



| ISTOBAL, S.A. and subsidiaries |

Consolidated management report
corresponding to the financial year ending
31 December 2018

www.istobal.com

Consolidated non-financial information statement

1. Introduction

Law 11/2018 of 28 December entered into force at the end of the 2018 financial year, modifying the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010 of 2 July, and Audit Law 22/2015 of 20 July regarding non-financial information and diversity (hereinafter, Law 11/2018) replacing Royal Decree Law 18/2017 of 24 November, by which Directive 2014/95/EU of the European Parliament and of the Council was transposed into the Spanish legal system, with regard to the dissemination of non-financial information and information on diversity.

In accordance with the provisions of Law 11/2018, certain companies, including Istobal S.A. and its subsidiaries, hereinafter Istobal or the Group, must prepare a non-financial information statement which must be incorporated in the consolidated management report or in a separate report corresponding to the same financial year that includes the same content and meets the required requirements, and that includes, among other considerations: the information necessary to understand the evolution, the results and the position of the Group, the impact of its activity with respect to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as regarding personnel, including measures that, if applicable, have been adopted to favour the principle of equality of treatment and opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

In this context, Istobal incorporates the consolidated non-financial information statement in the Group's consolidated management report, which accompanies the corresponding consolidated annual accounts for the 2018 financial year.

The GRI (Global Reporting Initiative) guide, an international reporting framework included in the new article 49.6.e) of the Commercial Code introduced by Law 11/2018, has been used as a reference for the calculation of the key indicators of non-financial results included in this consolidated non-financial information statement, among others.

2. Business model

Istobal's activity mainly consists of the manufacture, distribution and maintenance of car wash facilities both nationally and internationally, as well as the purchase and sale and operating lease of car wash machines in the national and international market.

Istobal maintains its essence as a family business, and today the third generation manages the Group.

We are the leading Spanish company in the design, manufacture and marketing of car wash solutions. We currently have a large network of distributors throughout the world, ten subsidiaries and two assembly plants in Europe, as well as two other subsidiaries that are also assembly plants in the US and Brazil.

Currently, 66% of its turnover, which reached 137 million euros in the last consolidated financial year, corresponds to international sales.

Our sound strategy of internationalisation has allowed us to position ourselves as one of the industry leaders at European level. The commitment to innovation and to offering efficient global solutions make us an international benchmark with presence in more than 75 countries around the world.



Istobal has a workforce of almost 900 professionals as well as an extensive network of distributors throughout the world that consolidates its external presence. The service orientation allows Istobal to provide comprehensive solutions that include design from an R&D department constantly generating ideas, prototypes and patents. This ranges from the manufacturing and engineering of processes with great operational flexibility and with the latest technological achievements to the marketing and technical assistance of the equipment, thanks to a consolidated network of trained sales representatives and specialists who are constantly updated.

The development of state-of-the-art chemical products that respect the environment, and financing and marketing solutions for our customers complete the comprehensive service network that Istobal offers. All this, always considering the need to adapt the offer to the actual market demand and improving the wash experience of consumers.

At Istobal, we surpass ourselves on a daily basis to provide excellent vehicle care, improving the user experience of our products, constantly aligning our organisational values:

- **Innovation:** we look for new ways to add value to people, generating original solutions for both product and service, as well as organisation and procedures.
- **Improvement:** we constantly improve our performance and results, both individually and collectively.
- **Excellence:** we pursue effectiveness and efficiency in everything we do, providing quality solutions in the most agile, simple and complete way.
- **Service orientation:** we adapt to the needs of our clients to achieve maximum satisfaction with a proactive attitude that improves their experience.
- **Commitment:** we act under the principles of ethics, honesty and mutual responsibility between company, employees, customers and society, in general, responding to their trust in Istobal, to build long-term relationships.



3. Organisation of the Group

Istobal is a corporate group led by Istobal, S.A. which is the holding company, where they consolidate the rest of the companies, and which is also responsible for offering centralised services that support the rest of the group's subsidiaries and companies under a policy of flexibility and adaptation to the characteristics of each market.

Istobal Manufacturing Spain, S.L.U. is the manufacturing company. It receives the orders of all the subsidiaries and distributors and supplies and receives the materials and products, produces the equipment and delivers the orders.

Istobal Servicios Integrados, S.L.U., is dedicated to the purchase and sale of wash machines for subsequent operational leasing to customers in Spain.

The Group also has the Istobal Metal Works, S.L.U., which performs process engineering and metal-based products manufacturing services.

Additionally, Istobal has 10 subsidiaries that carry out commercial work in their different geographical areas of operation: Istobal España, S.L.U., Istobal Portugal Unipessoal, Lda., Istobal UK Limited, Istobal Handelsoges m.b.H., Joywash Betriebsoges, mbH, Istobal D.O.O. Beograd, Istobal Danmark A/S, Istobal Sverige AB, Istobal Italia, SRL, Istobal USA Corporation and Istobal do Brasil Indústria e Comércio Ltda. These last two subsidiaries also have assembly and fitting plants.

Istobal offers its customers a wide personalised offering and adapts to the characteristics, needs and circumstances of each customer.



In order to offer this type of comprehensive service, we have needed to configure a business model with an operative structure that ensures the key capabilities necessary to guarantee the best customer service. Some of those keys are the closeness with the customer, the immediacy in our responses and the simplicity in operations.

Tradition makes us preserve the historical legacy of the Group and to fulfil not only the objectives that we set, but to do so with excellence, standing out with our quality and innovation and being co-responsible in the development of the society in general in which we carry out our activity.

The ISO 9001:2015 certification, linked to the design, development, manufacturing, commercialisation and after-sales service of car wash and water treatment equipment, and the commercialisation of its consumables, aims to contribute to Istobal's sustainable growth model in the field of excellence culture and procedures related to quality management, with the satisfaction of our customers being the main objective.

Additionally, our environmental management system, certified according to ISO 14001:2015, helps Istobal to identify, prioritise and manage environmental risks as part of its usual business practices.

At the close of the 2018 financial year, Istobal, S.A., Istobal España, S.L.U. and Istobal Manufacturing Spain, S.L. are both ISO 9001 and ISO 14001 certified. Additionally, Istobal Metal Works, S.L.U. is also ISO 9001 certified.



4. Material aspects and interest groups

Istobal consolidates its commitment to an open and continuous dialogue with its stakeholders in order to provide them with value through a pioneering open and participatory attitude in the sector. By promoting this dialogue in our business strategy, we produce improvements in the competitiveness and quality of our products and services.

The stakeholders are formed by the individuals or entities which can be significantly affected by Istobal's services, and whose actions may affect the Group's ability to successfully develop its strategy and achieve its objectives.

At Istobal we have differentiated our stakeholders into two groups: internal (employees and shareholders) and external (customers, suppliers, social actors and local communities).

In relation to external stakeholders, our practices are aimed at respecting human rights, at not acting in connivance with corruption or bribery, at allocating resources for the communities where we operate and at reducing the impact of our activity on the environment.

Within Istobal, our socially responsible behaviour is demonstrated by respect for workers' rights, free collective bargaining, equal opportunities for men and women, non-discrimination based on age, ethnic background, religion or disability, and preventive health-care practices of our employees.

In this model, ethical, responsible and sustainable management is a reference framework for our team. This, together with the corporate values cited above, will allow us to adapt our organisation to the changes that occur continuously in today's society.

The Board of Directors of Istobal, S.A. recognises and assumes the importance of having a Corporate Governance system that guides the structure and functioning of its corporate bodies, in the interest of the company and its shareholders. The Board is the highest governance body of the company in terms of corporate responsibility, and at the close of the 2018 financial year it was composed of four members, three of whom are men and one is a woman.

