Annual Report
20**16**

Isdefe
your best ally

Annual Report
2016

(G4-28, G4-29, G4-30)

The 2016 Isdefe Annual Report is a sustainability report that documents the company's performance in three main areas: financial, social and environmental.

For eight years, Isdefe has been publishing an annual report according to the directives and principles of the Global Reporting Initiative (GRI), which specifies the methods for determining the content, scope and coverage of the document and ensures the quality of the information presented. The information contained in this document complies with the G4 "Comprehensive" requirements specified by the GRI.

As part of its environmental commitment, Isdefe is publishing the 2016 Annual Report digitally on its website, www.isdefe.es, along with a very limited number of paper copies.

Isdefe

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LETTER FROM THE PRESIDENT

It is an honour for me to present for the first time the Isdefe Annual Report, which reflects the activity carried out by the company and its financial, social and environmental management over the course of 2016, when I took over the post of Secretary of State for Defence and became President of the organisation.

Isdefe was created in the 1980s in order to, as described in the Council of Ministers agreement, "have at its service highly qualified technical personnel able to undertake the task of specifying the technical needs that, stemming from the Joint Strategic Plan, define the Military Staffs from an operational standpoint". Since then, Isdefe has become a leader in systems engineering in Spain. Today, with our society facing new risks and threats, the function that the company performs as the in house technical service provider is just as relevant as it was when it was created.

Its experience in providing engineering and consulting services to the Ministry of Defence make it a powerful instrument for facing the challenges of the future, such as aiding in defining new programmes and boosting Spain's involvement in the European Defence Action Plan, to cite some examples.

I should also like to underscore the organisation's ability to project its know-how into other areas of the Public Administration, providing crucial and continuous support to the public sector as part of its effort to increase the efficiency of the services it offers the nation through the use of new technologies and by adopting new organisations and procedures.

Also worth noting is Isdefe's commitment to innovation, which has turned it into the benchmark for European R&D programmes through its participation in international projects like the European Commission's Horizon 2020 Framework Programme.

Finally, I would like to thank the entities and organisations who, year after year, place their trust in Isdefe's services, as well as to acknowledge the talent, dedication and efforts of our staff. These men and women are without a doubt the organisation's finest asset, and I encourage them to keep up the good work so that Isdefe can continue to be the best ally to the Ministry of Defence and to the public administration.

Agustín Conde Bajén
Secretary of State for Defence
President of Isdefe

LETTER FROM THE CHIEF EXECUTIVE OFFICER

It is my pleasure to present the Isdefe Annual Report for 2016, which offers an overview of the activities carried out by the company, its financial results and relevant information on sustainability and corporate social responsibility.

In 2016, we progressed in the strategic areas specified, consolidating our condition as the in house technical service provider of the Public Administrations in technological areas, primarily in Defence and Security, as well as in those that are required of us due to their high specialisation, such as transport, space, modernisation of Public Administrations, ICT, sustainable energy and innovation.

The year 2016 saw the continued recovery of the company's activity already begun in recent years, with a 3.37% increase in turnover with respect to 2015, primarily due to activities relating to our status as the in house technical service provider to the Public Administration.

As concerns our international activity, the company focused on supporting multinational organisations and institutions, including the North Atlantic Treaty Organization, the European Defence Agency, the European Space Agency, the European Global Navigation Satellite Systems Agency, the European Border Agency and the Organization for Security and Co-operation in Europe. Also of note is the support we provide to the National Aeronautics and Space Administration (NASA) through the agreement between the Spanish Administrations and the United States.

Another aspect worth noting is Isdefe's support for internal innovation projects that promote the generation and sharing of knowledge among all our employees. I would also like to note the company's commitment to training, with an investment of 1.04 million euros. This training focused primarily on technical subjects, with special emphasis in areas of strategic interest.
In 2016, Isdefe continued to promote activities to enhance its Corporate Social Responsibility, including the Board of Directors' approval of the Criminal Risk Prevention Manual, indicative of the company's pledge to transparent and socially responsible management.

Finally, I would like to express my appreciation to the company's Board of Directors for its support during the year, as well as to all our employees for their commitment and effort to strengthen this common project that is Isdefe.

Francisco Quereda Rubio
Chief executive officer of Isdefe

The organisation

Isdefe

PRESENT AND FUTURE

IN-HOUSE PROVIDER OF DEFENCE AND SECURITY SERVICES OF REFERENCE

Ingeniería de Sistemas para la Defensa de España S.A. (ISDEFE) is a state-owned public company created in 1985 and owned by the Ministry of Defence.

Isdefe is the Spanish Administration internal technical service provider in the area of Defence and Security, and as such, it renders services to the Ministry of Defence, the Ministry of the Interior and to the rest of Spanish Administration. The company also makes its knowledge and experience available to the Public Administrations of allied nations and international public organisations, which allows us to have a presence on initiatives that are of interest to defence and security and to enhance our activity as an in-house provider.

As a state-owned public company, Isdefe operates under a cost-recovery model to ensure its own sustainability.

Isdefe is the in-house technical services provider for the Spanish administration in the area of defence and security

G4-3

MISSION, VISION AND VALUES

MISSION

To support the Ministry of Defence, public administrations and international institutions in areas of technological and strategic interest by providing top-quality consulting and engineering services, as well as by managing, operating and maintaining space complexes.

VISION

To advance as a leader in multidisciplinary consulting and engineering by developing innovative, high quality projects that are financially and socially profitable.

OUR VALUES

Independence: we set ourselves apart by always defending the Spanish Administration interests in the face of any industrial, commercial or financial factors.

Global Vision: we are a multidisciplinary organisation with a wide range of professionals who, combined, provide integrated coverage in the provision of their services.

Proactiveness: We anticipate needs, providing innovative solutions.

Commitment: we work ethically and professionally and are committed to the entities we work for, to our organisation and to the rest of society.

Experience and know-how: our activity relies on providing knowledge developed over more than 30 years rendering services and offering efficient solutions.

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STRATEGY AND OBJECTIVES

In recent years, Isdefe has adopted a strategy whose goal is to orient the Company toward the transformation that is needed to face certain challenges, such as the budgetary stability programme, the modernisation of public administrations, the organisation and streamlining of the public corporate sector, economic recovery and the upgrading of in house technical service provider. This strategy materialised in the 2014-2016 Strategic Plan.

During this period for implementing the 2014-2016 Strategic Plan, we consolidated the transformation of the company and its operations around the key pillars of Business Development, Improved Productivity, Economic Sustainability and Excellence in Management, as we continue to progress toward meeting the strategic goals specified in the Plan.

The most relevant aspects of Isdefe's management in 2016 focused primarily around consolidating and promoting Isdefe's activities as the in house technical service provider of the Spanish Administration and of the agencies, entities and organisations associated with or reporting to it, in the areas of engineering and consulting services and technical assistance, in particular for Defence and Security. We also provided engineering and other services in the areas of space, financial support, product and service quality, international presence, research and development and Corporate Social Responsibility.

G4-2

CONSOLIDATE AND PROMOTE	Defence and Security engineering, consulting and technical assistance services	Space engineering and services	Economic and financial support
Product and service quality	International presence	Research and development	Corporate Social Responsibility

In the past year, Isdefe focused its efforts on the Defence and Security industry while at the same time projecting its know-how, synergies and experience in Public Administration, air transport, ICT, energy and space to those activities that comprise the company's objectives.

> **Isdefe focused its efforts on the Defence and Security sector**

The company also enhanced the transparency of its activity by actively continuing to publish institutional, organisational, financial and budgetary information and by approving the Criminal Risk Prevention Programme.

The implementation of the 2014-2016 Strategic Plan contributed to shaping the Company as a reference and technology instrument for the Ministry of Defence and for Public Administrations as a whole.

BUSINESS MODEL

AREAS OF ACTIVITY AND SERVICES

ENGINEERING + CONSULTING

| Defence and Security | Space | Transport | Public Administration | ICT | Energy |

G4-2, G4-4

BUSINESS VOLUME

In keeping with its status as the in house technical service provider in the Defence and Security sector, Isdefe's main activity in 2016 continued to be to provide consulting, technical and engineering services for this sector, which accounted for most of the company's revenue (52.7%). This was followed by Space (19.0%), Transport (12.7%), Public Administration (6.8%), Energy (4.5%) and Information Technology (4.3%).

Defence and Security

Space

Transport

Public Administrations

Energy

ICT

Revenue by area of activity

52,7%

19,0%

12,7%

6,8%

4,5%

4,3%

> **"Defence and Security consulting, technical assistance and engineering services made up 52.7% of the revenue"**

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Isdefe, as the in house technical service provider, receives most of its work from the Ministry of Defence (including the National Institute for Aerospace Technology, INTA), followed by other ministries like Development, Justice, Economy, Industry and Competitiveness, Energy, Tourism and the Digital Agenda, Interior, and others. The activities associated with the contracts are primarily carried out with organisations like the European Aviation Safety Agency (EASA); AENA (airports); ENAIRE (air navigation) and, internationally, with the EC, NATO, EDA and EUROCONTROL, as well as with other public agencies in various countries.

- Ministry of Defence
- Ministry of Development
- Ministry of Justice
- Other National Organisations
- Economy, Industry and Competitiveness
- NASA
- ESA
- Other International Organisations
- R&D

> *In 2016, Isdefe's in-house activity totalled €128.44M, representing 86.77%*

Revenue by client

- 3,1%
- 5,6%
- 0,1%
- 7,4%
- 0,7%
- 19,6%
- 43,8%
- 8,8%
- 10,9%

G4-2, G4-DMA Economic performance, G4-EC1

ISDEFE BY THE NUMBERS

Revenue (M€)

2014	2015	2016
139,36	143,19	148,02

148,02 M€

Net revenue (M€)

2014	2015	2016
4,84	4,52	6,82

6,82 M€

Operating expenses (M€)

2014	2015	2016
134,36	141,95	140,02

140,02 M€

Investments* (€)

2014	2015	2016
1.286.393	562.118	706.278

*Current activities

706.278 €

Isdefe R&D projects (M€)

2014	2015	2016
4,52	4,68	1,35

1,35 M€

No. of Employees

	2014	2015	2016
Women	581	583	590
Men	974	965	996

590 996

G4-9, G4-DMA Economic performance, G4-EC1, G4- EC7, G4-DMA Indirect economic consequences

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ISDEFE IN THE WORLD

WORK CENTRES

Isdefe employs **1,586 PEOPLE** at eight work centres in Spain.

Beatriz de Bobadilla (1.170)

Robledo de Chavela (102)

Villafranca del Castillo (60)

Torrejón de Ardoz (193)

7
Cebreros

1.525
Madrid

8
Cartagena

1
Rota

45 Canary Islands

The headquarters are at no. 3 Beatriz de Bobadilla St. in Madrid.

G4-5, G4-DMA Market presence

INTERNATIONAL PRESENCE

Isdefe engages in international activity based on criteria such as playing a role in the initiatives and organisations of interest to defence and security, aligning its activities with the needs of the Ministry of Defence and acquiring know-how and capabilities to enhance its function as an in-house service provider. To this end, Isdefe's activities are geared primarily toward its participation in areas of interest within new defence and security initiatives inside the European Union, as well as in other activities in Latin America and the Middle East.

KEY INTERNATIONAL INITIATIVES

DEFENCE AND SECURITY: Various projects in:

- NATO Communications and Information Agency (NCIA), The Netherlands.

- NATO Airborne Early Warning & Control Programme Agency (NAPMA), The Netherlands.

- NATO Cooperative Cyber Defence Centre of Excellence (CCDCOE), Tallinn (Estonia).

- European Defence Agency (EDA), Belgium.

- European Border and Coast Guard Agency (FRONTEX), Warsaw (Poland).

- Organization for Security and Cooperation in Europe (OSCE), Vienna.

- SENASA, Ecuadorian National Customs Service, through the Inter-American Development Bank (BID).

TRANSPORT: Collaboration with agencies like:

- European Aviation Safety Agency (EASA), Cologne (Germany).

- Eurocontrol, Belgium.

- Single European Sky Joint Undertaking (SESAR-JU), Brussels.

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SPACE: Presence at specialised gatherings and project development for:

✔ European Space Agency (ESA), Germany and The Netherlands.

✔ Supervisory Authority of Europe's Global Navigation Satellite System (GNSS), Prague (Czech Republic).

PUBLIC ADMINISTRATIONS AND ENERGY:
As a result of Isdefe's activity with the Ministry of Economy, Industry and Competitiveness (MINECO), Isdefe works with the:

✔ National Renewable Energy Agency (NREA) in Egypt.

✔ Metro authorities in Ho Chi Minh City (MAUR), Vietnam.

✔ MINECO energy projects (electrical grids, renewables and new technologies) in Kenya, Cameroon and Madagascar.

✔ General hospitals (Kawolo and Busolwe), Ministry of Health of Uganda.

✔ Central American Bank for Economic Integration (BCIE), Palmerola International Airport in Honduras.

✔ MINECO projects in Mauritania.

✔ MINECO energy projects in Senegal.

✔ Ministry of Energy and Mineral resources (MEMR) of Jordan.

G4-6, G4-DMA Market presence

ENTITIES AND ORGANISATIONS TO WHICH WE PROVIDE SERVICES

NATIONAL ORGANISATIONS

Public Administrations

GOBIERNO DE ESPAÑA — MINISTERIO DE DEFENSA	GOBIERNO DE ESPAÑA — MINISTERIO DEL INTERIOR	GOBIERNO DE ESPAÑA — MINISTERIO DE FOMENTO
GOBIERNO DE ESPAÑA — MINISTERIO DE ECONOMÍA, INDUSTRIA Y COMPETITIVIDAD	GOBIERNO DE ESPAÑA — MINISTERIO DE EDUCACIÓN, CULTURA Y DEPORTE	GOBIERNO DE ESPAÑA — MINISTERIO DE HACIENDA Y FUNCIÓN PÚBLICA
GOBIERNO DE ESPAÑA — MINISTERIO DE EMPLEO Y SEGURIDAD SOCIAL	GOBIERNO DE ESPAÑA — MINISTERIO DE ENERGÍA, TURISMO Y AGENDA DIGITAL	GOBIERNO DE ESPAÑA — MINISTERIO DE AGRICULTURA Y PESCA, ALIMENTACIÓN Y MEDIO AMBIENTE
GOBIERNO DE ESPAÑA — VICEPRESIDENCIA DEL GOBIERNO MINISTERIO DE LA PRESIDENCIA Y PARA LAS ADMINISTRACIONES TERRITORIALES	GOBIERNO DE ESPAÑA — MINISTERIO DE JUSTICIA	GOBIERNO DE ESPAÑA — MINISTERIO DE ASUNTOS EXTERIORES Y DE COOPERACIÓN
	GOBIERNO DE ESPAÑA — MINISTERIO DE SANIDAD, SERVICIOS SOCIALES E IGUALDAD	

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Other public organisations

adif

aecid
Agencia Española
de Cooperación
Internacional
para el Desarrollo

agencia española de
medicamentos y
productos sanitarios

AEMeT
Agencia Estatal de Meteorología

aena

AESA AGENCIA ESTATAL
DE SEGURIDAD AÉREA

CDTI

CNMC
COMISIÓN NACIONAL DE LOS
MERCADOS Y LA COMPETENCIA

CONSORCIO DE
COMPENSACION
· DE SEGUROS ·

ENAIRE

E
ENISA

TPFE

rtve

icaa

IDAE

INSTITUTO NACIONAL
DE SEGURIDAD E HIGIENE
EN EL TRABAJO

INTA

MUSEO NACIONAL
DEL PRADO

Puertos del Estado

Puerto de
Algeciras

G4-8

OTHER INTERNATIONAL ORGANISATIONS

MULTILATERAL

Isdefe

RESPONSIBLE APPROACH

CSR COMMITMENT

The strategy laid out in the Marketing and CSR Plan was created this past year atop the following pillars:

Ethics and reputation	Transparency	Social action	CSR Observatory
Isdefe continued to promote and internalise an ethical culture at the company that provides a benchmark for conduct in every area of activity. In 2016 the Board of Directors approved a Criminal Risk Prevention Manual as part of a solid commitment to incorporate the management and prevention of criminal risks that could affect the company as a result of its business activity to the due oversight already exercised by Isdefe. The publication of this Manual, along with the Code of Ethics, represents Isdefe's commitment to transparent and socially responsible management and comprises an ongoing line of action.	Every year the company publishes a Corporate Social Responsibility report using two internationally renowned reporting frameworks, the GRI (Global Reporting Initiative) and the Progress Report of the United Nations Global Compact. In addition, Isdefe posts up-to-date information on the corporate website's Transparency Portal, as required by Law 19/2013 of 9 December on transparency, access to public information and good governance.	The Social Action Programme continues through the undertaking of responsible actions that are committed to society and consistent with Isdefe's strategy and values, especially those involving the area of Defence and Security.	In an effort to identify, analyse, monitor and promote good business practices in the area of Corporate Social Responsibility, Isdefe encourages strategic alliances with its stakeholders by creating and starting up a CSR Observatory.

G4-24, G4-25, G4-27, G4-56, G4 SO-4

ENGAGEMENT WITH STAKEHOLDERS

As part of its CSR policy, Isdefe offers various channels for constantly communicating and engaging with its stakeholders:

CHANNELS OF COMMUNICATION	STAKEHOLDERS					
	Employees	Clients / Organisations	Suppliers	Society	Shareholders	Partners
Corporate Website	✓	✓	✓	✓	✓	✓
Transparency portal	✓	✓	✓	✓	✓	✓
CSR Report (annual)	✓	✓	✓	✓	✓	✓
Corporate Website	✓					
Employee Portal	✓					
Bulletin and Argos Classroom	✓					
Generic mail accounts	✓					
Internal memos	✓					
Periodic internal meetings	✓					
Annual Satisfaction Survey		✓				
Periodic visits		✓				
Technical workshops		✓				
Contractor's profile on the State Platform			✓			
Alliances with groups/associations				✓		
Partnership agreements and chairs with universities		✓		✓		
Social projects				✓		
Monthly report to the Board of Directors					✓	
Shareholders meeting					✓	

G4-24, G4-25, G4-27

CSR DEVELOPMENT MILESTONES

> *2016 marked the eighth year since the creation of the Social Responsibility Unit and the implementation of a socially responsible culture within the organisation*

2008
Creation of
Contracting Unit
✔
Launch of Social Action
✔
Sexual harassment and
discrimination code of conduct
✔

2009
Creation of CSR Unit
✔
Adoption of UN
Global Compact
✔
Equal Opportunity Plan
✔
CSR Plan
✔

2010
1st Annual Sustainability
Report (GRI)
✔
Launch of Corporate
Volunteering Programme
✔
Given "Workplace
Equality" award
✔

2011
Joined "Socially Responsible
Contracting" Forum
✔
Code of Conduct approved
✔
Joined Concilia Network
(Madrid City Government)
✔

2012
Consolidation of Social Action
(charity campaigns,
charity races,
corporate volunteerism)
✔

2013
Launch and implementation
of new Ethics Code
✔

2014
New 2014-2016 Marketing
and CSR Plan
✔
Publication of
Transparency Portal
✔

2015
Consolidation of areas of activity
defined in the Marketing and
CSR Plan
✔

2016
Criminal Risk Prevention
Programme and
staff training
✔
Foretica Association,
CSR benchmark
✔

[CHAP**02**]

Activities report

- DEFENCE AND SECURITY SECTOR
- SPACE SECTOR
- TRANSPORT SECTOR
- PUBLIC ADMINISTRATIONS SECTOR
- ICT SECTOR
- ENERGY SECTOR
- SUSTAINABLE INNOVATION

DEFENCE AND SECURITY SECTOR

- Defence planning
- Command and Control Networks and Systems
- Platform Acquisition and Maintenance Programmes
- Logistics and Supply Chain Systems
- Technology Centres
- Intelligence and Electronic Warfare Systems
- Security for Information Systems and Critical Infrastructure
- Strategic Infrastructure
- Border Surveillance and Control Systems
- Technology and industrial management
- Crisis and Emergency Management Systems

SPACE SECTOR

- Space Stations and Infrastructure
- Satellite Applications

TRANSPORT SECTOR

- Traffic Management
- Transport Centres
- Advanced Concepts

PUBLIC ADMINISTRATIONS SECTOR

- Improving and Modernising Public Administrations

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SECTOR

- Radio Spectrum
- Communication Networks and Systems

ENERGY SECTOR

- Energy diversity and efficiency

DEFENCE AND SECURITY SECTOR

Isdefe was created for the purpose of satisfying the demand to define the technological needs of the programmes put forth by the Ministry of Defence. Isdefe is currently the in-house Defence and Security services provider to the Spanish Administration, offering technical and strategic support to the Ministry of Defence, Armed Forces, Ministry of the Interior, law enforcement agencies and civil protection agencies, as well as to international and multilateral organisations, including the European Defence Agency (EDA) and the North Atlantic Treaty Organization (NATO).

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DEFENCE PLANNING

The strategic consulting services in the capabilities planning methodology, developed by Isdefe, serve to support the military planning processes of Spain's Ministry of Defence and the European Union's European Defence Agency (EDA).

01 **Ministry of Defence**
Defence Staff (EMAD)

✔ Technical and strategic consulting services to define and undertake the military planning process.

02 **Ministry of Defence**
Secretary of State for Defence (SEDEF) - General Directorate for Armaments and Materiel (DGAM)

✔ Support in identifying and supplying the material and personnel resources associated with military needs.

03 **European Defence Agency (EDA)**

✔ Continuing technical assistance to review the documentation associated with the new European defence planning cycle.

✔ Updating of the Capability Development Plan (CDP Tool), a planning tool that is used to manage the EDA's long-term strategies, the ultimate purpose of which is to have all of its programmes, projects and activities contribute to improving the military capabilities needed for the Common Security and Defence Policy.

COMMAND AND CONTROL NETWORKS AND SYSTEMS

01

Ministry of Defence
Secretary of State for Defence (SEDEF) - Centre for Information and Communications Systems and Technologies (CESTIC)

✔ Consulting on aspects for transforming systems architecture and the technology of the integrated information infrastructure for defence (I3D).

02

Ministry of Defence
Defence Staff (EMAD)

✔ Engineering and technical support services for the Programme Offices of the Military Command and Control System (SMCM), which consists of the Military Information System (SIM), the Military Telecommunications System (STM) and the Spanish Military Communications Satellite System (SECOMSAT).

✔ Collaboration in strategic planning and guideline and plan development aspects.

03

Ministry of Defence
Defence Staff (EMAD) - Support Command for Joint Actions (JAAC) / Armed Forces Information and Telecommunications Systems Command (JCISFAS)

✔ Assistance to plan and define requirements for the Military Telecommunications System and the Information, Electronic Warfare and Earth Observation Systems.

✔ Technical support involving Spain's participation in NATO.

✔ Definition and implementation of the new network and system infrastructure at the Retamares Base, and in transferring the Operations Command (MOPS) and the Armed Forces Intelligence Centre (CIFAS) to this base.

✔ Definition and upgrading of the knowledge management and collaborative work systems at CIFAS and support to the Tactical Data Link Management Centre involving the technology and evolution of data links and network management.

04

Ministry of Defence
Army - Headquarters - Office of Information and Telecommunications Systems and Technical Assistance of the Army Headquarters (JCISAT)

✔ Assistance with the design, implementation, testing and certification of secure networks both in Spain and in operational areas like the Miguel de Cervantes Base in Lebanon, providing technical support to develop systems architectures in keeping with the NATO Architecture Framework (NAF) methodology.

✔ Support to the Spanish delegation to the Multilateral Interoperability Programme (MIP), moderating the working group that is defining the programme's future evolution and interoperability among allied nations.

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05

Ministry of Defence
Army - Support to
the Logistical
Command Engineering
Office (JIMALE)

✔ Support in preparing specifications and requirements and in the technical negotiations for the new small-unit command and control system (Battlefield Management System - BMS).

