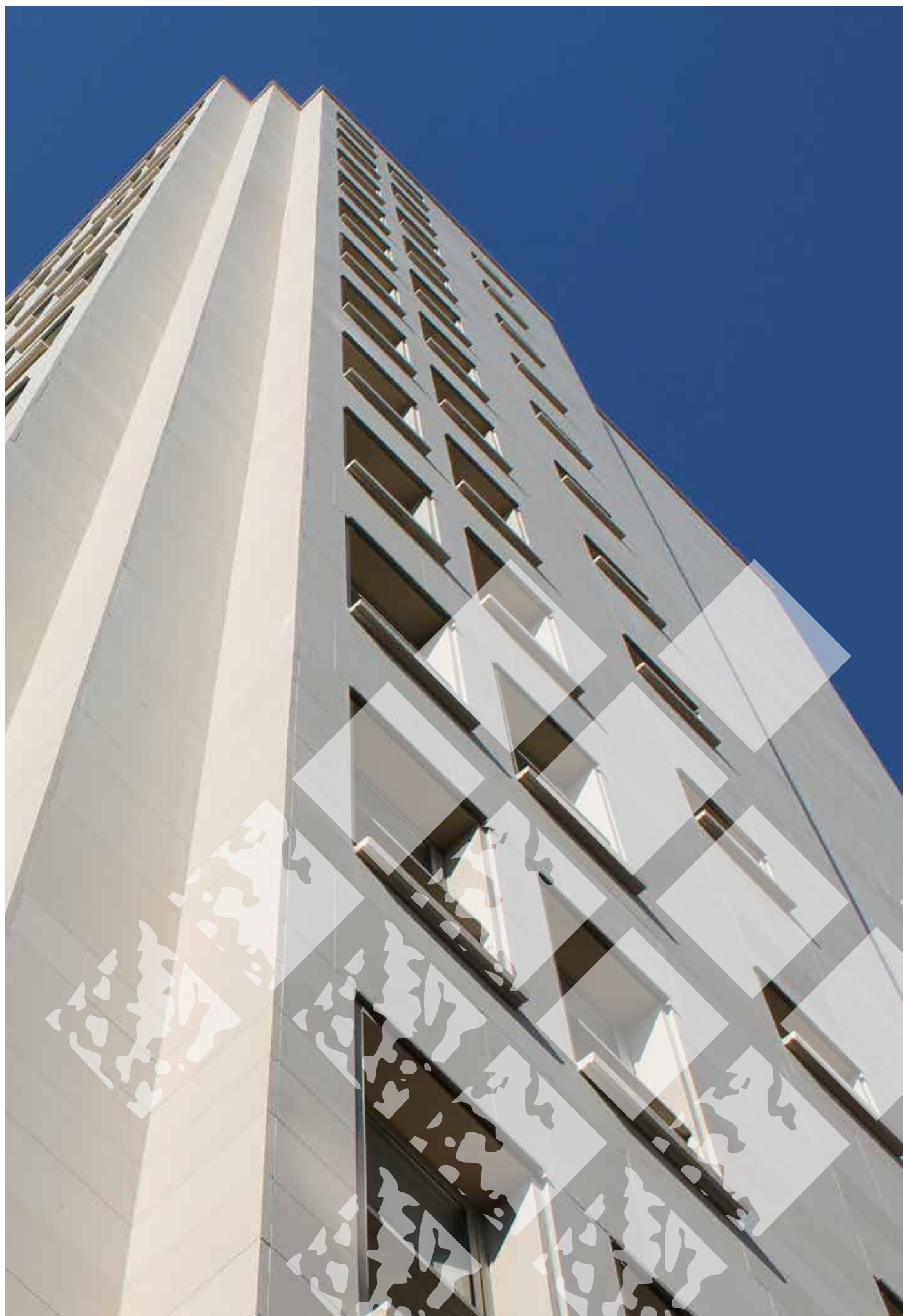




ANNUAL REPORT
2019
EXECUTIVE SUMMARY





To mark the end of 2019 and as is customary, Isdefe presents its Annual Report 2019, which includes the company's activities and results during this period, and all the agencies and institutions to which it provides service. The report also reviews the organisation's performance in the three aspects of sustainability: economic, social and environmental. Isdefe, aware of the importance of transparency, integrity and business ethics, has decided once again to endorse this report through the 10 Principles of the United Nations Global Compact and the GRI Standard reporting methodology. By doing so, the company aims to demonstrate its ability to generate shared value in the areas in which it operates and its commitment to our environment.

The digital version of the Annual Report is available at:

www.informesanualisdefe.com.

In addition, in 2019 Isdefe also published its Non-Financial Information and Diversity Statement under Act 11/2018. Some of the data from the statement have been included in this Report. The Non-Financial Information and Diversity Statement is available at:

<https://www.isdefe.es/informaci-n-no-financiera>.



Esta es nuestra **Comunicación sobre el Progreso** en la aplicación de los principios del **Pacto Mundial de las Naciones Unidas**.

Agradecemos cualquier comentario sobre su contenido.





Letter from the President



It gives me great pleasure to introduce, for the first time, the Isdefe Annual Report, which describes the main milestones and initiatives that the company undertook over the course of FY 2019, together with its economic, social and environmental management. The good results achieved are undoubtedly the result of the principle of excellence, which guides the operations and governance of the organisation.

Although the Report is for last year, I would be remiss not to mention the deep scar that the pandemic that is devastating us on a global scale is leaving on our country. Society is witnessing the key role that the Ministry of Defence and the Armed Forces are playing in mitigating the health emergency and its effects, both economically and socially, underscoring their mission and contribution to the welfare of the country. In response, the Secretary of State, together with other ministerial departments, is undertaking a set of actions intended to reactivate the national defence industry and to save jobs, the goal being to restore modernisation programmes to normal and guarantee the security of the supply chain so as not to compromise our strategic capabilities.

In this context, it is reassuring to have Isdefe as a multidisciplinary support tool, both in the field of defence and security and in all of its other areas of activity. Isdefe's strength, resulting from its 35 years of experience, together with its firm commitment to innovation and R&D, allow it to combine its usual activities with the new demands for services that are required by the Public Administration.

Consequently, Isdefe is essential to supporting the needs that the current challenges are imposing on the Ministry of Defence as part of the process of adapting to the new normal, a process in which participating in international initiatives such as the European Defence Fund (EDF) and Permanent Structured Cooperation (PESCO) will undoubtedly play a decisive role. The organisation is simultaneously continuing to provide services that are closely related to its main function in other sectors, promoting aspects such as digital transformation, cybersecurity and analysing the appearance of emerging technologies, like 5G and artificial intelligence.

To conclude, I would like to note the work of my predecessor, the Board of Directors and the employees of Isdefe, who have showcased their special effort and considerable skills during this difficult time that we are experiencing. All this together has allowed the company to continue its activity with its renowned high level of quality. I am thankful for and recognise the work of our employees and their commitment to public service.

Ms. Esperanza Casteleiro Llamazares
Secretary of State for Defence
President of Isdefe



Letter from the CEO



Isdefe is a state-owned consulting and engineering company that focuses on the field of Public Defence and Security. It provides its services primarily to the Ministry of Defence. The company's highly specialised knowledge in technological capabilities, management and unique services (space stations) allows us to act as the in-house technical service provider in the Public Administration, Air Transport, ICT, Energy and Space sectors.

In 2019, the company consolidated its activities as the in-house technical service provider for the Spanish government, which accounted for 91% of its activity over the course of the year. These activities are based on the premises of quality, promotion of R&D, international presence, professional development and best governance and corporate social responsibility practices.

