

Sustainability Report 2021



This report includes the information prescribed by Law 11/2018 of 28 December on non-financial and diversity information known as the "STATEMENT OF NON-FINANCIAL INFORMATION", which must accompany the Annual Accounts and Consolidated Management Report of the company Industria de Turbo Propulsores SA (Unipersonal) and its subsidiaries.



**Industria De Turbo Propulsores, S.A.
(Sociedad Unipersonal) and subsidiaries**

Independent Verification Report of the Non-financial
information report for the year ended 31 December 2021



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the sole shareholder of Industria de Turbo Propulsores S.A.(Unipersonal Company):

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2021 of Industria de Turbo Propulsores S.A. (Parent company) and subsidiaries (hereinafter "ITP" or the Group) which forms part of the accompanying Group consolidated management report.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in ITP's consolidated management report and the content thereof, are the responsibility of the directors of Industria de Turbo Propulsores S.A. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and within accordance with the criteria of the *Sustainability Reporting Standards of the Global Reporting Initiative* ("GRI Standards") selected in accordance with the details provided for each matter in the "9. GRI indicator table" of the consolidated management report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of material misstatement due to fraud or error.

The directors of Industria de Turbo Propulsores S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality control

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

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Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Group that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Industria de Turbo Propulsores S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2021, based on the materiality analysis carried out by Group and described in section "1.2 Materiality", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2021.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2021.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2021 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of Parent company.



Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that SNFI of Industria de Turbo Propulsores S.A. and its subsidiaries, for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and in accordance with the criteria of the GRI Standards selected in accordance with the details provided for each matter in the "9. GRI indicator table" of the consolidated management report.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Ramón Abella Rubio

25 February 2022



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1

Introduction to ITP Aero



1.1. Letter from Carlos Alzola, CEO of ITP Aero

Dear reader,

Thank you for taking a few minutes to read through ITP Aero's 2021 Sustainability Report. We have prepared this document adapting its content to the requirements of the Non-Financial Information and Diversity Reporting Law and following the guidelines of the Global Reporting Initiative (GRI) standard, with the purpose of sharing with our stakeholders information related to the social, economic and environmental impact of our activity.

2021 has been a year marked by new variants of Covid-19. The civil aviation market remains well below 2019 levels and forecasts indicate a recovery to pre-pandemic levels between 2023-2025. This adds to the highly volatile macroeconomic environment, with high energy and transport costs, high inflation and, for some products, supply chain difficulties.

Despite the context, 2021 has been a positive year for ITP Aero, in which we have managed to stabilise the company by providing service to our customers and, at the same time, making significant progress in all the lines of work we identified within the CORE 21 plan, which we launched to mitigate the impact of the crisis. Similarly, in 2021 we launched our 2025 Strategic Plan (period 2021-2025) which will guide our direction over the next few years.

As part of our new Strategic Plan, ITP 2025, we have defined a new company purpose: **to develop the technology to drive change in aerospace towards more sustainable mobility**. In line with our purpose, we continued to meet important milestones last year within the Rolls-Royce UltraFan® programme, a new engine that will reduce fuel consumption by up to 25% compared to some of the engines currently in service. In addition, it should also be noted that ITP Aero became the first aeronautic company in Spain to join the UN Race to Zero initiative, with a view to becoming a net zero in 2050.

It is also important to note that 2021 marked the definitive consolidation of ESG (Environmental, Social, Governance) criteria in our company strategy. With this, we seek to ensure sustainable economic growth after the effects of the crisis in the aeronautical sector in 2020. Our ESG contribution joins the efforts made by companies, public administrations and citizens to achieve the common goal of transforming our growth model through a circular economy. We have incorporated ESG criteria by proposing actions focused on 6 pillars: product, operations, supply chain, local communities, people and governance, and linked to 14 of the 17 Sustainable Development Goals.

Without further delay, allow me to present the ITP Aero Sustainability Report 2021, in which we take stock of our activities from the perspective of the impact of our technological, industrial, social and environmental activity.

Carlos Alzola,
CEO of ITP Aero.




1.2. Materiality

This analysis takes into account, among other things, the particular characteristics of the Group and its business model, the different services and solutions it offers, the sector in which it operates and its impact on the economy, society, the environment and governance. In particular, interviews are conducted with those responsible for the main business and corporate areas.

The conclusions reached in the analysis, as explained in the various points in it, explain the nature of ITP Aero's business in the field of people management, sustainability and the environment and regulatory compliance. The most relevant and/or material aspects are indicated throughout the different sections of this document referencing the different aspects reported.

Finally, it is important to note that for the analysis of the material nature of ITP Aero's business the 2 following axes of valuation have been taken as reference:

1. Relevance for stakeholders:

An evaluation based on the appearance of topics in reports and websites and in the media.

2. Relevance for ITP Aero itself:

Assessment of the different areas of ITP Aero based on the interviews carried out.



1.3. Covid-19 and the aeronautical sector

Covid-19 pandemic continues to exact enormous human costs around the world. While the situation has improved during 2021 due to extensive vaccination campaigns, governments are still resorting to measures to contain the virus, such as lockdowns and border closures.

Global economic activity has normalised substantially compared to 2020, when it contracted sharply by 3.1% due to pandemic-related constraints. In 2021, the IMF reported a 5.9% growth in the world economy and forecasts a 4.9% growth for 2022. In the Euro area, GDP growth has risen by 5%, with forecasts of a rise of 4.3% in 2022.

In this scenario, the aeronautical sector has experienced the worst year in its history. The International Air Transport Association (IATA), in its 2021 results, has reported a 58.4% lower international passenger demand compared to 2019, an improvement from the 2020 drop of 65.8%.

While demand is expected to improve as Covid-19 progresses to endemic disease status, this may be affected if travel restrictions increase in response to new variants of the virus, as we witnessed in late 2021 with the Omicron variant.

This dramatic decline in air traffic has resulted in a direct impact on the demand for commercial aircraft. However, large aircraft manufacturers already report a slight improvement in demand over 2020.

Airbus has increased its deliveries by 8% over 2020 and received a total of 507 net orders, well above the figure of 268 in 2020. Boeing, for its part, has increased its deliveries by 54% compared to 2020, and has received a total of 535 net orders, in clear contrast to 2020, when cancellations exceeded new orders.

As far as the defence sector is concerned, it is expected to remain stable, with a positive trend.

In this context, the prospects for recovery in the sector are expected to be slow. The sector is not expected to recover to pre-pandemic levels until 2023-2025.

Moreover, as far as the aviation sector is concerned, the expected recovery will differ according to the segment; faster in single-aisle business and business aviation, and slower in double-aisle aviation.

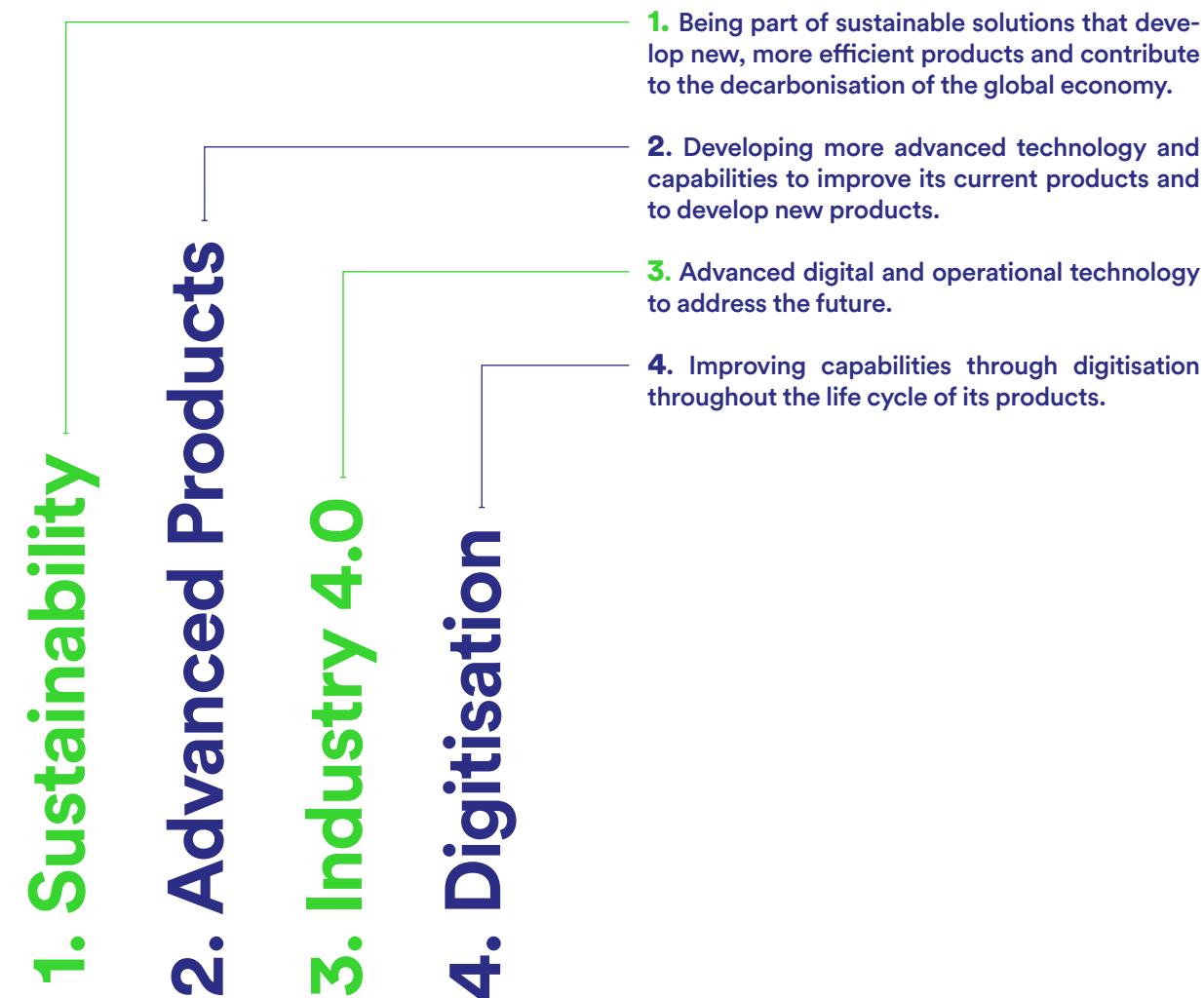
1.4. Description of the business model

ITP Aero is an international company that groups various commercial companies in Spain and abroad under a single brand (ITP Aero), headed by the Spanish parent company Industria de Turbo Propulsores S.A. ITP Aero has 15 different centres in 5 countries: Spain Mexico, United Kingdom, Malta and India.

ITP Aero is a global company, a leader in aero engine subsystems, with proprietary technology and capabilities for the entire engine life cycle, bringing value to the company and all its stakeholders through strong and lasting partnerships with its customers.

Since it was founded, the company has grown to become an international benchmark for its partners and customers, because of its commitment to innovation and the development of its own technology. However, during 2020 this growth was interrupted by the crisis in the aeronautical sector caused by the Covid-19 pandemic.

ITP Aero develops aeronautical technologies, products and services that contribute to an increasingly sustainable aviation industry and does so by focusing on the development of its own technology, to design and manufacture aeronautical engines and components, and **through 4 strategic lines:**



The company contributes to a more dynamic and transformative civil and defence aviation industry, spanning the entire life cycle of the aviation engine – from R&D to support in service – with extensive experience and know-how in both commercial and defence aviation.

It is the company responsible for the maintenance of aircraft engines for the Spanish Armed Forces. It also participates in the design, manufacture and in-service support of the engines of the main European aeronautical defence consortia (Eurofighter, A400M and Tiger helicopter), and is the company appointed to lead the Future Combat Air System (FCAS) engine pillar.

The company has its own governing bodies in each of its subsidiary companies and joint and transversal management bodies throughout the group, responsible for decision-making and the income statement in each applicable area, as well as for overseeing the interests of the company and the different stakeholders.

The Board of Directors of the parent company (ITPSA) is the highest governing and administrative body in charge of and ultimately responsible for the direction and performance of ITP Aero and the management of its business. It establishes the strategies and objectives of the subsidiary company in particular, and of ITP Aero as a whole, and supervises and oversees the control mechanisms, risk management, compliance and its governance and viability.

In turn, the Executive Committee of ITP Aero, headed by the Chief Executive Officer of the parent company ITP SA, brings together the people who lead each of the executive functions of the company and throughout ITP Aero and directs the regular management and ordinary course of ITP Aero's business in accordance with the objectives set out in the Strategic Plan.

1.5. FY2021 Results

During 2021, ITP Aero registered revenues of 786 million, an increase of 7% compared to 2020.



1.6. Business units and industrial activity

Civil

ITP Aero is a Tier 1 supplier to the world's leading aircraft engine manufacturers: General Electric, Honeywell, Pratt & Whitney and Rolls-Royce. The company is active in all segments of commercial aviation: single-aisle, double-aisle, regional and business aviation.

The major milestones that took place in 2021 include, in the double-aisle division:

- Delivery of the first TBH (Tail Bearing Housing) for the Rolls-Royce UltraFan®, made with additive technology, as well as the delivery of the first UltraFan® combustor.
- Delivery of LPT number 1000 for the Trent XWB-84, delivery of the last LPT for the Trent 900 and delivery of the first Intermediate Turbine NGVs for Trent engines.
- ITP Aero has also consolidated its position on the Trent WXB engine with the extension by Rolls-Royce until 2030 of the exclusivity of the Trent XWB for the A350-900 and the launch of the A350-F variant which is powered by the same engine.
- The delivery of the first engines for the development of the Pearl 10X, which powers the Dassault Falcon 10X.
- The delivery of the first production units of the Pearl 700, which powers the Gulfstream 700.
- Gulfstream's selection of the PW812 engines (of which ITP Aero is a risk and revenue sharing partner) for the G400 and the Pearl 700 engine for the Gulfstream 800.
- The first flight of the Falcon 6X and the certification by the Canadian authorities (or obtaining the TCAA type certificate) of the PW812D engine which powers the Dassault Falcon 6X aircraft.
- The delivery of the first overhauled PW800 engine module and the extension of the MRO services contract with P&W Canada for the P&W800 engine series, of which more than 280 engines are already in service.

In the single-aisle division, flight recovery continues and boasts more than 11 million accumulated flight hours of the Pratt & Whitney Pure Power® PW1000G engine installed on more than 1100 aircraft in operation. In addition, Pratt & Whitney launched the “Advantage” variant of its GTF engine in late 2021, in which ITP Aero participates, reinforcing the commitment to more sustainable engines by reducing CO₂ emissions by up to 17% compared to previous generation engines and being 100% compatible with sustainable aviation fuels (SAFs).

As far as business aviation is concerned, ITP Aero has strengthened its position with the integration of its new plant in Hucknall. Milestones in this segment include:

In industrial turbine business, ITP Aero continues to participate as RRSP in several General Electric programmes.

Defence

In defence, we should highlight the collaboration agreement reached with Safran Aircraft Engines and MTU for the development, production and support of the Next-Generation Fighter (NGF) engine, a central element of the FCAS (Future Combat Air System).

In Spain, ITP Aero is a reference partner and leader in aeronautical engine support for the Armed Forces, contributing to the operability of the fleets of the Spanish Armed Forces.

