



# SALTO SYSTEMS ESG

SALTO SYSTEMS S.L.

## **Non-Financial Information Report 2020**



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## NFIR 2020

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# 01. Presentation

2020, one of the toughest years since Salto was founded in 2000, was of particular significance for the company.

Not just because of how flexible it was and how quickly it adapted to the special circumstances brought about by the COVID-19 pandemic, but also because of the milestones achieved in a number of fields. As of 31st December 2020, the SALTO Group had more than 1,200 employees, including the acquisition of Gantner; however, the figures herein are based on a workforce of 750 employees prior to acquiring Gantner.

It has 51 offices in 35 countries and sales in excess of €200 million, 97% of which are exports.

In 2020, Salto acquired the Austrian company Gantner Electronic Austria Holding GmbH, making it the third largest company in its industry and the world leader in electronic access control. This acquisition follows others in recent years (Clay -NL- and Danalock -DK-) and strengthens its position in cloud, mobile access and customer-centric solutions such as ticket sales and cashless payment systems. The acquisition of Gantner has strengthened Salto's commitment to research and development, a key pillar to fuel dynamic growth.

With one of the world's largest access control product portfolios, SALTO can meet virtually any technical and functional requirement, including the “contactless” solutions that have gained so much traction throughout the COVID-19 pandemic.

Thus, SALTO access control solutions can cover virtually all of a building's access points along with those on its perimeter.

This past year has also seen significant strides made in socio-environmental matters. Firstly, the ESG strategy was updated with a detailed materiality analysis aligned with the SDGs set out in the 2030 Agenda, establishing 5 priority lines of action as well as adhering to the Global Compact.

As a significant environmental milestone, Salto pledged to become a carbon neutral company and, for the first time, offset the CO2 emissions generated in the previous year as well as installing new solar photovoltaic panels. Also worth highlighting are the efforts made in obtaining EPDs for a larger number of products and in the management of WEEE waste in the European subsidiaries.

Further details of these initiatives and others conducted throughout the year are described in the environmental section of this report.



In social terms, the effort made to roll out Working from Home is of particular significance, which was not seen as a one-off brought about by the pandemic, but something that is still being looked into with a specific working group created for this purpose. Also within the framework of the COVID-19 pandemic, the facilities were adapted to meet governmental requirements in the field of health and social care, with considerable flexibility, and therefore underwent changes throughout the year. The variable bonus was raised by 25% as a token of appreciation for the joint effort of the entire Oiartzun factory and, in terms of equality, Salto's first Equality Committee was set up.

## About the report

This non-financial information report seeks to respond to the requirements set forth in Law 11/2018 pursuant to the international reference standards. The aim is to inform about the most significant information on the company's economic, social and environmental performance in 2020.

### Scope of the information

This is the third report on this matter drawn up by the company. This year, we went to great lengths to provide more information than in previous reports. The company's information systems are being adapted; however, it has not yet been possible to segregate some information to the level of detail required by law. The indicators and data presented are those collected by the company's systems that meet the international **Global Reporting Initiative (GRI)** standard. A table at the end of the report shows the relationship between the data provided, the GRI



indicators and the corresponding **SDG** in each case.

This report includes a larger amount of data referring, not only to the company's HQ in Oiartzun, but also global company data, including the Business Units (BUs) spread over the 5 continents. In spite of the significant effort made thus far, we are working along these lines with the ultimate goal of being able to provide all the information required for the company as a whole.

## 02. Business Model



Founded in Irún (Spain) in 2001, SALTO Systems is a world leader in developing and manufacturing state-of-the-art electronic access control solutions, in particular in industries where security is of the utmost importance.

The company shook up access control with a trailblazing approach that included the first self-contained, battery-powered electronic lock; SALTO Virtual Network (SVN) data-on-card technology; and the first wireless access control system that combined a self-contained locking device with online and real-time capabilities, all without using wires or mechanical keys. More recently, the company's technological expertise has led to SALTO becoming consolidated as a leader in cloud-based access control technology and mobile access solutions alike.

SALTO has supplied more than **5 million access points worldwide, used by roughly 40 million people every day**. SALTO has local sales and technical offices in 34 countries and a network of channel partners that extends its reach to almost every region of the world.

SALTO is certified in accordance with the **ISO 9001** quality management standard, as well as the **ISO 14001** environmental management standard and is in the process of obtaining the **ISO 27001** information security management

standard certification (Clay has obtained it).

We strive to be an **attractive company for SALTO employees**.

We are committed to fostering talent, collaborating with universities and promoting training, professional development and job satisfaction throughout the careers of all our employees. In doing so, we expect our employees not only to work responsibly and efficiently, but also to be passionate about and enjoy their jobs.

The wonderful team formed since the company's beginnings means we can continue to create sustainable value in the industries and locations we operate in.

We are aware that we are part of a much larger web in which our lives as people are lived. Therefore, we feel we have a **two-fold responsibility: to global sustainability and to the environments we operate in**. This responsibility goes far beyond corporate goals; it is our firm and ongoing commitment to fostering a range of activities that are in line with these principles.

CSR in recent years has been largely channeled through **Free2Move.org**, promoting adaptive sport with a view to achieving greater social integration.

## Ethical framework

Since its beginnings, SALTO has seen itself as a leading and innovative company in the field of electronic locks.

It has strong values that highlight the role of people in the organization and their responsibility before customers and society in general. It is not just about achieving a satisfactory result; it is also about how to go about achieving those results.

The aim is to exercise ethical and transparent leadership, focused on values while responding to the expectations of integrity placed on the company, to comply with the law and to be consistent when it comes to practicing what we preach.

The Code of Conduct drawn up in 2019 clearly sets out how SALTO sees “ethical behavior” and the basic principles of integrity in its field.

It is a guide that brings together all ethical actions regarding the company's activity regardless of the country it operates in, ensuring not only respect for the specific legislation of each nation, but also respect for the different cultures and their ethical principles. This Code also provides information on how to report possible breaches through the direct communication channels put in place for this purpose.

These ethical principles are known and assumed by all company employees and by suppliers and subcontractors. They are asked to draw up a Statement of Compliance on social, gender equality and environmental issues that must be adhered to if they wish to work with Salto.

In 2020, the Compliance project was conducted with a detailed risk analysis by area and the formation of a specific Committee.



## VALUES

- 1 / Ability to be self-critical
- 2 / Customer-focused
- 3 / Urge for improvement
- 4 / Collaboration
- 5 / Passion



