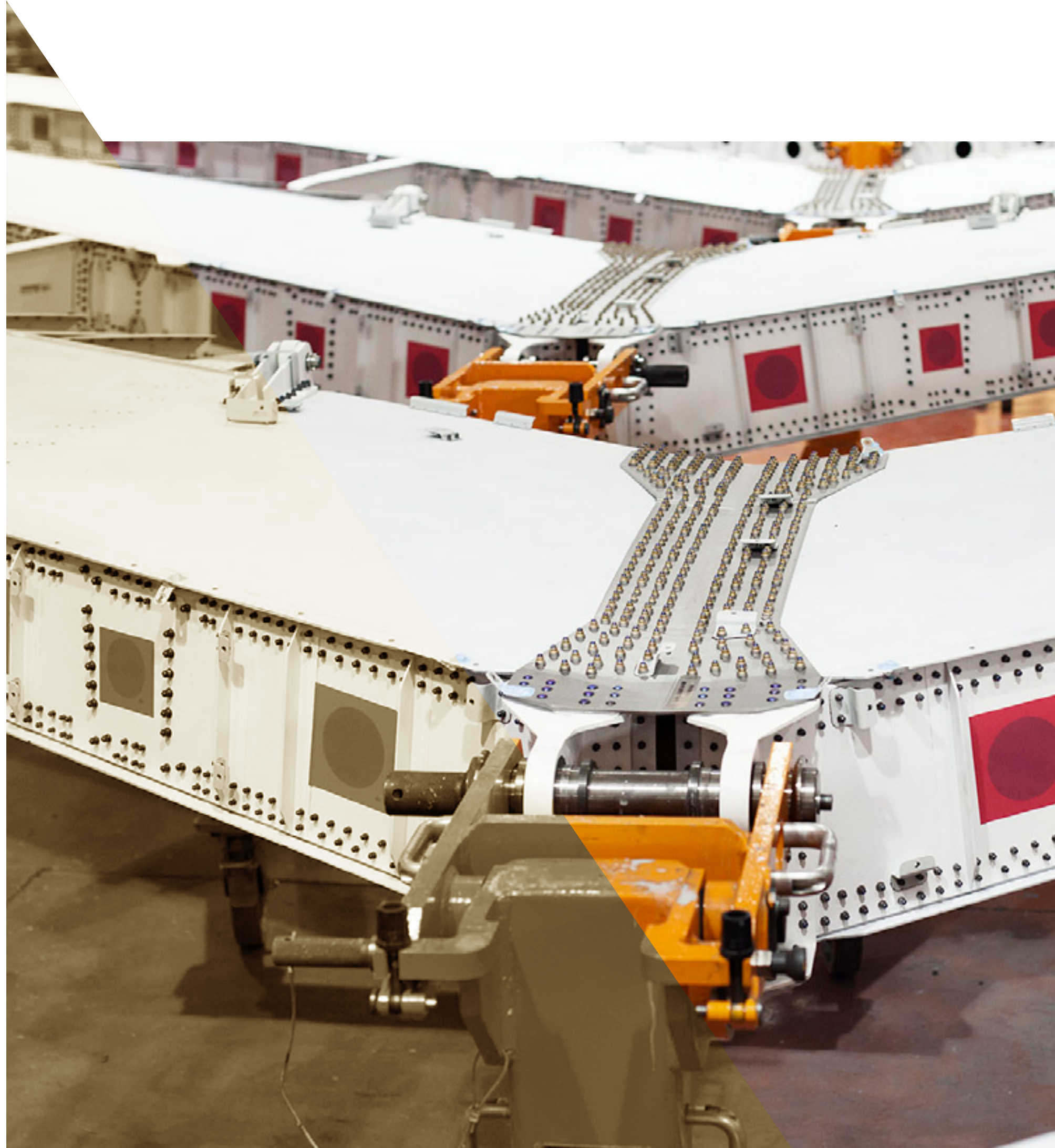
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effort and some resource adjustments to ensure higher delivery rates.

As for the **BelugaXL**, for which Aciturri designs and manufactures the Ventral Fin and Auxiliary Fin & HTP Box Extension packages, we delivered the second aircraft and provided the necessary support to complete its certification routines within the required time frame for it to become operational.

Another milestone of 2018 was the completion of the fourth Embraer **KC390**. We finished all the engineering work so the aircraft could earn the certification and become operational too.

The Aerostructures teams kept on working to meet all the commitments with the clients in the different programs. An outstanding goal, however, was the incorporation of the **outboard aileron's spars** for the A330 as a rump up production series process.

Given there are no major developments of new aircraft, Aciturri collaborates with the European aviation community to focus an important part of our efforts on innovation, mostly in the programs associated with the hybrid laminar flow, the integration of structures and our involvement in the Clean Sky 2 (CS2) program.

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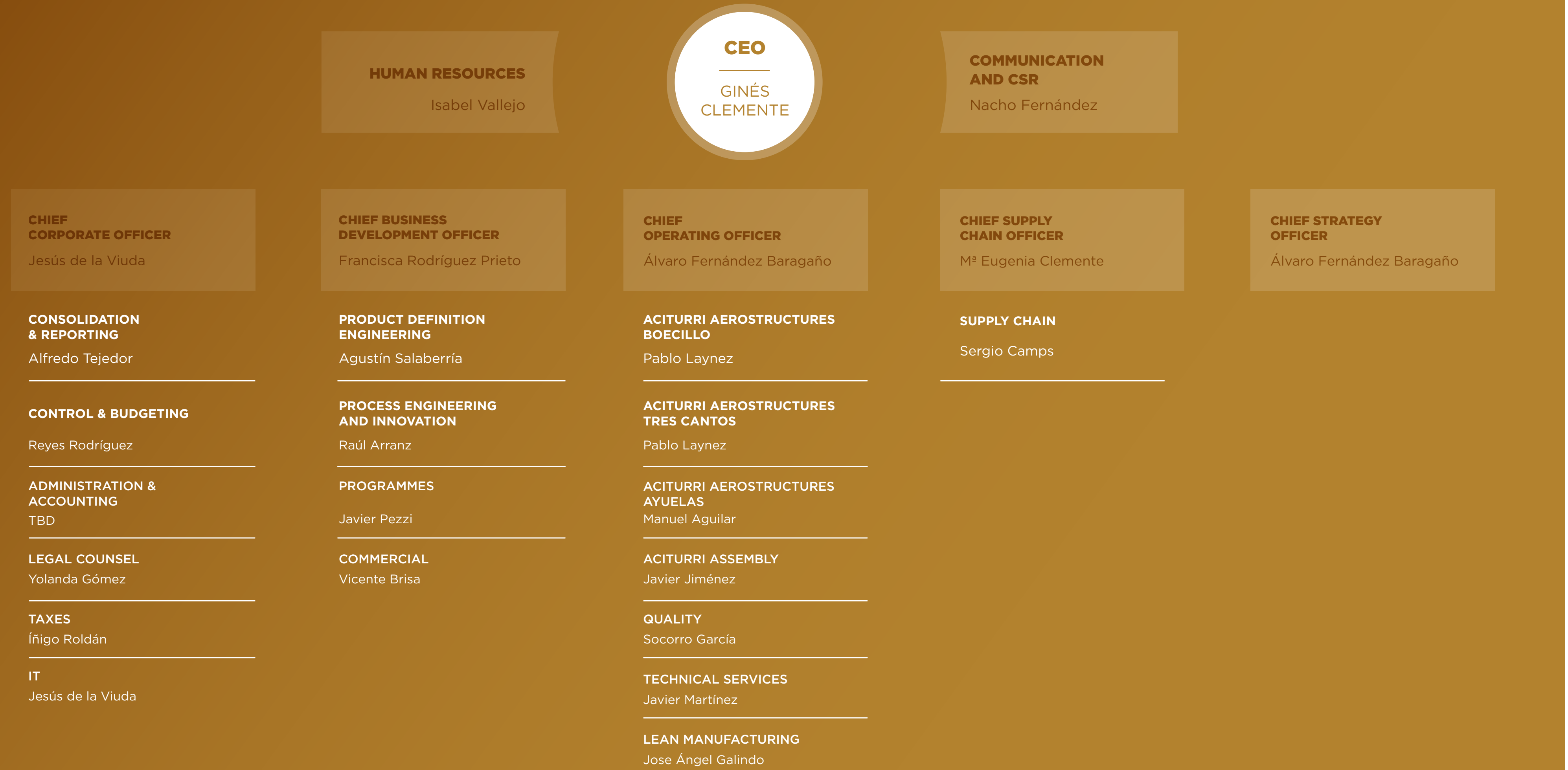
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Organizational Chart ⁹



⁹ As of the date of publication of this report.

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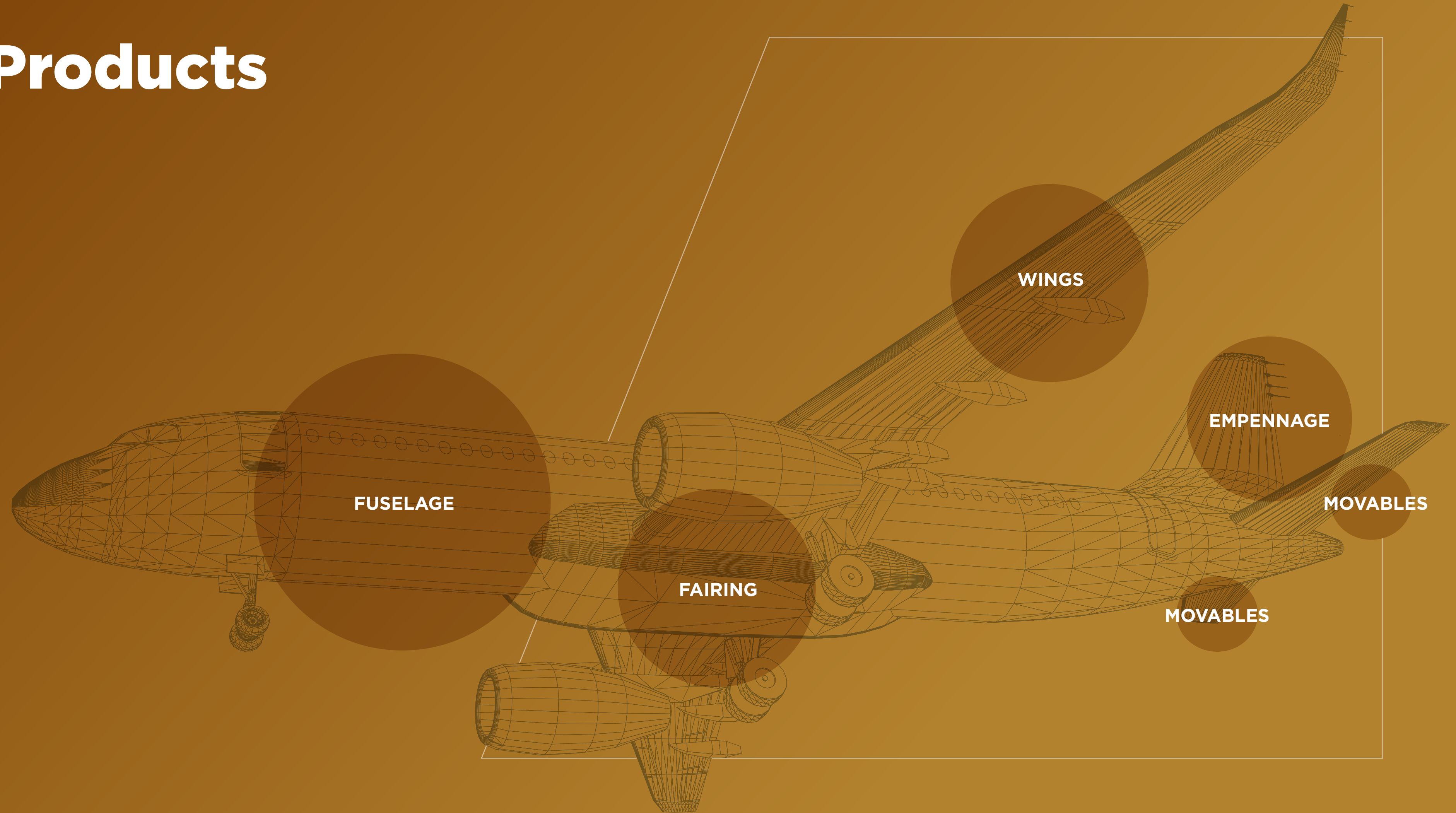
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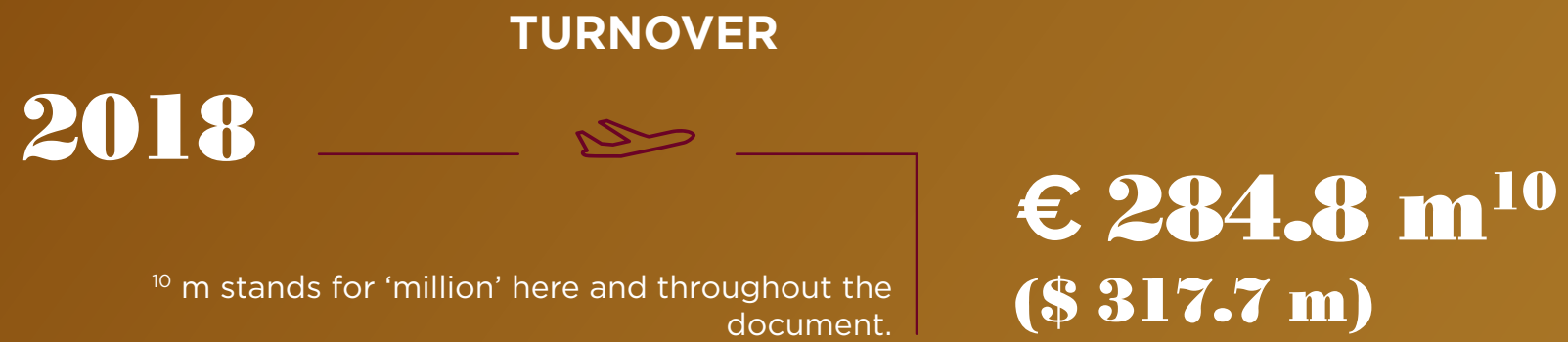
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Figures



1,178 AIRCRAFTS

were fitted with Aciturri components in 2018, including

- 801** single-aisle
- 305** twin-aisle
- 20** business jet
- 22** helicopters
- 30** others

The most relevant programs

A350 XWB
B787
A320
A330/340
A380
F7X
BELUGA XL
A400M

KC390
A330 MRTT
C295
NH90
EUROFIGHTER

Main clients

AIRBUS
DEFENCE & SPACE

AIRBUS

BOEING

DAHER

EMBRAER

QEN

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Aeroengines

This business division strengthens its manufacturing capacity & strategic position in key programmes.



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Aeroengines

Aciturri Aeroengines, located in Ircio (Miranda de Ebro), was launched in 2017 and has since reached its full capacity after the incorporation of the latest machining equipment and the execution of the necessary works to complete final processing installations.

We received the necessary certifications for new processes and employees that enable the manufacturing of each component. They added to the ones we already had: ISO 9001, EN 9100, NADCAP, and other key ones from clients like Safran Aircraft Engines and ITP Aero.

Where the **LEAP** programs are concerned, the Aeroengines team successfully managed the ramp-up of different variations of the program. Compared to 2017, the delivery volume experienced a 200% increase in parts for the LEAP 1A and 500% in components for the FAN module of the LEAP 1B.

As for the **Trent 1000/Trent 7000** program, the delivery volume of parts for the TBH module also increased by 40% compared to the previous year.

The work carried out in the expanding programs was coordinated with the manufacturing of the first components for **P&W** programs such as P&W's PW800 and PW1000, and with the completion of the first three FAIs (First Article Inspections) for the casings and rings contracts of the Trent 900 and Trent 700 models.



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Looking ahead, the Small & Medium Machining division will see an increase in their workload thanks to the contract that extends and boosts the component production for the Trent exhaust/THB. In this same area, the workload on the landing gear niche has been expanded by the arrival of a new contract for the Main Landing Gear in the **A350**.

Also in 2018, Aeroengines strengthened its position as a supplier in the LEAP program thanks to some new contracts for structures—one for the FAN module of the LEAP 1C and another one for the TRV of the LEAP 1B. Both will be industrialized at the Ircio plant in 2019.

**Ircio facilities have
comprehensive
capacity
for the manufacturing of high
complex components**



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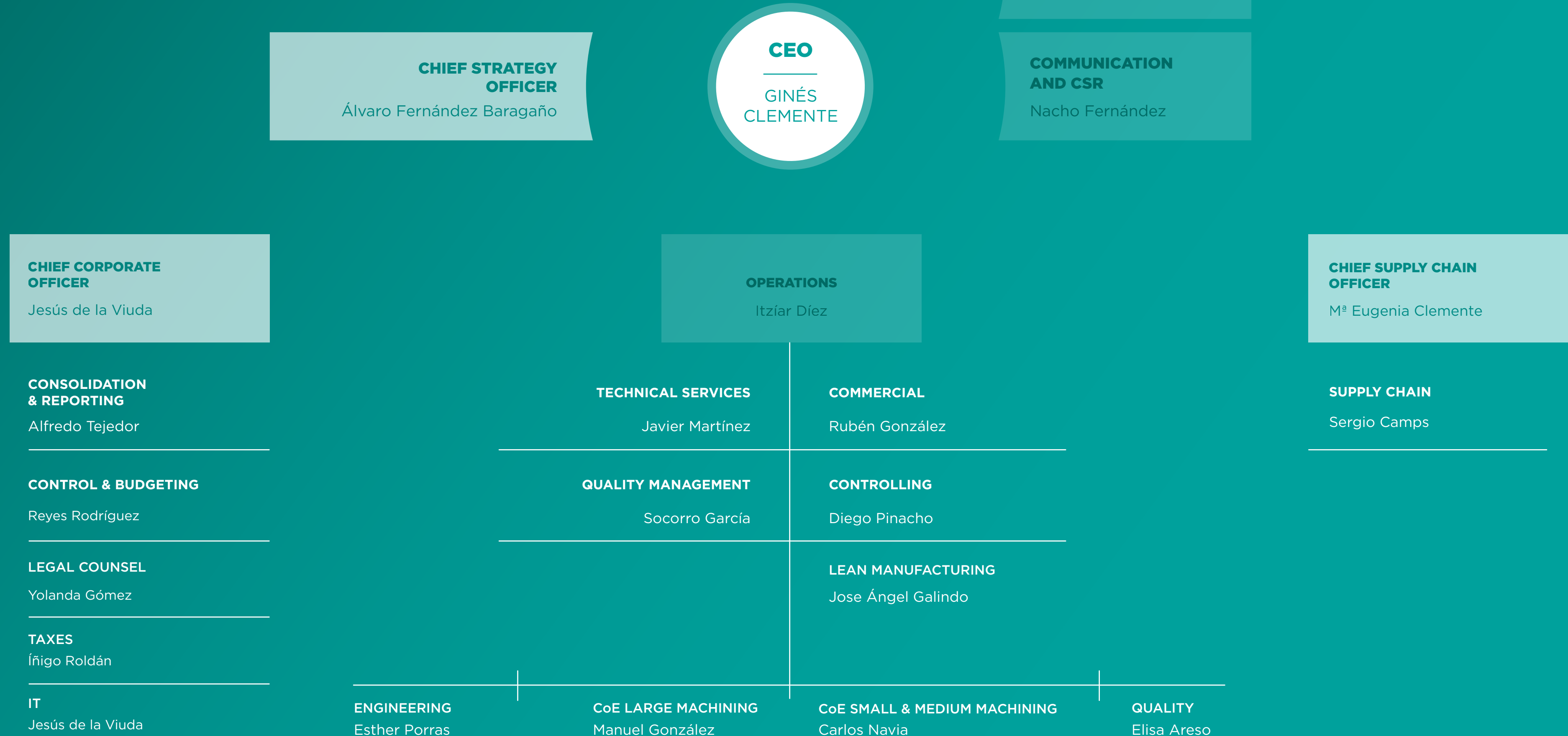
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Organizational Chart



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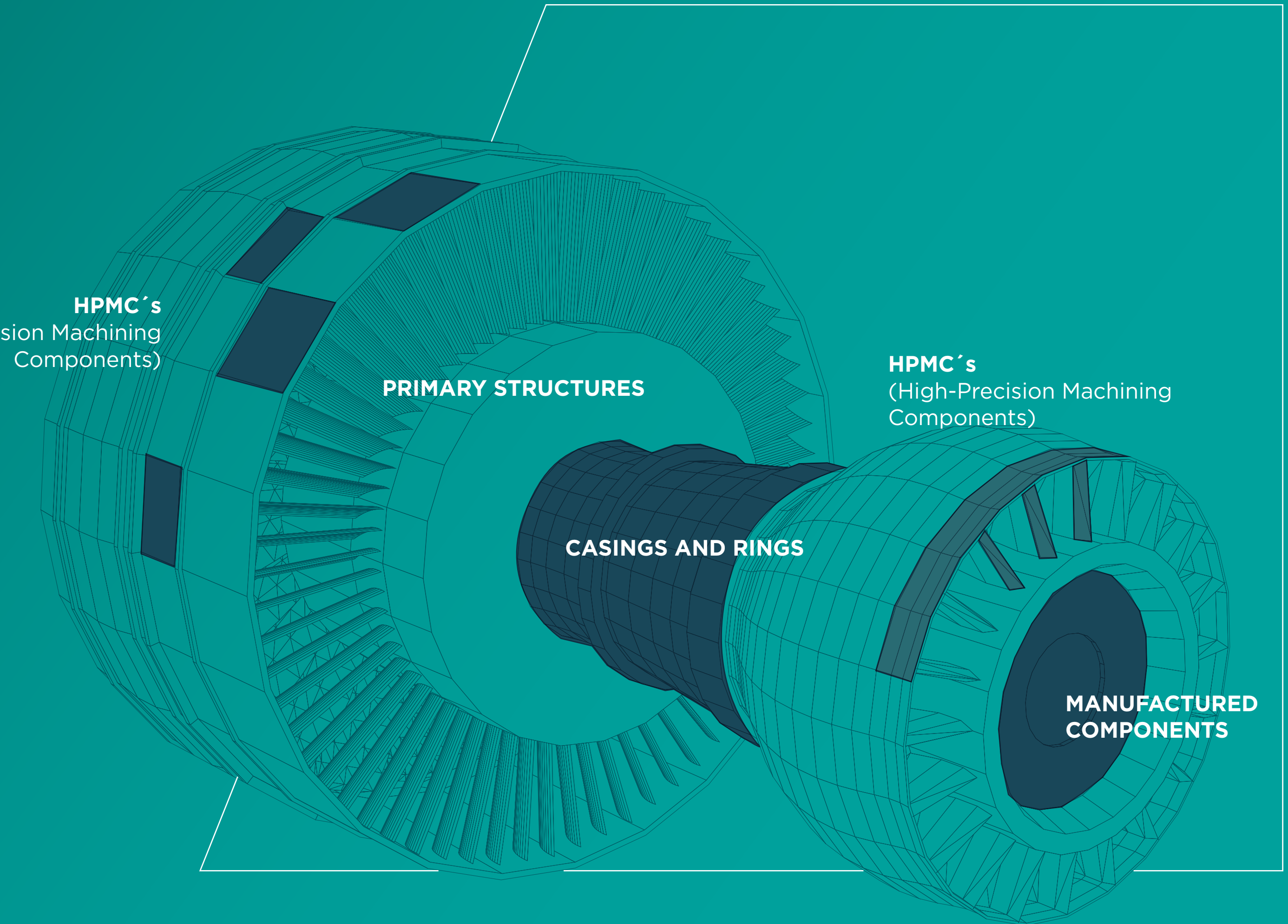
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121,955 ENGINE COMPONENTS

delivered in 2018

313	casing & rings
713	engine structures
430	hubs or small structures
120,499	medium complex machining components

The most relevant programs

LEAP 1B / 1A / 1C
CFM56
PW1000
PW800
TP400
EJ200

TRENT 1000/7000
TRENT XWB
TRENT 700
TRENT 900

Main clients



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Staff

At Aciturri, skills, effort, and talent are key factors for success.



