

**SOCIAL RESPONSIBILITY REPORT**  
**2019**



## Message from the CEO



At DEUTZ SPAIN the people are the engine of our company and only with the cooperation of all our employees we managed to successfully complete a year full of challenges. We value our knowledge and assume responsibilities, passionately maintaining our pioneering spirit, because we are a great team; These values define our way of working and relating to each other and to our customers and suppliers.

From the beginning, DEUTZ SPAIN has been strongly anchored in the community in which it is located and that link has only grown and strengthened. Our responsibility begins with our own workers, guaranteeing decent working conditions that go beyond those legally required. We are the company with the highest number of employees in the region. We pay twice the average salary in the region and a top contributor for Social Security, both of which strengthens the local economy and public services. Around 90% of our workers are from Zafra and its surroundings. We invest in talent and knowledge with a clear commitment to society. With the "Deutz Business School®" Foundation, our main objective is to further the economic development of the region through teaching, promoting and contributing to innovation and educational, cultural and business development. We want to offer new generations access to advanced and quality training. The kind of training that equips participants with the necessary skills

and competencies that enables them meet future market demands and to improve the competitiveness of companies they might work for. The German Chamber of Commerce rewarded our effort with the Foundation Excellence Award and thus gave us a fresh incentive for our tireless desire to improve our society.

Our Strategic People Plan, as laid down by both management and workforce, firmly places people at the center of our strategy as a fundamental value. It lays down the guidelines, in 145 initiatives, different company policies directed at improving our workers' commitment and therefore improve both customer and shareholder satisfaction, because, after all, that is a perpetual cause-and-effect relationship.

It is this leading role that has led us to define and develop Corporate Social Responsibility Policies. These policies aim to create the greatest possible positive impact on society. Therefore, our sustainable development strategy is based on Agenda 2030, with special focus of DEUTZ SPAIN and ODS 4, quality education and ODS 8, decent work and economic growth.

For years we at DEUTZ SPAIN have identified safety and health of our people as a central strategic objective. The lowest accident record in the entire DEUTZ group is evidence of that, as is the achievement of being the

first company in Extremadura to be certified under the new ISO 45001 standard.

Likewise, our commitment to the environment has made energy efficiency one of the objectives of our Strategic Plan 2020-2024, for which significant investments have already been made in 2019.

This Social Responsibility Report based on the 2016 Global Reporting Initiative is not only a reflection of us at DEUTZ SPAIN today, but also a mission statement for continuous improvement. Moreover, it has become one of our main communication channels, while strengthening our commitment to ethics and transparency in everything we do.

Eugenio Serrano Ylleras  
Chief Executive Deutz Spain

# INDEX

## 4

DEUTZ SPAIN

Key Data	5
Our History	5
Mission, Vision, Values	6
DEUTZ SPAIN 2019	7
Future Strategies	7
Organs of government	8
Customers	9
Supply Chain	9
Corporate Social Responsibility	10
Corporate Compliance and Code of Conduct	12
Dialogue with interest groups	12
Economic Management	13

## 14

Production Quality

Production Philosophy	15
Products	15
Production Systems	16
Technology: Industry 4.0	16
Management System	18
Risk Management	19
Claims management	19

## 20

People, the Engine  
of DEUTZ SPAIN

Development and management of people	21
Quality Employment	22
Equal opportunities	28
Managing talent	30
Health & Safety in the workplace	31

## 34

Environmental Innovation  
& Efficiency

Energy Management	35
Emissions Management	37
Waste Management	38
Water Management	39

## 40

Building the Future

Developing the Local Community	41
Training & Employability	41
Helping vulnerable groups	45

About this report	46
ANNEX	47
Index Contents	47
Law 11/2018 - gri standards	



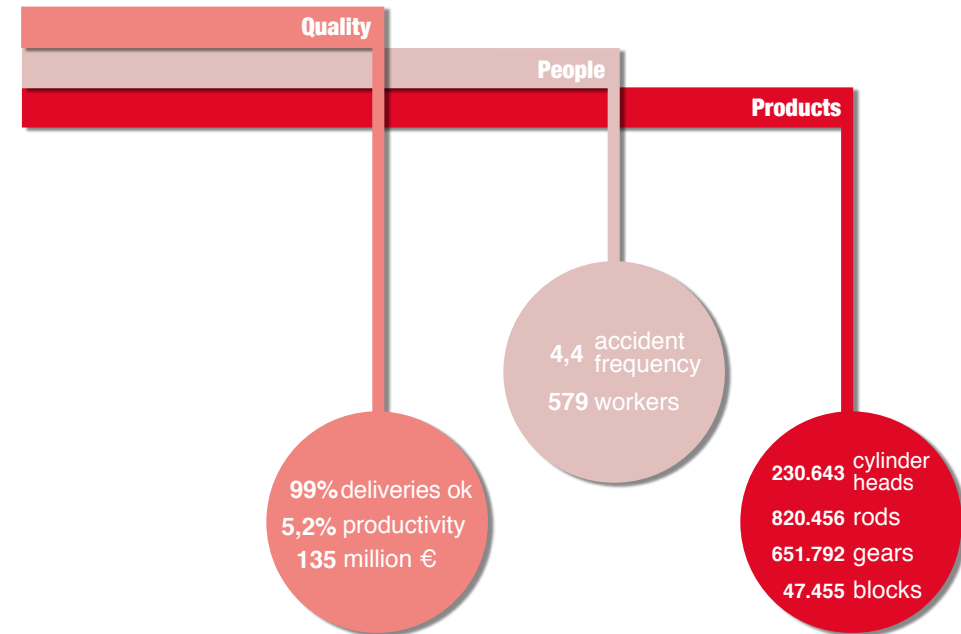
## DEUTZ SPAIN

DEUTZ SPAIN is dedicated to the commercialization of DEUTZ engines and to the machining and assembly of engine components. The Company's registered office is in the town of Zafra (Extremadura) and consists of three work centers, the production center in Zafra, and the work centers of San Fernando de Henares (Madrid) and Llica de Vall (Barcelona) dedicated to the marketing and repair of engines.

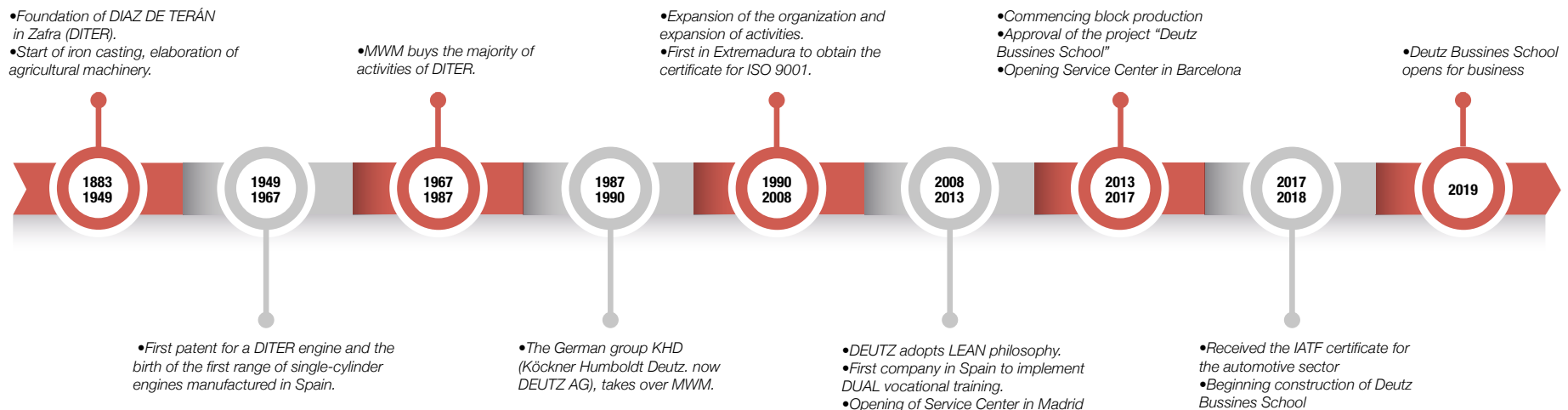
DEUTZ AG, one of the leading independent manufacturers of new technology engines, is the sole partner of DEUTZ SPAIN; The main customers are the Group's plants in Cologne and Ulm in Germany. DEUTZ SPAIN currently manufactures engine blocks, cylinder heads, connecting rods, bearing caps and gears for most of the DEUTZ engine ranges.

**DEUTZ SPAIN is one of the most important factories in Extremadura and a world leader for the manufacture of components for new technology engines**

## Key Data



## Our History

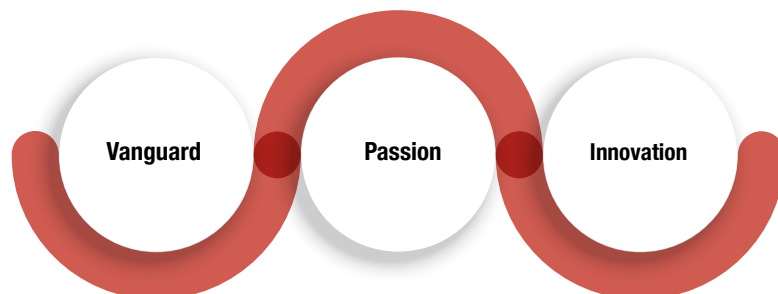


## Mission, Vision, Values

**"We offer the most successful engine systems in the world."**



### MISSION



## VALUES

**WE ARE DRIVEN BY PASSION.**

We inspire and think beyond our daily work. Share, create and try new ways to achieve common goals. Persistence: we learn from our mistakes and strive to triumph.

**WE MAINTAIN OUR PIONEERING SPIRIT.**

We act with passion and courage, always looking for new ideas and giving them life. The goal is to think ahead and set the trend for global markets. We supply the technology for a sustainable future. We have helped create an environment for entrepreneurs and to take advantage of the rapidly advancing digitalisation that drives improvements of products and procedures.

**WE VALUE OUR KNOWLEDGE.**

The success of the organization is driven by the experience and continuous learning that guarantees our growth, always putting our knowledge to the test.

**WE TAKE OWNERSHIP.**

As responsible professionals we stand by our decisions. When we have reached a decision, we quickly act upon it with minimum risk. We aim to comport ourselves responsibly - with our actions and decisions. We constantly strive to better ourselves and our company.

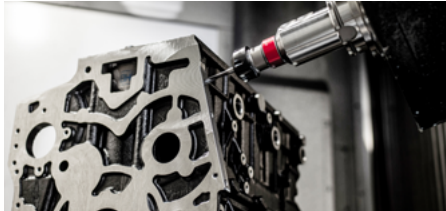
**WE ARE ONE TEAM.**

It is a union of forces with employees, customers, suppliers and partners. We are all involved and we all participate. The collaboration is carried out from trust, respect, integrity and transparency. We rely on each other and debate constructively. DEUTZ SPAIN values constructive discourse and different perspectives.

**Together we remain faithful to OUR VALUES**

DEUTZ SPAIN has published a series of videos with our employees that are testimony to those values.  
<https://www.youtube.com/channel/UCqAPe7PZqF6feVE0aKQOB6g>

## DEUTZ SPAIN 2019



Consolidation of DS as centre of excellence for machining blocks

Agreement between management & staff for FP access



Opening of Deutz Business School



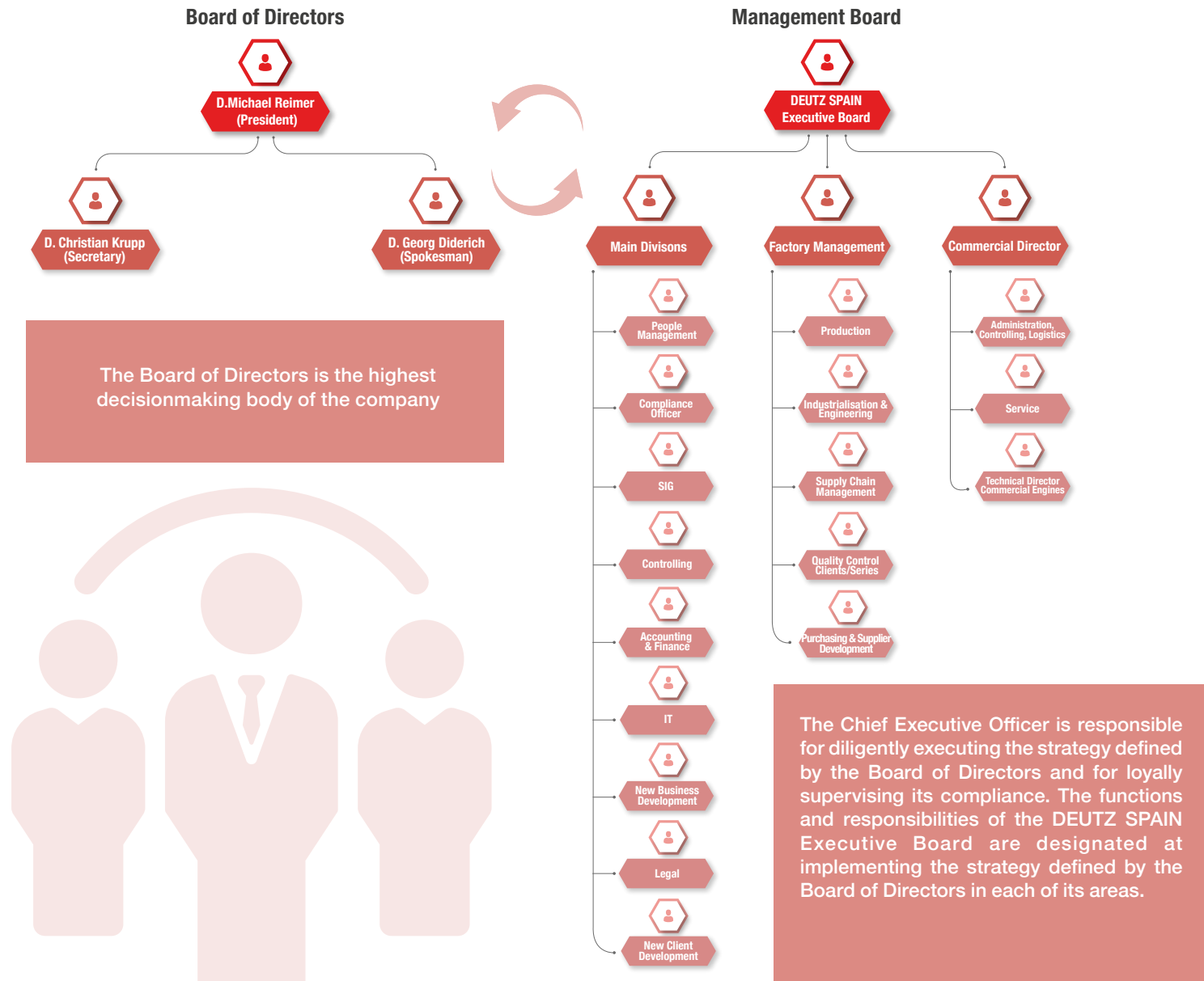
Covering employee parking with shades



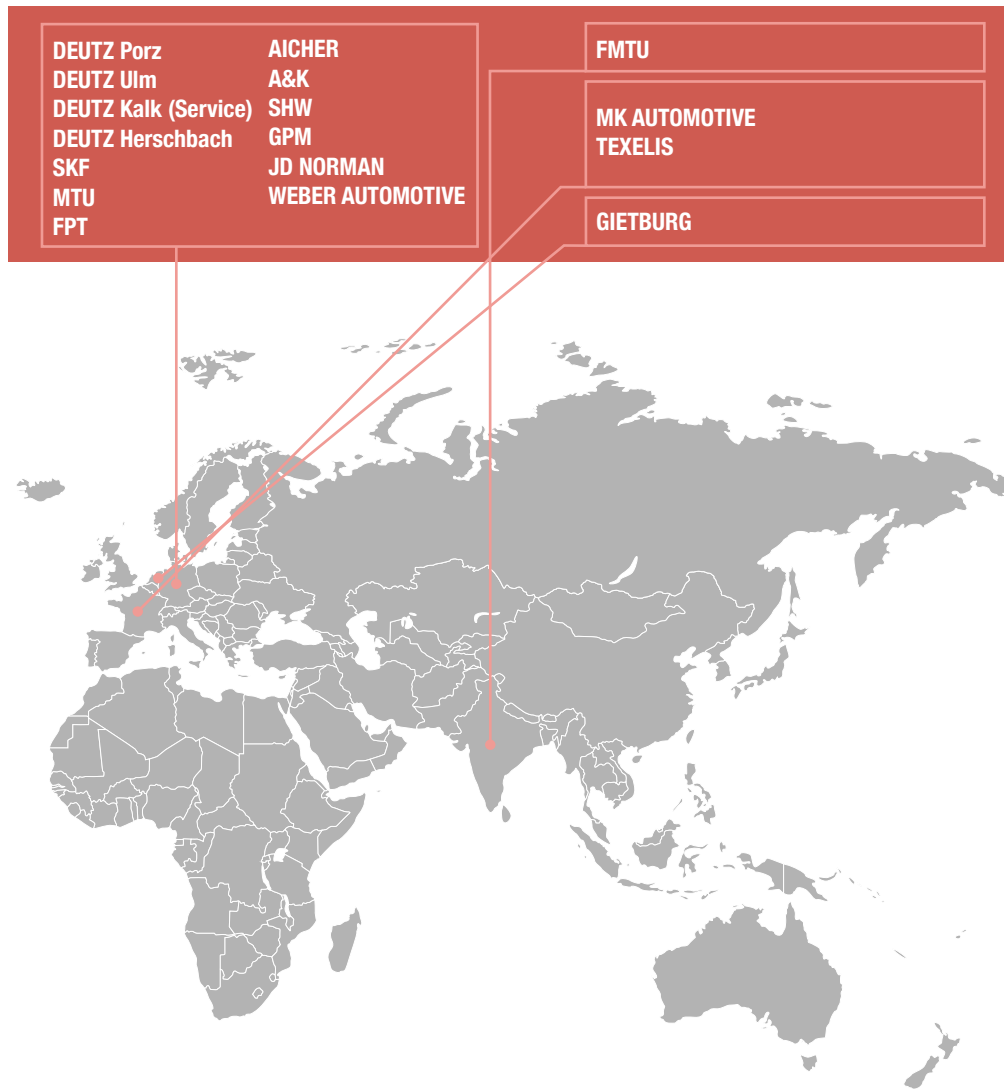
## Future Strategy

Strategy Initiatives 2020-2024	
Strategy Axes	<b>Competitiveness</b> <ul style="list-style-type: none"> <li>•Alliances with Suppliers</li> <li>•Risk Management</li> <li>•Reengineering of Logistics Processes</li> <li>•Competitiveness Strategies</li> <li>•Asset Competitiveness Management</li> <li>•Strategies 4.0</li> <li>•Personnel Management Strategy</li> </ul>
	<b>Operational Excellence</b> <ul style="list-style-type: none"> <li>•Excellence in Industrialisation</li> <li>•Customer Quality Optimisation</li> <li>•Punctual Delivery</li> <li>•Lead Time Reduction</li> <li>•Short &amp; Flexible Reaction Time</li> <li>•Constant Productivity Improvements</li> </ul>

