Sustainability Report 2020



Sustainability Report 2020

It includes the information prescribed by Law 11/2018 of December 28 on non-financial and diversity matters called "NON-FINANCIAL INFORMATION STATEMENT" that must accompany the Annual Consolidated Accounts and Directors' Consolidated Report of INDUSTRIA DE TURBO PROPULSORES SA (Unipersonal) and its Subsidiaries.





# Letter from Carlos Alzola, **CEO of ITP Aero**



## Dear Reader,

Thank you for taking a few minutes to read through ITP Aero's 2020 Sustainability Report, in this year marked by the Covid-19 pandemic which has changed the world.

This is the third time 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 the information related to the social, economic and environmental impact of our activity.

Beyond the health crisis, the epidemic has spawned the biggest crisis commercial aviation has ever faced, recording an unprecedented drop in air traffic that has hit the entire value chain, of which ITP Aero is a key player.

The Covid-19 pandemic has been the biggest challenge facing ITP Aero in its 31-year history; from a human point of view, it has been very difficult for all of us in the company to adapt to a difficult and unexpected scenario, while continuing to work safely in both the workplace and from home when possible.

The drastic reduction in air traffic and the consequent significant drop in demand in our programmes has had a direct impact on our operations. To mitigate the impact of the crisis, we have launched the CORE 21 plan, which aims to adapt to a smaller market, ensure the company's competitiveness in the future, and help us achieve a faster recovery.

While ITP Aero has suffered the effects of the crisis on the aviation sector, throughout 2020 we have con-

tinued to focus on technological development, and have achieved significant milestones. Our contribution towards more sustainable aviation continues, and as part of this we continue to advance our contribution to the future Rolls-Royce UltraFan<sup>™</sup> engine, an engine that will reduce fuel consumption by 25% compared to the first generation of Trent engines.

I would also like to emphasise that in this very difficult year, the Defence business has remained stable, and is also on the verge of a new programme launch cycle. It is worth noting that this year ITP Aero has been named the leading company in Spain for the engine technology pillar of the Future Combat Air System (FCAS) programme. This is a programme that is expected to be a major technological development challenge and will be critical for the company over the next 20 years.

Nor should I fail to mention the company's increased scope. In December Rolls-Royce announced the proposal to integrate its Hucknall (UK) plant and engine structure workload into ITP Aero. Both integration proposals respond to the reorganization plan that Rolls-Royce is undertaking in its civil business. This announcement increases our product portfolio and strengthens our market position as a global Tier 1 supplier.

Without further delay, allow me to present the ITP Aero Sustainability Report 2020, in which we take stock of our activities from the perspective of the impact of our technological, industrial, social and environmental activity.

to

**Carlos Alzola** Executive Director CEO, ITP Aero

# Introduction to ITP Aero

ITP Aero is the leading aeronautical engine and components company in Spain and the ninth largest company in the sector worldwide.





# Introduction to ITP Aero

# 1.1 Covid-19 and the aeronautical sector

The Covid-19 pandemic continues to exact enormous human costs around the world. In order to protect lives and enable healthcare facilities to cope with the situation, governments have resorted to widespread isolation, lockdown, and closures to curb the spread of the virus.

The pandemic has also had a serious impact on economic activity. The IMF forecasts a sharp contraction in the world economy of 3% in 2020 - worse than during the 2008 financial crisis. The same agency has predicted a 5.8% growth in 2021, as economic activity normalizes.

In the Euro area, GDP growth has fallen by 7.5%, with forecasts of rising by 4.7% in 2021. And, as far as Spain is concerned, the economy has fallen by 8% during 2020, with forecasts that it will grow by 4.3% in 2021.

In this scenario, the aeronautical sector has experienced the worst year in its history. The International Air Transport Association (IATA), in its 2020 results, has registered a decline in international passenger demand by 65.9% compared to 2019. While it anticipates an impro-

vement in demand by 2021 of 50.4% due to the optimism generated by the global vaccination campaign, the prognosis may be affected if travel restrictions increase in response to new variants of the virus.

This dramatic decline in air traffic has resulted in a direct impact on the demand for commercial aircraft. Airbus has seen its deliveries reduced by 34% compared to 2019 and has received a total of 268 net orders, a far cry from the 769 in 2019.

Boeing, for its part, is in a more complicated situation; in 2020 it delivered a total of 157 commercial aircraft, 60% fewer than in 2019 - which was already only half as many as the previous year. As far as the defence sector is concerned, it is expected to remain stable because of the importance of national and European defence programmes.

In this context, the prospects for recovery in the sector are expected to be very slow. An effective vaccine against Covid-19 can translate into a short-term increase in passenger traffic, but demand levels from 2019 are not estimated to recover until 2024 or 2025.

# **1.2 Covid-19 and the aeronautical sector**

# ITP Aero is Spain's main aeronautical engine and components company and the company ranks ninth in the sector worldwide..

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 14 different work centers in 5 countries: Spain, Mexico, United Kingdom, Malta and India.

ITP Aero is Spain's main aeronautical engine and components company and the company ranks ninth in the sector worldwide. 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.

The company develops aeronautical technologies, products and services that contribute to an increasingly sustainable aviation industry and does so, focusing on the development of its own technology – more than 430 million euros invested in R&D+I over the last six years -, to design and manufacture aeronautical engines and components, participating in the entire product life cycle.

ITP Aero helps make aviation a more sustainable and efficient industry through a dual technology development strategy:

Investment in R&D+I over the last six years



- In the short term, ITP Aero has worked on the development of new engine architectures, which reduce the environmental impact of air transport. In this regard, ITP Aero is involved in the development of the intermediate pressure turbine and the rear structure of the new generation Rolls-Royce UltraFan<sup>™</sup> engine. In turn, we focus on the excellence of manufacturing technologies, including additive manufacturing and digitization.
- In the medium term, ITP Aero is developing technologies that lay the foundation for hybrid or hydrogen propulsion, with the aim of minimizing the impact of transport systems.

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.

ITP Aero 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).

Since 2017, ITP Aero is considered within the Rolls-Royce Group as a corporate entity distinct from the rest of its business or production units, which guarantees an organisational and management autonomy that allows it to comply with all agreements with all its clients.

The company has its own governing bodies in each of its 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 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.

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# 1.3 FY2020 Results

During 2020, ITP Aero registered revenues of €735 million, a 25% decrease compared to 2019.

At the end of the year, ITP Aero posted a negative result, with losses after tax of -€13m, and EBIT of €2m as a result of the business downturn and despite the actions put in place to overcome the Covid-19 crisis. This EBIT includes non-recurring expenses such as those related to restructuring and asset impairments related to commercial aviation programmes. Excluding these non-recurring expenses, underlying profit after tax was €25m (compared to profit of €95m, a reduction of 73%) and underlying EBIT was €40m (compared to recurring EBIT of €105m in 2019, a reduction of 61%).

# **1.4 Business Units** 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: double-aisle, single-aisle, regional and business aviation.

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Rolls-Royce continues to be the most significant customer within ITP Aero's business, where Risk and Revenue Sharing Partnerships (RRSP) are of particular relevance. ITP Aero is a Rolls-Royce partner in all Trent programmes for the design and manufacture of Low-Pressure Turbine (LPT) modules.

Major milestones in 2020 include deliveries of the first parts of the Rolls-Royce UltraFan™ intermediate pressure turbine. Also worth noting is the million accumulated flights of Rolls-Royce's Trent XWB engine (6.9 million flight hours), as well as the Trent 1000 engine family having reached 10 million accumulated flight hours.

As for the single-aisle segment, despite the "hibernation" of the latest Mitshubishi Spacejet platform, it should be noted that more than 940 aircraft are already operating the Pratt & Whitney GTF engine family and have accumulated more than 7.9 million flight hours.

In this programme ITP Aero has participated in the design, development, production and aftermarket of the programme's engines and supplies interturbine structures, external connection systems and compressor rotors (Integrated Bladed Rotors, IBRs).

In business aviation, highlights include the delivery of the first production engines of the PW812D engine for Dassault and the launch of the Falcon 6X aircraft in which ITP Aero is RRSP for Pratt & Whitney Canada. as well as the agreement with Pratt & Whitney Canada for the maintenance of the modules under ITP Aero's responsibility for the PW814 (Gulfstream G500) and PW815 (Gulfstream G600) engines.

In terms of Service Support, in 2020, a contract has been signed with CHC-Heli One to support its CT7-8A and CT7-2E1 fleet for 6 years, including ECTM (Engine Condition Trend Monitoring).

# Defence

In defence, it is worth noting that in 2020, ITP Aero was appointed leader of the Spanish engine technology pillar of the FCAS (Future Combat Air System) programme, a key project for the development of European defence capabilities and which will mean a very significant investment in technology, as explained below, as it is a major milestone for the company.

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

# Euroiet consortium. EJ200 engine for Eurofighter.

Production of spare parts for the four launcher nations of the Eurofighter programme continued during 2020. Modules for the production of on-board engines have continued to be delivered to Kuwait and production deliveries to Qatar have begun. Germany signed a contract with NETMA for the replacement of its Tranche 1 aircraft, which represents an order for 56 EJ200 engines.

# EuroProp International Consortium (EPI), TP400 engine for transport aircraft A400M.

During 2020, 30 TP400 engines were delivered to Airbus' Final Assembly Line (FAL) in Seville as well as seven additional replacement engines to participating nations. As a relevant milestone, we would highlight the achievement of the FAI (First Article Inspection) of the TP400 TEC vane with additive technology.

# Consortium MTRI, MTR390-E engine of the Tiger HAD helicopter.

During 2020, spare part deliveries continued and the first deliverables of the Life Management Plan (LMP) Contract were dispatched, in particular the first TLR (Technical Life Review) with the customer.

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In Spain, ITP Aero is a reference partner and leader in the support of the aeronautical engines of the Armed Forces. In 2020, the Ministry of Defence awarded ITP Aero the Framework Agreement for the maintenance of in-service engines for the Spanish Air Force, Army and Navy aircraft and helicopters. The contract has a duration of two years, with the option of extending it for two further years. The collaboration of ITP Aero with the Ministry of Defence continues in the provision of engine maintenance services and contributes to the operation of the Spanish Armed Forces fleets.

In Spain, ITP Aero is a reference partner and leader in the support of the aeronautical engines of the Armed Forces

Eurofighter jet.



# **1.5 Company objectives** and strategy

During this year, the ITP Strategic Plan 2020 has been completed, the roadmap for the period 2016-2020 based on 6 pillars:

## 01

Fostering engagement and leadership of people, who are at the heart of the ITP Aero business.

## 04

Investment in R&D and proprietary technology in our products and operations as one of the keys to the competitiveness of the business and the contribution to the global industry.

# 06

The search for simplification and efficiency in the way we work.

01

02

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# 02

Establishing long-term trust relationships with strategic customers and suppliers, who are considered partners.

# 03

Competitiveness is a key factor in a global industry facing great challenges.

06

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# 05

Generating profitable growth that enables future programme investments.

03

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The company has made a positive assessment of the evolution of the Strategic Plan over the last five years, substantially achieving the objectives set in terms of positioning and technological development. However, in financial terms, it is important to bear in mind that the Covid-19 pandemic has had a significant impact on the last year of the Plan.

In 2021, ITP Aero will launch a new Strategic Plan for the next 5 years, which will seek to manage the recovery of the post-Covid market as well as the challenge of new, more sustainable products, continuing to strengthen customer relations, seeking more efficient, digital operations with less environmental impact, and adapting to the social and management needs of the company.



04

# CORE 21 Recovery Plan

During 2020, the Covid-19 pandemic has had an unprecedented impact on commercial aviation. To address new market conditions, during 2020 ITP Aero launched the CORE 21 Recovery Plan, with the aim of mitigating the impact of the crisis and accelerating recovery. The actions of the Plan have been organised around two vectors:



Adapting to a smaller new market. ITP Aero announced last July the need for a global workforce adjustment of approximately 15%. This adjustment has been carried out through the application of temporary and permanent adjustment measures, seeking to reach agreements with workers' representatives and minimising impact and protecting employment, as far as possible. As of 31 December 2020, the ITP Aero staff was reduced by 11%.



Improving competitiveness, developing new ways of working and strengthening company positioning. This objective is being pursued through measures to increase commercial activity to capture new business, increase the speed of introduction of new products, strengthen the R&D plan aimed at improving existing products, develop new products, improve processes and manage future sustainability challenges. In addition, ITP Aero has launched a Digitalisation Master Plan.