The Group's corporate facilities have been developed and designed with a focus on large spaces and the presence of natural light in all its areas, with special emphasis on the factory and offices. In the aforementioned context, we have been working on the implementation of advanced solutions to achieve greater energy efficiency, as well as a constant evolution in the prevention of occupational risks.

Istobal contributes to the economic, technological and social development of its environment. The creation of wealth, employment and knowledge are the main benefits generated.

5. Environmental aspects

The environmental impact of our products and services and of all the processes of our organisation is one of Istobal's main concerns.

That is why, in the running of our company, we demonstrate a special sensitivity to the environment, promoting a continuous improvement in our environmental practices and involving workers in the development of our environmental policy.

The choice of the best techniques available to optimise processes and therefore the preservation of natural resources through lower consumption of raw materials and energy plays a significant role in minimising the effects of our activity and guaranteeing sustainable development.

In the aforementioned context, we establish processes in order to minimise contamination and, in general, any environmental impact from our organisation in a coordinated manner.

Additionally, we collaborate with our customers and those who work with us in the protection of the environment, putting in place mechanisms to ensure that our organisation finds solutions to reduce the environmental impact of the activities linked to it as much as possible.

The starting point of our system has been the obtaining of the ISO 14001 certification in environmental management, as well as the realisation of audits on the part of external advisers with the aim of evaluating Istobal's environmental impacts.

Continuous improvement drives us to implement environmental initiatives that are more ambitious than those imposed by governments because the protection of the environment is a standard of our organisation.

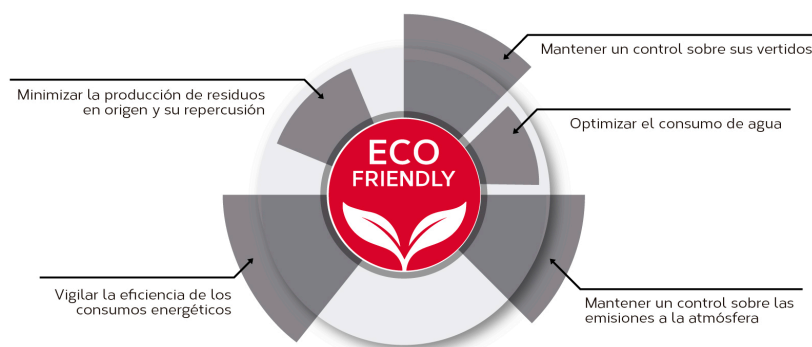
We disclose our environmental protection policy to as many people, organisations and companies that collaborate with us, to promote the extension and advancement of these awareness principles for correct environmental management, both internally and externally.

In the exercise of these responsibilities and in order to develop what is established in Istobal's ideology, the environmental policy was updated with the best practices on this matter during the 2018 financial year, establishing an appropriate risk assessment related to environmental aspects in all life cycle processes and stages of the products and services, as well as the preventive measures to reduce the impacts of the aforementioned risks.

The aforementioned environmental policy aims to show Istobal's commitment to the environment to all the stakeholders that are related to it and it applies to all the companies that make up the Group.

In the aforementioned context, the basic principles of the environmental action followed by Istobal are the following:

- **Offer** customers integral solutions for the treatment and reuse of the water used in their wash equipment
- **Review and decrease** the environmental impacts of their products during their life cycle
- **Promote and encourage** an internal culture of continuous improvement by training, involving and empowering staff at all levels of the organisation through information, consultation and participation of all members of the organisation in the planning and implementation of preventive activities, establishing specific objectives and reviewing them, as well as ensuring the availability of the necessary resources for the fulfilment of these objectives
- **Maintain** a system for reviewing processes in order to minimise their environmental impacts and to prevent pollution. In particular, it agrees to:
 - **Minimise** the production of waste at its source and its impact through its correct segregation and management, as well as study alternatives that reduce the danger of the waste generated
 - **Optimise** the consumption of water and maintain control over its discharges
 - **Monitor** the efficiency of energy consumption
 - **Maintain** a control over emissions to the atmosphere



- **Comply** with the applicable laws and regulations, as well as with other requirements that are concluded with stakeholders.
- **Evaluate** the environmental impact so that we can ensure the maintenance and continuous improvement of management systems

In the aforementioned context, the main environmental objectives of Istobal during the financial year 2018 have focused on the adequate management of waste and the reduction of electricity consumption (machinery, air conditioning and lighting), water and fuels.

At the operational level, actions are currently being carried out to reduce the packaging waste of consumable products sold, reduce consumption in printers, wood and plastic packaging, consumption of natural gas in the production process and fuel in the technical service vehicles.

Energy

Our main primary energy sources are natural gas and electricity. We do not produce primary energy. The direct and indirect energy consumptions broken down by primary sources during the 2018 fiscal year were the following:

- Natural gas: 7.375.5 Mw/h
- Electricity: 4.402.1 Mw/h

It should be noted that in 2018, 99% of electricity supplied at the Istobal plants in Spain came from renewable energy sources. The environmental impact of our energy consumption is 1,354 tons of CO2 equivalent, corresponding entirely to natural gas.

During the 2016 financial year the energy efficiency audits required by regulations were carried out by external entities. Their most relevant recommendations were the optimisation of the fuel performance and the contracted electrical power, the heat recovery of the compressors, the charging of forklift batteries at night, as well as the installation of rectifiers.

In the energy area as a relevant project during the 2018 financial year, the expansion of the polymerisation furnace of the powder coating cabin was started, with the aim of increasing the travel speed in it and reducing its hours of operation, with the consequent reduction of overall consumption.

During 2018 financial year, as in previous years, the periodic inspections established by regulations for atmospheric emission sources were carried out in Spanish plants. As planned, the emission levels were evaluated with respect to the limit values established in the corresponding administrative authorisations, and it was concluded that all the foci analysed comply with the applicable regulations.

Water

Our water consumption is divided between the consumption of well water and tap water, with our current capture being much lower than the authorised annual volume. Currently, we do not recycle or reuse water except for prototype testing.

During the 2018 financial year, 14,301 m3 of well water and 4,305 m3 of tap water were extracted.

Waste

Istobal treats its waste through managers authorised by management and has the registrations and permits corresponding to the quantities and types of waste generated by its activity.

The waste with greater production is scrap, inert, wood and depleted metal surface treatment baths.

The total amount of waste by type during the 2018 financial year, considering its polluting potential, was the following:

Dangerous

	Tons/year
Degreaser	86
Degreasing bath	36
Scaling bath	21
Paints and varnishes	14
Flux baths	10
Waste powder	8
Water with oil	6
Car wash water	5
Contaminated land	5
Contaminated cardboard	4
Water treatment sludge	4
Other	18
Total	217

Not dangerous

	Tons/year
Iron and steel	536
Mixed scrap	218
Inert waste	176
Wood	142
Cardboard and paper	62
Other	72
Total	1,206

Packaging

For the recycling of our packaging we contribute economically through the Ecoembes GIS (green dot). This contribution applies to all the plastics of the packaging of the chemical products sold in Spain subject to it, periodically presenting the preventive measures to reduce their environmental impact to the Administration. Additionally, there is a multidisciplinary team consisting of marketing, purchasing, quality and production that continuously works on the optimisation of packaging by reducing materials, as well as the replacement of materials by recycling or with greater ease of recycling and logistics optimisation.

Precautionary principle

As far as the precautionary principle is concerned, it is not appropriate for Istobal to address this principle, since the activities we carry out do not generate impacts that could lead to serious or irreversible damage to the environment.