✔ Technical analyses to modernise air-defence artillery systems (COAAAS, NASAMS and Patriot).

06

Ministry of Defence
Air Force - Assistance to
the Logistical Support
Command (JIMALE)

✔ Engineering and consulting services to implement the Air Command and Control System (ACCS) at the Air Command and Control Centre in Torrejón, where support work was carried out to start the implementation of the Combined Air Operations Centre (CAOC-TJ), financed by NATO.

✔ Development and monitoring of the procurement programme for a Lanza Deployable Tactical Radar, as well as technical support during the testing and acceptance phases.

On the international stage, Isdefe provides consulting and engineering services to several NATO agencies.

07

NATO Communications
and Information
Agency (NCIA)

✔ Installation of information and communications systems for the Alliance at its facilities in The Hague, Brussels and Mons.

08

NATO AEW&C Programme
Management Agency (NAPMA)

✔ Studies conducted to determine the viability of upgrading the command, control and communications systems of the airborne early warning and control (AWACS) aeroplanes.

PLATFORM ACQUISITION AND MAINTENANCE PROGRAMS

Isdefe offers technical-financial and management consulting throughout the life cycle of aerial, land and naval platforms, including remotely-piloted platforms, ensuring a comprehensive solution that includes planning, financial, technical and maintenance aspects.

01

Ministry of Defence
Secretary of State for Defence (SEDEF) - General Directorate for Armaments and Materiel (DGAM)

✔ Development of integrated management processes, methodologies and tools through the Sub-Directorate General for Programme and Procurement Management to consolidate and improve the centralised model for special weapons programmes.

✔ In the area of national contracting, technical support to the procurement programmes, including tracking the performance of existing contracts and modifications to the Pizarro Phase 2 armoured vehicle, and the 8x8 weeled combat vehicle.

✔ In the area of international contracting, provision of consulting services to negotiate the main maintenance contracts for the EF2000 and A400M programmes, yielding significant cost efficiencies. Provided support in various decision areas involving legal, financial and contractual topics at meetings with the NATO Eurofighter 2000 and Tornado Management Agency (NETMA) and the Organisation for Joint Armament Cooperation (OCCAR).

✔ Support to the Sub-Directorate General for Inspection, Regulation and Industrial Defence Strategy (INREID) to issue the certificates of airworthiness for the A400M transport aeroplane. Support in drafting, developing and implementing the regulation on Spanish Publications on Military Airworthiness Requirements (PERAM), including the important continuing support to the processes of airworthiness authorities for ongoing programmes (EF2000, A400M, Tigre, NH 90) and to new programmes like the procurement of the MQ-9 Reaper drone.

✔ Organisation of the 10th Advanced Programme Management Course and its upcoming transition to a university Master's degree in Defence Systems Procurement Management.

✔ Collaboration with the A400M Programme Office and direct support of activities involving aeroplane acceptance and configuration tracking, which culminated with the acceptance of the Spanish fleet's first A400M transport aeroplane, assigned to the Zaragoza Air Base.

02

Ministry of Defence
Secretary of State for Defence (SEDEF) - General Directorate for Economic Affairs (DIGENEGO)

✔ Support to the Cost Evaluation Group (GEC) in doing long-term estimates of the department's expenses, focusing on sustainability and price calculations for negotiated contracts.

In 2016 Isdefe continued to provide services to the headquarters of all three military branches, in particular with the following projects:

03

Ministry of Defence
Army - Force Support

✔ Implementation of life cycle management models for weapons systems.

✔ Development of Lean Manufacturing techniques to constantly improve and increase the efficiency of production environments.

✔ Support in creating the new logistical map and in defining areas of activity adapted to the new organisation of force units, based on the model for the Multi-Purpose Organic Brigades.

04

Ministry of Defence
Army - Support to the Logistical Command Engineering Office (JIMALE)

✔ Involvement in the working group to retrofit version F of the Chinook.

✔ Preparation of the specifications and requirements to modernise and upgrade the fleet of transport helicopters.

05

Ministry of Defence
Navy - Force Support

✔ Technical support to define a new contractual relationship model for maintaining and generating framework agreements.

✔ Support through provision of engineering services to the Cost Evaluation Office of the Naval Construction Department for the construction programmes for the Maritime Action Ship (BAM) and the S-80 submarine, and technical consulting for financial analysis of the F-110 frigate programme.

✔ Provision of services to the Submarine Technical Certification Office during the implementation of the certification programmes and in preparation for the first safety audit conducted by said Office and overseen by the United States Navy.

06

Ministry of Defence
Air Force - Assistance to
the Logistical Support
Command (MALOG)

✔ Provision of engineering services for the
Logistical Command (MALOG), offering an
integrated view for maintaining the fleet and its
onboard weapons.

✔ Technical support for the new Eurofighter
material management contract, for the
initial procurement and material acquisition
management for the A400M transport aeroplane,
support services for activities involving the full
operational capability of the Taurus missile,
tracking of various deployment kits and support
for Single European Sky (SES) activities.

07

Ministry of Defence
Defence Staff (EMAD) - Military
Emergencies Unit (UME)

✔ Technical support to modernise the weapons
systems for vital plan.

08

**NATO AEW&C
Programme Management
Agency (NAPMA)**

✔ Participation in an international consortium
that engages in risk reduction activities and
supports decision making involving the
NATO AWACS Final Lifetime Extension
Program (FLEP).

On the international stage, provided consulting
services to the Organization for Security and
Co-operation in Europe (OSCE) involving the
processes for procuring remotely-piloted aircraft
(RPAS) in order to comply with the Minsk accords.

In this area, Isdefe is also providing specialised
support for tracking the activities of the various
expert working groups (EWG) for Spain's
involvement in the European Medium Altitude
Long Endurance (EMALE – RPAS) Programme.

TECHNOLOGY CENTRES

Isdefe continues to provide technical assistance to the General Directorate for Armaments and Materiel (DGAM) and its defence R&D programmes, such as the radar and electronic warfare programmes for the F-110 frigate and the areas of Intelligence, Surveillance and Reconnaissance (ISR), also supporting the international R&D programmes that the Ministry of Defence carries out with other countries.

Isdefe provides numerous services to the various centres and departments of the **National Institute for Aerospace Technology (INTA).**

01

Sub-Directorate General for Aeronautical Systems
Weapons Department / Armaments and Ballistic Systems Department

✔ Collaboration in starting up and validating the new Special Environmental Proving Centre in León for weapons testing.

✔ Performance of certification tests for the explosives detection system installed at the Madrid-Adolfo Suárez Airport.

✔ In the area of new international projects, cooperation in the European Defence Agency's Patchbond Project to develop new-generation compounds for use as patches in aircraft cracks.

✔ Technical support and collaboration in the Spike anti-tank fibre-optic guided missile programme, for which the procedures are currently being developed to carry out the monitoring tests to which the batches being assembled in Granada for the army will be subjected.

02

Sub-Directorate General for Space Systems
Department of Earth and Atmospheric Observation / Department of Equipment and System Testing / Space Payloads and Sciences

✔ Multiple collaborations in projects ranging from the development of tools to aid operators test and certify space solar cells, as well as in system engineering, design, integration, testing and operations programmes.

✔ Collaboration in the development of a tool that assists operators in detecting and identifying maritime targets and in downloading Sentinel-1 satellite products from the European Space Agency (ESA).

✔ Certification, qualification and test methods for space solar cells designed for the European satellite for the "Jupiter Icy Moons Explorer" (JUICE).

03

Sub-Directorate General for Ground Systems
Department of Platforms for Ground Vehicles and Systems / Department of ICTSystems / Optronics and Acoustics

✔ Upgrade of the Multifunction Information Distribution System (MIDS) and adaptation of the national tactical communications tools, particularly the Application for Network Implementation Timeslot Assignment (ANITA), and development of software to conduct operational assessments of systems with Link16 (EVALINK16).

04

Astrobiology Centre
(CAB) / Scientific Research Centre (CSIC)

✔ Oversight and coordination of the Mars Environmental Dynamics Analyzer (MEDA) project as part of the Mars mission planned for 2020. Management of working teams, design of mechanical and instrumentation equipment and map preparations.

05

Metrology and Calibration Laboratory

✔ Calibrations of measurement standards as part of the activities overseen by the National Accreditation Centre (ENAC).

" *Isdefe work on the Spike anti-tank fibre-optic guided missile programme* "

LOGISTICS AND SUPPLY CHAIN SYSTEMS

01

Ministry of Defence
Secretary of State for Defence (SEDEF) - General Directorate for Armaments and Materiel (DGAM) - Inspection, Regulation and Industrial Defence Strategy (INREID) - National Cataloguing Office (ONC)

✔ Constant support to the NATO Cataloguing Department at the secondary echelons of the Army and Air Force, as well as to the new second echelon of the Military Emergencies Unit (UME).

✔ Developed a new interface for the Defence Cataloguing System (SICAD) based on web services that allows it to connect to any logistical system, including a specific feature for integrating it with SAP, placing it as the world's leading NATO Cataloguing tool.

02

Ministry of Defence
Army - Force Support

✔ Application of data mining methods to improve the efficiency of its supply chain.

✔ Implementation of a needs estimation model that integrates supply, maintenance and transport requirements.

✔ In the area of Logistical Management Systems knowledge, support to the main systems of the three armed forces. Of note is the project to streamline the Army's logistical system, the goal of which is to provide an integrated approach for the various applications that comprise it.

03

European Defence Agency (EDA)

✔ Conducted a study intended to propose a network of logistical multimodal European hubs for the purpose of increasing the efficiency of European operations. The study included defining a list of hubs that could potentially be part of the European logistical network for the deployment, withdrawal and support of operations by European countries.

✔ Provision of technical assistance services to the Agency to carry out a study on existing multi-national capabilities for deployable camps at civilian and military missions of the European Union.

04

Military Industries Corporation (MIC)

✔ Support to the Saudi state company in its data scrubbing project in the area of item cataloguing.

✔ Teaching of various courses on Logistical Management Training.

INTELLIGENCE AND ELECTRONIC WARFARE SYSTEMS

01

Ministry of Defence
Defence Staff (EMAD) - Armed Forces Information and Telecommunications
Systems Command (JCISFAS)

✔ The start-up of the system for the first phase of the Santiago Electronic Warfare Programme system gave way to support with the maintenance, configuration control and operation tasks of the sensor stations at the SIGLO (Santiago Comprehensive Integration System) Technical Centre. Isdefe also worked to upgrade the Centre's equipment to INFOSEC standards at the main locations of the Armed Forces Intelligence Centre (CIFAS) and military headquarters.

02

Ministry of Defence
Secretary of State for Defence (SEDEF) - General Directorate for
Armaments and Materiel (DGAM)

✔ Preparation and approval of the Viability Document for Phase II of the Santiago Programme, culminating in the analysis of the technological, industrial, logistical and life-cycle cost aspects to determine alternate procurement options, as part of the process established by the Secretary of State for procuring material resources.

Industry representatives were also contacted to ascertain the state of the art in the technologies and solutions that may satisfy the capabilities proposed for the future system, and R&D programmes were started for capabilities in key areas not sufficiently covered by Spanish industry. These activities are part of the engineering and technical consulting services that Isdefe applies to systems for intercepting, analysing, suppressing and jamming signals.

SECURITY FOR INFORMATION SYSTEMS AND CRITICAL INFRASTRUCTURE

01

Ministry of Defence
Defence Staff (EMAD)

✔ Technical support for the work associated with implementing NATO's Future Mission Network (FMN) in the Spanish Armed Forces, with special focus on its security and interoperability aspects. This support includes participating in different national and international panels and working groups, as well as in the design and deployment of the FMN-ESP Interoperability Laboratory.

✔ Planning and execution of various NATO exercises, including Steadfast Cobalt and Coalition Warrior Interoperability eXploration (CWIX). In this latter exercise, Spain resumed its involvement led by the Defence Staff (EMAD).

02

Ministry of Defence
Defence Staff (EMAD) - Joint Cyberdefence Command (MCCD)

✔ Highly specialised technical assistance in various areas of cybersecurity. Of note are the activities in risk management, penetration testing, forensic analysis, threat monitoring, vulnerability analysis, cyberincident response and certification inspections and audits.

✔ Participation in the NATO Cooperative Cyber Defence Centre of Excellence (CCDCoE), located in Tallin (Estonia). Participation in the organisation of cyberexercises like Locked Shields and Cyber Coalition, as well as in developing and teaching international courses and studies on various technological aspects of cyberdefence.

03

Ministry of the Interior
National Security Office - National Centre for the Protection of Critical Infrastructure (CNPIC)

✔ Collaboration in defining Strategic Sector Plans for Space and ICT.

✔ Under the purview of the Law for the Protection of Critical Infrastructure, provided technical support to various critical operators in their enforcement of said law, preparing operator security plans and specific protection plans.

04

Ministerio de Justicia

✔ Activities involving the technological modernisation of the Administration of Justice by providing planning, design and execution services for acceptance tests for the computerised legal applications in order to help improve said applications before they are placed into production.

05 **Ministry of the Presidency and for Territorial Administrations**
National Intelligence Centre (CNI) - National Centre for Cryptology (CCN)

✔ Start of the process to designate Isdefe as an accredited certifying entity for issuing certificates of conformity for limited distribution systems.

✔ Start of work to prepare a Catalogue of Security Products for Information and Communications Technologies for the CCN, intended to provide a reference for trusted and objectively qualified products that can be used in the networks of Public Administrations.

06 **Ministry of Justice**
National Justice Office (SEJUS)

✔ Implementation of the Electronic Justice Communications project, for the secure exchange of information, which was adapted and expanded for use by new groups (attorneys, law enforcement agencies, state attorneys and medical centres).

✔ Support to the evolution of the traditional legal processing system (Minerva) toward digital processing and reducing the paperwork involved in the legal system. The addition of new components has allowed the Digital Justice System to be implemented in any territory under its jurisdiction.

✔ Regulatory development of the Judicial Interoperability and Security Scheme (EJIS) and of the activities of the Technical State Committee for the Electronic Administration of Justice (CTEAJE).

✔ Management change at the Ministry of Justice by preparing the process manual for all offices to coincide with the roll-out of the new Digital Justice System. A large number of training courses have been taught in this area to professionals at legal venues.

✔ Technical assistance to secure the Ministry's critical information systems at the Security Office of the Sub-Directorate General for New Justice Technologies.

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07

Ministry of Justice
Office of the Under Secretary of Justice - General Directorate for Records and Notaries

✔ Technical support to the General Directorate for Records and Notaries (DGRN), providing advice on aspects involving system security, interoperability, efficiency and engineering, in particular on everything pertaining to defining and implementing the new Civil Registry model, and specifically in the application and enforcement of the Personal Information Protection Law (LOPD) and the National Security System (ENS).

✔ Deployment and implementation of the ANDES Project, resulting from one of the measures from the Commission for the Reform of State Agencies (CORA) as it pertains to online reporting of births and deaths from medical centres to civil registries.

08

Ministry of Revenue
Office of Digital Administration

✔ Technical support for activities pertaining to the implementation of the National Security System (ENS) and the National Interoperability System (ENI), as well to promote the Spanish Administration digital transformation plan.

> *Isdefe provides services for various Ministry of Development agencies like ENAIRE, AENA, Ports of the State and Port Authorities*

09

Ministry of Development
ENAIRE

✔ Within the area of information security, preparation of safety recommendations for sharing information with outside companies.

✔ Execution of a risk update, review of incidents detected and analysis of the scope of the National Safety System (ENAS).

10

Ministry of Development
AENA

✔ Provision of services to control and monitor activities to specify, design and place in service ICT security tools.

11 **Ministry of Development**
Ports of the State

12 **Ministry of Development**
Port Authorities

✔ Design of the inspection system for monitoring the enforcement of maritime protection regulations, establishing the procedures required for their implementation.

✔ In order to implement and standardise the regulation on critical infrastructure with the maritime protection regulation, Isdefe set up the training requirements for Port Protection Officers, standards for analysing ship protection information prior to entry into port and the recommendations for handling classified information.

✔ Technical assistance to prepare the Operator Safety Plans and to update the Port Facility Protection Plans of various authorities.

✔ Aid in developing the measures associated with the regulation in critical infrastructure and maritime protection.

On the international stage, provided support to the European Satellite Navigation Agency (GSA) on tasks including independent security tests of classified systems conducted at the Agency's central offices in Prague, at the European Space Agency's centre in Redu, Belgium, and of the control and monitoring systems for Galileo in Fucino, Italy, in Oberpfaffenhofen, Germany and in Swanwick, United Kingdom.

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STRATEGIC INFRASTRUCTURE

01

Ministry of Defence
Secretary of State for Defence (SEDEF) - National Institute for Aerospace Technology (INTA)

✔ At NASA's Madrid Deep Space Communications Complex (MDSCC) in Spain, Isdefe is continuing to work with NASA, the Jet Propulsion Laboratory (JPL) and the National Institute for Aerospace Technology (INTA) to install two new 35-metre antennas at the complex. Excavation and demolition began in 2016 to prepare the ground where the antennas will be located, the technical specifications were written and assistance was given with tendering the various main parts of this project.

02

Ministry of Defence
Navy - Logistical Support Command (JAL) - Infrastructure Department (DIN)

✔ Collaboration in the project to repair the Almageca dock in Cartagena, in the project for the Bachelor Officer Quarters at the Las Palmas Arsenal and in the project on the drinking water network for the Rota Naval Base.

03

Ministry of the Interior
Sub-Directorate General for Infrastructure

✔ Performance of the site and construction management and health and safety coordination for the project to upgrade the facilities at the Farhana border post in the autonomous city of Melilla.

✔ Technical assistance to draft the project, manage construction work and coordinate health and safety at the project to build a security barrier at the mouth of the Guadarranque River in Cadiz.

04

Ministry of Health, Social Services and Equality
National Institute of Healthcare Management (INGESA)

✔ Preparation of a functional plan and draft project for the new location of the National Dosimetry Centre in Valencia, part of the National Institute of Healthcare Management (INGESA).

✔ Preparation of the fire prevention and evacuation plan for the Hospital Comarcal in Melilla.

✔ Drafted implementation project to complete the construction work on the new hospital in Melilla.

BORDER SURVEILLANCE AND CONTROL SYSTEMS

Isdefe provides highly technical solutions to analyse, contract and develop systems for surveilling and monitoring land and sea borders, as well as response systems to identify and neutralise possible threats at land and sea border areas.

01

Ministry of the Interior State Security Office - Sub-Directorate General for Information and Communications Systems

✔ Support in deploying the passenger registration and identification system, with most of the regulated passage systems at domestic airports and international ports being covered by their respective Command and Control Centres.

02

Ministry of the Interior State Security Office - Civil Guard

✔ Tasks to modernise and upgrade the currently operative deployments of the Comprehensive External Surveillance System, with special consideration of the international EUROSUR directives.

✔ The Collaborative Evaluation of Border Surveillance Technologies in Maritime Environment by Pre-Operational Validation of Innovative Solutions (CLOSEYE) programme was successfully concluded, its goal being to improve the surveillance of the European Union's maritime borders and to demonstrate the viability of using new maritime surveillance technologies that were specified and validated by the end user.

TECHNOLOGY AND INDUSTRIAL MANAGEMENT

Isdefe's support of the Defence Technology and Innovation Strategy (ETID) of the Ministry of Defence is intended to allow the development and enhancement of the industrial and technological foundation, especially of those industrial capabilities regarded as strategic. We develop our areas of activity by collaborating through various actions, which include the installation of a Smart Industrial Knowledge System, a knowledge of the industrial fabric and an evaluation of the industrial capabilities of companies.

01

Ministry of Defence
Secretary of State for Defence

✔ Consulting services to strategically guide industrial cooperation toward the Strategic Industrial Capabilities for Defence (CIED), providing support to internationalise the defence industry and engaging in activities to assess the results of R&D and cooperation policies.

✔ Specialised support of processes to manage industrial security and to control armaments and dual-use materials.

02

**Ministry of Economy,
Industry and Competitiveness**

✔ Tools to support innovation, such as technical processing of tax exemptions for corporate R&D activities (IMVs) and the technical and financial verification of the agreements and activities resulting from Innovative Public Purchases (CPI) made with FEDER funds.

Our international efforts in this area were carried out in cooperation with the European Defence Agency (EDA), which is taking steps to acquire the technical capability to prioritise new R&D activities and programmes that will comprise the initial phase in the development of European military capabilities on two levels: the development and implementation of a technology surveillance system; and the development of the EDA's Overarching Research Agenda (OSRA) technology prioritisation methodology.

CRISIS AND EMERGENCY MANAGEMENT SYSTEMS

Isdefe provides technical support to national and international organisations in managing these special situations through technical consulting to military and civil protection bodies on emergency response and to develop emergency control and management centres.

01

Ministry of Defence
Defence Staff (EMAD) - Military Emergencies Unit (UME):

✔ Engineering and consulting services to implement the Integrated Management System for the Communications Network, to manage and monitor the UME network on different communications media, with encrypted and clear networks, and to implement the Fixed Satellite Anchor Terminal in the network.

✔ Implementation of the second BILBAO satellite terminal, remote, very high capacity terminal.

✔ Operational support of the Integrated Military Emergency Management System (SIMGE) and to operate the National Emergencies Network (RENEM).

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SPACE SECTOR

Isdefe is responsible for managing, operating and maintaining space communications centres and complexes in Spain for INTA (National Institute for Aerospace Technology), ESA (European Space Agency) and NASA (National Aeronautics and Space Administration).

In the area of satellite navigation and communications, Isdefe offers solutions to scientific space programmes and in areas like satellite navigation, Earth observation and monitoring of space trash through Space Situational Awareness (SSA) programmes.

SPACE STATIONS AND INFRASTRUCTURE

01

Ministry of Defence
Secretary of State for Defence (SEDEF) - National Institute for Aerospace Technology (INTA)

✔ Provision of engineering and consulting services through the operation and maintenance of the Canaries Space Centre (CEC), located in Maspalomas. These facilities serve international space agencies like ESA, the Japanese Aerospace Exploration Agency (JAXA) and satellite operators like EUMETSAT, Hispasat and Hisdesat.

✔ Operations support at the Torrejón and Villanueva de Cañada tracking stations, which, along with the centre at Maspalomas, monitor missions from the ESA and other agencies.

02

Ministry of Defence
Secretary of State for Defence (SEDEF) - National Institute for Aerospace Technology (INTA) / National Aeronautics and Space Administration (NASA) / Madrid Deep Space Communications Complex (MDSCC)

✔ Isdefe is responsible for running the Madrid Deep Space Communications Complex (MDSCC), located in Robledo de Chavela (Madrid), a node of NASA's Deep Space Network (DSN). The DSN tracks the American agency's space missions as they explore the solar system, including the Mars rovers, the Juno mission in Jupiter and the New Horizons mission in Pluto.

✔ Management of the operation, maintenance and technical support of the centre for the National Institute for Aerospace Technology (INTA), which is responsible for the facilities, as per the 1964 agreement between Spain and the United States. Of note during the year was the technical support provided to erect two new 35-metre antennas at the centre.

✔ Administration and maintenance of the Training and Visitors Centre (CEVI) of the MDSCC, devoted to popularising and disseminating space exploration and which received over 25,000 visitors in 2016.

✔ In the area of dissemination, Isdefe took part in the Academic Project with the NASA Radiotelescope in Robledo (PARTNeR), an educational programme that allows primary, secondary and university students to access one of the MDSCC antennas to engage in radioastronomy.

03

European Space Agency (ESA)

✔ Isdefe continues to operate the DSA-2 space centre in Cebreros, Avila, which provides Telemetry, Telecommand and Tracking (TTC) services by means of a 35-metre antenna for deep-space missions, part of a network with two other similar stations in New Norcia (Australia) and Malargüe (Argentina).