# 2020 Milestones



The company develops aeronautical technologies, products and services that contribute to an increasingly sustainable aviation and does so by developing its own technology.



# **2020 Milestones**

# ITP Aero's participation in the NGWS/FCAS programme as the leading Spanish company for aeronautical engine technology

This is a key project for the development of European defence capabilities and will entail a significant investment in technology.

In 2020, ITP Aero was named as the leading Spanish engine technology arm of the FCAS (Future Combat Air System) programme. This is a key project for the development of European defence capabilities and will entail a significant investment in technology.

The collaboration was formalized last June with the signing of the General Action Protocol, together with the Spanish Ministry of Defence and other leading companies pertaining to the seven technological pillars of the project: Airbus, Indra, ITP Aero, and the consortium of companies comprising GMV, Sener and Tecnobit.

By the end of 2020, the Spanish industry was fully integrated into Phase 1A of the programme, working on Technology Demonstrators. The Spanish companies will thus participate in all the decisions taken in the programme on equal terms with our German and French partners.

In the field of propulsion, ITP Aero, as the national leader in its sector, is representing the interests of national industry and contributing to the development of its technological and industrial base.

The FCAS is a system of systems - an integrated environment in which airplanes, unmanned aircraft, land vehicles, maritime vehicles, remote carriers and satellites will operate together, depending on the characteristics of each mission.

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Carlos Alzola, CEO of ITP Aero during the signing of the General Action Protocol.

FCAS Infographic.

Development milestones 2020

### Rolls-Royce's UltraFan



# **Design and manufacture** of the first IPT casing for the future **Rolls-Royce UltraFan<sup>™</sup> engine**

the new Powder HIP (Hot Isostatic Pressing) technology used in the manufacturing of the casing, bringing about a reduction in the raw materials necessary of up to 60%

The casing represents the main static component of the UltraFan<sup>™</sup> IPT. It supports the vanes and the rest of the static parts and carries the transmission of loads to the rest of the engine. Additionally, it protects the aircraft by containing the turbine blades in case of failure. The IPT is a key component of the future UltraFan<sup>™</sup>, designed to operate at very high speeds in order to optimize fuel consumption and CO2 emissions from the engine.

It is worth highlighting the new Powder HIP (Hot Isostatic Pressing) technology used in the manufacturing of the casing, bringing about a reduction in the raw materials necessary of up to 60%. This manufacturing method involves compacting a super-alloy called astroloy in powder form at very high pressure and temperature. The compaction is carried out inside a mould (canister), obtaining a carcass geometry very close to that of the final result. Crucially, astroloy withstands higher tempe-

Reduction in the raw materials necessary



ratures than the materials used so far by ITP Aero in the design and production of its casings, resistance to extreme temperatures constituting a key requirement of the UltraFan<sup>™</sup>. This manufacturing method also enables a significant reduction in energy consumption compared with traditional manufacturing methods involving the use of a forge.

The project is part of the CDTI and the European Union's Clean Sky 2 programme and has been carried out over five years with the collaboration of three technological centres. This milestone forms part of the technological demonstration programme for the UltraFan<sup>™</sup> that began in 2015, when ITP Aero was selected as the lead partner. The programme has received investment to the tune of 43 million euros, comprising 23.5 million euros from the EU's Clean Sky 2 initiative, with ITP Aero contributing the remaining 19.5 million euros.



EU Financial Investment

# ITP Aero's participation in the IMOTHEP project for hybrid electric propulsion

ITP Aero is the only Spanish company in the IMOTHEP project, which forms part of the European Union's Horizon 2020 initiative for hybrid electric propulsion, aimed at making aviation more sustainable.



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IMOTHEP's objective is to move forward in assessing hybrid electric propulsion's potential and, ultimately, to build the corresponding industry roadmap for the future development of this technology. This four-year project, which started in January 2020, is made up of seven research and development centres, 11 aeronautical and electrical systems companies, one service SME and seven universities from nine EU countries,

as well as six research, technology and development organizations from Canada and Russia.

As one of the project's main partners, ITP Aero's contribution to IMOTHEP is focused on the power generation work package. The company is responsible for the conceptual design of three power turbine configurations to generate in-flight electrical energy, applied to three different aircraft architectures: a regional aircraft with distributed propulsion and two commercial short / medium-range aircraft. ITP Aero is also responsible for the conceptual design of the gas generator.

# As one of the project's main partners, ITP Aero's contribution to IMOTHEP is focused on the power generation work package.

Development milestones 2020

# **Collaboration between ITP Aero and IMDEA** Materials in the ENVIDIA R&D programme

**ENVIDIA** is capable of simulating the production of aeronautical components using 3D technology

ENVIDIA is part of the "Collaboration Challenges" programme run by the Spanish Ministry of Science and Innovation. Its objective is to develop software capable of simulating the production of aeronautical components using additive manufacturing technologies (also known as 3D printers).

This is an important milestone as it makes ITP Aero and IMDEA Materials world pioneers in this type of simulation and affords them a privileged position when it comes to additive process simulation.

Example piece made by additive process

![](_page_17_Picture_5.jpeg)

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Last but not least, we highlight the contract signed with the CHC (Canadian Holding Corporation) group, for the comprehensive support of the CT7-8A and CT7-2E1 engines that equip its Sikorsky S92 and Leonardo AW189 helicopters. The contract spans five years and work will be carried out in Spain at ITP Aero's Albacete facilities, with the additional support of its maintenance centre in Ajalvir (Madrid).

### Sikorsky S92 Helicopter

![](_page_17_Picture_11.jpeg)

# **Comprehensive support** contract with CHC Helicopters

# Contract signed with the CHC (Canadian Holding Corporation) group, for the comprehensive support of the CT7-8A and CT7-2E1 engines

With regard to high-tech services, the contract includes Engine Health Monitoring (EHM) - a technology based on big data analysis that offers significant results in terms of predictive engine maintenance.

# Hucknall integration **Increasing capabilities**

Rolls-Royce announced its proposal to increase ITP Aero's manufacturing, engineering and supply chain capabilities. This involves integrating the Hucknall plant (East Midlands, United Kingdom) and its workforce, as well as transferring the manufacture of aeronautical engine structures to ITP Aero.

These operations will strengthen ITP Aero's position as a global Tier 1 aeronautical company, increasing its complementary product portfolio (Hucknall's products include complex fabrications, compressors and OGVs) and maximizing new business opportunities.

![](_page_18_Picture_4.jpeg)

Work with the Hucknall plant is progressing well, and it is expected to become the property of ITP Aero in the first half of 2021, with full integration taking place in the second half.

![](_page_19_Picture_1.jpeg)

In both the technology it develops and the manufacturing processes it implements, ITP Aero focuses on manufacturing aero engines that are increasingly more efficient, less noisy and more environmentally friendly.

![](_page_20_Picture_1.jpeg)

# **Sustainability**

![](_page_21_Picture_1.jpeg)

Involvement in the development of the local communities in which it operates is one of the cornerstones of ITP Aero's corporate social responsibility policy.

ITP Aero, as a major player in the global aeronautical industry, has a strong commitment to sustainable development, through the implementation of responsible business practices that contribute to the creation of value for all the company's stakeholders and for society in general.

In both the technology it develops and the manufacturing processes it implements, ITP Aero focuses on manufacturing aero engines that are increasingly more efficient, less noisy and more environmentally friendly. Atthesametime, it applies the highest ethical standards, both within the organisation and with the partners it works with.

Involvement in the development of the local communities in which it operates is one of the cornerstones of ITP Aero's corporate social responsibility policy.

# **3.1 Ethics and compliance**

ITP Aero is committed to the highest standards of quality, safety and professional ethics in all its activities and, therefore, has a comprehensive Compliance programme in line with legal requirements.

All ITP Aero staff are committed to the culture of compliance promoted by the company. This same commitment is shown by ITP Aero in its dealings with all its customers, suppliers, partners and collaborators, as well as with society in general.

# **3.1.1** Criminal Compliance management system

ITP Aero pays particular attention to compliance with legal mandates that could imply the company's criminal liability for acts committed by its employees.

The Criminal Compliance Management System implemented by ITP Aero in 2020 is testament to the company's commitment to compliance. This system sets out, amongst other things, the checks established to prevent or mitigate the risk of exposure of any employee, collaborator or manager to crimes associated with the company's activity. Additionally, it covers other relevant elements such as the context of the organization, leadership, governing bodies, objectives, culture, resources employed, checks, monitoring, auditing and improvement.

2020 saw the completion of the review of risks under criminal law, which was begun in 2019, as well as the evaluation of mitigating controls. ITP Aero has an EGRC tool that facilitates the evaluation of criminal risk and mitigating controls and, in addition, enables the continuous monitoring of the risk level in Spain and Mexico.

To monitor, supervise, evaluate and improve this management system, the Criminal Compliance Team meets periodically and analyses the information reported by the Ethics and Compliance department, which reports directly to the Board of Directors on Compliance. 2020 moreover marked the establishment of the Internal Compliance Committee, comprising the members

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# All ITP Aero staff are committed to the culture of compliance promoted by the company.

of the Ethics and Compliance department and meeting on a monthly basis to monitor all the relevant areas of the Management System, such as criminal risk and controls, ongoing projects, use of channels, improvement actions, and so on.

# 3.1.2 **Code of Conduct and Policies**

The Code of Conduct is the backbone of ITP Aero's Criminal Compliance Management System. It establishes the main rights and responsibilities of all staff and provides a guide as to how to carry out the daily business activity of the company. Employees sign the code of conduct as proof of understanding of their rights and responsibilities concerning compliance.

In addition to the Code of Conduct, there are also Ethics and Compliance policies, which were revised last year in order to ensure their alignment with the Criminal Compliance Management System. These policies are:

# **Global Compliance** Policy

In 2020, the Global Compliance policy was updated. This defines the scope of the Programme and establishes its framework and basic principles, demonstrating the commitment of the Board of Directors and senior management to matters of Business Ethics and Compliance.

# **Criminal Compliance** Policy

The Criminal Compliance policy was also updated in 2020. This defines the basic principles of the ITP Aero Crime Prevention Model and the Criminal Compliance Management System, affirming the strength of the company's commitment to the prevention and detection of criminal risks associated with its activity.

# **Bribery and** Corruption

ITP Aero operates a zero tolerance policy for bribery and corruption regardless of local law or custom, even if it means losing business. For this reason, a policy has been developed that establishes the basic standards along with a framework for the prevention and detection of bribery and corruption among company personnel. Said policy applies to all ITP Aero professionals and to any third parties (agents, consultants, promoters, intermediaries, etc.) that represent it, including all its legal companies and all its headquarters regardless of geographical location.

# **Gifts and** hospitality

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

The Gifts and Hospitality Policy sets out a specific framework and rules governing the recording, notification and approval of gifts and hospitality, 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 regarding conflicts of interest, which is mandatory and applicable to all employees and representatives of the company. This policy makes it obligatory to prepare a report when situations of this type are detected, so as to make the existing conflict known and keep a record of the mitigating measures proposed.

-Freedom of association and the right to collective bargaining.

-Rejection of any form of forced or compulsory labour, as well as the hiring of minors.

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.

# **Respect for** human rights

The code of conduct establishes the obligation to guarantee the fundamental rights of everybody who works at ITP Aero and to comply with the core conventions of the International Labour Organization:

-Inclusive and discrimination-free

# **Charitable contributions** and social sponsorship

ITP Aero collaborates with associations, foundations and other non-profit entities in order to promote sustainable development. A policy of charitable contributions and social sponsorship has thus been developed to govern such circumstances and to ensure they are in alignment with the values and principles established in the code of conduct, avoiding improper or excessive sponsorships or donations that may constitute a form of bribery and corruption.

In 2020, the company made contributions and donations to NGOs and foundations worth €148,484, notably including €96,888 donated to the Board of Trustees of the Bilbao Guggenheim Museum Foundation, and €28.000 for Food Banks in locations where ITP Aero has facilities.

# **Facilitation** payments

ITP Aero has developed a policy regarding facilitation payments and recognises that these types of payments are considered a type of bribery. This policy prohibits making facilitation payments, whether or not they are permitted by local laws, no matter how small. This prohibition extends to any person, promoter, advisor, intermediary, consultant, etc. that makes payments on behalf of ITP Aero.

ITP Aero includes ABC clauses (antibribery and corruption) in all its contracts with third parties, which cover money laundering and tax evasion, amongst other aspects.