## Strategy

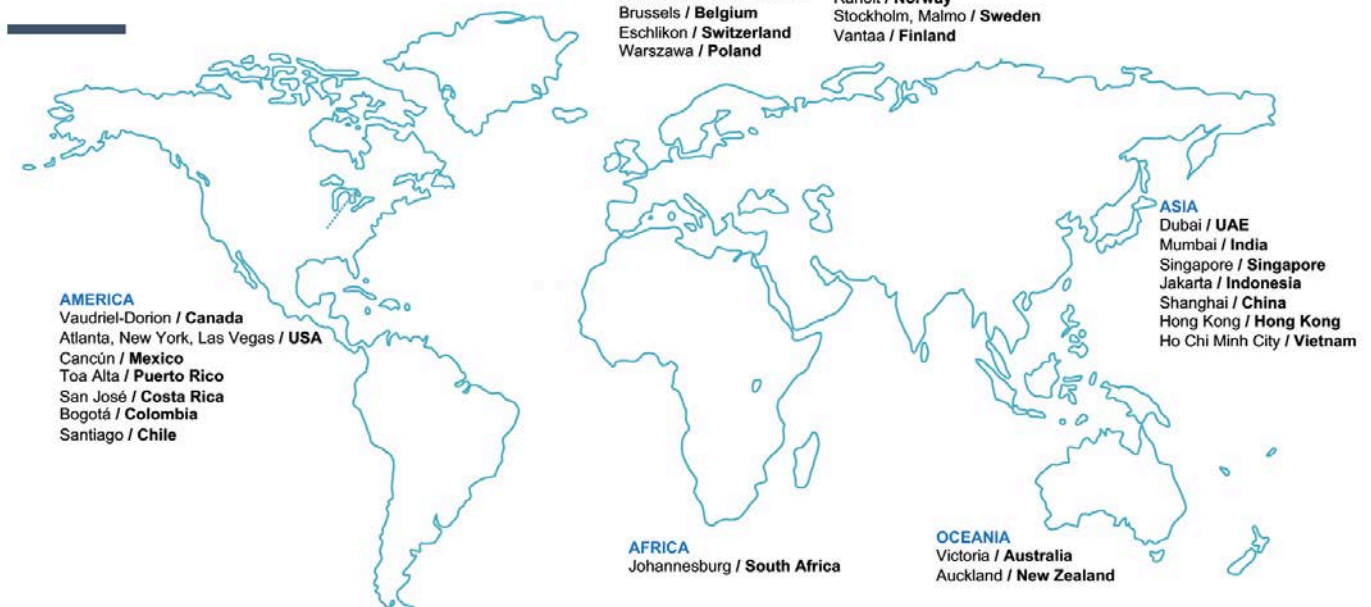
The **strategic pillars** for the 2019-2021 three-year period are as follows:

1. Global presence: that customers, wherever they are, can be helped by Salto staff.
2. Powerful and trustworthy brand presence.
3. Organic and inorganic growth to take advantage of market opportunities.
4. Attentive to new market opportunities where we can seek out new ways to add value.
5. Foresee key technological developments for the industry.
6. Integration and development capacity to deal with market opportunities.
7. Give priority to local manufacturing.
8. Robust, market-driven product that responds to customer needs.
9. Development of the structure and people to meet present and future demands and challenges.
10. Processes under control and constantly striving for improvement.

These pillars are implemented in the different departments through their specific strategic objectives, which are reviewed on an annual basis. This process has recently been implemented, including participation from staff.

In the Oiartzun production plant, 99.5% of SALTO's product is manufactured with residual assembly at the Conlan plant. The direct presence in 35 countries with sales and service staff means that our products are available all over the world, in 137 countries in 2020. The number of installed access controls exceeds 5 million and the number of daily users exceeds 40 million.

## COMMITTED TO OUR CUSTOMERS



SALTO's target markets and their share of the company's total sales are listed below.


**22.5%**



**COMMERCIAL**  
Media City UK

- Office & industrial buildings
- Transportation
- Government
- Leisure and entertainment

**18%**



**EDUCATION**  
Princeton University

- Universities
- Schools
- R&D institutions

**12.2%**



**HEALTHCARE**  
Cleveland Clinic Abu Dhabi

- Hospitals
- Assisted living
- Home care
- Laboratories

**19.6%**



**HOSPITALITY**  
Hilton Hotels

- Hotels
- Cruises



**6%**



**WORKING SPACES**  
Regus - IWG

- Co-working spaces

**0.9%**



**RETAIL**  
Loreak

- Fast food & restaurant chain
- Supermarket & discount stores
- Fitness center and gym franchises
- Banking and insurance
- Clothes and fashion stores

**4.6%**



**CO-LIVING**  
The Student Hotel

- Co-living spaces
- Student accommodation
- Serviced apartments

**16%**



**RESIDENTIAL**  
Danalock

- Residential / home living
- Multi-family housing
- High-end residential
- Rental properties / apartments



With the acquisition of Gantner in 2020, along with Clay and Danalock in previous years, Salto's offering has been expanded and strengthened in various fields such as cloud, mobile access, ticketing systems and cashless payment.

The operation was financed through a capital increase, bank financing and cash. The capital increase amounts to €125 million and was

endorsed by existing shareholders such as ALANTRA (SP) as well as new investors such as SOFINA (BE), PENINSULA CAPITAL (LUX) and FLORAC (FR). The financial investors hold a combined 30% stake in SALTO, while the remainder is held by the founding members and managers of SALTO (60%) along with private investors (10%).



## PRIMARY COMPANIES INCORPORATED INTO THE SALTO

### CONLAN

Access control solutions manufacturer founded in 1991 and whose headquarters are in Denmark, offers high-quality, reliable and robust access security systems and digital control readers.

### Clay

Founded in 2012 and based in Amsterdam, it offers a wireless and cloud-based access control solution that we sell under the SALTO KS brand.

### danalock

Founded in 2003 and based in Denmark, it is the technology and thought leader in residential smart locks and has recently launched the third version of its Smartlock motorized lock. It is suitable for European, including Scandinavian, North American and Asian markets.

### Gantner

Founded in Schruns (Austria) in 1982, Gantner is widely regarded as a trailblazer in contactless electronic access control and time recording systems in its primary market segments.

Gantner offers its customers solutions based on RFID and NFC technology for use in fitness centers, public swimming pools and spas, theme parks, universities and libraries, and in commercial properties and public buildings.

## Organization

Salto Systems has a Management Committee that oversees the day-to-day management of the company and which, in 2020, comprised 10 people from different departments. It undertakes to allocate all the necessary resources and to periodically monitor compliance with the Management System, in such a way as to provide an ongoing response to clients' needs and requirements, comply with health and safety regulations and guarantee respect for the environment.

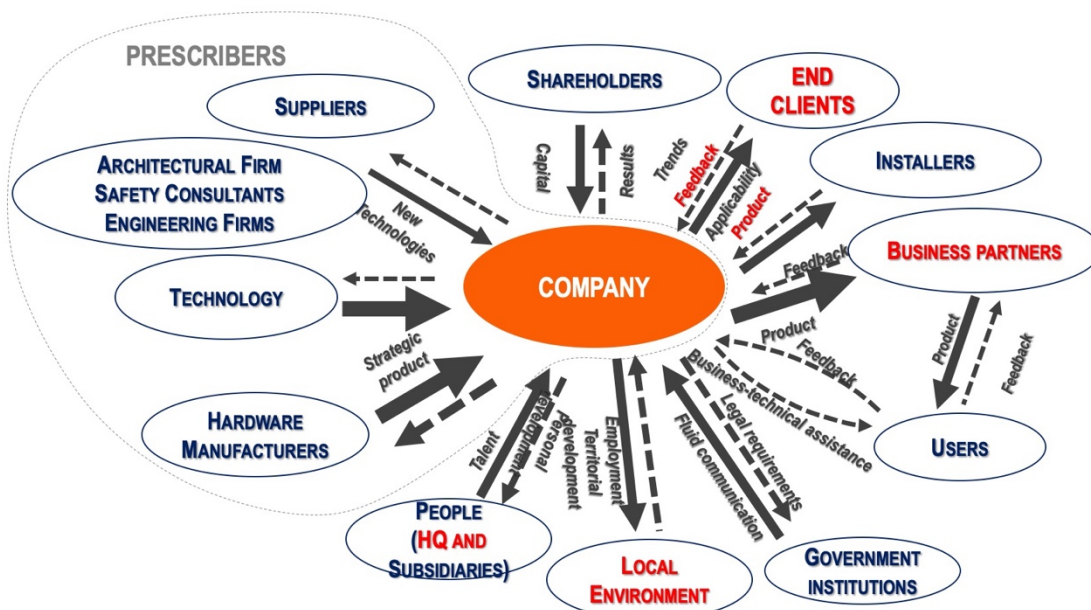
In 2020, and as a result of the acquisition of Gantner, a capital increase was carried out and new shareholders joined the Board of Directors, as mentioned at the beginning of the report.

