



Annual Report
2017



Isdefe
Your Best Ally



2017 ANNUAL REPORT

At the end of fiscal year 2017, as always, Isdefe presents the Executive Summary and Sustainability Report 2017, including the Company's activities and the financial results for this period, to all those organisations and entities receiving our services. The document also reports and verifies the organisation's performance with regard to the three aspects of sustainability: economic, social and environmental.

Being fully aware of the importance of transparency, integrity and business ethics, Isdefe has once again decided to endorse this Report by means of the 10 Principles of the United Nations Global Compact and the GRI Standards reporting guidelines.

In so doing, the company aims to demonstrate both the ability to generate shared value in the areas where it conducts its activities and its commitment to the surrounding environment.

The 2017 Isdefe Annual Report can be downloaded in digital format from the corporate website, www.informeanualisdefe.es, as for ecological reasons, the paper edition has been intentionally limited.



www.informeanualisdefe.es



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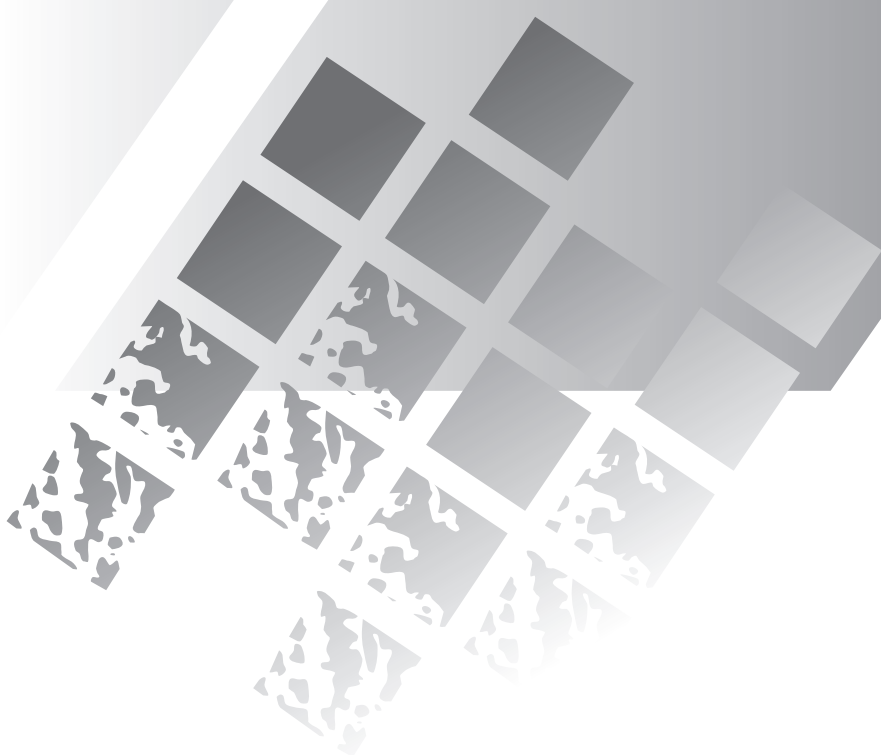
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Letter from the President

It is a pleasure for me to introduce the Annual Report and Sustainability Report of the Company for the year 2017. Both the printed and online version provide a summary of the activities conducted by the organisation during the fiscal year, in parallel to its management of economic, social, environmental and governance aspects.

Isdefe was founded more than 30 years ago with the aim of supporting the Ministry of Defence and the Armed Forces in defining technologically their programmes. The company has always remained faithful to its mission over the years, making the most of its experience and knowledge in order to expand its activities into other fields and, thus, to fulfil its role today as the Spanish Administration's in-house technical service provider.

With the new Common Security and Defence Policy, Europe has opened a door to promote research initiatives and develop new defence capabilities. The European Defence Action Plan (EDAP) and the Permanent Structured Cooperation (PESCO) will decisively influence the Ministry of Defence's strategy to address the needs of our Armed Forces, thereby providing new opportunities for domestic industry. In this sense, I am convinced that the capabilities, services and innovative spirit of Isdefe will provide strong support to face the challenges and opportunities that the future will bring.

Furthermore, the organisation has been able to make its activities compatible with recent regulatory reforms in the public sector. Its commitment to cutting-edge technology, excellence in management and governance, transparency and sustainability have made it the leader in in-house defence and security services for the Ministry of Defence, the Spanish Administration and other international public bodies to which it provides services.

Isdefe's positioning at present is the result of the talent, hard work and dedication to public service of the team of professionals that make up the organisation. I am deeply grateful to all of them for their effort and commitment, and I invite them to continue their work with the same enthusiasm so that the Isdefe of the future will continue to provide the same solid support as always.



Ángel Olivares Ramírez
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 2017, which summarises the most relevant financial information and includes both initiatives and achievements deriving from its activities during this period.

Looking back on this year, I would like to highlight that we have continued to make progress in strengthening our position as in-house technical service provider for the General State Administration, especially in the field of defence and security. The total revenue was €141.2 million, of which the part corresponding to the activity as in-house technical service provider was 87.45%.

At the same time, during this period, the foundations have been laid for adapting the organisation to future needs. Actions are being taken in several areas, one of which is the transformation and development of human resources, by incorporating a new training plan. In parallel, digital transformation for the modernisation of Isdefe corporate services has also begun, in line with the guidelines outlined by the Administration. Finally, an exercise in strategic foresight has been undertaken to identify challenges ahead, setting a time horizon in the year 2030.

In the course of the year, a series of milestones have also been reached, such as the promotion of areas related to the National Security Strategy and the strengthening of R&D projects in strategic areas, in collaboration with several Universities within the framework of Red Horizontes Isdefe. At an international level, another noteworthy aspect has been the promotion of our activities through our involvement within the framework of new initiatives for European defence and security.

In the area of Corporate Social Responsibility, Isdefe has confirmed its adherence to the United Nations Global Compact in this publication's report on advances in applying its Ten Fundamental Principles. In 2017, the company has acted with a firm and determined commitment to ethics, transparency and the best practices of good corporate governance.

In closing, I would like to express my gratitude to the Board of Directors for the constant support for all the initiatives undertaken during the year, and especially to all our personnel who, as our main value, have made it possible to fulfil all the plans, challenges and programmed actions.



Francisco Quereda Rubio
Chief Executive Officer of Isdefe



The Organisation

PRESENT AND FUTURE

■ IN-HOUSE TECHNICAL DEFENCE AND SECURITY PROVIDER

Ingeniería de Sistemas para la Defensa de España (Isdefe) is a State Owned Company created in 1985 and owned by the Ministry of Defence.

Isdefe is the Spanish Administration's in-house technical defence and security provider and, as such, serves the Ministry of Defence, the Ministry of the Interior and General State Administration (GSA). At the same time, it makes its experience available to Administrations of other allied countries and international public entities, which furthers its presence in initiatives of interest for Defence and Security, in addition to strengthening its activity as in-house technical service provider.

Isdefe business operations are in the areas of Defence and Security, Space, Transport, ICT, Public Administration and Energy.

MISSION, VISION AND VALUES

» Mission

To support the Ministry of Defence, the Public Administrations and international bodies in areas of technological and strategic interest, providing high-end services in consultancy, engineering, as well as in management, technical operation and maintenance of space complexes.

» Vision

To make progress as a leading company in interdisciplinary consultancy and engineering, developing high quality, economically and socially profitable innovative projects.

» Our Values

- **Independence:** “We distinguish ourselves for always advocating the interests of the Spanish administration over any kind of industrial, commercial or economic determinant”.
- **Global Vision:** “We are an interdisciplinary organisation, featuring a great diversity of professional profiles which combined together provides a comprehensive services portfolio”.
- **Proactivity:** “We anticipate needs, providing innovation in our solutions”.
- **Commitment:** “We are committed both to the public bodies we provide services for and our organisation and the society in general, through a work methodology based on ethics and professionalism”.
- **Experience and Knowledge** “Our activity is based on providing the knowledge we have developed for more than 30 years providing services, and efficient solutions”.

“Isdefe supports the Ministry of Defence, Public Administrations, and international institutions boasting the maximum independence, global vision, proactivity, commitment, experience and knowledge”

STRATEGY AND OBJECTIVES

The most relevant aspects of Isdefe's management in 2017 were mainly focused on consolidating and fostering Isdefe's activities as an in-house technical service provider owned by the State General Administration and the bodies, entities and organisms linked to or attached to it, in terms of engineering, consultancy, technical assistance services; particularly those related to Defence and Security, as well as engineering and services activities in the space industry, the economic and financial sustainment, the quality of products and services, the international presence, research and development and Corporate Social Responsibility.

Once the Strategic Plan 2014-2016 came to an end, which contributed to set up the Company as a benchmark and a technology instrument for the Ministry of Defence and all of the Public Administrations, during 2017, Isdefe conformed its strategy through the Action Plan 2017-2021, so as to continue its consolidation as an instrument owned by the Administration in technological areas, mainly related to Defence and Security, providing high added value and guaranteeing the economic and financial sustainability of the Company.

Through the Action Plan, the Company pays special attention to foster the support to the Administration in other areas included in the National Security Strategy and the technological modernisation of the Administration; to promote motivation and development of human resources; and to foster modernisation of corporate services by incorporating new technologies to processes, and following the guidelines set forth on the Digital Transformation Plan by the State General Administration and its public bodies.

The Action Plan will also reinforce our commitment to innovation through our availability to take part in international bodies' programmes, particularly within the new framework of the European Defence Action Plan. This Action Plan must continue to strengthen Isdefe in those activities and environments for which it was created, focusing its efforts in the Defence and Security industry and to facilitate its adaptation to new needs, transferring its knowledge and synergies together with its experience into others activity sectors.

Moreover, activities oriented to good corporate governance have to be highlighted, such as transparency reinforced by institutional, organisational, economic or budgetary information being actively published or the commitment to Ethics through the compliance with the Code of Ethics and Criminal Risks Prevention Programme.

“The new Action Plan 2017-2021 will foster the support to the Administration in different areas of the National Security Strategy”

BUSINESS MODEL

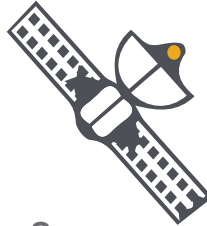
SECTORS OF ACTIVITY AND SERVICES

We provide engineering and consultancy services in the following sectors of activity:

> Sectors



Defence and Security



Space



Transport



Public
Administrations



ICT



Energy

> Services



Engineering



Consultancy



■ ACTIVITY IN TERMS OF VOLUME

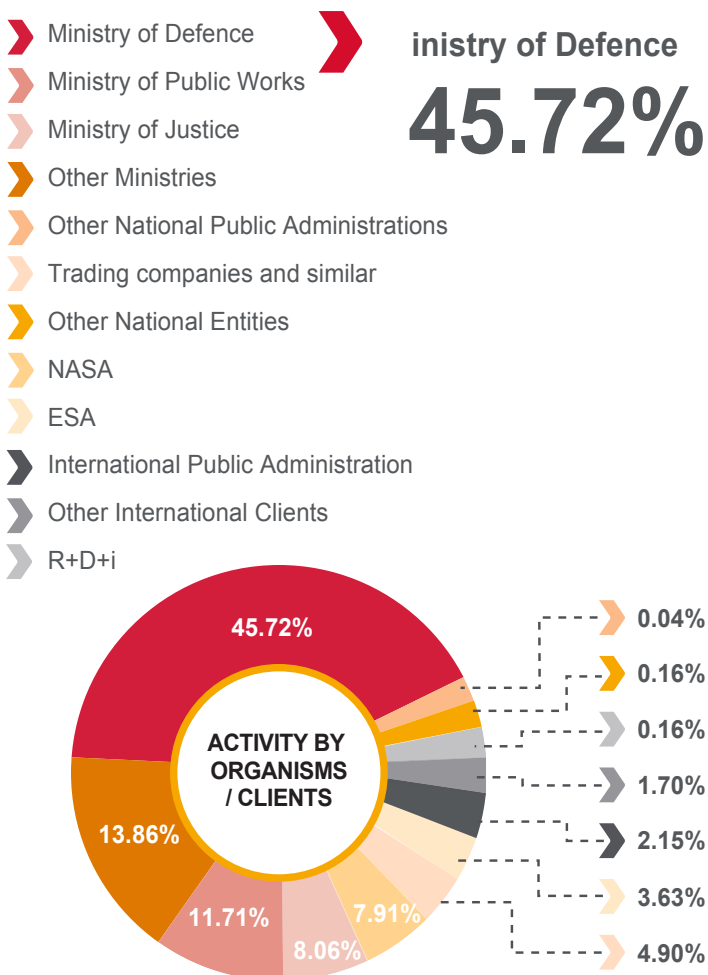
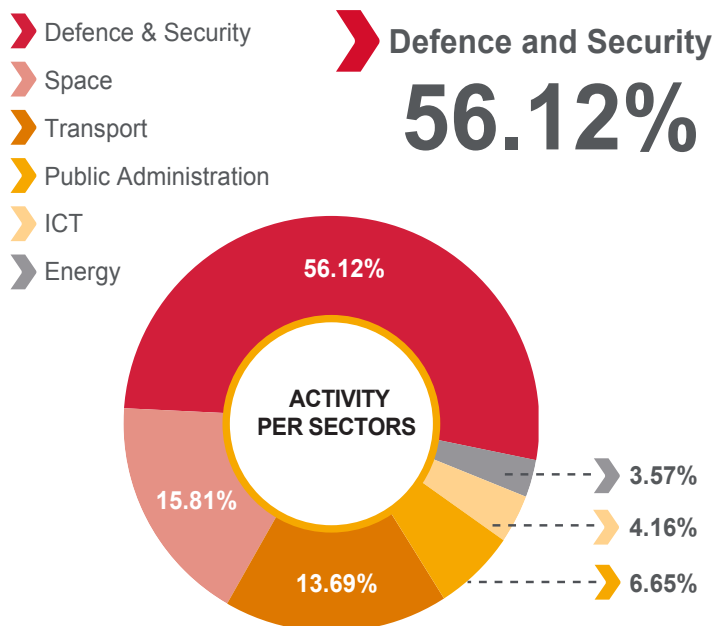
Engineering and consultancy activities carried out by Isdefe for the year 2017 may be classified into different activity sectors and also for the bodies we provide services for.

Thus, basic experience and knowledge arising of Security and Defence provide 56.12 % of the volume of activity, Transport represents 13.69 % and Space, 15.81 %, being also applied to other sectors such as Public Administrations representing a volume of 6.65 %, ICT with 4.16 % and Energy with 3.57 %.

During 2017, the activity as the in-house technical service provider reached EUR 123.454 million, representing 87.45 %, being the main Isdefe's ordering bodies, the Ministries of Defence, Home Affairs, Public Works, Justice, Industry, Commerce and Tourism, Economy and Business and Ecologic Transition.

Other activities are principally focused on Aena, NASA and the European Space Agency and other international public bodies (EC, EDA, EUROCONTROL, OSCE, NATO, etc).

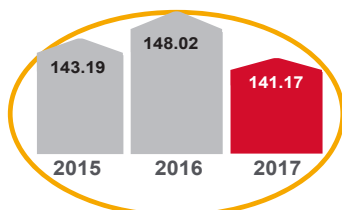
“During 2017 the activity as an in-house technical service provider reached € 123.45 million”



ISDEFE IN FIGURES

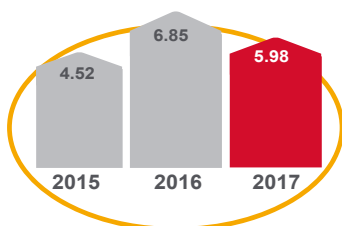
Revenue (M€)

141.17



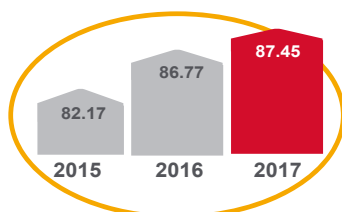
Net Profit (M€)

5.98



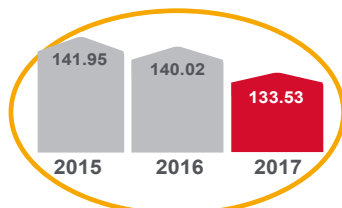
Activities as an in-house technical service provider (%)

87.45



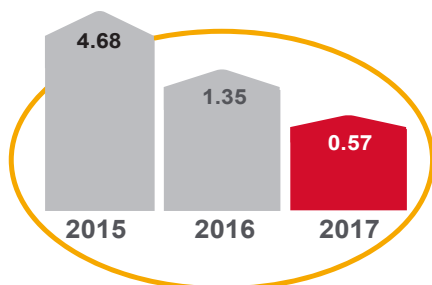
Operation Expenses (M€)

133.53



➤ R+D+i
Projects (M€)

0.57



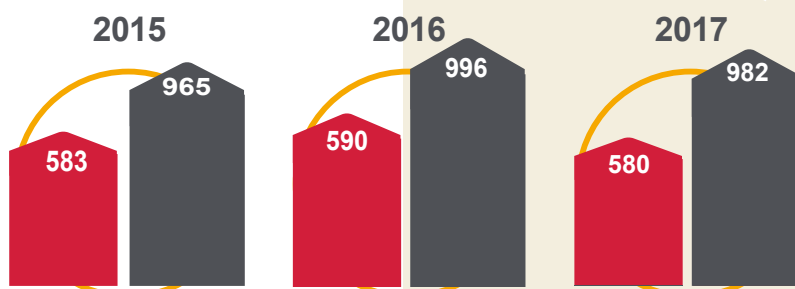
“Isdefe continues to disclose its figures following maximum transparency, rigour and independence”

No. of employees



➤ Women

➤ Men



ISDEFE IN SPAIN AND THE WORLD

WORK SITES

Isdefe's headquarters are located in Madrid, in Beatriz de Bobadilla, 3.

Isdefe's human team is made up by 1,562 persons distributed in 7 work sites.



WORK CENTRE TOTAL

Madrid (total) 1,500

Beatriz de Bobadilla 1,196

Robledo de Chavela 93

Villafranca del Castillo 19

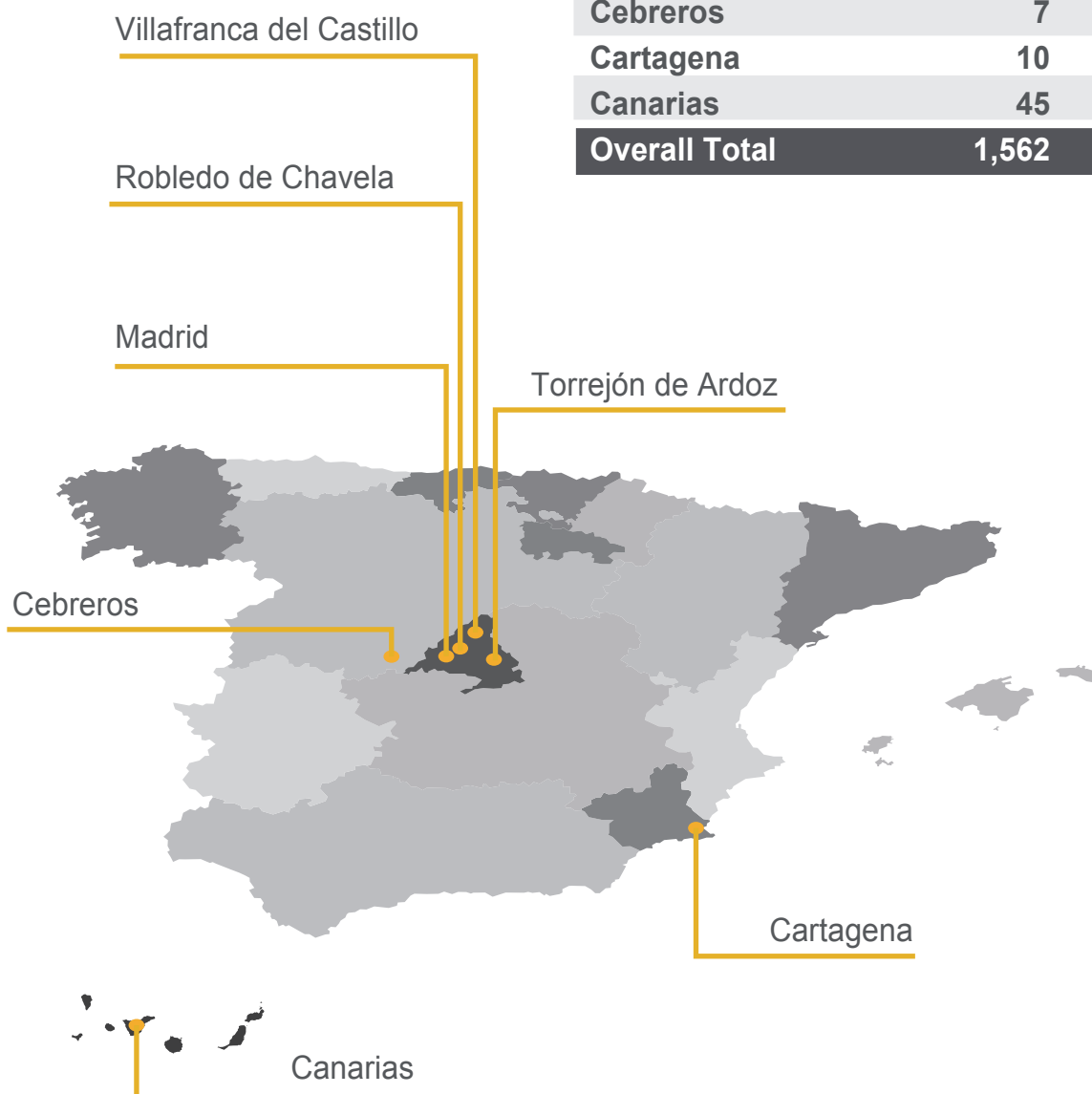
Torrejón de Ardoz 192

Cebreros 7

Cartagena 10

Canarias 45

Overall Total 1,562





INTERNATIONAL PROJECTION

Changes in the regulatory framework of the in-house technical service providers happening this last year made the orientation of Isdefe's activity evolve at international level in a very significant way.

Isdefe's business strategy is oriented to the main objective of consolidating the organisation as the reference in-house technical service provider for defence and security. In this sense, in addition to the national scope in which Isdefe carries out the actions to it entrusted by the State General Administration, an international activity is being carried out with the aim of being present in initiatives and bodies of interest for defence and security, aligning the action with the Ministry of Defence's needs and acquiring the knowledge and skills to strengthen its role as an in-house technical service provider.

In 2017, a part of Isdefe's activity at international level had the objective to have an in-depth knowledge and support the Ministry of Defence for its incorporation into the European Commission initiative of creating a Defence European Fund. This initiative aims to make more efficient the expenses from Member States in joint defence capacities, strengthen European citizens' security and foster a competitive and innovative industrial tissue.

“Throughout 2017, Isdefe supported the Ministry of Defence in its efforts to join the initiative of the European Defence Fund”



DEFENCE AND SECURITY:

Various projects in:



- NATO Airbone Early Warning & Control Programme Agency (NAPMA), Brunssum (Netherlands).
- NATO Cooperative Cyber Defense Centre of Excellence (CCDCOE), Tallin (Estonia).
- NATO Communications and Information Agency (NCIA), Brussels (Belgium).
- NATO HQ, North Atlantic Treaty Organisation, Brussels (Belgium).
- NSPA-NATO, NATO's Support and Procurement Agency, Capelen (Luxembourg).
- European Defence Agency (EDA), Brussels (Belgium).
- European Border and Coast Guard Agency (FRONTEX), Warsaw (Poland).
- SENASA, Ecuador Customs National Service, through the Inter-American Development Bank (IDB).



TRANSPORT:

Collaboration with bodies such as:

- European Air Security Agency (EASA), Cologne (Germany).
- Single European Sky Joint Undertaking (SESAR-JU), Brussels (Belgium).



SPACE:

Participation in specialised forums and projects development for:

- European Space Agency (ESA), Germany and Netherlands.
- European Global Navigation Satellite Systems Agency (GSA), Prague (Czech Republic).
- NASA, National Aeronautics and Space Administration, (United States).



PUBLIC ADMINISTRATIONS AND ENERGY:

Isdefe keeps operating in Egypt providing technical support to the National Renewable Energy Agency (NREA) entrusted by the Ministry of Industry, Commerce and Tourism (MINCOTUR).

Additionally, resulting from Isdefe's activity supporting MINCOTUR for the implementation of the Debt Conversion Programmes:

- Projects in the field of energy (electrical grids, renewable energies and new technologies) in Kenya, Senegal, Madagascar and Jordan.
- General Hospitals (Kawolo and Busolwe), Ministry of Health of Uganda.
- Central American Bank for Economic Integration (BCIE), Palmerola international airport in Honduras.

“Isdefe collaborates, supports and participates in different international bodies, forums, projects and initiatives related to its activity as an in-house technical service provider”

ENTITIES AND BODIES TO WHICH WE PROVIDE SERVICES

PUBLIC ADMINISTRATION



MINISTERIO
DE DEFENSA



MINISTERIO
DE INTERIOR



MINISTERIO
DE FOMENTO



MINISTERIO
DE ECONOMÍA Y EMPRESA



MINISTERIO
DE HACIENDA



MINISTERIO
DE CULTURA Y DEPORTE



MINISTERIO
DE AGRICULTURA Y PESCA,
ALIMENTACIÓN



MINISTERIO
DE TRABAJO, MIGRACIONES
Y SEGURIDAD SOCIAL



MINISTERIO
DE ASUNTOS EXTERIORES
UNIÓN EUROPEA Y COOPERACIÓN



MINISTERIO
DE TRANSICIÓN ECOLÓGICA



MINISTERIO
DE LA PRESIDENCIA
Y PARA LAS ADMINISTRACIONES TERRITORIALES



MINISTERIO
DE JUSTICIA



MINISTERIO
DE INDUSTRIA, COMERCIO Y TURISMO



MINISTERIO
DE CIENCIA, INNOVACIÓN
Y UNIVERSIDADES,



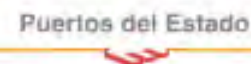
MINISTERIO
DE SANIDAD, CONSUMO
Y BIENESTAR SOCIAL



MINISTERIO
DE EDUCACIÓN
Y FORMACIÓN PROFESIONAL



OTHER PUBLIC INSTITUTIONS



OTHER INTERNATIONAL ORGANISATIONS



MULTILATERAL ORGANISATIONS



RESPONSIBLE APPROACH

■ CSR COMMITMENT

Isdefe's Corporate Social Responsibility (CSR) is founded on four basic pillars on which its commitment strategy is constructed. These commitments have been made to:



Ethics: Isdefe has always worked to foster and embrace a culture of ethics both inside and outside the company, which is considered a reference for action in all areas. The approval in 2016 of the Criminal Risks Prevention Programme implied a step further in the bid for a transparent and socially responsible management, being the area to work on for 2017 and the years to come.



Transparency: The company publishes yearly a Corporate Social Responsibility report entitled Annual Report, in which it reports, apart from the company's activities, environmental, social and corporate governance aspects with the aim of informing its groups of interest and maintaining its commitment to transparency. Furthermore, Isdefe, as a part of the State public sector posts all the relevant information for citizens on its Transparency Portal.




Society: Isdefe has a Social Action Programme through which responsible actions with society are scheduled, actions which are consistent with the company's strategy and values, prioritising and focusing on those solidary initiatives linked to the Defence and Security environment.



Stakeholders: The company makes the commitment to identify and foster good business practices through the CSR Observatory which will help to formalise strategic alliances with the groups of interest and will monitor the Corporate Social Responsibility trends.

DEBATES WITH THE GROUPS OF INTEREST

As a part of its CSR policy, Isdefe possesses different communication channels and keeps a constant debate with the groups of interest:



	Employees	Clients Bodies	Suppliers	Society	Shareholder	Partners
Corporate Website	●	●	●	●	●	●
Transparency Portal	●	●	●	●	●	●
Annual Report	●	●	●	●	●	●
Corporate Network	●					
Employee's Portal	●					
Argos Nwl & Classr	●					
General e-mail accounts	●					
Internal Memo	●					
Regular in-house meetings	●					
Yearly Satisfaction Survey		●				
Regular visits		●				
Technical Days		●				
Contractor's Status in the State Platform				●		
Alliances with Associations/Forums				●		
Collab. Agreements & University Collaborations				●		●
Social Projects				●		
Monthly Report to Board of Directors						●
General Meetings					●	

MILESTONES WHEN IMPLEMENTING CSR

Nine years elapsed since the creation of the Corporate Social Responsibility Unit and its journey throughout the consolidation of a responsible culture.

2008

Creation of the Unit of Contraction/Launch of Social Action/Regulatory Procedures against harassment and discrimination.

2009

Creation of the CSR Unit/ Adherence to UN Global Compact/Plan for Equal Opportunities/CSR Plan.

2010

1st Sustainability Annual Report/Launching of Corporate Voluntary Work Programme/Distinction "Equality in the Company" awarded.

2011

Approval of the Code of Conduct/Adherence to the Red Concilia (Local Council of Madrid).

2012

Consolidation of Social Action (Solidarity campaigns, fund-raising races, corporate voluntary work).

2013

Launching of a new Code of Ethics and its implementation.

2014

Edition of the Transparency Portal.

2015

Implementation of the axis for action defined on the Marketing and CSR Plan.

2016

Approval of the Criminal Risks Prevention Programme and relevant training to all the staff/Membership to Foretica, benchmark body in CSR.