Moreover, ITP Aero continues to participate in the main European consortia of Defence Aeronautical Engines:

1. Eurojet consortium

EJ200 engine for Eurofighter. During 2021 first two Eurofighter Typhoons were handed over

to Kuwait for the modernisation of its air force under the contract for the acquisition of 28 combat aircraft signed in 2015. Also, the collaboration agreement between ITP Aero and the Saudi aeronautical company MEPC (Middle East Propulsion Company) for the maintenance of the EJ200 nozzle module for Saudi Arabia's Eurofighter Typhoon fleet is also noteworthy.

2. EuroProp International Consortium (EPI)

TP400 engine for transport aircraft A400M. Relevant milestones include the acquisition by the Indonesian Ministry of Defence of two aircraft, as well as the purchase of two A400M by the Republic of Kazakhstan.

3. Consortium MTRI

MTR390-E engine for the Tiger HAD helicopter.



Military transport aircraft Airbus A400M.

Industrial Activity

At production level, industrial activity throughout 2021 remained at levels equivalent to 2020 due to the continuing crisis in the aviation market. As part of the CORE 21 Plan, a number of projects have been identified aimed at the recovery of industrial activity.

Of note is the integration of the Hucknall plant in the operations of ITP Aero, significantly expanding ITP Aero's industrial capabilities as well as its manufacturing product portfolio.

The industrial plans for 2021 include, in Zamudio, the transformation of the discs and NGVs depot to generate industrial space dedicated to the NGVs IP project and the adaptation of the current lines for the manufacture of new complex mechanically welded structures such as FBHs.

In Mexico, the completion of Phase 2 of the medium-complexity pipe production line at the Externals pipe plant and the launch of the industrial plan for welded seals at the Statics plant are two significant projects.

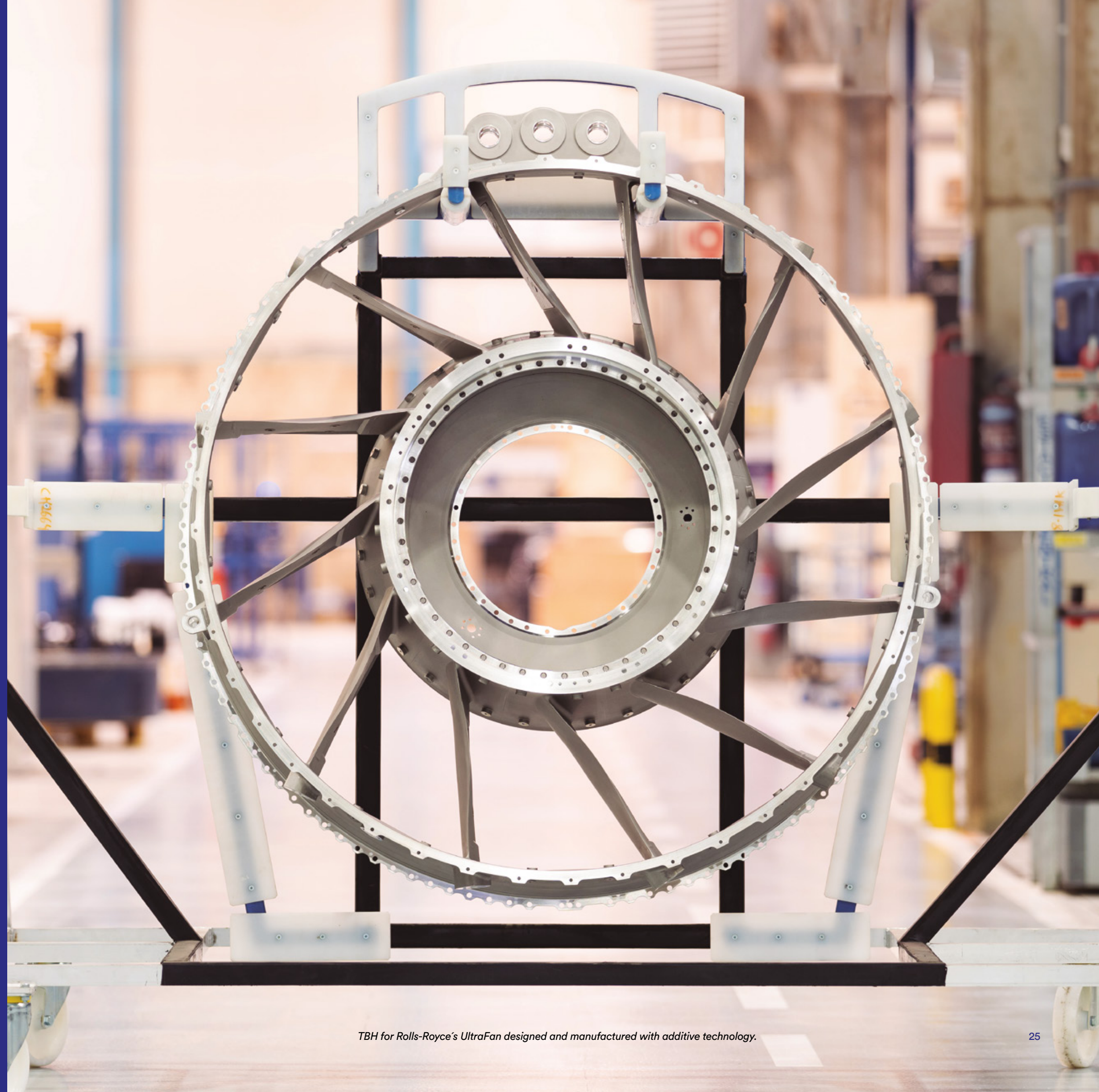
1.7. ITP2025 Strategic Plan

With the clear aim of developing technology to drive change in the aerospace sector towards more sustainable mobility, ITP Aero has launched the ITP2025 Strategic Plan, the roadmap for the 2021-2025 period based on three key pillars:



2

Milestones 2021



Design and manufacture of one of the main structures of Rolls-Royce's new UltraFan® aeronautical engine, the TBH

ITP Aero has designed and manufactured the TBH (Tail Bearing Housing) for the first Rolls-Royce UltraFan® demonstrator engine using additive technology (also known as 3D printing). The TBH is one of the main engine structures, being one of the two connecting elements between the aircraft and the engine. ITP Aero's own design and manufacturing criteria have resulted in 25% material savings in its manufacture compared to other production processes used today.

TBH is a critical structure capable of supporting high load conditions. It houses the bearings that support the shaft that moves the front fan, the main driving element of the engine.

The UltraFan® engine demonstrator is the foundation of a future family of engines with improved capabilities and a new engine architecture that will be 25% more efficient than the first generation of Trent engines. The UltraFan® engine will be able to use 100% SAF (sustainable aviation fuel).

The UltraFan® TBH incorporates removable acoustic attenuation panels, also manufactured by 3D printing, achieving a 50% reduction in the acoustic power emitted by the turbine, which can be critical to engine and aircraft certification. Noise reduction will be a key factor for future

technologies to reach ACARE's goal of reducing perceived noise by around 65% by 2050.

The additive technology used in the manufacture of TBH is the laser selective fusion method. First, the 3D model of the component is digitally divided into individual layers, and then a laser fuses the powdered super-alloy to form the component layer by layer. This method allows complex geometrical components to be produced, using only small amounts of dust and fewer tools.



ITP Aero joins the UN "Race to Zero" programme and commits to being carbon neutral by 2050

In 2021, ITP Aero joined the United Nations "Race to Zero" campaign through the "Business Ambition to 1.5°C" programme, with a commitment to being a carbon neutral company by 2050. As a first step towards this goal, ITP Aero has committed to achieving carbon neutrality in its operations by 2030. This environmental commitment is part of the ITP Aero plan to promote its technology with an impact on sustainable development and to play a leadership role towards a zero-carbon net aviation industry.

As part of this commitment, ITP Aero undertakes to:

- Continue investing in research and development (R&D) in search of increasingly efficient products and sustainable solutions to meet the climate challenge and participate in the decarbonisation of the global economy.
- Make the most of ITP Aero's tractor effect on the local supply chain to promote decarbonisation in the operations of its suppliers.
- Encourage collaboration between the company's different communities towards sustainable growth activities with a clear positive impact on local people.
- Publish a roadmap as part of its future strategy to set out a pathway to net zero carbon emissions by 2050.

ITP Aero “Founding Member” of the EU Clean Aviation programme

The European Union **Clean Aviation** programme for the decarbonisation of the aviation sector is based on public-private partnership and aims to push research and technological advances toward a high-impact demonstration, supported by public funding of EUR 1,700 million. The programme’s private partners will contribute at least EUR 2,400 million to the initiative through the implementation of additional work programmes

and co-financing of activities. The ultimate goal is to achieve zero net greenhouse gas emissions from European aviation by 2050.

As a founding member, ITP Aero is participating as an independent company in the strategic orientation and execution of operations and activities, as well as in the decision-making bodies of Clean Aviation.



Clean Aviation aims to transform the aeronautical sector by developing ambitious zero and low-emission technologies. The programme has identified three main technologies that will make this possible:

HYBRID AND ELECTRIC ARCHITECTURES

Fostering research into new hybrid electric motor architectures and their integration, and maturing technologies towards the demonstration of new configurations, on-board power concepts and flight control.

ULTRA-EFFICIENT AERONAUTICAL ARCHITECTURES

To meet short and medium distance needs with innovative gas turbine configurations which help reduce emissions.

DISRUPTIVE TECHNOLOGIES

For hydrogen-powered aircraft. To allow aircraft and engines to harness the potential of hydrogen as an alternative fuel.

Collaboration agreement with Safran Aircraft Engines and MTU Aero Engines to boost the European Next Generation Fighter Aircraft (NGF)

In April 2021, Safran Aircraft Engines, MTU Aero Engines and ITP Aero reached a general cooperation agreement for the development, production and support of the Next-Generation Fighter (NGF) engine, which is the core element of the Future Combat Air System (FCAS).

Within EUMET, Safran Aircraft Engines will lead overall engine design and integration, while MTU Aero Engines will lead engine service activities.

ITP Aero will be fully involved in the engine design and will develop the low-pressure turbine and nozzle, among other elements.

The addition of ITP Aero to the programme, together with the new EUMET joint venture comprising MTU and Safran Aircraft Engines, allows for an equal sharing of the workload between France, Germany and Spain. EUMET will be the contractor with the nations for all engine activities related to the new generation fighter, with ITP Aero as the main partner.



FCAS infographic.

Agreement with Pratt & Whitney Canada for PW812D engines

Through this agreement ITP Aero is responsible for the design, manufacture and assembly of the Mid Turbine Frame (MTF) and Low Pressure Compressor (LPC) modules of the PW812D engine.

The PW812D is an engine developed by Pratt & Whitney Canada to power Dassault's new Falcon 6X business aircraft, which is designed to deliver the best standards in the market in terms of fuel economy, reliability and sustainability.

The first deliveries of the modules took place in 2021 and it is estimated that once the engine enters service at the end of 2022, it will be in production for twenty years.

ITP Aero is a risk-benefit partner for the PW812D engine, carrying out operations at its sites in Mexico and in the UK.

ITP Aero signs MRO contract with Pratt & Whitney Canada for the PW814 and PW815 engines

Through the contract ITP Aero will provide maintenance services for Pratt & Whitney Canada's PW814 and PW815 engines, a partnership whereby ITP Aero has become the exclusive provider of Original Equipment Maintenance, Repair and Overhaul (OEMRO) services for the MTF (Mid Turbine Frame) and LPC (Low Pressure Compressor) modules of these engines.

This new contract has a special significance for ITP Aero as it is the first MRO contract with civil programmes in which the company is a Risk and Reward Service Partner (RRSP).

ITP Aero has been participating in the PW800 programme as a Risk and Reward Service Partner (RRSP) since 2011. In the PW800 family of engines, ITP Aero is responsible for the design, development, production, assembly and maintenance (aftermarket) of the low pressure compressor (LPC) modules and the Mid Turbine Frames (MTF). Pratt & Whitney Canada's PW800 family of engines have been developed using advanced technologies for the manufacture and use of sustainable materials. PW800 engines equip Gulfstream G500 aircraft with the PW814 version, G600 with the PW815 engine and Falcon 6X aircraft with the PW812D.



Gulfstream G500 business aircraft.

3

Integration of the Hucknall plant



One of the main milestones of the year took place in May with the integration of the Hucknall plant (East Midlands, UK) and its staff into ITP Aero, reinforcing the company's position as a global leader in the aeronautics sector.

The products manufactured in Hucknall, including fabrications (complex manufactured components), combustors, and fan outlet guide vanes (OGVs), are complementary to those manufactured at other ITP Aero facilities, and add to the company's product portfolio; generating new market opportunities.

As a result of the integration, the UK has become the second largest country in terms of staff and industrial presence for ITP Aero, with three centres (Hucknall, Whetstone and Lincoln) and 805 employees.

The Hucknall facility is a benchmark in the aviation industry. During World War II, the Hucknall plant was the site of the first P-51 Mustang flight with the Merlin engine. It is also where vertical take-off aircraft were developed and first tested in 1954. ITP Aero is committed to continuing to support Hucknall's important aeronautical legacy and its role in the next generation of more sustainable engines through programmes such as the Rolls-Royce Ultrafan®.

It is important to note that the integration of ITP Aero IT systems into Hucknall was not completed until December 2021 and therefore it has been complex for the company to collect all the GRI data required by the Law for this document. Where this has not been possible, this is duly noted.



