

# SUSTAINABILITY REPORT

*Taking care of what really matters*

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2018

***Ingeteam***

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# 01

## LETTER FROM THE CEO



By the end of 2018, the 2016-2018 Strategic Plan had been completed. The increase in turnover over the three-year period of the plan was 47%. The conclusions drawn from the plan show that the Ingeteam Group has a positive impact on the basic pillars of our corporate social responsibility strategy: individuals, environmental protection and support for the development of the local communities where we work.

- Over these three years we created 865 new jobs and invested €100 million in R&D, an area in which we employ close to 400 people.
- As a result of our industrial operations, there are now over 66 GW of renewable power generation equipment in place around the world. This avoids the emission of more than 12 M Tnt of CO<sub>2</sub> into the atmosphere, thus helping to decarbonise the planet.
- As far as knock-on activities are concerned, we have helped to energise the local economy through over €500 million in orders placed with suppliers, including a wide range of services and the production of subassemblies designed by the Group and manufactured by third parties for subsequent installation on the equipment and systems that we put together and deliver to our customers.

At Ingeteam we take people and continuous improvement in management practices as the basis for furthering a corporate project with three levels of sustainability:

- Financial, obliging us to attain sufficient yield to assure future growth.
- Environmental, obliging us to develop products, systems and services that help to foster environmental friendliness.
- Social, obliging us to create value for all our stakeholders, and in particular for our own people, by offering opportunities for development in safe, healthy working environments.

These three years saw major development in terms of our performance as a responsible company.

- » We consolidated a sustainability indicator reporting model based on the 2016 GRI standards.
- » We aligned ourselves with the sustainable development goals in the 2030 agenda, having signed up to the UN compact in 2012.

Moreover, our non-financial information has been checked in 2019 by an independent verification service provider, as required under the Spanish Royal Decree on account auditing in regard to non-financial information and diversity.

With a view to the immediate future, 2019 has seen us set our new 2019-2021 Strategic Plan in motion. This plan will unequivocally align the mission and vision of the Ingeteam Group with the decarbonisation of society and with energy transformation, in an increasingly electrified society.

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

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

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



**Mr. Adolfo Rebollo Gómez**  
Chief Executive Officer

## 02

# INTRODUCTION



This is our 11th annual sustainability report. For the first time, this year our non-financial information has been checked by an independent verification service provider in the form of consultancy firm Ernst & Young. Recent legislation (Act 11/2018 of 28 December on non-financial information, amending the Code of Commerce, the recast wording of the Corporations Act approved by Royal Legislative Decree 1/2010 of 2 July and Act 22/2015 of 20 July on Account Auditing as regards non-financial information and diversity) require the checking of non-financial information. Firms of a certain size are thus under obligation to publish non-financial information in their consolidated management reports.

However, in this sustainability report we have continued to use standards for non-financial indicators that meet the directives of the European Commission and the standards of the Global Reporting Initiative (GRI).

Ingeteam publishes this report to give its stakeholders a true, accurate picture of its performance as regards non-financial information in financial year 2018. The Group conducts regular analyses to identify relevant aspects in regard to environmental, social and people-related issues, human rights, the struggle against corruption and for ethical behaviour as relevant to the various stakeholders throughout its value chain. As we did last year, in this sustainability report we have focused on the 17 Sustainable Development Goals of the 2030 Agenda, as subscribed to in 2015 by the UN General Assembly.

We take people and the continuous improvement of our management practices as our basis for making Ingeteam sustainable over time, and consider the following areas as our basis for sustainability:

- Financial, obliging us to attain sufficient yield to assure future growth.
- Environmental, obliging us to develop products, systems and services that help to foster environmental friendliness.
- Social, obliging us to create value for all our stakeholders, and in particular for our own people, by offering opportunities for development in safe, healthy working environments.

The contents of this document are as follows:



### **GRI 102. General Disclosures**

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

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

### **GRI 200. Economic Disclosures**

This section examines the following areas:

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

### **GRI 300. Environmental Disclosures**

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

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

### **GRI 400. Social Disclosures**

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

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

# 03

## GRI 102

### ABOUT US



## PROFILE OF THE COMPANY

### 102-1 Name of the organisation

This report refers to the Ingeteam corporate group.

### 102-2 Activities, brands, products & services

Ingeteam specialises in power and control electronics (inverters, frequency converters, controllers & protective devices), generators, motors, pumps and electrical & automation engineering projects. It rounds out its range by offering operation and maintenance services.

It produces products for the following sectors: wind, photovoltaic, hydraulic and fossil fuel power generation, the metal and ore processing industry, shipping, railway traction systems and electrical grids including substations, always seeking the most efficient forms of generation, transportation, distribution and consumption of energy.

In the wake of the approval of its 2016-2018 Strategic Plan, the Group was structured as a manufacturer and leading supplier of electrical and electronic products, facilities and services.

It is made up of the following divisions:

- **Electric Machines & Pumps Division.**
- **Drives & Automation Division.**
- **Energy & Grids Division.**
- **Service Division.**

Within the Ingeteam Group, member company Ingeteam Power Technology (IPT) specialises in power and control electronics (inverters, frequency converters, controllers and protective devices) and in electrical engine-

ring and automation projects. It rounds out its range by offering operation and maintenance services. Its operations are spread across three divisions:

- **Drives & Automation Division.**
- **Energy & Grids Division.**
- **Service Division.**

It makes products for the following sectors:

- **Wind Energy:** doubly fed induction converters (DFIG) and full converters with unit power ratings of up to 10 MW, energy management systems and control centres, substation automation, operating & maintenance (O&M) services for wind farms and electrical storage systems.
- **Hydroelectric power:** complete automation of hydroelectric plants, voltage & speed regulators and O&M services at power plants.
- **Photovoltaic Energy:** string & central inverters including MV outputs up to 7500 KVA, storage & O&M services at PV plants.
- **Marine & ports:** frequency converters, complete electrical thruster solutions, automation systems, power management systems, on-board electrical plants & silent vessels.
- **Railway traction:** on-board traction converters, train control and monitoring systems (TCMS), control of auxiliary systems (HVAC, door control, etc.) and brake energy recovery systems.
- **Transport & distribution of energy:** substation automation, electrical grid control & protection systems, power electronics applied to grids and electrical storage systems.
- **Water:** frequency converters and electrical engineering & automation.
- **Electric mobility:** Fast, domestic DC & AC charging systems for electric vehicles.