## Stakeholders

In 2020, stakeholders, their needs and expectations were reviewed as the starting point for the company's risk and materiality analysis. All of them are currently being dealt with through the implementation of different control and communication mechanisms and the strategic guidelines and challenges that have stemmed from the stakeholder analysis.

The following can be highlighted as specific aspects related to this report:

- Communication and direct actions with the Local Environment group were strengthened through Sustainability and Social Responsibility actions.
- There was increased interest in Sustainability from different stakeholders (suppliers, customers, employees, new Board of Directors, etc.) and the need to demonstrate Salto's commitment.



# Operations

## SMART DOOR LOCKING SOLUTIONS

Smart Door locks

### TECHNOLOGY PLATFORM

Mobile keyless experience  
management platforms



### VERTICAL MARKETS

Customers, type of building and market  
applications.

## " Production

One of the world's largest factories and electronic lock production plants (+9,000m2).

LEAN methodology rolled out in all production areas with results of 50% inventory reduction + 95% reduction of assembly errors + 2 days lead time.

Just In Time deliveries with some suppliers; by working with them on their development and infrastructure provision. Priority has been given to workshops employing people with disabilities, increasing recruitment.

- Production capacity of 750,000 units/year.
- 100% manufactured in Spain in our own facilities.
- 70% of the electronic components are sourced from local suppliers (less than 150 km away).

## " Logistics

A fully automated plant to guarantee the best service and maximum flexibility to manage shipments and orders.

- 6,000 daily movements
- 16,800m2, 28m-high silo.
- Capacity for 3,700 pallets

## " R & D

More than 50% of sales come from products developed within the last 4 years.

- 117 people in the R&D&I department (16% women)
- 10 new products launched in 2020.

## " Service

- 51 offices in 35 countries
- 97% exportation

## Technology and Innovation

Salto has made a firm commitment to R&D&I since it was founded. The **technology** used in its products and services has been **developed internally** and, for some years now, environmental sustainability criteria have been progressively **incorporated into the design and manufacturing** process of the products.

In 2019, the first **Environmental Product Declaration (EPD)** was awarded for the *XS4 Original* product, a certificate that reports on the environmental impact of the product throughout its entire life cycle. This milestone is part of the company's firm commitment to minimizing the environmental impact of its activity, which continued in 2020. In the last year, work continued in this field with a view to obtaining

EPDs for 2 additional products by 2021.

Work has been ongoing for 10 years with BioCote to integrate silver ion antimicrobial technology into smart electronic locks. In 2020, it has been incorporated into the new SALTO Neo electronic cylinder.

The packaging of the different products has also been designed in accordance with environmental criteria and is currently FSC certified.

With the acquisition of Gantner, Salto now has an **R&D&I department** with almost 120 staff in 3 countries:

Holland, Denmark and Spain.

## SMART LOCKING PLATFORM

### DESIGNED TO BE SECURE AND RELIABLE

#### TECHNOLOGY

##### Smart, keyless & mobile

SVN. Stand-alone, virtually networked, wired and BLUEnet wireless smart locks, all working within a single access control technology platform.

#### LOCK CONNECTIVITY

##### Wireless real-time, online and mobile enabled

Effectively extending real-time, online and mobile enabled smart electronic access control.

#### DESIGN

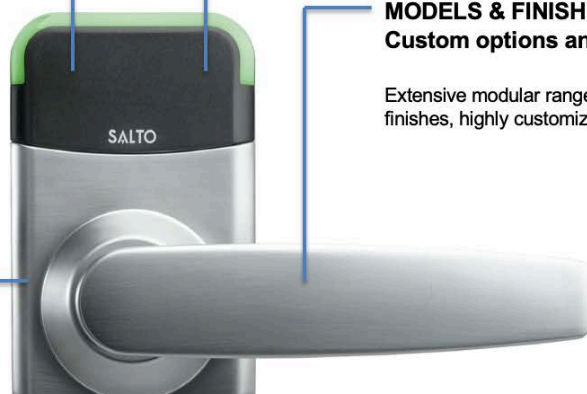
##### Easy to install & retrofit

Broad range of products, models to suit any access point throughout the building.

#### MODELS & FINISHES

##### Custom options and models

Extensive modular range of surface finishes, highly customized features.







SALTO's mechanical testing laboratory has the capability to perform accredited static and dynamic tests according to each standard, both at room temperature and at high and low temperatures, as well as in conditions involving water and condensation.

Capability to perform specific mechanical, electronic, water and fire tests.

In this team, 14% are women and expenditure and investments in 2020 were over €9.3 million. Gantner's firm commitment to research and development was one of the key motives that led SALTO to acquire it.

Its innovative locking, cashless payment and ticketing solutions enrich and diversify SALTO's product offering while enhancing the end-user experience.



# 03. Risks and Policies

## Risks

In 2020, SALTO's management ratified the purpose, business challenges and associated risks set out for the three-year period 2019-2021. In accordance with these guidelines, each area updated its risk analysis procedures and opportunities for improvement, from which it set out the objectives for the year. In 2020, the most relevant risks for the company regarding this report are as follows:

PROCESS	THREATS - PROCESS RISKS
POLICIES AND STRATEGIES	<ul style="list-style-type: none"> <li>* Use of non-representative indicators</li> <li>* Insufficient monitoring and evaluation</li> </ul>
ENVIRONMENT AND COMMUNICATION	<ul style="list-style-type: none"> <li>* Inadequate monitoring of CSR planning and indicators</li> <li>* Accidents with an environmental impact</li> <li>* Non-compliance with legal environmental requirements</li> </ul>
IDEATION	<ul style="list-style-type: none"> <li>* Delay in the concept validation.</li> </ul>
PRODUCT DESIGN AND LAUNCH	<ul style="list-style-type: none"> <li>* Failure or unfeasibility of the project at an advanced stage</li> <li>* Poor coordination and failure to meet deadlines.</li> <li>* Loss of know-how</li> <li>* Failure to take advantage of collaborations with partners</li> <li>* Problems concerning product certification</li> </ul>
MARKET LAUNCH	<ul style="list-style-type: none"> <li>* Not knowing how to transmit knowledge to BUs: new products, technologies, functions, business models.</li> </ul>
PRODUCTION AND DELIVERY	<ul style="list-style-type: none"> <li>* Orders that remain unprocessed</li> </ul>
AFTER-SALES	<ul style="list-style-type: none"> <li>* ISSUES resolution takes too long to be resolved</li> </ul>
PEOPLE MANAGEMENT	<ul style="list-style-type: none"> <li>* Loss of talent</li> <li>* Creation of new posts without defining the profile</li> <li>* Lengthy performance evaluation and training needs</li> </ul>
PURCHASES AND SUPPLIERS	<ul style="list-style-type: none"> <li>* Lack of suitable suppliers</li> <li>* Not knowing how to meet an innovation specification</li> <li>* Non-fulfillment of service due to stock-outs</li> </ul>
ADMINISTRATIVE-FINANCIAL MANAGEMENT	<ul style="list-style-type: none"> <li>* Legal non-compliance</li> <li>* Poor implementation of common systems</li> <li>* Client insolvency</li> <li>* Errors in the manual uploading of the monthly consolidated accounts</li> </ul>
INFORMATION MANAGEMENT	<ul style="list-style-type: none"> <li>* Security threats that may affect the confidentiality, integrity or availability of systems and data.</li> </ul>

## Policies

In order to respond to the aforementioned pillars/strategic orientations and taking into account the risks stated above, SALTO set out corresponding company policies that specify the company's commitments and ways of doing business in different areas.