# **Suppliers**

Furthermore, ITP Aero has a code of conduct for suppliers by which it establishes the obligation to comply with ethical principles in alignment with the ITP Aero code of conduct. such as not making gifts that may influence business decisions, or the establishment of measures to ensure compliance with regulations and laws relating to the fight against corruption.

# Lobbying and political relations

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

# **Third parties**

In 2020, the "Know your partner" (KYP) policy and procedure was published, pertaining to the risk of corruption and bribery in business relationships with third parties. It establishes a process for taking actions to mitigate them and act accordingly should any indication of inappropriate behaviour be detected.

Prior to undertaking the relationship with certain suppliers, customers or business partners, checks are carried out on the company. Checks may also be performed at any time that there are indications or suspicions of any irregular activity.

Falling under the umbrella of third parties is the figure of the adviser, understood as agents, promoters or intermediaries who represent the company and help it to market and distribute its products and services. ITP Aero has an adviser manage-

ment system, based on an in-house policy and established processes and procedures, in order to ensure the hiring of representatives of proven integrity, who are required to behave in accordance with ITP Aero standards. In addition, the company affirms that it will only hire when there is a real need from a business point of view and following detailed consideration of the proposed candidates.

ITP Aero includes ABC clauses (antibribery and corruption) in all its contracts with third parties, which cover money laundering and tax evasion, amongst other aspects.

# **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 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 may result in disciplinary consequences. In 2020, there have been 10 complaints relating to the principles of the Code of Conduct concerning individuals and hu-

man rights aspects, none of them remaining uninvestigated. Of those 10 cases. 3 were for harassment and discrimination and 7 for non-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 emphasize 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. After two years of operation, its performance has been evaluated, and improvements for the coming years identified. ITP Aero has 40 LEAs distributed in all centres and

During 2019 and 2020, LEAs have reported 55 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.

> countries in which it operates. During 2019 and 2020, LEAs have reported 55 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. These channels are promoted and made known through the company policy "Speak Up".

# 3.1.3 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 2020, various campaigns have been launched to raise awareness and sensitise employees to the culture of compliance. These include the company-wide Compliance Programme course, board and senior management training, or learning about the Know Your Partner process for staff involved in third-party relationships.

Communication during 2020 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. The latest policies have also been promoted and the fifth anniversary of the Code of Conduct has been celebrated through a newsletter for all employees.

### Covid-19

The situation generated by the Covid-19 pandemic has not had a particular impact on Ethics & Compliance. However, employees have been reminded – through various internal channels – of the need to maintain ethical behaviour in the uncertain times we have been experiencing in 2020, through specific examples of frauds or scams surrounding coronavirus. In addition, guidelines have been shared to avoid a situation that could compromise the company and the importance of ethics in business and the way in which ITP Aero works has been underscored. The evaluation of criminal risks due to the impact of Covid-19 has also been reviewed.

# **3.2 Environment** 3.2.1 Technology and responsability 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.

In 2009, during the Copenhagen Climate Conference, the Air Transport Action Group (ATAG) set targets for an annual 1.5% improvement in fuel efficiency between 2009 and 2020 and a CO2 reduction of 50% by 2050 with respect to the values for the year 2005.

The company's commitment to the environment is part of its strategy. The ITP Strategic Plan 2020 (period 2016-2020) regulates its responsibility to ensure sustainable growth that allows for long-term value generation. Thus, the Strategic Plan sets environmental objectives including the design of more environmentally respectful products, the 50% reduction in CO2 emissions by 2030, the reduction of environmental risk in workplaces and excellence in environmental management.

During 2020, the company was awarded the Accésit in the European Environment Awards 2020 – Basque Country Section in the category "Management for Sustainable Development" for its strong commitment to technological development and investment in R&D, highlighting its participation in the European Clean Sky 2 programme, which aims to reduce gas and CO2 emissions, noise levels produced by aircraft and ensure the competitiveness of the European aviation industry.

The company has also participated in the largest conference on eco-design in southern Europe; Basque Ecodesign Meeting 2020 which analyses the implications for the industry of the transition to a circular economic model and which was attended by the R&D manager of the company, he highlighted in his exhibition the additive manufacturing technology developed by the company and which has countless environmental advantages.

# 3.2.2 Products

Much of the R&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. Among the outstanding projects in which the company participates and which we have mentioned earlier, we should highlight the Clean Sky2 initiative, the European research programme for the development of cutting-ed-

### Blades of a paddle produced by ITP Aero.

![](_page_24_Picture_15.jpeg)

ge technology with the aim of reducing CO2 gas emissions and noise levels produced by aircraft. In this programme, ITP Aero is a core partner for the development and manufacture of the Intermediate Pressure Turbine and Tail Bearing Housing, and the future UltraFan<sup>™</sup> engine from Rolls-Royce. The company's participation in the programme meets the objectives set by the Advisory Council for Aeronautics Research in Europe (ACARE) with ambitious noise and emission reductions.

# 3.2.3 Operations

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. The planning and evolution of environmental objectives is agreed upon in the forums established in the Management System.

Environmental improvements have been achieved during 2020 due to the implementation of targets related to energy, waste and CO2. We can highlight two concrete actions.

The reduction in CO2 emissions from renewable energy consumption on a general basis at all plants in the group.

A significant reduction in waste due to the addition of an oil and grease separator at the Zamudio plant.

The company holds an environmental management certification up to 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.

In 2020, environmental management certificates have been updated in the centres that required them, meaning that ITP Aero has held a certified environmental management system for more than 20 years.

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 relations with customers, suppliers, shareholders and the communities in which its work centres are located in terms of sustainability and the environment.

The ITP Aero centres have not received any fines or penalties related to environmental regulations in the last two years (2019 and 2020).

In 2019, the financial guarantee declaration required by Law 26/2007 on Environmental Responsibility for the Zamudio plant was submitted to the Basque Government on the basis of an ad hoc risk analysis. The same declaration will be submitted for the Ajalvir plant in 2021.

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, the Department of Environment of ITP Aero 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.

## Sustainable use of resources

\*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 environmental 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).

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.

Due to the Covid-19 pandemic, there is a disparity in the evolution of the data presented in 2020 compared to 2019, although they do not show a decrease proportional to the decrease in sales. The pandemic has impacted differently in each workplace, mainly due to the fact that production has been brought forward in some of them, but not in offices, which show a greater drop due to flexibility and the hybrid face-to-face and teleworking model since March.

# Water

In 2020 there was a 15 per cent reduction in water use. 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 complying with the legislation in force on discharges.

## **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 optimizing 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 auxiliary materials vary. Facilities in Spain consume mainly molten and forged materials, tubes, oils and lubricants. On the other hand, the consumption of oils and chemical products, as well as aluminium oxide or industrial acetone, is also important in Mexico.

# Energy

Due to the Covid-19 pandemic, the company has had to implement actions related to the safety of people in all workplaces that have resulted in higher energy consumption, such as readjusting the air circulation related to occupancy.

### Spain

In the facilities located in Spain, the main energy consumption comes from natural gas and electricity. The total energy consumption in the centres of Zamudio, Ajalvir, Alcobendas and Albacete has a 100% renewable origin (AENOR certification).

In order to improve efficiency and savings in energy expenditure, a number of measures were implemented in different work centres in Spain in 2020:

- Renovation of the air conditioning system of the changing rooms of the Trent building in Zamudio, thus complying with the air renewal measures of Covid-19.
- **Replacement of lamps with LED** technology in the Zamudio, Ajalvir and Barakaldo centres.
- Ventilated facade installation to optimize power consumption in the Castings plant in Barakaldo.
- Also in Castings, energy meters have been placed at various points for energy analysis.

Energy audits have also been conducted during 2020 at the Zamudio, Ajalvir and Castings Barakaldo centres, where specific improvements in energy savings have been identified for the centres. In addition, since 2019, the Castings plant in 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.

Mexico

In the facilities located in Mexico, the main energy consumption comes from natural gas and electricity. As for the actions carried out in 2020, we can highlight the change in the supply of electricity, making 90% of the electricity consumption in Mexico renewable.

# Energy

# The total energy consumption in the centers of Zamudio, Ajalvir, Alcobendas and Albacete in Spain has a 100% renewable origin

# 3.2.4 Protection of biodiversity

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

## Waste

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 the material of which it is composed.

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.

During 2020, it should be noted that hazardous waste has been reduced by almost 400 tonnes due to the commissioning of an oily emulsion evaporator at the Zamudio centre. (208.84 tonnes in 2020 versus 601.94 tonnes generated en 2019).

In 2020, the general increase in "CLEAN POINTS" in all rest areas, printers and other common areas, equipped with disposable paper, special waste bins and disinfectant spray, is noteworthy.

Finally, it should be noted that ITP Aero has not developed actions or measures to deal with food waste, as its sector of activity does not generate a significant amount of food waste.

During 2020, it should be noted that hazardous waste has been reduced by almost 400 tonnes due to the commissioning of an oily emulsion evaporator at the Zamudio centre.

![](_page_27_Picture_9.jpeg)

# 3.2.5 Emissions

Reducing the impact on global greenhouse gas emissions, reducing noise levels and improving local air quality are the three main environmental objectives set by the International Civil Aviation Organisation. ITP Aero's contribution to achieving these goals is based on continuous improvement and defining control parameters for all the 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 evaluating its possible effects in the short, medium and long term in order to develop sufficient measures to mitigate and reduce these effects.

# **Atmospheric emissions**

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

## The ozone layer and greenhouse gas emissions

In the area of controlling and minimising emissions of substances that have an impact on the ozone layer, the company uses refrigerants in the air conditioning systems in accordance with environmental legislation. The use of refrigerants in ITP Aero's installations is carried out for the preventive maintenance of equipment and, therefore, optimises its operation by increasing its efficiency.

To reduce greenhouse gas emissions, a series of measures have been devised based on the targets set for CO2 emissions generated by air conditioning, electricity and engine testing. These include meeting the targets set for 2020 to reduce CO2 emissions by 10% at all company centres.

In addition, it should be mentioned that electric car chargers have been installed at the Albacete, Alcobendas, Ajalvir, Derio, Sestao and Zamudio centres.

ITP is currently assessing the voluntary establishment of medium and long-term targets to reduce greenhouse gas emissions and to determine accordingly which

methods should be implemented to achieve this objective. The improvement goals are based on optimising energy consumption in order to achieve a lower rate of indirect C02 emissions associated with energy production.

# Noise

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

# Light pollution

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

# **3.3 Corporate social** responsibility

ITP Aero aims to create technological, industrial, economic and cultural development in those communities where their work centres and employees are located.

With sustainable development as the main framework. ITP Aero has identified four priority areas for action in terms of collaborations and sponsorships:

 Education and skills on Science. **Technology, Engineering and** Mathematics (STEM) which are the core of ITP Aero.

The goal is to inspire young people to study these subjects and encourage them to see the professional opportunities that they offer, as well conveying the importance for economic development.

• Environment

Aiming to contribute added value and a social dimension to the environmental strategy of the Company.

Art and cultural heritage

Through activities that contribute to cultural vitality in areas where ITP Aero is located.

• Social investment

To make a positive contribution to the communities where the company operates.

# 3.3.1 Collaborations

# **STEM**

ITP Aero, as a technological company, specifically supports initiatives designed to awake a scientific and technological calling in young people. The company develops a variety of activities in their own centres, in universities and technological centres with which it collaborates and in schools which show the future opportunities that STEM subjects offer (Science, Technology, Engineering and Mathematics). During 2020 - and due to the Covid-19 pandemic - the STEM activities that ITP Aero had boosted had been reduced given the difficulty in conducting on site activities.

In February, ITP Aero participated in the qualifying tournament of the First Euskadi Lego League organized at Deusto University. There, students from various schools presented their scientific projects to represent Euskadi in the final round of the First Spanish Lego League championship. Additionally, during the event, ITP Aero organized a workshop called "Aeronautic workshop" which shared the principles of aeronautics with the public.

ITP Aero has collaborated since 2019 with the Biskyteam project created by students at the University of The Basque Country (UPV-EHU) for the design of suborbital launchers using hybrid propulsion, which reduces significantly greenhouse gas emission. This is a collaboration "in kind" that provides technical advice to the students and advanced aeronautical material for the development of the project.

# Art and cultural heritage

ITP Aero has been a Patron of the Guggenheim Museum in Bilbao ever since it was founded in 1997, therefore engaging in the dissemination of art, culture, and the development of an institution that is both internationally renowned and an emblem of the city of Bilbao. In terms of both art and cultural heritage, ITP Aero regularly collaborates in cultural events that are by foundations such as the Aeronautics and Astronautics foundation. The majority of these events have not taken place in 2020 due to the Covid-19 pandemic.