- **Industry:** handling of complete electrical projects, project management, detail engineering, manufacturing & supply of electrical equipment, electrical installations, automation of systems, commissioning, SAT training & maintenance.

IPT has also worked on major projects in the fields of mining, oil & gas, energy efficiency, thermal power generation & thermal solar power.

Ingeteam member company Indar specialises in the design and manufacture of rotating electrical machines and hydraulic machinery. Its operations are backed by the Electric Machines & Pumps Division, which provides solutions for the following sectors:

- **Wind Energy:** generators for wind turbines up to 9 MW, with over 16,000 units installed on wind turbines made by the world's leading OEMs in the sector. Double fed asynchronous generators, squirrel cage units & permanent magnet synchronous generators.
- **Hydroelectric power:** hydroelectric generators with unit power ratings of up to 80 MVA and voltages of up to 15 kV, with units totalling 7.5 GW installed all over the world. Reconditioning & repowering of large machinery up to 200 MVA.
- **Marine & ports:** electric motors and generators for thrusters, including solutions for electric main & auxiliary thrusters, on-board generator plants and silent vessels for the offshore industry (supply & heavy offshore), ferries, cruise liners, dredges, tugs, research vessels, etc.

- **Water:** submersible pumps & drive motors for surface pumps, including pumping solutions with power ratings of up to 6.5 MW applied to drinking water supplies, offshore rigs, mining, hydroelectric plants and wastewater and clean water pumping stations.

- **Thermal power generation:** generators coupled to steam or gas turbines and reciprocating motors. Combined heat & power, biomass, waste-to-energy, combined cycle, internal combustion & geothermal projects.

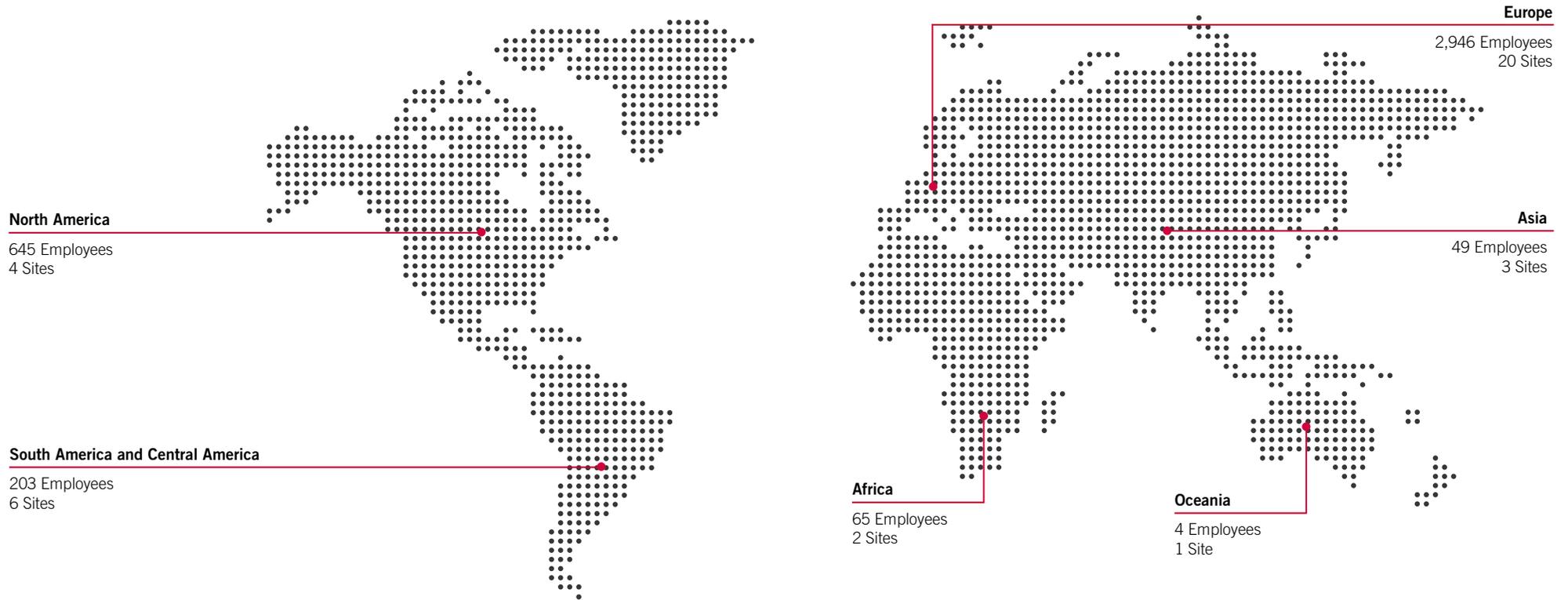
Indar has also worked on major projects in industry, particularly iron & steel and mining.

### 102-3 Location of headquarters

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

### 102-4 Location of operations

We have production plants in Spain, the USA, Mexico, Brazil, the Czech Republic and India, and subsidiaries in France, Italy, Chile, Australia, Poland, Romania, etc.



