

SUSTAINABILITY REPORT

2019

Ingeteam

-
- **01** Letter from the CEO – 03
 - **02** Introduction – 05
 - **03** GRI 102 About us – 09
 - **04** GRI 201 Economic Performance – 27
 - **05** GRI 300 Environmental Standards – 32
 - **06** GRI 400 Social Standards – 38
 - **07** The 10 Principles of the Global Compact – 53

01

Letter from the CEO



The whole world is moving towards a "new normality" in the wake of the terrible impact of Covid-19 on society. But this is also an exciting time of transition in our energy model, which needs to become sustainable. The climate emergency declared by the European Parliament prior to COP25 is getting worse by the day and having harmful effects on the lives of people in every corner of the world. If the situation is to be reversed it is essential for human beings to realise that we need to do things better. Accordingly, we must strive to help achieve balance in our production structure, fostering decarbonisation in society and bringing about an energy transformation towards an increasingly electrified, sustainable society.

At Ingeteam 2019 saw the start of our new strategic plan, which runs to 2021, in which we are aligning our strategic goals with the sustainable development goals of the 2030 agenda, aiming for sustainability on three fronts: social, economic and environmental.

With this ambitious goal, the Board of Directors of the Ingeteam Group has selected 8 of the 17 UN sustainable development goals as the focus of its efforts under its corporate social responsibility policy, as can be seen throughout this document.

The Group's mission statement has been reworded as follows:

To promote the global transition to clean energy through the development and application of cutting-edge technology in rotating electric machines, power electronics and automation and control systems.

The vision statement has also been reworded:

*Next **generation**, in a world that will get most of its energy needs from renewable sources, we will stand as a market leader in **electric generation and power conversion**, applying the necessary **R&D to the development of competitive and customized products, services and systems**.*

Our people are the foundation of our success. The continuous improvement of our management strategies and close cooperation with our clients will make Ingeteam a sustainable corporation, with profitable businesses that all stakeholders will benefit from.

This means that contributing to driving forward the global energy model is part of our very DNA. We continue to focus on products for renewable energy and clean energy consumption, and have the technology needed to help to decarbonise energy and thus become part of the solution. Moreover,

our frequency converters help to improve energy efficiency in a wide range of sectors including railway traction, shipbuilding and industry. We are talking here about sustainable mobility for trains and ships, with the resulting reduction or even elimination of pollution from such forms of transport and from other sectors, such as mining.

We would not be able to help bring about a better world if it were not for our workforce. There are more than 4,000 people in the Ingeteam Group, and they are our chief asset. We are working to instil a culture of prevention more and more deeply in our whole workforce. Accordingly, we have launched a campaign under the slogan "LET'S GO SAFETY – LET'S BE HEALTHY" for everyone who works at Ingeteam Group member companies.

As a result of our engagement with the 10 universally accepted principles of the Global Compact drawn up on the basis of UN declarations on human rights, labour, the environment and anti-corruption measures, this year we have taken things a step further by including a Code of Conduct for Suppliers in our Purchasing General Conditions. We are also working to include points concerned with compliance, sustainability and CSR in processes of selection, approval, assessment and auditing of suppliers which are significant for our business.

For the second year running, our non-financial information has been checked by an independent verification service provider, as required under the Spanish Royal Decree on account auditing in regard to non-financial information and diversity. The relevant document is available on the corporate website.

We therefore seek to be a leading player in the ambitious plan to change the energy model, because we are convinced that if the future is not based on renewables there will be no future. If we work as a team, making Ingeteam a sustainable project beneficial to everyone, including customers, suppliers and all the stakeholder groups with which we interact in our operations and all pull in the same direction, we will make it!



Mr. Adolfo Rebollo Gómez
Chief Executive Officer

02

Introduction



2019 began with the approval of the new strategic plan for 2019-2021.

The project is based on helping to decarbonise society and bring about a transformation in energy towards an increasingly more electrified society. The technological grounding for the project involves the Group's three basic technology vectors: rotating electric machines, power electronics and automation & control systems. Ingeteam also provides innovative solutions in operation and maintenance, an increasingly important field in sectors concerned with renewables.

The Group's new plan aligns its strategic goals with the Sustainable Development Goals of the 2030 Agenda and seeks to make the company's project sustainable on three fronts: social, economic and environmental.

Social, obliging us to create value for all our stakeholders, and in particular for our own people, by offering opportunities for development in safe, healthy working environments.

Financial, obliging us to attain sufficient yield to assure future growth.

Environmental, obliging us to develop products, systems and services that help to foster environmental friendliness.

As part of its corporate social responsibility policy, the Ingeteam Group Board of Directors has focused on 8 of the 17 Sustainable Development Goals (SDGs) set out in the UN's 2030 Agenda. These are adjudged to be the SDGs which are most closely aligned with the strategy set out in the mission and vision of the 2019-2021 Strategic Plan.

Specifically, they are the following:

■ **SDG 3. Good Health & Well-being.** Assuring a healthy life and promoting universal well-being are prerequisites for all individual and collective goals. Ingeteam carries out a range of activities in regard to nutrition, encouragement of physical exercise among employees, support for research into disease, etc.

■ **SDG 4. Quality Education.** Ensuring inclusive, fair, quality education and promoting lifelong learning opportunities for everyone are priority areas in helping to solve the world's problems. Ingeteam has been working for years now with schools, dual training centres, universities, etc.

■ **SDG 5. Gender Equality.** Gender equality is not just a basic human right but a necessary foundation for achieving a peaceful, prosperous, sustainable world. The Ingeteam Group is committed to this goal, and several production units already have equality plans in place.

■ **SDG 7. Affordable & Clean Energy.** The introduction and growth of renewables are vital in achieving a more sustainable world, and the Group can act as a driver for the development of products conducive to the decarbonisation and electrification of society. Our efforts are also directed at improving energy efficiency in processes that require large scale energy exchanges.

■ **SDG 8. Decent Work & Economic Growth.** To achieve sustainable economic development, societies need to set in place conditions to enable people to access quality jobs. Ingeteam works to create quality jobs that can help drive economic development, entrepreneurship and technological innovation.

■ **SDG 11. Sustainable Cities & Communities.** Cities are focal points for ideas, trade, culture, science, productivity, social development and much more. They are also growing as the world's population grows. At Ingeteam we seek to help cities become sustainable by fostering sustainable mobility via railway traction equipment and electric vehicles. We also drive social action in favour of different community based organisations and sectors.

■ **SDG 12. Responsible Consumption & Production.** Sustainable production and consumption mean, among other things, fostering the efficient use of resources and energy, and building infrastructures that do not harm the environment. Several plans are ongoing to reduce the carbon footprint of the buildings where the Ingeteam Group's production units are based and to recycle waste. We take particular care to prevent pollution during the process of manufacturing our products, which over the course of their useful lifetimes help stop over 13 tonnes of CO₂ from entering the atmosphere.

■ **SDG 13. Climate Action.** Climate change affects all countries on all continents: it harms their economies, the lives of their people and their communities; and greenhouse gas emissions are at their highest levels ever. At Ingeteam we take particular care to prevent pollution during the process of manufacturing our products, which over the course of their useful lifetimes help stop over 13 tonnes of CO₂ from entering the atmosphere.



The contents of this document are as follows:

GRI 102. General Disclosures

This section describes the company's position in regard to the following:

- Profile of the organisation
- Structure
- Ethics & Integrity
- Governance
- Stakeholder involvement
- Reporting practices

GRI 200. Economic Disclosures

This section examines the following areas:

- Economic performance
- Market presence
- Indirect economic impacts
- Procurement practices
- Anti-corruption
- Anti-competitive behaviour

GRI 300. Environmental Disclosures

This section describes the impacts of the company's operations on the environment, specifically in regard to the following:

- Materials
- Energy
- Water
- Biodiversity
- Emissions
- Effluents & waste
- Environmental compliance
- Environmental assessment of suppliers

GRI 400. Social Disclosures

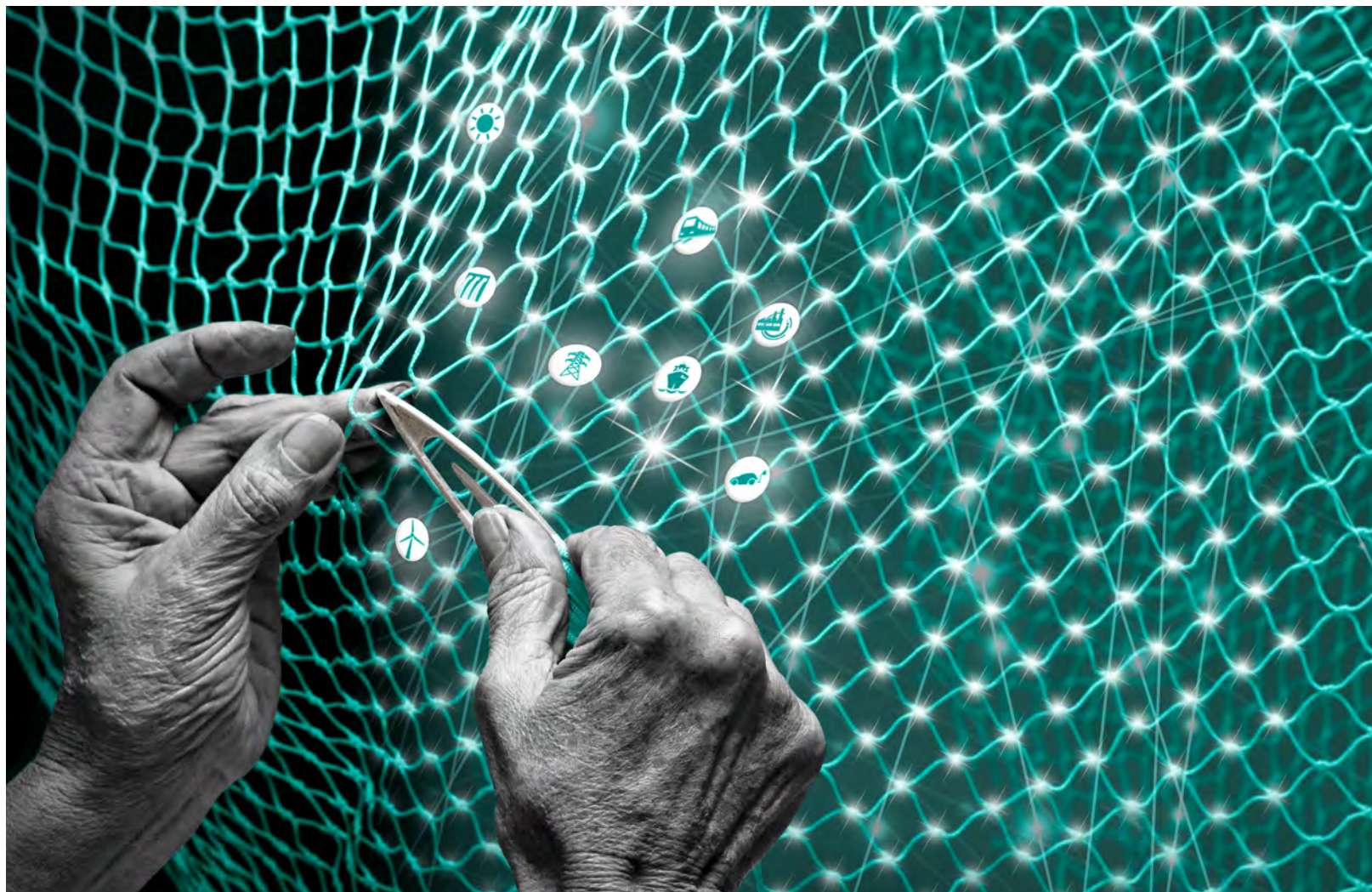
This last section examines the aspects of the company's operations that directly affect its people, its suppliers and the communities in which it works:

- Employment
- Labour/management relations
- Occupational health & safety
- Training & education
- Diversity & equal opportunity
- Non-discrimination
- Human rights

03

GRI 102

About us



Profile of the company

102-1 Name of the organisation

This report refers to the Ingeteam corporate group.