# Social investment and Covid-19

The activities planned for 2020 have been significantly impeded by the current health crisis. However, ITP Aero has sought to contribute to the challenges that the pandemic has posed, through initiatives that were launched thanks to the courage of the company's work force and ITP Aero's experience and resources.

The company has actively participated in the donation of personal protective equipment (PPE) to different hospitals and health clinics. During the worst months of the pandemic, the company sent more than 12,000 masks to the La Paz and Severo Ochoa hospitals in Madrid, and to the Hospital de Basurto in Bilbao. The company has also produced visors for PPE via the use of 3D printing for the CovidEuskadi project.

ITP Aero's employees have also played a crucial role in various initiatives. Their training and experience in the fields of engineering and production have allowed them to personally participate as specialists in different fluid dynamics activities for the making of ventilators, PPE equipment, as well as volunteering at NGO's and other institutions.

On an annual basis, ITP Aero has begun the 'Solidarity Initiative' in which the company and its employees, in equal proportion, make donations for solidarity projects which are located within local communities where ITP Aero is present. In 2020, and given the complicated circumstances for many families that the pandemic has caused, the company has made donations as part of the Solidarity Initiative. Furthermore, the company and its employees have collected the same quantity as last year in donations to foodbanks, thus donating to foodbanks in Spain (Albacete, Bizkaia, Madrid), the United Kingdom (Leicester, Lincoln), India (Hyderabad), Malta, and Mexico (Querétaro).

Furthermore, ITP Aero assigns 2% of its average profits every three years to its subsidiary in India to support local social projects.

In 2020, and given the complicated circumstances for many families that the pandemic has caused, **ITP** Aero has made donations to foodbanks in Spain, the United Kingdom, India, Malta. and Mexico.

Masks donated during the health crisis

![](_page_28_Picture_30.jpeg)

# Social Investmen

To make a positive contribution the communities where the company operates.

Sustainability Report 2020

ITPA

ITP Aero has been a Trustee of the Guggenheim Museum in Bilbao since its foundation in 1997, thus committing itself to promoting the dissemination of the arts and culture and the development of an institution that is an international benchmark and an emblem of the city of Bilbao.

# Art and cultural heritage

# 3.3.2 Strategic partners for innovation

# **Technological centres and universities**

ITP Aero has developed a solid collaborative network with strategic technological centres for the industry, and thus also promotes the creation of joint R&D centres with universities, with the intention of developing advanced technologies for aircraft engines.

## **Joint R&D centres**

- The Aeronautics Advanced Manufacturing Centre (CFAA) in Bizkaia is led by ITP Aero and Danobat. with the participation of more than 80 companies from within the aviation industry, the Provincial Bizkaia Council, the Basque Government, the University of the Basque Country (UPV-EHU) and the Bizkaia Technological Park. This is a public-private collaboration focused on improving industrial processes and advanced machinery in aeronautical manufacturing.
- The research laboratories in Fluid Dynamics and Turbine Machines (LIFT) in Madrid is a technological centre created in collaboration with the Polytechnic University of Madrid to carry out aerodynamic and turbine machine tests.

# **Technological centres**

The Company supports the operations of technological centres with which it collaborates while they specialise in key technologies. This therefore creates a relation which promotes the consolidation of industrial fabric and more efficient investment in investigation, development and innovation.

- The Aeronautical Technologies Centre (Centro de Tecnologías Aeronáuticas CTA), Bizkaia: an aerospace investigation laboratory which specializes in fluid dynamic testing.
- The Centre of Study and Investigation Techniques (Centro de Estudios e Investigaciones Técnicas, CEIT), Donostia: collaboration with projects in the advance of advanced mechanical technology for aviation.

- The IMDEA Materials Institute in Madrid: an initiative promoted by the Community of Madrid to promote research and technological transfer to the industrial network in materials science and engineering.
- The Polytechnic University of Madrid (Universidad • Politécnica de Madrid UPM): it collaborates in fluid dynamics technology and simulation for turbines and compressors.
- Mondragón University (Universidad de Mondragón): research in manufacturing technologies, such as machining processes, forming technologies and state of the art materials. During 2020, the company has shown its commitment to research by sponsoring the 5th conference on Surface Integrity which was organised by the Universidad de Mondragón.
- University of the Basque Country (Universidad del País Vasco UPV-EHU): collaboration in the development of manufacturing technologies in the aeronautical industry.

The University of Sheffield, United Kingdom: a research centre focussed on advanced manufacturing.

ITP Aero is also a partner of the Basque Aerospace Cluster (Clúster de Aeronáutica y Espacio del País Vasco HEGAN). This association brings together the Basque aeronautical and space sector, thus facilitating its competitiveness through the cooperation and innovation of companies and other parties. Furthermore, ITP Aero is a both a partner and member of the INNOBASQUE Basque Innovation Agency (Junta Directiva de Innobasque), with which the company carries out collaborations with regards to innovation, internationalisation, and research and development.

The Company is part of the Spanish Association for Defence, Aeronautical and Space Technologies (Asociación Española de Tecnologías de Defensa, Seguridad, Aeronáutica y Espacio TEDAE). This non- profit entity works to highlight the industrial sectors that it integrates, and to support the economic growth of Spain, thus responding to the needs of all clients that utilise the technologies developed by its companies.

# **3.4 Suppliers**

The supply chain is a fundamental part of the company's trying to minimise, as far as possible, its impact. ITP development and, for this reason, ITP Aero has a close re-Aero has a procedure for the selection and integration lationship with its suppliers: of suppliers which, during 2020, has been reinforced through the definition of the Supply Chain Development Developing R&D collaboration Process. The aim of this Process is to have the best suprogrammes. ppliers available, guaranteeing transparency and equal conditions for the different bidders. The supplier qualifi- Providing greater visibility with regard cation is the necessary requirement to participate in the to planning and opportunities. purchasing processes and is obtained as a result of the approval process.

- Reaching long-term agreements.
- Promoting and facilitating the development of new capabilities in its suppliers.

ITP Aero pays special attention to its local supply chain, collaborating with its suppliers and institutions in its industrial plans, which has generated more than 20 million euros of investment in 2018 and 2019 in Bizkaia (Spain) alone. ITP Aero also has development plans for other processes, such as sheet metal and forming, tooling, foundry auxiliary processes, etc.

However, in 2020 and due to the Covid-19 pandemic, the demand for ITP Aero's products has dropped substantially and, consequently, the workload. This 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

ITP Aero pays special attention to its local supply chain, collaborating with its suppliers and institutions in its industrial plans, which has generated more than 20 million euros of investment in 2018 and 2019 in Bizkaia.

ITP Aero has a code of conduct for suppliers which can be consulted on the company's website and which suppliers must accept and apply. This Code, which addresses social, gender equality and environmental issues. among others, forms part of the terms and conditions specified by the company in all contracts and purchasing documents that suppliers sign up to.

Similarly, ITP Aero has a monitoring system in place and periodically audits its suppliers, with a total of 67 audits having been carried out in 2020; a lower number than in previous years, mainly due to the impact (direct or indirect) of the Covid-19 situation. In the second half of the year, however, a new planning was carried out to make use of digital tools as much as possible.

The audits carried out, in line with previous years, were generally satisfactory with a 92% success rate (minor findings or observations).

# **3.5 Consumers and customers**

ITP Aero has a procedure for the analysis and evaluation of clients and third parties which aims to specify the activities necessary to regulate the process of analysis and examination of customers, suppliers, intermediaries and strategic third parties. In doing so, this Procedure constitutes a guide for the analysis and examination of the suitability of clients and third parties who are involved in the company's business operations.

Blade produced by ITP Aero.

![](_page_31_Picture_3.jpeg)

# 3.5.1 Consumer health and safety measures

ITP Aero deems the quality of its products and services to be 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. The global Quality objectives are linked to the Strategic Plan, as well as to the company's objectives on an annual basis.

ITP Aero guarantees the airworthiness and safety of all its products, in some cases directly and in other cases through its customers, by adhering to EU Regulation No 748-2012 of 3 August 2012, laying down implementing rules for the airworthiness and environmental certification of aircraft and related products, parts and appliances, as well as for the certification of design and production organisations. The aviation authorities carry out audits and checks on compliance with these regulations, in some cases directly to ITP Aero and/or via customers.

Accordingly, an internal reporting process of deviations has been defined that establishes the methodology for the collection, investigation and analysis of data on failures, malfunctions, defects or other events that cause or may cause adverse effects on maintaining the airworthiness of the engine or components.

During 2020, and upon the continuation of the work started in 2019, the product safety management system manuals for Production, Design and Maintenance, as well as the procedures governing the safety activities for each of the areas, were published. These manuals and procedures are designed to comply with the standards and recommended practices established by the International Civil Aviation Organisation (ICAO) Safety Management Annex 19. This Annex 19 is regarded as the highest current framework for safety management and is used as a reference for the products, components, equipment and services in which ITP Aero is involved.

In addition, ITP Aero has a product safety policy that emphasizes the company's commitment to ensuring safety in all its activities and products. This Policy is based on five principles that govern the approach to product safety:

- 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.
- Product safety level: ITP Aero designs its products to meet a high level of safety commensurate with their application, always ensuring that legal, regulatory and industry requirements are met or improved.
- Product safety maintenance and improvement: there is a commitment to continuous improvement of product safety and active participation in the establishment of industry standards and best practices.
- Product compliance: excellence in quality is an essential pillar of products and processes, and ITP Aero ensures that all its suppliers comply with its specifications.
- Safety awareness and responsibility: everyone working at ITP Aero shares responsibility for the safety of its products and is made aware of the implications of their actions. Consequently, awareness and training campaigns are carried out.

ITP Aero carries out regular internal audits of its processes, proposing corrective actions in the event of anomalies being detected, with continuous monitoring of these.

# 3.5.2 Information security awareness

ITP Aero regards the proper management of confidential information of its customers as a key factor for the success of the company. In line with this, the Confidential Information Policy makes employees responsible for the proper use of information, by safeguarding confidentiality and disclosing it only with authorization and to the extent permitted. This policy is mandatory and applies to all ITP Aero employees. Where local laws, regulations or rules impose a stricter standard, the latter must be followed.

There is also a mandatory personal data protection policy for all ITP Aero employees, which provides a standard that is complemented by the rules and laws of each country, also reflecting the fact that ITP Aero considers the correct handling of personal data to be a fundamental business principle and an essential part of its Code of Conduct.

ITP Aero regards the proper management of confidential information of its customers as a key factor for the success of the company.

# 3.5.3 Cybersecurity

For ITP Aero, security is one of the pillars for which each of its actions are based. In this respect, and due to the pandemic and associated confinements, ITP Aero has had to change its work model - from mainly in-person office positions to a teleworking model within a short space of time and, later, to a hybrid model combining teleworking and in-person work.

The company has made a significant effort to ensure that employees can continue to work from home efficiently and securely, and that the company's activity does not come to a halt, and to this end it has reinforced its communications infrastructure while at the same time carrying out an exhaustive review of its security policies to provide new solutions to incidents arising from this new model. This represented a great challenge for the company and has allowed users to work from home, guaranteeing the security of our clients' information and the continuity of the company's activity.

# 3.5.4 Complaints and claims system

Each ITP Aero customer has a quality focal point at their disposal to whom they can personally address any complaint or claim. When this occurs, an analysis of the causes is carried out and the relevant actions are implemented to solve the problem. All complaints are recorded in the company's SAP tool. At the end of this analysis process it is determined whether ITP Aero is responsible or not, and this is indicated in the system.

Out of a total of more than half a million parts delivered to customers during 2020, the Company has managed 139 complaints, of which 56 have been the responsibility of ITP Aero. All of them have been satisfactorily resolved.

ITP Aero monitors quality indicators on a monthly basis, recording non-quality costs, customer leaks and product concessions to the customer. Furthermore, ITP Aero has a Disruption Index indicator, which provides a more complete view of the problems caused to the client, and which is monitored on a monthly basis.

# **3.6 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 is present. The following table gives a breakdown of the profits, corporate taxes paid and subsidies received in each of the countries in which ITP Aero is present:

The company has made a significant effort to ensure that employees can continue to work from home efficiently and securely, and that the company's activity does not come to a halt.

