



**Be smart.  
Be sustainable**



**Be smart. Be sustainable**









# Be Velatia. Be sustainable

We present the **Sustainability Report. Statement of Non-Financial Information** for the financial year 2023.

This report provides reliable, comprehensive and quality information on the well established performance of **Velatia** and its businesses in managing the three dimensions of sustainability: economic, social and environmental; available to our stakeholders and anyone interested in our sustainability efforts and achievements.

The information we share not only reflects the consolidated trajectory of **Velatia**, but also delves into the performance of **Ormazabal** and **Ikusi**, as well as the companies grouped under the **Ventures** concept.

It contains independent external information and reflects our strong and long-standing commitment to transparency and corporate responsibility.



Dear Reader,

Reflecting on today's business world means looking at a complex and constantly changing ecosystem, full of interactions. In this context, at Velatia we don't just look at the bottom line; we are aware of our role in the community and the effect we have on daily life and on the planet.

Talking about social responsibility and environmental care is not optional, it is a characteristic that is part of our DNA. Thinking in the long term, it is not enough to achieve financial goals; it is essential to find a balance in order to prosper without compromising the health of the ecosystem. In this scenario, every move we make as a company is evaluated and considered not only for the profits it generates, but also for its contribution to a more attractive and equitable future for all.

We distinguish ourselves by a solid and recognised track record. As a growing corporation, we adapt quickly and are committed to sustainability, reflected in our principles and criteria for action.

2023 has been an exceptional year for **Velatia**. We have far exceeded the targets set three years ago and are embarking on the new strategic period 2024-2026 with an ambitious plan and from a position of unprecedented strength. The growth in our business has been remarkable, reaching 983 million euros in turnover, an increase of 18 % over the previous year, and double-digit percentage profitability, the result of the excellent performance of our more than 3,900 staff members by the end of the year.

On the environment, **Velatia** has achieved a significant reduction in direct and indirect emissions intensity by 65 % compared to 2019, reflecting our strong commitment to environmental sustainability. We are on track to achieve a 68 % reduction by 2030 and have set ourselves the ambitious goal of zero emissions by 2050.

At the corporate level, we have also taken significant steps. The Board of Directors approved updates to our Code of Ethics and Policy Book, including the Crime Prevention Policy, the Anti-Corruption Policy, the Ethical Channel Management, and the Policy on Respect for Human Rights, in accordance with the new European regulations.

Also, the Board of Directors has approved a new Risk Management and Control Policy to ensure that all risks are identified and managed effectively.

At **Velatia** we are committed to the principles of the Global Compact. We have been an active participant in the United Nations Global Compact since 2002. We take our commitment to the Sustainable Development Goals very seriously and work to integrate them into the strategy and culture of our business group.

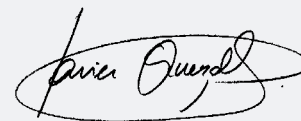
The trust of our clients and shareholders drives our sustainable growth. Their support encourages us to improve, investing in our people and technology to optimise our processes and care for the planet.

We will continue to work hand in hand with our employees, promoting responsible projects and practices. We have set ambitious but achievable goals to respond to present and future demands, seeking a balance between economic progress, environmental conservation and social equity.

Sustainability is not just a word; it guides our strategy and the well-being of our team.

The results we see today are a reflection of the decisions and actions of the past. With each passing day, we not only strive to achieve tomorrow's goals, but we also think about the legacy we will leave for future generations. It is a continuous cycle of commitment and long-term vision.

I invite you to read this report to learn more about our performance in the economic, environmental and social fields during the last financial year.



**Javier Ormazabal Echevarria**  
President of **Velatia**





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**We are part  
of the sustainable  
revolution**



01

| About  
| Velatia



**Velatia** is a group with solid **family roots**, a strong **industrial character** and a firm **technological vocation** that has underpinned its growth for almost six decades. It works closely with its clients to devise, produce and implement solutions geared towards the decarbonisation of the planet, digitalisation, connectivity and communications security.

With a presence in **nineteen countries** spanning five continents, **Velatia** has a diverse team of more than **3,900 people**. The group's operational reach is materialised with twenty-two strategically distributed manufacturing centres, supported by a Research and Technology Centre (CIT) that is among the

most advanced in the world in these infrastructures, as well as a Cloud, Cybersecurity and Business Experience Operations Centre (ONCE).

