

**Non-financial information
statement
Year 2023**

AERnnova

March 2024

CONTENTS

1. About the Company	2
1.1. Profile of the company	2
1.2. Business model	2
1.3. Market environment and strategy	5
1.4. Mission, Vision and Values	7
1.5. Corporate governance	7
1.6. Risks	8
2. Ethics and Integrity	12
3. Environmental matters	14
4. Human Resources	20
4.1. Description of staff	21
4.2. Remuneration	22
4.3. Work organization and flexibility policies	23
4.4. Occupational Health and Safety	24
4.5. Social Relations	25
4.6. Workers' development, training and promotion	25
4.7. Communication	26
4.8. Respect for diversity and equal opportunities	27
4.9. Human Rights	28
5. Information about the Company	28
5.1. Commitment to sustainable development	28
5.2. Subcontracting and suppliers	30
5.3. Consumers	31
5.4. Efficient Management and Lean Culture	33
5.5. Tax information	33
6. Sustainable Development Goals	34
6.1. Goals	34
6.2. Contribution to the SDGs:	34
6.3. Sustainability Committee	35
6.4. ESG Plan	35
Annex 1. Scope and methodology used to prepare this report	39
Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity...	41
Annex 3. External verification of the non-financial information statement	47



1. About the Company

Aernnova Aerospace Corporation, SA is a company with registered address in Miñano Mayor (Vitoria, Alava, Spain), in the Technological Park of Álava (Spain), calle Leonardo Da Vinci, 13, and is registered in the Commercial Register of Alava, Volume 1242, Page 210, Sheet V-11396.

The company started its activity in 2006 with the acquisition of 100% of the shares of Gamesa Aeronáutica SAU, currently called Aernnova Aerospace, SAU.

Aernnova Aerospace Corporation, SA is the parent company of the Aernnova Group (hereinafter "Aernnova", "the company" or "the Group"). The Group started its activity in the aerospace sector in 1986 with the creation of Fibertecnic and the achievement of the first contract to manufacture composite components for CASA (today integrated in Airbus Group).

1.1. Profile of the company

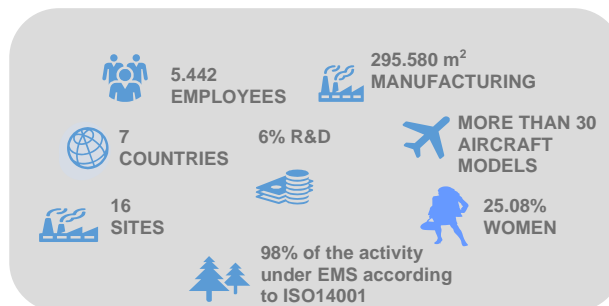
Aernnova is a leading independent supplier in the design and manufacture of structures and components for the aerospace industry, including associated systems and equipment. The company specializes in the design and manufacture of a wide range of technologically advanced aerostructures and related components for commercial aircraft, business jets, helicopters and vehicles in the new urban and intra-urban mobility sector (EVTOL), with solid experience in the use of composite materials. Aernnova has experience and resources in industrialization, aerospace component manufacturing (assemblies, composites, machinery, surface treatment, raw material and metal cutting), as well as in engineering services.

The company supplies a wide variety of integrated aerostructures, including empennages, wings, doors, nacelles, pylons, fuselage sections and canopies.

It currently designs and/or manufactures structures and related components for more than 30 aircraft models including Airbus A350, A220-100/300, A330 XL Beluga, A330, A320, A380, EADS A400MM, C295/CN235, Eurofighter, Airbus Helicopter, Superpuma and Tiger, Boeing 787-8-9-10, Boeing 747-81/F, Boeing 747LCF, Embraer E1, E2, ERJ145, KC-390, Sikorsky S-92, Leonardo NH90, Bell 505, 407 & 429, Beechcraft King & Piston, Pilatus PC24, Northrop Grumman F35, JSF, F18, Boeing F18, F15, Boeing P8, Space X Falcon 9, De Haviland Dash 8, Bombardier Global, CRJ 700-900-1000, Honda jet HA 480, Lillium, BOOM Overture, Heart Aerospace, etc.

In addition, it provides high value-added engineering services to major aircraft manufacturers and Tier 1 suppliers. Aernnova has significant capabilities in product development, manufacturing engineering and product support, especially for complex composite structures. The concurrence between design and manufacturing engineering makes it possible to offer more efficient technical solutions. Finally, it provides technical assistance to its customers in the aerospace sector.

Main business and activity indicators



Aernnova is a first level supplier of aeronautical structures for the main OEMs. With a turnover of €883.3 million and 5,442 employees at the end of the 2023 financial year.

1.2. Business model

The Group has positioned itself as one of the leaders in the design and manufacturing of aerostructures and their components. In this regard, the Group provides profitable, innovative and reliable solutions for its clients, offering them a wide range of activities that are carried out by specialized and globalized business units.

Since its incorporation, the client portfolio has expanded to include the major manufacturers, including, among others, Airbus, Boeing, Bombardier, Embraer, Sikorsky, Bell, Leonardo, Beechcraft, Spirit, Space X, Pilatus, de Haviland or Northrop Grumman. In addition, the incorporation of new mobility has generated a diversification of the weight of customers, markets, and segments.

Finally, it should be noted that the Group assumes full responsibility for a large part of its programs, from conceptual and detailed design, testing and certification, to mass production and support services.

Products and Services

The Group designs and manufactures a wide range of technologically advanced aerostructures and components for civil aircraft, business jets and helicopters. As a Tier 1 supplier, it produces integrated aerostructures and is responsible before OEMs (Original Equipment Manufacturers), for the management of complete work packages involving several technologies and activities. It specializes in wings and empennages, including their mobile and secondary structures, and designs and produces fuselage sections and other integrated aerostructures. Its Tier 1 capabilities also include the engineering services it provides to its customers, which include conceptual and preliminary design, detailed design (model-based), load analysis and advanced simulations of statics, fatigue, damage tolerance, impact, thermal, etc. Manufacturing engineering and prototyping are also part of Aernnova's offer to its customers, with autonomous multifunctional teams and MRB, materials and processes, integral configuration management, testing and certifications (FAA, EASA) as well as after-market engineering support.

In addition to producing components for integration into its own aerostructures, it also produces composite components, metal components and sub-assemblies for integration into customers' aerostructures. Its Tier 2 capabilities are generally limited to manufacturing, and do not include the product development services offered at Tier 1.

It also provides technical assistance to its customers in the aerospace sector.

The group, in its quest to improve its capabilities towards its customers as a maintenance organization (MRO), has obtained Transport Canada Civil Aviation (TCCA) approval, which joins the certifications already available from the European EASA Part 145 and the US FAA Part 145 agency and which allow maintenance of structural components with flight hours to perform changes and repairs within the scope of the approval.

It also provides products and services to customers in other industries, such as automotive, railway, etc.

Organization: business lines and subsidiary structure

The Group operates under the structure of several companies specialised in integrated aerostructures, composite components, metal components, engineering and after-sales services.

Aernnova's activity is divided into six business lines:

❖ Aerostructures

Aernnova is a leading Company specialized in the design and manufacturing of aerostructures such as wings, doors, empennages and fuselage sections.

❖ Engineering

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

❖ Services

Aernnova Aircraft Services offers its clients an after-sales service by a skilled team to guarantee 24/7 support.

❖ Composites

Aernnova Composites designs and manufactures several components in composite material.

❖ Metallic Components

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

❖ Others Aero / Diversification

In addition, Aernnova develops its activity in other business lines such as the automotive and passenger trains.

To develop these activities, Aernnova has created a corporate structure that as of December 31, 2023, was as detailed below. However, before detailing such corporate

structure, it should be noted that on October 10, 2023, Aernnova Andalucía Estructuras Aeronáuticas, SAU ("ANNA") communicated the decision to cease the activity and close its facilities in La Rinconada (Seville), because of the insurmountable economic situation and the losses accumulated in the last years that made its future activity unfeasible. Thus, last October 24, the Commercial Court No. 2 of Seville issued an order declaring ANNA's insolvency, also declaring the dissolution of this company.

In view of the foregoing, this report only contains ANNA's data until October 24, 2023, date as from which its sole shareholder no longer has control over its management, since it has been entrusted to the insolvency administration.



International presence

Thanks to its wide range of specialized activities, the Group can carry out each of these activities in its own facilities, located in Spain, Portugal, United Kingdom, Romania, the United States of America, Mexico, and Brazil in which it has manufacturing and engineering centres.



Manufacturing

The table below shows the location and the main activity of the principal facilities of the Group.

Main activity	Location	Year / m ²	Capacity and highlights
Assembly of integrated aerostructures	Álava (Spain)	2000 / 21.800 m ²	- Structures Assembly: Manual & Automated (IPAC ell, Takt-Line and MPP Cells)
			- Metallic, Composites and Hybrids Joints (Drilling and Riveting)
			- Systems Integration (including Conductivity and Hydraulic Tests)
			- Paint and Primer Processes
			- Laser Tracker (Tooling Set-up & Calibration and Product Metrology)
			- Special Processes (Portable Anodizing, Shot Peening, Cold-Work, Permaswage, Sealing, NDT)
	Querétaro (Mexico)	2008/ 3,000 m ²	- Structures Manual Assembly
			- Systems Integration
			- Paint & Primer Processes
			- Cold work & Perma-swage
	Sao José dos Campos	2022/ 4,400 m ²	- Structures Manual Assembly
			- Systems Integration

Manufacture of composite components and assemblies	Vitoria (Spain)	1986 / 7.810 m ²	- Paint & Primer Processes
			- Cold work
			- Autoclaves
	Toledo (Spain)	1991 / 16.931m ²	- C-Scan inspection
			- CNC Drilling & Trimming
			- Autoclaves
			- C-Scan inspection
			- Filament Winding Machines
			- Hot Plate Press
			- Hotforming machine
	Orense (Spain)	2001 / 13.000 m ²	- Resin Injection Equipment
			- Autoclaves
- C-Scan inspection			
Illescas (Spain)	2010 / 42.000 m ²	- Laser projectors	
		- Automated Tape Lay-up	
		- Automated Fibre Placement	
		- Autoclaves	
		- Hotforming	
Évora Composites (Portugal)	2022/27.800 m ²	- Ultrasonic automatic inspection	
		- Autoclave	
		- Automatic Tape Lay-up, Fiber placement, RTM	
		- Hot forming	
		- Ultrasonic automatic inspection	
Cádiz (Spain)	1986 / 10.000 m ²	- Water Jet Flow trimming	
		- CNC Router	
		- High Pressure Fluid Cell Press	
		- Brake Press	
		- Roller Press	
Vitoria - Burulan (Spain)	1989 / 10.757m ²	- Heat, surface and painting treatments	
		- CNC machining centers	
Toledo		- Surface treatments and painting	
		- CNC machining centers	

	(Spain)	1989 / 3.500 m ²	- Surface treatments and painting
	Tarazona (Spain)	2000 / 18.157m ²	- CNC machining centers
			- Surface treatments and painting
			- Shot Peening/Peen Forming facilities
			- Roll forming and three-point bending
	Querétano (Mexico)	2008 / 13.000	- High speed CNC centers
			- Hydroforming press
			- Rolling Press
			- CNC Brake forming
			- Hydraulic presses
- Auto anodized			
		-	
Évora Metálicos (Portugal)	2022/37,800 m ²	- CNC machining centers	
		- Automated drilling and riveting centers	
		- Robotic drilling and riveting platforms	
		- Surface treatments and painting	
		-Robotic assembly line	
BREK Manuf. Gardena (CA)	1968 / 18.000 m ²	- CNC machining centers	
		- High torque, low RPM machines	
		- Cutting machine Water Jet	
BREK Wichita	10.000 m ²	- High level integration of aerostructures.	
		- Integral management capacities & capabilities: Supply Chain, program & project management, commercial	
		- Proven concurrent manufacturing engineering capabilities	
Manufacture of metal and composite components and assembly of aerostructures	Hamble-le-Rice (UK)	1939 / 37.625 m ²	- Machine workshop. Multi-axis CNC machines, hard and soft metals. manual milling machines
			- Sheet metal workshop. High-capacity rubber press for sheet metal forming
			- Stretching machines: Transversal (vertical and horizontal) and extrusion
			- Transparencies / acrylic moldings

			- Composites manufacturing facilities. Manual rolling, autoclaves, CNC milling and drilling, gantry cutting machines, and automated NDT inspection
			- Surface treatment baths (anodizing, sulfuric-tartaric, alochrome, boric)
			- Multiple assembly facilities with dedicated areas and templates
			- Mechanical testing laboratory
			- EBM additive manufacturing machine for development and prototyping.
			- Goods in / clearance facility

1.3. Market environment and strategy

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

The industry's recovery continued in 2023. Worldwide short-range air traffic reached pre-crisis levels by the end of the year. Narrow-body aircraft such as the Airbus A 320, Airbus A 220, Boeing 737, and Embraer E2 are used for these routes. On both these Airbus and Embraer platforms, the Group manufactures complex, large-volume structures such as wings, empennages, stabilizers, etc. On the other hand, international long-range traffic has not yet reached the 2019 level, standing at approximately 93% compared to 2019. While North America, LATAM and Middle East have exceeded this level, Europe and Asia Pacific are still behind.

On the other hand, the main aircraft manufacturers, Airbus and Boeing, increased their order backlog by 2,094 and 1,314 units, reaching a total of 8,598 and 5,626 units, respectively. Regarding deliveries during the year, these increased significantly, reaching 735 and 528 units, respectively.

This order volume, which exceeds 10 years at the 2023 production rate, augurs a sharp increase in deliveries in the coming years in order to meet airline demand.

The Group's presence in the main commercial aviation programs guarantees business growth by supporting our main customers. In addition, both the new business aviation platforms, such as the Praetor 500/600, which is receiving very good market acceptance, and the engineering and aftermarket business, will contribute to the growth and strengthening of the Group.

In 2024, the recovery in air traffic will continue, possibly reaching pre-crisis levels. All manufacturers expect to increase aircraft deliveries in all models, in response to the growing demand from airlines, as a result of traffic recovery and fleet renewal. The incorporation of the Portuguese companies into the Group, manufacturers of executive and single-aisle aircrafts, which are recovering more quickly from the crisis, will boost turnover in the coming year.

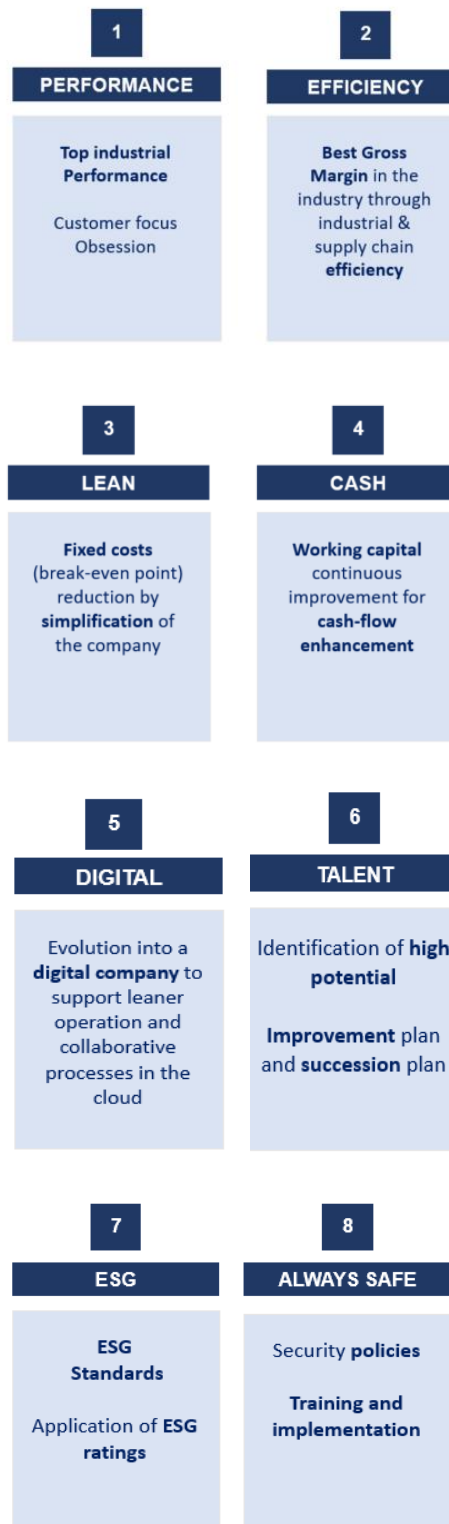
In addition to the above, during 2023 Aernnova's R&D has been developed in accordance with the planning of multi-year projects and new projects have been started according to the priorities of the Aernnova 2025 Technological Development Plan, advanced and intelligent materials and manufacturing processes, for operational excellence, efficiency improvements, sustainability, competitiveness and productivity. The most relevant milestones and achievements are identified below:

- (i) The Clean Sky 2, CS2, RearEnd project has concluded with the assessment at maturity level 6 of the technology demonstrator with primary structure components with highly automated composite and thermoset resin technologies and primary structure elements with continuous fiber thermoplastic material. The CS2 hybrid laminar flow projects with technology demonstrators for ground testing of horizontal stabilizer leading edge segments, TRL 5, and TRL 4 wing have also been completed.
- (ii) The activities of two technology development projects for composite components, QUICK UT and MOLDAM, have been completed. The former has completed the development of a new automated system for the inspection of sandwich parts with a robotic solution. The second explored the additive manufacturing of tooling for the production of composite parts.
- (iii) Progress has been made in the projects related to electric aviation, advanced air mobility and regional aircraft, TRANSCEND and E-FLIGHT. Both are planned for completion in 2024.
- (iv) The AEROBOTICS (part funded under the Aeronautical Technology Plan, CDTI), XRAISE (partial funding from SPRI) and MASTERLY (Horizon Europe) projects have started for the development of new automated processes, digitalization and assembly operations for the Berantevilla facilities. These projects are planned to be completed between 2025 and 2026.
- (v) In Clean Aviation, a major European initiative for innovations in aircraft technologies and part of Horizon Europe, the three projects in which Aernnova is a partner have been initiated and advanced. The UPWing project, led by Airbus for the development of ultra-efficient wings, the FASTER H2 project, also led by Airbus for hydrogen aircraft fuselages, and the HERA project, whose leader is Leonardo, in which Aernnova is responsible for leading the digitization activities in sustainable manufacturing for hybrid electric regional aircraft. Also in Clean Aviation, the Leonardo-led HERFUSE project has been approved, where Aernnova will develop new rear fuselage empennage configuration solutions. These Clean Aviation projects correspond to phase 1 and are scheduled for completion in 2026.
- (vi) The activities of the ENGRT project, part of the European Defence Fund, have started. Aernnova is part of the consortium that, led by Airbus Helicopters and Leonardo, will develop new helicopter technologies for the defence sector.
- (vii) In the strategic line of technologies for the automation of metal component forming processes, the DIGIFORM project was obtained at the end of the year, which involves covering part of the investments and costs related to institutional financing from the Spanish Ministry of Science and Innovation. The activities of this project will start in 2024 to finish in 2026.

Finally, the end of 2023 has been marked by the Group's decision to cease the activity of ANNA as a result, as indicated above, of its insurmountable economic situation and the losses accumulated in recent years, having been declared its insolvency on 24 October 2023. On 31 January 2024, the same

Court issued an order classifying ANNA's insolvency proceeding as fortuitous. It should also be noted that within the framework of the aforementioned insolvency proceedings, a collective redundancy procedure was carried out, which ended with an agreement on 28 December 2023, and subsequently the Commercial Court No. 2 of Seville issued an order on 15 January 2024 declaring the collective termination of ANNA's relations with all the employees.