102-2 Activities, brands, products & services

Ingeteam is an international technology group that specialises in electrical energy conversion. Our technological developments in power and control electronics (inverters, frequency converters, controllers and protective devices), rotating electric machines (motors, generators and Indar pump motor units), systems (integration of electromechanical engineering & automation) and O&M services enable us to offer solutions for the wind, photovoltaic, hydro-electric and fossil fuel energy sectors, for the metal processing industry, for shipbuilding, for railway traction and for electrical power grids, including substations. We cover transmission and distribution, and always strive for greater efficiency in generation and energy consumption.

The Ingeteam Group operates worldwide, with permanent establishments in 24 countries, and employes over 4,000 people. Our operations are based on R&D&i, in which we invest more than 5% of our turnover each year.

We develop solutions for the following sectors:

- **Wind energy:** Doubly fed and full converters with unit power ratings up to 15 MW; doubly fed asynchronous, squirrel cage and permanent magnet synchronous Indar generators rated at up to 9 MW; electrical control cabinets for wind turbines; energy management systems (which can include energy storage); control centres, substation automation; and operation and maintenance (O&M) services for wind farms.

- **Hydro-electric energy:** Indar hydro-electric generators with unit power ratings up to 80 MVA and voltages up to 15 kV. Reconditioning & re-powering of large machinery up to 200 MVA. Frequency converters and generators for variable speed and reversible pumping stations. Complete automation of hydro-electric plants, voltage & speed regulators and O&M services at power plants.

- **Photovoltaic energy:** String & central inverters including MV outputs up to 7,500 kVA, storage & O&M services at PV plants.

- **Marine & Ports:** Frequency converters, motors and Indar electric generators for shipboard propulsion (main & auxiliary thrusters), integrated electrical propulsion solutions, automation systems and power management systems. Electrical power plants for offshore vessels (supply & heavy offshore), ferries, cruise liners, dredgers, tugs and research vessels (specialising in silent vessels), etc.

- **Railway traction systems:** Indar on-board drive motors and frequency converters, train control and monitoring systems (TCMS), control of auxiliary systems (HVAC, door control, etc.) and brake energy recovery systems.

- **Transportation & distribution of energy:** Substation automation, electrical grid control & protection systems, power electronics applied to grids and electrical storage systems.

- **Water:** Indar submersible motor pumps and pumping solutions with power ratings of up to 6.5 MW applied to drinking water supplies, offshore rigs, mining, hydro-electric plants and wastewater and clean water pumping stations. Frequency converters and electrical engineering & automation.

■ **Electrical mobility:** DC and AC, ultra-rapid (up to 400 kW), rapid (up to 100 kW), semi-rapid (up to 22 kW) and domestic charging systems for electric vehicles.

■ **Industry:** handling of complete electrical projects, project management, detail engineering, manufacturing & supply of electrical equipment including frequency converters & motors or generators, electrical installations, automation of systems, commissioning, SAT training & maintenance.

■ **Thermal generators:** Indar synchronous generators drive by high-efficiency thermal motors (diesel, gas or dual).

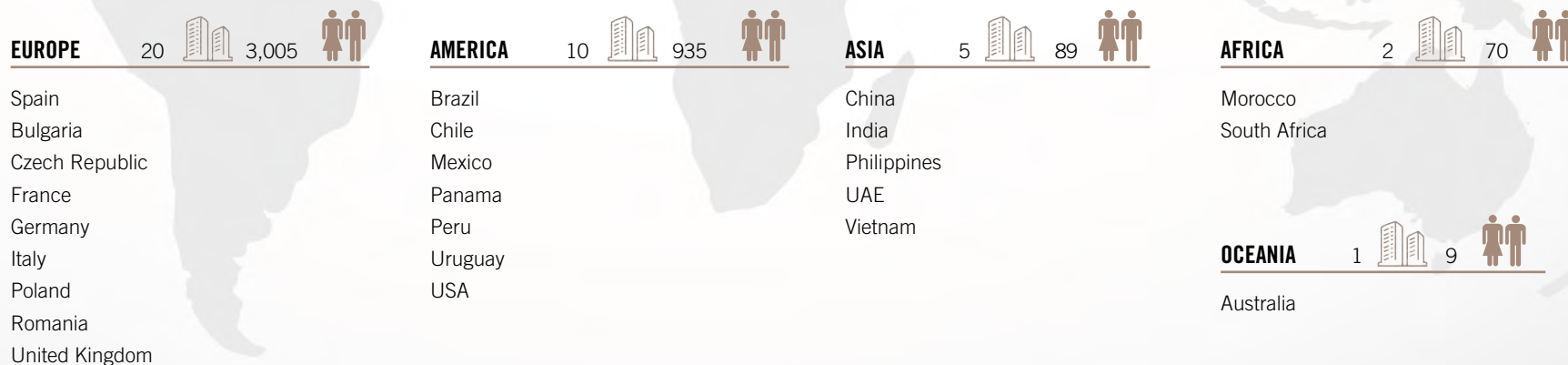
102-4 Location of operations

We have production plants in Spain, the USA, Brazil, the Czech Republic and India. We also have permanent establishments in France, Italy, Germany, Poland, Romania, the UK, Bulgaria, Mexico, Brazil, Honduras, Uruguay, Peru, Panama, Chile, the Philippines, South Africa, Morocco, Australia, Vietnam and China.

In 2019 we opened a new production plant in Spain to manufacture power and control electronics. The plant is to manufacture power converters for use in the railway traction, mining, shipbuilding and steel industries, in power generation, in electricity grids and in power storage.

102-3 Location of headquarters

Ingeteam S.A. is based on the Bizkaia Technology Park in Zamudio, near Bilbao.



102-5 Ownership and legal form

Ingeteam, the holding company of the Group, is set up as a public limited company [Sociedad Anónima]. Its main shareholders are:

| | |
|-----------------|--------|
| Kutxabank, S.A. | 12.86% |
| Treasury stock | 19.12% |
| Others | 68.02% |

102-6 Markets served

The member companies of the Ingeteam Group look to serve markets all over the world. The sectors and customers that we serve are listed in section 102-2 above.

102-7 Scale of the organisation

The Group's turnover in 2019 was 676,367 thousands of Euros, with more than 5% of that figure given over to R&D&i. The main financial figures at the close of financial year 2019 are as follows:

- Orders received..... 648,962,277
- Turnover 676,367,238
- EBITDA (*) 69,565,405
- Investment in tangible fixed assets 12,478,399
- Capital & Reserves 286,103,593

* Would have been 81.27M EUR without the impact of the insolvency/liquidation process of SENVION GmbH (11.7M EUR).

The Group's worldwide turnover breaks down by countries/continents as follows:

- Spain: 28%
- Rest of Europe: 22%

- Asia: 10%
- Oceania: 5%
- America: 34%
- Africa: 1%

And the final destinations of its products/services break down as follows:

- Spain: 16%
- Rest of the world: 84%

102-8 Information on employees and other workers

In 2019 a net figure of 196 jobs were created, thus increasing the total Ingeteam Group workforce by 5% on the average for 2018. Fewer jobs were created in 2019 than in 2018 (when the workforce rose by 291), but the increase still denotes sustained growth in total job creation at the Ingeteam Group, with a total of 487 new jobs in 2018-2019.

The organisation has a people management policy to “define, implement and develop a people management model at the Ingeteam Group that can attract, develop and promote the talent required for the business project set up and specified in the current strategic plan, in balance with the interests in terms of personal and career growth of those who work with us, so as to secure their long-term commitment and participation in consolidating and expanding that project”.

The main priorities and principles covered by this policy are the following:

- To attract and recruit top specialists on the basis of an attractive brand with reliable, transparent processes in line with the Ingeteam Group values.
- To secure the loyalty of those specialists who provide value, particularly in strategic areas, by enhancing their talent and their contribution to the development of the organisation and its business, taking full advantage of the possibilities offered by the Ingeteam Group.

- To provide continual training for employees in technical, human and business areas required to develop a strong, competitive organisation and business.
- To strengthen and extend the “Ingeteam Culture” and a feeling of pride in common values by encouraging behaviours and attitudes in line with a specific, shared style and at the same time acknowledging the different circumstances and individual characteristics that make up the Group.
- To build up a smooth-running, efficient organisation where people and teams are clearly oriented towards achievements and prepared to manage change
- To provide all those who make up the organisation with the information they need to make their role in it meaningful, and to do so with all necessary transparency and proper timing; to teach them more about it, increase their sense of belonging and provide them with the data that they need to carry out their responsibilities as best they can.
- To recognise and remunerate personnel in line with the possibilities of the organisation at any given time according to their skills, efforts and results, in a way consistent with the different external and internal settings applicable.
- To maintain smooth, satisfactory communications with workers’ representatives at our plants and trade unions in general, to facilitate a framework of sustained, advanced peaceful industrial relations in line with the needs of the organisation and its members.
- To design and maintain up-to-date, efficient management tools and processes and implement best practices across the whole organisation.
- To act with integrity, respect and honesty, in compliance with current legislation and the values, code of conduct and internal regulations applicable at the Ingeteam Group.

102-9 Supply chain

As indicated in the Code of Conduct and the Code of Conduct for Suppliers, the Ingeteam Group is committed to values of integrity, honesty and trust in all its business relationships, activities and conduct. It expects the same commitment from its suppliers and indeed all third parties which work with the Group as subcontractors, commercial agents, business partners, associated persons, consultants and in similar roles, all of whom are included under the general term “suppliers”.

The services and products sourced from suppliers by the Ingeteam Group form an essential part of the value chain provided to customers, so they are required to comply strictly with legislation, with the same ethical principles on defence of human rights and integrity, prevention of corruption, protection of intellectual and industrial property rights, safety, health, environmental matters and conflict minerals.

Accordingly, the Ingeteam Group has drawn up a specific Code of Conduct for Suppliers that details the requirements made of them in business dealings.

The supply chain is specific to each business, except for a few common areas that can be managed at corporate level, mainly in services: insurance, travel, company vehicles, etc.

Business units which work in production establish supply chains mainly on a local basis, backed up by many years of experience in supplier assessment.

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

2019 began with the approval of the new strategic plan for 2019-2021.

The Board of Directors of the Ingeteam Group drew up a corporate social responsibility policy. This entailed selecting 8 of the 17 Sustainable Development Goals included in the UN's 2030 Agenda. These are adjudged to

be the SDGs which are most closely aligned with the strategy set out in the mission and vision of the 2019-2021 Strategic Plan.

At the end of the year, work also began on the manufacturing of control and power electronic equipment at the group's new plant in Ortuella (Bizkaia).

102-11 Precautionary principle or approach

Ingeteam's operations are based on highly technological products and services. R&D is essential to the development of the company, and around 5% of its annual turnover is given over to it.

Every time Ingeteam starts a project for the development of a new product or service, the principle of precaution is applied to offset any negative repercussions that the products or service in question may have on the environment and/or on people.

102-12 External initiatives

Ingeteam has voluntarily signed up to the UN Global Compact and complies with local legislation on financial, environmental and social issues.

For the second year in succession we also drew up non-financial statements as part of the consolidated management report for financial year 2019 of Ingeteam S.A. These statements were drawn up to meet the requirements set in Act 11/2018 of 28 December 2018 amending the Code of Commerce, the reformulated wording of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Account Auditing Act 22/2015 of 20 July on non-financial reporting and diversity.

These non-financial statements were drawn up in accordance with the guidelines on non-financial reporting issued by the European Commission (2017/C 215/01), arising from Directive 2014/95/EU. The guidelines of the Global Reporting Initiative on drawing up sustainability reports (GRI Standards) were also taken into account.

Non-financial statements include the information required to understand the trends, results and situation of the group of companies and the impact of our activities in regard to social and environmental issues, respect for human rights, the struggle against corruption and bribery and personnel issues. These statements are available to all users on the Group website along with this sustainability report.

102-13 Membership of associations

To help carry out our activities in various technological ecosystems, the group at corporate level is a member of the following:

- Energy Cluster
- Basque Maritime Forum
- Innobasque
- Gaia
- Spanish Maritime Cluster
- Mobility Cluster
- Exporters & Investors' Club
- Euskalit
- APD

Group member companies also form part of sectoral associations such as the following:

- UNEF
- AEDIVE
- EWEA
- AWEA
- SEIA
- Siderex
- Hydraulic Institute

Strategy

102-14 Statement from senior decision-maker

The project is based on helping to decarbonise society and bring about a transformation in energy towards an increasingly more electrified society. The technological grounding for the project involved the Group's three basic technology vectors: rotating electric machines, power electronics and automation & control. Ingeteam also provides innovative solutions in operation and maintenance, an increasingly important field in sectors concerned with renewables.