2017

Observatory/ Adherence to Foretica's Transparency, Good Governance and Integrity Cluster.



Activities Report

ACTIVITY SECTORS

ACTIVITY SECTORS

SECTOR: DEFENCE AND SECURITY



- Defence planning
- Command and control networks and systems
- Platform Acquisition and Maintenance Programme Technology Centres
- Logistics and supply chain systems
- Intelligence and electronic warfare systems
- Security for information systems and critical infrastructure
- Border surveillance and control systems
- Technology and industrial management
- Crisis and emergency management systems

SECTOR: SPACE



- Space stations and infrastructures
- Satellite applications

SECTOR: TRANSPORT



- Traffic management
- Transport centres
- Advanced concepts

SECTOR: PUBLIC ADMINISTRATION



- Improvement and upgrade of public administrations
- Markets regulation and oversight

SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGIES ICT



- Radio spectrum
- Communications networks and systems

SECTOR: ENERGY



- Energy diversification and efficiency





SECTOR: DEFENCE AND SECURITY



The foundation of Isdefe had the objective of meeting the demand for technology definition within the Ministry of Defence's advanced programmes. Nowadays, we are the reference in house technical service provider for the Administration in Defence and Security, we provide technology and strategic consultancy for the Ministry of Defence and the Armed Forces, Ministry of Home Affairs, National Security and Police Forces and Civil Protection Bodies and international and multilateral bodies, including the European Defence Agency (EDA) and the North Atlantic Treaty Organization (NATO).

DEFENCE PLANNING

The Ministry of Defence and the European Defence Agency (EDA) use the strategic consultancy services in capability-based planning methodology developed by Isdefe for its military planning processes.

> Ministry of Defence / Defence Staff (EMAD)

Strategic consultancy services in the National Defence planning process at different stages.

> Ministry of Defence / Joint Defence General Staff (EMACON)

Support in the drafting of the Forces' Long-term Objective, an objective integrating all the material and human resources the Armed Forces need, including the main weaponry systems.

> Ministry of Defence / State Secretariat for Defence / General Directorate for Armament and Material (DGAM)

Technical assistance in the drafting of the necessary material instruments programme (systems and infrastructures) for the Armed Forces for the next 4 years.

European Union / European Defence Agency (EDA)

Collaboration in various projects from the European Defence Agency (EDA), standing out the making of a data base with documentation on security strategies and defence policies of EU countries and the study of European needs for the assessment and tests of unmanned aerial vehicle.

Support to the European (CDP – Capability Development Plan), with the aim of launching a new version of this in 2018, which will enable the Agency to contribute with all its programmes, projects and activities to improve the necessary military capabilities for the Common Security and Defence Policy.



COMMAND AND CONTROL NETWORKS AND SYSTEMS

The Ministry of Defence and the Nato Communications and Information Agency (NCIA) use the strategic consultancy services Isdefe provides for supporting the development of the great Information and Telecommunications systems (CIS) and the Command and Control systems at strategic, operational and tactical levels, both in the military field and in that of the National Security and Police Forces.

Ministry of Defence / State Secretariat for Defence / General Directorate for Armament and Material (DGAM).

Assistance in the stages of acquiring material resources procedures associated to the MC3 Plan (Upgrade of the mobile CIS systems of the Army and the Royal Marines).

Support to the FMN (Federated Mission Networking) Group attached to the DGAM.

Support to the Galileo PRS group attached to the DGAM for the definition, contracting and monitoring of pilot projects.

Support to the Deputy Directorate for Planning, Technology and Innovation (SDGPLATIN) in the working group of the Defence Staff (EMAD) for the definition of the national concept of the Joint,

Intelligence, Surveillance and Reconnaissance (JISR) capability and definition of its architecture.

Ministry of Defence / State Secretariat for Defence / Systems and ICT Centre (CESTIC)

Consultancy in topics such as strategic planning and regulatory deployment, e.g. drafting of the CIS Strategic Plan and the Ministry of Defence Global Architecture.

Engineering and management support for the launch and implementation of the Defence Comprehensive Information Infrastructure (I3D) and development and implementation of the Military Command and Control capabilities and the satellite communications system (SECOMSAT).

> Ministry of Defence / Defence Staff / Operations Command (MOPS)

Support to the logistic command and control within the Armed Forces in activities related to the NATO Logistic Functional Area Services (LOGFAS) subsystem.

> Ministry of Defence / Defence Staff / Headship of Support for Joint Action (JAAC)

Support to the Headship of Information and Telecommunications Systems of the Armed Forces (JCISFAS) in frequencies management and orbit spectrum integration.

Assistance in the transformation of networks, systems and display instruments infrastructure at the Retamares Base.

Collaboration in technology and transformation of Data Links standards and equipment and links networks management with the Management Centre for Tactical Data Links.

Technical assistance for defining and upgrading knowledge management systems at the Armed Forces Bureau of Intelligence (CIFAS).

> Ministry of Defence / Army / Headquarters / Headship of Information, Telecommunications and Technical Assistance for the Headquarters (JCISAT)

Technical assistance for designing processes of the New Command and Control System of the Army (SIMACET) project of the Permanent Headquarters (CGP).

Support to the implementation, tests and certification of primary and secondary nodes of C2 secure networks of the Army (NATO Secret-WAN and SIS).

Technical assistance for the implementation and trouble-shooting in communication networks and systems in the national territory and Operation Zones: Miguel de Cervantes Base (Lebanon), Iraq and Mali nodes.

Technical assistance in the installation, set up, securitization and documentation tasks of Classified Systems.

Participation in the Spanish delegation of the Multilateral Interoperability Programme (MIP), coordinating the work group in charge of defining the future programme evolution and interoperability among allies.

> Ministry of Defence / Army / Support to the Forces / Headship of Engineering for the Logistic Command (JIMALE)

Support to the drafting of specifications, requirements and technical assessment of the small unit command and control system Battlefield Management System (BMS).

Carrying out technical analysis within the studies to upgrade the anti-aircraft artillery systems (COAAAS, NASAMS, Patriot) and its integration with the NATO's Ballistic Missiles Defence (BMD) Programme.

> Ministry of Defence / Air Force / Support to the Forces / Logistic Support Command (MALOG)

Engineering and consultancy for the implementation of the Air Command and Control System (ACCS) at the Air Command and Control Centre (ARS) in Torrejon, where support tasks have been developed for implementing the NATO-funded Combined Air Operations Centre (CAOC-TJ).

Support to the process for obtaining TAT communication capabilities; satellite communications and data links, for the Deployable component of the Joint Force Air Component (JFAC) through the defining and starting to contract systems and equipment.

► NATO / Communications and Information Agency (NCIA)

Support to the technical definition and follow-up of projects, oversight and monitoring of NATO's deployable component tests. Deployable Ground-Air-Ground (GAG) and Deployable Air Control Centre, Recognised Air Picture Production Centre, Sensor Fusion Post (DARS).

Set up of information and communications systems of the Alliance at its premises in The Hague, Brussels and Mons, in order to consolidate an innovative programmes management system which, the NCIA intends to replicate in every equivalent activity of projects, programmes and portfolio management within the organisation.



PLATFORM ACQUISITION AND MAINTENANCE PROGRAMME

Isdefe's engineering, consultancy and technical assistance services for the lifetime of air, land and naval platforms, including those remotely piloted, guarantee a comprehensive solution including planning, economic and financial, technology-related and maintenance aspects.

► Ministry of Defence / State Secretariat for Defence / General Directorate for Armament and Material (DGAM)

Isdefe collaborates with the DGAM and its Deputy General Directorates (SDG), SDG for Programmes Management, SDG for Inspection, Regulation and Defence Industrial Strategy, and SDG for Acquisition of Armament and Materials in different acquisition and platforms maintenance programmes.

Different elements throughout the lifetime of the programmes, in addition to the technology consultancy require the development of comprehensive management processes, methodologies and tools for the armament and materials programmes, viability and security studies, preparing the contracting process, preparing and support to plans on tests, follow-up and conclusion of contracts both at national level and at

international level for the NATO agencies, Eurofighter 2000 and Tornado Management Agency (NETMA) and the Organisation for Joint Armament Cooperation (OCCAR).

When supporting the Programmes Bureaus for the DGAM's Acquisition Programmes, Isdefe collaborated in:

- Land Programmes Area: Pizarro Stage 2 (Combat Vehicle), Ammunition and Wheeled Combat Vehicles (VCR 8x8).
- Fixed-wing Programmes Area: Eurofighter EF2000, A400M (transport aircraft), Unmanned Aerial Systems (UAS) and Medium Altitude Long Endurance - Remotely Piloted Aircraft System (EUROMALE RPAS). Within the A400M Programme, direct support was given to activities

linked to aircraft approval, ending in the reception of the second A400M aircraft of the Spanish fleet. In the framework of the UAS Programme, Isdefe's staff pitched in the project for the acquisition of a MQ-9 Reaper system, providing technical assistance for the determination of the certification procedure and the logistic support concept.

- Rotary-wing Programmes Area: Multi-purpose Helicopter Platform (NH90) and TIGRE combat helicopter.
- Sea Programmes Area: F-110 polyvalent escort frigate, follow-up of the implementation and development activities of Technology Programmes (PROGTEC), Action at Sea Ship (BAM) and Navy's Submarine Programme (S- 80).

Other programmes in which Isdefe took part in are the Spike (Anti-tank missile), Multi Roler Tanker Transport (MRTT), Arianne (Satellite Launch Device) and MINISAMSON armament stations.

Ministry of Defence / Army

Technical assistance and consultancy services for the Headship of Engineering of the Logistic Support Command for the Army, providing support to the fixed-wing RPAS and the Tigre and NH90 new rotarywing platforms.

Consultancy on the participation in the international groups of the NATO's Indirect Fires Control with the aim of carrying out the ammunition ballistic characterisation.

Making of the "Strategic Analysis of the Army's Armament System lifetime" project.

Set up of the RBS (Readiness Based Sparing) Model on the planning for optimising purchases of spare parts and services both for the national territory and Operations Zones.

Support to the Project for the Gathering of Central Logistic Bodies (COLCE) in terms of determining a Logistic Hub to centralise the maintenance of the Army's higher level.

Ministry of Defence / Air Force

Assistance for managing the use of the Connecting Europe Facility (CEF), Innovative Network and Energy Agency (INEA) and SESAR Deployment Manager (SDM) funds.

With the Logistic Support Command (MALOG) we cooperate in different activities for fleet support, such as the Eurofighter material management contract, the A400M material acquisition management and followup of operational capacity of the fleet of helicopters by analysing critical aspects.

Ministry of Defence / Navy

Support to activities related to the Platform of the Deputy Directorate for Engineering attached to the Headship of Logistic Support of the Navy (JAL).

Assistance for the Planning of the Navy's activities within the shipbuilding programme of five corvettes for the Royal Navy of Saudi Arabia.

Consultancy and counselling to the contracting body and the contracting unit at the Headship of Logistic Support of the Navy (JAL).

Engineering services for the Costs Assessment Unit (SEC) attached to the Directorate of Shipbuilding (DIC) within the Action at Sea Ship (BAM), Submarine S-80 and Frigates F-110 programmes. Cooperation with the Navy in the implementation of submarine certification programme, supervised by the Submarine Safety Programme (SUBSAFE) department of the US Navy.

An active participation was also implemented at the biennial meetings of the Specialist Team on Ship Costing (STSC) NATO Group, in which the activities carried out on new cost estimates models were presented.

► Ministry of Defence / Defence Staff / Emergency Military Unit (UME)

Support to the modernisation plan of the armament systems within the Plan Vital UME.

Support in the follow-up and control of different fleet servicing contracts for which UME is responsible.

► NATO Airborne Early Warning & Control Programme Management Agency (NAPMA)

In the framework of the Final Lifetime Extension Program (FLEP) of the Airborne Warning and Control System (AWACs) aircrafts, a review of the current logistic system and an assessment of its current functionalities were undertaken in order to manage the monitoring and control of the fleet sustainability contract with the company in charge of the aircrafts maintenance.

► European Union / European Border and Coast Guard Agency (FRONTEX)

Study on the associated acquisition, maintenance and logistic support which should accompany the Agency's new strategy to provide itself with its own capabilities.

Definition of the logistic model allowing the Agency to manage its own fleet of air, land and sea resources.

***“Isdefe, as
a leading
company in
interdisciplinary
consultancy
generates
shared value
in every
sector it carries
out its activity”***



TECHNOLOGY CENTRES

We provide for research, development and experimentation centres, interdisciplinary work teams boasting the necessary knowledge and experience in scientific and technical, and management environments to carry out activities in the aeronautical and space fields and in technologies related to Nuclear, Radiological, Biological and Chemical defence.

Ministry of Defence / State Secretariat for Defence / Aerospace Technical National Institute (INTA)

Aeronautical Activities

Certification and qualification of aircrafts, both rotarywing aircrafts, helicopters NH90 GSPA and HIDE CHINOOK, and fixed-wing aircrafts, A330, A400M, C295, CN-235M, EF2000 or the C-101 HARRIER PLUS.

Technical assistance for airworthiness actions in aircraft modification programmes.

Provision of services in collaboration with INTA for the European Space Agency (ESA) in the Sentinel6 and Euclides6 programmes and in the PHOBIC2ICE project studying ice accumulation on aircraft within the H2020 programme.

Space Activities

Participation in the ESA's Raman Laser Spectrometer (RAMAN) project being one out of the three scientific instruments making part of the analytical laboratory fitted in Rover from the ExoMars 2020 mission.

Participation in the Mars Environmental Dynamics Analyzer (MEDA) project, a new environmental station to be launched to Mars on-board the Rover Mars 2020.

Certification and calibration of space sun cells within ESA's satellite programmes, such as Jupiter Icy Moons Explorer (JUICE).

Land Platforms and Vehicles

Continuation of vehicle certification works, both for active and passive security, including national and international certifications.

Support to commercial activities aiming to exploit the test facilities for INTA's vehicles (INTA Tracks).

Collaboration with different public bodies and National Security and Police Forces in the organisation of driving training courses.

Defence and Energy Materials

In the field of Nuclear, Biological and Chemical (NBQ) Defence and Energy-based Materials, it should be highlighted the support to the Chemical Weapons Verification Laboratory (Lavema) and the armament tests through the analysis of documentation and the drafting of tests procedures.



LOGISTICS AND SUPPLY CHAIN SYSTEMS

We provide technical support and services to improve the efficiency and control of the Armed Forces logistic systems, offering solutions for the supply chain and management of logistics centres, in addition of possessing an in-depth knowledge on the NATO Cataloguing System processes.

› Ministry of Defence / State Secretariat for Defence/General Directorate for Armament and Material / Deputy Directorate for Inspection, Regulation and Defence Industrial Strategy / Cataloguing National Bureau (ONC)

Continuous support to the ONC for developing and improving the SICAD cataloguing tool functionalities and attendance to every international meeting of the Allies Committee.

Maintenance of the cataloguing tool at the cataloguing bureaus in Poland, Belgium and Colombia.

› Ministry of Defence / Army (MALE)

Implementation of the “Logistic Analysis of Transport needs, processes and capabilities” project, in which simulation models have been applied to make prototypes intended for the network model for the Army Regular Transport Service (SETRE).

Support to fabrics engineering in the study, purchasing and new development process of Army’s uniforms and on-site assessment of the garments intended for the new extreme cold equipment (Latvia).

› Ministry of Defence / Defence Staf / Emergency Military Unit (UME)

In the area of knowledge of Logistic Management Systems, we continued to support the main logistic systems and support applications determined by the three Armies and the UME.

› Saudi Arabia / Military Industries Corporation (MIC)

Within the support granted to the MIC, staff training was delivered on the NATO Cataloguing System and materials management.

Finishing off the implementation of the Cataloguing Databases, which led to the end of the project started in 2013.

› European Defence Agency (EDA)

Technical assistance services for the Agency in the carrying out of a viability study on a multinational capacity of deployable camps for European Union missions.



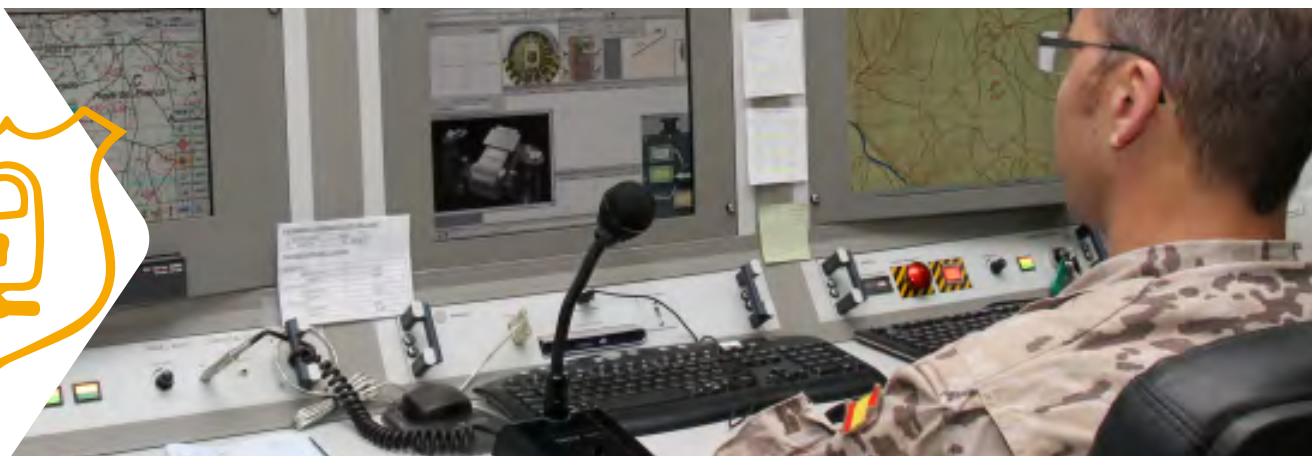
INTELLIGENCE AND ELECTRONIC WARFARE SYSTEMS

We collaborate with military and police bodies in the engineering of intelligence capture systems and electronic warfare, as well as the conceptualisation and tests on inhibition, disturbance or non-authorized communications interception systems in order to support strategic, operational, and tactical commands when developing their missions.

> Ministry of Defence/Defence Staff / Armed Forces Bureau of Intelligence (CIFAS)

Support to the definition and installation of the Joint, Intelligence, Surveillance and Reconnaissance (JISR) capability based on the Support Services to the ISR Spanish Military Interoperability (SAPIIEM) systems developed by R&D, for their use by CIFAS in different activities they participate in.

***“Isdefe is a reference
in engineering and consulting
services for intelligence and electronic
warefare systems for military
and political organisations”***



SECURITY FOR INFORMATION SYSTEMS AND CRITICAL INFRASTRUCTURE

We help to assure critical systems cybersecurity, covering all the security-related activities from a comprehensive approach (information, persons, facilities), paying special attention to relevant information systems for national defence and security, the normal operation of the Public Administrations and critical infrastructures.

» Ministry of Defence / State Secretariat for Defence / General Directorate for Armament and Material (DGAM)

The Isdefe's support group visited the office of the new SANTIAGO stage 2 programme.

Technical assistance by the Space Unit of the Ministry of Defence for the GOVSATCOM Programme by the European Defence Agency (EDA) in which Spain is the project's leading nation.

Drafting of the viability document (DDV) for the new generation of State-owned/military communications satellites (SPAINSAT-NG) replacing the current ones SPAINSAT and XTAR-EUR.

» Ministry of Defence / Defence Staff / Cyber Defence Joint Command (MCCD)

Engineering and consultancy for the Cyber Defence Joint Command (MCCD) in the areas of cybersecurity, helping MCCD's plans for gaining the defence, exploitation and response capabilities. One of the collaboration strategic lines with the MCCD is Isdefe's collaboration at NATO Cooperative Cyber Defence

Centre of Excellence (CCDCoE), taking part in the organisation of cyber exercises, international courses and reports and studies on different technology aspects of cyber defence.

» Ministry of Defence / Defence Staff (EMAD) / Headship of Support for Joint Action (JAAC)

Implementation of the Future Mission Networking (FMN) concept within the Spanish Armed Forces. Participation in different national and international work panels and groups in the design and deployment of the Interoperability Laboratory.

Assistance to the planning and execution of different NATO's exercises among which the Steadfast Cobalt series and Coalition Warrior Interoperability Exploration may be highlighted.

Assistance to the Division of support to the Intelligence Obtaining Systems at the Headship of Information and Telecommunications Systems of the Armed Forces (JCISFAS), developing and monitoring the logistic support and maintenance files, both corrective and evolutionary of the SANTIAGO System at stage 1.

» Ministry of Justice

Technical and management support to the Solutions Centres of Judiciary and Interoperability Bodies, collaborating in the definition and planning to gain new capabilities in relation to Electronic Communications, Digital Justice and Chief Positions for the follow-up of Justice Administration.

Assistance to the Ministry of Justice for organising the activities of the National Technical Committee of the Electronic Judiciary Administration (CTEAJE).

Technical assistance for the Ministry's critical information systems assurance like LexNET, enotices, Judiciary Integrated System or the procedural management service Minerva.

Consultancy and assistance for change management in the Justice Administration by the planning, preparing and support to the execution of the deployments for new models of Judiciary Bureau and Public Prosecution Bureau within the Justice Administration.

For the General Directorate for Registries and Notary Public, counselling on areas related to security, interoperability, systems efficiency and engineering, particularly in everything related to the definition and implementation of the new Civil Registry model and, also, in the enforcement and compliance with the Framework Law on Data Protection (LOPD) and the Security National Scheme (ENS).

» Ministry of Health, Consumers and Social Welfare

Support in terms of transformation of the Health Information and Interoperability System for medical information. Aspects of terminological standardisation were addressed for the Health National System and interoperability of digital medical records and prescription service, and others.

» Ministry of Defence / National Intelligence Centre (CNI) / National Cryptologic Centre (CCN)

We continue to support the Certification Body and the jobs conducive to develop the Information and Communication Technologies Security Products Catalogue (CPSTIC) from the CCN.

» Ministry of Home Affairs / State Secretariat for Security / National Centre for the Protection of Critical Infrastructures (CNPIC)

Definition of the ICT Sector Strategic Plan (PES). In the framework of the Critical Infrastructures Protection Act, our support to different critical operators was maintained for them to comply with the legislation by drafting their Operator Security Plans (PSOs) and Specific Protection Plans (PPEs).

» Ministry of Foreign Affairs, European Union and Cooperation

Technical assistance to the General Directorate for Foreign Service for carrying out activities supporting the certification of the security of information systems handling with classified information.

» Ministry of Finance

Collaboration with General Secretariat for Digital Administration, providing technical support in actions related to the implementation of the Security National Scheme (ENS) and the Interoperability National Scheme (ENI) and when promoting the Digital Transformation Plan by the State General Administration (AGE), according to the ICT Strategy 2015-2020.

Ministry of Public Works

ENAIRE

Monitoring and permanent revision of issues being identified, adaptation of risk analysis to include it in the new version of the PILAR risks analysis tool. An associated tool was developed for incidents management collaborating with the adaptation of the Security National Scheme (ENS).

Aena

Control and supervision of the specification, design and implementation of the ICT security tools of the whole Aena network.

PORTS OF THE STATE

Standardisation and homogenisation of the port regulations so as to allow State-owned Ports to make progress towards a comprehensive security, optimising collaboration with other bodies from the State General

Administration and with companies developing commercial activities within the port public domain.

Port Authorities

Upgrade of the Port Facilities Protection Plans and drafting of the Specific Protection Plan for different port authorities.

EUROPEAN UNION / EUROPEAN GNSS AGENCY (GSA)

In the framework of the "Support Services to GSA on Security Certification" contract, independent security tests were carried out on the classified systems at the Headquarters of the European Agency for Navigation Satellite (GSA) in Prague, at the GMS Message Generation Facility (MGF) located in Munich and at the Thales GMS AIV facilities in Stuttgart.



STRATEGIC INFRASTRUCTURES

We help for the management of strategic infrastructures such as naval bases, police centres or airports, which are essential to the normal operation of a country, through planning, design and management services for this special type of facilities, applying the dual use of engineering both to the military and non-military field.

Ministry of Home Affairs

Management of the urban area of the new Special Forces Experience Hub of the Guardia Civil (PEFE) in Logroño.

Project drafting and management on the restructuring of the Farhana border crossing point in Melilla and presentation of the preliminary project on the restructuring of the Tarajal border crossing point in Ceuta.

Ministry of Health, Consumers and Social Welfare / National Institute for Health Service Management (INGESA)

Presentation of the project and launch of the project management for finishing the works of the Melilla Hospital.



BORDER SURVEILLANCE AND CONTROL SYSTEMS

Isdefe provides highly technology-based solutions in strategic and technical consultancy in terms of border surveillance and control in which it integrates detection methods, communications, command and control instruments and solutions for the detention and identification of potential threats in sea and land border areas.

> Ministry of Home Affairs / State Secretariat for Security / Deputy General Directorate for Information and Communications Systems

Collaboration for the upgrade of technology systems (CCTV, access control, document and biometric readers) at different points of border controls and increase of functional capabilities at the Border Control Centres in Madrid and Algeciras.

Follow-up of the operating conditions of the Automated Border Control Systems (ABC System) which are currently operating.

Consultancy for adapting the Passenger Name Record System for conforming the European Directive on data use.

Technical assistance for the State Emergency Digital Radiocommunications System (SIRDEE) and the telecommunications legal interception system.

Support in managing European Union funds intended to Internal Security (FSI) and applicable to the projects and new external borders control and police cooperation solutions.

> Ministry of Home Affairs / State Secretariat for Security / General Directorate of Guardia Civil

Consultancy and engineering for the modernisation and maintenance of the External Surveillance System.

Support for the implementation of European Commission-funded innovation programmes such as the European Test Bed for the Maritime Common Information Sharing Environment (EUCISE), Early Warning for Increased Situational Awareness (EWISA) and Exchange Situational Pictures and Detect and Tracks Small Vessels (ESPIAS).



TECHNOLOGY AND INDUSTRIAL MANAGEMENT

We cooperate to foster the improvement of the national industrial capacity by supporting the definition of technology-based and industrial plans and policies, the management of industrial cooperation, the analysis of industrial capacities, the implementation of technology-based surveillance and competitive intelligence systems and the promotion of innovation intended platforms.

Ministry of Defence / Defence State for Defence / General Directorate for Armament and Material (DGAM)

Support to the technology and industrial development the DGAM develops from its different Deputy General Directorates.

Deputy General Directorate of Planning, Technology and Innovation (SDG PLATIN)

Follow-up and execution of R&D programmes considered of strategic value for national defence.

Support to the Technology Surveillance and Foresight of the Deputy General Directorate of Planning, Technology and Innovation (SOPT) in the performance of its technology surveillance and assessment role.

Technical assistance for the implementation of the measures set forth on the Technology and Innovation for Defence Strategy (ETID) when interacting with the industrial and technology tissue.

Participation in the organisation of the 5th National Conference on R&D in Defence and Security (DESEi+d 2017) and other specific days with the industrial sector.

Coordination and promotion activities and works associated to the European Commission programmes. Programme of preliminary actions for R&D in Defence; European Defence Industrial Development Programme (EDIDP) and European Defence Research Programme (EDRP).

Deputy General Directorate for Inspection, Regulation and Defence Industrial Strategy (SDG INREID)

Analysis and preparing of a directive to foster and set out a new industrial cooperation model.

Participation in the document for an Industrial Strategy and Model for Defence.

Analysis of the consequences of the new Airbus Eurocopter industrial plan for Albacete.

Deputy General Directorate for International Relations (SDG REINT)

Support to the activities related to the European Defence Industrial Development Programme (EDIDP) by the European Defence Agency (EDA).

> European Defence Agency (EDA)

Provision of services in the framework of the Overarching Strategic Research Agenda (OSRA) prioritisation programme, an instrument adopted to identify European technology objectives and its common prioritisation by the EU Member States.

Also, at the end of 2017, Isdefe started a new support activity in the field of technology foresight under the umbrella of a new four-year framework contract.



CRISIS AND EMERGENCY MANAGEMENT SYSTEMS

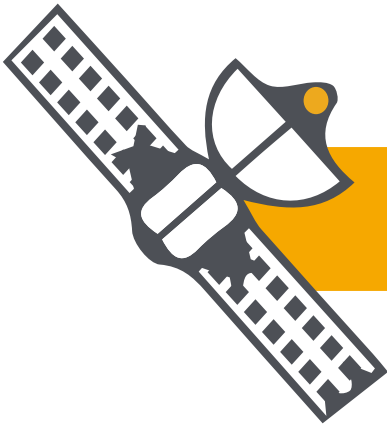
We provide technical support to national and international organisations to manage special situations, through the consultancy for military and civil protection bodies in the development of crisis control and management centres, paying special attention to command and control and communications systems, apart from other organisational and managerial aspects.

> Ministry of Defence / Defence Staff / Emergency Military Unit (UME)

Isdefe keeps supporting the operating Communications and Information Systems (CIS) of the Emergency Military Unit (UME): Land and deployable CIS systems, Emergency Management Integrated System (SIMGE), Emergency National Network (RENEM), Colabora Portal and collaboration tools.

“Isdefe provides services to military and civil protection bodies for the development of crisis control and management centres”





SECTOR: SPACE



Isdefe develops support activities in the space area and in areas such as communications, satellite navigation, Earth observation and Space Situational Awareness (SSA) for the Spanish Administration, the European Commission and several international aerospace agencies.