Operational pillars 2023-2026



1.4. Mission, Vision and Values

Mission

Aernnova's mission is to satisfy the needs of its customers and society, with safety, quality, efficiency, and respect for the environment, thus contributing to the development of the sector. Aernnova is one of the leading companies in aeronautical components at a global level.

Aernnova contributes to the development of air transport by providing its engineering, technology, products and services on aircrafts of the world's leaders in the aerospace sector, by establishing long-term and reliable relationships with customers and strategic suppliers that Aernnova considers their partners, through the improvement of competitiveness, a key factor in a global industry where great challenges are faced, through Investment in R&D and our own technology in our products and operations, generating profitable growth that allows future investments in programs and through searching for simplification and efficiency in the way of working.

Vision

Aernnova wants to be recognized as one of the world's Top 5 Aerostructure companies as well as the preferred supplier of the major aircraft manufacturers.

Values

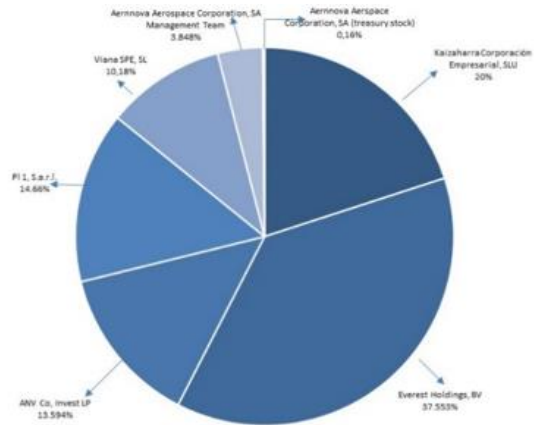
The principles that should be promoted in the relationships in the Company are (i) client-orientation; (ii) integrity; (iii) result-orientation; (iv) teamwork; (v) personal commitment and respect and (vi) openness and adaptation to change.

1.5. Corporate governance

The existence of an effective Corporate Governance system, transparent, structured and focused on the management of the Company operation is essential to guarantee the success of Aernnova Group through sustainable and organized growth. The governance model is solidly articulated in the applicable legislation, principles, internal regulations, codes and corporate policies. The Group's Corporate Governance model consists of two bodies, the General Meeting of Shareholders, and the Board of Directors.

General Shareholders Meeting

Aernnova Aerospace Corporation, SA shareholders' structure as of 31 December 2023 is as follows:



Board of Directors

The Board of Directors is in charge of the management and representation of the Company. Except for those issues reserved to the General Meeting, the Board of Directors is the top decision-making body of the Company and has all the necessary power to manage it.

Members of the Board of Directors

Chairman	KAIZAHARRA CORPORACION EMPRESARIAL, S.L.U., represented by Mr. Juan Ignacio López Gandásegui
Chief Executive Officer	Mr. Ricardo Chocarro Melgosa
Secretary not member of the Board	Mr. Hipólito Suárez Gutiérrez
Members	EVEREST HOLDINGS BV, represented by Mr. José M ^a Arellano Navarro
	Mr. Alfredo Tennenbaum
	Mr. Fahd El Kadiri
	Mr. Ronald Mark Howard Van Loo
	Mr Joseph Knoll
	Mr. David J. Barger
	AML SAS, represented by Mr. Marwan Lahoud
	PI1 SÀRL, represented by Mr. Javier de la Rica Aranguren

Board Committees

In addition to the two specialized permanent committees with a permanent, informative and consultative nature, with supervision, information, guidance and proposal powers within their scope of action, i.e., the Audit and Compliance Committee and the Appointment and Remuneration Committee, the Board of Directors established the Delegated Executive Committee in 2020. Therefore, these are the specialized committees of the Company:

❖ Delegated Executive Committee

In accordance with the provisions of article 249 of the Spanish Corporate Act and articles 31 and 31 bis of the Company's bylaws, this permanent Committee has been established with all the powers inherent to the Board of Directors, except for those that are considered non-delegable by virtue of the law or the statutes.

Members of the Delegated Executive Committee

Chairman	<i>KAIZAHARRA CORPORACION EMPRESARIAL, S.L.U., represented by Mr. Juan Ignacio López Gandásegui</i>
Secretary not Member	<i>Mr. Hipólito Suárez Gutiérrez</i>
Members	<i>Mr. Ricardo Chocarro Melgosa</i>
	<i>EVEREST HOLDINGS BV, represented by Mr. José M^a Arellano Navarro</i>
	<i>Mr. Alfredo Tennenbaum</i>
	<i>PI1 SÀRL, represented by Mr. Javier de la Rica Aranguren</i>

❖ Audit and Compliance Committee

In charge of providing support to the Board of Directors in their supervision duties and, specially, with regard to the result of the audit, supervising the process for the preparation, presentation as well as the integrity of the mandatory financial information regarding the Company and, where appropriate, the Group. Moreover, amongst other tasks, it revises periodically the internal control and risk management systems, including tax systems, supervising the effectiveness and proposing the appointment, re-election and replacement of the account auditor, being in charge of the selection process.

Members of the Audit and Compliance Committee

Chairman	<i>Mr. David J. Barger</i>
Secretary not member of the Board	<i>Mr. Hipólito Suárez Gutiérrez</i>
Members	<i>PI1 SARL, represented by Mr. Javier de la Rica Aranguren</i>
	<i>EVEREST HOLDINGS BV, represented by Mr. José M^a Arellano Navarro</i>

❖ Appointments and Remuneration Committee

In charge of submitting to the Board of Directors proposals for the appointment of Directors, to be designated by co-optation or to be submitted to the decision of the General Shareholders Meeting, as well as the proposals for their re-election or cessation. Moreover, amongst other duties, it revises periodically the remuneration policy, verifies it is being complied, ensures that the eventual conflicts of interest do not harm the independence of the external guidance given to the Committee, examines the compliance with the Rules of Corporate Governance and makes any necessary proposals for its improvement. It also proposes the appointment and remuneration of the Senior Management of the Company to the Board of Directors.

Members of the Appointments and Remuneration Committee

Chairman	<i>AML SAS, represented by Mr. Marwan Lahoud</i>
Secretary not member of the Board	<i>Mr. Hipólito Suárez Gutiérrez</i>
Members	<i>KAIZAHARRA CORPORACION EMPRESARIAL, S.L.U., represented by Mr. Juan Ignacio López Gandásegui</i>
	<i>Mr. Alfredo Tennenbaum Casado</i>
	<i>EVEREST HOLDINGS BV, represented by Mr. José M^a Arellano Navarro</i>

1.6. Risks

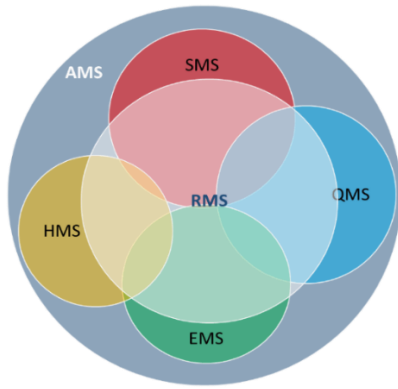
Risk Management System

Aernnova is a company that, like any other organization, is exposed to several risk factors that depend not only on its activity, but also, among others, on the countries in which it operates, the market and the different products and services offered, the regulatory context and the circumstances existing at any given time and place. Therefore, the company seeks to identify these risks and assess them, an initiative that allows it to implement timely management measures sufficiently in advance to mitigate the probability of these risks occurring and/or their possible impact on the business, people and society.

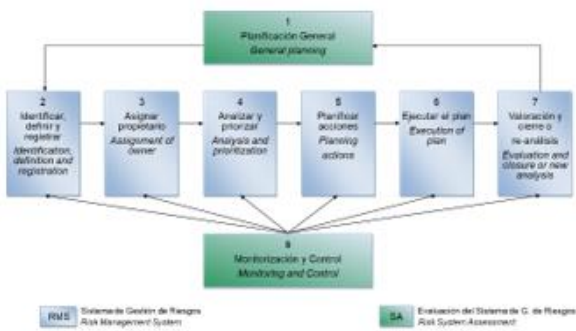
The Group has a comprehensive Corporate Model for Risk Management which is applied to all Aernnova's companies, programmes and activities and which has been developed in accordance with the requirements of the requirements of the aeronautical and defence sectors and the best practices and references: (EN9100 and EN9110 for "Aerospace Management Systems", ISO 14001, 45001 and 031000, PECAL/AQAP2010, EASA Parts 21 and 145, among others).

The Risk Management System is complemented with policies and procedures for the main processes of the Group that are reviewed and updated periodically to ensure compliance with applicable regulations and deploy best practices in risk management.

The Aernnova Management System (AMS) is the set of all Management Systems formally established by Aernnova and is focused on the satisfaction of stakeholders: Customers, Authorities, Shareholders, Employees, Suppliers-Partners, Consumers and Society in general. The purpose of the AMS Manuals is the deployment of the corresponding corporate policies. For example, the focus of the Safety Management System (SMS) is aviation safety. The main focus of the Quality Management System (QMS) is performance and customer satisfaction. The focus of the Environmental Management System (EMS) is environmental protection. The main focus of the Occupational Health and Safety Management System (HMS) is occupational health and safety. Aernnova's Risk Management System (RMS) is a common element for all of them.



The Corporate Risk Management Manual establishes the elements of the comprehensive risk management system. The risk management system always follows the same logical and management sequence that starts with the identification and analysis of scenarios that could constitute a threat:



Each of the facilities is responsible for identifying and managing the risks derived from its activity. Their identification and the measures and the plans to mitigate them are revised annually.

The Group has a corporate registry that facilitates the control and management of risk scenarios, as well as the extraction of appropriate indicators to measure the effectiveness of the system. Given that the criticality of the identified risk scenarios measures the potential impact with respect to the budgets for the period, the risk map assessment is reviewed at least annually.

The Risk Committee is the supervising body of the Comprehensive Risk Management System. It is in charge of supervising and reporting to the Board of Directors on the Company's Risk Map and the effectiveness of the risk treatment measures.

The Board of Directors, following a report by the Audit and Compliance Committee, which in turn will be informed by the Risk Committee, carries out an annual revision of the supervision task of the Risk Committee and takes the appropriate decisions.

Aernnova has an Improvement Suggestions Channel (IDEM channel), through which employees may make suggestions to prevent risks of different types and scenarios.

Of the 1808 suggestions for improvement received in 2023, 557 (30.8%) are related to risk reduction in its different areas, 269 of this type of risk management have been implemented (48.3% of those received). The total number of improvement suggestions implemented was 834, of

which 32% focused on risk reduction. In years 2020, 2021 and 2022 this percentage was 31%. On average, 1.5 out of ten people made a suggestion for risk reduction in 2023. Likewise, in the case of quality and air safety risks, the level of implementation was 49%.

Their classification by type of risk in 2022 and 2023 is as follows:

Risk Reduction – 2022	
Risks	Nº suggestions implemented vs. received
Quality and Aviation Safety	32 (out of 39)
Operational	38 (out of 57)
Environment	28 (out of 78)
Health and Safety Prevention	177 (out of 311)
Reputational	4 (out of 10)
Financial	0 (out of 5)
Total	279 (out of 500)

Risk Reduction – 2023	
Risks	No. suggestions implemented vs. received
Quality and Aviation Safety	35 (out of 72)
Operational	41 (out of 78)
Environment	36 (out of 81)
Health and Safety Prevention	141 (out of 296)
Reputational	10 (out of 18)
Financial	6 (out of 12)
Total	269 (out of 557)

Types of risks

The Company is affected by several risks in the exercise of its activity. The types of risks are classified according to the effect or effects which a risk scenario may generate and, therefore, the impact it may have on the objectives of the affected companies or programmes.

The main non-financial risks of the Company are related to air quality and safety, operational, environmental, occupational health and safety and reputational, including legal risks and risks regarding the ethical commitments undertaken.



Below are the main types of non-financial risks derived from the activity of the Company, as well as the measures established to manage and mitigate them:

RISKS	
Air Safety and Quality	
Description	<p>In view of the sector in which the Group carries out its productive activity, the quality of the design and production process as well as the process regarding maintenance, repair and operations support become especially important.</p> <p>Advanced Quality Planning and Management System in which the following can be highlighted:</p> <ul style="list-style-type: none"> - Risk Register and Risk Scenario Map. - The mechanisms for revision, validation, verification and approval of designs and prototypes by the authorities. - The procedures and indicators of the Safety Management System (SMS) and, in particular, the elements of the Advanced Quality Planning Model (APQP), including: <ul style="list-style-type: none"> • The Analysis of Failure Modes of products and processes and their Causes and Effects (FMEAs) for risk identification. • Mastery and statistical control of processes and associated risks. • Product and process Control Plans. • The approval of designs and the production system (FAI and PPAP) by customers and the certification of designs and products by the competent civil and military Authorities. • Sharing of Lessons Learned and Best-Practices of the Akrimas system (Aernnova Known Risk Management System). • The surveillance and monitoring of the performance of products (both our own and those of others) and of the applicable standards and regulations, as well as their changes, throughout the life cycle of the products • Procedures and mechanisms for analysis and improvement of the potential contribution of Human Factors and organizational risks to the occurrence of failures and errors. • Mechanisms for feedback and notification of occurrences related to product safety and quality. - Training, qualification and certification of personnel, especially quality inspectors and technicians. - The auditing and certification of the Quality System by Clients, Civil Aviation Authorities, Defence Authorities and independent Certification Bodies. - Traceability, control, recording and filing of evidence of compliance with the requirements and all operations. - Communication and deployment of quality requirements to the entire supply chain. Certification of suppliers and their special processes and control and evaluation of the products and processes purchased. - Worldwide monitoring and observation of incidents through the Airworthiness Observatory on a regular basis.
Management/ mitigation measures	<p>During the development of all the processes there may be problems which affect the continuity and effectiveness of the activity. These risks may be varied: stoppages in production, problems regarding the availability of industrial resources, national or international trade, customs, labour legislation, cultural, language, insurrection, risks regarding the availability of staff and their qualifications, loss of staff with key knowledge, which affect or may cause loss of the design or manufacturing capacity, risks derived from IT, data processing and security, processing tools, availability of licences and accesses, etc.</p> <ul style="list-style-type: none"> - Control and management of client's demand risks through the Planning Management Committee. - Establishment of indicators to measure operational performance and periodic monitoring and control in the different Management Committees. - Stock Control Committee: It leads and monitors the management of inventories with a view to maximizing stock turnover. - Programme Management Committee: Revision of the main KPIs, relevant facts and risks associated to each Programme. Launching of corrective and mitigating actions. - Contractual Observatory: periodical review by the Programme Manager with the Executive Committee of the Company to analyse relevant aspects and risks on the contract. - Annual testing in connection with the deployment of the Group's disaster recovery strategy. - Risks derived from the infrastructure associated to productive elements. The Group is involved in a project to safeguard the equipment associated to productive machines (PCs, network, software and hardware backup, robots, etc). In addition to the configuration of the environment, the current status of software and hardware maintenance contracts for each production equipment is now being revised.
Environmental	
Description	<p>The Group carries out projects which may have an impact on the environment, either due to pollution, spills, etc.</p> <p>Environmental Management System, in which the following can be highlighted:</p> <ul style="list-style-type: none"> - Identification and evaluation of environmental risks and their impact. - Establishment of environmental performance measurement indicators and regular monitoring and control in the Management Committees - Preventive and corrective maintenance of facilities and equipment with environmental relevance. - Periodical measuring and control of the limits on spills, emissions, soil condition and water and environmental noise. - Periodical emergency drills and periodical revision of containment means. - Control and monitoring of regulatory changes throughout all the companies of the group. - Internal and external audits and certification of the environmental system. - Training and qualification of all staff and, in particular, environmental technicians. - Sharing of lessons learned and best environmental practices. - -Communication and deployment of requirements to the supply chain and evaluation of environmental performance. - Development of products with lower life cycle impact, especially in the operational and end-of-life phase.
Management / mitigation measures	
Operational	

Occupational Health and Safety Risk

Description

Health and integrity of the people who contribute to the activity is essential and special attention must be paid to all those risks derived from the use of materials, tools and machines, the execution of processes, the location, etc.

- Own prevention Service with prevention technicians in each production plant.
- Internal and external audits
- Occupational risk assessment in all the sites.
- Annual ORP Plans in each Company.
- Staff training.
- Emergency plans in all the centres.
- Health and safety committees
- Agreement with external organization for health surveillance.
- Establishment of performance measurement indicators in Occupational Health and regular monitoring and control in the Management Committees.

Management / mitigation measures

Reputational Risk

Description

The failure to observe due diligence, as well as the failure to comply with the regulations in force by the Group's staff or by third parties which collaborate with Aernnova, may bring about negative effects in the reputation and, therefore, in the results of the Group.

Management / mitigation measures

- A criminal risk prevention management system
- Aernnova Group Internal Reporting System Policy and Regulations.

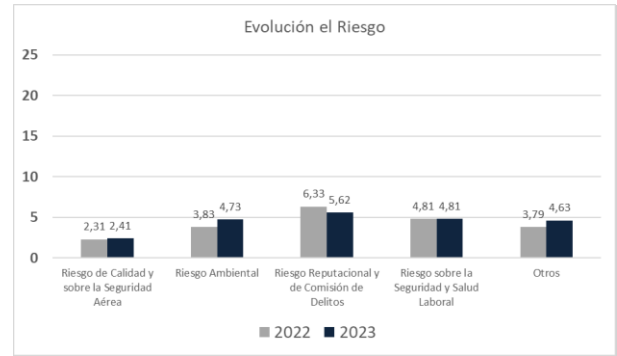
This risk management model was also implemented in the companies of Évora (Portugal) and Hamble (United Kingdom) during year 2022, and the results were incorporated into the corporate Risk Register.

With regard to reputational risks, including legal risks and risks related to the ethical commitments acquired, the company maintains since 2018 a Management System for the prevention of crimes, integrated into the Corporate Risk System, which expressly includes principles regarding corruption and bribery, and the protection of human rights. Likewise, in 2021 Aernnova started with the process of (i) evaluation of the criminal risks to which the Mexican subsidiaries of Aernnova could be exposed and the preparation of a map of controls to mitigate the criminal risks to which they could be exposed, (ii) the preparation and implementation of a crime prevention program for the Mexican subsidiaries, which will be aligned with the program that Aernnova already has in Spain, and (iii) the training for employees of the Mexican subsidiaries in relation to this program. The process was finally completed during the 2022 financial year.

In addition, in year 2023, the process of evaluating criminal risks and implementing the criminal risk management manual in the Portuguese companies began, which will be completed in 2024.

The company's existing policies and procedures for the identification, evaluation, prevention and mitigation of risks and impacts, including reputational risks, are explained in more detail in the following chapters of this report.

Evolution of Risk 2023



The main variations in the corporate risk map in 2023 are associated with the company's transformation projects and the increase in operational risk associated with the increase in demand and the situation of scarcity and uncertainty associated with the markets for raw materials and some components, as well as the labor market.