**North America**

- USA
- Mexico

**South America and Central America**

- Brazil
- Chile
- Honduras
- Panama
- Uruguay
- Peru

**Africa**

- South Africa
- Morocco

**Europe**

- Spain
- France
- Italy
- Germany
- Poland
- Czech Republic
- Romania
- United Kingdom
- Bulgaria

**Asia**

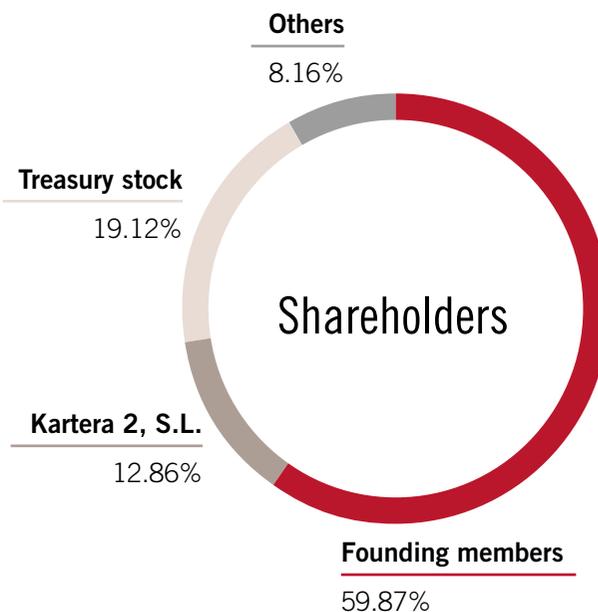
- India
- Philippines

**Oceania**

- Australia

### 102-5 Ownership and legal form

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



### 102-6 Market served

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

### 102-7 Scale of the organisation

The Group's turnover in 2018 was 637,024 thousands of Euros (K€), with more than 11% of that figure given over to R&D&i. The main financial figures at the close of financial year 2018 are as follows:

- Sales: K€595,798
- Net equity: K€333,224
- Long-term debts: K€113,091

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

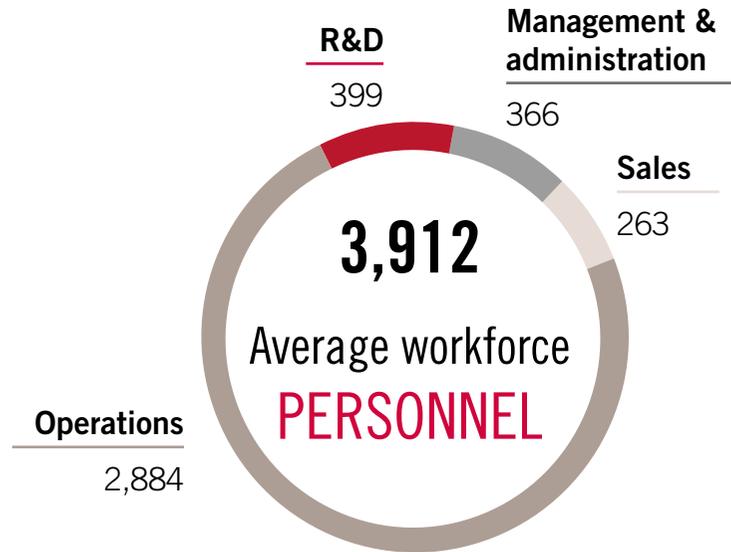
- Spain: 23%
- Rest of Europe: 23%
- America: 37%
- Middle East: 7%
- Asia: 10%

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

- Spain: 18%
- Rest of the world: 82%

### 102-8 Information on employees and other workers

The Group created 291 new jobs in 2018, after creating 310 in 2017. This means more than 600 new jobs in two years, bringing the average workforce up to around 4000.



The jobs involved are highly-skilled. The average age of the workforce is less than 38, and average tenure at the Group is 8.36 years. 100 of those employees make up the management bodies.

More than two thirds of our workforce (73%) are employed under indefinite contracts.

We are committed to providing a good work-life balance. This is evidenced by the facilities that we offer in terms of reduced working hours on request. In financial year 2018, 168 people, i.e. almost 5% of our workforce, were on short-time and at least 1522 (39%) were on flexitime.

### 102-9 Supply chain

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

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

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

2018 saw the commencement of manufacturing at our facilities in India (which opened in 2017) and we invested in a new power and control electronics plant, which is expected to come on line in the second quarter of next year. We also shut down our subsidiary in China and the associated companies Bascotecnia Steel and Quantum.

### 102-11 Precautionary principle or approach

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

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

### 102-12 External initiatives

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

### 102-13 Membership of associations

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

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

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

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

## STRATEGY

### 102-14 Statement from senior decision-maker

We apply our management policies in the usual areas: human resources, safety/security and occupational risk prevention, environmental protection, support for the development of local communities, transparency, communication and collaboration with all our stakeholders.

At Ingeteam we take people and the continuous improvement of our management practices as our basis for making the Group sustainable over time, and consider the following areas as our basis for sustainability:

- Financial, obliging us to attain sufficient yield to assure future growth.
- Environmental, obliging us to develop products, systems and services that help to foster environmental friendliness.
- Social, obliging us to create value for all our stakeholders, and in particular for our own people, by offering opportunities for development in safe, healthy working environments.

We remain strongly linked to the renewables market, which accounts for over 70% of our turnover.

But apart from this highly satisfactory situation, at Ingeteam we have sought to move forward in our development as a responsible company by transitioning to a sustainability indicator reporting model based on the 2016 consolidated set of GRI standards as we seek to systematically factor corporate social responsibility into the Group's general strategy.

### 102-15 Key impacts, risks and opportunities

By means of a process of reflection, we have identified a number of risks and opportunities concerned with our main products and services, markets and customers and our management capabilities.

In regard to products and services, Ingeteam has a strong impact on the renewable energy sector through its own technology.

The future of the wind energy sector looks promising, with positive prospects for growth over the next 10 years. The turning point has come, and the transition towards growth seems to be firmly established.

In photovoltaic solar power the size of PV equipment and demand for it both continue to increase.

In hydroelectric power we have a solid foundation in what is currently a sector subject to fluctuations.

1,270,000 electric vehicles were sold around the world in 2018, 68% more than in 2017. They now account for 1.8% of vehicle sales worldwide.

In the railway traction market the prospects indicate annual growth figures of 2.7% up to 2023, with increasing accessibility to all market segments. In energy transmission and distribution the concept of smart grids is becoming firmly established.

The prospects in the short and medium-term are for a need to speed up development of global energy grids to meet increased demand, improve quality of service and enhance efficiency. Expectations for investment in electricity grids are for K\$320,000 per annum from 2015 to 2040. 70% of that investment is expected to go to emerging countries and only 30% to OECD markets.

In industry, 2018 sought an increase in worldwide demand for steel and consequently of output to 1,820 Mt, 4.6% more than in 2017.