This Annual Report lists Isdefe's activities throughout 2019 and its strategy, based on supporting the Administration in areas contained in the National Security Strategy and reliant on technological modernisation, in keeping with the guidelines set out in the Digital Transformation Plan of Spain's central government and its public agencies.

It is within this framework that we take part in the programmes of international organisations, especially the European Defence Action Plan, in an effort to strengthen our innovation-based capabilities and develop synergies so as to fulfil our purpose of supporting the Ministry of Defence, Public Administrations and international institutions in areas of technological and strategic interest by providing the highest quality services.

In 2019, our activities were focused on maintaining a culture of integrity, with management practices to ensure legal compliance, and good corporate governance standards based on principles of economic-financial sustainability, and social and environmental responsibility.

Isdefe's greatest asset is its personnel, who, through their efforts and dedication, have achieved the good results obtained and the high satisfaction of those to whom we provide our services, who are appreciative of their commitment and professionalism.

The 2019 Isdefe Annual Report is available in the usual formats and on the dedicated portal www.informeanualisdefe.es.

Francisco Quereda Rubio
Chief Executive Officer of Isdefe



Isdefe (Ingeniería de Sistemas para la Defensa de España, S.A., S.M.E., M.P.), is a company of the State Institutional Public Sector. It was created in 1985 and is part of the Ministry of Defence. Its capital stock is wholly owned by the National Institute of Aerospace Technology (INTA).

Our mission, vision and values



Mission

Support the Ministry of Defence, Public Administrations and international institutions in areas of technological and strategic interest by providing high-end consulting and engineering services, as well as by managing, operating and maintaining space sites.



Vision

To progress as a leading multidisciplinary consulting and engineering company by developing high-quality innovative projects that are economically and socially profitable.



Values

Independence

We always defend the interests of the Spanish Government against any kind of industrial, commercial or economic constraint.

Proactivity

We anticipate needs by providing innovation in our solutions.

Global vision

We are a multidisciplinary organisation with a great diversity of professional figures who combine to provide a comprehensive service portfolio.

Commitment

We are committed both to the public organisations we work for, to our organisation and to the rest of society through a work methodology based on ethics and professionalism.

Experience and knowhow

Our activity is geared towards providing knowledge developed over more than 30 years of service provision and offering efficient solutions.



Strategies, objectives and areas of action

The most relevant aspects in this period focused on:

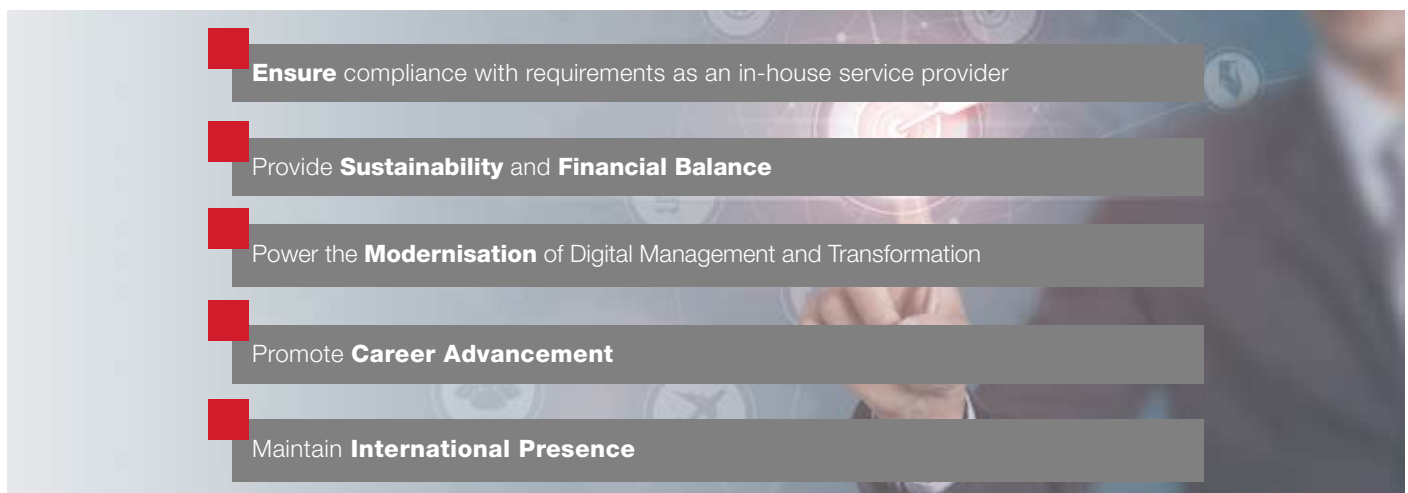
Guaranteeing Isdefe's activities as the in-house technical service provider of Spain's central government, ensuring economic-financial sustainability, maintaining the quality of the services provided, promoting R&D, an international presence, our professional development and best practices in governance and corporate social responsibility.

Isdefe's policies, objectives and areas of activity, as a technological instrument of the Ministry of Defence and Public Administrations, are determined by its status as a State-Owned Company and by its compliance with Public Sector rules.

Areas of action

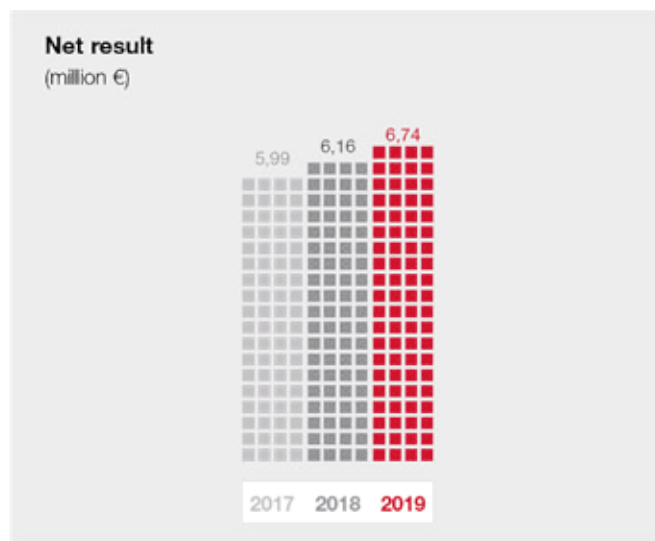
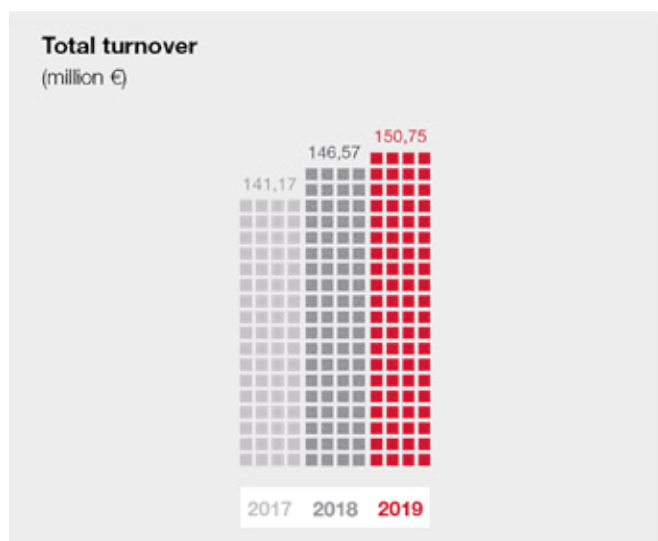
- **Continue** to consolidate Isdefe as the benchmark in-house technical service provider for the Administration in technology-related areas, mainly those associated with defence and security, providing high added value and analysing and adapting activity in areas considered "non-core".
- **Enhance** economic and financial sustainability in the short and medium term.
- **Boost** the modernisation of corporate services by integrating new technologies into processes and following the guidelines set out in the Digital Transformation Plan of the Central Government and its public agencies.
- **Develop** human resources, training, motivation, recognition and talent retention in the framework of the public sector.
- **Foster** engagement in projects and programmes at international bodies and institutions (EU, NATO, EDA, OSCE, ESA, Eurocontrol, etc.) and, particularly, within the new framework set up by the European Defence Action Plan
- **Continue** with our corporate social responsibility commitments and public service vocation