4

Sales agreement for the purchase of ITP Aero



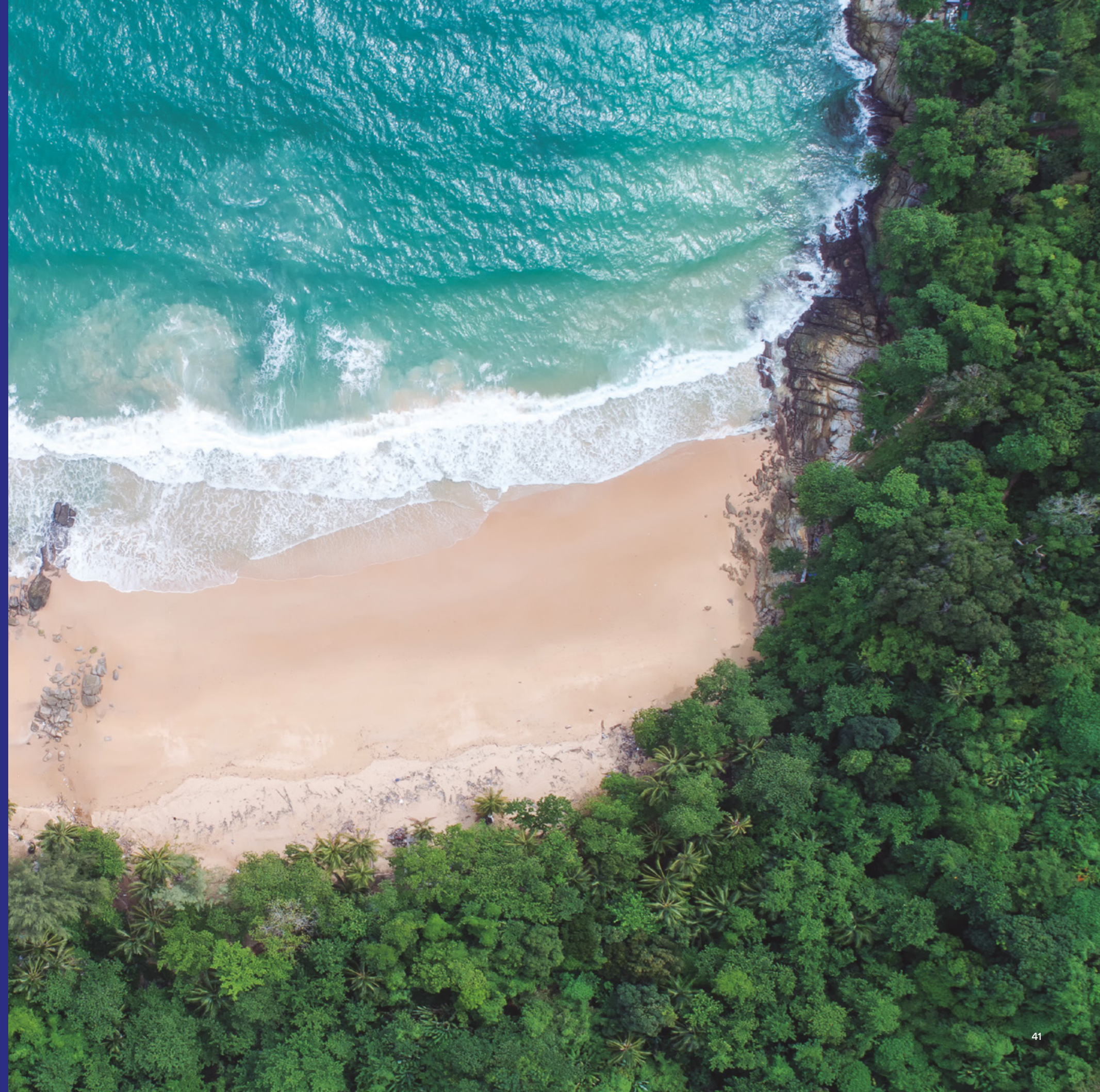
In September 2021, Rolls-Royce signed a definitive agreement to sell 100% of ITP Aero for EUR 1,700 million to Bain Capital Private Equity, which leads a consortium of Basque and Spanish companies comprising SAPA and JB Capital.



Bain Capital will help drive ITP Aero's industrial and strategic plan and foster the expansion of the company's business, which will remain a key long-term partner of Rolls-Royce, with a commitment to sustainability with all stakeholders.

5 Sustainability

ITP Aero purpose is to develop the technology to drive change in aerospace towards more sustainable mobility.



5.1. Ethics and compliance

ITP Aero is committed to the highest standards of quality, safety and professional ethics in its activities and, for this reason, has a complete compliance programme in line with legal requirements.

All the people who make up ITP Aero are committed to the culture of compliance that the company promotes, the same commitment that ITP Aero demonstrates to its customers, suppliers, partners and collaborators, as well as to society in general.

Hucknall integration

It is important to highlight the commitment of the ethics and compliance team to deploy compliance policies and procedures in this new plant from the first day of integration. This is explained in the following sections.



5.1.1. Criminal Compliance Management System

ITP Aero is particularly attentive to compliance with legal mandates that may involve criminal liability for the company for acts committed by its employees. Since 2020, it has implemented a criminal compliance management system which evidences the company's commitment to compliance. This system identifies, among others, the controls established to prevent or mitigate the risk of exposure of any employee, collaborator or manager to criminal offences associated with the company's activity. In addition, it includes other relevant elements such as organisational context, leadership, governing bodies, objectives, culture, resources employed, controls, monitoring, auditing and improvement.

In 2021, ITP Aero underwent an audit of its Criminal Compliance Management System in accordance with ISO 37001 Anti-Corruption and Bribery and UNE 19601 Criminal Compliance Standards. At the end of 2021, ITP Aero received a favourable report from AENOR prior to the issuing of the Certificates for both standards and only pending administrative procedures.

ITP Aero has an Internal Compliance Committee, formed by the members of the Ethics and Compliance department, which meets on a monthly basis to monitor all relevant points of the Management System, such as criminal risks and controls, ongoing projects, use of channels, improvement actions, among others.

The body responsible for criminal compliance meets periodically and analyses the information reported by the Ethics and Compliance department and issues an annual report to the Board of Directors on matters of Compliance.

Likewise, during 2021, the management system's governance and reporting scheme has been reinforced, including a review of the system by the company's Executive Committee.

The Compliance Group was launched in 2021; a communication channel between the Ethics and Compliance department and all areas of the company with compliance responsibilities.

In addition, the Know Your Partner Committee manages high-risk third-party authorisations and relevant third-party issues.

5.1.2. Code of conduct and policies

The code of conduct is the backbone of ITP Aero's criminal compliance management system and sets out the main responsibilities and rights that must be fulfilled by all people working in the company, and it serves as a guide for action in the performance of the company's day-to-day business. Employees sign the code of conduct as proof of understanding of their rights and responsibilities regarding ethics and compliance.

On the day that the Hucknall plant was integrated into ITP Aero, all ethics and compliance policies were deployed and the code of conduct was shared with the company's new employees.

In addition to the code of conduct, the following policies exist in the area of ethics and compliance (many have been revised in 2021 to align with the criminal compliance management system):

Global compliance policy

The global compliance policy defines the scope of the programme and establishes the framework and basic principles of the process, demonstrating the commitment of the Board of Directors and senior management to business ethics and compliance.

Criminal compliance policy

This defines the basic principles of ITP Aero's crime prevention model and the criminal compliance management system, which conveys the firm commitment to the prevention and detection of criminal risks associated with the company's activity.

Bribery and corruption

ITP Aero has a zero tolerance policy against bribery and corruption regardless of local laws or customs, even if it means losing business. Therefore, a policy has been developed that establishes the basic rules and a framework for preventing and detecting bribery and corruption in the actions of the company's personnel. This policy applies to all ITP Aero professionals and third parties (agents, consultants, promoters, intermediaries, etc.) representing ITP Aero, including all its legal companies and all its offices in its various geographical locations.

Facilitation payments

ITP Aero has developed a policy on facilitation payments, recognising that facilitation payments are considered a form of bribery. This policy prohibits facilitation payments, whether permitted by local laws or not, however insignificant. This prohibition extends to any person, promoter, advisor, intermediary, consultant, etc. that make payments on behalf of ITP Aero.

Gifts and hospitality

ITP Aero accepts and offers gifts and hospitality as good business practice within defined limits. Gifts and excessive or inappropriate hospitality may be a form of bribery or corruption, which is absolutely prohibited by law and by ITP Aero policies.

The gift and hospitality policy provides a specific framework and rules for the registration, notification and approval of gifts and hospitalities, whether offered or received.

Conflicts of interest

A conflict of interest is any relationship that may adversely affect an employee's ability to make fair and objective decisions, or act in the best interest of the company. ITP Aero has developed a policy on this aspect, which is mandatory and applicable to all employees and representatives of the company, and establishes the obligation to report when situations of this type are detected, in order to be aware of any existing conflict and the proposed mitigation actions.

Lobbying and political relations

A lobbying and political relations policy exists, which regulates the activities of employees and individuals acting on behalf of ITP Aero, so that these activities are carried out with honesty, integrity and transparency. In this regard, a record of interactions with public entities has also been created.

Third parties

The "Know Your Partner" (KYP) policy and procedure establishes the process for knowing the risk of corruption and bribery in business relationships with third parties, taking action to mitigate them, and detecting any signs of inappropriate behaviour, and acting accordingly.

A verification of the company and its shareholders is carried out before entering into a relationship with certain suppliers, customers or business partners, as well as whenever there are indications or suspicions of any irregular activity.

Within the classification of third parties, the high-risk partner is a significant figure, understood to be the agent, promoter or intermediary who represents the company and helps it to market and distribute its products and services, or carry out procedures with the administration on behalf of the company.

ITP Aero has a high-risk partner management system based on a proprietary policy, processes and procedures in place to ensure the recruitment of representatives of proven integrity, who are required to conduct themselves to ITP Aero's standards. In addition, the company ensures that it will only take out a contract when there is a real need from a business point of view, and after careful examination of the proposed candidates. To this end, a third-party risk management tool (GAN Integrity) was implemented in 2021.

ITP Aero includes ABC (anti-bribery and corruption) clauses in all its contracts with third parties, which include aspects such as money laundering and tax evasion, among others.

During 2021, third parties at the new Hucknall centre, most of them suppliers of material goods, were identified and analysed according to the ITP Aero know your partner process. They have been incorporated into ITP Aero's third-party management tool, assigning them their corresponding risk.

Charitable contributions and social sponsorship

ITP Aero collaborates with associations, foundations and other non-profit organisations in its environment to promote sustainable development. In order for these charitable contributions to be made under the values and principles set out in the Code of conduct and to avoid incurring improper or excessive sponsorship or donations that may constitute a form of bribery and corruption, a charitable contributions and social sponsorship policy has been developed. During 2021, the charitable contributions and social sponsorship policy and associated approval flow have been updated to include more compliance controls in these types of social actions.

Over the past year, the company has made contributions and donations to NGOs and foundations amounting to EUR 179,433, including EUR 97,319 donated to the Board of Trustees of the Guggenheim Museum Foundation in Bilbao and EUR 25,000 dedicated to promoting programming sciences among the younger generations through the international Code.org movement.

Suppliers

In addition, ITP Aero has a Code of conduct for suppliers which requires its suppliers to comply with ethical principles aligned with ITP Aero's Code of conduct, such as not giving gifts that may influence business decisions or establishing measures for compliance with regulations and anti-corruption laws.

Respect for human rights

The Code of conduct establishes the obligation to guarantee the fundamental rights of all individuals working at ITP Aero and compliance with the core conventions of the International Labour Organisation:

- Freedom of association and the right to collective bargaining.
- Rejection of any form of forced or compulsory labour, as well as the employment of minors.
- An inclusive and discrimination-free workspace.
- Respect for a good work life balance.
- Equal treatment of all employees and candidates.
- Encouraging respectful treatment between people at work, with zero tolerance of violent behaviour, physical, psychological or moral harassment or abuse of authority, or intimidating and offensive behaviour.

Channels

ITP Aero is committed to creating and maintaining an environment in which questions or concerns about ethics and compliance can be raised without fear of reprisals, and the ethical channel that was launched in 2015 and updated during 2021 is proof of this.

This channel allows employees, customers, suppliers or anyone who needs it, to resolve queries or concerns about ethical issues or to make a complaint. In addition, it guarantees confidentiality and allows anonymous complaints to be handled.

ITP Aero undertakes to respond to and investigate all complaints. It constitutes a violation of the Code of conduct if it is demonstrated that a false accusation has been made with premeditation and intentionality, and this may result in disciplinary consequences. In 2021, there were 11 complaints relating to the principles of the Code of conduct, none of them remaining uninvestigated. Of those 11 cases, 4 were for harassment and discrimination and 7 for poor ethical behaviour.

In addition to the ethical channel, ITP Aero has other channels where an employee can get support and solve their ethical dilemmas, among which we emphasise the figure of the Local Ethics Advisers (LEAs). These are employees who volunteer to help promote an ethical culture at ITP Aero. They are also close at hand for people to readily ask questions or raise concerns about ethical issues and, at the same time, to advise on where to find information and/or whom to contact, and to act as intermediaries if necessary. ITP Aero has 46 LEAs distributed in all centres and countries in which it operates. During 2021, LEAs have reported 34 situations in which they have helped their colleagues, giving visibility to issues that are not dealt with in other forums and facilitating the creation of criteria between different centres of the company.

New employees at the Hucknall plant have access to the ITP Aero Ethics Line. No complaints have been reported during 2021.

These channels are promoted and made known through the company policy "Speak Up".

5.1.3. Training and awareness raising

The ethics and compliance area of ITP Aero is responsible for ensuring the implementation of the Code of conduct, defining and maintaining the compliance framework, promoting a culture of compliance, and coordinating advice on compliance within the company.

During 2021, various campaigns have been launched to raise awareness and sensitise employees to the culture of compliance. The company-wide training on conflicts of interest is significant here.

Likewise, and following the indications of the UNE 19601 and ISO37001 standards, personnel especially exposed to criminal risks have been identified -including new employees in the United Kingdom- and a qualification process has been launched for the proper understanding of their responsibilities with regard to criminal and anti-bribery compliance.

Communication during 2021 has been continuous through the company's internal channels.

The Board of Directors and the Executive Committee have conveyed their commitment to the culture of compliance, thereby reinforcing the importance it has for ITP Aero.



5.2. Environment

5.2.1.

Technology and responsibility for the maximum efficiency of our products and operations

ITP Aero, as a key player in the global aviation industry, is committed to the environmental objectives that have been assumed internationally for greater aviation efficiency and sustainability.

The United Nations Conference on Climate Change in Paris in 2015 (COP21) established an agreement, adopted by 196 countries, with the aim of limiting global warming to 1.5 degrees Celsius, compared with pre-industrial levels. In October 2021, the Annual General Assembly of the International Air Transport Association (IATA) adopted a resolution to achieve zero net CO₂ emissions by 2050, a commitment by the air transport industry in line with the objective of the Paris Agreement.

The ITP2025 Strategic Plan (period 2021-2025) sets out the company's aim to develop the technology to drive the shift in the aerospace sector towards more sustainable mobility. In this way, sustainability is established as one of its three strategic lines of action.

This is why, as described in the Programme Milestones section, ITP Aero has joined the United Nations "Race to Zero" campaign through the "Business Ambition to 1.5 °C" programme, through which it is committed to becoming a carbon neutral company by 2050. Similarly, during 2021, the company became a founding member of the European Union's "European Partnership for Clean Aviation" programme, also known as Clean Aviation, towards the decarbonisation of the aviation sector.



Components designed and manufactured using additive technology.

5.2.2.

Products

Much of the R&D and D&D projects in which the company participates are focused on achieving environmental improvements, both in the field of the product and its operation, and in the industrial processes associated with the manufacture of aeronautical components.

In this regard, it is worth highlighting the technological milestones that ITP Aero is fulfilling in the programme for the Rolls-Royce UltraFan®, a new aeronautical engine architecture that will establish a new standard of environmental efficiency and behaviour, reducing fuel consumption by 25% compared to the current Trent family of engines in service.

5.2.3.

Operations

Environmental management

It is important to note that, in addition to taking into account environmental criteria for the design of its products, ITP Aero puts the focus on improving the environmental culture within the organisation and its processes.

The ITP Aero Environmental Management System provides a structured process for improvement and systematic control of environmental behaviour based on the continuous improvement cycle: planning, development, testing and performance.

This system is based on the company's Environmental Policy, whereby employees of ITP Aero make a commitment to reducing the risks and impacts arising from the organisation's activities, as well as to driving objectives for continuous improvement. This also refers to relationships with customers, suppliers, shareholders and the communities in which its work centres are located in terms of sustainability and the environment.

The company holds an environmental management certification in accordance with the UNE-EN ISO 14001:2015 standard in all its workplaces in Spain, Mexico, the United Kingdom and India. In addition, the centres in Spain in Zamudio, Ajalvir, Alcobendas and Barakaldo are EMAS registered the highest level of environmental management. ITP Aero applies the precautionary principle and has civil and environmental liability insurance to mitigate the consequences of any incident that might arise from its activities.