Moreover, it carries out management, operational and maintenance activities for the space communications centres and sites in Spain both for the Aerospace Technical National Institute (INTA) and the European Space Agency (ESA), and the American National Aeronautics and Space Administration (NASA).

SPACE STATIONS AND INFRASTRUCTURES

Ministry of Defence / State Secretariat for Defence / Aerospace Technical National Institute (INTA)

Canaries Space Centre (CEC): Engineering and consultancy services through the operation and maintenance of the Centre located in Maspalomas. From these premises, services are provided for international space agencies (European Space Agency and Japan Aerospace Exploration Agency) and satellite operators (EUMETSAT, Hispasat and Hisdesat).

Centro de Control de la Red de Seguimiento del INTA: From this centre, engineering and consultancy services are provided for the Backup Control Centre for EUMETSAT (BUCC).

Development of activities related to the PAZ Ground Segment so as to guarantee its availability for the satellite launch, which took place in the first quarter of 2018.

Launch of INTA's Monitoring Stations Network to provide support to the European Space Agency (ESA) in its role of service provider for Telemetry and Telecommand and launches.

► **Ministry of Defence / State
Secretariat for Defence / Aerospace
Technical National Institute
(INTA) / National Aeronautics and Space
Administration (NASA) / Madrid
Deep Space Communications
Complex (MDSCC)**

Isdefe oversees the operation of the Madrid Deep Space Communications Complex (MDSCC), located in Robledo de Chavela. This is the NASA's Deep Space Node from which monitoring activities are carried out of space missions of the American agency in charge of the exploration of the Solar System.

Operation management, maintenance and technical support of the centre for the Aerospace Technical National Institute (INTA) in charge of the premises resulting from a scientific cooperation agreement between Spain and the United States in 1964.

Administration and maintenance of the Training and Visitors Centre (CEVI) attached to the MDSCC dedicated to dissemination and communication of space exploration.

In the field of dissemination, participation in the Academic Project with the NASA's Radio Telescope in Robledo (PARTNeR), educational project which permits the access of school, high school and university students to one of the MDSCC antennas for carrying out radio astronomy practical exercises

► **European Space Agency (ESA)**

Operation of the ESA's Deep Space Ground Station in Cebreros (Avila).

Isdefe operates the ESAC Centre in Villanueva de la Cañada, the monitoring station and the data processing centre of the Soil Moisture and Ocean Salinity (SMOS) mission.

Consultancy in security and quality of the space launches at the ESA/CNES' Guiana Space Centre.

*“Disruptive
innovation
in the space
sector is
essential for
a country to
be competitive
at International
level”*



SATELLITE APPLICATIONS

Ministry of Defence / State Secretariat for Defence / Aerospace Technical National Institute (INTA)

Support to INTA in the carrying out of its activities in Global Navigation Satellite System (GNSS), and particularly in the GNSS Service Centre (GSC) through the deployment and the operation of the hosting services.

In the framework of the launch of the Galileo PRS service in Spain, Isdefe worked together with the Spanish Competent PRS Authority (CPA) and the national industry in continuing with the developments and the implementation of the necessary infrastructure for the management and control of the national PRS keys and receivers.

Ministry of Defence / Astrobiology Centre (INTA-CSIC)

Technical assistance for the operation of the Space Astrophysics and Fundamental Physics Laboratory (LAEFF) at the Torrejon and Villanueva de la Cañada sites.

Ministry of Public Works / Administrator of Railway Infrastructures (ADIF)

Satellite communications service supporting the railway localisation system of metric gauge network (former FEVE).

European Space Agency (ESA)

Isdefe participates in operations of ESA's scientific missions leading a Spanish consortium in which DAIMOS and GMV also take part. This consortium provides services from the European Space Astronomy Centre (ESAC) in Villanueva de la Cañada (Madrid) and the European Space Research and Technology Centre (ESTEC).

European Union / European GNSS Agency (GSA)

Preparing the first operations stage of the European GNSS Service Centre (GSC).

Isdefe continues to participate in the GSC Nucleus operations team for the provision of preliminary services related to the Galileo Open Service, as well as a support to the Search and Rescue (SAR).

“Isdefe supports the development of new galileo services”





SECTOR: TRANSPORT



Isdefe develops activities in this sector in order to support the gaining of new technology capabilities, the improvement of security and the optimisation of operational procedures for bodies in charge of regulation, surveillance and provision of transport-related services.

TRAFFIC MANAGEMENT

Isdefe provides technical consultancy services to manage the implementation and operation of support systems to traffic management, provides technical assistance to national authorities in areas such as regulation and supervision, in addition to provide technical services and operational security audits.

> Ministry of Public Works / ENAIRE

Services for the set-up of the validation platform of the SESAR programme for the European Convergence Division.

Technical assistance in the maintenance and update of functionalities of the internal management tool for SESAR projects.

Technical consultancy for the drafting of the ENAIRE's Innovation Management Plan and the Services Programme for Drones (both in the framework of the Flight Plan 2020, which is attached to ENAIRE's Strategic Plan).

Assistance to the new "eCOS" architecture of the Air Traffic Control Automated System (SACTA).

Consultancy services for the forthcoming management system of European flight plans (iTEC), in areas such as the Controlling Working Position (CWP) and the Flight Data Processor (FDP).

Support for the migration of users from the central grid of the Voice and Data Air Navigation Network (REDAN) and continuing the integration process into this network of the associated nodes and users to airports, communications centres and radar stations locations.

Technical assistance for communications projects development, e.g. the transition to the new Integrated Automatic Message Relay System (CRAMI).

Consultancy services for the implementation of the Contingencies General Plan of Air Navigation Services.

Collaboration in the regular review of the flight proceedings on the Aeronautical Information Publication (AIP) and security and operational viability studies for the implementation of new flight procedures in especially complex operating environments.

Economic and administrative audit activities in different contracts awarded by ENAIRE to suppliers for supporting the Internal Audit Unit.

» Ministry of Public Works / General Directorate for Civil Aviation (DGAC)

Technical assistance for setting out the sector's policy through the airports, air navigation and air transport strategies, making strategic studies on the market evolution, fixation of public prices, access of new operators and other public service obligations.

Support to the regulatory deployment of the Single European Sky (SES) and its implementation into the national legislation.

Technical support to the Civil Secretariat of the Interministerial Defence-Public Works Commission (CIDEFO) and the Universal Safety Oversight Audit Programme (USOAP) bureau for the surveillance of the implementation in Spain of the regulations arising of the International Civil Aviation Organization (ICAO).



> Ministry of Public Works / Aviation Safety and Security Agency (AESA)

Support in inspection activities for monitoring the compliance with operational security regulations by air navigation service providers, airport management entities, air transport operators and aeronautical staff.

Consultancy oriented to study the ongoing improvement in air security in areas such as the Air Space Management (ASM), implementation of the Performance-based Navigation (PBN), Flight Procedures, Operational Security (Safety) and Analysis of Air Accidents and Incidents.

> Ministry of Public Works / Maritime Safety and Rescue Agency (SASEMAR)

Technical assistance for contracting the provision of services included in the Global Maritime Distress and Safety System (SMSSM).

> Ministry of Public Works / Civil Aviation Accident and Incident Investigation Commission (CIAIAC)

Technical assistance to the CIAIAC Plenary Session Secretary, through the analysis of severe air transit incidents, assessment and treatment of recommendations concerning security, carrying out specialised studies for accidents classification, internal procedures within the research groups and drafting of corporate reports.





TRANSPORT CENTRES

Isdefe collaborates with authorities in charge of transport management and control centres in activities both for the specification of information systems, and for the verification, validation, and certification of applications and equipment, contributing to develop and implement protection strategies for transport systems and facilities.

› Ministry of Public Works / AENA

Support to the Advanced Control Tower project in different airports of the Aena network.

Tests and launch of the operations system for the advanced management of abandoned aircrafts and the integration with the new security ICT tools.

Scenario tests and set to operation of the new website for parking lots booking, and tests and deployment of the new mobile application for people with reduced mobility within the airports network.

Migration of the current Integrated System for Access Control to the corporate system for Airport Security Management in different airports of the Aena network.

Tests and deployment of the systems permitting controlling vehicles going into and out of the rent-acar parking lots, as well as the associated ICT infrastructures.

› Ministry of Public Works / General Directorate for Civil Aviation (DGAC) / Aviation Safety and Security Agency (AESA)

Isdefe collaborates with the DGAC and the AESA in the implementation of the Air Security National Programme (PNS) in every airport of the national network, by carrying out audits, inspections, tests and drills in every different airport, so as to supervise the compliance of the airport services providers with the physical security programme.

Collaboration with the AESA in the inspection and supervision of operational security of the airport system and that provided by the airport land assistance services providers, taking part additionally in the security assessment processes through internal technical audits.

› Ministry of Public Works / Bay of Algeciras Port Authority

Drafting of the execution project related to the Processes Coordination Centre of the Port of Algeciras.

Development and deployment of the interoperability instrument among port systems in the definite production environment.



ADVANCED CONCEPTS

Isdefe collaborates for developing new concepts and technologies in the field of transport operations, by supporting the drafting and implementation of regulations and fostering multi-modal operations, working for the implementation of transport operations based on satellite navigation (GNSS) and providing support to the integration of unmanned aerial systems (RPAS) into the non-segregated airspace.

> Ministry of Public Works / ENAIRE

Support for setting up procedures concerning the Performance Based Navigation (PBN) in Spain in terms of satellite navigation systems (GNSS), through international work groups for determining the European regulations on the implementation of PBN flight operations.

Technical assistance in developing the operational concept and standards for the Ground Based Augmentation System (GBAS).

Assistance in the definition of the European Union air navigation strategy.

> European Union / Single European Sky ATM Research Joint Undertaking (SESAR JU)

Participation as a Linked Third Party of ENAIRE in Wave 1 SESAR 2020 projects.

“Isdefe makes available for society all its knowledge and experience with the aim of improving air, maritime and land navigation networks”





SECTOR: PUBLIC ADMINISTRATIONS



As a result of the needs for strategic planning and management required by bodies from the State General Administration, Isdefe has designed technical support and specialised counselling services oriented to the improvement and modernisation of public administrations, so that they can increase their capacities, efficiency and sustainability to respond to citizens' demands.

IMPROVEMENT AND MODERNISATION OF PUBLIC ADMINISTRATIONS

Isdefe provides technical consultancy services to manage the implementation and operation of support systems to traffic management, provides technical assistance to national authorities in areas such as regulation and supervision, in addition to provide technical services and operational security audits.

> Ministry of Defence / State Secretariat for Defence / General Directorate for Armament and Material (DGAM)

Support to the Management Unit in the determination of the management processes within the DGAM and the maintenance of its Comprehensive Command Unit.

Assistance in the drafting of the DGAM Processes Map and implementation of processes related to Policy Planning and Strategic Management, particularly those associated to the Material Resources Planning and the Defence Industrial Policy.

> Ministry of Defence / State Secretariat for Defence / General Directorate of Economic Affairs (DIGENECO)

Support to the Costs Evaluation Group (GEC) attached to the Ministry of Defence in the automation of its management processes through an IT tool for planning, supporting and controlling the costs evaluation tasks.

Technical assistance in the processes carried out by the Coordination and Systems Unit for monitoring the progress in the GEC works, documentary management and improvement of the quality management system.

Consultancy for the Deputy General Directorate for Accounting in the revision process of the analytical accounting models of the Unit budgetary services.

Collaboration with the Deputy General Directorate for Contracting in the drafting and processing of the contracting regulations and in the Contracting Modernisation Programme (PMC) through the development of a model of excellence for purchase management at the Public Sector, in the drafting of the Annual Contracting Plan of the Ministry of Defence (PACDEF), and in the consideration of purchasing strategies for the centralised categories of the Ministry of Defence.

Support to the Budgetary Office (OPRE) in financial management of the Special Armament Programmes and in the elaboration of the reprogramming files for its approval in the Cabinet Meeting.

Assistance to the Secretariat of the Contracting Body in the Ministry of Defence in the implementation of the e-contracting and in the making, resolution of incidents and processing of the contracting files.

Ministry of Defence/ State Secretariat for Defence / General Directorate for Infrastructure (DIGENIN)

Consultancy for the Deputy General Directorate for Planning and Environment for the economic control and monitoring of centralised contracts on electric energy supply, design and definition of the management model and implementation of fuels supplies and, in the study, and the centralised contracting of the natural gas supply and technical support in energy efficiency international forums.

Ministry of Defence Air Force / Headquarters

Specialised consultancy in the Human Resources area for the Air Force Staff (EMA) and for the Economic Affairs Directorate (DAE) in the annual planning of financial resources and their subsequent control, and technical and economic counselling for the management and monitoring of the Air Force generations of credit.

Support to the activities of the Plans Unit in areas such as armament and material resources planning and in the definition of the Air Force's needs.

Assistance to the Staff Command (MAPER) when developing integrated staff information reports, and also in the analysis of staff forecasts and evolution.

Ministry of Defence Army / Support to the Forces

Technical assistance to the Army's Command of Logistic Support (MALE) in data analysis on materials availability (armament systems), procurement and maintenance through the set-up of a new platform for data analysis (Business Intelligence – anuBIs) both at national level and for operations zones.

Ministry for Ecological Transition / State Secretariat for Energy / Institute for the Diversification and Saving of Energy (IDAE)

Design of the organisational transformation at IDAE for it to become an Intermediary Body for managing European Regional Development Funds (ERDF).

Assistance to the Call for Grants for State General Administration Buildings and Infrastructures Energy Renovation co-financed by ERDF funds.

Management of the IDAE's e-learning training platform, preparing training contents and delivering training sessions.

Ministry of Finance / Deputy Secretariat/General Directorate for Streamlining and Centralisation of Contracting

Technical assistance on the grounds of the centralised purchase of electric energy, contributing to achieve the contracting streamlining and optimisation objectives set out for this General Directorate to make savings and arrive to a better use of public expenditure.

Ministry of Economy and Business / State Secretariat for Digital Advance

Assistance to governance, communication and coordination of the Digital Agenda for Spain, with activities intended to technical support for the creation, launch and operation of the Intermediary Body for the ERDF Operational Programme on Smart Growth for the programming period 2014-2020.

Support to the programme's technical office in the framework of the Natural Language Technologies National Plan and in the coordination of actions and projects in this area with the European Commission.

Support to the Deputy General Directorate for the Promotion of the Information Society for the technical and economic follow-up of projects related to the Digital Economy and Society Strategic Action and within the Avanza Formacion Call for projects.

Ministry of Science, Innovation, and Universities / General Secretariat for Universities / Spanish Service for Internationalisation of the Education (SEPIE)

Automated and integrated management of the Erasmus projects at the SEPIE and implementation of the E-Registry and the Public Service Website and automated and integrated management of the Erasmus+ projects.

Ministry of Industry, Commerce and Tourism / State Secretariat for Commerce / General Directorate for Commerce and Investments

Technical assistance for managing the Business Sector Internationalisation Fund (FIEM). Follow-up activities for the verification of the objectives set out by the Ministry.

Ministry of Industry, Commerce and Tourism / General Secretariat for Industry and Small and Medium Enterprises (SGIPYME)

Specialised consultancy and technical assistance services, providing support to the executive follow-up of the grant programmes in the framework of the restructuring of industry and industrial competitiveness public policy in Spain.

Collaboration in the Restructuring of Industry and Fostering Competitiveness Programmes and in the Connected 4.0 Industry Programme.

Ministry of Science, Innovation, and Universities / Secretary of State for Universities, Research, Development and Innovation

In the field of providing support to Secretary of State, Isdefe has supported the General Subdirectorate for the Promotion of Business Innovation providing various improvements and tools to support the evaluation and management of tax deductions for R&D.

“Digitalisation and modernisation of the Public Administration will contribute to the society’s”

» **Ministry of Foreign Affairs and Cooperation / State Secretariat for International Cooperation and for Latin America and the Caribbean (SECIPIC)**

Specialised consultancy services for information processing and analysis and assessment of the evolution of yearly results from the Official Aid for Development (AOD) and for preparing the information for the Spanish delegation before the OECD's Development Assistance Committee and other international forums.

» **Ministry of Public Works / Administrator of Railway Infrastructures (ADIF)**

Implementation of the E-Administration Platform Bureau.

Study on the analysis and improvement of maintenance and management processes in the High-Speed network.

Support to the definition of its new Strategic and Transformation Plan (Transforma Plan 2020).

Assistance for deploying its strategic objectives within the corporate and operational managing units through the setting out of operational objectives, the design of Key Performance Indicators (KPIs) and the programming of the strategic projects' portfolio.

» **Ministry of Work, Migrations and Social Security / State Public Service for Employment (SEPE)**

Specialised consultancy for ICT Programme and Services Bureau for strategic definition, planning, management and control, and monitoring, quality and security of information systems, processes and services entrusted to the Deputy General Directorate for ICT in the framework of the Digital Transformation of the Public Administrations.

» **State Agencies**

Isdefe supports State Agencies in the implementation of the full planning process, including from the strategic to the operational aspects, and for the management of their performance by indicators systems, the analysis and improvement of the economic and financial management (analytical accounting and management systems). For fixing public fees and prices based on market studies and analysis, for proposing self-funding strategies, management optimisation through process and procedures reengineering and automation, and for improving projects and programmes management.

Nowadays, Isdefe collaborates with the Aviation Safety and Security Agency (AESA), the Spanish Agency of Medicines and Medical Devices (AEMPS), the Spanish Agency for International Development Cooperation (AECID) and the State Meteorological Agency (AEMET). Furthermore, it provides the aforementioned services to other public bodies such as El Prado National Museum or the National Markets and Competency Commission.

» **National Innovation Company S.M.E., S.A. (ENISA)**

The activities carried out addressed the economic and financial assessment of Spanish companies' applications to the Call 2017 in the framework of the Industry Restructuring and Enhancement of Industrial Competitiveness programmes.

» **European Union / European Aviation Safety Agency (EASA)**

Support to the European Aviation Safety Agency (EASA) in the integration of data and statistics related to the European and world air traffic, for them to be used in an environment of operations analytics (business intelligence).



MARKET REGULATION AND OVERSIGHT

Isdefe provides consultancy services for designing strategies, policies or plans and the analysis of economic and technical information for bodies regulating and supervising services within regulated markets, in the transport, telecommunications and energy supply and operation sectors; as well as in supporting the ongoing programmes management, assessment, monitoring and audit.

> National Markets and Competency Commission (CNMC)

Assistance to the National Markets and Competency Commission (CNMC) for the implementation of the Costs Regulatory Information Model (IRC Model) for the regulated activities of electricity and gas transport, as well as those activities of other managing parties to these systems, allowing the assessment and control of the said regulated activities.

Consultancy services for activities using confidential data which require a guarantee of detachment and independence from third parties' interests, such as analysis processes of sensitive business information from different obliged agents, the definition of methodologies for the determination and assessment of the regulated services prices and costs.

Carrying out of specific studies and benchmarking that the institution requires to perform its duties in terms of regulation of the different sectors being in its scope of action (telecommunications and audio-visual sector, posts sector and transport sector, etc.)

“Isdefe’s experience in the public sector and its independence allowed the development and implementation of management models and solutions conforming the needs of the Administration”



SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGIES “ICT”



In the field of the Information and Communications Technologies (ICT), Isdefe gathers an extensive experience in the provision of engineering and consultancy services for the definition of public digital and e-administration services, the planning and management of the radio spectrum, the management of the digital dividend and the reduction of the digital gap. In this area, our teams support the State Secretariat for Digital Progress (SEAD) attached to the Ministry of Economy and Business, as well as other competent bodies in matters of regulation and oversight of ICT services.

RADIO SPECTRUM

Support to planning and management of the radio spectrum for different radio communications services in all the Spanish territory, assuring the quality and universal availability at the service of society. In this area, Isdefe carried out actions for the definition and monitoring of the National Transition Plans to the Terrestrial Digital Television (TDT) and for managing the Digital Dividend.

> Ministry of Economy and Business / State Secretariat for Digital Advance (SEAD)

Planning and management of the radio spectrum and other activities such as broadcasting and wireless fixed loop, point-to-point links of land line and satellite land line services, mobile and space services.

Ongoing collaboration in the transformation of the terrestrial digital television, from the drafting in the past of the transition plan for the Terrestrial Digital Television

(TDT) up to the technology migration plan for freeing up in the future the second Digital Dividend and the actions for the 5G National Plan.

Technical assistance to the internationalisation of technology-based companies internationalisation plan, outwards and inwards institutional trade visits from/to international bodies and the European Union, and follow-up of the internationalisation plan of ICT companies.



COMMUNICATIONS NETWORKS AND SYSTEMS

We carry out specialised technical support activities in Information Security and Digital Trustworthiness, providing support for managing and executing communications programmes such as that of New Infrastructures fostering the deployment of ultra rapid networks and broad-band infrastructures, apart from providing consultancy services on the telecommunications market regulations and analysis.

► Ministry of Economy and Business / State Secretariat for Digital Advance (SEAD).

Management and execution of the New Infrastructures fostering the deployment of ultra rapid networks and broad-band infrastructures programme.

► Ministry of Home Affairs / Penitentiary Work and Training for Employment (TPFE).

Specialised consultancy for the systems of the entity's corporate network and the effectiveness of the applications and for the implementation of the elements helping to the e-administration functionalities.

► Spanish Radio and Television Corporation, S.A.

Strategic consultancy services through the study of radio broadcasting scenarios for decision making in the framework of a streamlining and transformation process of the sound broadcasting services at RTVE.

“Isdefe offers services specialized in the ICT sector”

> Ministry of Foreign Affairs and Cooperation / State Secretariat for International Cooperation and for Latin America and the Caribbean

Isdefe provides specialised consultancy services for information processing and analysis and assessment of the evolution of yearly results from the Official Aid for Development (AOD) and for preparing the information for the Spanish delegation before the OECD's Development Assistance Committee and other international forums.

> Other national bodies / Itelazpi

Itelazpi, public company for the provision of services concerning radio and television and public communications services, and for managing public telecommunications infrastructures in the Autonomous Community of the Basque Country requested some support in 2017 from Isdefe for the analytical revision process for fees fixation, the decision making and the improvement in the quality of the management of the company.

“Isdefe boasts a wide experience in engineering and consultancy for the definition of digital public and e-administration services”







SECTOR: ENERGY



Isdefe provides technical support to the greatest plans and programmes of the Administration in the matters of Energy Efficiency and Renewable Energies. Isdefe's activities in this area are carried out in the framework of the application and development of the Energy-based Security concept, as it is defined in the National Energy-based Security Strategy.

ENERGY DIVERSIFICATION AND EFFICIENCY

We possess an extensive knowledge and experience in the design, implementation and monitoring of programmes and projects for the Public Administration, the design of security and energy efficiency policies and in renewable energies and in technical consultancy for the development, technical management and follow-up of this type of projects.

> Ministry for Ecological Transition / Secretary of State for Energy

Technical assistance for the modelling of the national energy system based on energy forward planning tools which are applicable for developing the Integrated National Plan for Energy and Climate (PNIEC).

2012/27 on "Exemplary role of public bodies' buildings".

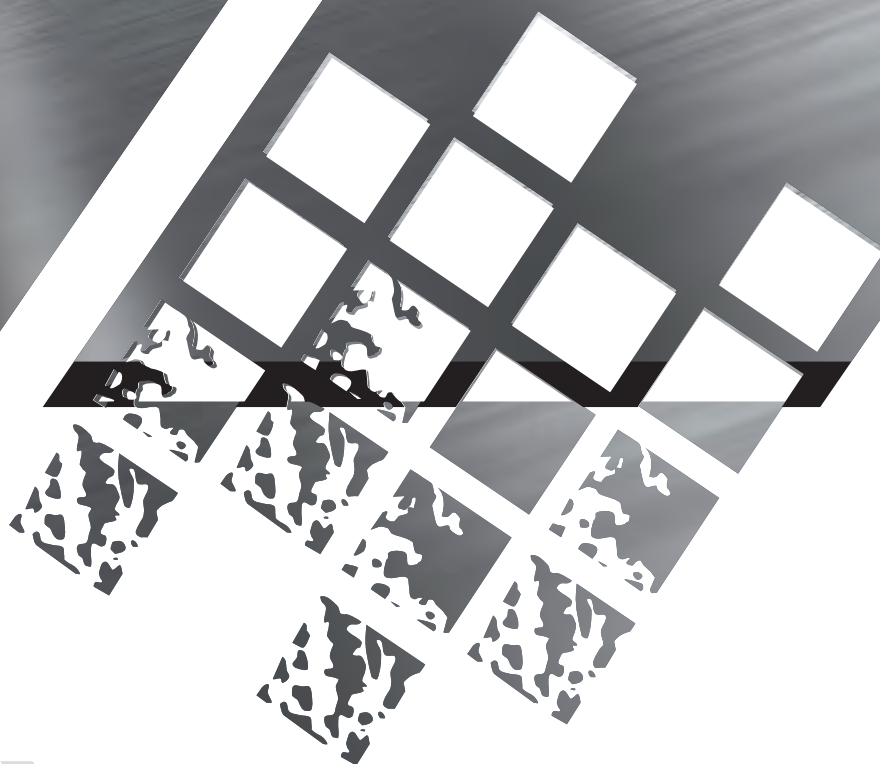
Management, maintenance and implementation of new functionalities in the IT System for Energy Management in the State General Administration Buildings (SIGEE-AGE).

> Ministry for Ecological Transition / State Secretariat for Energy / Institute for the Diversification and Saving of Energy (IDAE)

Support in the management and coordination of the actions arising of the European Union Directive

Technical counselling, carrying out of studies and works related to energy efficiency in buildings, support for the revision and development of specific software and the management of Grant Programmes.

INNOVATION





SUSTAINABLE INNOVATION



SUSTAINABLE INNOVATION

Ongoing innovation is a key element to provide valuable solutions for our Entities and Bodies' needs for which we provide services in strategic areas, particularly in defence and security.

Isdefe's commitment to innovation as the in-house technical service provider for the Administration and from the foundation of the company allows us to anticipate and conform ourselves so as to respond to those needs, improving the engineering and consultancy services.

In 2017, we continued to enhance the innovative role of the company by creating the new R+D+i Technical Committee as a counselling body made up by representatives from all the operational business units and Innovation and Planning corporate units.

The R+D+i management model is consolidated through the two axis it consists of:

● Innovation Activities:

Horizons Network:: An initiative created to reinforce the corporate values in the matters of innovation. It allows to channel the organisation's capabilities for analysing and forward planning of the new future challenges before the State General Administration, developing ideas which generate solutions in advance to these expected challenges. This network identifies and showcases the knowledge of our employees, clients, universities research groups with which we cooperate and the use of the information in open sources.

● Research and Development Activities:

R+D+i Capture and Management Programme. It is a competition in ideas in which all the company's staff may take part and through which the company acknowledges the efforts and talent of its innovative staff members by transforming the winning ideas into internal projects.

Isdefe keeps consolidating its participation in European programmes projects such as the 7th Framework Programme, Horizon 2020, SESAR 2020 and GSA, as well as in the brand new PADR, Preparatory Action on Defence Research launched by the European Commission as a preliminary action of the next European Defence Research Programme (EDPRP).

Areas of knowledge	No. of projects
Defence and Security	1
Space	1
Transport	9
ICT	-
Public Administration	2
Energy	-
Total	13

	2015	2016	2017
Isdefe's R+D and R+D+i projects (M €)	4,68	1,35	0,57

	2015	2016	2017
Partial exploitation and funding grants of R+D and R+D+i (M €)	3,49	1,08	0,23

INNOVATION ACTIVITIES

● HORIZONS NETWORK

The Horizons Network identifies and showcases the knowledge generated out of Isdefe's environment, involving our employees, Entities and Bodies we provide services for, universities research groups with which the company cooperates and the use of the information in open sources.

In 2017, this Network consolidated the capture of academic knowledge started with the creation of the observatories to analyse and carry out forward planning on the new next challenges which might come true in different scenarios, implement innovative ideas and positioning plans, in addition to carry out dissemination activities.

These observatories are made up by a University/Isdefe joint group and are specialised in different areas of strategic interest.

In the field of technology, the observatories established are those in Defence and Security, Cybersecurity, Space and Air Navigation.

In the field of management, the observatory for Economy and Management of the Public Sector was created, and in the methodology-related area, the observatory for Systems Engineering, Programmes and Logistics Management.

Horizons Network increased its quality by integrating the collaboration model with universities into organisation's work groups, direct collaboration with clients and the beginning of research programmes to carry out forward planning tasks in areas of interest for the administration.



RESEARCH AND DEVELOPMENT ACTIVITIES

R+D+i CAPTURE AND MANAGEMENT PROGRAMME

The programme fosters the R+D+i corporate culture and is developed with the aim of engaging and raising awareness throughout the organisation on the importance of innovation and its leading role in the process when it comes to generate value for the company. In 2017, the third call of the Programme has been launched.