Strategic Objectives 2018-2022

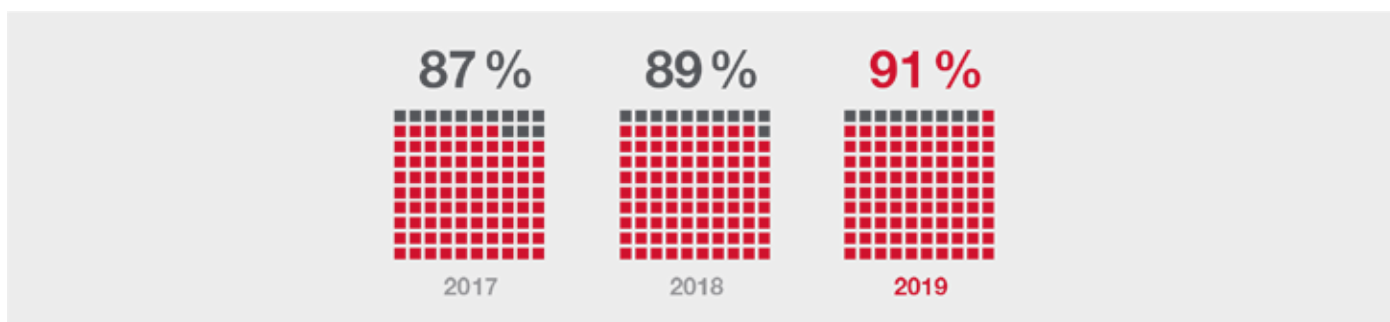




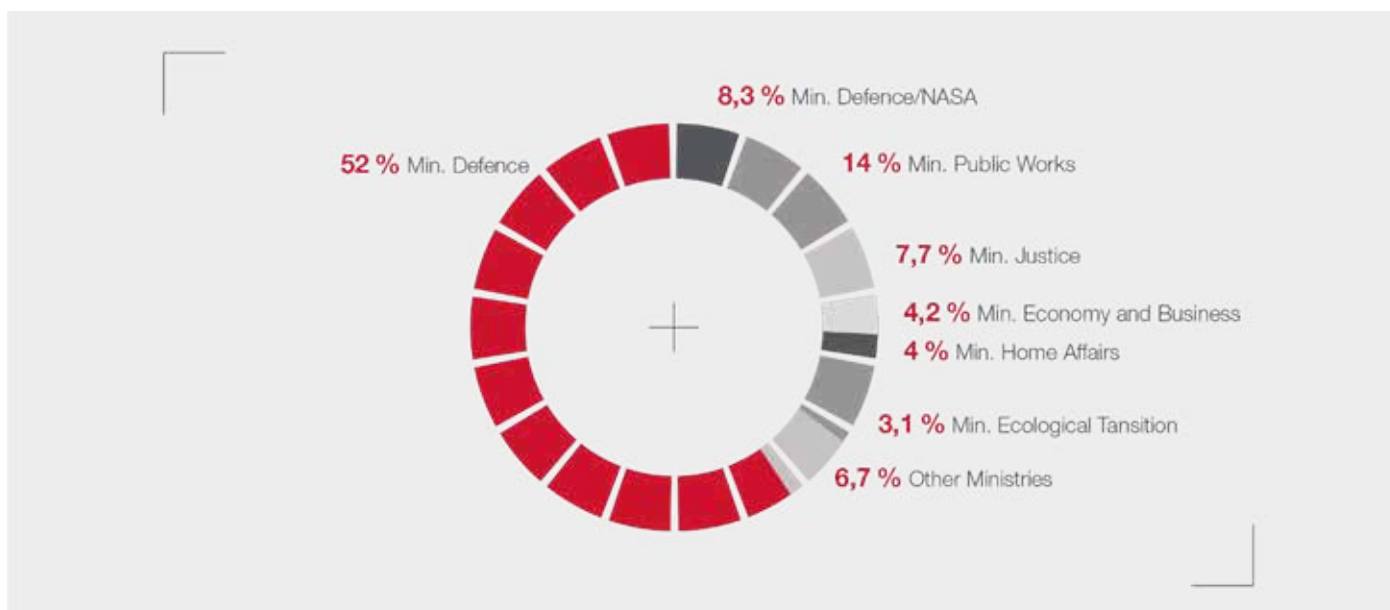
Our business in figures



Activity as in-house technical service provider



Isdefe's activity for Public Bodies and Institutions





Where we are

Isdefe has a total staff of **1,653**, who are distributed by work centre as follows:



In addition to the activity that Isdefe engages in nationally on behalf of the Administration in areas of technological and strategic interest, it also carries out activities in international organisations and in countries, especially in Europe, where Isdefe does not act as an in-house service provider (<20% of its activity).

In 2019, most of its international activity took place in Europe and focused on increasing participation in the programmes of EU bodies (the Commission, EDA, OCCAR, OSCE, FRONTEX, ESA, Eurocontrol, etc.) and NATO, especially in the new European defence framework, and in the areas of security, space and air traffic.

OUR AREAS OF ACTIVITY



Defence and Security Sector

Isdefe was created in order to satisfy the need to provide technological specifications for the Ministry of Defence's advanced programmes. This turned us into the leading in-house technical services provider for the Spanish Administration in Defence and Security.

We provide engineering and technological/strategic consulting services to the Ministry of Defence, Armed Forces, Ministry of the Interior, law enforcement agencies and civil protection bodies, as well as to international and multilateral organisations, including the European Defence Agency (EDA) and the North Atlantic Treaty Organization (NATO).

SIGNIFICANT PROYECTS

MINISTRY OF DEFENCE / Secretary of State for Defence

Directorate General of Armament and Materiel (DGAM)

Isdefe provides strategic and technical consulting services during the definition and implementation phases of the national defence planning process.

It collaborates with the DGAM in each of its Sub-Directorates General (SDG): SDG for Planning, Technology and Innovation; SDG for Inspection, Regulation and Defence Industrial Strategy; SDG for Programme Management; SDG for International Relations; and SDG for Armament and Material Procurement, where it works in the different platform procurement and maintenance programmes.



Sub-Directorate General for Planning, Technology and Innovation (SDGPLATIN)

Technical support preparing the scheduling of material resources (systems and infrastructures) that the Armed Forces will need in coming years.

Support to the office of the European Strategic Command and Control Programme, led by Spain within the PESCO (Permanent Structured Cooperation) framework of the European Union, to provide the EU Military Staff with its own means to strategically manage European Union operations and missions.