**Velatia's** business model focuses on growth through **sustainable profitability**, both in form and time, with the aim of generating value for its stakeholders and for society as a whole. At the heart of its priorities is making a **positive impact on the communities** in which it operates, an aspiration that has defined the group's way of doing things since it was founded in 1967.

## 1 | Purpose, vision, values and pillars

These are the four fundamental pillars that shape **Velatia**'s personality, which form the basis of its corporate identity on which this solid business project, which looks towards a sustainable future, is sustained and developed. They guide its strategy, direct its activity, guide its initiatives and support its decision-making.

### Purpose

**Velatia** is a group that specialises in network optimisation. As such, it provides reliable and innovative solutions thanks to its capacity for integration and personal engagement with its stakeholders (clients, partners, suppliers, employees, the environment and society at large). **Velatia**'s corporate purpose is based on excellence, technology and sustainability.

### Vision

**Velatia** aspires to be an innovative and trustworthy group that contributes positively in all its areas of activity, ensuring performance and the creation of value for all its stakeholders.

### Values

- **Flexibility:** willingness to understand different options and adapt to different situations.
- **Leadership:** showing a will to succeed in day-to-day activity that can serve as an example and motivation for others.
- **Innovation:** dynamic attitude to create and anticipate new and successful processes, products and/or services.
- **Pragmatism:** efficient results orientation.
- **Support:** willingness to offer and request help in order to develop people and achieve goals.

### Pillars

**Velatia** defines itself as a group rooted in its **family** origins, founded on a strong **industrial** base and a long **technological** track record. With the capacity for **global** action, it is made up of companies that aspire to be a **benchmark** in their sector.

Since its origins, these five pillars have been the unshakeable foundations that safeguard the group's essence and identity. They constitute its strength and project the guarantee of a solid future. With a clear vision of what we want to achieve and where we are heading, **Velatia** reaffirms its commitment to be a benchmark in innovation, sustainability and excellence in every step it takes.



## 2 | Companies and businesses

These are the companies and businesses that make up the fabric of **Velatia** and its corresponding areas of activity. A sum of strengths and synergies that enhance the scope and development of the group.

### Ormazabal

#### Electrical grids

**Ormazabal** is a business with over 50 years of experience and expertise in providing customised, reliable and high-tech solutions for electrical infrastructure. Its solutions are aimed at digitising the electricity grid to integrate more renewable energy generation, enable more sustainable mobility and guarantee supply for buildings and infrastructures with critical energy needs.

### Stratenergy

#### Energy services and charging stations for electric vehicles

**Stratenergy** energy services and electric vehicle charging stations company that promotes efficient energy demand management projects and implements energy saving measures at its clients' facilities, helping them to make investments to which they cannot devote their own resources, and monitoring their consumption to offer them continuous improvements.

### Supsonik

#### Uninterruptible Power Systems

**Supsonik** designs and manufactures uninterruptible power systems and equipment that provide quality, reliable power during a power outage. Its products are present in sectors such as electricity, industry, shipbuilding, aeronautics and railways, among others.

### Ikusi

#### Telecommunications networks, cybersecurity and digitalisation

**Ikusi** is a technology services company specialising in business networks and cybersecurity. It designs and deploys efficient, robust and secure communications networks. A constantly evolving, increasingly intelligent infrastructure that provides connectivity and a layer of cybersecurity to companies. It has a presence in Spain, Mexico, Colombia, and a team of more than 900 professional experts in the sector.

### Idistek

#### Manufacture of electronic components

**Idistek** specialises in design engineering, industrialisation, manufacturing and testing of complex electronic cards and assemblies for clients who require high quality standards in products and services.

### Smarmec

#### Electromechanical technology and integration

**Smarmec** designs, industrialises and manufactures customised mechanical and electromechanical engineering solutions. It provides added value in unique and technologically advanced processes, as well as in joining technologies and cosmetic finishes.

### Ikusi Proyectos

#### Integration and engineering projects

**Ikusi Proyectos** deploys technology solutions for the management of transport infrastructures (road, rail, airport and maritime) and specialises in on-board solutions for the operation of rail transport services. It also provides engineering, implementation and subsequent support services for the support and operation of technological solutions.

### Wec

#### Aeronautics

**Wec** designs and manufactures advanced parts and components used mostly in the engines and turbines of the world's leading aircraft manufacturers.