The winning projects within the call for proposals 2017 are:

● **ARES-UTM – Design of a UTM Spanish architecture.**

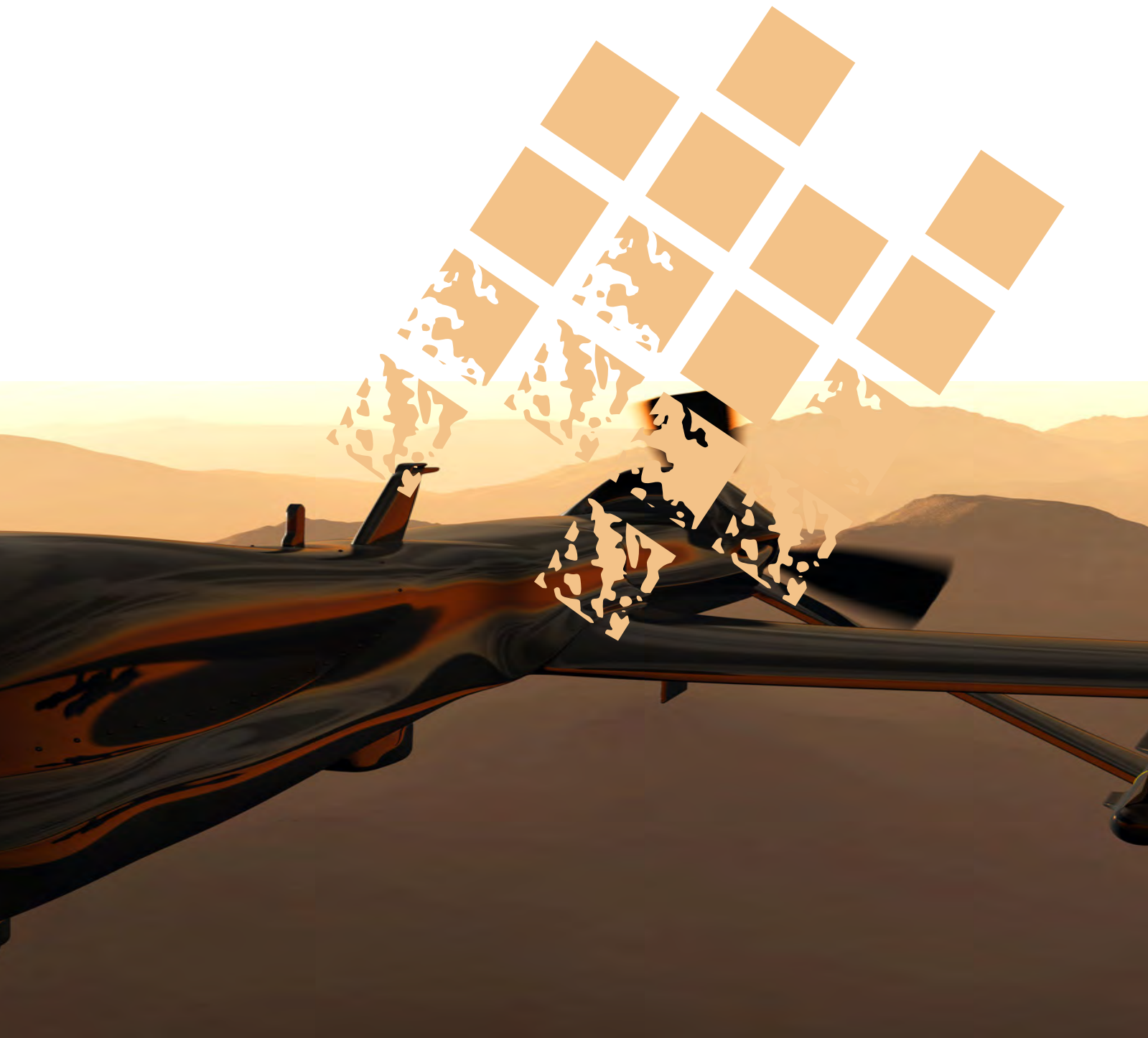
The project's goal is to define a Spanish architecture for an Unmanned Traffic Management (UTM) able to manage Remote Piloted Aircraft Systems (RPAS) in flight at low altitude. In Europe, a roadmap has been set out (SESAR U-Space Blueprint) which addresses the use of these systems for flight management and schedule has been adopted for its development.

The project encompasses the analysis of requirements set out by the groups involved in European and global initiatives in order to make specifications for systems and defining the architecture.



● EMEGEWEA - Global Structured Methodological Ecosystem for Public Safety.

The goal of the project is to define and design a Global Structured Methodological Ecosystem (EMEG) in the field of public security to gain “customised intelligence” making easier to make efficient decisions and provide the National Security and Police Forces with a tool for critical thinking and systematic and systemic planning of operations and gaining capabilities.





● **STARRY**
(*STARs that 'R' Young*)

This is a H2020 co-financed project through its Marie Curie grants programme by which two researchers from the University of Leeds will be trained in the development of sophisticated research tools to explore, interpret and analyse astronomic data of the state of the art of specialised observatories in the field of stars-related training. The training programme will be delivered by renowned experts at world level in star astrophysics of the University of Leeds and at Isdefe, the development, maintenance and use of the space sciences data archives will be carried out. The programme will exploit current data from the GAIA mission of the European Space Agency (ESA).



● **PJ03a-09 SUMO**
(*Surface Management Operations
-Surface Operations by RPAS*)

The object of this project is to determine the impact of the integration of the RPAS (Remotely Piloted Aircraft Systems) which are to operate in airports, environments in which aircraft with on-board crews prevail. The initiative makes part of the PJ03a Management of Integrated Surface project which addresses the main issues which might restrict operations in airports within the multiannual SESAR 2020 project at the "Industrial Research and Validation phase".

The project will help to identify RPAS requirements so that they can be integrated with other traffics in the airports operations, particularly for the surface transits, including both the technology-related aspects, and the interoperability and procedural aspects, including RPAS pilots and operators and ATC and in the context of the SESAR concepts and technologies.



● **PJ10 PROSA**
**(Separation Management
En-Route and TMA)**

The PJ10 PROSA included in the SESAR 2020 intends to provide the air controllers with more automated tools. It will develop and carry out different validations for each of those until attaining the corresponding maturity level in accordance to the European Operational Concept Validation Methodology (E-OCVM).

The main objectives of the project are:

- Improve the management of separation between aircrafts.
- Collaboration work in sector-less environment for the change of parameters of SESAR, which will allow to fly safely, more economically and faster in Europe in 10 years.
- Integration of Remotely Piloted Aircraft Systems (RPAS).





● **PJ19 CI**
(Content Integration)

The PJ19 sets out the guide, principles and frameworks for other projects within the SESAR 2020 programme, allowing the assessment of features gained against those desired. The main objectives are four:

- Integrate the results of the projects within the SESAR 2020 programme in the Operations Concept and analyse the changes proposed to the latter.
- Provide the principles for the content integration in a way that the SESAR global architecture is consistent and functional.
- Establish the general framework of necessary features of the global system and manage the features developed.
- Support the evolution of contents and maintain the European architecture of the ATM (EATMA), as well as give information to all the projects within the SESAR 2020 programme for the execution of it.



● **PJ04 TAM**
(Total Airport Management)

The PJ04 project - Total Airport Management (TAM) is focused on developing and validating new systems and procedures to get upgrades when managing airport operations through the integration airport-ATC-Airport Traffic Management (ATM) network and the integrated management of air and landrelated processes.

The project intends to evolve from a reactive management to a proactive decision making in which every agent involved may cooperate to get the best result in every situation.

The project will help Isdefe to maintain its leading role in the airport-related field. The project results may be applied to different programmes in which Isdefe provides its support Aena, SME, S.A.



GAMMA CASE STUDY (GLOBAL ATM SECURITY MANAGEMENT)

The GAMMA project funded by the European Commission within the 7th Framework Programme arises of the growing necessity of addressing new threats and vulnerabilities in the air traffic management due to a growing dependency on the automation and interconnectivity among systems.

The GAMMA objective is to develop solutions for these emerging vulnerabilities backed by practical proposals for its implementation.

The initial stage consisted in a thorough evaluation of security threats and vulnerabilities having an impact on the existing ATM system, considered as a “system of systems” and which included both operational and technology-related aspects. This work was based on the new ATM scenarios introduced by the European Single Sky initiative and the security risk assessment methodologies set out by SESAR.

The ATM security solution offered by GAMMA is based on principles and concepts related to security management in a collaboration environment of multiple stakeholders, whilst keeping a strong bond with the current international and European legal systems and the restrictions imposed due to the observance of the national sovereignty.

Isdefe had a relevant participation in the definition of the solution, setting out requirements and validation scenarios in the activities carried out in the project.

GAMMA defines three different levels with the aim of supporting the management of security at local, national and European level. This vision inspired several real-time simulations to explore the benefits and impacts arising of the concept implementation. For this purpose, the GAMMA concept was implemented in experimental environments by devising 7 prototypes.

When integrating the prototypes in a more extensive validation environment, GAMMA was able to build complex geo-distributed platforms.

GAMMA implemented three integrated validation exercises. In one of these, a coordinated cyberattack affecting several European countries together with an additional non-coordinated cyberattack in one of these countries were combined. The validation being carried out by this exercise, together with stakeholders and experts proved that the GAMMA system was able to assure the activation of countermeasures in less than 2 minutes.



3

Commitments to our Stakeholders

**WITH THE ENTITIES AND
BODIES TO WHICH WE
PROVIDE SERVICES**

■ QUALITY POLICY

Isdefe undertakes to carry out consultancy, technical assistance and development activities in service engineering to meet the expectations of the ordering body or client, betting on sustainable development in such a way that Isdefe would be recognised as a reference for quality.

In order to make this policy effective, the following guidelines are set out:

- The ordering body/client is the core element for Isdefe's focus.
- Every Managing Unit and Unit is responsible for achieving the quality in services and products throughout all the execution stages, within the deadline and following the conditions demanded in accordance to the schedule established. Therefore, the quality of services and products that Isdefe generates is responsibility of all the company staff.
- Isdefe's staff is responsible for setting up the ongoing improvement process in its area of activity, fostering and supporting the fact of working in team and their own training.
- Errors prevention is a priority for the Management. Nevertheless, through regular revisions of the Quality System, the early detection and quick correction of non-conformities is assured, promoting efficient actions.



*“Isdefe
always develops
its processes and
activities following
maximum
quality criteria”*

■ QUALITY SYSTEM

Isdefe possesses an adapted Quality System both to national and international markets demands. This Quality Management System is the result of a deep-thinking process converted into plans, objectives, actions and follow-up, giving a response to the commitment to quality and excellence made.

This way, the company assures that all the applicable legal and regulatory requirements and those specific to the ordering bodies/clients are defined, understood and complied with, by assessing risks and opportunities which might have an impact on the conformity of services and products, and directing all the processes towards a higher clients' satisfaction.

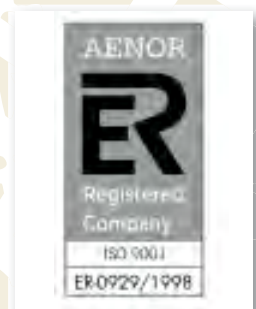
In 2017, the client's satisfaction index established by the company itself was surpassed and for 2018, keeping high levels of satisfaction will continue to be a priority.

Moreover, in 2018 technology-based modernisation is still to be promoted for Isdefe's internal processes and the computerisation of risks management for projects implementation.

ISDEFE'S CERTIFICATES

Nowadays, Isdefe is certified by the following standards:

- **AENOR Certification of Quality Management System, according to the UNE-EN ISO 9001:2015 (ER-0929/1998) Standard** for the activities of consultancy services and technical assistance provision in the Defence and Security, Aerospace, Transport, Public Administrations, Information and Communication Technologies (ICT) and Energy sectors.
- **IQNET ISO 9001:2015 Certificate**
- **Certification from the Ministry of Defence on Quality Management System, according to the PECAL/AQAP 2110 (EXP. No.- 0077/03/01/01) Standard** for the activities of consultancy services and technical assistance provision in Systems Engineering for the Ministry of Defence. Company certified since 08/11/2002.



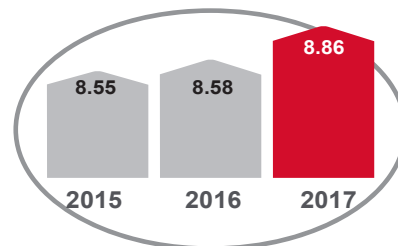
CLIENT'S SATISFACTION

According to the Quality commitment Isdefe made to its ordering bodies/clients, it carries out an annual "Satisfaction Survey" with the aim of knowing both the aspects of the service the client considers to be the most important and the level of satisfaction shown by every client. This survey is passed on the date every project comes to an end and provides a significant information on the view the bodies and clients have on the services provided by Isdefe.

All the claims and complaints filed from clients, both through the satisfaction survey and by any other means are recorded so as to guarantee that a response, resolution and follow-up is given.

CLIENT'S SATISFACTION INDICATORS

Average Satisfaction Level per year



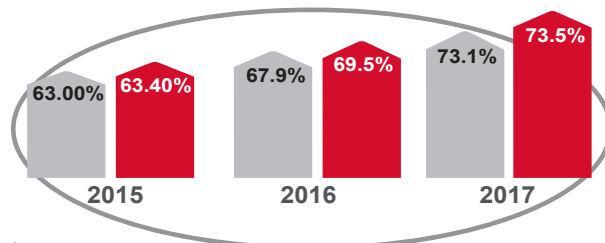
Level of response

Activity*

Response**

*Response ratio on economic assessment

**Response ratio per number of contracts



Rating of the significance and satisfaction per element

	SIGNIFICANC	SATISFACTION
Understanding of needs	9.3	9.0
Technical Capacity	9.1	9.1
Compliance with technical objectives	9.2	8.9
Compliance with the project's schedule	8.8	8.8
Innovation Capacity	8.2	8.4
Documentation	8.7	8.7
Integration and communication	9.0	9.1
Human team management	8.9	8.7
Purchase/sub-contracting management	8.5	8.1
Flexibility and rapidness	8.9	8.7



TO SUPPLIERS

■ SUPPLY CHAIN

Isdefe's relation with its contractors thoroughly complies with the principles of:

- **Publicity and competition.**
- **Transparency.**
- **Equality/non-discrimination.**
- **Confidentiality.**

According to the contracting principles and in compliance with the Legislative Royal Decree 3/2011, November 14 by which the rewritten text of the Public Sector Contracts Act is approved, in order to guarantee transparency and public access to information concerning its contracting activity, Isdefe publishes all its calls for tenders implying an amount higher than €18,000, as well as the applicable regulations and procedures on the Public Sector Contracts Platform (<https://contrataciondelestado.es>) and on the Isdefe website (www.isdefe.es).

Isdefe, as an entity being part of the Public Sector requests from the organisations it is going to work with, the same capacity and solvency requirements that the Administration does, and the same exclusion or incompatibility questions are in place. All of this regulated by the Public Sector Contracts Act 3/2011.

In 2017, Isdefe was preparing itself to conform contracting procedures to the new Public Sector Contracts Act appeared on the Spanish Official Journal BOE on November 9, 2017 which came into force on March 9, 2018. This regulation replaces and repeals the Public Sector Contracts Act 3/2011 in view of the transposition into Spanish law of the European Parliament and the Council Directives 2014/23/EU and 2014/24/EU, February 26, 2014. This new act incorporates changes in the contracting procedures in view of a greater administrative transparency, equality and simplification for bidders.

The main novelties affecting Isdefe include that the new Contracts Act clarifies the framework of the Assignments, which are now named after Orders, to in-house technical service provider and eliminates the Internal Contracting Rules of the awarding authorities others than the Public Administration, which are also obliged to respect the same contracting procedures as the Administration.

Figures of Tenders 2017



No. of Contracting Teams

44

No. of non-awarded tenders

11

Claims handled

3

Tender Procedure

	BIDS SUBMITTED	AWARDS	RATIO
Web publications	478	163	2.93
Selection of bids	28	13	2.15
Total bids	506	176	2.88

There is an e-mail account available for the entities concerned to which they can address any doubt or communication:

UnidadContratacion@isdefe.es

Purchases, Contracting and Sub-contracting processed in 2017

Services

19,99M€

Supplies

4,14M€

Works

0€

Total

24,13M€

■ RELEVANT SUSTAINABILITY RELATED ACTIONS

➤ Social:

Isdefe collaborates with several Special Employment Centres (CEE) and ONGs in such special services as the supply of Christmas cards.

➤ Environmental:

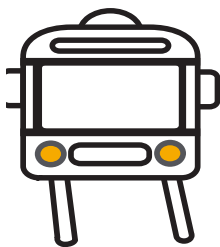
In 2017 environmental clauses or requirements were introduced into the following tenders:

- 1 Paper supply.
- 2 Desktop and laptop computers supply.
- 3 Comprehensive cleaning services and internal services.
- 4 Handling, selection, transport and treatment service of all the wastes generated at the headquarters.

*“Aware from his place in the society **Isdefe** hits in a positive way both in the enviroment social as environmental”*



SUCCESS STORY



Transport Aid

During 2017, the transport aid service for employees was maintained, fostering that way sustainability in city areas which results into an economic and environmental bet.



Wastes Management

Isdefe keeps a contract on the handling, selection, transport and treatment service of all the wastes generated at the headquarters.



Recycled Paper

In 2017, the ratio of recycled paper was 66.19%.



TO EMPLOYEES

STAFF

Isdefe features a highly-qualified staff of professionals, with high qualifications and committed to the organisation and its clients.



CHART OF STAFF EVOLUTION

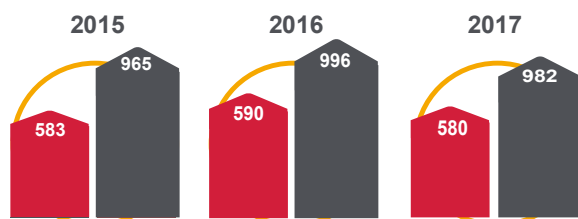
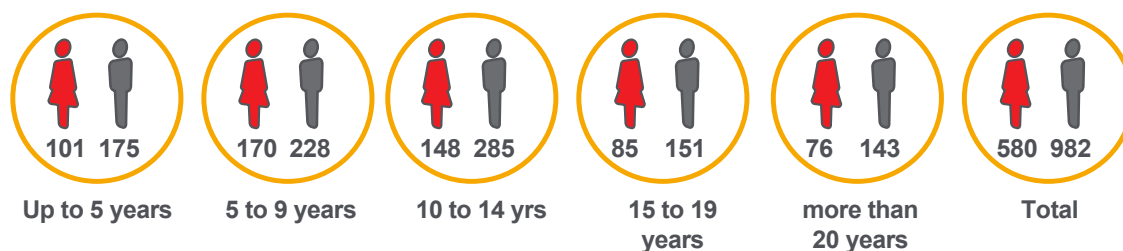


CHART OF STAFF INDICATORS

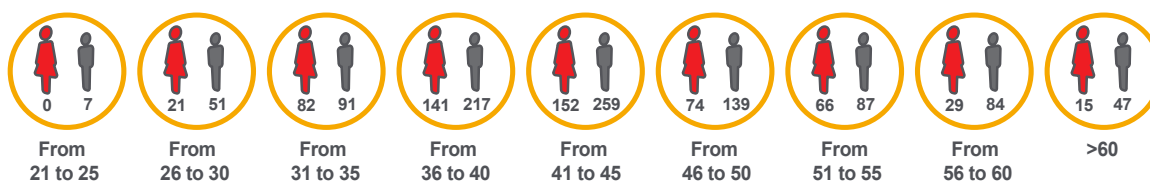
No. of employees on 31/12/2017	1,562
Staff expenses	97,439,161
No. of people holding a university	1,325
Gender (men/women)	982/580
No. of steady employees	1,340
Average service (years)	13.68
Average experience among the staff	16.50
Average age	43.74



CHART OF STAFF SERVICE



DISTRIBUTION BY AGE AND GENDER



■ SUPPLY CHAIN



Grants and collaborators

Isdefe has a Collaboration Agreement signed with the Autonomous University of Madrid and the Business-University Foundation in order to participate in the development of the CITIUS Programme for In-company Professional Initiation for University degree holders. Furthermore, since mid-2017, at Isdefe we have a talent attraction programme called “TACTIS” (Alliance for your Future).

We are currently offering twenty grants for university graduates in Engineering in Telecommunications, Computer Science Engineering, Aeronautical and Industrial Engineering, available in two annual calls (March and October); both of one-year duration. The CITIUS interns are a very significant recruitment source for the company.



Prizes and honours

The following Isdefe's staff members were awarded by the Ministry of Defence:

Mr. Antonio Morán Sanz, from the Consultancy and Strategic Processes Managing Unit. He was awarded with the Cross of the Naval Merit with White Mark due to the merits and circumstances by him gathered according to the Defence Official Journal, January 5, 2017.

Mr. Daniel Benavente López, from the Defence and Security Managing Unit. He was awarded with the Cross of the Naval Merit with White Mark due to the merits and circumstances by him gathered according to the Defence Official Journal, January 5, 2017.

Mr. Alfonso Gómez Rufas, from the Space and Technology Centres Managing Unit. He was awarded with the Cross of the Aeronautical Merit with White Mark due to the merits and circumstances by him gathered according to the Defence Official Journal, June 19, 2017.

Mr. Ángel Ortiz-Toranzo Morais, from the Defence and Security Managing Unit. He was awarded with the Cross of the Aeronautical Merit with White Mark due to the merits and circumstances by him gathered according to the Defence Official Journal, June 19, 2017.

“Isdefe fosters and promotes in-house talent as a identity sign mark”



SUCCESS STORY: FREMAP's honourable mention

For the third year in a row we have been awarded by FREMAP, an insurance company collaborating with the Social Security, the "Honourable Mention" recognition for achieving the "Bonus" for the year 2015.

What is the "Bonus"? The "Bonus" is a system for reducing Social Security contributions on the grounds of occupational disease and accidents at work from which those companies especially contributing to the cut off and prevention of accidents at work may benefit.

These Social Security contributions reduction system is regulated by the Royal Decree 404/2010, March 31 and developed by the Order ESS/256/2018, March 12 for those companies meeting the requirements set forth on this regulation. The demanded requirements aim to strengthen the companies' contribution in reducing and preventing occupational accidents.

On its side, the insurance company for occupational accidents and diseases, FREMAP distinguishes through the "Honourable Mention" all the companies which have been entitled to this incentive.

"Bonus Awards and Isdefe"

From the setting up of this "Bonus" in 2010, Isdefe has worked and fulfilled one year after another more requirements than those set forth by the legal regulation, and the results from this job begin to be tangible as this Bonus has already been gained for four years.

The actions undertaken include the implementation of the Mobility Plan, the aids for technical upgrades in the stations' vehicles, the road security courses and the training groups for practical exercises in preventive driving in specialised circuits.



➤ Hiring Policy

The Act 3/2017, June 27, on the State General Budgets states that the State-Owned Companies will not be able to undertake the hiring of new staff, except for exceptional events and to meet urgent and pressing needs, for which they are able to launch temporary hiring sets.

The Act excludes hiring related to calls initiated in previous years or those which are mandatory under long-term programmes and plans which are being executed on the date of effectiveness of this Act. Temporary hiring, taking into consideration of the above will be prepared in accordance to the criteria and procedures, previously authorised by the Ministry of Finance and Public Administrations, set out by the majority shareholder of the respective companies.

“Isdefe assures its Stakeholders a complete transparency and integrity when developing its operations”



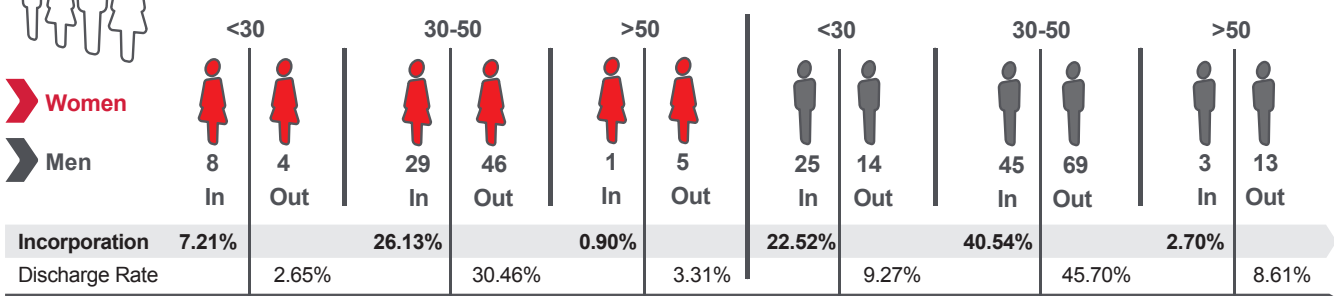
➤ Women
➤ Men

TYPE OF CONTRACTS



➤ Women
➤ Men

FIGURES AND INDICATORS OF TURN OVER



> Labour relations and trade unions

Isdefe's activity is developed in the framework of the Collective Agreement of the Engineering and Technical Projects Departments Sector, as well as of the Workers' Statute. All the staff is subject to this regulatory framework and the specific company agreements concerning each collective.

Nowadays, Isdefe has five work sites in which there exists legal representation from the workers collective.

> Salaries

Isdefe applies the salaries policy following internal equality criteria, while looking for competitiveness within the labour market.

The company's economic policy improves the legally binding economic conditions, the ratio between Isdefe's minimum salary (€16,000) and the minimum guaranteed interprofessional wages (€9,907.80) being 1.61 the ratio between men's basic salary and women's basic salary is one.

> Career Plan

Isdefe has a professional career system and a salary system in place since 2011. Nowadays a collective bargaining agreement is being negotiated in which a new career plan is being considered for all the company.



➤ Social Benefits

Isdefe considers the following social benefits for the employees:

- Life insurance.
- Medical insurance.
- Coverage on the grounds of incapacity/ invalidity (through the life insurance).
- Supplement of 100% of the salary for maternity or paternity leaves.
- Lunch vouchers or food subsidy.
- Pension funds (nowadays, contributions on behalf of the company are put on hold).

➤ Expenditure in Staff (M€)

Wages and salaries

73.68M€

Social Security in charge of the company

18.94M€

Social benefits

4.80M€

Total

97.43M€

EQUAL OPPORTUNITIES AND DIVERSITY

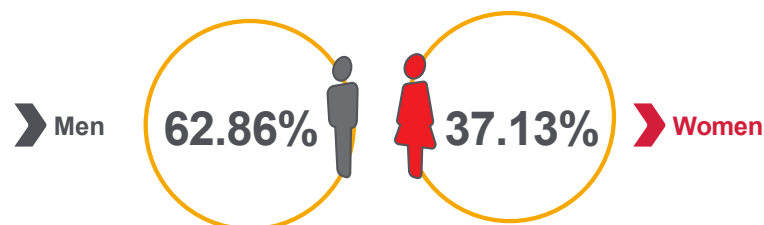
» Equal Opportunities Policy

Isdefe promotes the professional and personal development of all its employees, assuring equal opportunities. In this sense, the company has an express equality policy reinforced by an Equal Opportunities Plan which was signed by the Management and the workers representatives.

The company treats all its staff and people it gets in relation with in total impartial manner. It rejects any kind of discrimination at work or professional discrimination on the grounds of age, race, sex, religion, ideology, nationality, social origin or disability, or by any other reason. It also rejects any kind of physical, psychological, moral harassment or abuse of authority, as well as any other conduct which might lead to an intimidatory or offensive environment to people's rights, both among its employees, and in its relations with clients, potential clients or suppliers.

In 2017, the equal opportunities committee carried out a diagnosis on the company's situation before drafting the new Isdefe's Equal Opportunities Plan.

» Gender Ratio 2017



» Gender, academic qualification and age ratio

Category	WOMEN				MEN			
	<=30	31-50	>50	Total	<=30	30-50	>50	Total
University degree	13	291	32	336	33	471	127	631
Mid-qualification	8	90	16	114	24	146	46	216
Non-qualified	0	20	2	22	0	79	35	114
Misc. functions	0	0	0	0	0	2	4	6
Administration staff	0	48	60	108	0	9	6	15
Total	21	449	110	580	57	707	218	982

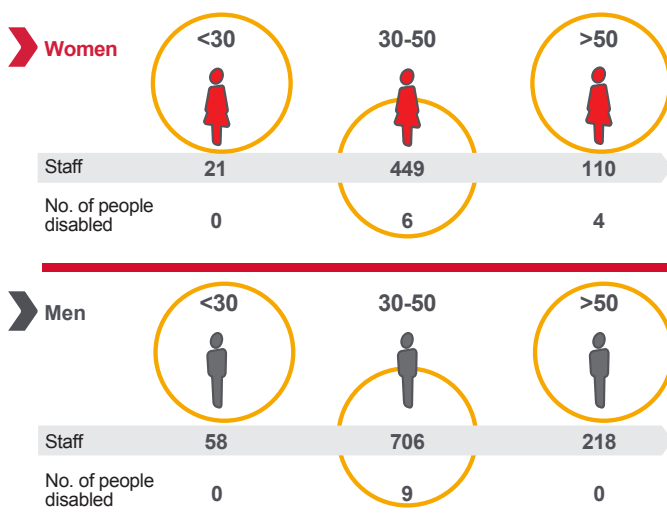
► Reconciling

Isdefe has measures in place for the reconciling of staff's personal, family and professional life, helping them to reach an adequate balance between personal needs and professional development, preventing any discrimination based on this matter.

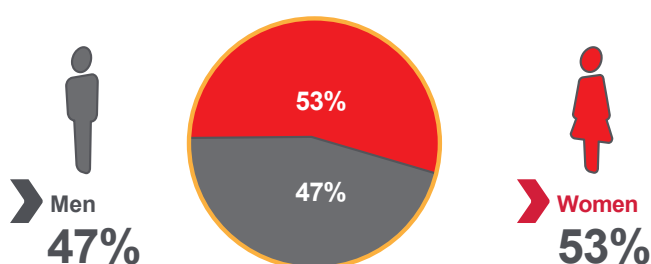
► Reconciling Figures

	WOMEN	MEN
Employees entitled to maternity/paternity leave	26	34
Employees who enjoyed maternity/paternity leave	26	34
Employees reinstating service upon the end of the maternity / paternity leave	26	34
Employees who continued to work after 12 months from reintegrating service upon the end of the leave	26	34

► Figures in diversity



► Ratio of disability per gender



“Isdefe strives so that all its employees have access to measures addressed to allow se measures addressed to allow reconciling family and professional life”

» Acknowledgements

Second time extension of the “Incompany Equality” Award.