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Staff ¹¹

To assess the personal capabilities of each person, the company has a system in place which ensures individual merit is the sole criterion for recruitment. This is how we guarantee the same opportunities for access to employment and career advancement.

¹¹ These data correspond to the average staff from January 1 to December 31 of the year in question, unless otherwise specified. To calculate the data on average workforce, we counted the total days of employment for all the staff and divided them by 365. The data by professional category are not available. The employees at Caetano Aeronautic, S.A. and Payload Aerospace, S.L. are not included here. The 2018 data correspond to the current corporate structure. The term "region" should be understood as "country".

Distribution



Training

25 %
university diploma



25 %
other types of training

50 %
vocational training

1,455
employees

9.42 years of average
length of employment ¹²

¹² Data based on the staff employed on 12/31/2018.



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In addition to the staff directly employed by the company through a contract, Aciturri relies on outsourcing for ongoing services: 168 people working on ancillary services for production, cleaning, concierge tasks, security, and engineering. It also has workers from subcontracted companies (481), supply companies (285), and other personnel subcontracted for discontinuous services (17 people who take care of the maintenance of all machinery and tooling, the facilities and the computer systems).

Since 2017, our **recruitment system** combines **Aciturri's employment portal** with the use of social networks to attract more and better candidates. Employees can help find new candidates through our "referral system."

In addition, the company has adopted several measures to promote employment and help join the labor market. Some examples are attending career fairs, presentations at training centers and universities, providing training in job centers (internships for vocational school) and support with Bachelor's theses, involvement in dual training, and training programs that lead to employment within the firm.

¹³ Due to several corporate reorganizations, the data provided in the 2017 Sustainability Report are not comparable with the data from 2018. The 2017 report contained duplicate data because some companies shared the same workers during certain periods of time within the calendar year.

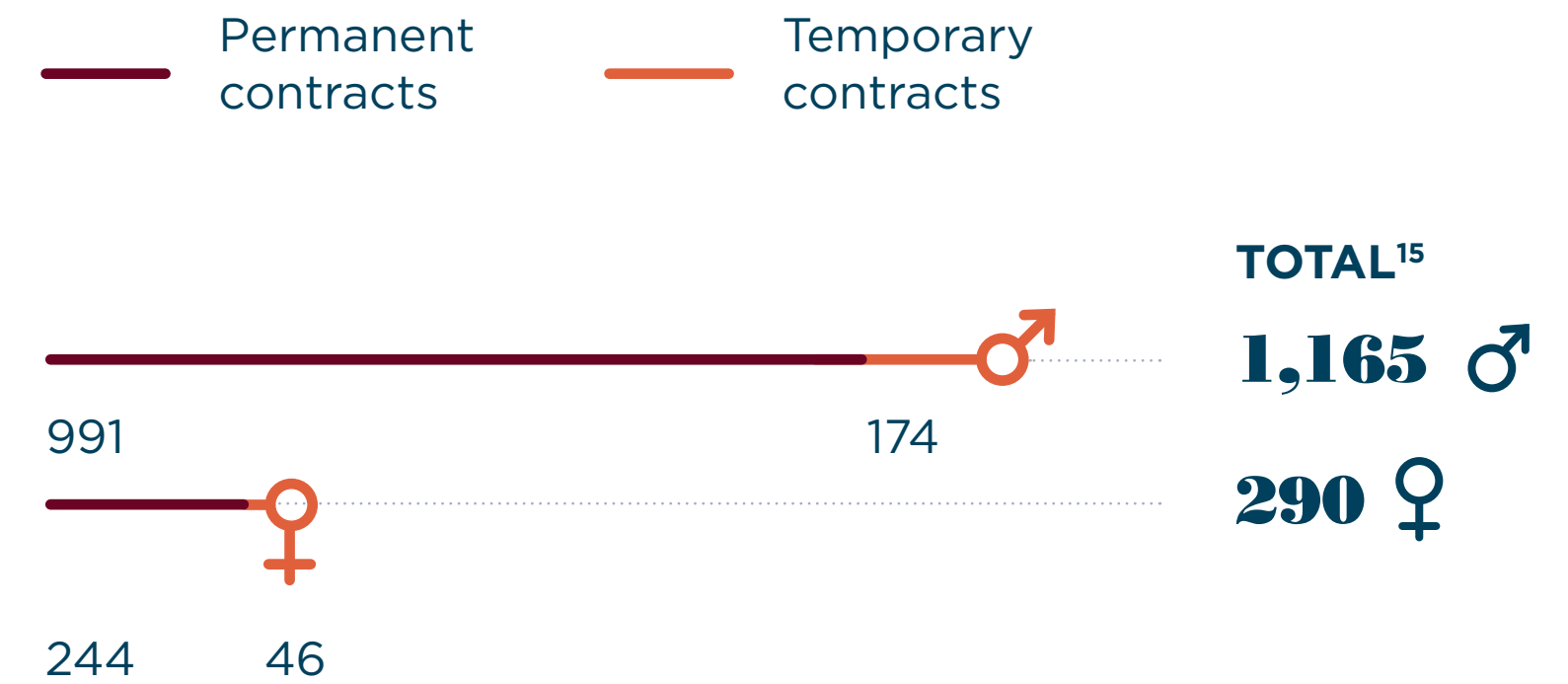
¹⁴ There is no breakdown by professional category available because the large number of agreements applicable within the company makes it impossible to have data subject to be compared.

¹⁵ Data on average staff, gender, and contracts have been retrieved from a report template generated by the automatic payroll system.

¹⁶ Aciturri always awards full-time contracts except in cases where the person requests a reduction in working hours for legal guardianship or any other reason.

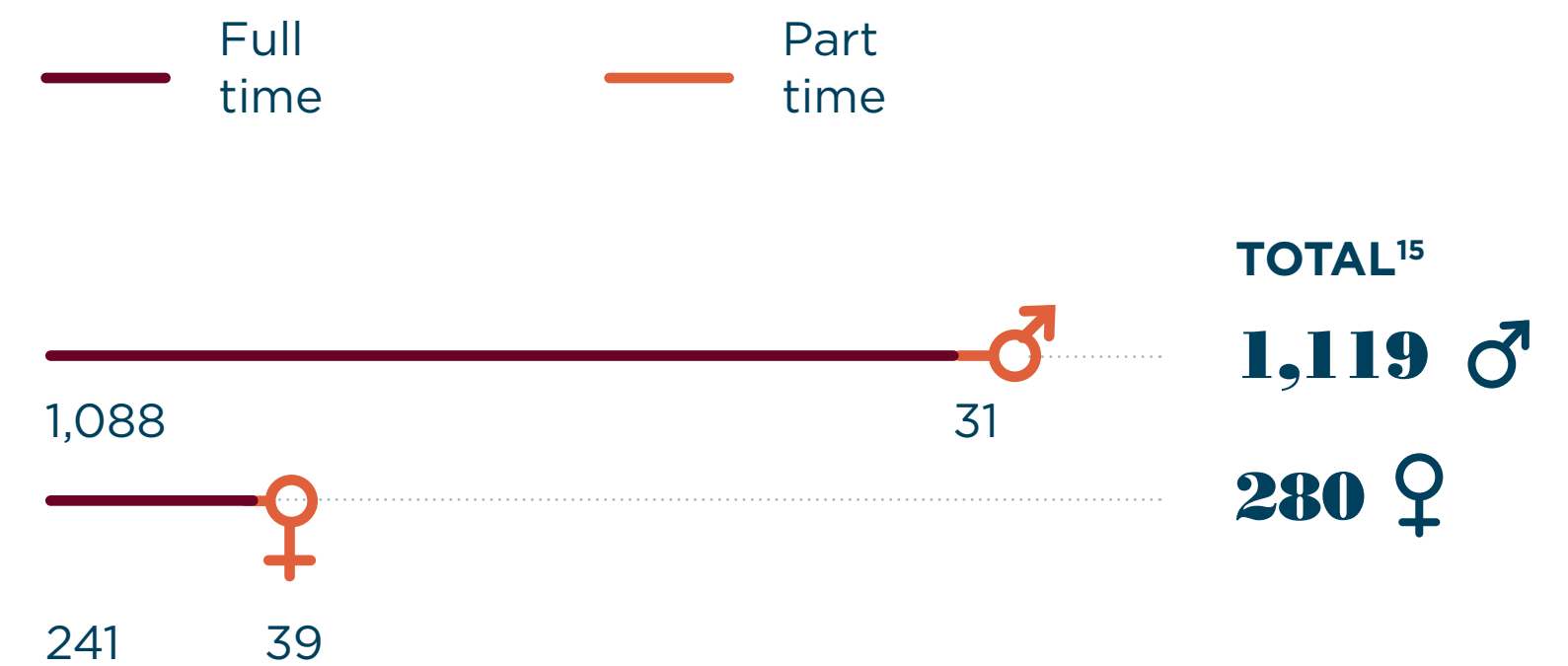
Workforce

distribution by gender and employment contract ¹³⁻¹⁴



Workforce

breakdown by type of contract ¹⁶



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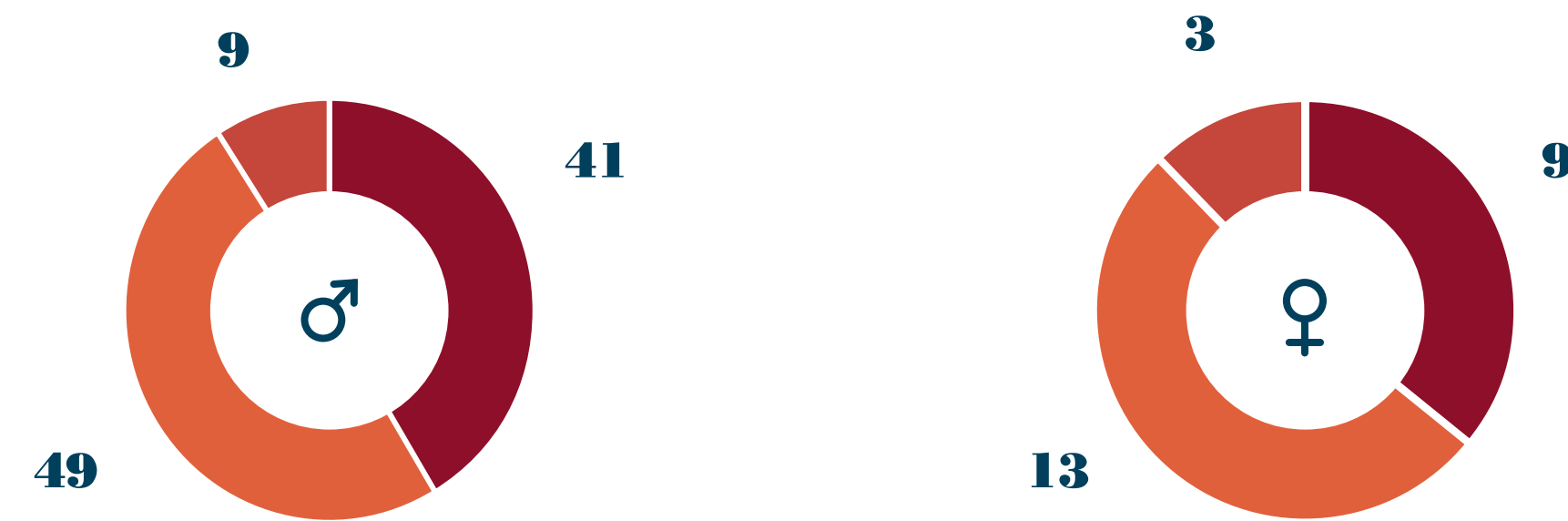
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New contract distribution by age & gender

■ < 30 years ■ 30-45 years ■ > 45 years



Dismissal distributions by age & gender

■ < 30 years ■ 30-45 years ■ > 45 years



Turnover rate

2018 ¹⁷



12.16 %

48

¹⁷ Calculated as "(workforce cessations for the period / average workforce for the period) *100".

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Aciturri's Code of Conduct establishes the **principle of protection of collective rights** regarding rights of unionization, association, and collective bargaining within the existing law. According to this, relations with workers' representative organizations are based on mutual respect and call for an open, transparent, and constructive dialogue aiming at consolidating employment stability.

100% of the company's employees are covered by collective bargaining agreements. These are industry, national, or regional collective agreements that establish the minimum requirements to be fulfilled, and have been negotiated by social actors and employers. Although we don't have our own collective agreement, we have agreed on certain improvements on the provisions in these texts. In all of Aciturri's companies, except for the parent, there are work councils which function as channels for social dialogue and negotiations.

When operational changes which are likely to significantly affect employees occur, we proceed on the provisions of article 15 in the Estatuto de los Trabajadores (Workers' Rights Act). If the event of an individual modification, the person concerned is notified at least 15 days prior to the effective date of the modification. When it is a collective modification, there is a previous period for discussions with the workers' representative body which shall not exceed 15 days. After this period, and depending on the results of the discussions, the affected workers are told individually.

Relationships are based on mutual respect and an open, honest and constructive dialogue

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Training and development

At Aciturri, one of our signature traits is the **professionalism** of our teams. To us, professionalism is the execution of an activity in the most skilled way possible as a way to achieve excellence.

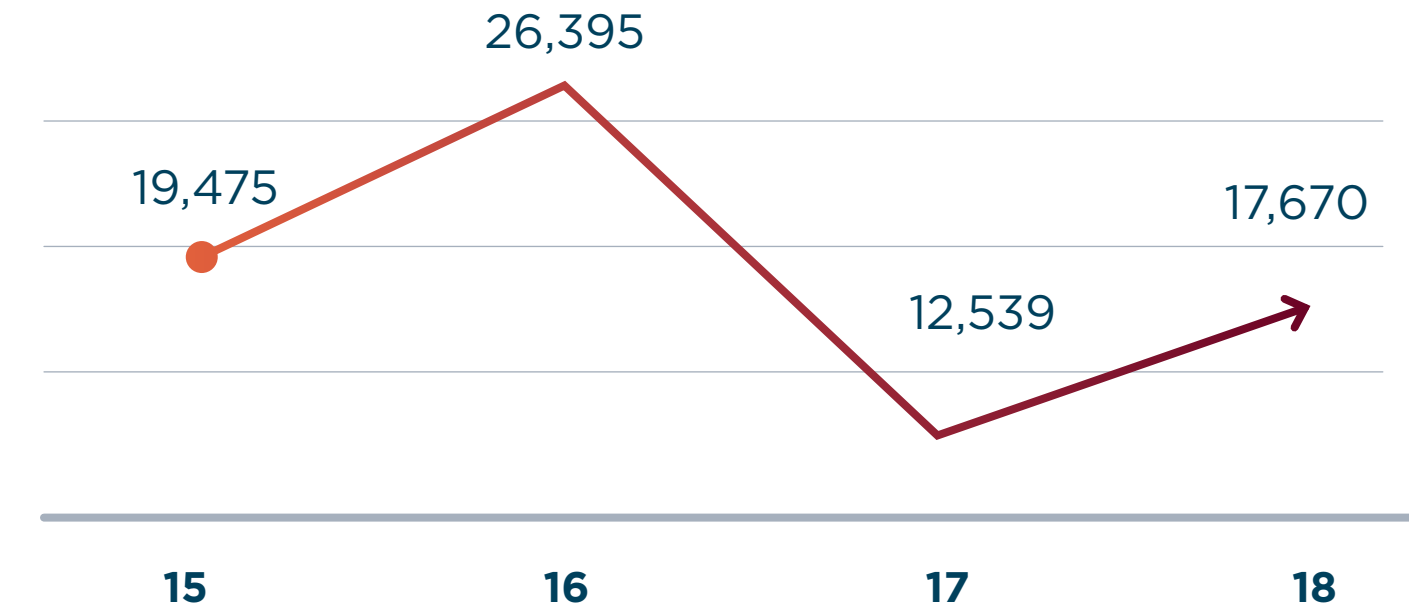
The tool we use for managing our staff is **Aciturri's Performance Evaluation System (SEDA)**, which focuses on the employees' continuing professional development and measures their individual annual contribution. It is based on their level of achievement of the goals previously set and the given responsibilities according to the role they have been assigned. It also factors in their skills (both soft—personal, social, and group skills—and hard— thematic and business), as well as the expertise they've shown while performing their tasks.

SEDA is a three-step process: agreement, midterm evaluation, and final evaluation. Both the employee and their direct manager are actively involved, and the HR department provides information to ease the process.

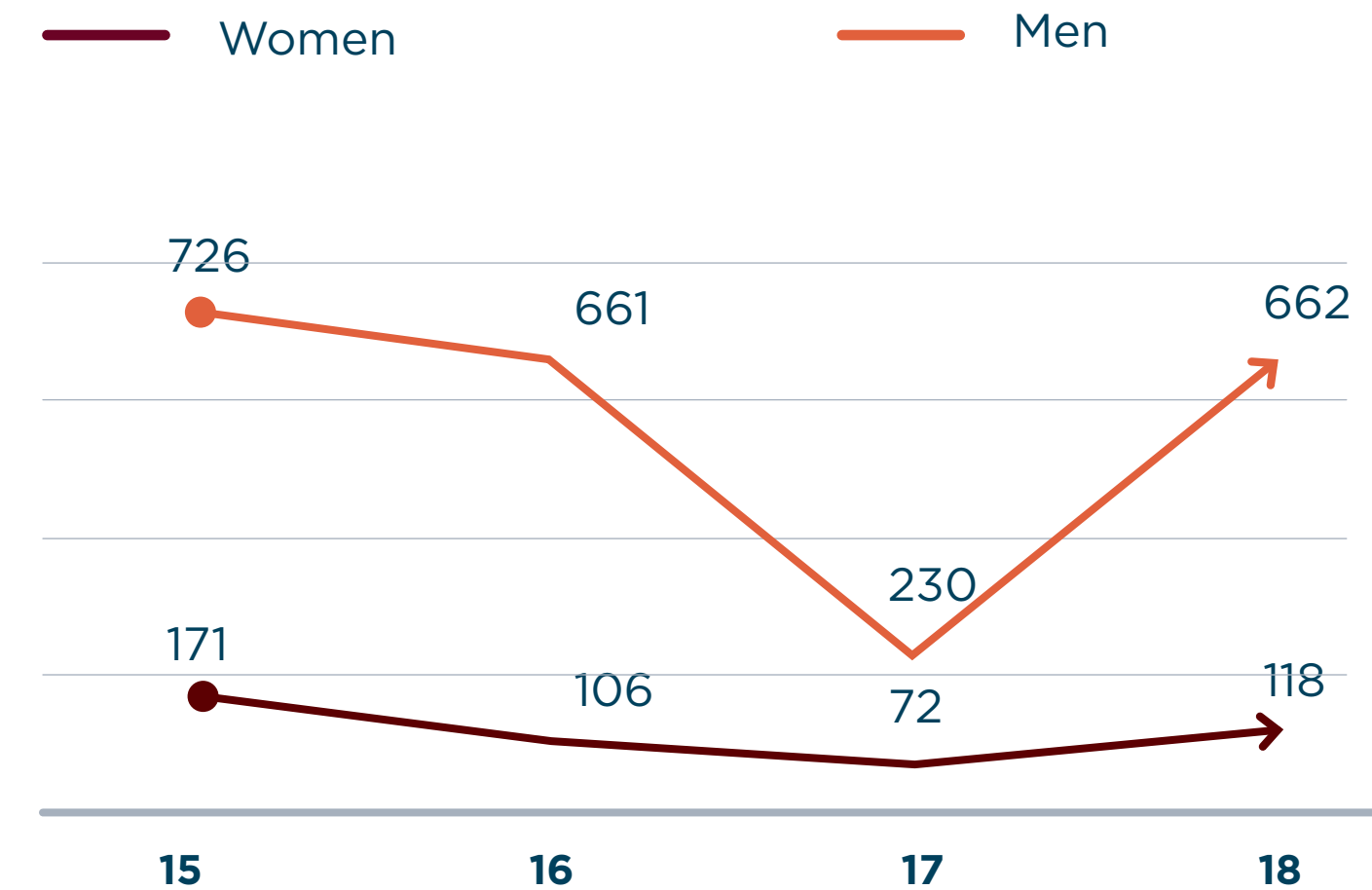
Success Factors is the development module that allows the automation of the process and a better analysis of the information compiled by SEDA and Skill Matrix.

¹⁸ Retroactively, there are no data sorted by professional category, although we expect to have them available in the future. The high number of hours of training in 2016 was due to a reassessment of all jobs in the company, which led to intense training activity throughout that year. As a result, both the training hours and the number of people who were trained increased considerably.