The Group's new Strategic Plan aligns its strategic goals with the Sustainable Development Goals of the 2030 Agenda and seeks to make the company's project sustainable on three fronts: social, economic and environmental.

102-15 Key impacts, risks and opportunities

The trends observed in the various sectors in which Ingeteam operates and the expectations as per the current strategic plan are as follows:

■ Wind energy

The Ingeteam Group has attained a position as the world's leading independent supplier of wind power generators and converters, thanks to the innovative solutions that it offers in the sector.

2019 saw the installation of 4 GW of Ingeteam Group generators and converters, thus maintaining our share of the global market at 8%. We expect to maintain this level of leadership, and seek to attain 60 GW of installed capacity worldwide by the end of the current strategic plan period.

■ PV Solar energy

This is currently our fastest-growing sector worldwide, and the one with most potential. 2019 saw a further 110 GW of new PV solar generation plants around the world.

In the three years covered by the new plan, Ingeteam expects to supply PV inverters with a total power capacity in excess of all that supplied by the Group since it began working in the sector in 2000. The expectation is to increase from 3 GW at the end of 2019 to more than 24 GW by the end of the 2019-2021 strategic plan. As of the end of 2019 Ingeteam was providing O&M services at PV solar plants with a total power rating of 7.5 GW all over the world.

■ Hydro-electric generation

Indar electric generators at hydro-electric plants worldwide now total an installed capacity in excess of 9 GW. The Group also offers automation and control systems for hydro-electric plants.

Hydro-electric power will continue to be key in the future, not just as a generating technology but also for its added storage capacity (at reversible pumping plants), thus facilitating the integration of other renewable systems (solar PV and wind) into the electricity grid.

■ Stationary generation

The Ingeteam Group provides distributed generation systems for backup thermal power plants in isolated locations and for weak grids via high-efficiency synchronous generators driven by thermal motors (diesel, gas or dual) which minimise primary fuel consumption. We also provide generation control systems for plants of this type.

■ Electricity grids

The Ingeteam Group provides protection, control and metering systems for electricity distribution and transmission grids to meet the increasing need to upscale grids in response to increasing demand, improve the standard of service and enhance efficiency. The concept of smart grids is becoming firmly established in this sector.

Over the term of the 2019-2021 strategic plan, sustainable growth will continue in this sector as regards the transmission and distribution of electricity, particularly in the automation of substations at renewable generating plants, which is the area where most growth is expected.

■ Electrical mobility

An economic model is being consolidated that will permit exponential growth in electrical mobility all over the world. Parallel growth is also expected in the business of chargers for electric vehicles, a field in which we have so far supplied over 4,000 units.

■ Energy storage

This is an area that cuts across various forms of electricity generation, where there is a need to adapt the generation curve to the consumption curve and at the same time help to stabilise and control the grid. The large-scale incorporation of renewables into the generation mix accentuates that need.

■ Water: submersible motor pump units

The ever greater need for water for human consumption and the upsets resulting from climate change make this business area, which is carried out by Ingeteam Group member company Indar, an increasingly important vector for development. Indar offers a range of water engineering solutions that bring together pumping project engineering and its submersible motor pump units.

■ Railway traction

We have been working in the sector since 2000. Ingeteam offers solutions for all types of electrically driven and hybrid trains, ranging from metro and tramway systems to high-speed networks and on-board control systems.

Ingeteam is thus helping to decarbonise society by electrifying transport. As such, it expects to increase sales in this sector fourfold by the end of the 2019-2021 strategic plan.

■ Marine

The shipbuilding market is moving towards increasingly specialised, smarter, more environmentally friendly vessels for which the solutions provided by the Group (engines, generators, converters, automation systems and electrical plant engineering) fit more and more closely. Support vessels for the building of offshore wind farms, suction dredges, cruise liners and other high-technology, specialist vessels (research ships, silent vessels, etc) are the main focus points of the Group's operations in this sector.

■ Industry & mining

These are traditional sectors where the group's technical solutions provide controllability, greater efficiency and versatility.

In the mining industry there is ever greater awareness of environmental impacts and ecological footprint. Ingeteam offers solutions that enhance reliability, efficiency and control of operations.

In the steel industry there is a trend towards investment in modernising/revamping existing facilities to improve the performance and efficiency of their production processes.

Ethics & Integrity

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

The conclusions of the latest strategic reflection process conducted by Ingeteam include a list of specific values that remain consistent with those which emerged from previous strategic reflections.

■ Mission:

“To promote the global transition to clean energy through the development and application of cutting-edge technology in rotating electric machines, power electronics and automation and control systems.”

■ Vision:

“Next generation, in a world that will get most of its energy needs from renewable sources, we will stand as a market leader in electric generation and power conversion, applying the necessary R&D to the development of competitive and customized products, services and systems.

Our people are the foundation of our success. The continuous improvement of our management strategies and close cooperation with our clients will make Ingeteam a sustainable corporation, with profitable businesses that all stakeholders will benefit from.

We will achieve a position of leadership based on the following:

- Excellence in service, with a business model and competition strategy based on providing excellent service to our customers. Customer satisfaction is the key to our business.
Our policy will include setting up cooperation and partnership arrangements to ensure mutual satisfaction well beyond day-to-day operations.
- Technology and innovation: we seek to encourage innovative attitu-

des towards products, services, systems and working procedures so as to continually improve our management efforts and the proposals that we put to customers. To that end, we will use all necessary technologies available to us. We will use technology as a lever for growth and a distinguishing feature.

We will aim our growth at areas where we can contribute products and services with the most added value and the highest technology content.

- Quality: our commitment to total quality, competitiveness, internal efficiency, rigour and prudence in our business operations is an identifying feature of our corporate project, providing it the backing of sound assurances that the best interests of shareholders and employees alike will be safeguarded.

Accordingly, Ingeteam proactively takes on board and ethos of continuous improvement as it seeks discreet improvements in all areas of activity so as to progress towards operational and corporate excellence.

■ Values:

- The basic foundation of any business is its workforce.
- Appreciation of human values and attitudes
- Trust
- Proactiveness
- Consistency, implementation and reliability
- Leadership at all levels and teamwork
- Self-criticism
- Friendship
- Work-life balance
- Commitment to society

These values show up in a multitude of activities. In any event, they are all covered by the Group's Code of Conduct, which is its highest ranking set of rules in this regard.

The services and products sourced from suppliers by the Ingeteam Group form an essential part of the value chain provided to customers, so they are required to comply strictly with legislation, with the same ethical values on defence of human rights and integrity, prevention of corruption, protection of intellectual and industrial property rights, safety, health, environmental matters and conflict minerals.

The Ingeteam Group has also signed up to the 10 principles of the universally accepted Global Compact based on United Nations declarations on human rights, labour, the environment and anticorruption measures.

102-17 Mechanisms for advice and concerns about ethics

Ingeteam has a **Code of Conduct**, which was first approved in 2012 and updated in 2019. It lays down guidelines for the conduct of board members, management committees and workforces belonging to Group member companies and reinforces the ethical culture of the organisation in regard to the following issues:

- Values and principles in Ingeteam Group business relationships.
- Indications of types of behaviour which are not tolerated, are inappropriate or may even be considered as criminal in business dealings.
- A reminder of the duty to report behaviour that contravenes the code via the reporting channel set up.

These guidelines on conduct are also expected to be shared by the various parties with which the Ingeteam Group deals, i.e. customers, suppliers, shareholders, associates and public/private sector organisations.

The Code of Conduct was drawn up and has been updated on the basis of the Mission, Vision and Values of the Group, as set by the Board of Directors, and on a commitment to reinforce a culture of ethics at the organisation and ensure that its employees exercise due diligence and proper compliance with regulations in all the territories where the Group operates.

To that end, the Board of Directors has set up a structure and model at the Ingeteam Group to prevent, detect and investigate breaches of the Code of Conduct and of applicable regulations via the Compliance and Conduct Committee, so that improvements can also be suggested.

Compliance and Conduct Committee.

The Compliance and Conduct Committee (henceforth called the Compliance Committee) is the Ingeteam Group body that monitors the distribution, knowledge of and compliance with the Code of Conduct and the culture of ethics within the Group.

It is appointed by the Board of Directors of the Ingeteam Group, to which it is answerable and required to report regularly. The Chair and Secretary are appointed by the Board of Directors from among its members.

The Board of Directors has given the committee independent powers of initiative and control within the Ingeteam Group to assure compliance with current regulations, particularly on matters of criminal law, and with the Code of Conduct on the part of all Group personnel. This covers the actions of companies, business units, production units and their individual specialists.

It also manages the Reporting Channel and guarantees full confidentiality for reports by whistle-blowers concerning potential breaches of the Code of Conduct or of applicable regulations. Such irregularities are investigated through impartial proceedings tailored to the circumstances of each case.

The committee has its own regulations which set out its functions and responsibilities. It is made up of:

Chair: Corporate Head of International Development & Internal Operations

Ordinary members:

- Corporate Head of HR
- Corporate Head of IT & Digitisation
- Head of Legal Services
- Corporate Head of Internal Operations

The Ingeteam Group set up a **Reporting Channel** in 2012 for notifying any actions by its employees, suppliers or third parties with which the Group maintains work-related, commercial or direct professional links in regard to the following:

Breaches of the Code of Conduct or any other policy or procedure of the Ingeteam Group.

Breaches of current legislation or regulations on labour, civil or criminal matters that may be detected and that affect the Ingeteam Group.

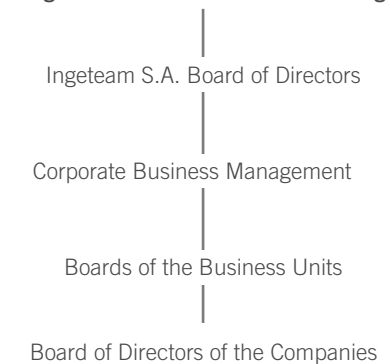
Any doubt or suspicion of actual or potential financial or reputational harm to the Ingeteam Group.

Governance

102-18 Governance structure

The governance structure of the Ingeteam Group comprises the following bodies:

Ingeteam S.A. Shareholders Meeting



102-19 Delegating authority

The model for delegating authority is applicable to all the Group's subsidiaries.

102-20 Executive-level responsibility for economic, environmental and social topics

Ingeteam has always managed to link its cumulative experience over the years with a continual renewal of ideas. The areas in which the Group does business force us to be continually on the lookout for technology solutions, innovation and good management practices.

To meet expectations, Ingeteam has set up an active, effective structure that applies the smooth process of decision-making typical of a family firm with the goal of quickly passing on expertise and competitiveness to the market. And it does so with the express involvement of all its workforce and collaborators.

General Meeting of Shareholders

This is the highest decision-making body in the Group. The shareholders include both natural and legal persons. They hold annual general meetings to approve the accounts of the previous financial year, and may also convene extraordinary general meetings. In 2019 a private website was set up to enhance communication and transparency.

Board Of Directors

The General Meeting of Shareholders chooses the members of the Board of Directors, which is the sovereign decision-making body and representative of the company's strategies. The Board meets quarterly, though extraordinary meetings may be convened more often to discuss significant matters.

Corporate Management

The new 2019-2021 Strategic Plan has given rise to changes in the corporate management, with the former executive and corporate business management teams being merged into a single governing body.

That body monitors and implements the company's goals through regular meetings with the participation of the CEO, the General Manager and COO, the Business Unit Managers, the Corporate Development Manager, the International and Compliance Manager, the CFO and the Corporate IT and Digitisation Manager.

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

The CEO delegates persons from his/her management area to consult with and check information on stakeholders concerning economic, environmental and social topics.