The assessing technical staff from the State Secretariat highlighted the ongoing company’s commitment to equal opportunities between men and women, which led to start the elaboration of a new Equality Plan which will allow to extend the equality policy within the company in the future.

Isdefe achieved the recognition to the work being done and the equal opportunities spirit, which leads the way of the company on which it will go through.

*“Isdefe
contributes
doing its best
to eliminate the
existing gender
gap in today’s
society”*



Training Plan

The Training Plan 2017 stressed the sectors and areas identified on the Strategic Plan.

The training in technology and certifications amounted 70% of the investment and 61% of training hours.

The main training actions were focused on cybersecurity (Offensive Security Certified Professional, CEH-Certified Ethical Hacker), specific technologies (Getting to know the Helicopter NH90), Space Systems, NAF-NATO Architecture Framework- V3, Statistical Inference and Optimisation Models. Use of R-Software, Advanced Handling, Autonomous Underwater Vehicle (AUV), training oriented to the gaining of certifications (SCRUM, INCOSE, PMP lean methodologies...) and actions addressed to supporting public management.

Internal training is an effective tool for knowledge management and dissemination. In 2017, twenty-two in-house training experts delivered thirty-two face-to-face courses, twentytwo of which were on technology-based content and ten were focused on internal standards.

Training related to internal regulations is also carried out, such as that on the Code of Ethics, Criminal Risk Prevention and Classified Information Security, as well as road security, information technologies security or dynamic tables courses.

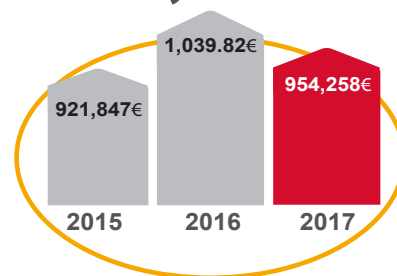
In 2017, eighty-three on-line training sessions were delivered.

Through the Isdefe's virtual campus regular calls are launched on initial training and corporate tools mainly addressed to the newcomers.

Training Charts / Tables:

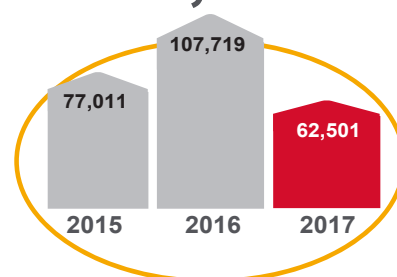
Investment in Training 2017

954,258€



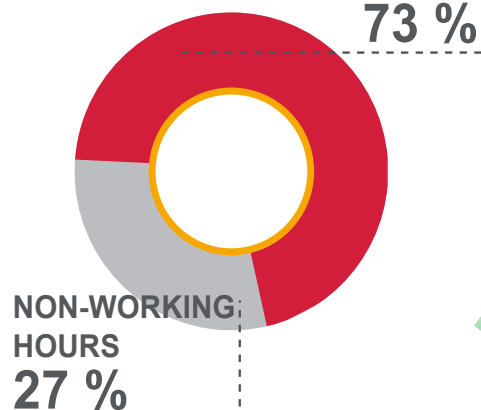
Training Hours 2017

62,501



Courses Typology % Hours

**WORKING HOURS
73 %**



Hours Ratio per category and gender

	WOMEN	MEN
University degree	19,410	22,439
Mid-qualification	4,677	8,628
Non-qualified technicians	604	3,280
Misc. functions	—	574
Administration staff	1,650	1,239
Total	26,341	36,160

Workers trained out of total workers

	WOMEN	MEN
University degree	88 %	90 %
Mid-qualification	90 %	87 %
Non-qualified technicians	92 %	86 %
Misc. functions	—	76 %
Administration staff	98 %	83 %



► Indicators

- 1,398 employees received training.
- Number of employees' registrations in training courses provided by the company: 4,360 registrations in a total of 542 courses. Out of the total registrations, 1,634 correspond to women and 2,726 to men.
- Aids for individual training-related initiatives: aids were granted for language training for an amount of € 10,649.70 to forty-five persons and concerning aids addressed for gaining official degrees, the amount reached € 12,118.75 for thirty-four persons.
- Skills and Training Management Programmes: A total of fifteen courses on skills enhancement have been delivered in which one hundred and fifteen employees did take part. Six hundred and sixty-seven employees received languages training.
- Furthermore, all the employees receive training on the Isdefe's code of ethics during their first weeks at the company, in order to get to know and apply the governing principles of the organisation (integrity, professionalism and respect), and prevent, identify and correct inappropriate conducts in relation to these principles. In 2017, 147 employees followed this course.



SUCCESS STORY: PMP SIMULATOR (PROJECT MANAGER PROFESSIONAL)

In 2017 a simulator was integrated to the virtual campus as a training and preparation tool for certification exams, initially for PMP, a result upon several months of work in the project.

The training unit fostered the development of the simulator for helping employees out with the study to gain official certificates, which represents one of the main guidelines in training.

The simulator has been very positively rated by the first students, who after having completed the face-to-face course for PMP preparation got access to the simulator to get trained in the type of questions they will have to answer when taking the exam.



■ SECURITY AND HEALTH

» Safety and Health Policy

Top management has to define and authorise the Safety and Health at Work (SST) Policy within the organisation and make sure that within the scope determined in its SST management system, this policy is suitable for the nature and significance of risks, that this includes a commitment to damages and health deterioration prevention and to an ongoing improvement of the SST management. This encompasses the commitment to comply with at least the applicable legal requirements, which are notified to every person working for the organisation. This is regularly revised.

» Safety and Health Committee

Isdefe features four safety and Health Committees holding quarterly meetings, with an equal number of workers' representatives (Prevention Delegates) and company's representatives to address occupational risks prevention, risks assessment and the definition of the suitable controls; as well as the participation in accidents investigation or consultations when there are changes affecting the STT.

» Occupational Risks Prevention

The Occupational Risks Prevention Plan aims to promote workers' security and health by implementing measures and developing the necessary activities for the prevention of work-related risks, according to the applicable legislation.

Health and safety of employees is Isdefe top responsibility and priority"

► Health Surveillance

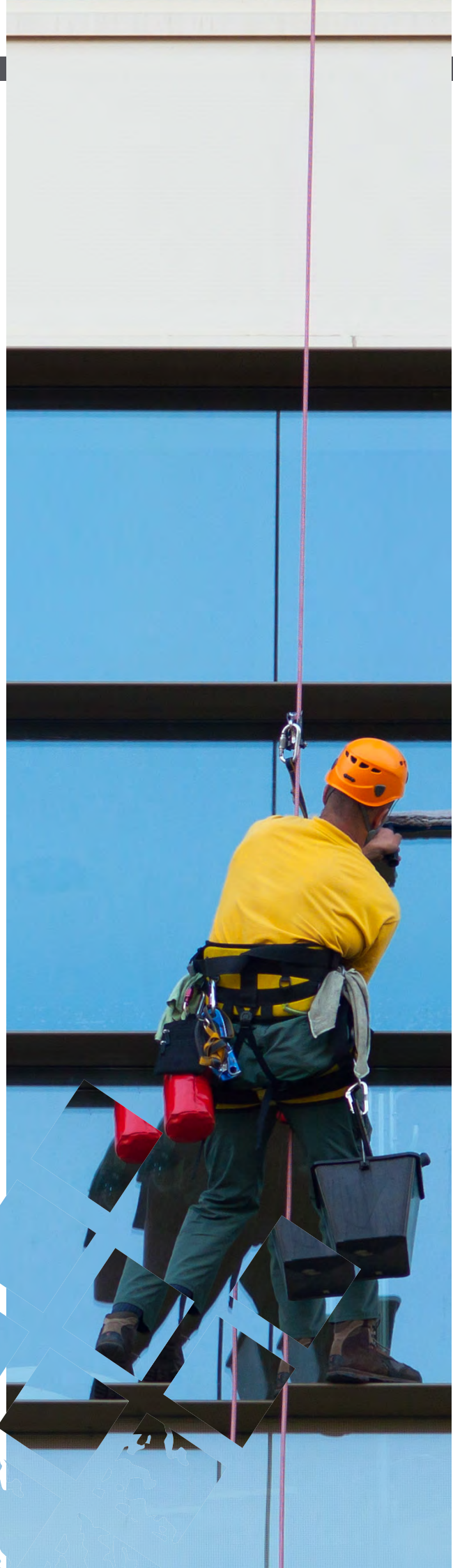
The Health Surveillance programme encompasses the carrying out of medical examinations which may be mandatory, optional and also those carried out when reinstating after a temporary incapacity; driven by the Medical Service or by the workers themselves, the confidentiality of which are totally assured; also the collection of information on the health condition of workers; the promotion of health at work and collaboration in healthcare with the different Health Public bodies.

Therefore, the programme aims to guarantee and protect every worker's health at work. The own protection service is provided through Isdefe's medical service located in the headquarters BdB3, supported by a external prevention service for those workers assigned in some of the sites in the outskirts. These are some of the indicators of the health surveillance service:

- No. of medical examinations: 790.
- Medical consultations: over 2,000.
- Vaccinations: 222.

► Donate Blood is Give Life

In order to guarantee blood availability at hospitals, Isdefe's medical service carries out a twice-a-year campaign in collaboration with the Spanish Red Cross, for which a mobile blood donation unit travels to Isdefe.



Absenteeism

	2015	2016	2017
No. of injured people	37	48	34
No. of Occupational Diseases	0	0	0
Occupational Disease or Accident at Work (excl. commuting leaves)	297	510	107
Absenteeism (not including authorised absences)	14,062	11,539	10,587

Accidents

	2015	2016	2017
Accidents resulting in a sick-leave (excl. commuting accidents):	9	8	5
Accidents not resulting in a sick-leave	24	29	20
Commuting accidents	4	11	9
Occupational diseases	0	0	0
Total accidents	37	48	34

Total average hours worked / year

	2015	2016	2017
Total hours worked per person	1,734	1,707	1,719
Staff Total	1,548	1,586	1,562
Annual Total Average Hours worked	2,684,232	2,708,557	2,686,265



SUCCESS STORY: PSYCO-SOCIAL RISK ASSESSMENT

The psycho-social risks assessment was fostered by Isdefe's own Prevention Service and carried out with the external Prevention Service Fremap, a company specialising in this field. Thus, the assessment was finished after the participation of more than 50% of the staff from all the Isdefe's work sites. Also, the staff moved to clients' premises was given the chance to participate under the same conditions stating their opinions through surveys and interviews.

The great involvement from chiefs and the Management was determinant at the time of organising some actions arising thereof, such as the authorisation for attending briefing or training sessions. It should be noted the collaboration work done by all the Safety and Health Committees in each site, who were 100% involved in the carrying out of the study in collaboration with the Isdefe's own Prevention Service. This allowed to ascertain the action lines in the matters of psycho-social risks which will be developed for the next years, providing a more important raising of awareness on risks and protection measures for workers.



TO SOCIETY

➤ SOCIAL INVESTMENT

Isdefe maintains a Social Action Programme fostering social initiatives on yearly basis, in collaboration with foundations and NGOs, being always focused on those charity organisations linked to the Defence and Security field.

➤ 10th Solidary Christmas Campaign 2017



The traditional Christmas Solidary Campaign was held in 2017 for the tenth year. During December, employees were solidary one more time and they donated toys, baby clothes and nonperishable food which were delivered to different charity institutions with which the company collaborates for this season.

In the framework of this campaign, Isdefe organised a corporate volunteering activity with the Masnatur Foundation. The reason for holding this activity is the Christmas Party for children and youngsters from the Foundation, who have the chance to enjoy a day full of workshops, games and the Father Christmas' visit in which every child is given a present bought with the voluntary fund-raising done by the employees of the BdB3 seat.



► “Caps for a new life” Campaign



Isdefe keeps collaborating with the “Caps for a new life” campaign started in 2012 in collaboration with the Seur Foundation for the medical and orthopaedic treatments (not being covered by the public health system) of children.

Moreover, the project has an environmental sustainability aspect - the caps recycling. In 2017, 591,500 caps were recycled so we have prevented the emission of 1,775 kg of CO₂ to the air, the main gas causing climate change. 296 trees would be necessary for a year to attain the same benefit for the planet.



► “Run with all your Heart” Solidary Race



More than a hundred employees from Isdefe took part in the fourth “Run with all your Heart” charity race, organised by the Foundation for the Assistance of the Armed Forces and the Guardia Civil. Nearly 2,000 runners both soldiers and civilians participated in this event. Isdefe collaborated with the project the objective of which is to raise funds for the most vulnerable groups within the military family by promoting sports and healthy life habits.

➤ Isdefe joins the 1st Charity Rugby Match against Cancer



On the World Cancer Day, the first rugby match was held between the Army and the Navy teams on the central pitch of the Universidad Complutense de Madrid university.

Both teams played a match with aim of raising funds for the Spanish Association against Cancer and GEICAM, Research Group on Breast Cancer, under the motto "Fight against Cancer". Isdefe joined this initiative through a donation for the GEICAM.



Different authorities representing the Armed Forces attended the match.

➤ Association of Solidary Guardias Civiles officers (AGCS)



In 2017, Isdefe collaborated for the first time with the Association of Solidary Guardias Civiles officers (AGCS) for getting their solidary van.

Their scope of action does not only include big national or international catastrophes, but also, they collect the delivery of 310 tonnes of humanitarian aid in Spanish territory and in countries in need.

The Association's was featured in Granada last summer and it is fitted with an equipment permitting the transport of pallets with humanitarian aid, as well as with victims' location systems, and also it features advanced technology by incorporating a remote-controlled drone fitted with HD camera and screen in the inside of the vehicle. It also has an automatic external defibrillator (AED) which helps to reduce deaths resulting during humanitarian catastrophes due to cardiorespiratory arrest.



» Solidarity in operations zone: “Defeat AIDS in Uganda”



Through a Collaboration Agreement with the Cesal NGO, Isdefe promoted in 2017 the “Defeat AIDS in Uganda” project, the objective of which was to provide healthcare assistance for women with the HIV virus.

Isdefe joined this social cause, proposed by an employee, and arising of the work relation the company has with the Ministry of Health of Uganda, through the Conversion of Debt Programme by the Ministry of Economy and Competitiveness.

The Project implemented from October to December 2017 was addressed to improve health conditions for women affected by HIV/AIDS in the poor neighbourhood of Kireka and Naguru. With the funds provided, 32 affected women and children had access to antiretroviral drugs 323 women living in the slum dogs of Kampala under precarious social and economic conditions were able to have access to healthcare and psycho-social assistance.



► School of Survivors Project



In the framework of the activities fostering and promoting Corporate Social Responsibility within the public sector, Isdefe joined this solidary project, together with other collaborating public companies such as ADIF, Aena, ICO, INECO, Metro, Renfe and Grupo Tragsa to support the dissemination of the “School of Survivors” inspired by the Sandra Ibarra Foundation for Solidarity against Cancer.

The objective of this School of Survivors is to foster healthcare assistance institutional plans for the “long-term survivor” through the setting up of a Registry of Cancer Survivors in Spain, which will help to have people having overcome this disease identified and understand their physical, emotional and social needs. With this information, the healthcare professionals will be more conscious of the impact the cancer has on people’s life and more efficient and suited programmes will be developed to address survivors’ needs.

“Isdefe as a part of society has the commitment to contribute to the society’s sustainable development and generate shared value wherever it develops its activity”



SUCCESS STORY: COMPUTER DONATION

On January 10, sixty-eight computers were distributed in Mali. They were donated by Isdefe for the African Missions of the White Fathers in Kati, the Franciscan Sisters in Koulikoro and the Guardian Angel Saint Sisters in Bamako.

The donation of these computers was made through the Civilian-Military Unit of the Operations Command of the Defence Staff and will allow to fit classrooms in the three said municipalities with IT equipment.

The computers were transported from Madrid on-board an Air Force aircraft, on the occasion of the visit of the Minister of Defence, Ms Maria Dolores de Cospedal to the Armed Forces international missions to Senegal and Mali.

The objective of this collaboration with the Operations Command is to contribute to the technology development, progress and training of local communities where the Armed Forces operate. In Mali, students finished their education without knowing anything of computer science, so fitting these classrooms with this equipment will allow them to improve their education and ease the access to more qualified job positions.



♥ DONATE

■ COLLABORATION WITH SOCIETY

Associations and Foundations with which Isdefe collaborated in 2017

Economic, Technological and R+D+i Sectors

- Spanish Royal Academy of Engineering.
- Foundation of Group of Technologies for Defence and Security.
- Foundation of Spanish Aeronautics and Astronautics (FAAE).
- University-Business Foundation.
- Spanish Maritime Cluster Association.
- Association of Spanish Graduates in Defence and Security (ADESyD).
- Spanish Association for Maintenance Works (AEM).
- ISMS Forum Spain.
- Youth Mediterranean Dialogue (YMD).
- Association for the Scientific Development of ATM in Europe (ASDA).
- Association for the Scientific Development of ATM in Europe (ASDA).
- Navy League of the United States-Madrid Council.
- Forética (Association of business and professional corporate social responsibility).

Social Sector

- United Nationsl Global Compact.
- Solidarios (Association of Solidary Guardias Civiles officers).
- Foundation for the Assistance of the Armed Forces and the Guardia Civil.
- Research Group on Breast Cancer.
- Cesal NGO.
- Masnatur Foundation.
- Madrina Foundation.
- Sandra Ibarra Foundation for Solidarity against Cancer.
- Seur Foundation.



● GLOBAL COMPACT

In 2017, Isdefe attained its eight-year commitment to the Global Compact United Nations, global initiative fostering corporate social responsibility for sustainability and development.

By adhering the Compact, Isdefe promotes ethical compliance and assures the compliance with the 10 management Basic Principles in the matters of human rights, work, environment and fight against corruption, in its daily strategy and operations.

In 2015, the United Nations General Assembly approved the Agenda 2030 for Sustainable Development and, at the same time, the Sustainable Development Goals (SDGs), a total of 17 goals and 169 objectives, through which States, companies and civil society may follow and measure their contributions for sustainable development during this period.

Isdefe contributes to the Global Compact Ten Principles and is working for achieving the SDGs, by analysing those goals to which it may contribute in a more direct way, by integrating them into its business management and good corporate practices.



● FORÉTICA

Isdefe became a member of Forética in 2017, a benchmark and renowned entity in the field of business sustainability and good practices with the aim of optimising and making more dynamic its Corporate Social Responsibility strategy.

By this membership, the company bet on the consolidation of a responsible management, through a more thorough follow-up of Corporate Social Responsibility trends and the support for fostering strategic alliances in this field within our sector of activity.

Both entities held a meeting at the beginning of the year in order to set up future collaborations and synergies, and during which different questions related to the company's reputation, ethics, transparency, as well as social commitment were addressed.

In March, Isdefe joined the Transparency, Good Governance and Integrity Cluster, coordinated by Forética and made up by 48 companies, which represent more than 20% of the Spanish turnover GDP. This Cluster particularly stresses the quantification of the transparency and good governance value within companies and its impact on the market.



➤ **Second Edition of the R+D+i Ideas Capture and Management Programme (February 14 th)**



An internal Isdefe's initiative to promote the entrepreneurship capacity of employees, and foster their participation in innovation, development and research-oriented projects in order to improve services and anticipate the Administration's needs.

This second edition held at Isdefe's headquarters was presided by the Chief Executive Officer, Francisco Quereda. Furthermore, the Head of the Joint Defence Staff (JEMACON) also attended. Lieutenant General of the Air Force Juan Antonio Carrasco who delivered a lecture on the "Relevance of R+D+i in the operations of the Armed Forces". The act finished after the awards ceremony for winners and participants.

➤ **World ATM Congress 2017 (March 7 to 9 th)**



The 5th World ATM Congress to which Isdefe attended is the most important event on the air traffic sector at international level.

On this occasion and under the slogan "Developing the Future", this event beat all records of participation featuring 230 exhibitors, five stages on education showing 120 presentations and 7,175 visitors recorded.

Isdefe participated together with experts from the Technical University of Madrid (UPM), presenting the workshop - "New challenges in ATM: 4D Trajectories and RPA Integration" at the Tower Theatre.

» Opening of the exhibition “Air of History” (March 2017)

For the fulfilling of its commitment to disseminate and do research on the aeronautical and astronautical culture in Spain, both from a historical and today’s approach, Isdefe collaborated in the permanent exhibition “Air of History” and with the monument of the Mirage F-1 aircraft in the Villaviciosa de Odón castle, seat of the Historical Service of the Air Force.

The Air Force Chief of Staff, General Mr Francisco Javier García Arnáiz presided the event, accompanied by the General Chief of the Historical and Cultural Service of the Air Force, Major General. Mr Pablo Gómez Rojo, the Director of the Institute of Aeronautical History and Culture, Brigadier-General Mr Santos Senra Pérez and several military chiefs and civilian personalities, including the Major of Villaviciosa de Odón, Mr José Jover and the Deputy General Director of Publications and Heritage of the Ministry of Defence, Ms Margarita García Moreno.

» HOMSEC 2017 (March 14 th)

Within its support to the Ministry of Defence, Isdefe participated with the INTA in this national tradeshow, a meeting point for developers, manufacturers and users of simulation, emulation and virtual reality systems, as well as with companies, universities and technology centres working in the field of Security, Protection and Emergencies.

Homesec 2017 which was visited by national and international delegations welcomed 3,000 more visitors than for the 2015 edition and featured 195 exhibitors and a great number of national and international delegations.

➤ 3rd Guardia Civil CSR Day (March 30 th)



This edition was organised by the University Institute of Research on Internal Security (IUISI) at the seat of the General Directorate of the Guardia Civil and aimed to train, inform and raise awareness on the processes for implementing socially-responsible corporate policies in the field of the State General Administration and in the business world.

Isdefe was invited to take part. The Business Development Director, Jesús M. Alonso Martín, delivered a lecture in the round table “Experiences on the development of CSR strategic plans”, explaining the company’s Social Responsibility strategy.

➤ R+D+i Day in the Defence industry (May 25 th)



Isdefe participated in this Day held by the Committee for Defence-related Technologies from the Spanish Institute for Engineering (IIE) with the aim of confirming that the Spanish and European Defence Industrial and Technology Base (DBIT) is essential as a strategic asset, adopting by this means the decision to unite efforts to keep it and improve it.

► “Technology-related Needs for Armament Systems of the Armed Forces” Summer Course (July 7 th)

On this occasion, a special attention was paid to the armament programmes that the Spanish Armed Forces are implementing and their connection to the technology-related needs making part of the Technology and Innovation Strategy for Defence (ETID).

Moreover, a debate was held about command and control systems, cybersecurity, simulation, intelligence collection and treatment systems and the PAZ observation satellite, designed in Spain for military use.

Isdefe participated and backed this programme supported by the General Engineer Mr Antonio Ramón y Zarco del Valle University Department following the agreement between the UPM and the Centre of Upper National Defence Studies.

► 10th “Satellites as a key element for security and defence and governmental applications” Seminar (September 6 to 8 th)

During this meeting, it was noted the importance of the space sector, being defined as a key element for the development and driving of the economy, as this helps the industrial tissue to develop and provides more than 4,300 high-quality direct jobs.

The key elements which were highlighted during this Seminar were: continuing to give a response to the need for more development within the sector by doing investments on new R+D+i programmes, taking advantage of the synergies created by a sector in which the dual-use civil and military technology is united, and the need to increase the international cooperation to take advantage of the opportunities that the international bodies, both at European level and at NATO's Agencies level have programmed to address the next satellite-related needs of the Armed Forces, National Security and Police Forces and civil protection.

► **Presentation Day of the Horizontes Network**
“Collaboration in innovation of systems
engineering for defence and universities”
(October 17 th)



Organised by Isdefe with the aim of starting a debate on innovation at the Administration and University. Thus, the State Secretary for Defence and the Isdefe's Chairman, Mr Agustín Conde stated that the Horizontes Isdefe Network was itself an innovative mechanism, an ally for the academic sector which allows to perform as a ground zero for generating and analysing innovative ideas, positioning plans and dissemination activities.



On this Day, distinguished authorities from the Ministry of Defence, Ministry of Economy and Competitiveness, Ministry of Industry, Ministry of Energy, Tourism and Digital Agenda and rectors from renowned Spanish universities took the floor as speakers. The event was closed by the Chairman and the Chief Executive Office of Isdefe, Mr Francisco Quereda, the president of isdefe and secretary of state Mr Agustín Conde.

» Work Group with Public Companies for fostering CSR (October 24 th)



Isdefe held at its seat BdB3, a work group with public companies interested in the promotion and development of the Corporate Social Responsibility by jointly collaborating in projects and initiatives of social action and management.

This Call attracted the CSR Chiefs from Aena, Correos, ENAIRE, ICO, INECO, Loterías y Apuestas del Estado, Metro Madrid, Renfe and Tragsa.

The group was welcomed by the Business Development Director, Mr Jesús M. Alonso Martín, who stated an interest to

work and make progress on those issues which are common among public companies in the matters of CSR for a better implementation of this element in our organisations.

*“Participating in collaborative events, forums and projects is an activity helping **Isdefe** to transfer its knowledge while it gains a better knowledge for itself”*



PROMOTION OF EXCELLENCE AND KNOWLEDGE

AWARDS CEREMONY

➤ Award to the Best Doctoral Thesis in Security and Defence (June 23 th)



The celebration of the 38th Edition of the Best Doctoral Thesis, End-of- Grade Projects and End-of-Master Projects and academic careers was held at the Spanish Institute for Engineering.

The Isdefe Prize to the Best Doctoral Thesis in Security and Defence was presented by the Marketing Manager of Isdefe, Lluís Vinagre, to Ms Ana Arboleya for the thesis “Novel XYZ scanner-based radiation and scattering measurement techniques for antenna diagnostics and imaging applications”, from the University of

Oviedo, elaborated under the guidance of Mr Fernando Luis Las-Heras Andrés and Mr Yuri Álvarez López.

➤ Air Force Awards 2017 (June 22 th)

Awards which pursue to contribute to the Air Force and the Spanish society mutual knowledge, fostering aeronautical culture in its different facets, art creation and Armed Forces values, in addition to promote mutual knowledge and the intellectual and social debate.



On this occasion, the Minister of Defence, Ms Maria Dolores de Cospedal, accompanied by the Chief Executive Officer of Isdefe, Mr Francisco Querada presented the “Promotion of Aeronautical Culture”.

The jury awarded the prize to the Cielos de León Foundation for its foundational objective and their merits in the promotion of the aeronautical culture, including their training courses, their commitment to technology through aeronautical building and restoration of old airplanes and the recognition of the aeronautical subject in all the Foundation’s activities. Also, their close cooperation with the Air Base in León was worthy to be highlighted.

Awards on the Excellence in Maintenance and Security of the Air Force (November 2017)



Isdefe took part in the presentation of the 35th Awards on the Excellence in Maintenance, Flight Security and Security when using weapons with which it collaborates to distinguish the efforts made within the Air Force in favour of a quality service in technology and engineering.

The ceremony was presided by the Air Force Chief of Staff (JEMA), General Javier Salto Martínez-Avial, accompanied by the members of the Higher Council of the Air Force, civilians and soldiers.

Isdefe presented the “Maintenance of Provision” award to the Second Lieutenant Mr Mariano Baeza Merino.

55th Edition of the Army Awards 2017 (November 16 th)

These awards organised by the Army School of Warfare were presided by the Minister of Defence, Ms María Dolores de Cospedal and the Army Chief of Staff (JEME), the Army General and other authorities.



Isdefe participated one more year as a collaborator in the Army Awards, the CEO Mr Francisco Quereda being the one in charge of presenting the Military Miniatures Standard Figures award to José María García Torres for his work “Royal Guard Hunter 1830”.

On this occasion, the awards recognised general painting and speed painting, photography, military miniatures, school teaching and research in arts and social sciences disciplines. This edition special award was presented to the journalist Mr Ángel Expósito Mora for its supportive and caring work for the Armed Forces and the Army throughout his professional career.

➤ Navy Awards 2017 (December 14 th)

Isdefe collaborated one more year with these Navy Awards which foster the interest for naval issues and disseminate the naval culture at national level. This event was presided by the Minister of Defence, Ms María Dolores de Cospedal.

On this edition the efforts from the Local Council of Marín in the province of Pontevedra were recognised, and on the grounds of the extensive relation it maintains with the Navy and its support during the arrangements and

development of the commemorative event on the 300th anniversary of the Royal Company of Midshipmen. Furthermore, the Virgen del Carmen 2017 awards, the Sports at the Navy 2017 awards and the Revista General de Marina magazine 2016 awards were also presented.



The Business Development Director of Isdefe, Mr Jesús Alonso Martín and the Director of the Revista General de Marina, Colonel Infantry, Mr Francisco Javier Ayuela Azcárate presented the “Revista General de Marina certifying diploma” to the Rear Admiral, in Second Reserve, Mr Julio Albert Ferrero, for his ongoing and enthusiastic collaboration with the MAGAZINE, both by writing articles,

as well as reviews of different activities in the naval and maritime fields.