Biodiversity

The sites owned by Istobal are not adjacent to or within protected natural spaces or areas of high biodiversity, so that significant impacts on biodiversity are not generated.

7. Social and personnel issues

Istobal employees are fully dedicated to and passionate about their work, and their retention in the organisation and their performance are key to this.

The main risks facing Istobal in the workplace are linked to brain drain, the lack of adequate training, employee dissatisfaction and potential regulatory breaches and it has designed and implemented measures at the corporate level to adequately mitigate them.

Istobal respects non-discrimination due to age, disability, gender, marital status, pregnancy, maternity, race, nationality, ethnic origin, religion or belief, with no incident occurring during 2018.

Currently, Istobal has had an equality plan since 2010 in which the protocol for prevention, detection and action against workplace harassment is established, with zero tolerance for this type of behaviour. The aforementioned protocol offers coverage for the following areas: access to employment, hiring, professional segregation, promotion, training, compensation, work-life balance, as well as prevention of harassment.



Employment

The total number and distribution of employees by country as of 31 December 2018 is as follows:

	Number of employees
Spain	679
United Kingdom	67
Austria	34
Denmark	32
USA	29
Brazil	16
Sweden	16
Portugal	8
Serbia	7
Italy	3
Total	891

The total number and distribution of employees as of 31 December 2018 by sex, age, and professional classification is as follows:

	Number of employees					
	Men	Women	Total	18-30	31-45	< 45
Senior management	4	1	5	-	3	2
Management	11	-	11	-	3	8
Leadership	34	13	47	1	27	19
Middle management	65	8	73	3	31	39
Administrative officers	125	48	173	12	91	70
Workshop officers	227	1	228	19	94	115
Clerks	66	47	113	54	47	12
Production specialists	231	10	241	34	151	56
Total	763	128	891	123	447	321

The total number and distribution of work contract modalities by type of contract, as of 31 December 2018, is as follows:

	Number of employees					
	Men	Women	Total	18-30	31-45	< 45
Permanent	735	122	857	96	443	318
Temporary	28	6	34	27	4	3
Total	763	128	891	123	447	321

The total number and distribution of work contract modalities by professional classification, as of 31 December 2018, is as follows:

	Number of employees		
	Permanent	Temporary	Total
Senior management	5	-	5
Management	11	-	11
Leadership	47	-	47
Middle management	72	1	73
Administrative officers	172	1	173
Workshop officers	225	3	228
Clerks	91	22	113
Production specialists	234	7	241
Total	857	34	891

The annual average of permanent and temporary contracts by sex, age and professional classification during the 2018 financial year is as follows:

	Annual average contracts (%)					
	Men	Women	Total	18-30	31-45	<45
Permanent	82.5%	13.7%	96.2%	10.8%	49.7%	35.7%
Temporary	3.1%	0.7%	3.8%	3.0%	0.5%	0.3%
Total	85.6%	14.4%	100%	13.8%	50.2%	36.0%

	Annual average contracts (%)		
	Permanent	Temporary	Total
Senior management	0.6%	-	0.6%
Management	1.2%	-	1.2%
Leadership	5.3%	-	5.3%
Middle management	8.1%	0.1%	8.2%
Administrative officers	19.3%	0.1%	19.4%
Workshop officers	25.3%	0.3%	25.6%
Clerks	10.1%	2.5%	12.6%
Production specialists	26.3%	0.8%	27.1%
Total	96.2%	3.8%	100%

The annual number of dismissals by sex, age and professional classification during the 2018 financial year is as follows:

	Number of dismissals					
	Men	Women	Total	18-30	31-45	<45
Dismissals	15	2	17	6	2	9

	Number of dismissals
Leadership	2
Middle management	1
Administrative officers	1
Workshop officers	7
Clerks	5
Production specialists	1
Total	17

The personnel turnover rate during the 2018 financial year by sex, age and professional classification was as follows:

	Percentage (%)					
	Men	Women	Total	18-30	31-45	<45
Group	8.0%	2.0%	10.0%	2.9%	3.9%	3.2%
Spain	5.4%	1.6%	7.0%	1.5%	3.8%	1.7%

	Percentage (%)	
	Group	Spain
Leadership	0.3%	0.4%
Middle management	0.4%	-
Administrative officers	1.7%	1.0%
Workshop officers	3.3%	1.2%
Clerks	2.1%	1.8%
Production specialists	2.2%	2.6%
Total	10.0%	7.0%

The remuneration model applicable in general to Istobal's workforce is materialised through two different elements:

- **A fixed remuneration**, based on the provisions of the relevant collective agreement, which takes into account the level of responsibility, the functions performed and the career path of each employee, the principles of internal equality and the value of their role is a relevant part of the total compensation. The granting and the amount of the fixed compensation is based on predetermined objective and non-discretionary criteria.
- **A variable remuneration** constituted by those payments or benefits additional to the fixed remuneration, which revolves on variable parameters. This retribution is generally linked to the achievement of previously established objectives.

Istobal's remuneration policy promotes equal treatment between men and women, which does not establish or encourage wage differentiation. The remuneration model rewards the level of responsibility and career path, ensuring internal equity and external competitiveness.

The average remuneration by gender, age and professional category is as follows:

	Euros					
	18-30		31-45		<45	
	Men	Women	Men	Women	Men	Women
Leadership	-	29,225	55,979	50,618	75,649	55,288
Middle management	32,074	-	39,339	43,392	55,635	47,290
Administrative officers	30,626	17,545	34,031	27,256	40,523	29,847
Workshop officers	24,969	-	27,990	18,088	31,459	-
Clerks	21,094	21,761	24,885	22,380	30,479	23,618
Production specialists	18,215	21,684	22,141	19,733	21,314	26,111

The salary gap of Istobal by homogeneous professional categories has been calculated considering the difference in average salaries between women and men, expressed as a percentage of the average remuneration of men.

Given the heterogeneous distribution of employees of each sex among the different professional categories, their seniority in the organisation, as well as the application of the aforementioned calculation formula, the salary gap for the whole of Istobal amounts to 9%.

At the close of the 2018 financial year, the board of directors of the Parent Company consisted of three men and one woman, having recorded an expense of 64 thousand euros in payments accrued by the members of the board of directors in the form of daily subsistence allowances, the aforementioned payment being equivalent to medium level, in an amount of 16 thousand euros, between the directors.

The remuneration of executives and senior management during 2018 amounted to 1,810 thousand euros in salary payments, of which a significant percentage corresponds to fixed remuneration, as well as 16 thousand euros in the form of remuneration in kind and 2 thousand euros in the form of daily subsistence allowances corresponding to the senior management. The average remuneration of managers and senior management amounts to 126 thousand euros.

The remuneration of equal or average jobs of Istobal in Spain amounts to 14,351 euros of initial salary, the ratio between the aforementioned salary and the local minimum being 1.4.

Work organisation

The annual average of full-time and part-time employees by sex, age and professional classification during the 2018 financial year is as follows:

	Annual average employees (%)					
	Men	Women	Total	18-30	31-45	<45
Full-time	85.3%	13.6%	98.9%	13.7%	49.5%	35.7%
Partial	0.3%	0.8%	1.1%	0.1%	0.7%	0.3%
Total	85.6%	14.4%	100%	13.8%	50.2%	36.0%

	Annual average employees (%)		
	Full-time	Part-time	Total
Senior management	0.6%	-	0.6%
Management	1.2%	-	1.2%
Leadership	5.2%	0.1%	5.3%
Middle management	8.0%	0.2%	8.2%
Administrative officers	19.0%	0.4%	19.4%
Workshop officers	25.6%	-	25.6%
Clerks	12.5%	0.1%	12.6%
Production specialists	26.8%	0.3%	27.1%
Total	98.9%	1.1%	100%

The working hours and days of Istobal are determined by the Collective Agreement applicable to each situation. The office staff work a split shift from Monday to Thursday and continue on Friday by flexibilising both start and finish by one hour. The technical support staff (TSS) work a split day from Monday to Friday and the factory staff work a continuous shift. Most of the staff only do the morning shift and work in the night shift is almost non-existent.