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

The highest governance body of Ingeteam S.A. is its Board of Directors, which has set up an Appointments & Remuneration Committee.

| Name | Charge |
|--|------------------------|
| Mrs. Teresa Madariaga Zubimendi | Chairwoman |
| Mr. Mikel Ruiz Madariaga | Voting member |
| Mr. Victor Mendiguren Ayerdi | Voting member |
| Mrs. Alicia Vivanco González | Voting member |
| Mr. Ander Gandiaga Osoro | Voting member |
| Mr. Alex Belaustegui Foronda | Voting member |
| Mr. Adolfo Rebollo Gómez | Voting member / CEO |
| Mr. Alberto Guerra San José | Secretary-non director |

102-23 Chair of the highest governance body

The current chair of the Board of Directors is Ms. Teresa Madariaga.

102-24 Nominating & selecting the highest governance body

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

102-25 Conflicts of interest

Each Director provides a statement of potential conflicts of interest, and refrains from participating in or voting on matters that fall within the conflict area.

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

The role of the Board is to approve the annual and strategic plans proposed by the CEO.

102-27 Collective knowledge of highest governance body

There is no corporate training or individual personnel training programme.

102-28 Evaluating the highest governance body's performance

There is an annual evaluation by the General Meeting.

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

The Group CEO submits impacts, significant risks and opportunities to the Board for its information and for decision-making.

102-30 Effectiveness of risk management process

The CEO presents the most significant risks to the Board for its information and for decision-making.

102-31 Review of economic, environmental and social topics

These topics are reviewed monthly.

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

The CEO is responsible for approving the sustainability report drawn up by the Head of CSR.

102-33 Communicating critical concerns

Any critical concern is dealt with at the level of the Corporate Management of the Group. The CEO is directly aware of matters of importance with a view to reporting them to the highest governance body.

102-34 Nature and total number of critical concerns

Information on critical concerns is not public knowledge and may not therefore be disclosed here. The mechanism for tackling such concerns is outlined in the previous point.

102-35 Remuneration policies

To deal with remuneration policies for the highest governance body and the top executives of the Ingeteam Group, the Board of Directors of Ingeteam, S.A. has set up the Appointments & Remunerations Committee as a standing committee with an informational and consultative remit. It has the power to provide information and advice & make proposals within its area of action. This includes:

- Submitting proposals to the Board on remuneration policies for top management at the Ingeteam Group, regularly reviewing same and, if necessary, proposing that the Board change or update them.
- Reporting to the Board the proposals put forward by the CEO on top management contracts at the Ingeteam Group and on the remuneration structure and basic terms and conditions of those contracts.
- Regularly reviewing the general remuneration programmes of the workforce of the Group to assess their suitability and outcomes.
- Seeing that the company's remuneration programmes are complied with and reporting on documents to be approved by the Board.

The remuneration of the management staff of the organisation is set in each case by their superiors, with assessment as required from the Human Resources area closest to their area of responsibility and the relevant line managers.

In each annual review, the extent to which each individual has met his/her targets, the trend in his/her performance individually and in teamwork in regard to his/her functional area, current economic circumstances, the strategy, sector and location of the organisation where he/she works and the wage policy directives applicable to each organisational unit and to the organisation as a whole are taken into account.

The policy for the group as a whole establishes that management staff salaries include a variable part in order to link their monetary remuneration with the trends in various Group, company and business-unit level performance indicators and with the meeting of individual and collective targets (at team, department & functional area levels).

Similarly, another purpose is to further the strategy of the organisation by enhancing its competitiveness and strengthening the commitment of employees.

Compensation for termination or cancellation of employment contracts at the organisation (for reasons of dismissal, retirement or others) is provided in strict compliance with any agreements reached between the parties or, in the absence of such agreements, in compliance with current legislation covering the reason for the cessation of the employment relationship.

The organisation's variable remuneration policy sets out the general characteristics of the targets to be used at the different management levels for structuring and calculating variable remuneration, and establishes the different percentage brackets for the items into which it may be broken down:

- Objective variable remuneration based on meeting measurable targets grounded on indicators versus subjective variable remuneration based on performance assessment.
- Indicators for financial results at the different levels of the organisation at which each management staff member operates, indicators for targets in each functional area, indicators for projects.

The policy also provides a reference system for calculating all indicators, with the thresholds and limits to be taken into account.

102-36 Process for determining remuneration

The previous point sets out the process by which remuneration is determined. Specialist external consultants have no role in this process.

102-37 Stakeholders' involvement in remuneration

The opinion of stakeholder groups is not sought in regard to determining remuneration.

102-38 Annual total compensation ratio

This information is not available.

102-39 Percentage increase in annual total compensation ratio

This information is not available.

Stakeholder engagement

102-40 List of stakeholder groups

Ingeteam's stakeholder groups are the following:

- Strategic customers
- Rest of customers
- End customers
- People

- Shareholders
- Suppliers
- Financial organisations
- Knowledge centres
- Public administrations
- Local community & setting
- Regulatory bodies
- Sectoral associations
- Competitors

102-41 Collective negotiation agreements

All employees of the Ingeteam Group are covered by the relevant sectoral collective negotiation agreements, which are supplemented by company-specific agreements negotiated with workers' representatives where relevant at each workplace.

102-42 Identification & selection of stakeholders

In the course of its strategic reflection process, the Ingeteam Group has identified the main stakeholders on whom its activities may have an impact.

102-43 Approach to stakeholder engagement

In the course of the operations of Group companies, we check with stakeholder groups and obtain feedback from them, which reaches the CEO via the channels provided, as described above.

102-44 Key topics and concerns raised

The key topics for the Ingeteam Group are set out in the strategic reflection process. In general this may entail ensuring that our operations fit with

the requirements of our stakeholders: employees, suppliers, society, etc. Our activities are therefore focused on achieving that goal:

- Adapting to continual technological developments at customers.
- Taking advantage of technological developments applied to our products which are supplied by third parties.
- Enriching the technical capabilities and working methods of our employees and at the same time providing them with better conditions for assuring work-life balance.
- Meeting the needs of the societies where we operate and making use of local human resources whenever possible.
- Encouraging greater environmental friendliness by publicising our clean, efficient technology solutions.

Reporting practices

102-45 Entities included in consolidated financial statements

The entities included are listed below:

- INGETEAM, S.A.
- INGETEAM Power Conversion, S.L.U.
- INGETEAM Power Technology, S.A.
- INDAR Electric, S.L.
- INDAR Máquinas Hidráulicas, S.L.
- INGETEAM, Inc.
- INGETEAM, S.R.L.
- INGETEAM, A.S.

- INGETEAM, GmbH
- INGETEAM, Ltda.
- INDAR América, S.A. de C.V.
- INGETEAM, S.A.S.
- INGETEAM, Spzoo
- INGETEAM, SpA
- INGETEAM (PTY), Ltd
- INGETEAM Power Technology India Private Co. Ltd.
- INGETEAM Australia (PTY) Ltd.
- INGETEAM Panamá, S.A.
- INGETEAM Service S.r.l.
- INGETEAM Philippines INC
- INGETEAM Uruguay, S.A.
- INGETEAM UK, LTD.
- INGETEAM R&D Europe, S. L.
- INGETEAM Morocco, S.A.R.L.A.U.
- INGETEAM Honduras, S.A. de C.V.
- INGETEAM Bulgaria, E.A.D.
- INGETEAM Perú, S.A.C
- Elprom Service, s.r.o.

102-46 Defining report content and topic boundaries

The four relevant principles are applied in defining the content of this report:

■ Stakeholder inclusiveness

The stakeholder groups involved and the way in which the related approaches and impacts are taken into account are outlined in points 102-40 to 102-44 above.

■ Sustainability

The whole document seeks to present the performance of the organisation in topics which in any way affect the sustainability of operations in our working environments.

Ingeteam conducts regular analyses to identify relevant aspects in regard to environmental, social and people-related issues, human rights, the struggle against corruption and for ethical behaviour as relevant to the various stakeholders throughout its value chain.

This process of analysis, including knowledge processes with and concerning stakeholder groups, is key in establishing the priority areas for action by the Group in line with best practices and reference standards. The main overall trends in the sector are taken into account, and a materiality assessment meeting is held.

■ Materiality

Ingeteam works in a wide variety of industrial settings, and the material topics dealt with are equally varied. This report presents those which we consider most relevant in terms of their effects on sustainability. Specifically, the criteria applied are those of GRI 102-46 “Defining report content and topic boundaries” and GRI 102-47 “List of material topics”.

■ Exhaustiveness

The working group on sustainability considers the level of exhaustiveness of the information presented here to be sufficient. It is the level expected

by members of the corporate management and by the highest governance body.

The application of the four principles refers to the following parameters:

- The list of material topics dealt with in the report.
- Coverage, which in our case is global given how widely spread our plants are and in view of our commercial and industrial operations.
- Time. Information is compiled in the year of the report.

Most of the information in this report has been audited with a view to submitting non-financial statements.

102-47 List of material topics

The list of material topics is directly linked to the indicators selected.

102-48 Restatements of information

Some sections of this report are restated from last year's report, as there have been no changes in them.

102-49 Changes in reporting

To work on the accuracy of data, this year the data gathering process has been simplified, but the report continues to be drawn up based on the criteria for the consolidated GRI STANDARDS OF 2016.

102-50 Reporting period

This report covers financial year 2019.

102-51 Date of most recent report

The latest report was published in June 2019 and referred to financial year 2018.

102-52 Reporting cycle

Annual.

102-53 Contact point for questions regarding the report

Any questions regarding the report should be addressed to the Corporate Marketing Department at Ingeteam, which coordinates its preparation.

102-54 Claims of reporting

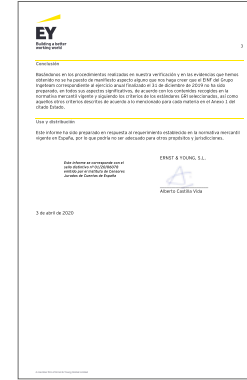
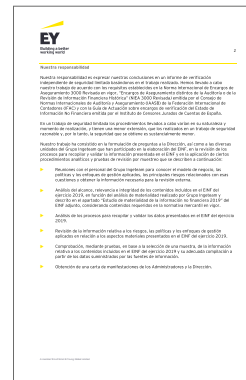
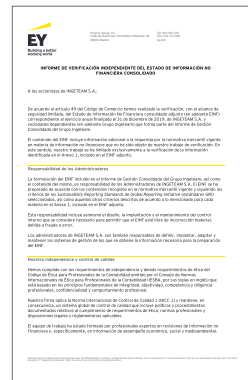
This report was drawn up in line with GRI standards: Essential option.

102-55 GRI content index

This index is at the start of the document.

102-56 External assurance

This sustainability report has not undergone external verification. However, many of the data shown here also appear in the Non-Financial Statements. Those non-financial statements are part of the consolidated management report for financial year 2019 of Ingeteam S.A. They were drawn up to meet the requirements set in Act 11/2018 of 28 December 2018 amending the Code of Commerce, the reformulated wording of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Account Auditing Act 22/2015 of 20 July on non-financial reporting and diversity.



04

GRI 201 Economic Performance



Once again the economic performance of Ingeteam during the financial year evidences that its industrial operations are correctly positioned in terms of the development of renewables. This is an unstoppable global trend.

This helps Ingeteam to set up in many different geographical and social settings which clearly benefit from its arrival in terms of making the most of local personnel and of financial benefits for the communities in which we operate as a result of our activities. All these operations are conducted cleanly, with fair competition and keeping well away from any corrupt practices.

Economic performance

201-1 Direct economic value generated and distributed

The figures for economic value (EV) in 2019 are as follows:

- EV generated: €692,001,181
- EV distributed: €668,854,225
- EV retained: €23,146,956

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



Climate change is having a direct effect on how the use of renewable energy sources is seen.

The Kyoto agreements some years ago, and more recently those of Paris and Marrakesh and the “Green Deal” set up by the EU, have secured binding commitments from most industrialised countries to increase the proportion of energy generation assets using renewables. This is beneficial for the operations of Ingeteam, which are

strongly based on the design and manufacture of systems applied to energy generation.

201-3 Defined benefit plan obligations and other retirement plans



The Ingeteam Group does not make specific pension plan contributions for its employees. Coverage is provided via official contributions to the Social Security system, as per the legislation applicable in each country at each relevant time.