Lastly, we also provide technical support services for quality and safety issues for operations at the European Space Centre in French Guiana via the Europe Space Qualité et Securité (ESQS) consortium, of which Isdefe is a part.

SATELLITE APPLICATIONS

Isdefe provided engineering services to the National Institute for Aerospace Technology (INTA) to develop and implement the infrastructure for the Public Regulated Service (PRS) of the European Galileo satellite navigation system as part of responsibilities of the Spanish Competent Public Regulated Service Authority (CPA). Within the consortium charged with developing the GNSS Service Centre (GSC), Isdefe was involved in starting the hosting operations and services that will initially provide support to Galileo and will subsequently integrate EGNOS and other platforms like GPS and GLONASS.

01

Ministry of Defence
Secretary of State for Defence (SEDEF) - National Institute for Aerospace Technology (INTA) - Astrobiology Centre (CAB)

✔ Technical assistance to maintain technical systems and develop activities in the areas of astrophysics and science outreach.

02

Ministry of Foreign Affairs and Cooperation / Ministry of the Presidency and for Territorial Administrations

✔ Provided solutions in the area of satellite applications through services to support the operation and maintenance of Spain's secure network for activities abroad.

03

Ministry of Development
Administrator of the Railway Infrastructure (ADIF)

✔ Support in satellite tracking of narrow-gauge trains (FEVE) through technical support services for the operational maintenance and support of the satellite-location service for metric-gauge trains that travel on ADIF tracks in areas with poor communications.

04

European Space Agency (ESA)

✔ As part of its contract to provide services for ESA science missions at the European Space Astronomy Centre (ESAC), Isdefe supported the agency's science missions, including Rosseta, Herschel, XMM, Gaia and BepiColombo.

✔ Isdefe continued to provide operation and maintenance services for the ground and user segment of the Soil Moisture Ocean Salinity (SMOS) satellite. Isdefe handles the maintenance of the tracking antenna and operates the equipment that processes the scientific data received from the satellite.

Also worth mentioning is the development of the Central Atlantic FIR Satellite Network (CAFSAT), an advanced satellite communications network for aviation operations in the Europe-South America air corridor, and our contribution in 2016, which was integrating the station in Luanda (Angola) into this network.

TRANSPORT SECTOR

In this sector, Isdefe has, since its founding, engaged in consulting, technical assistance and management and engineering services to yield new capabilities, the results of which have provided notable improvements to the safety and optimisation of the operating procedures used by the organisations responsible for regulating, overseeing and providing transport services.

TRAFFIC MANAGEMENT

01

Ministry of Development
ENAIRE

- Incorporation of various features into the Automatic Air Traffic Control System (SACTA), most notably the Arrival Manager (AMAN) and Future Air Navigation System (FANS) projects. AMAN assists the controller in sequencing and separating traffic on approach to the airport. FANS provides significant benefits to operations in oceanic sectors, where the quality of voice communications and flight position information are scarce.

- Migration of the central mesh of the Air Navigation Voice and Data Network (REDAN) to a new communications infrastructure with higher capacity, availability and security. Isdefe worked to implement the General Contingency Plan for Air Navigation Services.

- In the European Convergence Division, Isdefe configured the validation platform for the SESAR programme, engaged in tasks to maintain and upgrade the features of the internal management tool for the projects of the Single European Sky ATM Research (SESAR) and helped validate the Advanced Integrated Controller Working Position (A-CWP) project.

- Collaboration in the periodic review of flight procedures in the Aeronautical Information Publication (AIP). Conduct of other operational safety and viability studies to implement new flight procedures in particularly complex operating environments.

02

Ministry of Development
Civil Aviation General Directorate (DGAC)

- Collaboration in setting the sector's policy through strategies for airports, air navigation and air transport, conducting strategic studies of market trends, setting public prices, accessing new operators and other public service obligations.

- Support with the regulatory development of the Single European Sky (SES) and its implementation in national regulations.

- Technical support to the Civil Office of the Defence-Development Inter-Ministry Commission (CIDEFO) and the Universal Safety Oversight Audit Programme (USOAP) Office to track the implementation of International Civil Aviation Organization (ICAO) regulations in Spain.

03

Ministry of Development
National Aviation Safety Agency (AESA)

✔ Work on inspection tasks to enforce compliance with the operational safety regulation among air navigation service providers, airport managers, air transport operators and aviation personnel.

✔ Consulting activities intended to yield constant improvement in aviation safety in areas such as Airspace Management (ASM), implementation of Performance-Based Navigation (PBN), flight procedures, operational safety and aviation accident and incident analysis.

04

Ministry of Development
Civil Aviation Accident and Incident Investigation Commission (CIAIAC)

✔ Tasks to support the CIAIAC by analysing serious air traffic incidents and evaluating and processing safety recommendations. Isdefe also carries out specialised studies to categorise accidents, the internal procedures of investigation groups and to write corporate reports.

05

Ministry of Development
General Directorate of the Merchant Marine and the Maritime Search and Rescue Society (SASEMAR)

✔ In the area of marine traffic management, Isdefe does work involving the contracting of maritime rescue services and analyses the ways in which this service is provided in Spain.

TRANSPORT CENTRES

01 **Ministry of Development**
AENA

✔ Support designing the Airport Collaboration Decision Making (A-CDM) platform at the Palma de Mallorca Airport and on the Advanced Control Tower project at various airports in its network, conducting an analysis of the current situation, and designing and preparing the contractual package for the new visual aid control and display system at 34 airports in the network.

✔ Functional definition of systems to handle the parking spaces in the network to integrate a new booking website, and control and oversight of the process of deploying the passenger flow control system at those airports in the network with more than two million passengers.

✔ Support with the implementation of operational systems for managing delays. Consulting to coordinate migrations to environments based on software that is independent of operating systems.

02 **Ministry of Development**
Civil Aviation General Directorate (DGAC) and National Aviation Safety Agency (AESA)

✔ Implementation of the National Security Programme at every airport in the national network. Isdefe conducts audits, inspections, tests and drills at the various airports to ensure that all of the airport service providers are in compliance with the physical security programme.

03 **Ministry of Development**
National Aviation Safety Agency (AESA)

✔ Inspection and oversight of the operational safety of the airport system. Inspection and oversight of the safety of ground handling services providers at airports through participation in the evaluation processes involving technical internal audits.

04 **Ministry of Development**
Ports of the State and Port Authorities

✔ Provision of services for the draft project for the Port Coordination Centre at the Port of Algeciras. Development and roll-out of the interoperability mechanism for port systems in the testing environment.

✔ Cooperation with the Port Authority of Santa Cruz de Tenerife to draft the technical specifications for the open tender to contract the maintenance and development of the electronic processing platform.

ADVANCED CONCEPTS

In the area of satellite navigation systems, Isdefe worked to implement procedures for performance-based navigation (PBN) approaches in Spain, and to analyse the implementation of advanced instrument approach procedures requiring clearance. Isdefe also took part in working groups to define the European regulation for implementing PBN and to define a common European navigation strategy.

On the **international stage**, Isdefe helped the European Aviation Safety Agency (EASA) to integrate data and statistics on European and global air traffic for use in a business intelligence operations analysis environment.

In the same vein, Isdefe collaborated with Eurocontrol (European Organisation for Air Navigation Safety) to select, evaluate and test different business intelligence operations analysis tools for use at its control centre in Maastricht.

PUBLIC ADMINISTRATIONS SECTOR

Isdefe provides solutions, know-how and instruments that allow improving the efficiency of the management and operating models of national and international public sector agencies, ensuring their increased capacity, efficiency and sustainability. Isdefe provides specialised services that are intended to support the Administration in its overhaul and modernisation processes, and offers consulting services in the area of public sector regulation and market oversight. Isdefe provides its support to the Administration under a broad overview of the processes and considering the cycle involved in the planning, implementation, progress and monitoring stages.

Isdefe

IMPROVING AND MODERNISING PUBLIC ADMINISTRATIONS

01

Ministry of Defence
Secretary of State for Defence (SEDEF) - General Directorate for Armaments and Materiel (DGAM)

✔ Support to the governing body to expand its balanced scorecard, to which economic-financial management has been incorporated and for which the processes involving the strategy, regulation and inspection of the defence industry have been identified.

02

Ministry of Defence
Secretary of State for Defence - General Directorate for Economic Affairs (DIGENECO)

✔ Isdefe provided services to the Cost Evaluation Group (GEC) to design and optimise the management processes and to further its automation by means of a computerised tool to handle cost evaluation tasks.

03

Ministry of Defence
Secretary of State for Defence (SEDEF) - Institute for Defence Housing, Infrastructure and Equipment (INVIED)

✔ Services in economic management and contracting areas, promoting improvement activities and projects so that the Institute can carry out its functions more efficiently. Isdefe also aided in integrating the Military Construction Service into the INVIED.

04

Ministry of Defence
Air Force - Headquarters

✔ Isdefe did work for the Personnel Command (MAPER) to integrate and analyse data on managing human resources by means of a balanced scorecard.

✔ For the Air Force Staff (EMA), Isdefe provided services to optimise its processes and tools for planning and controlling its financial resources and for the strategic planning of its infrastructure.

05

Ministry of Defence
Army - Force Support - Army Logistical Support Command (MALE)

✔ Integration and analysis of data pertaining to its logistical functions by using business intelligence tools.

06

Ministry of Defence
Navy - Force Support - Logistical Support Command (JAL)

✔ Technical support to formulate, process and track contracts.

07 Ministry of Economy, Industry and Competitiveness
Office for Industry and Small and Medium Enterprises (SGIPYME)

✔ Support with the executive tracking of aid programmes in the framework of Spain's public policy on reindustrialisation. The actions taken were both in the areas of managing and validating the information in the aid programmes and of defining proposals for improvements in the application of electronic administration procedures.

✔ Support to the various phases of the calls for grants for industrial projects in the Reindustrialisation and Increased Competitiveness programmes.

08 Ministry of Economy, Industry and Competitiveness
General Directorate of International Trade and Investments

✔ Start of a new area of collaboration to engage in technical assistance work involving the management of the Fund for the Internationalisation of the Company (FIEM). As a result of this assistance, Isdefe tracks the industrial internationalisation files financed by the FIEM to ensure that the goals set by the Secretary of State for Commerce are met.

09 Ministry of Economy, Industry and Competitiveness
National Company for Innovation (ENISA)

✔ Economic-financial assessment of the requests filed by Spanish companies under the Reindustrialisation and Enhanced Industrial Competitiveness programmes, and those filed for the financial aid programme for R&D investment projects as part of the Connected Industry 4.0.

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10 **Ministry of Education, Culture and Sports**

✔ Support to the Citizen Service Office (OAC) to define its management processes and to integrate and analyse data on queries received, providing assistance to implementing a balanced scorecard.

✔ Digitalisation of the processes for the Spanish Service for the Internationalisation of Education (SEPIE), the goal being the manage the activities of the new Erasmus+ programme in a coordinated manner, to include the efficient and transparent management of European funds.

11 **Ministry of Labour and Social Security** State Employment Public Service (SEPE)

✔ Technical Office project management service to track the information systems in the area of Active Employment Policies. This service involves defining and developing the activities required to implement the new Integrated Information System for Professional Job Training in the workplace.

12 **Ministry of Energy, Tourism and the Digital Agenda** State Office for the Information Society and the Digital Agenda (SESIAD)

✔ Consolidation in the support of the stewardship, communication and coordination of the Digital Agenda for Spain, which has given rise to technical support activities for the creation and operation of the Intermediate Organisation for the Operational Programme of the European Regional Development Fund (ERDF) on Intelligent Growth.

✔ Cooperation with the Institute for Energy Diversification and Energy (IDAE) through technical support for managing financial instruments co-financed by European funds to promote energy projects, to support the application of the management and control system to projects financed under said framework, and to issue the final certifications and close out the period.

13 **Ministry of Revenue and Public Functions**

✔ Preparation of a methodology for the strategic planning and oversight of the results and projects of the National Lottery and Betting Company (SELAE).

✔ For the General Directorate for the Streamlining and Centralisation of Contracts, Isdefe provided technical assistance involving the centralised purchase of electricity, helping the Directorate achieve its contract streamlining and optimisation goals and yielding more competitive prices that allow for increased savings and better use of public money.

Isdefe

> **" Isdefe provided support to the Ministry of Development to modernise and digitalise the processes of the Electronic Administration programme office of the Administrator of the Railway Infrastructure (ADIF) "**

In 2016, Isdefe also assisted state agencies in the implementation of full-cycle planning, performance management, economic-financial management, setting public rates and prices and proposing self-financing strategies. Isdefe provided services to optimise management by reengineering and automating processes and procedures and by improving project and programme management.

These services were provided to the National Aviation Safety Agency (AESA), Spanish Agency for Drugs and Healthcare Products (AEMPS), Spanish Agency for International Development Cooperation (AECID) and the National Weather Agency (AEMET), as well as to other public organisations, such as the Prado Museum and the CNMC.

14   **Radio Televisión Española (RTVE)**

✔ Support with reviewing the strategy for purchasing electricity and with formulating the contracting for the comprehensive maintenance of its facilities.

✔ Technical assistance to design and implement an electronic energy auction, which yielded savings in the unit prices.

✔ Review and audit of invoices to ensure the efficiency of the contract to supply electricity to RTVE.

MARKET REGULATION AND OVERSIGHT

Isdefe provides various consulting services in the area of sector regulation for the National Market and Competition Commission (CNMC), the purpose of which is to ensure free competition among the various production sectors of Spain's economy to the benefit of consumers and users.

> **Isdefe's support has been focused on activities that utilise confidential market data or that require a guarantee of objectivity and independence from third-party interests**

The requirements for objectivity and independence from third-party interests indicate the uniqueness that underlie the processes of analysing sensitive business information, defining methods to determine and evaluate the costs of regulated services, and for conducting specific benchmarking studies that the CNMC needs to carry out its regulatory function in the various sectors that it oversees (telecommunications, television, postal and transport sectors).

Isdefe's activities in the supporting the regulation of telecommunications in 2015 included a verification of the 2015 results of the regulatory accounting systems of certain operators, and an analysis of the evolution of the broadband infrastructure and competition conditions in the market. Isdefe also provided support to review the ex ante methodological analysis of corporate bids.

01   **National Market and Competition Commission (CNMC)**

✔ Implementation of a Regulatory Cost Information Model (IRC) for regulated gas and electricity transport activities that includes the operators of said systems and allows assessing and monitoring the costs to be offset for the companies in charge of these activities.

✔ Supported the Secretariat General of the CNMC with various processes involving accounting and closing of annual accounts, allocation processes for analytical accounting, and inventory management.

For the transport sector, Isdefe conducted a comparative analysis and provided a methodological proposal for calculating capital costs, did an international comparison on service quality standards, and specified a cost model structure for fee review processes for the rail industry.

ICT SECTOR

In the area of Information and Communications Technologies (ICT), Isdefe boasts a long track record of providing engineering and consulting services for planning and managing the frequency spectrum and for promoting the development of communications networks and systems through its support of organisations like the State Office for the Information Society and the Digital Agenda (SESIAD).

RADIO SPECTRUM

01

Ministry of Energy, Tourism and the Digital Agenda
State Office for the Information Society and the Digital Agenda (SESIAD)

✔ Isdefe's collaboration focused on promoting the Digital Agenda for Spain and its two main areas of activity: the development of telecommunications and promoting the Information Society.

✔ Planning and management of the frequency spectrum and other activities involving the development of various radio communications services, such as radio broadcast and fixed wireless loop, fixed and fixed satellite service point-to-point links, mobile services and special services.

✔ Constant cooperation in the transition toward digital television, from creating the specific plan to transition toward DTT and supporting the execution of the Digital Dividend, to coordinating the pilot projects on electromagnetic compatibility between services. Isdefe also tracked and oversaw the activities to correct faults in the two services, and the technology migration plan to allocate frequencies following the 2nd Digital Dividend.

✔ Isdefe assisted in monitoring the actions associated with the Trust Plan in the area of cyber-security and provided support to track the activities with autonomous communities and other entities.

✔ Preparation of a reference framework for industry professionals involving digital trust. Definition of an organisational, responsibility and capability framework in the area of digital trust.

COMMUNICATION NETWORKS AND SYSTEMS

01

Ministry of Energy, Tourism and the Digital Agenda
State Office for the Information Society and the Digital Agenda (SESIAD)

✔ Management and execution of the New Infrastructures programme to aid in the deployment of superfast networks and broadband infrastructure, and in sharing the infrastructures of telecommunications operators with the public domain.

✔ Isdefe continued to support the Office for the Promotion of the Information Society by tracking technical and financial aspects of projects for the Strategic Action for the Economy and the Digital Society and the Call for Training programmes. Isdefe continued its support of internationalisation activities of technology companies, the direct and inverse institutional missions related to international and European Union organisations, and the monitoring of the Plan to Internationalise ICT Companies

02

Radiotelevisión Española (RTVE)

✔ Strategic consulting services to streamline its technical broadcasting services and in support of its television and radio signals, as well as of its corporate electronic and production communications. This collaboration identified various alternatives for optimising these services based on the criteria and needs formulated by RTVE.

Isdefe

ENERGY SECTOR

Isdefe provides technical support for the large plans and programmes to implement policies involving energy diversification and efficiency, as well as to apply and develop the concept of energy security, as defined in the National Security Strategy, by cooperating with various ministries and the Institute for Energy Diversification and Savings (IDAE). Isdefe also works to define scenarios to guarantee the energy supply, analyse vulnerabilities and threats, diversify resources and secure operating facilities and networks.

ENERGY DIVERSITY AND EFFICIENCY

01

Ministry of Energy, Tourism and the Digital Agenda
Secretary of State for Energy - Sub-Directorate General for Electricity

✔ Registry of facilities and customer service pursuant to the new Royal Decree that regulates the self-consumption of electricity to reduce the electricity generation gap and contribute to the system's sustainability, and application of the new tax scheme for renewable and co-generation electricity and waste.

02

Ministry of Energy, Tourism and the Digital Agenda
Secretary of State for Energy - Sub-Directorate General

✔ Analysis of the status of installing smart meters in the electrical grid. The studies focused on energy security aspects as well as on compliance with the regulations and recommendations of the European Commission.

03

Ministry of Energy, Tourism and the Digital Agenda
Secretary of State for Energy - Sub-Directorate General for Energy Planning and Monitoring

✔ Preparation of an energy foresight methodology and model. Characterisation of the consumption demand for the electricity, gas and oil sectors. The work in the areas of energy security and security of supply will finish in 2017 with the presentation of "Sinergia", which will define the Spanish Administration energy foresight methodology and model until 2050.

04

Ministry of Energy, Tourism and the Digital Agenda
Secretary of State for Energy - Institute for Energy Diversification and Energy (IDAE)

✔ Support with multidisciplinary work teams in the execution of the energy efficiency programmes carried out as part of the National Energy Efficiency Fund and those financed through the national budget to upgrade the energy facilities in buildings.

✔ Technical evaluation of the projects presented for investing over 150 million euros in the industrial, transport and construction sectors.

✔ In late 2016, the process of certifying the grant requests under PIVE-8 finished, with Isdefe's support in coordinating and certifying public grants. The incentives offered by the PIVE plans to promote the automotive industry, improve efficiency and reduce emissions of the Spanish car fleet were in great demand.

Isdefe

05 **Ministry of Economy, Industry and Competitiveness**
General Directorate for Industry and Small and Medium Enterprises

✔ Assistance with drafting the National Action Framework for Alternative Energies in Transport.

06 **Ministry of Economy, Industry and Competitiveness**
Secretary of State for Commerce

✔ Performance of technical support work to ensure the subsequent transfer of the wind park built in the Gulf of El-Zayt, as part of the financial programme between the governments of Egypt and Spain, to the relevant Egyptian authorities. Ever since the project was awarded by the Egyptian Ministry of Energy's Renewable Energies Agency (NREA), Isdefe has had a team onsite to oversee the progress of the project and thus ensure that it is executed to the highest possible standards.

SUSTAINABLE INNOVATION

AREAS OF KNOWLEDGE

Isdefe's commitment to Research and Development (R&D) has been present since the founding of the company. As concerns projects co-financed by the European Union, Isdefe has been involved since the 3rd Framework Programme.

In 2016, solid steps were taken in an effort to adapt R&D to the company's objectives, or, put another way, to underscore the R&D investment ceiling available to the company so that it can be used as an innovative tool in strategic areas, and particularly in Defence and Security.

This optimisation of the investment ceiling has allowed Isdefe to diversify its activity, which was traditionally focused on carrying out projects co-financed by the EU. This diversification falls into two main areas:

> *The optimisation of the investment ceiling has allowed Isdefe to diversify its activity into two areas: innovation activities and research and development activities*

Innovation activities

- **Horizons Network**, main technology innovation, methodology and management activity, Network through which Isdefe prepares for the challenges that the Spanish Administration will have in the medium and long terms by laying out an innovative mechanism in concert with academia.

Research and development activities

■ **Programme to Solicit and Manage R&D Ideas**, programme that is being used to encourage a corporate R&D culture through an ideas competition that is open to all company personnel.

■ **Externally co-financed projects,** proposed as part of the H2020: Safe societies, transport, European policy, technology watch and foresight, SESAR and RPAS integration and safety.

AREAS OF KNOWLEDGE	No. of Projects
Defence and Security	5
Space	1
Transport	11
Information and Communications Technologies (ICT)	-
Public Administration	1
Energy	-
Total	18

Isdefe R&D projects (M€)

2014	2015	2016
4,52	4,68	1,35

Partial operating and financing subsidies for R&D

2014	2015	2016
3,18	3,49	1,08

■ **Internal Isdefe financing**

■ **Co-financed by the European Commission and SESAR**

2016

8%

92%

G4-EC4

Innovation activities

HORIZONS NETWORK

In its effort to improve its readiness and better serve Spanish Administration, Isdefe has defined and implemented a series of activities intended to gather knowledge, contained in the entities that Isdefe works with, that must be acquired and incorporated into its own arsenal of knowledge.

This has resulted in the Horizons Network, intended to capture knowledge from university settings as the source of academic knowledge that underlies all of our activities, from Isdefe's own employees, from Isdefe's clients and finally from all of the open sources that are accessible from outside networks.

In order to extract or gather this knowledge, the system was initially designed to only gather academic knowledge through the creation of Observatories, their goal being to analyse and study new future challenges that may yet materialise in different scenarios, to develop innovative ideas and positioning plans, and to carry out activities to reach out to or influence potential decision makers.

Each Observatory consists of a combined university/Isdefe group and specialises in different areas of strategic interest.

The Horizons Network is designed to gather knowledge from universities, Isdefe's employees and clients and from accessible open sources

Air Navigation / ATM

Cybersecurity

Defence and Security

Systems Engineering, Logistics and Programme Management

Space

Economy and Public Sector Management

■ **Technology Observatories:**
  - Cybersecurity, Defence and Security
  - Space and Air Navigation

■ **Management Observatories:**
  - Public Sector Economy and Management

■ **Methodology Observatories:**
  - Systems Engineering, Programme Management and Logistics

This arrangement brings together national and international academic experts so they can engage in technology foresight and other academic activities, allowing them to coordinate with other technology foresight activities in order to promote excellence and transfer knowledge.

In order to gather expert knowledge from employees and significant clients, Isdefe has designed collaborative, or distributive, intelligence systems, like the open forums on various topics within the areas of interest to Isdefe, and crowd-thinking systems that, through collaborative games, allow approaching and solving problems and facilitate decision making in complex environments.

In a future phase, the Horizons Network will exploit the knowledge compiled in open sources using tools based on artificial intelligence techniques or semantic intelligence systems to search for, sort and analyse information. These tools free the analyst from the search and sorting tasks, which a properly trained system can do on its own.