Regarding the organisation of working time, and with the aim of being more productive and efficient, initiatives have been implemented such as making better use of meetings, reducing the number of meetings, adjusting the duration and the number of people invited and using more synthetic, clear and simple documentation.

Any decision to substantially modify working conditions is notified to the affected worker and his/her legal representatives at least fifteen days before the effective date.

The total number of hours of absenteeism during the financial year 2018 amounted to 33,647.

During the 2018 financial year, all the employees of the Group who have been able to enjoy parental leave, 25 men and 8 women, have returned back their jobs once it has been completed.

The frequency index of work accidents in Spain, categorised as minor, was 9.3 during the 2018 financial year, with twelve accidents involving men.

No occupational disease was declared in Istobal during the 2018 financial year.

Occupational health and safety

Istobal Management, aware that any activity may have an impact on the health and safety of workers or third parties, has updated its occupational health and safety policy in 2018 in accordance with the following principles:

- **Promote and encourage** an internal culture of continuous improvement by training, involving and empowering staff at all levels of the organisation through information, consultation and participation of all members of the organisation in the planning and implementation of preventive activities, establishing specific objectives and their review, as well as ensuring the availability of the necessary resources for the fulfilment of these objectives
- **Plan and carry out** the appropriate preventive activities to avoid accidents at work and occupational diseases



- **Comply** with the applicable laws and regulations, as well as with other requirements that Istobal concludes with stakeholders.

- **Evaluate** the evolution of occupational health and safety so that we can ensure the maintenance and continuous improvement of their management systems
- Istobal workers have the right to **active participation** in matters related to the prevention of risks at work, for which the representative channels legally established in the regulation on prevention of occupational risks will be available.

Istobal's health and safety committee, composed of 10 people in 2018, has met quarterly with the unions to discuss aspects related to occupational risk prevention policies, among others.

Social relationships.

In accordance with current regulations, the working conditions and the rights of Istobal employees, such as the freedom of association and union representation, are set out in standards, and in signed arrangements and agreements, where appropriate, with the corresponding representations of the workers. Dialogue and negotiation are part of the way to address any difference or conflict in Istobal, for which there are specific consultation procedures with union representatives.

The collective agreement for the industry, technology and services of the metal industry for the province of Valencia is the reference agreement for all the group companies in Spain, with the exception of the car wash operators that the company Istobal Integrated Services has in Alzira to which the collective agreement of garages, car parks, wash and greasing services and auto stations of the province of Valencia applies. At present, considering the countries at the international level that have collective agreements in force, more than 83% of the Group's employees in Spain, Denmark and Austria are covered by them.

Whenever the corresponding elections are called, the representatives of the workers are elected every four years by personal, free, direct and secret suffrage, and are informed of the relevant changes that may occur in the work organisation in the Group, in the terms provided in the legislation in force.

Training

The training of employees in Istobal is a key element in our human resources strategy, since the expertise and performance of our professionals give us a differential value as an organisation. Therefore, we have actions and programmes adapted to each job and their different levels of experience, to which we must add numerous timely and flexible actions aimed at informing about and providing updates about the new developments that are introduced.

Most of the classroom-based courses are aimed at continuous specialisation training and improvement of personnel, with the aim of knowing the commercial and product developments, learning the new administrative and management processes implemented and, in general, improving the skills for the carrying out different tasks and responsibilities.

We offer subsidised courses and other non-subsidised courses which are linked to the guidelines established by the human resources department. All the courses taught reflect the training needs identified in the workforce and amounted to 39,263 hours during the 2018 financial year, of which 33 were carried out by senior management, 216 by managers, 5,188 by leadership, 3,024 by middle managers, 13,480 by administrative officers, 1,682 by workshop officers, 12,941 by clerks and the other 2,699 were taught by production specialists. Every year, a training plan is prepared from Human Resources that is adapted to the concerns expressed by the different departments of the workforce, as well as Management guidelines. It is intended that the scope of the courses reach all employees. Special emphasis is placed by the organisation on courses aimed at the integration of our employees with the organisation, languages, updating of products, information systems and those that have to do with the prevention of risks and actions against emergencies.



Accessibility

As of 31 December 2018, Istobal had 11 people with different abilities. In the aforementioned context, Istobal supports the integration and incorporation of people with disabilities into the professional world. The distribution by gender and category of the average number of people employed by Istobal as of 31 December 2018, with a disability greater than or equal to 33%, is as follows:

	Men	Women
Administrative officers	1	-
Clerks	-	1
Production specialists	9	-
Total	10	1

Istobal also integrates its social commitment into its business activity. Therefore, it has collaborated with Ilunion, a company of the ONCE Group and its Foundation since 2014, in its commitment to equal opportunities and the employment of people with disabilities. Different areas and stages of the manufacturing process are subcontracted to Ilunion, contributing to the labour and social integration of 61 workers from this company.

In addition, progress is being made in the accessibility of corporate and production facilities, through elevators and double winches, respectively.

Equality

Istobal declares its commitment to the establishment and development of policies that integrate equal treatment and opportunities between women and men, without directly or indirectly discriminating on the grounds of sex, as well as in the drive and promotion of measures to maintain real equality within our organisation, establishing equal opportunities between women and men as a strategic principle, in accordance with the definition of this principle established by Organic Law 3/2007, of 22 March, for effective equality between women and men.

In each and every one of the areas in which Istobal activity is carried out, from selection to promotion, to wage policy, training, working and employment conditions, occupational health, organisation of working time and work-life balance, we assume the principle of equal opportunities between men and women, paying special attention to indirect discrimination.

Regarding both internal and external communication, all the decisions adopted in this regard will be reported and a company image will be projected in accordance with this principle of equal opportunities between women and men.

The principles set out will be implemented through the promotion of equality measures established for those companies of the Group that have a legal obligation or through the future implementation of a plan that involves improvements with respect to the present situation, putting in place the corresponding monitoring systems, in order to advance in achieving real equality between women and men and, by extension, in society as a whole.

To carry out this objective, there will be legal representation of workers, not only in the collective bargaining process, as established by Organic Law 3/2007 for effective equality between women and men, but in any development and evaluation process of the aforementioned equality measures or equality plan.

The current equality plan in Istobal provides for quarterly meetings or at the request of any of the parties in order to adequately monitor its compliance and development.

8. Human rights

For the total compliance with the human resources regulations, we consider that there is no need for any external certification since the most relevant commitments associated with it have been assumed by Istobal in accordance with the regulatory development in the aforementioned area:

I. Istobal does not use or support the use of child labour.

II. Istobal does not use or promote the use of forced labour of employees.

III. Istobal establishes a safe and healthy work environment and takes the appropriate measures to prevent accidents and injuries. All the risks that could not be avoided are evaluated. Actions are planned to eliminate or reduce the identified risks. The facilities are correct with respect to the prevention of occupational risks.

IV. Istobal respects the right of its employees to form unions, and they can choose a union of their choice. Istobal guarantees that the staff representatives are not discriminated against and can have access to the rest of the workers in the workplace.