Among them we highlight:

- The risk associated with work package transfers.
- The risk associated with the Zero Latency project, which is essential to the digital transformation of the organization and which, after its implementation, will contribute to the mitigation of other current risks (efficiency, planning, cybersecurity, etc.). This project will continue in a progressive and controlled manner until its completion in 2026.
- Operational risk due to the scheduled increase in production of almost all programs, which is accentuated by the current weakness in some basic supplies: metallic and composite raw materials, hardware and chemicals.
- The risk associated with new projects contracted by the Group, particularly those related to new programs in the so-called new aviation segment.
- Likewise, the growth in the production of existing programs, together with the launching of new major projects, entails an increase in the risk associated with the availability of qualified personnel.
- Finally, and in relation to environmental risk, it is worth mentioning the consideration and recording of the risk associated with climate change, which was previously not accounted for.

The improvement in the management of risks associated with Aviation Safety has been the subject of a comprehensive review in 2023 of the policies, manuals, organization, and indicators of the Aviation Safety Management System (SMS-Safety Management System). Section 5.3 (Consumers) explains in more detail the procedures and results obtained in this section.

One of the main environmental risks of recent years (associated with the management and storage of waste at Aernnova Do Brasil) has been satisfactorily closed following the transfer of the facilities to a new one.

2. Ethics and Integrity

Aernnova's Code of Ethics was approved in 2018 with the aim of actively managing conduct and behaviour in accordance with the law and the highest standards of the sector, developing the ethical principles of the organization. Said Code of Ethics was modified in October 2021 for the purpose of further developing some of the organization's principles. Likewise, further modifications were agreed in 2023 in order to (i) provide consistency in some cases with the content of other manuals and procedures of the organization, (ii) define and include references to the Just Culture as well as (iii) replace the former references to the Ethical Channel with the Internal Reporting System (which will be duly explained below) In all cases the amendments to the Code of Ethics were agreed by the Company's Board of Directors at the proposal of the Risk Committee, considering the recommendations of good corporate governance and the principles of social responsibility being applied in international markets.

It expresses and compiles the set of values, principles and basic rules of operation, as well as the company's guidelines for conduct in all its areas of action and is therefore the apex of all the rules of corporate social responsibility.

Aernnova Group takes into account the recommendations of good corporate governance and the principles of social responsibility that are being applied in international markets, constituting a basic reference for its monitoring and compliance by all persons belonging to the companies of the Group.

The Code of Ethics contains: (i) General principles, including respect for legal compliance and the rights of the parties; (ii) Substantive principles: applicable to the results for which the Company is responsible and (iii) Operational principles, which should be applied to the nature and the quality of the processes carried out. All these principles are also developed in greater detail in several corporate policies, which are also considered mandatory and form part of the Code of Ethics, as expressly indicated in section 1.2 of the same. Section 6 of this report contains a detailed list of corporate policies that have been revised and/or approved in 2023.

Likewise, the Aernnova Compliance Policy approved by the board of directors in 2018 ensures active management for compliance with current legislation and crime prevention within the Group.

Also, the Criminal Risk Prevention Management System implemented by Aernnova in 2018 (and modified in 2023 in order to adjust its wording following the implementation of the new Aernnova Group Internal Reporting System) that is part of the Group's comprehensive corporate model for risk management seeks to organize and manage their prevention based on the following principles:

- Legality, through respect for and compliance with the legislation in force in all the Group's decision and actions.
- Commitment, through compliance with all the requirements which are voluntarily approved, such as codes of conduct, protocols, policies, etc. in connection with compliance, crime prevention and business ethics.

- Discipline, promoting responsible personal behaviour and "zero tolerance" to any type of non-compliance.
- Systematic and adaptive management of criminal risk.
- Leadership, communication and training through the creation and maintenance of a preventive culture in the Company.

Aernnova's commitment to legality has been formally communicated to all board directors, managers and employees of the Group, and it is at all other interested parties' disposal by publishing the Code of Ethics on the corporate website. All the board directors, managers, employees, and representatives of the Group must comply fully, not only with the values and principles reflected in the Code of Ethics, but also with any internal and external regulations that may be applicable to them. Therefore, it is mandatory for them to comply with this Code, all those procedures, policies, internal rules, and protocols that develop it and any applicable external regulations. In addition, as explained in section 6 of this report, the Group's most relevant suppliers have been required to comply with this Code of Ethics, and audit and risk assessment systems are being promoted to monitor effective compliance.

As an essential part of the implementation and monitoring of the Criminal Risk Prevention Management System, established in 2018 an ethical communication channel was established to report in case of incidents, irregularities, and possible risks and unfulfillment of the measures or standards established in the General Crime Prevention System. However, in 2023, the Board of Directors of Aernnova, in order to comply with the provisions of the different legislations in the countries in which it operates in terms of whistleblower protection and use of reporting channels, approved a Policy of general principles regarding the internal reporting system and whistleblower defence of Aernnova Group, in which it is committed to the promotion of the investigation of actions contrary to the law and the protection of persons who report known violations in the labour or professional context. This policy is the standard that establishes the principles and bases for the implementation of the Aernnova Group's internal reporting system. Additionally, the Internal Reporting System Regulation was also approved in 2023, which regulates the necessary procedure for the correct implementation and operation of the internal reporting system of the Aernnova Group.

Thus, following the aforementioned commitment and instructions, in 2023 an internal reporting system of the Aernnova Group was implemented (for the purposes of this report "the **Internal Reporting System**"). Both the policy, the regulations, and the Internal Reporting System itself were approved for all the companies of the Aernnova Group. In addition, this Internal Reporting System brings together on the same platform all the specific and individualized channels applicable to each of the Group's companies for the purpose of reporting an infringement (as this term is defined in the system's regulations).

This Internal Reporting System integrates and renders ineffective the Ethics Channel that was implemented in 2018. Likewise, any internal reporting channel available to Aernnova in which information may be submitted regarding any conduct defined as an infringement is integrated into the scope of the Internal Reporting System regulations and any principles, guarantees and terms provided therein shall apply to it.

In year 2022, no complaints were processed through the Ethics Channel for alleged violations of the Code of Ethics. In year 2023, 2 communications submitted through the Internal Reporting System were managed.

The primary and executive responsibility for the management and treatment of criminal risks of the organization corresponds to the managers responsible for the processes and business units in which these risks take place (vertical or hierarchical management).

The Risk Committee is the transversal oversight body of the Crime Prevention Management System. Its mission is to supervise and respond to the Board of Directors regarding the Company's Risk Map (within which criminal risk management is framed) and the effectiveness of risk treatment measures. The Risk Committee periodically addresses issues of regulatory compliance and reports the progress of the system to the Audit and Compliance Committee and the Board of Directors at least once a year.

For its part, the Quality department and, in particular, the System Development and Audit function, performs the tests, audits and reviews established by the Risk Committee, incorporating them into the Audit Plan. The results of these audits are reflected in an audit report that is submitted to the Board of Directors.

The Board of Directors, after a report from the Audit and Compliance Committee, which will be informed by the Risk Committee, annually reviews the supervisory work of the Risk Committee, making the decisions that deems most appropriate to the nature and characteristics of the company at all times.

Training needs and sensitivity about crime prevention are identified within the framework of the planning and monitoring of the Crime Management and Prevention System, mainly assessing whether the competencies of executives, managers and jobs that may generate exposure to Criminal risks are appropriate for the level of existing risk.

Training needs are addressed in the following ways: (i) within the framework of the companies' annual training plan; (ii) through specific training actions, if through the Crime Prevention and Management System or by any other means additional training needs are detected in addition to those foreseen and (iii) external specialized training when deemed necessary. During financial year 2023, 10,544 hours of training were given to 3,962 attendees on Risk Management including training in the Integrated Risk System, Human Factors, in Risks related to Product Safety, etc.

In addition, a total of 2,997 hours of training were given to 4,305 attendees in environmental issues, as well as 244 hours of training to 62 attendees in criminal risks.

Finally, with respect to data protection, it should be noted that Aernnova is firmly committed to maintain the highest levels of privacy in accordance with the provisions of the applicable regulations, the General Data Protection Regulation of the European Union (GDPR) and Organic Law 3/2018, of December 5, on the Protection of Personal Data and guarantee of digital rights (LOPDGDD), as well as in accordance with the local regulations of the countries in which the Group companies operate and/or have their registered offices.

Aware of the importance of complying with the applicable regulations on personal data protection, Aernnova has implemented and deployed in the organization a protocol to ensure such compliance and has a privacy policy (available

on the website). Both the protocol and the privacy policy have been updated during 2023, in order to adapt to the latest regulatory changes and practices in this area, and to the organizational structure of the group. Data protection is managed from a "Privacy Office" that handles all data protection issues, from the necessary Register of Processing to the control of communications with third parties.

To address all doubts and issues related to this matter, a channel of direct communication by email is available to all interested parties through the address rgpd@aernnova.com.

Fight against corruption, bribery and money laundering

Aernnova's Code of Ethics and Anti-Corruption and Anti-Money Laundering Policy provides the principles of action on corruption, bribery and money laundering matters and the Criminal Risk Prevention Management System ensures compliance with these commitments.

Aernnova thus assumes the responsibility of actively participating in the challenge of the fight against corruption and money laundering in all its areas of activity, thereby contributing to the achievement of the sixteenth objective of the Sustainable Development Goals approved by the United Nations.

Among other actions, Aernnova prohibits any corrupt behaviour or practice, bribery or money laundering in relation to customers, suppliers, business partners and public, national or international officials or institutions. In this sense, the Company is aware of the risk of 'misuse of power', including any dishonest activity in which employees, board directors or shareholders act contrary to the interests of the entity and abuse of authority because of its position of trust to reach some personal gain or advantage for themselves or for a third party. Therefore, the people that make up Aernnova cannot offer or accept gifts or attention that go beyond the purely symbolic or protocol and in no case that could be interpreted as an attempt to unduly influence a commercial, professional or administrative relationship.

Likewise, the delivery, either directly or through third parties of gifts, attentions or advantages to public representatives for them to exercise their influence in favour of Aernnova is not allowed. Additionally, it is totally prohibited to take advantage of a personal relationship in order to unduly influence an authority or public official.

Finally, it is established that Aernnova's employees must comply with the duties imposed by money laundering regulations.

Contributions to non-profitable foundations and organizations

Aernnova collaborates with associations, foundations and other non-profit entities in its environment to promote sustainable development. These charitable contributions are made under the values and principles established in the Code of Ethics of the Company.

Aernnova has among its objectives to be an active social agent in the improvement and progress of society, promoting economic development and generating value and wealth for the environment.

With these collaborations Aernnova promotes sustainable development within the aeronautical sector.

During the financial year 2023 the Group has made contributions to 35 entities for a total value of 337,332.09 euros compared to the 331,002.86 euros that were contributed in 2022.

3. Environmental matters

Introduction

The company assumes environmental management as a fundamental commitment to sustainability acquired with its customers, suppliers, employees, shareholders, as well as with the Administration and, especially, with society as a whole and future generations. At Aernnova, the decision-making processes consider, as a principle, the need to find an optimal balance between environmental protection and social and economic development.

As a starting point for the achievement of this environmental commitment, the company not only ensures compliance with the applicable regulations in the places where it operates, having all the permits required for the development of its activity and complying with the established provisions and limitations, but also applies measures to minimize the environmental impacts associated with the operation of its facilities. Beyond mere regulatory compliance, Aernnova has established an Environmental Management System in accordance with the standard of reference (ISO 14001). Nowadays, 98% of the activity is carried out under the safety net of this management system and 89% is also certified externally¹. The activity that is not carried out under the provisions of this environmental management system refers essentially to service and non-industrial activities without material environmental risk.

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

Within the framework of this management system, the company has established a new Environmental Policy, focused on continuous improvement in the sustainable use of resources, reduction of carbon emissions from our organization and products, especially in the operational phase and end of life of products, as well as the principles of circular economy and protection of biodiversity and ecosystems. This new policy guarantees in its definition the alignment of corporate commitments with the expectations of customers, regulators, certification bodies and, fundamentally, of society for the benefit of future generations.

As shown in the corresponding chapter, the Company has a corporate risk management system comprising the main environmental risks derived from its activity, associated to the production processes, the materials and chemicals used, and the pollutants generated by said activities. The

main environmental risks identified within the corporate management system are related to activities involving chemical treatment:

- Soil pollution and groundwater risk.
- Exceeding discharge limits risk.

In the assessment of environmental risks, it is taken into account the probability of occurrence as well as its potential impact in economic terms. Likewise, the assessment includes the increasing control of the environmental aspects by the authorities and the penalties and potential consequences should the risks occur.

In 2023, no environmental sanctions were imposed on any Group company.

Today, thanks to the established prevention and control systems, all environmental risks are either within the acceptability threshold or have the corresponding mitigation actions defined to achieve it. It should be noted that, following the acquisition of the companies in Évora (Portugal), and in particular in the metal components plant (ANN Évora Estruturas Metálicas, SA), which is classified as SEVESO (Superior Level according to Major Accident Safety regulations), the processes are under adequate control and are periodically audited.

Before breaking down the effect of the Group's activity on the different environmental indicators, it is necessary to highlight the circumstances that affected these indicators in 2023. In general, the environmental improvement has been derived both from actions to improve energy and material consumption and waste generation, and from increases in efficiency in relative terms derived from production growth. In some cases, the absolute values of the indicators have been increased by higher volume of production compared to the previous year and because in the 2022 data, the Évora companies were only included since their acquisition in May of that year. Aernnova plans to continue on the path of growth in activity in the medium and long term, therefore, it is expected that the absolute values of consumption will continue to increase as a result of this increase, although the relative efficiency indicators will continue to improve. Aernnova continues to work actively on the optimization of processes to reduce its ratios compared to its activity, as reflected in Aernnova's Sustainability Strategy for 2030 and in the annual environmental action plans of the Group's companies. On the other hand, it should not be forgotten that Aernnova contributes significantly to the decarbonization of the aeronautical sector through the development of products with lower impact in their operational and end-of-life phases.

Under the corporate control of the Environmental Management System, each of the facilities is responsible for identifying and managing the main potential effects of its activity on the environment. Their identification and the measures and plan to mitigate them are revised each year. The main effects identified in this area are classified within the following subjects:

Main environmental effects

- Use of substances affected by REACH (chemicals, mainly paints, and processes).
- Consumption of natural resources; raw materials (aluminium, carbon...), water, electric power, fuels, nitrogen...
- Waste generation and its recyclability

¹ In terms of turnover.

- Discharge of process water after treatment and sanitary water
- Atmospheric emissions: VOCs (solvents and paints), combustion gases (boilers, furnaces), or other pollutants such as those derived from the use of chromium in gas scrubbers or surface treatment baths.
- Soil pollution and groundwater
- Climate change through CO2 equivalent emissions mainly due to the consumption of electricity, fuels and other indirect emissions.
- CO2 emissions in the operational and end-of-life phase of our products.

Aernnova has invested more than two million one hundred thousand euros in 2023 in measures to mitigate the effect of climate change (energy efficiency improvements, waste management, control filtration and purification of discharges and emissions), increasing by 5% with respect to the previous year.

Together these measures cost approximately 0.3% of sales in 2023, while in 2022 they cost approximately 0.27% of sales.

To prevent and mitigate these effects, in addition to preventive maintenance and periodic controls, the company's facilities have equipment or installations for this purpose at the main points of potential impact:

Main mitigation and prevention measures

- In painting cabins, installation of dry filters to retain pollutants, periodical replacement and removal with authorized manager and water curtain with subsequent processing of water in treatment plant.
- In surface treatment installation of physical-chemical treatment plants.
- Establishment of annual reduction of the main environmental indicators.
- Search for waste recycling alternatives, e.g. recycling of composite waste and other wastes produced.
- Use of solvent distillers and recirculation systems of dissolvent or watery solutions used to clean paint pistols
- Use of evaporator for wastewater with paint.
- Implementation of a single-dose paint format.
- Implementation of sealant cartridges with base and catalyst which mixture is prepared automatically in a machine.
- Semi-automation of the mould release and dissolvent application process to minimize VOC emissions.
- Periodic measurements in atmospheric emission sources, discharge analysis, environmental noise measurement, groundwater and soil contamination control.
- Implementation of energy efficiency measures, energy management systems and awareness of responsible energy consumption
- Participation in R&D&I projects for the development of products with lower impact in the operational and end-of-life phases.

For the management of all issues related to the environment, Aernnova has a transversal environmental department, and has 28 technicians and 13 auditors qualified in accordance with the environmental management system. All the premises of the environmental management system are subject to annual internal audits, which are carried out by qualified internal personnel as well

as the corresponding external audits within the framework of ISO 14001 certification.

In order to extend its environmental commitment to all its professionals, Aernnova has environmental training programmes. Likewise, all the new incorporations receive a Welcome Manual which includes environmental information which is relevant for their position.

The Company also participates in several research and innovation projects as well as other initiatives on environmental matters to improve the performance of its operations as well as its products. Detailed information in this regard is included in each of the chapters.

In addition, Aernnova maintains several initiatives to promote employee awareness of the environmental impact of its activities, among which the following stand out:

- Aernnova's Decalogue of Best Practices in Energy Responsibility.
- Energy Efficiency awareness campaign 2022-23 for all Group employees.
- Participation in the National Chemical Emergency Preparedness and Response Day DINAPREQD 2023 by Aernnova Componentes Mexico.
- Cleaning of the beach and surrounding areas at Hamble Aerostructures in July 2022 and manufacture of toy kitchens for local kindergarten with wood waste.
- Planting of 11 trees at AYA in April 2023, equivalent to the previous year's paper consumption.
- Planting of 12 trees at COASA in October 2023 to offset CO2 emissions.

The company applies the precautionary principle in its decision making. For this reason, and in the awareness of the environmental risk that Aernnova's activities could cause in the environment, the company has taken out a civil liability insurance policy that covers sudden and accidental contamination in environmental matters for all the Group's activities, thus guaranteeing the necessary reparation in the event of the risk materializing. In the history of the company, it has never been necessary to resort to this guarantee.

Pollution

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

The Company works on the reduction of the diffuse and confined emissions associated to these activities through measures such as:

- Filters or water curtain to retain pollutants and other contaminants.
- Cyclones for particle capture in shot blasting processes.
- Oil mist collection systems in machining centers.

- Gas washers for pollutant retention and management in treatment plant.
- Semi-automatic application of VOC-containing products (solvents and release agents).
- Solvent dispensers to reduce diffuse emissions.
- Use of water-based chemicals with less VOC content.
- Implementation of paint spray guns with disposable nozzles that require less cleaning.
- Substitution of REACH affected substances for others with less hazardous substances, mainly in surface treatment lines.

Within the diffuse emissions of pollutants in our activity, the main one is due to the use of solvents in cleaning processes, and sealants to a lesser extent. The use of paints is mainly confined.

The emission of volatile organic compounds (VOCs) in the period 2023 was higher than in the previous year, mainly due to the very significant growth of the activity in Évora (increase in consumption by 54t), because the effect of these companies on the 2022 indicators was for only eight months and because the consumption of VOCs in these companies is 0.44 t/M€. Measures are being undertaken to reduce VOC consumption in Évora.

Volatile Organic Component Emissions (t)		
VOC	2022	2023
Total	134.7	16.7

Volatile Organic Component Emissions Ratio (t/M€)		
VOC	2022	2023
Total	0.18	0.194

In Aernnova's activity, emissions of NOX, SOX and other hazardous air pollutants (HAP) are not significant, being in orders of magnitude below the established limits, although these parameters are measured for regulatory control.

The most significant emissions of pollutants into the air and water of Aernnova's companies that declare pollutant loads in the State Emission and Pollutant Source Registers are shown below. The following tables consolidate the data from Aerometallic Tarazona, Aernnova Évora Estruturas Metálicas and Intec-Air.