The policies that are most relevant to the matters covered in this non-financial report are set out below.

### Quality and Environment Policy

The company has a specific policy that seeks to ensure compliance with client requirements and environmental protection at all times. This policy is communicated to everyone in the organization and to people or organizations working for or on behalf of the organization, through various awareness-raising and internal communication campaigns. It is given to all new workers when they join the company (Coexistence Guide), as well as to everyone working for the company or on its behalf (subcontractors). It is available on the [website](#) for any person or entity that may request it.

### CSR Policy

Social awareness has been important for the company right from the outset and, in recent years, it has gone to great lengths to bring together everything the company is doing in this area and for it to be of a more strategic nature. For this purpose, the **Sustainable Development Goals (SDGs) 2030** set out by the United Nations have been taken as a reference framework.

In 2020, the company's materiality matrix was updated, identifying the priority SDGs for SALTO for the next three years. Following the analysis, the SDGs to which SALTO will seek to make the greatest contribution are as follows:

## SUSTAINABLE DEVELOPMENT GOALS



## Materiality

In 2020, the first materiality matrix created by Salto in 2017 was updated, fulfilling the commitment made in that year to renew it every three years.

The aim of this review was to update the key social and environmental impact areas for SALTO and its stakeholders.

This exercise was conducted in early March, prior to the COVID-19 lockdown, and was subsequently ratified after analyzing whether the pandemic modified SALTO's commitments. This analysis was passed by the Steering Committee

As part of the drawing up process, the company's numerous stakeholders were taken into account and the key ones were prioritized for the next three years: employees, end consumers and the local community. In this deliberation, as well as looking at the prioritized groups, we conducted an in-depth review of SALTO's

performance, the main areas and specific actions that had been worked on.

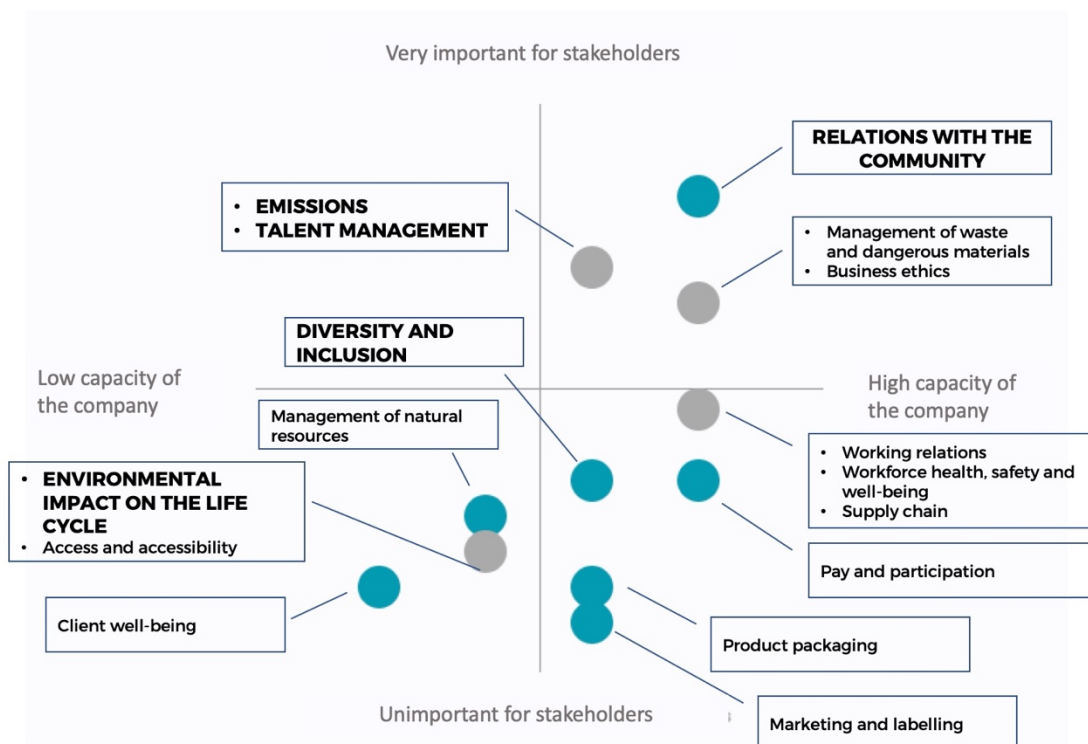
The external context and trends for the coming years were also discussed on several topics, namely: circular economy, diversity and equality and ESG transparency.

As well as these 2 inputs, SALTO's internal objectives and the identified risks and opportunities were also analysed.

With the inGUru+ tool developed by Adeg, which SALTO helped to design, the importance given to the different socio-environmental areas by each of the prioritized stakeholders was evaluated.

This tool takes into account the sectoral material areas set out by the Sustainable Accounting Standards Board (SASB).

The following image shows the matrix set out by SALTO for the coming years.





Following the analysis of the aforementioned matrix, 5 areas were selected to focus efforts over the next 3 years. Specifically:



In dealing with SDG 10, Reducing inequalities, consideration will be given to actions and/or projects that can also contribute to some extent to SDGs 1 and 2 (End Poverty and Zero Hunger).

These 5 areas on which SALTO's ESG efforts will be focused are directly related to the strategic pillars set out for the three-year period, as shown in the image below.

ORIENTATIONS / STRATEGIC PILLARS	2020-2022 AREAS OF MATERIALITY				
	EMISSIONS	ENVIRONMENTAL IMPACT OF THE LIFE CYCLE	RELATIONS WITH THE COMMUNITY	DIVERSITY AND INCLUSION	TALENT MANAGEMENT
A strong, market-oriented product that will respond to the client's needs.					
Making local manufacturing a priority.					
Getting ahead of the key technological developments for the sector.					
Global presence: where the client can be dealt with by Salto personnel regardless of where they are.					
Organic and non-organic growth for taking advantage of the market opportunities.					
Mindful about new market opportunities where we will be able to provide our added value.					
Integration and development capacity in order to deal with the market opportunities.					
Processes under control and permanently in search of improvements.					
Development of the structure and people in order to respond to present and future challenges and demands.					
A strong brand presence which generates trust.					

For each of the materiality areas, specific actions to address them were set out in 2020. This report reflects the results of the activities carried out in 2020.

## 04. Environmental matters

SALTO has held the **ISO 14001 certification** for the company's Environmental Management System for many years. A specific environmental responsibility process has been set out that includes the systematic approach to environmental performance and key operations to minimize negative impacts.

Furthermore, a quarterly review of the applicable environmental regulations is conducted and compliance with it is analyzed.

As well as this certification, the company is committed to obtaining **Environmental Product Declarations (EPD)** for the main products in its portfolio. In 2019, the first one was obtained and, in 2020, work has been carried out on certain product families so as to be able to apply for new EPDs in 2021.