## Corporate Government



## Customers



## Supply Chain



PIECES	33.038.000
PART NUMBERS	465
PROVIDERS	73
COUNTRIES	12

### Germany

35 Providers  
18.637.000 pieces

### Spain

17 Providers  
1.244.000 pieces

### England

3 Providers  
5.559.000 pieces

### Italy

2 Providers  
525.000 pieces

### Argentina

1 Providers  
2.040.000 pieces

### Poland

2 Providers  
269.000 pieces

### India

6 Providers  
2.202.000 pieces

### Slovakia

3 Providers  
1.011.000 pieces

### Mexico

1 Providers  
29.000 pieces

### Czech Republic

1 Providers  
1.514.000 pieces

### Turkey

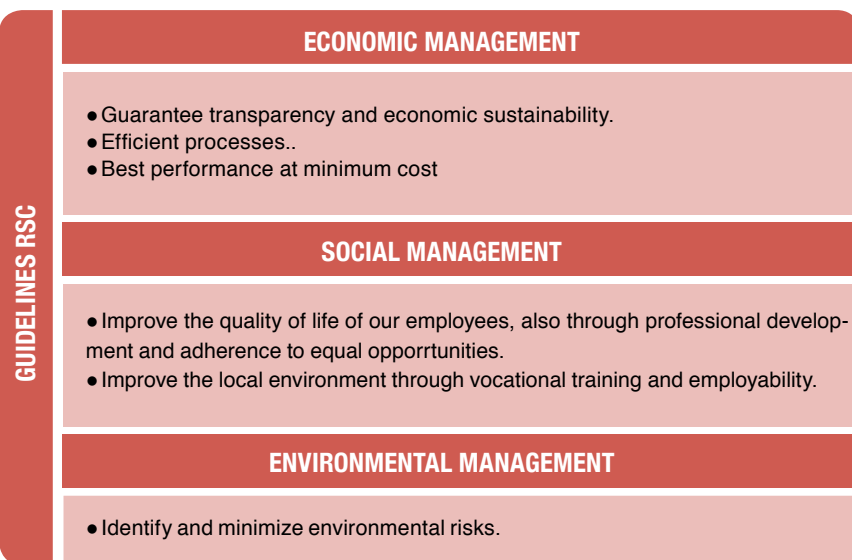
1 Providers

DEUTZ SPAIN involves its suppliers in the mission, vision, values of the organization and engages them along the path to achieve the common objective of improving sustainability.

The organization ensures that its sustainability policies are extended and controlled, through the continuous evaluation of its suppliers and standards of application to all personnel, ensuring compliance through continuous vigilance.

## Corporate Social Responsibility

DEUTZ SPAIN sees the Corporate Social Responsibility (CSR) as an integral and essential part of the organization as a whole and of each of the services it provides.



Within its code of business ethics it describes and develops objectives and rules that reflect the obligation to act responsibly, ethically correct and in accordance with law. This Code of Business Conduct is addressed to all areas of the company and all participating companies (with a participation of more than 50%) of DEUTZ AG. DEUTZ SPAIN's Commitment to sustainable development is embodied in a Policy that is based on the following principles:

### OUR RSC POLICY

#### Ethical and Responsible Management

We maintain a Compliance and Anti-Bribery Management System, based on the ISO 37001 and UNE 19601 standards. During 2019, the 2nd Follow-up audit by Aenor was carried out successfully.



#### Developing Talent

Talent development is channeled through the activities of our Deutz Business School Foundation and talent development programs such as HP or PRIM.

#### Responsible Supplier Management

We maintain our policy of transparent and fair awarding of services and contracts, always based on specifications and multidisciplinary assessment matrices.

#### Minimizing our Environmental Impact







We develop and continuously monitor Waste Minimization and Energy Efficiency Plans. In the triennium 2017-2019 we have achieved an improvement in energy efficiency of 10.01%.

#### Accountability and Transparency

Philosophy of continuous publication of results and forums for analysis and exposition, such as our Competitiveness Center or our Economic Commission.



Furthermore, DEUTZ SPAIN, in an effort to go one step further in its commitment to sustainability, embraces the Sustainable Development Goals (SDGs) set out in the 2030 Agenda to consolidate its Corporate Social Responsibility. In this way, the organization contributes to concrete SDG goals through actions and projects framed within its CSR policy.

ODS	Finish line ODS	Contribution DEUTZ SPAIN	Performance 2019
	<ul style="list-style-type: none"> <li>● 3.4 Promote mental health and well-being.</li> </ul>	<ul style="list-style-type: none"> <li>● One of the principles of DEUTZ SPAIN is a safe and healthy workplace.</li> </ul>	<ul style="list-style-type: none"> <li>● Important investments into improving health and safety at work.</li> </ul>
	<ul style="list-style-type: none"> <li>● 4.3 Ensure equal access to quality technical, professional and higher education, including university education.</li> <li>● 4.4 Increase the number of young people and adults who have the necessary skills, in particular technical and professional, to access employment.</li> <li>● 4.5 Ensure equal access to all levels of education and vocational training for vulnerable people, including people with disabilities.</li> </ul>	<ul style="list-style-type: none"> <li>● Deutz Business School ® collaborates with both regional and international educational entities in order to promote the economic development of the region.</li> </ul>	<ul style="list-style-type: none"> <li>● New education offensive of Deutz Business School ® focused on talent and innovation.</li> </ul>
	<ul style="list-style-type: none"> <li>● 8.2 Improve Productivity through technological modernization and innovation.</li> <li>● 8.6 Reduce youth unemployment.</li> <li>● 8.8 Protect workers' rights and promote a safe and risk-free work environment.</li> </ul>	<ul style="list-style-type: none"> <li>● Involving employees in improvement and innovation.</li> <li>● Agreements between DBS and I.E.S. and universities.</li> <li>● First company in Extremadura to become certified under ISO45001: 2018 Health and Safety Management System in the Workplace.</li> </ul>	<ul style="list-style-type: none"> <li>● Award for the three best improvement proposals.</li> <li>● Promote youth employment. Vocational &amp; language courses or young people.</li> </ul>
	<ul style="list-style-type: none"> <li>● 9.2 Promote inclusive and sustainable industrialization.</li> <li>● 9.4 Modernize infrastructures so that they are sustainable, using resources more efficiently and promoting sustainable industrial processes and technologies.</li> </ul>	<ul style="list-style-type: none"> <li>● Drive the synchronization of digitalization and industrial production processes.</li> <li>● Commitment to optimizing energy consumption in a sustainable way through continuous improvement in facilities and processes.</li> </ul>	<ul style="list-style-type: none"> <li>● Smart Factory / Industria 4.0; la eficiencia energética como objetivo estratégico.</li> <li>● Creation of dedicated energy efficiency management and corporate activities with specific annual budgets.</li> </ul>
	<ul style="list-style-type: none"> <li>● 12.5 Reduce waste generation through prevention, reduction, recycling and reuse activities.</li> <li>● 12.6 Adopt sustainable practices and incorporate sustainability information into your reporting cycle.</li> </ul>	<ul style="list-style-type: none"> <li>● DEUTZ XCHANGE</li> <li>● Second publication in 2019 of a Sustainability Report by DEUTZ SPAIN</li> </ul>	<ul style="list-style-type: none"> <li>● Program for the reconditioning of engines and parts to promote the circular economy.</li> </ul>
	<ul style="list-style-type: none"> <li>● 17.17 Encourage and promote the formation of effective alliances in the public, public, private and civil society spheres, taking advantage of the experience and strategies for obtaining resources from alliances</li> </ul>	<ul style="list-style-type: none"> <li>● Through partnerships with local entities and other interest groups, DEUTZ SPAIN has become one of the main sources of employment and quality training in Extremadura.</li> </ul>	<ul style="list-style-type: none"> <li>● Alliances with strategic suppliers.</li> </ul>

## Corporate Compliance & Code of Conduct

### CORPORATE COMPLIANCE PRINCIPLES

Maintain free competition	Maintain integrity in business	Protection of environment	Safe work and healthy	No discrimination	Comply with international trade laws
Transparent financial information	No violation of rights	Separation of corporate and personal interests	Correct handling of sensitive personal information	Objective of data minimization	Cooperate with authorities

### Code of Conduct

In September 2019, DEUTZ approved its new Code of Conduct which summarizes the legal norms and internal guidelines that govern the conduct of all employees of the DEUTZ Group in their relationships with business partners, public officials, society and among themselves.

<b>HUMAN RIGHTS</b>	<ul style="list-style-type: none"> <li>A work environment that is inclusive and diverse</li> </ul>
<b>HEALTH &amp; SAFETY</b>	<ul style="list-style-type: none"> <li>No compromise on health and safety</li> </ul>
<b>ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>Commitment to contribute to environmental balance and reduction of impact</li> </ul>
<b>COMPETITIVENESS</b>	<ul style="list-style-type: none"> <li>Market economy and fair trade in competition</li> <li>Anti-monopolies legislation</li> </ul>
<b>CONTROL OF TRADE</b>	<ul style="list-style-type: none"> <li>Compliance with national and international legislation on trade regulations</li> </ul>
<b>CORRUPTION AND BRIBERY</b>	<ul style="list-style-type: none"> <li>Preserve DEUTZ's trust and integrity</li> </ul>
<b>MONEY-LAUNDERING</b>	<ul style="list-style-type: none"> <li>Responsibility of all employees to ensure DEUTZ is not used for money laundering or other illegal purposes</li> </ul>
<b>CONFLICT OF INTEREST</b>	<ul style="list-style-type: none"> <li>Employees act defending the interests of DEUTZ and protect its good name</li> </ul>
<b>PROTECTION OF INFORMATION</b>	<ul style="list-style-type: none"> <li>Employees must not illegally use inside information about DEUTZ or any other company</li> </ul>
<b>PROPRIETARY</b>	<ul style="list-style-type: none"> <li>Responsibility towards the company's facilities and properties</li> </ul>
<b>DATA PROTECTION</b>	<ul style="list-style-type: none"> <li>DEUTZ respects the privacy of integrity of its employees, partners and other third parties 16</li> </ul>

## Dialogue with other Interest Groups

For DEUTZ SPAIN, two-way communication with its stakeholders is important for the development of its Corporate Social Responsibility actions, since it is the way to know the interests of the different stakeholders of the organization and their opinion on its economic as well as environmental and social performance and thus meet their expectations. The following priority groups have been identified:

### EMPLOYEE



- Staff under wage agreement
- Staff employed out-of-agreement
- Workers' representatives

### SOCIETY



- Local communities
- Neighborhood associations
- Local training centers
- Local businesses
- Non-profit organizations with social activities

### OTHER ORGANIZATIONS



- Universities and training centers
- Banks
- Insurers and credit insurance
- Press
- Sernauto (Spanish Association of Automakers and component suppliers)
- MCA, Madrid Cluster de Automoción
- AEC (Spanish Quality Council)
- Chambers of Commerce

### SUPPLIERS



- Suppliers of raw materials
- Suppliers of auxiliary materials
- Service providers for auxiliary production services
- Service providers for auxiliary production services abroad
- Service providers working for DEUTZ SPAIN

### ADMINISTRATION



- Public administration

### CUSTOMERS

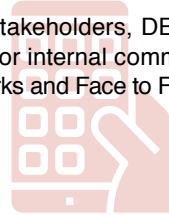


- Customers - Deutz AG
- Other customers

In order to give concrete answers to the needs and expectations of its stakeholders, DEUTZ SPAIN has various specific communication channels, including the APP for internal communication, annual reporting, intranet, internal magazine, profiles on social networks and Face to Face.

**APP** INTERNAL COMMUNICATION

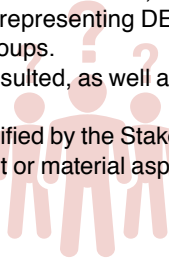
**428** Users



In 2019, DEUTZ SPAIN carried out a materiality study giving voice to all its Stakeholders, through questionnaires in which the Management Committee has participated, representing DEUTZ SPAIN, employees, suppliers, public administrations and other interest groups. In this way, the perception of the organization's performance has been consulted, as well as the matters of greatest interest in Corporate Social Responsibility.

The topics identified as the most relevant by 29 participants in the one identified by the Stakeholders and by the organization are the Materiality Studies selected as relevant or material aspects.

**129** participants in Materiality Study



EJE RSC	RELEVANT ASPECT	INDICADOR GRI	
GENERAL	Ethic performance and good governance	102-16 a 102-18 102-22 a 102-28	
GOOD GOVERNANCE, ETHICS & INTEGRITY	Politics and code of conduct	102-16 a 102-17	
	Dialogue with interest groups	102-40 102-42 a 102-43	
ENVIRONMENTAL PERFORMANCE	Reduction of energy consumption	302-1 a 302-5	
	Cleaner and more efficient technologies	301-1 302-1	
SOCIAL PERFORMANCE	EMPLOYEE	Internal promotion	401-1 404-2 a 404-3
		Training	404-1 a 404-2
	SOCIETY	Further culture and education	404-1 a 404-2 413-1 a 413-2
		Employabilit	102-8 202-2 401-1 413-1 a 413-2

The GRI indicators related to the relevant issues or aspects have been identified in red in the attached GRI index.

## Economic Management

DEUTZ SPAIN has developed a sustainable economic management model as part of its business strategy, through which, in addition to maintaining the economic profitability of its productive activities, it considers the risks and opportunities associated with environmental and social aspects.

Economic Data (in Euros)	2017	2018	2019
Income	116.669.390	145.666.607	134.981.512 ↓
Operating Costs	92.230.963	112.415.329	105.938.901 ↓
Salaries	22.385.166	29.095.728	25.490.280 ↓
Social benefits	607.050	688.506	660.971 ↓
Payments to suppliers	63.937.613	86.327.485	92.139.283 ↑
Payments to government (rates & taxes)	123.043	166.519	114.582 ↓
Investments into the community	2.750	30.000	4.500 ↓
Subsidies for investments	2.676.428	1.143.230	—
Investments in infrastructure	2.673.000	5.944.000	12.975.00 ↑



# **PRODUCTION QUALITY**

## Production Philosophy

The experience gained by the DEUTZ SPAIN plant, which has been manufacturing engines and engine components since 1949, has allowed it to become the center of competence for the almost exclusive manufacturing and pre-assembly of all cylinder heads, connecting rods, gears and blocks that the DEUTZ group assembles on its engines new technology.


This extensive experience, the important "Know-how" and the high qualification of its engineering and production teams, make DEUTZ SPAIN capable of reacting quickly and flexibly to customer needs, and manufacturing prototypes and series of any size.

**DEUTZ SPAIN is mainly engaged in machining and assembling engine components for the DEUTZ Group plants located in Germany.**



Production Site in Zafrá



 **14.600 m<sup>2</sup>**  
production space

 **579**  
Workers mean average 2019.

 **5**  
shifts

## Products

### Block Engines



**47.500** units/yr. Annual capacity  
**3** Product families  
**3.300 m<sup>2</sup>** Current production area  
**80** Workers

### Cylinder Heads



**230.600** units/yr. Annual capacity  
**15** Product families  
**6.500 m<sup>2</sup>** Current production area  
**220** Workers

### Gears



**652.000** units/yr Annual capacity  
**>15** Product families  
**2.200 m<sup>2</sup>** Current production area  
**60** Workers

### Connecting Rods



**820.400**uds/año. Annual capacity  
**13** Product families  
**2.600 m<sup>2</sup>** Current production area  
**80** Workers

## Pillars of technological competence at DEUTZ SPAIN

Knowledge of the engine and its components

Mastery and standardization of manufacturing processes

Technological level and flexibility of facilities

Agreements with technological machining partners

## Production Systems

These capabilities allow the company to actively participate in the development of products together with its customers and suppliers through Simultaneous Engineering, continuously adapting manufacturing technology to the ever more demanding requirements for engine components.

Lean system guarantees “Just in Time” delivery, minimizing the lead time for production and optimizing the “added value chain” to the customer.

In 2010, **DEUTZ SPAIN** began the path to excellence with the implementation of the **Lean Manufacturing** methodology through the **Deutz Production System (DPS)**.



DEUTZ SPAIN's Production System (DPS) is based on the philosophy of continuous improvement, applied through a structure formed by Autonomous Production Units (UAP), which are equipped with the necessary resources to react quickly and self-sufficiently and thus anticipate the rapidly changing demands of the market. The general objectives are deployed through each of its UAPs so that they are aligned and distributed for the general knowledge of all its employees.



In November 2019, Renault visited the plant in Zafra. The objective of this visit was to exchange experience on the maintenance of facilities. Coming soon, a DEUTZ SPAIN team will visit the Renault plant in Seville with the aim of continuing to exchange good practices with important companies in the automotive sector.

Also in 2019, Thyssenkrupp North visited DEUTZ SPAIN. This company located in Oviedo is dedicated to the manufacture, sale and installation of escalators and moving walkways. The group was interested in the HR Strategic Plan, Lean Tools, Hoshin Kanry, and the Industry 4.0 concepts developed at DEUTZ SPAIN.

Likewise, in February 2019, the staff of the Trujillo de Campofrío plant paid a visit to DEUTZ SPAIN in which they were exposed to the entire implementation of the Lean program that has been carried out in recent years.