Air Pollutant Emissions (t/year)		
Pollutant	2022	2023
Carbon monoxide (CO)	1,94	1,91
Nitrogen oxides	6,05	5,94
Chromium and compounds (as Cr)	0,06	0,05

Water Pollutant Emissions (t/year)		
Pollutant	2022	2023
Total Nitrogen	1,03	0,84
COD	2,99	2,16
Chromium and compounds (as Cr)	0,04	0,01

The main highlight is the progressive elimination of surface treatment processes with chromium content in Aerometallic Tarazona and the consequent reduction in both air and water emissions.

Aernnova's companies in Mexico have satisfied the ecological tax applicable since 2023, for the direct emission of CO2 from the use of fuels and waste confinement in Querétaro for an equivalent of 354 tons of CO2 emissions.

Neither environmental noise nor light pollution are significant in Aernnova's activity. However, measures are taken to soundproof equipment and facilities as far as possible. In addition, it should be taken into account that the Company's activity is mainly carried out in facilities located in industrial estates and technology parks. Nevertheless, the company performs periodic noise measurements as part of its environmental management and environmental authorizations.

Circular economy and waste

In 2023, certain actions have been implemented aimed at reducing waste and/or improving its recovery, such as:

- Installation of a chip briquetting machine at Burulan Miñano.
- Energy recovery of prepreg trimmings in the central area.
- Segregation and recovery of domestic packaging in Vitoria.

Aernnova maintains a firm commitment to the implementation of an environmental strategy based on the principles of the circular economy to minimize the potential impacts derived from its activity. Most of the innovation projects in which the company participates are focused on improving the environmental performance of its materials and products.

The main hazardous wastes generated are exhausted baths from surface treatments, drilling lubricant, product washing water, composite pre-impregnated cuttings, obsolesces, chemically impregnated material, contaminated metal and plastic containers, sewage sludge, etc.

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

The company generates other types of non-hazardous waste of scrap or urban waste (such as paints, sealants and prepreps) Aernnova does not need to develop actions or measures aimed at food waste, since its sector of activity does not generate a significant amount of food waste. In 2022 and 2023, the generation of hazardous waste (HWR) and non-hazardous waste (NHW) was as follows:

Waste generation (t)		
Waste	2022	2023
HWR	1,889	2,217
NWR	6,762	7,245
Total	8,651	9,461

Waste generation ratio (t/M€)		
Waste	2022	2023
HWR	2.53	2.57
NWR	9.06	8.39
Total	11.14	10.95

Regarding the increase in the generation of hazardous waste, it is worth mentioning the substitution of drilling lubricant for a more efficient one in the centralized system of Burulan Miñano, generating 60t exceptionally, and the definitive elimination of treatment baths in Aerometallic Tarazona (160t). This impact is therefore circumstantial and will contribute to a lower impact in the future.

According to waste management regulations, waste has two main types of final management: recycling or deposit. Due to the associated lower environmental impact, the pursuit of the recyclability of its waste is a priority for Aernnova and is therefore one of the sustainability objectives for 2030. Throughout 2023, the pre-impregnated composite cuttings generated at Internacional de Composites and Aernnova Composites Illescas have been energetically recovered and the drilling oils generated at Burulan Miñano have been recycled, improving the levels of recyclability of hazardous waste.

Waste Recycling (%)		
Waste	2022	2023
HWR	53,20%	60,30%
NHW	93,50%	93,60%
Total	84,80%	86,70%

All waste generated is classified by type and treatment and is always managed by authorized waste managers.

Sustainable use of resources

❖ Water consumption

The sole source of water supply at all the facilities is the municipal supply network, except for:

- Hamble Aerostructures which has a license from the Environment Agency to extract 182,000m³ per year of groundwater at its UK facilities, although only 10,078m³ were extracted during 2023.
- Companies in Évora that have groundwater extraction licenses, and system for storing and using rainwater for the pumping system in case of fire. They have an irrigation license for 15,000m³ for Compósitos and 7,000 m³ for Metálicos and in 2023 consumed only 3,083 m³ in Compósitos.

Water is consumed in several productive processes such as baths, the refrigeration of autoclaves and for human consumption, in toilets and changing rooms. It is also

² The estimate of recirculated water has been made by calculating the m³ that would be necessary if the water were not recirculated in the treatment lines and by installing water meters to know the real consumption with recirculation.

consumed water for the landscaped areas surrounding the companies.

Much of the process water is treated on site and reused in the facilities themselves, and as far as possible, closed water systems are used to optimize consumption. For example, in the case of Intec-Air, a recirculated volume of 70,000m³ is estimated, which means a water recirculation of more than 600% and savings of 55,000m³/year in water consumption.

Water consumption (m ³)		
Water	2022	2023
Total	285.681	298.798

Water consumption in turnover terms was as follows:

Water consumption ratio (m ³ /M€)		
Water	2022	2023
Total	383	346

The relative rate of water consumption has been reduced by 10%, mainly due to the elimination of chromic anodizing and sealing baths at Aerometallic Tarazona and to the cancellation of a demineralized water line in the large surface treatment line and type of rinsing showers at Intec-Air.

Most part of the water consumption is due to the surface treatment processes, which remains constant almost independently of the number of parts treated. Industrial process water is discharged after treatment to ensure the quality of the discharge.

70% of Aernnova's water consumption originates from the seven companies with surface treatments (ANN Évora Estructuras Metálicas, Hamble Aerostructures, Aerometallic Tarazona, Intec-Air, Burulan, Aernnova México, Aeronáutica y Automoción). These companies recirculate the process water in a closed circuit with osmosis plants.

❖ Consumption of raw materials

Aernnova's industrial activity demands raw materials. In the manufacturing of composite parts, the main material consumed is carbon fibre, which represents more than 80% in weight of the total raw material consumed in this technology. These materials have limited possibilities for being reused, which besides is technically complex to do. However, really significant progress has been made as explained in the waste generation section. In addition, the company develops technological innovations to improve the efficiency in the use of raw materials, the implementation of new materials and the improvement in the design of structures. In the case of composite materials, we work for the maximum optimization of markers in the cutting of materials.

Consumption of materials - Composites (thousands of m2) *		
Composites	2022	2023
Carbon Fiber	1.027	1.186

* Consumption is estimated based on purchase volume.

On the other hand, the main materials used in the manufacturing of metal pieces are aluminium, titanium and steel.

Materials consumption - Metals (t) *		
Metals	2022	2023
Steel	110	101
Aluminum	6.007	7.510
Copper	3	4
Titanium	33	50
Others	14	3
Total	6.168	7.668

*Data include raw material consumption of Mexico, Brek, Aernnova, Hamble Aerostructures and Évora, which are the companies that supply raw materials to the rest of the Group's companies.

The increase in material consumption is directly associated with the increase in activity.

Metallic materials do have an almost total recovery rate and all the waste from the process is recovered in order to be recycled.

Additionally, other materials such as sealants, paints, solvents, paper and wood are also consumed.

In the case of solvents, distillers and recirculators are installed for the regeneration and reuse of the solvents used in paint pistols and cleaning.

Aernnova also carries out a correct separation of auxiliary materials, such as packaging and paper, for their being subsequently recycled. Furthermore, the paper consumed is environmentally certified, specifically with the FSC mixed and EU-Ecolabel. Progressively, the use of returnable packaging for product delivery to customers is spreading, as well as the replacement of plastic consumables by cardboard in vending machines.

❖ Paper Consumption

Paper consumption in Aernnova is associated with the printing of production orders. Through the PaperCut tool, there is visibility of consumption per printer and user in most of the Group's companies.

The number of printouts is progressively decreasing, mainly due to the digitalisation of documentation and electronic signatures. The increase in consumption is due to the increase in production and the consequent printing of production orders, the main cause of the amount of paper printed in the Group. The Évora companies have implemented paperless processes, so their inclusion in the indicator is not significant, and the increase is due to higher production.

Paper consumption (ud) *		
	2022	2023
Black/White Pages	8.181.579	8.601.692
Color Pages	906.100	799.970
Double-sided printing	54,10%	54,90%

*EVORA data are included from May 2023. BREK, SIE and ELESAs consumption is not included.

❖ Energy consumption

The main sources of energy used by Aernnova in the development of its activities are electricity and fuels: natural gas, diesel, propane and LPG.

In 2023, 22.9% of the company's energy consumption will come from renewable sources compared to 21.4% in 2022; 22.6% due to the electricity supplier's generation mix and an additional 0.3% generated by the company's own renewable facilities (mainly delivered to the grid). This increase is due to the progressive increase of renewables in the electricity mix:

Electricity Consumption (GJ)		
Electricity	2022	2023
Total	289.238	316.396

During the period, actions to improve energy efficiency have continued to be carried out, such as changing lighting to LED, air conditioning regulation, detection of inefficiencies with the energy management system, etc., although the most notable in 2023 has been:

- Extension in the implementation of energy management systems in Internacional de Composites, SA and Hamble Aerostructures facilities through the installation of measurement equipment and control platform.
- Programming of drying times and burner deactivation in Intec-Air.
- Installation of blower turbines in liquid penetrant washing tunnels at Aerometallic Tarazona.
- Implementation of an air conditioning and heating management system using temperature and timing probes at Miñano.

It should also be noted that the activity of the offices of Aernnova Engineering and Arghos Technical Assistance has been moved to a new location, which has LEED Silver certification that recognizes the sustainability of the building. Aernnova already had LEED Gold certification in Aernnova Évora Estruturas Metálicas and LEED Silver in Aernnova Évora Estruturas em Compósitos.

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

Fuel Consumption (GJ)		
Fuel	2022	2023
Natural Gas	146.613	144.777
Diesel C	511	547
Propane	2.397	2.282
LPG	120	79
Petrol/Diesel A	644	743
Total	150.286	148.427

Energy consumption in terms relative to turnover was as follows:

Energy consumption ratio (GJ/M€)		
Energy	2022	2023
Total	580	538

The energy consumption ratio has been reduced by 7% compared to the previous year.

Additionally, in its commitment to the environment, the Group has renewable energy installations in six of its companies: Aernnova Aerospace; Aernnova Composites Illescas; Fibertecnic,; Aerometallic Tarazona, Aernnova Andalucía Estructuras Aeronáuticas, and Hamble Aerostructures Limited, which generated a total of more than 2,000 GJ/year.

The company also participates by committing to the energy efficiency of its products through different measures adopted from the design phase and extending to all stages of the life cycle, especially in the operational phase, such as:

- Reduction in aircraft weight due to the improved structural performance of composite materials (strength per unit weight). In the last 20 years, composite materials have gone from accounting for 5% of aircraft weight to more than 50%. The 660 MT of composite structures delivered by Aernnova in 2023 will save 610,000 MT of fuel for aircraft during their operational life. This represents a saving equivalent to the CO2 emitted in a year by 550,000 cars and an environmental benefit equivalent to that produced by 880,000 trees.
- Reduction of aerodynamic drag by optimizing designs and finishes.
- Use of alternative materials to aluminium with lower energy requirements in their industrial processes (47 kWh/kg of carbon/epoxy compared to 105 kWh/kg of aluminium). This has resulted in savings of 52,000 MWh in 2023 across the entire manufacturing cycle.

Through these and other similar measures, the Company has contributed to improving the energy efficiency of the aircraft by 46.5% from the B737-300 of 1985 (3.46L / 100km per passenger) to the current A220-300 (with 1,85 L/100km per passenger).

Climate change

Aernnova calculates the carbon footprint of the organization for all its facilities included in the Environmental Management System. For this purpose, the methodology based on the UNE-EN ISO 14064 standard is used as a reference for the quantification and reporting of GHG emissions and removals.

Direct GHG emissions (Scope 1) are associated with fuel combustion and the use of refrigeration gases. Scope 2 emissions are associated with the purchase or sale of electricity. Other indirect emissions (Scope 3) are mainly associated with emissions from contracted transport, company trips and employee transfers and waste management.

With the help of the GHG Protocol's Quantis tool for the calculation of Scope 3 emissions and updating the calculation for the main emission sources according to the official conversion factors, the emissions are as follows:

GHG emissions (tCO2eq)		
	2022	2023
Scope 1	9,369	9,866
Scope 2	19,288	21,117
Scope 3	42,233	47,576
Total	70,890	78,559

Scope 3 calculated with <https://quantis-suite.com/Scope-3-Evaluator/> de GHG Protocol, using 3, 4, 5, 6 and 7 categories.

And in terms of turnover:

GHG emissions ratio (tCO2eq/M€)		
	2022	2023
Scope 1	12,55	11,42
Scope 2	25,83	24,45
Scope 3	56,57	55,08
Total	94,95	90,95

The improvement in the emissions ratio is 4% and, as can be seen, there has been a contribution to the improvement in all three scopes, the most noteworthy being the reduction in direct emissions linked to the efficiency measures associated with the optimization of fuel use mentioned above.

The offsetting of 5,892 kg CO2 emissions through the purchase of 1,971 kg of Sustainable Aviation Fuel (SAF) for airlines in 2023 is worth mentioning.

The company also takes responsibility for the environmental impact of its processes, having systems for the retention of atmospheric pollutants such as filters, gas scrubbers and others. These improvements in the facilities allow the company to reduce its atmospheric emissions.

During this year, activities have started in the three projects in which Aernnova participates in the European Clean Aviation initiative aimed at emission reduction and sustainable industrial operations, UPWing, FASTER H2 and HERA. An additional project, HERFUSE, has also been

approved. This project, led by LEONARDO, is also part of Clean Aviation Phase 1 and will end in 2026. The challenge is to develop airframe and empennage technologies for hybrid-electric propulsion aircraft with a target in-service date of 2035, which will contribute to the zero-emission 2050 target set by the International Civil Aviation Organization ICAO.

In 2023, the REFORCE project began, which complements the scope of the ongoing AEROBOTICS project for the development of production systems that respond to the industrialization of new aeronautical products with more sustainable and efficient manufacturing systems, with the development and maturation of new aeronautical technologies. REFORCE activities are planned until the end of 2025.

In the final part of the year, the DIGIFORM project has been approved, which is focused on the automation of metal component manufacturing processes through research in artificial intelligence, sensor and digitalization technologies to increase quality and productivity in the manufacture of parts by sheet metal transformation processes, also reducing set-up times in industrialization. The result sought is a more sustainable and competitive manufacturing of products in accordance with industry standards.

The rest of the ongoing technology development projects with lower impact objectives have been developed according to plan. In particular, in the E-FLIGHT project, the identification of requirements for the different solutions for electric motor-driven aviation has been completed, and these have been identified and development has begun. In the TRANSCEND project, the activities are being finalized, with closure expected in the first quarter of 2024, with the prototyping of high repeatability parts for small aircraft with zero emissions.

Aernnova actively participates in the certification and standardization group of the Alliance for Zero-Emission Aviation (AZEA). This public-private initiative aims to prepare for the entry into service of hydrogen-powered and electric aircraft.

In year 2023, no risk derived from climate change has materialized. It is considered that the change in aviation is a business opportunity for Aernnova rather than a risk and that actions are being taken for this new business model to materialize. In the medium term, due to the new legislative requirements for the energy transition, it will require investments mainly related to energy self-consumption and the use of sustainable fuels.

On the other hand, Aernnova has participated in 2023 in the Climate questionnaire of the Carbon Disclosure Project (CDP) where it has improved its rating from C ("Awareness") to B ("Management"), improving notably in aspects such as "Risk Management" and "Emission Reduction Initiatives" and "Energy", among others, surpassing the global average score of the reporting companies. This non-governmental initiative manages a global environmental disclosure system to which major industries, cities and other public and private entities worldwide have subscribed. Aernnova is thus among the 35% of the best companies in the sector that have achieved this category.

Aernnova has also undergone the ECOVADIS assessment for the first time in 2023, as explained in more detail in section 6 of this report, obtaining a score of 70 out of 100 in the Environment area, where Aernnova's advanced management system in environmental issues has been highlighted.

On the other hand, the Arghos Technical Assistance Group company has adhered to the Climate Neutral Now initiative, defining an action plan for the reduction of its carbon footprint, the objective of which is climate neutrality by 2050.

Aernnova's participation in all these initiatives shows the Group's interest in transparency and commitment to the fight against climate change.

Protection of biodiversity

According to the regulations in force an environmental impact study is carried out before starting the activity. This survey takes into account the several environmental impacts associated with the facilities' activity, including the protection of biodiversity. Likewise, environmental due diligence is carried out before any acquisition, to determine the condition of the facilities.

The company's industrial facilities are almost entirely located in industrial estates and technology parks, so the impact on biodiversity has been assessed and is limited.

Aernnova follows the DNSH (Do Not Significant Harm) principle in order not to cause significant harm in the development of its activity following the guidelines of Regulation 2020/852.

4. Human Resources

The Aernnova project is based on people, an essential asset for the success of the group.

Under this premise, the Group's "Code of Ethics" expressly identifies 10 fundamental principles which govern its Human Resources policy and put into practice its commitment to people.

These principles are recorded in point 3.13 of the Code of Ethics and are the following:

1. Non-discrimination
2. Harassment
3. Health and Safety
4. Employees' privacy
5. Communication with employees
6. Personal development
7. Remuneration and Benefits
8. Working hours
9. Free association
10. Migrant workers

These principles are developed in the People Management Policy, specifically in the following areas:

1. Recruitment and Hiring
2. Training and Professional Development
3. Remuneration
4. Communication
5. Labor Relations
6. Work-life balance and digital disconnection.

And in the Equality, Diversity and Inclusion Policy that promotes:

1. Dignified work environment based on respect.
2. Respect and consideration of diversity as a value that ensures non-discrimination.

3. Equal opportunities
4. Collaboration, transparency and equity
5. Cross-cultural understanding
6. Transparent communication

These principles are specified in the Human Resources Management Plan of the Group and in the Management Plan of the several companies that integrates it. These Plans specify the different initiatives that guarantee compliance with the principles set forth in the Code of Ethics and in the People Management and Equality, Diversity and Inclusion Policies, respectively.

In this regard, the Group has a Human Resources Committee to define the Group's general strategies in connection with people and has implemented several measures and management protocols.

4.1. Description of staff

The reduction in demand from customers of the several companies of the Group in 2020 and 2021 led to a decrease in activity and staff in all Group companies, although this year 2023 the trend of growth and recovery that began last year has continued.

As of 31 December 2022, Aernnova had a total workforce of 5,206 employees, of which 3,240 provided services in Spain, and the rest were distributed between the United Kingdom, Mexico, the United States, Brazil, Romania and Switzerland. On 31 December 2023, the year ended with a total of 5,442 active employees, of which 3,233 provided services in Spain, and the rest were distributed among the United Kingdom, Mexico, the United States, Brazil, Portugal, Romania and Switzerland.

As mentioned above, these data as of December 31, 2023, do not include ANNA. As explained in sections 1.2 and 1.3 of this report, ANNA, which started its activity in 2000, recorded significant accumulated losses mainly in the last 8 years and, despite the significant efforts made by the Group to ensure its viability, finally, in October 2023, the decision to cease its activity was communicated. In this closure process, the company has offered different relocations and professional options to the people affected.

Regarding the professional classification of the personnel that make up the group's total staff, there are four main professional groups: a first group of **Management**, made up of an Executive Committee and a Management Committee, made up of 14 people (13 people in 2022), which is supported by the rest of the management team, that is, by those workers who carry out the management functions of the different companies and/or areas.

A second professional group, corresponding to **Middle Management**, made up of highly qualified people with planning, execution and team management functions.

