

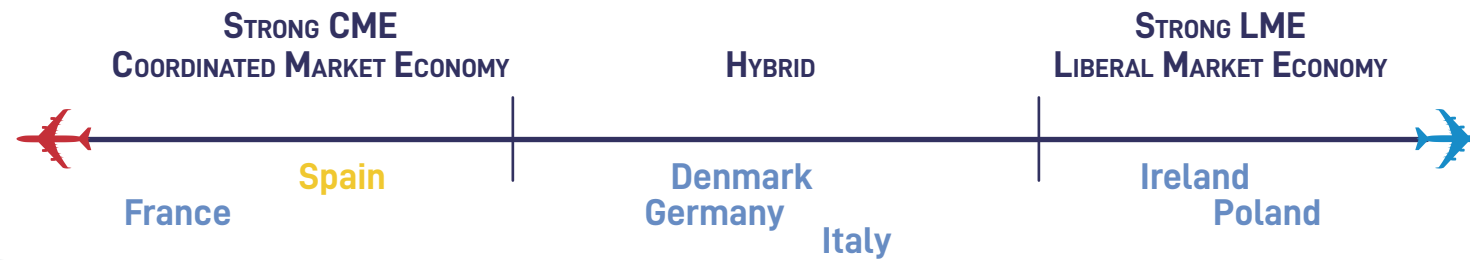


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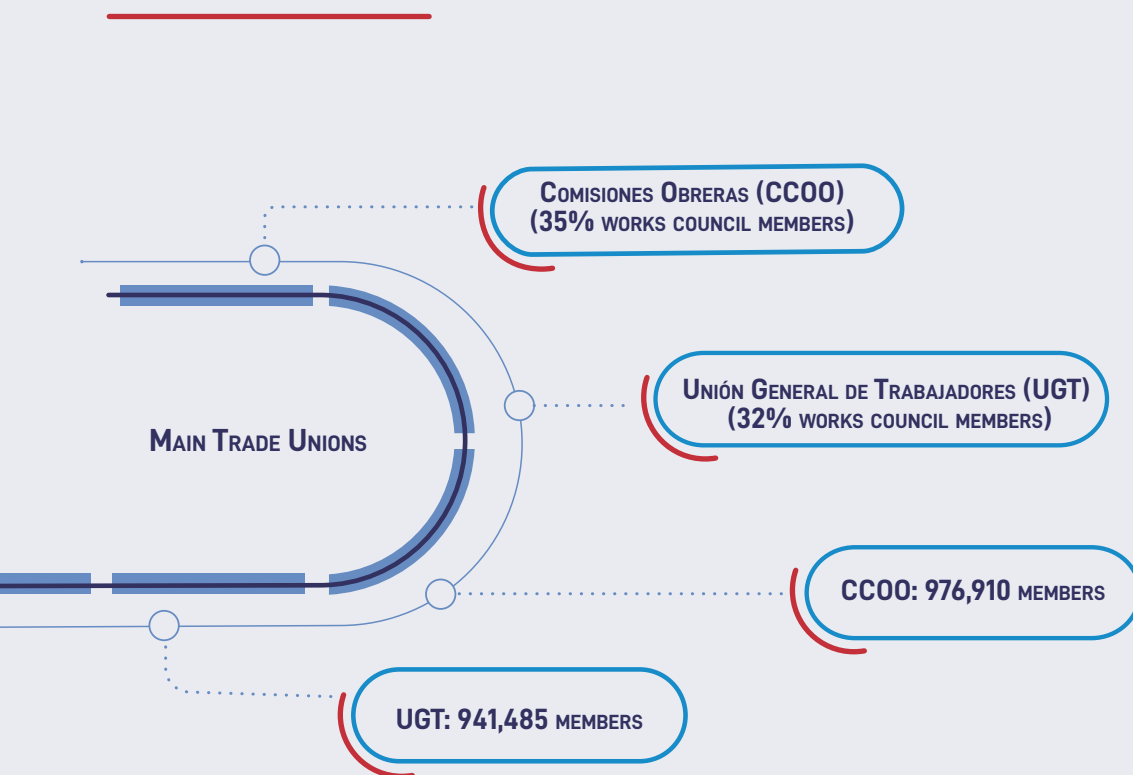
Varieties of Industrial Relations in Aviation Lockdown