Support to the Defence Technology Observation and Foresight System (SOPT) and with the review of the Defence Technology and Research Strategy (ETID)

Sub-Directorate General for Programme Management (SDG GESPRO)

Isdefe collaborates by providing technical support to the Programme Procurement Offices of the DGAM, in the area of Land Programmes (Pizarro, Ammunition and VCR 8X8 combat vehicle); Fixed-Wing Programmes (Eurofighter EF2000, A4, UAS and FCAS/NNGWS programme); Rotary Wing Programmes (Tigre combat helicopter, NH 90); and Naval programmes (F110 frigate, BAM programme and S80 submarine).

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

Isdefe provides technical support to the different weapons and explosives, industrial safety, and airworthiness units.

Centre for Information and Communications Systems and Technologies (CESTIC)

Engineering and management service to implement and operate the Comprehensive Defence Information Infrastructure (I3D), to develop and implement the capabilities of the National Command and Control System, and for the Spanish Satellite Military Communications System (SECOMSAT).



Directorate General for Economic Affairs (DIGENECO)

Support to the Budget Office (OPRE) with the financial management of special weapons programmes

Technical support to the Cost Evaluation Group (GEC): estimation of the life cycle cost of the systems and infrastructures to be procured by the Ministry of Defence, to analyse the viability of the programmes and support with decision-making.

Defence Staff (EMAD) / Joint Chiefs of Staff (EMACON)

Support preparing the Military Capabilities Objective, which integrates the material and human resources required by the Armed Forces, including the main weapons systems.

Defence Staff (EMAD) / Joint Cyber Defence Command (MCCD)

Engineering and technical assistance for the Joint Cyber Defence Command (MCCD) in the areas of cyber defence, supporting the MCCD's plans to obtain defence, operational and response capabilities in order to conduct military operations in cyberspace.



Ministry of Defence / National Intelligence Centre (CNI) / National Cryptological Centre (CCN)

Support with activities carried out as part of the National ICT Security Evaluation and Certification System (ENECSTIC).

Support to the Department of Projects and Technologies in preparing the Catalogue of ICT Security Products (CPSTIC) for use within the scope of the National Security Strategy.

Defence Staff (EMAD) / Operations Command (MOPS)

Support to the Operational Logistics section (J4A) for participation in national and NATO exercises.

Support service in the Intelligence section (J2) to implement the Interoperability capability of the joint JISR Intelligence, Surveillance and Reconnaissance capability related to SAPIIEM systems.

Ministry of Defence / Military Emergencies Unit (UME)

Engineering and consulting services for the CIS systems in use by the Military Emergencies Unit: Integrated Emergency Management System (SIMSE), National Emergency Network (RENEM), “Colabora” Portal and tools such as SharePoint.

Army / Army Logistics Support Command (MALE)

Technical services for the procurement or evolution of different systems.

Assistance defining and designing the Army’s Future Logistics Base.

Support with studies to predict the life cycle of weapons systems.

Assistance implementing the Lean Manufacturing methodology in the OLCs.

Technical support to the Engineering Office of the Helicopter Maintenance Centre (PC-MHEL).





Navy/Logistics Support Headquarters (JAL)

Support with the activities of the Engineering Sub-Directorate's Platforms sector.

Technical support to the Cost Evaluation Section with the Special Weapons Programmes: S-80 and F-110.

Technical support to develop support guidelines and to define logistics 4.0 in the F-110 project.

Technical support to the Submarine Technical Certification Office.

Air Force/Logistics Support Command (MALOG)

Support with the supply and management of matériel for the Air Force's new weapons systems.

Technical support with the C3 contract to maintain the Eurofighter.

Support with managing electronic orders and to Armouries with managing matériel.

National Institute of Aerospace Technology (INTA)

Support to the Cybersecurity Laboratory of the La Marañosa Technological Institute (ITM).

Support with the certification and calibration of combat and transport aircraft and helicopters.

Participation in projects to develop payloads for planetary satellite missions.

European Union / Galileo

Engineering services for the European GNSS Service Centre (GSC): support with the integrated logistical support (ILS) at start-up, with the operation of the Centre and with the integration with the remaining Galileo centres.





MINISTRY OF THE INTERIOR / Secretary of State for Security

Isdefe provides technical consulting services to the Secretary of State for Security involving the modernisation of the border perimeters between Spain and Morocco in the autonomous cities of Ceuta and Melilla, providing them with new technical and technological systems.

SDG Information and Communications Systems for Security (SGSICS)

Consulting services to implement technological systems for border control.

Support with the national deployment of the European PNR (Passenger Name Records) and EES (Entry-Exit System) systems.

Support with the definition and implementation of the new international protection applications management system (asylum or refugee), and with the digital transformation.

SDG for Planning and Managing Security Infrastructures and Resources (SGPGIMS)

Technical support services to control and verify projects and new developments involving external border control and police cooperation.



Secretary of State for Security / DG Civil Guard

Support with the modernisation and maintenance of the External Surveillance System (SIVE), whose provincial facilities already provide coverage along more than 3,500 km of Spain's mainland and island coastlines.

**MINISTRY OF FOREIGN AFFAIRS,
EUROPEAN UNION AND COOPERATION**

Support with the preparation, execution and monitoring of the Digital Transformation Action Plan for those processes and systems that handle classified information.

Support with the certification of these systems.



MINISTRY OF JUSTICE / Secretary General for Innovation and Quality of the Public Justice Service

Directorate General for the Digital Transformation of the Administration of Justice/SDG for Planning and Managing the Digital Transformation

Technical and management support for the projects to modernise Minerva and LexNET, Electronic Communications, Digital Justice and Dashboards.

Support for the Ministry's participation in European Union projects, for the interconnection and interoperability of Justice Administrations, such as eCodex and eSENS.

NATO / Allied Command Transformation (ACT)

Technical support to the NATO Cooperative Cyberdefence Centre of Excellence, in the organisation of international cyber exercises such as LockedShields and CrossedSwords, provision of international courses and development of reports and studies on the Team network.



European GNSS Agency (GSA)

Support to the EU GNSS Security Accreditation Board (SAB) with the accreditation activities of the European Union's satellite navigation systems.

European Defence Agency (EDA)

Support to the Technology Foresight project, involving the state of the art in technological areas relevant to the defence sector.

Technological prioritisation, Overarching Strategic Research Agenda (OSRA) project, to define, identify and prioritise the technological objectives of Member States. Through OSRA, the Agency is asserting itself as a key player for the topics of the future European Defence Funds managed by the Commission.

Participation in the 2020 contract to develop the Key Strategic Activities, industrial areas of defence relevant to the strategic autonomy of the EU.



Space Sector

Isdefe provides specialised technical support services in the field of space and in areas such as communications, satellite navigation, Earth observation and Space Situational Awareness (SSA) for the Spanish administration, the European Commission and various international space agencies.

Its other activities include the management, operation and maintenance of space communication centres and complexes in Spain for the National Institute of Aerospace Technology (INTA), as well as for the European Space Agency (ESA) and the National Aeronautics and Space Administration (NASA).

SIGNIFICANT PROJECTS

MINISTRY OF DEFENCE / Secretary of State for Defence

National Institute for Aerospace Technology, (INTA)

Comprehensive support for INTA's space infrastructures:

- INTA Torrejón Space Centre (CEIT), with a multidisciplinary team of specialists in Ground Segment, control centre, mission analysis and contribution to the search for new business opportunities through INTA.
- Canary Islands Space Centre (CEC), operation and maintenance in close collaboration with CEIT to provide full support to INTA across its Ground Stations Network. The Canary Islands Centre has become the 24x7 hub for all INTA stations.