Spain
Mexico
Jnited Kingdom
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Total

Spain
Mexico
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# Profit contributed to the consolidated group (€ thousands)

2019	2020
150,882	-9,803
7,756	4,162
4,784	6,010
-949	-5
476	224
1.333	-318
164,283	271

## Taxes on profits (€ thousands)

2019	2020
2,894	12,313
1,747	505
737	609
0	4
-187	651
209	176
5,401	14,251

## Subsidies (€ thousands)

2019	2020
2,886	4,738
-	-
-	-
-	-
-	-
-	-
2,886	4,738

# People

![](_page_33_Picture_1.jpeg)

Policies, procedures and employment practices and recognition of the company guarantee the application of the principles of diversity and inclusion with equal treatment and opportunities between women and men.

![](_page_34_Picture_1.jpeg)

# People

![](_page_35_Picture_1.jpeg)

# **4.1 Employment**

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

By the 31st of December 2020, the workforce reached 3,559 employees, a reduction of 11% compared to the previous year, as part of the CORE 21 recovery plan that responds to the reduction in demand and the smaller size of the market. This adjustment has been carried out through the application of temporary and permanent adjustment measures, seeking to reach agreements with workers' representatives and minimising the impact and protecting employment as far as possible. In Spain, most of the adjustments have been ca-

rried out in the form of collective redundancies through redundancy plans. In Mexico, this adjustment has been carried out through redundancies negotiated with workers' representatives.

Additionally, in the companies in Spain, contracts have been suspended for a certain number of working days under Temporary Layoff Proceedings which started with a first phase in May and have been extended until October with a variable duration depending on the company. In England, temporary employment adjustment measures (known as furloughs) have also been implemented, while unpaid holidays have been established in Mexico.

# **4.2 Recruitment**

ITP Aero prioritizes quality in employment. For this reason, it should be noted that in 2020, despite the personnel adjustments resulting from the aforementioned crisis, the proportion of permanent contracts with respect to temporary contracts were maintained, and the majority were full-time contracts, with very few part-time contracts. Permanent contracts are down by 3% compared to 2019 and temporary contracts are down by 69% compared to the end of the same year, in both cases explained by the need to make employment adjustments.

The evolution with regards to 2019 in terms of full-time and part-time contracts is negative, with a decrease of 11% in full-time contracts and a decrease of 3% in part-time contracts. In both cases, the decrease is explained by the aforementioned staffing adjustments. In 2020, there have been 259 redundancies, compared to 27 redundancies in 2019, which is explained by the aforementioned adjustments.

# 4.3 Wage gap and average remuneration

The remuneration policy applied by ITP Aero is set objectively, with gender issues having no influence whatsoever. Remuneration is set mainly considering the qualifications, experience of the professional and responsibility according to the role in the organisation, as well as the achievement of objectives.

ITP Aero ensures equal and fair pay for its employees and has calculated the salary gap in 2020 between the average salary of women and men at 5.4% (a deterioration compared to 4.3% the previous year). This gap can be explained by the presence of a majority of men in the company, who also have more seniority and perform jobs that generate bonuses to which women have less access, including expatriations. ITP Aero continues to work to eliminate this gap.

The remuneration policy applied by ITP Aero is set objectively, with gender issues having no influence whatsoever.

# **4.4 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:

- Work schedules that favour work-life balance.
- Agreement on the Regulation of the 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 formalized job disconnect policy
- Flexible timetable for arrival at the workplace (1 to 2 hours depending on the workplace) for office work.
- 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 adopted teleworking at the beginning of the lockdown in each country so that employees who were not critical staff or staff 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 from the first moment during the lockdown and later during the de-escalation, which served to keep the impact at a reduced level.

# ITP Aero meets the worklife 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.

# 4.5 Climate Survey

During 2020, the improvement actions identified in the 2018 global climate survey, "Building ITP Aero Together," have been continued. The three global shift levers that have made the most progress during the year are Learning, Communication, and Performance Model.

The main advances in Learning -- as we developed in point 6.7. - are encompassed in three axes: the development of standardised knowledge itineraries by function, the digitalisation of training content and analytics for monitoring training actions through global and personalised dashboards.

In relation to Communication, 2020 has been a year in which more efforts have been made to bring information closer to people at a time marked by the extraordinary circumstances of the health crisis and its impact on the aviation sector. Different initiatives have been added to the usual channels and formats, such as the Covid-19 newsletter and the ad-hoc intranet space to report on the impact to people and plants at all times. In addition, the workshops have worked together with the Health and Safety teams on Covid signage and have enabled new channels to bring information closer to people without a computer.

![](_page_36_Picture_17.jpeg)

Although the main efforts have been in internal communication, the external communication has been equally intense in a year in which adjustments in different plants due to the crisis in the aeronautical sector have been very present in the media.

Finally, regarding the performance process of leaders and technicians, the old annual evaluation model has been replaced by the implementation of continuous feedback. This is a simpler, more agile model that promotes high-performance environments based on frequent challenge-orientated feedback and the contribution of each person on the team.

The three global shift levers that have made the most progress during the year are Learning, Communication, and Performance Model.

# 4.6 Talent Attraction

ITP Aero continues to be committed to staff development. In 2018, the new Global Y-Talent Programme was launched with the aim of promoting the development of multi-purpose professional profiles through a system of scheduled rotations through different areas and functions in the Company. This is a new modality within the Y-Talent Programme that was created in 2015, aimed at recent graduates of higher university degrees or Master's degrees in the first years of their professional career and in which more than 200 people have already participated.

The first Global Y-Talent promotion consisted of industrial and aeronautical engineering graduates who, after previous experience in ITP Aero of one or two years, were selected to participate in this modality based on

rotating itineraries for 24 months. Throughout 2020, participants of this programme began their second itinerary, and have been able to explore different positions, businesses, workplaces and even have international mobility between different ITP Aero plants. All of this will certainly help them better understand the company and have a greater overall view of the various careers at ITP Aero.

Furthermore, during the first guarter of 2020, and as in previous years, internship students were incorporated in the different ITP Aero centres. After the arrival in March of the health crisis and the associated lockdowns, the activity of these projects was maintained -- where possible -- from home, promoting teleworking and online supervision by tutors, so that they could complete their Bachelor's or Master's degree projects on time.

Participants of this programme began their second itinerary, and have been able to explore different positions, businesses, workplaces and even have international mobility between different ITP Aero plants.

![](_page_37_Picture_6.jpeg)

# 4.7 Learning

In Learning, the main challenges in 2020 fall into three areas: the development of standardised knowledge pathways by function, the digitisation of training content and analytics for monitoring training actions through global and personalised dashboards.

A good example of the first is the Path to Standardisation Project for the Acquisition of Knowledge of Engineering Functions. The initiative marks a new way of conceiving learning where training through courses represents only a part of the journey to be travelled, gaining prominence in self-training, in-post training and continuous mentoring.

In relation to the second axis, the progress in the dissemination of corporate content via e-learning has been remarkable, and has become the main channel of training required of global scope.

As a new initiative, the "Inspiring Leadership" programme has been launched, a series of webinars aimed at leaders in which topics such as uncertainty, remote team management, leadership with heart and personal and team productivity have been addressed live by expert speakers. Participation has been around 200 people per session and the ratings have been very positive.

Finally, the important progress in managing data both globally and by area through scorecards that facilitate the follow-up of training actions, highlighting compliance above 90% in the case of required cross-sectional training.

These needs 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 organisation 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 function and position. These challenges can be of various kinds, such as attending courses, participating in

congresses, 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.

The number of training hours carried out in 2020 increased by 16% compared to 2019 for two reasons:

1. Increased digitalisation of training, which has improved accessibility to e-learning training for the entire ITP Aero workforce. In addition, last year, 6 e-learning training courses were conducted with a mandatory compliance for the entire ITP Aero staff;

2. Pandemic-related staffing adjustments have led to increased internal mobility of positions that have required on-the-job training and coaching. In addition, excess capacity has also led to more hours being spent on learning by indirect staff.

Training hours compared to 2019

![](_page_37_Picture_25.jpeg)

# 4.8 Recognition of professionals

ITP Aero annually convenes the Recognition Awards that its professionals can receive as public recognition for outstanding corporate competencies derived from the company's values, such as Leadership and Team Work, Customer Orientation and Results, Commitment and Ethics and Social Responsibility.

In addition, with the aim of encouraging innovation, one of ITP Aero's main values, the Global Innovation Award is awarded annually to all the Company's professionals.

# 4.9 Universal accessibility for people with disabilitiesd

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.

ITP Aero is firmly committed to universal accessibility. and this is reflected in its construction standards that apply in any new construction or reform. In 2020 there has been no significant work. In 2020 10 people had some degree of disability, all of them in Spain, 3 fewer than in 2019 (13).

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.

![](_page_38_Picture_8.jpeg)

# 4.10 Health and safety

As part of IPT Aero's health and safety and environmental programs, our company is promoting measures to:

- Create a safe and healthy working environment which supports the wellbeing of employees and which minimises the risk of physical harm, workplace-related health problems and environmental incidents.
- Prevent or minimise the negative impact had by our activity, products and services on health. safety and the environment, and encourage sustainable use of resources.

In matters of health and safety, a workplace prevention team is available, operating at the corporate and local levels in each work centre. Also in place are Self-Protection plans in the plants and work centres, which allow for an appropriate response to emergency situations to guarantee the safety of employees, as well as that of third parties present in the area. This is in fulfilment of applicable legislation on Preventive Measures at the Workplace and Civil Protection in each territorial area. Collective agreements specifically set out the establishment of health and safety committees which are competent bodies in matters of health and safety in the workplace, having an understanding of 100% of issues in this regard.

As concerns health, throughout 2020 ITP Aero has had a medical service available in the majority of work centres and the company has enabled a medical check-up for 100% of workers.

The main measures taken to guarantee health and safety in the workplace which have been implemented by ITP Aero are as follows:

- Training and information from Health & Safety. During the final guarter of 2020 an online awareness-raising course was launched for all workers employed by ITP Aero.

- **Risk assessment.**
- Implementation of safety measures relating to work procedures set up with regard to Covid.
- Process standardisation.
- Improvement of behaviours. •
- **Risk management: mitigation/improvement** plans.
- Transversality (AC and lessons learned from significant accidents and incidents).
- Monitoring of working conditions, inspections.
- Health monitoring.
- Leadership and self-management: Safety Walks/Kamishibais.
- Change management.
- Self-Protection plans.
- Management of emergencies.
- Contract coordination, access management.
- Contract follow-up specifically for H&S.
- Handling of Chemical Products: evaluation, identification, sampling, exposure...
- Incident management (IMT)
- Follow-up on the closing of related ACs.
- **Ergonomic improvement of least favourable** positions.
- **Obtaining certification for standard ISO** • 45001.
- EPI management/ establishing standards and • usage control.

# 4.11 Social relations

Throughout 2020 there has been ongoing momentum in improvement plans to reduce accident rates which include, inter alia, ergonomic improvements, outlining of responsibilities and improved working conditions. In 2020 there was a significant decrease in the number of accidents with time off from work at the company compared to the figures for 2019 (61% fewer). With respect to other relevant markers relating to prevention and safety in the workplace, worthy of note is the 59% decrease in the frequency index, a 29% decrease in the severity index and a 52% decrease in the frequency of prevention and safety events.

As regards Covid-19 and as concerns the prevention measures adopted, as well as the use of remote working and measures on group bubbles, cleaning of work stations, limited seating, signalling of safety distances, use of masks, the company has generated spaces in which to communicate with employees to guarantee the safety of all.

Multiple periodic crisis committees have been established to follow up on the development of the pandemic in the company's different facilities in all countries, including staff working abroad, and the necessary communication measures have been adopted for an organised return to the office environment.

Reduction in the number of accidents compared to 2019

-61%

ITP Aero applies the workplace legislation in force in each country and the provisions made in the agreements drawn up in each centre as regards IT processes, staff consultations, and negotiation with staff representatives. In these proceedings, the main spokespersons for negotiation, communication and information for typical workplace matters are the works council, staff delegates and prevention delegates.

In Spain collective agreements generally apply to Technicians. Managers and some members of Senior Management in matters other than those relating to pay, promotion and professional development schemes.

The company is strongly committed to internal communication with employees. To this end, it uses a range of communication channels, including corporate and local intranets, e-mails and internal magazine "Al Vuelo", which is distributed to all company employees on a quarterly basis.

Regular sessions are also held with Senior Management, as well as meetings and rollouts with senior staff, three-monthly meetings with staff, work lunches and information panels in different locations within the work centres. It is important to note that at the end of each month, communication is made on the level of achievement of the company's goals.