V. Istobal does not carry out or promote any type of discrimination based on race, origin, nationality, religion, disability, sex, sexual orientation, trade union participation, political orientation, ideology, employment category or age. Istobal does not permit any behaviours, gestures and language that threaten the dignity or integrity of individuals.

VI. Istobal does not use, nor does it support corporal punishment, mental or physical coercion, or verbal abuse.

VII. Istobal workers have at least one day off during each seven-day working period. Overtime is paid according to agreement and is always voluntary for workers, unless it is agreed in an agreement or similar instrument.

VIII. The salary paid meets the legal minimum wage requirements for jobs. Istobal complies with all labour and social security obligations established in Spanish legislation.

IX. Istobal controls compliance with social and labour regulations and prevention of occupational risks by suppliers and subcontractors.

In line with this commitment, we have also approved our Code of Ethics, a tool that we have provided ourselves with in order to maintain the principles that have guided Istobal since its inception and that develop its values. No risks were identified in the field of human rights in 2018 nor has any complaint been received in relation to it.

9. Fight against corruption and bribery

Istobal's criminal prevention model is one of the bases on which the organisation strengthens the institutional commitment to develop all its activities and businesses in strict compliance with the current legislation at all times and in accordance with strict standards of ethical behaviour. To achieve this, the basic code of the organisation's compliance system is the ethical code, the internal control model and the compliance function that is instrumentalised in the control body of the criminal prevention model (Compliance Committee) that is responsible for supervision of the functioning and compliance of the aforementioned prevention model.

The code of ethics establishes the guidelines for behaviour that, in accordance with the Istobal principles, adjust the behaviour to the internal organisational values. To this end, it establishes for all its members the duty of respect for applicable laws and regulations, in a comprehensive and transparent manner, with the prudence and professionalism that corresponds to the social impact of the activity and the trust that shareholders and customers have placed in Istobal.

In addition, to the application to all personnel (employees, associates, partners and managers) of the companies that form Istobal, the aforementioned code of ethics will be disseminated to suppliers, auditors, advisers, customers, associated companies and institutions with which Istobal collaborates.

Istobal's internal control model which is built, according to best practices, on the existence of three different levels of control, which is commonly known as a three-line defence model, is aimed at identifying, preventing and correcting risk situations inherent to carrying out its activity in the areas and places in which it deploys its business.

The compliance function of the criminal prevention model is managed by the Compliance Committee of the model, and is integrated into the second line of defence, which is entrusted by the Board of Directors with the function of encouraging and supervising, with independence and objectivity, that Istobal act with integrity, particularly in areas such as the prevention of money laundering, conduct with customers, the prevention of corruption and other aspects that may represent reputational risk for Istobal.

The function of criminal prevention has the following objectives:

- **promote** a culture of compliance within Istobal, as well as the knowledge of the rules and regulations applicable to the above matters of its members, through advisory actions, dissemination, training and awareness.
- **define and promote** the implementation and total ascription of the organisation to the risk management frameworks and measures related to compliance issues.

In order to reinforce these aspects and, in particular, the independence of the control areas, the Board of Directors agreed the approval of the criminal prevention model and Istobal's compliance policy during the 2018 financial year, as well as the creation of the supervision and control body and/or Compliance Committee of the criminal prevention model, which will be directly dependent on the Board of Directors.

Among the main operational functions of Istobal's Compliance Committee are the following:

- **the review and periodic analysis** of the applicable rules and regulations.
- **the issuance, promotion or updating** of policies and procedures on the matter.
- **advice** to the organisation on the interpretation of the code of ethics or compliance policies.
- **the continuous supervision** of activities with compliance risk.
- **the management** of the ethics complaints channel.
- **participation in committees** that deal with issues related to compliance issues.
- **participation in the independent review** processes on the matter.
- **the periodic report** to management (delegated Board Members) and to the corporate bodies (Board of Directors).

A fundamental mechanism for the management of the risk of Istobal conduct is its ethics complaints channel. As indicated in the criminal prevention model, the members of Istobal have the obligation not to tolerate behaviours that are separated from the aforementioned Code or any conduct in the performance of their professional functions that may harm the reputation or good name of the organisation.

The ethics complaints channel is a means to help employees or third parties to report breaches observed or communicated by their partners, customers, suppliers or colleagues. The complaints received are processed diligently and promptly. Their verification is promoted and the measures for its resolution are encouraged. The information is analysed in an objective, impartial and confidential manner.

Istobal's criminal prevention model is periodically subject to review processes and is configured as a dynamic and continuously evolving process, so that the experience in its application, the modifications in the activity and structure of Istobal and, in particular, in its control model, as well as the legal, economic, social and technological developments that occur, will allow its adaptation and improvement.

Among the possible crimes included in the criminal prevention model are those related to corruption and bribery, while there are a series of risks could emerge in an entity with Istobal's characteristics. Among such risks are, among others, those related to activities such as the offering, delivery and acceptance of gifts or personal benefits, promotional events, facilitation payments, donations and sponsorships, expenses, hiring of personnel, relationships with suppliers, agents, intermediaries and business partners, the processes of mergers, acquisitions and joint ventures or the accounting and registration of operations.

Despite not being an organisation subject to the aforementioned regulations, the crime of money laundering has also been evaluated in the context of the criminal prevention model, with no relevant aspect being identified in relation to it.

To regulate the identification and management of these risks, Istobal has an internal regulatory body comprised of principles, policies and other internal developments, among which its code of ethics stands out in which aspects linked to conflicts of interest, fraudulent practices and deceptive promises, business and competition relationships, gifts, commission payments, donations or other benefits and other aspects are included.

During the 2018 financial year, there was no sanction linked to Istobal's crime prevention model.

10. Contribution to Society

Sponsorships and collaborations

Istobal has developed a policy of sponsorships and collaborations aimed at supporting and promoting those projects and initiatives aligned with the corporate values of the organisation: innovation, commitment, improvement, excellence and service orientation. The aforementioned policy maintains the following basic premises:

- **Linked** to the development and local promotion of L'Alcúdia, the town where the company's headquarters are located since it was founded
- **Committed** to the promotion of young talent, technological innovation, entrepreneurial spirit and improvement through education, research and sport
- **Collaboration** in business growth programmes and international projection to contribute to the promotion of leading Spanish companies abroad

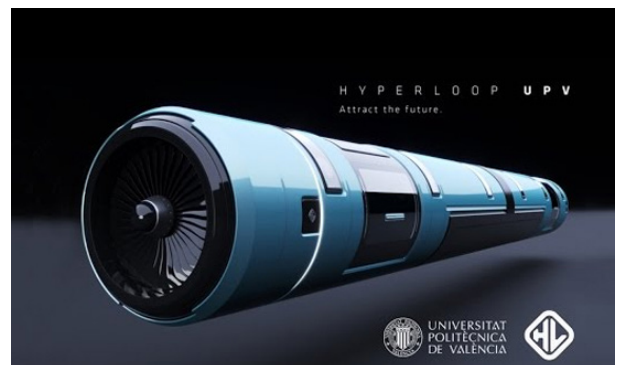


Istobal is part of different university and sports initiatives, and participates in well recognised institutional programmes.

In collaboration with the Universidad Politécnica de Valencia (UPV), the Istobal Chair has been created to promote training, dissemination and research in the field of engineering. In addition, Istobal has supported the Hyperloop UPV team since 2016 which was formed by UPV students participating in the international competition for the construction of the train of the future promoted by Elon Musk.

The international football tournament COTIF Promesas is another of the collaborations that Istobal has launched to commit to young talent. The COTIF is a championship that has been held for over 30 years in L'Alcúdia and has become a national and international benchmark for promising young football players.