Support for the various Global Navigation Satellite System (GNSS) activities at the three Galileo centres in Spain: Competent PRS Authority (CPA), GNSS Service Centre (GSC) and Backup Galileo Security Monitoring Centre. (GSMC).

National Institute of Aerospace Technology (INTA) and European Space Agency (ESA)

Technical support in the field of astrophysics and space sciences for INTA's Astrobiology Centre (CAB), and for ESA in its X-ray astronomical observatory mission (XMM) at the European Space Astronomy Centre (ESAC).



National Institute of Aerospace Technology (INTA) and National Aeronautics and Space Administration (NASA)

Operation and maintenance of the Madrid Deep Space Communications Complex (MDSCC) in Robledo de Chavela, which is used to communicate with deep-space probes launched by NASA and other space agencies, providing 24/7 support for more than 30 space missions.

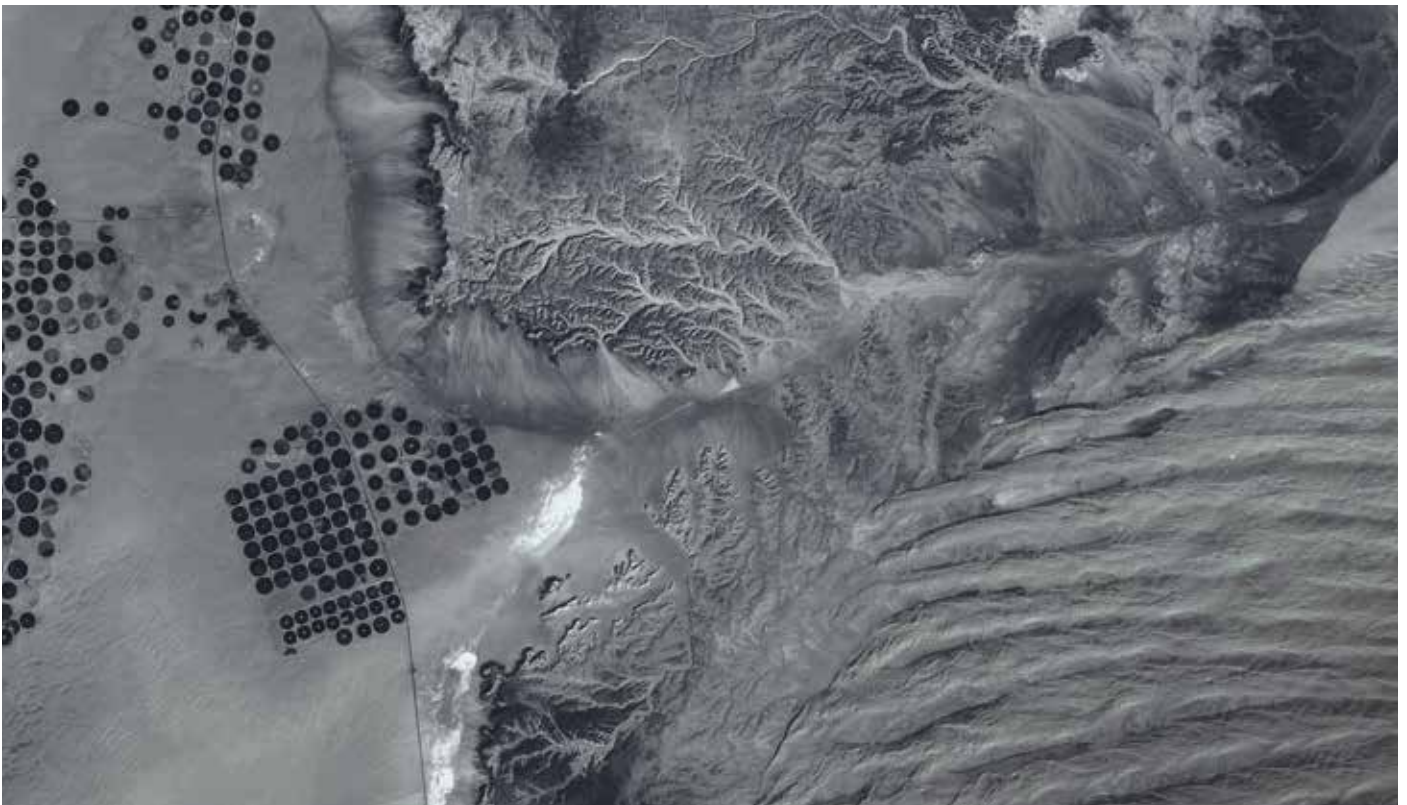
European Union, European Space Agency (ESA)

Technical support for ESA's space facilities in Cebreros, and engineering services to ensure the quality and safety of space launch vehicle operations (Arianne) at the Kourou Space Centre in French Guiana.

Technical advice to certify the future version of the Ground Control Segment of the Galileo system, tasked with tracking, monitoring and controlling all the satellites in the constellation.

European Commission, European GNSS Agency (GSA)

Part of the operations team of the European Satellite Navigation Centre (GSC), with the start-up of a new operational infrastructure. The GSA is the interface with the user communities and supports the Open Service, Commercial Service, and Search and Rescue Service of the Galileo Programme.





Transport Sector

Isdefe provides engineering and consulting services for the competent bodies involved in the regulation, supervision and provision of various transport services, promoting the acquisition of new technological capabilities, improved safety and optimised operating procedures.

SIGNIFICANT PROJECTS

MINISTRY OF TRANSPORT, MOBILITY AND THE DIGITAL AGENDA

ENAIRE

Air traffic management activities to commission the:

- New version of the SACTA system in the control towers of Palma de Mallorca, Barcelona, Malaga and Madrid
- New terminal area control centre (TACC) in Valencia and the Murcia International Airport.
- Deployment of ENAIRE's new voice and data network (REDAN) infrastructure throughout Spain.
- Secondary "Mode S" radars on the island of Lanzarote, in Turrillas (Almería) and in Valdespina (Palencia).

Technical assistance to develop ENAIRE's Contingency Plan at the Madrid and Barcelona control centres and at the Madrid airport control tower.

Backup and support activities for the ENAIRE Network Operation Services and Supervisory Centre (SYSRED).

Technical consulting services for the design and implementation of the R&D Management System.

Technical support for Satellite Navigation Systems (GNSS).

General Secretariat of Transport - Directorate General of Civil Aviation (DGAC)

Collaboration in setting policy in the sector through airport, navigation and air transport strategies, with strategic studies on market trends, setting public prices, access for new operators and other public service obligations.

Support developing the Single European Sky (SES) regulation and its implementation in national regulations.

Technical support to the Civil Office of the Inter-Ministerial Defence-Development Commission (CIDEFO) and to the USOAP Programme Office.



National Aviation Safety Agency (AESA)

Collaboration in inspection tasks to ensure air navigation service providers, airport managers, air transport operators and aviation personnel comply with operational safety regulations.

Technical consulting to implement new operational concepts and to study the constant improvement of air safety.

General Secretariat of Transport - General Directorate of Civil Aviation (DGAC) and the National Aviation Safety Agency (AESA)

Partner in implementing the National Air Safety Programme (PNS) at every airport in the national network.

Collaboration with the Agency to inspect and oversee the operational safety of the airport system.

AENA

Support in managing the life cycle of airport operations and security applications and ICT infrastructures, in both the specification and testing phases, as well as assistance with their implementation and deployment in the airports of the network.