A third group corresponding to **Offices**, whose functions are directly related to engineering activity, product development, technological development and continuous improvement activities, as well as support functions, such as quality, purchasing and logistics, human resources, finance, sales, legal, etc.

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

Aernnova, as a company belonging to the aeronautical sector, has a workforce with particularly relevant technical training. Thus, practically the entire workforce has a minimum of

vocational training or higher. As a general criterion, the company hires recent graduates to complete its workforce.

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

Distribution of workforce by gender (*)

	2022	2023
Women	1.244	1.365
Men	3.962	4.077
Total	5.206	5.442

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

Workforce distribution by age

	2022	2023
<=25 years	286	371
26-35 years	1.016	1.101
36-45 years	1.610	1.560
46-55 years	1.575	1.634
56-59 years	402	433
>=60 years	317	343
Total	5.206	5.442

Distribution of headcount by country

	2022	2023
Spain	3.240	3.233
Mexico	407	401
United States	191	195
Brazil	157	160
Romania	36	36
Switzerland	6	6
United Kingdom	543	565
Portugal	626	846
Total	5.206	5.442

Distribution of workforce by professional group

	2022	2023
Group 1: Management [*]	116	124
Group 2: Middle Management	300	399
Group 3: Office	1.213	1.254
Group 4: Shopfloor	3.577	3.665
Total	5.206	5.442

[*] Includes the Executive Committee and the Management Committee, as well as other management personnel.

Distribution of headcount by seasonal nature of hiring (*)

	2022		2023	
	Indefinite C.	Temporary	Indefinite C.	Temporary
By age				
<=25	152	134	210	161
26-35	784	232	860	241
36-45	1.485	125	1.400	160
46-55	1.519	56	1.568	66
56-59	393	9	426	7
>=60 years	245	72	275	68
By gender				
Men	3.494	468	3.572	505
Women	1.084	160	1.167	198

By professional group

Group 1: Management [2]	112	4	120	4
Group 2: Middle Management	294	6	396	3
Group 3: Office	1.134	79	1.174	80
Group 4: Shopfloor	3.038	539	3.049	616

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

Distribution of workforce by percentage of working day in the hiring process

	2022		2023	
	Full Time	Part-time	Full Time	Part-time
By age				
<=25	284	2	369	2
26-35	1.009	7	1.094	7
36-45	1.602	8	1.556	4
46-55	1.561	14	1.613	21
56-59	401	1	431	2
>=60	243	74	269	74
By gender				
Hombres	3.882	80	3.997	80
Mujeres	1.218	26	1.335	30
By professional group				
Grupo 1: Senior Management	112	4	120	4
Grupo 2: Middle Management	296	4	394	5
Grupo 3: Offices	1.190	23	1.231	23
Grupo 4: Shopfloor	3.502	75	3.587	78

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

N° Redundancies

	2022	2023
By gender		
Men	95	67
Women	26	16
By age		
<=25 years	13	12
26-35 years	37	16
36-45 years	41	25
46-55 years	17	18
56-59 years	6	2
>60 years	7	10
By professional group		
Group 1: Management	2	1
Group 2: Middle Management	6	10
Group 3: Office	24	20
Group 4: Shopfloor	89	52

Employees Turnover Rate (Voluntary)

The Voluntary Staff Turnover Rate measures the percentage of people who voluntarily decide to leave their jobs and leave the company.

	2022	2023
Volunteer Staff Turnover Ratio	8,77%	8,90%

(*) Calculation criteria: Total number of voluntary resignations of people from the company during the year/average number of active employees during the year.

Hours of Absenteeism

Finally, the hours of sickness absenteeism are the following:

	2022	2023
Absenteeism Hours	303,818	382,801 (*)
COVID Hours	33,479	0
TOTAL	337,297	382,801

*Only hours due to common illness are included as absenteeism. It should be noted that there is no longer a specific record of absence hours by Covid-19.

4.2. Remuneration

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

In professional groups one and two the wage policy is more individualised, so that in many cases the remuneration package is defined according to the content of the job occupied, responsibilities, professional skills or experience required. This process ensures homogeneous treatment for comparable positions, while at the same time differentiating between different situations.

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

❖ Gender Remuneration Ratio

As mentioned above, the "Management" team is made up of an Executive Committee and a Management Committee (14 people in 2023, among whom there is no comparable salary ratio), as well as the other managers on which they rely on. This group has an average seniority of 21 years, with a predominantly university education. In the year 2023, there is a 3.26% increase in the number of women in this group. In the coming years, the forecast is to continue increasing the number of women in management positions, as explained in greater detail in section 6 of this report.

With regard to Middle Management (Group 2), 24.3% of whom are women in 2023 (27.3% in 2022), this is a highly qualified group where women are becoming increasingly important in non-corporate functions, with 44.3% of women having a technical university education.

The Office Group, as mentioned above, is made up of all Aernnova employees whose jobs are directly related to engineering, product development, technological development

and continuous improvement activities, as well as support functions (quality, procurement and logistics, human resources, finance, sales and legal). It is made up of 34.1% women (35.7% in 2022).

Finally, the Shopfloor group is made up of Aernnova employees whose jobs are directly related to production and production support functions such as plant quality, production engineering, maintenance, warehousing, and dispatch. It is made up of 22.4% women (20% in 2022). As in the case of middle management, the presence of women in technical positions related to production areas is becoming increasingly important.

The company's total Gender Wage Gap, calculated in accordance with the definition and criteria established in Directive (EU) 2023/970 of the European Parliament and of the Council of May 10, 2023, is of 15.1%, in line with the sector context, generated by the historical gender composition of the company and the sector, and the greater seniority of men in positions of responsibility.

Below is a Gender Wage Gap³, ratio by professional group:

Remuneration Gender Gap			
		2022	2023
Group 1:	EC	-	-
	Management	16,1%	15,9%
Group 2:	Middle management	9,2%	10,4%
Group 3:	Offices	16,5%	15,3%
Group 4:	Shopfloor	16,9%	15,5%
		14,4%	15,1%

The average remuneration⁴ received by gender in 2023 amounted to 38,523 euros for men and 31,130 euros for women, compared to 38,428 euros and 31,609 euros, respectively, in 2022.

Similarly, according to the company's professional classification, the average remuneration received in 2023 amounted, following the same parameters, to 110,074 euros for members of the board of directors (111,177 euros in 2022), 120,898 euros in professional group 1 corresponding to managers (137,635 euros in 2022), 59,521 euros in professional group 2, corresponding to middle management (59,928 euros in 2022), 42,019 euros in group 3, offices (43,077 euros in 2022) and 29,591 euros in group 4 (29,521 euros in 2022). Aernnova's Board of Directors is made up entirely of men and therefore the average remuneration reported is the average remuneration of the men on the Board. Within the "Management Team" group, the average remuneration of men in 2023 was 127,174 euros, while the average remuneration of women was 84,926 euros (143,695 euros and 92,777 euros, respectively, in 2022). The Management Team is made up of the people who lead and establish lines of action derived from the strategic objectives set by the company. In this respect, it is important to note that group 1, "management team", is made up of the General Management and Management Committees of the companies, including the Management and those responsible for corporate functions.

Finally, and taking into account the age of the company's employees, the average remuneration received in 2023 amounted to 22,646 euros for employees under 26 years of age (21,209 euros in 2022), 26,794 euros for employees between 26 and 35 years of age (25,919 euros in 2022), 32,111 euros for employees between 36 and 45 years of age (31,764 euros in

2022), 42,588 euros for workers aged 46 to 55 (42,934 euros in 2022), 50,679 euros for workers aged 56 to 59 (47,607 euros in 2022) and 57,871 euros for workers aged 60 and over (63,551 euros in 2022).

4.3. Work organization and flexibility policies

❖ Working time organization

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

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

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

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

❖ Implementation of work disconnection policies

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

Aernnova's Code of Ethics, which regulates the company and the actions of its employees, provides for respect for the privacy of its workers as a guiding principle of its activity.

The People Management Policy, in its basic principles regarding digital disconnection, provides for the promotion of disconnection guidelines with the aim of preserving rest time and facilitating personal life outside working hours, except in exceptional circumstances and with justified need and depending on the professional groups and the digital tools provided.

❖ Measures aimed at facilitating the enjoyment of reconciliation and promoting co-responsible exercise by both parents.

Regarding this area, the People Management Policy indicates as basic principles in the area of work-life balance the implementation of work-life balance measures that favour a balance between personal and family life and work responsibilities, and to attend to particular family or personal situations by means of work-life balance measures.

However, Aernnova recognizes the importance of reconciling the personal and professional lives of its professionals in its Equality, Diversity and Inclusion Policy by implementing reconciliation measures that favour a balance between both and attention to

³ "Gender pay gap": the difference between the average pay levels of women and men working for an employer, expressed as a percentage of the average pay level of male workers.

⁴ Including salary, non-wage, compensatory and indemnity concepts, calculated on FTE equivalence and active period in the company.

personal situations with particular family or emotional circumstances.

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

- a) Breastfeeding leave.
- b) Leave or reduction of working hours for the birth of a premature child or hospitalisation of a newborn child.
- c) Reduction of the working day for those who, for reasons of legal guardianship, have in their direct care a person with a physical, mental or sensory disability, who does not carry out a paid activity.
- d) Reduction of working hours for direct care of a child under 12 years of age.
- e) Reduction of working hours for the direct care of a relative up to the second degree of consanguinity or affinity, who for reasons of age, accident or illness, is unable to look after him/herself and who does not carry out a paid activity.
- f) Reduction of the working day to care for minors affected by cancer or another serious illness.
- g) Adaptation of the length and distribution of the working day.
- h) Leave of absence for legal guardianship and/or care of a family member.

In particular, regarding reductions in working hours, at Aernnova as of December 31, 2023, there were a total of 222 people taking advantage of measures to reduce working hours to reconcile work and family life in Spain (a figure that in 2022 amounted to 276 people).

4.4. Occupational Health and Safety

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

Health and safety-related improvements are continuously promoted in the different companies and are continuously monitored through internal systems. In this line, the ALWAYS SAFE project has been promoted in different companies of the Group, where we work mainly on the behaviour of people in their daily work in each factory. This year we are starting with a pilot plant, extending the different tools of the project in multiple companies of the Group. In addition, the company's general policy is not only to involve its employees, but also its suppliers, customers, collaborating companies and other stakeholders in order to avoid and prevent accidents and damage to health, providing a healthy and safe environment at all times.

Aernnova has a Joint Prevention Service ("SPM") for the management and organisation of prevention. This service constitutes a specific organisational unit that has the facilities

and the human and material resources necessary to carry out the preventive activities that are developed in the companies, covering three of the technical preventive specialities: Occupational Safety, Industrial Hygiene and Ergonomics and Psychosociology.

Aernnova's SPM is primarily responsible for drawing up the Occupational Risk Prevention Management Plan. This management plan includes the contracting of complementary activities to the three generic specialties, such as specific ergonomics studies to adapt jobs to people, as well as measurements of exposure to chemical agents in certain jobs.

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

In coordination with HR, the support of the Group's medical team is available to further deepen the specific ergonomic evaluation of some Group companies.

In order to cover the speciality of Health Surveillance, each company has established an agreement with different external accredited entities, which additionally assist the company in additional campaigns such as the flu vaccination campaign.

In addition, an Occupational Health Service has been set up within the Group, whose main task is to monitor health, provide medical assistance, manage temporary incapacity, carry out support tasks, promote health within the company, carry out epidemiological research and evaluate and control particularly sensitive workers.

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

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

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

2022 DATA			
Health&Safety	Men	Women	Total
Frequency Rate	6,8	1,6	5,65
Severity Rate	0,1	0,1	0,1
Influence Rate	1,1	0,2	0,9

2023 DATA			
Health&Safety	Men	Women	Total
Frequency Rate	6,4	3,8	5,8
Severity Rate	1,4	0,8	1,3
Influence Rate	1,1	0,6	1

Rates
 Frequency Rate= n° accidents with leave * $10^6/n^{\circ}$ working hours
 Severity Rate= n° working days lost * $10^3/n^{\circ}$ working hours
 Influence Rate= n° accidents with leave * $10^2/n^{\circ}$ of workers

During 2023, the company suffered 53 occupational accidents, of which 45 were men and 7 were women. In 2022, there were 48 occupational accidents, of which 45 were men and 3 were women.

In 2022, there were no occupational diseases, with 4 in 2023, involving three men and one woman.

4.5. Social Relations

❖ Manner in which social dialogue is organized, including procedures to inform and consult with staff and negotiate with them

Aernnova is constituted as a commercial group, in which each of its companies has its own social dialogue structure, depending on the number of employees and its own reality, so that the management of labour relations is as close as possible to its protagonists.

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

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

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

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

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

Finally, with regard to internal communication with employees, it should be noted that the Group has several channels of communication with them, including the Intranet, the internal magazine ("ANNNews", which is published every four months and contains information and reports of interest aimed at involving employees in the Group's achievements and latest activities), as well as other channels such as the information panels located in the several work centres.

❖ Measures to comply with the provisions of the essential conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining.

Freedom of association and, consequently, the right to freedom of association and collective bargaining, is expressly included in the company's Code of Ethics (3.13.9), as one of its fundamental values and in the People Management Policy is set out in the Basic Principles of Labor Relations.

From the percentage of people covered by collective bargaining agreements, which will be explained below, it can be concluded that the exercise of this right is encouraged at Aernnova.

❖ Percentage of employees covered by collective agreement per country.

The percentage of people whose labour relations are covered by a Collective Bargaining Agreement reached 90.81% at Aernnova (100% of employees at companies based in Brazil, Portugal and the United Kingdom, 91.62% in Spain, 92.77% in Mexico and 85.71% of employees at companies based in Switzerland and Romania) - a figure that was 88.34% in 2022.

	2022	2023
Brazil	100.00%	100.00%
Portugal	100.00%	100.00%
Spain	88.59%	91.62%
Mexico	91.15%	92.77%
United Kingdom	100.00%	100.00%
USA	0.00%	0.00%
Others	85.71%	85.71%
TOTAL	88.34%	90.81%

4.6. Workers' development, training and promotion

❖ Employment promotion

Aernnova continues to promote the generation of job opportunities for young people or recent university graduates through recurring collaborations with universities and training centers. During 2023, multiple actions have been developed in this area, from participation in job fairs organized by universities, such as the University of the Basque Country (UPV/EHU), University Carlos III of Madrid, University of Navarra, Aeroempleo Fair Work or Professional Associations, participation in classroom training sessions with students from the University of Castilla-La Mancha, participation in career guidance days aimed at young people such as STEAM Sare 2023, promoting the visit of students to our facilities.

As a result of this policy and the company's clear commitment to incorporating young talent, there has once again been an increase in the number of people assigned to this type of collaboration, ending 2023 with 75, which represents an increase of 32% over the previous year.

In addition, when Aernnova incorporates workers with experience, it does so in compliance with the "Employee Incorporation Protocol". This protocol foresees the collaboration of the HR department with the department where a need for personnel has been detected, establishing a single interlocutor and deadlines that guarantee maximum efficiency in the recruitment of new employees, minimising inequality biases, as well as the necessary homogeneity and quality in the recruitment process.

❖ Policies implemented in the training field

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

as reflected in the People Management Policy, as reflected in the People Management Policy, being one of the fundamental ways to achieve professional development is training.

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

The mechanisms for detecting training needs are as follows:

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

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

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

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

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

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

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

Since 2020, there has been a significant evolution towards digitalised training delivery and management. This has favoured the continuity of training, the optimisation of the process and the reduction of the use of paper.

❖ Total number of training hours by professional category

The average number of training hours per employee in 2023 was 21.39 compared to 13.98 in 2022, which represents an increase of more than 52% and demonstrates the increasing trend of recent years and the company's clear commitment in this area.

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

	2022	2023
Grupo 1: Management	2,178	2,896
Grupo 2: Middle Management	5,602	10,284
Grupo 3: Offices	17,061	18,305
Grupo 4: Shopfloor	39,172	84,249
Total	64,013	115,734

It should be noted that this 2023 includes information from the two Évora companies in Portugal. Without considering this impact on the total, there is an increase of 21% in the total number of hours.

On the other hand, there has been a notable increase in the training hours received by people belonging to group 4 Shopfloor: 42% of these training hours have been given in the Évora companies in Portugal, linked to the significant increase in the number of employees in this group and the process of welcoming and qualifying the newly incorporated people.

❖ Total number of training hours by approach

In relation to the distribution of training hours in 2023 by type, it is worth highlighting the volume of training hours allocated to certification and qualification in aeronautical processes and quality with a total of 42,460 hours (37% of the total), to professional recycling with 25,981 hours (23%), cybersecurity and digitalization with 16,091 hours (14%), safety and health 15,265 (13%).

❖ Professional Development

People are the most valuable asset that makes the difference for the success of organizations. Therefore, Aernnova understands that the key to its success is intrinsically linked to the talent and commitment of the people who make up our company.

As a result, in 2023, a series of initiatives have been launched to attract, attract and retain talent that will be developed and continued in the coming years:

- Enhance program: program to identify, attract and retain young talent.
- Succession map: identification of the company's key personnel and their potential successors.
- High Potentials Map: identification of the Group's people with high performance, high potential and interest in professional development.

4.7. Communication

As stated in the People Management Policy, internal communication and participation are key elements in the management of people in order to achieve their maximum commitment and trust in business projects.

To this end, Aernnova understands Proximity as a value through which it aims to promote proximity by means of actions whose execution enables committed communication and the participation of people in all the Group's companies.

During 2023, actions have been promoted in all the companies, which have materialized in the following ways:

- Annual management meetings with people in 77% of the Group's companies.
- Climate surveys have been carried out in several companies and a corporate survey is being designed for application in the Group.
- Performance evaluation processes have been carried out, specifically in Brazil aimed at personnel under agreements, in Mexico aimed at indirect labour, in Portugal aimed at 100% of employees, and in Spain, in Burulan, aimed at direct labour.

4.8. Respect for diversity and equal opportunities

❖ Equal treatment and opportunities for women and men

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

Equal treatment and opportunities between women and men is also part of Aernnova's culture and identity, and therefore, in order to achieve this equal treatment and opportunities, it has a Equality, Diversity and Inclusion policy approved in 2019 and updated in 2023 in accordance with the applicable regulations, through which the Aernnova Group undertakes to promote equal opportunities among all the people who form part of the company and that the salary system is applied according to merit and professional contributions, adapting to the customs and habits of the country or area where its units are located. Through its internal policies, Aernnova fosters a culture of respect and value for differences and will promote dignity, equality, inclusion and diversity as key elements to increase people's commitment to the business project.

The coordination of the aspects related to Equality and Diversity is articulated through a forum for this purpose, which is held monthly, the main activities of which are:

- a) Dynamization of the implementation of Equality Diagnoses and Plans.
- b) Proposal and dissemination of Equality and Diversity measures.
- c) Establishment of synergies and good practices.
- d) Implementation and activation of improvement proposals.

In addition, Aernnova has Equality Plans, which are an ordered set of measures, adopted after a diagnosis of the situation, aimed at achieving equal treatment and opportunities between men and women and eliminating discrimination based on sex. They also establish the specific equality objectives to be achieved, the strategies and practices to be adopted for their attainment, as well as effective systems for monitoring and evaluating the objectives set. These Equality Plans cover issues such as access to employment, professional classification, promotion and training, remuneration, organisation of working time in order to favour, in terms of equality between women and men, the reconciliation of work, personal and family life, and the

prevention of sexual harassment and harassment on grounds of sex.