## Technology: Industry 4.0

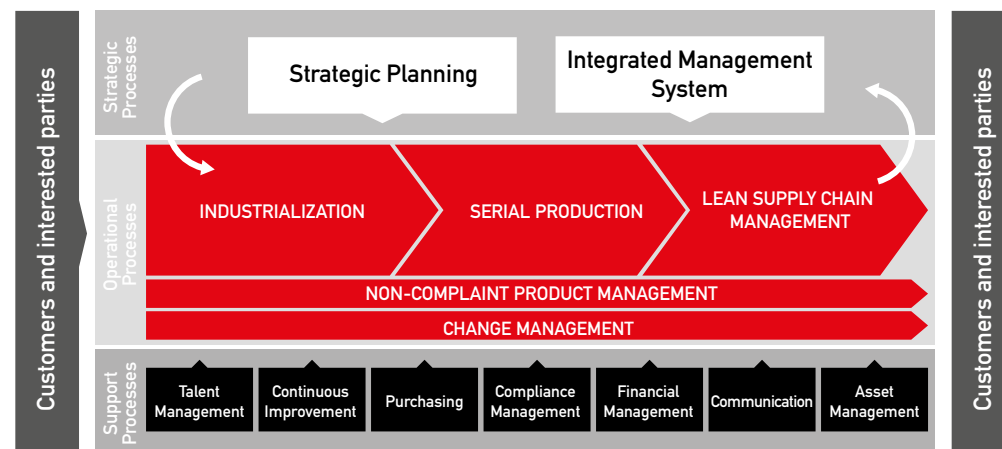
In 2015, DEUTZ SPAIN decided to implement the Smart Factory or Industry 4.0 concept, and since then it has continued to introduce improvements in all its processes.

On its way to an I nterconnected industry, the first step the company takes is to analyze the concepts and propose pilot projects to carry out real tests, and thus see what use, possibilities and potential they have for the organization.

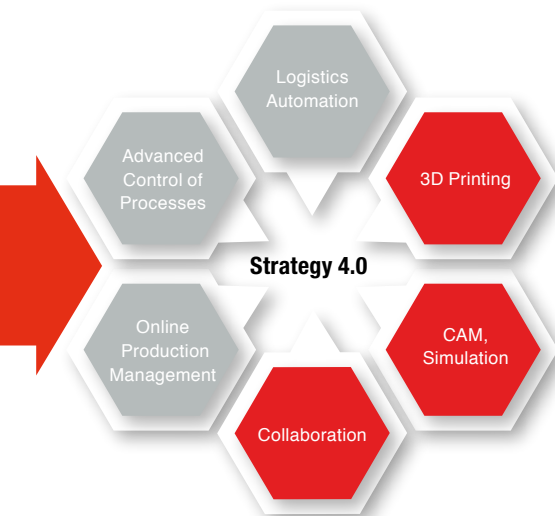
From 2017 to 2019, a process of exploring the possibilities offered by the Connected Industry 4.0 has been carried out, in which it

has defined a test process using real pilots to see the real potential of the technology.

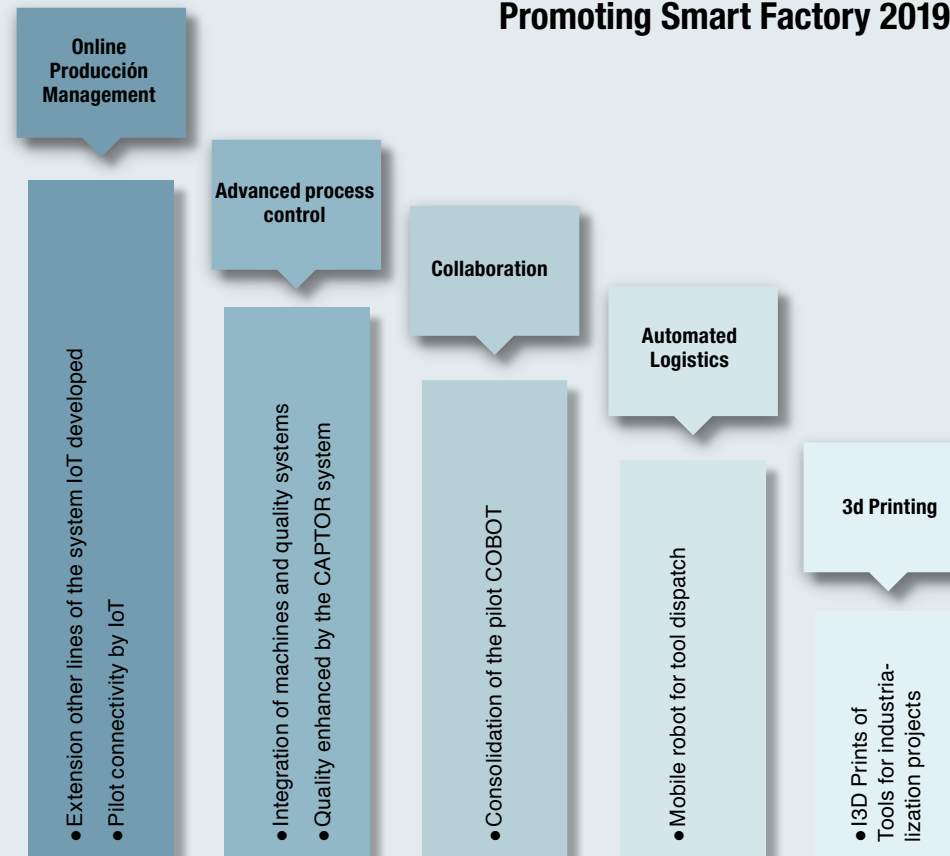
In 2019 DEUTZ SPAIN has gone one step further by defining its own 4.0 strategy, based on analyzing the waste in its value chain and proposing the strategic axes that will provide an improvement in the indicators on the manufacturing lines.



**Industry 4.0 DEUTZ SPAIN**  
2 pilot projects planned  
and 23 closed in 2019



## Promoting Smart Factory 2019



### IoT Internet of Things

A concept of low cost of connectivity of production machines to management systems has been developed that allows real-time data from the plant with a very low cost of implementation.

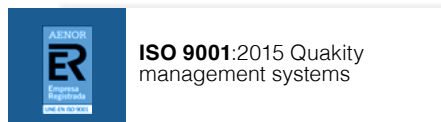


### MIR Mobile Industrial Robot

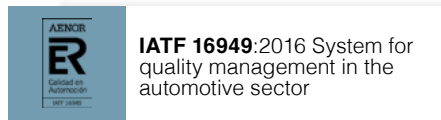
Along with Walter, its tool partner, DEUTZ SPAIN is developing a pilot so that the dispatch of tools to a crank machine is carried out by a robot with autonomous guidance and connected online to the tool information of the production machine itself.

## Management System

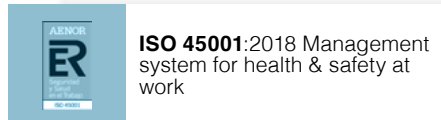
DEUTZ SPAIN develops its strategies based on its integrated management system for Quality, Environment and Safety and Health at Work, and having as its guarantee of legal and ethical compliance, its management system for criminal compliance and anti-bribery.



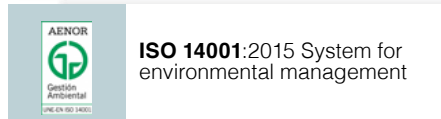
**ISO 9001:2015** Quality management systems



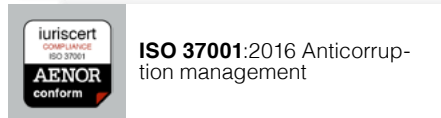
**IATF 16949:2016** System for quality management in the automotive sector



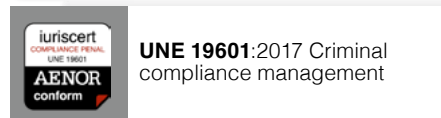
**ISO 45001:2018** Management system for health & safety at work



**ISO 14001:2015** System for environmental management



**ISO 37001:2016** Anticorruption management



**UNE 19601:2017** Criminal compliance management

Management System for Safety and Health at Work

ISO 45001

DEUTZ SPAIN's commitment to the safety and health of its workers is not only demonstrated by the fact that it has been the first company in Extremadura to be able to certify its management system according to ISO 45001: 2018, if not also evidenced with its low accident rates, the minors within the DEUTZ group.



During 2019, the HK 2020-2024 Strategic Plan was prepared.

The Hoshin Kanri matrix (hoshin = compass; kanri = control) is part of a Strategic Process based on the cooperation of the entire company that seeks to ALIGN the Operation in the Short Term with the Strategic Objectives in the Medium Term.



Through the HK matrix, each UAP defines specific measures, the indicator and the objectives for those measures. In addition, the impact of the UAP measure on the strategic objective is assessed. The measures deployed must have a clear orientation towards competitiveness.

As an example of how management systems are essential to achieve continuous improvement, in October 2019 AENOR published an interview in its magazine with Antonio Bueno, head of DEUTZ SPAIN's Integrated Management Systems

*“For a system to be a success, it is essential to be clear about the objectives that we pursue with its implementation; involve the entire organization and get results, which always come if you really believe in process management.”*



## Risk Management

Risk management has been automated and the process has been implemented transversally. Risks are identified by any member of the organization and from each of the processes they are analyzed by the process risk manager. Based on its criticality, the owner of the process makes the decision to escalate it to the Risk Committee, which, in turn, may also raise it to the Strategic Committee.



In 2019, the Risk Committee was created, which has the mission of promoting a risk management culture, with the clear objective of identifying potential risks early on and implementing preventive measures where deemed necessary so that risk does not materialize. Also, the Risk Committee is charged with constantly monitoring potential for risk and optimising communication throughout the organization. All the employees involved have been trained in risk prevention throughout 2019.

## OBJECTIVES 2020



Improve de PPM customer index

Minimize internal rejection



Reduce the RFK index (customer stops on the assembly line)

Improve the rejection values of suppliers



## Claims Management

DEUTZ SPAIN has a claims management system that allows it to provide a quick solution to its clients and, by identifying the root cause, being able to establish actions that prevent their repetition.

CLAIMS MANAGEMENT SYSTEM	<b>Claims</b>	Claims can be received through the Supply On portal, or direct email
	<b>Registry</b>	
	<b>Analysis</b>	In the case of repetitive claims, an analysis is made using 8D that will allow the root cause to be identified and corrective measures to be implemented to prevent the recurrence of the problem.
	<b>Corrective Measures</b>	If it is established that DEUTZ SPAIN is responsible for the problem, it takes immediate measures that guarantee the quality of the supply within 24 hours.
	<b>Communication with Client</b>	The corrective measures defined are communicated to the client
	<b>Closure</b>	Once all 8D actions have been closed and their effectiveness audited, 9p will be closed and the lessons learned will be recorded.

A sepia-toned photograph of a factory interior. In the foreground, a worker wearing a light-colored work jacket and gloves is using a power tool on a large, rectangular metal engine block. The engine block is suspended by a chain from above. The background shows a long, industrial factory floor with various machinery, workbenches, and structural beams, creating a sense of depth. The overall lighting is warm and industrial.

# PEOPLE, THE ENGINE OF DEUTZ SPAIN

## People development and management



579

Average in 2019



4,45%

Woman employed



57

New contracts 2019

DEUTZ SPAIN's commitments to the development and management of people are as follows:

**Quality  
employment**

**Equal  
opportunities**

**Management  
of talent**

**Health &  
Safety at work**

### MISSION

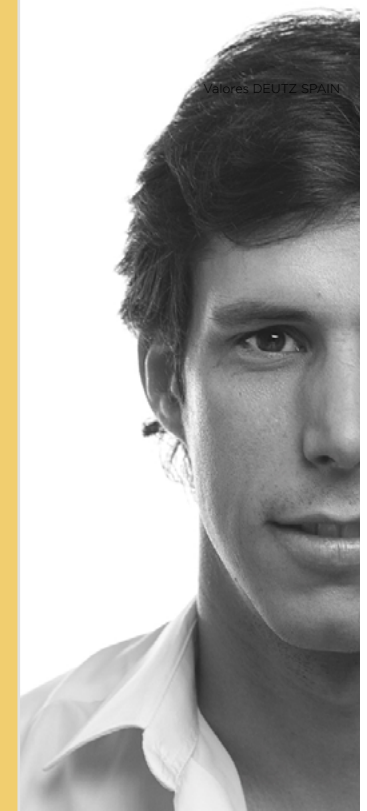
We guarantee people management based on the principles of Respect, Communication, Trust, Development, Success, Objectives, Decisions, Feedback, Innovation, Responsibility and Quality.

### VISION

Based on the values and principles of DEUTZ SPAIN, we contribute, as a strategic asset of the organization, to the implementation of the business strategy, enhancing the value of people and bringing sustainability to the growth process.

### VALUES

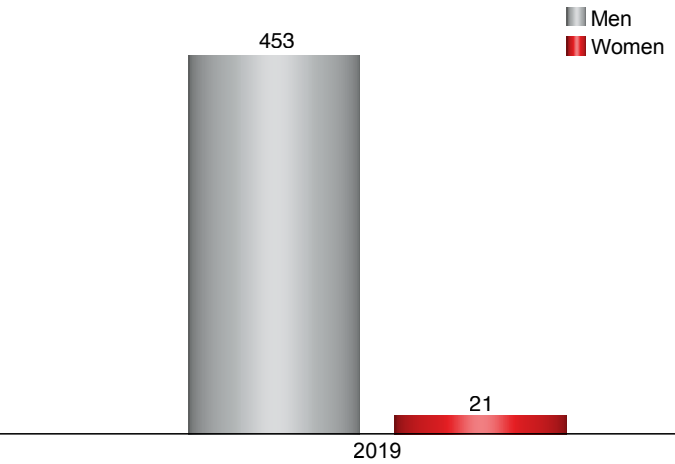
- Innovation
- Quality
- Trust
- Success
- Communication
- Objectives
- Decisions
- Responsibility
- Personal Development
- Respect



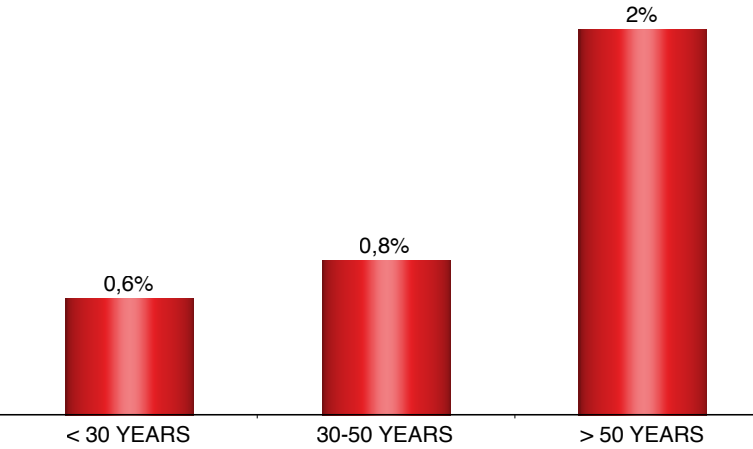
# Quality Employment


For DEUTZ SPAIN its main value is the people, the true engines of the company, which make it continue to maintain the dream of a reference industrial project in Extremadura.

NUMBER OF EMPLOYEES BY GENDER




ROTATION RATE BY AGE IN 2019





**3,57%**  
Rotation index Men

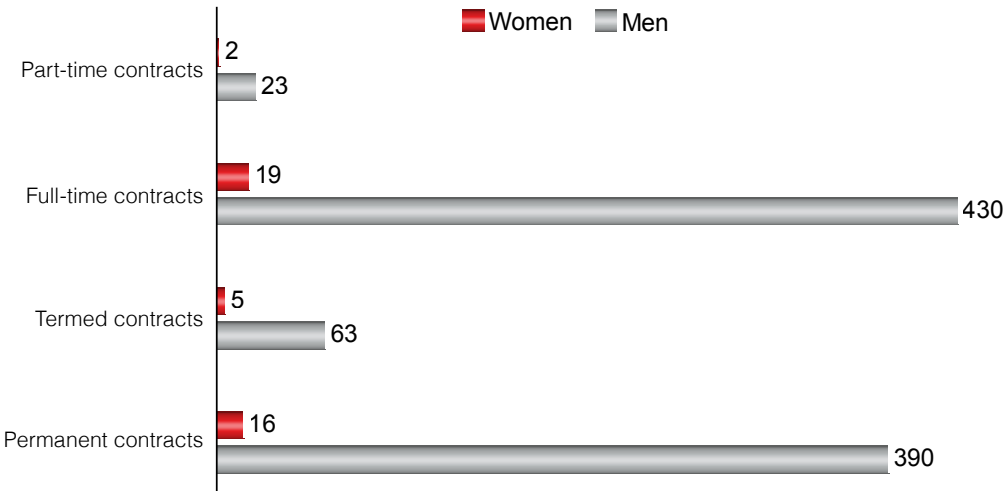
**44**  
Average age men



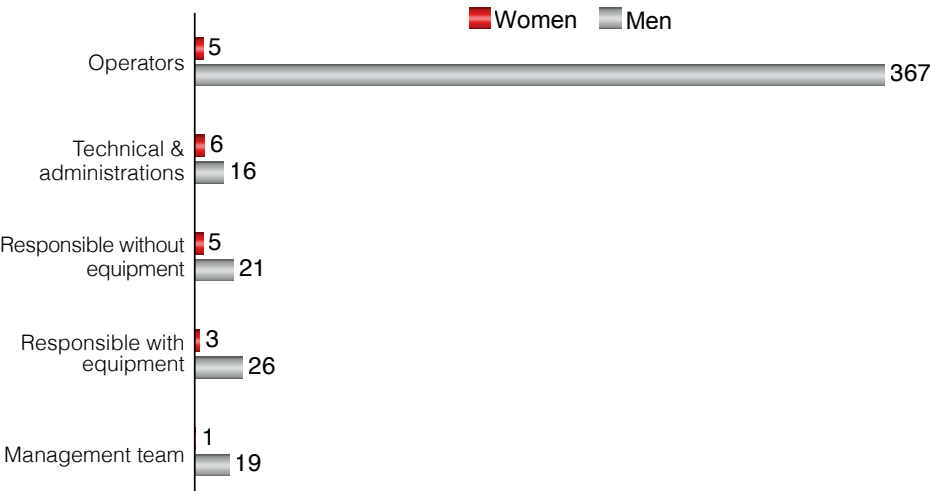
**0%**  
Rotation index women

**40**  
Average age women

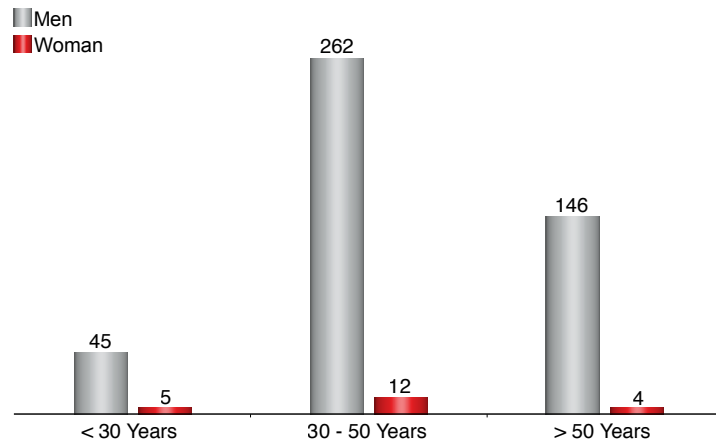
TYPES OF CONTRACT BY GENDER 2019



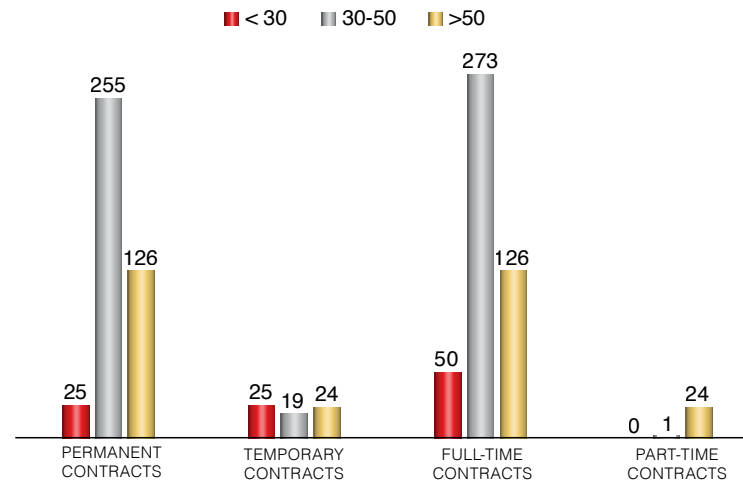
DISTRIBUTION BY PROFESSION AND GENDER 2019