Total hours of training ¹⁸



Number of women / men trained



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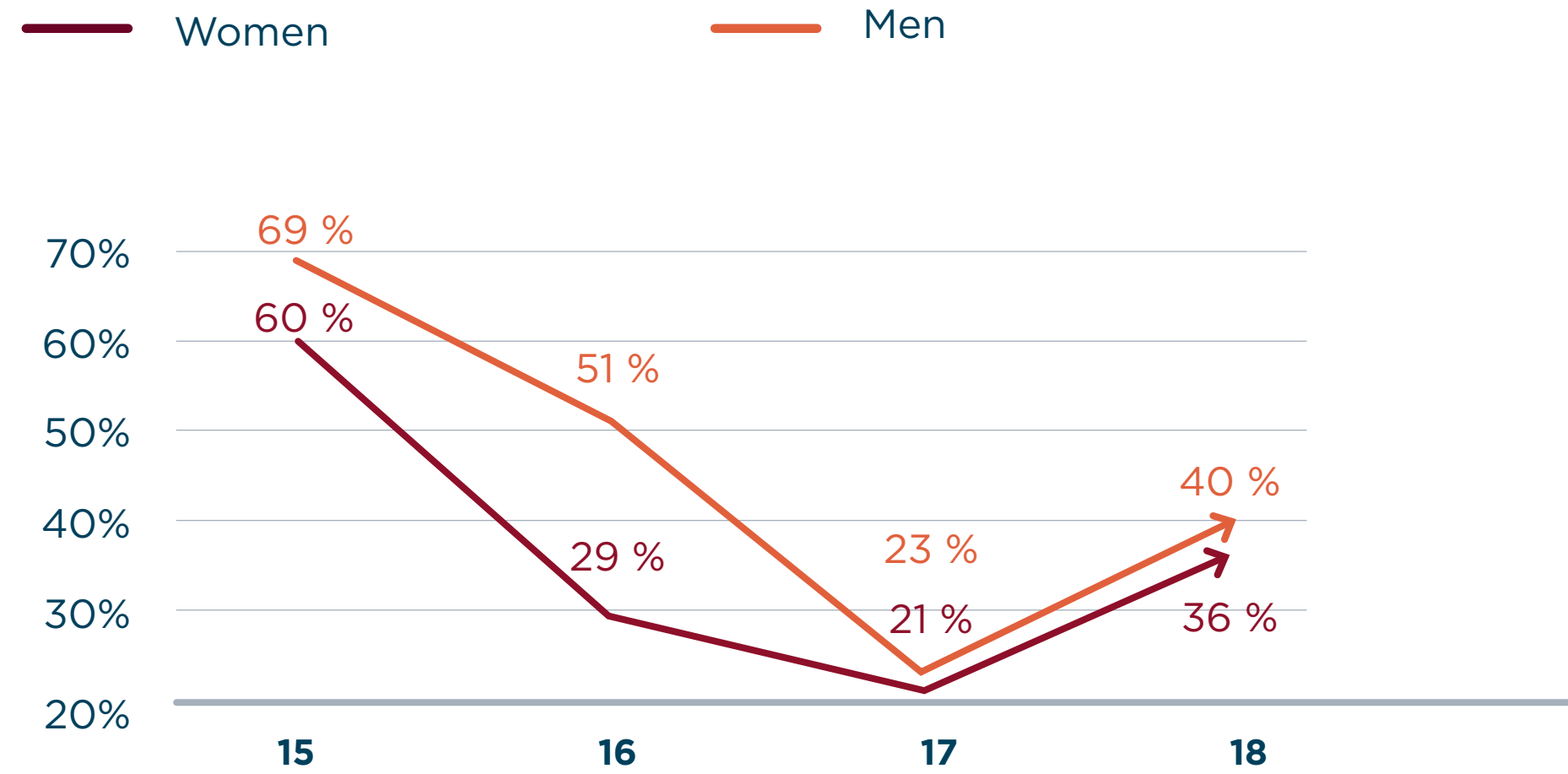
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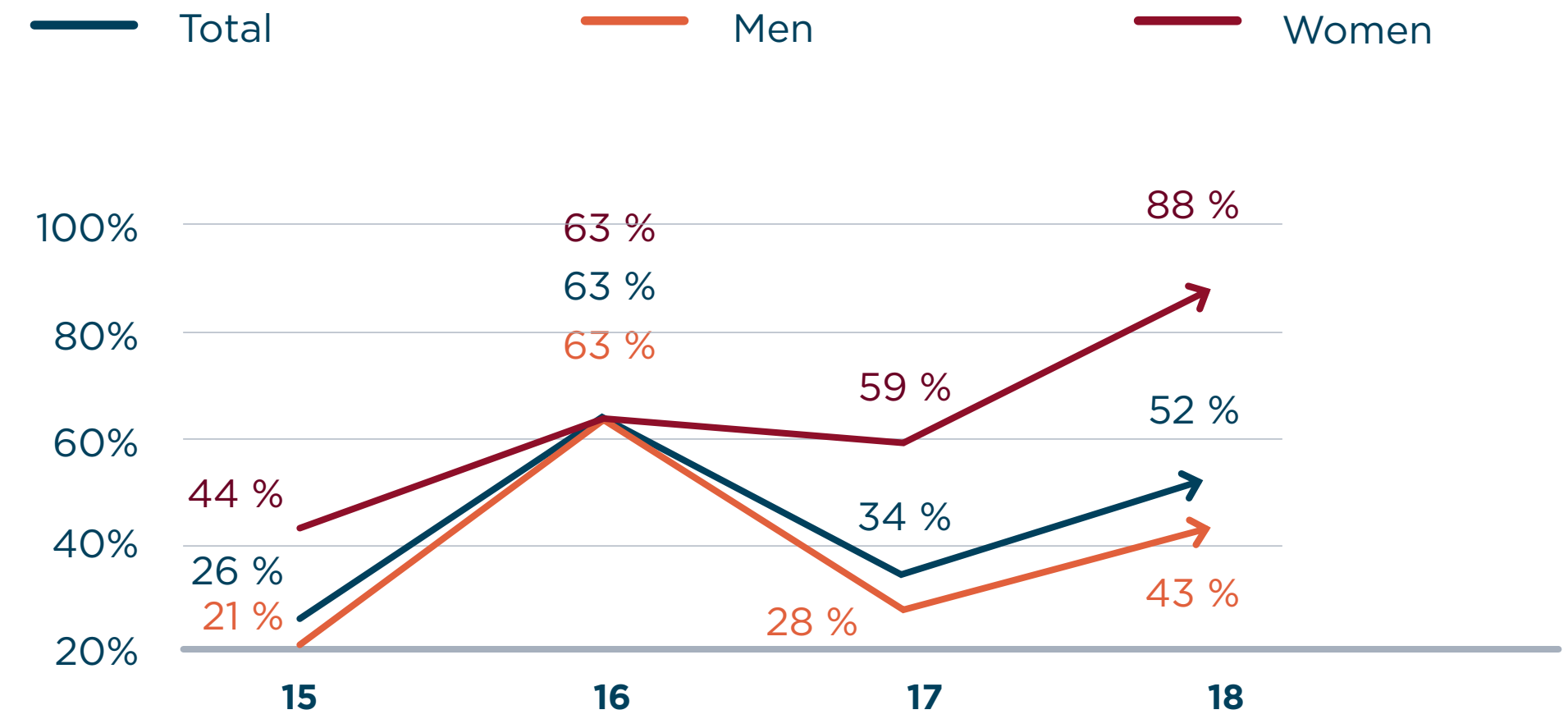
% women and men trained



The information obtained from this analysis, together with other factors such as new investments and/or facilities, regulatory changes, or new projects, is taken as the starting point for designing the **Annual Training Plan**, which includes, at least, training related to the Kaizen project and in matters of occupational risk prevention.

Learning Communities, a tool used for the creation of our own leadership style—based on respect for people and our involvement in their development—have continued to grow. In 2018, four new communities were added to the list, and the total number of professionals taking part in them is now almost 100.

% staff reviewed ¹⁹



Likewise, we maintained the training in **Human Factors**, which expanded to other plants: Ayuelas, Tres Cantos, Berantevilla, Ircio, Orón, and Seville, and improved the skills of 235 people in 2018.

¹⁹ The increase in the number of people assessed in 2016 and 2018, when compared to 2015 and 2017, is due to the fact that the staff directly employed by us is evaluated every other year in even-numbered years.

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Work-life balance

In 2014, Aciturri implemented the **TRESDé** program, whose main aim is to help employees achieve a better work-life balance than the one described in the collective bargaining. The measures adopted are organized in three different programs:

Flexible compensation

All employees may choose to receive part of their salary in kind. Some of the options available are child care or restaurant vouchers, transport cards, health insurance, and training.

Flexible workspace

As long as the job permits, workers who so wish may work from home in any of the following modalities:

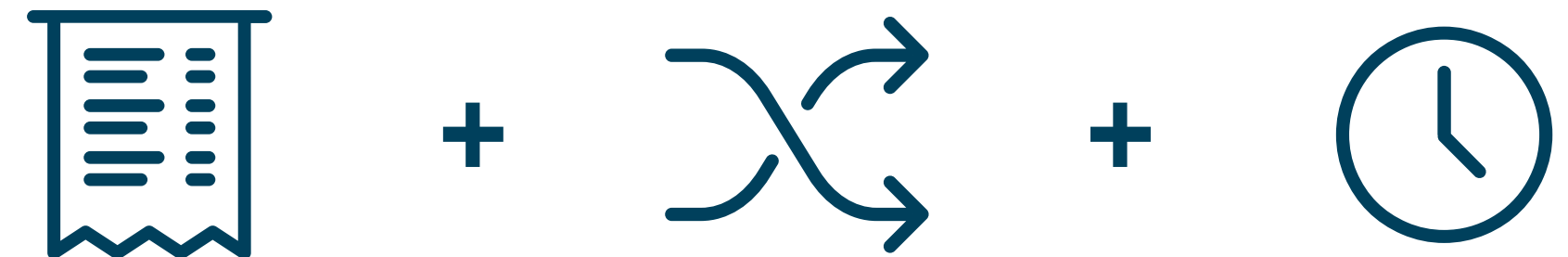
- They may work from home the first half of the day, arriving at the office for the second part.
- They may work from home the second half of the day.
- They may work from home all day.

Flexible working hours

There is a series of unpaid leaves to meet exceptional circumstances. Some are as follows:

- Unpaid leave to take care of a seriously ill family member (parents, spouse, children, and/or siblings), up to 60 working days per year with a minimum of 5 working days.
- Unpaid leave to prepare for or attend exams for official degrees or courses, up to 5 working days per year.
- Unpaid leave to extend parental leave, up to 10 working days per child.
- Unpaid leave for international adoption, up to 30 working days.

Every employee has access to these benefits, regardless of their contract: full-time or part-time.



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In addition, the indirect staff may benefit from flexible clock-in and clock-out hours regarding their split shift. Also, they can choose a continuous workday on Friday and every day in the month of August.

The staff employed directly by the company works mostly in shifts. These can be split shifts; Monday through Friday in one, two or three shifts (morning only; morning and afternoon; or morning, afternoon, and night); or Monday through Sunday in six working day-cycles followed by four days off. In any case, they can request a fixed work shift or modifications in their current shift to tend to personal matters.

As for the right to disconnect, Aciturri has no formal policies in place since there is no evidence that suggests this might be an issue for our employees.

Out of the 78 employees (58 men and 20 women) who took **parental leave** in 2018, 100% returned to their job after it.

Only 25 employees out of the 78 who were off on parental leave in 2018 have been back at work for 12 or more months. Of these, 20 are currently working; 3—all women—are still off work for legal guardianship, but they have the right to return to their post; and 2 (both men) voluntarily took leave a few months after the official parental leave was over.

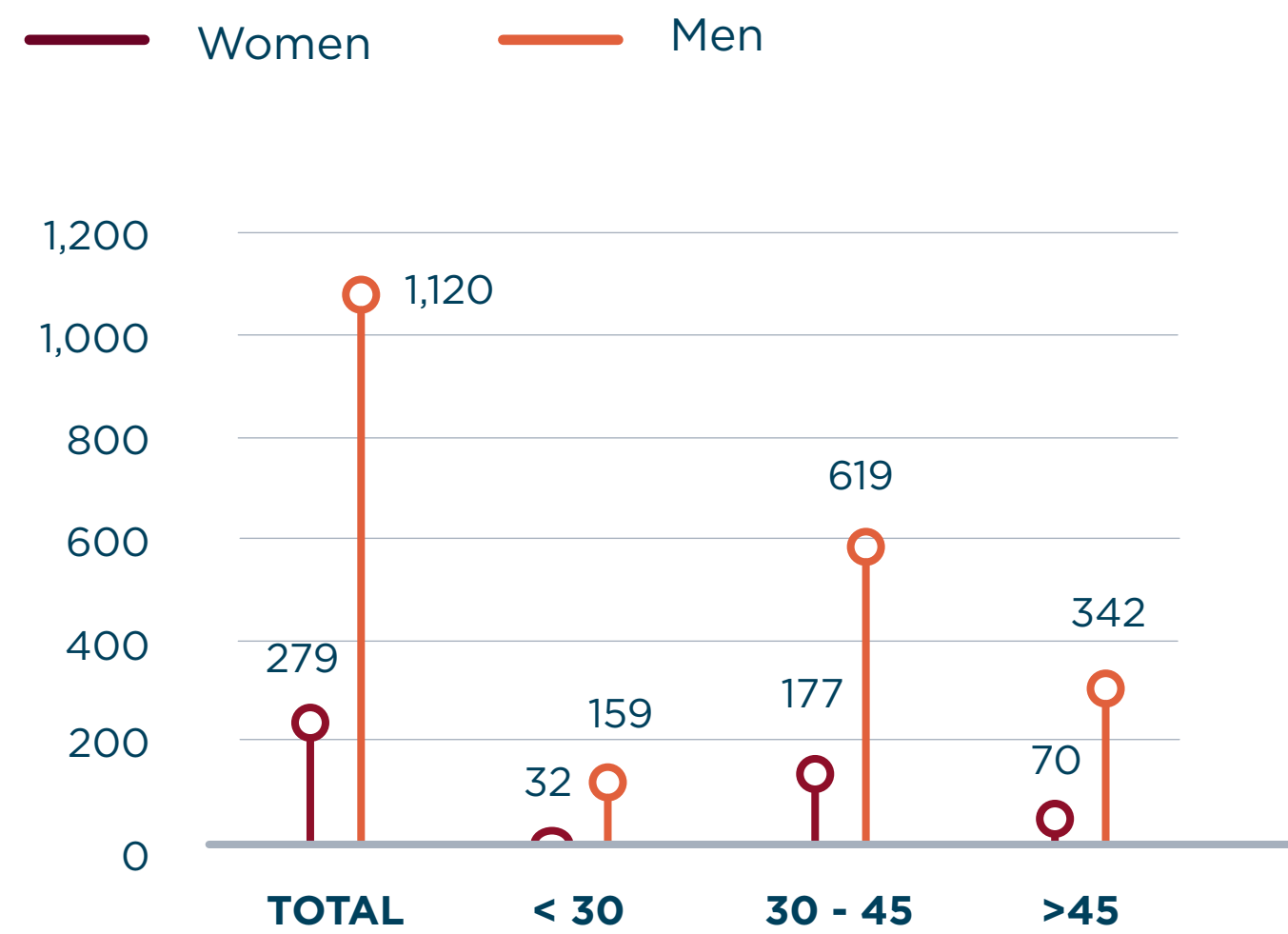


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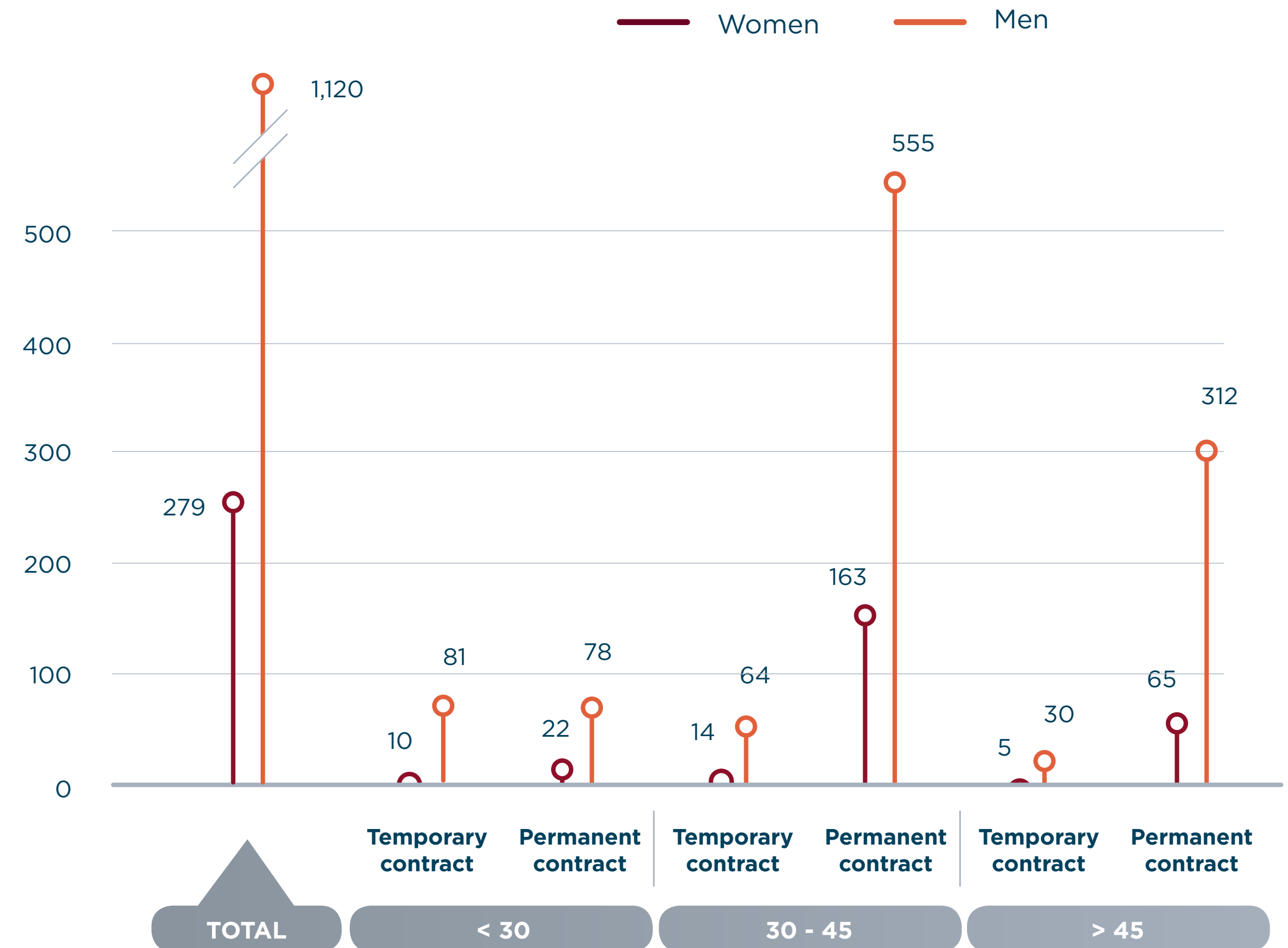
Diversity

At Aciturri, we support and are committed to diversity as a way to promote innovation and harness new talent. For this reason, the personal and professional dignity of all members of our team is always protected, regardless of their status, role, gender, race and/or cultural background.

Workforce distribution by age ²⁰



Workforce distribution by age & contract ²¹



²⁰ Data from December 31, 2018.
²¹ Data from December 31, 2018.

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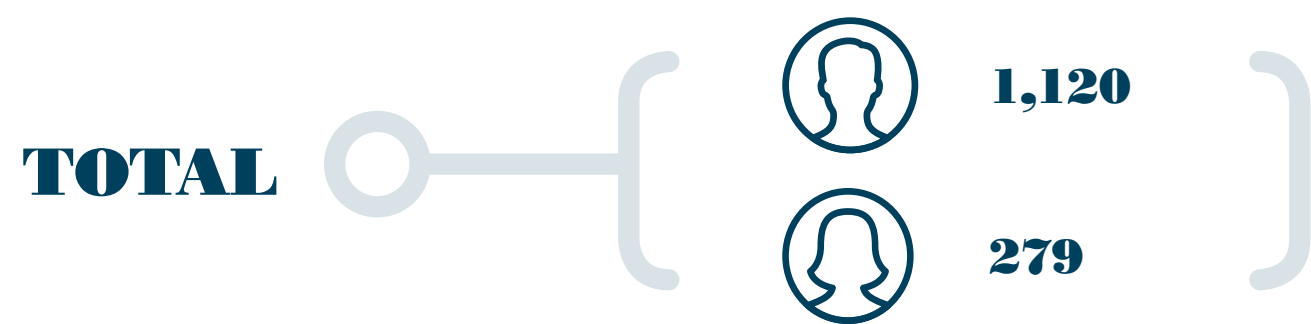
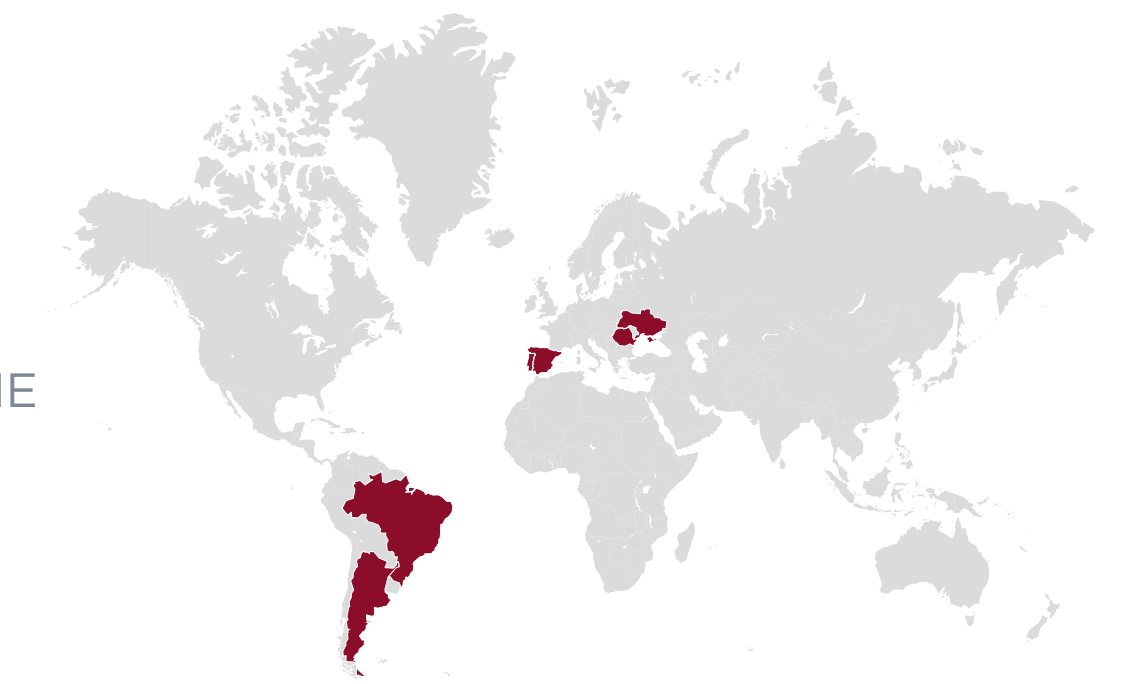
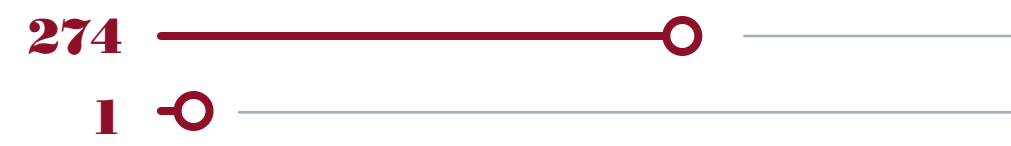
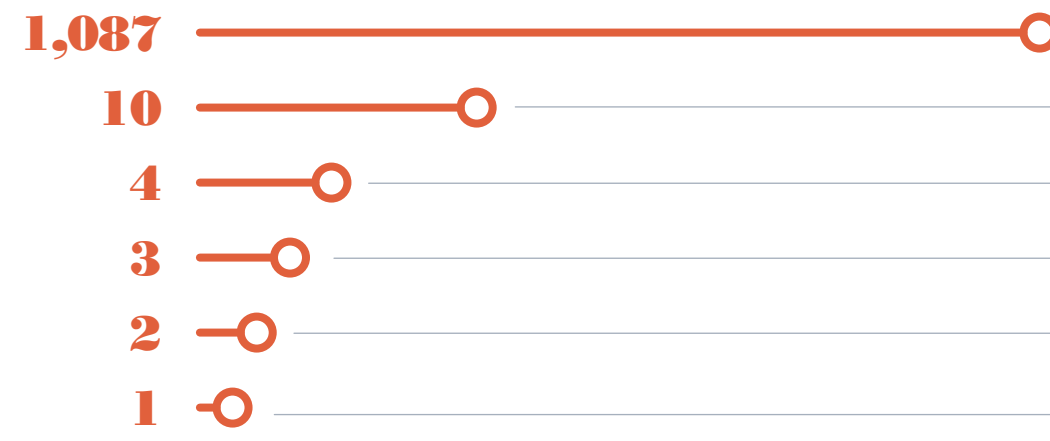
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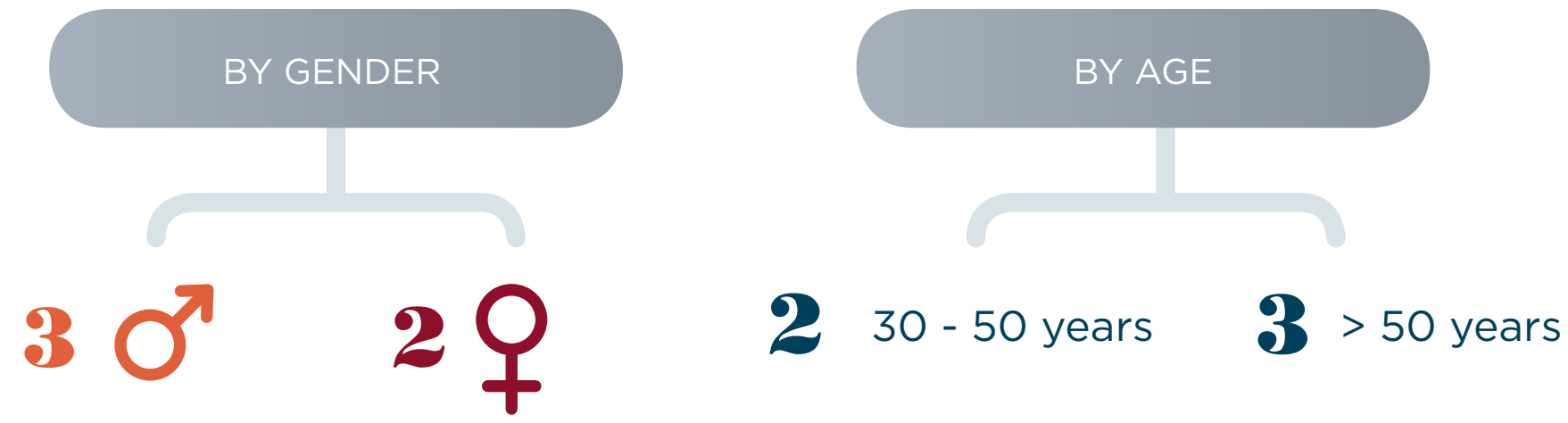
Distribución por nacionalidad ²²



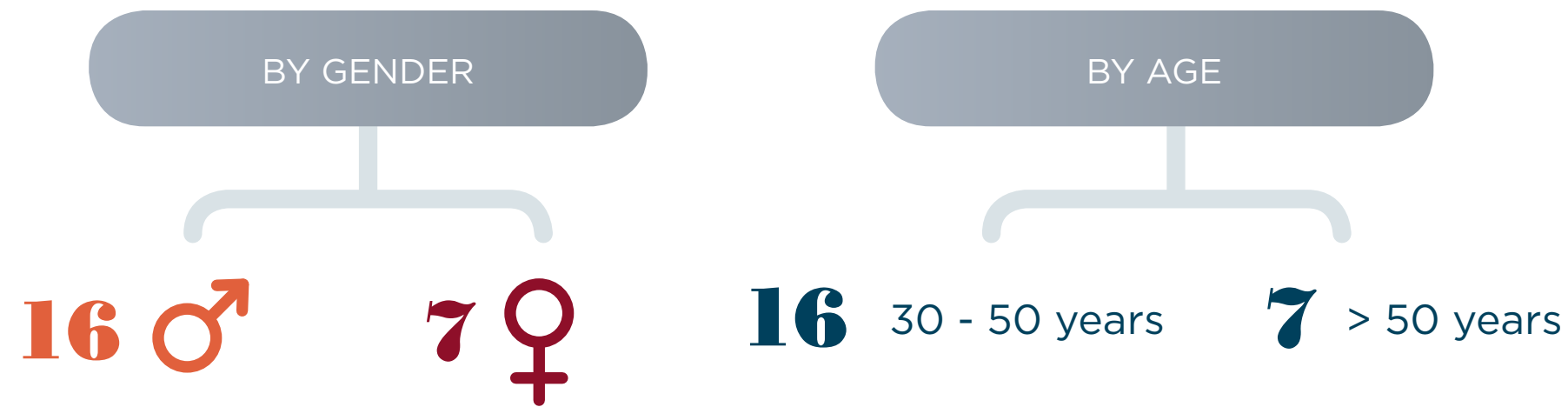
²² Data from December 31, 2018.