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

In the international sphere, the dynamisation in the field of equality carried out in Mexico once again stands out: the Government of the State of Querétaro (Mexico) has once again awarded them the "No Gender Gap" distinction for their efforts to build work teams that are stronger in gender equality and to increase the number of women hired in management positions.

❖ Protocols against sexual and gender-based harassment

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

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

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

In this regard, the "Protocol of Action in the event of Harassment in the Workplace" approved in July 2020, which was again revised and updated in March 2021, as well as in 2023 (in this case to include references to the Internal Reporting System) stands out. This is applicable to all Aernnova employees, as well as to people from other entities who provide services, carry out professional internships or perform similar activities at Aernnova. It also applies to any type of harassment, in any of its modalities, that occurs in the workplace. The main objectives of the protocol are:

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

In line with the above, this procedure allows, among other issues, that each person who is part of any Group company, applicants during the recruitment process as well as persons from other entities who provide services, carry out professional practices or perform similar activities, have the direct option of activating, with full guarantee of immunity, a communication channel with the company medical service or the Health Surveillance Service, prevention technicians or the company's HR manager or, in the case of using the Internal Reporting System, with the person responsible for the corresponding channel, to complain or raise

actions that they believe may infringe on the aforementioned areas.

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

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

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

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

As a result of this commitment and derived from specific situations of the workers themselves, in Aernnova, in December 2023, 54 people with disabilities will provide services, 10% more than in 2022. The distribution of this group is 42 men (78%) and 12 women (22%).

Additionally, in those cases in which the competent public employment services or placement agencies have not been able to meet the job offer presented by the company or when, for productive, organisational or technical reasons, a special difficulty in hiring people with disabilities has become apparent, the company has requested the corresponding certificates of exceptionality. By the end of 2023, 8 Group companies will have certificates of exceptionality that allow companies to resort to alternative measures.

In this way, and as a measure to promote job placement and job creation activities for people with disabilities, it collaborates with Special Employment Centres, including centres such as Taller Usoa Lantegia, or Iturri or Envera.

4.9. Human Rights

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

In terms of non-discrimination, the company's commitment is to treat all people and all situations fairly and to ensure equal opportunities, regardless of skin colour, race, gender, religion, nationality, political opinion, sexual orientation, social origin, age or disability, by promoting equality and diversity.

The measures adopted by the company in relation to the prohibition of discrimination are detailed in section 4.8 of this report.

These commitments are expressly recognised in the Code of Ethics, compliance with which is supervised through the Crime Prevention Management System implemented in the Group. In addition, in 2023, Aernnova's Board of Directors approved the Policy of Respect for Human Rights, which

formalizes Aernnova's principles and guidelines regarding the protection of human rights recognized in national and international legislation in accordance with Aernnova's Code of Ethics.

During financial year 2023, as in previous years, no complaints have been received for alleged violation of human rights.

5. Information about the Company

5.1. Commitment to sustainable development

Aernnova is a company committed to social development and the communities where it operates through the implementation of responsible business practices that seek to contribute to the creation of value for all the company's interest groups and for society in general.

The **commitment to the environment** is one of Aernnova's axes of action, especially in relation to the improvement of social and labour integration of young people or groups with special needs.

The company's contribution in this regard is carried out either through the projects promoted by Aernnova in the business sphere or through the support to the initiatives in which its employees take part.

In addition, Aernnova is involved in projects aimed at promoting and disseminating **social responsibility in the environmental field**. As described in more detail in the "Climate Change" section, Aernnova is a founding member of the Clean Aviation programme within the European Horizon Europe framework.

In 2023, Aernnova continues working on the projects approved in 2022 in which Aernnova participates in the field of **sustainability** are the technology development and innovation projects E-Flight (electrified air mobility concepts) or Aerobotics (robotic aeronautical developments for sustainable production).

Projects promoted by Aernnova in the business field

Aernnova is a Company which operates in a sector with a high technological value. Therefore, our effort focuses mostly on the support to youth training in the communities in which it operates.

Three main areas of action in terms of promotion and collaboration have been defined:

❖ **Training:**

There are several collaboration agreements with Universities and Vocational Training Centres situated near our production sites to visit our facilities, internships and training for their students.

The agreement with the Regional Government of Álava has been renewed for another year, the University of the Basque

Country and the Aerospace Technologies Center for the training of Aerospace Doctors.

Aernnova continues with the sponsorship and participation in several universities in Spain, highlighting the participation in the field of engineering at the Carlos III University, University of the Basque Country (UPV) in the Master's degree programs, final degree projects and even employment forums.

Aernnova also sponsors the "Formula Student Vitoria" and "Moto Student Vitoria" teams that participate in an automobile and motorcycle competition between university students and that promotes excellence in engineering. Each university team designs and builds a single-seater electric vehicle or electric motorcycle with which it later competes. These events are the spearhead of the future of automotive engineering, presenting numerous technical challenges, both in design and construction, together with the goal of bringing the electric vehicle closer to real life.

❖ Entrepreneurship:

Aernnova participates in the BIND 4.0 program, public-private accelerator of start-ups in the field of industry 4.0, starting collaborative projects with two of the start-ups that participated in this initiative.

❖ Others:

Aernnova sponsors the *Deportivo Alavés* football team in the Genuine League, an integrating social responsibility initiative involving a football league made up of teams from the ID (intellectual disability) group which seeks the standardization of the practice of sport in this group.

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

In the year 2023, some Aernnova companies have established a collaboration with the Adecco Foundation, an entity dedicated to promoting social and labour inclusion and diversity management with companies. This collaboration has resulted in the adhesion to the Family Plan, a program aimed at employees of some companies with family members with disabilities, in which competencies and skills are developed from an early age to enable people with disabilities to increase their autonomy and employability so that in the future they can perform an occupation or work activity and integrate into society and the labour market. We also collaborated in the Disability Week campaign "Inconvenient Silences" on the occasion of the celebration of the International Day of Persons with Disabilities on the 3rd, which has obtained the following results:

- 74 people with disabilities have found a job.
- 280 people with disabilities have been guided in their process to find a job.
- 1,434 people with disabilities have been assisted in their job search process.
- 305 companies committed.
- 190 people with disabilities participated in employment schools.

- 80 people with disabilities received employment training.
- 194 impacts in the media.
- 1,207,959 reproductions of the videos.
- 5,133,579 impressions on social networks.

Support to initiatives in which our employees take part

In the year 2023, Aernnova continues to collaborate with the Alava Blood Donors Association in order to facilitate blood donation by employees, thus helping to cover the hospital needs of the surrounding communities. The number of donors in 2023 has dropped to 137 donors, compared to 175 in 2022.

Additionally, Aernnova, together with its employees, has participated in specific actions of sponsorship of events with associations that fight to give visibility to the scourge of cancer, aimed at preventing the disease. Likewise, it has carried out specific sponsorship actions with entities that support groups with disabilities.

Aernnova participates in projects to promote the vocation of students in STEAM (Science, Technology, Engineering, Art and Mathematics) careers. Thus, programs such as Steam Sare and Inspira Steam and Institutional forums such as the Industry Day in Alava or STEAM Orientation Day are some of the participations of Aernnova in the year 2023.

Other associations or sponsorship actions

Associations

- Asociación Española de Empresas Tecnológicas de Defensa, Seguridad, Aeronáutica y Espacio (TEDAE)
- Clúster de Aeronáutica y Espacio del País Vasco – HEGAN
- Center for Development of Excellence
- Andalucía Aerospace Cluster
- Clúster Aeronáutico de Sao José dos Campos
- Clúster Aeronáutico de Portugal. AED
- SEA Empresarios Alaveses
- Asociación Space España
- Asociación empresarial Polígono San Cibrao
- Federación de empresarios del Metal de Zaragoza FEMZ
- Federación de Empresarios del Metal
- Federación de las Industrias del Estado de São Paulo
- Confederación Empresarial Vasca (Confebask)

Foundations

- Fundación Tekniker
- Fundación Hélice
- Fundación Laboral San Prudencio
- Tecnalia Research & Innovation

Others

- Agencia Vasca de Innovación
- Cámara de Comercio de Álava
- CEO (Confederación Empresarios Orensanos)
- Clúster Aeronáutico Gallego
- Clúster Energía
- Aeroclúster de Querétaro
- Clúster Aeronáutico de Aragón
- Unión Patronal Metalúrgica
- Círculo de Empresarios Vascos
- Farnborough Aerospace Consortium
- DTX-Associação Laboratório Colaborativo

Likewise, Aernnova is a member of the organizations which appear below:



Social Contribution

❖ Local employment:

In most cases, the staff who works for Aernnova comes from the same geographical area in which its activity is based. The recruitment of expatriate staff is only resorted to in the case of positions of great responsibility or positions with a very specialized technical profile.

❖ Local development:

Aernnova's companies generate considerable activity in the area in which they are located, not only due to the development of new suppliers specializing in aeronautics, but also the service companies which meet the needs and logistics of our companies.

❖ Technological development:

Due to its being a Company of a technological nature, with a high investment in R&D, the network of Universities and Technology Centres in the area around Aernnova's sites benefits from the different projects in which Aernnova takes part, many of which are of a national or European character.

❖ Relationship with local actors:

Aernnova participates in different local forums in the surrounding area, with special attention to what is related to the communities' digitalization and competitiveness. In connection with this, the Company participates actively in the Ágora 4.0. Forum, promoted by the Regional Government of Alava, for the implementation of Industry 4.0. concepts in the province carrying out an aeronautics doctorate training program in collaboration with the Aeronautical Technology Center (CTA) in Miñano and the EHU-UPV.

Likewise, Aernnova participates in different forums related to employment, technical training, promotion of women in the aeronautics world, as well as observatories, such as the Basque Agency for Innovation, Innobasque.

5.2. Subcontracting and suppliers

Aernnova has a supplier evaluation and authorization procedure which establishes that all suppliers must be previously approved by the Quality Department, as well as the process which must be carried out for such approval.

In compliance with Aernnova's occupational risk prevention policy, the company has a "Procedure to Coordinate Aernnova's Business Activities (control of contractor workers) establishing the basic minimum requirements to manage the health and safety of external staff when contracting any work or service.

This procedure expressly establishes that all the Company's suppliers must comply with all state, regional

and local rules and regulations, both administrative as well as labour, such as those regarding health, safety and the environment, as well as those procedures, instructions, technical guidelines and standards of Aernnova's which may be applicable. In particular, all Aernnova's suppliers must comply with the Dodd-Frank Act regarding "conflict minerals" including tantalum, tin, tungsten and gold.

Suppliers assume this commitment by means of a Responsible Declaration, by virtue of which they declare that their company complies with the required legal requirements and possesses and applies prevention programs that meet Aernnova's expectations in preventive matters. In the event that any supplier carries out partial subcontracting of the activity to be carried out, the latter must transfer to them the obligation to facilitate said responsible declaration.

Likewise, the company has a procedure called "Quality requirements to suppliers", which defines the quality requirements that a supplier must comply with applied to the design, manufacture, testing or maintenance of the product supplied, requiring the presentation of a Quality plan. In addition, this procedure expressly contemplates the commitment of the subcontractors and suppliers of the Company to comply with the Code of Ethics. In this regard, it is worth highlighting the evaluation and authorization procedure of the company's suppliers, which establishes that all suppliers must be previously approved by the Quality Department, as well as the process to be carried out for such approval, reaches to all suppliers and suppliers.

To develop this provision, the Company has some General Terms and Conditions of Purchasing, which set out the Company's subcontractors' and suppliers' commitment to complying with the Code of Ethics, which are included in all the orders issued.

Likewise, in the year 2023, the Purchasing Policy has been defined and approved, which includes the fundamental aspects of the contractual relations between the supplier and Aernnova. This policy applies to all purchases and contracting of goods and/or services with the aim of ensuring a standard sustainable procurement policy, proper cost management and protecting both the company and its customers.

Subcontractors and suppliers are subject to periodic audits to ensure compliance with these obligations, to internal evaluations of their management capacity and to the consequent implementation of associated action plans.

Of the audits planned for 2023, 97% of the planned audits have been carried out (reaching 94% in 2022), i.e. 32 of the 33 planned audits have been carried out.

The criteria that are audited for suppliers are those established in Procedure PCO-00-010 "Evaluation of the management capacity of our suppliers and their risks". The criteria marked in this procedure are the following:

1. Information and documentation flows
2. Material Flow
3. Management of continuous improvement in production processes
4. Quality Management
5. Planning, control of internal production and subcontracting

6. Financial risk management

The average value obtained after the audits is 77% compliance for a higher target of 75%. This percentage amounted to 79% in 2022 (although the data is not comparable as the list of suppliers audited varies).

As extraordinary measures to avoid possible risks derived from the world socio-political situation (war in Ukraine, war in the Middle East, blockade of the Red Sea, etc.), a series of actions have been included among the functions of the company's Supply Chain department to guarantee the continuity of Aernnova's supply chain:

- Daily operational meetings for real-time monitoring of supplier deliveries.
- A follow-up of the suppliers' operational status continues to be maintained, as well as the risk in deliveries, which in some cases had to be solved with urgent transport.
- The financial risk analysis of the supply chain continues to be monitored, identifying potential supplier bankruptcies, which has sometimes led to internalizing work packages in ANN or transferring them to other suppliers.

5.3. Consumers

Given to the products and services developed by Aernnova, which are capital goods rather than consumer goods, the Company has no direct commercial relation with consumers and users, being its customers the original manufacturers of aircraft and air transport services companies.

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

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

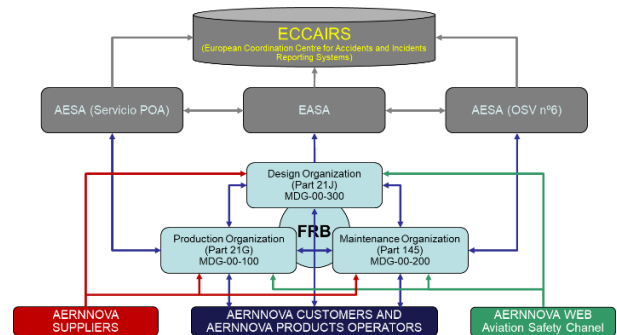
Safety is defined as the state in which the risk of harm to people or property associated with the aviation activities of our products is reduced and maintained below an acceptable level through a continuous process of hazard identification and risk management.

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

precedence over other considerations in the decision-making process. This Corporate Management System is certified by the competent Civil Aviation authorities in the areas of design (Design Organization Approval), production (Production Organization Approval) and aeronautical maintenance (Maintenance Organization Approval), which provides consumers with the additional guarantee of the continuous surveillance exercised by the European Aviation Safety Agency (EASA) and the Spanish Aviation Safety Agency (AESA).

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

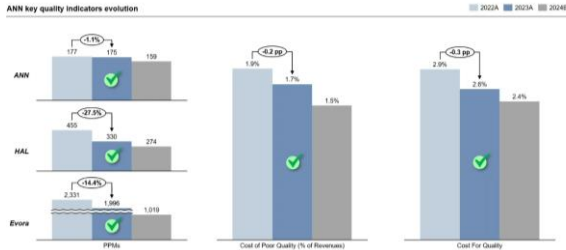
Aernnova has implemented closed-loop Continuous Improvement Procedures that ensure the monitoring of product and process performance and regulate the management of non-conformities during the product life cycle, as well as those arising from other requirements (environmental, occupational risk prevention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



In year 2023, as well as in 2022, there has not been any report to the aeronautical authority related to the safety of Aernnova's products by the FRB. In addition, it should be noted that, since the beginning of Aernnova's activity, no accident or incident has been recorded whose root cause is associated with its products or services.

With regard to customer complaints, Aernnova has procedures that contemplate the system to be followed in these cases, such as the aforementioned Failure Report Analysis and Corrective Action System procedure, the procedure for the Deployment of Six Sigma Projects and the Customer Service and Technical Assistance procedures.

The continued application of Aernnova's advanced quality planning model (APQP) and the Six Sigma-Zero Defects program is directly reflected in the results obtained, with a 90% reduction in the number of customer complaints since the beginning of its deployment in 2010.



The value of claims per million in the products delivered by the companies in the traditional perimeter of the Management System (AMS) was 175 ppms in 2023, all of these claims being minor. In this management perimeter, the levels are higher than 5 sigma. In addition, already in 2022, the corporate metrics were integrated to the most recently acquired companies (Hamble in the United Kingdom and the companies located in Évora, Portugal) which, with values of 330 and 1996 ppms in 2023 (which in 2022 yielded data of 455 and 2331 ppms respectively), thus lead to an aggregate result of 428 ppms for the entire Group.

Hamble has improved its claims by more than 27% and the Évora companies by more than 14% compared with the immediately preceding year.

The integration of these companies into the Corporate Management System and the deployment of the APQP preventive model should contribute to a significant improvement in the indicator in the short term, enabling the strategic levels of 230 ppms (5 sigmas) achieved by the rest of the organisation to be recovered.

In addition, the consolidation and integration of EVORA's company within Aernnova's quality system is already a reality and is leading to an improvement in terms of standardization of documentation and use of common elements within Aernnova. This integration process should continue to provide significant improvements aligned with the strategic objectives in the short and medium term.

One of the fruits of the integration of the Évora companies in Aernnova's quality system has been the inclusion of these in Aernnova's Production Organization (POA) under the supervision and audit of the European civil aviation authorities (EASA), thus consolidating it and giving it even greater scope for its development with new customers.

The ratios of Cost of Non-Quality (the cost of everything that is not done right the first time) and Cost of Quality (cost of assurance and control) over sales have improved by 10.5% and 10.3% respectively.

In 2023 the organisation has maintained the elements of the risk prevention model related to Aviation Safety such as the quarterly publication of the Airworthiness Observatory bulletins and the deployment of AKRIMAS (Aernnova Known Risk Management System), which establishes a mechanism for the application of lessons learned for those processes susceptible to incur the observed failure modes. The model continues to be successfully applied in the prevention of tool marking, controlled torque application, crimping processes, and prevention of identification errors. In addition, Foreign Object Elimination (FOE) has been included in this system, which has led to the virtual eradication of this type of complaint.

Control measures have also been reinforced, and prevention measures have been audited with 18% more audits compared to the previous year. A total of 68 quality

system audits were carried out (20 internal audits, 14 external audits by aeronautical authorities, 27 customer audits and 7 system certification audits by Bureau Veritas). Specifically, 3 additional external certification audits have been carried out to endorse the change of location of AED and ATA in Madrid, as well as the change of location of ATA in Barcelona. In addition, in order to effectively incorporate the Évora companies into the POA, the state air safety agency (AESA) carried out 2 specific audits of this company.

In the Aernnova Management System (AMS), the objectives were achieved with a ratio of 0.044 major deviations per audit (better than the target of 0.1 and the 2022 result of 0.078) and 2.15 minor deviations per audit (better than the target of 3 and the 2022 figure of 2.3). This represents 28.3% fewer deviations than the target defined in the Management Plan and an improvement of 43% in major deviations and 7% in minor deviations, compared to the previous year.

In accordance with the Quality Policy, the company measures the level of customer satisfaction with an own tool that considers both specific operational performance indicators by customer and programme and surveys. In the 2023 financial year, the customer satisfaction rating reached 86,42% on a scale of zero to one hundred, covering all phases of the Product Life Cycle (development, series, post-series and end-of-life).