ROLE OF STATE LEGISLATION IN INDUSTRIAL RELATIONS



Industrial Relations

LABOUR UNION REPRESENTATION



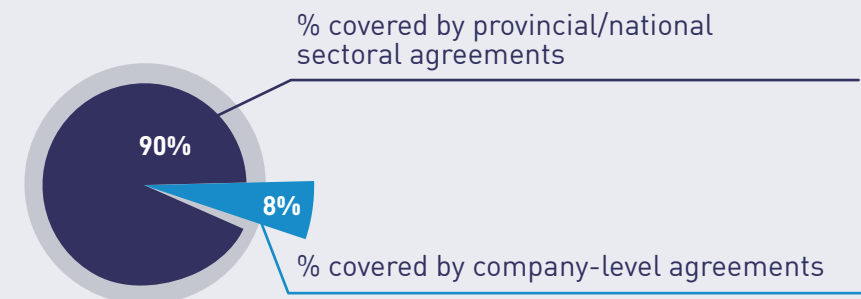
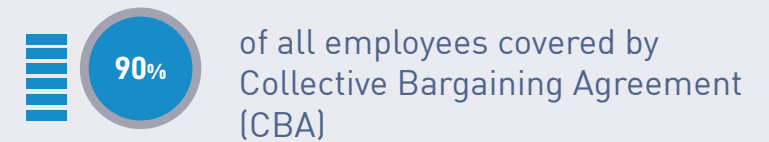
EMPLOYER REPRESENTATION

Main employer representatives:

CONFEDERACIÓN ESPAÑOLA DE ORGANIZACIONES EMPRESARIALES (CEOE) COMPRISED OF:



COLLECTIVE BARGAINING COVERAGE



WORKPLACE REPRESENTATION

Dual-channel:

EWCs highly influenced by unions

SHOP STEWARDS COMMITTEES

35% OF EWC MEMBERS ARE CCOO MEMBERS

EUROPEAN WORKS COUNCILS (EWC)

32% OF EWC MEMBERS ARE UGT MEMBERS



REGULATION OF INDUSTRIAL RELATIONS

The general features of the system are laid down in the Spanish Constitution of 1978

Key legal developments:





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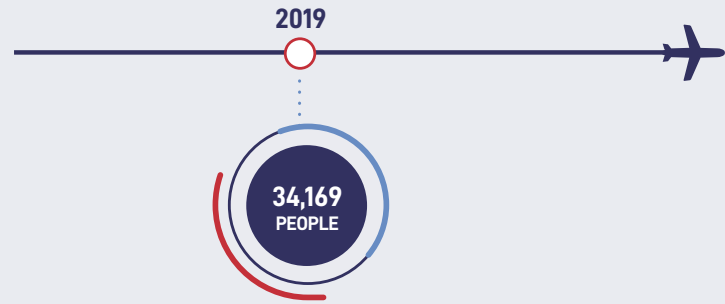


SPAIN

Air Transport Sector

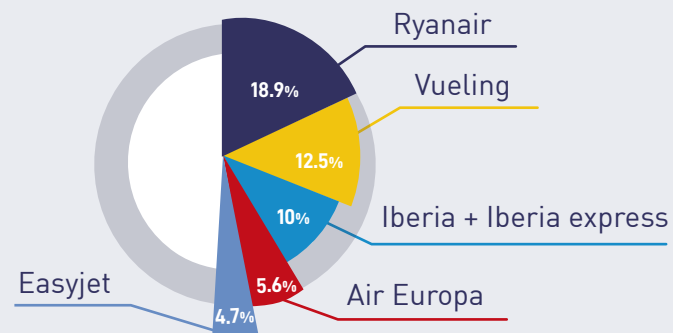
AIR TRANSPORT PRE-COVID

OVERALL EMPLOYMENT



AIRLINES:

The top five airlines by passenger volume in 2019 were



The total number of passengers for the same year was **231.5 MILLION**, equaling about five per capita



RYANAIR closed the year 2019 with profits **4.2%** higher than the previous. Obtained a net profit of **88 MILLION €** in the last fiscal quarter of 2019 (from October 1 to December 31, 2019)

VUELING achieved profits of **132 MILLION €** in 2019, compared to 149 the previous year. VUELING employed **3,278**

IBERIA achieved profits of **497 MILLION €**, an increase of 60 million over the previous year. IBERIA employs **17,458 PEOPLE**

of airlines operating in 2000 no longer operating today: 20

INDUSTRIAL RELATIONS IN THE SPANISH AIR TRANSPORT SECTOR

MAIN ACTORS

THE STATE

ENAIRE

(Publicly-owned company providing air traffic management)