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Management Committee



Management Team



100 %
of senior executives
hired in the local community²³

Aciturri hires 1.72% of people with different abilities (25 people, of which 21 are men and 4 are women). To comply with the minimum required by law (2 %), the company takes alternative measures, which amount to an investment of € 294,729.

In 2017, the Special Center for Employment was launched at our plant in Tres Cantos. This project was a collaboration with the Fundación Good Job and is currently supporting six people.

With regard to the accessibility of our facilities, in 2015 we carried out an audit, in collaboration with Ilunion, that led to a series of recommendations and actions that had to be prioritized.

The design of the new facilities in Ircio kept in mind all parameters and applicable regulations in force with regard to accessibility and the removal of architectural barriers. Toilets and changing rooms with accessible furniture have also been installed. All facilities have been fitted with accessible entrances and routes, and anti-slip floors. Likewise, the dimensions of the doors and the nearby areas comply with the legal requirements, and all mechanisms, accessories, switches, and alarm buttons have been placed at an easy-to-access height.

In line with Aciturri’s corporate culture—our set of shared values, beliefs, and customs—it is inherent to the firm to take action against facts, attitudes, and/or behaviors that threaten those values and ethical principles that we deem fundamental rights, regardless of whether or not they are considered a crime. Regardless of what is stipulated in Aciturri’s Criminal Compliance Plan (see ‘Compliance’), the company has a Prevention Protocol and Plan of Action against Harassment and Discrimination which describes the procedure for reporting and prosecuting any conduct constituting sexual or psychological harassment, and/or discrimination of any kind. We take pride in the fact that no discrimination cases were reported in 2018.

²³ Senior executives are chief officers; namely, the Chief Corporate Officer, the Chief Business Development Officer, the Chief Strategy Officer, the Chief Industrial Operations Officer, and the Chief Supply Chain Officer. By local community we mean Spain.

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Equal opportunities between women and men

As part of our commitment to diversity, Aciturri pays special attention to all matters related to gender equality. For this reason, we have a **Plan for Equality** in place for the 2015-2020 period, which has been approved by management and shared with the workers' various representative bodies.

This Plan was devised based on the results of an assessment of the situation, and has specific goals and associated plans of action whose progress is analyzed regularly.

Below are some of the measures included:

- When candidates have the same qualifications and experience, the under-represented gender is favored.
- Internal job notice board: Implementation of an internal tool that allows every employee to learn about open vacancies, favoring non-discrimination and the transparency of the process.
- Equal access to training for all employees, regardless of their working day: full-time or reduced schedule.
- Child care vouchers, medical insurance, training, and transport cards as part of flexible compensation.
- The option of a continuous workday after a partial maternity leave and until the child turns one.
- The possibility to enjoy the rightful lactation period by taking off full days after maternity leave.
- Likewise, employees may align their annual vacation with the end of their paternal leave to extend their time off.



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Compensation Policy

Aciturri's Compensation Policy for staff we hire **indirectly** is defined within the firm's **Role System**. The term 'role' is understood as the goal of a group of people and is defined as "the set of responsibilities, knowledge, and skills required for optimal performance of the tasks they are in charge of." The same role may require different jobs with different technical content, depending on the area or department.

Aciturri's Compensation Policy consists of four principles:

- Internal equity: direct connection between the assigned responsibilities for each role and the compensation received.
- Competitiveness: it analyzes the relevant market with the aim of attracting and building loyalty from Aciturri's professionals.
- Motivation: a positive factor that adds to the monetary compensation for a specific role, the acknowledgment of an employee's contribution to the achievement of results and, to the extent permitted by the law, to their own personal and/or family needs.
- Flexibility to quickly adapt to the market, the competition, and their own needs. When defining the compensation for each employee, several factors are taken into account: their role, their performance level, their potential, and their personal and family circumstances.

The fixed compensation for each role is defined according to the assessment of roles carried out by CompensaVal—a job rating tool developed by the firm Compensa Capital Humano. It assesses seven factors: required training and experience; complexity of the problems; managerial tasks; leadership and motivation; decision-making; organizational responsibility; and nature of the results.

As standard policy for Aciturri, this assessment determines the combination between internal equity (80%) and market (20%) in order to maintain the internal equity as shown in the analyses carried out and to improve competitiveness within the market.

The graph shows how the overall structure is generated for a specific level of content:



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The average for each of the different levels of content is calculated based on the formula for the fixed compensation market Median (MD):

Median (MD): $Y = 90.117 * \text{Points} + 3,924.6$

There are set limits for each level of content, being -20% the minimum and +20% the maximum. Then, the dispersion is divided by -20% and +20% in 9 different levels so the employees can receive compensation raises without having to change the content of their role according to their experience, performance and potential.

The compensation analysis is conducted based on the 16 roles applicable to our indirect staff which, for the purpose of this analysis, are arranged in 10 groups:

- 1** Functional support: it comprises levels 1 and 2 of Functional Support Roles
- 2** Technical Support
- 3** Level-1 Engineering Technicians
- 4** Level-2 Engineering Technicians
- 5** Level-3 Engineering Technicians
- 6** Level-1 Corporate Technicians
- 7** Level-2 Corporate Technicians
- 8** Level-3 Corporate Technicians
- 9** Management: It comprises production and functional management, business and functional managers
- 10** Managerial roles



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The following table shows the compensation details for 406 employees based in different locations (Miranda de Ebro, Boecillo, Madrid and Seville), and in charge of different technical tasks. Salary ranges are the same, regardless of the location:

	MEN'S AVERAGE SALARY	MEN'S AVERAGE SENIORITY	MEN OCCUPANTS	WOMEN'S AVERAGE SALARY	WOMEN'S AVERAGE SENIORITY	WOMEN OCCUPANTS
FUNCTIONAL SUPPORT	23,728	9.04	3	22,840	8.50	25
TECHNICAL SUPPORT	26,471	10.29	4	23,135	9.77	2
ENGINEERING TECHNICIANS LEVEL 1	24,989	2.81	19	23,057	1.52	5
ENGINEERING TECHNICIANS LEVEL 2	33,016	9.93	43	32,032	6.46	15
ENGINEERING TECHNICIANS LEVEL 3	43,318	12.61	18	44,522	14.78	4
CORPORATE TECHNICIANS LEVEL 1	25,324	6.12	21	24,614	7.20	31
CORPORATE TECHNICIANS LEVEL 2	32,028	7.31	47	30,603	9.46	40
CORPORATE TECHNICIANS LEVEL 3	47,966	15.00	23	43,003	8.72	8
MANAGEMENT	49,152	13.25	61	52,841	14.58	21
SENIOR & TOP MANAGEMENT	100,573	11.92	15	106,379	15.18	6

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FUNCTIONAL SUPPORT

TECHNICAL SUPPORT

ENGINEERING TECHNICIANS LEVEL 1

ENGINEERING TECHNICIANS LEVEL 2

ENGINEERING TECHNICIANS LEVEL 3

CORPORATE TECHNICIANS LEVEL 1

CORPORATE TECHNICIANS LEVEL 2

CORPORATE TECHNICIANS LEVEL 3

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GLOBAL AVERAGE SALARY	WOMEN AVERAGE SALARY VS MEN	WOMEN AVERAGE SALARY VS GLOBAL	MEN AVERAGE SALARY VS GLOBAL
22,935	-3.89 %	-0.42 %	3.34 %
25,137	-14.42 %	-8.65 %	5.04 %
24,587	-8.38 %	-6.64 %	1.61 %
32,761	-3.07 %	-2.28 %	0.77 %
43,537	2.71 %	2.21 %	-0.51 %
24,901	-2.88 %	-1.16 %	1.67 %
31,373	-4.66 %	-2.52 %	2.05 %
46,685	-11.54 %	-8.56 %	2.67 %
50,097	6.98 %	5.19 %	-1.92 %
102,232	5.46 %	3.90 %	-1.65 %

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In line with Aciturri's Compensation Policy, and after analyzing all individual data within each group, it is safe to state that there are no differences in employees' retribution on the basis of gender, geographic location, or any other discriminatory factor.

The differences in average compensation shown in the previous table are due to the following causes:

- Different level of seniority: in 2010, Aciturri employed 750 people (the first company integrated in Aciturri was founded in 1977); today we have over 1,400 employees. This creates a significant difference in the length of service between different members of the staff. Also, the different collective agreements applicable impose different levels of compensation according to seniority.
- Beginning of employment: Aciturri's Role System was implemented in 2012. Since then, employees may change roles based on the increase in the level of responsibilities. When accessing a new role, the entrance compensation level is the one immediately below.
- Role relevance: the same role may be considered more or less relevant depending on the turnover it generates, the responsibility that comes with it, and the number of people that make up the team. This determines the different compensation levels within the same role.

With regard to our **direct employees**, Aciturri applies several collective agreements depending on the plant: Collective Agreement for the Chemical Industry, Collective Agreement for the Iron and Steel Industry in Seville, Collective Agreement for the Iron and Steel Industry in Valladolid, Collective Agreement for the Iron and Steel Industry in Burgos, Collective Agreement for the Iron and Steel Industry in Álava.

In addition to the provisions of the above-mentioned collective agreements, we have a **Production-based Incentive System** that is equally applied in all of our plants, save those related to the Aeroengines business due to their recent incorporation.

Therefore, the compensation of our direct employees is determined by the salary established in the collective agreements, plus incentives and bonuses according to the job or managerial responsibilities.

In the agreements that include professional groups, all jobs are associated with one of them. Hence, the compensation assigned to each group is the one received by anyone with a post within that group, regardless of who they are. In the agreements that include professional categories, these are determined by the evaluation from Skill Matrix and are also independent of the person holding the post.

Therefore, the fixed compensation for similar posts with the same level of experience and seniority is identical, regardless of any other factor (including age or gender). The variable compensation (incentive system) is directly linked to the employees' performance, regardless of any other variables.

As for compensation for the **Executive Board**, in compliance with the articles of association the consultants and/or trustees receive no remuneration. The above holds true irrespective of the compensation received by some consultants or representatives for their managerial work or the services they provide to the Aciturri Group companies.

In 2018, trustees received no contribution whatsoever in the form of funds or pension plans, neither were they promised such benefits. Trustees received no compensation in the form of profit share, life insurance premiums or long-term pension plan systems. Neither were they granted shares or stock, nor outstanding stock options, advances or loans. Finally, they did not receive subsistence allowance, variable compensation, or indemnity.

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Health and safety

With continuous improvement in mind, at Aciturri we have an **Occupational Health and Safety Policy** in place whose aim is to prevent risks that may affect our employees' health and safety, as well as to protect the people associated with our activity or products.

To achieve this, we involve all the workers and their representatives. In fact, 71% of our staff is represented by prevention delegates from Health & Safety Committees. That figure corresponds to the staff from the following companies and production plants: Assembly, Aerostructures Tres Cantos, Aerostructures Boecillo, Aerostructures Ayuelas, Aerostructures Berantevilla and Aeroengines Orón. The remaining plants have not appointed representatives for their workers, so no Health & Safety Committees have been established.

However, all employees who so wish may communicate with the Department of Occupational Risk Prevention via email or by means of the forms available or the department's technicians at each plant.

All the current agreements regarding health and safety stem from the corresponding collective agreements.

The company uses a system called DELTA for reporting accidents or potential accidents to the labor authorities.



Accident rates
in all plants are below
the industry average

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At Aciturri, **the severity rate** for work-related accidents stands at 11.94 (11.63 for men; 28 for women). This is based on the number of lost workdays while on medical leave in comparison with the number of accidents that required medical leave as of December 31.

To calculate **the incidence rate percentage**, we compare the number of accidents or occupational illness that led to medical leave with the number of workers during the same time period.

	2015			2016			2017			2018		
	TOTAL	♀	♂	TOTAL	♀	♂	TOTAL	♀	♂	TOTAL	♀	♂
INCIDENCE RATE FOR WORK-RELATED ACCIDENTS (WITH MEDICAL LEAVE)	4.58	4.30	4.66	5.45	2.64	6.17	4.88	3.91	5.11	3.74	0.28	4.90
INCIDENCE RATE FOR OCCUPATIONAL ILLNESS (WITH MEDICAL LEAVE)	0.17	0	0.22	0.38	0	0.48	0	0	0	0.07	0	0.09
FATALITIES	1	0	1 ²⁴	0	0	0	0	0	0	0	0	0
ABSENTEEISM ²⁵	0.46 %			0.49 %			0.45 %			0.36 %		

²⁴ The death was caused by a cardiovascular accident unrelated to the working conditions, but according to regulations, all accidents occurring at work and/or in the workplace are considered work-related accidents.

²⁵ Only absenteeism associated with work-related accidents and occupational illness is factored in; other causes have not been accounted for.

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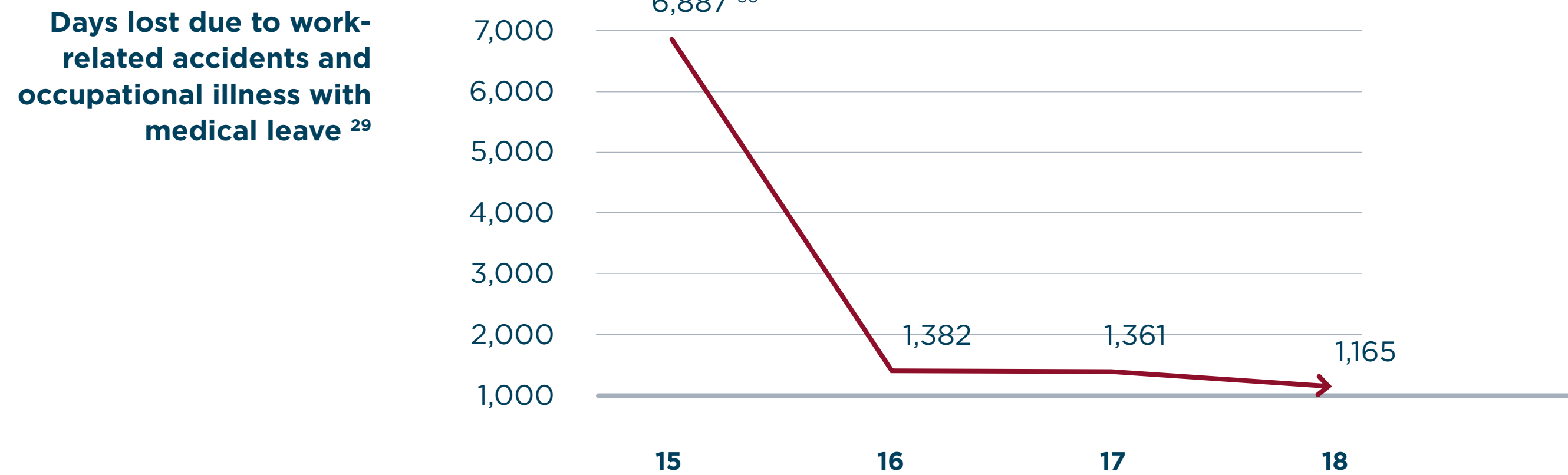
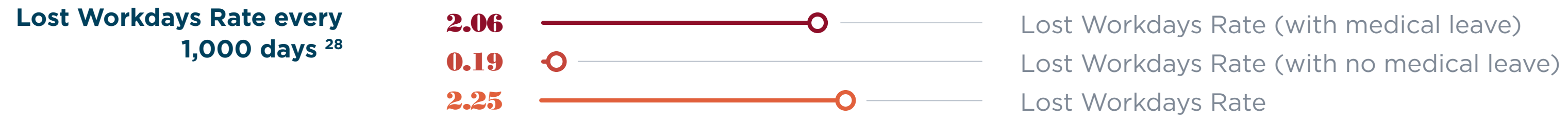
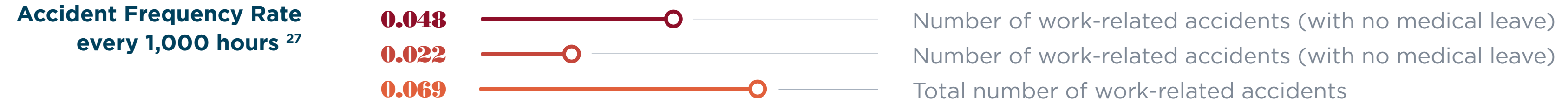
	TOTAL	MEN	WOMEN
AVERAGE STAFF ²⁶	1,416	1,062	354
INDEX OF INJURED MEN (X 100 MEN)	--	--	--
INDEX OF INJURED WOMEN (X 100 WOMEN)	--	--	--
INDEX OF OCCUPATIONAL ILLNESS IN MEN (X 100 MEN)	--	--	--
INDEX OF OCCUPATIONAL ILLNESS IN WOMEN (X 100 WOMEN)	--	--	--

	AVERAGE STAFF ²⁶	NUMBER OF WORK-RELATED ACCIDENTS (WITH NO MEDICAL LEAVE)	NUMBER OF WORK-RELATED ACCIDENTS (WITH MEDICAL LEAVE)
TOTAL	1,416	118	53
MEN	1,062	94	52
INDEX OF INJURED MEN (X 100 MEN)	--	8.85	4.90
WOMEN	354	24	1
INDEX OF INJURED WOMEN (X 100 WOMEN)	--	6.78	0.28

	AVERAGE STAFF	NUMBER OF OCCUPATIONAL ILLNESS (WITH NO MEDICAL LEAVE)	NUMBER OF OCCUPATIONAL ILLNESS (WITH MEDICAL LEAVE)
TOTAL	1,416	2	1
MEN	1,062	0	1
INDEX OF OCCUPATIONAL ILLNESS IN MEN (X 100 MEN)	--	0	0.09
WOMEN	354	2	0
INDEX OF OCCUPATIONAL ILLNESS IN WOMEN (X 100 WOMEN)	--	0.56	0

²⁶ Average staff calculations are based on the number of active employees on the first business day of each month.

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²⁷ The average annual hours are calculated based on the number of working hours per year (1,740 h) divided by the average number of employees.
²⁸ Based on the number of lost workdays due to accidents against the average number of workdays per year, every 1,000 days.
²⁹ Calculated based on workdays lost by work-related accidents and occupational illness, both with medical leave and relapses after an accident.
³⁰ 6,000 days correspond to the death caused by the cardiovascular accident mentioned above.

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Since 2017, all our plants are certified in compliance with OHSAS.

This management system is aimed at reducing work-related accidents and promoting a culture of prevention to face the risks associated with each job.

Every employee is trained in health and safety matters so they can carry out their work-related tasks safely and use the company's materials and equipment responsibly. Those people with other employees working under them encourage their teams to be trained in occupational risk prevention.

Thanks to the risk assessments carried out, we identified three risks in terms of occupational disease: two hygienic and one ergonomic.

The hygienic risks are linked to the use of ever-present compounds in the industry—carcinogenic compounds of strontium chromate and acetone-based compounds. Exhaustive technical and work controls are carried out and work conditions are monitored; we have a zero-tolerance policy on deviations. In the last few years, the company has started to reduce the use of strontium chromate, which has been totally eliminated from the plants in Boecillo and Tres Cantos. Likewise, we are working on reducing the use of acetone-based substances. At the plants in Ayuelas and Boecillo, there are actually 150 people for whom this risk has been eliminated thanks to the agreements reached with the clients, who accepted the use of less hazardous substances.

As for repetitive strain injury, the ergonomic risk mentioned above, the Lesión Cero program (Zero Injuries) implemented in Assembly is already delivering excellent results. The proof lies in the substantial decrease of lost workdays due to musculoskeletal disorders causing medical leave, which went from 180 in 2017 to 40 in 2018—an astonishing 78% reduction.

This program has already been replicated in Boecillo and will be implemented at the plant in Tres Cantos in 2019. At the same time, we are working on the design of the program for all machining plants, which will also be implemented in 2019.

**All plants
certified with OHSAS
since 2017.**



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Internal communication

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Throughout 2018, activity on this network continued to grow thanks to the creation of 7 new groups, the publication of more than 40 new pieces of contents in the corporate group, and close to 7,000 total views.

100 % of the staff
interconnected through
web platform and mobile application

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Other initiatives

Aciturri fosters a work environment that favors a balanced personal life and promotes initiatives other than the ones specifically related to the job and the professional performance.



Family Day

Every other year Aciturri celebrates Family Day and encourages employees to bring along their partners and children.

In 2018, the celebration was hosted in Ircio, the new plant for Aciturri Aeroengines in Miranda de Ebro (Burgos).

A total of 1,144 people, 300 of them children, from all the locations where the company has plants, enjoyed this fun day aimed to promote networking among the employees and to develop team spirit in a congenial atmosphere.

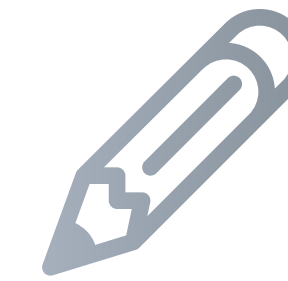


Christmas party

Every December, Aciturri gathers all employees in their specific plants.

The goal of this meeting is to share the expected results for the current year with the staff and introduce the agenda for the following year. The manager for each plant and at least one member of the Steering Committee take part in these meetings. And, as a matter of fact, the CEO attends most of them, too.

In 2018, there were four meetings attended by 100% of the Steering Committee and over 50% of the workforce.



Drawing contest for children

Once a year, Aciturri holds a drawing contest for employees' children between 0 and 12 years old.