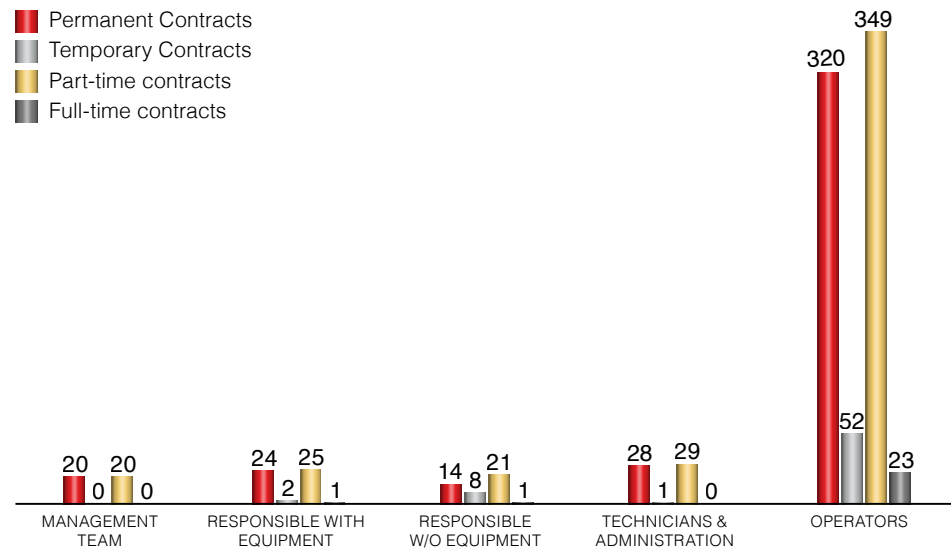
DISTRIBUTION BY AGE AND GENDER 2019



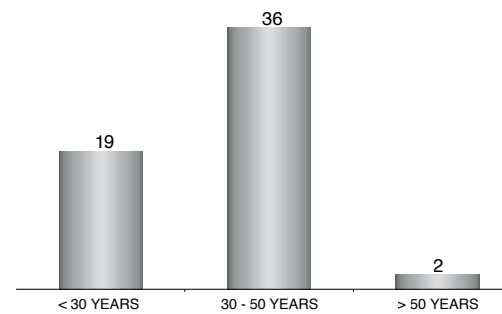
DISTRIBUTION BY AGE AND TYPE OF CONTRACT 2019



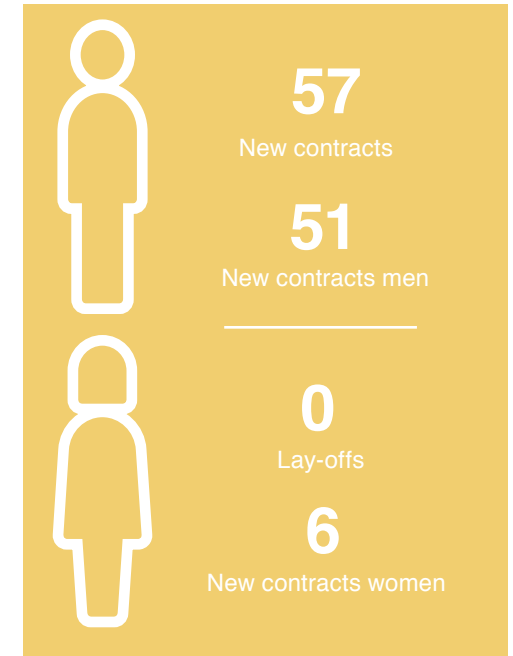
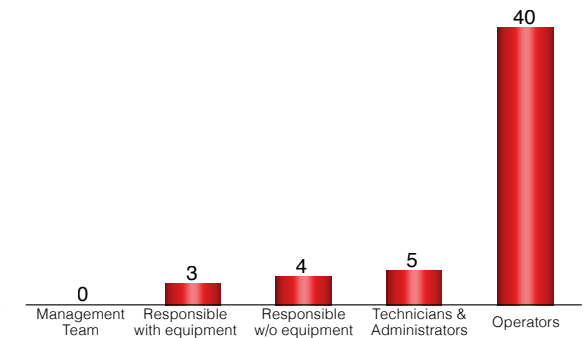
DISTRIBUTION BY TYPE OF CONTRACT AND POSTING 2019



NEW CONTRACTS BY AGE



NEW CONTRACTS BY CATEGORY



In recent years, the company has embarked on a new path with new initiatives and measures that put people at the center of its strategy. At this stage, communication and transparency tools are essential to help listen actively and directly to all workers and collaborators. DEUTZ SPAIN has published in 2019 the Strategic Plan for Human Resources 2020-2024 that follows the same line as the previous plan with three types of “capital”:

**Information Capital**

**Human Capital**

**Organization Capital**



**38**

**Initiatives proposed in  
March 2019**

**SILGAN HOLDING visit** In April 2019, the directors of Human resources worldwide and in Europe and Asia of the North American company “SILGAN HOLDING”, with manufacturing plants around the world and a turnover of more than 4,000 million dollars and 13,000 workers, visited the Zafra facilities due to their interest in DEUTZ SPAIN’s Strategic Human Resources Plan.



Among the actions proposed for the years 2019 are the following:

**Roofing and parking expansion**

**Compassionate Leave/ Shifts**

In the event of the death of first-degree relatives, shifts/compassionate leave in the following month. trabajador considere, durante el mes posterior

**Compassionate leave for serious illness in the family**  
In case of serious illnesses in terminal phase, of parents or children, the worker will be relieved of duty without loss of salary

**Day of “open door”**  
Inviting family and friends of workers to visit the factory

**School Day**  
Organization of school visits with activities of interest for all students

**Family Activities**  
Organization of a hiking route for the whole family

**Introducing new channels of communication**  
Instagram, Twitter and job openings published via Twitter.

**Introduction of virtual vocational training**

**Payroll simplification**

**Feedback 360**  
Carrying out 360 evaluations for the management team and for team leaders.

**Eat healthy**  
Include healthy products such as fruits and salads in vending machines in canteens.

**Recognition of no “downtime”**  
Reward those workers over 50 who have not been absent in recent years.

At DEUTZ SPAIN communication is a right of all workers and at the same time an obligation of the organization's leaders. The communication between all the workers allows to identify doubts and concerns, and to include solutions in the framework of the strategic communication of people management.

## Channels of Communication



The HR Director has an annual meeting **with each of the workers** in order to get to know each of them better. These meetings cover both personal and work issues and how workers can be helped in any field.



HR has put in place an **appointment system** to answer any questions that arise for the worker.



The organization has launched in 2019 the first edition of the digital magazine **myDEUTZ**, the magazine for employees. In it, employees can find all the group news and the most relevant DEUTZ SPAIN news.



On a semi-annual basis, the organization launches a **commitment survey** for all its employees. The results are analyzed with the workers themselves, establishing action plans that improve the most notable weak points. In the last survey, the results of "I know what is expected of me", "recognition" and "motivation".



Periodically, **DEUTZ SPAIN magazine** is delivered to workers with the most important news of the year.



Through the **mobile APP**, workers are informed in real time of the main news occurring in the organization.



**Intranet** used as a two-way communication channel. At the same time, Intrazeit, the intranet to manage payroll and presence control in a comfortable way, has been launched.



The HR department organizes an informal meeting on a monthly basis, where a topic of general interest for the staff is discussed, some of the topics discussed in 2019:

- Women at DEUTZ SPAIN.
- Living across Generations
- Conciliation
- Sense of belonging



**Information sessions:** meetings are organized with all workers to provide information on the general situation of the company and future developments.



**In 2019, the president of the Company Committee has been invited to the quarterly closing meetings of the Operations Committee and the Management Committee.**

## PARTICIPATION

In 2019, the organization awarded three proposals for the improvement of workers, which have also received recognition by those responsible for Production and People Management.

## Your opinions matter

These improvements proposed by employees have impacted quality, cost and efficiency, generating a total annual savings of € 14,894 for the company. DEUTZ SPAIN rewards workers who have proposed an improvement, which generates an annual saving equal to or greater than € 3,000 (once implementation costs are discounted).



14.894 €

Annual savings thanks to workers proposals



3

Workers awarded



4.468 €

Paid out in 2019

## TEAMWORK

Aware of the importance of teamwork in improving the work environment, leadership and management of people, DEUTZ SPAIN have launched different initiatives in which the organization's employees participate:



The organization has continued with the DEUTZ SPAIN CUP soccer league, with its II edition. After the finals, trophies were awarded to the finalist teams, in addition to the trophy for the top scorer and the least scored goalkeeper of the group stage.



## Champions of Change

DEUTZ empowers change managers: operators, supervisors and team leaders who act as thermometers of the plant situation. Once a measure has been put in place, these managers transmit their impressions about the environment in the organization and the depth of the measures implemented. These managers in turn work to strengthen and improve the commitment of workers through the proposal of new initiatives.

## RECONCILIATION OF WORK &amp; PRIVATE LIFE

As part of its Social Responsibility and Human Resources policy, DEUTZ SPAIN offers its employees different measures aimed at improving the balance between the personal and work life of workers.



new

## NURSERY ROOM

During 2019, the project for a nursery room at the DEUTZ SPAIN facilities was approved. Its construction is scheduled to take place during 2020.



new

## CANTEEN AT DEUTZ BUSINESS SCHOOL

DEUTZ BUSINESS SCHOOL has opened its dining room for DEUTZ SPAIN workers in 2019. Employees can eat in the cafeteria of the business school for a price of € 3.5 / menu.



new

## DISCOUNTS IN GYMS

DEUTZ SPAIN has signed an agreement with the Dinamic fitness center so that all workers of the company and their immediate family members (children, parents and spouses), as well as staff from external companies, can benefit from a series of monthly discounts in all the activities they offer. This initiative was proposed by the group of Change Managers.



new

## SCHOLARSHIPS FOR CHILDREN

Workers can apply for scholarships for sons and daughters who are pursuing official studies by requesting them through the Personnel Management mailboxes, the worker's office or through union representatives.



## CHRISTMAS BASKET

Every year, around the Christmas holidays, DEUTZ SPAIN gives its workers a Christmas basket.



## HOUR BANK

As a measure of flexibility, DEUTZ offers its employees a bank of hours with a maximum of 80 hours per year.



### MEDICAL INSURANCE

new

DEUTZ SPAIN has reached an agreement with Adeslas, obtaining a great discount in the medical insurance for the workers of the company, in addition with very advantageous conditions and that includes spouse and children.



### LAUNDRY SERVICE

External laundry service for the work wardrobe of direct workers



### SUPPORT IN THE PROCESSES OF WORK DISABILITY

Those employees who so wish have the possibility of going to DEUTZ to advance their medical tests in case they encounter delays in Social Security. In this way, time can be reduced in the processes of incapacity for work.



### FAMILY VISIT ON THE LAST DAY OF RETIREMENT

Within the strategic plan of HR, a very emotional measure has been put in place, in which retiring workers can teach their family on their last day of work their position in the factory and the positions they have gone through throughout his career.



### DISCOUNT DENTAL TREATMENTS

new

DEUTZ SPAIN has reached an agreement with Vitaldent, the largest network of dental clinics in Spain. Thanks to this agreement, all workers in the organization of the Zafra, Madrid and Barcelona work centers will be able to enjoy a 15% discount on all treatments, in addition to free teeth whitening.



### VACATIONS

Depending on the seniority in the company, DEUTZ SPAIN workers may have more vacation days: 1 more day with a 10-year seniority, 2 more days with a 16-year seniority and 3 days with 17 or more years of seniority.



### CONGRATULATIONS ON BIRTH

new

DEUTZ has replaced during 2019 the € 50 check as a congratulation on the birth of a child, for the delivery of a basket with a multitude of products, personalized and with double the value of the check. The basket comes with a medallion and a personalized card, with the option of choosing the color.



### BIRTHDAYS

Each worker receives a check redeemable at a local bakery as a birthday gift. HR takes advantage of this moment to chat with the person and be able to solve personal problems that have not previously been transmitted.



### SHUTTLE SERVICE

The company encourages the use of public transport and makes shuttle services available to its employees from Zafra, Los Santos de Maimona and Puebla de Sancho Pérez to the organization's facilities.



### AGREEMENTS WITH FINANCIAL ENTITIES

- Workers have advantages to access credits with BBVA.
- Nationale-Nederlanden offers DEUTZ workers the opportunity to carry out a personalized financial study at no cost and with advantageous conditions if the proposed initiatives are carried out.

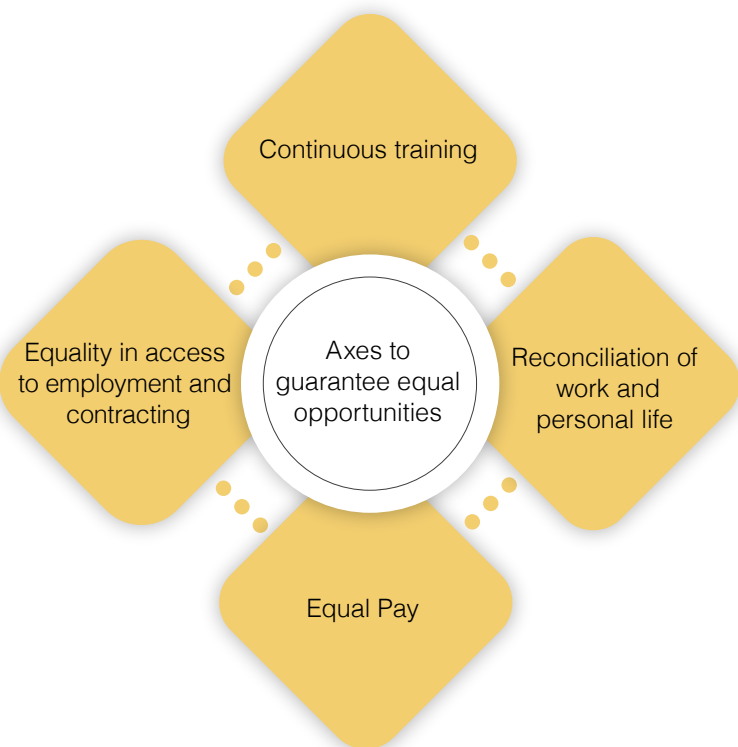
### FAMILY RESPONSIBILITIES QUESTIONNAIRE

During 2019, an anonymous questionnaire was launched to the entire staff asking about the family responsibilities of all the people who work at DEUTZ SPAIN. The objective was to know and collect information on the responsibilities to analyze and propose measures and actions that can facilitate the reconciliation of personal, family and work life.

## Equal Opportunity

DEUTZ SPAIN understands equal opportunities as an ethical obligation. The people who are going to join a job are selected without distinction, with objective and transparent criteria.

All things being equal,  
the incorporation of  
women is favored



### EQUAL PAY

In 2018, the organization launched an equal pay project through which job requirements are defined. This project identifies the alignment of wages with the added value provided by the job and through performance evaluation measures the degree of compliance of the worker with the requirements of the job.

12

Revised wages within  
the equal wages project  
in 2019

### INTERNAL PROMOTION

During 2019, a procedure was prepared for the selection processes by publishing internal promotion offers.

To ensure the objectivity and impartiality of the decisions at DEUTZ SPAIN, they are firmly rooted within a meritocracy policy where all workers have access to tools to develop professionally. In this way, the degree of qualification is linked to a professional category that is automatically accessed when a temporary minimum is met in the company.

9

Jobs filled by  
internal promotion  
in 2019

In 2017, DEUTZ SPAIN signed its 1st Equal Opportunity Plan for men and women, which is still in force in 2019, based on the following objectives:

## The Equality Commission has distributed a Prevention and Intervention Protocol against sexual harassment and harassment based on gender at DEUTZ SPAIN

### Involved with equality

DEUTZ SPAIN has joined the Cepaim Foundation's "Practice Equality, Mark of Difference" campaign. With this initiative, DEUTZ SPAIN is committed to promoting gender equality through active policies, measures and awareness-raising actions.