201-4 Financial assistance received from government



In financial year 2019, the Ingeteam Group received €3,175,864 in aid for research programmes from various institutions.

Market presence

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



At the Ingeteam Group wages depend on training, experience and performance. The gender of workers is not taken into account. Since 2012, Chapter 2 of our Code of Conduct has read as follows:

“The wages received by employees will be determined by the functions that they perform, with the applicable negotiation agreements always being observed”.

At Ingeteam we do all that we can to eliminate any gender gap and support equal opportunities in recruitment, in opportunities for promotion at work and in drawing up remuneration policies.

An analysis was conducted in 2019 to check for wage gaps at our workplaces.

This analysis took gender, occupational category and geographical area into account and compared the wages of all the women at each workplace with those of the men in each category, with the results being weighted over the total number of employees. “Remuneration” was deemed to include only wage items such as basic wage, bonuses, seniority payments, variable remuneration, etc.

■ **Wage gap at Ingeteam in Spain:**

Ingeteam confirms that there is equal pay for men and women at all its workplaces in Spain, with the safeguard of the wage tables drawn up in the applicable provincial and company level collective negotiation agreements.

Average annual remuneration in Spain is approximately 10% higher for men than women, basically because of supplements for length of service paid on the basis of the number of five-year periods worked. With the exception of certain administrative posts, most women have joined the company more recently and therefore receive less in length-of-service supplements than men.

All company workplaces in Spain that fall under national regulations on equality plans meet those regulations, which monitor and promote wage convergence for men and women.

■ **Wage gap study at Ingeteam in Europe (including Spain):**

Leaving aside the Management category, the results for the study for Europe as a whole are very similar to those for Spain, as the reasons for the gap in Spain are much the same as those prevailing elsewhere in Europe,

where in any event there are collective negotiation agreements and national regulations that safeguard and monitor equal pay for equal work for men and women.

In the specific category of Management, the gap has widened in Spain for specific reasons, including the following: the number of women in management posts is low, they tend to have fewer years of service in total at the organisation than their male counterparts and, most significantly, there is a high degree of diversity in the scope of responsibility of management posts, which means that it is not easy to compare functions in many cases.

■ **Wage gap study at Ingeteam in the rest of the world:**

Taking into account the size of the workplaces/headquarters in each country (workforce and proportions of men and women), this study focused on the following subsidiaries: USA and Mexico.

- USA: in general average terms there is no significant wage gap, but the diversity of posts at the production plant in the USA, with different ranks and conditions (team leaders, coordinators, supervisors, etc) which are nevertheless grouped into a single category as “middle management” means that the data show a gap that would not appear if a more thorough filter had been applied in regard to comparability of responsibilities.
- Mexico: the large proportion of female workers on fixed-term contracts, which have different entry conditions, and the relatively recent incorporation of women into administrative/production functions at the Ingeteam plant in Mexico, so that they receive less in length-of-service payments, are the main reasons for the gap observed in the Administrative Workers category. There is also a wide range of functions with very different scopes and responsibilities, which means that wage brackets are broad-based. The main factor underlying the total average wage gap is that most workers at Ingeteam Mexico are men. This means that the wage gap observed per category is broadened still further in the total figures.

In conclusion, it is in Mexico that the biggest wage gap between men and women is found, albeit for the reasons indicated above. The wage regulations in place are different from those in Europe as regards equality measures, and there are substantial differences between different types of contract and supplements for years of service or experience for men and women. This analysis identifies an opportunity for improvement on matters of equality.

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



Over 90% of the senior management of the organisation are hired from local communities, which in this case means from the country where each workplace is located.

This is evidence of Ingeteam's commitment to the communities where we operate, in terms of strengthening the fabric of industry and providing economic and social benefits.

We also seek to strengthen human capital, in the belief that diversity helps us to grow.

Indirect economic impacts

203-1 Infrastructure investments and services supported

Ingeteam's operations do not include the development of infrastructures of any kind.

203-2 Significant indirect economic impacts



The economic impact of Ingeteam on local communities is evidenced in these main points:

- The creation of jobs and hiring of local personnel at our production plants.
- Contributions to the local economy in the form of taxes paid on our operations. In 2019 Ingeteam paid taxes to the tune of €88,973,491.

Procurement practices

204-1 Proportion of spending on local suppliers



In 2019 this figure was 44%.

Anti-corruption

205-1 Operations assessed for risks related to corruption



As occurred in the previous year, no operations with risks related to corruption took place in 2019. In any event, such cases are identified in our Code of Conduct, and potential circumstances are monitored by the Compliance Committee.

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



The Ingeteam Group has measures in place to prevent, detect and respond to corruption-related activities:

- The Code of Conduct sets clear guidelines concerning the prohibition of gifts, donations, invitations, travel and other considerations for customers, suppliers and public employees.
- If there is any doubt in the construal of those guidelines, the principle of prudence is to be applied and gifts or invitations are to be turned down. In any event, superiors and the Conduct Committee can be consulted.
- General terms and conditions for purchasing are in place and a code of conduct for suppliers is being drawn up to get them to undertake to act ethically. Specific clauses are included.
- There are procedures for purchasing, assessment and approval of suppliers and supplier audits.
- There is a policy on sponsorship and donations.

Corruption-detection measures:

- Notification and publicising of the Reporting Channel.
- Regular reviews of risk areas.

Corruption-response measures:

- There is a procedure for responding to and investigating reports.
- Compliance and Conduct Committee.

205-3 Confirmed incidents of corruption and actions taken

There were no cases of corruption related to the operations of the Ingeteam Group in 2019.

Anti-competitive behaviour

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



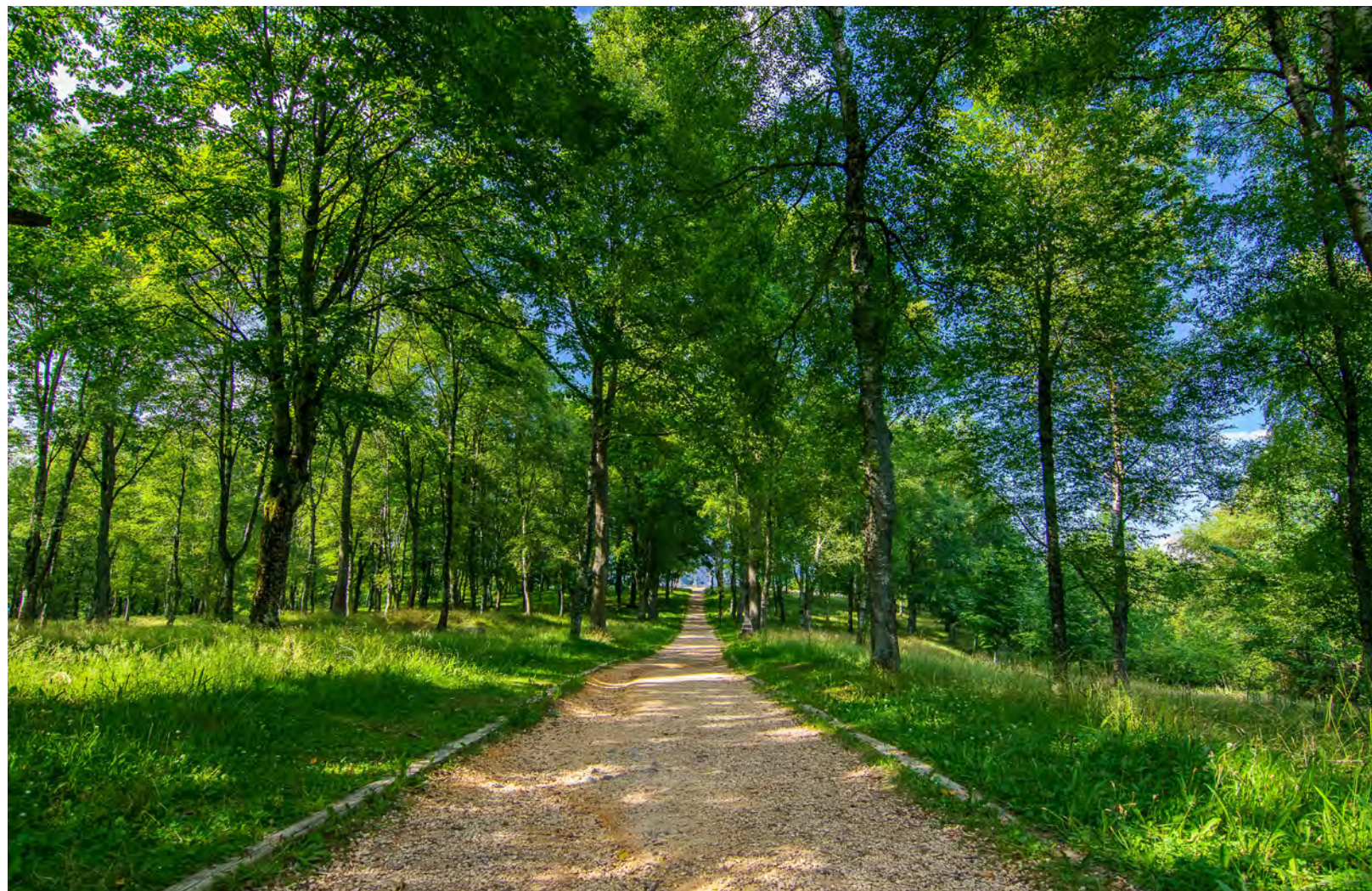
No legal actions were brought in 2019 in regard to anti-competitive behaviour or monopoly practices related to the operations of the Ingeteam Group.

05

GRI 300

Environmental

Standards



The information reported here is for the following countries: Spain (including all plants there), Mexico, Chile, Romania, the UK, the USA, France, Italy, the Czech Republic, Brazil and India. The group has other workplaces which do not have a large enough workforce for them to have any environmental repercussions.

The production plants of the Ingeteam Group in Spain and the USA have environmental management systems compliant with UNE-EN ISO standard 14001. The auditing of the environmental management system entails checks to ensure that it has all the components needed to be an active system and that it works properly.

Each production unit has specialist personnel allocated to handle matters of environmental risk prevention. Their numbers vary depending on the potential risk in each area of activity.

Given the operations carried out by Group companies, there are no significant responsibilities, expenses, assets, provisions or contingencies of an environmental nature in terms of equity, financial situation and results. No fines or penalties for breach of environmental regulations were imposed in 2019.

The nature of the business of the Ingeteam Group means that in the production of its equipment there are no emissions of ozone-depleting substances (ODS), nitrogen oxides (NOx), sulphur oxides (SOx) or other significant substances into the atmosphere.

The products manufactured by Ingeteam enable CO₂ emissions into the atmosphere to be reduced by 13 t.

It is worth highlighting that several Group member companies have made improvements in areas related to the environment, such as the following:

- Lighting has been converted to LEDs at workshop building 1 of IPT Paneles and at the Indar Electric Wind Energy building. A study is ongoing into how to make the same conversion in the USA.
- Awareness campaigns on reusing products rather than disposing of them have been run at IPT Service.

- Campaigns have been run in Mexico to encourage the use of both sides of notepaper.
- Larger paper recycling bins have been installed at offices.
- In Spain, plastic cups have been replaced by recycled paper cups in coffee machines. There has also been a campaign to get people to use glass mugs.
- Employees in Spain have been gifted a glass bottle each to discourage them from bringing plastic bottles into the workplace.
- Driving: talks on energy efficient driving
- Renewal of the agreement to have an Environbank machine on site in Alicante to recycle coffee capsules.
- Campaign to recycle plastic bottles during the Alicante marathon.
- Use of electric vehicles for company journeys.
- Some buildings now have PV solar panels.
- Company cars for management staff are being switched to hybrids (electric/petrol engines)

Materials

GRI 301-1 Materials used by weight or volume



Due to the increase in the amount of equipment produced by the Group, the quality of materials used in 2019 was up in all indicators except for chemicals, where the figure dropped by half.