The winning drawings are used to illustrate the Christmas cards Aciturri sends to employees, clients, suppliers, and different institutions.

In 2018, 184 children sent in their drawings and all of them were thanked with a gift.

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R+D Initiatives

**New products, processes, and
manufacturing technologies.**



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R+D+I

At Aciturri, we aim to continuously design and develop **new products, processes, and manufacturing technologies** through R+D+I as a way to sustain long-term success.

To achieve it, we take up an active role in industrial innovation and work both on our own and in collaboration with clients, suppliers, universities, and technological centers on research and technology alignment programs. The ultimate goal is to increase our competitiveness and improve the entire industry.

**Aciturri is positioned
as an active agent of the
industrial innovation**



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R+D initiatives

Virtual and Augmented Reality Project for the optimization of industrial process

This innovation project, completed in 2018, is a joint venture of PixelsHub SL and Aciturri Additive Manufacturing SLU. It was funded by the Asturian Government via IDEPA (Asturian Institute of Economic Development) as part of the PCTI funding package, and by the EU via the European Regional Development Fund (ERDF). Its main goal was the development of a virtual manual for the assembly and/or maintenance of industrial motors, both for internal consumption and for our clients, through the use of virtual and augmented reality head-mounted displays.

The following tools were developed specifically for this purpose:

- An experimental virtual reality platform to train the staff in charge of assembly in a virtual reality environment. The idea was to train operators in different industrial processes carried out at Aciturri.
- An experimental augmented reality platform to offer real-time support to operators working on industrial processes. An assembly/disassembly protocol is integrated in an interface that allows, upon the user's request, to go through different parts of the protocol while visualizing the operating manual.

The project has proved the usefulness of virtual reality for training plant workers and helping in the assembly of industrial components, and the advantages of augmented reality as a real-time assistant for that assembly.

OPTIFLY3D Project

The OPTIFLY3D research project was developed throughout 2018 and aimed to integrate adaptive design and topological optimization by means of advanced manufacturing technology capable of generating highly-demanding aeronautical components. The project is being developed in collaboration with the Fundación IDONIAL (which includes the Fundación Prodintec), and the funding is coming from the Asturian Government via IDEPA (Asturian Institute of Economic Development) as part of the PCTI funding package, and from the EU via the ERDF.

The project is structured in four work packages:

- The analysis of different aeronautical components subject to be manufactured and optimized using additive manufacturing to select case studies.
- Each of the selected case studies is being topologically optimized so it can be transferred directly to the process of additive manufacturing.
- We are looking into the influence that different manufacturing strategies and post-treatments have on each selected item in order to optimize the process parameters. A limited set of tests with different thermal cycles will be conducted on a chosen process, which will be used as a demonstrator.
- Finally, an analysis will be performed to assess the cost optimization for the productive process.

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ESTENEA Project

In 2018, we concluded the ESTENEA Project (which stands for “study of low-cost technologies and high cadences in composites”), funded by the Center for Industrial Technological Development (CDTI in Spanish) and the ERDF.

In this last year, we completed the flat lay-up of several preform standard rib frames of rear fuselage using AFP technology of dry fiber. In this first step, the preforms were modeled by pressing. During this phase, it was necessary to design, manufacture, and refine the pressing modules that were to perform the forming; to ensure the correct forming, these had to produce sequential movements, and to consolidate the preform, they had to be heated. For the lay-up and forming tasks, Aciturri’s team worked closely with FIDAMC, the foundation for research, development, and application of composite materials.

To complete this sub-project within ESTENEA, we carried out the injection of the preforms using the RTM process. We did this in collaboration with CIDAUT, the foundation for research and development in transport and energy. A subsequent mechanical test yielded very good results, proving that this type of technology is viable and suitable for use in future developments.

Other sub-projects within the context of technologies for high production cadences also ended in 2018; namely, the application of resistive tooling to the forming of bearing ribs preforms and the use of structures with foam core embedded in RTM pieces.



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EWIRA Project

The EWIRA Project (External Wing for Regional Aircraft demonstrator) is a consortium formed by ACITURRI ENGINEERING, ACITURRI ASSEMBLY, Caetano Aeronautic and The Manufacturing Technology Centre (MTC). 2018 was the most active year for the project.

In this year, was accomplished the validation of Jig-Less, an innovative assembly concept whose practical implementation in the assembly of the aileron for the FTB#2 in-flight demonstrator of Airbus D&S took place in late 2018. To formalize this milestone of technological maturity, we organized a very successful workshop on November 8 in the facilities of Airbus D&S. Among the attendees were representatives of different stakeholders in the development of this technology.

In 2018, we also set in motion the manufacturing of detail parts for ailerons and spoilers, some of which were produced by Caetano using MQL technology (Minimum Quantity of Lubricant). For their part, MTC made remarkable breakthroughs in the development of an essential flight component by means of additive manufacturing—process design and definition, including the surface finish. On the other hand, at the end of 2018 we found out that the manufacturing process by EBM (Electron Beam Melting) was not ready to manufacture airworthy parts.

In connection with extended wing box components and engine benches, in 2018 we completed the CDR (Critical Design Review) and started the detailed design phase. We also made progress in the technologies applied to these components: new liquid and solid shimming techniques, a new concept of fire-resistant structural bar and the larger-scale implementation of the above-mentioned Jig-Less concept.



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RETOS Leading Edge Project

As part of the state-run program *R+D+i focused to the challenges of Society*, Aciturri takes part in “Retos Colaboración” with a project that aims to reduce the manufacturing cost of a new leading-edge concept using RTM technology (Resin Transfer Molding).

To achieve this, heating and cooling techniques have been applied to both forming and injection tools. These allow to optimize processing times to meet the required manufacturing rates.

In 2018, we collaborated with CIDAUT, the foundation for research and development in transport and energy, to produce the prototypes to scale. The result was the validation of a defined industrial solution that ensures compliance with the requested rates.

COMMUNION Project

Aciturri Engineering has maintained its participation as an end user in the consortium that undertakes the COMMUNION project, funded by H2020 as part of their *Factories of the Future* (FoF) program.

As an end user, Aciturri is in charge of defining the requirements and proposing a suitable part for the implementation of the concepts developed by the other partners. Throughout 2018, the consortium has entered the last design phases of a universal solution for welding processes in the manufacturing of hybrid 3D components made of metal and thermoplastic composite materials by directly placing the thermoplastic tapes on a titanium core part.

Aciturri Engineering took it upon itself to organize the event *36th Month Project Review* in Boecillo, where they had the chance to present the case study designed to apply the welding system that the other partners developed for the manufacturing of aeronautical structures.

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SYMBIO-TIC Project

Similarly, and also as an end user, Aciturri takes part in the SYMBIO-TIC project, also included in the *Factories of the Future* (FoF) program. Its goal is to design work environments that allow the interaction between robots and people with the aim to increase competitiveness in the aerospace industry.

In 2018, we completed Demonstrator #2, a flexible cell for the assembly of Ties and BUAs (Back-Up Angles) on the ribs of the A350-VTP program.

MULTI-SPAR Project

Throughout 2018, we produced different prototypes of a co-cured multi-spar torsion wing box. The aim of this project is to achieve a TRL3 maturity level (Technical Readiness Level).

The prototype consists in the co-curing of both skins with three spars. The selected geometry takes as an example the configuration of an HTP (Horizontal Tail Plane) wing box whose chord line and thickness have been made to scale, while its wingspan has been reduced to 800 mm. The thickness of coatings and spars are similar to the thickness of the parts being manufactured today, taking into account the configuration of the spars with simple lamination.

POLE Project

In 2018, we completed the second year of the POLE project, the first phase of Aciturri's R+D Strategic Plan within the engine division.

This project, with a planned investment of m€ 2 in R+D activities and framed within the scope of the Research and Innovation Strategies for Smart Specialisation (RIS3), is being funded by Castilla y León's agency for innovation, funding and corporate internationalization and the European Union, through ERDF.

During this second year of the project, we continued the work started in 2017 in the area of advanced machining of special alloys and additive manufacturing technologies. Also, we completed the demonstrators made of carbon fiber composite materials using RTM technology.

COROMA Project

COROMA (Cognitively Enhanced Robot for Flexible Manufacturing of Metal and Composite Parts) is part of the *Factories of the Future* program within the European project *Horizon 2020*, aimed at the development of smart, modular, and flexible industrial robotic solutions capable of completing multiple processes and manufacturing metal and composite parts for a sector as demanding as aeronautics.

This initiative is coordinated by the IK4-IDEKO technology center and Aciturri Aeroengines takes part as an end user of the developments.

In 2018, there were breakthroughs in the solutions related to robot-assisted machining to eliminate vibration and the characterization of polishing processes performed by a robot to ensure the constant and homogeneous stripping of the material.

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Industry 4.0

In 2018, Aciturri Aeroengines worked hard around the concept 'Factory of the Future', undertaking activities in several areas:

- Comprehensive management of machining tools by connecting CNC programming with the preparation unit, the tool offset, and the use of tools in the machine (property reading and life control).
- Configuration control: enhanced digital traceability of manufacturing media, CNC programs, and manufacturing documentation of industrial production.
- Production control: identification of machine parameters that report back on the state of the production and implementation of the capture, analysis and visualization in real time.
- Advanced quality control: implementation of scanning alternatives to replace visual inspections, and development of advanced tools for process statistical control.
- Automation: definition and launch of the implementation of two automated stations which will cover a wide product portfolio—one for TIG welding and another for polishing processes.



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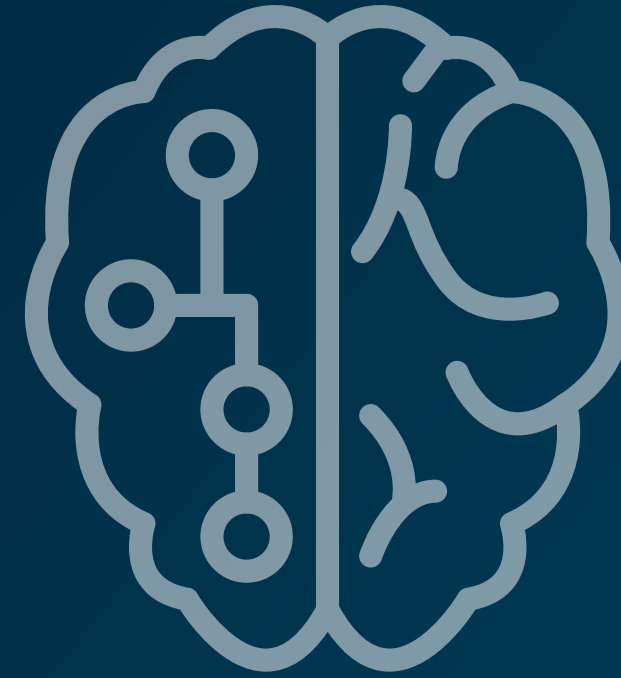
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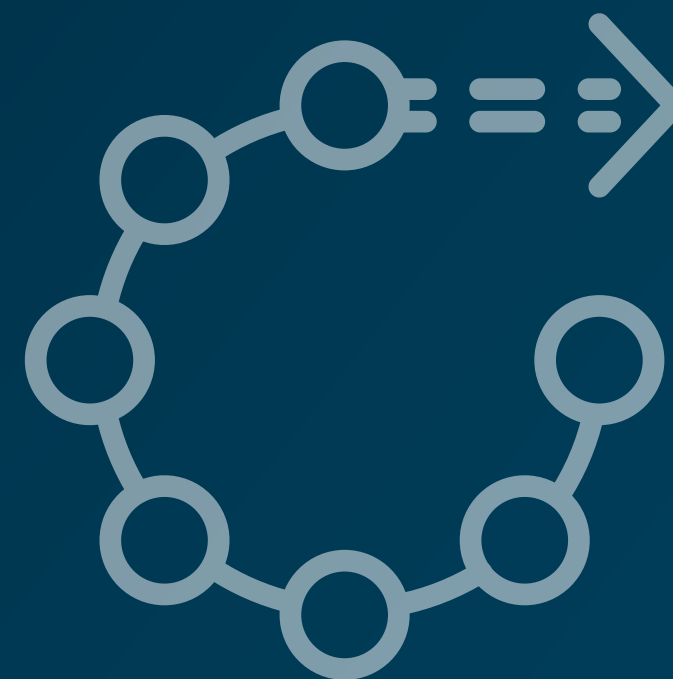
Investment in R+D+I

Research



€ 6.95 m
(\$7.77m)

**Development of
new products**



€ 3.27m
(\$4.1m)

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Environmental management

Aciturri considers it a priority to make a sustainable use of natural resources.



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Environmental management

Aciturri considers it a priority to make a sustainable use of natural resources and to maintain a strict control of all productive processes so as to minimize their environmental impact. This is particularly significant in the aerospace industry.

For this reason, we have an environmental management system in place based on the UNE-EN-ISO 14001 standard. It allows a systematic management of environmental issues, ensuring we honor our commitment to the environment.

At Aciturri, we perform an assessment of the environmental impact and risks, and design and implement mitigation plans when we identify an issue which is unacceptable. This process is repeated every year in compliance with the procedure for operational control of environmental aspects.

Where machining plants are concerned, there are certain aspects deemed relevant; for example, energy consumption, use of paints and solvents, and waste as a by-product of painting processes and metal treatment—cutting fluids and sludge—as well as CO2 emissions, and noise. As for the plants working with composites, some major issues are the consumption of paints and their thinners, adhesives, sealants, and cleaning solvents, plus nitrogen and water consumption. In the assembly plants, the focus must be on the consumption of cleaning solvents and paints, as well as their thinners, and the waste resulting from cleaning and painting processes. In all cases, the noise is considered a significant environmental issue too.

Aciturri uses an environmental management system based on the ISO 14001 standard

Also, according to the procedure for operational control, the most serious environmental risks are spills in the plants of Berantevilla, Ircio, Tres Cantos and Orón, and the risk of non-compliance with the discharge limits in the plant of Ayuelas. Specific measures have been approved for managing these risks.

The Environment Management Department has the necessary resources to effectively tackle environmental issues; namely a coordinator, an appointed environmental technician for all the plants in Castilla y León, Álava and Madrid, as well as one for the plant in Seville who devotes 25% of their workday to environmental management. Finally, there is a person in charge of data management and KPI (key performance indicator). Every plant has a contingency plan and all the resources necessary for spill containments or any other potential environmental accidents.

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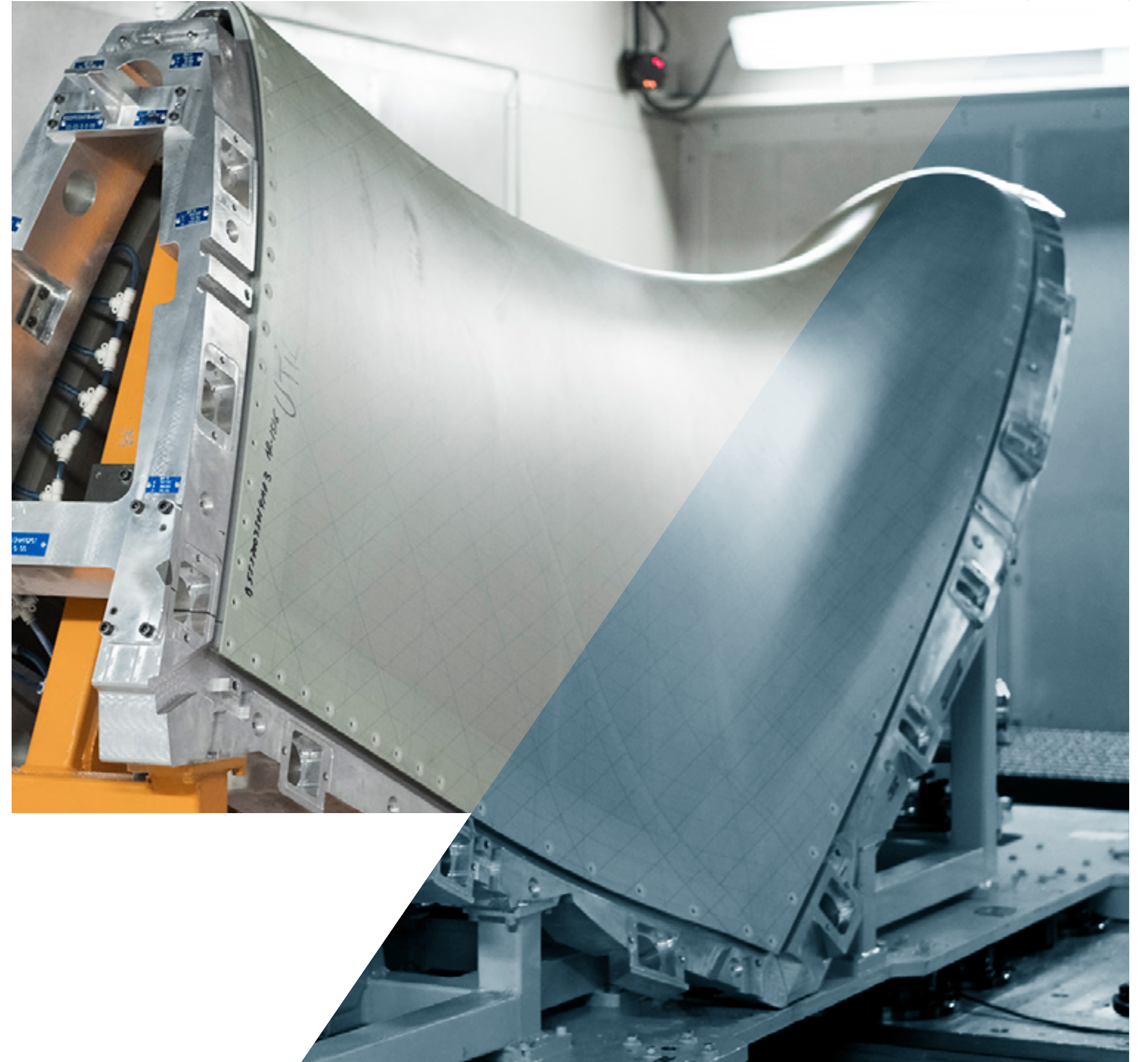
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Aciturri is outside the scope of Law No 26/2007 on Environmental Responsibility, so we do not have financial resources or any equivalent instrument. We do have, however, liability insurance. We have plans to carry out an ad hoc assessment in 2019.

Through our **Environmental Policy**, we are committed to complying with the applicable environmental legislation, but also to assisting the authorities to enact measures to minimize the effect of adverse situations that may have an impact on the environment.

There have been no fines or sanctions due to non-compliance with environmental laws and regulations.

At Aciturri, we are convinced that our activity has no impact on biodiversity or any protected areas, therefore we have not adopted measures aiming at preserving or restoring them.



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Energy consumption

At Aciturri, we work actively to reduce energy consumption for two reasons: its impact on the environment and our own economic sustainability.

ENERGY CONSUMPTION ³¹

ELECTRICITY (KWH)
GAS (KWH)
DIESEL OIL (L)
TOTAL (GJ) ³³
ENERGY INTENSITY RATIO (GJ/€K) ³⁴

	2015	2016	2017	2018
ELECTRICITY (KWH)	20,798,846	24,814,900	29,019,057	29,148,590 ³²
GAS (KWH)	7,400,580	8,522,785	10,274,062	12,174,117
DIESEL OIL (L)	94,043	80,059	223,404	110,464
TOTAL (GJ) ³³	104,882.42	122,879.86	149,447.72	152,328.28
ENERGY INTENSITY RATIO (GJ/€K) ³⁴	0.47	0.45	0.49	0,50

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³¹ According to the information provided by the supplier, 13.8% of the electric energy we use derives from renewable sources. The rest of energy resources used are non-renewable.

³² At the time this report was finished, we had no data on electricity consumption for the months of November and December 2018 from the Seville plant. We have estimated the figures on the basis of actual consumption from the same months in 2017.

³³ The used conversion factors are as follows: 1 kWh = 0.0036 GJ; diesel oil density = 832 kg/m³; diesel oil NCV = 43 GJ/t.

³⁴ The ratio has been calculated based on the total energy consumed within the company against the turnover.

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In 2018, the Technical Services Department adopted numerous measures aimed at reducing energy consumption. The most relevant have been listed here:

- Replacement of conventional lighting with new LED technology in the following plants: Ayuelas, Boecillo, Assembly, Berantevilla and Logistics.
- Replacement of the air-conditioning system with high performance units in the main offices at Tres Cantos. The front windows of the main office building were replaced and the thermal insulation of walls and roof reinforced.
- Implementation of a combined cooling system (nitrogen + oxygen) in the autoclaves at the Boecillo plant, which allows to reduce expenditure on nitrogen by using compressed air in a concentration lower than 40%.

In 2019, the company's plan is to complete the lighting upgrade and start using LED systems also in Tres Cantos, Orón and Ayuelas, which will lead to savings and substantial reductions in electricity consumption.



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Use of resources and materials

The consumption of resources and raw materials pursues efficiency by using only what is strictly necessary, which together with the exhaustive control of our processes, enables us to minimize the environmental impact.

This is particularly important when materials have a greater environmental impact such as paints, solvents and other substances.

RAW MATERIALS ³⁵

 STEEL ³⁶ (m.)

 ALUMINUM ³⁷ (sqm.)

 TITANIUM ³⁸ (sqm.)

PRE-PREG (sqm.)

 INCONEL ³⁹ (m.)

CUTTING OIL (l.)

CUTTING FLUIDS (Kg.)

	2016	2017	2018
STEEL ³⁶ (m.)	27,295	32,760	39,333
ALUMINUM ³⁷ (sqm.)	19,123	15,115	8,900
TITANIUM ³⁸ (sqm.)	2,006	19,465	32,189
PRE-PREG (sqm.)	1,296,467	1,543,881	1,469,843
INCONEL ³⁹ (m.)	1,978	1,305	1,473
CUTTING OIL (l.)	4,366	7,552	10,836
CUTTING FLUIDS (Kg.)	16,150	16,998	29,518

³⁵ The calculation method is different from the one used to report the data in the 2017 Sustainability Report. From now on, the reported data will stem from SAP (Systems Applications Products). We do not have reliable data corresponding to 2015 since it was when SAP was implemented. Likewise, we do not have data regarding the percentage of renewable and non-renewable materials.

³⁶ Rods with a diameter between 25.4 and 220 mm. Casts and forgings are excluded.

³⁷ Sheets with a thickness between 30 and 220 mm. Forgings, profiles, and tubes are excluded.

³⁸ Sheets with a thickness between 20 and 101.6 mm.

³⁹ Rods with a diameter between 12.7 and 150 mm. Casts and forgings are excluded.

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In 2018, Aciturri worked hard to reduce the consumption of resources and materials. As an example, these are some of the most significant initiatives launched in Ayuelas:

Modifications in the cutting process, which was switched to make to stock production based on master nesting to reduce cutting scraps.

Modifications in the purchasing process: instead of buying standard-size sheets or rods, we started purchasing specific dimensions of all materials to fit the master nesting.

Purchases of some materials now come directly from the manufacturer, which makes it possible to buy based on the nesting patterns, saving cutting scraps, hence kilograms of material. Those products that cannot be purchased directly from the manufacturer (because the order doesn't reach the minimum quantities required) are bought pre-cut through a service provider, a brand-new initiative which allows to reduce cutting scraps.

Aluminum purchases have been optimized by buying different sheet formats for the same material based on the type of final part that will be manufactured. We make the distinction between rib frames and small pieces, saving material and cutting scraps.

Reduction in the dimensions of the raw material for parts for the A350 VTP program, which has decreased the use of titanium.

Modifications in the initial dimensions, including the waterjet cutting technology, which turns into a better utilization of the material. Thanks to this technique, we saved 5,200 kg of titanium sheets in 2018.

Modifications in the thickness of two titanium sheets, hence optimizing the machining process and saving titanium (830 kg per year).