### ETHICS & INTEGRITY

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

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

They include the following:

- Ingeteam is what we are, what we do and what we feel.
- We respect people and act with integrity.
- We cooperate and work as a team responsibly and independently.
- We are optimistic, self-critical and proactive.
- We seek to be efficient in all that we do.
- We work with rigour and professionalism.
- Our external and internal customers are our *raison d'être*.

These values are reflected in numerous activities which have also been analysed and discussed. In any event, they are all covered by the Group's Code of Conduct, which is its highest ranking set of rules in this regard.

### 102-17 Mechanisms for advice and concerns about ethics

Ingeteam has a **Code of Conduct** which was first approved in 2012. It sets guidelines for the conduct of members of the Board of Directors, the management committees and the workforces of Group member companies. It reinforces the ethical culture of the Group in the following areas:

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

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

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

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

The **Compliance and Conduct Committee** is the Group body that monitors the distribution, knowledge of and compliance with the Code of Conduct and the culture of ethics within the Group.

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

It is made up of:

- The Chair: Corporate Head of International Development & Internal Operations

Ordinary members:

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

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

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

The committee has its own regulations which set out its functions and responsibilities.

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

## GOVERNANCE

### 102-18 Governance structure

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



### 102-19 Delegating authority

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

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

Within the organisation structure of Ingeteam, executive-level responsibility for economic, environmental and social topics is distributed among the Corporate Management staff. That staff breaks down into two groups:

- Business Corporate Management, whose members take care of the executive side of industrial and production operations.
- Functional Corporate Management, which brings together functions covering financial administration, legal issues, people-management topics and communication.
- The gathering & analysis of information and its presentation to the highest governance body are coordinated by the Corporate Head of Marketing.

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

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

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

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

- **Ms. Teresa Madariaga Zubimendi. Chairwoman**
- Mr. Mikel Ruiz Madariaga. Voting member
- Mr. Victor Mendiguren Ayerdi. Voting member
- Kartera 1, S.L.
- Mr. Ander Gandiaga Osorio. Voting member
- Mr. Alex Belaustegi Foronda. Voting member
- Mr. Adolfo Rebollo Gómez. Voting member
- Mr. Alberto Guerra San José. Secretary-non director

### 102-23 Chair of the highest governance body

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

### 102-24 Nominating & selecting the highest governance body

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

### 102-24 Nominating & selecting the highest governance body

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

### 102-25 Conflicts of interest

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

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

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

### 102-27 Collective knowledge of highest governance body

There is no corporate training or individual personnel training programme.

### 102-28 Evaluating the highest governance body's performance

There is an annual evaluation by the General Meeting.

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

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

### 102-30 Effectiveness of risk management process

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

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

These topics are reviewed monthly.

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

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

### 102-33 Communicating critical concerns

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

### 102-34 Nature and total number of critical concerns

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

### 102-35 Remuneration policies

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

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

The fixed part of management staff salaries is set by their superiors in each case, with the relevant assessment from the HR area closest to their area of responsibility and of the relevant functional managers.

For each individual there is an annual review that takes into account the extent to which targets have been met, the trend in performance at individual, team and functional area levels, the financial and strategic circumstances of the organisation where he/she works, his/her sector and location and the guidelines on remuneration policies applicable to each organisational unit and to the organisation as a whole.

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

Another goal is to promote the strategy of the organisation and to encourage competitiveness and commitment on the part of employees.

Compensation for the termination or discharging of an employment contract with the organisation (via dismissal, retirement or other causes) is based on strict compliance with any agreements reached between the parties and, in the absence of such agreements, with current legislation in regard to grounds for the termination of employment relationships.

The policy on variable remuneration sets out the general characteristics of the targets that can be applied at different levels in structuring and calculating such remuneration, and establishes different percentage brackets for the items that may be included:

- Objective variable remuneration based on fulfilment of measurable targets based on indicators, as compared to subjective variable remuneration based on performance assessment.

- Indicators for financial results at the different levels of the organisation at which each management staff member operates, indicators for functional area targets and project-related indicators.

The policy also provides a model for calculating benchmarks for indicators as a whole and for the thresholds and limits to be used for that purpose.

### **102-36 Process for determining remuneration**

This process is explained in the previous point. It does not involve specialist external consultants.

### **102-37 Stakeholders' involvement in remuneration**

The opinion of stakeholders is not sought in regard to setting remuneration.

### **102-38 Annual total compensation ratio**

This information is not available.

### **102-39 Percentage increase in annual total compensation rate**

This information is not available.

## STAKEHOLDER ENGAGEMENT

### 102-40 List of stakeholder groups

Ingeteam's **stakeholders** are the following:

- Strategic customers
- Other customers
- End customers
- People
- Shareholders
- Suppliers
- Financial institutions
- Knowledge centres
- Public administrations
- Community & surrounding area
- Regulatory bodies
- Sectoral associations
- Competitors

### 102-41 Collective bargaining agreements

Most employees are covered by collective bargaining agreements at sectoral, national or provincial level or by workplace-level agreements, statutory or otherwise.

### 102-42 Identifying and selecting stakeholders

In the course of its strategic reflection process, the Ingeteam Group has identified the main stakeholders potentially impacted by its operations.

### 102-43 Approach to stakeholder engagement

As the group carries out its operations they are checked with stakeholders, who provide feedback which reaches the CEO via the channels described.

### 102-44 Key topics & concerns raised

The key topics affecting the Ingeteam Group are set out in the strategic reflection process. In general they should fit specifically into the frameworks of our stakeholders: employees, customers, suppliers, society, etc. All our operations are therefore focused on making them fit:

- We adapt to the continual technological development of our customers.
- We make use of advances in the technologies applied to our products which are supplied by third parties.
- We seek to enrich the technical capabilities and working methods of our employees and at the same time to provide more and more for them to achieve a good work/life balance.
- We cater for the needs of the social settings in which we operate, using local personnel as far as possible.
- We seek to help improve the environment by publicising our clean, efficient technical solutions.