- Advanced control tower project at the Tenerife North and Valencia airports.
- Project to connect CDM airports with the Network Manager (Eurocontrol) to improve the predictability and precision of air operations.
- Tests to implement passenger self-boarding with facial recognition biometrics.
- Coordination of AENA's participation in the SESAR program.
- Control and oversight of the partial renovation of the TETRA network at the Barcelona-El Prat Airport.
- Management of framework agreements to procure and install the equipment associated with the systems.



European GNSS Agency (GSA)

Support and strategic consulting activities to manage the Galileo and EGNOS programmes.



Public Administration Sector

Isdefe provides technical support and specialised consulting services for the different agencies of Spain's central government, aimed at improving their capacity, efficiency and sustainability and furthering their digital transformation and technological modernisation processes to respond to the demands of society.

In the sphere of the economic management of the public function, Isdefe renders support in the management of public funds, technical support for the definition and implementation of contracting strategies, price estimation and analysis, and the development of analytical cost accounting models.

SIGNIFICANT PROJECTS

MINISTRY OF DEFENCE / Secretary of State for Defence

Directorate General for Economic Affairs (DIGENECO)

Support for the Contracting Department with the development and processing of contracting regulations.

Support for the Ministry of Defence's Contracting Modernisation Programme (PMC) to develop the model of excellence for managing public sector purchases, and to prepare purchasing strategies for centralised categories.

Support for analytical accounting models based on the activities of the Ministry of Defence as a whole.

Directorate General of Infrastructures (DIGENIN)

Assistance in the bidding, control and monitoring of centralised electricity supply contracts. Support for the framework agreement to supply bulk fuels, and for the framework agreement for the centralised purchase of natural gas.

Consulting in international forums on energy efficiency.



Ministry of Defence / Army Logistics Support Command (MALE)

Advanced logistics data analysis, development of predictive models to estimate the probable life of matériel, data mining for vehicle use patterns to determine the Army's maintenance manpower capacity.

MINISTRY OF THE INTERIOR

Directorate General of Traffic (DGT)

Support for various strategic areas to draft laws, prepare a new national road safety strategy, study the transformation of mobility, and improve the management of the DGT itself.

MINISTRY OF FINANCE

Directorate General for Procurement Streamlining and Centralisation

Consulting and technical assistance to analyse and adapt the laws on data protection and the National Security System, and in the field of centralised contracting.

National Agencies / National Aviation Safety Agency (AESA), Spanish Agency for Medicines and Health Products (AEMPS), Spanish Agency for International Development Cooperation (AECID) and State Meteorological Agency (AEMET)

Consulting and technical assistance services aimed at defining and establishing the requirements of the management by objectives model, through to its deployment and implementation in organisations.

MINISTRY OF FOREIGN AFFAIRS, EUROPEAN UNION AND COOPERATION

Technical consulting to calculate and review the evaluation of Official Development Assistance (ODA), and to prepare information for multilateral development organisations and initiatives, mainly the OECD Development Assistance Committee and the United Nations.



MINISTRY OF FINANCE / Directorate General of European Funds (DGFE)

Support for the General Directorate, as the National Management Authority of ERDF funds, to select Electronic Administration operations in the public sector, to verify the management and to designate organisations that have achieved the compliance objectives during the period, and achieved a significant return of ERDF funds to Spain to enhance the processes for improving citizen services.

MINISTRY OF THE ECOLOGICAL TRANSITION AND DEMOGRAPHIC CHALLENGE / Secretary of State for Energy

IDAE

Technical assistance to manage the ERDF's 2014-2020 "Sustainable Growth" operating programme. Assistance with the organisation, procedures and information systems. Consulting and support in managing the different areas of activity, especially in its relations with the European Investment Bank (EIB), to manage financial aid instruments.

MINISTRY OF TRANSPORT, MOBILITY AND THE URBAN AGENDA

Railway Infrastructure Administrator (ADIF)

Consulting for the transversal transformation of ADIF's information systems, through a management and coordination support office, the goal being to:

- Centralise functional and financial information.
- Improve productivity and constantly deliver more value.
- Increase cost efficiency.
- Promote a cultural change to allow collaboration-based work, internally and with other departments and offices.
- Increase quality and safety in every area of activity by defining and promoting the adoption of best practices.

MINISTRY OF ECONOMIC AFFAIRS AND THE DIGITAL TRANSFORMATION

National Commission of Markets and Competition (CNMC)

Support with the operation of the Regulatory Cost Information Model (IRC Model) to oversee regulated activities involving electricity and natural gas transport.

Consultancy to design strategies, policies and plans, and to analyse technical-economic information, for the regulatory and supervisory bodies of regulated markets in the transport, postal, telecommunications and energy sectors.

Assessment of potential price regulation scenarios in the supervised sectors, based on compliance with regulatory objectives and their impact on the market, intended to facilitate decision-making.



Information and Communication Technologies (ICT) Sector

In the field of Information and Communication Technologies (ICT), Isdefe has a long history of providing engineering and consulting services to define public digital services and e-administration services, plan and manage the radio spectrum, manage the digital dividend and bridge the digital divide. Along these lines, our teams support the Secretary of State for Digital Advancement (SEAD) of the Ministry of Economy and Business, as well as other competent bodies, in matters involving the regulation and supervision of ICT services.

SIGNIFICANT PROJECTS

MINISTRY OF ECONOMIC AFFAIRS AND THE DIGITAL TRANSFORMATION

Secretary of State for Digital Advancement (SEAD)

Technical support with planning and managing the radio spectrum in order to develop radiocommunication services.

Support with the evolution of digital terrestrial television, from its implementation to supporting the execution of frequency migration processes (first and second digital dividends), for use by mobile electronic communications services in the deployment of 4G and 5G technologies, and with the monitoring and execution of the 5G National Plan.

Support creating, implementing and operating the Intermediary Body in the ICT sector for the 2014-2020 ERDF Smart Growth Operational Programme.

Support to the technical office to manage the National Technology Plan for Natural Language.

Technical assistance with planning and promoting technological innovation programmes and with institutional missions in the ICT field related to international organisations and the European Union. Economy and Business/Secretary of State for Digital Advancement (SEAD).



Spanish Radio and Television Corporation (CRTVE)

Assistance modernising network infrastructures to conform to the latest standards, so as to have a high-capacity, agile and robust network.

Strategic consulting to develop and integrate artificial intelligence technologies in the processes for generating and distributing audiovisual content.





Energy Sector

Isdefe provides technical support to the Administration's main plans and programmes in the field of energy efficiency and renewable energies. Isdefe's activities in this area involve the application and development of the Energy Security concept, as defined in the National Energy Security Strategy.

PROYECTOS DESTACADOS

MINISTRY FOR THE ECOLOGICAL TRANSITION AND THE DEMOGRAPHIC CHALLENGE / Secretary of State for Energy

Institute for Energy Diversification and Savings (IDAE)

Support the IDAE in the following areas:

- Modelling the national energy system through energy foresight tools in order to develop the National Integrated Energy and Climate Plan (PNIEC).
- Design, management and execution of administrative procedures related to the electricity sector, renewable energies and self-consumption.
- Assistance managing the register of the specific remuneration scheme for electricity production facilities from renewable sources, cogeneration and waste.
- Development and management of public aid programmes that affect energy consumption sectors.

MINISTRY OF ECONOMIC AFFAIRS AND THE DIGITAL TRANSFORMATION / Secretary of State for Energy and Business Support

Collaboration as a Technical Engineering Unit in the Foreign Debt Conversion Programs involving investments in different African countries, such as Senegal and Mauritania, to promote the involvement of Spanish companies in projects to export technology and capital goods.