The company also has specific environmental management practices set out for:

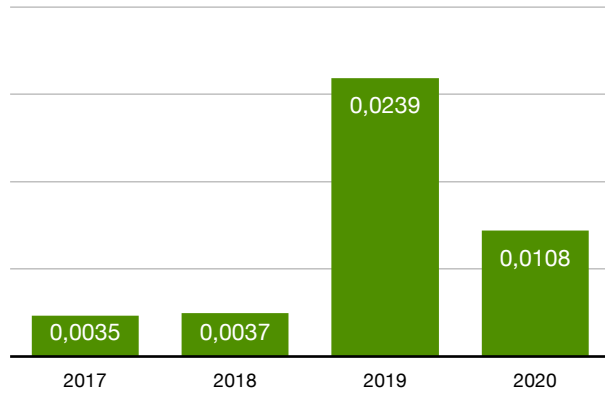
- Hazardous waste management
- Non-hazardous waste management
- Packaging management
- Operational control: ensuring that environmental aspects are taken into account in design, procurement, production, use and final processing.
- Environmental emergency response
- Good environmental practices for everyone in the organization.

The noise level in 2020 was kept at 56dBA, which is a normal level for the activity being carried out.



## Waste / Circular economy

**Hazardous waste (kg)/ Vol. Production** HQ Data



In 2020, 2% less units were produced than in the previous year, so it could be deduced that the reduction of both hazardous and non-hazardous waste was highly significant in the last financial year.

*The information here refers to Salto HQ, with a view to comparing with previous years. BU data are provided on an individual basis as this is the first year for which data are available.*

### Non-hazardous waste

In 2020, **non-hazardous waste was cut down by 31% (HQ)**. As in previous years, the main source of non-hazardous waste was paper and cardboard packaging.

In 2020, the reduction of scrap metal as waste is worth highlighting. This was because material is no longer unassembled at SALTO and there was a reduction in the return rate.

In BUs, the volume of non-hazardous waste in 2020 was 23 tonnes.

No significant spills were reported during the reporting period.

### Hazardous waste

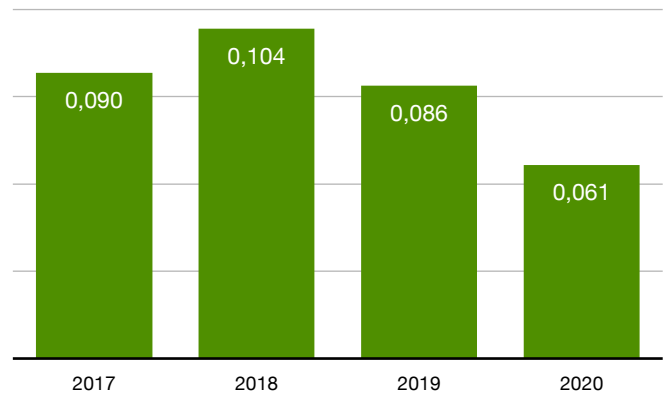
In 2020, **hazardous waste was reduced by 56% (HQ)**. In 2019, hazardous waste from defective or obsolete, intact and undismantled SALTO products started being measured. These accounted for 90.5% of the total and became the primary source of hazardous waste by volume.

In 2020, WEEE from returns and defective Salto products accounted for 72% of the total, followed by WEEE from discarded IT equipment (13%) and defective circuit boards (7%).

All this waste was managed through the corresponding waste manager.

In BUs, the volume of hazardous waste in 2020 was 2.3 tonnes corresponding to their IT equipment.

**Non-Hazardous Waste (kg)/Vol. Production** HQ Data



## Sustainable use of resources

Since the company was founded, the rapid and exponential growth of the business has led to the optimization of resources becoming one of the company's primary objectives.

There are currently no products that are **reused**. For some years now, R&D has been working on aspects such as eco-design and circularity.

When it came to packaging, and due to the high quantity generated by small-sized products distributed all over the world, we started designing boxes for multiple packages of the units with the highest number of sales. These boxes are expected to be rolled out in 2021.

### Water

As mentioned in previous reports, water consumption is not a relevant matter, as the only water used is for sanitary and drinking purposes, there is no process water.

The water used is from the general network, and the discharges are only from sanitary use and rainwater, so they also go to the sewage network. Since the end of 2018, water consumption has been monitored regularly by direct meter readings, as monitoring the bills from the City Council and the Group of Municipalities leads to long delays as they group together 3 to 4 months of consumption, which makes it difficult to make quick decisions. Through the current meter monitoring, as well as having more direct information on consumption, we are able to detect possible leaks by comparing consumption from one month to the next. Water consumption has been assessed as an environmental impact, but bearing in mind that this is not an area experiencing water stress, there are no droughts and there is no shortage of water.

Although consumption is minimal, measures such as dual flush cisterns, flow-reducing taps, etc. are taken.

**A total of 2,613 m3** (1,627 m3 at HQ, a decrease of 14% compared to the previous year, and 985.96 m3 in BUs) were consumed in 2020. The reduction at HQ is down to the fact that consumption was primarily for sanitary use and a large number of employees worked from home for most of the year. In BUs, this is the first year for which data is available.

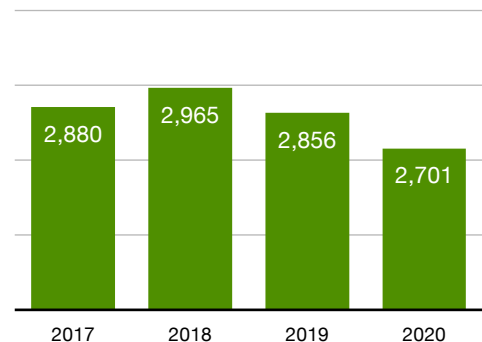
### Materials

In 2020, consumption of parts reached 1,785 tonnes, a reduction of 8% compared to the previous year. It is closely followed by cardboard and paper (office and product) and circuit boards. The total volume of materials consumed in 2020 was 2,027.5 Tonnes (2,021 Tonnes at HQ with a decrease of 6% compared to 2018 and 6.5 Tonnes in BUs). In BUs, the consumption of materials was mainly office paper.

The cardboard and paper come from renewable sources and are 100% recycled. Plastic pallets are 98% recycled.

**Material Consumption (kg)/Vol. Production**

HQ Data





## Energy

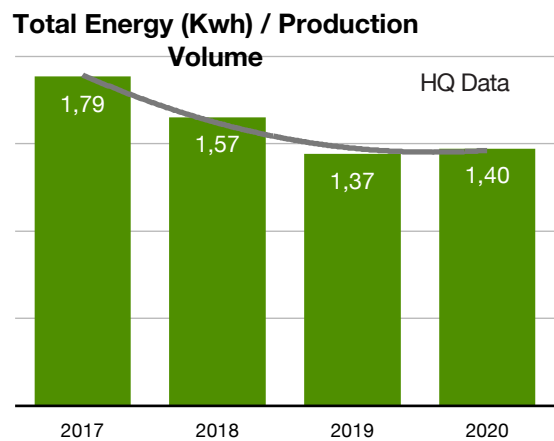
In this area, the efforts made in previous years were continued in 2020. The main actions are as follows:

- Offset 100% of CO2 emissions emitted in 2019.
- Electricity consumption from 100% renewable energy sources.
- Improved energy efficiency in indoor and outdoor lighting by incorporating LED technology. It represents an average saving of 50% in installed power and up to 70% in electricity consumption.

The energy consumed at Salto comes from different sources: electricity from the grid and

### Total Energy

The total energy consumption at HQ per production volume has been decreasing in recent years thanks to the numerous measures that have been taken. In 2020, consumption was 946 MWh, similar to the previous year. Although consumption was the same, 2% fewer units were produced in 2020, so, proportionally, consumption per unit produced has increased slightly.