For the proper implementation and development of the environmental management system, ITP Aero's environmental area has a total of 9 people (direct and indirect personnel) fully dedicated to the role, as well as other human resources that deal indirectly with environmental issues, especially in waste management operations.

In 2021,

- The Basque Government's Department of the Environment issued a report on the Zamudio centre which found a high degree of compliance by the plant with the requirements and conditions set out in the Integrated Environmental Authorisation.
- ITP Aero renewed the Environmental Management Certificate in accordance with the UNE-EN ISO 14001 Group Standard and the EMAS registration of the centres of Zamudio and Alcobendas.
- The declaration of financial guarantee required by Law 26/2007 on Environmental Responsibility for the Ajalvir plant was submitted to the Community of Madrid on the basis of an ad hoc risk analysis.

It is important to note that the company's new plant in Hucknall (UK) has environmental certifications as a facility for Rolls-Royce – its former owner – and at the end of 2021 the 14001 certification audit was planned for early 2022.

It is of note that the ITP Aero centres have not received any fines or penalties related to environmental regulations in the last two years (2020 and 2021).

Moreover, environmental improvements were achieved during 2021 due to the implementation of targets related to energy, waste and CO₂, detailed below.

Sustainable use of resources

ITP Aero is committed to the responsible use of resources in all its operations, applying the principle of continuous improvement at all stages of the production chain.

** All information provided below focuses exclusively on ITP Aero's facilities in Spain, Mexico and the United Kingdom. The facilities in Malta and India fall outside the scope of this section, as they do not have a material volume in terms of their productive size, their environmental impact and their number of employees (no more than 5% of the company total). Data from the company's new plant in Hucknall have been incorporated since May 2021.*

Water

In 2021, there was an increase in water consumption of 21% (due to the increase in activity and the creation of new lines, as well as the integration of the Hucknall plant). The water consumption in the facilities in Spain comes mostly from the municipal supply network and is used for production processes, but also in a residual way for consumption in offices. Waste and industrial water are discharged to the municipal sanitation network, always in compliance with the legislation in force on discharges.

During 2021, the approval of the Bilbao Bizkaia Water Consortium was received to increase the periodicity of periodic analyses at the Zamudio facilities due to good previous results.

In the case of Mexico, there has been a significant reduction in water consumption (from wells) due to the measures implemented by the company, such as the improvement of sanitary installations, the improvement and relocation of the sprinkler system for irrigation and the installation of a rainwater collection pit.

Raw materials

ITP Aero applies the principle of continuous improvement in the consumption of raw materials to make responsible use of them. To this end, the Company has worked on optimising the use of material resources in all phases of the value chain and recovering materials through R&D&I activities.

Depending on the activity of each work centre, the consumption requirements for raw and ancillary materials vary. Facilities in Spain consume mainly molten and forged materials, tubes, oils and lubricants. Additionally, the consumption of oils and chemical products, as well as aluminium oxide or industrial acetone, is also important in Mexico.

Energy

The commitment to ensure the safety of people in all workplaces, resulting from the Covid-19 crisis, has led to increased energy consumption. In this respect, the most widespread measure in offices has been the readjustment of air circulation related to building occupancy.

In the facilities located in **Spain**, the main energy consumption comes from natural gas and electricity.

In order to improve efficiency and savings in energy expenditure, a number of measures were implemented in different work centres in Spain in 2021, such as:

- Replacement of lighting fixtures with LED technology in indoor and outdoor lighting installations at the Ajalvir, Barakaldo and Sestao facilities.
- Replacement of the external cladding with ventilated cladding at the Barakaldo and Sestao facilities.
- Compressor heat management system for air conditioning at the company's facilities in Derio.

In addition, since 2019, the Castings plant at Barakaldo has an integral waste energy recovery system that uses surplus heat from part of the plant and transfers it to other areas in need. The recovered heat, collected for example at the furnace outlets, is used in the heating of the workshop and office areas, in the sanitary hot water or in the heating of certain production sections, among others. In addition, as the supply and demand for recovered energy fluctuates, a geothermal exchange system has been incorporated that stores heat in the basement of the area, so that it can be recovered when needed. During 2022, meters will be installed that will make it possible to calculate the real savings of this installation.

In **Mexico**, the use of natural gas has been phased out following the complete refurbishment of the canteen and the replacement of gas equipment with energy-saving electrical equipment.

This way, the main energy consumption comes from electricity. In 2021 there has been a significant reduction in energy consumption (about 50%), due to a change in compressors and a decrease in production.

The total energy consumed in the centres in Spain and at the Hucknall plant in the United Kingdom and 90% of electricity consumption in Mexico is renewable.

5.2.4. Protection of biodiversity

The ITP Aero facilities located in Spain are not located in any protected biodiversity area.

Waste management

ITP Aero has an environmental strategy for waste management, based on the principles of the circular economy, which minimises the potential impacts of its activity.

Therefore, the company segregates the waste from each work centre at source and delivers it to authorised waste managers who certify appropriate and specific treatment according to its type, trying to reuse its component materials.

The main waste generated as a result of the company's activity is waste from the process of machining components and from packaging: wood, cardboard and plastic. To a lesser extent, waste of a

similar nature to urban waste is also generated in the office and rest areas of workplaces.

At group level, there was a 25% reduction in the volume of non-hazardous waste generated and a 29% increase in hazardous waste due to the integration of the Hucknall plant (United Kingdom) into the company.

Furthermore, it should be noted that the change of destination of certain waste that until now was going to landfill has been managed, ensuring that from December 2021 it will go to energy recovery, thus avoiding sending 35 tonnes to landfill.

Of particular relevance is the construction in Mexico of a plant to improve the management of swarf which came into operation at the end of 2021 and through which the fraction of waste to be recovered (swarf) is increased.

Finally, it is worth mentioning that ITP Aero has not developed any actions or measures to tackle food waste, as its sector of activity does not generate a significant amount of food waste.

5.2.5. Emissions

Reducing the impact on global greenhouse gas emissions, reducing noise levels, and improving local air quality are the three major environmental objectives assumed by the International Civil Aviation Organisation. ITP Aero's contribution to the achievement of these objectives is based on the application of continuous improvement and the definition of control parameters on all environmental aspects derived from its activity.

ITP Aero is aware of the relevance that climate change will have in the coming years, and in this regard it is assessing its possible short-, medium- and long-term effects to develop sufficient measures to mitigate and reduce these effects.

Emissions to the ozone layer and the greenhouse effect

ITP Aero has an authorised control body that carries out periodic measurements to monitor the levels of atmospheric emissions generated by the production processes.

In the field of control and minimisation of emissions of ozone-depleting substances, the company manages the use of refrigerants in air-conditioning systems in accordance with environmental legislation. The use of these refrigerants is carried out for the preventive maintenance of the equipment and, therefore, to optimise its operation by increasing its efficiency.

In order to reduce greenhouse gas emissions, a series of measures have been formulated on the basis of the targets set for CO₂ emissions from air conditioning, electricity and engine testing.

In addition, the installation of electric car chargers in the centres at Albacete, Alcobendas, Ajalvir, Derio, Sestao and Zamudio should be noted.

Noise

ITP Aero performs periodic measurements of the noise generated in its facilities, with excellent results. At the Zamudio plant, the low noise levels have made it possible to reduce the periodicity of measurements required by the administration from three to five years.

Light pollution

Given the location and characteristics of the productive activities carried out by ITP Aero, there is no significant impact in terms of light pollution.



5.3. Corporate social responsibility

ITP Aero seeks to create technological, industrial, economic and cultural development in the communities where its work centres and employees are located.

With sustainable development as a framework, four main areas of collaboration and sponsorship action have been defined:

1. Education and competencies

Focused on Science, Technology, Engineering and Mathematics (STEM) which is the essence of ITP Aero. The aim is to inspire young people to study these subjects and to encourage them to see the professional possibilities they can offer, as well as to convey their importance to economic development.

2. Environment

With the aim of bringing value, and a social dimension, to the company's environmental strategy.

3. Art and cultural heritage

Through activities that contribute to the cultural vitality in the places where ITP Aero has its centres.

4. Social investment

To contribute positively to the communities where the company operates.



5.3.1. Collaborations

STEM

ITP Aero, as a technology company, gives particular support to initiatives designed to awaken young people's passion for science and technology.

In its own centres, in the universities and technology centres with which it collaborates and in schools, the company carries out a multitude of activities in which it shows the future opportunities offered by STEM (Science, Technology, Engineering and Mathematics) careers.

During 2021, once the pandemic restrictions had been relaxed, and in compliance with Covid-19 safety measures, the company resumed face-to-face STEM activities. The most significant have been:

- **At the beginning of the year, ITP Aero was the first Spanish industrial company to join the international movement Code.org, a non-profit organisation that promotes learning programming at an early age and seeks to implement computer science as a core subject in educational centres.**

Through this agreement, the company became an international strategic partner of this organisation.

The agreement reached with Code.org began in July with the organisation of two Bootcamps - technological summer camps - for children

aged between 9 and 14 years old in Madrid and Bilbao. The places were 100% funded and awarded to both the general public and the children of employees. At the Bootcamp, children were able to learn the basic principles of programming and discovered the applicability of programming to the aeronautical world through guided tours, by company engineers, to the ITP Aero plants in Ajalvir and Zamudio.

Likewise, in November at the Guggenheim Museum in Bilbao, ITP Aero and Code.org organised "Time to Code", an event in which children between the ages of 9 and 12 attended a fun, hands-on programming class to teach them that programming is accessible to all.

- Also, ITP Aero celebrated the **International Day of Women and Girls in Science** through a campaign to make women engineers visible in today's technology landscape and to inspire women of new generations to opt for STEM careers, as their profiles will be in great demand in the jobs of the future.
- ITP Aero's collaboration with the **STEAMsare** programme is also significant. This is a programme created by the Basque Government's Department of Education in collaboration with Innobasque to promote STEAM education in the Basque Country. These activities have the particularity of a high level of collaboration between the teaching staff in schools and companies so that students can put STEM subjects into a real context and understand their importance and application in different fields.
- For the last three years, ITP Aero has been supporting the **Biskyteam** project launched by students from the Universidad del País Vasco (UPV-EHU) [University of the Basque Country] for the design of suborbital launchers using hybrid propulsion technology, which significantly reduces greenhouse gas emissions. It is an "in kind" collaboration providing technical advice to students and advanced aeronautical materials for the development of the project.

Art and cultural heritage

ITP Aero has been the Patron of the Guggenheim Museum in Bilbao since its founding in 1997, thereby committing to promoting the dissemination of arts and culture and the development of an institution that is an international landmark and an emblem of the city of Bilbao.

In terms of arts and cultural heritage, ITP Aero is a regular contributor to cultural events organised through foundations such as the Aeronautics and Astronautics Foundation. In 2021, it is worth mentioning the sponsorship of the Ejército del Aire [Air Force] Awards, which seek to promote aeronautical culture, artistic creation and the values of the Armed Forces.

Social investment

Each year, ITP Aero undertakes the "Solidarity Initiative" in which employees make donations which are matched by the company to solidarity projects located in local communities where ITP Aero has a presence. In 2021, three social projects proposed by the company's employees were selected:

- Social Work Ischadia - Puppy Project (Bilbao) to support children with ASD (Autism Spectrum Disorder) through assistance dogs.
- Fundación Blanca Morell - Project for the early and correct identification of tumour type in children with brain cancer (Madrid)
- Child Protection Society Foundation - Tewedado Project of Santa Maria de Guadalupe to provide care to children of the Rarámuris ethnic group (Chihuahua – Mexico).



In addition, ITP Aero allocates 2% of its India subsidiary's average three-year profits to local social projects.

5.3.2.

Strategic Partners for Innovation

ITP Aero has developed a solid network of collaboration with strategic technology centres for the industry and also promotes the creation of joint R&D&I centres with universities with the aim of developing advanced technologies for aeronautical engines.

Joint R&D&I centres

- The Centro de Fabricación Avanzada Aeronáutica (CFAA) [Centre for Advanced Aeronautical Manufacturing], Bizkaia, is led by ITP Aero and Danobat with the participation of more than 80 companies from the aeronautical sector, the Provincial Council of Bizkaia, the Basque Government, the Universidad del País Vasco [University of the Basque Country] (UPV-EHU) and the Bizkaia Technology Park. This is a public-private partnership focused on improving industrial processes and advanced machinery in aeronautical manufacturing.
- The Laboratorio de Investigación en Fluidodinámica de Turbomáquinas (LIFT) [Turbomáquinas Laboratory for Research in Fluid Dynamics], Madrid, is a technology centre created in collaboration with the Universidad Politécnica de Madrid [Polytechnic University of Madrid] to carry out aerodynamic tests on turbomachinery.

Technology centres and Universities

The company supports the activities of the technology centres with which it collaborates while they specialise in key technologies, thus creating a relationship that promotes the consolidation of the industrial sector and the most efficient investment in R&D&I.

- Centro de Tecnologías Aeronáuticas (CTA) [Centre for Aeronautical Technologies], Bizkaia: aerospace research laboratory specialising in fluid dynamics tests.
- Centro de Estudios e Investigaciones Técnicas (CEIT) [Centre for Technical Studies and Research], Donostia: collaboration in projects to develop advanced mechanical technologies for aviation.

- Instituto Madrileño de Estudios Avanzados de Materiales (IMDEA de Materiales) [Madrid Institute for Advanced Materials Studies]: an initiative promoted by the Community of Madrid to encourage research and technological transfer to the industrial sector in materials science and engineering.
- Universidad Politécnica de Madrid (UPM) [Polytechnic University of Madrid]: in the field of aeronautics, collaboration in fluid dynamics and simulation technologies for turbines and compressors.
- Universidad de Mondragón [University of Mondragon]: research into manufacturing technologies, including machining processes and cutting-edge forming and material technologies.
- Universidad del País Vasco (UPV-EHU) [University of the Basque Country]: collaboration, the development of manufacturing technologies in the aeronautical field.
- University of Sheffield, UK: research centre in advanced manufacturing.

In the same way, ITP Aero is a partner of the Clúster de Aeronáutica y Espacio del País Vasco (HEGAN) [Basque Country Aeronautics and Space Cluster], an association that groups the Basque aerospace and space sector, facilitating its competitiveness through cooperation and innovation between companies and other agents.

In addition, ITP Aero is a founding partner and member of the Board of Directors of Innobasque, the Basque Innovation Agency, with which it develops partnerships in innovation, internationalisation and R&D.

The company is a partner and member of the Board of Directors of TEDAE (Asociación Española de Tecnologías de Defensa, Seguridad, Aeronáutica y Espacio [Spanish Association of Defence, Security, Aeronautics and Space Technologies]), a non-profit entity that works to give visibility to the industrial sectors it integrates and to support the economic growth of Spain by responding to the needs of all clients that make use of the technologies developed by their companies.

5.4. Suppliers

The supply chain is a fundamental part of the company's development and ITP Aero has a close relationship with its suppliers:

- Developing collaborative programmes in R&D&I.
- Providing greater visibility on planning and opportunities.
- Reaching long-term agreements.
- Promoting and facilitating the development of new capacities in its suppliers.

ITP Aero pays special attention to its local supply chain, collaborating with its suppliers and institutions in its industrial plans. It also has development plans for other processes, such as sheet metal and forming, tooling, foundry ancillary processes, etc.