Support with the complete development cycle of renewable energy projects, especially in rural electrification projects to provide electricity to remote and isolated areas.

Advice and technical support as Programme Office to Jordanian and Spanish officials in the construction of a solar plant in the Azraq region of Jordan.



R&D activities

At Isdefe, innovation pursues goals that are inherent to its nature as an in-house provider for Spain's central government: to generate knowledge, anticipate needs and improve engineering and consulting services in strategic areas for the Administration, especially in the field of Defence and Security.

Innovation Activities

- **Horizons Network:** undertakes technology monitoring and foresight activity through a University-Company collaboration model. Promotional and dissemination activities were carried out in 2019 at the Network's six observatories. More information at www.redhorizontes.com

Research and Development Activities

- 5th Edition of the programme to gather and manage R&D ideas.
- Isdefe partnership projects: Horizon 2020, SESAR 2020, Preparatory Action on Defence Research.



COMMITMENTS TO OUR STAKEHOLDERS

Commitment to our clients

In order for our projects and work to be recognised as benchmarks for quality, excellence and commitment by the entities and organisations we serve, we are determined to engage in the most demanding consulting, technical assistance and development activities in systems engineering in order to meet these expectations.

Our Quality Management System is certified in accordance with the ISO 9001:2015 standard, and by the Ministry of Defence Certification, as per the PECAL/AQAP 2110 standard.



Committed to our employees

As of 31 December 2019, Isdefe had a workforce of 1,650 employees, 91.6% of whom (1,511) work in Operating Units (production) and 8.4% (139) in Corporate Services (administration and management).

87% of the staff has an intermediate or advanced degree and of these, 82% are in engineering and technical fields

Isdefe's staff as of 31 December 2019





Hiring, selection and promotion policy

Employees are selected and promoted based on their skills and job performance, and on the **merit, equality, advertising, competition and capacity** criteria required for the vacancy.

Isdefe promotes the professional and personal development of all its employees, ensuring **equal opportunities and fostering a corporate culture based on merit.**

82,000+ hours of training given in 2019

Accident rate

There were no occupational diseases in either 2018 or 2019.

The total accident rate for every 100,000 hours worked was 1.79. One employee died in an accident while commuting to work.

Committed to our vendors

Isdefe subjects all its contracting processes to the principles of **freedom of access to tenders, advertising, transparency, non-discrimination and equal treatment of bidders**, and observes the principle of integrity in all its procedures.

Subcontracting and vendors

The general principles of public procurement are contained in the specifications for each of the tenders that are published in the Isdefe contractor profile, available on the **Public Sector Procurement Platform** (<https://contrataciondelestado.es>)

Isdefe has implemented an internal oversight and control system for the work performed by its vendors that assesses the quality of the services, supplies and works provided or performed during the year. This control is part of our quality indicators, with the satisfaction index in 2019 being 99.32%, surpassing the established target of 95%.





Committed to society

Isdefe has a social action programme whose objective is to contribute to sustainable development, in the environment in which it operates, through charity initiatives conducted in collaboration with foundations and NGOs whose goals are consistent with the company's strategy and values, and that focus on the field of Public Administrations, and especially on Defence and Security.



- Corporate volunteering with **Masnatur**

- Collaboration with the Association of **Solidary Civil Guards**

- Christmas charity campaign

- Collecting caps for charity

- Participation in the Naval

- Race Donation of computers

- Educating in values

OUR ENVIRONMENTAL PERFORMANCE

In our quest to constantly improve our environmental performance, we have adopted measures to better use raw materials and to improve energy efficiency by relying more on renewable energies.



ENVIRONMENTAL TARGETS

Install at least 4 electric vehicle charging points in the BdB3 garage as a way to promote the use of low-emission means of transport in the organisation.

Do away with purchases of single-use plastic utensils - such as spoons, glasses, water bottles, etc. - for coffee machines, break rooms, meeting rooms etc., and where appropriate, replace them with biodegradable or reusable materials (such as glass or porcelain); eliminate the consumption of bottled water by replacing it with tap water in jugs, thermos, etc., in order to reduce the amount of plastic packaging waste.

Ensure that purchases of office paper (100% of the supplies for photocopiers) are at least partially recycled or sourced from virgin fibre from sustainable forestry operations, and contain at least 30% wood fibres from certified sustainable forestry operators (FSC, PEFC or equivalent and/or recycled fibres). At a minimum, the paper must be elemental chlorine free (ECF).



RESULTS

A mathematical model was devised to calculate primary energy consumption (Energy Baseline).

The single-use plastic utensils purchased have been replaced with biodegradable or reusable materials, such as glass bottles, for all Isdefe staff.

The amount of recycled paper used was 77.8%, exceeding the initial target by 12.8%.

GOVERNANCE

Legal nature and corporate purpose

Ingeniería de Sistemas para la Defensa de España, S.A., S.M.E., M.P¹. (Isdefe, S.A., S.M.E., M.P.), is a state-owned company that is part of the state institutional public sector, pursuant to articles 2 and 84 of Law 40/2015 of 1 October, regulating the status of the public sector. It was chartered in Madrid on 17 October 1985 by an agreement of the Council of Ministers dated 18 September of the same year.

Isdefe is part of the Ministry of Defence. The National Institute of Aerospace Technology (INTA) owns all the shares that make up its capital stock.

In keeping with our legal and business status, **our corporate purpose is:**

Provision of engineering, consulting and technical assistance services, especially those involving Defence and Security.

Preparation, development and execution of projects and programmes related to works, supplies and services contracts related to the areas specified in the previous section.

Support, assistance and advice to the national industry at the request of the Ministry of Defence.

To provide advisory and assistance services in matters of Industrial Cooperation Agreements associated with material procurement programmes and defence contracts, as well as to support the negotiation, execution and monitoring of international defence programmes to which Spain is a party, and of defence projects abroad, including humanitarian aid and peacekeeping programmes.

Technical support specialising in cutting-edge fields of technology such as:

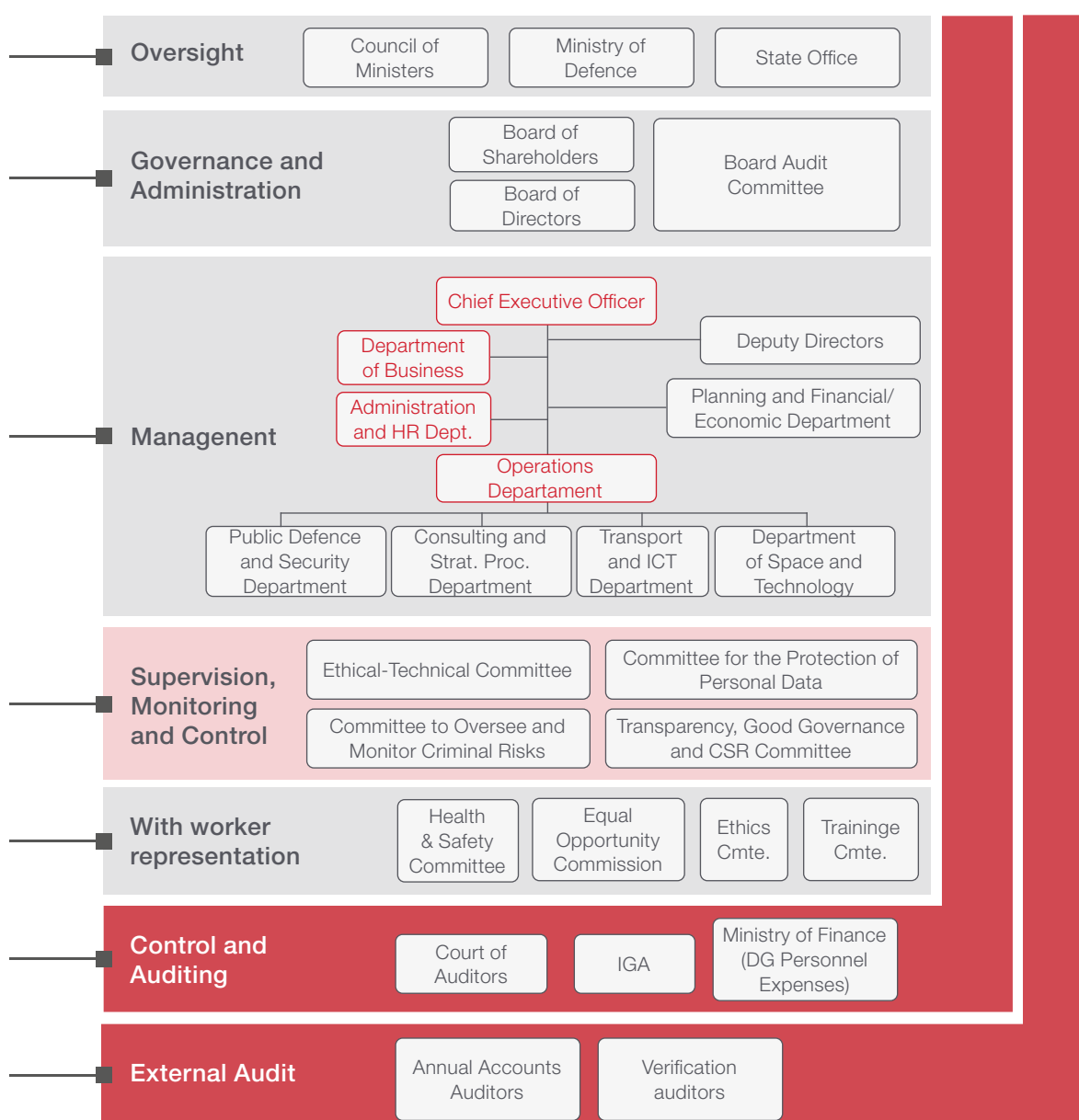
- Space vehicle data acquisition and monitoring stations
- Launch and landing sites.
- Facilities to calibrate, test and certify equipment for aerospace projects.
- Instalaciones de experimentación de nuevos proyectos aeroespaciales.
- Aerospace information and documentation centres, as well as others dedicated to analysing, processing and distributing information from satellites.
- Other activities related to aeronautical and space engineering.

1. S.A.: Stock Company; SME: State-Owned Company; MP: In-House Resource



Governance, administration, management, supervision and control structure

Isdefe, as a state-owned company, is part of the Ministry of Defence. It is overseen by the Secretary of State for Defence, who is also the President of Isdefe, the Board of Shareholders and the Board of Directors.





Risks, policies and areas of action

Our policies, objectives and areas of action are determined, on the one hand, by our nature as a state-owned company and, on the other, by the activity that we engage in. All of them represent commitments based on our values and guiding principles, which contribute to making our mission and vision a reality.

Commitment to effective risk management

At Isdefe, we base the achievement of our strategic objectives on properly managing any risks that are identified, complying with the legal requirements and establishing the necessary internal regulations to do so. Said regulations can be found in our Employee Portal, which details the proper performance of our activity. The legal requirements relate to possible deficiencies in the hiring process and in the execution of the contract.

Commitments to act responsibly

The Code of Ethics is an integral part of Isdefe's governance model and is based on the guiding principles of integrity, professionalism and respect, which provide the guidelines for the behaviour of its professionals.

Over the last few years, a culture of ethics has taken hold in Isdefe thanks to continuous training and to the dissemination of the values contained in the **Code**, the presence of an **Ethics Mailbox** and the existence of a **Technical-Ethical Oversight and Follow-Up Committee**.





Commitment to transparency

Isdefe contributes to the achievement of this maxim by complying with the requirements laid out in Law 19/2013 of 9 December, on the publication of institutional, organisational and planning information.

Commitment to the highest quality

We also have an **ISO-9001 certified Quality Management System** that guarantees the quality of our services, as well as an **ISO-14001 certified Environmental Management System**.

Commitment to sustainable development: 2030 Agenda

September 2019 marked the fourth anniversary of the UN's approval of the 2030 Agenda for Sustainable Development, and with it the 17 Sustainable Development Goals (SDGs) to transform the world.



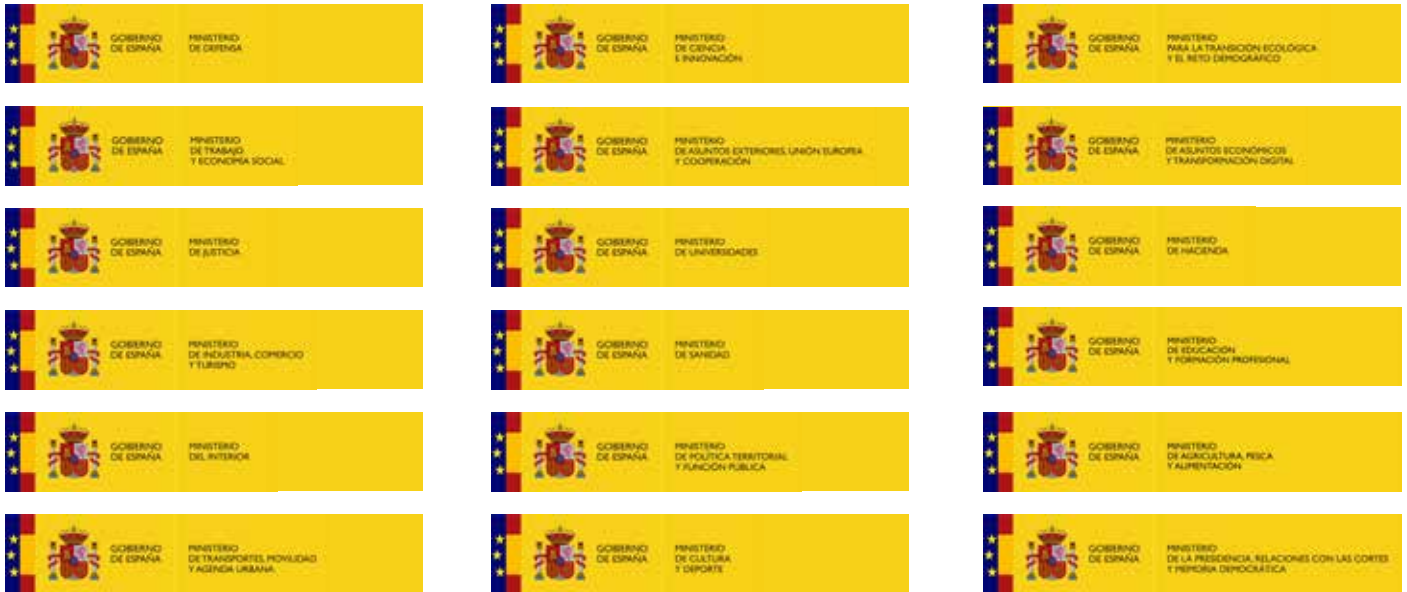
Isdefe's contribution to the SDGs





Entities and organisations that we serve

Public Administration



Other public institutions



Other international organisations



Multilateral organisations





Isdefe
your best ally

www.isdefe.es

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