UNIVERSITY	EMPLOYEES	CLIENTS/EXPERTS	OPEN SOURCES
Universidad de Alcalá / etsiae / ETSIT UPM / HSN Høgskolen i Sørøst-Norge / UNIVERSIDAD COMPLUTENSE MADRID	FOROS de discusión		
Foresight observatories Isdefe/University collaboration	Collaborative intelligence mechanisms through the systems of the Horizons Network	Gathering of knowledge through qualitative methods based on expert opinions to aid in decision making	Semantic Intelligence System Intelligence on open sources

Research and development activities

PROGRAMME TO SOLICIT AND MANAGE R&D IDEAS

Isdefe is committed to tapping the know-how of its work force for its R&D activities. This is why, since 2015, Isdefe has been issuing a Call for R&D Ideas in an effort to have Isdefe employees identify areas of innovation that could be turned into internal R&D projects.

The second edition of this call was held in 2016, and given the volume and quality of the proposals received, this programme has solidified its standing as a benchmark for gathering R&D ideas at the company and is a solid contributor to generating the corporate R&D culture.

> *Isdefe issues the Call for R&D Ideas to identify employee-proposed areas of innovation*

Projects recognised in the 2016 programme:

- **Support for Decision Making in Complex Environments**, the goal of which is to identify existing methodologies and tools and the design of an internal methodology within Isdefe to gather knowledge using qualitative methods generally based on expert opinions and their analysis and processing to aid in decision making.

- **Methodological Design for a General System for tracking Assets and Cargo**, whose goal is to study the viability, specifications and validation plan for a secure opening and positioning control system for valuable assets/cargo for Spanish Administration using secure Galileo services (PRS + secondary communication channel).

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EXTERNALLY CO-FINANCED PROJECTS

Thanks to its long history of taking part in these programmes, with more than 50 projects to its credit, Isdefe has a wealth of experience in coordinating and leading projects and activities. This is why, in 2016, Isdefe remained present in research programmes co-financed by the European Commission through the Framework Programmes, and in particular in the areas of Defence and Security and of Transport.

Some of the more important projects in which Isdefe has taken part in recent years in the areas of intelligence, border surveillance and control, air traffic management and unmanned aerial vehicles were:

> *In 2016 Isdefe remained present in research programmes co-financed by the European Commission*

CLOSEYE

(Collaborative evaLuation Of border Surveillance technologies in maritime Environment bY pre-operational validation of innovativE solutions)

Financed under the European Commission's 7th Framework Programme for Research and Development, CLOSEYE was kicked off in 2013 as part of a pioneering initiative on the application of new technologies to maritime surveillance, the first time such an initiative was led by Spain's law enforcement agencies. The project helped to define, develop and integrate surveillance solutions to detect, identify and track small vessels in the waters off Europe's southern border.

The project was the European Commission's first attempt at innovative public purchase models (specifically, Pre-Commercial Purchase, or PCP), which have been implemented and consolidated in the H2020 Programme in the area of security.

The CLOSEYE Project successfully accomplished its goals and is, as the Civil Guard's Director General stated when closing out the project, "the first and only example of an R&D project that paves the way to an initiative for community action amongst member States and that is going to be financed by Internal Security Funds".

ACROSS

Advanced Cockpit for Reduction of Stress and Workload

ACROSS was co-financed by the European Commission as part of the 7th Framework Programme for Research, specifically SP-1 Cooperation.

The project arose from the need to reduce the stress and workload of commercial aircraft crews in situations that demand the most of their abilities. Exceptional circumstances in which flying an aircraft is made difficult by system faults or (total or partial) incapacitation of the crew trigger an increase in pilot workload. In these situations, the amount of information to process and the actions to take can overwhelm the crew's ability to resolve them. ACROSS is part of the research into systems that reduce workload in an effort to increase the level of operational safety during these critical situations.

ACROSS has researched and developed new applications (including HMIs) intended to reduce the workload of the tasks to be carried out by crews as part of the "door to door" concept. A new system was researched that is capable of balancing the crew's abilities and the demands placed on it. A crew monitoring system tracks the crew's psychological and behavioural parameters so as to determine the pilots' workload. A new indicator consolidates the flight and aeroplane status to act as an indicator for the need for resources.

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GAMMA

(Global ATM Security Management)

The GAMMA project, financed by the European Commission under FP7, ensures a comprehensive assessment of the entire set of security threats and vulnerabilities that affect the ATM system, considered as a system of systems and covering both operational and technical aspects. This project is focused on developing a comprehensive security framework for ATM and is designed to go into operation once SESAR is deployed. In particular, GAMMA takes into account the view of the end users present in the consortium, considering as well interoperability with American systems.

The specific objectives of the project are: to expand the scope of the security analysis against SESAR threats at an integrated system of systems level; to develop a general ATM security framework for day-to-day operations and crisis management at the European level; to define the architecture of the ATM security solution to support security management and to define and implement prototypes of the components; to validate the viability and suitability of the proposed procedures, technologies and human resources involved in the solution in a realistic environment.

BIGDATA4ATM

BigData4ATM is a research project within the Exploratory Research of SESAR that is investigating how different geolocated data focused on the passenger can be analysed and combined with traditional air transport, demographic and economic databases to extract relevant information on passenger behaviour and determine how this information can be used to support ATM (Air Traffic Management) decision-making processes.

Understanding the behavioural and social factors that affect demand and supply is essential to shaping transport policies. Despite this, there is little research on how passenger behaviour impacts ATM and on how ATM impacts passengers and society. The generalised inrush of smartphones and interconnected services opens new opportunities: dynamic data, large-scale samples, and chances to test hypotheses on passenger behaviour.

BigData4ATM uses an approach that integrates the analysis of empirical data and theoretical models in an effort to use large volumes of data to create, calibrate and validate new models for passenger behaviour and for how they interact with the ATM system.

A SUCCESS STORY: DEMORPAS

POWERED BY SESAR

One of the success stories from recent years involving Isdefe and remotely-piloted aircraft systems (RPAS) is the DEMORPAS Project (Demonstration Activities for Integration of RPAS in SESAR), whose main goal was to demonstrate how to integrate drones into unsegregated airspace in a mixed environment with multiple manned and unmanned aircraft, for the purpose of exploring the general viability of integrating RPAS into the air traffic management system.

The demonstration was carried out via actual flights of drones and manned aircraft under air traffic control guidance from several control stations (ground, tower, approach and ACC).

DEMORPAS was one of the projects co-financed by the SESAR Joint Undertaking (SJU) as part of the RPAS demonstration programme, which focused on covering the operational and technical gaps needed for their integration based on the findings of SESAR. The project, which lasted just over two years, finished in the first quarter of 2016. It was conducted by a multidisciplinary consortium of companies led by Isdefe and featuring ENAIRE, INTA, Crida and FADA-CATEC, in collaboration with Spain's Air Force and the National Aviation Safety Agency.

The project covered an applicability study of SESAR concepts, procedures and technologies, regulatory and safety aspects stemming from RPAS operations in unsegregated airspace, alternative solutions for procedures and technologies, the impact of standard and emergency operations on air controllers, remote pilots and conventional pilots, and limitations in the exchange of trajectories.

Isdefe was successfully involved in conducting two of the exercises and assisted in preparing all of the documentation needed for the flight (definition of operational concept, operational and physical safety studies, development of procedures). It also processed the request with the Air Force to conduct the tests in its airspace at the Matacán Air Base, it requested the NOTAMS and it took part in carrying out the tests by collecting flight data onsite, which was required to analyse the results of the project.

The first exercise was done at the Matacán Air Base (Salamanca) using an ALO platform developed entirely by INTA with a 60-kg weight (PMD) and a range in excess of 50 km. It involved operational and emergency flight exercises. The second exercise included a STEMME S-15 test airplane to share the same airspace in a coordinated flight involving the two aircraft using operational and emergency procedures and simulating a conflict between the two.

[CHAP 03]

Commitments to our stakeholders

TO THE ORGANISATIONS TO WHICH WE PROVIDE SERVICES

TO SUPPLIERS

TO EMPLOYEES

TO SOCIETY

TO THE ENVIRONMENT

TO THE ORGANISATIONS TO WHICH WE PROVIDE SERVICES

QUALITY POLICY (G4-DMA)

Isdefe pledges to undertake the consulting, technical assistance and systems engineering development activities to meet the expectations of its clients, committing to sustainable development, in such a way that it is recognised as a quality leader. To make this policy effective, the following directives are established:

- ✔ The organisations we serve are the focus of Isdefe's attention.

- ✔ All offices and directions are responsible for achieving quality in their products and services during every phase, within the periods and conditions required by the plans in effect. The quality of the products and services provided by Isdefe is thus the responsibility of everyone at the company.

- ✔ Isdefe's personnel are responsible for implementing a process of constant improvement in their area of activity, stimulating and supporting teamwork and their training.

- ✔ Error prevention is a priority for Management. However, periodic reviews of the quality system are used to ensure that non-conformities are quickly identified and corrected, thus promoting effective actions.

> *The quality of the products and services provided by Isdefe is the responsibility of everyone at the company*

Isdefe

03

Make personnel aware of the need for product and service quality

02

Establish control measures for every function and level of the organisation that avoid, to the extent possible, the appearance of quality-related non-conformities

04

Help streamline product and service costs

OBJECTIVES OF THE QUALITY POLICY

Isdefe's Quality Policy is intended to achieve the following objectives

01

Interpret the needs of the client organisation

05

Contribute to the constant improvement of product and service quality

In an effort to achieve these objectives, every year Management specifies short-term goals that are measurable and consistent with policies and that are reported to all of the personnel at the company

QUALITY SYSTEM

Isdefe has a Quality System that is tailored to the demands of both the national and international markets. This Quality Management System is the result of an in-depth analysis translated into plans, objectives, actions and monitoring, and is the company's response to its commitment to provide quality and excellence to clients.

For 2017, the challenge is to continue to push for the technical modernisation of the Isdefe's internal processes, with automated billing, management systems and the implementation of a Comprehensive Risk Management System.

> *The challenge in 2017 is to keep striving for the technical modernisation of Isdefe's internal processes*

ISDEFE CERTIFICATES

AENOR certification of the Quality Management System as per the UNE-EN ISO 9001 (ER-0929/1998) Standard for activities to provide consulting and technical assistance services to the Defence and Security, Aerospace, Transport, Public Administrations, Information and Communications Technologies (ICT) and Energy sectors.

IQNET ISO 9001:2008 certification

Ministry of Defence Certification of its Quality Management System, as per the PECAL/AQAP 2110 (EXP. N°-0077/03/01/01) standard for consulting and engineering technical assistance services for the Ministry of Defence. Certified since 08/11/2002.

CLIENT SATISFACTION

> ❝ *The satisfaction survey provides information on the opinion that clients have of the services provided by Isdefe* ❞

Isdefe, in keeping with the quality commitment it has with its clients, conducts an annual satisfaction survey of all its clients so as to determine both those aspects of its service that the clients consider most important and their degree of satisfaction with each aspect. This survey is conducted at the end of our contractual obligation and provides us with important information about the opinion that clients have of the services provided.

All of the claims and complaints received from clients, either through the satisfaction survey or by any other means, are recorded to ensure they are tracked and resolved.

CLIENT SATISFACTION INDICATORS

Average level of satisfaction per year

Year	Value
2014	8,66
2015	8,55
2016	8,58

Response level

Year	Activity*	Reply*
2014	72,25	67,19
2015	63,00	63,40
2016	67,90	69,50

■ Activity* ■ Reply*

*Percentage of replies in economic assessment

**Percentage of replies on number of contracts

Assessment of the importance and satisfaction for each aspect

Aspect	Importance	Satisfaction
Understanding of needs	9,2	8,8
Compliance with technical objectives	9,2	8,8
Integration and communication	8,8	8,9
Flexibility and quickness	8,6	8,5
Technical capability	9,2	9
Material and computer resources	8	8,3
Documentation	8,7	8,6
Compliance with project timeline	8,8	8,7
Ability to innovate	8,3	8,4

■ Importance ■ Satisfaction

G4-DMA Product and service labelling, G4-PR3, G4-PR4, G4-PR5

Isdefe

TO SUPPLIERS

SUPPLY CHAIN

Isdefe's relations with its contractors are strictly bound by the principles of:

Disclosure and competition

Transparency

Equality and non-discrimination

Confidentiality

G4-12, G4-DMA Procurement Practices, G4-DMA Supplier assessment for labour practices, G4-DMA Supplier assessment for human rights, G4-DMA Supplier assessment for impacts on society

In the contracting section of the Public Sector Contracting Platform website (https://contrataciondelestado.es), and on the Isdefe website (www.isdefe.es), in compliance with Article 2 of Royal Legislative Decree 3/2011 of 14 November, and in an effort to ensure transparency and the public's access to information on its contractual activity, Isdefe publishes all tender announcements for contracts in excess of €18,000, as well as the applicable regulations and procedures:

General Contracting Conditions	Internal Contracting Instructions

As a public company, Isdefe places the same capacity and solvency requirements on its contractors as the Administration does, and applies the same standards concerning restrictions and conflicts of interest. This is all regulated by Royal Legislative Decree 3/2011.

Interested parties can send any queries or comments to an email address made available for this purpose: UnidadContratacion@isdefe.es.

INDICATORS

TENDERS	2016
No. of procurement boards	45
No. of tenders vacated	12
Claims handled	5

TENDER PROCEDURE	OFFERS RECEIVED	AWARDED	RATIO
Published on website	351	98	3,58
Selection of offers	65	24	2,71
Total offers	**416**	**122**	**3,41**

PURCHASES, CONTRACT AND SUBCONTRACTS PROCESSED IN 2016	
Services	€14.428.567
Supplies	€1.293.659
Construction	€0
Total	**€15.722.226**

G4-12, G4-DMA Indirect economic consequences, G4-EC8, G4-DMA Procurement Practices, G4-EC9, G4-DMA Supplier assessment for labour practices, G4-DMA Supplier assessment for human rights, G4-HR4, G4-DMA Supplier assessment for impacts on society

RELEVANT SUSTAINABILITY INITIATIVES

OF A SOCIAL NATURE

Isdefe works with several Special Employment Centres (CEE) for services such as landscaping and supplying Christmas cards.

OF AN ENVIRONMENTAL NATURE

In 2016, environmental clauses or requirements were introduced in the following tenders:

- Comprehensive cleaning services and internal services.

- Purchase of laptop computers.

- Service to handle, sort, transport and manage of all of the waste that is generated at its headquarters.

SUCCESS STORIES

TRANSPORT ASSISTANCE

In 2016 Isdefe maintained its transport assistance service for employees, thus promoting the use of public transportation in urban areas, in keeping with the company's financial and environmental commitment.

WASTE MANAGEMENT

Isdefe has a contract for the handling, sorting, transportation and management of all of the waste that is generated at its headquarters.

RECYCLED PAPER

In 2016, 70.86% of the paper used was recycled.

G4-DMA Supplier environmental assessment, G4-EN2, G4-EN32, G4-DMA Supplier assessment for labour practices, G4-DMA Supplier assessment for human rights, G4-DMA Supplier assessment for impacts on society, G4-SO9

TO EMPLOYEES

THE STAFF

Isdefe boasts a very qualified team of professionals that is highly trained and committed both to the organisation and to its clients.

1.586
Employees
on 31/12/2016

€95.020.757
Personnel expenses

1.332
Employees with a
university degree

996 590
Gender

1.388
Permanent employees

11,90 years
Average seniority

16 years
Average experience

42,58 years
Average age

Isdefe

Training figures

	2014	2015	2016
Women	581	583	590
Men	974	965	996

Women   Men

Staff seniority

	up to 5 years	5 to 9 years	10 to 14 years	15 to 19 years	over 20 years	total
Women	80	245	119	76	70	590
Men	142	346	232	129	147	996

Women   Men

Distribution by age and gender

	21 to 25	26 to 30	31 to 35	36 to 40	41 to 45	46 to 50	51 to 55	56 to 60	>60
Women	1	25	114	145	131	78	59	23	14
Men	8	49	122	258	236	120	86	67	50

Women   Men

HIRING POLICY

Law 2/2012 of 29 June, on General State Budgets, specifies that state-owned companies cannot hire new personnel, save under exceptional circumstances to cover urgent and pressing needs, in which case temporary hires may be made. The Law excludes hires stemming from processes initiated in previous years or that are required under multi-year programmes or plans that were underway when this Law went in effect. In light of the above, temporary hires shall be made pursuant to the criteria and instructions that are issued by the majority shareholder of the respective companies following the issuance of a favourable report from the Ministry of Revenue.

CONTRACT TYPES

		WOMEN	MEN	TOTAL
Permanent contract	Full-time	426	860	1286
	Part-time	88	14	102
Temporary contract	Full-time	72	122	194
	Part-time	4	0	4

TURNOVER FIGURES AND INDICATORS

	WOMEN			MEN		
Age	<30	30-50	>50	<30	30-50	>50
Hires	9	26	2	29	47	4
Dismissals	0	27	2	6	37	11
Index of hires (%)	35%	6%	2%	51%	7%	2%
Index of dismissals (%)	0%	6%	2%	11%	5%	6%

G4-DMA Employment, G4-LA1, LA2

GRANTS AND PARTNERSHIPS

To aid in the education of senior-year undergraduate and graduate students, and to encourage and support professional careers, Isdefe collaborates with different institutions and universities. In 2016, Isdefe offered:

_Citius Grants to 48 recent graduates as part of a programme promoted by the University Company Foundation.

_Partnership Agreement between the University of Oviedo and Isdefe to provide external academic internships.

_Senior-year project at the Universidad Politécnica de Madrid's School of Aeronautical and Space Engineering (ETSIAE) as part of a Specific Partnership Agreement.

AWARDS AND DISTINCTIONS FOR ISDEFE EMPLOYEES

The Ministry of Defence awarded the following distinctions to Isdefe employees:

■ **Mr Juan Carlos Iravedra (Head of the Surveillance Technology Office, Defence and Security Direction):** Merit Cross of the Civil Guard Corps with White Band, in recognition of the merits and circumstances thereto.

■ **Mr Alberto Rodríguez González de Antona (Coordinator of the Supply Chain Office, Strategic Management Consulting and Processes Direction):** Military Merit Cross with White Band, in recognition of the merits and circumstances thereto (B.O.D. no. 118 of 17 June 2016).

■ **Mr Juan José Burgaz (Industrial Development Office, Strategic Management Consulting and Processes Direction):** Military Merit Cross with White Band, in recognition of the merits and circumstances thereto (B.O.D. no. 2 of 5 January 2016).

■ **Mr Rafael de Juan Fuenmayor (Head of CIS Support Office, Defence and Security Direction):** Naval Merit Cross with White Band, in recognition of the merits and circumstances thereto (B.O.D. no. 118 of 17 June 2016).

■ **Mr José Ignacio de Miguel Barahona (Air Maintenance Office, Strategic Management Consulting and Processes Direction):** Aviation Merit Cross with White Band, in recognition of the merits and circumstances thereto (B.O.D. no. 2 of 5 January 2016).

■ **Mr Carlos de la Mata Segarra (Head of Industrial Support Office, Strategic Management Consulting and Processes Direction):** Military Merit Cross with White Band, in recognition of the merits and circumstances thereto (B.O.D. no. 118 of 17 June 2015).

LABOUR RELATIONS AND UNIONISATION

Isdefe's activities are covered by the Collective Bargaining Agreement for Engineering Companies and Technical Firms and by the Workers' Statute. Every employee is covered by this regulatory framework, as well as by the company agreements that affect the various groups.

Isdefe currently has five work centres in which the employees enjoy legal representation.

PAY POLICY

Isdefe employs a salary policy that relies on internal equality criteria while at the same time seeking to be competitive in the job market.

The company's financial policy improves on the legally required conditions, with Isdefe's minimum starting salary (€16,659.28) being 1.81 times higher than the minimum salary (€9,172.80). There is a one-to-one ratio in the salaries for men and women.

> *The company's financial policy improves on the legally required economic conditions*

CAREER PLANNING

Isdefe has had a professional career and remuneration system in place since 2011. A new, internal collective bargaining agreement is currently being negotiated that will include a new career plan for the entire company.

BENEFITS

Isdefe offers the following benefits to its employees:

- ✔ **Life insurance**
- ✔ Health insurance
- ✔ **Disability coverage (through life insurance policy)**
- ✔ 100% salary payment during maternity/paternity leave
- ✔ **Food vouchers and canteen subsidies**
- ✔ Pension fund (company contributions are currently on hold)

PERSONNEL EXPENSES (€)	
Salaries	€72.267.507,43
Social security paid by the company	€18.158.009,53
Benefits	€4.595.240,53
Total	**€95.020.757,49**

EQUAL OPPORTUNITY AND DIVERSITY

Equal Opportunity Policy

> *Isdefe supports and is committed to taking actions to promote greater equality in opportunities and to encourage a corporate culture that is based on merit*

Isdefe promotes the professional and personal development of all its employees, guaranteeing equal opportunity. The organisation has an explicit equality policy, backed by an Opportunity Equality Plan that was signed by Management and employee representatives.

Isdefe also supports and is committed to taking actions to promote greater equality in opportunities and to encourage a corporate culture that is based on merit.

Isdefe treats all of its staff and every individual it deals with with absolute impartiality. Isdefe does not accept any type of workplace or professional discrimination for reasons of age, race, gender, religion, ideology, nationality, social origins or disability, or for any other reason, or any expression of physical, psychological or moral harassment, or the abuse of authority, or any other conduct that could create an environment that is intimidating or that violates the rights of individuals, either among its employees or in their relations with clients, potential clients or suppliers.

Distribution by gender

- 100%
- 50% — 37%
- 63%
- 0
- **Women**
- **Men**
- **2016**

In 2016, the Equal Opportunity Commission undertook the following actions:

- Expanded membership, going from six (three employee representatives and three management representatives) to ten (five representing the employees, one for each of the company's five work centres, and five representing the company)

- Approved the start of work to conduct an equality diagnosis that will pave the way for the future Isdefe Equal Opportunity Plan.

DISTRIBUTION BY GENDER, EDUCATION AND AGE

Category	WOMEN				MEN			
	<=30	31-50	>50	Total	<=30	30-50	>50	Total
University Degree	15	293	28	336	27	479	112	618
3-year degree	10	90	11	111	29	154	46	229
Non-degreed specialists	0	22	2	24	1	90	37	128
Mixed trades	0	0	0	0	0	6	3	9
Administrative	1	63	55	119	0	7	5	12
Total	**26**	**468**	**96**	**590**	**57**	**736**	**203**	**996**

> *60% of Isdefe employees have a university degree*

FAMILY-WORK BALANCE

	WOMEN	MEN
Employees entitled to maternity/paternity leave	34	58
Employees that took maternity/paternity leave	34	58
Employees that returned to work following maternity/paternity leave	34	58
Employees who were still working 12 months after returning to work at the end of the leave	34	58

DIVERSITY

Disabled by gender
- ■ Women
- ■ Men

2016 — 50% / 50%

	WOMEN			MEN			Total
	<=30	31-50	>50	<=30	30-50	>50	
Staff	26	468	96	57	736	203	1.586
No. of individuals with disabilities	0	6	4	0	10	0	20

RECOGNITIONS

EQUALITY IN THE WORKPLACE AWARD

In 2016, Isdefe managed to once more renew its Workplace Equality Award, issued by the Ministry of Health, Social Services and Equality. This award was first received in 2010 and after the relevant evaluations by the Directorate for Equal Opportunity, the equality measures implemented were tracked, leading to the conclusion that the situation in this area is favourable. This award recognises the efforts made and the spirit of equal opportunity that lays out the path forward for Isdefe.

The technical evaluation team also had positive reviews of the company's selection and hiring process, which was modified to reflect the principles of equality and diversity, as well as to include job evaluation directives at Isdefe, intended to avoid any type of discrimination in this process.