## REPORTING PRACTICES

### 102-45 Entities included in the consolidated financial statements

The entities in question are listed below:

- INGETEAM, S.A.
- INGETEAM Power Conversion, S.L.U.
- INGETEAM Power Technology, S.A.
- INDAR Electric, S.L.
- INDAR Máquinas Hidráulicas, S.L.
- INGETEAM México, S.A. de C.V.
- INGETEAM, Inc.
- INGETEAM, S.R.L.
- INGETEAM, A.S.
- INGETEAM, GmbH
- INGETEAM, Ltda.
- INDAR América, S.A. de C.V.
- INGETEAM, S.A.S.
- INGETEAM, Spzoo
- INGETEAM, SpA
- INGETEAM (PTY), Ltd

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

### 102-46 Defining report content and topic boundaries

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

#### Stakeholder inclusiveness

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

#### Sustainability

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

working environments. The sustainability working group has discussed full information on sustainability in regard to the environment, people and society.

### **Materiality**

Ingeteam works in a wide variety of industrial settings, and the material topics dealt with are equally varied. This report presents those which we consider most relevant in terms of their effects on sustainability.

### **Exhaustiveness**

The working group on sustainability considers the level of exhaustiveness of the information presented here to be sufficient. It is the level expected by members of the corporate management and by the highest governance body.

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

- The list of material topics dealt with in the report.
- Coverage, which in our case is global given how widely spread our plants are and in view of our commercial and industrial operations.
- Time. Information is gathered as from February in the year following the year analysed. By then, full information on the period covered by the report is available.

### **102-47 List of material topics**

The list of material topics is provided in the relevant annex, directly linked to the indicators selected.

### **102-48 Restatements of information**

This report does not consider any restatements of information from previous reports.

### **102-49 Changes in reporting**

There have been no changes in reporting compared to the previous year. Reporting criteria continue to be based on the consolidated set of GRI standards for 2016.

### **102-50 Reporting period**

This report covers financial year 2018.

### **102-51 Date of most recent report**

The last report was published in June 2018.

### **102-52 Reporting cycle**

Annual.

### **102-53 Contact point for questions regarding the report**

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

### 102-54 Claims of reporting

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

### 102-55 GRI content index

This index is at the start of the document.

### 102-56 External assurance

This sustainability report has not undergone external verification. However, many of the data shown here also appear in the Report on Non-Financial Information. For the first time, this year our non-financial information has been checked by an independent verification service provider in the form of consultancy firm Ernst & Young. Recent legislation (Act 11/2018 of 28 December on non-financial information, amending the Code of Commerce, the recast wording of the Corporations Act approved by Royal Legislative Decree 1/2010 of 2 July and Act 22/2015 of 20 July on Account Auditing as regards non-financial information and diversity) refers to the checking of non-financial information, which this legislation makes it compulsory for businesses of a certain size to publish in their consolidated management reports.



# 04

## GRI 201 ECONOMIC PERFORMANCE



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

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

## ECONOMIC PERFORMANCE

### 201-1 Direct economic value generated and distributed

Not available info.

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



Climate change is having a direct effect on how the use of renewable energy sources is seen. The Kyoto agreements some years ago, and more recently those of Paris and Marrakesh, secured binding commitments from most industrialised countries to increase the proportion of energy generation assets using renewables. This is beneficial for the operations of Ingeteam, which are strongly based on the design and manufacture of systems applied to energy generation.

### 201-3 Defined benefit plan obligations and other retirement plans



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

### 201-4 Financial assistance received from government



In financial year 2018 the Ingeteam Group received €5,154,256 in aid for research programmes from various institutions.

## MARKET PRESENCE

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



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

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

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

An analysis was conducted in 2018 to check for wage gaps at our workplaces.

This analysis took gender, occupational category and geographical area into account and compared the wages of all the women at each workplace with those of the men in each category, with the results being weighted over the total number of employees.

“Remuneration” was deemed to include only wage items such as basic wage, bonuses, seniority payments, variable remuneration, etc.

Gender wage equality was confirmed at all Ingeteam workplaces. This is evidenced by the collective bargaining agreements in place, where wage scales per category are the same for both genders.

All workplaces in Spain subject to nationwide regulations on equality plans comply with the relevant requirements. Moreover, in 2019 a corporate equality plan is to be drawn up to detect areas for improvement at the Group in this regard and draw up action plans accordingly so as to narrow gaps and move closer to effective gender equality in each occupational category.

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



95% of the members of the organisation’s management bodies were hired from the local community, taking “local community” to mean the country where each company headquarters is based.

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

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

### INDIRECT ECONOMIC IMPACTS

#### 203-1 Infrastructure investments and services supported

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

#### 203-2 Significant indirect economic impacts



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

- The creation of jobs and hiring of a local personnel at our production plants.
- Contributions to the local economy in the form of taxes paid on our operations. In 2018 Ingeteam paid taxes to the tune of €84,299,953.

## PROCUREMENT PRACTICES

### 204-1 Proportion of spending on local suppliers



In 2018 the figure was 45.17%.

## ANTI-CORRUPTION

### 205-1 Operations assessed for risks related to corruption



There were no operations related to cases of corruption in 2018. In any event, such cases are identified in our Code of Conduct, and potential circumstances are monitored by the Compliance Committee.

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



The Ingeteam Group Code of Conduct sets out our policy for monitoring and detecting corruption. Copies of the Code were distributed to all members of the highest governance

body and to the workforce in general. It is also published on the Group's website.

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

#### Corruption-prevention measures:

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

#### Corruption-detection measures:

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

#### Corruption-response measures:

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

### **205-3 Confirmed incidents of corruption and actions taken**

There were no cases of corruption related to the operations of the Ingeteam Group in 2018.

### **ANTI-COMPETITIVE BEHAVIOUR**

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



No legal actions were brought in 2018 in regard to anti-competitive behaviour or monopoly practices related to the operations of the Ingeteam Group.

# 05

## GR 300

### ENVIRONMENTAL DISCLOSURES



Most Ingeteam Group production plants handle environmental assessment and certification procedures via ISO.14001: 2015. The auditing of the environmental management system entails checks to ensure that it has all the components needed to be an active system and that it works properly.

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

As a group, Ingeteam's risk of producing environmental pollution is low, with the exception of certain manufacturing production units such as Indar in Beasain, which makes electric generators and submersible pumps. Its factory stands in a natural area and is closely monitored by the public water authority URA, given that there is a risk of discharges into water courses.