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>● Integrate the gender perspective in the collective agreement</li> <li>● Guarantee equal treatment and opportunities in access to employment</li> <li>● Maintain the job stability policy for male and female workers</li> <li>● Promote an assessment of jobs with objective and non-discriminatory criteria</li> </ul> | <ul style="list-style-type: none"> <li>● Guarantee the integration of the gender perspective in the preparation of the Training Plan</li> <li>● Train and raise awareness on Equal Opportunities</li> <li>● Guarantee promotion mechanisms free of discrimination based on sex</li> <li>● Promote the possibilities of access for women to positions of responsibility</li> </ul> | <ul style="list-style-type: none"> <li>● Improve reconciliation measures</li> <li>● Ensuring a work environment free from sexual harassment</li> <li>● Guarantee the labor rights of female victims of gender violence</li> <li>● Ensure inclusive use of language</li> </ul> |
|--|---|---|

### Self defense workshop for women

- DEUTZ SPAIN organized in 2019 a advocacy workshop for women against Gender Violence. The objectives of the workshop were as follows:
- Training for women in self-protection and personal security, to acquire a series of basic knowledge about self-protection measures, as well as skills, techniques and self-defense skills aimed at solving situations of real aggression.
- Know basic action protocols on self-protection and self-defense measures.
- Initiate and make known to women the usefulness of this series of techniques and tactics not only as a defense method but as a training activity for physical and mental health.
- Facilitate a series of knowledge that serves to resolve doubts, from the sharing, on different legal, healthcare and police aspects related to gender violence.

All participants received a certificate of attendance to the course issued by the Federación Extremeña de Lucha.



## PERFORMANCE EVALUATION

During 2019, the second skills assessment was carried out, which aims to analyze the knowledge and skills for the development of tasks and aims to identify aspects of improvement, to strengthen skills through training and development actions.

## Managing Talent

Any worker can define their own professional development itinerary and DEUTZ SPAIN puts the means and resources at their disposal



## INVESTING IN TALENT

## Qualified Workers

Since a significant part of DEUTZ SPAIN workers did not have the opportunity to receive formal training before joining, the organization offers them a second opportunity to obtain a degree by providing them with all kinds of facilities in terms of hours and reconciliation of the work and family life.

To do this, the first step was to offer these employees the possibility of obtaining professional accreditation for operators without training.



60

Workers are attending the FP course

A tutor at their disposal with tutoring 3 times a week that coincides with their work shift

## High Potencial Program (Programa HP)

In 2019, the talent identification program that selects the four best records from the Badajoz School of Engineers and the two best DUAL training records in a 1-year rotational program by three areas has continued with the aim of identifying the future talent of the company. Among the 6 participants of 2019 there has been a 1 woman.

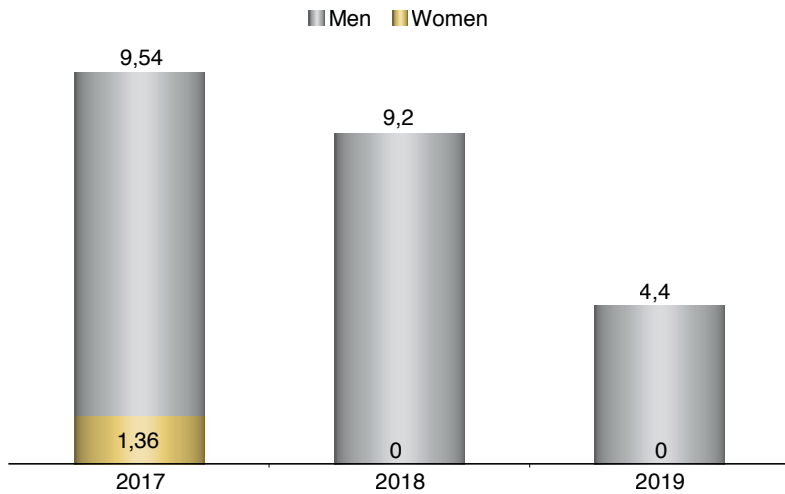


IV promotion through the HP program in 2019

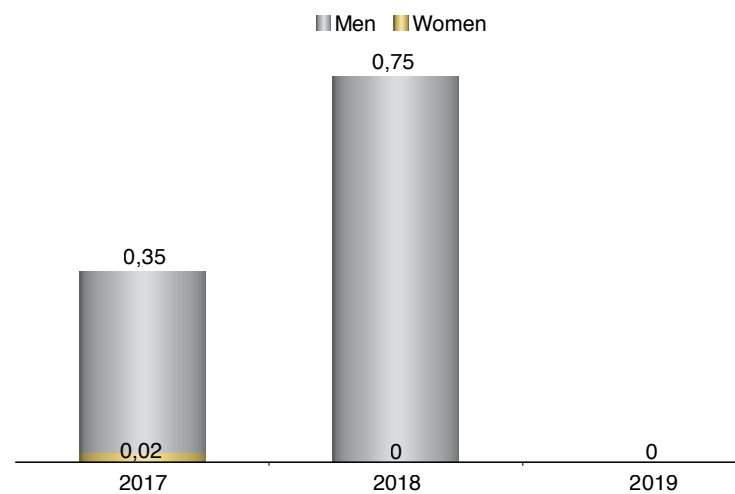


## Health & Safety at Work

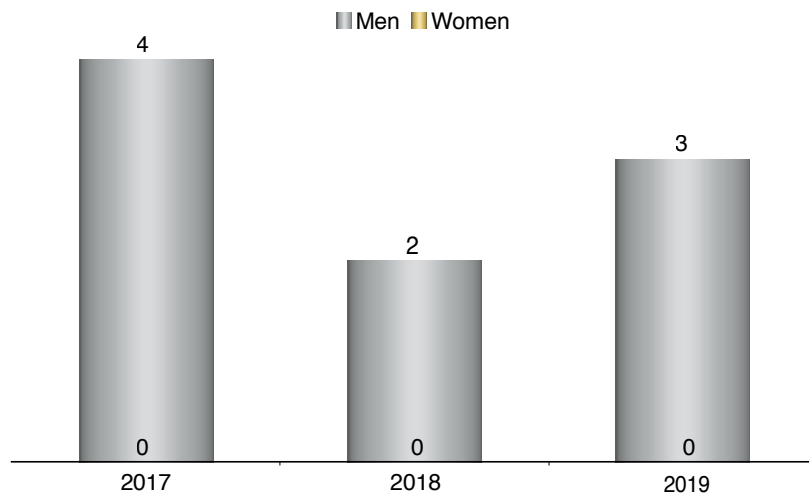
ACCIDENT FREQUENCY INDEX



ACCIDENT SEVERITY INDEX

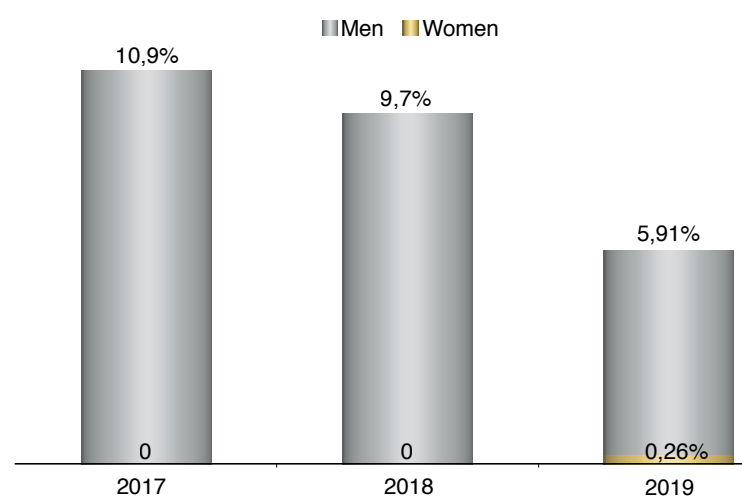


SICK LEAVE EMPLOYEES\*



\* per 1,000 workers

ABSENT DUE TO ACCIDENT \*



\* data for 2017 and 2018 does not take into account gender

DEUTZ SPAIN sees it as one of its fundamental principles to guarantee the safety and well-being for all its employees. To reduce the number of work accidents and also rates of severity as well as illness, the company makes significant investments each year to improve health and safety of its staff.

**DEUTZ SPAIN has the lowest accident rate of the entire DEUTZ group**

During 2019, the following improvements have been made:

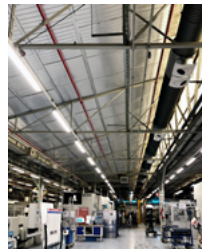
### Ergonomic Improvements

Automatic turning bench installation to replace a manual bench.



### Improved Fire Protection Facilities (PCI)

Automatic extinguishing system using water sprinklers located on the roof of the entire production plant.



### Replacement of Tramex

Substitution of the old metallic Tramex for resin Tramex with anti-slip properties. These Tramex prevent and reduce the risk of falls to the same level due to slipping.



### Anti-fatigue Mats

Acquisition of anti-fatigue mats. These mats reduce the risk of static charge in the workplace.



### Installation of Lifting Platforms

Installation of lifting platforms for packaging in different workstations. These platforms / tables allow working heights to be adapted to the worker during the loading / unloading of parts from the container to the machine or vice versa.



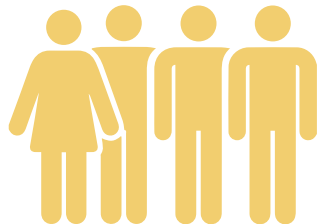
In 2019, the Medical Service was continued, with nursing and physical therapy services. With the latter, they treat workers' musculoskeletal ailments in order to avoid chronic injuries and reduce absenteeism figures. Within this service, several ergonomic workshop sessions and vaccination campaigns are given.

**85**  
Persons attended in  
2019

## Campaigns to Promote Health

### Ergonomics workshop

Those interested workers were able to attend a theoretical postural hygiene workshop in 2019, taught by a physiotherapist.



**43**  
Participants in those  
workshops

## Objectives 2020





# **INNOVATION AND EFFICIENCY FOR THE ENVIRONMENT**

## Energy Management



**7%**  
Reduction in water  
consumption

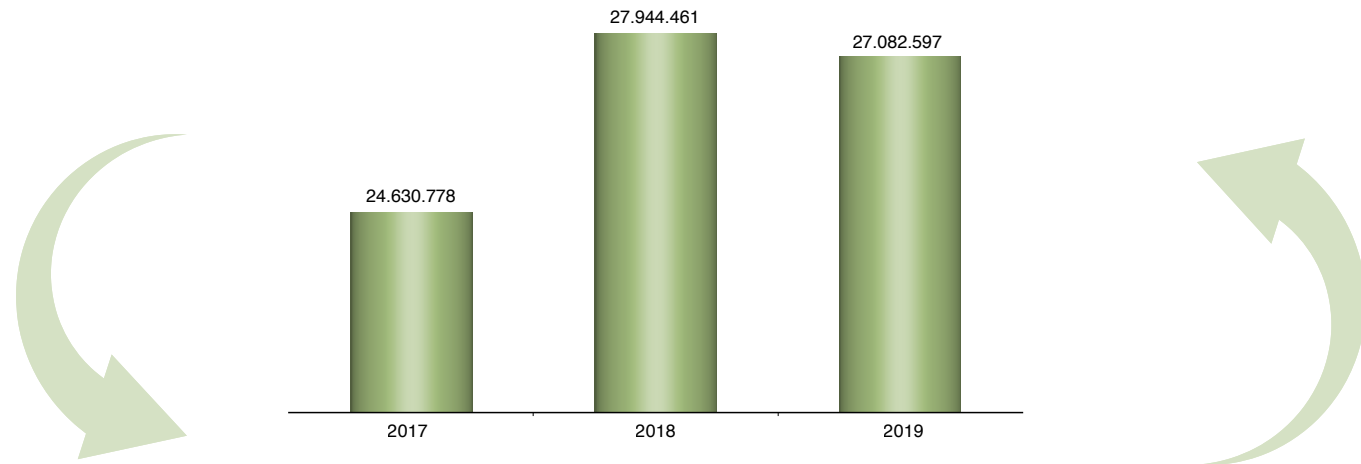


**7,59%**  
Savings through  
improved energy  
efficiency

As a sign of its commitment to the environment, DEUTZ SPAIN has implemented an integrated management system, of which the environmental management system as part of the ISO 14001:2015 standard is a part, thus responding not only to legal requirements, but also trying to go one step further with the police of continuous improvement.

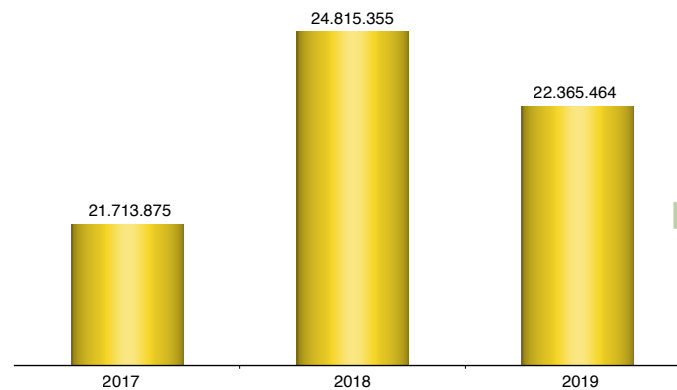
### INTERNAL ENERGY CONSUMPTION

TOTAL ENERGY CONSUMPTION



### CONSUMPTION OF ELECTRICITY

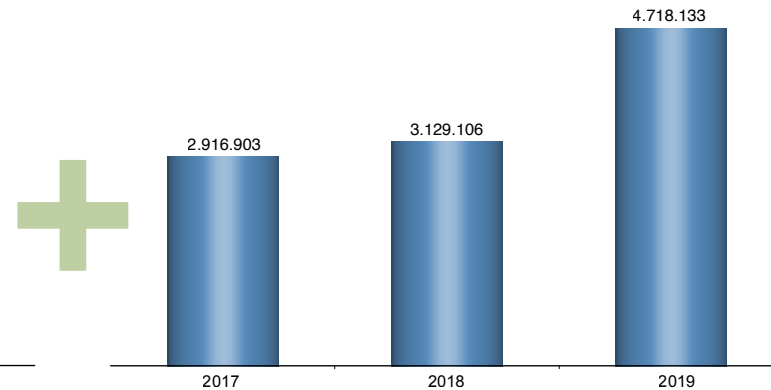
CONSUMPTION OF ELECTRICITY (KWH)



16.3% of electricity consumption comes from renewable energy

### CONSUMPTION OF NATURAL GAS

CONSUMPTION OF NATURAL  
GAS IN INSTALLATIONS

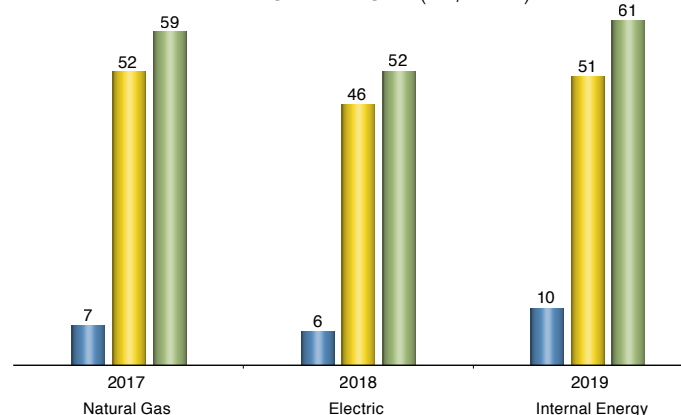


In 2016, DEUTZ SPAIN defined an energy strategy for the following four years, currently finding us in the last year of said plan. In this way, during 2019 the improvements applied have led to a saving of 7.9% compared to the energy profile of DEUTZ SPAIN.

In the case of electricity consumption, the improvement in 2019 has been 1.7% with respect to the expected consumption according to the baseline.

With regard to natural gas consumption, it should be noted that 2019 has been less efficient than in 2018, mainly due to the decrease in machine hours worked, which implies less efficiency in heat treatments, always in operation, and in consumption for heating. Since the plant was not in operation every day of the week, machines had to be in operation outside of working hours to reach the adequate room temperature. To which it must be added that the months of April and May 2019 were especially cold in the area.

ENERGY INTENSITY (kW/H.M.T.)



**In 2019 the hours worked by machine have been 473.563, 13% less than the year before.**

Furthermore, the production of Deutz Spain involves the consumption of materials:

Production consumption of the Zafra plant.	Consumption (kg)	Ratio
Oil consumption.	104.820	0,221 kg/machine hours
Drill consumption.	130.611	0,276 liters/machine hours
Liquid Nitrogen consumption.	354.185	0,748 liters/machine hours
VCI paper consumption	2587	5,46 kg/pK machine hours
A4 / A4 paper consumption	193.000	0,408 units/mac/hrs
Cast Parts Consumption	8.204.334	17,32 kg/hours worked
Consumption of steel parts	2.212.114	4,67 kg/mac/hrs
Aluminum parts consumption	72.047	0,152 kg/machine hours

## INVESTING IN THE ENVIRONMENT

DEUTZ SPAIN is fully committed to equipment optimization and the efficient use of its resources. Consequently, these are some of the lines of action in 2019 to improve the efficiency in the consumption of raw materials and energy:

**Replacement of low energy efficient equipment**

**Pilots projects with new, more efficient technologies**

**Preventive and predictive maintenance of equipment**

**Low load consumption optimization**

The measures developed translate into a significant economic investment aimed at improving the energy efficiency and environmental performance of DEUTZ SPAIN.