However, due to the Covid-19 pandemic and mainly in 2020, the demand for products dropped substantially and, as a consequence, the workload. Although a slight recovery has been experienced in 2021, it is not expected to return to the 2019 figures until 2023-2025. This situation has led to a readjustment of the supply chain - to adapt it to the new market size - which the company has carried out by paying special attention to the local supply chain and trying to minimise its impact as much as possible. This work, which began in June 2020, was completed in January 2022.

ITP Aero has a supplier selection and integration procedure that describes the process for the initial evaluation, selection and approval of suppliers and their development through the definition of the supply chain development process (one of the Company's core processes). The objective of this process is to select the best suppliers, guaranteeing transparency and a level playing field for the different bidders. Supplier qualification is the requirement to participate in purchasing processes and is obtained as a result of the approval process.

ITP Aero has a Code of conduct for suppliers that can be viewed on the company's website and that suppliers must adhere to and apply, as detailed in the section on ethics and compliance.

In the same way, ITP Aero has a monitoring system and conducts periodic audits of its suppliers. In 2021, 86 audits were carried out, a significantly higher number than in 2020, mainly due to the positive progress of the pandemic. However, the pandemic continues to influence the process, so in many cases the use of digital tools is necessary.

Audits carried out, in line with previous years, have generally been satisfactory with 85% success (just a few minor findings or observations).

5.5. Consumers and customers

ITP Aero has a procedure for analysis and evaluation of customers and third parties that aims to detail the activities necessary to regulate the process of analysis and review of customers, suppliers, intermediaries and strategic third parties. This procedure is a guide to analysing and examining the suitability of customers and third parties for the company's business operations.



5.5.1. Measures for consumer health and safety

ITP Aero sees the quality of its products and services as the essential lever that drives the sustainability of the organisation and the creation of value for all stakeholders: shareholders, customers, professionals and society in general. Global Quality Objectives are linked to the Strategic Plan as well as the company's objectives on an annual basis.

ITP Aero ensures the airworthiness and safety of all its products, in some cases directly and in others through its customers, by adhering to EU Regulation No 748-2012 of 3 August 2012 which establishes implementing rules for the airworthiness and environmental certification of aircraft and related products, parts and appliances, as well as for the certification of design, production and maintenance organisations. Aeronautical authorities carry out audits and controls on compliance with this regulation, in some cases directly to ITP Aero and/or through customers.

Based on this, an internal deviation notification process has been set out which establishes the methodology for the collection, investigation and analysis of data on faults, malfunctions, defects or other events that cause or may cause adverse effects on the continued airworthiness of the engine or component.

During 2021, and continuing the work carried out in 2019 and 2020, the product safety management system manuals for Production, Design and Maintenance have been revised, as well as the procedures governing safety activities for each of the areas. These manuals and procedures are established to comply with the standards and recommended practices set by the International Civil Aviation Organisation (ICAO) Security Management Annex 19. This Annex 19 is recognised as the current highest security management framework and is therefore used as a benchmark in the products, components, equipment and services in which ITP Aero participates.

Furthermore, ITP Aero has a product safety policy that emphasises the company's commitment to ensuring safety in all its activities and products. This Policy is based on six principles governing the product safety approach:



1. Leadership commitment and accountability

Company leaders ensure that safety-related tasks receive appropriate attention, time and resources, ensuring that all employees understand their responsibility in this area.

2. Product Safety Level

ITP Aero designs its products to achieve a high level of safety in accordance with their application, always ensuring that they meet or exceed legal, regulatory and industry requirements.

3. Maintenance and improvement of product safety

There is a commitment to the continuous improvement of product safety and the company is actively involved in the establishment of industry standards and good practices.

4. Product compliance

Excellence in quality is an essential pillar of products and processes, and ITP Aero ensures that all its production processes and suppliers comply with its specifications.

5. Safety Awareness and Responsibility

Everyone who works at ITP Aero shares responsibility for the safety of its products and is aware of the implication of his or her actions. To this end, awareness-raising and training campaigns are carried out.

6. "Fair Culture"

Everyone is encouraged to report any product safety issue in a context of "Fair Culture", where individuals are not punished for actions, omissions or decisions taken by them that are consistent with their experience and training, but where gross negligence, intentional violations and destructive acts are not tolerated.

ITP Aero performs periodic internal audits of its processes, providing corrective actions in case of anomalies, and continuously tracking them.

5.5.2. Data security awareness

ITP Aero sees the correct management of its customers' confidential information as a key element for the company's success. Accordingly, it has a Data Confidentiality Policy that makes employees responsible for the proper use of information, ensuring its confidentiality and disclosing it only with authorisation and to the extent permitted by law. This policy is mandatory and applies to all ITP Aero employees.

In addition, there is a mandatory personal data protection policy for all ITP Aero employees, which provides a standard that complements the laws and regulations of each country. Also demonstrating that ITP Aero regards the correct processing of personal data as a fundamental business principle and an essential part of its Code of conduct.

Communication campaigns are regularly launched on the company's internal channels to raise awareness and sensitise employees on data protection and security. Furthermore, ITP Aero has a quarterly Security Committee, which coordinates actions in the field of security and data protection.

5.5.3. Cybersecurity

For ITP Aero, security is one of the pillars which sustains each of the actions it carries out. In this respect, the special circumstances in the wake of the Covid-19 pandemic have caused a change in the working model, establishing teleworking as a regular way of working in the company.

This has led to the need to reinforce communications infrastructures, review security policies and provide new solutions according to different needs, offering the same high level of protection against cyber threats regardless of the physical or technological environment in which the user is working, and always basing changes and new technologies on the security standards established for the company.

The company promotes safe habits and works to raise employee awareness through in-house outreach training resources so that the people who make up the team are alert and know how to identify and act on any threats based on deception or identity theft.

5.5.4. Complaints and claims system

Due to the fact that the activity carried out by ITP Aero is fully focused on the B2B (Business to Business) channel and, based on the definition of consumer set out in the Commercial Code, the development of policies establishing measures to protect the health and safety of its consumers is not considered applicable. However, quality is a key pillar in ITP's customer relationship strategy, and therefore the activities described below are carried out and the information regarding complaints and claims received is included in this document.

Each ITP Aero customer has a quality focal point at their disposal to which they can personally address any complaint or claim. When this happens, a root cause analysis is carried out and containment and remedial actions are immediately put in place to resolve the problem. All claims are recorded under the company's SAP tool. At the end of this analysis process, it is determined whether ITP Aero should take responsibility or not, and this is indicated in the system.

A further step in the management of customer complaints was taken in 2021, aligning it with the process management defined in ITP Aero. This integrates claim management into Production, which includes the Launch New Product and Supply Product processes, with the claims from the MRO Support in Service process.

Of a total of more than one million parts delivered to the customer during 2021, the Company has handled 194 claims in the three customer processes, of which 65 have been the responsibility of ITP Aero. This also represents an improvement in the number of losses recorded in parts per million (ppm), with a total of 46ppm. All of them have been resolved satisfactorily.

ITP Aero tracks quality indicators on a monthly basis, recording non-quality costs, customer losses and product concessions to the customer. In addition, ITP Aero has the Disruption Index indicator, which provides a more complete view of the impacts caused to the client, and which is monitored on a monthly basis.

5.6. Tax information

ITP Aero pays special attention to compliance with its tax obligations in accordance with the applicable regulations of each of the countries in which it operates. The tables in the appendix to this document give a breakdown of profits, corporate taxes paid and subsidies received in each of the countries in which ITP Aero has a presence.



6 People



** In May 2021 the Hucknall plant was integrated into the ITP Aero group. For the purposes of this section, the data of that company (ITP Aero UK) have been considered, except where specifically mentioned, since the company information for the whole year 2021 is not available.*

6.1. Employment

One of ITP Aero's strategic objectives centres around its people, whose commitment and leadership is encouraged as a central element of the company.

The workforce as of 31 December 2021 reached 4,175 employees, an increase of 17% over the previous year. This growth in the workforce is explained by the integration of ITP Aero UK into the group.

In addition, in the companies in Spain, contracts were suspended for a certain number of working days under Temporary Redundancy Plans which were applied in full or in part during the year, depending on the company in question. Temporary employment adjustment measures (known as furloughs) have also been implemented in the United Kingdom and in Mexico unpaid holidays have been set up (for technicians).



6.2. Contracts

This section does not include ITP Aero UK data because of the lack of 2020 and intermediate 2021 data.

ITP Aero puts quality in employment first. Therefore, it is worth noting that in 2021, despite the staffing adjustments resulting from the aforementioned crisis, the proportion of permanent contracts (96%) compared to temporary contracts (4%) has been maintained and full-time contracts are in the majority (98%), with very few part-time contracts (2%). Permanent contracts are down 1% compared to 2020 and temporary contracts are up 3% compared to the end of the same year, in the first case explained by the need to make employment adjustments.

The variation compared to 2020 in terms of full-time and part-time contracts is negative, with a decrease of 1% in full-time contracts and an increase of 14% in part-time contracts.

In 2021, there were 97 redundancies, compared with the 259 redundancies made in 2020, which is explained by the adjustments mentioned above, a reduction of 63%.

6.3. Wage gap and average remuneration

This section does not include ITP Aero UK data because of the lack of 2020 and intermediate 2021 data.

The remuneration policy applied by ITP Aero is applied objectively and questions of gender and diversity have no influence whatsoever.

Remuneration is determined by considering primarily qualifications, professional experience and responsibility for the role in the organisation, as well as the achievement of objectives.

ITP Aero is committed to equality and fairness of pay for its employees and has calculated the 2021 pay gap between the average salary of women and men at 2.1% (a substantial improvement on the 5.4% of the previous year).

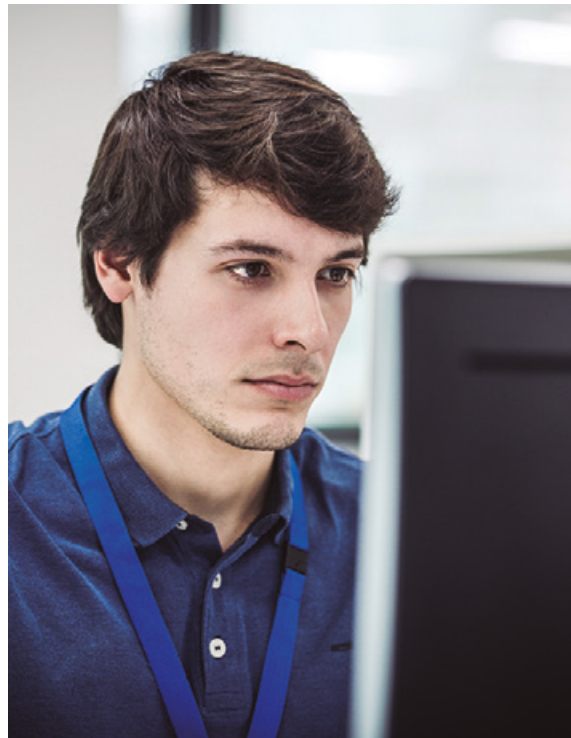
This gap is explained by the presence of a majority of men in the company, who also have more seniority and perform jobs that generate bonuses or allowances to which women have less access, including expatriations. ITP Aero is continuing to work to bridge this gap.

6.4. Organisation of work

ITP Aero meets the work-life balance needs of its employees, with flexible working time tools that balance the needs of the company with the employee's professional and personal life.

The work organisation scheme may vary depending on the country in which the work centre is located and the applicable collective agreement and labour law. However, as a general rule, the number of hours per year is determined in collective agreements by negotiation with workers' representatives where the different types of working hours are also established.

There are several types of work: split hours, continuous hours on Fridays, and different calendars for shift staff. These shifts are established for productive, organisational and technical reasons.



Depending on the country in which the workplace is located and the applicable collective bargaining agreement, there are different measures to improve work-life balance, including the following:

1. Work schedules

That favour work-life balance.

2. Agreement on the Regulation of the Working Day

Applicable to certain centres in Spain that allows flexibility in the working day, in an environment of self-regulation and trust. ITP Aero does not currently have a formalised job disconnect policy.

3. Digital disconnect policy

For arrival at the workplace (1 to 2 hours depending on the workplace) for office work.

4. Calendars with holidays

Preferably organised around the Christmas, Easter and summer periods, as well as public holidays and long weekends.

As a consequence of the mobility situation resulting from the Covid-19 pandemic, ITP Aero has maintained a hybrid teleworking system, adapted to the situation in each country, so that employees who were not critical staff or personnel who must necessarily come to the workplace, could carry out their professional work from home remotely and safely. In order to guarantee the safety of the people who went to the work site, rotating work teams, cleaning guidelines, limited capacity, safety distances, etc. were defined right from the start of lockdown and later during the de-escalation, which served to keep the impact at a reduced level.

6.5. Culture

In the ITP2025 Strategic Plan the company wanted to review and strengthen the culture at ITP Aero looking ahead to a future full of challenges and changes.

This review has been led by a team of 10 people from different areas and centres who, while respecting the different realities of ITP Aero, have sought a common axis.

That common axis is a Culture of High Performance with new values and behaviours that mark the "personality" that guides ITP Aero in the way it does things.

ITP Aero's values are:

1. Act with integrity

Respect and honesty must guide the company's actions. Ethics inspires the journey towards a better society.

2. Innovate for the future

Leading the shift towards more sustainable mobility. Developing the technology of the future.

3. Moving towards excellence

Exceeding expectations as a trusted partner. Being proactive and agile to fly higher.

4. Caring for our people

Promoting environments fostering development that are appropriate for our people. Respecting diversity and promoting equality.

Each of these values is accompanied by commitments, seeking to reflect the things that really matter, such as ethics, honesty, transparency, quality, security; being trusted partners, being part of the shift toward sustainable mobility, diversity and people's development.

These new values have a lot of what ITP Aero already is, with the addition of new elements looking to the future.

In addition, the company has outlined 4 behaviours that give a sense of direction in actions and decisions that help to live the values on a day-to-day basis:

1. Reliability

What it means to be consistent, respectful of norms and people and fulfilling commitments.

2. Agility

Meaning acting with speed and anticipation, focusing on priorities and being decisive.

3. Being audacious

Being bold and acting without fear of something new, doing things differently and saying what you think, because diversity is welcome.

4. Working as a team

Promoting quality relationships between peers, with other areas, and of course with suppliers, institutions or customers. The Team is made up of all those participating in the ITP Aero project.

The values and behaviours of the ITP Aero culture must be present in all the company's decisions and actions, which is why various initiatives are being implemented, three of which are worth highlighting, due to their global nature: the hybrid work model, the ITP Leadership model and the new ITP Aero global awards.