Given the operations carried out by Group companies, there are no significant responsibilities, expenses, assets, provisions or contingencies of an environmental nature in terms of equity, financial situation and results. Moreover, the industrial operations of the Group's member companies are conducted with the utmost respect for the natural environments in which they are based.

The products manufactured by Ingeteam enable CO<sub>2</sub> emissions into the atmosphere to be reduced by 9.5 t.

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

- Lighting: switching to LED.
- Driving: talks on energy efficient driving
- Production: Installation of a trigger installers to turn off equipment at night, positioning of equipment on test beds to reduce consumption during testing, etc.
- Climate control: changes in temperature settings.
- Environbank machine for recycling coffee capsules.
- Plastic bottle recycling campaign.
- Use of electric vehicles for company journeys.
- Solar panels at office facilities.

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



## MATERIALS

### 301-1 Materials used by weight or volume



Reductions have been obtained in almost all indicators, in an effort to optimise consumption of materials.

#### Standards

301-1.a	Paper consumption	kg/person	7.10
301-1.b	Cardboard consumption	kg/person	21.54
301-1.c	Wood consumption	kg/person	155.36
301-1.d	Chemical consumption	kg/person	295.13
301-1.e	Metal consumption	kg/person	2,121.36
301-1.f	Plastic consumption	kg/person	10.45
301-1.g	Cable consumption	kg/person	224.98
301-1.h	E/E equipment and ICT consumption	kg/person	11.29

### 301-2 Recycled input materials used



The amount of recycled paper used is up on 2017, but the amount of cardboard is down.

#### Standards

301-2.a	Recycled paper purchased	%	34.10
301-2.b	Recycled cardboard purchased	%	42.98

### 301-3 Reclaimed products and their packaging materials

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

## ENERGY

### 302-1 Energy consumption within the organisation



Total energy consumption at the Group increased on the previous year, due to increased output.

#### Standards

302-1.a	Electricity consumption	kWh/person	4,607.46
302-1.b	Natural gas consumption for heating	kWh/person	4,183.67
302-1.c	Fuel oil consumption for occupancy heating, machinery etc.	kWh/person	208.71

### 302-2 Energy consumption outside the organisation



#### Standards

302-2.a	Energy consumption resulting from vehicle mobility for the company (except in-itinere)	kWh/person	1,130.46
302-2.b	Energy consumption resulting from mobility with a private vehicle (in-itinere)	kWh/person	2,012.41
302-3	Energy consumption per person	kWh/person	12,142.71

### 302-4 Reduction of energy consumption



Over the course of the year several member companies conducted energy efficiency audits, implementation of which began in 2018 and will continue in 2019. Some facilities replaced conventional lighting by LED systems.

Some member companies also made improvements in the following areas:

- Lighting: switching to LED.
- Driving: talks on energy efficient driving
- Production: Installation of a trigger installers to turn off equipment at night, positioning of equipment on test benches to reduce consumption during testing, etc.

- Climate control: changes in temperature settings.
- Use of electric vehicles for company journeys.
- Installation of solar panels at office facilities.

### WATER



Water consumption continues to be reduced in the context of efforts to optimise the resources required for production. Across the whole Group, average consumption is 32 L per person per day. This is a positive figure, given that we run several production plants.

#### Standards

303-1	Liters of water consumed (bill)	L/person day	32.13
303-2	Water sources significantly affected by withdrawal of water	Water is only taken from the public water supply	
303-3	Water recycled and reused in liters	L/person day	0

### BIODIVERSITY



The indicators for biodiversity impacts under Heading 304 can be summed up by stating that the industrial operations of the member companies of the Ingeteam Group are conducted with the utmost respect for the natural settings in which they are based. Ingeteam has no production facilities in protected areas.

## EMISSIONS



CO<sub>2</sub> emissions from vehicle movements were reduced in 2018. We can also confirm that we do not emit any substances that deplete the ozone layer.

### Standards

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

## EFFLUENTS & WASTE



Indicator levels for waste from manufacturing are up, due to the increase in production. The Group Management is also making an effort to reduce consumption of paper, cardboard and plastic at offices. This year, the plastic cups in vending machines have been replaced by reusable paper cups and employees have been given glass bottles so that they do not need to use plastic ones.

### Standards

306-1	Water effluent	L	0
306-2.a.1	Hazardous waste (batteries, toners, rags, etc.)	Kg	123,800.18
306-2.a.2	Electrical-electronic-IT waste	Kg	66,536.52
306-2.b.1+2	Paper + Cardboard waste	Kg	167,166.84
306-2.b.3	Plastic waste	Kg	64,875.62
306-2.b.4	Wood waste	Kg	1,097,388.74
306-2.b.5+6	Metal + Cable waste	Kg	2,589,929.38
306-3	Major spills	L	0

### 306-4 Transport of hazardous waste



Waste from Ingeteam member companies is transported by authorised carriers. The efforts of our Brazilian subsidiary in this regard are particularly noteworthy, as it has obtained a certificate of movement of environmental interest.

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



No such discharges have been detected.

## ENVIRONMENTAL COMPLIANCE

### 307-1 Non-compliance with environmental laws and regulations

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

## ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

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

Accordingly, the Ingeteam Group has drawn up a specific Code of Conduct for Suppliers that details the requirements made of them in business dealings. The Board of Directors of the Ingeteam Group requires the Group's suppliers to agree to and strictly abide by the provisions of this code. Failure to do so would result in the Ingeteam Group breaking off all business dealings unilaterally and declining any liability deriving from such action.

### Standards

308-1	New suppliers whose selection includes environmental criteria	%	10.19
308-2	Environmental nonconformities in the supply chain and steps taken	N°	20

# 06

## GRI 400 SOCIAL DISCLOSURES



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

Some of the indicators are not specifically included in GRI 2016 standards, but they provide valuable information in evidencing the positive engagement of the company with the technical and personal development of its employees. Further indicators included in non-financial information that we believe enrich this section have been added this year.

We highlight net job creation of at least 290, largely in the local communities in which our plants are based in different countries. Our plants all comply strictly with all applicable labour legislation in each country.

We take measures to facilitate a good work/life balance. This concern for our workers has led some of our companies to be awarded recognitions and certificates as family-friendly companies (FFC).