The figure for electrical and electronic equipment is up substantially due to the incorporation of the PLCs fitted to equipment manufactured by Ingeteam.

| Standars | | 2019 |
|----------|-----------------------------------|---------------|
| 301-1.a | Paper consumption | 31,050 kg |
| 301-1.b | Cardboard consumption | 96,697 kg |
| 301-1.c | Wood consumption | 688,040 kg |
| 301-1.d | Chemical consumption | 577,903 kg |
| 301-1.e | Metal consumption | 29,017,218 kg |
| 301-1.f | Plastic consumption | 52,039 kg |
| 301-1.g | Cable consumption | 577,930 kg |
| 301-1.h | E/E equipment and ICT consumption | 967,066 kg |

GRI 301-2 Recycled input materials used



62% of all the paper used at the Group is recycled stock. For cardboard the figure is 37%.

These figures are based on the information on paper characteristics provided on packaging or invoices, in catalogues and on websites. Paper identified as ECOlogical, FSC, recycled or similar is counted as 100% recycled stock. Cardboard is considered environmentally friendly if it is marked as ECO efficient, FSC, etc.

| Standars | | |
|----------|------------------------------|------|
| 301-2.a | Recycled paper purchased | 62 % |
| 301-2.b | Recycled cardboard purchased | 37 % |

301-3 Reclaimed products and their packaging materials

The main reclaimed products are pallets, boxes, drums and GRP.

Energy

GRI 302-1 Energy consumption within the organisation



It is worth highlighting that the electricity consumed by all group organisations based in Spain (Bizkaia, Navarre, Gipuzkoa & Albacete) is environmentally friendly and comes entirely

from renewable sources, thanks to an agreement with the electrical utility company Iberdrola.

| Standars | | 2019 |
|----------|--|------------------|
| 302-1.a | Electricity consumption | 19,047,164 kWh |
| 302-1.b | Natural gas consumption for heating | 1,578,293.89 kWh |
| 302-1.c | Fuel oil consumption for occupancy heating, machinery etc. | 141,651,207 L |

302-2 Energy consumption outside the organisation



| Standards | | |
|-----------|--|---------------|
| 302-2.a | Energy consumption resulting from vehicle mobility for the company (except in-itinere) | 32,745,089 Km |
| 302-2.b | Energy consumption resulting from mobility with a private vehicle (in-itinere) | 11,120,967 Km |

302-4 Reduction of energy consumption



During the year, several firms implemented improvements detected in energy efficiency audits, such as continuing to convert lighting to LEDs, giving talks on efficient driving, switching to hybrid (electric/diesel) company cars for management staff, etc.

GRI 303 Water



Over the course of the year 8,588,000 L of water was recycled and reused at the Indar plants in Beasain (Gipuzkoa). The Group's subsidiary in Brazil also reused 5,000 L during tests on power converters at its test beds.

| Standards | | 2019 |
|-----------|---|--|
| 303-1 | Water consumed | 36,391,034 m ³ |
| 303-2 | Water sources significantly affected by withdrawal of water | Water is only taken from the public water supply |
| 303-3 | Water recycled and reused in liters | 8,593,000 L |

GRI 304 Biodiversity



The indicators for biodiversity impacts under heading 304 can be summed up by stating that the industrial operations of the member companies of the Ingeteam Group are conducted with the utmost respect for the natural settings in which they are based. As a group, Ingeteam's risk of producing environmental pollution is low, with the exception of certain manufacturing production units such as Indar in Beasain, which makes electric generators and submersible pumps. Its factory stands in a natural area and is closely monitored by the public water authority URA, given that there is a risk of discharges into water courses.

GRI 305 Emissions



| Standars | 2019 |
|----------|--|
| 305-1.a | CO ₂ emissions from fossil fuel combustion (except 305-1.b and 305-1.c) 3,439.36 T |
| 305-1.b | CO ₂ emissions from vehicle mobility for the company (except in-itinere) 1,036.17 T |
| 305-1.c | CO ₂ emissions resulting from movement with a private vehicle (in-itinere) 1,843.64 T |
| 305-2 | CO ₂ emission from the consumption of electricity (due to the generation of purchased electricity) 8,381.55 T |
| 305-4 | CO ₂ emissions 14,939.88 T |
| 305-6 | Emissions of ozone-depleting substances (ODS) in tons of CFC11 equivalent 0 T |

The inventory of scope 1, 2 and 3 emissions is as follows:

- Direct emissions (scope 1), including emissions and absorption from sources owned or controlled by the Group: 353,459,882.9* kg CO₂eq.

*Emission factors used: MAPAMA (April 2019 – Version 12) & DEFRA - 2019

- Indirect emissions from energy generation (scope 2), including emissions associated with secondary forms of energy such as steam and electricity generated outside the premises of Ingeteam: 7,809,337.24* kg CO₂eq.

*Emission factors used: MAPAMA (April 2019 – Version 12).

- Other indirect emissions (Scope 3): covering indirect emissions not associated with energy consumed by the organisation. At Ingeteam it is not possible to calculate emissions from vehicle transport, as we cannot determine what fuel is used for what mileage.

GRI 306 Effluents and Waste



During the year some of the Group's business units at the Zamudio Technology Park (Bizkaia) changed their locations. This was used as an opportunity to conduct cleaning operations at the IPT Electronics BU during which obsolete material was disposed of.

In regard to hazardous waste, it should be clarified that there is a container at most Ingeteam Group offices where employees can deposit batteries (which they often bring from home) for subsequent disposal at a waste collection point. The nature of the wind energy services provided by Ingeteam means that we ourselves must sometimes dispose of waste of this type. Such waste is included here, even though we do not own it.

| Standars | | |
|-------------|---|--------------|
| 306-1 | Water effluent | 2,690,300 L |
| 306-2.a.1 | Hazardous waste (batteries, toners, rags, etc.) | 967,066 kg |
| 306-2.a.2 | Electrical-electronic-IT waste | 37,257 kg |
| 306-2.b.1+2 | Paper + Cardboard waste | 192,090 kg |
| 306-2.b.3 | Plastic waste | 59,355 kg |
| 306-2.b.4 | Wood waste | 977,208 kg |
| 306-2.b.5+6 | Metal + Cable waste | 2,842,419 kg |
| 306-3 | Major spills | 290 L |

306-4 Transport of hazardous waste



Waste from Ingeteam member companies is transported by authorised carriers.

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



No such discharges have been detected.

Environmental compliance

307-1 Non-compliance with environmental laws and regulations

No member company of the Group has been fined or given any non-monetary penalty in regard to environmental issues.

Environmental assessment of suppliers

The services and products sourced from suppliers by the Ingeteam Group form an essential part of the value chain provided to customers, so they are required to comply strictly with legislation, with the same ethical principles on defence of human rights and integrity, prevention of corruption, protection of intellectual and industrial property rights, safety, health, environmental matters and conflict minerals.

Accordingly, the Ingeteam Group has drawn up a specific Code of Conduct for Suppliers that details the requirements made of them in busi-

ness dealings. The Board of Directors of the Ingeteam Group requires the Group's suppliers to agree to and strictly abide by the provisions of this code. Failure to do so would result in the Ingeteam Group breaking off all business dealings unilaterally and declining any liability deriving from such action.

Environmental concerns are currently factored into the processes for selecting, approving, assessing and auditing suppliers deemed significant to our business.

| Standards | | |
|-----------|---|---------|
| 308-1 | New suppliers whose selection includes environmental criteria | 23.64 % |
| 308-2 | Environmental nonconformities in the supply chain and steps taken | 179 |

06

GRI 400

Social

Standards



This section describes the links between the Ingeteam Group and the persons with whom it interacts in business and in the communities in which it operates.

The people management structure in place at the Ingeteam Group enables us to attract, develop and promote the talent that we need in line with the business project set out in the current Strategic Plan. We attract and recruit the finest specialists by offering an attractive, reliable, transparent brand, in line with Group values. This means that we have a smooth-running, efficient organisation with teams trained to manage change.

This can be seen in the fact that we once again topped 4,000 employees worldwide in 2019, with a net job creation figure of 250.

Ingeteam is an international group, and as such it strictly meets the provisions of labour and corporate legislation in all those countries where it

has headquarters and workplaces. We are well aware of how diverse the Group is, and we strive to manage diversity correctly and avoid discrimination through the Ingeteam Group Code of Conduct and through specific protocols drawn up at eight different workplaces. As a result, over 90% of the senior management of the organisation are hired from local communities, which in this case means from the country where their workplace is located.

Finally, signing up to the 10 principles of the Global Compact ensures that we encourage the application of respect for human rights in our operations, among our employees, in our dealings with suppliers and in general in the communities in which we operate.

The Sustainable Development Goals (SDG) most closely related to our operations in this regard are the following:



GRI 401-1 New employee hires and employee turnover



In 2019 a net figure of 196 jobs were created, thus increasing the total Ingeteam Group workforce by 5% on the average for 2018. Fewer jobs were created in 2019 than in 2018 (when the workforce rose by 291), but the increase still denotes sustained growth in total job creation at the Ingeteam Group, with a total of 487 new jobs in 2018-2019.

| Standards | | |
|-----------|--|---------------|
| 401-1 (a) | Average time spent working at the company | 8 years |
| 401-1 (b) | Net job creation in the course of the year | 196 employees |
| 401-1 (c) | Average age of the workforce | 38 years |
| 401-1 (e) | Part-time workers | 4.71 % |
| 401-1 (f) | Flexi-time workers | 41.87 % |

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



In general, our organisation does not provide any benefits to full-time employees that are not provided to temporary or part-time employees, except in the USA and Mexico, where current legislation permits different treatments in certain areas (holidays, insurance, etc.).

With the exception of these locations, workers at our sites have the same rights, with equal treatment and equal opportunities in employment relationships, though some limitations may result from the nature and duration of their specific contracts. The benefits offered include the following:

- Accident insurance with far greater cover than required in law.

- Private health care premiums at a significant discount.
- Reduced working hours for family care reasons.
- Leaves of absence.
- Regular medical check-ups.

GRI 401-3 Parental leave



We promote and implement measures to facilitate work-life balance, including the following:

- Granting reductions in working hours in line with legal standards. 4.7% of our workforce (193 people) have availed themselves of reduced working hours. This is an overall increase of 0.5% on the figure for 2018.
- Flexible working hours. 41.87% of our workforce (1,716 employees) worked flexible hours over the course of the year. This is an overall increase of 2.9 % on the figure for 2018.
- Maternity/paternity leave. 99.5% of those entitled to take such leave (192 people) did so in full in 2019 and then resumed their jobs as normal. This is an overall increase of 0.5% on the number of people who took such leave in full in 2018.
- Facilities for reaching individual agreements on working hours tailored to the needs of each worker.

Paid leaves of absence longer than those agreed in the collective negotiation agreements and regulations applicable in Spain.

Facilities for requesting voluntary leaves of absence to care for children/elderly persons.

This concern for our workers has led some of our companies (UPR Technology) to be awarded recognitions and certificates as family-friendly companies (FFC).

| Standars | | |
|-----------|--|--------|
| 401-3 (a) | Employees entitled to paternal leave in the course of the year | 192.62 |
| 401-3 (b) | Employees who took paternal leave in the course of the year | 192.62 |

Employee-employer relations

402-1 Minimum notice periods regarding operational changes



There is no specific corporate policy at Ingeteam on minimum notice periods to workers and their representatives regarding significant operational changes, but the period required in law is strictly complied with.

Information is provided in line with the circumstances in each case, using the relevant channels, but no minimum notice period has been set.

Occupational health & safety

GRI 403-1 Workers' representation in formal joint management-worker health and safety committees



A large proportion of the Ingeteam workforce are represented by health and safety committees made up of management and workers, which advise and consult on Occupational Health & Safety matters. Forming these committees ensures joint participation in the monitoring of actions to enhance Occupational Health & Safety.

There are formal health and safety committees in place at the company and its production units: 74% of the Ingeteam Group workforce is represented on health and safety committees (domestic and international).

One of the strategic goals of the Ingeteam Group is “zero harm to health”, given that people are our main asset. We therefore set out to provide safe working environments and are committed to prevention based on teamwork, training, lifelong learning and positive leadership of people. “We all care for everyone”.

At the end of the year a new occupational risk prevention campaign was launched under the slogan “LET’S GO SAFETY – LET’S BE HEALTHY” at all Ingeteam Group member companies. The company is working to instil a culture of prevention more and more deeply in its whole workforce. Such a culture entails greater awareness of risks, an increase in risk prevention efforts, an attitude of mutual care among fellow workers and enhanced teamwork.