TRADE UNIONS

pilots (SEPLA)

cabin crew (STAVLA, SITCPLA)

air traffic controllers (USCA)

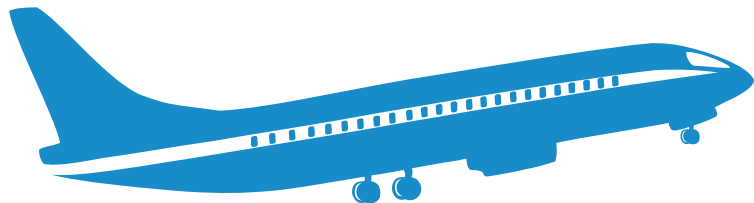
CCOO and UGT present within value chain outside of airlines

EMPLOYERS' ORGANISATIONS

AIRLINES: **ALA (ASOCIACIÓN DE LÍNEAS AÉREAS)**

GROUND HANDLING FIRMS: **ASEATA**

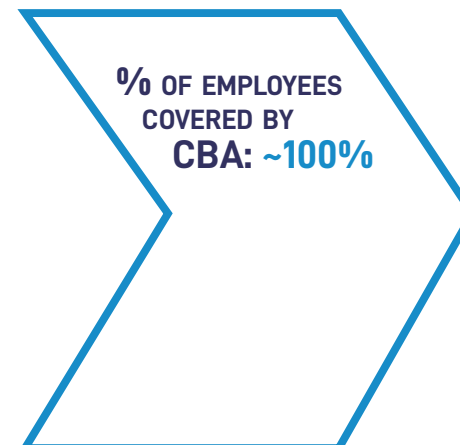
AIR TRAFFIC MANAGEMENT: **ENAIRE**



WORKPLACE REPRESENTATION



COLLECTIVE BARGAINING COVERAGE



UNION DENSITY IBERIA



Pilots: **100%**



Ground crew: **63.55%**



Cabin crew: **33%**



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Varieties of Industrial Relations in Aviation Lockdown



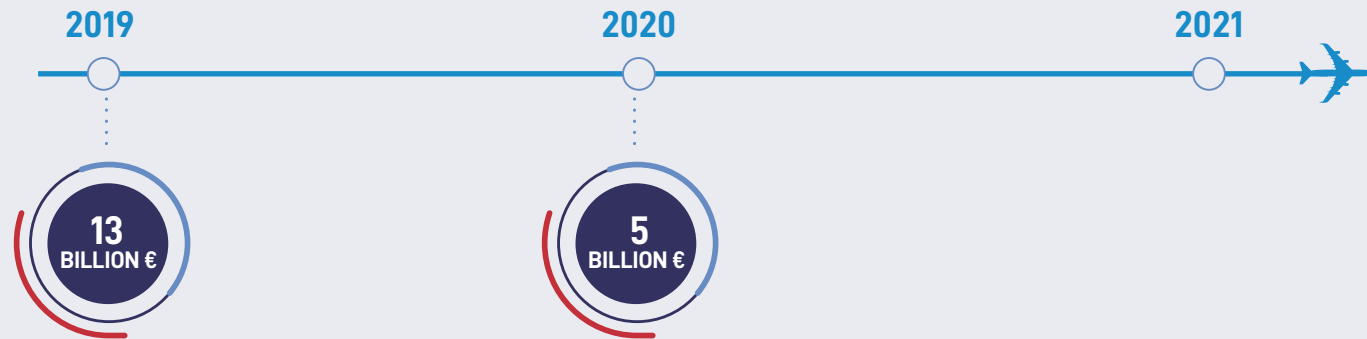
SPAIN

Impact of COVID-19

LOCKDOWN

RECOVERY

SPANISH AIR TRANSPORT AN ANNUAL TURNOVER



2020 in air transport was the highest in the EU compared to the same period last year (61.6 MILLION fewer passengers), representing a fall of 98.5% compared to the same quarter last year