We are also committed to gender equality. As a result over 2300 group employees (60% of the total, mostly located in Spain) are covered by equality plans. Ingeteam Power Technology, SA – Technology works as an equality partner of the Basque Government and has won the Zirgary Sariak work/life balance award. It is actively engaged in institutional campaigns and works with various organisations such as the Bai Sarea network and Gizonduz.

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

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



## EMPLOYMENT

### 401-1 New employee hires and employee turnover



The Group created 291 new jobs in 2018, after creating 310 in 2017. This means more than 600 new jobs in two years, bringing the average workforce up to around 4000.

The jobs involved are highly-skilled. The average age of the workforce is less than 38, and average tenure at the Group is 8.36 years. 100 of those employees make up the management bodies.

1079 employees left the Group voluntarily or by decisions of their employers in 2018.

Almost two thirds of our workforce (73 %) are employed under indefinite contracts.

We are committed to providing a good work-life balance. This is evidenced by the facilities that we offer in terms of reduced working hours on request. In financial year 2018, i.e. almost 5% of our workforce, 168 employees were on short-time and at least 1522 (39%) were on flexitime.

### Standards

401-1 (a)	Average time spent working at the company	Years	8.36
401-1 (b)	Net job creation in the course of the year	(No. of employees)	291
401-1 (c)	Average age of the workforce	Years	37.63
401-1 (d)	Permanent contracts for the workforce	%	72.96%
401-1 (e)	Part-time workers	%	4.26%
401-1 (f)	Flexi-time workers	%	38.58%

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



In general our organisation provides no benefits to full-time employees that are not provided to temporary or part-time employees. Our subsidiaries in Chile and the USA (with average workforces of 60 and 154 respectively) are exceptions, in that they offer medical, life and other insurance solely to full-time employees.

We see no reason to discriminate on types of employment contract, so the same benefits are generally offered to all employees whatever their contract status. The benefits provided include the following:

- Accident insurance with far greater cover than required in law.
- Private health care premiums at a significant discount.
- Paternity and maternity leave.
- Extended paid leave.
- Reduced working hours for family care reasons.
- Leaves of absence.
- Regular medical check-ups.
- Guaranteed minimum wage.

Workers have the same rights, with equal treatment and equal opportunities in employment relationships, though some limitations may result from the nature and duration of their specific contracts.

### GRI 401-3 Parental leave



Over 1500 Group employees (39% of the total) work flexi-time to facilitate a good work/life balance.

181 of the 183 employees entitled to take maternity or paternity leave during the year did so (98.9%), and subsequently returned to their jobs.

Several of our plants offer extended paid leave over and above that included in collective bargaining agreements:

- Facilities for reduced working hours for family care reasons.
- Facilities for reaching individual agreements on working hours tailored to the needs of each worker.
- Facilities for requesting leaves of absence.

The Technology Unit at Ingeteam Power Technology, S.A. has been awarded a Family-Friendly Company (FFC) certificate, takes part in forums on this issue and is a member of the Denbora Sarea network.

#### Standards

401-3 (a)	Employees entitled to paternal leave in the course of the year	No.	183
401-3 (b)	Employees who took paternal leave in the course of the year	No.	181

## EMPLOYEE-EMPLOYER RELATIONS

### 402-1 Minimum notice periods regarding operational changes



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

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

## OCCUPATIONAL HEALTH & SAFETY

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



In-house personnel represented on health and safety committees at the Ingeteam Group: 72%

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

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



This year a total of 153 accidents were recorded, broken down by gender as follows:

#### Standards

	Men	142
	Women	11
403-2 (a)	Accident rate (AR) by gender:	
	Total AR	22.05
	AR Men	20.46
	AR Women	1.58
403-2 (b)	Occupational disease rate (ODR)	0.19
403-2 (c)	Lost days rate (LDR)	41.63
403-2 (d)	Employee absenteeism rate (EAR)	3.3
403-2 (e)	Number of deaths due to accidents at work	0

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



In general, the activities carried out by workers at Ingeteam are not considered to give rise to risk situations liable to result in occupational or work-related diseases to an extent that can be classed as high incidence or high risk.

#### Occupational diseases by gender:

PD Men	94.4%
PD Women	5.6%

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



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

Number of formal agreements reached	24
Number of meetings held	71

## TRAINING & EDUCATION

### 404-1 Average hours of training per year per employee



Investment in training actions related to the company's operations and intended to ensure and enhance the competitiveness and occupational qualifications of employees totalled €1.8 million in 2018, which works out at €457 per employee.

In all 154,000 hours' training was given (39 hours per employee). This figure is 50% up on the previous year in terms of total hours, with a further 12 hours per employee. This shows that arranging continual training to ensure that workers are highly competent is a priority at the organisation.

### Standards

404-1	Training	H per person	39.13
404-2	Cost of training per year	€ per person	457.05

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



At Ingeteam we provide continual internal and external training for our employees to reduce any gaps in the knowledge and skills held by individuals and those required for their jobs, striving to provide employees with skills that qualify them to attain goals in a changing working environment.

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

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

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



At the Ingeteam Group, we realise that our workforce is our most valuable asset, so more than 40% of our employees undergo regular performance assessments. In 2018, 1647 people were assessed. This figure is up by 400 on the previous year.

This is evidence of our desire to help our employees to develop personally and professionally through skilled management and the development of our steadily growing human capital.

#### Standards

404-3	Employees receiving regular performance assessments	%	42.24%
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## DIVERSITY & EQUAL OPPORTUNITY

### 405-1 Diversity of governance bodies and employees



We are an industrial Group with a workforce which is 84% male and 16% female. 7% of the posts on governance bodies are held by women.

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

#### Standards

405-1 (a)	Female employees	%	16.23
405-1 (b)	Male employees	%	83.77
405-1 (c)	Women with a permanent contract	%	78.21
405-1 (d)	Men with a permanent contract	%	72.06
405-1 (e)	Women on governing bodies	%	6.78
405-1 (f)	Men on governing bodies	%	93.22
405-1 (g)	Direct number of disabled employees on the workforce	%	0.42
405-1 (h)	Number of equivalent disabled employees	%	2.12
405-1 (i)	Existence of disabled-friendly facilities	%	40.63

There is little difference in hiring conditions: 72% of the men and 78% of the women hired are on indefinite contracts.