At the local level, Istobal also supports the official football and basketball teams of L'Alcúdia as part of its social commitment to the town and its collaboration with the values of self-improvement and teamwork that the sport transmits. The company also collaborates in various festivities in the municipality of L'Alcúdia such as local festivals, Holy Week and Tamborada to contribute to preserving the tradition and culture in the town.



Additionally, we also participate in the Cre100do business transformation programme of the Bankinter Innovation Foundation, the ICEX and the Círculo de Empresarios, which contributes to the promotion of innovation, competitiveness and the internationalisation of Spanish companies.

Finally, Istobal also contributes to professional and university education through its participation in educational programmes of various entities, such as: Valencia Chamber of Commerce, Colegio Oficial de Ingenieros Industriales de la Comunidad Valenciana, Escuela de Empresarios EDEM, Universidad Internacional de Valencia and Universidad Politécnica de Valencia.

Associations

Istobal is a member and collaborates with the forum of renowned Spanish brands, a public-private alliance composed of public administrations and more than a hundred leading brands in their respective sectors and with an outstanding presence and international projection. This collaboration helps to boost the company's internationalisation, enhancing its brand and the image of its products and services abroad.

Istobal is associated with and collaborates with a large number of technological institutes, associations and entities linked to its business activity, among which are: EUnited Vehicle Cleaning (European Association of Vehicle Cleaning Equipment Manufacturers), APD (Asociación para el Progreso de la Dirección), CEPYME50 (initiative of the Spanish organisation of small and medium-sized enterprises that selects and promotes leading companies in Spain), FEMEVAL (Federación Empresarial Metalúrgica Valenciana), IVEFA (Instituto Valenciano para el Estudio de la Empresa Familiar), AVIA (Asociación Valenciana de la Industria de la Automoción), ADL (Asociación para el Desarrollo de la Logística), AMETIC (Association for the promotion of the use of digital technologies), Instituto ai2 (Instituto Universitario de Automática e Informática Industrial de la Universidad Politécnica de Valencia (UPV)), AIDIMME (Instituto Tecnológico Metalmecánico, Mueble, Madera, Embalaje y Afines), ITE (Instituto Tecnológico de la Energía), IDF (Instituto de Diseño y Fabricación de la UPV), ITI (Instituto Tecnológico de Informática de la UPV) and ATFRIE (Asociación Española de Empresarios de Transporte Bajo Temperatura Dirigida).

Awards and acknowledgements

In recent years Istobal has won several awards for innovation and other awards for its internationalisation, contribution to the industrial sector and respect for the environment, including the following: Repsol Safety Award (2018), Economy 3 award in the modality of business leadership for its contribution to the economic and social growth of the Valencian Community (2018), the award at the Gallery of Innovation of Motortec Automechanika for its innovative Virtual Assistant for wash programme selection (2017), the Nordic Swan Ecolabe for sustainability and effectiveness of its ISTOBAL essens® (2016) chemical products and FEMEVAL External Projection Prize for its internationalisation (2016).



Customer service

Istobal has an operating procedure that establishes a systematic approach for the receipt, support, approach towards and solution of claims and complaints that customers may present, both for a product and a service provided.

As soon as the claim is received and evaluated, if it is considered applicable, it is entered in the incident mailbox of each company. The department involved analyses the information received, verifies that the classification is correct and makes the necessary consultations to the necessary departments or functions until sufficient data is available to determine the causes and the appropriate solution to the incident.

With the closure of the incident, the application issues a notice to the issuing department, which, if deemed appropriate or necessary, will transfer the resolution of the complaint or claim to the corresponding interested party. Even in the case of not being registered, any claim received in writing (email, mail, etc.) from a customer, will be answered in the same way and the department receiving or responsible for the incident will keep record of the response.

The complaints or claims are considered as non-conformities detected by the customer. Corrective actions may arise after its study by the departments involved, and depending on their importance or reiteration. Periodically, within the process, the study of the incidents received, accepted and rejected by typology will be carried out in order to determine trends and possible improvement actions.

The volume of claims received from customers and admitted to processing by Istobal during the 2018 financial year was not significant in relation to total volume of operations. In the aforementioned context, the satisfaction ratings received by customers in relation to the claims service during the 2018 financial year were reasonably satisfactory.

Istobal has no registered fines or penalties for breach of regulations related to health and safety aspects of consumers that could be significant.



Suppliers

Each of the elements that come into play in our company is sought to achieve excellence in our final product, which is, after all, our introduction letter to customers. We look for these components in the best suppliers, those which, in turn, give us the best of themselves to contribute to our sustainable and responsible growth.

Without the relationship of trust and loyalty that we forged with the daily effort and work of our suppliers, we could not achieve the quality standards that we are so proud of. During the 2018 financial year, 33% of supplies to Spanish manufacturing subsidiaries were made by local suppliers, 55% suppliers from the Valencian community and 91% from domestic suppliers, considering the suppliers of premises and the Valencian community in the last two %, respectively.

Within our model, the approval of new suppliers and the continuous review of their quality is part of their control and audit processes.

In the aforementioned context, Istobal requires the same standards that characterise us as an organisation from our suppliers.

Tax information

Istobal's consolidated profit for the 2018 financial year, after taxes, amounts to 10.4 million euros and the corporation tax paid amounted to 3.07 million euros.

The consolidated results and corporation tax paid by countries as of 31 December 2018 was as follows:

	Thousands of euros	
	Pre-tax profit	Corporation tax
Spain	10,148	2,848
United Kingdom	44	10
Austria	(31)	2
USA	432	114
Portugal	7	-
Serbia	1	-
Brazil	65	37
Italy	(87)	-
Denmark	82	43
Sweden	(252)	16
France	37	-
Total	10,446	3,070

In the 2018 financial year, Istobal did not receive public subsidies intended to promote the development of its activity and that are significant.

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Contents of Spanish Law 11/2018 INF		Standard applied		Page(s) of report
Business model	Description of the group's business model	Brief description of the group's business model, including its business environment, its organization and structure, the markets in which the group operates, its objectives and strategies, and the main factors and trends that may have a bearing on its development in the future.	GRI 102-2 Activities, brands, products and services GRI 102-4 Location of operations GRI 102-6 Markets served GRI 102-15 Key impacts, risks, and opportunities GRI 102-7 Scale of the organization	p. 2 to 4
	Information on environmental matters	Policies implemented by the group, including the due diligence procedures adopted in order to identify, assess, prevent and mitigate significant risks and impacts, as well as verification and control procedures, and the measures that have been taken in the group.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	p. 5 to 8
General	Main risks	The main risks relating to the issues connected to the activities of the group, including (where relevant and proportionate) its business relationships, products or services that may have a negative impact in these areas, and information on how the group manages these risks, explaining the procedures used to detect and assess them in accordance with national, European or international frameworks of reference for each matter. The statement must include information about any kinds of impact that have been detected, offering a breakdown of the main risks in particular for the short, medium and long term.	GRI 102-15 Key impacts, risks, and opportunities GRI 102-11 Precautionary Principle or approach	p. 5 to 8 p. 8
			GRI 102-15 Key impacts, risks, and opportunities GRI 102-29 Identifying and managing economic, environmental, and social impacts GRI 102-31 Review of economic, environmental, and social topics	p. 5 to 8
	General	Current and foreseeable effects of the company's operations on the environment, as well as on health and safety (where applicable).	GRI 102-11 Precautionary Principle or approach GRI 102-29 Identifying and managing economic, environmental, and social impacts GRI 102-30 Effectiveness of risk management processes	p. 5 to 8