To kick off the campaign, the Group management attended a seminar given by occupational risk prevention experts, at the end of which a letter of commitment to the following Occupational Health & Safety undertakings was signed:

- To lead efforts to make our organisation a better place to work.
- To set an example and visibly demonstrate our commitment to safety.
- To continue learning and improving in pursuit of excellence in health and safety matters.

Everyone who works at Ingeteam has been targeted differently by the campaign, via posters set up in buildings, emails, etc. and photographs have been taken at all workplaces of employees posing with the campaign image.

The principles and priorities of the Ingeteam Group are the following:

- We believe that all accidents can and should be prevented, but that this challenge cannot be met without the commitment, active support and contribution of all those involved in the work process
- Health and safety management must be dynamic, participative and efficient. We must invest in people and motivate our workforce through engagement, by reporting accidents and unsafe behaviour and conditions and by making proposals for improvement.
- We promote new ideas and initiatives in health and safety i.e. we encourage people to participate in creating a shared, common health and safety culture.
- Good Health & Well-being: Improving health and well-being at work means investing in the most important asset of any company or organisation: its workers.
- We seek to eliminate hazards and minimise risks as we follow our procedures, regulations and processes. Health and safety rules are based on experience and the requirements of law. Everyone is responsible for complying with them. We strive to follow the rules and reject unsafe practices.
- We view compliance with the requirements of law as a minimum standard, and strive for excellence in health and safety by encouraging continuous improvement in working conditions and health and safety management.
- We take care of others and work as a team; workers take care of one another as they pursue the shared goal of going home safe and sound. Each team member is aware of his/her own responsibilities and listens to the concerns of others. Silence gives consent, so workers are encouraged to provide constructive criticism of behaviour and decisions which they consider unsafe.
- Safety is directly linked to learning. An organisation which is not learning-based is not safe. Organisations need to learn from their employees, particularly from non-compliance of all types.

- We must think before we act. We assess and monitor risks. We think before acting and consider the situation and circumstances. We assess and understand risks, establish and monitor controls. If something looks unsafe it probably is unsafe.

GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities



The total number of lost-time accidents fell by 36%. The accident rate from men dropped by 42% to a slightly positive figure. For women the accident rate increased by 45%. The increase in the case of women cannot be attributed to any single issue of note.

| Number of accidents at work by gender | 2019 |
|---------------------------------------|------|
| Total | 98 |
| Men | 82 |
| Women | 16 |

The accident frequency rate (AFR) fell by 39% as a result of numerous improvement actions taken and the clear, unequivocal commitment of the management to improve accident rates.

| ACCIDENT FREQUENCY RATE (AFR) BY GENDER: (Number of accidents with sick leave / Total number of working hours scheduled) * 1000000: | 2019 |
|---|-------|
| AFR Total | 15.57 |
| AFR Men | 13.48 |
| AFR Women | 13.71 |

*En route accidents are not included in the total for lost-time accidents. Nor are relapses included, as they are counted as single accidents.

Despite the 39% fall in the AFR, the fall in the overall general absence rate (GAR) was not proportional at 26%. This is because although accidents were fewer in number there were some more serious cases involving longer periods of lost time.

| ACCIDENT SEVERITY RATE (ASR) BY GENDER: (Total number of days lost due to accident with leave / Total number of working hours scheduled) * 1000: | 2019 |
|---|-------------|
| ASR Total | 0.31 |
| ASR Men | 0.34 |
| ASR Women | 0.14 |

GRI 403-3 Workers with a high incidence or high risk of diseases related to their occupation



There was an increase of 28% in work-related illnesses, mainly due to musculoskeletal problems.

| Occupational diseases * (OD) by gender | 2019 |
|---|-------------|
| Número enfermedades profesionales | 17 |
| OD Hombres | 88 % |
| OD Mujeres | 12 % |

* Occupational disease: disease resulting from an occupational situation or activity or from an accident at work.

GRI 403-4 Health and safety topics covered in formal agreements with trade unions



The minimum number of meetings required under the relevant legal framework (at national and international levels) are held, along with extraordinary meetings when convened, to hear the views of and work with workers' representatives in efforts to continually improve health and safety. The formal agreements reached at such meetings are set down in writing and signed by both parties (workers' representatives and employers) in a declaration of mutual intent to observe their contents.

| FORMAL AGREEMENTS* ON OCCUPATIONAL HEALTH AND SAFETY REACHED IN WORKS COUNCILS OR SPECIFIC HEALTH AND SAFETY COMMITTEES | 2019 |
|--|-------------|
| Number of formal agreements reached | 21 |
| Number of meetings held | 75 |

*Formal agreement: A document (minutes or similar) drawn up and signed by both parties

Training & education

404-1 Average hours of training per year per employee



Between the various annual training plans implemented at each plant and workplace in 2019, the Ingeteam Group provided over 161,900 hours of training, which works out at over 39 hours per person. This is an increase of more than 7,000 hours over the figure for 2018, though the average in hours per person is lower.

| Standars | | |
|----------|---------------------------|------------------|
| 404-1 | Training | 39 H per person |
| 404-2 | Cost of training per year | 484 € per person |

These annual training plans focused on enhancing technical skills, innovation, technology monitoring and R&D, new product development, the enhancing of the values and Code of Conduct of Ingeteam and on specific human skills, especially those concerned with people management.

At the Ingeteam Group we are convinced that investment in proper training not only increases opportunities for career development but also encourages our employees to see Ingeteam as their path for the future. It is therefore a key element in holding onto talented and securing commitment to our organisation.

As a result of our annual training plans and the 14 specific procedures/programmes on career development and leadership staged in 2019, the Group's spending on training totalled €1,984,000. This translates as an average investment of €484 per employee, 6% up on the €457 recorded in the previous year, in spite of the fact that, as indicated above, workers received an average of one hour less training each.

The breakdown of training by job categories within the Ingeteam Group in 2019 was as follows:

| | Hours training Technicians Operators | Hours Training Technicians Engineers | Hours Adminis- trative Training | Hours Training Middle Ma- nagement | Hours Ma- nagement Training |
|--------------------------|--------------------------------------|--------------------------------------|---------------------------------|------------------------------------|-----------------------------|
| Ingeteam Spain | 46,898 | 23,238 | 5,858 | 16,321 | 1,804 |
| Total Ingeteam Group (*) | 96,639 | 29,409 | 9,962 | 21,375 | 4,576 |

(*) The scope covered is all Ingeteam Group PUs, including subsidiaries.

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



The Ingeteam Group has procedures and tools in place for assessing performance with a view to upgrading skills. A standout feature of those procedures and tools is the regular “Development Talk” through which employees receive regular feedback from their line managers concerning their performance. There are also significant inputs regarding strengths and opportunities for improvement in technical, human and business skills which can be used to draw up individual upskilling plans.

These practices not only foster the career development of employees but also enhance motivation and commitment and help to generate and promote skillsets that may be needed by the organisation in the future.

Most plants also offer leaves of absence for training (vocational training and retraining), often entailing a guaranteed right to return to the same or a similar job.

There are also programmes in place to handle employees exiting the organisation due to retirement or dismissal. They include pre-retirement planning with the support of specialists to help smooth the transition from work to retirement.

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



The Ingeteam Group has procedures and tools in place for performance assessment focusing on development that cover 38% of the workforce (1,571 individuals).

This helps our employees to develop personally and professionally through skilled management and the development of our steadily growing human capital.

Diversity & equal opportunity

405-1 Diversity of governance bodies and employees



At Ingeteam we do all that we can to eliminate any gender gap and support equal opportunities in recruitment, in opportunities for promotion at work and in drawing up remuneration policies.

There is currently a gap between men and women in STEAM degree courses (Science, Technology, Engineering, Arts and Maths). At Ingeteam we strive to encourage women to take up careers in technology through the Inspira project, which organises actions to heighten awareness in society and encourage interest among children, especially girls, to foster empowerment and help them overcome barriers to choosing the education and occupation that they want.

| Standars | | |
|-----------|---------------------------------|---------|
| 405-1 (a) | Female employees | 17 % |
| 405-1 (b) | Male employees | 83 % |
| 405-1 (c) | Women with a permanent contract | 78.43 % |
| 405-1 (d) | Men with a permanent contract | 73.03% |

The following table breaks down our employees by age groups in the geographical areas where our main sites are based:

| Age range | Total | Spain | Brazil | Czech Rep. | France | USA | Mexico | India | Chile |
|-------------|-------------|-------------|----------|------------|----------|----------|-----------|----------|----------|
| < 30 years | 793 (21%) | 288 (11%) | 29 (29%) | 21 (18%) | 26 (38%) | 37 (22%) | 309 (55%) | 52 (72%) | 32 (51%) |
| 30-50 years | 2,644 (69%) | 2,069 (78%) | 68 (68%) | 85(73%) | 38 (55%) | 90 (55%) | 246 (43%) | 19 (27%) | 29 (46%) |
| > 50 years | 361 (9%) | 290 (11%) | 3 (3%) | 12(10%) | 5 (7%) | 38 (23%) | 11 (2%) | 1 (1%) | 2 (3%) |

The commitment of the Ingeteam Group to persons with disabilities is clearly visible in their integration into the company and in the cooperation agreements drawn up with special employment centres.

Along these lines, we work with and make donations to Fundacion Adecco, a Lantegi Batuak work centre has been set up at some of our sites in the Basque Country and we take part in institutional campaigns to foster the integration of persons with disabilities. We also work with the Gureak association, a Basque corporate group that creates and manages stable job opportunities properly adapted to persons with disabilities, especially for mentally disabled persons in Gipuzkoa (Basque Country).

Four Ingeteam plants (two in Spain, one in the USA and one in South Africa) have protocols in place for integrating persons with disabilities. Between them they make up 11% of the group's total workplaces.

| Standars | | |
|-----------|--|--------|
| 405-1 (g) | Direct number of disabled employees on the workforce | 0.46 % |
| 405-1 (h) | Number of equivalent disabled employees | 1.93 % |
| 405-1 (i) | Existence of disabled-friendly facilities | 52 % |

91% of our workplaces in Spain are adapted for use by persons with disability, though the overall figure is only 52%.

because of the diversity of regulations applicable in this matter. This means that there is plenty of room for improvement.

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



At Ingeteam wages depend on training, experience and performance. The gender of workers is not taken into account. This is actually factored into Chapter 2 of our Code of Conduct: "The wages received by employees will be determined

by the functions that they perform, with the applicable negotiation agreements always being observed".

An analysis was conducted in 2019 to check for wage gaps at our workplaces.

This analysis took gender, occupational category and geographical area into account and compared the wages of all the women at each workplace with those of the men in each category, with the results being weighted over the total number of employees. Remuneration includes only wage concepts i.e. basic wage, bonuses, supplements for years of service, variable remuneration, etc. This means that we can ensure equal pay for men and women at all our workplaces in Spain, with the safeguards provided by the wage tables drawn up as part of the applicable provincial and company level collective negotiation agreements.

The situation is similar in the rest of Europe, which is where most of our workplaces are located.

Non-discrimination

406-1 Incidents of discrimination and corrective actions taken



With our international outlook, we are well aware of how diverse the Ingeteam Group is, and we strive to manage diversity correctly and avoid discrimination through the Ingeteam Group Code of Conduct and through specific protocols drawn up at six different workplaces (17% of the total).

The Compliance Committee did not detect any cases of discrimination during the year.

The Group's Code of Conduct contains a specific section on Diversity, Equal Opportunities and Equal Treatment, which sets out the commitments and the behaviour expected of Group employees in this regard:

- Group employees must act on the basis of respect, dignity, equality and diversity in their working relations with other employees, particularly those who manage teams/people.
- Efforts must be made to foster working relationships based on respect, mutual cooperation and equality of individuals over and above differences of any type; diversity and harmony must be properly managed, with particular consideration in regard to the integration into employment of persons with disabilities or functional diversity, and equal opportunities must be offered in access to employment, occupational development and promotion based on merit and capability.
- At the Ingeteam Group no discrimination of any kind is permitted, nor any type of harassment or physical, sexual, psychological or verbal abuse or other degrading treatment. All available measures must be used to pursue and reprimand any such actions or circumstances detected. The procedures and protocols needed to prevent and respond to such cases have been set in place.
- Discriminatory language is not permitted in corporate communications of any kind, be they external or internal, and inclusive language is encouraged within the organisation.