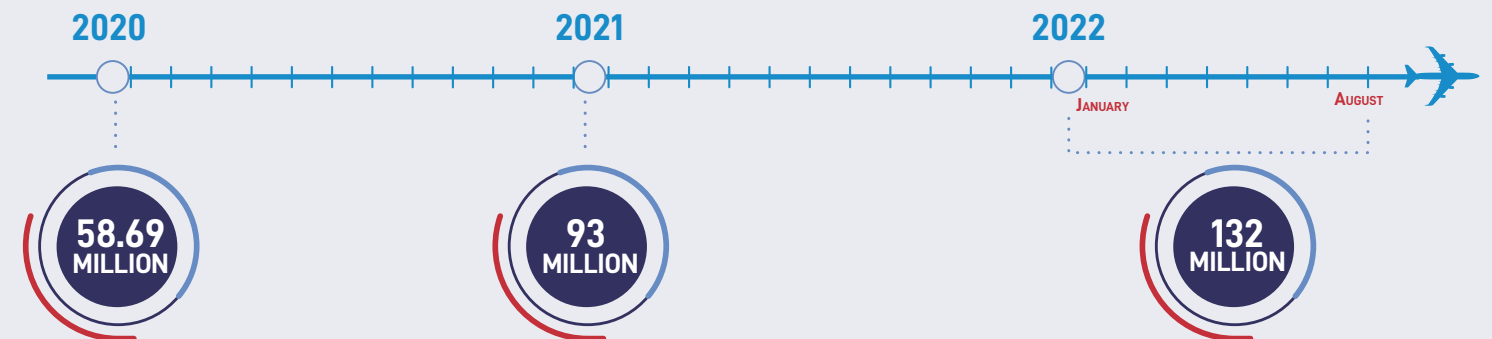
A reduction of 60%.

-60%

AIRLINE TURNOVER



PASSENGER VOLUMES



NUMBER OF ROYAL DECREES THAT IMPACTED AVIATION: 24

SPANISH RESPONSE

DIRECT AID TO AIRLINES

AIR EUROPA

475 MILLION from the rescue fund for strategic companies of the Sociedad Estatal de Participaciones Industriales (SEPI)

VOLOTEA

200 MILLION, channelled entirely through a participating loan

AIR NOSTRUM

111 MILLION, channelled entirely through a participating loan

PLUS ULTRA

53 MILLION, 34 MILLION in a participating loan AND 19 MILLION in an ordinary loan

PUBLIC POLICY PRIORITIZED MAINTAINING EMPLOYMENT

ERTE mechanism (expedientes de regulación temporal de empleo), which allows for the temporary suspension of employment measures due to force majeure and the payment of unemployment benefits to affected workers.





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Varieties of Industrial Relations in Aviation Lockdown



SPAIN

Case Studies

IBERIA

A SPANISH CASE OF SUCCESS THANKS TO NEGOTIATED FLEXIBILITY



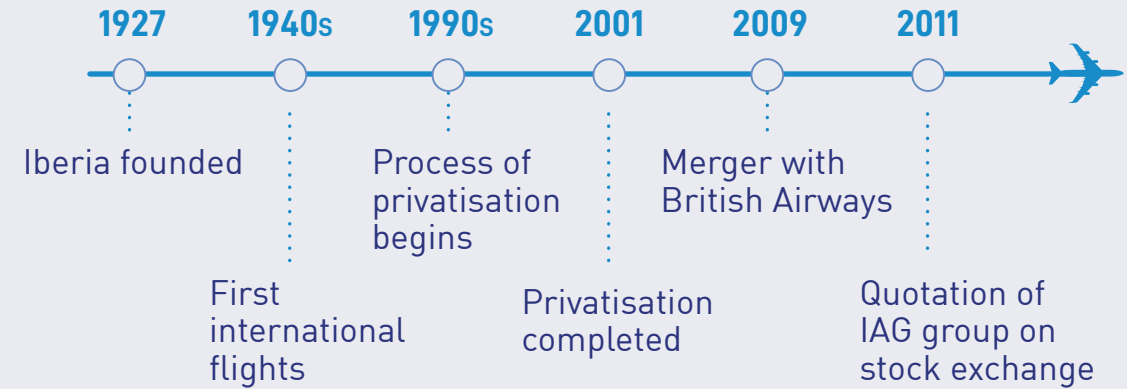
CONTEXT

IBERIA CONTRIBUTES

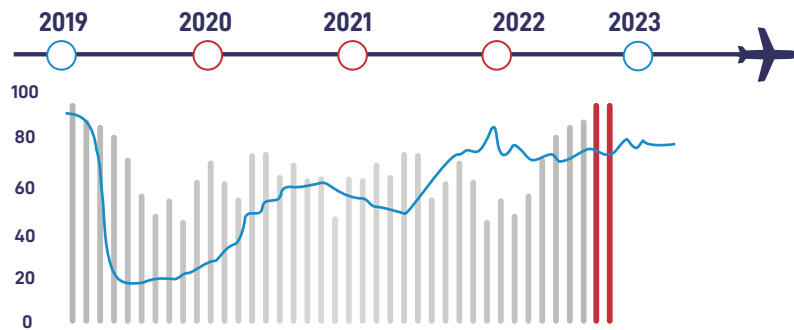
€ 9 BILLION to Spanish GDP, or .6% of total GDP