As an element of confirmation of the level of satisfaction achieved in customer service, we can also cite the numerous awards and recognitions received by Aernnova from its customers, among which we highlight for its relevance:

- Airbus Operational Excellence Award in 2021.
- Recognitions from the Airbus SQIP program (Airbus SQIP Awards) established to drive and recognize the improvement of the quality and performance of the companies that are part of its supply chain. Aernnova has been recognized since 2012 by Airbus in several categories: Best Improver (2012), Best Performer (2013 and 2020) and in the top category Best In Class Accredited Member (2014, 2015, 2016, 2017, 2018 and 2019).
- Award granted by Embraer to the Best Aerostructures Supplier, in the years 2011, 2015, 2016, 2016, 2017, 2017, 2018, 2019, 2020 and 2021.
- Award granted by Embraer to the Best Supplier of Technical Solutions/Product Support in the years 2009, 2010, 2013, 2013, 2016, 2016, 2017, 2019, 2020 and 2021.
- Award granted by Embraer for Best Supplier for Engineering Services in 2020 and 2021.
- Boeing Gold Supplier and access to the Premium Bidder status program, starting in 2019.
- Boeing Excellence Awards in the Engineering Services category (Boeing Excellence Awards - Engineering) in 2010, 2012, 2013 and 2014.
- Sikorsky Best Supplier Award (Best Supplier Award) in the S92 program, in 2018.

Boeing's Gold Supplier recognition signifies Boeing's maintenance of 100% performance in delivering Zero

Defect products since the inception of the B787 programme. This is a token of recognition to those suppliers who have demonstrated excellent performance throughout the year and symbolizes the achievement of the highest service standards necessary to meet customer requirements, in addition to a demanding competitiveness in the supply chain of a global industry such as aeronautics.

Customers have highly valued the maintenance of a high level of operational excellence in changing environments such as the pandemic, the recovery of growth or the ability to take on the management of new products and workplaces in a very demanding environment of production and without affecting operations and customer needs.

5.4. Efficient Management and Lean Culture

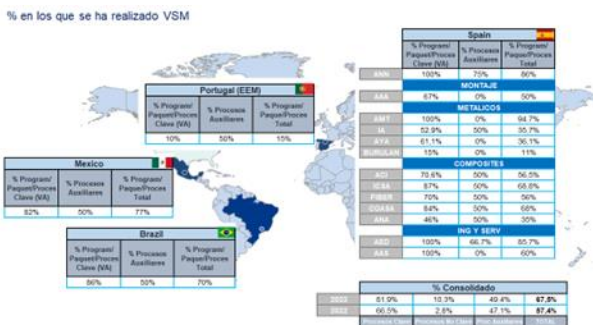
One of the strategic pillars of Aernnova is the implementation of the Lean Culture, where our goal is that each of the people who integrate the company, acquire the habit of identifying and eliminating, in their daily work, all those wastes that do not add value for stakeholders, but consume resources.

For this purpose, we have a model that allows, in a systematic way, to identify, prioritize and eliminate all these wastes, through Improvement cycles that we call Lean Cycles.

All cycles begin with the application of the VSM (Value Stream Mapping) tool to separate what adds value and what does not, and thus identify waste and opportunities for improvement, whether of a product (Lean Manufacturing) or of a management process (Lean Management). This also provides us with a global vision of the company's key processes.

The VSM is developed in Aernnova with a multidisciplinary team, with people from all areas related to the process, since it is really the knowledge of each of these people that provides a differential value. To achieve a commitment to Continuous Improvement, it is essential that the people working in these areas are the ones who identify opportunities for improvement (Kaizen) and eliminate waste.

Since 2009, when we began the implementation of LEAN in Aernnova, we have been incorporating year after year, new LEAN cycles, analyzing with this tool our processes and products, and incorporating Continuous Improvement in our day to day, and in all our companies.

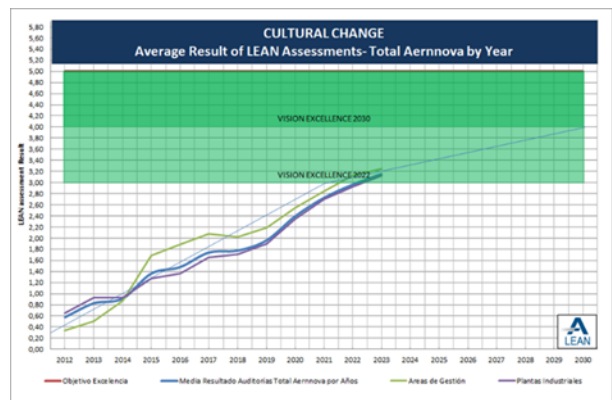


The Lean cycles defined in the LEAN23 Management Plan were as follows:



This approach to cultural change is reflected in the evolution of employee involvement in Continuous Improvement, through the IDEM channel system, and the implementation of LEAN tools, where we are approaching our vision of Excellence 2030. Not in vain, this is the motto of Aernnova's LEAN model:

LEAN, Road to EXCELLENCE



5.5. Tax information

Aernnova pays special attention to complying with its obligation to pay the taxes that, in accordance with the applicable regulations, are due in each territory.

In the 2023 financial year, Aernnova paid taxes for a total amount of 3,461 thousand euros, distributed among the different countries in which it operates (1,769 thousand euros in Spain, 1,106 thousand euros in the United States, 464 thousand euros in Mexico, 116 thousand euros in Portugal and 5 thousand euros in other countries). In 2022, Aernnova paid taxes for a total amount of 879 thousand euros, distributed among the several countries in which it operates (319 thousand euros in Spain, 556 thousand euros in the United States and 7 thousand euros in other countries).

On the other hand, in 2023 there were losses before taxes considering the aggregate data after the appropriate consolidation adjustments in the amount of 28,607 thousand euros, of which 16,779 thousand euros corresponded to Spain, 11,301 thousand euros to the United States, 3,053 thousand euros to Mexico, 2,960 thousand euros to Portugal, 359 thousand euros to Brazil and 199 thousand euros to China, resulting in a positive result of 6,044 in other countries, of which 5,823 thousand euros occurred in the United Kingdom, 166 thousand euros in Romania and 55 thousand euros in other countries. In 2022 there were pre-tax profits considering the aggregate data after appropriate consolidation adjustments amounting to €44,645 thousand, of which €57,536 thousand corresponded to a positive effect on the consolidated income statement as a result of a consolidation adjustment

arising from the acquisition of the Évora assets. The pre-tax profit for 2022 corresponded in the amount of 61,226 thousand euros to Spain (where the entire consolidation adjustment for the acquisition of the Évora companies fell), to Portugal 5,870 thousand euros, to Romania 129 thousand euros and 64 thousand euros to other countries, resulting in 22. 644 thousand of losses in other countries, of which 14,633 thousand euros were produced in the United Kingdom, in the USA 4,571 thousand euros, in Brazil 1,544 thousand euros, in Mexico 1,770 thousand euros, and in China 126 thousand euros.

As regards subsidies, in 2023 Aernnova received operating and capital subsidies for a total amount of 3,644 thousand euros (amounting to 2,777 thousand euros in 2022).




6. Sustainable Development Goals

6.1. Goals





Aernnova is firmly committed to contributing to the achievement of the Sustainable Development Goals ("SDGs") through its ESG Action Plan, defined in 2022, with 9 main objectives, three for each of the E-S-G areas, plus other lines of action in line with this commitment to the SDGs of the UN Agenda 2030.

As for those related to the **environment**, we aim to incorporate climate action into the business vision, improve efficiency and promote safe and sustainable production and aviation to preserve the environment. All of this is related to SDG 9, 12 and 13.

To this end, the following actions have been developed in year 2023, as shown in the table below.



ENVIRONMENT	
SDGs	Action lines 2023
SDG 9: Industry, innovation and infrastructure	 <p>Quality policy Including ESG requirements to suppliers (and SDG 17) R & D: Clean Aviation and Alliance for Zero-Emission Aviation projects</p>
SDG 12: Responsible consumption and production	 <p>Environmental policy Climate risks integration in the Risk management system Target S3: Zero accidents caused by Aernnova products Target E3: 80% recycled proportion of generated waste by 2030 (and SDG 13) Product Carbon Footprint calculation tool development (and SDG 13)</p>
SDG 13: Climate action	 <p>Climate risks integration in the Risk management system Target E1: 40% reduction of energy consumption ratio 2030 Target E2: 40% reduction of CO2 footprint ratio by 2030 Target E3: 80% recycled proportion of generated waste by 2030 (and SDG 12) Improving CDP's Climate Change score (Target: A or B score by 2025) Product and Organizational Carbon Footprint calculation tool development (and SDG 12)</p>

On the **social** area, Aernnova is firmly committed to respecting human and social rights, to promoting safe and healthy work and to achieving fair wages. Thus, our policies and measures will contribute to the fulfillment of SDG 3, 5, 8 and 10.

SOCIAL	
SDGs	Action lines 2023
SDG 3: Good health and well-being	 <p>Occupational Health and Safety Policy Target S1: 40% reduction Lost Time Frequency Rate by 2030 (vs 2022)</p>
SDG 5: Gender equality	 <p>Equality, Diversity and Inclusion Policy (and SDG 10) Target S2: 33% share of female for new management positions in period 2023-2030 (and SDG 10)</p>
SDG 8: Decent work and economic growth	 <p>Definition for a tool to perform climate surveys for all employees and increase internal communication People management policy Boost professional development Create a Human Rights management framework</p>
SDG 10: Reduced inequalities	 <p>Equality, Diversity and Inclusion Policy (and SDG 5) Target S2: 33% share of female for new management positions in period 2023-2030 (and SDG 5)</p>

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

Aligned with these goals, and with the collaboration of all stakeholders, Aernnova can contribute to mitigating vulnerable situations, creating a better future for all, and protecting the planet. This fits into the SDG 17 objective of alliances and partnerships.

GOVERNANCE	
SDGs	Action lines 2023
SDG 16: Peace, justice and strong institutions	 <p>Development and revision of corporate policies External communication model (and SDG 17) Establish a sustainability structure throughout the company Develop an ESG sustainability dashboard System to identify and assess exposure to regulatory developments Analyzing sustainable financing opportunities</p>
SDG 17: Partnership for the goals	 <p>Modelo de comunicación externa (and SDG 16) Improving CDP's Climate Change score (Target: A or B score by 2025) Including ESG requirements to suppliers (and SDG 9)</p>

In this way, Aernnova's purpose, mission and values are closely linked to ensure a culture of sustainable responsibility towards its products, employees, customers, and the planet.

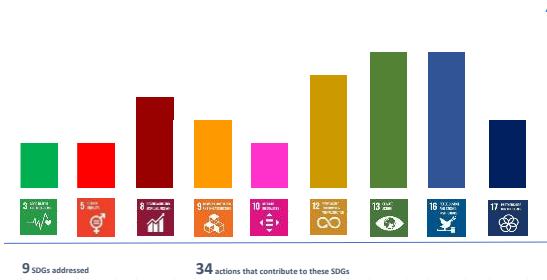
6.2. Contribution to the SDGs:

In order to assess the contribution of the SDGs to the ESG Action Plan, each action taken has been linked to an SDG. The results in the graph below show that the greatest impacts have occurred in these SDGs:

SDG 13 (Climate Action) in coherence with the aviation sector objectives.

SDG 16 (Peace, justice and strong institutions) as most of these actions will be implemented at the corporate level.

In addition, SDGs related to occupational health and safety, diversity and equality, economic growth and innovation have also been addressed.



6.3. Sustainability Committee

One of the measures adopted to promote these matters was the creation of the Sustainability Committee in 2022 with powers of information, advice and proposals in ESG areas and within the strategy aligned with the SDGs. Its mission is to supervise and propose corporate policies in the fields of Environment, Social and Governance.

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

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

The functions and objectives of the committee include different areas:

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

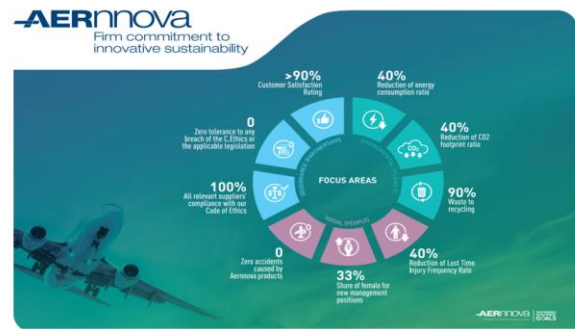
PROGRESS: Review the evolution with respect to the objectives set, monitor the projects and initiatives, and assess their degree of compliance. To this end, a KPIs Scorecard and lines of action with their time frame and intermediate milestones.

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

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

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

6.4. ESG Plan



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

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

- Understand where Aernnova was in terms of sustainability, and what our priorities and ambitions are.
- Identify the levers that would make us advance in the integration of ESG criteria in our operations.

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

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

In year 2023, progress and milestones have been made that bring us closer to achieving the 2030 goals, with the following being of note:

ENVIRONMENTAL GOALS 2030

- 40% reduction in energy consumption compared to turnover. Faced with the challenge that we have proposed to reduce energy consumption with respect to billing by 40%, we need the involvement of everyone for a responsible use of energy, and at the same time, improve processes and detect inefficiencies. The different actions detailed below bring Aernnova closer to the 2030 target, meeting the partial target estimated for 2023, with a cumulative 26% reduction with respect to 2021.

Thus, among others, the following lines of action have been undertaken:

- Energy efficiency actions derived from audits, which have involved changing to LED lighting, replacement of equipment to avoid leaks, temperature regulation, etc.

- Implementation of Energy Management Systems (EMS) to optimize and manage activities, products or services with the use and consumption of energy on a continuous basis, allowing the optimization of economic costs and greenhouse gas emissions. The EMS are already in operation in some of the companies in Spain, and implementation is expected to be completed in the rest of the Spanish and international companies by 2024.
- Reduction of the carbon footprint with respect to billing by 40%, which can be achieved by increasing the use of renewable energy and self-consumption, with the installation of photovoltaic panels. We have met the intermediate targets estimated for 2023 in scopes 1 and 2, although we have not achieved the expected reduction in scope 3 due to the increase in emissions caused by the transportation of our parts and products.

To this end, training in energy awareness was initiated in 2022 to promote cultural change that makes Aernnova an energetically sustainable and efficient company, betting, for example, on sustainable mobility to reduce the environmental impact of our transport and displacements and in 2023 it has been extended to all Aernnova employees, both direct and indirect workforce. Training will be mandatory and biennial.

The Carbon Footprint Calculator Project has been launched in July 2023 together with the Tecnalia technology and research center, both organizational and product, for all Group companies. It covers scope 1, 2 and 3 (with all applicable categories) and will culminate in 2024, which will allow the registration of Aernnova's footprint in the MITERD and the Decarbonization Plan. The objective is to know and validate the origin of our emissions in order to act on the main sources.

Aernnova also collaborates in several car-sharing initiatives with the aim of reducing the carbon footprint produced by our employees' daily commute to work.

A Lean cycle has been implemented in transportation, and we are working with logistics providers to optimize routes.

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

In this year 2023, different initiatives have been implemented with respect to compostable waste, and work continues the recovery of composite waste, which has led us to meet the intermediate target for 2023, with a recycling rate of 87%.

SOCIAL GOALS 2030

- Reduction of the Occupational Accident Frequency Rate by 40% by 2030. Aernnova is firmly committed to the health and safety of all employees. For this reason, specific implementation and training plans have been deployed in the Spanish and Mexican companies, which have been decisive in reducing this rate by 17% by 2023.

- Achieve a minimum percentage of 33% female presence in the new vacant management positions in the period 2023-2030. In this year 2023, the percentage of women with respect to new recruits to the management team was 46%, above the estimated intermediate target.
- Zero accidents caused by Aernnova products. A key objective of our Quality System is to maintain Zero accidents caused by Aernnova products. For this, as an intrinsic part of the management system, it has tools for the detection and prevention of defects with a risk in air safety. To mention a few, these would be APQP, 6 Sigma program, Akrimas, risk management. In addition, safety assurance has been reinforced by the measures taken in accordance with Safety Management System regulations.

GOOD GOVERNANCE GOALS 2030

- Compliance by our most relevant suppliers with our code of ethics by 2030. Aernnova wants to partner with our suppliers to extend our principles to the entire value chain, for which we have required compliance by our most relevant suppliers with our Code of Ethics and the audit and risk assessment systems have been boosted. audit systems to monitor its effective compliance.
- Zero tolerance for any breach of the code of ethics or applicable legislation. Aernnova is committed to respecting its Code of Ethics, applicable legislation, and industry standards, which is why it requires its employees and other stakeholders to be transparent and fair in the performance of their tasks, complying with the law and the ethical principles of the organization.

In this regard, as explained in the section on Ethics and Integrity, in 2023 the new Internal Reporting System was implemented in accordance with the requirements of the applicable legislation.

- To achieve that the Customer Satisfaction indicator above 90% by 2030 with different measures, such as the PDCA (Plan-Do-Check-Act) cycle of continuous improvement. In 2023 we obtained a rate of 86% and we continue to strive to improve every year until we reach the 91% target and maintain it over time.

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

Thus, policies have been reviewed from an ESG perspective, in such a way that the policies that were integrated in the Code of Ethics have been deployed, creating specific corporate policies, which are detailed below:

- The **Equality, Diversity and Inclusion Policy** purpose is to create a culture that guarantees (i) non-discrimination by reason of race, gender, marital status, ideology, nationality, religion or any personal, physical or social condition and (ii) respect and recognition of individuality and heterogeneity, all in accordance with current legislation in each country and following international best practices.
- The subject of the **Quality Policy** is to define the Quality Management principles at Aernnova and the Management Commitment with the satisfaction of Interested Parties and with the Quality of Products, Processes, and Services. These principles are supplementary to those established in the Aviation Safety Policy.

- The **Aviation Safety Policy** establishes the Aviation Safety management principles at Aernnova and the general view and commitment of the company management with the Safety of the Aeronautical Product delivered into operation.
- The **Environmental Policy** formalizes Environmental Management principles at Aernnova that define the general view and commitment of the Management to environmental protection and pollution prevention in the Activities, Processes, Products and Services provided by the Group.
- The **Occupational Health & Safety Policy** formalizes the principles of Health and Safety at Aernnova that define the general view and commitment of the Management to Health and Safety in the activities, processes, products, and services provided by the Group.
- The **Antitrust Compliance Policy** establishes the general framework and the principles of action that must govern the Group in the different markets, areas of activity and sectors where it carries out its business and, in its relations, and agreements with third parties, reinforcing and consolidating both the culture of regulatory compliance and free competition, always against collusive conduct, abuse of dominant position and distortion of free competition through unfair acts.
- The **Conflict-of-Interest Policy** sets out the general principles of action to be followed at Aernnova in relation to conflicts of interest, actual or potential, to prevent such situations from arising or, if this is not possible, to ensure that the conflicts of interest that arise are properly managed.
- The **Anti-corruption and anti-money laundering Policy** has the purpose of establishing and disseminating the Group's basic principles of action to prevent corrupt business practices and money laundering in any of its manifestations.
- The **Policy on Respect for Human Rights** formalizes the principles and guidelines in Aernnova pursuant to the protection of the human rights recognized in domestic and international legislation in accordance with Aernnova's Code of Ethics.
- The **Purchasing Policy** applies to all purchases and contracting of goods and / or services in order to ensure a standard policy of sustainable procurement, adequate expense management and the protection of the company and our customers.
- The **Commercial Policy** establishes the commercial management principles at Aernnova and the general vision and commitment of the company directors with this policy.
- The **Security Policy** establishes a general framework of reference for the protection of personnel, information and technology resources associated with it and Aernnova's assets.
- The **Tax Policy** reflects the tax strategy of the Aernnova Group, based on the commitment to the application of good tax practices.