Other Isdefe's Collaborations

4th Security and Cyber Defence Day (January 24 th)

CIBERSEG17 was held at the Technical School of the University of Alcalá and was organised by the group of Telematic Engineering Group of the Automatics Department, the DARS departments and the Students Delegations of the Technical School.



Technology Day: “Current Situation of the Electronic Warfare” (January 19 th)

Seminar organised by the Deputy General Directorate for Planning, Technology and Innovation (SDG PLATIN) at the Headship of Logistic Support of the Navy, during which a debate was held on the current situation of electronic warfare in Spain, and in which the Director of Defence and Security at Isdefe, Mr Daniel Acuña took part as a moderator.



Conference on the European Airworthiness Regulations at the COIAE (February 10 th)

Conference held at the Spanish Institute for Engineering in which Miguel Ángel Palomo took part. The Project Manager in the area of Programmes Processes and Methodology at Isdefe discussed with other professionals on the “Authorities’ Responsibilities in the PERAM implementation process”.



3Rd International Conference of the Nebrija University on global security (May 16 to 18 th)

Isdefe participated in this conference through its Director of Defence and Security, Daniel Acuña Calviño, a conference on the “Challenges for global security”, which was held at the Army School of Warfare School, reasserting both institutions’ commitment to the analysis and dissemination of security issues.





Higher Studies Course for High Latin American Officers (March)

Isdefe took part in the 16th Edition of the Higher Studies Course for High Latin American Officers (AEEOSI) at the Upper Centre for National Defence (CESEDEN) with the participation of the Development Manager, Álvaro Manresa, concerning the “Systems Engineering at the service of Defence”.

Strategy Handbook “Cybersecurity: public-private collaboration” (May)

Óscar Pastor, manager of the Systems and Critical Infrastructures Managing Unit attached to the Defence and Security Management at Isdefe was the co-author of the Strategy Handbook “Specialised Professional Training on Cybersecurity”, together with José Javier Martínez, Professor of the Computing Sciences department of the Technical School of Computer Science Engineering at the University of Alcalá de Henares.



1st Seminar on “Technology Foresight in Security” (June 20 th)

The University Institute of Research on Internal Security (IUI SI) and Isdefe organised this seminar at the company’s headquarters in order to feature the technology foresight approaches of the Guardia Civil and Isdefe, raise awareness on the existing challenges in the matters of new technologies and present some of the current areas on which both are working.

SYMDEX (June 28 th)

Isdefe took part in the fourth edition of the SYMDEX Day held at the Technical School of the Army during which it was discussed the impact some technologies have on maintenance and modernisation of Defence equipment and systems, these technologies included structures self-diagnosis, additive manufacturing, reuse, simulation or industry 4.0 and other future progress.





INCOSE Annual Symposium (July 15 to 20 th)

During the Symposium which was held in the Australian city of Adelaide, Andrés Cabanillas, chief of the Observatory of Systems Engineering, and Belinda Misiego from the Business Development Managing Unit took part in the meeting of the INCOSE Corporate Advisory Board (CAB). During the event, Isdefe presented its capabilities and links with the systems engineering branch from its foundation.

“Past, Present and Future of the Spanish Engineering” Seminar (October 5 th)

The Dean of the Faculty of Law of the University of Zaragoza 1. Javier López Sánchez, and the General Technical Secretary of the Ministry of Defence, David Santos Sánchez participated in this Seminar. On behalf of the company, the Business Development Director, Jesús Alonso Martín participated in the round table dedicated to the future of the Spanish military engineering.



Data Intelligence in the field of Security “Big Data Intelligence” Day (November 18 th)

The Day organised by the Foundation of Group of Technologies for Defence and Security was held at the Technology Centre for Security (CETSE) attached to the Ministry of Home Affairs. In this Day, Juan Carlos Iravedra, Area Manager of Surveillance Technologies for Public Security, attached to the Defence and Security Managing Unit at Isdefe took part in the round table “Big Data vision from the integrators of solutions”.



Discussion Seminar on “The value of the aerospace industry in Spain” (November 27 th)

The Seminar entitled “The value of the aerospace industry in Spain” was organised by the Official Association of Spanish Aeronautical Engineers (COIAE) together with Fly News at the premises of the Spanish Institute for Engineering, the Business Development Director, Jesús Alonso participated in the lecture “The future of the defence industry”.



Agreements with Universities, Foundations and Associations



In 2016, Isdefe launched the Horizontes Network. This corporate initiative is arranged as a “laboratory of ideas” concept and is conceived to identify, analyse and provide solutions for future Administration challenges.

In order to reach its goals, the Horizontes Isdefe Network has developed a University- Business collaboration model and sets up a network of experts at national and international level helping to drive the knowledge existing within the company, the university and the Administration.



The Horizontes Network is made up by six nodes, covering the main strategic areas in our organisation:

➤ **1**.- Horizon Defence and Security

TECHNICAL UNIVERSITY OF MADRID

University Department was created with ETSIT; and in 2017, in line with this Horizon on Defence and Security, we have been working on the most advanced and the most disruptive potential technology and conceptual aspects within the selected areas combatant's technologies, detection and neutralisation of RPAS, new sensors for RPAS and ICTs in autonomous or unmanned platforms.

➤ **2**.- Horizon Cibersecurity

UNIVERSITY OF ALCALÁ DE HENARES

In collaboration with the Computing Sciences Department of the Technical School of Computer Science Engineering at the University of Alcalá de Henares, this observatory focused its activity on four big areas in the field of Cybersecurity:

- IDark Web/Deep Web/Hidden Web/Invisible Web.
- Legal Cybersecurity.
- Cybersecurity in Mobile Devices.
- Cybersecurity on the Cloud and Data Sciences.

In 2017, collaboration has been promoted by the creation of the Isdefe University Department in Cybersecurity at the University of Alcalá de Henares.

➤ **3**.- Horizon Space

UNIVERSITY CARLOS III

In 2016, this observatory was created in collaboration with the Aerospace Bio- Engineering Department of the Technical School which develops three great foresightrelated areas: Space Situational Awareness (SSA) addressing the field of space surveillance and follow-up, space resources security for collision risks with other satellites or space trash and GNSS navigation. The area for the Earth Observation and that of GNSS Navigation Systems such as the Galileo.

» 4.- Horizon Air Navigation and ATM

TECHNICAL UNIVERSITY OF MADRID

The Observatory of this Horizon develops its foresight activities in cooperation with the Air Navigation Research Group at the School of Aeronautical and Space Engineering of the Technical University of Madrid.

In line with the SESAR objective (Single European Sky ATM Research) on the implementation of a European high performance ATM network for air traffic management, the Air Navigation Observatory (ATM) works in the management and optimisation of trajectories, the integration of the RPAS (unmanned aircrafts) in nonsegregated airspace and in the management and integration processes of airports operations in the field of ATM, Airports Operations Management Centres and the architecture of the future European ATM System.

» 5.- Horizon Economy and Public Management

UNIVERSITY COMPLUTENSE OF MADRID

In 2016, an agreement was signed with the University for setting up the Special University Department in Economy and Public Sector Management to work in collaboration with the Faculty of Business and Economic Sciences of the University Complutense de Madrid.

This observatory does foresight analysis on issues related to economy and public management of the State General Administration, particularly in the field of Defence and Security, focusing both on current issues and innovation. Moreover, they address other subjects such as the economic and financial security, alternative funding sources for Defence and Security, and Methodology for strategic planning within the Public Administrations.

» 6.- Horizon Systems Engineering, Logistics and Programmes Management

UNIVERSITY COLLEGE OF SOUTHEAST NORWAY

The foresight activities of this observatory are developed in cooperation with the Sciences and Industrial Systems Department from the Faculty of Technology, Natural Sciences and Marine Sciences of the (University College of Southeast Norway).

The work areas concern the knowledge and disciplines being the core competences which gave birth to Isdefe: Systems Engineering, Programmes Management and Logistics.

*“The
University-Business
collaboration
is essential
for a suitable rise
in employability”*

Collaboration Framework Agreements with Universities and other agreements

Isdefe maintains educational cooperation agreements with all the Universities making up the Horizontes Network for planning students' internships, delivering specialised training programmes, and support in the form of prizes to the best academic records, scholarships helping for end-of-grade and end-of-master projects. To be highlighted:

- CITIUS Programme: Collaboration with the Autonomous University of Madrid and the University-Business Foundation helping to start the professional career through an internship with a tutor at Isdefe, fostering the new graduates' employability.
- Collaboration Framework Agreement with the Ministry of Defence, General Directorate for Recruitment and Military Teaching (DIGEREM): Allows to guide the creation of knowledge and generate advanced research for the transformation and integration of the academic and business world.



TO THE ENVIRONMENT

ENVIRONMENTAL MANAGEMENT SYSTEM

Isdefe boasts an environmental policy and an Environmental Management System (EMS) certified by AENOR in accordance to the UNE-EN-ISO 14001: 2015 standard, which must be renewed on yearly basis and proves the ongoing improvement in the Isdefe's (EMS).

COMMITMENTS WITHIN THE ENVIRONMENTAL POLICY

- Comply with the applicable environmental legislation to our activities, as well as those environmental commitments agreed with the clients.
- Identify and assess the environmental aspects arising of our activities in order to prevent negative impacts on the environment.
- Adequately manage wastes generated by reusing, separating and recycling them.
- Promote energy efficiency, making a thoughtful use of the available resources.
- Raise environmental awareness among employees, by fostering the definition of good environmental practices at the workplace.
- Establish an ongoing improvement process for our environmental commitment through the regular review of our (EMS) and the environmental objectives and goals set out.
- Promote and disseminate this policy among employees, collaborators, sub-contractors and suppliers of Isdefe and make it available for the stakeholders.



Isdefe's management reviews the EMS on yearly basis in order to assure its ongoing convenience, adequacy and effectiveness, through the information provided on the Report on the EMS Performance requested by Isdefe, and which is annually prepared by the Department of Security.

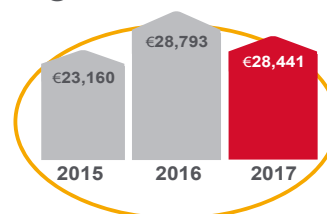
Scope of the (EMS)

Provision of consultancy and technical assistance services in the Defence and Security, Space, Transport, Public Administrations, Information and Communication Technologies (ICT) and Energy sectors.

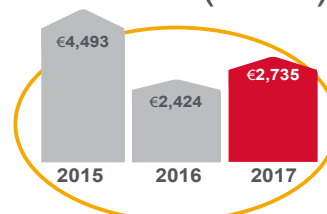


» Environmental expenses and investments (€)

» Isdefe's Wastes Management

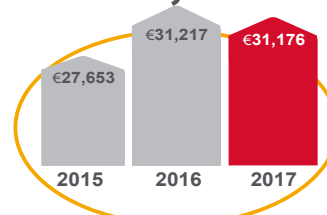


» Maintenance Certificate of (EMS)



» Total Expenditure

€31,176



CONSUMPTION MANAGEMENT

Isdefe does a follow-up on the energy demand in relation to electricity, gas, and water consumptions at its headquarters, through the control and analysis in the performance and functionality of the equipment and the facilities consuming these supplies.

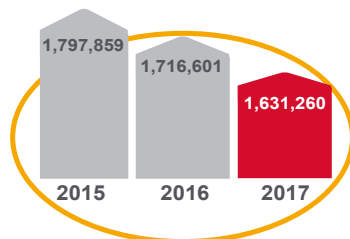
Energy

The fundamental goal one year after the other is the optimisation of the consumptions of electric energy and gas originating from non-renewable sources, so that a greater level of energy efficiency may be assured.

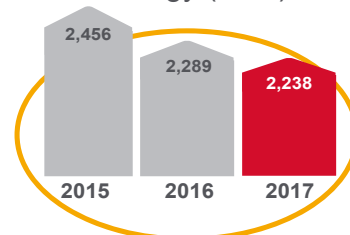
Annual consumption 2017

Electric Energy

Electric Energy (kWh)

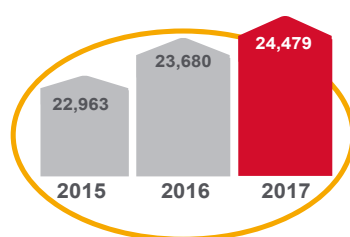


Electric Energy (kWh) / employee

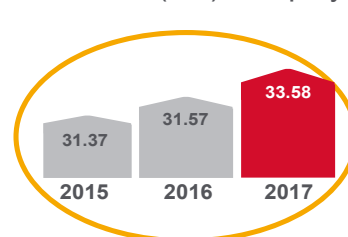


Natural Gas

Natural Gas (m3)

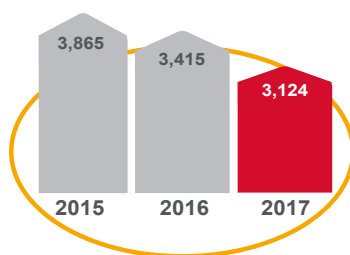


Natural Gas (m3) / employee

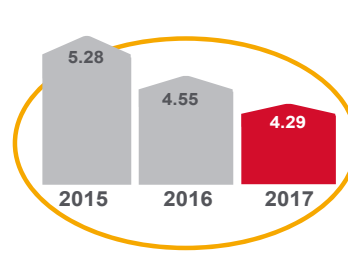


Water

Water (m3)

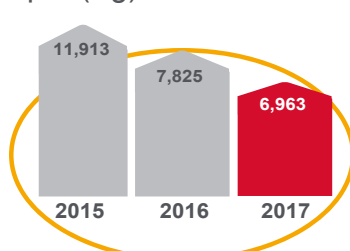


Water (m3) / employee

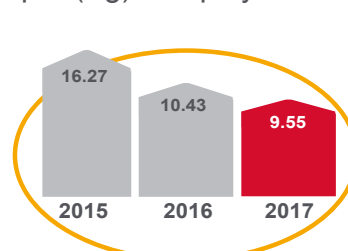


Paper

Paper (Kg)



Paper (Kg) / employee



RESULTS OF THE ENERGY SAVINGS AND ENERGY EFFICIENCY INITIATIVES



The reduction in energy dependency and the improvement of the performance of the building installations led to the economic and environmental savings in the operation of the building itself. The results gained due to the application of energy control and management policies in 2017 may be summed up as follows:

➤ 1. Energy-related results (absolute values):

- Reduction of 4.97% in the electricity consumption compared to the 2016.
- Slight increase of 3.37% in natural gas consumption compared to 2016.
- Reduction of 8.5% of water consumption compared to 2016.

The savings trend in the three supplies (energy, gas, and water) has been constant since 2011.

➤ 2. Environment-related results:

- Reduction in the greenhouse effect emissions in 53.2 CO₂ equivalent tonnes compared to 2016.

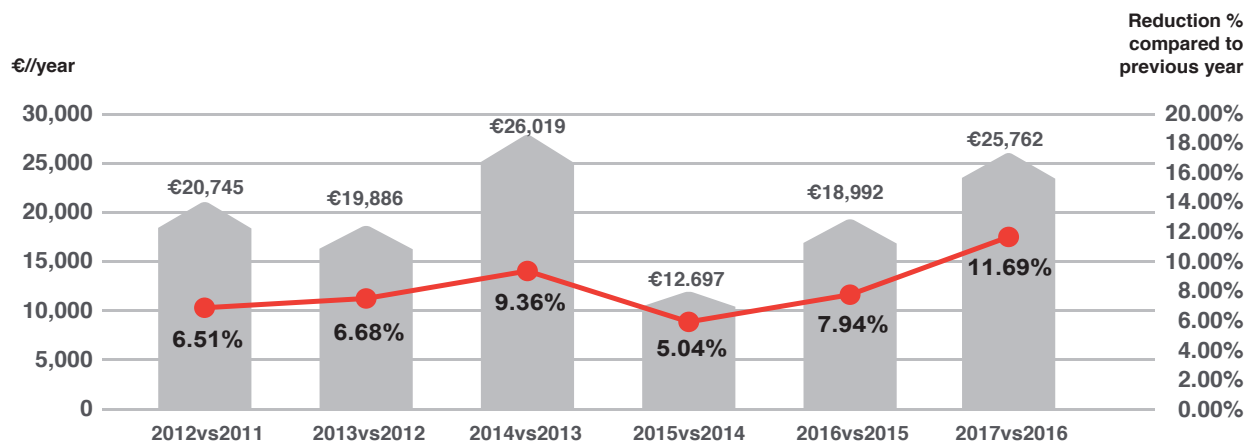
➤ 3. Economic-related results:

- Reduction in energy billing (billing of electric energy, gas, and water) in 11.69% compared to economic values recorded in 2016 (total savings of € 25.762 a year).

The study of the analysis and assessment of the Energy Efficiency rating of the building and its installations determines the index of energy rating achieved by the BdB3 building based on real energy consumption and demand data collected for 2017, which gave a result of 0.43 within the B class.

As it may be seen on the chart attached and for six years in a row, the savings trend is approximately the same.

> Reduction in annual billing of supplies at Isdefe's headquarters (totals)



> Savings in supplies billing (water, electricity, gas)

> % of annual reduction

Energy Rating Index of the electrical and mechanical installations of the BdB3 Headquarters.



WASTES MANAGEMENT

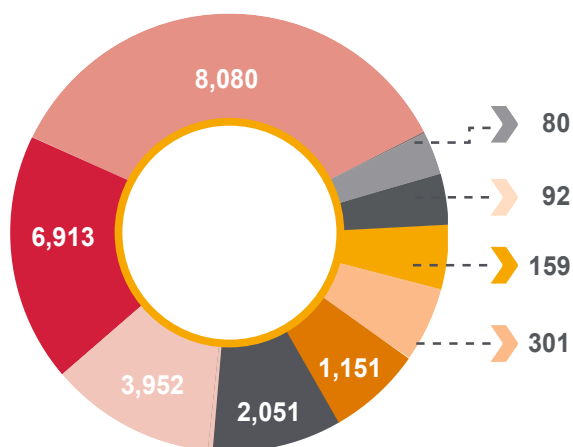
Wastes collection

Isdefe has a wastes separation and selective collection plan in place in different areas and has wastes selective collection containers for their separation at the point of origin. For this reason, at its seat there is a General Civic Amenity Site which helps to prove a correct separation of wastes, the amount generated, its right labelling and their transport for their subsequent treatment by an authorised handler.

Types of wastes	Amount generated	Method of treatment (recycling)	Delivery of an authorised handler
Hazardous Wastes (kg)	382	Recycling, Elimination	Yes
Non-Hazardous Wastes	23,926	Recycling	Yes

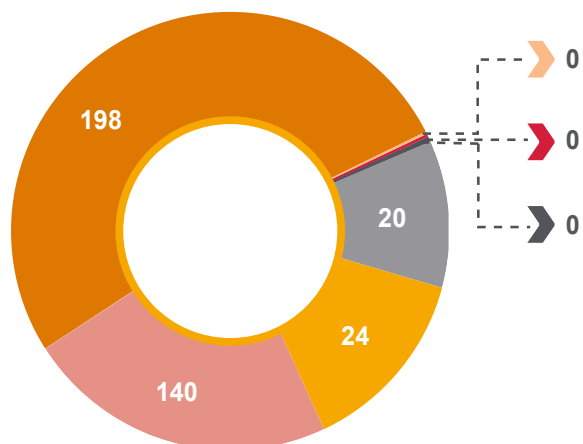
Hazardous wastes

Paper (kg)	6,913
Litter (kg)	8,080
Plastic (kg)	3,952
Cardboard (kg)	1,551
Glass (kg)	301
Scrap (kg)	92
Toner (Uds.)	159
Electric devices (kg)	2,051
Wood (kg)	80



Non-Hazardous Wastes

Used Oil	0
Batteries DI-DC	140
Fluorescent tubes	198
Oil Filters	0
Sharp Objects	24
Aerosols	0
Polluted Plastics	20



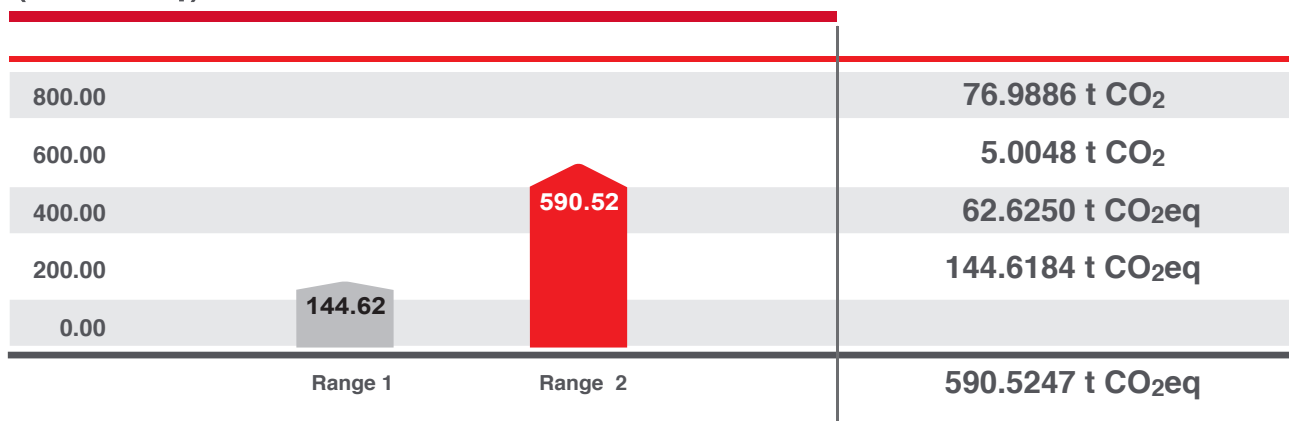
Carbon Footprint

The method used for calculating the Carbon Footprint was the Carbon Footprint Calculator devised by the Ministry of Agriculture, Food and Environment. This tool calculates greenhouse effect emissions associated to the organisation's activities, considering both direct emissions (Range 1) and indirect emissions (Range 2) coming from the consumption of electricity.

Carbon Footprint

	2015	2016	2017
Fixed facilities	5.64 t CO ₂ eq	347.19 t CO ₂ eq	76.98 t CO ₂ eq
Journeys by vehicles	4.69 t CO ₂ eq	4.90 t CO ₂ eq	5.00 t CO ₂ eq
Cooling / air conditioning	0.00 t CO ₂ eq	125.25 t CO ₂ eq	62.62 t CO ₂ eq
Total range 1	10.33 t CO₂eq	477.35 t CO₂eq	144.61 t CO₂eq
Range 2	637.52 t CO₂eq	583,64 t CO₂eq	590.52 t CO₂eq
Range 1+2	647.86 t CO₂eq	1,060.99 t CO₂eq	735.14 t CO₂eq

Carbon footprint per range (t co₂eq)



Achievements

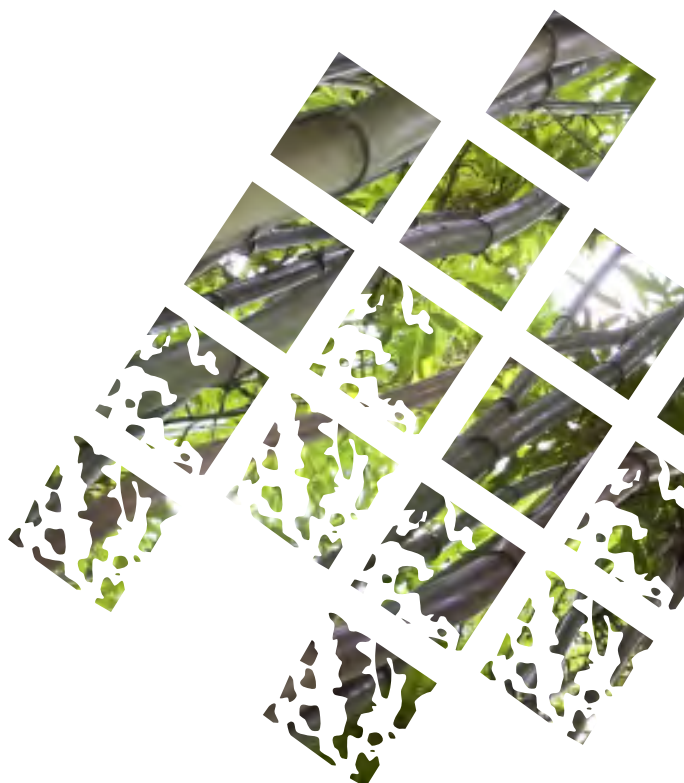
Out of the 5 environmental objectives set out for 2017, those which were successfully completed were the one related to recycled paper, the reduction of electric energy and water consumption.

Throughout the year, significant efforts were made to foster a responsible conduct and commitment to the environment.

Challenges

For 2018, the environmental management objectives are the following.

- Achieve a recycled paper consumption of 65% compared to total consumption at BdB3 before December 31st, 2018.
- Calculate the energy baseline at Isdefe' seat. Obtain a mathematical model establishing the relation between the consumption of primary energies and the different variables affecting the use and/or consumption of energy in the organisation.
- Raise awareness among Isdefe's employees on the practices to make savings through the internal dissemination of savings and energy and wastes management data made by the organisation on monthly basis.







4

Corporate Governance

ORGANISATIONAL PROFILE

LEGAL STATUS

Ingeniería de Sistemas para la Defensa de España, S.A., S.M.E., M.P. (*) (Isdefe, S.A., S.M.E., M.P.) is a company that is part of the State Public Sector. It was set up in Madrid on 17 October 1985 under Article 6.1 of the General Budgetary Law 11/1977, in accordance with Article 84.1c. of Law 40/2015, of 1 October, within the Public Sector legal framework.

Isdefe belongs to the Ministry of Defence, the National Institute of Aerospace Technology (INTA) being the sole shareholder of the company equity.

(*) S.A.: Joint-Stock Company; S.M.E.: State Owned Mercantile Company; M.P.: In-house technical service provider.

The Company is governed by its Articles of Association and by the Royal Legislative Decree 1/2010, of 2 July, which adopts the revised text of the Capital Company Act, regulating commercial, civil and labour issues within its scope. It is also regulated by the General Budgetary Law 47/2003, the Public Sector Contracts Law 9/2017, and the Law on Public Administration Assets 33/2003. Furthermore, the following legislation applying to state-owned companies also affects Isdefe:

- » Law 4/2007, of 3 April, on transparency of financial relations between Public Administrations and state-owned companies and on financial transparency of particular companies.
- » Organic Law 2/2012, of 27 April, on Budgetary Stability and Financial Sustainability.
- » Law 19/2013, of December 9, on transparency, access to public information and good governance.
- » Organic Law 1/2015, of 30 March, which amends the Organic Law 10/1995, of 23 November, of the Criminal Code, with regard to the criminal liability of legal persons.

Isdefe is an in-house technical service provider for the General State Administration (GSA) and for those and for those agencies, entities and organisations associated with or reporting to it. As a public company, whereby it undertakes to ensure its own sustainability.



Corporate name	Ingeniería y Sistemas para la Defensa de España S.A., S.M.E., M.P.
Registered office	Beatriz de Bobadilla 3, 28040 Madrid
CIF (Tax ID No)	A78085719
Website	www.lsdefe.es
Contact	lsdefe@lsdefe.es
Period reported	Exercise 2017
Closing date of Financial Year	31/12/2017

The Company specialises in consultancy activities (technology/management) and technical support in engineering and other services. The main sectors in which it carries out its activities are Defence and Security, Space, Transport, Public Administrations, Information and Communication Technologies and Energy, as well as projects and maintenance and management services for the Aerospace Stations of NASA, ESA and INTA in Spain.

CORPORATE PURPOSE

Providing consultancy, engineering and technical support services, particularly those relating to defence and security.

Preparing, developing and implementing projects and programmes relating to works contracts, supplies and services associated with the areas indicated in the section above.

Providing advisory and support services in Industrial Cooperation Agreements relating to defence procurement programmes and contracts. Supporting negotiation, implementation and monitoring of international defence programmes with Spanish participation and overseas defence projects, including humanitarian aid or peacekeeping roles.

Support, assistance and advisory services to domestic industry at the request of the Ministry of Defence.

Specialised technical support in cutting-edge fields of technology, such as:

- Stations for tracking and receiving data from space vehicles.
- Launch and landing areas.
- Calibration, testing and certification facilities for aerospace projects equipment.
- Facilities to test new aerospace projects.
- Aerospace information and documentation centres and other centres specialised in analysing, processing and sharing information from satellites.
- Other activities related to aerospace engineering.

Ownership and Corporate Operations

Date of last modification	Capital stock (€)	Number of shares
27 June 2012	41,372,100	137,907
Holder of the Shares / Shareholder		
Organismo Autónomo Instituto Nacional de Técnica Aeroespacial Esteban Terradas, INTA	100	

List of the Company's direct / indirect shareholdings in other Companies

Corporate name	Share Percentage		Conflict of Interests	Directors contributed	Related Transactions
Hisdesat Servicios Estratégicos SA	Direct 30%	Indirect 0	0	—	—

GOVERNING AND ADMINISTRATIVE BODIES

According to Article 15 of Isdefe's Articles of Association, the governance and administration of the Company are entrusted to the Shareholders Annual General Meeting (AGM) and the Board of Directors.

SHAREHOLDERS ANNUAL GENERAL MEETING

The AGM complies with the provisions of Law 33/2003, of November 3, on Public Administration Assets, which includes provisions for the representation and custody of Spanish Administration corporate assets and special provisions for state-owned mercantile companies, operating as a state-owned public company, whose capital is entirely owned, directly or indirectly, by the GSA or the corresponding public bodies. In the case of Isdefe, the sole shareholder is the autonomous entity Esteban Terradas National Institute of Aerospace Technology (INTA).