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In addition, in 2018 we worked on reducing the unit consumption of tools used in the Fun Hub Frame (FHF) program at the Ircio plant. This is how we did it:

Analysis of all tools one by one, increasing their lifespan whenever possible.

Dividing the tools to maximize their lifespan for the specific task they are used for.

Switching from manual paper-based monitoring to on-chip automation of the lifespan of all tools to ensure optimum utilization and prevent errors leading to reprocessing, which would require the use of more tools.

Re-sharpening of all tools subject to be sharpened.

Searching for alternative, more hard-wearing tools.

It must be taken into account that these tools are made of heavy metals such as cobalt, titanium, tungsten carbide, tantalum, etc.

The measures taken made it possible to reduce tool consumption by approximately one quarter (data calculated based on tool expenditure in euros for 2018).

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PACKAGING ⁴⁰

PLASTIC CONTAINERS (PLASTIC USED FOR PACKAGING) (KG)
CARDBOARD CONTAINERS (CORRUGATED CARDBOARD AND CARDBOARD PACKAGING) (KG)
METAL CONTAINERS (LIGHTWEIGHT METAL STRIPS FOR PACKAGING) (KG)
COMPOSITE CONTAINERS (PALLETES AND PLATFORMS OF THE LIKE FOR HANDLING GOODS) (KG)
WOOD CONTAINERS (WOODEN PACKAGING) (KG)

	2015	2016	2017	2018
PLASTIC CONTAINERS (PLASTIC USED FOR PACKAGING) (KG)	174,517	269,611	153,502	298,427
CARDBOARD CONTAINERS (CORRUGATED CARDBOARD AND CARDBOARD PACKAGING) (KG)	14,335	19,094	20,437	65,913
METAL CONTAINERS (LIGHTWEIGHT METAL STRIPS FOR PACKAGING) (KG)	--	--	--	1,378
COMPOSITE CONTAINERS (PALLETES AND PLATFORMS OF THE LIKE FOR HANDLING GOODS) (KG)	--	--	--	57,036
WOOD CONTAINERS (WOODEN PACKAGING) (KG)	404,165	84,113	62,395	61,493

⁴⁰ Material recycling is performed in all cases.

**We have reduced tool consumption
by 25%
this year**

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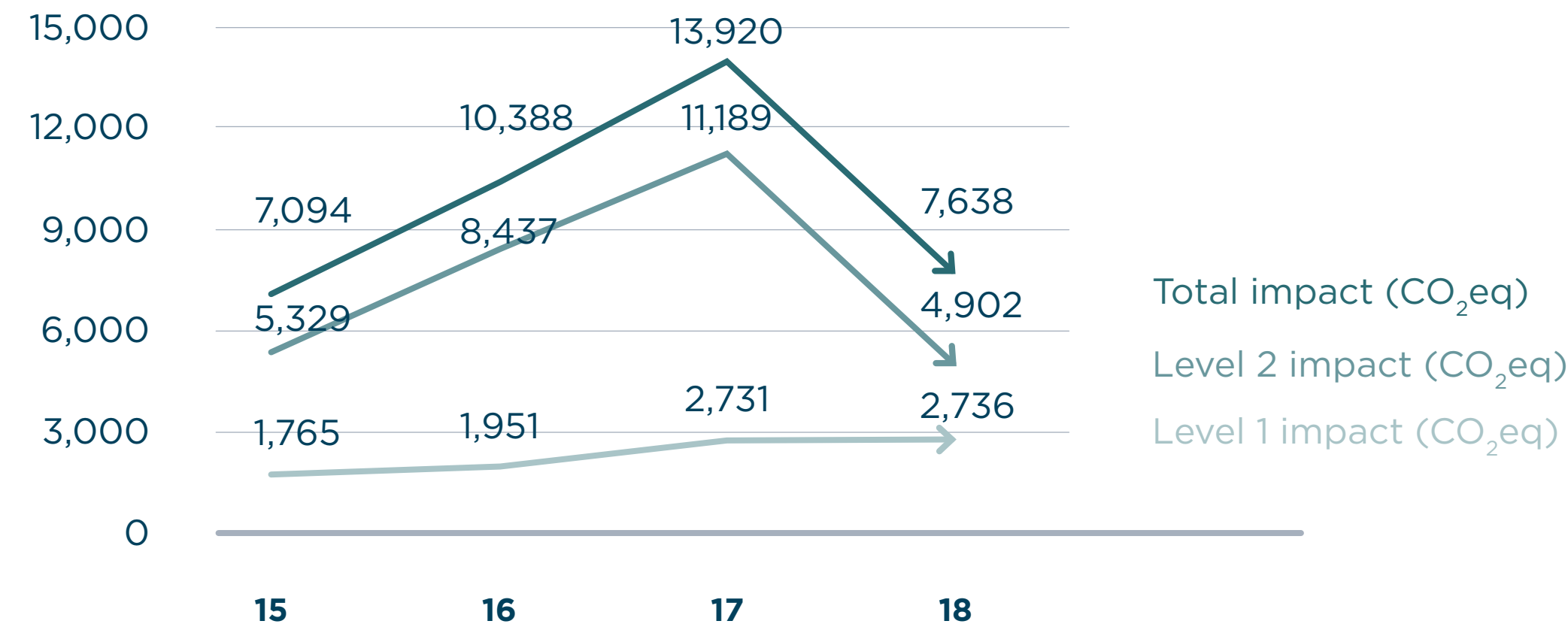
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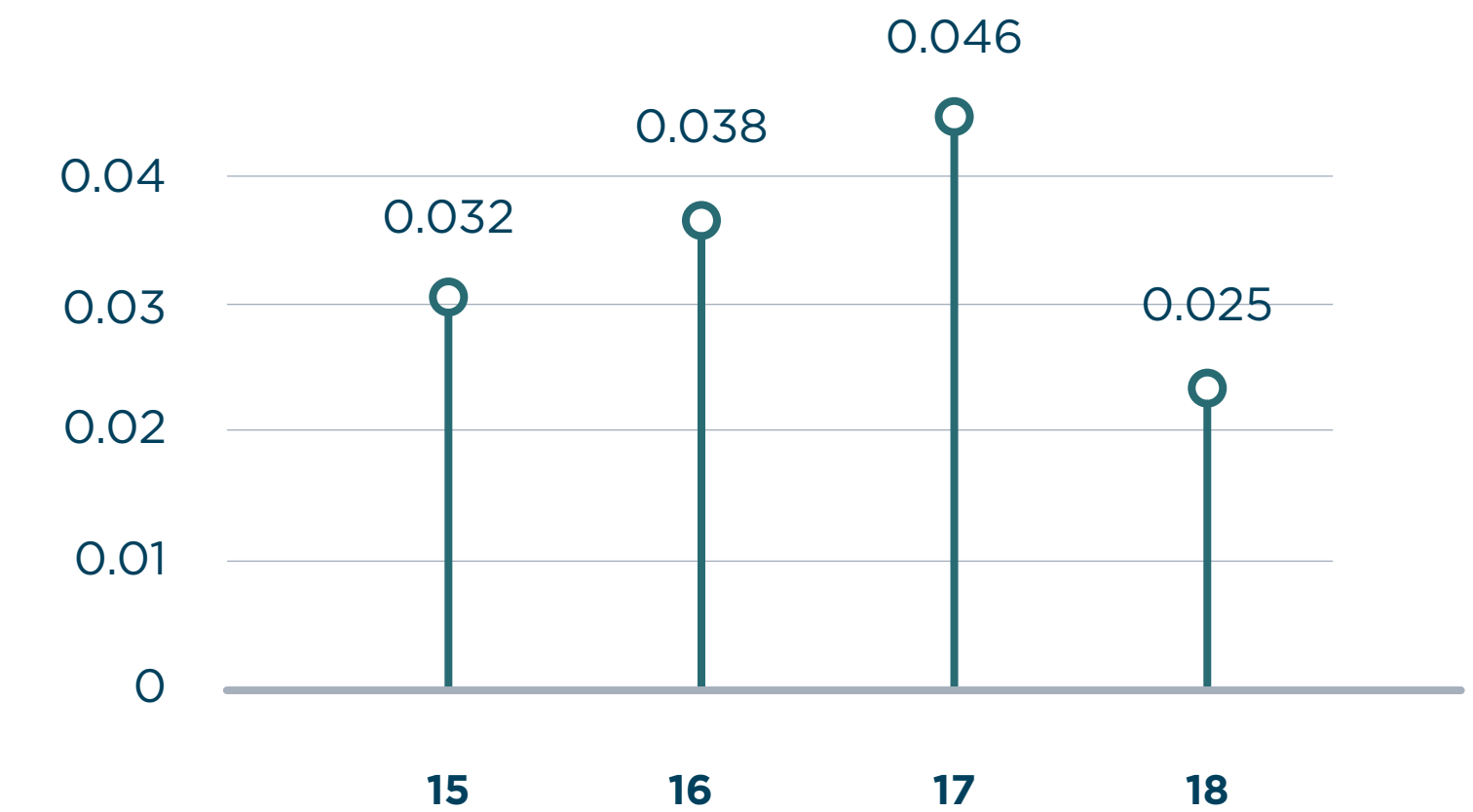
Carbon footprint and other atmospheric emissions

As part of our commitment to combat climate change, at Aciturri we measure our carbon footprint in the hope of assessing our impact in terms of greenhouse gas emissions.

CARBON FOOTPRINT ⁴¹



CARBON FOOTPRINT (CO₂eq/k€ from net sales)



⁴¹ Our carbon footprint is calculated based on two aspects: the method developed by IHOBE, a publicly-owned company that supports the Basque Country's Government with environmental issues; and the emission factors proposed by the Spanish Department of the Environment. All Aciturri plants have been included in the calculation.

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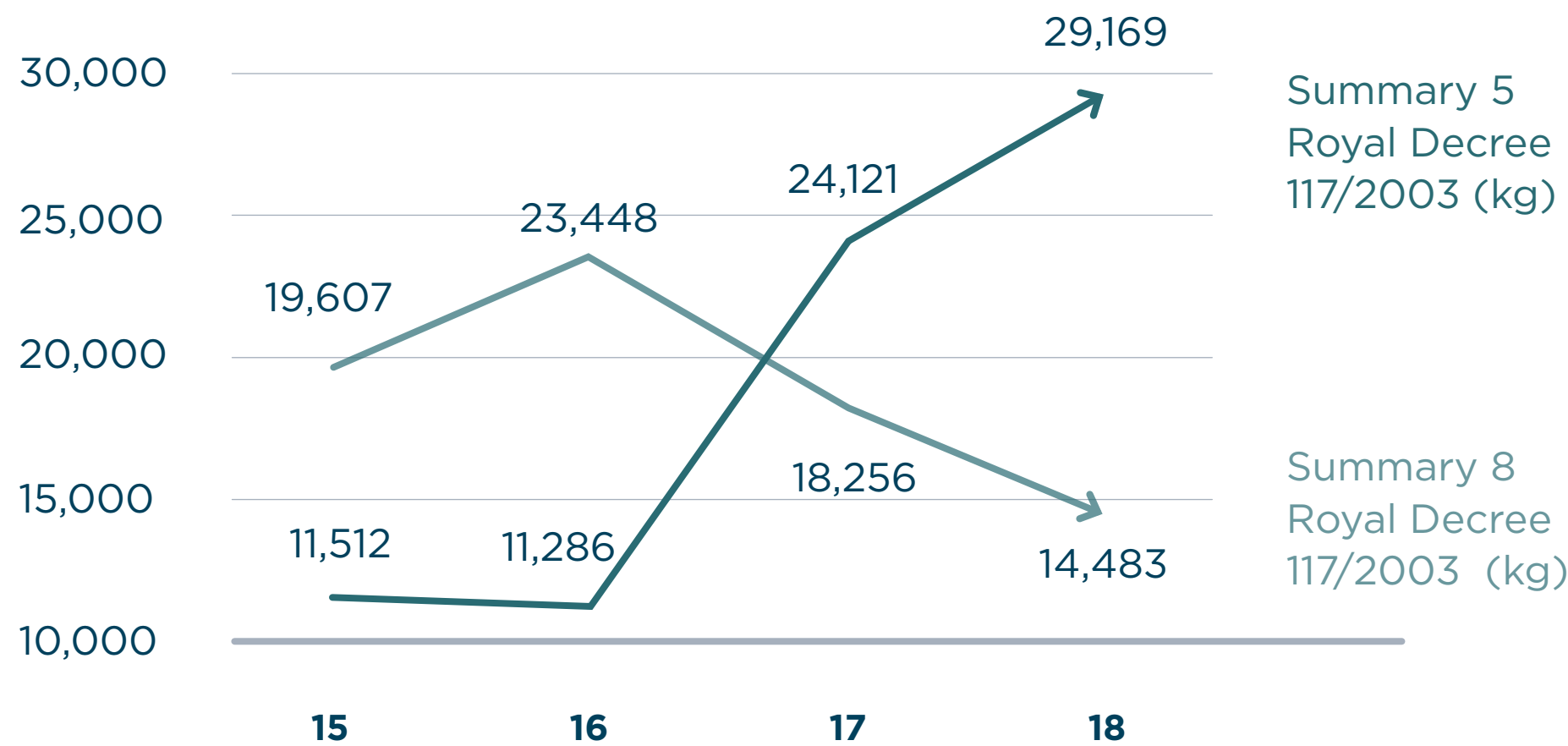


At Aciturri, we strive to reduce our carbon footprint from within. This is why we have implemented plant-specific Environmental Management Plans based on measurable objectives. Among others, these plans include the measures adopted to reduce energy consumption (see ‘Environmental Management’, ‘Energy consumption’).

But we also strive to reduce the effects of climate change from outside, for example by designing parts and components as light as possible to ensure the weight of the aircraft is kept to a minimum, hence reducing fuel consumption and, consequently, the carbon footprint.

Aciturri’s industrial activities generate other significant emissions such as those stemming from **volatile organic compounds** (VOCs). These emissions are particularly relevant in the plants of Alcalá de Guadaíra, Ayuelas, Boecillo and Tres Cantos. In order to manage them, we follow the measures proposed by Royal Decree 117/2003 on the limitation of emissions of volatile organic compounds as a by-product of the use of solvents for certain activities.

VOCs EMISSIONS ⁴²



It is necessary to clarify that, in accordance with paragraph 3 of article 4 of Royal Decree 117/2003, we asked the competent authorities for an exemption from compliance with the legally established limits for activity 5.

One of the goals for 2019 is to replace certain substances with less volatile ones and the containers we use with others that better prevent solvent leaks, hence minimizing atmospheric emissions of volatile organic compounds. In addition, there are plans to raise awareness of the rational use of solvents by means of presentations.

Acoustic measurements are performed periodically in every plant. The plant in Boecillo has exceeded the legal noise levels. We have devised a plan of action, which was partly implemented in 2018 and will be completed throughout 2019. Some of the measures that have already been implemented include the modification of an outlet pipe in one of the autoclaves, the installation of a silencer in a vacuum pump and the replacement of another pump with a different model whose noise emissions are lower.

Light pollution in Aciturri’s production plants is comparable to the lighting in the surrounding areas: the necessary level to be able to move around safely. Therefore, it is not considered an issue and no specific action has been taken in this regard.

⁴² The data collected in the 2018 Sustainability Report correspond to the total emissions resulting from the solvent management plan. In 2018, this plan was not carried out for activity 8 in some of the plants because the legally established limit for this purpose (5 metric tons, according to Royal Decree 117/2003 on volatile organic compounds) was not reached. The data collected here are the kilograms of total substances with VOCs consumed.

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Water consumption and discharges

At Aciturri, we are aware that water is a scarce natural resource we need to stay alive. This is why we are committed to using it responsibly.

The water used in our plants comes from the local sewage network—except in the plant of Ayuelas, where there is a well—and returns to it in the form of discharge. Every physical facility complies with the legal limitations.

We are aware of the lack of permit for discharges at the plant in Alcalá de Guadaira, this is why we are actively collaborating with the local government to take any measures necessary to address the situation.

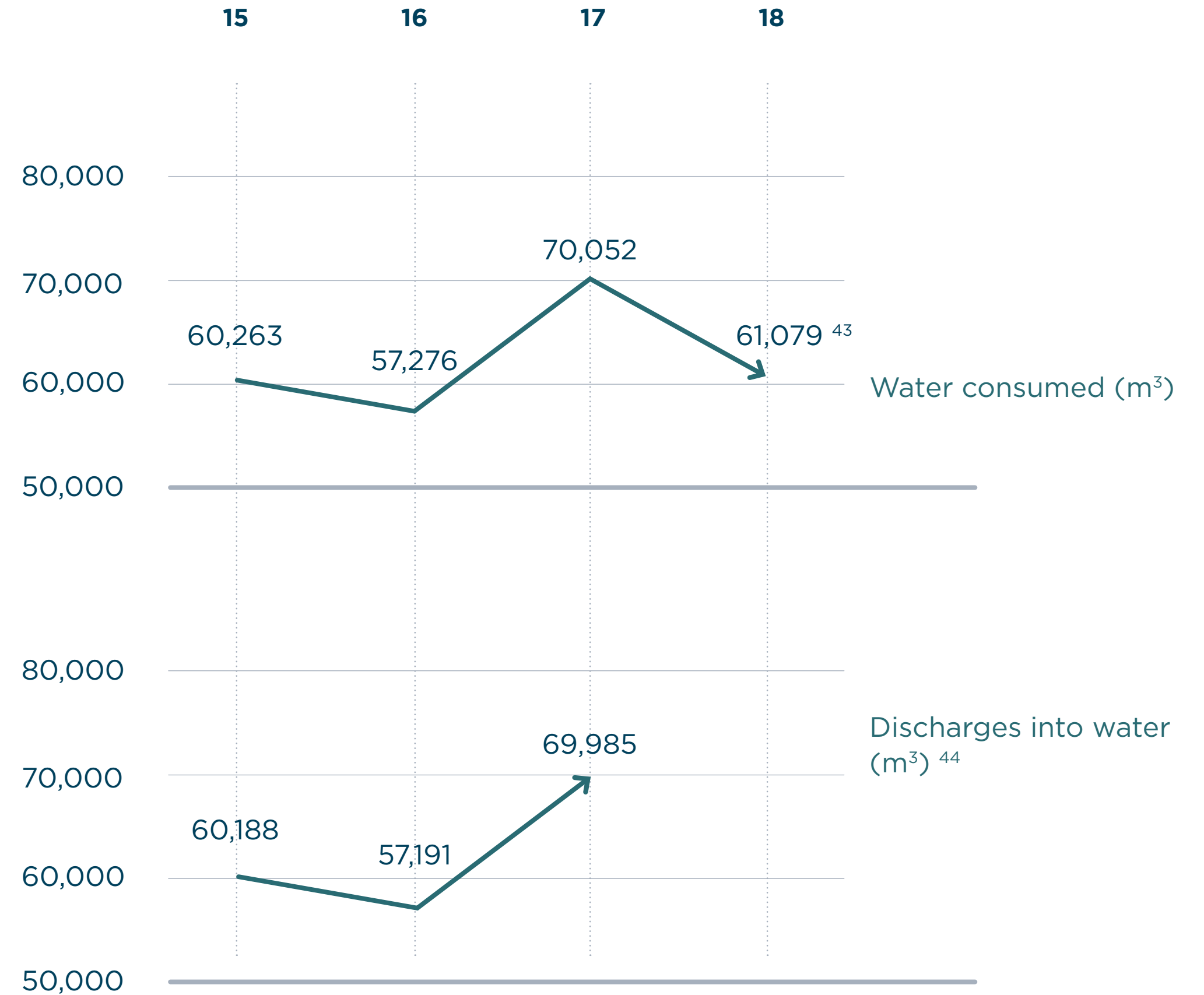
There is no water reuse. And neither any evidence of water bodies or habitats having been significantly affected by Aciturri's activity.

Also, in 2018 there were no major spills.

⁴³ At the time this report was finished we didn't have final water consumption data available for the plants in Ayuelas and Orón for the last quarter of 2018. We have calculated it based on the data from 2017.

⁴⁴ Given we have no current meters to measure the discharges, these are approximate data based on general consumption. This estimate has not been made for 2018 yet.

WATER AND DISCHARGES



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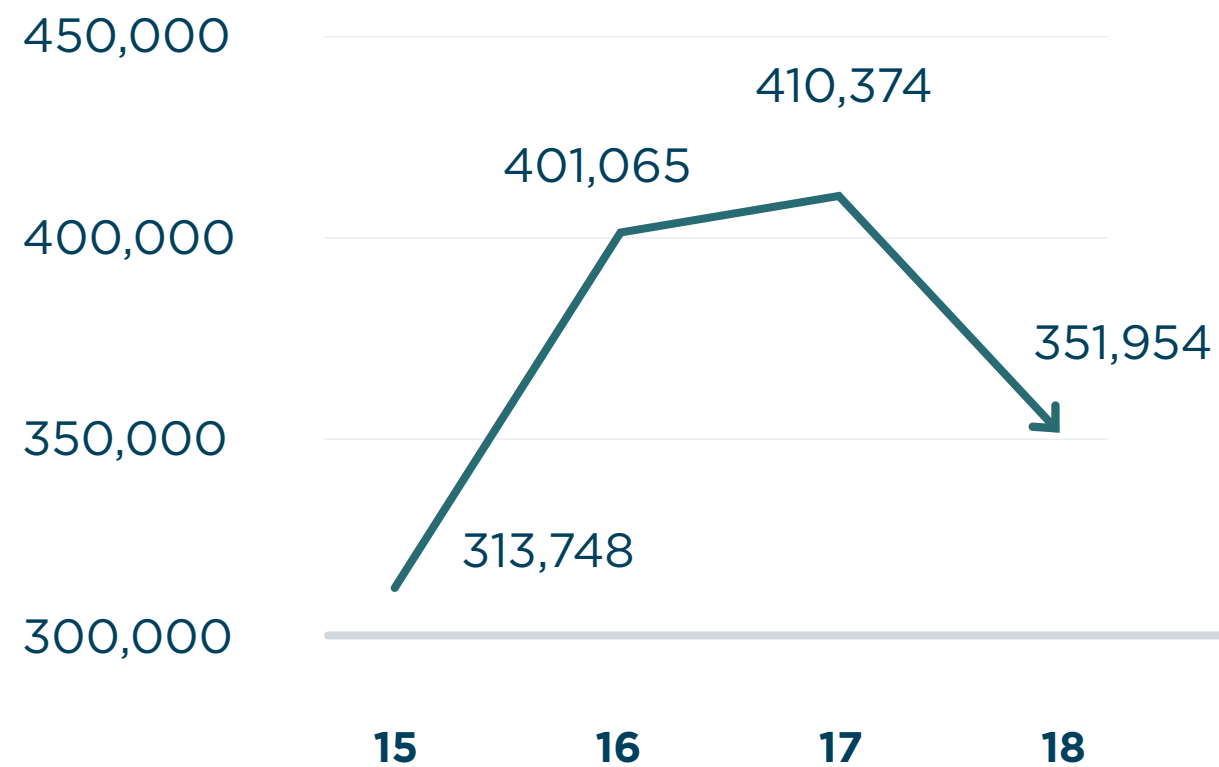


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Waste

Our industrial activity generates waste in every one of our plants. These are the types of waste that were separated on location and sent to authorized management bodies, which ensure a proper and specific treatment according to their nature, avoiding as far as possible that they end up in a landfill. In every case, we choose the option with the lowest environmental impact.