160,000 jobs (directly and indirectly) or .9% of total Spanish employment

HISTORY

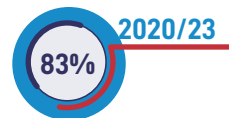


IMPACT OF COVID 19



2019 was a peak year for the sector in Spain, The data indicating that by the end of 2022, of commercial flights had recovered, passenger numbers had recovered by **85.5%**, reaching a figure of 249 million passengers, can be pointed to as a success.

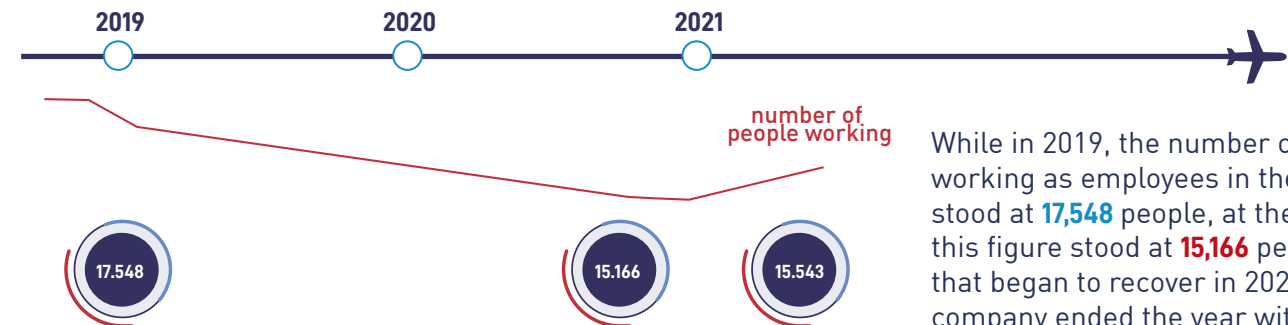
A few months later, during the winter season (October to March), flights reached almost the same occupancy rate as in 2019



Compared to its parent, IAG Group, Iberia withstood the effects of the crisis better



Employment in Iberia



While in 2019, the number of people working as employees in the company stood at **17,548** people, at the end of 2020 this figure stood at **15,166** people, a figure that began to recover in 2021, when the company ended the year with a workforce of **15,543** people.

Ground staff is the group most affected by this decrease in employment, as this group has seen its employment fall by **11.5%**

For their part, the decrease in cabin crews is **10.4%**

Finally, pilots have only been affected by **4.4%**



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Varieties of Industrial Relations in Aviation Lockdown



SPAIN

Case Studies



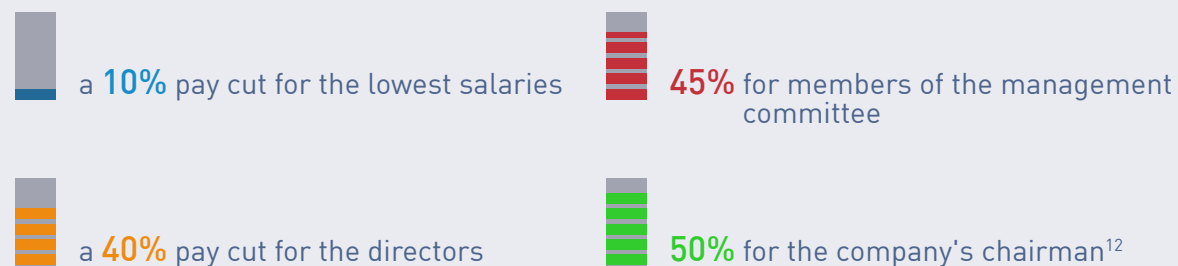
RESPONSE TO COVID

SAFEGUARD EMPLOYMENT, SHARING THE PAIN, SOCIAL DIALOGUE

ERTE (State subsidy to support employees for whom there is no work; employers must not separate from employment)

i. Impacted **13,900** people, out of a workforce of almost **17,000**

Sharing the pain: reduction in remuneration translated into a



SOCIAL DIALOGUE

Though not required by law to use ERTE, IBERIA engaged in Information and Consultation throughout COVID-19