The breakdown by energy source is as follows:

#### Electrical Energy.



In 2020, 732 MWh were consumed at HQ, of which 14.5% was self-generated energy thanks to the photovoltaic panels that were installed in 2018. The target in this area is to reach 20%. Of the electricity consumed in 2020, **100% is from renewable sources**. 450.7 MWh were consumed in the BUs in 2020, 15% of which came from renewable sources.

#### Natural Gas.



Natural gas consumption in 2020 at HQ was 215 MWh, a reduction of 2% compared to the previous year. In the BUs, consumption was 136.5 MWh.

## Climate change

Salto's commitment to *Climate Action* is firm and many of the initiatives that have been carried out regarding the environment are aimed at making a positive contribution to this significant challenge. The aforementioned energy consumption management measures are a clear example of the company's commitment in this field, as well as the installation of photovoltaic panels for self-consumption of energy, the planned EPD certification for the Salto products with the largest market presence along with calculating the company's carbon footprint.

### Emissions of CO<sub>2</sub>

In 2020, greenhouse gas (GHG) emissions continued to be measured in great detail. Information has been collected from BUs with a view to offsetting the SALTO Group's total emissions worldwide.

GEI EMISSIONS	Tonne CO <sub>2</sub>	
Direct (Scope 1)	58.93	Natural gas (heating). 2% reduction at HQ compared to 2019 down to the year's climatology.
Indirect (Scope 2)	119.37	Electricity. 100% renewable energy at HQ. These emissions correspond to the BUs.
Other indirect (Scope 3)	1939.78	Business trips by Salto employees. Not a substantial year because of reduced travel due to the COVID-19 pandemic. There was a significant increase in online meetings, which cut down on unnecessary face-to-face meetings, especially in other countries.
<b>Total</b>	<b>2139.14</b>	

The data in the table corresponds to SALTO as a whole.

In the case of HQ, the **reduction compared to the previous year was 51%** because electricity consumption was 100% renewable.

These CO<sub>2</sub> emissions generated will be fully offset over the course of 2021 by supporting various environmental projects. Salto's goal of becoming a carbon neutral company was already achieved in 2020 by offsetting emissions through the ECODES ZeroCO<sub>2</sub> initiative.

### Other emissions

Salto does not use ozone-depleting substances, except for a small amount of solvent in a production process which, due to its low quantity, has been excluded from the Basque Government's emission controls. Emission of nitrogen oxides (NOX), sulphur oxides (SOX) and other significant emissions are also not applicable.

# 05. Social and staff matters

Since it was founded in 2001, Salto has undergone unprecedented and rapid growth. In just 20 years, the number of employees has grown from 10 to more than 750 before the Gantner takeover, with 30 different nationalities who use English as a common language. This growth has been possible thanks to our employees and we are still striving to maintain the humanistic philosophy that has guided the company's strategy and actions since its beginnings.

The human resources policy starts by investing significant resources right from the selection process. Once the right person has been identified and recruited, a customized onboarding process is carried out, focusing on aspects such as the employee's expectations in the company, their training needs and how they want to progress in the company. As well these aspects, special attention is paid to areas such as work-life balance, flexibility, and rest areas, so that the company is attractive to employees. This so-called *emotional salary* leads to higher productivity which is down to excellent working conditions.

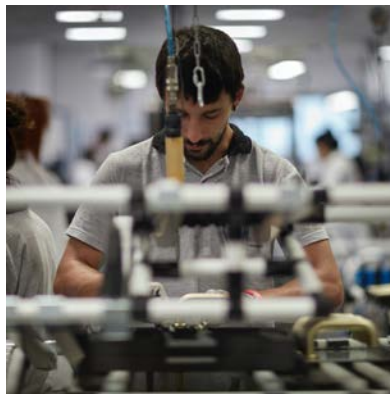
COVID-19 has posed serious challenges for everyone and SALTO has always prioritized the health of all SALTO employees. The following measures carried out since the outbreak of the pandemic can be

- Remote working from March to June by 100% of office staff who did not provide direct support to production. The subsequent de-escalation was disrupted in November following a spike in cases. From then until September 15th 2021, employees could choose to work from home on a case-by-case basis. The aim of this measure was none other than to respond to the different feelings people had given the special circumstances of the pandemic.
- Online meetings were encouraged and visits by external staff were kept to a minimum. This meant that some of the services such as car cleaning, catering, delivery of bread and vegetables, etc. were scaled back.
- Flexible working hours to avoid eating in the company.
- An agreement was reached with the Works Council that, for people living with a family member in quarantine, in particular minors, it was not necessary to go to the factory. For those with no option to work remotely, SALTO paid for half of the time missed.
- Frequent communication was maintained with the people in the factory throughout lockdown in order to keep them



informed and connected with the rest of the colleagues.

- Assembly was split into two work shifts over a period of 3 months. Shifts were changed from 07:00 to 15:00 to either working mornings or afternoons and, in order to make this change as straightforward as possible, the working day was reduced by 1 hour, paid but non-accruable. Shifts were from 06:00 to 13:00 and from 13:00 to 20:00.
- The variable bonus called “pooled bonus” was increased by 25% as a gesture of appreciation for the shared effort of the entire Oiartzun factory. Variable conditions linked to sales for commercial staff were also reviewed after their exceptional work, with the aim of minimizing the economic impact of not being able to travel.



## SALTO STAFF IN 2020



**751**  
EMPLOYEES  
(+12% compared  
with 2019)



▶ **290**  
%

At HQ -Oiartzun-  
(+2.5% compared to  
2019), 42% of which  
are women.

▶ **461**  
%

In subsidiaries, (+19%  
compared to 2019)  
24% of which are  
women.



All the information provided below refers to the central offices (HQ) in Oiartzun, as set out in the Scope section of this report.

**People employed at HQ by type of contract, gender, age and professional category  
(FTE as of 31st December 2020)**

TOTAL EMPLOYMENT DISTRIBUTION for the company (Equal to Full Time at 31st December)	Management			Middle Management Level 1		
	No. of Women	No. of Men	Total	No. of Women	No. of Men	Total
Indefinite	2	7	9	0	7	7
≤ 30 years old	0	0	0	0	0	0
Between 31 and 50 years old	2	5	7	0	3	3
≥ 51 years old	0	2	2	0	4	4
Temporary	0	0	0	0	0	0
≤ 30 years old	0	0	0	0	0	0
Between 31 and 50 years old	0	0	0	0	0	0
≥ 51 years old	0	0	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>0</b>	<b>7</b>	<b>7</b>

TOTAL EMPLOYMENT DISTRIBUTION for the company (Equal to Full Time at 31st December)	Middle Management Level 2			Technicians		
	No. of Women	No. of Men	Total	No. of Women	No. of Men	Total
Indefinite	7	8	15	22	81	103
≤ 30 years old	0	0	0	3	8	11
Between 31 and 50 years old	6	8	14	17	67	84
≥ 51 years old	1	0	1	2	6	8
Temporary	1	0	1	4	12	16
≤ 30 years old	1		1	3	12	15
Between 31 and 50 years old			0	1	0	1
≥ 51 years old			0	0	0	0
<b>TOTAL</b>	<b>8</b>	<b>8</b>	<b>16</b>	<b>26</b>	<b>93</b>	<b>119</b>

TOTAL EMPLOYMENT DISTRIBUTION for the company (Equal to Full Time at 31st December)	Administration-Sales			MOD		
	No. of Women	No. of Men	Total	No. of Women	No. of Men	Total
Indefinite	27	10	37	55	34	89
≤ 30 years old	7	5	12	0	6	6
Between 31 and 50 years old	19	4	23	49	24	73
≥ 51 years old	1	1	2	6	4	10
Temporary	1	1	2	4	7	11
≤ 30 years old	1	1	2	1	0	1
Between 31 and 50 years old	0	0	0	3	7	10
≥ 51 years old	0	0	0	0	0	0
<b>TOTAL</b>	<b>28</b>	<b>11</b>	<b>39</b>	<b>59</b>	<b>41</b>	<b>100</b>

The impact of the Salto factory on Gipuzkoa is extremely positive, with 92% of its employees living in the region.