6.5.1. Hybrid work model

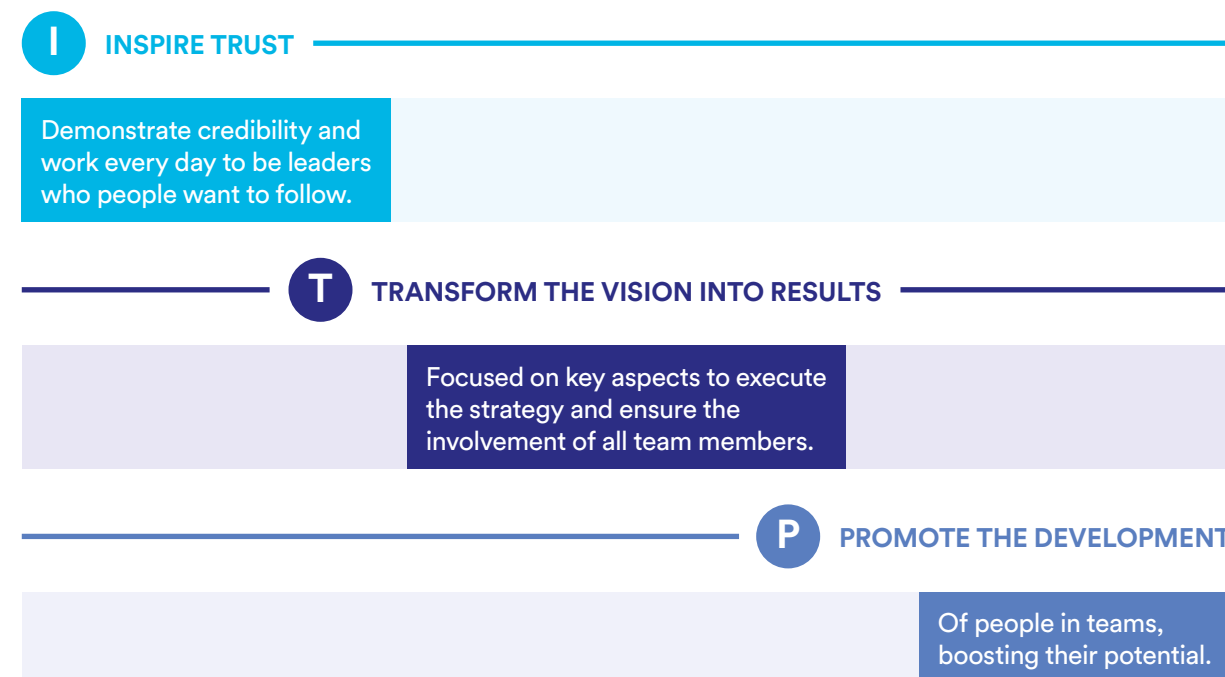
In 2021, a new work model was approved that includes, in many departments of the company, the possibility of working in part from home.

In line with the company's values, this model promotes trusting environments for employees and promotes people's well-being by facilitating work-life balance without losing focus on meeting service commitments.

This model will come into effect at the various ITP Aero plants as soon as the Covid-19 health crisis situation allows. Until then, crisis contingency measures continue to be implemented to ensure the health of employees.

6.5.2. Leadership Model

A common leadership model has been defined based on leaders being able to:



This model has as its main value that deployment is through internal ambassadors, that is, through leaders trained to train other leaders. The deployment workshops began in Spain in October 2021

through 24 ambassadors and the participants' response has been very positive. In Mexico, the 14 ambassadors have already received their training and deployments will begin in 2022, as in the UK.

6.5.3. Global Awards

In 2021, the ITP Aero global awards were to be given a more participatory and digital character. For this purpose, an App was launched in December 2021, through which any employee could anonymously recognise others for being good examples of the company's values.

These awards were visible to all employees who were able to participate by assigning medals (votes) to individuals who they felt best reflected

the desired behaviours in Company Culture. The launch was accompanied by a communication campaign that has had a great impact with extraordinary participation.

The mere fact of receiving recognition from a colleague is already a gift, but, in addition, those who were considered as the best recognisers of 2021 also received a fantastic prize.

6.6. Listening to employees

Last November saw the launch of **Pulse 2021**, a brief opinion survey aimed at a representative sample of employees from the different ITP Aero plants to take the pulse of different Company initiatives in an agile manner.

The participation was high, at 73% (1,311 employees), and the results obtained are as follows:

Employees in offices and workshops at the various plants were asked about **Communication**, one of the areas of improvement identified in the previous climate survey in 2018. Respondents' assessment was favourable with an overall improvement of 8 percentage points. It should be noted that more than 70% of employees value the new communication channels positively and believe that the company informs them about the company's plans, objectives and results.

We also wanted to assess the perception of the usefulness of the new **Performance - Continuous Feedback model for leaders and technicians**, which was another of the improvement commitments resulting from the previous survey. The improvement is very noticeable, with a 22 percentage point increase in favourable responses and a reduction of over 50% of unfavourable responses.

When asked about the **ITP2025 Strategic Plan**, 85% of survey participants confirmed that they had received the survey deployment from their managers and 81% of leaders believe that the plan adequately identifies the main lines the company should follow.

Finally, it was also important for the company to hear the views of **Hucknall** employees on the recent **ITP Aero integration process** and 85% of the participants believe that it will bring positive results for the company.

A deployment and analysis of the results by Management is currently being carried out to help further *Building ITP Aero Together*.

6.7. ITP Aero development opportunities

Scholarship programmes

During 2021 more than 50 students from the latest university courses carried out internships in the various ITP Aero plants, collaborating mainly in engineering projects lasting between 6 and 10 months. Many of them carry out their final degree and/or master's work with us, gaining real experience with relevant content.

ITP Aero also has collaboration agreements with different vocational training centres so that students in the specialities most in demand at our centres can carry out their internships with us.

Rotation through different departments

ITP Aero is committed to staff development. Three years ago, the first edition of the Global Y-Talent Programme was launched which includes scheduled rotations within the Company. With a duration of two years, the programme is aimed at recent graduates who want to learn about different departments and areas, giving them a more global view and helping them to better define their future professional interests. In 2021, 12 people completed their programmes with very satisfactory results for both the participants and the managers of the areas they worked in.

Another way to promote development opportunities is through the publication of internal selection processes, to which ITP Aero employees can apply to work in another role or even in another country, allowing for international development.



6.8. Learning

Within the area of learning, 2021 has been a year focused on **Leadership Development**.

On the one hand, and due to the large number of new appointments in the company, training has been developed with a focus on new managers to reinforce the skills needed in the transition from Technician to Manager role.

During the month of June we held three sessions of the training programme “The 6 Critical Practices for Leading a Team”, directed at more than 70 new plant leaders in Spain and Mexico.

This programme aims to provide new leaders with the development skills and tools necessary to move from being an individual contributor to being able to successfully lead teams. These sessions have been conducted in a training modality called webinar live, where an instructor along with the new ITP Aero leaders went through the basics of developing high-performance teams and shared their experiences remotely.

In addition, as an action stemming from the company's Strategic Plan, a Leadership Model has been developed and internal training has begun, as detailed in section 6.5.2.

The year 2021 has confirmed the upward trend in the implementation of **e-learning** as the main channel for digital training.

Regarding global learning needs, these are identified in the screening process that is carried out jointly by the cross-sectional areas and the Learning team at the beginning of the year and encompass critical knowledge for the organisa-

tion that the aeronautical authorities, the market, legislation or our own customers require and we must ensure that they reach every person in the Company.

In addition, executives, managers and technicians identify with their managers on an individual basis the learning and team development challenges linked to their department and position. These challenges can be of various kinds, such as attending courses, participating in conferences, on-the-job training, self-learning or disseminating knowledge to others. These learning and development challenges are reflected in the Performance module from which the individual and their manager can follow up throughout the year.

This entire process is supported by an online platform to which employees and their managers have access, where they can consult their training history, the planned course schedule, available training and learning paths, etc. And all of this is monitored through the global training scorecard.

We also highlight the Thinking Heads and Inspiring Leadership, initiatives that promote continuous learning through a collection of training content that invite us to reflect on different topics.

During the second half of 2021, the initiative to digitise training related to the programmes in which ITP Aero participates was launched. The aim is that all workers, especially those with direct contact with each programme, have the opportunity to learn more about the main ITP Aero programmes.

Finally, in the Learning section, we would like to highlight that, as in previous years, ITP Aero has organised the Technological Knowledge Days (TKD), where ITP Aero's representatives from different technical disciplines, together with the technology centres with which it collaborates, share the latest technological advances that they have developed.

These days have been conducted virtually during the last quarter of 2021 and will continue throughout 2022.

The objective is to give visibility and to deploy research work that is developed in specific technical knowledge, in turn promoting the generation of research articles and, finally, strengthening alliances with technological centres.



6.9. Universal accessibility for people with disabilities

ITP Aero is committed to universal accessibility, and this is reflected in its constructional standards that apply in any new construction or reform.

The main work centres in Spain (Zamudio, Alcobendas, Derio, Baracaldo and Sestao) have universal accessibility for workers with disabilities, and others such as Ajalvir have accessibility in the main areas.

Although there are certain centres that do not yet meet accessibility requirements at all facilities (ITP UK, Queretaro, ITA, India), this does not imply any limitations for current workers. In India,

reforms have begun in the offices to be completed in 2022, including the installation of a lift to ensure access.

In addition, all the centres are accessible for visits by having dedicated areas for accessible visits for people with disabilities, with limitations at the Lincoln, ITA and India centres.

Of the total ITP Aero workforce (including ITP Aero UK), in 2021, 8 people had some degree of disability, all of whom work in Spain, 2 fewer than in 2020 (10).

6.10. Health and safety

As part of ITP Aero's health, safety and environmental policy, the company promotes measures to:

1. Create a safe and healthy working environment

That supports employee well-being and minimises the risk of injury, work-related health problems, or environmental incidents.

2. To prevent or minimise

The negative impact on health, safety and the environment of our activities, products and services, and to promote the sustainable use of resources.

In the area of health and safety, a work prevention team is available and operates on a corporate and local scale in each work centre. All the centres have Self-Protection Plans in the plants and work centres, which allow an adequate response to emergency situations in order to guarantee the safety not only of employees but also of third parties in the vicinity, all in compliance with the current regulations on Occupational Health and Safety and Civil Protection in each territorial area.

Specifically, collective agreements provide for the existence of health and safety committees, which are the competent bodies in matters of occupational health and safety and are responsible for 100% of matters relating to these issues.

In terms of health, during the year 2021 ITP Aero has outsourced health surveillance, which carries out the annual medical check-up of 100% of the workers, applying the corresponding medical protocols; there is a medical service in the most representative factories.

During 2021, the existing improvement plans to reduce accident rates continued, including ergonomic improvements, definition of responsibilities and improvements in working conditions.

ITP Aero takes measures to guarantee health and safety at work, including training and information, risk assessment and management (mitigation and improvement plans), process standardisation, behavioural improvement, health monitoring, emergency management and self-protection plans, among others.

6.11. Labour Relations

ITP Aero applies the labour legislation in force in each country and the provisions of the agreements applicable in each centre with regard to information procedures, staff consultation and negotiation with workers' representatives. In these procedures, the main interlocutor for negotiation, communication and information on typical labour issues is the works council, the personnel delegates and the prevention delegates.

In Spain, collective agreements in general apply to Technicians, Managers and some Executives in those aspects not linked to the remuneration system or to promotion and professional development.

6.12. Communication to employees

The company attaches great importance to internal communication with employees. To this end, it has a number of relevant communication channels, including a corporate or local intranet, relevant information by email or physical mail, bulletin boards and screens on all floors, and the internal magazine "Al Vuelo" [In Flight], which is distributed to all company employees.

In addition, there are bimonthly meetings with senior management and the Executive Committee, "cascade" meetings and briefings for all employees, as well as breakfast meetings and other opportunities to exchange information. Importantly, at the end of each month, monitoring of the achievement of the company's objectives is communicated.



6.13. Equality

In addition to complying with the legislation in force in each country in the field of holidays and leave, including parental leave and applying the improvements established in the respective agreements, ITP Aero has a Diversity and Inclusion Policy and Anti-discrimination and People Management Policies. These ensure that the recruitment, selection and promotion of employees is based on merit, regardless of race, colour, religion, gender, age, sexual orientation, marital status, disability, or any other characteristic protected by applicable laws.

The company's employment and recognition policies, procedures and practices ensure the application of the principles of diversity and inclusion with equal treatment and opportunities for women and men. At the highest level of the company, there are 12.5% female executives on the company's executive committee (the same percentage as in 2020 as there are still 8 company executives).

ITP Aero also has an Equality Plan with mechanisms for its review and maintenance in each centre. In this way it complies with the various legal obligations aimed at effective equality between women and men.

To ensure compliance with these principles, the Equality Plan includes a series of measures and actions, defined between the management of ITP Aero and the legal representation of workers. The company is currently negotiating with the Legal Representation of Workers to adapt and align the Equality Plans with the new provisions and regulations on equality for women and men in organisations.

The Procedure for the Prevention of Harassment at Work sets out the process to be followed when a possible case of harassment of any kind occurs, including sexual harassment. The People and Anti-Discrimination Policies ensure that situations of discrimination on the basis of sex, among others, are not tolerated.

In terms of inclusion of people with disabilities in the workplace, ITP Aero not only ensures that its selection procedures do not exclude people with disabilities when the requirements of the specific job allow it, but also contracts services and products to companies that employ people with disabilities.

ITP Aero considers that there should be vigilance in respect and tolerance of sensitive differential factors such as age, race, colour, ethnic origin or nationality, disability, marital status, pregnancy or maternity, religion or belief, gender identity, sexual orientation and gender reassignment.

The official channel for reporting non-compliance with the principles of the Code of conduct or any other corporate directive, procedure or principles is the Ethics Line, available to workers and employees as well as third parties (customers, suppliers, institutions, etc.).

7

Non-financial risk management



Risks in ITP Aero are managed according to the methodology defined in the Risk Policy and Risk Management Plan (RMP). Both documents detail the basic principles of the risk management methodology applied in the organisation, the RMP being a more detailed document.

ITP Aero understands that a risk is an uncertain event with a negative impact on the budget or business plan of the company or a programme, on Health & Safety, the environment or on the reputation of ITP Aero. For risk management, ITP Aero has established a structure that begins on the board of directors of the ITPSA matrix. The governance structure that ensures that ITP Aero's risk policy is adhered to, which consists of:



Risk management in ITP Aero is understood to be a continuous activity in each area of the company, where all employees are responsible for identifying, managing and communicating risks, although some figures have been established with different roles and responsibilities in risk management:

1. ITPSA Board of Directors

Together with the other management bodies in each of the subsidiaries: ultimate risk management responsibility in each of the areas.

2. Risk Leader

This is the Executive Director CEO, ITP Aero.

3. Risk Champion

Executive Director of Internal Government and Media of ITP Aero.

4. Risk Coordinator:

ITP Aero Head of Risks.

5. Risk Responsible

This is the Executive Director and the chief risk officer for the different departments, programmes and areas.

6. Risk Owner

Appointed by the Risk Responsible as the owner of risk.

7. Risk Focal Point

Performed by different people in each department, programme and operational area. This person is responsible for managing the risk function in each of these.

The risk function is responsible for defining and implementing the risk management methodology, as well as supporting the correct application of the methodology. In addition, he/she must ensure the implementation of the Risk Management Plan, keep custody of the risk register, schedule risk review meetings in each area, report risks to the Risk Committee and ensure the deployment of training.

The ITPSA Board of Directors and the other management bodies in each company carry out a risk review, periodically and at least once a year, and the Risk Committee does so on a quarterly basis. This committee is made up of the Chief Executive Officer, the Executive Directors, the Head of Legal Affairs and the Head of Risks.

In each area of ITP Aero, in a cross-sectional manner and within each of the companies that make up the company, periodic risk reviews are carried out in each respective area, with the participation of the different Risks Focal Points - key people from each programme, area and department - as well as any other person whose presence is relevant. These reviews update the status of risks already defined and define new risks, establishing the monitoring necessary for their correct management. Furthermore, action plans are established for each of them and the dates and status of already defined action plans are reviewed. In addition, each department, area or programme holds internal meetings to carry out its own management.