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

Age range	Total	Spain	Brazil	Rep. Checa	France	USA	Mexico
< 30 years	18.67%	11%	25%	20%	45%	21%	50%
30-50 years	71.71%	78%	72%	70%	49%	55%	48%
>50 years	9.62%	11%	3%	10%	6%	24%	2%

Between direct hires and equivalent arrangements, 2.54% of our workforce is made up of disabled persons.

70% of the facilities used by employees are adapted for use by persons with reduced mobility.

Subcontracting from specialist employment centres is evidence of our commitment to disabled persons. We also work with and make donations to Fundacion Adecco, some of our sites include a Lantegi Batuak work centre and we take part in institutional campaigns to foster the integration of persons with disabilities. We also work with Gureak, a Basque corporate group that creates and manages stable job opportunities properly adapted to persons with disabilities, especially for mentally disabled persons in Gipuzkoa.

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



As outlined under point 202-1, at Ingeteam wages depend on training, experience and performance. The gender of workers is not taken into account. Since 2012, chapter 2 of our Code of Conduct has read as follows:

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

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

### NON-DISCRIMINATION

#### 406-1 Incidents of discrimination and corrective actions taken



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

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

Group employees must act on the basis of respect, dignity, equality and diversity in their working relations with other employees, particularly those who manage teams/people.

- Efforts must be made to foster working relationships based on respect, mutual cooperation and equality of individuals over and above differences of any type; diversity and harmony must be properly managed, with particular consideration in regard to the integration into employment of persons with disabilities or functional diversity, and equal opportunities

must be offered in access to employment, occupational development and promotion based on merit and capability.

- At the Ingeteam Group no discrimination of any kind is permitted, nor any type of harassment or physical, sexual, psychological or verbal abuse or other degrading treatment. All available measures must be used to pursue and reprimand any such actions or circumstances detected. The procedures and protocols needed to prevent and respond to such cases have been set in place.
- Discriminatory language is not permitted in corporate communications of any kind, be they external or internal, and inclusive language is encouraged within the organisation.

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

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



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

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

## CHILD LABOUR

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



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

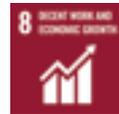
The organisation is strongly against child labour and refuses to acquire any product manufactured using child labour, aligned with local legislation and ILO requirements.

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

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

## FORCED OR COMPULSORY LABOUR

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



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

## SECURITY PRACTICES

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

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

## RIGHTS OF INDIGENOUS PEOPLES

### 411-1 Incidents of violations involving rights of indigenous peoples



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

## HUMAN RIGHTS ASSESSMENT

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



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

### 412-2 Employee training on human rights policies or procedures



Over 500 hours of training on the prevention of harassment was provided to numerous members of management staff in 2018.

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



As yet there are no human rights clauses in the contracts of the Ingeteam Group. The possibility of including such clauses in the general terms and conditions of purchasing was considered in 2018.

## LOCAL COMMUNITIES

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



We have a sponsorship and donations policy aligned with the Group's corporate social responsibility goals and strategy and with its Code of Conduct, and more specifically with the compliance model for the prevention of criminal activities, particularly as regards corruption, given that donations and sponsorships entail a risk of covert bribery, as set out in international standards such as ISO 37001.

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

We actively seek to make improvements in the societies in which we operate through a range of actions under the following headings:

- Technical
- Social
- Sports

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



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

## SUPPLIER SOCIAL ASSESSMENT

### 414-1 New suppliers that were screened using social criteria

In 2018 filters based on social criteria were not applied in the selection of any new suppliers.

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



In 2018 no negative social impacts were recorded in the supply chains of Ingeteam Group member companies.

## PUBLIC POLICY

### 415-1 Political contributions



The Ingeteam Group made no contribution to any political party or representative in 2018.

## CUSTOMER HEALTH AND SAFETY

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

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

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

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

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

Complaints and their resolution are distributed across the perimeter of all the business units of the Group. Member companies in Spain received 1614 customer complaints, 93% of which were resolved.

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



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

### MARKETING AND LABELLING

#### 417-1 Requirements for product and service information and labelling

The products manufactured and marketed by Ingeteam Group member

companies are not subject to the labelling procedures in common use for consumer products.

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

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

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

#### 417-3 Incidents of non-compliance concerning marketing communications



There were no incidents of non-compliance concerning marketing communications such as advertising, promotions, sponsorship, etc. in the year covered by this report.

### CUSTOMER PRIVACY

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



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

Personal data are processed responsibly, in line with the legislation on privacy applicable at the relevant time (at national and international levels). In view of the entry into force on 25 May 2018 of the new General Data Protection Regulation (GDPR), Ingeteam set up a project to ensure compliance with the said regulation by Group member companies in the EU. A Procedures Policy was thus set up to ensure compliance with the regulation.

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

## SOCIO-ECONOMIC COMPLIANCE

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



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

# 07

## THE 10 PRINCIPLES OF THE GLOBAL COMPACT



## HUMAN RIGHTS

### ■ PRINCIPLE 1

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

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

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

### ■ PRINCIPLE 2

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

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

## LABOUR STANDARDS

### ■ PRINCIPLE 3

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

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

### ■ PRINCIPLE 4

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

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

### ■ PRINCIPLE 5

#### **Businesses must support the abolition of child labour**

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

## ■ PRINCIPLE 6

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

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

## THE ENVIRONMENT

## ■ PRINCIPLE 7

### **Businesses must maintain a precautionary approach to environmental challenges**

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

## ■ PRINCIPLE 8

### **Businesses must undertake initiatives to promote greater environmental responsibility**

In 2017 we continued to make every effort to reduce our energy emissions and consumptions. On the other hand, environmental sustainability conti-

nues to be a priority in our organization, with an ongoing focus on promoting material recycling. Proof of this is the continuous optimization of our consumption ratios.

## ■ PRINCIPLE 9

### **Businesses must encourage the development and diffusion of environmentally friendly technologies**

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

## ANTICORRUPTION

## ■ PRINCIPLE 10

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

We have no record of activities of this type.