RECOVERY

During COVID, Iberia sought to reposition itself for competitiveness and sustainable

RESULTS

- By the end of 2021, Iberia had recovered almost all its routes and destinations, growing airport assistance activity by **55%** compared to 2019 and having served **47 MILLION** more passengers than in 2020.
- In the summer of 2022 Iberia has returned to growth in Latin America and has recovered its entire network of destinations, scheduling **23.4%** more operations for the summer of 2023 than in 2022

RESULTS

- In 2021 Iberia sped up hiring processes by **77%**
- Additional training to support workers receiving ERTE subsidies
- Iberia creates: "Next Chapter Plan" based on four pillars
 - Reposition Madrid as major hub (leverage high speed rail and Asia routes to increase passengers by 5,000,000 a year)
 - Regaining the trust of customers
 - Sustainability (use of biofuel, increasing recycling and vegan options, developing hydrogen fuel)
 - Social peace

IV. SOCIAL PEACE

Collaboration with unions and workforce to reach strategic goals

Post-pandemic CBAs (2022)

PILOTS:
INCREASE IN PAY OF **6.5%** YEAR 1, **2%** YEAR 2, THEN VARIABLE BASED ON COMPANY PERFORMANCE, INFLATION

GROUND STAFF:
INCREASE IN PAY OF **6.5%** YEAR 1, **2%** YEAR 2, THEN VARIABLE BASED ON COMPANY PERFORMANCE, INFLATION

CABIN CREW:
INCREASE IN PAY OF **6.5%** YEAR 1, **4%** YEAR 2, THEN VARIABLE BASED ON COMPANY PERFORMANCE, INFLATION



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Varieties of Industrial Relations in Aviation Lockdown



SPAIN

Case Studies

ENAIRE

AIR TRAFFIC CONTROL

MAIN ACTORS



ENAIRE



PUBLIC COMPANY



MANAGES:

- I **80%** OF THE AIR TRAFFIC CONTROL FOR LANDING AND TAKE-OFF
- II **100%** OF THE EN-ROUTE AND APPROACH CONTROL SERVICE



ENAIRE IN NUMBERS:

- I **NUMBER OF FLIGHTS PER YEAR: 2 MILLION FLIGHTS**
- II **NUMBER OF PEOPLE TRANSPORTED PER YEAR: 250 MILLION**
- III **NUMBER OF CONTROL CENTERS: 5**
- IV **NUMBER OF TOWERS: 21**



WORKFORCE: **4,000** EMPLOYEES

- I **2,000** CONTROLLERS
- II **1,000** MAINTENANCE AND CONTROL TECHNICIANS
- III **1,000** MANAGENEMT



TRADE UNIONS

Main union: **Unión Sindical de Controladores Aéreos (USCA)**

- I Percentage of air traffic controllers (ATCs) represented: **90%**

Other unions representeing ATCs

- I Sindicato Profesional Independiente de Controladores Aereos (SPICA)
- II Sindicato Nacional de Controladores Aereos (SNCA)
- III Organización de Controladores de la Circulación Aérea (OCCA)

Professional Associations

- I APCAIE (Professional Association of Air Traffic Controllers of Spain)
- II APROCTA (Professional Association of Air Traffic Controllers)



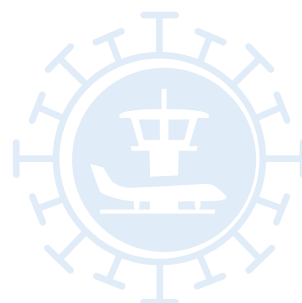
INDUSTRIAL RELATIONS

First Collective Bargaining Agreement: 1999

Theoretical base salary of ATC: **€140,000** (annual)

Real average salary **€330,000** (annual)

Traditionally characterized by conflictual relationships between unions and employers



IR RESPONDS TO COVID

The response to COVID stands out as an example of successful collaborative "crisis bargaining"

Strategies jointly agreed-upon to guarantee employment, safety and minimal levels of service:

- I Reduction in variable compensation
- II Increased flexibility in work organization (working time and scheduling of shifts)
- III The ongoing training needs of workers to maintain their professional expertise were temporarily met by the use of simulators
- IV *No workers made redundant, no wage reductions*