“In Isdefe, governance is ruled by ethics, integrity and transparency”

General Rules and Guidelines for AGM

The AGM shall be considered convened and validly constituted to deal with any matter, provided that the whole of the share capital is represented and the attendees unanimously accept the holding of the Meeting.



REQUIREMENT FOR GENERAL SHAREHOLDERS' MEETING

■ Ordinary General Shareholders' Meeting (Article 18 Articles of Association)

Convened by the Board of Directors.
Meeting must be held within the first six months of each year.


■ Extraordinary General Shareholders' Meeting


Convened by the Board of Directors.
Any meeting not provided for in Article 18 of the Articles of Association shall be extraordinary.

Functions

- 
- Own affairs.

- 
- Appointment of Account Auditors.

- 
- Approving the management report, the accounts of the previous financial year, and passing resolutions on the application of the results.

- 
- Appointment of Board Members, renewal and non-renewal of mandates.

- 
- Modification of Articles of Association.

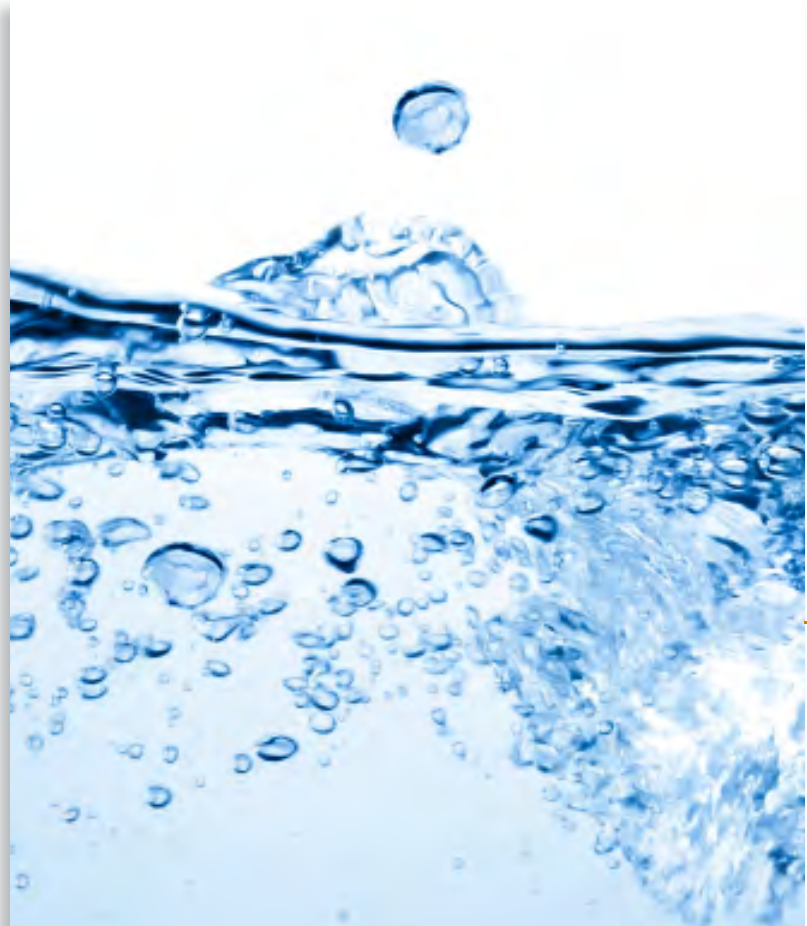
Adoption of Resolutions

At the first call, shareholders present or represented must have at least 50% of the subscribed capital with voting rights. At the second call, the participation of 25% of said capital shall suffice; in all cases, the provisions of Article 194 of the Law on Corporations shall be applicable. The agreements shall always be adopted by a majority of the votes cast and, in the event of a tie, the Chairman shall have the casting vote.

Composition

The President and Secretary of the Shareholders' Meetings will also be the Chair of the Board of Directors, as stipulated in Article 181 of the Law on Public Administration Assets and in the Articles of Association of Isdefe.

In the case of Isdefe, the Secretary of State of the Ministry of Defence presides over the Shareholders AGM.



BOARD OF DIRECTORS

The Company will be administered and governed by the Board of Directors, which bestows full powers of corporate representation (Article 28 of the Articles of Association).

General Rules and Guidelines


The Board of Directors is made up of members who have been elected by vote at the AGM. The Board of Directors elects from among its members the Chairperson and the Chief Executive Officer, who presides over the Board, should the Chairperson be unable to attend. Likewise, the Board elects the Secretary, who presently does not have the status of Board member.

The Board meets at least once a month and as many times as the Chairman of the Board or a third of the members of the Board may request, and is deemed to be convened upon the attendance of the majority of the members, each of whom may delegate their vote to another member, but none of those present, except the Chairman or acting Chairman, may have more than two votes. During 2017, 11 Board meetings were held.

Functions

- 
- Has full powers of representation.

- 
- Defines company strategy.

- 
- Exercises control over the company.

Adoption of Resolutions

Resolutions are adopted by an absolute majority of votes of the board members present at the meeting, and in the event of a tie, the Chairperson has the casting vote.

Composition. Directors and positions held as of 31/12/2017

Members with voting rights

President	Other Positions Held	Appointment
Agustín Conde Bajén	Secretary of State for Defence	24/11/2016
Chief Executive Officer	Other Positions Held	Appointment
Francisco Quereda Rubio	Chief Executive of the Company	13/03/2012
Board Members	Other Positions Held	Appointment
José Cordon Perogil	Deputy Director-General, Construction, Ministry of Public Works	26/04/2012
Carmen Gandarillas Rodríguez	Deputy Director-General of Centralised Technology Procurement, Ministry of Finance and Public Administration	29/11/2012
Juan Manuel García Montañó	Lieutenant General, Director-General of Arms and Material, Ministry of Defence	25/09/2012
Isabel Gil Llerena	Director of Communications Office, Ministry of Defence	27/07/2017
José Luis Gil López	Deputy Director-General of Information Technology and Communications, Ministry of Economy, Industry and Competitiveness	27/02/2009
Rafael Eduardo Huerta Prieto	Director of the Cabinet, Secretary of State, Ministry of Defence	30/01/2017
José M ^a Orea Malo	Lieutenant General, Head of the Logistical Support Command of the Air Force	25/09/2014
José Luis Ruiz Sumalla	Major General, Director-General of Economic Affairs, Ministry of Defence	27/02/2017

Board members without voting rights

Secretary and Legal Counsel:	Other Positions Held	Appointment
Isabel María Torres Fernández	State Counsel	06/02/2012

List of appointments and cessations at Isdefe in the course of 2017

■ Appointments

➤ **Mr. Rafael Eduardo Huerta Prieto**,
was appointed Member of the Isdefe Board of Directors at the Extraordinary General Meeting (EGM) on 30 January, 2017.

➤ **Mr. José Luis Ruiz Sumalla**,
was appointed Member of the Isdefe Board of Directors at the EGM on 27 February, 2017.

➤ **Ms. Isabel Gil Llerena**,
was appointed Member of the Isdefe Board of Directors at the EGM on 27 July, 2017.

- According to the declaration of the members of the Board of Directors and in compliance with Royal Legislative Decree 1/2010, of 2 July, which approves the revised text of the Spanish Corporation Law, Article 229, amended by the new Law 31/2014, of 3 December, no member is allowed to have any conflict of interest with the company, either directly or indirectly.

- Remuneration of the members of the Board of Directors is governed by Royal Decree 451/2012, of 5 March, which regulates the remuneration system for senior managers and executives in the public business sector and other public entities, in addition to Article 28 of Isdefe's Articles of Association.

■ Cessations

➤ **Mr. Juan Campins Miralles**,
resigned as a Member of the Isdefe Board of Directors at the Annual General Meeting (AGM) on 29 May, 2017.

➤ **Mr. Juan Antonio Carrasco Juan**,
resigned as a Member of the Isdefe Board of Directors at the EGM on 29 June, 2017.

➤ **Mr. José Antonio Ruesta Botella**,
resigned as a Member of the Isdefe Board of Directors at the EGM on 28 September, 2017.

➤ **Mr. Eduardo Gil Rosella**,
resigned as a Member of the Isdefe Board of Directors at the EGM on 19 December, 2017.

➤ **Mr. Ignacio Azqueta Ortiz**,
resigned as a Member of the Isdefe Board of Directors at the EGM on 19 December, 2017.




AUDIT AND CONTROL COMMITTEE


The Board of Directors establishes and designates the Audit and Control Committee.


General Rules and Guidelines

The Audit and Control Committee shall be made up of a minimum of 3 board members and a maximum of 5. The majority of the members of this Committee should be non-executive board members. Its Chairperson shall be elected from among the non-executive board members. The Secretary of the Committee shall be the Secretary of the Board of Directors (Article 34 of the Articles of Association).

Functions

- 
- Monitoring economic and financial information to be provided by the company.

- 
- Monitoring the information provided to the AGM and the Board of Directors concerning their actions.

- 
- Monitoring all relevant issues deemed to be of interest.

Adoption of Resolutions

The Audit and Control Committee will be subject to the rules on convening meetings, and preparation and adoption of resolutions, as set out in the Articles of Association.

Composition of Committee on 31/12/2017

CHAIRMAN

*Mr. José Luis
Ruiz Sumalla*


COMMITTEE MEMBERS

*Ms. Carmen
Gandarillas Rodríguez*

*Mr. Juan Manuel
García Montaña*

SECRETARY OF THE COMMITTEE

*Ms. Isabel María
Torres Fernández*

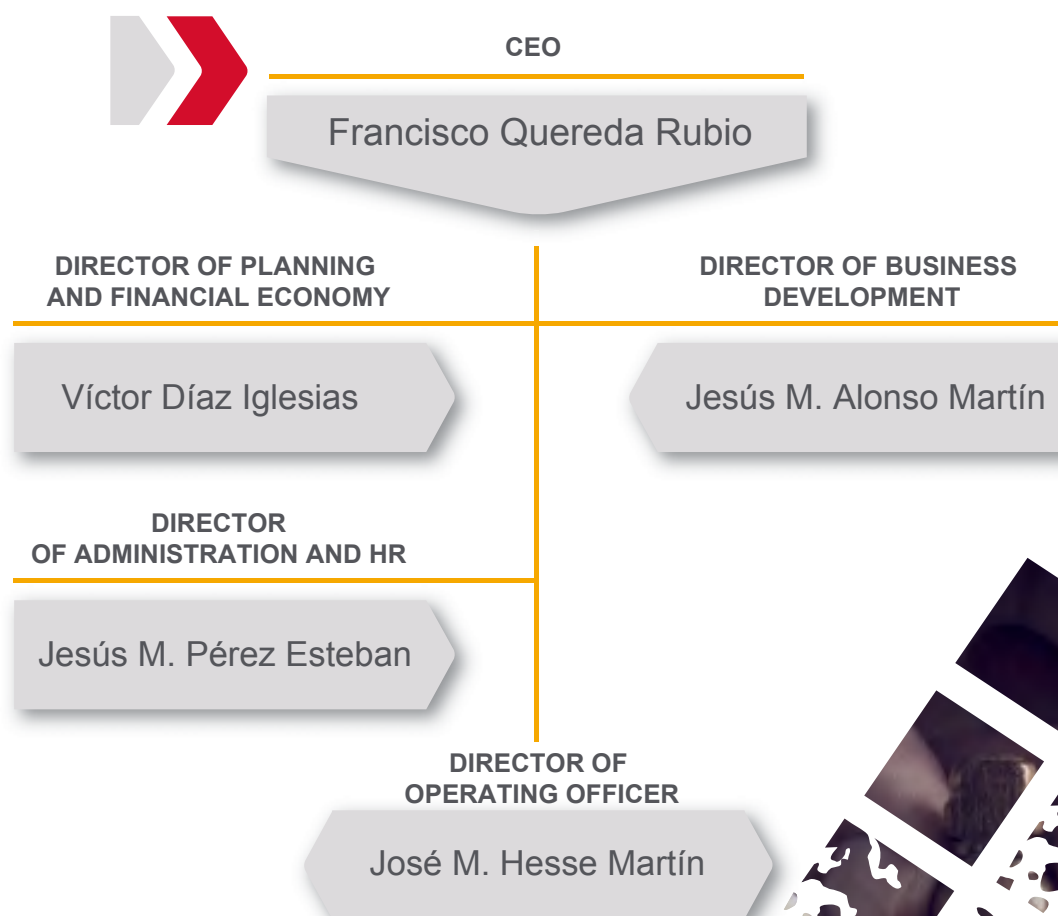


MEETINGS OF GOVERNING BODIES 2017

■ Ordinary / Extraordinary General Meeting	7
■ Board of Directors	11
■ Audit and Control Committee of the Board of Directors	2

MANAGEMENT AND ADMINISTRATION BODIES

■ ORGANISATION CHART OF THE COMPANY ON 31/12/2017



MANAGEMENT COMMITTEE

This Committee's mission is to coordinate the implementation of the strategy and monitor the evolution of the company in all its areas of action.

General Rules and Guidelines

The Management Committee meets when convened by the Managing Director, the Company's Chief Executive Officer, or as the case may be, at the proposal of the Directors, after consulting the CEO. Decisions are taken by consensus after deliberation of the matters stipulated in the agenda of the meeting.

The Management Committee held 12 meetings during the year 2017.

Functions

- 
- Advising the Chief Executive Officer.

- 
- Coordinating strategy implementation.

- 
- Monitoring the company's progress.

Composition of the Management Committee on 31/12/2017

CHAIRMAN

Francisco Quereda Rubio
CEO

MANAGEMENT COMMITTEE MEMBERS

Jesús M. Alonso Martín
Director Of Business Development

Víctor Díaz Iglesias
Director Of Planning
And Financial Economy

José M. Hesse Martín
Director Of Operating Officer

Jesús M. Pérez Esteban
Director Of Administration And Hr

Daniel Acuña Calviño
Director Of Defence and Security

Isaac Domínguez Santos
Director Of Stations

Juan Revuelta Lapique
Director Of Transport and ICT

Ángel L. Sanz Sanz
Director Of Consultancy and
Strategic Management Processes

Miguel Ángel Plaza Uceda
Director Of Financial
and Economic Department

• In accordance with Law 3/2015, of 30 March, governing senior executive positions of the General State Administration, the Chief Executive Officer is the sole senior executive with maximum authority at the head of the Company.

• The remuneration of Isdefe's senior executives and directors is regulated within the limits defined by RD 451/2012 of 5 March in its Article 4 and in the Order of the Ministry of Finance and Public Administrations, of 30 March 2012, as detailed.

OTHER INTERNAL MANAGEMENT BODIES

The Company also has the following governing and management bodies:

Management Coordination and Advisory Committees

Their creation, modification, elimination, composition, competence and functions are decided on by Isdefe management, their main mission concerning company operations and management.

- Steering Committee for Business Activities
- Operations Committee
- Steering Committee for R+D+i
- Quality Advisory Committee
- Committee for Good Governance, CSR and Transparency
- Committee for Technical and Ethical Issues
- Committee for Monitoring and Controlling Criminal Risks
- Commission for Protection of Personal Data
- Contracting Committee
- R+D+i Technical Committee
- Committee for Grants Programme Management
- Processes Advisory Committee

Workers' Representation Committees and Works Councils

Their creation, modification, elimination, composition, competence and operation have a legal basis or derive from an agreement with the Workers' Legal Representatives and their main mission is the workers' participation in certain decisions, along with compliance with regulations affecting all of the workers.

- Ethics Committee
- Equal Opportunities Commission
- Health and Safety Committee BdB3
- Training Committee

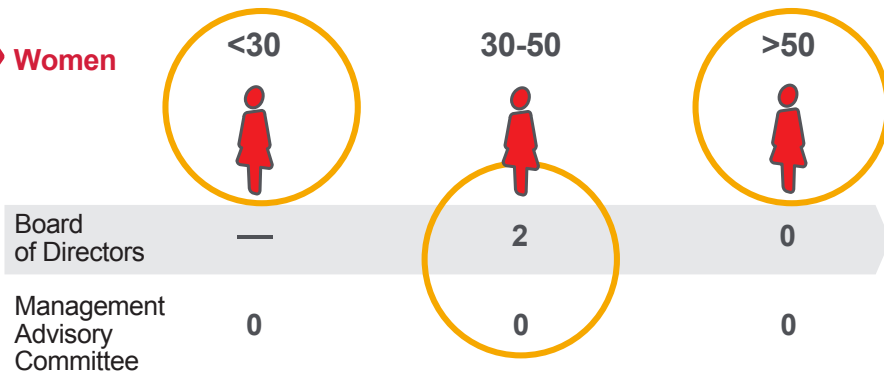
Committees not Subject to Isdefe Management

These have been established under rules for other specific worker interests, unrelated to management.

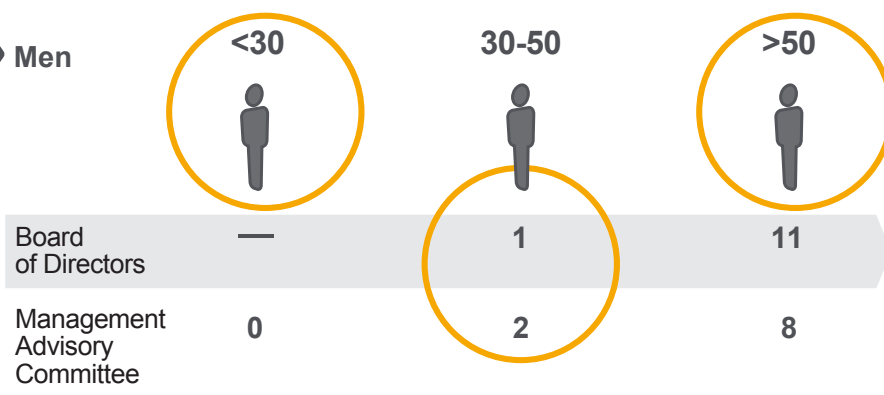
- Pension Plan Control Committee

Age Pyramid of the Governing and Management Bodies

Women



Men



Total

Board of Directors	14	Management Advisory Committee	10
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PRACTICES OF GOOD GOVERNANCE

CODE OF ETHICS

From the outset, Isdefe has always shown its commitment to ethical values; proof of this is the Code of Ethics, adopted in 1989, and the Code of Conduct, published in 2011. In 2013, Isdefe went a step further by launching a new Code of Ethics that, in addition to the code itself, includes tools to reinforce its implementation and monitoring.

The new Code of Ethics lays down business conduct guidelines for Isdefe employees in the performance of their work, strengthening an ethical corporate culture under the umbrella of three fundamental principles: integrity, professionalism and respect.

The most significant aspect of this Code of Ethics is that it reflects Isdefe's desire to go above and beyond legal requirements through its voluntary commitment to the principles of international documents such as the Universal Declaration of Human Rights, the United

Nations Global Compact and the OECD Principles of Corporate Governance, which enshrine international values related to human rights, labour relations, the environment and the fight against corruption.

Over the last few years, an ethical culture has been established and consolidated at Isdefe through the training of all its employees and the dissemination of the values set down in the Code of Ethics.



CRIMINAL RISK PREVENTION

In compliance with the provisions of Organic Law 5/2010 of 22 June, and Organic Law 1/2015 of 30 March, modifying the Penal Code, Isdefe has a Criminal Risk Prevention Programme (PRP) that identifies the potential criminal risks to which the company may be exposed, and the controls required to monitor them. It also has a Criminal Risk Monitoring and Control Committee, the mission of which is to monitor the control and prevention systems in order to minimise and adequately manage the potential criminal risks inherent in the company's activity.

The Criminal Risk Prevention Manual, integrated into the PRP Programme together with the Code of Ethics and the Whistleblowing Channel, is designed to identify the standards, procedures and tools that are or may be established in the future at Isdefe to ensure compliance with the laws applicable to the company and its staff, managers and administrators.

PRP training is an ongoing task and in 2017 it was delivered through two days of on-line training through the Isdefe Virtual Campus.

Therefore, and as a core component of its business, Isdefe has a firm and determined commitment to ethics, transparency and best practices of good corporate governance. This Criminal Risk Prevention Programme seeks to reinforce the corporate culture of regulatory compliance that Isdefe has in place, which is periodically updated to meet any needs that may arise.



CASE STUDY: Isdefe as an example of good practice

Because of its Criminal Risk Prevention Programme, Isdefe has been included as an example of good practice in a report on transparency, good governance and integrity in unlisted companies presented on 23 November at a public event in Adif by the Transparency, Good Governance and Integrity Cluster. This report was published to assist unlisted companies in setting set their own transparency and good governance agenda and lists 14 tools and 36 good practices of companies from the Cluster, including Isdefe.

The Cluster, which comprises 48 major companies representing 20% of Spanish GDP, is a business platform coordinated by Forética, a leading CSR association, and its goal is to be a meeting point for businesses with a focus on leadership, knowledge, exchange and dialogue in matters related to transparency, good governance and integrity.



CONTROL MECHANISMS

Internal control

Internal control is conducted by an Audit and Control Committee, formed by three members of the Board of Directors, which supervises the financial information that is submitted to the Board at the Ordinary General Meeting, and informs it of the results of the audit of the annual accounts by the external auditors.

As of the close of the financial year, the Board of Directors is required to prepare the annual accounts, the management report and its proposal for appropriation of earnings within a maximum period of three months.

Isdefe, as a public limited company, submits its annual accounts and the management report to external auditors. The account auditors are appointed at the General Shareholders' Meeting and in accordance with the provisions of Article 36 of Isdefe's articles of association.

External Auditors of the Annual Accounts:

COMPANY NAME	DATE OF APPOINTMENT
Grant Thornton S.L.P.	29/09/2016

External Control

Every year, as a company that forms part of the state public sector and in accordance with the General Budgetary Law, Isdefe submits its multiannual performance programme and the company's operating and capital budgets and forecasts for three more years to the following year's General State Budget. As the company operates under the auspices of the Ministry of Defence, these budgets are submitted to the Budget Office of the Ministry of Defence.

The approved annual accounts are sent to the General Intervention Board of the State Administration (IGAE), under the Ministry of Finance and Public Administration, to be sent to the Court of Auditors as part of the annual general state accounts.

Another external control mechanism is the Directorate General for Personnel and Public Pension Costs of the Ministry of Finance and Public Administration.

WHISTLEBLOWING MECHANISMS

Isdefe has introduced a Code of Ethics with control mechanisms that facilitate implementation and compliance, such as an e-mail address for all employees buzonetico@isdefe.es a monitoring body called the Technical-Ethical Committee and an “Action Procedure for Implementing the Code of Ethics”, which defines the reporting protocol and the functioning of the Committee, establishes steps and deadlines for resolving complaints and guarantees confidentiality and data protection for the people involved.

In addition, the company has a Criminal Risk Prevention Programme, a Criminal Risk Monitoring and Control Committee and a whistleblower channel, all of which have been set up as mechanisms for informing the Committee, in strict confidence, of those facts or circumstances that may give rise to criminal offences.

The whistleblowing channel is open to both employees and third parties (suppliers, customers, etc.) via e-mail:

prevencionriesgospenales@isdefe.es

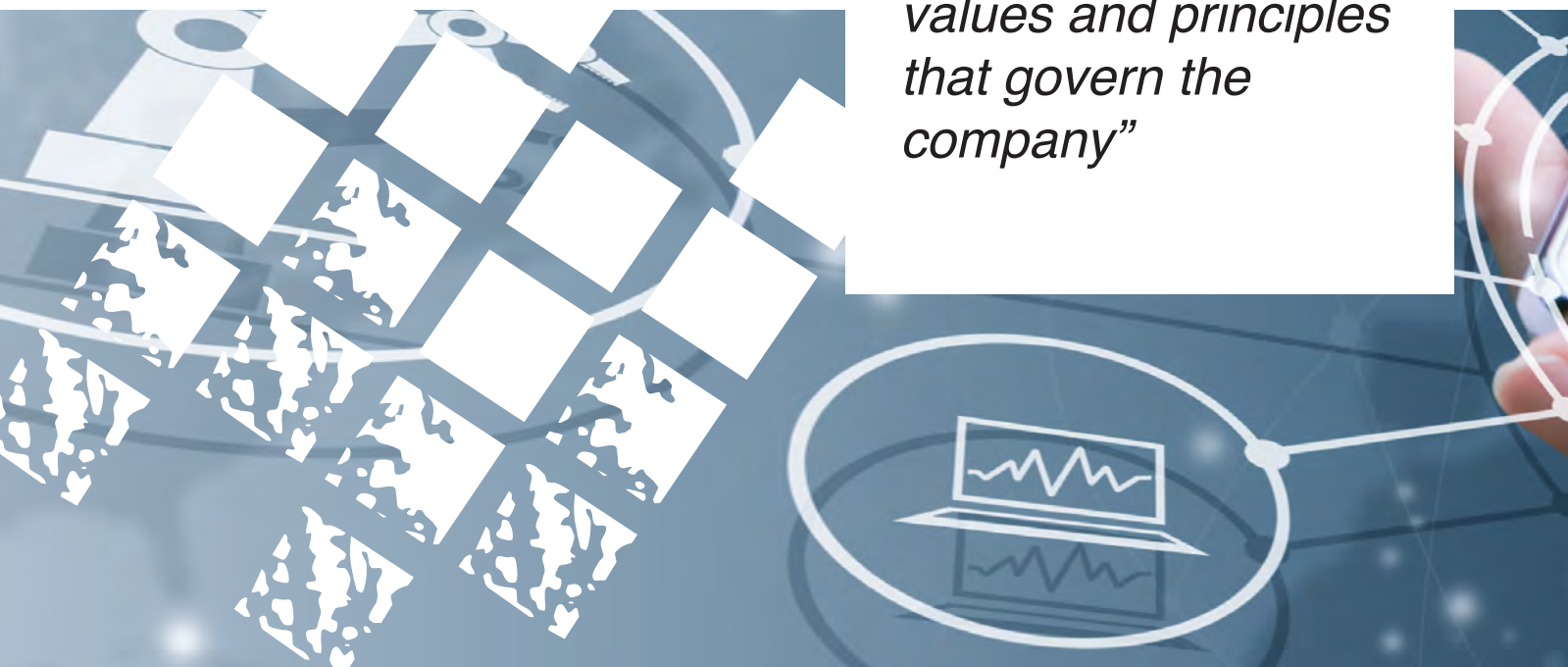
and the Isdefe website:

<https://www.isdefe.es/comunicacion-irregularidades>

The Committee has a “Regulation” that lays down the basic rules of organisation and functioning for the prevention of criminal risks inherent to the activity of the company.

In addition, Isdefe has specific reporting mechanisms to prevent any type of moral and/or sexual harassment at work, including any type of discriminatory treatment that may take place in the company: the “Rules of Procedure in Matters of Harassment and Discrimination”. These rules lay down a clear procedure for action, and an Ethics Committee is charged with evaluating possible situations of harassment and discriminatory treatment and proposing appropriate disciplinary measures, ensuring compliance with the content of these Rules of Procedure and resolving any interpretation or doubt that may arise regarding enforcement.

*“The correct functioning of **Isdefe** depends on the commitment of all its staff to the values and principles that govern the company”*



RISK MANAGEMENT

Isdefe achieves the strategic goals of the company through correct management of the risks, complying with legal requirements and establishing internal regulations found in the Employee Portal in order to properly conduct its affairs.

It has a quality management system based on ISO 9001, which guarantees service quality, and an environmental management system based on ISO 14001, which minimises the possible environmental risks that may arise from the company's activity.

Moreover, the company's integrated management system includes an occupational risk prevention component to avoid, minimise and manage risk and to plan for risk prevention.

In matters of information security risk, Isdefe has established security principles for top-level classified information, on the basis of which it has drawn up standards, rules, procedures, practices and technical, organisational and technological security measures that ensure an adequate, proportionate and reasonable degree of protection for classified information, as required by our contractors and clients.

With regard to personal data security, Isdefe manages risk through a Commission that coordinates and harmonises Isdefe security matters, as well as the supervision and monitoring thereof. In 2017, Isdefe took steps to adapt to the European General Data Protection Regulation (GDPR), which came into force on 25 May 2018. At present, adaptation to the regulation is at an advanced state, and the process should be complete in the coming months.

In addition, Isdefe has a general procedure for the management of technical risks in the execution of projects, which outlines risk management when executing a management contract/assignment in order to achieve the planned objectives.

Finally, a core principle is the involvement of senior management in the overall supervision of risk management, actively participating in both screening and monitoring, since prudent risk management leads to a competitive advantage in the current economic environment.





■ TRANSPARENCY

Isdefe publishes all information related to procurement on its corporate website, where it is possible to consult public bids with attached documents, specifications and other mandatory documentation, as well as their status and the awarded contracts, as established by Royal Legislative Decree 3/2011, of 14 November, which approves the revised text of the Law on Public Sector Contracts.

In addition, since 2014, with the entry into force of Law 19/2013 of 9 December on transparency, access to public information and good governance, Isdefe has increased its transparency by creating the Transparency Portal on its corporate website. The creation of this portal bolstered the company's public profile by increasing transparency in its management and activities, and by providing information on the use of public funds. Furthermore, Isdefe's governing and management bodies include the Transparency, Good Governance and CSR Committee, the mission of which is to promote the transparency of Isdefe's public dealings, ensure compliance with disclosure requirements, safeguard the right of access to public information and guarantee compliance with the provisions of good governance and CSR.