Multiple periodic crisis

committees have been established to follow up on the development of the pandemic in the company's different facilities in all countries.

# 4.12 Equality

As well as fulfilling legislation in force in each country in the realm of licenses and permits, inclusive of parental provisions, and as well as applying the improvements set out in the relevant agreements, ITP Aero has a Diversity, Inclusion and Anti-Discrimination Policy and People Management Policy. These ensure that recruitment, appointments, and the promotion of employees takes place based upon merit, irrespective of race, colour, religion, gender, age, sexual orientation, civil status, disability or any other characteristic protected by applicable laws.

The company's policies, procedures, workplace practices and recognition practices guarantee that the principles of diversity are abided by, as well as guaranteeing inclusion, with equal treatment and opportunities for women and men. At the company's highest level, the executive committee has 12.5% female executives (27% in 2019) which is to be put into the context of a decrease in the number of executives in the company, from 11 to 8, from the beginning of 2020.

ITP Aero also has an Equality Plan, there being, in each centre, mechanisms for it to be reviewed and updated. This enables the fulfilment of different legal obligations aimed at effective equality between men and women.

To uphold the fulfilment of these principles, the Equality Plan stipulates a series of measures and actions, provided by ITP Aero's senior management and the Workers' Legal Representation. Considering the recent legislative changes in Spain, the company is currently taking action to adapt its Equality Plans to new regulatory requirements.

For general purposes, there is also a set of compulsory policies which establish the mechanisms enabling the fulfilment of said obligations. These are, inter alia:

- A people policy
- A recruitment and appointments policy
- An anti-discrimination policy

# A diversity and inclusion policy

The above policies fall within the general framework established by the Code of Conduct. The Procedure for the Prevention of Harassment in the Workplace detai-Is the process to be followed when a possible case of harassment of any kind arises, inclusive of sexual harassment. The People and Anti-Discrimination policies ensure that no discriminatory situations on grounds of gender, among others, are tolerated.

In matters of workplace inclusion of persons with disabilities, ITP Aero not only guarantees that its selection processes do not exclude such persons where the requirements of the position so permit, it also purchases services and products from companies which employ persons with disabilities. ITP Aero considers that care must be taken to ensure respect and tolerance regarding people's sensitive differential factors such as age, race, colour, ethnic origin or nationality, having any disability of any kind, civil status, pregnancy or maternity, religion or beliefs, gender identity, sexual orientation and sex changes.

The official channel for the reporting of failure to abide by the Code of Conduct or any other corporate directive, procedure or principle is the Ethics Line, which is available both to workers and to collaborators. It is also available to third parties (e.g. clients, providers, institutions, etc.). To help employees settle ethical matters relating to any internal issue of this nature, there is a group called the Local Ethics Advisers (LEAs), which, in performing their role rolling out the Compliance program, remain available to other employees who could need help in this context.

# Non-financial risk management

![](_page_40_Picture_1.jpeg)

Risk management in ITP Aero is regarded as a continuous activity of each area of the company, in which all employees are responsible for identifying, managing and communicating risks.

![](_page_41_Picture_1.jpeg)

# **Non-financial risk** management

ITP Aero has understood 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.

Risks in ITP Aero are managed based on the methodology outlined in the risk policy and in the Risk Management Plan (RMP). Both documents specify the basic principles of the risk management methodology applied in the organisation, with the RMP being a detailed document. Issue 2 of the Risk Management Plan was published in 2020, which includes improvements to the risk management methodology.

ITP Aero has understood 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 an established structure that starts with the Board of Directors of the parent company ITPSA. The governance structure that ensures that ITP Aero's risk policy is adhered to consists of:

- ITPSA Board of Directors
- ITP Aero Risk Committee
- Risk Committees of Functions. **Programmes and Operational Areas**
- Committees of Functions. **Programmes and Operational Areas.**

# Risk management in ITP Aero is regarded as a continuous activity of each area of the company, in which all employees are responsible for identifying, managing and communicating risks.

Risk management in ITP Aero is regarded as a conti-The risk function is responsible for defining and implenuous activity of each area of the company, in which menting the risk management methodology, as well as all employees are responsible for identifying, managing supporting its proper application. It must also ensure the and communicating risks, although some figures have implementation of the Risk Management Plan, keep the been established with different roles and responsibilities risk register, schedule risk review meetings in each area, in risk management: report risks to the Risk Committee and ensure the deplovment of training.

- ITPSA's Board of Directors, together with the other management bodies in each of the subsidiaries: ultimately responsible for risk management in each of the areas
- **Risk Leader: the Chief Executive Officer** of ITP Aero
- Risk Champion: ITP Aero's Executive **Director of Internal Governance and** Resources
- **Risk Coordinator: Head of Risks of ITP** Aero
- **Risk Responsible: is the Executive Director and the person responsible** for risk in the different functions, programmes and areas
- Risk Owner: appointed by the Risk **Responsible and is the owner of the risk**
- Risk Focal Point: held by different people in each function, programme and operational area who are responsible for managing the risk function in each of them

The Board of Directors of ITPSA and the other management bodies in each company conduct a risk review on a regular basis and at least once a year, and the Risk Committee does so on a guarterly basis. This committee is comprised of the Chief Executive Officer, the Executive Directors, the Director of the Legal Department and the Head of Risks and, in addition, periodic risk review mechanisms have been implemented.

In each area of ITP Aero, transversally 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 function - as well as any other person whose presence is relevant. In these reviews, the status of the risks already defined is updated and new risks are defined, establishing the necessary controls for their correct management. In addition, action plans are established for each of them and the dates and status of the action plans already defined are reviewed. Additionally, each function, area or programme holds internal meetings to carry out its own management.

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

![](_page_43_Picture_1.jpeg)

Once a risk has been determined, its degree of criticality must be understood, for which its probability of occurrence and its impact are assessed on a 5-level scale ranging from very low to very high. In addition, its effect is considered if nothing is done to mitigate it, analysing the possible negative impacts.

All this assessment is carried out by the person in charge of the area where the risk has the most effect and is agreed with those responsible who are aware of the risk. Moreover, the risks are categorized so that they can be managed more easily.

![](_page_43_Picture_5.jpeg)

# Treatment and monitoring

once the risk has been identified and assessed, as well as the person responsible for it, the actions to be taken are decided. There are three potential options: to detail a mitigation plan; to transfer the risks to a third party such as a bank or insurance company; or to accept the risk, understand it and provision for it.

# Reporting

Identification

register.

The identification of a risk can

be carried out in a simple way,

responsible as it derives directly

from the company's activity. The

presenting itself to the eyes of those

Risk Responsible must assure that all

risks in their area are identified and

incorporated into the ITP Aero risk

![](_page_43_Picture_13.jpeg)

# and documentation

Risks are documented reported four times a year to the Risk Committee and to Rolls-Royce's risk area, ERM (Enterprise Risk Management). In addition, this is also reported to the Board of ITP Aero at least once a year.

# **Evaluation**

An evaluation is made of the risk management process, to guarantee that it is efficient and that it complies with the objectives described in the Risk Policy, as well as in the Risk Management Plan.

![](_page_44_Picture_0.jpeg)

The impact of non-financial risks is assessed based on 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 2020 and due to the Covid-19 pandemic, all areas of ITP Aero have undertaken an exercise to identify and analyse the risks arising from this pandemic. These risks have been reviewed in each of the risk reviews that have been carried out during 2020 with all areas of ITP Aero, as well as reported in the corporate Risk Committee held every quarter.

Among the risks identified that are related to Covid-10, we find risks with financial impact, such as the one included in the risk map of the Civil Business Unit due to the fall in demand for aeronautical engines and components and others related to the financial solvency of our other financial and commercial items. On the other hand, non-financial risks have been identified, such as the relationship with workers' representatives, the availability of preventive material in our work centres, the delay in various types of certification projects and the adjustment of equipment and machinery to the new demand. Each of these risks has an associated mitigation plan aimed at either minimising the likelihood of occurrence or reducing the impact. On the other hand, the Covid 19 pandemic has been considered as a Major Incident at ITP Aero and has been reported as such in the quarterly corporate Risk Committees.

As part of the process of continuous improvement of risk management, during 2020, a new version of the Crisis Management procedure was published, as well as the ITP Aero Business Continuity Management System procedure. On the other hand, the Business Continuity Recovery Plan for the Zamudio plant has also been published and a deployment plan has been agreed for the rest of ITP Aero's centres.

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

# Main risks

Reputational risks deriving from the commercial relationship with public institutions due to breaches of contract.

Third-party safety risks due to failures in the product designed and/or manufactured that are integrated in engines/aircraft. This risk has a reputational impa

Communication risks in crisis situations.

H&S occupational risks deriving from the factories.

Reputational and H&S risks due to electrical installations

Reputational risks due from our commercial relationship with public institutions due to Complia

Risks with environmental impact due to spillages

Reputational risk derived from the implementation of the compliance culture.

Reputational risks deriving from labour relations

Risks associated with the new European regulation on chemical products (REACH).

Risk of cyber-attack with impact on the main corpora information systems that could lead to leakage or loss of key information.

Sustainability Report 2020

	Mitigation plans
	Strong relationship with customers, in-depth knowledge of contracts, thorough training of our professionals, effort in the correct assignment of resources.
cts	High level safety policy, commitment with aeronautical authorities, safety committees, high qualification of
ict.	employees, commitment of the executive committee to safety, implemented change control system and mandatory product safety training for all employees.
	Crisis Committee implemented and crisis management procedure, Business Continuity Management system and Recovery Plan for the Zamudio plant already published.
	Detailed management of incidents, ongoing audits, factory adaptation plan and mandatory training for all employees in occupational safety.
	Review of all electrical installations at all ITP Aero sites, industrial plan in progress.
nce.	Crime prevention manual, due diligence for all advisors, screening processes, active involvement of senior management.
	Review of all machinery in all ITP Aero plants, industrial plan in place including measures to eliminate the risk of contamination. Specific measures have been carried out, such as the diversion of waste from the rainwater network to the sewage network, and during this year the installation of an oil and grease separator will be studied. Approval from the consortium to be able to continue discharging into the sewerage network.
	Action plan based on the implementation of a criminal and anti- bribery compliance management system that will be externally certified in Spain and Mexico. This system comprises elements that are implemented globally and cover key areas to generate and strengthen a culture of compliance. Elements including compliance risk management, policies and procedures, organisation and governance involving senior management, compliance function and team, monitoring and auditing, as well as whistleblowing channels and training, awareness and communication plans aimed at reinforcing the culture of ethics and compliance.
	Communication plan aimed at all employees explaining in detail the situation in the aeronautical sector, maintaining a cordial climate with labour representatives, and involving senior management in the process.
	Multidisciplinary working group where risks are identified and action plans are agreed for each of them. Inclusion of a point dedicated to REACH risks in the agenda of the risk reviews with the areas. Exhaustive monitoring of European regulations and possible national regulations for the transposition of European Directives. Collaboration with industry partners.
nte s	Security plan consisting of 13 projects with technical and organisational measures, to be developed over three years (85% already completed).

# Nonfinancial indicator table

![](_page_45_Picture_1.jpeg)

# **Ethics and compliance**

## Contributions to non-profit organisations

2019	131,687 €
2020	148,484 €

## Human rights complaints

	2019	2020
Harassment	5	3
Unethical behaviour	4	7
Compensation	-	-
	9	10

# Environment

\*The following tables show some of the most relevant results achieved in 2020 vs 2019. The impact of the COVID crisis on the sector due to the drop in production demand must be taken into account.

# Breakdown of water consumption according to its origin and area of consumption.

The increase in water consumption is associated with an increase in activity and the creation of new lines.

### Water consumption (m<sup>3</sup>)

			2019			2020
Extraction Source	Spain	Mexico	United Kingdom	Spain	Mexico	United Kingdom
Water from the supply system	118,609	-	2,832	98,981	-	2,856
Water from wells	11,126	31,540	-	-	37,900	-
Total	129,735	31,540	2,832	98,981	37,900	2,856

# Comparison of wrought iron and castings consumed in 2019 and 2020.

The overall rate of consumption varies by only 0.5%. The products manufactured have changed considerably, so that slight variations can be detected in some of the fields. However, the consumption of materials in tonnes is similar.