In 2020, 4 people were **dismissed**, all men, 3 between 31 and 50 years old (MOD) and 1 older than 51 (middle management level 1).

The **salary equity** in 2020 is 1:7.6. It is calculated as the ratio of the average salary of the top 10% of Salto's earners to the average salary of the bottom 10% of earners. The calculation formula is set out in the *inGuru+* tool developed by ADEGI for self-diagnosing the socio-environmental impact of companies. This data is based on SALTO as a whole and is therefore not comparable with the data provided in previous years which referred to Salto HQ.

	M/F Ratio	Management	Middle Managers N1**	Technicians	Administration and Sales	MOD and Warehouse	Middle Managers N2
<b>SALTO HQ</b>	2019	1.02	-	0.91	0.97	0.95	0.85
<b>SALTO HQ</b>	2020	1.01	-	1	0.89	0.96	0.89
<b>SALTO GLOBAL</b>	2020	1	-	0.92	0.58	0.97	0.57

*\* Calculated from the average basic salary / \*\* There are no women in this category*

The pay gap ratio, calculated based on the average salary in 2020 by job category and gender is:

There were no significant differences at the SALTO headquarters in Spain, which is the case for the company as a whole.

SALTO's board members do not receive any remuneration in return.

In the management bodies in 2020, women accounted for 22% of the management committee (-8% compared to 2019) and 11% on the board of directors (+11% compared to 2019).

100% of the staff benefit from **social benefits**: physiotherapist, wellness, sportswear, catering, healthy menus, etc. Staff on permanent contracts are also covered by health insurance and life and disability insurance.

There is currently no **Right to Disconnect Policy** in place as it has not been necessary hitherto. Due to the average age of employees in Spain (40 years old) there are no retirement plans.

Salto's commitment to **disability** is dealt with through 2 channels: the Free2move initiative (outlined in detail in the section on Society) and the subcontracting of services carried out with Special Employment Centers. In 2020, 96 people (44% women) with disabilities worked for Salto through 2 SECs in the region. Subcontracting costs amounted to €2 million.

The number of working hours set by the company for 2020 at Salto HQ was 1,697 for the split shift

and 1,682 for the continuous shift. This number of working hours is set out in accordance with the legislation in force in each country.

Salto takes into account 2 types of **absenteeism**, standard; understood as the non-attendance of the person at work for reasons unrelated to the job and the “non-Salto profile” which includes the aforementioned excluding maternity/paternity/breastfeeding/marriage leave. The standard absenteeism rate in 2020 was 5.6% (59% female) and the “non-Salto profile” rate was 4.3% (50% female).

100% of the workforce is covered by the **Employee Agreement** signed in 2020 and valid until 2022. Throughout 2020, and as mentioned above, special communication was maintained with the Works Council to discuss regular matters and the general COVID-19 situation alike.

100% of staff are entitled to **parental leave**. In 2020, 19 people took parental leave, 10% of whom were women. 100% returned to work when their leave came to an end.

Regarding **staff health and safety conditions**, all employees are covered by the health and safety system, which is externally audited by the prevention service. In 2020, there were 3 accidents requiring sick leave, minor and not *in itinere*. Some warehouse workers had back injuries and assembly workers suffered from musculoskeletal injuries.

With the company's objective of providing comprehensive care for its employees, it offers advantages, services and care that contribute to improving their personal and professional lives alike. Among the actions carried out, the following are worth highlighting:

- Company physiotherapist service at the Oiartzun facilities, preventive for production and warehouse and on-demand for the rest of the company. The implementation of a stretching routine was extended to 3 of the 4 breaks in the assembly sections.
- Voluntary Wellness classes, outside working hours and 100% subsidized by the company (they are held at the company's facilities to make them easier to attend).
- Healthy eating. Fresh fruit and nuts are available in the canteen as well as in the café area. Vending machines and catering menus offer healthy food options.
- Raising awareness about doing sport. Participation in races and sporting events is encouraged by funding registration fees and purchasing sports clothing with corporate badges.
- Language classes. Classes are held on company premises and outside working hours in 5 languages. They are 100% funded by Salto and can be attended even if learning the language is not necessary for the individual's specific job.
- Possibility of remote working for people living more than 80km from the company. Extended in 2020 due to the COVID-19 pandemic.

The key measures for a healthy **work-life balance** include the following:



With regard to staff **training**, Salto offers a wide range of general training (pilates, mindfulness, languages, Office 365, presentations, etc.) and a technical training plan for all staff, depending on the position and the department's needs. For people with reduced working hours or who travel regularly, this training is delivered online.

In terms of regular performance and career development appraisals in 2020, 100% of people took part.

The **average number of training hours** received by Salto HQ staff in 2020 was as follows:

Labour Category	Women	Men
Management	35.3	38.2
Middle Managers	19.1	17.4
Technicians	16.6	19.1
Administration and sales	17.3	14.4
MOD and warehouse	16.4	15.5
Sales management and partners	-	12.9

Equal opportunities between women and men have been at the heart of all the company's actions since its beginnings. In 2019, a diagnosis of the situation of women and men and an Equality Plan were carried out and SALTO's first Equality Committee was drawn up in 2020. The analysis evaluated the different areas from both a quantitative and qualitative point of view.



We have a **diverse** and international workforce. At HQ, there are 11 foreign employees with 10 different nationalities. One of the company's goals since its inception has been to recruit the best talent, regardless of race, gender, etc. In fact, there is no specific diversity management policy set out, as diversity is experienced as something natural and inherent to Salto's global business model.

# 06. About the company



Salto is extremely committed to society in general and to the regions it operates in.

Its **contributions to foundations and non-profit organizations** in 2020 are reflected in the graph below. 49% corresponds to HQ and the rest to subsidiaries. These grants have been earmarked for different kinds of projects, with sport being the common thread running through most of the activities. These contributions have decreased overall by 25% compared to 2019. This decline has seen entirely at Salto HQ and was down to several factors.

There are initiatives and events that were supported in previous years that were not carried out in 2020 due to the COVID-19 pandemic. On the other hand, the biggest impact on the reduction is due to a delay in the billing cycles of some sponsorships which has resulted in some of the 2020 spending being carried over to 2021.



**FREE2MOVE.ORG** is a social initiative fostered by Salto and designed to help people with problems related to mobility and physical disability, in particular people from the world of adaptive sports. It is the result of Salto's commitment to accessibility: free accessibility for all.

The ultimate aim of the initiative is to promote adaptive sport as a means of self-improvement and social integration. As well as specific projects in different sports (skiing, basketball, paratriathlon, cycling and athletics), we are actively working on the development of accessibility mapping guides for Paralympic sports around the world.



## Socio-economic value

### Generated and distributed value

The economic value generated and distributed by Salto in 2020 (consolidated) is shown in the graph below.

The amount of grants received in 2020 (consolidated) amounted to €654,460.21, 72% for the subsidiaries and 28% for SALTO HQ. The latter have earmarked 36% for R&D&I projects, 25% for productive investments and 36% for training activities. The remaining 4% was to recruit young people.