Budget Items	2017	2018	2019
Hazardous waste management	32.355€	32.355€	43.750€
Measuring emissions	6.330€	7.030€	7.030€
Measuring Discharge	4.635€	4.635€	4.635€
Reduction of contaminated absorbents	14.310€	14.310€	17.597€
RRHH			

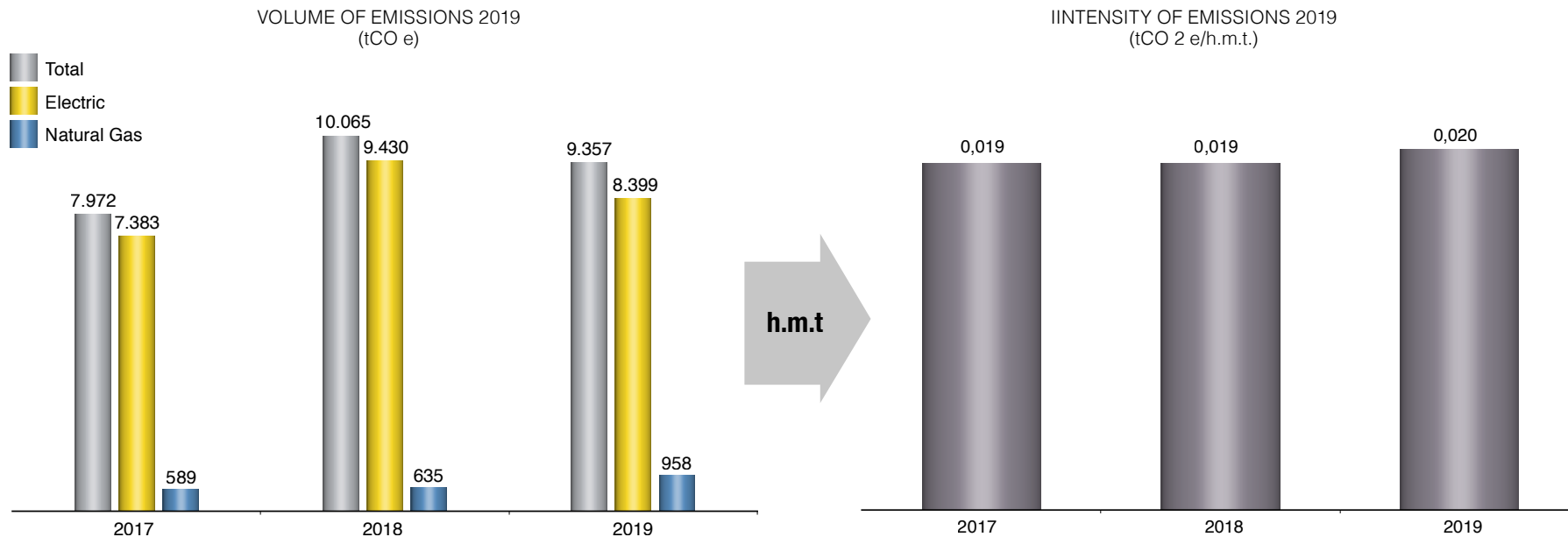
Some of the most ambitious projects tackled during 2019 have been:

Project	Inversión€
Reduction of consumption in cold water generation by chiller replacement	(*)
Change of dryer filters	10.398
Improved energy efficiency for cold water & air conditioning	42.502
Improved energy efficiency for compressed air	7.391

(\*) Investment made by the partner of non-productive facilities, redeemable by DEUTZ SPAIN for a period of 10 years.

## Management of Emissions

DEUTZ SPAIN's policy against carbon emissions is to apply measures that prevent and reduce emissions, understanding that efforts should focus primarily on avoiding risks rather than repairing them.



### Key Data 2019

Total = 9.357 tCO<sub>2</sub>e

Electricity = 8.399 tCO<sub>2</sub>e

Natural Gas = 958 tCO<sub>2</sub>e

The emissions data provided is Scope 1 + Scope 2. The company has not recorded Scope 3.

Emissions have been obtained using the conversion factors provided by the Ministry for the Ecological Transition and the Demographic Challenge 2019:

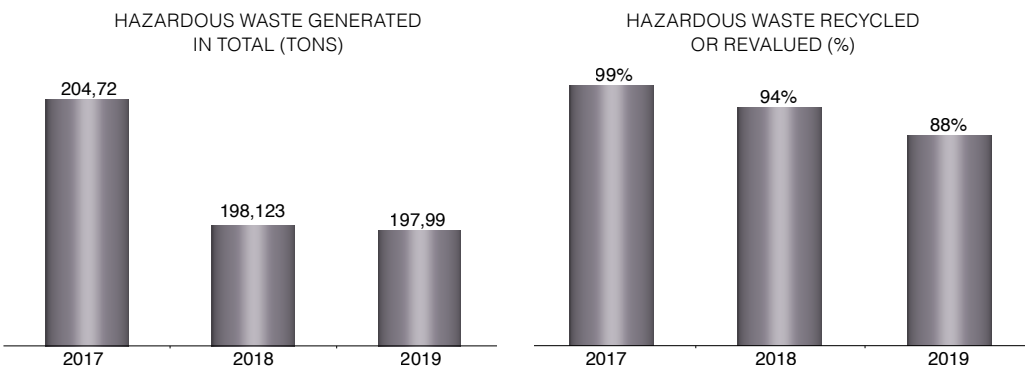
- The **emission factor** for **Natural Gas** is the one referring to Fixed Combustion Equipment (0.203).
- The **emission factor** for **Electricity** is the one referred to electricity consumption (0.38).

In 2019 the improvements have focused on improving the heat treatment processes, having carried out the complete replacement of the refractory material of one of the furnaces, improving its thermal performance, reducing the consumption of natural gas and, therefore, reducing emissions generated. The investment made for this improvement has been € 40,819.

## Waste Management

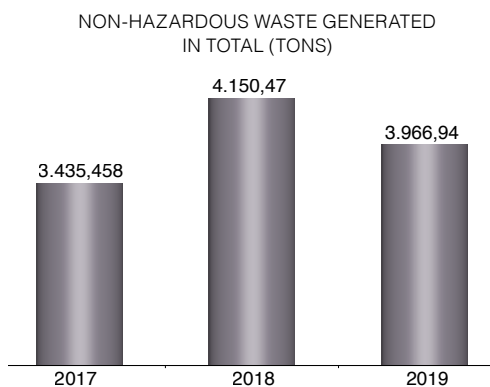
DEUTZ SPAIN is aware that the improvement in the classification and management of its waste not only depends on the means it uses, but must make an effort to increase awareness and training of all the people who make up the company.

### HAZARDOUS WASTE



The main volume of hazardous waste is sourced from the generation of water with hydrocarbons. For 2020, DEUTZ SPAIN has a firm intention to seek a second use.

### NON-HAZARDOUS WASTE



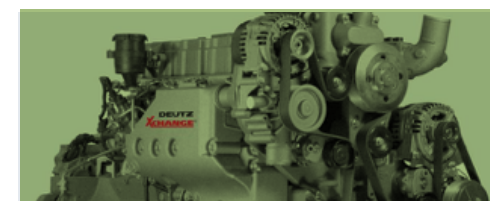
**100% of non-hazardous waste is recycled or revalued**

Hazardous waste generated at our plant in Zafra	Origin	Identification (LER)	Quantity in 2019 (kg)	Destination
Hydrocarbon water	Production process	130507	117.240	R13
Biosanitary waste	General development	180103		D15
Contaminated absorbents	Production process	150202	18.560	D15
Fluorescents	General development	200121	183	D15
Various aerosols	Production process	160504	237	R13
Contaminated plastic packaging	Production process	150110	1.277	R12
Electrical and electronic waste	Production process	160213	255	R13
Used drill	Production process	120109	23.960	D15
Discarded equipment containing CFC, HCFC, HFC	Offices / Air conditioning installation	160211	0	R13
Sludge with HCs	Production process	130502	12.944	R13
Contaminated metal packaging	Production process	150110	424	R12

Non-hazardous waste generated at out plant in Zafra	Origin	Identification (LER)	Quantity in 2019 (kg)	Destination
Municipal waste mixes	General development	200301		D5
Paper and carton	Parts packaging	200101	89.350	R13
Plastics	Parts packaging	200139	13.840	R13
Steel shavings	Material removed in machining	120101	659.210	R13
Aluminium	Material removed in machining	120101	27.594	R13
Melt chip	Material removed in machining	120101	3.142.260	
Molten Scrap	Residue of parts, machinery, etc.	170405	510.930	R13
Scrap steel	Residue of parts, machinery, etc.	170405	107.630	R13
Wood	Spoiled pallets	200138	37.710	R13
Miscellaneous scrap	Miscellaneous metal scrap	200140	34.240	R13
Used batteries	Office/domestic	160604	191	R13

### DEUTZ XCHANGE: Comitted to the Circular Economy

Thanks to the DEUTZ XCHANGE Service, both reconditioned parts and engines are marketed. The reconditioning is carried out according to the most demanding quality standards and re-values many of the ranges of engine and parts that can still be recovered.



## Water Management

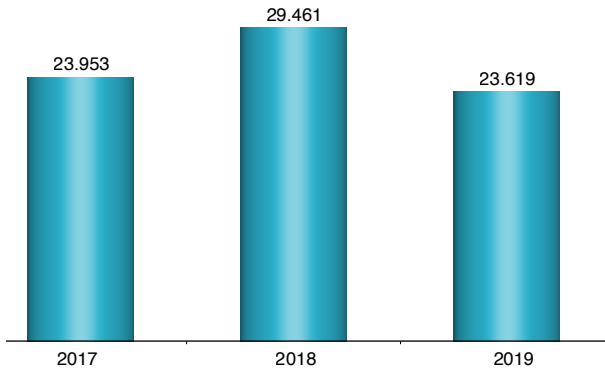
Water is a scarce commodity, which is why during the last years DEUTZ SPAIN has emphasized not only reducing its consumption, but also reusing as much volume as possible. For this, the company has in its facilities a treatment plant, decanter and prior decanter.

TOTAL WATER CONSUMPTION ( M3 )



Natural water in 2019:

- Municipal water supply= 22.774 m<sup>3</sup>
- Groundwater= 855 m<sup>3</sup>



8%

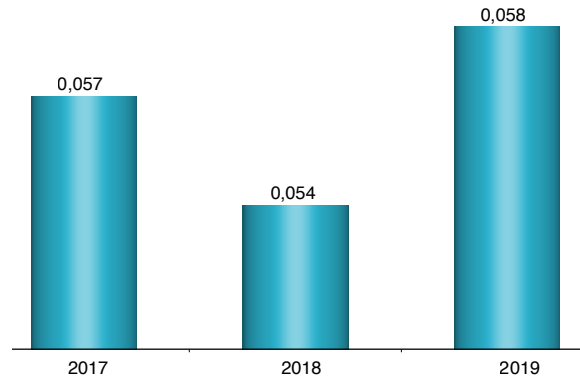
Reduction of  
water consumption  
compared to 2018

VOLUME (m3 / h.m.t.)

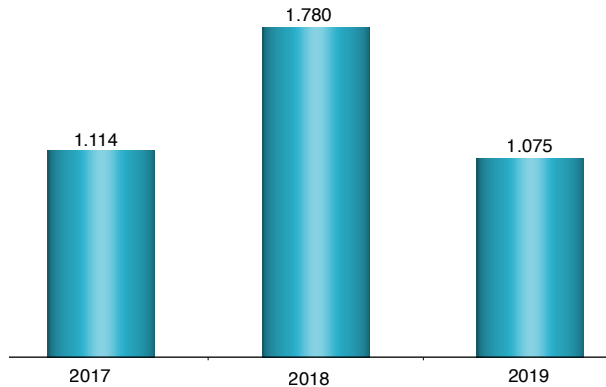


Machine hours worked:

2019 = 473.563 h  
2018 = 542.164 h  
2017 = 420.873 h



TOTAL WASTE WATER DISCHARGE ( M3 )



The water from  
production passes  
through the  
different treatment  
mechanisms  
necessary before  
being returned to the  
network.

## Objectives 2020



Reduction of energy consumption by  
10% in 4 years (since 2017).

Improvements in the control and monitoring of plant consumption through SW



Reduction in the consumption of cutting fluids per piece by 2%.

Revaluation of hazardous waste





**BUILDING THE FUTURE**

## Developing the Local Community



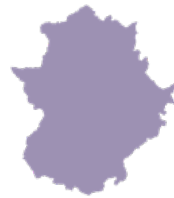
573

Students at Deutz Business School



8

Editions Dual Training



+ 500 employees  
19 M€ in salaries  
6,5 M€ in S.S.

DEUTZ SPAIN is an important energizing agent in Extremadura, especially in Zafra, where its facilities are located. The organization, the focus of industrial development, is one of the main sources of quality employment in the area. The organization is the second largest industry in Extremadura by number of workers and the first in wages and contributions to Social Security.

DEUTZ SPAIN's social commitments pivot on the development of the local community through two channels:

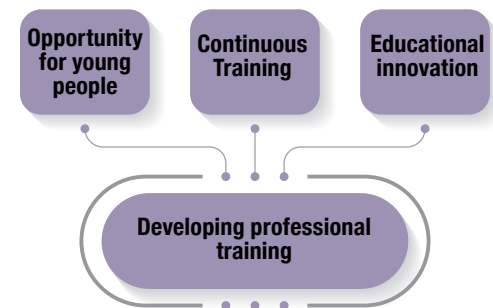


## Training & Employability

DEUTZ SPAIN has developed its business school in order to attract excellence training to Extremadura, share it with its business network and be a meeting point for managers.

### Foundation Deutz Business School®

Foundation Deutz Business School® is an independent non-profit institution promoted by DEUTZ SPAIN. Its main objective is to promote the economic and professional development of Extremadura and its environment through education, promoting and contributing to the innovation drive in education, culture and business and to positively impacting youth employment.



During 2019 there have been many meetings and joint meetings with the Local Administration focused mainly on the development of the work and procedures for the start-up of the Deutz Business School Foundation.



## Opening of Deutz Business School ®

Deutz Business School® is committed to the quality training of technical skills, executive training and educational innovation in order to help create new professional profiles. This business school has an area of more than 1,500 square meters:

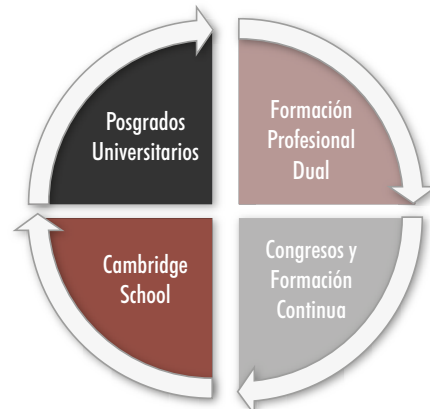


The mission of Deutz Business School® with these facilities is to facilitate accessibility for both Deutz Spain workers and new generations to training geared to the real needs of the company, equipping students with the necessary skills and competences to respond to the present and future demands of the economy and the labor market.

In 2019 DEUTZ SPAIN received an excellence award from the German Chamber of Commerce for its Deutz Business School project.



Deutz Business School® aims to promote the development of professionals in the industrial field by offering a wide range of educational programs tailored to the schedule and needs of each student:



Deutz Business School®, in collaboration with other partners, is also organizing postgraduate programs in a commitment to continuous training and educational innovation. In addition, it has signed several framework collaboration agreements to increase the training of graduates from the University of Extremadura. Its commitment is to make its facilities available to students and to provide high-level complementary training.

Deutz Spain has 8 managers from different areas of the company who are Lean Management professors at Deutz Business School, and are certified for this by the Lean Management Institute.



Postgraduate Expert  
Professional Lean  
Practitioner

Further agreements with educational entities  
and Deutz Business School®

I.E.S. Cristo del Rosario



Dual vocational training médium grade  
Dual vocational training superior grade  
Professional training specialization: Industry 4.0

Cambridge English  
Language Assessment



Preparation for official Cambridge exams  
Conversation classes  
English for negotiations  
Classes for business English



University Postgraduate  
Yellow Belt & Six Sigma



Máster Universitario propio  
Lean & Six Sigma

## Cambridge School

Deutz Business School® and Cambridge University have reached an agreement that, from September 2019, English courses will be taught with Cambridge-certified teachers.

Personalized monitoring, groups differentiated by levels and ages, and flexibility are some of the hallmarks that reflect the Cambridge School model.

In the particular case of DEUTZ SPAIN workers who need to speak English to carry out their work, both individual and group meetings are held with the teachers in order to practice the language in their work environment, in order to improve their command of the language as well as give them all the tools more technical to eliminate common pronunciation mistakes.



**35** Employees at  
DEUTZ received  
English classes in 2019

## 2nd Postgraduate LEAN Course



## Industry 4.0 New Training Course

To respond to these new challenges and opportunities, Deutz Business School® will offer a series of Specialization Courses in Industry 4.0 in 2020, making facilities equipped with the most advanced technology available to students and a 290 m2 workshop where to experiment and learn the tools of disruptive technology.

### COMPUTER-ASSISTED PROGRAMMING

Design training for management and transformation of 3D (CAD/CAM) platforms

SOON

### CREATION OF COLLABORATIVE ENVIRONMENTS

Use of robots of the new E-Series for intuitive programming

SOON

### VIRTUAL REALITY APPLICATIONS

Education and training in virtual reality through gamification

SOON

## Automotive Quality Congress 4.0

In October 2019, the XXIV Automotive Congress 4.0 was held in Pamplona, attended by DEUTZ SPAIN.

The director of DEUT BUSINESS SCHOOL, Carolina Grau, was invited to participate in a presentation to address DEUTZ's response in the field of training and talent attraction. The paper received one of the highest scores in terms of the level of interest and the highest score for quality in the exhibition.



## Pioneers in Dual Vocational Training

### Dual Vocational Training: Increased Employability

Deutz Business School® has pioneered in offering Dual Vocational Training (DVT) at its industrial sites at DEUTZ SPAIN in Extremadura.

Thanks to dual training, students acquire a high-level knowledge applied to the industry. After having gone through dual training they are better equipped to form a permanent workforce.

This training combines two learning scenarios: the classroom and the workplace. In this way, theoretical training alternates with practical application. That gives students the best tools for meeting the changing challenges in the labor markets of today and tomorrow.



**8** Courses held



**15** Students per course In 2019



FP D.V.T Medium grade  
FP D.V.T Superior grade  
P.T Specialization



## DEUTZ SPAIN and team ARUS Andalucía Racing

In 2020, the seven highest scorers in the second Dual Vocational Training course will be in charge of making essential parts for the assembly of the car of the ARUS Andalucía Racing team.

The ARUS Andalucía Racing team, with 90 engineering students from the University of Sevilla as team members, is the first Andalusian team in the Formula Student event. This is the largest university car competition in the world, with nearly 600 universities from all continents participating.

The team has designed its single-seater racing cars for the competition, and thanks to the students of Deutz's Dual Vocational Training progra, team ARUS Andalucía will be able to build them by 2020.



DEUTZ BUSINESS SCHOOL®

## Support for Vulnerable Communities

At a local level, Deutz Spain has renewed and strengthened its collaboration agreements with entities such as Plena Inclusión de Zafra (Occupational Center for intellectually challenged people), Caritas Zafra or Cofradía de Humildad y Paciencia (distribution of toys for children at risk of social exclusion) in 2019.

### Let's help Carlos



In April 2019 DEUTZ SPAIN started the campaign "A marrow for Carlos" with the aim of attracting as many donors as possible for the son of one of its employees and thus increasing the chances of finding compatible bone marrow.

Thanks to the different campaigns of both the company and the employees through social networks, Carlos was able to find a donor.

Job has contacted Deutz SPAIN to give us this great news and to thank all the workers for their support.