IGUALDAD EN LA EMPRESA

The Equality in the Workplace Award recognises the work done and the spirit of equal opportunity at Isdefe

G4-DMA Diversity and equal opportunity. G4, LA3, G4-LA15

TRAINING

Training plan

Culminating in 2016 was the 2014-2017 Training Plan, which is aligned with the Strategic Plan to contribute to developing the sectors and areas of priority defined within it.

The training activity focused on technical training, combining the increased professional qualifications of the human resources with Isdefe's improved positioning.

In keeping with the nature of Isdefe, the Defence and Security sector accounted for over 50% of the training activities, particularly the areas of cybersecurity, platforms, logistics and the supply chain and technology centres.

Investment in training

	2014	2015	2016
	€770.350	€921.847	€1.039.818,68

Training hours

	2014	2015	2016
	€102.420	€77.011	€107.719

HOUR DISTRIBUTION BY CATEGORY/GENDER	WOMEN	MEN
University Degree	28.811	42.200
3-year degree	8.524	16.051
Non-degreed specialists	934	6.037
Mixed trades	0	49
Administrative	4.749	364
Total	**43.018**	**64.701**

PERCENT OF TOTAL EMPLOYEES TRAINED	WOMEN	MEN
University Degree	96%	95%
3-year degree	97%	92%
Non-degreed specialists	88%	92%
Mixed trades	No aplicable	89%
Administrative	94%	92%

G4-DMA Training and education, G4 LA9, G4-LA10

1.540

**Employees
received training
(5,760 registrations)**

300

**Training activities were
conducted by women**

439

**Training activities were
conducted by men**

71

**Individuals received
language training
subsidies totalling €14,411.20**

45

**Individuals received
subsidies to obtain
official titles
totalling €16,669.36**

Main Training Activities

- CSFI Introduction to Cyber Warfare and Operations Design - CSFI Collections Course
- General familiarisation with the A400M
- Military Vehicles Network Technologies
- Military Vetronics Architectures (CPD Course)
- Malware analysis and incident response
- Big Data in open-source processing
- Designing public sector processes and services using "Design Thinking" methods

- Certifications:
  ◦ CEH – Certified Ethical Hacker
  ◦ Penetration testing with Kali Linux - OSCP certificate
  ◦ ASEP/ CSEP Systems Engineering Certificate
  ◦ Business Process Management (BPM) - BPM-RAD certificate
  ◦ Lean Six Sigma (yellow, green and black belt)
  ◦ PMP, CISA, CISM…
  ◦ CISM + Certification test
  ◦ VMware vSphere ICM

COURSES OFFERED

Internal training: 22 internal instructors taught 20 courses (31 editions), including:

- ✔ Technical courses: 18 (21 editions - 253 participants) – primarily on air navigation, ICT and logistics.
- ✔ Management courses: 2 (10 editions - 209 participants): Quality System and security training to handle classified information

Gamified online courses: training intended to develop skills (managing teams and negotiation), in which 156 employees have taken part.

Virtual campus: one of the training pillars at Isdefe, especially for corporate and company policy training, the campus also allows personnel from different work centres or at client facilities to take part in training.

> *The virtual campus makes it possible for personnel in different work centres or at client facilities to take part in training*

In-person courses

Blended courses

Distance courses

Online courses

Teletraining

Courses offered

39,32%

15,69%

23,99%

20,94%

0,06%

DISTRIBUTION BY TYPE OF HOUR	
WORK	**NON-WORK**
€78.859	€28.860

G4-DMA Training and education

SUCCESS STORY: ISDEFE CAMPUS USED FOR INSTITUTIONAL TRAINING ⭐

Isdefe's push for new technologies to promote training has led to the development and teaching of several online company courses, the goal being to make it easier to train new hires and to implement company policies.

Of note are the initial training (introduction to Isdefe and corporate tools), Criminal Risk Prevention (6 editions) and Security of Classified Information (3 editions) programmes.

Over 2,600 participants (40% women and 60% men) signed up on the platform in 2016.

HEALTH AND SAFETY

Health and Safety Policy

Top management must define and authorise the organisation´s Workplace Health and Safety (WHS) Policy and ensure that it is appropriate to the nature and extend of the risks, within the scope defined for its management system.

This policy contains the commitment to prevent injuries and health risks, to constantly improve the management of the WHS, to comply with all applicable legal requirements and to inform all company personnel of the WHS. The Workplace Health and Safety Policy is subject to periodic review.

Health and Safety Committee

The Prevention Law states that workers are entitled to participate in matters related to the prevention of workplace risks, and may be involved in identifying hazards, evaluating risks and determining suitable monitoring practices. They can also participate in accident investigations and take part in discussions when changes are made that affect the SST. This participation shall be channelled through their representatives and their Health and Safety Committees. Isdefe has four Health and Safety Committees that meet quarterly. The committees have an equal number of representatives for the employees (Prevention Specialists) and the company to deal with all of the topics mentioned above.

> *Isdefe has four Health and Safety Committees that meet quarterly*

Occupational Risk Prevention

The goal of occupational risk prevention is to promote the health and safety of workers by applying resources and carrying out the activities necessary to prevent work-related risks. To this end, the regulation specifies the general principles involving the prevention of professional risks to protect worker health and safety, the elimination or reduction of work-related risks, and the information, consultation, balanced participation and training of workers in the area of prevention.

SUCCESS STORY: ORP TRAINING COURSE

In 2016, company managers were given a basic training course on Occupational Risk Prevention to make them more aware of the risks and protective measures that employees under their supervision must observe.

Health Monitoring

The Health Monitoring Programme at Isdefe includes, among others: completely confidential mandatory, voluntary and return from temporary disability check-ups, as requested by the Medical Service or by the employee; the collection of information on the health status of the workers; and the promotion of on-the-job health and cooperation in health issues with various public health agencies. The purpose of the programme, therefore, is to ensure and protect the health of all employees in the workplace. This programme is implemented via the medical service offered by Isdefe and located at the main headquarters in Beatriz de Bobadilla and a health care consultation service outsourced to an external contractor at the other work centres. Some of the indicators associated with the health monitoring service are:

1.111
Medical exams

2.447
Medical check-ups

202
Vaccinations

G4-DMA Occupational health and safety, G4-LA8

Indicators

ABSENTEEISM	2014	2015	2016
No. of accidents	27	37	48
No. of cases of occupational diseases	0	0	0
No. of days lost to occupational diseases of accidents (excluding accidents while commuting)	278	297	510
Absenteeism (excluding allowed absences)	12.102	14.062	11.539

ACCIDENTS	2014	2015	2016
Lost-time accidents (excluding accidents while commuting)	9	9	8
Accidents w/o lost time	9	24	29
Accidents while commuting	9	4	11
Occupational diseases	0	0	0
Total no. of accidents	27	37	48

TOTAL AVERAGE NO. OF HOURS WORKED/YEAR	2014	2015	2016
Total hours worked per person	1.732	1.734	1.707
Total staff	1.555	1.548	1.586
Total annual hours worked	2.693.260	2.684.232	2.708.557

G4-DMA Occupational health and safety, G4-LA8

Isdefe

TO SOCIETY

SOCIAL INVESTMENT

Isdefe has a Social Action Programme that lays out the social initiatives carried out every year in concert with foundations, charities and NGOs. These initiatives are implemented through charity campaigns, corporate volunteering days and donations.

Charity campaigns

♥ 9th Charity Christmas Campaign 2016

Demonstrating solidarity at Christmastime has become quite the tradition for Isdefe employees. In December 2016, the 9th Charity Christmas Campaign was held, during which the entire staff donated toys, baby clothing and non-perishable foods, which were then delivered to some of the various charities that Isdefe works with.

G4-DMA Indirect economic consequences, G4-DMA Investment, G4-DMA Local communities, G4-SO1, G4SO2

♥ Charity Christmas

As in previous Christmases, Isdefe wanted to wish its clients happy holidays by way of the MedicusMundi Christmas cards.

The purchase of these Christmas products makes it possible for many people at risk of social exclusion and in poor nations to enjoy their right to health.

DIPLOMA de COLABORACIÓN

Fundación SEUR agradece a

ISDEFE

Su labor solidaria a través de la entrega de

591.500 tapones de plástico

Para el proyecto "Tapones para una nueva vida" impulsado por Fundación SEUR. Gracias a vosotros, muchos niños y niñas reciben la ayuda que necesitan, a la vez que se contribuye a la protección del medio ambiente.

En Madrid a 20 diciembre de 2016

El Patronato de Fundación SEUR

♥ "Caps for a new life" campaign

Since 2012, Isdefe has been partnering with the Seur Foundation through the "Caps for a new life" project. Employees show their solidarity by collecting caps, which helps to raise funds to finance medical treatments and prosthetics that are not covered by the public health care system. This project has already benefited over 123 children.

In addition, the recycling of 591,500 caps has prevented the emission of 1,775 kg of CO_2, the leading cause of climate change, into the atmosphere, a benefit to the planet comparable to that created by 296 trees over the course of one year. This charity work by Isdefe is recognised by means of a certificate that is presented by the Seur Foundation.

> 66 *Isdefe and its employees show their solidarity by taking part in charity activities that help to finance medical treatments and orthopaedic aids* 99

♥ "Give the gift of life"

In order to make sure that blood is available in hospitals, the Isdefe medical service, in concert with the Spanish Red Cross, holds a blood drive twice a year at its headquarters using a Red Cross blood mobile.

Corporate volunteerism

Isdefe encourages community spirit by organising several corporate volunteering events every year. These types of activities are intended to offer value to society by sponsoring charity initiatives and by making it possible for employees to take part in them.

Masnatur Children's Christmas Party

Yet again in 2016, the Hotel Ilunion Pío XII in Madrid hosted the children's Christmas party organised by the Masnatur Foundation, a day of corporate volunteerism that is sponsored by Isdefe.

At this touching and fun event, over 50 kids were able to enjoy a visit from Saint Nick, who was magnificently embodied by an Isdefe volunteer who gave each child a bag with gifts purchased with the funds donated by employees at the BdB3 headquarters.

Masnatur is a foundation that aims to promote the full development of persons with disabilities, in particular children and young adults, through leisure activities that offer some support to their families.

"Run with all your might" Charity Race

Around 70 Isdefe employees took part in the third edition of the "Run with all your might" charity race, organised by the Armed Forces and Civil Guard Assistance Foundation. The goal of this race is to raise funds for the most at-risk members of the military family by promoting sports and healthy lifestyles. Almost 2,000 civilian and military personnel took part in the race.

G4-DMA Indirect economic consequences,
G4-DMA Investment, G4-DMA Local communities, G4-SO1

Donations

€

Isdefe aligns its social actions with its business strategy by making donations to organisations and groups that work in the area of Defence and Security.

The year 2016 saw the consolidation of the Civil-Military Unit of the Defence Staff Operations Command, whose tasks include contributing to the development of areas of operation.

SUCCESS STORY: DONATION IN MALI OF TOYE FROM THE CHRISTMAS CAMPAIGN ★

The toys donated by Isdefe employees during the Christmas charity campaign were presented in Mali by the Spanish forces deployed on the international mission of the Defence Staff Operations Command, through its Civil-Military Unit and supported by religious organisations that provide educational services in these areas.

Half of the donated toys were given to the best students of the 1,500 who are enrolled at a school in Dianguinebougou, run by the Guardian Angel Congregation.

The remaining toys were given by the Spanish Protection Forces and the Apoyos de Fuegos team of instructors, deployed in Koulikoro, to the children at the Nelson Mandela Kindergarten.

Through these initiatives, Isdefe employees are once again showing their solidarity.

Isdefe also collaborated with the Armed Forces and Civil Guard Assistance Foundation on several projects intended to provide professional skills training and job placement services to the widows and children of Armed Forces and Civil Guard personnel, especially those with disabilities.

Isdefe

SUCCESS STORY: SAN NICOLÁS SEC ★

Isdefe took part in the Armed Forces and Civil Guard Assistance Foundation's project at the San Nicolás Special Employment Centre, created in 2002 to help persons with intellectual, psychological, physical, mental or sensory disabilities to become more self-reliant.

The centre has three workshops (traditional book binding, inserting magazines into envelopes and screen printing, all of them part of the Collective Graphic Arts Agreement), which require constant supervision by the disabled personnel.

COOPERATION WITH SOCIETY

Isdefe partnerships with association and foundations in 2016

Technology Sector and R&D
- Royal Engineering Academy
- Foundation of Defence and Security Technologies
- Spanish Aeronautics and Astronautics Foundations
- Spanish Maritime Cluster Association
- Association of Spanish Graduates in Security and Defence (ADESYD)
- European Association of Remote Sensing Companies (EARSC)
- Spanish Association to Promote Information Security (ISMS Forum Spain)
- Association for the Scientific Development of ATM in Europe (ASDA)
- University-Company Foundation

Social Sector
- Spanish Network of the United Nations Global Compact
- Forética
- Forum for Socially Responsible Contracting
- Armed Forces and Civil Guard Assistance Foundation
- Masnatur Foundation
- Madrina Foundation
- Karibu Associatioin
- Cáritas Castrense
- Civil-Military Unit of the Defence Staff Operations Command

SUCCESS STORY: GLOBAL COMPACT

Since 2009, Isdefe has expressed its voluntary commitment to social responsibility through its adoption of the United Nations Global Compact and its involvement as a member of the Spanish Network of the Global Compact.

The Global Compact is an international initiative that promotes an ethical commitment among companies to ensure their strategy and their daily operations comply with the ten basic principles of conduct and action in the areas of human rights, labour, environment and anti-corruption.

Subsequently, in 2015 the United Nations General Assembly approved the 2030 Agenda for Sustainable Development, and with it, the Sustainable Development Goals (SDG), a set of 17 goals and 169 targets through which countries, companies and civil society can steer and measure their contributions to sustainable development during this period.

Isdefe contributes to the achievement of the SDG by supporting those goals to which it can more directly contribute by integrating them into its corporate management and good business practices.

Congresses, fairs and workshops

Workshop on the Ministry of Defence's participation in the 2020 Horizons Programme

Organised by the Ministry of Defence, Isdefe hosted this workshop at its headquarters, where the Ministry's involvement in the 2020 Horizons Programme was analysed. The main goal of the event was to combine efforts in order to get the Ministry to become a reference within the 2020 Horizons Programme. The topics discussed included the "Secure Societies" working programme, how to handle R&D and participation in European projects like TELEDETEC, AEROCEPTOR, EUCISE2020 and CLOSEYE.

World ATM Congress 2016

Regarded as the most important international ATM gathering, Isdefe had a stand which featured the company's CEO, Mr Francisco Quereda Rubio, and Isdefe's directors. The stand was visited by, among other dignitaries, the Ministry of Development, Ms Ana Pastor. Isdefe took part in the working sessions as part of the workshop on 'Ongoing Postgraduate and PhP research in RPAs', where the Transport and ICT Direction gave a presentation on 'DEMORPAS Dissemination Forum', a project to demonstrate the viability of integrating remotely-piloted aircraft (RPAS) into the general air traffic management system.

❖ Ministry of the Interior technical workshops on drone use

The Ministry of the Interior's National Security Office and the Airport Security Chair organised these technical workshops on the use of drones, promoted by the ENAIRE foundation in concert with the UNED through the University Institute of Homeland Security Research (IUISI). Isdefe participated in this two-day event, the second day of which was hosted at Isdefe's headquarters. The event was closed out with some words of appreciation from Isdefe's CEO, Mr Francisco Quereda Rubio, and the Ministry of Defence's Secretary of State for Security, Mr Francisco Martínez Vázquez.

❖ 50th Anniversary of the FAMET

April saw the celebration of various events to honour the 50th anniversary of the Army's Air Mobility Command (FAMET) at the Army War College, the School for Aeronautical and Space Engineering at the Colonel Maté Base of the Army's Air Mobility Command.

Isdefe was present with a stand and took part in a conference led by the Strategic Management Consulting and Processes Direction titled "The challenge of implementing EMAR regulations in military maintenance organisations".

❖ EURAC 2016

The EURAC conference of Air Force Chiefs of Staff from throughout Europe was held in the first week of May, 2016, and was attended by 21 Air Force Chiefs of Staff from the participating countries. The main topic of discussion was the air force's contribution to crisis management in the current strategic context. Isdefe took part in the presentation that was held at the Son San Joan Air Base in Mallorca.

❋ 2nd Air Force Aerospace Workshops: "Terrorism in the aerospace arena"

The 2nd Air Force Aerospace Workshop, held in May at the Aerial Warfare Centre (CGEA) and at the Universidad Politécnica de Madrid's School of Aeronautical and Space Engineering (ETSIAE), was devoted to terrorism in the aerospace arena and featured Isdefe's participation via two conferences given by the company's Security Chief and the Head of Business Development.

❋ 2016 Cyberdefence Workshops

Organised by the Joint Cyberdefence Command (MCCD), in concert with Isdefe, the theme was "Military Operations in Cyberspace". These workshops were attended by over 1000 people and were widely followed online. This year's edition welcomed representatives from the world of cyberdefence and was closed out by the acting Minister of Defence, Mr Pedro Morenés Eulate.

At these workshops, Isdefe's CEO, Mr Francisco Quereda, reaffirmed his company's commitment to the MCCD and to the Defence Staff to offer specialised support to their activity, which are aligned with the organisation's primary mission and function, and to support the Spanish Administration in specialised fields of technology, and in particular in the areas of defence and security.

❋ Global Industrial Cooperation Conference (GICC16)

This event, organised by the Global Offset and Countertrade Association (GOCA), was held in Toledo from 22 to 25 May and brought together over 40 Public Administrations delegations and key international companies in the defence, security and aeronautics sectors. Isdefe's Head of Business Development gave a lecture on 'How to Use Industrial Cooperation as an Effective Tool in a Strategic Industrial Development Plan'.

❋ 9th AMETIC Seminar: "Satellites as a Key Element for Defence and Public Administration Applications"

Held in Santander from 7 to 9 September, Isdefe was an important player at two of the roundtables, which were led by the Director of Business Development, Mr Jesús Alonso, and by the Head of Business Development. This gathering was attended by experts from the Armed Forces and from industry, VIPs from the Ministry of Defence and international organisations like NATO.

4th National Congress on R&D in Defence & Security (DESEI+D 2016)

Since its first edition, Isdefe has collaborated with the Ministry of Defence at this congress, which has become a benchmark for R&D in the area of Defence and Security. Last year's edition featured the Director of Business Development, Mr Jesús Alonso, along with many other Isdefe representatives on various panels and presentations.

The 2016 event was a special one for Isdefe, as it marked the first time the Isdefe "Antonio Torres" R&D Award was presented for communications in the area of R&D in Defence and Security, through which Isdefe hopes to promote a culture of participation and collaboration in R&D in these areas.

National Security Office Workshop on "2020 Horizons Programme: New Opportunities to Enhance the R&D Capabilities of Law Enforcement Agencies"

The National Security Office of the Ministry of the Interior held this workshop at the Isdefe headquarters on 6 October. The goal of the forum was to provide a place for officials from the National Security Office, Spain's National Police and Civil Guard, and from other organisations like the CDTI and Isdefe to meet and discuss the development of R&D projects in security as part of the European H2020 Horizons Programme. The workshops addressed the importance of progress in R&D on security, the practical aspects of these projects and provided some success stories involving the Ministry of the Interior.

Círculo Foundation's 17th Workshop on Defence and Security Technologies

The auditorium of the Royal Mint Museum was the venue chosen to host this workshop on 25 and 26 October, the theme for which was "Smart Defence and Security. Technologies and Systems for the Digital Transformation". Isdefe took part in this event, with the Intelligence and Homeland Security Office of Isdefe's Defence and Security Direction participating in a session devoted to "Smart Information. From Data to Knowledge".

6th National Congress of the Technical Association of Ports and Coasts (ATPYC)

Isdefe's Strategic Management Consulting and Processes Direction took part with a presentation on "Preparing a National Action Plan to Develop the LNG Market in the Maritime Transport Sector and to Implement the Infrastructure" at this congress, which was held from 19 to 21 October in Palma de Mallorca, and which featured representatives from Ports of the State and port authorities.

10th STIC CCN-CERT Workshop on national cybersecurity

The 10th STIC CCN-CERT Workshop was held on 13 and 14 November in Madrid under the theme "Ten Years Strengthening National Cybersecurity", organised by the Spanish Administration CERT to promote innovation in Spain in cybersecurity technology and to exchange know-how among all the parties involved.

This workshop is Spain's leading forum for cybersecurity experts. Isdefe's Director of Defence and Security, Mr Daniel Acuña, took part in a roundtable on standardising cyberincident reporting systems.

International Security Workshop on "International Terrorism: Threats and Responses"

The Intelligence and Homeland Security Office of Isdefe's Defence and Security Direction took part in the roundtable ""The control of the EU's internal and external borders and their importance in the fight against international terrorism", at this workshop organised by Spain's National Police and Civil Guard, in cooperation with TEDAE, Counter-Terrorism and Organised Crime Intelligence Centre (CITCO) and the Technology Security Centre (CETSE).

3rd ADESyD Congress

Under the theme of "Sharing (visions of) Security", numerous analysts and experts in different areas exchanged experiences and points of view on topics involving defence and security in Spain at this 3rd Congress of the Association of Spanish Graduates in Security and Defence (ADESyD), which was held at the Isdefe headquarters. Isdefe's Defence and Security Direction gave a presentation on the challenges to monitoring national and external borders and on the need to innovate.

PROMOTING EXCELLENCE AND KNOWLEDGE

Presentation of Awards

🏆 2016 Army Awards

Isdefe, along with other important companies in the industry, was involved yet again in 2016 in presenting the Army awards, which promote the creation of literature and art, with the Director of Business Development, Mr. Jesús Alonso, presenting one of the awards. The 54th Army Awards gala was held on 9 June at the Buenavista Palace, which is the current headquarters of the Army.

🏆 2016 Air Force awards and Excellence in Maintenance and Safety Awards of the Air Force.

Mr Jesús Alonso, Director of Business Development at Isdefe, presented the award sponsored by Isdefe for "Promoting Aeronautical Culture" at the gala for the 38th Air Force Awards, which help to further aeronautical culture and defence in general.

At the gala for the 38th edition of the "Excellence in Maintenance and Safety Awards of the Air Force", which recognise the work of those units and personnel devoted to service and excellence in the areas of maintenance and safety, Mr José Manuel Hesse Martín, Isdefe's Director of Operations, along with the Chief of the Defence Staff, Lieutenant General Juan Antonio Carrasco Juan, presented the Engineering award. The event was held at the Air Force headquarters.

🏆 Virgen del Carmen 2016 Spanish Navy Awards

Isdefe was involved in the "Virgen del Carmen" awards, intended to encourage an interest in and fondness of the sea and naval affairs, and to disseminate naval culture nationally. On this occasion, Mr Jesús Alonso, Director of Business Development, presented one of the awards. The event was held at the Navy headquarters.

🏆 Presentation of the ETSIAE diplomas and honours

The presentation of diplomas and honours to the Master's graduates of the Universidad Politécnica de Madrid's School of Aeronautical and Space Engineering (ETSIAE) was sponsored by Isdefe. Our Director of Operations, Mr. José Manuel Hesse, was tasked with presenting the award to the best student in the Air Transport Systems Master's class.

🏛 Partnerships with universities, foundations and associations

Isdefe entered into educational partnership agreements with various universities in the Horizons Network:

UNIVERSIDAD POLITÉCNICA DE MADRID

▪ Isdefe-UPM Defence and Security Chair

Since 2006, this Chair at the School of Telecommunications Engineers has done extensive work to promote a knowledge of R&D activities in academia, as well as university-company cooperation in research in the Defence and Security sector.

In 2016, the Chair's efforts focused on the technology programmes for future combatants and on detecting and neutralising drones. The Chair joined the Horizons Network by launching a technology foresight observatory in the area of Defence and Security.

▪ Air Navigation/ATM Observatory

Created as part of the Horizons Network, in concert with the Department of Aerospace Systems, Air Transport and Airports at the Universidad Politécnica de Madrid's School of Aeronautical and Space Engineering, its goal is to plan, direct and undertake technology foresight projects in the area of ATM.