- Operational Costs
- Salaries and Benefits for the Employees
- Payments to Providers of Capital
- Payments to the Government (by country): TAXES
- Investments in the Community: SOCIETY
- RETAINED Economic Value (for future growth)

### Subcontracting and suppliers

In this field, the high percentage of **local suppliers** can be highlighted. In 2020, 76% of purchases went to state-owned suppliers. For 2020, and in order to know how much is contributed to the local region, these purchases have been calculated with a greater level of detail. Thus, 43% of suppliers are from Gipuzkoa and 48% from the Basque Country. Only 12% of purchases come from non-European suppliers.

In the case of Chinese suppliers, social and environmental criteria are used in the supplier selection process, as it is the only country with which there is a trade relationship and it has been identified by the UN as a risk country.

### Corruption and Bribery.

The Salto Code of Conduct sets forth specific measures to be taken in the event of possible cases detected in the organization.

There has been no legal action in matters of unfair competition or monopolistic practices.

### Consumers

Product safety is one of the key requirements of Salto's competitiveness and is ensured by strict compliance with safety regulations for all products.

Complaints and grievances follow the process defined in the company's Management Manual. The number of queries, complaints and claims received in 2020 in all Business Units was 31,420 of which 99.15% were closed.

## Commitment to the Local



One of Salto's most significant commitments to its environment is Education.

In this regard, the internal **Future Talent** project seeks to bring the company closer to the region's educational institutions and encourage STEM careers among the Region's schoolchildren.

Some of the most important collaborative actions of this project are the following:



- Tecnun (Univ. de Navarra): Salto professionals collaborate with teachers in teaching tasks.
- UPV/EHU: teaching collaboration in the Master's degree in Social Psychology
- Univ. de Deusto: teaching collaboration in Master's programmes at the University.
- Industria Eguna: bring students from Gipuzkoa in the 4th year of high school education closer to the business world.
- Welcomed ten university and vocational training students on work experience (in 2020).
- 8 Final Degree and Master's Degree Projects carried out at Salto facilities (in 2020).
- 2 people undertaking dual studies (in 2020).
- Sponsor of the D. Bosco award.
- Training session for vocational guidance counselors in vocational training institutions in

Along with the collaboration with educational entities in 2020, the following local entities have collaborated: Food Bank, Refugeat (buying books), Amigos Solidarios, Helduen Osasun Elkartea, Red Cross and la Asociación Kemen, Euskararen Gizarte Erakundeen Kontseilua.

# Annex.

## Contents of the Non-Financial Information Report.

Content of Law 11/2018		Location / direct response	GRI	
<b>Business model</b>	Business environment	Page 3-14	102 and 103	
	Organization and structure	Page 9-10		
	Markets	Page 8		
	Objectives and strategies	Page 7		
	Factors and trends that may affect developments	Page 5-14		
	Policies	Page 14-16		
	Risks	Page 14		
<b>Environmental matters</b>	Pollution	Measures to prevent, reduce or make up for any air, noise or light pollution Page 18-22	416-1	
	Circular economy, waste prevention and management	Preventive measures	Page 19	
		Recycling, reuse	Page 19	301-2 / 301-3
		Waste recovery and disposal	Page 19	306-2 / 306-3 / 306-4
		Actions to combat food waste	Non-material area	Not applicable
	Sustainable use of resources	Water	Page 20	303 (from 1 to 5)
		Consumption of raw materials	Page 20	301-1
		Energy consumption (measures for energy efficiency and the use of renewable energies)	Page 21-22	302 (from 1 to 4)
	Climate change	Greenhouse gas emissions	Page 22	305 (from 1 to 7)
		Climate change adaptation measures	Page 21-22	307-1
		Reduction targets and resources implemented	Page 21-22	305-5
	Biodiversity protection	Measures to preserve or restore biodiversity	Non-material area	Not applicable
Impacts caused by activities or operations in protected areas		Non-material area	Not applicable	

Content of Law 11/2018		Location / direct response	GRI
Employment	Total number and distribution of employees by sex, age, country and occupational classification	Page 24	401
	Total number and distribution of types of employment contracts	Page 25	401
	Average annual number of permanent contracts, temporary contracts and part-time contracts by sex, age, occupational classification	Page 25	401
	No. of dismissals by gender, age, occupational classification	Page 26	401
	Average earnings and their evolution broken down by gender, age and occupational classification	Page 26	405-2
	Salary gap	Page 26	405-2
	Average remuneration of directors and executives	Page 26	405-2
	Implementation of the Right to Disconnect Policy	Page 26	404-2
	Employees with disabilities	Page 26	405-1
	Work organization	Organization of working time	Page 26
Number of absence hours		Page 27	403-2
Work-life balance measures		Page 27	401-3
Health and Safety	Occupational health and safety conditions	Page 27	403 (from 1 to 3 and from 6 to 8)
	Occupational accidents (frequency and severity) and occupational diseases broken down by sex	Page 27	403-9 / 403-10
Social and staff related matters	Organization of social dialogue, including procedures for informing and consulting with staff and negotiating with them	Page 27	402-1
	Percentage of employees covered by collective bargaining agreements by country	Page 27	102-41
	Taking stock of collective agreements: the field of occupational health and safety at work	Page 27	403-4
	Policies implemented for training	Page 28	403-5 / 404-2
	No. of hours of training by professional category	Page 28	404-1
	Policy against discrimination of any kind	Page 28	
	Diversity management policy	Page 28	103-2
	Universal plan for people with disabilities	Page 28	
	Measures taken to promote equal treatment and opportunities for men and women	Page 28	103-2
	Equality plans	Page 28	401-3
Equality	Measures taken to promote employment	Page 28	
	Protocols against sexual and gender-based harassment	Page 28	103-2
	Integration and accessibility measures for people with disabilities	Page 28	
	Anti-discrimination policy	Page 28	406-1
	Diversity management policy	Page 28	405-1

Content of Law 11/2018		Location / direct response	GRI	
Information on human rights	Due diligence	Due diligence procedure		
	Prevention	Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	412-1 / 412-2 / 412-3	
	Ethics Channel / Ethics Mailbox	Complaints of human rights violations	411-1	
		Promotion and observance of fundamental ILO conventions - freedom of association	407-1	
		Guarantee the right to collective bargaining.		
		Effective abolition of child labor		
	Human Rights Principles	Elimination of forced or compulsory labor		
	Elimination of discrimination in respect of employment and occupation			
Information about the company	Corruption and bribery	Measures taken to prevent corruption and bribery	Page 30	205
		Measures to combat money laundering	Page 30	103-2
		Contributions to foundations and non-profit organizations	Page 29	103-2 / 201-1
	Commitments	Impact of the company's activity on employment and local development	Page 26; 29-31	203-1 / 203-2 / 204-1
		Impact of society's activity on local populations and the local region	Page 29-31	413-1 / 413-2
		Relationships with local community actors and the modalities of dialogue with them.	Page 31	413-1
		Partnership or sponsorship actions	Page 29; 31	103-2 / 201-1
	Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in procurement policy	Page 30	103-3
		Taking into account relationships with suppliers and subcontractors of their social and environmental responsibility	Page 30	414-1
		Monitoring and audit systems and audit results	Page 30	414-2
	Consumers	Consumer health and safety measures	Page 30	416-1
		Complaints systems	Page 30	
		No. of complaints received and their resolution	Page 30	416-2
Tax information	Indicators of profits obtained by country	Information not available		
	Taxes on profits paid and public subsidies received	Page 30	201-1 / 201-4	





## Non-Financial Information Report 2020

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