*"Heartfelt thanks to all our workers for their support"*

## About this Report

### Coverage and Scope

This is the second year that DEUTZ SPAIN publishes its Corporate Social Responsibility report, in accordance with Law 11/18 on non-financial information and in accordance with the Global Reporting Initiative (GRI) guidelines in its exhaustive option, following the principles and contents defined in the GRI Standards of application in its 2016 version. Likewise, in compliance with Law 11/2018, this report has been verified by an external and independent entity (AENOR). With this report, DEUTZ SPAIN, in an exercise of transparency with its stakeholders, is accountable for its commitments to sustainability under an economic, social and environmental approach. The contents of this report refer to the data from January 1 to December 31, 2019 and cover all the activities of the Organization. The contents of this report refer to the data from January 1 to December 31, 2019 and, where possible, information on the years 2017 and 2018 has been included and covers all the activities of the Organization.

### Content

The topics or relevance of the contents of this report has been determined from the study

carried out by the Management Committee and all the Stakeholders, as described in the Corporate Responsibility section. Each relevant material aspect has been analyzed to identify its correspondence with the GRI Standards, selecting those that respond to the expectations of the stakeholders and the DEUTZ SPAIN strategy. Additionally, other GRI indicators have been adhered to voluntarily, with the aim of increasing transparency and understanding of the company's activity.

### Contact

Point of contact for questions concerning the content and process of definition of the Annual Social Corporate Responsibility Report:

DEUTZ SPAIN, S.A.U

Ctra, Badajoz-Granada ZAFRA (Badajoz)  
antonio.bueno@deutz.com

## ANNEX: INDICES ACCORDING TO 11/2018 – GRI LEGAL STANDARDS

W

LEGAL REQUIREMENT 11/2018	GRI Standard	Summary description	Comment	Página
<b>PROFIL OF THE ORGANIZATION</b>				
It will include your business environment, its structure, the markets in which it operates, its objectives and strategies as well as the main factors and trends that may affect its future evolution.	102-1	Name of the organization	DEUTZ SPAIN, S.A.U.	
	102-2	Activities, brands, products and services		5,15
	102-3	Location of headquarters	Ctra, Badajoz-Granada ZAFRA (Badajoz)	15
	102-4	Location of production		5,15
	102-5	Ownership and legal form		5
	102-6	Markets and services (with breakdown by regions, types of clients and beneficiaries)		9
	102-7	Size of the organization		5,13, 15,22
Number of employees by division, gender, age, nationality and professional classification. Total number and work contracts, also number/share of different types of contract (such as permanent, temporary, full- and part-time) and distribution.	102-8	Information about employees and other staff		23-24
	102-9	Supply chain	Indicator 204-1	9
	102-10	Significant changes in the organization and its supply chain	No changes.	
Specific information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment or certification procedures; resources dedicated to the prevention of environmental risks; the application of the precautionary principle, the number of provisions and guarantees for environmental risks.	102-11	Principle of precautionary approach	Current and future impact on the environment as on health and safety of the people has been identified as stipulated by an integrated management system for quality, environment and risk prevention at the workplace at DEUTZ SPAIN.	36-39
Shareholders or sponsorships .	102-12	External initiatives		29 42-45
Shareholders or sponsorship..	102-13	Affiliation to associations	Spanish Quality Council (AEC) MCA - Madrid Automakers Association SERNAUTO- Association of Spanish Auto Suppliers	
<b>STRATEGY</b>				

Objectives and strategies, and principal factors or trends that might affect future developments.	102-14	Declaration of top executives responsible for making decisions		
The main risks related to these issues related to the group's activities, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject. Information should be included on the impacts that have been detected, offering a breakdown of them, in particular on the main short, medium and long-term risks.	102-15	Impact, risks and main opportunities	<p>Deutz Spain has a risk management system, in which they are analyzed from 3 different areas: Context analysis, Compliance analysis and Operational analysis. This analysis constitutes a source of information for the identification of risks and opportunities for the company in the short, medium and long term.</p> <p>In 2019, the main risks identified have been the consequences of legislative changes and limitations regarding diesel engines, the scope of customer capacity, the new foundry supplier policy, the administrative limitation of labor contracts and the new collective agreement. Regarding compliance, the greatest risk is committing a crime against the environment. For the identification and management of operational risks, there is a risk management body associated with the processes defined in the company's Process Map, this Risk Committee is coordinated and managed by the head of the GIS. The committee reports to the Management of the Deutz AG machining competence center and the Management of Deutz Spain.</p> <p>For the identified risks, the organization has implemented specific controls and action plans.</p>	19
<b>ETHICS AND INTEGRITY</b>				
	102-16	Values, principles, standards and codes of conduct		6, 10-12
	102-17	Advisory mechanisms and ethical concerns		8, 10-12
<b>GOVERNANCE</b>				
	102-18	Structure of governance	The functionality of those bodies of government is regulated by internal statutes for the management of companies affiliated to DEUTZ AG	8
	102-19	Delegation of authority	<p>The Board of Directors empowers the Chief Executive Officer to represent the Company. The CEO is also part of the Management Committee as Manager. The Internal Regulations for the management of subsidiaries of DEUTZ AG establish the functions and responsibilities of the Management Committee, and in which situations prior approval is required by DEUTZ AG and its Board of Directors.</p> <p>The Board of Directors is Responsible for the Government of the company, and the Management communicates with the Directors.</p>	8
	102-20	Responsibility at executive level with regard to economic, environmental and social topics.	<p>The Board of Directors is informed through quarterly meetings and monthly reports by the Economic-Financial Management, which in turn is informed of each matter by the different area or department directors in the Management Committee through periodic meetings and monographic sessions to analyze specific projects.</p> <p>The Board of Directors is responsible for the strategic decisions that result from a deviation from the Plan approved for the year; managers are in charge of management.</p>	8
	102-21	Consult with other groups on economics, environmental and social issues.		12-18

	102-22	Composition of highest governing body and its committee.		8
	102-23	President of highest governing body		8
	102-24	Nomination and selection of highest governing body.	The members of the board are selected by DEUTZ AG (sole owner) of DEUTZ Spain. The members of the board are selected their abilities and value in the organization.	8
	102-25	Conflict of interest	It is established by the Capital Companies Law in Art.229 LSC; There is an annual declaration by each director on the 229. In addition, the Internal Regulations for the management of subsidiaries of DEUTZ AG regulate possible conflicts of interest that may arise in the purchase, contracting, etc.	12
	102-26	Function of the highest governing body with reference to proposals, values and strategies	Function of highest governing body with reference to proposals, values and strategies DEUTZ AG's Internal Regulations for the Management of Subsidiary Companies establish the roles and responsibilities of the Management Committee, and in which situations prior approval is required from DEUTZ AG and its Board of Directors. DEUTZ SPAIN is governed by the guidelines established in the Group's Strategic Plan, which displays objectives and actions using the HK tool.	8,10, 12-13, 18,19, 22, 25-26
	102-27	Collective knowledge of the highest governing body	The members of the Management Committee are selected for their ability and worth within the organization and represent the different areas and departments of the company (Management, HR, Engineering, Production), all of whom have extensive knowledge in their field of expertise.	8
	102-28	Performance evaluation of highest governing body	The Supervisory Board oversees and controls the good performance of the company and consequently also the performance of its Executive Board.	
A description of the policies applied by the group regarding said issues, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control, including what measures have been adopted.	102-29	Identification and management of economic, environmental and social impact.	<p>DEUTZ SPAIN has:</p> <ul style="list-style-type: none"> <li>• Integrated quality, environment, and health and safety policy.</li> <li>• Crime prevention and anti-bribery policy.</li> <li>• Social Responsibility Policy.</li> <li>• Corporate Compliance Policy.</li> <li>• Equality Plan.</li> </ul> <p>The current or future impacts on the environment and the safety and health of people have been identified and evaluated as stipulated in DEUTZ SPAIN's integrated quality, environment and risk prevention management system.</p>	10-13, 15,18, 19, 24-26, 22-24, 26, 27-33, 35-39, 41-45
A description of the policies applied by the group regarding said issues, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control, including what measures have been adopted.	102-30	Efficiency of risk management processes		10-13, 15,18, 19, 24-26, 22-24, 26, 27-33, 35-39, 41-45

A description of the policies applied by the group regarding said issues, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control, including what measures have been adopted.	102-31	Evaluation of economic, environmental and social issues.	Indicator 102-15			8,19, 26,47
	102-32	Role of highest governing body bin the preparation of sustainability reports				12-13
	102-33	Communication of critical issues				12-13
	102-34	Nature and total number of critical issues				13
The average remuneration of directors and executives, including variable remuneration, allowances, indemnities.	102-35	Remuneration policies	Year	Remuneration		
			2017	186.481,40 €		
			2018	197.295,47 €		
			2019	112.273,12 €		
	102-36	Process for determining remuneration	Currently, the salary curve for people outside the agreement is being drawn up, to establish a program for adapting payrolls to the realities of the market.			29
	102-37	Involvement of groups of interest in remuneration	The owners (DEUTZ AG) decide which remuneration policies ate applied to the Management, being approved by the Board of Directors. The rest of the stakeholders are informed of these policies, based on the organization's transparency policy.			
	102-38	Ratio between the total annual remuneration of the highest paid person in the organization with the average annual total remuneration of the entire workforce.	Year	Ratio		
			2019	2,14		
	102-39	Ratio between the percentage increase in the total annual remuneration of the best paid improvement with the percentage increase in the average annual total compensation of the workforce.	n 2019 the remuneration of the highest paid person did not experience any increase.			
PARTICIPARTATION OF INTEREST GROUPS						
	102-40	List of interest groups				12
	102-41	Collective wage agreements	The Zafra plant has its own in-house agreement, while the centers in Madrid and Barcelona are covered by the regional metal workers agreement.			
	102-42	Identification and selection of groups of interest				12

	102-43	Focus on the participartation of interest groups		12-13	
	102-44	Key topics and concerns mentioned		13	
MATERIAL ASPECTS AND COVERAGE					
	102-45	Entities included in the consolidated financial statements	DEUTZ SPAIN, S.A.U.		
	102-46	Definition of the contents of the reports and their coverage	13		
	102-47	List of material topics	13		
	102-48	Restatement if information	Scope 1 and 2 emissions have been recalculated during the years 2017, 2018, using the emission factors published by the Ministry for the Ecological Transition and the Demographic Challenge in 2019. In addition, has applied the same methodology for the calculations related to 2019. The emission factors used in this 2019 report are:		
			Year*	Natural Gas Emission (kgCO 2 /KWh)	Factors referring to the electricity consumption through ENGIE ESPAÑA, S.L.U.(kg CO2/kWh)
			2017	0,202	0,34
			2018	0,203	0,38
			2019	0,203	0,35
	102-49	Change in reporting	The List of material topics has changed based on the Materiality Study 2019		
MEMORY PROFILE					
	102-50	Reporting profile	2019	47	
	102-51	Date of last report	2018		
	102-52	Reporting cycle	Annual		

	102-53	Point of contac for questions about the re- port		47
	102-54	Declaration the report was prepared in ac- cordance with GRI stabdards		47
	102-55	GRI Content Indices		49
	102-56	External verification		47
<b>MANAGEMENT FOCUS</b>				
	103-1	Explanation of the material topics of the report	The explanation of the material topics of the report is explained in detail in the corresponding chapters of the report and more specifically in this index.	
	103-2	Focus of management	The focus of each material topic is explained in the corresponding section of the report and more specifically in this index.	
	103-3	Evaluation of Management Focus	Evaluation of the management approach The evaluation of the focus of each material topic is reported in the corresponding section of the report through the reported impacts, and it is also evaluated in the external verification of this report	
<b>ECONOMIC PERFORMANCE</b>				
MANGEMENT FOCUS: ECONOMIC PERFORMANCE		Management focused on maintaining the economic profitability of its productive activities, considering the risks and opportunities associated with environmen- tal and social aspects. Economic growth focused on contributing positively to society through the improvement of employee conditions, the increase in employment in the area, the positive impact generated by suppliers and the increase in the payment of taxes.		
Incime generated country by country; taxes paid from income	201-1	Direct economic value generated and distributed		13
The benefits received country by coun- try; taxes on profits paid 2016 201-1 Direct economic value generated and distributed. 19 The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services they produce; measures related to the con- sequences of climate change; the re- duction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose.	201-2	Financial consequences and other risks and opportunities for the organization's activities due to climate change.		36-38

Provisions set aside for long-term savings and any other forecasts disaggregated by gender.	201-3	Provisions for obligations from public funding	The Organization has presently made no financial provisions for a pension plan.																																																								
Las subvenciones públicas recibidas.	201-4	Financial aid granted from government entities		13																																																							
MANAGEMENT FOCUS: MARKET PRESENCE																																																											
Average wages and their evolution, disaggregated by sex, age and professional classification or equal value; wage gap, the remuneration for equal or average jobs in society.	202-1	Ratio of standard entry-level salary by sex to the local minimum wage.	<p>100% of DEUTZ SPAIN's salary is above the SMI. The wages regulated by agreement do not establish any kind of distinction by sex, neither in the fixed salary nor in the supplements. The comparative wages between men and women by age and the wage gap are presented in the following tables. There is no distinction of salary by category for confidentiality in any of the positions.</p> <table> <tr> <th colspan="3">Average Salaries 2019</th><th colspan="2">Salary Gap 2019</th></tr> <tr> <td rowspan="2">By Gender</td><td>Women</td><td>40.702,33 €</td><td>Management team</td><td>35%</td></tr> <tr> <td>Men</td><td>52.059,35 €</td><td>Responsible with team</td><td>18%</td></tr> <tr> <td rowspan="3">By Age</td><td>&lt; 30 years</td><td>35.100,00 €</td><td>Responsible without team</td><td>3%</td></tr> <tr> <td>30-50 years</td><td>47.289,68 €</td><td>Technical &amp; administrative</td><td>-24%</td></tr> <tr> <td>&gt; 50 years</td><td>57.758,85 €</td><td>Operators</td><td>0%</td></tr> <tr> <td rowspan="5">By Position</td><td>Management team</td><td>74.986,07 €</td><td colspan="2" rowspan="5">Positive values in favor of men, negative values in favor of women..</td></tr> <tr> <td>Responsible with team</td><td>39.013,02 €</td></tr> <tr> <td>Responsible without team</td><td>40.943,64 €</td></tr> <tr> <td>Technical &amp; administrative</td><td>39.097,60 €</td></tr> <tr> <td>Operators</td><td>35.756,48 €</td></tr> <tr> <td rowspan="6">Por Age and Gender</td><td>&lt; 30 years women</td><td>34.650,00€</td><td colspan="2" rowspan="6"></td></tr> <tr> <td>&lt; 30 years men</td><td>36.000,00€</td></tr> <tr> <td>30-50 years women</td><td>37.451,81€</td></tr> <tr> <td>30-50 years men</td><td>43.546,13</td></tr> <tr> <td>&gt; 50 years women</td><td>59.756,70€</td></tr> <tr> <td>&gt; 50 years men</td><td>47.791,72€</td></tr> </table>	Average Salaries 2019			Salary Gap 2019		By Gender	Women	40.702,33 €	Management team	35%	Men	52.059,35 €	Responsible with team	18%	By Age	< 30 years	35.100,00 €	Responsible without team	3%	30-50 years	47.289,68 €	Technical & administrative	-24%	> 50 years	57.758,85 €	Operators	0%	By Position	Management team	74.986,07 €	Positive values in favor of men, negative values in favor of women..		Responsible with team	39.013,02 €	Responsible without team	40.943,64 €	Technical & administrative	39.097,60 €	Operators	35.756,48 €	Por Age and Gender	< 30 years women	34.650,00€			< 30 years men	36.000,00€	30-50 years women	37.451,81€	30-50 years men	43.546,13	> 50 years women	59.756,70€	> 50 years men	47.791,72€	
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Impact of the organization's activities on local employment.	202-2	Proportion of top executive under contract from the local community.	57% of the Executive Board are from Extremadura.																																																								

MANAGEMENT FOCUS: INDIRECT ECONOMIC CONSEQUENCES				
	203-1	Investments in Infrastructure and supporting services		13
The impact of society's activity on local development; the impact of society's activity on local populations and on the territory.	203-2	Significant indirect economic impacts		41
MANAGEMENT FOCUS: ACQUISITION PRACTICE				
The inclusion in the purchasing policy of social, gender equality and environmental issues; consideration in relations with suppliers and subcontractors of their social and environmental responsibility; supervision and auditing systems and their results.	204	Acquisition practice	See Indicators 308-1, 308-2, 4071, 408-1, 409-1, 412-3	9,11,12
The impact of society's activity on employment and local development; the impact of society's activity on local populations and on the region.	204-1	Proportion of spending on local suppliers.	18.50% of the suppliers that we have worked with in 2019 are from Extremadura	13
MANAGEMENT FOCUS: WAR ON CORRUPTION		Managed from the point of view of compliance with the code of conduct, actions that guarantee corporate values and the establishment of regulatory compliance mechanisms (certified management system for Criminal Compliance and Bribery).		
Measures taken to prevent corruption and bribery; measures to fight money laundering, contributions to foundations and non-profit entities.	205-1	Operations evaluated for risks related to corruption.		12
	205-2	Communication and training on anti-corruption policies and procedures.		12
	205-3	Confirmed cases of corruption and measures taken.	None	
MANAGEMENT FOCUS: UNFAIR COMPETITION PRACTICES				
	206-1	Legal actions related to unfair competition, monopolistic practices and against free competition.	None	

ENVIRONMENTAL PERFORMANCE							
MANAGEMENT FOCUS: MATERIALS							
Consumption of raw materials and the measures adopted to improve the efficiency of their use.	301-1	Materials used by weight or volume.	Consumption 2019 (kg) by work center		MADRID	BARCELONA	36
			Consumption of oil has		4534	1912,8	
			Consumption of detergents		10		
			Consumption of refrigerants		605	187	
			Consumption of filters		190	104,3	
			Consumption of absorbent paper		11,2		
			Consumption of sepiolite		22,3		
			Consumption of rags		22,3		
			Consumption of A4 paper		350,7		
Prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste.	301-2	Recycled materials used.	No recycled materials are used in the production process.				39
MANAGEMENT FOCUS: PRODUCTS AND SERVICES							
Prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste.	301-3	Reused products and packaging material	None used in the production process.				
MANAGEMENT FOCUS: ENERGY		Management focused on reducing consumption within the organization through the use of better technologies and more efficient equipment.					
Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energy.	302-1	Energy consumption within the organization	Consumption by work site in 2019		Madrid	Barcelona	36
			Consumption of electricity		117.557 kWh		
			Fuel consumption		5.593 l	2.080 l	
	302-2	Energy consumption outside the organization	Information not available. The material energy consumption for the organization's activities is the internal energy consumption. Consumption data outside the organization is slated to begin accounting for 2019.				
	302-3	Energy intensity.					36
Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energy.	302-4	Reduction of energy consumption .					36
	302-5	Reductions in the energy requirements for products and services.					36-37
MANAGEMENT FOCUS: WATER							