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	Resources dedicated to the prevention of environmental risks		GRI 102-29 Identifying and managing economic, environmental, and social impacts	See note 18 of the consolidated report attached.
		Application of the Precautionary Principle	GRI 102-11 Precautionary Principle or approach	p. 8
		Provisions and guarantees for environmental risks	GRI 307-1 Non-compliance with environmental laws and regulations (CCAA)	Istobal has no provisions or guarantees with regard to environmental risks
	Pollution	Measures to prevent, reduce or rectify carbon emissions that seriously harm the environment, taking into consideration any form of air pollution specific to an activity, including noise and light pollution.	GRI 103-2 Management approach (linked to GRI 302 and 305)	p. 5 to 8
			GRI 302-4 Reduction of energy consumption GRI 302-5 Reductions in energy requirements of products and services GRI 305-5 Reduction of GHG emissions	
	Circular economy; waste prevention and management	Waste prevention, recycling and reuse measures; other ways of recovering and eliminating waste.	GRI 103-2 Management approach (linked to GRI 306)	p. 7
	Sustainable use of resources	Use and supply of water in accordance with local restrictions	GRI 303-1 Water withdrawal by source GRI 303-2 Water sources significantly affected by the extraction of water GRI 303-3 Recycled and reused water	p. 7
			GRI 103-2 Management approach (linked to GRI 300)	p. 6 and 7
			GRI 301-3 Reclaimed products and their packaging materials	
		Energy: direct and indirect consumption; measures adopted in order to improve energy efficiency; use of renewable energies	GRI 102-2 Management approach (linked to GRI 302 Energy) GRI 302-1 Energy consumption within the organization (energy from renewable and non-renewable sources)	p. 6 and 7

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Information on social matters and issues relating to personnel	Climate Change		GRI 302-2 Energy consumption outside of the organization GRI 302-3 Energy intensity GRI 302-4 Reduction of energy consumption GRI 302-5 Reductions in energy requirements of products and services	p. 6 and 7
		Greenhouse Gas Emissions	GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-4 GHG emissions intensity	p. 7
		Measures adopted in order to adapt to the consequences of climate change	GRI 102-15 Key impacts, risks, and opportunities GRI 103-2 Management approach (linked to GRI 300) GRI 305-5 Reduction of GHG emissions	p. 5 to 8
		Targets voluntarily established in the medium and long term to reduce GHG emissions; measures implemented for this purpose.	GRI 103-2 Management approach (linked to GRI 302 Reduction of GHG emissions)	Although Istobal has not set any quantitative objectives for lowering its emissions (since its emissions are relatively insignificant), the company's environmental efforts focus on achieving considerable improvements year on year in the action areas referred to in this non-financial statement.
		Measures taken to preserve or restore biodiversity; impact of activities or operations in protected areas	Not covered by GRI	p. 8
	Policies	Policies implemented by the group, including the due diligence procedures adopted in order to identify, assess, prevent and mitigate significant risks and impacts, as well verification and control procedures, and the measures that have been taken in the group.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach GRI 102-35 Remuneration policies	p. 8 to 12

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Main risks	The main risks relating to the issues connected to the activities of the group, including (where relevant and proportionate) its business relationships, products or services that may have a negative impact in these areas, and information on how the group manages these risks, explaining the procedures used to detect and assess them in accordance with national, European or international frameworks of reference for each matter. The statement must include information about any kinds of impact that have been detected, offering a breakdown of the main risks in particular for the short, medium and long term.	GRI 102-15 Key impacts, risks, and opportunities	p. 8
	Total number and distribution of employees by sex, age, and professional category	GRI 102-7 Scale of the organization GRI 102-8 Information on employees and other workers GRI 405-1. b) Employees per employee category in each of the following diversity categories: gender and age group	p. 9 and 10
Employment	Total number and distribution of work contract by type	GRI 102-8 Information on employees and other workers	p. 9 and 10
	Yearly average of permanent, temporary and part-time contracts by gender, age and professional category	Not covered by GRI: it provides for the total number of contractual employees (permanent/temporary and full-time/part-time) by gender and region, but not for the average based on age and professional category (recalculation of 102-8).	p. 9, 10 and 12
	Number of dismissals by sex, age and professional category	GRI 401-1.b) Total number and rate of employee turnover during the reporting period, by age group, gender and region (in relation to dismissals only) Not covered by GRI: number of dismissals by professional category	p. 11
	Average remuneration and its evolution by gender, age and professional category or equivalent	Information should be provided about the average remuneration by gender, age and professional category and developments in remuneration compared with the previous year. This calculation should take into account the total wage payments in cash and remuneration in kind; it should therefore include the benefits referred to in GRI 401-2.	p. 11 and 12

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	Gender pay gap	*OECD: The gender wage gap is defined as the difference between median earnings of men and women relative to median earnings of men.	p. 12
	Remuneration for the same position or the average remuneration of the company	GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage (this indicator is used since various factors can affect the definition of the remuneration of each individual over the course of their professional career).	p. 12
	The average remuneration of directors and managers, including variable remuneration, expenses, compensation, payments to long-term savings plans and any other payments broken down by gender	GRI 102-35 Remuneration policies GRI 102-36 Process for determining remuneration (for the management approach) GRI 201-3 Defined benefit plan obligations and other retirement plans Not covered by GRI: information broken down by gender.	p. 11 and 12 Without separating information on board members and managers and gender.
	Implementation of policies related to work-life balance	Not covered by GRI	Although Istobal does not have a policy related to work-life balance, the group has a steadfast commitment to respecting the working hours of its employees and ensuring the compatibility of work with family life.
	Employees with disabilities	GRI 405-1. b) Percentage of employees per employee category in each of the following diversity categories (iii. vulnerable groups).	p. 15
	Organization of working hours	GRI 102-8. c) Total number of employees by employment type (full-time and part-time), by gender. Not covered by GRI: type of breaks and rest periods during working hours	p. 12
	Work organization		

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	Number of hours lost to absenteeism	GRI 403-2 Types of injury, injury rate, occupational disease rate, lost day rate, absentee rate, and number of work-related fatalities (section a)	p. 13
		GRI 401-3 Parental leave Not covered by GRI:	p. 13
		GRI 103-2 Management approach (linked to GRI 403 Health and safety)	p. 13 and 14
		GRI 403-2 Types of injury, injury rate, occupational disease rate, lost day rate, absentee rate, and number of work-related fatalities (section a)	p. 13
	Health and safety	GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation	Given the nature of Istobal's operations, no high-risk occupations have been identified at the company
		GRI 403-2 Types of injury, injury rate, occupational disease rate, lost day rate, absentee rate, and number of work-related fatalities (section a)	p. 13
		GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation	Given the nature of Istobal's operations, no high-risk occupations have been identified at the company
		GRI 102-43 Approach to stakeholder engagement (with reference to trade unions and collective bargaining)	p. 14
	Social relationships	GRI 403-1 Workers representation in formal joint management-worker health and safety committees	
		102-41 Collective bargaining agreements	p. 14
		Not covered by GRI: breakdown by country	
		GRI 403-1 Workers representation in formal joint management-worker health and safety committees	p. 13 and 14