ITP Aero has established a risk management process consisting of five stages:

1. Identification

The identification of a risk can be carried out very simply, being presented directly to those in charge, as it arises directly from the company's activity. The Risk Responsible must ensure that all risks in their area are identified and added to the ITP Aero risk register.

2. Analysis

Once a risk has been identified, its degree of criticality must be understood, and its probability of occurrence and impact are then valued on a scale of 5 levels ranging from very low to very high. Also, this is reflected on its effect if nothing is done to mitigate it, including an analysis of possible negative impacts.

All of this assessment is carried out by the person responsible for the area in which the risk has the greatest effect and is agreed with those responsible who have knowledge of the risk. In addition, risks are categorised so that they can be managed more easily.

3. Handling and monitoring

Once the risk has been identified and assessed, as well as its designated manager, the actions to be taken are decided. There are three possible options, detailing a mitigation plan, transferring risks to a third party such as a bank or insurance company; or accepting, understanding, and provisioning the risk.

4. Report and Documentation

Risks are reported four times a year to the Risk Committee and the Rolls-Royce Risk Area, ERM (Enterprise Risk Management). Additionally, there is also a report at least once a year to the ITP Aero Board.

5. Assessment

An assessment of the risk management process is made to ensure that it is efficient and meets the objectives described in the Risk Policy as well as the Risk Management Plan.

The impact of non-financial risks is assessed according to their impact on the environment, Health & Safety or ITP Aero's reputation and a mitigation plan is applied to each of them in order to reduce their criticality.

During the year 2021, the 2020 exercise of identification and analysis of risks arising from the Covid-19 pandemic has continued. These risks have been reviewed in each of the risk reviews that have been conducted during 2021 with all areas of ITP Aero, as well as reported on the Corporate Risk Committee held each quarter.

Meanwhile, the Covid-19 pandemic has been considered a Major Incident at ITP Aero and has been reported as such in the quarterly corporate Risk Committees.

In addition to the Company's usual risk identification, analysis, handling and reporting activities, the following events which occurred in 2021 are highlighted:

- Identification of risks arising from Storm Filomena in the Autonomous Community of Madrid.
- Identification of fire hazards in part of a depot in the Zamudio Centre.
- Ongoing BREXIT-related risks, including monitoring their assessment and mitigation plans.

- Ongoing identification and monitoring of risks arising from REACH regulations.
- Identification and monitoring of risks arising from criminal compliance certification.
- Identification and tracking of Hucknall site risks to be incorporated into Corporate Risk records.
- In-depth review of Group Property risks, which resulted in the identification of three new Key risks.
- In-depth review of Operations Risks, resulting in the closure of 14 risks and identification of 12 risks.
- Generation of new risk records covering new ITP programmes and activities.

As part of the process of continuous improvement in risk management, activities related to business sustainability continued in 2021, monitoring the scenarios of unavailability of critical assets and resources at the Zamudio centre and starting the deployment of the project at the Ajalvir centre. There is a plan to deploy the business sustainability methodology to the rest of the ITP Aero centres.

In compliance with the Risk Management Policy, the state of critical risks was reported to the ITP Aero Board at its meeting on 22 April.

Furthermore, the implementation of a risk tool to replace the current risk register system is planned for 2022.

The main non-financial risks identified by ITP Aero are summarised in the following table:

Main risks	Mitigation Plans
Risks in terms of reputation arising from the business relationship with public institutions due to contractual breaches	Very close relationship with customers, very deep knowledge of contracts, thorough training of our professionals, effort towards a proper allocation of resources
Risks to the safety of third parties due to failures in designed and/or manufactured products that are integrated into engines/aircraft. This risk has an impact on reputation	High-level safety policy, commitment to aviation authorities, safety committees, high employee qualifications, executive committee commitment to safety, tracked changes system implemented and mandatory training for all employees in product safety
Communication risks in crisis situations	Crisis Committee implemented and Crisis Management procedure, Business Continuity Management system and Recovery Plan for the Zamudio plant already published. Plan to deploy the Business Continuity methodology to the other centres
H&S work risks from factories	Incident detail management, ongoing audits, factory readiness plan, and mandatory training for all employees in occupational safety
Risks in terms of reputation and H&S from electrical installations	Review of all electrical installations at all ITP Aero sites, industrial plan in progress
Risks in terms of reputation arising from the business relationship with public institutions due to compliance	Crime prevention manual, due diligence for all advisers, screening processes, active involvement of senior management. AENOR certification of the criminal compliance management system
Environmental impact risks from spills	Review of all machinery at all ITP Aero plants, an ongoing industrial plan including measures to eliminate contamination risk. Specific measures have been implemented, such as the diversion of discharges from the storm network to the sewerage network, and the installation of an oil and grease separator will be studied this year. Consortium approval granted to be able to continue discharging into the sewerage network
Risk in terms of reputation arising from the implementation of the culture of compliance	Action plan based on the implementation of a criminal compliance and anti-bribery management system that has already been certified in Spain. The system has also been implemented in Mexico. This system includes elements that are implemented globally and cover key areas to generate and strengthen a Culture of compliance. Elements such as compliance risk management, policies and procedures, organisation and governance involving senior management, department and compliance team, monitoring and auditing, as well as whistleblowing channels and training, awareness and communication plans aimed at reinforcing the culture of ethics and compliance. This area has been strengthened with the addition of new members
Risks related to the new European chemicals regulation (REACH)	Multidisciplinary working group where risks are identified and the action plans of each risk are agreed. Inclusion in the agenda of risk reviews with areas, a REACH risk item. Comprehensive monitoring of European legislation and possible national standards by transposition of European Directives. Collaboration with industry partners
A cyber attack risk with an impact on major corporate information systems that can cause leaks or loss of key information	Safety plan consisting of 20 projects with technical and organisational measures to be developed between 2021 and 2025
Risk in terms of reputation derived from the interim areas assigned to outside service companies in production centres	Plan for the adaptation of the areas
Risk in terms of reputation derived from constructions attached to the main depots	Plan for relocation of buildings
Risk in terms of reputation due to a major fire in one of the facilities	Plan for the review of fire measures

8

Non-financial indicator table



ETHICS AND COMPLIANCE

Contributions to non-profit organisations	
2020	2021
€148,484	€179,433

Human rights complaints			
2020		2021	
Harassment	3	Harassment and discrimination	4
Unethical behaviour	7	Unethical behaviour	7
Total	10	Total	11

ENVIRONMENT

Breakdown of water consumption by origin and consumption area

The increase in water consumption is associated with increased activity and the creation of new lines, as well as the integration of a new production plant in the United Kingdom (Hucknall).

	Water consumption (m ³)					
	2020			2021		
SOURCE OF EXTRACTION	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Mains water	98,981	0	2,856	118,129	0	30,413
Well water	0	37,900	0	0	21,456	0
TOTAL	98,981	37,900	2,856	118,129	21,456	30,413

Comparison of forgings and castings consumed in 2020 and 2021

The overall rate of total consumption varies by only 0.5%. The products made have varied considerably, so slight variations can be seen in some of the fields. However, consumption in tonnes of materials is similar.

Data for the company's new plant in Hucknall (United Kingdom) are not included.

	Forgings and castings		Units
	Quantity		
	2020	2021	
SPAIN			
Bars	5.85	4	Tonnes
Sheets	47.38	38	Tonnes
Forgings	628.01	369	Tonnes
Castings	368.57	268	Tonnes
Ingots Castings	448.55	196	Tonnes
Tubes	94,525.99	147,074	Units
Ancillary materials	1,958	1,272	Tonnes
MEXICO			
Tubes, housings and seals	161.51	387.11	Tonnes
Dielectric oil	1,600	5,000	Litres
Aluminium oxide	1.20	0.3	Tonnes
Ancillary materials*	(**)	47.74	Tonnes
UNITED KINGDOM			
Titanium	21.51	8.83	Tonnes
Nickel alloys	12.19	4.086	Tonnes
Stainless Steel	3.56	11.241	Tonnes
Ancillary materials	18.48	17.42	Tonnes

* Ancillary materials: materials needed in the different manufacturing processes that are not part of the final product are included: Oils, compressed gases, chemicals, etc. The same monitoring is carried out as with that of raw materials.

** The data corresponds to the sum of different ancillary materials from 2020 in Mexico (122 gallons + 413 kilogrammes + 6,619 litres + 60 pieces + 1 barrel). The company has worked during 2021 to improve the reporting and homogenisation systems of units with respect to ancillary materials in Mexico. As a result, some ancillary materials are not incorporated in 2020 and have been incorporated in 2021.

Differences are evident in some items (increase in ancillary materials, reduction in ingots etc.) due to the fact that the products manufactured in the different plants have varied in 2021; the same number of each type of part has not been manufactured homogeneously over time and, therefore, materials that fall into one category in one year may be increased or reduced in another the following year.

Energy consumption depending on source and country

Electricity consumption has increased mainly due to the integration of the Hucknall plant.

SOURCE OF ENERGY	ENERGY CONSUMPTION (KWh)					
	2020			2021		
	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Natural gas + Kerosene	23,497,910	76	11,837	22,187,316	0	2,470,960
Electricity	48,296,367	7,765,061	2,154,904	47,267,071	8,098,090	11,576,044

Quantitative comparison of waste generated

Notably, non-hazardous waste was reduced by 25%, mainly due to differences in production at plants in Spain: ITP Aero Castings, especially.

	2020 (tonnes)		2021 (tonnes)	
	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
Spain	2,795	1,002	1,623	880
Mexico	165	187	165	185
UK	10	83	424.411	572.273
TOTAL	2,970	1,272	2,212	1,637

Including Hucknall.

Consumption of refrigerants at ITP Aero facilities in Spain and Mexico

The gas load with the highest contribution in tonnes of CO₂ (RS44) has been eliminated. Notably the non-use of refrigerants with higher GWP (Global Warming Potential): R-404 A, and R-507^a.

	KG RELOADED					
	SPAIN		MEXICO		UK	
	2020	2021	2020	2021	2020	2021
R410A	54	39	27	0	N/A	48
R407C	17	169	2	17	N/A	0
R134A	5	32	1	0	N/A	0
R407A	0	0	37	0	N/A	0
RS70	0	4	0	0		0

This includes data from the new Hucknall plant.

Greenhouse gas emissions in countries where ITP Aero is present

Notably, the reduction of 62% of the tonnes generated in Mexico due to the use of electricity from mostly renewable sources.

COUNTRY	GREENHOUSE GAS EMISSIONS (tCO ₂)			
	2020		2021	
	Scope 1	Scope 2	Scope 1	Scope 2
Spain	4,602	110	5,048	11,799
Mexico	140	1,891	45	332
United Kingdom	2	546	666	415
TOTAL	4744	2,548	5,761	12,547

This includes data from the new Hucknall plant.

* The electricity supplier contracted in Spain has a policy of offering energy from renewable sources and has done so in previous years. However, in 2021, due to the extraordinary increase in the cost of energy and the Guarantees of Renewable Origin, it has been forced to abandon this policy, ceasing to guarantee the supply of renewable energy as a general company policy. Work is currently underway on the roadmap for reducing Scope 2 CO₂ emissions.

SUPPLIERS

Audits performed on suppliers

	2020	2021
Audits performed	67	86
Audits closed	45	52

CUSTOMERS

Customers: complaints and claims system

	2020	2021*
Claims	138	194
ITP Aero responsibility	60	65

* The number of claims in 2021 included both Production and MRO, while in 2020 only Production claims are recorded.

TAX INFORMATION AND SUBSIDIES

	Profit contributed to the consolidated group (€ thousands)	
	2020	2021
Spain	-9,803	55,526
Mexico	4,162	4,132
United Kingdom	6,010	-10,825
USA	-5	-3
Malta	224	-242
India	-318	404
	271	48,991

	Tax on benefits (€ thousands)	
	2020	2021
Spain	12,313	482
Mexico	505	1,365
United Kingdom	609	1,076.48
USA	4	-0.80
Malta	651	220.36
India	176	35.49
	14,251	3,178

	Subsidies (€ thousands)	
	2020	2021
Spain	4,738	2,325
Mexico	-	-
United Kingdom	-	-
USA	-	-
Malta	-	-
India	-	-
	4,738	2,325

PEOPLE

Distribution of employees by sex, age, country and year-end professional classification (including ITP Aero UK)

Employees by Gender	2020	2021	Delta
Female	689	720	4%
Male	2,870	3,455	20%
Total	3,559	4,175	17%

Employees by Age	2020	2021	Delta
<30	379	458	21%
>=30<=50	2,514	2,857	14%
>50	666	860	29%
Total	3,559	4,175	17%

Employees by Category	2020	2021	Delta
Executives	135	154	14%
Managers	454	499	10%
Technicians	1,204	1,350	12%
Personnel Agreement Tables	1,766	2,172	23%
Total	3,559	4,175	17%

Employees by Country	2020	2021	Delta
Spain	2,725	2,661	-2%
Mexico	609	649	7%
United Kingdom	163	805	394%
Malta	38	35	-8%
India	24	25	4%
Total	3,559	4,175	17%

Distribution of work contract modalities
(this does not include ITP Aero UK data as 2020 and intermediate 2021 data are not available)

Type of contract at closure	2020	2021	Delta
Permanent full-time	3,402	3,345	-2%
Permanent part-time	10	19	90%
Temporary full-time	100	106	6%
Temporary part-time	47	46	-2%

2020	Permanent full-time	Permanent part-time	Temporary full-time	Temporary part-time
Female	664	5	18	2
Male	2,738	5	82	45

2021	Permanent full-time	Permanent part-time	Temporary full-time	Temporary part-time
Female	662	9	13	
Male	2,683	10	93	46

2020	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
Directivo	19	116						
Manager	112	336						6
Técnicos	304	809	3	2	12	58	1	15
Personal Tablas Convenios	229	1,477	2	3	6	24	1	24

2021	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
Executives	21	119						21
Managers	115	330		1			6	115
Technicians	301	811	6	3	10	43	16	301
Personnel Agreement Tables	225	1,423	3	6	3	50	24	225

2020	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
<30	58	251			12	57	1	
>=30<=50	520	1,960	3	4	6	21		
>50	86	527	2	1		4	1	45

2021	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
<30	56	247	1		10	55		
>=30<=50	508	1,937	4	7	3	34		
>50	98	499	4	3		4		46

Annual average of the different recruitment models
for the financial years 2021 and 2020 (excluding ITP Aero UK data)

The calculation of the contract averages for the financial year 2021 was made using three variables: workforce at the end of 2020, workforce at the end of June 2021 and workforce at the end of 2020.