Water consumption and water supply in accordance with local limitations.	303-1	Water extraction by source.	Consumption by work site in 2019	Madrid	Barcelona	39
			Network water consumption	463 m³		
	303-2	Water sources significantly affected by water withdrawal	No water source was significantly affected.			
	303-3	Recycled and reused water.	None			
MANAGEMENT FOCUS: BIODIVERSITY						
Measures taken to preserve or restore biodiversity.	304	BIODIVERSITY	Given the type of activity of the organization and the location of its facilities, it has not been deemed necessary to take measures for the preservation or restoration of biodiversity, apart from measures to reduce environmental impact already implemented.			
	304-1	Owned, leased or managed operations centers located within or next to protected areas or areas of great value for biodiversity outside protected areas.	None			
	304-2	Significant impacts of activities, products and services on biodiversity.	None			
	304-3	Protected or restored habitats.	None			
	304-4	Species that appear on the IUCN Red List and national conservation lists whose habitats are in areas affected by operations.	None			
MANAGEMENT FOCUS: EMISSIONS						
The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; measures taken to adapt to the consequences of climate change; the reduction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose.	305-1	Direct and indirect GHG emissions (scope 1).				38
	305-2	Indirect GHG emissions when generating energy (scope 2).				38
	305-3	Other indirect GEI emissions (scope 3).	No information available .			
	305-4	Intensity of GEI emissions.				38

The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; measures taken to adapt to the consequences of climate change; the reduction targets voluntarily established in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose.	305-5	Reduction of GEI emissions.		38						
Measures to prevent, reduce or repair noise pollution or light pollution.			The following noise measurements have been recorded in 2019							
			Measurement 2019 (dB)							
			DayNight							
			4850							
			6051							
			5651							
			5752							
			5853							
			In 2019, except for our main access road, all exterior lighting meets the requirements of intrinsically dark areas.							
	305-6	Emissions and substances that deplete the ozone layer.		38						
	305-7	Nitrogen oxides, sulphur oxides and other significant emissions to the air.	ATMOSPHERIC EMISSIONS	Cemented	Burner cemented	Boiler ACS	Washing 246	Machine 989	Electric oven	Washing Machine 908
			CO (mgC/Nm 3 )	36,3	n.a.	18,6	n.a.	n.a.	n.a.	n.a.
			NOx (mgC/Nm 3 )	<15,4	12,5	107,8	n.a.	n.a.	n.a.	n.a.
			COV's(mgC/Nm 3 )	40,25	<15,4	n.a.	3,83	4,16	3,79	3,25
MANAGEMENT FOCUS: SEWAGE AND WASTE		Management focused on reducing waste and more efficiently deal with waste generated.								
	306-1	Water discharge according to its quality and destination.		40						

Prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste.	306-2	Waste by type and disposal method	<b>Waste generated by work site in 2019 (kg)</b>	<b>Madrid</b>
			Scrap generation	3.720
			Generation of paper and carton	3.570
			Generation of Wood	1.100
			Generatio of used oil	3.600
			Generation of coolant	408
			Generation of used packaging	310
			Generation of materials impregnated with oil and hydrocarbons	223
			Generation of filters	331
			Generation of used batteries	50
			Generation of used pressure vessels	81
			Generation of fluorescent tubes	0
			Generation of hydrocarbonated water	4.000
			Generation of parts (warranty))	875,3
	306-3	Significant spills	None	
	306-4	Transport of hazardous waste	No hazardous waste was transported	
	306-5	Bodies of water affected by spills or sewage	None	
MANAGEMENT FOCUS: REGULATORY COMPLIANCE				
	307-1	Non-compliance the environmental laws or regulations	There were no breaches of law or regulation	
MANAGEMENT FOCUS: ENVIRONMENTAL EVALUATION OF SUPPLIERS				
Include in the purchasing policy considerations of gender equality and the environment and in relation with suppliers and subcontractors their social and environmental responsibility, and constantly monitoring and supervising systems in place and their results.	308-1	New suppliers that have put in place filters of evaluation and selection in accordance with environmental criteria	100%	
Include in the purchasing policy considerations of gender equality and the environment and in relation with suppliers and subcontractors their social and environmental responsibility, and constantly monitoring and supervising systems in place and their results.	308-2	Negative environmental impact in the supply chain and measures taken .	Potential impact from the supply chain are minimised by applying clauses, requirements and even on-site supervisions/audits to suppliers. DEUTZ SPAIN categorically only purchases raw materials identified as "conflict-free" minerals. The company also includes environmental requirements in the evaluation of its suppliers. DEUTZ SPAIN raw material suppliers are always subject to type-approval or follow-up audits throughout the year.	9
SOCIAL PERFORMANCE				
MANAGEMENT FOCUS: EMPLOYMENT	Management is focused on the generation of employment in the community, retention and attraction of talent, as well as personal development and improved commitment.			

Time management at work, total number of employees (distribution by gender, age, country and professional qualification), total number and nature of employment contract modalities, annual average of permanent contracts, temporary, full- and part-time contracts by gender, age and professional classification, average wages and their evolution, disaggregated by gender, age and professional classification or equal value; wage gap, the remuneration for equal or comparable jobs in society , the average remuneration of directors and managers, including variable remuneration, allowances, compensation, payments to long-term savings systems and any other perception disaggregated by gender, implementation of Labor disconnect policies or concerning employees with disabilities.	401	Employment		14, 22-25	
Number of dismissals by gender, age and professional classification.	401-1	New work contracts and fluctuation of personnel.		23	
Measures aimed aimed at synchronising work and personal life, especially for parents.	401-2	Social loans for employees		26-27	
	401-3	Parenting leave.	Total employees at Deutz Spain that have made use of their right to parenting leave in :		
			2019		
			Nº men with rights to paternity leave Nº men who have taken paternity leave Nº women with rights to maternity leave Nº women who have taken maternity leave		15 15 1 1
			DEUTZ SPAIN encourages communication and cooperation among its employees, so that in these times of absence prospective parents can early on delegate or appoint other colleagues to tasks they would normally fulfill in their department, as well as making colleagues and customers/suppliers/ subcontractors aware of whom to contact during their absence.		
MANAGEMENT FOCUS: RELATIONS BETWEEN MANAGEMENT AND WORKFORCE					
Continuous social dialogue, included procedures to inform and consult with employees and negotiate with them.	402	LABOR RELATIONS		25-27	
	402-1	Minimum notice period for change in operations.	15 days		
MANAGEMENT FOCUS: HEALTH AND SAFETY		Management considers the focus on health and safety of its workers as prime objective for all corners of its business..			
HEALTH & SAFETY CONDITIONS AT WORK	403	HEALTH & SAFETY AT WORK		33	

Percentages employees covered by collective agreements by country	403-1	Representation of those employees by formal worker-employer committees on health and safety.	50%				
Work-related accidents, particular their frequency and gravity with regard to gender. Number of missed work hours.	403-2	Types of accidents, frequency of accidents, occupational illnesses, lost workdays and number of fatalities due to work-related accident or illness.	N° of work-related accidents below				32
				2017	2018	2019	
			Women	0	0	0	
			Men	0	0	4	
			N° of side accidents with sick leave				
				2017	2018	2019	
			Women	0	0	0	
			Men	0	0	434	
Work-related illnesses, by gender.	403-3	Workers with high incident risk or high risk to work-related illness.	No risk of activity-related diseases has been identified, however the organization makes available to employees measures of health improvement such as the service of physiotherapy, postural workshops, advancement of medical tests, etc.				27, 32-33
The balance of collective agreements, in particular with respect to health and safety	403-4	Health and safety issues dealt with in formal union agreements.	The workers' representatives (Safety and Health Committee and Prevention Delegates) are informed of any aspect that affects the work conditions of the workforce.				
EMANAGEMENT FOCUS: DEVELOPMENT AND TRAINING							
Policies implemented in the training field.	404	PERSONAL TRAINING AND DEVELOPMENT					
Total hours of vocational training.	404-1	Average hours of training per employee a year.	Training hours 2019	Men	Women	Total	31
			ADMINISTRATIVE	76	23	99	
			WITH TEAM	371	61	432	
			MANAGEMENT	393	0	393	
			OPERATORS	1100	62	1162	
			INTERNS	382	159	541	
			RESPONSIBLE WITH TEAM	19	0	19	
			WITHOUT TEAM	746	48	794	
			TECHNICIANS	45	0	45	
			Total, general	3132	353	3485	
	404-2	Programs to improve the skills of employees and programs to help transition					30-31
	404-3	Percentage of employees receiving periodical performance and development evaluations.	100%				30

MANAGEMENT FOCUS: DIVERSITY AND EQUAL OPPORTUNITIES				
<p>Measures taken to promote equal treatment and opportunities between women and men; equality plans (Chapter III of the Organic Law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and sexual harassment, integration and the universal accessibility of people with disabilities; the policy against all kinds of discrimination and, where appropriate, diversity management. 405 DIVERSITY 33,44</p> <p>405-2 Medidas adoptadas para promover la igualdad de trato y de oportunidades entre mujeres y hombres; planes de igualdad (Capítulo III de la Ley Orgánica 3/2007, de 22 de marzo, para la igualdad efectiva de mujeres y hombres), medidas adoptadas para promover el empleo, protocolos contra el acoso sexual y por razón de sexo, la integración y la accesibilidad universal de las personas con discapacidad; la política contra todo tipo de discriminación y, en su caso, de gestión de la diversidad.</p>	405	DIVERSITY		22,29
<p>Diversity policy applied in relation to the board of directors, management and specialized committees that are constituted within it, regarding issues such as age, gender, disability or the training and professional experience of its members ; including its objectives, the measures adopted, the way in which they have been applied, in particular, the procedures to try to include in the board of directors a number of women that allow achieving a balanced presence of women and men and the results in the period for the presentation of reports, as well as the measures that, where appropriate, the appointments committee would have agreed on regarding these issues.</p>	405-1	Diversity in governing bodies and employees.	There are currently no women on the Management Committee	22,29

They must report whether information was provided to shareholders on the criteria and objectives of diversity on the occasion of the election or renewal of the members of the board of directors, of management and of the specialized committees constituted within it.				29
Average wages and their evolution, disaggregated by sex, age and professional classification or equal value; wage gap, remuneration for equal or average jobs in society.	405-2	Ratio of base salary and remuneration of women versus men	See Indicator 202-1	
MANAGEMENT FOCUS: NO DISCRIMINATION				
<p>Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed; complaints for cases of violation of human rights; promoting and complying with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.</p> <p>Equality: measures taken to promote equal treatment and opportunities between women and men; equality plans (Chapter III of the Organic Law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and sexual harassment, integration and the universal accessibility of people with disabilities; the policy against all kinds of discrimination and, where appropriate, diversity management.</p>	406-1	Cases of discrimination and corrective measure to counter and them	There were no cases of discrimination	
Universal access for people with disabilities			All the facilities of DEUTZ SPAIN provide access to people with disabilities	

Employees with disabilities			<p>Deutz Spain has recognized the declaration of exceptionality of 2% of disabled workers in companies with more than 50 workers, when using alternative measures as established in the order of 23/10/2008 (DOE n°209 of 29/10/2008) where it establishes in Article 9.3 that companies that have opted for the application of alternative measures must submit an annual report to the Extremadura Public Employment Service containing a detailed description of compliance with the planned alternative measure. The company Deutz Spain opted for the measure of art 3.d, and the alternative measures that were used was the hiring with 2 CEE (Special Employment Centers), along with the hiring of 6 disabled people.</p> <p style="text-align: right;"><b>2019</b></p>	
			<p>N° employees with disabilities</p> <p style="text-align: right;">6</p>	
MANAGEMENT FOCUS: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
<p>Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed; complaints for cases of violation of human rights; promoting and complying with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.</p> <p>Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them.</p>	407	FREEDOM OF ASSOCIATION	<p>Acquisition of conflict-free minerals.</p> <p>For the rest of the operations, due to their type and location of suppliers, it is not considered that there is a risk of violation of human rights.</p>	
	407-1	Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	None	
MANAGEMENT FOCUS: CHILD LABOR				
<p>Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed; complaints for cases of violation of human rights; promoting and complying with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.</p>	408	CHILD LABOR	<p>Acquisition of conflict-free minerals.</p> <p>For the rest of the operations, due to their type and location of suppliers, it is not considered that there is a risk of violation of human rights.</p>	
	408-1	Operations and suppliers with significant risk of cases of child labor	None	

MANAGEMENT FOCUS: FORCED LABOR				
Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed; complaints for cases of violation of human rights; promoting and complying with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.	409	FORCED LABOR	Acquisition of conflict-free minerals. For the rest of the operations, due to their type and location of suppliers, it is not considered that there is a risk of violation of human rights.	
	409-1	Operations and suppliers with significant risk of cases of forced or bonded labor.	None	
MANAGEMENT FOCUS: SAFETY MEASURES				
	410-1	Safety personnel charge with the supervision of human rights violations.	Currently none employed.	
MANAGEMENT FOCUS: RIGHTS OF INDIGENOUS PEOPLE				
	411-1	Cases of violation of the rights of indigenous people	No such cases have been recorded.	
MANAGEMENT FOCUS: EVALUATION				
Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed; complaints for cases of violation of human rights; promoting and complying with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.	412	HUMAN RIGHTS	Acquisition of conflict-free minerals. For the rest of the operations, due to their type and location of suppliers, it is not considered that there is a risk of violation of human rights.	
	412-1	Operations submitted for revision and evaluation of an impact on human rights.	None	
MANAGEMENT FOCUS: INVESTMENT				

	412-2	Training of employees in policies and procedures concerning human rights.	It has not been deemed necessary to schedule such training.	
The inclusion in the purchasing policy of social, gender equality and environmental issues; consideration in relations with suppliers and subcontractors of their social and environmental responsibility; supervision and auditing systems and their results.	412-3	Significant investment agreements and contracts with clauses on human rights or subject to human rights assessment.	Acquisition of conflict-free minerals. For the rest of the operations, due to their type and location of suppliers, it is not considered that there is a risk of violation of human rights.	
MANAGEMENT FOCUS: LOCAL COMMUNITIES		Management focused on improving the local community through economic growth and job creation.		
The impact of society's activity on employment and local development; the impact of society's activity on local populations and on the territory; the relations maintained with the actors of the local communities and the modalities of dialogue with them.	413	LOCAL COMMUNITIES		23, 26-28 41-45
The relations maintained with the actors of the local communities and the modalities of dialogue with these.	413-1	Operations with participation of the local community, impact evaluations and development programs.		41-45
The impact of society's activity on employment and local development; the impact of society's activity on local populations and on the territory; the relations maintained with the actors of the local communities and the modalities of dialogue with them.	413-2	Operations with significant negative impact – real or potential – on the local communities.	No such operations were identified.	41-45
MANAGEMENT FOCUS: EVALUATION OF SUPPLIERS IN THE FIELD OF HUMAN RIGHTS, LABOR PRACTICES AND SOCIAL IMPACT				
The inclusion in the purchasing policy of social, gender equality and environmental issues; consideration in relations with suppliers and subcontractors of their social and environmental responsibility; supervision and auditing systems and their result	414-1	New suppliers that have passed selection filters according to social criteria	See indicator 412-1	
The inclusion in the purchasing policy of social, gender equality and environmental issues; consideration in relations with suppliers and subcontractors of their social and environmental responsibility; supervision and auditing systems and their results.	414-2	Negative social impact on the supply chain and measures against it	None	
MANAGEMENT FOCUS: PUBLIC POLICY				
	415-1	Contributions to political parties or political representatives	None	
MANAGEMENT FOCUS: CUSTOMER HEALTH AND SAFETY				

Measures towards the health and safety of customers	416	CUSTOMER HEALTH & SAFETY		
	416-1	Evaluation of impact on health and safety in the category products and services.	DEUTZ SPAIN complies with the established requirements, legal, regulatory and that of its clients, with regard to the safety characteristics applicable to the products that makes. -	
Complaint systems, received complaints and their resolution.	416-2	Cases of non-compliance related to the impacts on health and safety of the categories of products and services.	None	
MANAGEMENT FOCUS: LABELING OF PRODUCTS AND SERVICES				
	417-1	Requirements for the information on labels and etiquettes for products and services.	DEUTZ SPAIN complies with the established requirements, legal, regulatory and that of its clients, with regard to the safety characteristics applicable to the products that makes.	
Complaints system, complaints received and their resolution	417-2	Cases of non-compliance in relation to information and labeling on products and services	there have been no breaches of this tipology	
	417-3	Cases of on-compliance in relation to communication and marketing.	None	
MANAGEMENT FOCUS: CUSTOMER PRIVACY				
Complaints system, complaints received and their resolution.	418-1	Fundamental complains in relation to violations of customer privacy or loss of customer data.	None	
MANAGEMENT FOCUS: REGULATORY COMPLIANCE				
Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed; complaints for cases of violation of human rights; promoting and complying with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.	419-1	Non-compliance with laws or regulations in the social and economic fields.	None	
The GRI indicators related to the relevant topics or aspects have been identified in red.				

**AENOR**

**VERIFICACIÓN DE LA MEMORIA DE SOSTENIBILIDAD**

VMS-2020/0010

AENOR ha verificado la Memoria de la organización

**DEUTZ SPAIN, S.A.**

**TITULADA: MEMORIA DE RESPONSABILIDAD SOCIAL 2019**

Conforme con: Estándares GRI

Opción GRI aplicada: Exhaustiva

Proceso de Verificación: Para conceder este Documento de Verificación, AENOR ha comprobado la adecuación de la memoria a lo requerido por GRI y ha trazado los datos e información contenidos en dicha memoria.

Fecha de emisión: 2020-04-02

  
Rafael GARCÍA MEIRO  
Director General

**AENOR INTERNACIONAL SAU**  
Génova, 6. 28004 Madrid, España  
Tel. 91 432 60 00 - www.aenor.com


DEUTZ SPAIN, S.A.U

The Board of Directors of Deutz Spain S.A.U. At a meeting held today, it formulates and approves the Corporate Social Responsibility Report referring to the year ended December 31, 2019, in compliance with current legislation.

Cologne (Germany) March 31, 2020

  
D. Michael Johannes Reimer  
Presidente

  
D. Norbert Christian Bernhardin Krupp  
Secretario

  
D. Eugenio Serrano Ylleras  
Vocal