Within this scope of activity, the Observatory has published papers on RPAS and 4D flight paths. The Observatory also engages in activities to disseminate its activities, such as its participation in the World ATM Congress (WAS) and the 2016 UPM summer courses.

UNIVERSIDAD CARLOS III

▪ Space Observatory

Created in partnership with the Bioengineering and Aerospace Engineering Department.

The technology development areas focused in 2016 in analysing space situational awareness, and specifically in the area of space trash. In this line of research, a document was delivered on "Analysis of the Institutional Framework and the Main Areas of Current Research and Development in Space Surveillance and Tracking" at the Defence R&D Congress, which was held in November in San Javier (Murcia).

NORWEGIAN INSTITUTE OF SYSTEMS ENGINEERING (NISE)

▪ Observatory of Systems Engineering, Logistics and Programme Management

Initially created in partnership with the Norwegian Institute of Systems Engineering (NISE), in 2016 its activities were renewed through a new collaboration with the Department of Science and Industrial Systems at the School of Natural and Marine Sciences at the University College of Southeast Norway.

In 2016, the observatory developed and implemented an important repository for systems engineering documentation, provided by NISE, as well as a system for consulting said repository through a specific application that is accessible to Isdefe personnel.

UNIVERSIDAD DE ALCALÁ DE HENARES

▪ Cybersecurity Observatory

Created in cooperation with the Department of Computer Science at the Universidad de Alcalá to undertake technology foresight and research activities in the area of cybersecurity.

In 2016, preparation began on a specific agreement that will allow for the creation of a detailed work plan that covers activities pertaining to legal cybersecurity and cybersecurity in the cloud and data science.

UNIVERSIDAD COMPLUTENSE DE MADRID

▪ Extraordinary Isdefe-UCM Chair on Economy and Public Sector Management

Created at the School of Economy and Business Science at the Universidad Complutense de Madrid, its goal is to analyse topics pertaining to the economy and public management in the General State Administration, especially in the area of Defence and Security. The initiative is intended to create knowledge and offer proposals for improvement in the areas of economic and financial security by developing case studies to analyse risk and financial scenarios in the face of external threats; to search for financing alternatives for defence and security; and to study proposed strategic planning methods for Public Administrations

Partnership Agreements with Universities and other agreements

Isdefe entered into educational partnership agreements with every university in the Horizons Network that allow students to intern at the company and that provide support through grants or specialised training programmes. These types of agreements, which encourage university-corporate cooperation, were also made with the University of Oviedo and with the Instituto Universitario Gutiérrez Mellado.

Summer and other courses

Course on Intelligence Foresight for Security: "Building the Future"

From 14 to 16 June, Isdefe hosted at its headquarters the 4th Workshop on Security Foresight: "Building the Future", organised by the Civil Guard's Analysis and Foresight Centre (CAP) in concert with the University Institute for Research on Domestic Security (IUISI).

Summer course at the Universidad Politécnica de Madrid (UPM): "European Union Space Programmes: Galileo, Copernicus and SSA (Space, Situational Awareness)"

As in previous years, Isdefe partnered with the UPM to organise the course: "European Union Space Programmes: Galileo, Copernicus and SSA (Space, Situational Awareness)", which was held on 11 and 12 July in Real Sitio de San Ildefonso (La Granja, Segovia) The course was inaugurated by Isdefe's CEO, Mr Francisco Quereda, and Isdefe's Director of Stations, Mr Isaac Domínguez, was charged with explaining "GSC Operations and PRS" as part of the block devoted to the GNSS Programme.

Summer course, Universidad Politécnica de Madrid (UPM): "LISA - Laboratory of Ideas for Safety in Aviation. Addressing Aviation and ATM Safety Challenges"

The Transport and ICT Direction and the R&D office at the Business Development Direction at Isdefe were charged with the presentations on "Information security for the transport sector: state of the art and trends" and the "Horizons Programme. R&R Perspective", respectively, as part of the UPM summer course.

Cyber Security Forum Initiative (CSFI) Course

For the second time Isdefe organised this programme specific to cyberdefence, along with CSFI, an American organisation that provides training in topics like developing specific strategies and data gathering and analysis involving cyberspace. The training was given by CSFI, personnel from the Ministry of Defence and the Armed Forces and Isdefe personnel. Opening the forum were Jesús Alonso and Jesús Pérez Esteban, Director of Business Development and Director of Human Resources at Isdefe, respectively, and the head of Training at CSFI.

Other partnerships

CIBERSEG 2016

CIBERSEG 2016 was the title of the 3rd Security and Cyberdefence Workshop at the Universidad de Alcalá de Henares, which hosted a set of talks pertaining to topics of interest in this area. The Systems and Critical Infrastructure Security Office at Isdefe's Defence and Security Direction presented a conference on "Cyberexercises as protection and awareness tools against cyberthreats".

CONFERENCES OF THE NASA SCIENCE POPULARIZATION PROGRAMME

Dr Scott J. Bolton, lead researcher on the Juno Mission and assistant vice-president of the Southwest Research Institute, Space Science division in San Antonio, Texas, and Rick Nybakken, Juno Mission Project Director at the Jet Propulsion Laboratory, gave a conference at Isdefe on the Juno Mission, with details on the research goals, which are intended to understand the origins of our solar system, the formation of the giant planets and their evolution.

In April 2016, Isdefe hosted a second NASA popular science conference, this one titled "Exploring the solar system, exploring the universe", by Dr Joseph Lazio, head scientist at the Jet Propulsion Laboratory (JPL), assigned to NASA's Deep Space Network.

WORKSHOP ORGANIZED BY ISDEFE IN CONCERT WITH THE IUGM: "IMPROVING THE USE OF EUROPEAN FUNDS FOR INNOVATION MANAGEMENT"

As part of the Master's degree in Public Sector Contract and Program Management, applied to the area of Defence, numerous experts from different fields gathered together to provide an interdisciplinary approach that looked at how legal, financial and technical aspects affect the European funds used to manage innovation in the areas of Defence and Security.

WORKSHOP ON RISK CONTROL INSTRUMENTS

Isdefe's Strategic Management Consulting and Processes Direction took part in a roundtable on "Current computer, parametric, modelling and simulation tools for controlling risks in Defence programmes". This workshop, held on 17 March at the CESEDEN facilities, featured numerous experts and specialists from companies and institutions.

PRESENTATION OF THE TEST-BED TELESCOPES PROJECT AT THE MILITARY SPACE SITUATIONAL AWARENESS MEETING IN LONDON

This project involves the design, construction and start-up of two fully automated optical telescopes designed to find and track space trash and asteroids. The presentation was given by Isdefe's Stations Direction. The Test-Bed Telescopes Project is being conducted by the European Space Agency (ESA).

CONFERENCE OF THE ISDEFE HORIZONS NETWORK: 2ND GENERATION LEAN THINKING

On 20 September, a conference in the Horizons Network series was held at the Isdefe headquarters on "2nd Generation Lean Thinking", given by Dr Masa K. Maeda, as part of Isdefe's commitment to popularise systems engineering.

COIAI WORKSHOP ON "THE DEVELOPMENT OF AERONAUTICAL ENGINEER IN THE 21ST CENTURY"

At this gathering, Isdefe gave the opening speech, courtesy of its Director of Business Development, Mr Jesús Alonso. The Director of Consulting and Strategic Management Processes, Mr Ángel Sanz, also took part in a roundtable discussion on analysing cross-cutting requirements and new technologies in aeronautical education.

PRESENTATION OF THE BOOK "MANAGEMENT OF SYSTEMS PROGRAMMES, PROJECTS AND ENGINEERING"

In keeping with Isdefe's commitment to popularising Systems Engineering, on 21 November the book written by Manfredo Monforte Moreno, "Management of Systems Programmes, Projects and Engineering", was presented at our headquarters. This book is intended to introduce and popularise the tools and principles of project management and Systems Engineering.

TO THE ENVIRONMENT

ENVIRONMENTAL POLICY

Isdefe has an environmental policy and an Environmental Management System (EMS) that is UNE-EN ISO 14001:2004 certified by AENOR and is renewed annually, which forces us to constantly improve our management.

Commitments of the environmental policy

✔ Comply with all laws applicable to our activities, as well as with any environmental commitments made with clients.

✔ Identify and evaluate any environmental aspects associated with our activities so as to prevent negative impacts on the environment.

✔ Properly manage the waste generated through its reuse, sorting and recycling.

✔ Promote energy efficiency through the rational use of the available resources.

✔ Raise the environmental awareness of all employees by promoting the adoption of good environmental practices in the workplace.

✔ Establish a process of constant improvement for our environmental performance by periodically reviewing our EMS and our environmental goals and targets.

✔ Promote and disseminate this policy among Isdefe employees, partners, subcontractors and suppliers and make it available to all interested parties.

G4-DMA Products and services, G4-DMA Compliance,
G4-DMA Environmental grievance mechanisms, G4-15, G4-EN27

Management at Isdefe reviews the EMS annually to ensure its ongoing suitability, adaptation and efficiency. This review relies on the information provided in the performance report on the EMS in place at Isdefe, a report that is prepared every year by the Safety Direction.

Following the publication of the new version of the international environmental management standard (ISO 14001:2015), and following a three-year transition period (which ends in 2018) to adapt to it, Isdefe is planning to obtain said certification. This will entail implementing and adapting the processes in place at Isdefe in keeping with the requirements stipulated by the new standard.

> " *Management at Isdefe reviews the EMS annually to ensure its ongoing suitability, adaptation and efficiency* "

SCOPE OF THE EMS

Consulting, engineering and technical assistance involving the conception, design, development, implementation and maintenance of communications systems, command and control, air navigation, airports, logistics, security, information technologies and infrastructure management, as well as overseeing industrial cooperation and technology transfer agreements.

A significant effort is made every year to foster behaviours and commitments that are environmentally responsible.

ENVIRONMENTAL EXPENSES AND INVESTMENTS

Handling Isdefe waste

Year	Amount
2014	€28.845,34
2015	€23.160,28
2016	€28.793

Maintenance of EMS Certification

Year	Amount
2014	€2.710,00
2015	€4.493,00
2016	€2.424

Total Expenses

Year	Amount
2014	€31.555,34
2015	€27.653,28
2016	€31.217,00

G4-DMA General, G4-EN27, G4-EN29, G4-EN31

CONTROL OF CONSUMPTION

Isdefe monitors the energy demand stemming from the electricity, gas and water demand at its headquarters by tracking and analysing the performance and operation of the equipment and installations that consume them.

Energy

The primary objective year after year is to optimise the consumption of electricity and gas supplied from non-renewable sources so as to ensure better energy efficiency.

2016 annual consumption

Electricity (kWh)

1.890.792	1.797.859	1.716.601
2014	2015	2016

Electricity (kWh)/employee

2.756	2.456	2.289
2014	2015	2016

Natural gas (m^3)

24.734	22.963	23.680
2014	2015	2016

Gas Natural (m^3) employee

36,06	31,37	31,57
2014	2015	2016

> " *The goal is to optimise the consumption of electricity and gas supplied from non-renewable sources* "

G4-DMA Materials, G4-DMA Energy, G4-EN6, G4-EN7, G4-EN27

Water

Water (m³) en BdB3

3.283	3.865	3.415
2014	2015	2016

Water (m³) en BdB3 employee

4,79	5,28	4,55
2014	2015	2016

SUCCESS STORY: RESULTS OF ENERGY SAVINGS AND EFFICIENCY INITIATIVES

The figures resulting from the application of energy control and management policies at the BdB3 building in 2016 may be summarised:

1. In energy terms:
- A 4.52% reduction in absolute usage of electricity with respect to 2015 (6.81% per occupancy).
- A slight 3.12% increase in absolute usage of natural gas with respect to 2015 (0.57% per occupancy).

2. In environmental terms:
- Reduction in greenhouse gas emissions equivalent to 51 tonnes of CO_2 with respect to 2015.

3. In economic terms:
- Reduction in energy costs (electricity, gas and water) by 7.94% with respect to 2015 (total annual savings of €18,992).

4. Other:
- Maintenance of the building's "B" energy rating (index calculated at 0.45).

WASTE MANAGEMENT

Waste pick-up

Isdefe has a waste sorting and selective pick-up plan in various areas and makes available containers for sorting waste at the point of origin. As a result, there is a recycling centre at the building that provides proof that the waste is properly separated, of the amounts produced, that it is properly labelled and that it is transported offsite by an authorised handler.

Isdefe

Types of waste

	Amount generated	Processing method	Delivery to authorised handler
Hazardous waste (kg)	223	Recycling, Disposal	Yes
Non-hazardous waste (kg)	23.373	Recycling	Yes

Legend (top chart):
- Paper (Kg)
- Trash (Kg)
- Plastic (Kg)
- Cardboard (Kg)
- Glass (Kg)
- Scrap metal (Kg)
- Toner (units)
- WEEE (Kg)
- Cleaning containers (Kg)
- Wood (Kg)

Hazardous waste

- 25%
- 38%
- 21%
- 7%
- 0%
- 2%
- 2%
- 1 %
- 1%
- 3%

Legend (bottom chart):
- Used oil
- Ni-Cd batteries
- Fluorescent bulbs
- Oil filters
- Sharp/cutting objects
- Aerosols

Non-hazardous waste

- 3%
- 27%
- 10%
- 3%
- 13%
- 44%

G4-DMA Materials, G4-DMA Energy, G4-EN6, G4-EN7, G4-EN27

Carbon footprint

The method used in 2016 to determine the carbon footprint was the Carbon Footprint Calculator developed by the Ministry of Agriculture, Food and the Environment. This tool calculates the greenhouse gas emissions associated with the organisation's activities and considers both direct emissions (Scope 1) and indirect emissions (Scope 2) caused by electricity usage.

CARBON FOOTPRINT	2015	2016
Fixed installations	5,6484 t CO2eq	347,1979 t CO2eq
Vehicle movements	4,6911 t CO2eq	4,9031 t CO2eq
Refrigeration/HVAC	0,0000 t CO2eq	125,2500 t CO2eq
Scope 1	10,3395 t CO2eq	477,3510 t CO2eq
Scope 2	637,5262 t CO2eq	583,6443 t CO2eq
Scope 1+2	647,8657 t CO2eq	1.060,9954 t CO2eq

Carbon footprint by scope
(t CO_2 eq)

Corporate governance

ORGANISATIONAL PROFILE

LEGAL NATURE

Ingeniería de Sistemas para la Defensa de España, S.A., S.M.E., M.P.[1] (Isdefe, S.A., S.M.E., M.P.), is a company that is part of the Public State Sector, pursuant to Article 84.1c of Law 40/2015 of 1 October of the Public Sector Legal Framework. It belongs to the Ministry of Defence and the entirety of its shares are owned by the National Institute for Aerospace Technology (INTA). It was created in Madrid on 17 October 1985, pursuant to Article 6.1 of the General Law on Budgets (11/1977).

Company name	Company address	Tax identification number	Website	Contact	Reporting period	Period closing date
Ingeniería y Sistemas para la Defensa de España S.A., S.M.E., M.P. (Isdefe S.A., S.M.E., M.P.)	Beatriz de Bobadilla 3, 28040 Madrid	A78085719	www.isdefe.es	general@isdefe.es	2016 FY	31/12/2016

The Company is governed by its company charter, by any applicable trade, civil and labour laws, by Law 47/2003 on General Budgets, by the revised text of the Law on Public Sector Contracts (3/2011), by the Law on the Patrimony of Public Administrations (33/2003), as well as by those laws that apply to state-owned companies.

[1.] S.M.E: State-Owned Company; M.P.: In house technical service provider.

G4-3, G4-7, G4-43

Organic Law 2/2012 of 27 April, on Budget Stability and Financial Sustainability.

Law 4/2007 of 3 April, on the transparency of financial relations between Public Administrations and state-owned companies, and on the financial transparency of certain companies.

Law 19/2013 of 9 December, on transparency, access to public information and good governance.

Organic Law 1/2015 of 30 March, which amends Organic Law 10/1995 of 23 November, on the Penal Code in terms of the penal liability of legal entities.

Law 39/2015 of 1 October, on common administrative procedures of public administrations.

Isdefe is the in-house technical services provider for the General State Administration (AGE) and for those agencies, entities and organisations associated with or reporting to it.

The company specialises in engineering and consulting services (technical and strategic). The main sectors in which it carries out its activities are Defence and Security, Space, Transport, Public Administrations, Information and Communications Technology and Energy.

Sectors in which Isdefe carries out its activities

| Defence and Security | Space | Transport | Public Administrations | Information and Communications Technologies | Energy |

COMPANY OBJECTIVE

To provide engineering, consulting and technical assistance services, in particular for the Defence and Security sector.

To prepare, develop and execute projects and programmes involving construction, supply and service contracts in the areas specified in the section above.

To provide consulting and assistance services in the area of industrial cooperation agreements associated with Defence materiel procurement programmes and contracts, as well as support in negotiating, executing and monitoring international Defence projects in which Spain is involved and in defence projects abroad, including humanitarian aid and peacekeeping missions.

Support, assistance and consulting to national industry as requested by the Ministry of Defence.

Specialised technical assistance and support in cutting-edge areas of technology, such as:

- Stations to track and receive data from space vehicles.
- Launch and landing fields.
- Facilities to calibrate, test and certify equipment for aerospace projects.
- Proving facilities for new aerospace projects.
- Space and aeronautical information and documentation centres, as well as centres to analyse, process and distribute information obtained from satellites.
- Other activities related to aeronautical and space engineering.

OWNERSHIP AND COMPANY OPERATIONS

Date of last revision	Company capital (€)	Number of shares
27 June 2012	41.372.100	137.907

Owner of Shares	Percentage
Esteban Terradas National Institute for Aerospace Technology (INTA)	100%

Listing of direct/indirect stake in other companies				
Company name	Ownership percentage	Board members provided	Conflicts of interest	Related operations
Hisdesat Servicios Estratégicos S.A.	Direct 30% Indirect 0%	0	----	----

G4-17, G4-43

GOVERNING AND ADMINISTRATIVE BODIES

According to Article 15 of the Isdefe Corporate Charter, the governance and administration of the company are entrusted to the Board of Shareholders and to the Board of Directors.

BOARD OF SHAREHOLDERS

The Board of Shareholders is structured pursuant to Law 33/2003 of 3 November
on the Patrimony of Public Administrations, which includes the stipulations for the representation and custody of the Spanish Administration corporate assets, as well as special stipulations for state-owned companies whose capital is entirely and either directly or indirectly owned by the Spanish Administration or its public agencies, in the case of Isdefe its sole owner being the Esteban Terradas National Institute for Aerospace Technology (INTA), an autonomous organisation.

GENERAL OPERATING GUIDELINES

Meetings of the Board of Shareholders may be ordinary or extraordinary and shall be convened by the Board of Directors.

However, the Board is deemed to be convened and shall be duly empowered to deal with any issue as long as all of the company capital is present and the attendees unanimously accept the holding of the meeting.

STIPULATION OF THE GENERAL MEETING OF SHAREHOLDERS	
Ordinary General Meeting of Shareholders (Art. 18 Corporate Charter)	Extraordinary General Meeting of Shareholders
Convened by the Board of Directors. Must meet within the first six months of each fiscal year	Convened by the Board of Directors. Any meeting not described in Article 18 of the Corporate Charter shall be regarded as extraordinary

G4-34, G4-38, G4-40, G4-43

FUNCTIONS

GENERAL OPERATING GUIDELINES

01 Any matters that fall within its purview

02 Appointment of account auditors

03 Approval of corporate management, of the previous year's account and resolution on the application of the results

04 Final appointment of Board Members, renewal and termination of terms

05 Modifications to Corporate Charter

ADOPTION OF AGREEMENTS

At the first meeting, the shareholders present or represented must own at least 50% of the outstanding capital entitled to vote. At the second meeting, having 25% of said capital present shall suffice. In any event, the provisions of Article 194 of the Law on Public Corporations shall apply. Agreements shall require a majority of the votes cast, with the President casting the tie-breaking vote if needed.

> " *Agreements shall require a majority of the votes cast, with the President casting the tie-breaking vote if needed* "

G4-34, G4-38, G4-40, G4-42, G4-45, G4-43, G4-46

COMPOSITION

The President and Secretary of the Board shall be the same person as the Chairman of the Board of Directors, as stipulated in Article 181 of the Law on the Patrimony of Public Administrations and Isdefe's Corporate Charter.

In the case of Isdefe, the President of the Board of Shareholders is the Secretary of State for Defence.

> **The President of the Board of Shareholders is the Secretary of State for Defence**

BOARD OF DIRECTORS

The company shall be administered and run by a Board of Directors, which shall represent the company and is fully empowered to act on its behalf (Article 28 of the Corporate Charter).

GENERAL OPERATING GUIDELINES

The Board of Directors consists of members named by the General Board and selected in a vote.

The Board elects a Chairman of the Board and a CEO, who shall preside over the Board in the absence of the Chairman. The Board elects the Secretary, who is currently not regarded as a member of the Board.

The Board meets at least once a month and as convened by the Chairman of the Board for any extraordinary meetings. A quorum for any meeting shall be the majority of its members, any of whom may allow another to represent him or her, though none of the members present, except for the Chairman or his designee, may have more than two votes. The Board of Directors met 11 times in 2016.

NUMBER OF BOARD MEMBERS SPECIFIED IN THE CORPORATE CHARTER

Article 28 Corporate Charter of Isdefe / Royal Decree 451/2012 of 5 March

MAXIMUM 15

MINIMUM 10

G4-34, G4-38, G4-40, G4-43, G4-48, G4-49, G4-50

FUNCTIONS

BOARD OF DIRECTORS

01 Fully empowered to represent the company

02 Define the company's strategy

03 Exert full control over the company

ADOPTION OF AGREEMENTS

All agreements require a majority vote from the Members present at the meeting, with the tie-breaking vote being cast by the Chairman.

G4-34, G4-38, G4-40, G4-42, G4-43, G4-45, G4-46, G4-48, G4-49, G4, 50

COMPOSITION. NAMES OF MEMBERS AND POSTS ON 31/12/2016.

VOTING MEMBERS		
Chairman	**Other Posts**	**Appointed**
Agustín Conde Bajén	Secretary of State for Defence	24/11/2016
CEO	**Other Posts**	**Appointed**
Francisco Quereda Rubio	Company's top executive	13/03/2012
Members	**Other Posts**	**Appointed**
Ignacio Azqueta Ortiz	Lieutenant General, Managing Director of INTA	25/09/2012
Juan Campins Miralles	Lieutenant General, Assistant Chief of Staff of the Army	29/05/2014
Juan Antonio Carrasco Juan	Lieutenant General, Head of the Joint Defence Staff, Ministry of Defence	26/06/2012
José Cordón Perogil	Assistant Director of Construction, Ministry of Development	26/04/2012
Carmen Gandarillas Rodríguez	Assistant Director of Centralised Technology Contracting, Ministry of Revenue	29/11/2012
Juan Manuel García Montaño	Lieutenant General, General Director of Armaments and Materiel, Ministry of Defence	25/09/2012
José Luis Gil López	Assistant Director of Information and Communications Technology, Ministry of Economy, Industry and Competitiveness	30/10/2014
Eduardo Gil Rosella	Lieutenant General, Assistant Chief of Staff of the Air Force	17/12/2013
José Mª Orea Malo	Lieutenant General, Head of the Air Force's Logistics Support Command	25/09/2014
José Antonio Ruesta Botella	Admiral, Assistant Chief of Staff of the Navy	24/09/2015

NON-VOTING MEMBERS OF THE BOARD		
Secretary and Legal Counsel	**Other Posts**	**Appointed**
Isabel María Torres Fernández	Counsel for the State	06/02/2012

G4-34, G4-38, G4-40, G4-43, G4-48, G4-49, G4-50

APPOINTMENTS IN 2016

✔ Mr Agustín Conde Bajén, was named member and President of the Isdefe Board of Directors at the General Meeting held on 24 November 2016.