HAZARDOUS WASTE DEPOSITED IN A LANDFILL (Kg)



WASTE

HAZARDOUS WASTE DEPOSITED IN A LANDFILL (Kg)

CONTAMINATED ABSORBENTS	17,079	24,023	23,627	24,219
ADHESIVES AND SEALANTS	1,569	1,809	806	0
EMPTY AEROSOL CANS	0	12	0	36
WATER CONTAINING CHROMIUM	47,875	84,924	44,101	35,833
PAINTING BOOTH FILTERS	687	763	939	4,129
FIXATIVE LIQUID	76	387	416	119
DEVELOPER LIQUID	469	404	355	280
HAZARDOUS AQUEOUS LIQUID WASTE	0	0	22,750	136,407
SLUDGE FROM MACHINING ACTIVITIES	4,145	3,841	4,455	11,760
FLAKES FROM THE PAINTING BOOTH	0	0	0	77
EXPIRED CHEMICALS	1,827	1,505	3,433	3,187
WASTE CONTAINING HYDROCARBON	0	0	0	47
LAB WASTE	0	0	12	23
RESIN	1,430	771	713	723
INDUSTRIAL X-RAY	0	0	0	0
CUTTING FLUIDS	118,439	129,303	121,329	151,319
SLUDGE CAKES FROM TREATMENT PLANTS	15,828	29,159	22,765	19,593

	2015	2016	2017	2018
Total Hazardous Waste	313,748	401,065	410,374	351,954
CONTAMINATED ABSORBENTS	17,079	24,023	23,627	24,219
ADHESIVES AND SEALANTS	1,569	1,809	806	0
EMPTY AEROSOL CANS	0	12	0	36
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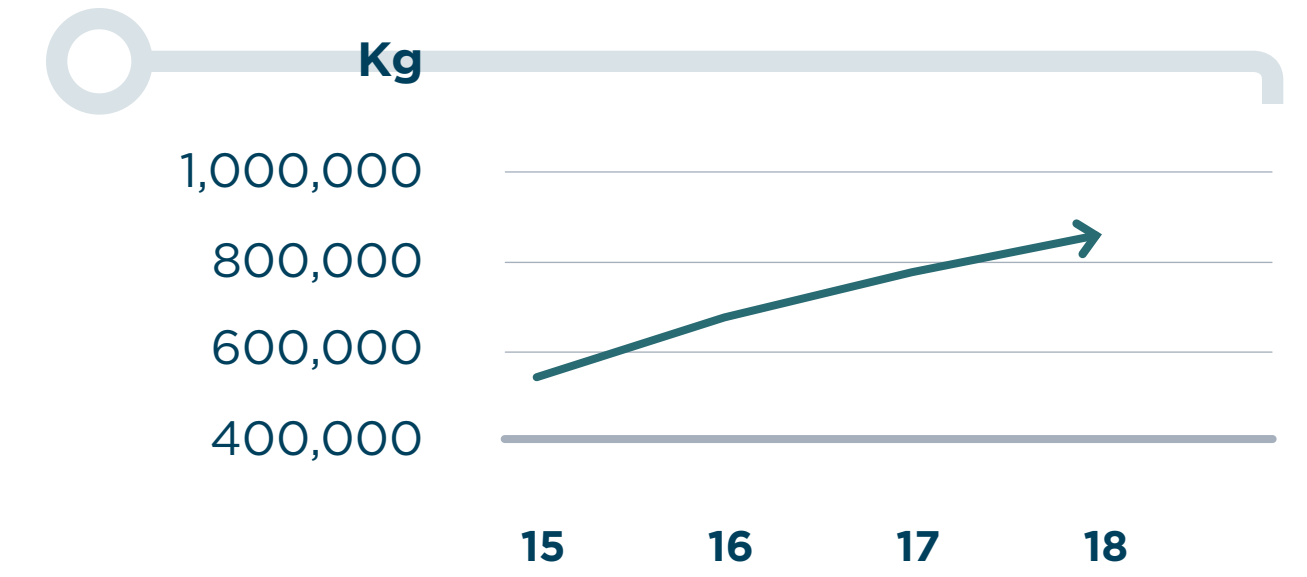
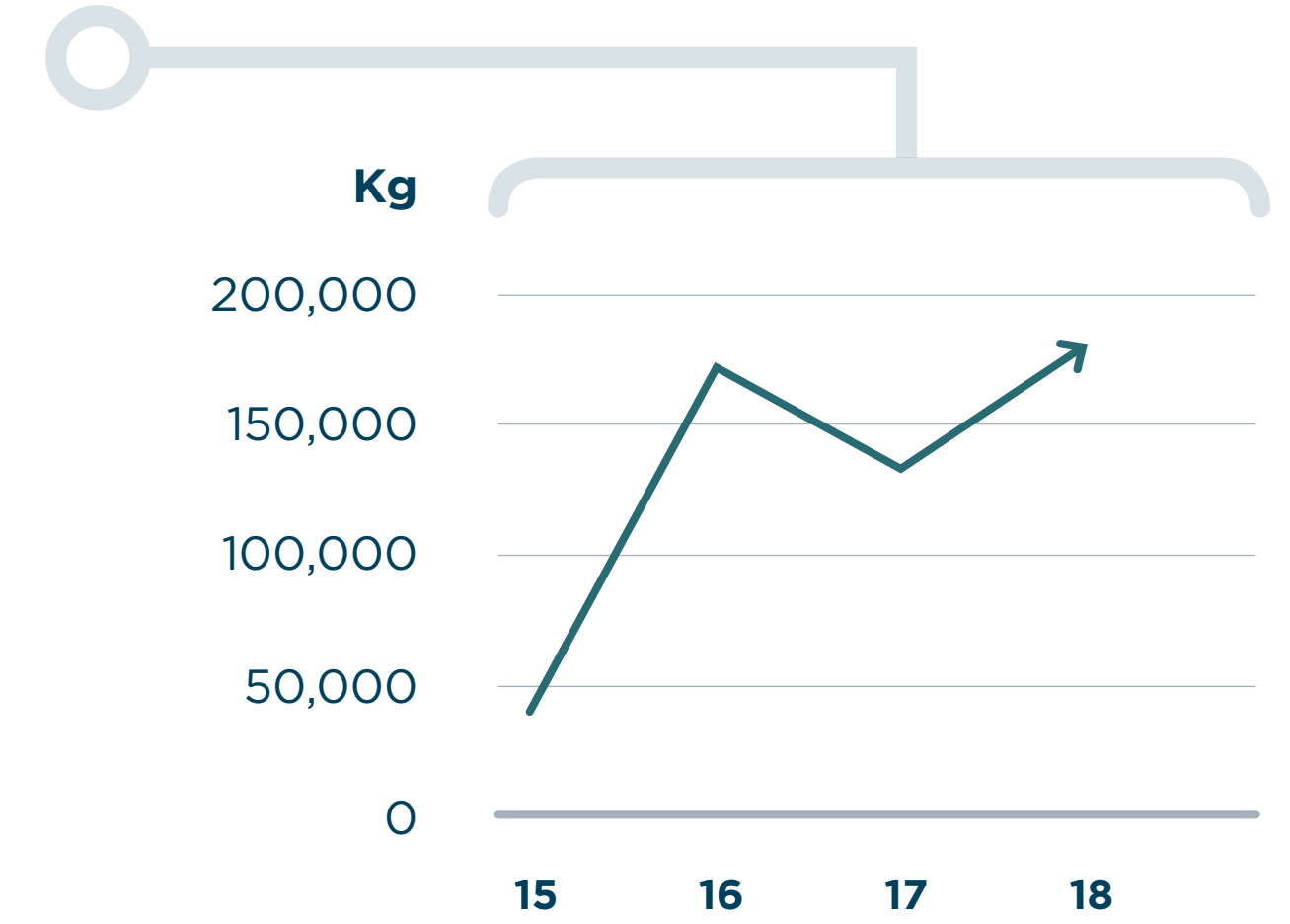
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	2015	2016	2017	2018
WASTE				
RECOVERABLE HAZARDOUS WASTE (Kg)	39,115	172,491	132,565	181,435
NON-CHLORINATED HYDRAULIC OIL	3,277	3,517	735	973
NON-HALOGENATED SOLVENT	1,710	3,980	8,745	4,567
CONTAMINATED METAL CONTAINERS	8,438	7,962	9,578	7,969
CONTAMINATED PLASTIC CONTAINERS	3,472	5,264	6,254	7,335
ELECTRICAL AND ELECTRONIC EQUIPMENT	71	0	46	280
OIL FILTERS	5,558	3,842	6,126	9,639
FLUORESCENT TUBES	49	179	80	223
ZINC AND ALKALINE BATTERIES	0	0	0	15
PAINT RESIDUES	10,724	9,151	10,744	7,679
PRE-PEG RESIDUES	110,219	134,260	167,155	142,420
NON-HAZARDOUS WASTE DEPOSITED IN A LANDFILL (Kg)	539,450	673,755	777,569	863,468
SANDBLASTING SAND	0	2,900	2,200	1,233
FLOW CLEANING WASTE	24,000	39,000	63,000	120,000
INERT WASTE (COMPARABLE TO URBAN)	515,457	631,855	716,350	742,235



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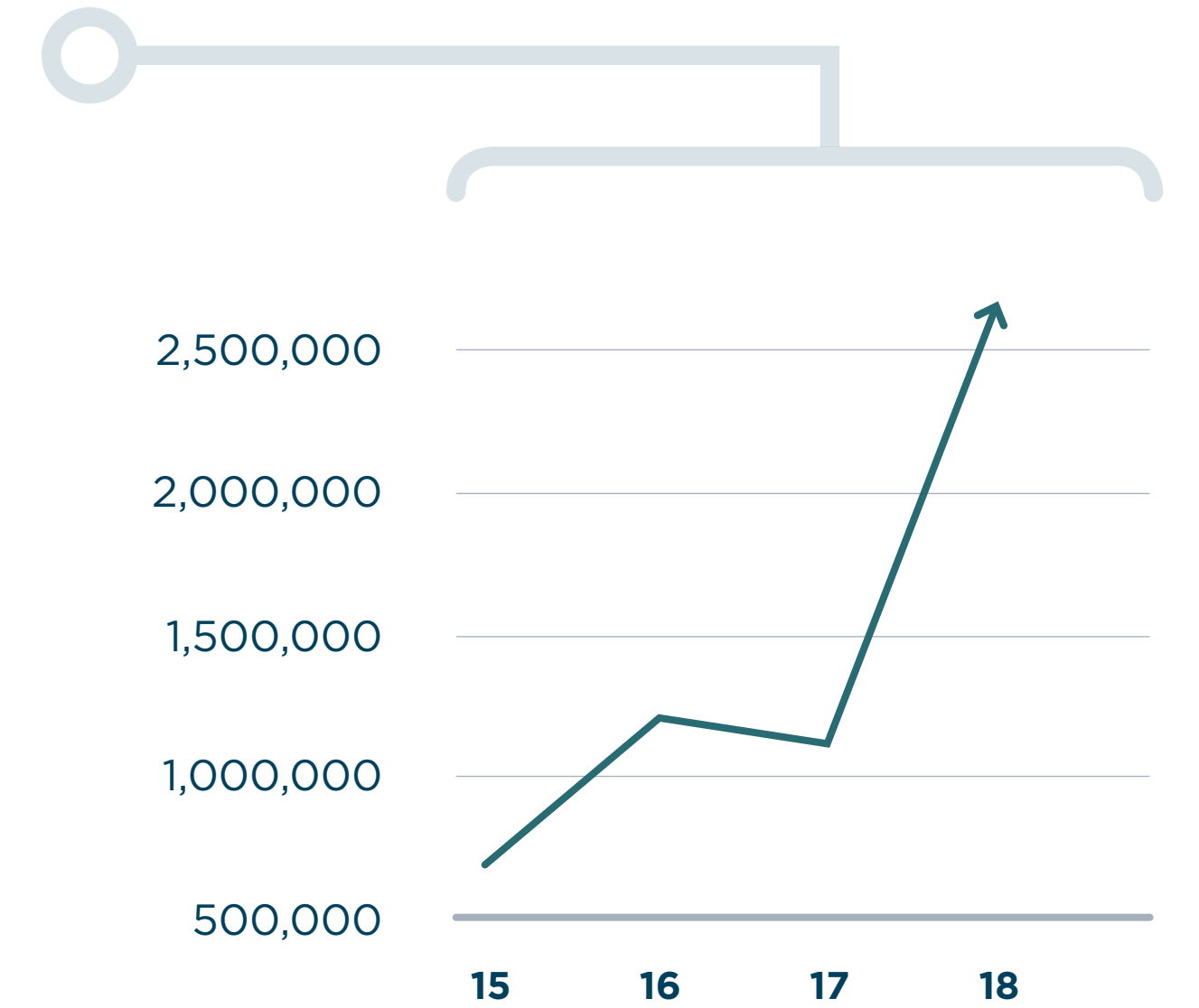
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WASTE
**RECOVERABLE NON-HAZARDOUS
WASTE (Kg)**

	2015	2016	2017	2018
RECOVERABLE NON-HAZARDOUS WASTE (Kg)	689,852	1,204,701	1,112,543	2,664,516
ALUMINUM BRIQUETTES	208,985	322,558	400,515	1,141,898
TITANIUM BRIQUETTES	0	12,124	11,883	24,007
SCRAP METAL	16,438	6,140	10,824	71,112
WOOD	113,897	216,648	190,261	142,534
PAPER AND CARDBOARD	85,527	105,814	92,596	128,377
PLASTIC	29,820	34,752	28,440	31,297
TONER	0	379	100	323
CHIPS	235,185	506,286	355,050	883,660
INCONEL CHIPS	0	0	594	88,582
TITANIUM CHIPS	0	0	2,553	152,726



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**WASTE FROM CONTAINERS AND
PACKAGING ⁴⁵**

 PLASTIC CONTAINERS (PLASTIC PACKAGING
WASTE) (Kg)

 CARDBOARD CONTAINERS (CARDBOARD
PACKAGING WASTE) (Kg)

 METAL CONTAINERS (METAL PACKAGING
WASTE) (Kg)

 COMPOSITE CONTAINERS (COMPOSITE
PACKAGING WASTE) (Kg)

 WOODEN CONTAINERS (WOOD PACKAGING
WASTE) (Kg)

 OTHER CONTAINERS (TEXTILE PACKAGING
WASTE)

	2015	2016	2017	2018
PLASTIC CONTAINERS (PLASTIC PACKAGING WASTE) (Kg)	294,537	284,062	213,600	20,783
CARDBOARD CONTAINERS (CARDBOARD PACKAGING WASTE) (Kg)	63,789	25,658	30,529	56,253
METAL CONTAINERS (METAL PACKAGING WASTE) (Kg)	3,795	8,734	810	5,312
COMPOSITE CONTAINERS (COMPOSITE PACKAGING WASTE) (Kg)	7,550	16,619	16,087	45,963
WOODEN CONTAINERS (WOOD PACKAGING WASTE) (Kg)	414,499	63,131	45,036	94,997
OTHER CONTAINERS (TEXTILE PACKAGING WASTE)	200	800	1,172	50

⁴⁵ Material recycling is performed in all cases.

We have defined objectives for reducing waste in 2019; the main focus is on the search for new treatment methods such as the reuse of excess carbon fiber in non-aeronautical applications. In addition, we are looking for less aggressive cleaning solvents to minimize their environmental impact and the waste they generate.

We are also working on possible ways to recover pallets, and a collection system for drilling fluids has already been implemented in Berantevilla.

Given the nature of Aciturri's activities, which involve no food whatsoever—there are no cafeterias for the workers in our plants either—we don't need to work in actions aimed at reducing food waste.

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Milestones 2018

Corporate areas that work for the sustainable growth of Aciturri.



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Corporate services

Technical services

In 2018, a good part of the resources available for this division were allocated to the new facilities in Ircio. The works for the facade lining, development, and completion of the main offices which started at the end of 2016 were finally completed. Now, there is an additional 12,400 sqm to house the Aeroengines division's activities.

We have installed new equipment, for example the sixth MCM milling lathe machining center and the facilities for sandblasting, painting and localized heat treatment. In addition, we have implemented a new three-dimensional verification machine and facilities for the provision of liquid argon to replace pressurized gas. This has led to significant savings on the use of this gas, needed in welding processes.

Also within Aeroengines, the reconfiguration of the EDM and penetration machines layout at the plant in Orón and the new thread roller respectively improved the workflow and the supply of a part of the structural components for some programs. The works at Orón were completed with the installation of a new EDM machining center, adapted for larger diameter drill holes; not only did this reduce the tool wear and tear, but also the processing times.

In the facilities of Aerostructures at Tres Cantos, we would highlight the implementation of a new injection machine and RTM (Resin Transfer Molding) press system, intended primarily for parts of the A350.



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At the corporate level, together with the launch of the MES (Manufacturing Execution System) project—based on the MAPEX software—we have started using a new, more versatile and powerful GMAO (Spanish for Computer-Assisted Maintenance Management) system that allows integration with SAP and automatic data capture in real time in the main computers at different plants. In 2018, it was installed in Ircio and Orón and, over the course of 2019, its integration will be completed in all the other plants.

Regarding the reduction of energy consumption throughout the year, various measures have been adopted (see ‘Environmental Management’, ‘Energy Consumption’).

More than 12,400 sqm
have been completed to house
the Aeroengines division’s activities

Quality assurance

The work carried out in the previous year and early 2018 has helped us earn the latest version of two certifications: EN 9100 Quality Management System and PECAL 2110.

As part of Aciturri’s Quality Assurance System’s adaptation to the new edition of the EN 9100:2016 standard, in 2018 the management team in charge of Quality Assurance developed a context assessment for the company. This comprises aspects of general interest, some of them stemming from strategic reflection, and displays the firm’s evolution as well as the vision of all the stakeholders’ needs.

This assessment is called Context Matrix and shows the annual evolution of the goals that are usually evaluated in the long term. The result of this assessment is the SWOT Analysis—a summary of the Strengths, Weaknesses, Opportunities and Threats that considers both the internal and external visions of the goals.

In the same vein, we aim to continue improving and identifying the risks and needs in the early stages so we can adopt a preventive approach. For this purpose, we intensified the efforts to improve the review, establishment and implementation of client requirements, both at the offer stages and after having signed the contract. As a result, there is now a new version of the procedure governing this process and we have revisited the conditions that apply to the supply chain.

The Aeroengines team certified more processes and people for new installations in order to integrate the necessary processes to complete the manufacturing of components such as the painting process for ITP, or to broaden the scope of the NADCAP (National Aerospace and Defense Contractors Accreditation Program) at Orón through the fast hole.

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At the corporate level, we launched experimental projects for the implementation of the APQP/PPAP with its most important tools in all business areas and phases of the productive process—from projects based on changes in which Aciturri creates the design to those already at the stage of serial production or the supply chain. This operation was also carried out in new industrializations, for example Aeroengines, where there was a breakthrough in the MSA implementation for new parts in order to validate the inspection process from the beginning.

The contribution to the improvement of processes and the success derived from clients' assessments not only has contributed to secure new contracts, but also to stabilize the processes of those parts industrialized in previous years, hence achieving higher product quality and reducing the faults in each part, both within the goals set by the client.

The Quality Assurance team ensured compliance with contractual requirements and with those linked to existing certifications⁴⁶ —both standards like ISO or EN, and those imposed by clients, civil aviation and defense authorities.

These certifications represent strict compliance with the applicable regulations and laws, and the traceability of every product, not only the materials used, but also the people involved in their manufacturing and assembly, as well as the certifications of the processes that back them up. Their use and maintainability are contingent to revisions of the design, first article inspections (FAIs), and official certification tests.

At the corporate level we launched experimental projects for the implementation of the APQP/PPAP

⁴⁶ Aciturri has certifications which comply with the following rules: EASA 145, EASA21G, EN9100, EN9110, ISO 14001, ISO 17025, ISO 9001, NADCAP, PECAL 2110 and PECAL 2310.

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According to the Context Matrix and a survey conducted by the Aeroengines division among stakeholders, these are key issues for clients, civil and military aviation authorities, subcontractors, service companies that operate in our facilities and the employees themselves.

Proper management allows us to ensure quick response times, adaptability to clients' needs and any legal changes that may occur and monitor subcontractors.

All products launched into the market by Aciturri are monitored and evaluated to ensure their compliance with contractual requirements, the standards behind the applicable certifications and current regulations. Needless to say, they are also assessed in terms of security, a key aspect for the industry.

Lean Management

At Aciturri, we base our methodology on the lean model and focus on achieving strategic goals and moving ahead with the global business plan. To ensure we meet these objectives, we work hard to develop improvement projects in every production plant.

The activity developed in 2018 allowed us to consolidate the model of continuous improvement for the so-called 'natural teams', that is to say, the teams that work together every day. More than 130 of them review the established indicators daily in all Aciturri plants and set in motion initiatives for improvement in their area of influence. The Operations team is fully immersed in this improvement strategy, which will soon propagate to the rest of the company.

**2018 allowed us to consolidate
the model of continuous
improvement
for the so-called 'natural teams'**

Throughout 2018, the teams adopted 2,670 upgrades and almost 50% of the employees within the Operations division put forward proposals—452 of them were implemented and one third of them helped reduce the impact of daily deviations (corrective), while the remaining two thirds translated into more efficient ways of doing certain things.

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To ensure we follow up on these proposals, we developed and implemented a database with web access that allows to easily record the improvements; this way, initiatives can be shared quickly and audited within the organization.

Natural teams themselves took the lead in the improvement of the work environment by incorporating initiatives like the 5S methodology, ensuring its acceptance and maintenance over time.

In regard to more complex projects, we continued working with multidisciplinary teams, those that welcome people who do not belong to the natural teams. Each production plant has an oobeya room where these projects can be followed up. The result is the consolidation of a common work methodology for these projects. The successful completion of 50 of them helped achieve business goals, eliminating waste, improving the flow and quality, and ensuring timely deliveries.

The main advances in this area are topped off with the incorporation of on-site monitors, which use the Business Intelligence module to collect, analyze and display information, making it possible for people in charge of the processes to make faster and better-informed decisions.

System management

Throughout the year, the System Management division provided support to different business needs, ensuring a continuous activity and the implementation of solutions aligned with an improved capacity in decision making and cost reduction.

One example is the new **Business Intelligence system**, which takes data from new systems like MAPEX (Manufacturing Execution System) and incorporates them into the data retrieved from SAP. This brings all data into one repository, where they can be interpreted under a unified corporate criterion. As a result, information like stock levels, manufacturing times or performance at each plant can be analyzed swiftly. This way, the people in charge of each division and/or project can retrieve relevant business details about product costs and profitability and the quality of deliveries, deadlines, and suppliers.

Another major project in 2018, in collaboration with the Product Definition Engineering division, was the implementation of a **new system for structural calculation processes**, which significantly reduces processing times. The definition of a system to manage queued tasks and its installation in two new servers allowed to cut down the times required for the calculation of the first parts. This improvement in the processing times will also increase the availability of licenses for new products by approximately 50%.

This development, initially conceived for activities related to Product Definition, may also be applied to other areas of engineering to optimize time-consuming processes or those that require an extensive use of machines.

Also in collaboration with the Product Definition and Process Engineering divisions and the Embraer team, the System Management Department worked on **upgrading the servers, applications and databases** to optimize Aciturri's information exchange

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system (VPM) with the Brazilian company. These efforts resulted in a significant reduction of time and errors. Additionally, it ensures daily, ongoing communication and makes it possible for Aciturri to automatically share the designs of the components created for Embraer.

Where provided services are concerned, the System Management Department implemented a **tool for continuous monitoring of Aciturri's systems** which helps to identify problems in advance and flags operational deviations.

Thanks to a visual console that monitors the status of the computers and services Aciturri uses to perform all activities, as well as a history of the service level, the System Management team can act before an incidence forces a pause in the service provision.

**IT area offers global solutions
aligned with an improved capacity in
decision making and cost reduction**



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The improvements derived from this monitoring system increased the availability of both standard and critical services, placing it at about 99%.

Legal

In 2018, Aciturri wasn't involved in any investigation or legal action in relation to anti-competitive behavior or monopolistic practices.

However, we take this matter seriously because of the impact it could have on our reputation and our economic performance. Therefore, in the event of suspicious circumstances regarding the competition rules, we would seek specialized external advice and adopt the necessary measures or protocols to avoid conflicts.

In the same vein, before reaching any agreement related to competition matters, we would diligently carry out the appropriate procedures and inquiries with the competent authorities.