2020	Permanent full-time	Permanent part-time	Temporary full-time	Temporary part-time
Female	668	4	37	2
Male	2,799	5	241	49

2021	Permanent full-time	Permanent part-time	Temporary full-time	Temporary part-time
Female	332	9	342	673
Male	1,812	20	961	954

2020	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
Executives	18	112	-	-	1	-	-	-
Managers	101	315	-	1	-	1	-	6
Technicians	312	839	3	2	21	95	1	17
Personnel Agreement Tables	238	1,534	2	3	17	146	1	27

2021	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
Executives	20	118	-	20	116	136	-	-
Managers	114	333	6	58	323	443	6	6
Technicians	202	541	11	78	495	606	9	15
Personnel Agreement Tables	152	971	7	106	272	407	13	24

2020	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
<30	56	253	-	-	24	129	1	-
>=30<=50	525	1,994	2	4	13	108	-	-
>50	88	553	2	1	1	5	1	49

2021	Permanent full-time		Permanent part-time		Temporary full-time		Temporary part-time	
	F	M	F	M	F	M	F	M
<30	39	171	1	58	98	153	1	-
>=30<=50	514	1,300	4	177	648	837	-	-
>50	92	513	17	32	503	216	24	45

Redundancies (this does not include ITP Aero UK data)

Redundancies by Gender	2020	2021	Delta
Female	37	10	-73%
Male	222	87	-61%
Total	259	97	-63%

Redundancies by Category	2020	2021	Delta
Executives	1	8	700%
Managers	5	17	240%
Technicians	49	31	-37%
Personnel Agreement Tables	204	41	-80%
Total	259	97	-63%

Redundancies by Age	2020	2021	Delta
<30	71	6	-92%
>=30<=50	148	15	-90%
>50	40	76	90%
Total	259	97	-63%

Average remuneration for the financial years 2021 and 2020, broken down by age, professional category and gender

For the calculation of the average remuneration, the workforce at 31 December of the audited financial year is taken as the basis for the annual remuneration actually paid (including seniority, remuneration in kind and complements) and variables, and annualised when there are reductions in working hours; this takes into account all the countries in which ITP Aero operates with groups in both genders with the aim of achieving homogeneous groups for comparison). India has therefore been excluded from the analysis in its entirety. Taking the values actually paid to the company's employees, the values below reflect the influence of the redundancy plans described in this section. The tables below do not consider the ITP Aero UK information as the actual paid annual rate for the full year is not available.

Average salary by Gender (€ thousands)	2020	2021	Delta
Female	39.5	40.2	1.7%
Male	41.8	41.0	-1.7%
Gap	-5.4%	-2.1%	-60.7%

Average salary by Age (€ thousands)	2020	2021	Delta
<30	27.7	24.0	-13.4%
>=30<=50	39.0	38.9	-0.2%
>50	57.8	58.0	0.5%

Average salary by Category (€ thousands)	2020	2021	Delta
Executives	114.1	120.1	5.2%
Managers	54.9	50.8	-7.4%
Technicians	42.6	40.4	-5.0%
Personnel Agreement Tables	31.5	32.2	2.1%

* The difference in the Directors segment is related to the severance payments made in 2021, due to the early retirements from the redundancy programme implemented in 2020.

Executives (€ thousands)	2020	2021	Delta
Female	107.5	121.8	13.3%
Male	115.2	119.8	4.0%

Average remuneration of Board members (€ thousands)	2020	2021	Delta
Female	-	-	
Male	140*	201	43%

* The amount reported in 2020 was 73, but in the process of preparing this year's EINF an error was identified in the calculation, and the actual figure for 2020 is shown in the table above.

Absenteeism

Absenteeism	2020	2021	Delta
Hours	476,942	330,291	-31%
% On theoretical H.	8.3%	5.95%	

This does not include ITP Aero UK data as this is not available.

Reduction in the working day

Reductions	2020	2021	Delta
Female	90	82	-9%
Male	65	76	17%
Total	155	158	2%

Training hours broken down by professional category (annual average per employee 26 hours/year)

	2020	2021	Delta
Executives	1,450	2,629	81%
Managers	7,554	10,237	36%
Technicians	21,075	31,688	50%
Personnel Agreement Tables	76,323	90,359	18%
Total	120,528	134,912	12%

This does not include ITP Aero UK data, as this is not available.

The accident rates for the years 2020 and 2021 are shown below

	2020			2021			Delta Total
	Female	Male	Total	Female	Male	Total	
Accidents with time off	2	17	19	3	14	17	-11%
Accidents without time off	8	71	79	3	69	72	-9%
Frequency	0.37	3.21	3.58	2.63	0.50	3.19	-11%
Severity Index	0.14%	1.22%	1.36	0.15	0.7	0.85	-38%
Incidence Index	0.06%	0.47%	0.53%	0.07%	0.36%	0.44%	-17%
Occupational illnesses	0	3	3	1	6	7	133%

Incidence Index Defined as the relationship between the number of accidents recorded in a period of time and the average number of people exposed to the risk in question.

$$I.I. = (\text{No. of Accidents with time off} / \text{No. of Workers}) \times 100$$

Severity Index (S.I.) Represents the number of days lost per thousand hours worked.

$$S.I. = (\text{Days Lost} / \text{Hours Worked}) \times 1000$$

Frequency Index is an indicator of the number of incidents that occurred over a period of time, in which workers were exposed to the risk of a work accident. The **Frequency Index** corresponds to the total number of accidents with injuries per million man-hours of exposure to the risk.

$$F.I. = (\text{No. of Accidents with time off} / \text{No. of Workers}) \times 1000000$$

Percentage of personnel covered by collective agreements in each country in relation to the total number of employees

Country	2020		2021	
	Excluded from Agreement	Included in Agreement	Excluded from Agreement	Included in Agreement
Spain	36%	40%	30%	33%
Mexico	9%	9%	8%	7%
United Kingdom	4%	1%	8%	11%
Malta	1%	0%	1%	0%
India	1%	0%	1%	0%
Total	50%	50%	48%	52%

* Included and excluded refers to whether or not they are taken into account in the wage tables of the agreements. Includes ITP Aero UK staff.

Lista Expedientes de Regulación Temporal Empleo aplicados 2021

For companies in Spain.

Company	Scope	Duration	Start	End	Working days	Maximum affected
ITA S.A.U.						
Zamudio ITA	Entire workforce	12 months	04 JAN 21	31 DEC 21	65	49
ITP Externals, S.L.U.						
Bizkaia	Entire workforce (exceptions)		14 DEC 20	31 DEC 21	26	93
ITA S.A.U.						
Ajalvir						
	Direct	13 months	2 NOV 20	31 DEC 21	32	447
	Indirect	13 months	2 NOV 20	31 DEC 21	24	
Zamudio						
	Direct		2 NOV 20	31 DEC 21	45	426

It should be noted that the actual application of the regulation has been less than that agreed in the different cases described in the table above.

9

GRI indicator table



Index of contents required by Law 11/2018, of 28 December, amending the Trade Code, the consolidated text of the Capital Societies Act approved by the Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, Audit of accounts, in the field of non-financial information and diversity

General areas

Areas	Reporting framework	Section	Comments / Reason for omission
Business model	Description of the Group business model, which will include:	GRI 102-1: Company Name	1.2
	– Business environment	GRI 102-2: Activities, brands, products and services	1.3
	– Organisation and structure	GRI 102-3: HQ Location	1.4
	– Markets in which it operates	GRI 102-4: Operations Location	1.5
	– Objectives and strategies	GRI 102-6: Markets served	1.6
	– Main factors and trends that can affect future developments	GRI 102-7: Organisation size	1.7
	Policies and outcomes of those Policies	A description of the policies implemented by the group as well as the results of those policies, including relevant non-financial key performance indicators	103: Management Approach to each area
Risks to CP, MP and LP	The main risks related to these issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on these areas	103: Management Approach to each area 102-15: Main impacts, risks and opportunities	7

Environmental issues

Ámbitos	Marco de reporting	Sección	Comentarios / Razón de la omisión
Global Environment	Current and foreseeable effects of the company's activities	GRI 103: Management Approach: Environment	5.2.1 5.2.2
	Environmental assessment or certification procedures	GRI 102-11: Precautionary Principle or Approach	5.2.3
	Resources dedicated to the prevention of environmental risks		5.2.3
	Application of the precautionary principle		5.2.3
Pollution	Quantity of provisions and guarantees for environmental risks		5.2.3
	Measures to prevent, reduce or repair carbon emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	GRI 103: Management Approach: Emissions / Biodiversity	5.2.5
Circular economy and waste prevention and management	Circular economy	GRI 103: Management Approach: Effluent and Waste / Circular Economy	5.2.4, 8
	Waste: measures for prevention, recycling, reuse, other forms of waste recovery and disposal	GRI 103: Management Approach: Effluent and Waste / Circular Economy GRI 306-2: Waste by type and method of disposal	5.2.4
	Actions to combat food waste	GRI 103: Management Approach: Effluent and Waste / Circular Economy	-
Sustainable use of resources	Water consumption and water supply according to local limitations	GRI 303-3: Water extraction	5.2.3, 8
	Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 103: Management Approach: Materials GRI 301-1: Materials used by weight or volume	5.2.3, 8
	Direct and indirect energy consumption Measures taken to improve energy efficiency and the use of renewable energy	GRI 103: Management Approach: Energy GRI 302-1: Energy consumption within the organisation	5.2.3, 8
Climate change	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	GRI 103: Management Approach: Emissions GRI 305-1: Direct GHG Emissions (Scope 1) GRI 305-2: Indirect GHG Emissions When Generating Energy (Scope 2)	5.2.5, 8
	Measures taken to adapt to the consequences of climate change	GRI 103: Management Approach: Emissions	5.2.4
	Voluntarily established reduction targets	GRI 103: Management Approach: Emissions	5.2.4
Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 103: Management Approach: Biodiversity	5.2.4
	Impacts caused by activities or operations in protected areas	GRI 304-2: Significant impacts of activities, products and services on biodiversity	

Social and personnel issues

Areas	Reporting framework	Section	Comments / Reason for omission	
Employment	Total number and distribution of employees by sex, age, country and professional category	GRI 103: Management Approach: Employment	6.1, 8	
	Total number and distribution of labour contract modalities	GRI 102-8: Information on Employees and Other Workers GRI 405-1: Diversity in governing bodies and employees	6.2, 8	
	Annual average of permanent, temporary and part-time contracts by sex, age and professional category	GRI 102-8: Information on Employees and Other Workers GRI 405-1: Diversity in governing bodies and employees	6.2, 8	
	Number of redundancies by sex, age and professional category	GRI 401-1: New employee recruitment and turnover	6.2, 8	
	Average remuneration by sex, age and professional category	GRI 405-2: Ratio of basic salary and remuneration of women vs. men	6.3, 8	Remuneration data calculated at 31/12/2020
	Wage gap, the remuneration of equal or average jobs in the company	GRI 103: Management Approach: Employment GRI 405-2: Ratio of basic salary and remuneration of women vs. men	6.3, 8	Formula used: 1 – (female salary/male salary)
	The average remuneration of directors and managers disaggregated by sex	GRI 103: Management Approach: Employment	6.3, 8	
	Implementation of work disengagement policies	GRI 103: Management Approach: Employment	6.4	
	Employees with disabilities	GRI 405-1: Diversity in governing bodies and employees	6.9	
	Organización del trabajo	Organisation of working time	GRI 103: Management Approach: Employment	6.4
Number of hours of absenteeism		GRI 103: Occupational Health and Safety	8	
Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents		GRI 103: Management Approach: Employment	6.4	
Health and safety	Conditions of occupational health and safety	GRI 103: Management Approach: Employment	6.10	
	Number of accidents at work and occupational illnesses by sex, frequency rate and severity by sex	GRI 103: Occupational Health and Safety	6.10, 8	
Social relations	Organisation of social dialogue	GRI 103: Management Approach: Company-worker relations	6.11	
	Percentage of employees covered by collective agreement by country	GRI 102-41: Collective Bargaining Agreements	6.11, 8	
	Balance sheet of collective agreements, particularly in the field of health and safety at work	GRI 403-4: Workers' participation, consultation and communication on health and safety at work	6.11	
Training	Policies implemented in the field of training	GRI 103: Management Approach: Training and education	6.7	
	Total number of training hours by professional category	GRI 404-1: Average Training Hours per Year per Employee	6.7, 8	
Universal accessibility for people with disabilities	GRI 103: Management Approach: Diversity and equal opportunities, and anti-discrimination	6.9		



Areas	Reporting framework	Section	Comments / Reason for omission
Equality	Measures taken to promote equal treatment and opportunities for women and men	GRI 103: Management Approach: Diversity and equal opportunities, and anti-discrimination	6.13
	Equality plans Measures taken to promote employment, protocols against gender and sexual harassment		6.13
	Integration and universal accessibility of people with disabilities		6.9
	Policy against all forms of discrimination and, where appropriate, diversity management		6.13

Information on respect for human rights

Areas	Reporting framework	Section	Comments / Reason for omission
Implementation of due diligence procedures in the field of human rights	GRI 103: Management Approach: Human rights assessment+ freedom of association and collective bargaining+ child labour+ forced or compulsory labour	5.1	
Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed	GRI 102-16: Values, principles, standards and codes of conduct GRI 102-17: Assessment mechanisms and ethical concerns GRI 412-2: Training employees in human rights policies or procedures		
Reports of human rights violations	GRI 406-1: Cases of discrimination and corrective actions taken	5.1, 8	
Promotion and enforcement of the provisions of the ILO core conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour	GRI 103: Management Approach: Anti-discrimination GRI 406-1 Cases of discrimination and corrective actions taken GRI 407-1: Operations and suppliers whose right to freedom of association and collective bargaining could be at risk GRI 408-1: Operations and suppliers at significant risk for child labour cases GRI 409-1: Operations and suppliers at significant risk for cases of forced or compulsory labour	5.1	

Information relating to the fight against corruption and bribery

Areas	Reporting framework	Section	Comments / Reason for omission
Measures taken to prevent corruption and bribery	GRI 103: Management Approach: Anti-corruption GRI 102-16: Values, principles, standards and codes of conduct GRI 102-17: Advisory mechanisms and ethical concerns GRI 205-2: Communication and training on anti-corruption policies and procedures	5.1	
Measures to combat money laundering	GRI 205-2: Communication and training on anti-corruption policies and procedures	5.1	
Contributions to non-profit organisations and entities	GRI 413-1: Operations involving the local community, evaluations on their impact and development programmes	5.1	

Information about the company

Areas	Reporting framework	Section	Comments / Reason for omission
Company commitment to sustainable development	Impact of the company's activity on employment and local development	GRI 103: Management Approach: Local communities + indirect economic impacts GRI 203-2: Significant indirect economic impacts	5.3
	Impact of the company's activity on local populations and the territory	GRI 102-43: Focus on stakeholder participation	5.3
	Relationships with local community stakeholders and modalities of dialogue with local communities	GRI 413-1: Local community involvement operations, impact assessments and development programmes	5.3
	Partnership or sponsorship actions	GRI 102-12: External initiatives GRI 102-13: Affiliation to Associations	5.3
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in the procurement policy	GRI 103: Management Approach: Procurement practices GRI 102-9: Supply chain	5.4
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 308-1: New suppliers that have passed evaluation and selection filters according to environmental criteria GRI 414-1: New suppliers who have passed selection filters according to social criteria	5.4
	Monitoring systems and audits and results of these		5.4
Consumers	Measures for consumer health and safety	GRI 103: Management Approach: Customer Health and Safety + Marketing and labelling + Customer privacy	5.5
	Systems for claims		5.5
	Complaints received and resolution of these		5.5
Tax information	Benefits earned country by country	GRI 103: Management Approach: Economic performance	5.6
	Tax on benefits paid	GRI 103: Management Approach: Economic performance	5.6
	Public subsidies received	GRI 201-4: Financial assistance received from the government	5.6