		Quantity	Units
	2019	2020	
Spain			
Bars	10	5.85	tn
Metal plates	29	47.38	tn
Wrought iron	544	628.01	tn
Castings	297	368.57	tn
Ingot castings	570	448.55	tn
Tubes	306,128	94,525.99	Metres
Auxiliary materials	2,265	1,958	tn
México			
Tubes, casings, and seals	254	161.51	tn
Dielectric oil	7,000	1,600	Litres
Aluminium oxide	10	1.20	tn
Auxiliary materials	34	(**)	
United Kingdom			
Titanium	17	21.51	tn
Nickel alloys	14	12.19	tn
Stainless steel	3	3.56	tn
Auxiliary materials	15	18.48	tn

\*Auxiliary materials: this includes materials necessary for the different manufacturing processes that are not part of the final product: oils, compressed gases, chemical products, etc. The same control is carried out as for raw materials.

(\*\*) This figure represents the sum of the different auxiliary materials in Mexico (122 gallons + 413 kilograms + 6,619 litres + 60 pieces + 1 drum). The company is working to improve the reporting systems and the standardisation of units in relation to auxiliary materials in Mexico. As a result, some auxiliary materials are not included in this data.

There are differences in some concepts (increase in auxiliary materials, reduction of ingots, etc.) due to the fact that the products manufactured in the different plants varied in 2020; the same number of each type of part has not been manufactured in a standardised way over time, and therefore materials that are in one category in one year may be increased or reduced in another category in the following year.

# Quantitative comparison of waste generated in 2019 and 2020

Reduction in HW: 35%. What stands out is the reduction in oily emulsion waste due to the performance of the evaporator, which has managed to generate 400 tonnes less than the previous year at the Zamudio centre.

Reduction in NHW: 34%

	2019			2020
	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste
Spain	4,252	1,607	2,795	1,002
Vlexico	265	233	165	187
Jnited Kingdom	15	93	10	83
Fotal	4,532	1,933	2,970	1,272

# **Refrigerant consumption at ITP Aero's** facilities in Spain and Mexico

The load of gases with the highest level of emissions in tonnes of CO2 (R410A and RS44) has been reduced. The non-use of refrigerants with the highest GWP (Global Warming Potential): R-404A and R-507<sup>a</sup> stands out.

			Recharged kgs
	Spain		Mexico
2019	2020	2019	2020
88	54	3	27
171	17	16	2
27	-	-	-
-	5	7	1
-	-	-	37
	2019 88 171 27 -	Spain           2019         2020           88         54           171         17           27         -           -         5           -         -	Spain           2019         2020         2019           88         54         3           1171         117         16           227         -         -           -         5         7           -         -         -

# **Energy consumption according** to the source and country.

In both cases, a 10% decrease in energy and gas consumption is shown.

### **Energy Consumption (kwh)** 2019 2020 **Energy Source** Spain Mexico United Kingdom Mexico United Kingdom Spain Natural Gas + 23,854,470 336 10,274 23,497,910 76 11,837 Kerosene Electricity 53,029,945 10,024,443 2,245,566 48,296,367 7,765,061 2,154,904

# Greenhouse gas emissions in the countries where ITP Aero is present.

It is worth highlighting the effort made to use renewable energy, which has considerably reduced the tonnes of CO2 emitted (Scope 2). The 62% reduction in Mexico's tonnes of CO2 emissions due to the use of electric energy mainly from renewable sources is noteworthy

			Greenho	use gas emissions (CO2)
		2019		2020
	Scope 1	Scope 2	Scope 1	Scope 2
Spain	5,541	86.56	4,602	110
Mexico	102.75	5,282	140	1,891
United Kingdom	2.1	789	2	546
Total	5,646	6,158	4,744	2,548

# **Suppliers**

\*Supplier audits

	2019	2020
Audits conducted	103	67
Audits completed	46	45

# Customers

\*Customers: complaints and claims system

	2019	2020
Claims	243	139
ITP Aero Liability	81	56

# **Employees**

\* Distribution of employees by gender, age, country and professional classification at the fiscal year end close

Employees by gender	
Female	
Male	
Total	
Employees by age	
<30	
>=30 <=50	
>50	
Total	
Employees by Category	
Director	
Manager	
Technicians	
Staff as per Agreement Tables	
Total	
Employees by country	
Spain	
Mexico	
United Kingdom	
Malta	
India	
Total	

2019	2020	Delta
729	689	-5%
3,277	2,870	-12%
4,006	3,559	-11%

2019	2020	Delta
507	379	-25%
2,741	2,514	-8%
758	666	-12%
4,006	3,559	-11%

2019	2020	Delta
123	135	10%
441	454	3%
1,297	1,204	-7%
2,145	1,766	-18%
4,006	3,559	-11%

2019	2020	Delta
3,022	2,725	-10%
741	609	-18%
179	163	-9%
40	38	-5%
24	24	0%
4,006	3,559	-11%

\* Distribution of work contracts

Types of contract at closing	2019	2020	Delta
Indefinite full time	3,518	3,402	-3%
Indefinite part time	8	10	25%
Temporary full time	429	100	-77%
Temporary part time	51	47	-8%

2019	Indefinite Full Time	Indefinite Part Time	Temporary Full Time	Temporary Part Time
Female	669	3	55	2
Male	2,849	5	374	49
2020	Indefinite Full Time	Indefinite Part Time	Temporary Full Time	Temporary Part Time
Female	664	5	18	2
Male	2,738	5	82	45

2019		Indefinite Full Time	Indefinite Part Time			Temporary Full Time		Temporary Part Time	
	F	м	F	м	F	м	F	м	
Director	16	106	-	-	1	-	-	-	
Manager	101	332	-	1	-	1	-	6	
Technicians	302	833	2	1	26	117	1	15	
Staff as per Agreement	250	1,578	1	3	28	256	1	28	
2020		Indefinite Full Time		Indefinite Part Time		Temporary Full Time	т	Temporary Part Time	

2020		Indefinite Full Time		Indefinite Part Time		Temporary Full Time	٦	Temporary Part Time
	F	м	F	м	F	м	F	м
Director	19	116	-	-	-	-	-	-
Manager	112	336	-	-	-	-	-	6
Technicians	304	809	3	2	12	58	1	15
Staff as per Agreement	229	1,477	2	3	6	24	1	24

2019		Indefinite Full Time		Indefinite Part Time		Temporary Full Time	٦	Temporary Part Time
	F	м	F	м	F	м	F	м
<30	49	242	-	-	32	183	1	-
>=30 <=50	528	2,001	1	4	22	185	-	-
>50	92	606	2	1	1	6	1	49

2020		Indefinite Full Time		Indefinite Part Time		Temporary Full Time	٦	Temporary Part Time
	F	м	F	м	F	м	F	м
<30	58	251	-	-	12	57	1	-
>=30 <=50	520	1,960	3	4	6	21	-	-
>50	86	527	2	1	-	4	1	45

\* Yearly average of the different contract models for the 2019 and 2020 tax years. The sum of the average contracts from the 2020 tax year has been completed using three variables: the workforce of the end of 2019, the workforce at the end of June 2020, and the workforce at the end of 2020

2019	Indefinite Full Time	Indefinite Part Time	Temporary Full Time	Temporary Part Time
Female	659	2	50	2
Male	2,799	5	371	53

2020	Indefinite Full Time	Indefinite Part Time	Temporary Full Time	Temporary Part Time
Female	668	4	37	2
Male	2,799	5	241	49

2019		Indefinite Full Time	h F	Indefinite Temporary Part Time Full Time			Temporary Part Time	
	F	м	F	м	F	м	F	м
Director	16	103	-	-	1	-	-	1
Manager	100	332	-	1	-	1	-	7
Technicians	302	834	1	1	28	111	1	12
Staff as per Agreement	241	1,530	1	3	21	259	1	33

2020		Indefinite Full Time	lı P	ndefinite art Time	Te	mporary Full Time	Ten Pa	nporary rt Time
	F	м	F	м	F	м	F	м
Director	18	112	-	-	1	-	-	-
Manager	101	315	-	1	-	1	-	6
Technicians	312	839	3	2	21	95	1	17
Staff as per Agreement	238	1,534	2	3	17	146	1	27

2019		Indefinite Full Time	ln Pa	definite art Time	Ter F	nporary ull Time	Tem Par	porary t Time
	F	М	F	м	F	М	F	м
<30	55	277	-	-	34	175	1	2
>=30 <=50	523	1,964	1	4	15	190	-	-
>50	81	558	1	1	1	6	1	51

2020		Indefinite Full Time		Indefinite Part Time		Temporary Full Time	١	ſemporary Part Time
	F	м	F	м	F	м	F	м
<30	56	253	-	-	24	129	1	-
>=30 <=50	525	1,994	2	4	13	108	-	-
>50	88	553	2	1	1	5	1	49

## \* Dismissals

Dismissals by Gender
emale
<b>/</b> ale
- Total

Dismissals by Category
Director
Manager
Technicians
Staff as per Agreement Tables
Total

2019	2020	Delta
4	37	825%
23	222	865%
27	259	859%

Delta	2020	2019
-	1	-
25%	5	4
717%	49	6
1100%	204	17
859%	259	27

Dismissals by Age	2019	2020	Delta
<30	3	71	2267%
>=30 <=50	21	148	605%
>50	3	40	1233%
Total	27	259	859%

\* Average compensation from the 2019 and 2020 tax years, based on different criteria of age, professional category and gender To calculate the average salary, the workforce on 31st December of the audited tax year has been used, and the yearly salaries paid (including seniority, payment in kind and complementary) are considered as the basis, and variables, and annualized when reductions in hours occur; considering all the coun-

tries in which ITP Aero operates with groups of both genders in order to achieve homogeneous groups for comparison). India has therefore been excluded from the analysis in its entirety. By taking the exact sums paid to the company's employees, the following figures reflect the influence of Labour Force Adjustment Plan described in this section.

Average salary by gender (thousands of euros)	2019	2020	Delta
Female	38.8	39.5	1.8%
Male	40.6	41.8	2.9%
Gap	-4.3%	-5.4%	23.8%

Average salary by age (thousands of euros)	2019	2020	Delta
<30	25.7	27.7	8.0%
>=30 <=50	38.8	39.0	0.5%
>50	55.8	57.8	3.4%

Average salary by category (thousands of euros)	2019	2020	Delta
Director	112.2	114.1	1.7%
Manager	57.4	54.9	-4.4%
Technicians	42.6	42.6	0.0%
Staff Tables Agreement	31.5	31.5	-0.1%

# Directors (thousands of euros) Female Average salary of board members (thousands of euros) Female \* Absenteeism Absenteeism Hours % over Theoretical H.

\*The increase in absenteeism reflects, in addition to normal cases, absences due to Covid-19 and labour disputes.

### \* Reduction in working hours:

Male

Male

Reductions	2019	2020	Delta
emale	128	90	-30%
<b>/</b> ale	81	65	-20%
Overall total	209	155	-26%

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

	2019	2020	Delta
Director	1,672	1,450	-13%
Manager	9,846	7,554	-23%
Technicians	22,668	21,075	-7%
Staff as per Agreement Tables	67,587	76,323	13%
Total	103,700*	120,528**	16%
* Includes 1972 hours of people who left on	** Includes 14 562 hours of people who left be	fore	

31st December 2019

Delta	2020	2019
-0.2%	107.5	107.7
2%	115.2	112.9
Delta	2020	2019
-	-	-
0%	73.3	73.3

Delta	2020	2019
47%	476,942	324,754
-	8,3%	5%

31st December 2020

# \* The accident rates for the 2019 and 2020 tax years

are shown below:

	2019			2020			
	F	м	Total	F	м	Total	Delta
Accidents with leave	10	39	49	2	17	19	-61 %
Accidents without leave	9	114	123	8	71	79	-36 %
Frequency	1.5	5.9	7.41	0.37	3.21	3.58	-52 %
Severity Rate	0.19	1.73	1.92	0.14 %	1.22 %	1.36	-29 %
Incident Rate	0.26 %	1.04 %	1.30 %	0.06 %	0.47 %	0.53 %	-59 %
Occupational illnesses	1	18	19	-	3	3	-84 %

Incident rate is defined as the relationship between the number of accidents registered in a period of time. and the average number of peoples exposed to the risk.

I.R. = (N° accidents with leave/ N° workers) x 100 Severity rate represents the number of working days lost per every one thousand hours worked.

S.R. = (Working days lost / Hours worked) x 1000

The frequency rate is an indicator concerning the number of accidents that occurred in a period of time in which the workers were exposed to a risk of suffering an accident in the workplace. The frequency rate corresponds to the total number of accidents with injuries per every million of hours-personnel exposed to the risk.