- And finally, the **People Management policy** purpose of this Policy is to define the people management framework that allows us to attract, recruit and retain talent, through attention to health and safety, personal and professional development, and participation in our business project, guaranteeing a dignified and stable job in an egalitarian, diverse and inclusive environment.

Regarding **other actions** performed in this year 2023, these below can be highlighted:

Climate change risks have been integrated into the Aernnova General risk system, both physical and transition risks. To improve our management in environmental matters, and to anticipate future regulations, we have carried out an in-depth analysis to assess the climate risks to which we are exposed, and the transition risks to a more sustainable economy, as well as their financial impact.

Likewise, a **corporate communication plan** has been implemented, for the different stakeholders and to properly manage the company's reputation.

In the Social field, internal programs to increase **internal communication** have been developed, and the tool and scope to conduct satisfaction and climate surveys for all employees, in 2024 mainly. Also, the Health and Safety policy has been revised, and an ambitious management plan to take care of **mental health and well-being** has been approved.

We have designed a calendar for evaluating compliance with the actions, which will be monitored in the Sustainability Committee on a monthly basis regarding progress or variations with respect to the initial plan as well as **future regulations and standards** that may be applicable to us. Thus, the current Identification and evaluation of legal requirements procedure has been revised, and its scope has been widened, and it is foreseen to be approved in 2024.

ECOVADIS RATING: As a sign of Aernnova's commitment to sustainability, we have participated in the ECOVADIS assessment, a renowned rating that evaluates companies' maturity in terms of sustainability, awarding a meritorious silver medal, and with a performance above the aviation sector average in all the areas: Environmental, Labor and Human Rights, Ethics and Sustainable Procurement.



Among the **Strengths** in the mentioned four areas, the following issues have been highlighted, not being exhaustive:

Policies

- Quantitative objectives in the Environmental policy set on materials, chemicals products and waste, on energy consumption and Greenhouse gas emissions.
- Labor and human rights policy: on diversity, equality, and inclusion, on child labor or forced labor, on career management and training, on social dialogue, working conditions, on employee's health & safety.
- Comprehensive policies and dedicated responsibility for business ethics issue (on fraud, on money laundering, on conflict of interest, on fight against corruption and bribery, on information security).
- Comprehensive sustainable procurement policies on both social and environmental factors
- Increase reporting scope of quantitative KPIs: e.g. career performance review, development of human rights assessments (among others) that currently are included in the Management Plans.
- Increase Business ethics training at all levels of the Group and improve reporting on ethics risks assessments.
- Extend deployment of Aernnova Code of Ethics among suppliers and define the audits calendar, reporting the database of supplier's responses.

In conclusion, Aernnova wants to integrate ESG into our business model and meet its stakeholders demands. To do this, the role of sustainability is being reinforced at all corporate levels. Likewise, Aernnova aspires to position itself as a diverse, inclusive and egalitarian employer, promote the best environmental and ethics practices among its employees, and throughout all its value chain.

Actions and results

- ISO14001 certification on more than 81% of operation sites, periodic analysis of the volumes of the major air pollutants or control of ambient air quality, measuring and reporting scope 1 and 2 GHGs, total gross value GHG Scope 3, waste recovered, hazardous, non-hazardous, renewable energy, water and energy consumption, participation in CDP, energy efficiency audits.
- Employees' training on health and safety risks, actions to prevent workplace harassment, communication to all employees of the remuneration process, flexible organization of work. Reports on the percentage of women employed in relation to the overall organization, on the average number of training hours per employee, on the rate of severity / frequency of accidents.
- Internal reporting system, information security certification systems, Incident Response (IRP) procedure to manage breaches of confidential information, awareness-raising training to prevent information security breaches. Reporting in accordance with universal GRI standards and materiality analysis, with sustainability reporting verification.
- Regular supplier assessment on environmental or social practice, training of buyers on social and environmental issues, integration of social or environmental clauses into supplier contracts, Sustainability risk analysis (i.e. prior to supplier assessments or audits)

Among **Improvement areas** and **corrective actions**:

The target for 2024 will be to improve reporting and provide evidence of measures and actions that are being performed to improve scope and impact.

Thus, among others:

- Update Environmental Policy and the Guide of best practices to reinforce the monitoring of the environmental impacts due to our products use and end-of-life.

Annex 1. Scope and methodology used to prepare this report

This report responds to the obligation established in Act 11/2018, of 28 December, on non-financial information and diversity, to prepare a non-financial information statement which includes information which may be necessary to understand the evolution, results and situation of the Group, as well the impact of its activity with regard to, at least, environmental and social issues, the respect for human rights and the fight against corruption and bribery, as well as staff-related issues.

This report includes the most relevant non-financial information in accordance with the appropriate materiality analysis carried out, and comprises the period from 1 January to 31 December 2023, coinciding with the company's financial year.

Although the non-financial information statement is issued in a separate report, this report forms part of the Group's consolidated management report and will be subject to the same approval, deposit and publication criteria as the management report, being published according to the provisions of Law 11/2018, of December 28, on non-financial information and diversity.

Scope of the Information

This NFIS includes information regarding Aernnova's economic, environmental and social performance in 2023 as well as the data compared with 2022.

The scope of the companies considered by the Group to prepare this non-financial report coincides with the definition of Group when preparing the consolidated financial statements, with the particularity that in that case they are recorded in each of the sections of the report.

Standards used

The development of the IFRS has been carried out on the basis of GRI standards. A series of standards have been selected according to the information requirements of Law 11/2018, Aernnova's sector of activity and the materiality analysis carried out.

Reporting principles

The following principles established in GRI's "Sustainability Reporting Guidelines" have been taken into account to prepare the NFIS:

- **Participation of stakeholders.** The NFIS has been prepared bearing in mind the expectations and concerns of the stakeholders (STKH) in connection with the company's operation and performance. These expectations have been considered through those managers of Aernnova's with whom they are in contact.
- **Context.** An evaluation has been conducted on how the activities and services rendered by the company interact

with the social, economic and environmental context in which the activity is carried out.

- **Materiality.** A materiality analysis has been carried out whose aim was to define the most relevant aspects for Aernnova.
- **Comprehensiveness.** The contents of the NFIS have been designed after identifying the material aspects, so as to be able to include sufficient information about them in such a way that the stakeholders may assess and understand Aernnova's economic, environmental and social performance.

The principles established by GRI have been followed. These principles seek to guarantee the quality of the information:

- **Balance.** According to this principle, the NFIS must be able to show both positive as well as negative aspects in connection with the company's performance. A broad and objective view of Aernnova's global performance has been achieved with the application of this principle.
- **Comparability.** The company has gathered information which has been included in the contents so that the stakeholders are able to analyse the evolution of the company's performance in recent years and compare it to that of other organizations.
- **Accuracy.** The information recorded in this NFIS is intended to be sufficiently detailed to satisfy the expectations expressed by the company's stakeholders.
- **Timeliness.** Aernnova's aim is to carry out an annual update of the contents included in this NFIS, providing its stakeholders with periodical access to information regarding the company's performance.
- **Clarity.** Aernnova works to deliver information on its performance in an accessible and clear manner for all its stakeholders.
- **Reliability.** Aernnova has set out in detail in this NFIS the process followed to prepare it, ensuring that the content shown can be subjected to external evaluation to assess the quality and the degree of materiality of the information included.

Materiality Analysis⁵

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

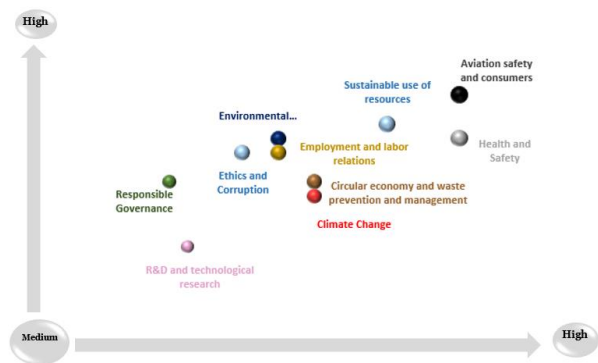
- Meetings with managers and managers of key areas of the company.

⁵ Aernnova monitors the legal changes that will occur in the coming years, taking a proactive attitude for its future implementation on issues such as the

double materiality that will be required by the European CSRD reporting directive.

- Material aspects for the sector based on an analysis of the information reported by companies with similar characteristics in terms of social, environmental, labor impacts, etc.
- Identification of requirements of sector prescribers (GRI, SASB, etc.).
- Analysis of news about the Company and its sector in the last year.

As a result of these actions, the following materiality matrix has been prepared:



After the identification of the material aspects (including their coverage), the necessary information for the preparation of the EINF was compiled based on interviews with those responsible for the main areas of the Company and the review of corporate documentation. Once this data has been received, and the necessary context information for the materiality analysis has been compiled, Aernnova has prepared the final version of this NFIS. In the table of contents that has been included in the following section, readers are indicated in which sections they can find the information related to each of the indicators that Law 11/2018 requires. For those cases in which it has not been possible to cover all the requirements of the GRI guide when reporting a specific indicator, this fact has been revealed in the aforementioned table. Aernnova undertakes to improve its information systems with the aim of including the requested data in future editions of the NFIS.

Contact details

For any clarification on the information which appears in this NFIS or any aspect of the company's performance, you may contact Aernnova at the following address: general@aernnova.com.

Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity

General Disclosures

Scopes		Reporting Framework	Reference	Comments / Reason for omission
Business Model	Description of the business model: Business environment Organization and structure Markets in which it operates Objectives and strategies Main factors and trends that may affect its future evolution	GRI 2-1 Organizational details GRI 2-2 Entities included in the presentation of sustainability reports GRI 2-6 Activities, value chain and other commercial relationships GRI 2-9 Governance structure and composition GRI 2-23 Commitments and policies	2-7	
Policies and results of these policies	Description of the policies applied by the group, as well as the results of those policies, including the key indicators of the relevant non-financial results.	GRI 103 Approach2-23 Commitments and policies GRI 2-24 Incorporation of management of each area of commitments and policies	8-11	
Main risks and impacts identified	Main risks related to these issues and related to the activities of the group, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in these areas.	GRI 3-3 Management of material topics	8-11	
			8-11	

Environmental issues

Scopes		Reporting Framework	Reference	Comments / Reason for omission
Environmental Management	Current and foreseeable effects of the company's activities	GRI 3-3 Management of material topics Internal criterion GRI 201-2 Financial implications and other risks and opportunities derived from climate change (Accounting criterion) GRI 2-23 Commitments and policies	14-15	
	Environmental assessment or certification procedures		15	
	Resources dedicated to the prevention of environmental risks		15	
	Precautionary Principle or approach		15	
	Amount of provisions and guarantees for environmental risks		15	

Scopes		Reporting Framework	Reference	Comments / Reason for omission
Pollution	Measures to prevent, reduce or repair carbon emissions (also includes noise and light pollution)	GRI 3-3 Management of material topics	15-16	
Circular economy and waste prevention and management	Prevention, recycling, reuse, other forms of waste recovery and disposal	GRI 3-3 Management of material topics GRI 306-3 (2020) Waste generated	16	
	Actions to combat food waste	GRI 3-3 Management of material topics	16	Aernnova, due to its sector of activity, does not generate a significant amount of food waste
Sustainable use of resources	Water consumption and water supply according to local limitations	GRI 3-3 Management of material topics GRI 303-3 Water withdrawal	17	
	Raw material consumption. Measures implemented to improve the efficiency of its use	GRI 3-3 Management of material topics GRI 301-1 Materials used by weight or volume	17-18	
	Direct and indirect consumption of energy and measures to improve energy efficiency and use of renewable energy	GRI 3-3 Management of material topics 302-1 Energy consumption in the organization	18-19	
Climate change	Important elements of greenhouse gas emissions generated	GRI 3-3 Management of material topics GRI 305-1 Direct emissions (Scope 1) GRI 305-2 Indirect emissions (Scope 2) GRI 305-3 Other indirect GHG emissions (Scope 3)	19	
	Measures taken to adapt to the consequences of climate change	GRI 3-3 Management of material topics	19-20	
	Voluntary reduction targets set	GRI 3-3 Management of material topics	19-20	
Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 3-3 Management of material topics	20	All the company's facilities are in industrial estates and technology parks, so the impact on biodiversity is limited.
	Impacts caused by activities or operations in protected areas		20	

Social and personnel matters

	Scopes	Reporting framework	Reference	Comments/Reasons for omission
Employment	Total number and distribution of employees by sex, age, country and professional category	GRI 2-7 Employees GRI 405-1 Diversity of government bodies and employees	21-22	
	Total number and distribution of employment contract modalities	GRI 2-7 Employees	22	
	Annual average of permanent, temporary and part-time contracts by sex, age and professional category	GRI 2-7 Employees	22	No averages are provided since Aernnova's activity is not seasonal and the difference compared to closing data is not significant
	Number of redundancies by gender, age and professional category	GRI 401-1 New employee hires and staff turnover	22	
	Wage gap	Calculated in accordance with the definition and criteria established in Directive (EU) 2023/970 of the European Parliament and of the Council of May 10, 2023.	23	
	Average remuneration by gender, age and professional category		23	
	Average remuneration of directors by gender	Internal framework: Average remuneration (includes total remuneration for the year, fixed salary and all variable remunerations (allowances, compensation, payment to savings forecast systems, etc.) obtained during the year	23	Aernnova's board of directors is made up entirely of men, so the average remuneration reported is the average remuneration of the men on the board
	Average remuneration of managers by gender		23	
	Implementation of labor disconnection policies	GRI 3-3 Management of material topics	23-24	
	Employees with disabilities	GRI 405-1 Diversity in governing bodies and employees	28	
Organization at work	Organization of working time	GRI 3-3 Management of material topics	23	
	Number of hours of absenteeism	Internal framework: absenteeism rate	22	
	Measures aimed at facilitating the enjoyment of conciliation and promoting the co-responsible exercise of these by both parents	GRI 3-3 Management of material topics	23-24	
Health and Safety	Health and safety conditions at work	GRI 403-2 Types of accidents and frequency rate of accidents,	24	

Scopes		Reporting framework	Reference	Comments/Reasons for omission
	Number of occupational accidents and diseases by sex, frequency rate and severity by gender	occupational diseases, lost days, absenteeism and number of deaths due to work-related accidents or occupational diseases GRI 403-9 Work-related injuries Frequency rate= No. of accidents with sick leave x 1,000,000/ No. of hours worked (excluding commuting accidents) Severity rate= No. of days lost x 1,000,000/ No. of hours worked (excluding commuting accidents)	24	
Social Relations	Organization of social dialogue	GRI 403-1 Representation of workers in formal worker-company health and safety committees	25	
	Percentage of employees covered by collective bargaining agreements	GRI 2-30 Collective bargaining agreements	25	
	Balance of collective bargaining agreements, particularly in the field of health and safety at work	GRI 3-3 Management of material topics	25	
	Mechanisms and procedures that the company has to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	GRI 2-29 Approach to stakeholder engagement	25	
Training	Policies implemented in the field of training	GRI 404-2 Programs to improve employee skills and transition assistance programs	25-26	
	Total number of training hours by professional category.	Internal framework: Quantitative information	26	
Equality	Measures implemented to promote equal treatment and opportunities between women and men	GRI 3-3 Management of material topics	27	
	Equality plans, measures adopted to promote employment, protocols against sexual and sexual harassment	GRI 3-3 Management of material topics GRI 2-23 Commitments and policies	27	
	Integration and universal accessibility of people with disabilities	GRI 3-3 Management of material topics	28	
	Policy against all types of discrimination and, where appropriate, diversity management	GRI 3-3 Management of material topics GRI 2-23 Commitments and policies	28	

Information on respect for human rights

Scopes	Reporting framework	Reference	Comments/Reasons for omission
Application of human rights due diligence procedures	GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 3-3 Management of material topics	28	Upon analysis of existing policies and controls, it was determined that no additional procedures were necessary
Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed	GRI 3-3 Management of material topics GRI 2-23 Commitments and policies GRI 2-26 Mechanisms for seeking advice and raising concerns	28	
Complaints for cases of human rights violation	Internal framework: quantitative information on the number of complaints.	28	
Promotion and compliance with the provisions of the fundamental ILO Conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor	GRI 3-3 Management of material issues GRI 2-23 Commitments and policies	25 28	

Information regarding the fight against corruption and bribery

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

Information about the company

Scopes	Reporting framework	Reference	Comments/Reasons for omission
Company commitments to sustainable development	Impact of society's activity on employment and local development	GRI 3-3 Management of material topics 28-29	
	Impact of society's activity on local populations and on the territory	GRI 3-3 Management of material topics 28-29	

	Relations maintained with the actors of the local communities and the modalities of dialogue with them	GRI 3-3 Management of material topics	28-29	
	Actions of membership of associations	GRI 3-3 Management of material topics GRI 2-28 Membership of associations Internal framework: description of the association or sponsorship actions.	29-30	
Subcontracting and suppliers	Inclusion in procurement policy of social, gender equality and environmental issues	GRI 3-3 Management of material topics	30-31	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 2-6 Activities, value chain and other commercial relationships GRI 2-24 Incorporation of commitments and policies	30-31	
	Supervision systems and audits and their results		30-31	
Consumers	Measures for consumer health and safety	GRI 3-3 Management of material topics	31	
	Claim systems	GRI 2-16 Communication of critical concerns GRI 2-25 Processes to remedy negative impacts	31-32	
	Complaints received and their resolution	GRI 2-25 Processes to remedy negative impacts Internal framework: information on complaints and opportunities for improvement	32	
Tax information	Benefits obtained country by country	GRI 207-4 Country-by-country reporting	33-34	
	Taxes paid over the previous year	GRI 207-4 Country-by-country reporting	33-34	
	Financial assistance received from government	GRI 207-4 Country-by-country reporting	33-34	

Annex 3. External verification of the non-financial information statement

**Independent Limited Assurance Report on the Consolidated
Non-Financial Statement for the year ended
December 31, 2023**

AERNOVA AEROSPACE CORPORATION, S.A. AND SUBSIDIARIES

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of AERNNOVA AEROSPACE CORPORATION, S.A.:

Pursuant to Article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of AERNNOVA AEROSPACE CORPORATION, S.A. and subsidiaries (hereinafter the Group) that forms part of the accompanying Consolidated Management Report of the Group.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in section "Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity" in the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of the Group, and its content, is the responsibility of the Board of Directors of AERNNOVA AEROSPACE CORPORATION, S.A. The NFS has been prepared in accordance with the content required by current mercantile regulations and in conformity with the criteria outlined in the selected *Sustainability Reporting Standards of Global Reporting Initiative (GRI standards)*, as well as other criteria described in accordance with that indicated for each subject in section "Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity" of the mentioned NFS.

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

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

The engagement team consisted of experts in the review of non-financial information and, specifically, information on economic, social, and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Institute of Chartered Accountants (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower.

Our work consisted in making enquiries of Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and selective tests by means of sampling as described below:

- ▶ Meetings with Group personnel to obtain an understanding of the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section "Annex 1. Scope and methodology used to prepare this report. Materiality Analysis" considering the content required by prevailing mercantile regulations.
- ▶ Analysis of the processes for gathering and validating the data included in the 2023 Non-Financial Information Statement.
- ▶ Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.

- ▶ Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, nothing has come to our attention that causes us to believe that the Group NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by current commercial regulation and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in section "Annex 2. Content index required by Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity" of the aforementioned NFS.

Use and distribution

This report has been prepared as required by current mercantile regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

March 26, 2024