DISMISSALS IN 2016

✖ Mr Juan Bautista García Sánchez, was dismissed as a member of the Isdefe Board of Directors at the Extraordinary General Meeting of 27 October 2016.

✖ Mr Pedro Argüelles Salaverria ,was dismissed as the President of the Isdefe Board of Directors at the Extraordinary General Meeting of 24 November 2016.

✖ Mr Vicente Gimeno Aránguez, was dismissed as a member of the Isdefe Board of Directors at the Extraordinary General Meeting of 27 October 2016.

✖ Ms Ana María Molina Sánchez, was dismissed as a member of the Isdefe Board of Directors at the Extraordinary General Meeting of 24 November 2016.

- As stated by the members of the Board of Directors, and pursuant to Royal Legislative Decree 1/2010 of 2 July, which approved the revised text of the Law on Public Corporations, Article 229, modified in the text of the new Law 31/2014 of 3 December, no member has a direct or indirect conflict of interest with those of the company.
- There are no restrictions on the age of the board members.
- The wages of the members of the Board of Directors are dictated by Royal Decree 451/2012 of 5 March, which regulates the salary structure for top management of state-owned companies and other entities, and by Article 28 of Isdefe's Corporate Charter.

AUDIT AND SUPERVISORY COMMISSION

The Board of Directors makes up and appoints the Audit and Supervisory Commission.

GENERAL OPERATING GUIDELINES

The Audit and Supervisory Commission shall be made up of no fewer than three and no more than five Board members. The majority of this commission's members must be non-executive members. The President is elected from among the non-executive members of the Board. The commission's secretary shall be the secretary of the Board of Directors (Art. 34, Corporate Charter).

G4-34, G4-38, G4-40, G4-41, G4-43, G4-48, G4-49, G4-50, G4-51, G4-52, G4-53

FUNCTIONS

AUDIT AND SUPERVISORY COMMISSION

Review the financial information to be released by the company **01**

Review the information given to the General Board and the Board of Directors regarding its activities **02**

Review all relevant questions deemed of interest **03**

ADOPTION OF AGREEMENTS

The rules on the convening, constitution and adoption of agreements laid out in the Company Charter shall apply to the operation of the Audit and Supervisory Commission.

COMPOSITION	
PRESIDENT	Mr Vicente Gimeno Aránguez
MEMBERS	Ms Carmen Gandarillas Rodríguez Mr Juan Manuel García Montaño
SECRETARY OF THE COMMISSION	Ms Isabel María Torres Fernández

MEETINGS OF THE GOVERNING AND ADMINISTRATIVE BODIES (G4-47)

1/3
MEETINGS 2016
Ordinary/Extraordinary Board Meeting

11
MEETINGS 2016
Board of Directors

3
MEETINGS 2016
Audit and Supervisory Commission of the Board of Directors

G4-34, G4-38, G4-40, G4-42, G4-43 G4-45, G4-46

Isdefe

MANAGEMENT BODIES

COMPANY ORGANISATION CHART (31/12/2016)

CEO

Francisco Quereda Rubio

FINANCIAL AND ECONOMIC PLANNING DIRECTION

Víctor Díaz Iglesias

BUSINESS DEVELOPMENT DIRECTION

Jesús M. Alonso Martín

ADMINISTRATION AND HR DIRECTION

Jesús M. Pérez Esteban

OPERATIONS DIRECTION

José M. Heese Martín

G4-34, G4-35, G4-36, G4-37, G4-40

MANAGEMENT COMMITTEE

The mission of this Committee is to define and coordinate the company's strategy and progress in all its areas of activity.

GENERAL OPERATING GUIDELINES

The Management Committee meets as convened by the Chief Executive Officer, or as proposed by the directors after consulting with the CEO. Decisions are made by consensus following deliberations on the subjects specified in the order of business.

> *The Management Committee met 14 times in 2016*

FUNCTIONS

MANAGEMENT COMMITTEE

Advise the CEO
01

Coordinate the implementation of the strategies
02

Monitor the company's progress
03

COMPOSITION

PRESIDENT

Francisco Quereda Rubio
CEO

Jesús M. Alonso Martín
Director of
Business Development

POST

José M. Hesse Martín
Director of
Operations

Víctor Díaz Iglesias
Director of Planning
and Finance

Jesús M. Pérez Esteban
Director of Administration
and HR

Daniel Acuña Calviño
Director of Defence
and Security

Ana Mª Molina Sánchez
Assistant
Director

Juan Revuelta Lapique
Director of Transport
and ICT

Isaac Domínguez Santos
Director of
Stations

Ángel L. Sanz Sanz
Director of Consulting and Strategic
Management Processes

SECRETARY

Miguel Ángel Plaza Uceda
Director of Financial Planning

The salaries of Isdefe's top managers and executives are regulated and within the limits established by Article 4 of RD 451/2012 of 5 March, and by the Order of the Ministry of Revenue and Public Administrations of 30 March 2012, which implements it.

G4-34, G4-35, G4-36

OTHER INTERNAL MANAGEMENT BODIES

The company has other governance and management bodies:

COORDINATION AND MANAGEMENT ADVISORY COMMITTEES

Their creation, modification, dismissal, composition, competencies and operations are subject to the will of Isdefe management. Their main mission involves operations and management.

- Operations Committee
- Sales Steering Committee
- R&D Steering Committee
- Quality Advisory Committee
- Transparency, Good Governance and CSR Committee
- Ethics Committee
- Commission for the Security of Private Information

- Process Advisory Committee
- Contracting Committee
- R&D Technical Group
- Commercial Group
- Committee to Oversee and Track Criminal Risks
- Scholarship Management Committee

COMMITTEES WITH EMPLOYEE AND UNION REPRESENTATION

Their creation, modification, dismissal, composition, competencies and operations are based on a regulation or on an agreement with employee representative groups, and their main mission is to involve the staff in certain decisions and to enforce those regulations that affect workers as a whole.

- Ethics Committee
- Equal Opportunity Committee

- BdB3 Health and Safety Committee
- Training Committee

COMMITTEES EXTERNAL TO ISDEFE

These are created for other interests specific to workers and are unrelated to management.

- Commission to Oversee the Pension Plan

Isdefe

AGE PYRAMID OF GOVERNING BODIES

Board of Directors

	Women	Men
<30 YEARS	0	0
30-50 YEARS	1	0
>50 YEARS	0	11

12 TOTAL

Management Advisory Committee

	Women	Men
<30 YEARS	0	0
30-50 YEARS	1	2
>50 YEARS	0	8

11 TOTAL

G4-LA12

GOOD GOVERNANCE PRACTICES

PREVENTION OF CRIMINAL RISKS

Pursuant to Organic Law 5/2010 of 22 June, as well as to Organic Law 1/2015 of 30 March, which amends the Penal Code, Isdefe created a Criminal Risk Prevention Programme (CRPP) to identify any potential criminal risks to which the company could be exposed, and the controls needed to track these risks. The goal is to incorporate the management and prevention of criminal risks that could affect the company as a result of its business activity into the due oversight already exercised by Isdefe.

The CRPP was approved in April 2016, and the Committee to Oversee and Track Criminal Risks was created in May, its purpose being to oversee the control and prevention systems needed to minimise and properly manage the potential criminal risks inherent to the company's activity.

The Criminal Risk Prevention Manual, part of the Committee to Oversee and Track Criminal Risks, along with the Code of Ethics and the Whistleblower Hotline, is intended to identify those rules, procedures and tools either in place or that can be put in place in the future at Isdefe to ensure compliance with the laws applicable to the Company and its personnel, directors and administrators.

Employees in CRPP supervisory positions were trained in classroom sessions, while all other employees were trained online through Isdefe's virtual campus.

To this end, Isdefe accepts that a basic element for the exercise of its activity is having a solid and firm commitment to ethics, transparency and best practices in corporate governance. The CRPP aims to enhance the corporate culture of regulatory compliance in place at Isdefe, a culture that is periodically updated in an effort to address needs as they arise.

> *Isdefe developed a Criminal Risk Prevention Programme to identify potential criminal risks and the controls needed to monitor them*

G4-45, G4-46, G4-DMA Human rights grievance mechanisms, G4-DMA Anti-corruption, G4-SO3, G4-SO4, G4-DMA Grievance mechanisms for impacts on society, G4-DMA Anti-competitive behaviour, G4-DMA Compliance

OVERSIGHT MECHANISMS

Internal oversight

To provide internal oversight, within the Board of Directors there is an Audit and Oversight Commission consisting of three Board members who review the financial information presented to the Board of Directors at the Ordinary General Assembly, and inform the Board of the results of the annual account audits conducted by external auditors.

Once the fiscal year is closed out, the Board of Directors is required to finalise the annual accounts, the Management Report and the proposed distribution of income within three months. Isdefe, as a privately-held company, submits all of its annual accounts and its Management Report for external audit.

The account auditors are named at the general shareholders' meeting pursuant to the stipulations in Article 36 of the Isdefe Corporate Charter.

> *Isdefe submits all of its annual accounts and its Management Report for external audit*

External Auditors of the Annual Accounts	
COMPANY NAME	APPOINTMENT DATE
Grant Thornton S.L.P.	29/09/2016

External Oversight

As a company that is part of the Public State Sector, and pursuant to the Law on General Budgets, every year Isdefe files a Multi-Year Action Plan and the company's Operating Budgets and Capital, along with a three-year forecast, for inclusion in the General State Budget for the following year. These budgets are sent to the Ministry of Defence's Budget Office, which oversees Isdefe's finances.

The approved annual budgets are sent to the State Comptroller, a branch of the Ministry of Revenue, and then forwarded to the Court of Audit for review as part of the Public Administration general accounts for the year.

Another external oversight mechanism is the Ministry of Revenue's General Directorate of Personnel Costs and Public Pensions.

G4-14, G4-44, G4-DMA Anti-corruption, G4-SO4, G4-DMA Anti-competitive behaviour, G4-DMA Compliance

Reporting mechanisms

- **Code of Ethics** with oversight mechanisms that enable its implementation and enforcement.

- **E-mail account** (buzonetico@isdefe.es) made available to all employees.

- **Technical-Ethical Committee and Procedure for implementing the Technical-Ethical Committee**, which defines the protocol for the operation of the committee and defines phases and response times to ensure that the information of the individuals involved are kept confidential and protected.

- **The Criminal Risk Prevention Programme and Committee to Oversee and Track Criminal Risks** have a regulation that provides basic guidelines for their organisation and operation.

- **Reporting hotline** for confidentially informing the Committee to Oversee and Track Criminal Risks of any facts or circumstances that could result in criminal risks. It is available to both employees and outside parties (suppliers, clients, etc.).

- Via email:
  prevencionriesgospenales@isdefe.es

- On the corporate website:
  https://www.isdefe.es/comunicaci-n-irregularidades

Isdefe also has Harassment and Discrimination Procedures with specific reporting mechanisms to avoid any type of moral and/or sexual harassment in the workplace, including any type of discriminatory treatment that could take place within the company.

The guidelines include a clear procedure to be followed and establish the Ethics Committee, which is responsible for evaluating any situation involving harassment or discrimination that may arise and propose the opportune disciplinary measures, enforcing the content of the Procedures and resolving any interpretation or question that may arise concerning their application.

Risk management

Isdefe ensures the company's strategic goals through proper risk management that complies with legal requirements and by establishing internal guidelines, which are available on the Employee Portal.

Isdefe has an ISO 9001 Quality Management System that guarantees the quality of our services and an ISO 14001 Environmental Management System that minimises the potential environmental risks associated with our activity.

Likewise the Occupational Risk Prevention Policy is an integrated management system within the company's activity that is designed to prevent risks, evaluate those that cannot be eliminated and to plan prevention.

In the area of Information Security, Isdefe adheres to the highest principles for safeguarding classified information. These are used to define the set of technical, organisational and technological security rules, regulations, procedures, practices and measures needed to obtain a proper, proportionate and reasonable level of protection for classified information, as required by our clients and contractors.

> *Isdefe's rules for safeguarding classified information ensure the level of protection required by clients*

As concerns the security of information of a personal nature, Isdefe handles this risk by creating a commission that coordinates and standardises security aspects at Isdefe and tracks and enforces said aspects.

In the area of criminal risk prevention, the company has a Criminal Risk Prevention Programme and a Committee to Oversee and Track Criminal Risks, the purpose of which is to oversee the control and prevention systems in order to minimise and properly manage the potential criminal risks inherent to the company's activity.

In addition, Isdefe has a General Procedure for Managing Technical Risks, which describes the method for managing risks when executing a contract/management assignment in order to reach the planned goals.

Finally, as a fundamental risk principle, is top management's involvement in the overall supervision of risk management through its active participation in both the definition and tracking of risks, given the competitive advantage that prudent risk management offers in today's financial environment.

Transparency

On its corporate website, Isdefe publishes all of the information pertaining to contractual activities. Users can check published bids and their relevant documents and all other required paperwork, along with their status and any contracts awarded, as required by Royal Legislative Decree 3/2011 of 14 November, which approved the revised text of the Law on Public Sector Contracts.

Since 2014, and in compliance with Law 19/2013 of 9 December, on transparency, access to public information and good governance, Isdefe has had a Transparency Portal inside its corporate website. This portal serves to enhance transparency in the company's management and activity and to provide information on how public funds are used. Isdefe's governance and management bodies also include the Transparency, Good Governance and CSR Committee.

Duties of the Transparency, Good Governance and CSR Committee

- To promote transparency in the company's public activities.

- To enforce disclosure obligations.
- To safeguard the right to access public information.
- To ensure compliance with Isdefe's regulations on good governance and CSR.

On the corporate website, the public can download the Code of Ethics, as required by the Law on the Patrimony of Public Administrations.

Also accessible is the Annual Report, including the Corporate Social Responsibility report, the Activities Report and the Corporate Governance Report, as required by the Law on Sustainable Financing and the Activities Report.

Isdefe also has an Employee Portal which has information of interest to workers (corporate information, company policies, management processes, internal and industry news, documents, publications, etc.). This Portal is also a work tool that facilitates communication between the company's various departments.

New corporate website

Isdefe created a new corporate website with optimised features and a design that is structured to improve accessibility. Users can more easily locate information thanks to this simpler and more intuitive browsing experience.

The new website integrated the contracting and transparency portals, and makes it possible for all users to access, understand, browse and interact with the contents under equal conditions, as required by the applicable public sector law.

These improvements are intended to promote the access and use of the website as an efficient reference tool for the users and organisations served by the company, and reflect Isdefe's commitment to constantly improve its processes and services.

> *New, more accessible corporate website that is simpler and more intuitive to navigate*

Annual accounts

BALANCE SHEET
INCOME STATEMENT
AUDIT REPORT

END-OF-YEAR BALANCE			
ASSETS	**NOTES FROM THE REPORT**	**2016**	**2015 (*)**
A) NON-CURRENT ASSETS		**126.548.358,67**	**129.486.994,94**
I. Intangible fixed assets	NOTE 7	128.893,25	342.629,03
3. Patents, licenses, brands and similar		1.566,96	2.462,35
5. Computer applications		127.326,29	340.166,68
II. Tangible fixed assets	NOTE 5	91.023.127,40	92.286.076,13
1. Land and construction		87.883.955,72	88.960.943,76
2. Property, plants, equipment and other tangible fixed assets		3.139.171,68	3.325.132,37
3. Fixed assets under construction and advances		0,00	0,00
III. Real estate investments	NOTE 6	1.131.951,27	1.164.331,10
1. Land		389.170,24	389.170,24
2. Construction		742.781,03	775.160,86
IV. Long-term investments in group and member companies	NOTE 9.4	32.454.000,00	32.454.000,00
1. Equity instruments		32.454.000,00	32.454.000,00
V. Long-term financial investments	NOTE 9.1	128.995,33	161.288,48
2. Loans to third parties		127.395,33	159.688,48
5. Other financial assets		1.600,00	1.600,00
VI. Tax-deferred assets	NOTE 11.1	1.681.391,42	3.078.670,20
B) CURRENT ASSETS		**52.234.317,76**	**43.484.203,63**
II. Inventory		0,00	17.347,62
6. Advances to suppliers		0,00	17.347,62
III. Trade debtors and other accounts receivable		34.259.411,54	37.430.565,25
1. Clients from sales and services provided	NOTE 9.1	6.695.842,31	9.375.282,40
2. Clients, group and member companies	NOTES 9.1 & 19	26.736.989,81	27.049.141,63
3. Accounts receivable	NOTE 9.1	0,00	62.303,41
4. Personnel	NOTE 9.1	28.146,57	49.313,02
5. Current tax assets	NOTE 11.1	478.513,98	3.412,73
6. Other Public Administration credits	NOTE 11.1	319.918,87	891.112,06
V. Short-term financial investments	NOTE 9.1	75.555,98	75.595,67
2. Loans to companies		60.590,82	53.518,91
3. Debt securities		0,00	0,00
5. Other financial assets		14.965,16	22.076,76
VI. Short-term accruals		290.347,08	279.005,86
VII. Cash and cash equivalents	NOTE 9.1	17.609.003,16	5.681.689,23
1. Cash		17.525.687,88	5.681.689,23
2. Other equivalent liquid assets		83.315,28	0,00
TOTAL ASSETS (A+B)		**178.782.676,43**	**172.971.198,57**

G4-DMA Economic performance, G4-EC1, G4-EC4, G4-EC7

NET EQUITY AND LIABILITIES			
NET EQUITY AND LIABILITIES	**NOTES FROM THE REPORT**	**2016**	**2015 (*)**
A) NET EQUITY		**142.130.162,99**	**137.277.999,52**
A-1) Equity	NOTE 9.5	142.130.162,99	137.277.999,52
I. Capital		41.372.100,00	41.372.100,00
1. Issued capital		41.372.100,00	41.372.100,00
III. Reserves		93.905.899,52	91.376.457,52
1. Legal and statutory		2.885.882,48	2.432.938,28
2. Other reserves		91.020.017,04	88.943.519,24
VII. Result for the year	NOTE 3	6.852.163,47	4.529.442,00
A-2) Valuation adjustments		0,00	0,00
A-3) Subsidies, donations and bequests received		0,00	0,00
B) NON-CURRENT LIABILITIES		**686.842,61**	**3.919.327,85**
I. Long-term provisions	NOTE 13	0,00	3.078.564,95
4. Other provisions		0,00	3.078.564,95
II. Long-term debts	NOTE 9.2	686.842,61	840.762,90
2. Debts with credit institutions		0,00	0,00
5. Other financial liabilities		686.842,61	840.762,90
C) CURRENT LIABILITIES		**35.965.670,83**	**31.773.871,20**
I. Liabilities associated with non-current assets held for sale		0,00	0,00
II. Short-term provisions	NOTE 13	5.322.599,40	6.203.562,86
III. Short-term debts	NOTE 9.2	3.004.671,13	1.807.731,62
2. Debts with credit institutions		0,00	1.333,74
5. Other financial liabilities		3.004.671,13	1.806.397,88
IV. Short-term debt with Group and member companies		0,00	0,00
V. Trade creditors and other accounts payable		27.638.400,30	23.762.576,72
1. Suppliers	NOTE 9.2	13.605.472,82	11.654.781,07
3. Sundry accounts payable	NOTE 9.2	0,00	185.361,54
4. Personnel (salaries outstanding)	NOTE 9.2	5.908.664,24	3.608.933,21
5. Current tax liabilities	NOTE 11.1	0,00	460.239,31
6. Other Public Administration debts	NOTE 11.1	4.179.797,30	4.158.705,12
7. Advances to clients	NOTE 9.2	3.944.465,94	3.694.556,47
VI. Short-term accruals		0,00	0,00
TOTAL NET EQUITY AND LIABILITIES (A+B+C)		**178.782.676,43**	**172.971.198,57**

PROFIT AND LOSS STATEMENT FOR THE FISCAL YEAR ENDING ON 31 DECEMBER 2016			
PROFIT AND LOSS STATEMENT	NOTES	2016	2015
A) ONGOING OPERATIONS			
1. Net turnover	NOTE 22	148.022.517,24	143.192.576,97
b) Services rendered		148.022.517,24	143.192.576,97
4. Raw materials and consumables		-34.615.094,50	-34.429.993,87
a) Consumption of goods	NOTE 12	-4.035.837,27	-3.567.263,32
b) Use of raw materials and other consumables	NOTE 12	0,00	-64,20
c) Work performed by other companies		-30.579.257,23	-30.862.666,35
5. Other operating revenue		1.368.599,24	3.824.505,80
a) Sundry revenue and other current operating revenue		285.880,45	335.588,30
b) Operating subsidies added to results	NOTE 16	1.082.718,79	3.488.917,50
6. Personnel expenses		-95.072.048,87	-96.983.380,18
a) Salaries		-70.682.754,52	-73.166.544,47
b) Benefits	NOTE 12	-24.389.294,35	-23.816.835,71
7. Other operating expenses		-8.096.739,59	-8.231.878,55
a) External services		-7.456.179,53	-7.814.008,10
b) Taxes		-584.810,84	-416.101,87
c) Loss, impairment and change in provisions from commercial operations		-55.692,34	22.225,70
d) Other current management expenses		-56,88	-23.994,28
8. Amortization of fixed assets	NOTE 5/6/7	-2.233.954,99	-2.301.085,99
10. Excess provisions	NOTE 17.1	388.845,30	701.715,00
11. Impairment and profit/loss from disposal of fixed assets		-1.478,48	-144,74
a) Impairments and losses	NOTE 5/7	0,00	0,00
b) Profit/loss from disposals and others		-1.478,48	-144,74
A.1) Operating income (1+2+3+4+5+6+7+8+9+10+11)		9.760.645,35	5.772.314,44
12. Revenue		6.578,98	43.330,92
b) From marketable securities and other financial instruments		6.578,98	43.330,92
b2) From third parties		6.578,98	43.330,92
13. Financial expenses		-214,78	-17.500,65
b) From third-party debts		-214,78	-17.500,65
15. Exchange variations	NOTE 10	-12.723,11	408.545,05
16. Impairment and profit/loss from disposal of financial instruments		0,00	0,00
A.2) Financial results (12+13+14+15+16)		-6.358,91	434.375,32
A.3) Pre-tax result (A.1+A.2)		9.754.286,44	6.206.689,76
17. Income tax	NOTE 11.2	-2.902.122,97	-1.677.247,76
A.4) Profit/loss in period from ongoing operations (A.3+17)		6.852.163,47	4.529.442,00
B) INTERRUPTED OPERATIONS			
18. Profit/loss in period from interrupted operations net of taxes		0,00	0,00
RESULTS FOR THE FISCAL YEAR (A.4+18)		6.852.163,47	4.529.442,00

G4-DMA Economic performance, G4-EC1, G4-EC4, G4-EC7

AUDIT REPORT

Grant Thornton
José Abascal, 56
28003 MADRID

T +34 91 576 39 99
F +34 91 700 45 32
madrid@es.gt.com
www.GrantThornton.es

Informe de Auditoría Independiente de Cuentas Anuales

Al Accionista Único de INGENIERÍA DE SISTEMAS PARA LA DEFENSA DE ESPAÑA, S.A.U., S.M.E., M.P.

Informe sobre las cuentas anuales

Hemos auditado las cuentas anuales adjuntas de INGENIERÍA DE SISTEMAS PARA LA DEFENSA DE ESPAÑA, S.A.U., S.M.E., M.P. (en adelante, la Sociedad), que comprenden el balance a 31 de diciembre de 2016, la cuenta de pérdidas y ganancias, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria correspondientes al ejercicio terminado en dicha fecha.