F.R. = (N° Accidents with leave / Hours worked) x 1000000

\* Percentage of personnel covered by agreement in each country regarding the total number of employees

		2019		2020
País	Excluded Agreement	Included Agreement	Excluded Agreement	Included Agreement
Spain	34%	42%	36%	40%
India	1%	0%	1%	0%
Malta	1%	0%	1%	0%
Mexico	8%	11%	9%	9%
United Kingdom	4%	1%	4%	1%
Total *	47%	53%	50%	50%

\* excluded and included refers to its consideration or non-consideration in

the salary tables of the agreements

\* List of the Labour Force Adjustment Plan applied in 2020

Company	Scope	Duration	Start	End	Working Days	Number Affected
ITA S.A.U.						
Zamudio ITA	Entire workforce	6 months	11-may-20	31-oct-20	31	58
TP Externals, S.L.U.						
TP Externals Bizkaia	Entire workforce	6 months	04-may-20	31-oct-20	49	120
	Entire workforce (exceptions)		14-dec-20	31-dec-21	26	93
ITP Externals Madrid	Entire workforce	6 months	04-may-20	31-oct-20	30	36
ITP NGT						
Alcobendas NGT	Entire workforce	5 months	08-may-20	30-sep-20	25	12
Zamudio NGT	Entire workforce	5 months	08-may-20	30-sep-20	25	10
ITP S.A.U.						
Ajalvir	Entire workforce	5 months	29-may-20	31-oct-20	25	552
	Direct	13 months	2-nov-20	31-dec-21	32	447
	Indirect	13 months	2-nov-20	31-dec-21	24	-
Alcobendas	Entire workforce	5 months	08-may-20	30-sep-20	25	169
Zamudio	Entire workforce	5 months	01-may-20	30-sep-20	25	1,246
	Direct		2-nov-20	31-dec-21	45	426
Precision Casting Bilbao						
	PCB - shop	3,5 months	15-jul-20	31-oct-20	15	445
	PCB - office	5 months	05-jun-20	31-oct-20	21	124

# **GRI Indicator Table**

Table of contents required by Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, in the area of non-financial information and diversity.

![](_page_53_Picture_2.jpeg)

Click on the section number to go to the respective page.

# **General areas**

Areas		Reporting Framework	Section	Com- ments/ Reason for omission		Areas
Business model	Description of the <b>Group's business</b> <b>model, which will include:</b> - Business environment - Organisation and structure - Markets operated in - Goals and strategies - Main factors and trends that may affect its future development	GRI 102-1 Company Name GRI 102-2 Activities, Brands, Products and Services GRI 102-3 Location of headquarters GRI 102-4 Location of operations GRI 102-6 Markets served GRI 102-7 Company size	1.2 1.3 1.4 1.5			Global Environment
Policy and Policy Results	A description of the policies being implemented by the group and the results of those policies, including relevant non- financial key performance indicators	103 Management approach to each area	Detailed in each of the relevant sections of this report, by virtue of the subject matter covered.			
ST, MT and LT risks	The main risks related to those issues that are associated with the activities of the group, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on those areas.	103 Management approach to each area 102-15 Main impacts, risks and opportunities	5			Pollution

	Reporting Framework	Section	Com- ments/ Reason for omission
Current and foreseeable effects of the company's activities	GRI 103 Environmental Management Approach GRI 102-11 Precautionary Principle or Approach	3.2.1	
Environmental Evaluation or certification procedures		3.2.3	
Resources dedicated to the prevention of environmental risks		3.2.3	
Application of the precautionary principle		3.2.3	
Amount of provisions and guarantees for environmental risks		3.2.3	
<b>Measures</b> to prevent, reduce or restore carbon emissions that seriously affect the environment; taking into account any activity-specific form of air pollution, including noise and light pollution.	GRI 103: Emissions/Biodiversity Management Approach	3.2.5	

Circular Economy and Waste Prevention and Management	Circular Economy	GRI 103: Effluent and waste management approach/circular economy	3.2.4 8		Climate change	<b>Important elements</b> related to greenhouse gas emissions generated as a result of the activities of the company, including the use of the goods and services it produces	GRI 103: Emissions Management Approach GRI 305-1 Direct GHG emissions (Scope 1) GRI 305-2 Indirect GHG emissions from power generation (Scope 2)	3.2.5, 6
	Waste: prevention, recycling, reuse, other forms of recovery and disposal measures.	GRI 103: Effluent and waste management approach / circular economy GRI 306-2 Waste by type and disposal method	3.2.4, 6					
						<b>Measures</b> taken to adapt to the consequences of climate change	GRI 103: Emissions Management Approach	3.2.5
	Actions to combat food waste	GRI 103: Effluent and waste management approach/circular	-	Due to its sector of				
		economy		activity, food waste is not relevant for ITP		Voluntary reduction targets	GRI 103: Emissions Management Approach	3.2.5
				Aero	Protection of biodiversity	<b>Measures</b> taken to preserve or restore biodiversity	GRI 103: Biodiversity Management Approach GRI 304-2 Significant Impacts of Activities, Products and Services on Biodiversity	3.2.4
Sustainable use of resources	Water <b>consumption</b> and water supply in accordance with local constraints	GRI 303-3 Water withdrawal	3.2.3, 6			<b>Impacts</b> caused by activities or operations in protected areas		
	<b>Consumption</b> of raw materials and the measures taken to improve the efficiency of their use	GRI 103: Materials Management Approach GRI 301-1 Materials used by weight or volume	3.2.3, 6 t					
	Direct and indirect energy <b>consumption</b> measures taken to improve energy efficiency and the use of renewable energy.	GRI 103: Emissions Management Approach GRI 305-1 Direct GHG emissions (Scope 1) GRI 305-2 Indirect GHG emissions	3.2.3, 6					

# Social and staff-related issues

Areas		Reporting Framework	Section	Com- ments/ Reason for omission
Employment       Total number and distribution of employees       G         by gender, age, country and occupational       M         category.       G	GRI 103: Employment Management Approach GRI 102-8 Information on employees and other workers	4.1, 6		
	<b>Total number</b> and distribution of modalities of employment contract	GRI 405-1 Diversity in governing bodies and employees	4.2, 6	
	Average compensation by sex, age and professional category	GRI 102-8 Information on employees and other workers GRI 405-1 Diversity in governing bodies and employees	4.2, 6	
	<b>Number</b> of dismissals by sex, age and professional category	GRI 103: Employment	-	
	Average <b>compensation</b> by sex, age and professional category	GRI 405-2: Ratio of basic salary and compensation of	4.3, 6	Compensa- tion data
		women to men		calculated on 31/12/2020
	Wage gap, compensation for equal or average jobs in society	GRI 103: Employment Management Approach GRI 405-2: Ratio of basic salary and compensation of women to men	4.3, 6	Formula used: 1 - (women's salary/men's salary)
	The average compensation of directors and executives broken down by gender	GRI 103: Employment Management Approach	4.3, 6	

Social relationships	Organisation of social dialogue	GRI 103: Management Approach Worker-Enterprise Relationships	4.11	Information in r	elation to hun	nan rights		
	<b>Percentage</b> of employees covered by collective agreements by country	GRI 102-41 Collective bargaining agreements	4.11, 6	Areas		Reporting Framework	Section	Com- ments/ Reason omissio
	<b>Balance</b> of collective agreements, particularly in the field of health and safety at work	GRI 403-4 Worker participation, consultation and communication on health and safety at work	4.11	Application of human ris procedures. Prevention rights violations and, wh measures to mitigate, m possible abuses commit	ghts due diligence of the risks of human here appropriate, anage and redress ted	GRI 103: Management approach to human rights assessment+ freedom of association and collective bargaining+ child labour+ forced or compulsory labour GRI 102-16 Values, principles, standards and norms of conduct GRI 102-17 Advisory mechanisms and ethical concerns	3.1	
Training	Policies implemented in the field of training	g GRI 103: Management approach to training and education	4.7			GRI 412-2 Employee training on policies or procedures on human rights.		
	Total <b>number</b> of training hours by professional category	GRI 404-1: Average hours of training per year per employee	4.7, 6					
Universal accessibility for people with disabilities		GRI 103: Management approach to diversity and equal opportunities and non-discrimination	4.9	Complaints about huma	n rights violations	GRI 406-1 Discrimination cases and remedial action taken	3.1, 6	
Equality	<b>Measures</b> taken to promote equal treatment and opportunities between women and men.	GRI 103: Management approach to diversity and equal opportunities and non-discrimination	4.12	Promotion and observar of the fundamental ILO of concerning respect for f and the right to collectiv elimination of discrimina and occupation, elimina compulsory labour, and child labour.	ace of the provisions conventions reedom of association re bargaining, ation in employment tion of forced or effective abolition of	GRI 103: Non-Discrimination management approach GRI 406-1 Discrimination cases and corrective actions taken GRI 407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk GRI 408-1 Operations and suppliers with significant risk of cases of child labour	3.1	
	Equality plan measures taken to promote employment, protocols to tackle sexual and gender-based harassment.		4.12			GRI 409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour		
	Integration and universal accessibility of people with disabilities		4.9					
	Policies against all forms of discrimination and, where appropriate, for the management of diversity.		4.12					

# Information about the Company

		Reporting Framework	Section	Com- ments/ Reason for omis- sion	Consumers	<b>Measures</b> for the healt and safety of consume	h GRI 103 Customer Health and rs Safety Management Approac + Marketing and labelling + Customer privacy	3.5 h	
e company's mmitment sustainable velopment	<b>Impact</b> of the company's activity on employ- ment and local development	GRI 103 Approach of Local community management + indirect economic impacts GRI 203-2 Significant indirect economic impacts	3.3			Complaint <b>systems</b>		3.5	
		GRI 102-43 Stakeholder engagement approach GRI 413-1 Operations with local community participation,				<b>Complaints</b> received a their resolution	nd	3.5	
	<b>Impact</b> of the company's activity on local populations and on its land	evaluations of impact and development programs	3.3		Tax information	Benefits obtained cour by country	ntry GRI 103: Economic performance management approach	3.6	
	<b>Relationships</b> maintained with local community actors and the modalities of dialogue with them		3.3			Tax on profits	GRI 103: Economic performance management approach	3.6	
	The actions of association or sponsorship.	GRI 102-12 External initiatives GRI 102-13 Membership in associations	3.3			Public <b>subsidies</b> receiv	ed GRI 201-4 Financial assistance received from the governmen	ə 3.6 it	
Subcontracting and					Information	n related to anti-co	orruption and bribery		
pcontracting and	Inclusion of social, gender equality	GRI 103 Management Approach	3.4						
ocontracting and opliers	<b>Inclusion</b> of social, gender equality and environmental issues in procurement policy	GRI 103 Management Approach to Procurement Practices GRI 102-9 Supply chain GRI 308-1 New suppliers that have passed evaluation and selection filters according to	3.4		Areas		Reporting Framework	Section	
iocontracting and ppliers	<ul> <li>Inclusion of social, gender equality and environmental issues in procurement policy</li> <li>Advising in relationships with suppliers and subcontractors of their social and environmental responsibility</li> </ul>	GRI 103 Management Approach to Procurement Practices GRI 102-9 Supply chain GRI 308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria GRI 414-1 New suppliers that have passed selection filters according to social criteria	3.4		Areas Measures taken te bribery	o prevent corruption and	Reporting Framework GRI 103 Anti-corruption management approach GRI 102-16 Values, principles, standards and norms conduct GRI 102-17 Advisory mechanisms and ethical conce GRI 205-2 Communication and training on anti- corruption policies and procedures	3.1 s of erns	
ocontracting and opliers	<ul> <li>Inclusion of social, gender equality and environmental issues in procurement policy</li> <li>Advising in relationships with suppliers and subcontractors of their social and environmental responsibility</li> <li>Monitoring and audit systems and results</li> </ul>	GRI 103 Management Approach to Procurement Practices GRI 102-9 Supply chain GRI 308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria GRI 414-1 New suppliers that have passed selection filters according to social criteria	3.4 3.4 3.4		Areas Measures taken to bribery Measures to com	o prevent corruption and bat money laundering	Reporting         Framework         GRI 103 Anti-corruption management approach         GRI 102-16 Values, principles, standards and normal         conduct         GRI 102-17 Advisory mechanisms and ethical conce         GRI 205-2 Communication and training on anti-corruption policies and procedures         GRI 205-2 Communication and training on anti-corruption policies and procedures	Section 3.1 erns 3.1, 6	

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