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Training		GRI 403-4 Health and safety topics covered in formal agreements with trade unions	
	Training policies implemented	GRI 103-2 Management approach (linked to GRI 404 Training and Education) GRI 404-2 Programs for upgrading employee skills and transition assistance programs	p. 14
	Total number of hours of training courses by professional category	GRI 404-1 Average hours of training per year per employee Not included in GRI: total hours of training.	p. 14
Accessibility	Universal accessibility for people with disabilities	GRI 103-2 Management approach (linked to GRI 405 Diversity and Equal Opportunities and GRI 406 Non-discrimination)	p. 15
Equality	Measures adopted to promote equal treatment and opportunities for men and women	GRI 103-2 Management approach (linked to GRI 405 Diversity and Equal Opportunities)	p. 15
	Equality plans	GRI 103-2 Management approach (linked to GRI 405 Diversity and Equal Opportunities and GRI 406 Non-discrimination)	p. 15
	Measures adopted to promote employment	GRI 103-2 Management approach (linked to GRI 401 Employment) GRI 404-2 Programs for upgrading employee skills and transition assistance programs	p. 8 to 15
	Protocol against sexual harassment and harassment on the grounds of gender	GRI 103-2 Management approach (linked to GRI 405 Diversity and Equal Opportunities and GRI 406 Non-discrimination)	p. 8 and 15
	Integration and universal accessibility for people with disabilities	GRI 103-2 Management approach (linked to GRI 405 Diversity and Equal Opportunities and GRI 406 Non-discrimination)	p. 15
	Policy to counter any type of discrimination and, where appropriate, to manage diversity	GRI 103-2 Management approach (linked to GRI 405 Diversity and Equal Opportunities and GRI 406 Non-discrimination) GRI 406-1 Incidents of discrimination and corrective actions taken	p. 8 and 15

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Information on respect for human rights	Policies	Policies implemented by the group, including the due diligence procedures adopted in order to identify, assess, prevent and mitigate significant risks and impacts, as well verification and control procedures, and the measures that have been taken in the group.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	p. 16
			GRI 412-2 Employee training on human rights policies or procedures.	
	Human rights	Application of due diligence procedures in human rights	GRI 103-2 Management approach (linked to GRI 412 Human Rights Assessment)	p. 16
		Preventing the risks of human rights violations and, where appropriate, measures to mitigate, manage and rectify any possible abuses committed	GRI 103-2 Management approach (linked to GRI 412 Human Rights Assessment) GRI 412-1 Operations that have been subject to human rights reviews or impact assessments	p. 16
		Formal complaints for cases of human rights violations		GRI 102-17 Mechanisms for advice and concerns about ethics (formal complaints received and their resolution)
	GRI 103-2 Management approach (linked to GRI 412 Human Rights Assessment)			
	GRI 411-1 Incidents of violations involving rights of indigenous peoples GRI 419-1 Non-compliance with laws and regulations in the social and economic area			
Information related to the fight against corruption and bribery	Policies	Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization in relation to respect for freedom of association and the right to collective bargaining; the elimination of discrimination at work and in one's occupation; the elimination of forced or compulsory labour and the effective abolition of child labour.	GRI 103-2 Management approach (linked to GRI 406 Non-discrimination; 407 Freedom of Association and Collective Bargaining; 408 Child Labour; 409 Forced or Compulsory Labour and 412 Human Rights Assessment)	p. 16
		Policies implemented by the group, including the due diligence procedures adopted in order to identify, assess, prevent and mitigate significant risks and impacts, as well verification and control procedures, and the measures that have been taken in the group.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach GRI 205-2 Communication and training about anti-corruption policies and procedures	p. 16 and 17

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Information about the company	Main risks	<p>GRI 102-15 Key impacts, risks, and opportunities</p> <p>GRI 102-30 Effectiveness of risk management processes</p>	p. 16 and 17
	Corruption and bribery	GRI 103-2 Management approach (linked to GRI 205 Anti-corruption) - If the company introduces 205-2, this legal requirement will also be covered by this indicator.	p. 16 and 17
		GRI 103-2 Management approach (linked to GRI 205 Anti-corruption)	p. 17
		GRI 103-2 Management approach (linked to GRI 205 Anti-corruption)	p. 18 and 19
	Policies	GRI 103-2 The management approach and its components	p. 18 and 19
		GRI 103-3 Evaluation of the management approach	
	Main risks	GRI 102-15 Key impacts, risks, and opportunities	p. 18 and 19
Impact of the company's activities on employment and local development		<p>GRI 203-2 Significant indirect economic impacts</p> <p>GRI 413-1 Operations with local community engagement, impact assessments, and development programs</p>	p. 18 and 19

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	Impact of the company's activities on local communities and the region	GRI 203-2 Significant indirect economic impacts	p. 18 and 19
		GRI 413-1 Operations with local community engagement, impact assessments, and development programs	
		GRI 102-43 Approach to stakeholder engagement (with reference to the community)	p. 18 and 19
	Relationships with key figures in the local communities and kinds of dialogue with these individuals	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	
		GRI 102-12 External initiatives	p. 20
	Subcontracting and suppliers	GRI 103-3 Management approach (linked to GRI 308 and 414)	
		GRI 102-9 Supply chain	p. 20
		GRI 103-3 Management approach (linked to GRI 308 and 414)	
		GRI 414-1 New suppliers that were screened using social criteria	
		GRI 414-2 Negative social impacts in the supply chain and actions taken	p. 20
	Consumers	GRI 414-2 Negative social impacts in the supply chain and actions developed	
		GRI 103-2 Management approach (linked to GRI 416 Customer Health and Safety)	p. 20 Istobal has no registered fines or penalties for breach of regulations related to health and safety aspects that could be significant.
		GRI 416-1 Assessment of the health and safety impacts of product and service categories	
		GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
		GRI 417-1 Requirements for product and service information and labelling	p. 20
		GRI 102-17 Mechanisms for advice and concerns about ethics (formal complaints received and their resolution)	
		GRI 103-2 Management approach (linked to GRI 416 Customer Health and Safety)	

Contents of the Non-Financial Statement			
Contents of Spanish Law 11/2018 INF		Standard applied	Page(s) of report
		GRI 418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data.	
	Tax information	Profits obtained by country	p. 21
		Tax paid on profits	p. 21
		Public subsidies received	p. 21

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE 2018 CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF ISTOBAL, S.A. AND SUBSIDIARIES

To the Shareholders of Istobal, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 December 2018 of Istobal, S.A. and subsidiaries ("the Group"), which forms part of the accompanying Consolidated Directors' Report of the Group.

The content of the Consolidated Directors' Report includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the "Non-Financial Information Statement Table of Contents" in the accompanying Consolidated Directors' Report.

Directors' Responsibility

The preparation and content of the NFIS included in the Group's Consolidated Directors' Report are the responsibility of the directors of Istobal, S.A. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Standards (GRI Standards), as well as other criteria described as indicated for each matter in the "Non-Financial Information Statement Table of Contents" of the aforementioned Consolidated Directors' Report.

These responsibilities of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Istobal, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

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

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures

regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, which refers exclusively to 2018. The information relating to previous years was not subject to the verification provided for in current Spanish corporate legislation. We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

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

Our work consisted in requesting information from management and the various units of the Group that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and completeness of the contents included in the 2018 NFIS based on the materiality analysis performed by the Group and described in the "Material Matters and Stakeholders" section, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2018 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2018 NFIS.
- Verification, by means of sample-based tests, of the information relating to the contents included in the 2018 NFIS and the appropriate compilation thereof based on the data furnished by information sources.
- Obtainment of a representation letter from the Parent's directors and management.

Basis for Qualified Conclusion

The accompanying Consolidated NFIS does not include information on the average remuneration, by gender, of the managing body or senior executives.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, except for the effects of the matter described in the "Basis for Qualified Conclusion" section of our report, no additional matters came to our attention that might lead us to believe that the NFIS of Istobal, S.A. and subsidiaries for the year ended 31 December 2018 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Non-Financial Information Statement Table of Contents" of the Consolidated Directors' Report.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.



Pablo Company Sáez

31 May 2019



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