Responsabilidad de los administradores en relación con las cuentas anuales

Los administradores son responsables de formular las cuentas anuales adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados de INGENIERÍA DE SISTEMAS PARA LA DEFENSA DE ESPAÑA, S.A.U., S.M.E., M.P. de conformidad con el marco normativo de información financiera aplicable a la entidad en España, que se identifica en la nota 2a) de la memoria adjunta, y del control interno que consideren necesario para permitir la preparación de cuentas anuales libres de incorrección material, debida a fraude o error.

Responsabilidad del auditor

Nuestra responsabilidad es expresar una opinión sobre las cuentas anuales adjuntas basada en nuestra auditoría. Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la auditoría de cuentas vigente en España. Dicha normativa exige que cumplamos los requerimientos de ética, así como que planifiquemos y ejecutemos la auditoría con el fin de obtener una seguridad razonable de que las cuentas anuales están libres de incorrecciones materiales.

Una auditoría requiere la aplicación de procedimientos para obtener evidencia de auditoría sobre los importes y la información revelada en las cuentas anuales. Los procedimientos seleccionados dependen del juicio del auditor, incluida la valoración de los riesgos de incorrección material en las cuentas anuales, debida a fraude o error. Al efectuar dichas valoraciones del riesgo, el auditor tiene en cuenta el control interno relevante para la formulación por parte de la entidad de las cuentas anuales, con el fin de diseñar los procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la entidad. Una auditoría también incluye la evaluación de la adecuación de las políticas contables aplicadas y de la razonabilidad de las estimaciones contables realizadas por la dirección, así como la evaluación de la presentación de las cuentas anuales tomadas en su conjunto.

Grant Thornton

Opinión

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de INGENIERÍA DE SISTEMAS PARA LA DEFENSA DE ESPAÑA, S.A.U., S.M.E., M.P. a 31 de diciembre de 2016, así como de sus resultados y flujos de efectivo correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación y, en particular, con los principios y criterios contables contenidos en el mismo.

Informe sobre otros requerimientos legales y reglamentarios

El informe de gestión adjunto del ejercicio 2016 contiene las explicaciones que los administradores consideran oportunas sobre la situación de la Sociedad, la evolución de sus negocios y sobre otros asuntos y no forma parte integrante de las cuentas anuales. Hemos verificado que la información contable que contiene el citado informe de gestión concuerda con la de las cuentas anuales del ejercicio 2016. Nuestro trabajo como auditores se limita a la verificación del informe de gestión con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de la Sociedad.

Grant Thornton

María José Lázaro

21 de abril de 2017

AUDITORES
INSTITUTO DE CENSORES JURADOS
DE CUENTAS DE ESPAÑA

GRANT THORNTON, S.L.P.

Año 2017   Nº 01/17/00778
COPIA

Informe de auditoría de cuentas sujeto
a la normativa de auditoría de cuentas
española o internacional

[ANNEX B]

About the annual report

CHALLENGES AND OBJECTIVES

EMPLOYEES (G4-DMA)

RESULTS

OBJECTIVES	COMPLIANCE
Negotiation of the new Labour Relations Framework	Compliance with the challenge established in 2015 to negotiate the new Labour Relations Framework: Progress in ascertaining and determining the causes that affect the dialogue and formulation of the company's proposal at the negotiations

CHALLENGES

OBJECTIVES

Start of agreements if the causes that affect the joint dialogue and formulation of the company's proposal at the negotiations disappear

THE ENVIRONMENT (G4-DMA)

RESULTS

OBJECTIVES	COMPLIANCE
Reduce paper use per person (average occupancy) by 2% with respect to previous years (2011-2015)	The targets for paper, electricity and water consumption were satisfactorily fulfilled with 35%, 6.8% and 13.7% reductions, respectively.
Reduce relative (per building occupancy) electricity use by 1.5% with respect to 2015	
Reduce relative (per building occupancy) water use by 0.5 % with respect to 2015	The goal of keeping natural gas consumption the same was not possible, though its increase was almost symbolic (0.65%) and very close to the target set
Keep relative (per building occupancy) gas use unchanged with respect to 2015	

CHALLENGES

OBJECTIVES

To achieve a 62% rate in the use of recycled paper at BdB3 by 31 December 2017

To reduce relative (per building occupancy) electricity use at the BdB3 headquarters by 1.5% with respect to 2016

To reduce water use for irrigation purposes by 15% with respect to the consumption data registered in 2016

To reduce the amount of water use to flush toilets by 3% with respect to the consumption data registered in 2016

To make Isdefe employees aware of savings practices by internally releasing information on the amount of energy saved every month by the organisation

G4-DMA Labour-Management relations, G4-DMA Materials, G4-27, G4-EN27

SUPPLY CHAIN

RESULTS

OBJECTIVES	COMPLIANCE
Continue to require suppliers to include environmental clauses in their purchasing and contracting processes	Environmental clauses have been included, as described in the section on suppliers in Chapter 3 of this document
Continue increasing the use of hybrid paper	Accomplished

CHALLENGES

OBJECTIVES

Continue to require suppliers to include environmental clauses in their purchasing and contracting processes whenever allowed by their scope

Continue increasing the use of hybrid paper

SOCIETY

RESULTS

OBJECTIVES	COMPLIANCE
Launch of the Social Action Programme	Numerous social initiatives were undertaken in 2016, as described in Chapter 3, investment section
Creation of a CSR Observatory to implement good corporate practices and promote strategic alliances with our clients in the area of CSR	Accomplished. The CSR Observatory went into operation over the course of 2016 through monitoring, membership in groups and establishing strategic alliances that enhance the company's management of its CSR

CHALLENGES

To advance in the implementation of good corporate CSR practices by consolidating the CSR Observatory and the Social Action Programme

To promote and embrace an ethical culture as a benchmark for action in every area of Isdefe

PRINCIPLES FOR PREPARING THE SUSTAINABLE ANNUAL REPORT

Principles for defining the content of the annual report

This 2016 Annual Report was written as per the standards specified in version G4 of the Global Reporting Initiative (GRI), and is deemed to be "In accordance - Comprehensive".

In addition, the Annual Report is validated by another internationally renowned standard, the United Nations Global Compact Progress Report, which is updated annually through the publication of the Report on the corporate website of the United Nations (https://www.unglobalcompact.org).

This annex addresses the GRI requirements and the principles of the United Nations Global Compact, with a cross-tabulation indicating the page where the requirement or principle is reported or providing a direct answer to the required indicator.

Stakeholder inclusiveness

Since the creation of the CSR Unit in 2009, Isdefe has defined in its CSR strategy those stakeholders that affect the conduct of its activity and with which it has set up channels of communication, ongoing dialogue and transparency, as described in the "Engagement with stakeholders" section of the first chapter of this report.

Sustainability context

When writing this report, the three aspects of sustainability were considered: financial, social and environmental.

Isdefe considered the sustainability context in its daily activities, noting that the actions and policies carried out adhere to CSR criteria and comply with the national and international settings in which it operates.

Materiality analysis

The process used to determine the relevant material aspects covered in this Annual Report was as follows:

1. Identification of relevant topics

Isdefe conducted a materiality study based on the listing of aspect categories defined in the Global Reporting Initiative, these being:

- a) Financial aspects.

- b) Social aspects, including labour practices, human rights, society and product responsibility.

- c) Environmental aspects.

These aspects were analysed and evaluated using internal and external sources to determine what the company's relevant aspects were.

- **Internal sources:** obtained from the 2014-2016 Isdefe Strategic Plan and the resulting corporate plans, the Annual Accounts, the Criminal Risk Prevention Plan, the Marketing and CSR Plan, the Coordination and Management Guidance Committees, as well as the Employee Representation Committee and the findings drawn from the constant engagement with stakeholders through the various communications channels in place.

- **External sources:** imposed by applicable laws, public policies that affect the company, the media and various external studies published nationally in the area of CSR.

G4-18, G4-19, G4-20, G4-21, G4-25, G4-26

2. Prioritisation

The second step in determining the materiality was to prioritise those aspects that affect the organisation's capability, taking into account the assessments and decisions of stakeholders and the importance of company's economic, social and environmental impacts.

A materiality matrix was used to prioritise and evaluate the most important aspects to the organisation.

3. Materiality results

The last part of the process was to obtain a list of aspects that are relevant to the company's financial, social and environmental performance and that were used to determine the content of this Annual Report.

Financial performance
- Financial performance
- Market presence and international outlook
- Ethics and good governance
- Areas of activity
- Innovation
- Client satisfaction
- Supply chain

Social aspects
- Employees
- Training
- Diversity and equal opportunity
- Labour relations
- Health and safety
- Social investment
- Promotion of knowledge and excellence

Environmental aspects
- Compliance with EMS
- Managing consumption and waste
- Carbon Footprint

In addition to those aspects identified as relevant, Isdefe accounts for other subjects of interest and that provide greater transparency to the organisation.

Principles of completeness

The principle of completeness covers the following aspects:

Scope:
In this report, Isdefe accounts for those areas that have been identified as relevant to the organisation

Boundary:
the information included in this Report refers to the activity undertaken by Isdefe

Time:
the information presented is for 2016, though reference data from the two previous years are included to facilitate the evaluation of the current situation and ensure the quality of the information provided

G4-18, G19, G4-20, G4-21, G4-25, G4-26

PRINCIPLES FOR DEFINING THE QUALITY OF THE ANNUAL REPORT

The information provides suitable quality guarantees as it is based on the following principles:

Balance: the annual report clearly presents the positive and negative aspects of Isdefe's performance and includes the level of compliance with respect to the previous year's commitment, thus allowing the reader to make a reasonable assessment of the organisation's social responsibility.

Comparability: the information contained in this annual report includes, whenever possible, figures from the last three years.

Accuracy: all of the information contained in this report is accurate and sufficiently detailed so that stakeholders can properly judge the company's performance.

Timeliness: Isdefe is publishing its seventh CSR Report as tangible proof of its commitment to CSR.

Clarity: the information is presented in a way that is understandable, accessible and useful.

Reliability: the data contained in this report is supported by the management systems of the various departments responsible for the data. Said systems are managed rigorously and transparently.

INDEX OF GRI / GLOBAL COMPACT CONTENT

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ISDEFE

Oct 2017 Service

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G4-14 Principio de precaución	141-142		
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G4-22	Effect of any restatements of information provided in previous reports	No information was restated in 2016		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes		
Stakeholder Engagement				
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G4-29	Date of most recent previous Report	2. 2015 Annual Report	
G4-30	Reporting cycle	Annual	
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G4-32	Level reached, GRI Content Index and reference to the External Assurance Report	159	
G4-33	Policy and practice on external assurance	No external assurance was requested	
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G4-34	Governance structures of the organisation and its committees	127-137	
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G4-38	Composition of the highest governance body and its committees	127-133	
G4-39	Report whether the Chair of the highest governance body is also an executive officer	The Chair is not an executive officer	
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	127-135	

G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	132		
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G4-44	Rocesses for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	140		
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	128, 130, 133, 139		
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G4-48	Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	129-132		

G4-49	Process for communicating critical concerns to the highest governance body	129-132		
G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	129-132		
G4-51	Remuneration policies for the highest governance body and senior executives	132		
G4-52	Process for determining remuneration	132		
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration	132		
G4-54	Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country	In Spain, the ratio, taking into account the high percentage of university graduates, is 2.73 times the staff average		
G4-55	Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees	There was a 1% increase for all employees		
Ethics and Integrity				
G4-56	Mission statements, values and codes of ethics	11, 24, 141		GC 10
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines	141		GC 10
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as whistleblowing mechanisms or hotlines	141		GC 10

SPECIFIC STANDARD DISCLOSURES

INFORMATION ABOUT THE FOCUS MANAGEMENT AND INDICATORS	PAGE/DIRECT ANSWERS	OMISSION	GLOBAL COMPACT (GC)
Category: economic			
Material Aspect: Economic performance			
G4-DMA	15-17, 146-148		
G4-EC1 Direct economic value generated and distributed	15-17, 146-148		
G4-EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change		There are no implications, risks or opportunities for Isdefe's activities due to climate change	GC 7
G4-EC3 Coverage of the organisation's defined benefit plan obligations	93	Not Applicable. Pension plan has been frozen since 2012 pursuant to Royal Decree 20/2011 of 30 December on urgent measures involving budget, tax and financial aspects to correct the public deficit	
G4-EC4 Financial assistance received from the Public Administration	72, 146-148		
Material Aspect: Market presence			
G4-DMA	18-20, 93		
G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	93		GC 6
G4-EC6 Proportion of senior management hired from the local community at significant locations of operation		Local hiring needs are not relevant to Isdefe's activity abroad	GC 6
Material Aspect: Indirect economic impacts			
G4-DMA	17, 87, 102-106		
G4-EC7 Development and impact of infrastructure investments and services supported	17, 146-148		
G4-EC8 Significant indirect economic impacts, including the extent of impacts	87		
Material Aspect: Procurement practices			
G4-DMA	86-87		

G4-EC9	Proportion of spending on local suppliers at significant locations of operation	87		
Category: environmental				
Material Aspect: Material				
G4-DMA		118-119,121,154		
G4-EN1	Materials used by weight or volume	120		GC 7, 8
G4-EN2	Percentage of materials used that are recycled input materials	88		GC 8
Material Aspect: Energy				
G4-DMA		118, 154		
G4-EN3	Energy consumption within the organisation	Indirect energy consumption (natural gas) by primary sources (GJ): - Non-renewable sources: 923.76		GC 7, 8
G4-EN4	Energy consumption outside the organisation	Indirect energy consumption (electricity) by primary sources (GJ): - Renewable energies: 1,143 - Non-renewable energies: 5,036		GC 8
G4-EN5	Energy intensity	119, 121		GC 8
G4-EN6	Reduction of energy consumption	118-119		GC 8, 9
G4-EN7	Reductions in energy requirements of products and services	118-119		GC 8, 9
Material Aspect: Water				
G4-DMA		119, 154		
G4-EN8	Total water withdrawal by source	The water is supplied by the city network and is intended for office use only		GC 7, 8
G4-EN9	Water sources significantly affected by withdrawal of water	Water is withdrawn from the city network		GC 8
G4-EN10	Percentage and total volume of water recycled and reused		There are no records of the annual trend in the volume of water reused in 2016. There are plans to measure this in 2017	GC 8

Material Aspect: Biodiversity

G4-DMA		Not applicable. Isdefe's facilities are located on urban terrain	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Isdefe manages the facilities of NASA's Madrid Deep Space Communications Complex (MDSCC), located in Robledo de Chabela and catalogued as a Special Protection Area (SPA ES0000056)	GC 7-9
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Not applicable. The impact of Isdefe's activity is not significant because it complies with regional environmental regulations	GC 7-9
G4-EN13	Habitats protected or restored	The MDSCC is in a Special Protected Area (04 SPA ES0000056, "Encinares de los ríos Alberche y Cofio")		GC 7-9
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	This Protected Space is a key area for the preservation of various unique bird species included in Annex I of the "Birds" Directive, such as the Iberian royal eagle, royal eagle, peregrine falcon, black vulture and black stork		GC 7-9

Material Aspect: Emissions

G4-DMA		121	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	121	GC 7-9
G4-EN16	Indirect greenhouse gas emissions (Scope 2)	121	GC 7-9
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)		Not applicable. Obtaining data on scope 3 requires adapting the company's internal processes, which is currently not planned	GC 7-9

G4-EN18	Greenhouse gas emissions intensity	The values for the three variables are: - 7.1679 t CO2eq / M€ - 0.0421 t CO2eq / m2 - 1.4147 t CO2eq / employee		GC 8
G4-EN19	Reduction of greenhouse gas emissions	121		GC 7- 9
G4-EN20	Emissions of ozone-depleting substances		These types of substances were not emitted in 2016	GC 7-9
G4-EN21	NOx, SOx, and other significant air emissions		Not applicable. NOX and SOX account for a small percentage at the company compared to CO2	

Material Aspect: Effluents and waste

G4-DMA		120		
G4-EN22	Total water discharge by quality and destination	The wastewater generated is exclusively from bathroom use and is all routed to the city sewage system		GC 8
G4-EN23	Total weight of waste by type and disposal method	120		GC 8
G4-EN24	Total number and volume of significant spills	None		GC 8
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		Isdefe does not transport, import or export hazardous waste	GC 8
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff		Isdefe does not discharge water from any of its facilities	GC 8

Material Aspect: Products and services

G4-DMA		116-121		

G4-EN27	Extent of impact mitigation of environmental impacts of products and services	116-121, 154		GC 7-9
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life by product category		Given the nature of Isdefe's activity, as a provider of professional services, it does not sell products that use packaging materials	GC 8

Material Aspect: Compliance

G4-DMA		116-117		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	117	There were no incidents of this type	GC 8

Material Aspect: Transport

G4 - DMA			Not applicable. Isdefe requires adapting the company's internal processes to obtain this information	
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce		Not applicable. The transport of products or other goods and materials is not significant to Isdefe's corporate activity, and its internal procedures are currently not adapted to obtain data on the impact of the transport of persons	GC 8

Material Aspect: General

G4 - DMA		117		
G4-EN31	Total environmental protection expenditures and investments by type	117		GC 7-9

Material Aspect: Supplier environmental assessment

G4-DMA		88		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	88	88. Isdefe primarily contracts services, this percentage being very low	GC 8
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		Not applicable. Contracts are governed by the LCSP. None of Isdefe's activities and/or subcontracts lead to situations that have negative environmental impacts. Isdefe is a member of the Global Compact and adheres strictly to applicable laws	GC 8

Material Aspect: Environmental grievance mechanisms

G4-DMA		116-117		

G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	None	None	GC 8
Category: Social. Labor practices and decent work				
Material Aspect: Employment				
G4-DMA		91		
G4-LA1	Total number and rate of new employee hires and employee turnover by age, gender and region	91		GC 6
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	91, 93		
G4-LA3	Return to work and retention rates after parental leave, by gender	95		GC 6
Material Aspect: Labour/management relations				
G4-DMA		93, 154		
G4-LA4	Minimum notice periods regarding operational changes	The minimum notice periods comply with applicable law (15 days)		GC 3
Material Aspect: Occupational health and safety				
G4-DMA		99-101		
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes	99		GC 1-2
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities by region and gender	101		
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	101		

G4-LA8	Health and safety topics covered in formal agreements with trade unions	99-100		GC 1

Material Aspect: Training and education

G4-DMA		96-99		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	96		GC 6
G4-LA10	Programmes for skills management and lifelong learning	96-97		
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	93		GC 6

Material Aspect: Diversity and equal opportunity

G4-DMA		94-95		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	94, 138		GC 6

Material Aspect: Equal remuneration for men and women

G4-DMA		93, 94		
G4-LA13	Ratio of basic salary of women to men by employee category and by significant locations of operation	93		GC 6

Material Aspect: Supplier assessment for labour practices

G4-DMA		86-88		
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria		Contracts are governed by LSCP. None of Isdefe's or its subcontractors' activities involve situations that violate human rights. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	

G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken		Contracts are governed by LSCP. None of Isdefe's or its subcontractors' activities involve situations that violate human rights. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	GC 2

Material Aspect: Labour practices grievance mechanisms

G4-DMA		93		
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms		Confidentiality Restrictions. Three claims were filed, which were processed and settled within the company	

Category: Social. Human rights

Material Aspect: Investment

G4-DMA		102-107. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Isdefe did not enter into these kinds of agreements and due to the nature of its activities and location, no risks of violating human rights are anticipated. Isdefe's hiring processes comply with the Revised Text of the Law on Public Sector Contracts (LCSP)	GC 2
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	In 2016, 173 employees took the training course on the Ethics Code, which covers human rights aspects		GC 1

Material Aspect: Non-discrimination

G4-DMA		94, 141		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	141	One discrimination incident was filed that was closed out with no corrective actions needed	GC 6

Material Aspect: Freedom of association and collective bargaining			
G4-DMA			Not applicable. None of Isdefe's or its subcontractors' activities involve situations that violate human rights. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	87. No Isdefe activity has been identified that is prone to these risks		GC 3
Material Aspect: Child labour			
G4-DMA			Not applicable. None of Isdefe's or its subcontractors' activities involve situations that use child labour. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	No Isdefe activity has been identified that is prone to these risks		GC 5
Material Aspect: Forced labour			
G4-DMA			Not applicable. None of Isdefe's or its subcontractors' activities involve situations that use forced labour. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	No Isdefe activity has been identified that is prone to these risks		GC 4
Material Aspect: Security practices			
G4-DMA		107		

G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations		Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	GC 1

Material Aspect: Indigenous rights

G4-DMA		107		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		Isdefe does not engage in activities that could violate indigenous rights	GC 1

Material Aspect: Assessment

G4-DMA		107		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		Isdefe's operations do not require this type of assessment. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	GC 1

Material Aspect: Supplier human rights assessment

G4-DMA		86-88		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		Contracts are governed by the Revised Text of the LSCP. None of Isdefe's or its subcontractors' activities involve situations that violate human rights. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	GC 2
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken		Contracts are governed by the Revised Text of the LSCP. None of Isdefe's or its subcontractors' activities involve situations that violate human rights. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws	GC 2

Material Aspect: Human rights grievance mechanisms

G4-DMA		107, 139, 141		
G4-HR12	Number of grievances about human rights filed, addressed and resolved through formal grievance mechanisms	There were no incidents of this type		GC 1

Category: Social. Society

Material Aspect: Local communities

G4-DMA		102-106	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	102-106	GC 1
G4-SO2	Operations with significant actual and potential negative impacts on local communities		Not applicable. Isdefe does not engage in operations of this nature	GC 1
Material Aspect: Anti-corruption			
G4-DMA		139-142	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	139	GC 10
G4-SO4	Communication and training on anti-corruption policies and procedures	24, 139-142	GC 10
G4-SO5	Confirmed incidents of corruption and actions taken	141. There were no cases of corruption in 2016	GC 10
Material Aspect: Public policy			
G4-DMA		Isdefe does not make contributions of this nature	
G4-SO6	Total value of political contributions by country and Recipient/beneficiary	141. Isdefe does not make contributions of this nature	GC 10
Material Aspect: Anti-competitive behaviour			
G4-DMA		139-143	
G4-SO7	Number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	The company has no knowledge of any sanctions for this reason	
Material Aspect: Regulatory compliance			
G4-DMA		139, 141	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	141. The company has no knowledge of any sanctions for this reason	
Material Aspect: Supplier assessment for impacts on society			
G4-DMA		86-88	

G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	88. Contracts are governed by the Revised Text of the LSCP. None of Isdefe's or its subcontractors' activities involve situations that violate human rights. Isdefe is a member of the Global Compact and scrupulously adheres to applicable laws		
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	None. Contracts are governed by the Consolidated Text of the LCSP. None of Isdefe's activities and/or subcontracts lead to situations that affect Human Rights. Isdefe is a member of the Global Compact and adheres strictly to applicable laws		

Material Aspect: Grievance mechanisms for impacts on society				
G4-DMA		139, 141		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	None		

Category: Social. Product responsibility

Material Aspect: Customer health and safety				
G4-DMA			Not applicable. Isdefe's activity does not include products or services that can affect the health or safety of customers	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		Not applicable. Isdefe's activity does not include products or services that can affect the health or safety of customers	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		Not applicable. The services offered by Isdefe have no significant impact on health or safety	

Material Aspect: Product and service labelling			
G4-DMA		84-85		
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of product and service categories subject to such information requirements	85	Isdefe constantly reports to its clients all of the information required on the services it provides, in keeping with the applicable law	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	85	There were no incidents of this type	
G4-PR5	Results of surveys measuring customer satisfaction	85		
Material Aspect: Marketing communications			
G4-DMA		85		
G4-PR6	Sale of banned or disputed products	Isdefe does not sell products of this nature		
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	There were no incidents of this type		
Material Aspect: Customer privacy			
G4-DMA		141		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	The company has no knowledge of any incidents of this type		
Material Aspect: Compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	There were no incidents of this type		

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