Users of the website may also download the Code of Ethics, in accordance with the provisions of the Law on Public Administration Holdings, as well as the Annual Report, comprising the Corporate Social Responsibility Report, the Activity Report and the Corporate Governance Report, as required by the Sustainable Economy Law and Activity Reporting.

In addition, Isdefe has an Employee Portal that facilitates communication between the different departments of the company and where all the information of interest for employees is found, such as corporate information, company policies, management processes, in-house and industry news, documentation, publications, etc.

DIGITAL TRANSFORMATION

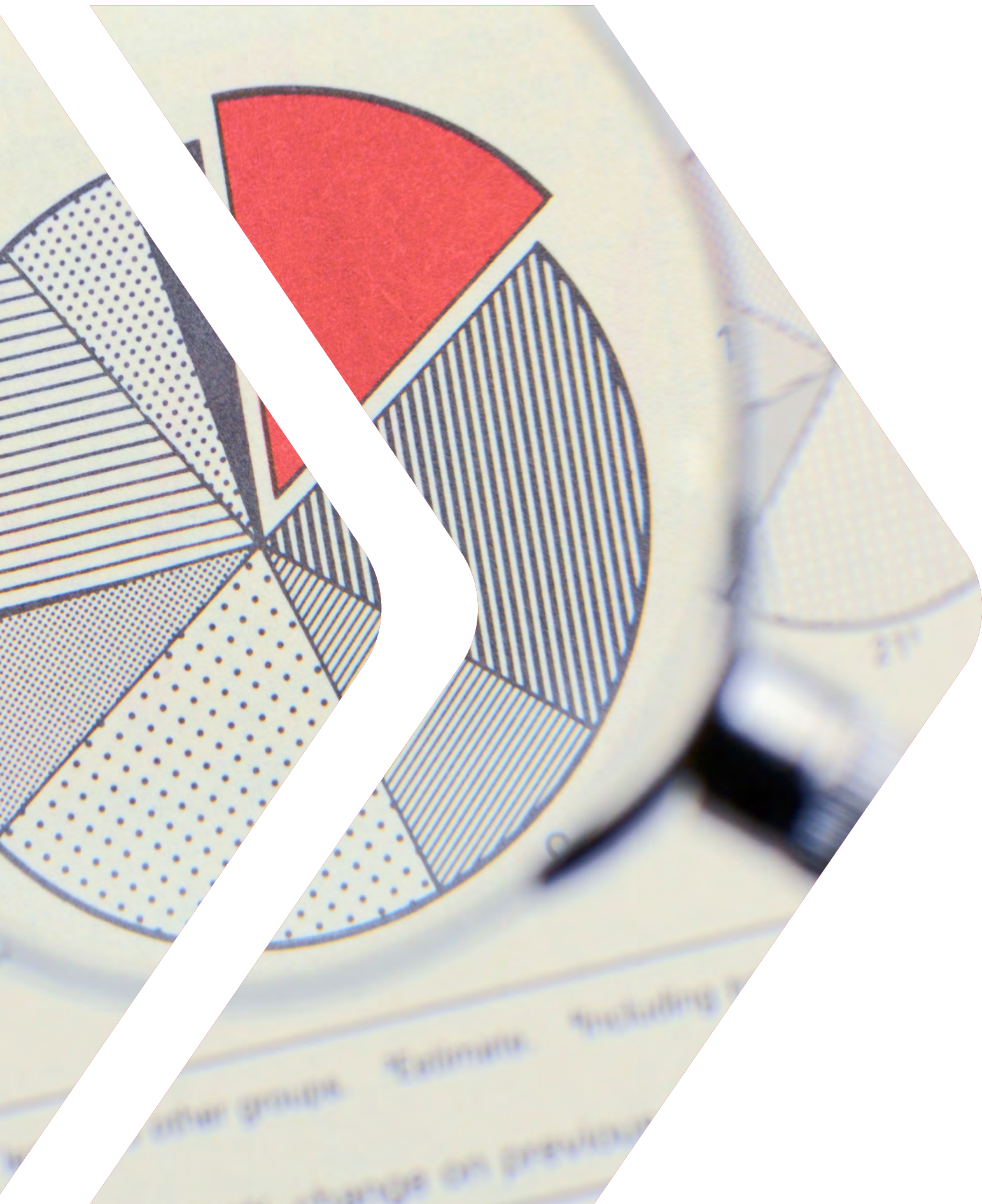
In 2017, a process of digital transformation affecting the structural elements of the organisation was initiated to respond to the needs that we are facing today; it is a process that must be aligned with the government strategy and transformation plan, and that will develop various lines of action to place it in the vanguard of the digital “avalanche”.

Isdefe has to position itself at the forefront of the use and knowledge of new technologies to be able to support the government and provide it with instrumental tools that it may require in the form of digital services and products; it is a transformation that it must undertake to become a leading company in the public sector.

Looking ahead to 2020, Isdefe must become a digital company by transforming current processes into integrated digital processes with technologies that provide access to a mobile workforce, creating a collaborative, innovative and creative work environment that enables the development of knowledge and digital talent.

*“The new challenges posed by the digital transformation are being addressed by **Isdefe** through innovative technological solutions”*







Annex A: Annual Report

BALANCE SHEET AS OF 31/12/2017

ASSETS AND NET EQUITY

ASSETS	2017	2016 (*)
(A) NON-CURRENT ASSETS	125,172,926.78	126,805,783.79
I. Intangible Fixed Assets	762,719.88	128,893.25
3. Patents, licences, trademarks and similar	671.57	1,566.96
5. IT applications	762,048.31	127,326.29
II. Tangible Fixed Assets	89,189,732.50	91,023,127.40
1. Land and buildings	86,803,965.69	87,883,955.72
2. Technical installations and other tangible fixed assets	2,375,844.11	3,139,171.68
3. Fixed assets in progress and advances	9,922.70	0.00
III. Real Estate Investments	1,099,386.03	1,131,951.27
1. Lands	389,170.24	389,170.24
2. Buildings	710,215.79	742,781.03
IV. Long-Term Investments in Group Companies and Associates	32,454,000.00	32,454,000.00
1. Equity instruments	32,454,000.00	32,454,000.00
V. Long-Term Financial Investments	106,043.66	128,995.33
2. Loans to third parties	95,102.18	127,395.33
5. Other financial assets	10,941.48	1,600.00
VI. Deferred Tax Assets	1,561,044.71	1,938,816.54
(B) CURRENT ASSETS	49,173,371.76	52,234,317.76
III. Inventory	0.00	0.00
6. Advances to suppliers	0.00	0.00
III. Commercial Debtors and Other Accounts Receivable	39,982,619.46	34,259,411.54
1. Customers for sales and services	5,794,804.72	6,695,842.31
2. Clients, group companies and associates	32,945,125.62	26,736,989.81
3. Sundry debtors	59,787.10	0.00
4. Personnel	32,023.85	28,146.57
5. Current tax assets	815,557.35	478,513.98
6. Other credits with public administrations	335,320.82	319,918.87
V. Short-Term Financial Investments	42,347.70	75,555.98
2. Loans to companies	30,208.18	60,590.82
3. Debt securities	0.00	0.00
5. Other financial assets	12,139.52	14,965.16
VI. Short-Term Accruals	439,122.06	290,347.08
VII. Cash and Cash Equivalents	8,709,282.54	17,609,003.16
1. Cash	8,694,729.91	17,525,687.88
2. Other equivalent liquid assets	14,552.63	83,315.28
TOTAL ASSETS (A+B)	174,346,298.54	179,040,101.55

NET EQUITY AND LIABILITIES	2017	2016 (*)
(A) NET EQUITY	145,343,888.41	141,357,887.65
(A-1) OWN FUNDS	145,343,888.41	141,357,887.65
I. Capital	41,372,100.00	41,372,100.00
1. Issued capital	41,372,100.00	41,372,100.00
III. Reserves	97,985,787.67	93,133,624.18
1. Legal and statutory	3,571,098.83	2,885,882.48
2. Other reserves	94,414,688.84	90,247,741.70
VII. Profits for the Period	5,986,000.74	6,852,163.47
(A-2) VALUATION ADJUSTMENTS	0.00	
(A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED	0.00	0.00
(B) NON-CURRENT LIABILITIES	783,768.57	686,842.61
I. Long-Term Provisions	0.00	0.00
4. Other provisions	0.00	0.00
II Long-Term Debts	783,768.57	686,842.61
2. Debts with credit institutions	0.00	0.00
5. Other financial liabilities	783,768.57	686,842.61
(C) CURRENT LIABILITIES	28,218,641.56	36,995,371.29
I. Liabilities Related to Non-Current Assets Held for Sale	0.00	0.00
II. Short-Term Provisions	4,860,002.84	6,352,299.86
III. Short-Term Debts	957,753.89	3,004,671.13
2. Debts with credit institutions	0.00	0.00
5. Other financial liabilities	957,753.89	3,004,671.13
IV. Short-Term Debts with Group Companies and Associates	0.00	0.00
V. Trade Creditors and other Accounts Payable	22,400,884.83	27,638,400.30
1. Suppliers	8,851,133.12	13,605,472.82
3. Sundry creditors	(66.73)	0.00
4. Personnel (wages pending payment)	5,895,232.08	5,908,664.24
5. Current tax liabilities	0.00	0.00
6. Other debts with public administrations	4,540,363.91	4,179,797.30
7. Customer advances	3,114,222.45	3,944,465.94
VI. Short-Term Accruals	0.00	0.00
TOTAL NET EQUITY AND LIABILITIES (A+B+C)	174,346,298.54	179,040,101.55



INCOME STATEMENT

PROFIT AND LOSS STATEMENT

PROFIT AND LOSS STATEMENT	2017	2016 (*)
(A) ONGOING OPERATIONS		
1. Net Turnover	141,169,830.36	148,022,517.24
(b) Provision of services	141,169,830.36	148,022,517.24
4. Supplies	(24,639,542.94)	(34,615,094.50)
a) Goods consumed	(1,230,977.04)	(4,035,837.27)
b) Raw materials and other consumables	0.00	0.00
c) Work performed by other companies	(23,408,565.90)	(30,579,257.23)
5. Other Operating Income	363,300.18	1,368,599.24
a) Sundry and other current operating income	131,661.77	285,880.45
b) Operating subsidies included in the year-end results	231,638.41	1,082,718.79
6. Personnel Expenses	(97,963,888.74)	(95,072,048.87)
a) Wages, salaries and similar	(72,540,403.77)	(70,682,754.52)
b) Social contributions	(25,423,484.97)	(24,389,294.35)
7. Other Operating Expenses	(8,563,204.98)	(8,096,739.59)
a) External services	(7,820,098.06)	(7,456,179.53)
b) Taxes	(397,908.50)	(584,810.84)
c) Allowance for impairment losses and other provisions	(337,753.96)	(55,692.34)
d) Other current operating expenses	(7,444.46)	(56.88)
8. Depreciation of Fixed Assets	(2,361,254.44)	(2,233,954.99)
10. Provision Surplussess	227,915.56	388,845.30
11. Impairment and Gains or Losses on Disposals of Non-Current Assets	(512.88)	(1,478.48)
a) Impairments and losses	0.00	0.00
b) Gains or losses on disposals and others	(512.88)	(1,478.48)
A.1) OPERATING PROFIT (1+2+3+4+5+6+7+8+9+10+11)	8,232,642.12	9,760,645.35
12. Financial Income	0.00	6,578.98
b) From negotiable securities and other financial instruments	0.00	6,578.98
b2) From third parties	0.00	6,578.98
13. Financial Expenses	2,227.10	(214.78)
b) From debts with third parties	2,227.10	(214.78)
15. Exchange Rate Differences	(180,166.95)	(12,723.11)
16. Impairment and Gains or Losses on Disposals of Financial Instruments	0.00	0.00
A.2) FINANCIAL RESULTS (12+13+14+15+16)	(177,939.85)	(6,358.91)
A.3) PRE-TAX PROFITS (A.1+A.2)	8,054,702.27	9,754,286.44
17. Tax on Profits Earned	(2,068,701.53)	(2,902,122.97)
A.4) NET PROFITS FOR THE PERIOD FROM ONGOING OPERATIONS (A.3 + 17)	5,986,000.74	6,852,163.47
(B) DISCONTINUED OPERATIONS		
18. Gains or Losses from Discontinued Operations for the Period after Taxes		0.00
NET PROFITS FOR THE FINANCIAL YEAR (A.4+18)	5,986,000.74	6,852,163.47

AUDIT REPORT

Audit Report Certificate



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INFORME DE AUDITORÍA DE CUENTAS ANUALES EMITIDO POR UN AUDITOR INDEPENDIENTE

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

Opinión

Hemos auditado las cuentas anuales de INGENIERÍA DE SISTEMAS PARA LA DEFENSA DE ESPAÑA, S.A., S.M.E., M.P. (la Sociedad), que comprenden el balance a 31 de diciembre de 2017, 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.

En nuestra opinión, las cuentas anuales adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de la Sociedad a 31 de diciembre de 2017, así como de sus resultados y flujos de efectivo correspondientes al ejercicio terminado en dicha fecha, de conformidad con el marco normativo de información financiera que resulta de aplicación (que se identifica en la nota 2 de la memoria) y, en particular, con los principios y criterios contables contenidos en el mismo.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales* de nuestro informe.

Somos independientes de la Sociedad de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales en España según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Aspectos más relevantes de la auditoría

Los aspectos más relevantes de la auditoría son aquellos que, según nuestro juicio profesional, han sido considerados como los riesgos de incorrección material más significativos en nuestra auditoría de las cuentas anuales del periodo actual. Estos riesgos han sido tratados en el contexto de nuestra auditoría de las cuentas anuales en su conjunto, y en la formación de nuestra opinión sobre estas, y no expresamos una opinión por separado sobre esos riesgos.

Reconocimiento de ingresos

Tal como se indica en las notas 1 y 22 de la memoria adjunta, la Sociedad presta servicios de ingeniería, consultoría y asistencia técnica, en especial, los destinados a la Defensa y Seguridad. El reconocimiento de los servicios prestados supone estimar con fiabilidad el resultado de la transacción, considerando para ello el porcentaje de realización del servicio en la fecha de cierre del ejercicio. Hemos considerado el reconocimiento de ingresos como un aspecto relevante de nuestra auditoría por las estimaciones que la Dirección debe llevar a cabo, fundamentadas al cierre del ejercicio, al valorar el grado de realización de la transacción en ese momento, lo que conlleva la valoración de los



costes ya incurridos en la prestación, así como los que quedan por incurrir hasta completarla y el análisis de la recuperabilidad de los costes incurridos o rendimientos económicos derivados del servicio prestado.

Nuestros procedimientos de auditoría incluyeron la comprobación de la eficacia de los controles relevantes del proceso de reconocimiento de ingresos, así como el procedimiento de contabilización. Para una muestra de proyectos, hemos comprobado con la documentación soporte los costes totales presupuestados, los costes reales incurridos al cierre del ejercicio, el presupuesto de ingresos totales y el cálculo del grado de avance de cada uno. Asimismo, hemos circularizado a una muestra de clientes con saldo pendiente de cobro al cierre del ejercicio, realizando en su caso, procedimientos alternativos mediante la comprobación con la documentación soporte, bien de los cobros posteriores o bien de la razonabilidad del servicio prestado. Adicionalmente, hemos evaluado si la información revelada en las cuentas anuales cumple con los requerimientos del marco normativo de información financiera aplicable.

Provisiones

Ta, y como se indica en la nota 13 de la memoria adjunta la Sociedad presenta al cierre del ejercicio 2017 provisiones por procedimientos administrativos y/o por litigios abiertos por un importe de 4.850 miles de euros. Hemos considerado esta área como relevante para la auditoría por el alto grado de estimación que el Consejo de Administración debe llevar a cabo al cierre del ejercicio para determinar el importe necesario que cancelaría o transferiría a un tercero la obligación, así como la incertidumbre existente relacionada con la evaluación de si un pasivo debe ser reconocido y si los importes pueden ser estimados de manera fiable.

Nuestros procedimientos de auditoría incluyeron, entre otros, el análisis de la documentación existente de los procesos, tanto individuales como colectivos, así como la obtención de las respuestas, a nuestra solicitud de información, de los abogados externos de la Sociedad, en las que indican su conformidad o discrepancia sobre la razonabilidad de las estimaciones realizadas y la evaluación, a su juicio, de riesgo derivado de aquellos asuntos de los que se desprenda una diferente estimación. Adicionalmente, hemos evaluado si la información revelada en las cuentas anuales cumple con los requerimientos del marco normativo de información financiera aplicable.

Otra información: Informe de gestión

La otra información comprende exclusivamente el informe de gestión del ejercicio 2017, cuya formulación es responsabilidad de los administradores de la Sociedad y no forma parte integrante de las cuentas anuales.

Nuestra opinión de auditoría sobre las cuentas anuales no cubre el informe de gestión. Nuestra responsabilidad sobre el informe de gestión, de conformidad con lo exigido por la normativa reguladora de la actividad de auditoría de cuentas, consiste en evaluar e informar sobre la concordancia del informe de gestión con las cuentas anuales, a partir del conocimiento de la entidad obtenido en la realización de la auditoría de las citadas cuentas y sin incluir información distinta de la obtenida como evidencia durante la misma. Asimismo, nuestra responsabilidad consiste en evaluar e informar de si el contenido y presentación del informe de gestión son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito en el párrafo anterior, la información que contiene el informe de gestión concuerda con la de las cuentas anuales del ejercicio 2017 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores y de la comisión de auditoría 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 la Sociedad, de conformidad con el marco normativo de información financiera aplicable a la entidad en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales libres de incorrección material, debida a fraude o error.

En la preparación de las cuentas anuales, los administradores son responsables de la valoración de la capacidad de la Sociedad para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con la empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los administradores tienen intención de liquidar la Sociedad o de cesar sus operaciones, o bien no exista otra alternativa realista.

La comisión de auditoría es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contenga nuestra opinión. Seguridad razonable es un alto grado de seguridad pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, pueden preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales.

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar 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.
- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores.
- Concluimos sobre si es adecuada la utilización, por los administradores, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad de la Sociedad para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros puedan ser la causa de que la Sociedad deje de ser una empresa en funcionamiento.



- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales, incluida la información revelada, y si las cuentas anuales representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.

Nos comunicamos con los administradores de la entidad en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificada y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identifiquemos en el transcurso de la auditoría.

Entre los riesgos significativos que han sido objeto de comunicación a los administradores de la entidad, determinamos los que han sido de la mayor significatividad en la auditoría de las cuentas anuales del periodo actual y que son, en consecuencia, los riesgos considerados más significativos.

Describimos esos riesgos en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

Grant Thornton, S.L.P., Sociedad Unipersonal

ROAC nº S0231

María José Lázaro Serrano

ROAC nº 17732

23 de abril de 2018



GRANT THORNTON S.L.P.

Año 2018 In 24/04/2018
SELLO CORPORATIVO 96.00 EUR

Informe de auditoría de cuentas SA, SCA
a la normativa de auditoría de cuentas
aprobada por el Real Decreto 1691/2007





Annex B: About the Annual Report

PRINCIPLES FOR THE PREPARATION OF THE SUSTAINABLE ANNUAL REPORT

■ PRINCIPLES FOR ESTABLISHING THE CONTENT OF THE ANNUAL REPORT

This 2017 Annual Report was prepared in accordance with a selection of standards proposed by the Global Reporting Initiative (GRI) organisation in its Standards version.

In addition, the Annual Report is validated by another internationally recognised standard: the United Nations Global Compact Progress Report, which is annually published on the corporate website of the United Nations <https://www.unglobalcompact.org>

This annex responds to the United Nations Global Compact principles, whereby a table of GRI Standards indicators is used to reference the page containing information related to these principles.

Materiality Analysis

The process followed for determining the main material aspects included in this annual report was as follows:

1. Identification of Relevant Issues

Isdefe conducted a materiality study based on the following categories of aspects listed by the Global Reporting Initiative:

- a) Financial aspects.
- b) Social aspects comprising labour practices, human rights, society and product responsibility.
- c) Environmental aspects.

These aspects were analysed and evaluated based on internal and external sources of the organisation.

- **Internal sources:** Obtained from the 2017-2021 Isdefe Strategic Plan and the corporate plans deriving from this, the Annual Accounts, the Criminal Risk Prevention Plan, the CSR and Marketing Plan, the Management Coordination Advisory Committee, as well as the Committee of Worker Representatives and the conclusions drawn from the constant dialogue with stakeholders through the various established communication channels.
- **External sources:** Current legislation, public policies affecting the company, the media and various external studies published nationally on CSR.

The study of these sources has determined the most important aspects for the organisation.

2. Prioritisation

The second step in the process of determining materiality involves giving priority to and evaluating those aspects which influence the organisation's capacity, bearing in mind the stakeholders' views and decisions and the importance of the company's economic, social and environmental impact. By means of a Materiality matrix, the most important aspects for the organisation are assessed according to priority.





PRINCIPLES FOR DETERMINING THE QUALITY OF THE ANNUAL REPORT

The information has the required guarantee of quality based on the following principles:

- > **Balance:** the Annual Report clearly sets out the positive and negative aspects of Isdefe's performance and includes the level of compliance with respect to the previous year's commitments, which allows for a reasonable assessment of the corporate social responsibility.
- > **Comparability:** the information contained in this Annual Report also includes, as far as possible, information from the previous three years.
- > **Accuracy:** all the information described is accurate and is presented in sufficient detail so that stakeholders can properly assess its performance.
- > **Punctuality:** Isdefe publishes its seventh Social Responsibility Report as a tangible proof of its commitment to CSR.
- > **Clarity:** the information is presented in an understandable, accessible and useful manner.
- > **Reliability:** the information in this Report is supported by the management systems of the various departments in charge of these data. These systems are managed in a transparent and rigorous manner.



GRI STANDARDS CONTENT TABLE

The following table of indicators relates to pursued standards on compliance with the Global Compact Principles.

GENERAL CONTENTS

STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 102: GENERAL CONTENTS			
1. Organizational profile			
102-1	Name of the organisation	Page 10	
102-2	Activities, brands, products and services	Pages 13, 26-63, 132	
102-3	Location of headquarters	Page 17	
102-4	Operations' location	Page 17	
102-5	Ownership and legal status	Page 130	
102-6	Markets served	Pages 18-22	
102-7	Scale of the organisation	Page 17	
102-8	Information on employees and other workers	Pages 16-17, 83	Global Compact Principle 6
102-9	Supply chain	Pages 80-81	
102-10	Relevant changes in the organisation and its supply chain	Page 82	
102-11	Precautionary principle	Pages 144-148	
102-12	External Initiatives	Pages 98-103, 106-117	
102-13	Membership of associations	Pages 104-105, 118-120	
2. Strategy			
102-14	Statement of senior executives in charge of taking decisions	Pages 7-9	
102-15	Main impacts, risks and opportunities	Pages 7-9	

STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 102: GENERAL CONTENTS			
3. Ethics and Integrity			
102-16	Values, principles, standards and rules of conduct	Pages 11 y 23	
102-17	Advisory mechanisms and ethical concerns	Page 141	
4. Governance			
102-18	Governance structure	Pages 133-141	
102-19	Delegation of authority	Pages 140-141	
102-20	Executive-level responsibility for economic, environmental and social aspects	Pages 140-141	
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 24	
102-22	Consultation of stakeholders on economic, environmental and social aspects	Pages 133-138	
102-23	Chair of the highest governance body	Page 136	
102-24	Nomination and selection of the highest governance body	Pages 135-137	
102-25	Conflicts of interest	Page 137	
102-26	The highest governance body's role in the selection of objectives, values and strategies	Page 135	
102-30	Effectiveness of risk management processes	Page 147	
102-31	Assessment of economic, environmental and social issues	Pages 161-162	
102-32	The highest governance body's role in the drawing up sustainability reports	Pages 7-9	
102-35	Remuneration policies	Pages 87-88	

STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 102: GENERAL CONTENTS			
5. Stakeholder Participation			
102-40	List of stakeholders	Page 24	
102-41	Collective bargaining agreements	Page 87	
102-43	Approach to stakeholder participation	Page 24	
102-44	Key issues and concerns raised	Pages 161-162	
6. Reporting Practices			
102-45	Entities included in the consolidated financial statements		Ingeniería de Sistemas para la defensa de España, S.A., S.M.E., M.P.
102-46	Definition of report content and coverage of issues	Page 3	
102-50	Reporting period	Page 3	
102-52	Reporting cycle	Page 3	
102-53	Point of contact for queries about the report	Page 3	
102-55	GRI Contents Index	Pages 165-173	
102-56	External audit	Pages 156-159	The scope of the verification is the annual accounts



STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 201: ECONOMIC PERFORMANCE			
Management Approach		Pages 12-14	
201-1	Direct economic value generated and distributed	Pages 15-16, 88 y 155	
201-2	Financial implications and other risks and opportunities due to climate change	Page 147	Global Compact Principle 7
201-3	Obligations of the defined benefit and other retirement plans	Page 88	
GRI 202: PRESENCE IN THE MARKET			
Management Approach		Page. 87	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 87	Global Compact. Principle 6
GRI 203: INDIRECT ECONOMIC IMPACTS			
Management Approach		Pages 26-75	
203-1	Investments in infrastructures and supported services	Pages 26-75	
GRI 205: ANTI-CORRUPTION			
Management Approach		Pages 92, 143-144	
205-2	Communication and training on policies and anti-corruption procedures	Pages 92, 143-144	Global Compact. Principle 10



STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 300: ENVIRONMENTAL STANDARDS			
GRI 301: MATERIALS			
Management Approach		Pages 121-122	
301-1	Materials used by weight or volume	Pages 123, 126	Global Compact. Principle 7
301-2	Recycled consumables	Page 126	Global Compact. Principle 8
GRI 302: ENERGY			
Management Approach		Pages 121-122	
302-1	Energy consumption within the organisation	Page 123	Global Compact. Principle 7
302-3	Energy Intensity	Page 123	Global Compact. Principle 8
302-4	Reduction of energy consumption	Pages 123-124	Global Compact. Principle 8
GRI 303: WATER			
Management Approach		Pages 121-122	
303-5	Water consumption	Page 123	
GRI 305: EMISSIONS			
Management Approach		Pages 121-122	
305-1	Direct GHG emissions (Scope 1)	Page 127	Global Compact. Principle 7
305-2	Indirect GHG emissions when generating energy (range 2)	Page 127	Global Compact. Principle 7
305-5	Reduction of GHG emissions	Page 127	Global Compact. Principle 8
305-6	Emissions of ozone-depleting substances (ODS)	Page 126	Global Compact. Principle 7

STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 306: EFFLUENTS AND WASTE			
Management Approach		Pages 121-122	
306-2	Waste by type and disposal method	Page 126	Global Compact. Principle 8
306-4	Transport of hazardous waste	Page 126	Global Compact. Principle 8
GRI 308: ENVIRONMENTAL ASSESSMENT TO SUPPLIERS			
Management Approach		Pages 81-82	
308-1	New suppliers that have been assessed and selected in accordance with environmental criteria	Page 81	Global Compact. Principle 8



STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 401: EMPLOYMENT			
Management Approach		Page 86	
401-1	New recruitment of employees and staff turnover	Page 86	Global Compact. Principle 6
401-2	Benefits for full-time employees not attributable to part-time or temporary employees	Page 88	
401-3	Paternity leave	Page 90	Global Compact. Principle 6
GRI 402: COMPANY/WORKER RELATIONS			
Management Approach			
402-1	Minimum notice periods for operational changes	Page 87	Global Compact. Principle 3
GRI 403: HEALTH AND SAFETY AT WORK			
Management Approach		Pages 95-96	
403-1	Worker representatives on formal company/worker health and safety committees	Page 141	
403-2	Types of accidents and frequency rates of accidents, occupational diseases, lost days, absenteeism and number of deaths due to work accident or occupational disease	Page 97	
403-5	Training of workers on health and occupational safety	Page 92	
403-7	Systems for prevention and mitigation of occupational risks directly related to the activity	Page 95	
403-9	Work-related injuries	Page 97	
403-10	Work-related illnesses	Page 97	

STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 404: TRAINING AND EDUCATION			
Management Approach		Page 92	
404-1	Average yearly hours of training per employee	Page 92	Global Compact. Principle 6
404-2	Programmes to improve employees' skills and transition assistance programmes	Page 92	Global Compact. Principle 6
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES			
Management Approach		Page 89	
405-1	Diversity in governance bodies and among employees	Pages 89-90	Global Compact. Principle 6
405-2	Ratio of basic salary and male-female earnings	Page 87	Global Compact. Principle 6



STANDARD GRI	DESCRIPTION	PAGE	GLOBAL COMPACT Observations
GRI 406: NON-DISCRIMINATION			
Management Approach		Page 146	
406-1	Cases of discrimination and corrective measures taken	Page 146	Global Compact. Principle 6
GRI 412: EVALUATION OF HUMAN RIGHTS			
Management Approach		Page 143	
412-2	Training of employees on policies or procedures regarding human rights	Page 143	Global Compact. Principle 1
412-3	Relevant investment agreements and contracts with human rights clauses or subjected to human rights assessment	Pages 81-82	Global Compact. Principle 2
GRI 414: SOCIAL EVALUATION OF SUPPLIERS			
Management Approach		Pages 80-81	
414-1	New suppliers that have been selected in accordance with social criteria	Page 81	



Edit:

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