To the best of our knowledge, in 2018 there were no formal complaints concerning violations of customer privacy—no data leaks, theft or loss.

In any case, in compliance with the confidentiality obligations with our clients, and also with the intention to protect our own confidential information, at Aciturri we ask suppliers and third parties to sign confidentiality agreements before they can access any sensitive information.

No information is available as for the existence of fines or sanctions for non-compliance with laws or regulations in the economic or social scopes, with the exception of €277.18 tax penalty for late submission of forms 123 and 349, plus the corresponding late fees; €13,669.22 in penalties and surcharges for customs documentation managed by third

parties; and €8,040 for sanctions regarding the prevention of occupational risks at the plant in Tres Cantos.

Finally, Aciturri has drawn up a **Responsible Advertising Policy**.

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**At Aciturri we ask suppliers and third parties
to sign confidentiality agreements
before they can access any sensitive information**

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Compliance

Aciturri has a Regulatory Compliance Program (**Corporate Compliance**) whose ultimate goal is to ensure compliance with legal requirements, paying special attention to those that may incur criminal responsibility for the company from actions taken by our employees.

Our **Anti-corruption Policy**, together with our **Code of Conduct**, include the measures we adopted to prevent and combat corruption; namely, policies on giving and receiving gifts and relationships with public officials; the obligation to declare any conflict of interest; the requirement for prior authorization to carry out external activities; and the prohibition to make or accept payments without a legitimate cause. The External Compliance Officer shall ensure, together with the different departments and divisions within the company, compliance with such measures, detection of new risks and resolution of any questions through the channel for inquiries enabled by Aciturri: **codigodeconducta@aciturri.com**.

In 2017, we compiled a report to analyze all the activities carried out by Aciturri which may incur criminal risk related to corruption in any of its different categories: bribery, influence peddling and private-to-private corruption. When it was reviewed in 2018, the following areas were identified as significantly risky—the Purchases and Subcontracting Department and the Business Division, due to its efforts to continuously find new opportunities for the company and its relationships with influential people. In the year 2018, no changes were detected in the structure, operation or sector in which this department works, so nothing suggests the rating of this risk could have varied.

According to the normative mandate of article 31 bis 5. 6th of the Criminal Code, which literally says, “a periodic check of the report and its potential modifications will be conducted in the event of infringements of its provisions, or when there are changes in the organization, in the management or in the activity carried out,” the company



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performs constant reviews. This is an essential part of the methodology adopted to prevent and/or detect possible criminal risks affecting Aciturri and take action against them. This regular verification is recorded in an annual review report, drawn up by the Compliance Officer outside the company.

In 2018 we developed and improved the **Crime Prevention Report** (Corporate Compliance). These are some of the highlights:

Channel for complaints

The improvement of the **channel for complaints**, which can be used to communicate social, environmental or any other irregularities (**canaldedenuncias@aciturri.com**). There is a form available so anyone may confidentially report irregularities concerning Aciturri.

Success factor

With prevention in mind and through the **Success factor** platform, we have developed a training system on the Crime Prevention Report, which will be launched in 2019. It discusses the actions that must be carried out by Aciturri's employees and representatives to avoid committing work-related crimes.

Contracts with suppliers

As for contracts with **suppliers**, we improved the checklist to assess their score, taking into account, among other aspects, the implementation of our Crime Prevention Report, the existence of a Channel for Complaints, a Code of Conduct, an Anti-corruption Policy, and so on. Also, every contract we sign with our suppliers now includes a clause related to these issues.

Corporate website

We have shared the Crime Prevention Report with our suppliers by publishing it on our **corporate website**, under the section titled 'Ethics and Compliance', where the Code of Conduct can be downloaded, too. In addition to condemning any form of corruption, the code describes our policies on giving and receiving gifts, possible conflicts of interest, relationships with public officials, etc.

Permanent work

We work continuously on protocols, procedures and specific policies to improve prevention in regard to regulatory compliance.

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The **Channel for Complaints** may be used to report social, environmental or any other type of irregularities.

The **Ethics and Compliance Committee** is the autonomous body that ensures regulatory compliance. Among other tasks, they are in charge of handling any submitted complaints previously investigated by the Compliance Officer.

Where **prevention of money laundering** is concerned, Aciturri is not required to comply, according to article 2 of Law 10/2010, of April 28, on the prevention of money laundering and the financing of terrorism. Nonetheless, we adopted measures to combat it. Some of them are as follows:

- **Any person** who wants to establish a relationship with Aciturri **must show relevant identification**.
- **Cash payments are not made or accepted;** bank transfers justified by a prior commercial relationship are the only method for payments. The person in charge of making and accepting payments verifies the existence of the document justifying the transfer and makes sure the details that appear in this document are consistent with the payer's and payee's account details.
- The Finance Department pays **special attention** to so-called 'triangular operations'—when a client or supplier informs that a third party will be receiving the payment for an invoice.

Channel for complaints Ethics and Compliance Committee and prevention of money laundering

- All the company's payments and receipts **are carefully recorded on a daily basis**. In the event that the finance manager should detect unjustified operations, they will immediately report the incident to the Compliance Officer.
- **All financial transfers are identified and duly recorded** in the accounting books, designed to ensure there are no 'secret accounts' or non-existent expenditure records.
- In cases where there is evidence or suspicions that the entity wanting to work with Aciturri is participating in money laundering operations, **we conduct diligent checks of the account holder's identity**. If such suspicions turn out to be true, the Compliance Officer shall bring it to the attention of SEPBLAC, the Spanish Commission for the Prevention of Money Laundering and Monetary Offenses.

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Our **Code of Conduct** is publicly accessible from our corporate website in Spanish and English. It is also available to the entire organization via the intranet. After its approval in 2017, the code was notified personally to by all management members (17) and partners, who showed their commitment to ensuring compliance in writing.

In 2014, we published our **Purchases and Subcontracting Policy**, a document in which we demand that our suppliers and contractors comply with the principle of Ethical Behavior, referring explicitly to *“the development of their business showing a behavior based on integrity and professional ethics, avoiding conflicts of interest, bribery or any other form of corruption, as well as the practice of anti-competitive behavior.”* Since its approval by our senior management, this document is part of the documentation handed to subcontractors and has also been distributed to Aciturri’s supply chain via GESDOC—the company’s document management system.

In December 2018, the Legal and Compliance Departments agreed to include an Ethics and Compliance clause in the contracts we sign with our suppliers. This clause requires that all suppliers *“comply with Aciturri’s Code of Conduct, as well as with our Supply Chain and Anti-corruption policies and the Protocol for the Prevention of Harassment. They must state that they have read and understood the obligations contained in these documents.”* Contracts with suppliers including this clause will be signed from 2019 onwards.

It should be noted that since we implemented this model, no disciplinary proceedings or corruption-related complaints of any type have been filed.



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Partners

To Aciturri, corporate responsibility means a model of sustainable management committed to the advancement of the communities where we conduct our business.



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With the objective of addressing the needs and expectations of our stakeholders, we take an active role in the development of those communities. We do this through dialogue and collaboration with business organizations, education centers, local governments and society as a whole.

Aciturri also takes part in initiatives for the promotion of entrepreneurship and inclusion in the job market, and advocates human rights as a partner of the UN Global Compact.

**At Aciturri, we participate actively
in the development of the
communities
where we carry out our business**



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Professional organizations

Aciturri is a member of many professional organizations with which we collaborate to develop strategic plans and promote the industry, as well as professional training and exchange of good practices.

ADDIMAT (Spanish association of additive manufacturing technologies)

Fundación Hélice (Andalusia's aerospace cluster)

AERCE (Spanish association of sales representatives)

HEGAN (Basque aerospace cluster)

Association of SAP users in Spain

MANU-KET (Spanish technological platform for advanced manufacturing)

Spanish association of methods-time measurement technicians

MATERPLAT (Spanish technological platform for advanced materials and nanomaterials)

Spanish association for non-destructive testing

PAE (Spanish technological aerospace platform)

Spanish association for quality

Spanish network of HR directors

Association for management advancement

Spanish network of the UN Global Compact

Chamber of Commerce of Valladolid

Alava business union

Chartered Institute of industrial engineers of Burgos

SPACE (supply chain progress toward aeronautical community excellence)

Family-owned business association of Castilla y León

TEDAE (Spanish association of defense, aerospace and space technologies)

Burgos federation of business associations

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Educational institutions

Aciturri collaborates with various institutions to conduct research projects, offer professional and non-professional internships, and help with Bachelor's theses and case studies.

AIMEN Technology Center

IK4 Research Alliance

CARTIF Technology Center

Industrial technical institute

CEIP Simón de Colonia (state primary school)

Manufacturig Technology Centre

CIDAUT (foundation for research and development in transport and energy)

PRODINTEC

CIFP Juan de Herrera (state vocational school)

TECNALIA Research & Innovation

CIFP Medina del Campo (state vocational school)

TECNUN

CTME (Miranda de Ebro Technology Center)

TWI (The Welding Institute, UK)

ENASA

UNED (Spanish distance learning university)

Valladolid Chamber of Commerce's business school

University Alfonso X el Sabio

FIDAMC (foundation for research, development, and application of composite materials)

Universidad Autónoma de Madrid

FP Cristo Rey Valladolid (vocational school)

Carlos III University

Technology center foundation in Miranda de Ebro

University of Burgos

National paraplegic hospital foundation for research and integration

University of Cádiz

IES San Cosme (state secondary school)

University of La Rioja

IES Fray Pedro de Urbina (state secondary school)

University of León

IES Juan de la Cierva (state secondary school)

University of Navarra

IES La Merced (state secondary school)

Oxford University

IES Laboral Zamora (state secondary school)

University of País Vasco

IES Mendizabala (state secondary school)

University of Sevilla

IES Politécnico de Sevilla (state secondary school)

University of Valladolid

CIFP Profesor Raúl Vázquez (state vocational school)

Universidad Politécnica de Madrid

IES San Cosme (state secondary school)

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Management

Aciturri also collaborates with public institutions and local governments by offering non-professional internships and training and employment programs.

Ayuntamiento de Berantevilla (local government)

Ayuntamiento de Boecillo (local government)

Ayuntamiento de Alcalá de Guadaíra (local government)

Ayuntamiento de Miranda de Ebro (local government)

Ayuntamiento de Tres Cantos (local government)

ECYL (Castilla y León employment agency)

Gobierno del Principado de Asturias (regional government)

Gobierno Vasco (regional government)

Junta de Andalucía (regional government)

Junta de Castilla y León (regional government)

Social action

At Aciturri, we are totally aware of how our industrial activity impacts society and the potential of our initiatives for the benefit of our surroundings.

For this reason, and aside from promoting activities at the corporate level, we support initiatives coming from our employees such as charity and sports projects, and programs to promote a healthy lifestyle.

In 2018, we donated to several organizations in the hope of promoting physical exercise and healthy habits, as well as cultural activities in local communities. We also collaborated with associations that help the sick and people with different abilities.

ASBEM (Burgos association for multiple sclerosis patients)

Asociación de Amigos Rafael Izquierdo (local cultural association)

Burgos association for Down syndrome patients

Madrid association for Down syndrome patients

Valladolid association for Down syndrome patients

Ateneo Musical Mirandés (music association)

Cáritas

Club Balonmano Miranda (handball club)

Club Mirandés de Montaña (mountaineering club)

Club Triatlón Miranda (triathlon club)

Cofradía de Nuestra Señora de Altamira (religious brotherhood)

Spanish Red Cross

Fundación PRODIS (foundation for Down syndrome patients)

National paraplegic hospital foundation for research and integration

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In 2018, Aciturri signed an agreement with the Hijas de la Caridad de San Vicente de Paul de Vera reception center, in Almería, whereby we committed to providing young people placed in the center with financial support to advance their academic training, including university studies, vocational training and internships with us. In 2018, the budget included line items to cover tuition, accommodation and meal expenses for two students—one who went to college and one who started vocational school, as well as 805 tutoring hours for the students who live in the center.

Aciturri takes part in initiatives for the promotion of entrepreneurship and inclusion in the job market



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Development in the local communities

At Aciturri, we strive to create value and bring stability to the areas where we run our business.

All our industrial facilities remain in the area where they were originally opened or incorporated into the society: Miranda de Ebro, since 1977; Tres Cantos y Boecillo, since 2008; and Alcalá de Guadaíra, since 2010.

We also promote economic activity and job creation beyond our own business. The initiatives developed in Miranda de Ebro are a blatant example.

Industrial Technical Institute Foundation

This is a vocational school located in Miranda de Ebro offering intermediate and advanced training and courses on supply and demand.

The school opened under the sponsorship of the religious order Compañía de Jesús. However, in 1999 the order announced the center's closure, which could have had devastating consequences in a town with such industrial tradition. We couldn't let that happen, for this school was one of the main sources of professional qualification in industrial sectors, and the only one in the field of machining.

For this reason, Ginés Clemente, Aciturri's CEO and president of the local Chamber of Commerce at the time, promoted a foundation of different enterprises (including

Aciturri) which took it upon themselves to ensure the continuity of the school. This allowed to provide further formal education, while boosting training and services to companies.

Today, the Instituto Técnico Industrial trains qualified professionals for the nearby businesses and is one of the educational references in the area. In addition, its staff was able to keep their jobs.

Miranda de Ebro Technology Center

The CTME is a technology center established in 1992 and managed by the nonprofit organization Fundación CTME.

This privately-managed foundation is made up of 40 companies based in or around Miranda de Ebro. Ginés Clemente, CEO and founder of Aciturri, is the president of the board of trustees, whose goal is to help nearby enterprises by increasing their competitiveness and technological development through R+D+I.

From Aciturri, we have promoted the implementation of one of our lines of business in the center—the aerospace industry. Today, it offers an extensive service portfolio for a sector that sells both in Spain and other European countries.

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Bebot

Since 2018 and together with Fundación Caja de Burgos and Fundación Galletas Coral, Aciturri has supported the Bebot educational project, set in Miranda de Ebro and aimed at promoting scientific and technological interests in children and young people.

It includes several activities; namely, a robotics program for 6-to-16-year-olds involving a project to participate in the First Lego League international competition, talks on scientific topics, and scholarships for local students, among others.

The participants have the support of eight employees from Aciturri, who voluntarily dedicate some hours of their weekend to taking part in the robotics workshops and guiding the work of the groups to prepare their project for the different stages of the First Lego League competition.

Polo Positivo

Polo Positivo is an industrial project accelerator launched by two foundations—Fundación Caja de Burgos and Fundación Tomás Pascual y Pilar Gómez-Cuétara—and three companies—Gonvarri, Grupo Antolín and Aciturri.

In 2018, the development partners signed an agreement to set this nationwide initiative in motion, with the goal to promote industrial entrepreneurship in the province of Burgos.

The companies involved hoped to give back after the opportunity they received back in the day, which put them on the path to become major industry references. In 2019 three different programs covering the life cycle of a company will be launched: IMÁN de ideas (MAGNET for ideas), IMPULSO pymes (BOOSTING SMEs) and I DESAFÍO industrial (1st Industrial CHALLENGE).

No significant, negative impacts, whether real or potential, have been identified in local communities.



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Healthy lifestyle

Sponsorship of Miranda de Ebro's mountain run and the cross-country race organized by the Príncipe de España school.

Sponsorship of a walk and race in Miranda de Ebro in support of multiple sclerosis (MS) patients. Celebrated on World MS Day and organized by the association ASBEM, it aims to raise awareness of this condition and of amyotrophic lateral sclerosis (ALS).

Volunteering participation of Aciturri's employees in Madrid's company race.

National paraplegic hospital foundation for research and integration

It is a nonprofit institution with different goals in mind; some of them are research, development and innovation (R+D+I), with a special focus on interdisciplinary aspects to share scientific knowledge with society, companies and entrepreneurs; and the use of the R+D+I results for products, processes and services, as well as for continuing professional development aimed at updating the knowledge necessary for economic and social development.

Aciturri collaborates with this foundation, whose main goal is to research and disseminate the work conducted by the Neuroimmune and Reparation Group, dedicated to the study of demyelination repair in various CNS (central nervous system) pathologies, especially MS.

In 2018, two outreach activities about this condition took place in Miranda de Ebro, both open to the public.



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Cultural activities

Religious brotherhood Cofradía de Nuestra Señora de Altamira

Aciturri's collaboration consists of a donation to revive the *Procesión de los Faroles*, a lantern-lit parade along the streets of Miranda de Ebro that takes place every September.

This is a contribution to preserve a cultural tradition that has been abandoned over the years.

Ebrovisión

Aciturri has established a collaboration agreement with the nonprofit Asociación de Amigos Rafael Izquierdo to help organize Ebrovisión—a renowned independent music festival held annually in Miranda de Ebro since 2001.

More specifically, the sponsorship supports the EBROEMERGENTES contest: a call to novice music bands which will be given the opportunity to play live in the festival next to more established musicians.

Employability for <30

Collaboration with the Chamber of Commerce and Industry of Valladolid in the **Comprehensive Training and Employability Program** (PICE in Spanish), which includes a multi-action plan focused on orientation, training, internships and employability.

Around 12 young people take part each year and, in the last 8 years, over 100 of them have joined our team in Aciturri's plant in Boecillo (2 in 2018).

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Aciturri's 2018 Sustainability Report is an account of our economic, environmental and social performance and its results between January 1 and December 31, 2018. This is the second one that has been published, following the one from 2017.

The entities included in this Sustainability Report are Aciturri Aeronáutica, S.L.U., Aciturri Aerostructures, S.L.U., Aciturri Engineering, S.L.U., Aciturri Assembly, S.A.U., Aciturri Aeroengines, S.L.U. and Aciturri Additive Manufacturing, S.L.U. As the parent company, Aciturri Aeronáutica wholly owns the others.

There are other companies linked to Aciturri Aeronautics; namely, Caetano Aeronautic, S.A., owned at 50% and run together with another partner; and Payload Aerospace S.L. They are both independent organizations, so Aciturri doesn't intervene in their management. This is why this report includes no information about them, unless overtly specified, for example when our collaborations with Caetano are brought up under the innovation section.

The most relevant change that took place during the reporting period was the incorporation of Payload Aerospace, S.L. to Aciturri. Although this has been an invested company since June 2018, it is not included in the consolidated financial statements.

This report was drawn up in accordance with the GRI Standards, a key aspect to us. We also took into account at all times the provisions under Law 11/2018, of December 28, an amendment to the Code of Commerce. This revised text of the Capital Corporations Act was approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on accounts auditing regarding non-financial information and diversity.

This document on non-financial statements was included as a separate item on the agenda for its approval at Aciturri's General Assembly, held on March 27, 2019.

We are committed to publishing a Sustainability Report on an annual basis.

Nacho Fernandez, Head of Communications and CSR at Aciturri, is the contact person for questions about this document or its contents (nacho.fernandez@aciturri.com).

The contents of this report (and the one from 2017) have been selected based on the principles of stakeholders' inclusion, sustainability context, materiality and

thoroughness. We started compiling the content with two things in mind—the analyses the company had carried out among stakeholders, as well as their needs and expectations (dialogue model with these interest groups); and the commitments we took on as signatories of the United Nations Global Compact.

On this basis, a few members of the organization were selected to represent stakeholders in the 2017 report. The specific group was chosen on account of their ongoing dialogue with those same stakeholders. These people individually assessed the relevance of the economic, environmental and social impact of each of the topics proposed by the GRI Standards, and also how much influence these three aspects have on the stakeholders' evaluations and decisions. The result of this analysis shaped Aciturri's materiality matrix. This was reviewed prior to the preparation of the 2018 Sustainability Report and no necessary modifications were identified.

A third party independent from the company audited all contents required by Law 11/2018, of December 28, included in this sustainability report. However, the company's management decided not to audit the contents related to GRI Standards (Global Reporting Initiative).

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Materiality matrix

Material issues are located on the curve, plotted by mutual agreement between all the actors involved in the process. See table.



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⁴⁷ This report includes no information on measures for consumer health and safety or complaint procedures at their disposal based on the fact that Aciturri's clients are not the end consumer.

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AENOR Verification Statement for

ACITURRI AERONÁUTICA, S.L.U.

relating to the reporting of non-financial information in accordance with Law 11/2018 corresponding for the year ended 31 December 2018

FILE: 2019/0245/GEN/01

ACITURRI AERONÁUTICA, S.L.U. (hereinafter the company) has commissioned AENOR to carry out a verification under a limited level of assurance of the state of non-financial information (hereinafter NFI reporting), in accordance with Law 11/2018 amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of July 20, on Account Auditing, in matters of non-financial information and diversity (hereinafter, Law 11/2018), for the verification period of its activities, fiscal year ended December 31, 2018, included in the non-financial reporting approved on 27 March 2019, which is part of this Statement.

AENOR, in accordance with the aforementioned Law, has carried out this verification as an independent provider of verification services.

In this sense, AENOR has carried out the present verification under the principles of integrity, independence, ethics, objectivity, professional competence and diligence, confidentiality and professional behaviour that are required based on the accreditations that it has, within the general scope of application of ISO/IEC 17021-1:2015 and ISO 14065, and individuals, such as the Accreditation granted by the United Nations Convention on Climate Change (UNFCCC) for verification and validation of Clean Development Mechanism (CDM) projects.

AENOR, as required by the aforementioned Law, declares that it has not participated in processes prior to the verification of the NFI reporting.

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Company data: ACITURRI AERONÁUTICA, S.L.U.

headquartered in: Miranda de Ebro 09200 BURGOS, Polígono Industrial de Bayas, calle Ayuelas, parcela 22.

Representatives of the Organization for the purposes of statement of non-financial information: Ginés CLEMENTE ORTIZ, CEO.

ACITURRI AERONÁUTICA, S.L.U. had the responsibility to report its non-financial information status in accordance with Law 11/2018. The formulation of the NFI reporting as well as its content is the responsibility of the Administrators of the company. This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFI reporting to be free from any material misstatement, due to fraud or error, as well as the management systems from which the necessary information is obtained for the preparation of the NFI.

Purpose

The purpose of the verification is to provide interested parties with a professional and independent judgement about the information and data contained in the non-financial information statement of the aforementioned organization, prepared in accordance with Law 11/2018.

Scope of Verification

Non-financial reporting included in "Annual Sustainability Report 2018" approved on 27 March 2019 of ACITURRI AERONÁUTICA, S.L.U. and companies included in the consolidated and related statements Annex A.

Materiality

For verification purposes, it was agreed to consider material discrepancies those omissions, distortions or errors that can be quantified and result in a difference greater than 5% with respect to the total declared.

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Criteria

The criteria and information that have been taken into account as a reference for carrying out the check have been:

- 1) Law 11/2018 of 28 December amending the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, on non-financial information and diversity.
- 2) Standard ISAE 3000 (revised), relating to the commissioning of different insurances or the review of historical financial information.
- 3) The criteria established by the global sustainability reporting initiative at GRI standards when the organization has opted for this internationally recognized framework for the disclosure of information related to its corporate social responsibility.

AENOR expressly disclaims any responsibility for investment or other decisions based on this statement.

Verification process carried out

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the staff in charge of collecting and preparing the non-financial information statement and reviewed evidence relating to:

- Activities, products and services provided by the organization
- Consistency and traceability of the information provided, including the process followed to compile it, sampling information on the reported one.
- Completion and content of the statement of non-financial information in order to ensure the completeness, accuracy and truthfulness of its content.

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Conclusion

Based on the foregoing, in our opinion, there is no evidence to suggest that the statement of non-financial information included in the non-financial reporting "Annual Sustainability Report 2018" approved on 27 March 2019, and for the year ended December 31 2018, is not a faithful representation of the performance in social responsibility matters under Law 11/2018 of ACITURRI AERONÁUTICA, S.L.U. and companies included in the consolidated statements. Specifically, in relation to environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery and diversity.

Madrid, 6 June 2019

Rafael García Meiro
Chief Executive Officer

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ACITURRI ASSEMBLY, S.A.U.

ACITURRI AEROENGINES, S.L.U.

ACITURRI ADDITIVE MANUFACTURING, S.L.U.