The Compliance and Conduct Committee monitors the prevention and detection of discrimination of all kinds. A reporting channel has been set up for use if any discrimination is detected.

Freedom of association and collective negotiation

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



All employees of the Ingeteam Group in Spain are covered by the relevant sectoral collective negotiation agreements, which are supplemented by company-specific agreements negotiated with workers' representatives where relevant at each workplace. These agreements include a section on Occupational Health & Safety.

At our plants abroad we comply with the relevant legislation in this regard.

Child labour

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



Ingeteam is firmly opposed to the use of child labour, which it considers reprehensible.

The organisation is strongly against child labour and refuses to acquire any product manufactured using child labour, aligned with local legislation and ILO requirements.

The services and products sourced by the Ingeteam Group form an essential part of the value chain provided to customers, so suppliers are required also to commit to:

- Strict compliance with legislation.
- Ethical principles based on the defence of human rights and integrity.
- Prevention of corruption.
- Protection of intellectual and industrial property rights.
- Health, safety and environmental friendliness.

Forced or compulsory labour

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



The risk assessments conducted in regard to preventing risks under criminal law and maintaining the compliance model have not identified any operations involving significant risks for breaches of freedom of association and collective negotiation rights, for discrimination in employment and occupation, or for forced, compulsory or child labour.

Security practices

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

The Ingeteam Group has no security personnel in the sense referred to here.

Rights of indigenous peoples

411-1 Incidents of violations involving rights of indigenous peoples



There have been no cases of violation of rights of indigenous peoples in the course of the operations of the companies in the Ingeteam Group or related to same.

Human rights assessment

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



Ingeteam does not conduct assessments of the application of human rights.

412-2 Employee training on human rights policies or procedures



Over 500 hours of training on the prevention of harassment was provided to numerous members of management staff.

Since 2017 there has been a protocol in place for prevention and action in case of sexual harassment in the workplace, with a single campaign staged nationwide in Spain. Committees have been set up to prevent harassment at each workplace and all relevant employees are given face-to-face training. 16 of the Ingeteam Group's workplaces currently have such protocols in place. Between them they cover 2,770 employees (67% of the workforce). Over and above our code of conduct, these antiharassment protocols and their effective application evidence our commitment to socially responsible behaviour.

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



A new "Requirements about Suppliers Activity" section was added to the Ingeteam Group General Purchasing Conditions in 2019. Several provisions along these lines are set out in it, seeking to oblige our suppliers to follow our own

Code of Conduct and specifying a number of duties concerned with respect for human rights.

Local communities

413-1 Operations with local community engagement, impact assessment and development programmes



The Ingeteam Group has a Sponsorship and Donations policy aligned with the Corporate Social Responsibility goals and strategy of the Group's Corporate Marketing Management and with its Code of Conduct, and more specifically with the compliance model for the prevention of criminal activities, particularly as regards corruption, given that donations and sponsorships entail a risk of covert bribery, as set out in international standards such as ISO 37001.

The general purpose of this policy is to set out principles for action and basic instruments to be drawn up, implemented and optimised at Group member companies in regard to sponsorship and donations, especially in the area of investment and development in the local communities where the Ingeteam Group operates.

Corporate Marketing Management is the Group body authorised to set the strategy and objectives for Corporate Social Responsibility, to receive notifications and queries concerning its application, to channel approvals of donations and sponsorship deals and to monitor and report any nonfulfilment to the Compliance Committee.

In line with our ethos concerning proper interaction with society, we seek to strengthen our engagement with the community precisely now that current economic circumstances are least favourable. This continued contribution entails an effort for us which we nevertheless manage responsibly and enthusiastically through dynamic, proactive management closely identified with good business ethics.

At Ingeteam we seek to consolidate our links with the community through facts and figures, in numerous social patronage and sponsorship arrangements and similar initiatives, all carried out with careful attention wherever we operate.

We take action in three main categories: technical, social and sports.

At Ingeteam we are aware of the importance of training and know-how, and we understand that the younger a stakeholder group is, the more value such initiatives have. This is precisely where interaction between business and the academic world is most meaningful: cooperation agreements with universities and high schools encourage students to do work experience, which provides them with specific training and builds up a real talent management model such as the one that we ourselves promote.

We currently have exchange agreements with universities and high schools, among other organisations. In 2019 we continued our agreements with:

- Universities: Deusto Engineering Faculty, Deusto Business School, ETSI (Higher Technical College of Engineering in Bilbao), the publicly-run University of the Basque Country (UPV) in Bizkaia, the Polytechnic University of Oviedo, the University of Castilla la Mancha, the University of Navarra, the Higher Polytechnic College of Mondragón, etc.
- Vocational training schools: Salesianos, Jesuitas, Iurreta, Fadura, Elorrieta, Txorierri, Somorrostro, Tartanga, etc.

In this area we also attended numerous job fairs such as Deusto University's Employment & Entrepreneurship Forum, the Mondragón Job Fair, the JEPE (Employment & Business Presentation Seminar) at ETSI Bilbao, Txorierri, etc.

Over and above our concern for engaging with our social setting and with the education of young people, and making improvements wherever possible, there are other initiatives in which Ingeteam also brings to bear its stock of know-how and its solidarity.

We continue to organise regular actions in cooperation with numerous associations, such as the Association of Families of Children with Cancer in Castilla-La Mancha (AFANION), DYA and the Association of Friends & Families of Patients with Neuroblastoma, *Dejando Huella* and ACEPAIN.

Our contributions to foundations and non-profit organisations in financial year 2019 totalled €16,649.87.

In the field of culture, we continue to sponsor the Albacete International Film Festival (Abycine) and a week of concerts by the Basque Symphony Orchestra (OSE). We also donate to the Coral de Bilbao and Orfeón Donostiarra choirs and to *Euskal Herriko Tzikitixa Elkarte*.

In the field of sports, we are involved in an increasing number of social competitions. In 2019 we continued to work with road races such as the Albacete half-marathon, company races, the Intercompany Challenge to fight hunger and with other local competitions.

Finally, Ingeteam also continues to support cycling and has renewed its sponsorship of the Albacete Ingeteam-Rumbo cycling team. The company has maintained links with sport since 2016 as part of its commitment to the environment and its efforts to encourage sustainable transport. Ingeteam is a benchmark group nationwide thanks to its campaign to provide financial incentives to employees who cycle to work. This pioneering action attracts more and more workers year by year, each of whom is contributing in his/her own small way to the fight against climate change.

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



There have been no cases of operations with a significant negative impact on local communities.

Supplier social assessment

414-1 New suppliers that were screened using social criteria

No filters based on social criteria were applied in the selection of any new suppliers.

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



No negative social impacts were recorded in the supply chains of Ingeteam Group member companies.

Public policy

415-1 Political contributions



No contributions were made to any political party or representative.

Customer health and safety

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

Ingeteam guarantees that all its products are constructed and operate according to characteristics set out in documents of various types, such as:

- Technical data sheets.
- Product catalogues.
- Technical project specifications based on customer requirements and the points set out in the various technical and commercial quotes submitted.

The system for claims and complaints and the methods for dealing with them are as per quality assurance standard ISO 9001, to which most Group companies adhere.

All the electrical products of Ingeteam carry the EC Electromagnetic Compatibility certificate, which assures that they are safe to use.

Complaints and their resolution are distributed across the perimeter of all the business units of the Group. Member companies in Spain received 770 customer complaints, 86% of which were resolved.

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



There were no cases of non-compliance concerning health and safety impacts of our products in the year covered by this report.

Marketing and labelling

417-1 Requirements for product and service information and labelling

The products manufactured and marketed by Ingeteam Group member companies are not subject to the labelling procedures in common use for consumer products.

Each product carries an ID plate which gives basic information, including at least a manufacturing serial number to guarantee traceability. Each type of product has the characteristics described in the relevant technical data sheet, where its full technical, construction and functional characteristics are listed.

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

There were no incidents of non-compliance concerning product and service information and labelling in the year covered by this report.

417-3 Incidents of non-compliance concerning marketing communications



There were no incidents of non-compliance concerning marketing communications such as advertising, promotions, sponsorship, etc. in the year covered by this report. Ingeteam complies with the General Data Protection Regulation in all its communications.

Customer privacy

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



No Ingeteam Group member company received any substantiated complaints concerning breaches of customer privacy or losses of data.

Personal data are processed responsibly, in line with the legislation on privacy applicable at the relevant time (at national and international levels).

Compliance with regulations on privacy is a cross-sectoral obligation applicable to all areas of the business and all employees. The actions taken to ensure compliance included training sessions and a Privacy Committee to coordinate data management and act as an advisory body.

Socio-economic compliance

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



The Ingeteam Group was not fined for non-compliance with laws and regulations in the social and economic area in the year covered by this report.

07

The 10 principles of the global compact



Our determination to progress towards sustainable growth, increases day by day and encourages us to carry on working on the basis of respect for these Ten Principles which perfectly show the ideal business organization and the mirror in which we would like to be reflected.

The new strategic plan for 2019-2021 was approved early in 2019.

In this new plan the Group aligns its strategic goals with the Sustainable Development Goals of the 2030 Agenda and seeks to make the company's project sustainable on three fronts: social, economic and environmental. (Pages 6-7).

HUMAN RIGHTS

■ Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights, within their area of influence

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

At the end of 2019 we launched a new occupational risk prevention campaign under the slogan "LET'S GO SAFETY – LET'S BE HEALTHY" at all Ingeteam Group member companies. We are working to instil the culture of prevention more and more deeply into our whole workforce. This will help make them more aware of risks, enhance risk prevention and work more closely as a team, with each member looking out for the others.

■ Principle 2

Companies must make sure that they are not complicit in human rights abuses

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

LABOUR STANDARDS

■ Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective negotiation

The Ingeteam Group operates internationally and strictly complies with the labour and social welfare legislation of all the countries where its various offices and workplaces are located. We are aware of how diverse we are as a Group, and seek to manage that diversity properly.

■ Principle 4

Businesses should support the elimination of all forms of forced and compulsory labour

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

■ **Principle 5**

Businesses must support the abolition of child labour

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

■ **Principle 6**

Businesses must support the elimination of discrimination in respect of employment and occupation

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

THE ENVIRONMENT

■ **Principle 7**

Businesses must maintain a precautionary approach to environmental challenges

As an active part of society, we at Ingeteam have been committed to the environment for many years, considering it as a priority within the corporate social responsibility policies that guide our conduct. We seek to help make the environment more sustainable by minimising the impact of our operations on nature, by reducing our energy consumption and our emissions of CO₂ and other greenhouse gases and by encouraging recycling and awareness through training for our workforce and in general for everyone with whom we come into contact.

The equipment developed by the Group to produce clean energy has to date avoided the emission of 13 t of CO₂ into the atmosphere. In 2019 we signed an agreement with an electricity supplier which ensures that all the electricity consumed by Ingeteam Group member organisations in Spain (Bizkaia, Navarre, Gipuzkoa and Albacete) is from 100% renewable sources and is environmentally friendly.

■ **Principle 8**

Businesses must undertake initiatives to promote greater environmental responsibility

We seek to reconcile respect for nature and biodiversity and protection of the natural environment with our operations in pursuit of our lawful interests in regard to our business. For instance, in 2019 the Indar factory in Beasain (Gipuzkoa) recycled and reused over 8,000,000 L of water. Our subsidiary in Brazil also reused over 5000 L of water during trials of power converters on test benches. Several Group member companies have made improvements in areas related to the environment.

■ **Principle 9**

Businesses must encourage the development and diffusion of environmentally friendly technologies

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

The project is based on helping to decarbonise society and bring about an energy transformation towards an increasingly electricity-based society. The underlying technology involves all 3 of the Group's main technology vectors: rotating electric machines, power electronics and automation and control. Ingeteam provides innovative solutions in operation and maintenance which are becoming increasingly important in sectors related to renewables.

ANTICORRUPTION

■ **Principle 10**

Businesses should work against corruption in all its forms including extortion and bribery

We have no record of activities of this type.