### Gosa

#### Administration and Finance

**Gosa** is **Velatia's** shared services unit, responsible for the administrative management of the group under common criteria of quality and cost optimisation. This unit provides support in the areas of accounting, treasury, personnel administration and IT.

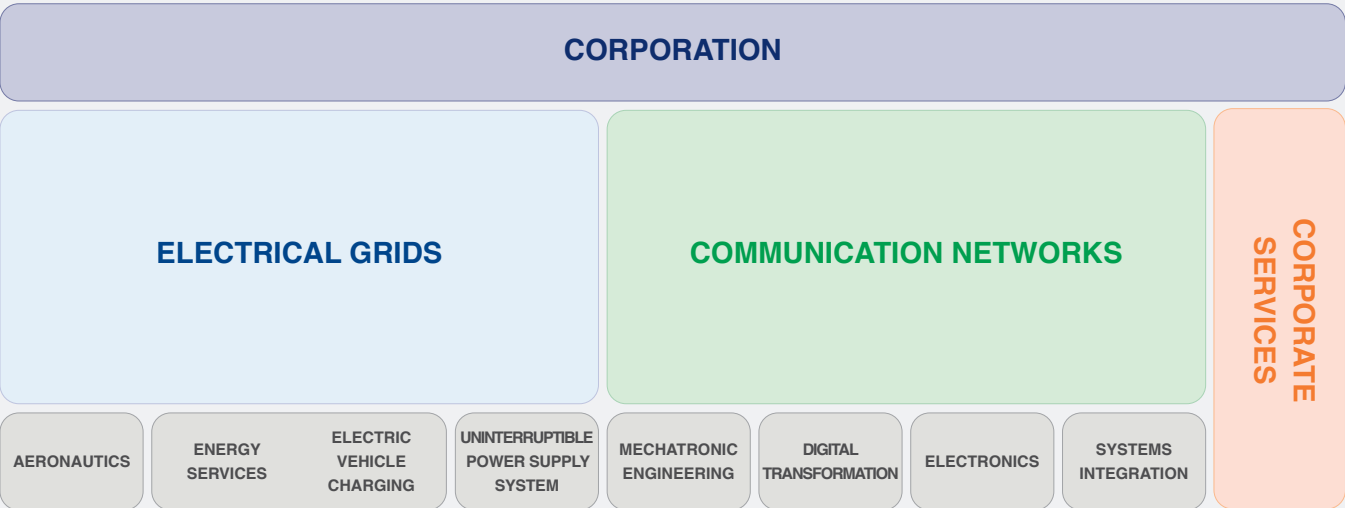
### Zeata

**Zeata** is the **Velatia** company responsible for the management of properties owned or rented, with the aim of optimising their value and maintaining the properties in the appropriate conditions. To this end, it covers the transactional part (purchase, sale or rental), the building works and refurbishment and the maintenance of the property and its non-productive facilities.

Brand architecture



Structure and companies



**In the 2023 financial year, conditioned by an environment of great uncertainty and instability at all levels, Velatia achieved record results and closed an exceptionally good strategic period (2021-2023)**

### 3 | Executive summary

#### The year in review

In a complex European and global scenario, surrounded by numerous risks such as the war in Ukraine and its strong impact on energy and raw material prices, the conflict in the Middle East, high interest rates, inflation, continuing bottlenecks in supply chains, etc.; **Velatia** remains in line with the growth of recent years.

Although the balance of the year for the global economy has been better than expected due to the moderation of energy prices in general, and gas prices in particular, especially in Europe, among other factors, we are witnessing a new normality in which economic risks take a back seat to geopolitical tensions, introducing great uncertainty in the market.

#### Excellent results

In this uncertain panorama, **Velatia** has completed a good year of growth in all its businesses, especially in **Ormazabal**, reaching **983 million euros in turnover, which represents a growth of 18 % compared to the previous year and a 10 % increase in profitability.**

As a result of the performance of the 3,917 people who make up the workforce at the end of 2023, **Velatia** continues to take firm steps towards a business model based on sustainable profitability capable of accelerating the creation of value and aimed at meeting the expectations of its stakeholders by integrating ESG aspects into the company's strategy and management.

## Adaptation, flexibility and proximity: key factors

A proven ability to adapt throughout its history, a commitment to technology and constant innovation, a commitment to sustainability, flexibility and proximity engraved in its DNA are the key factors that allow **Velatia** to take advantage of the great opportunities that are opening up in the field of energy transition, digitalisation and cybersecurity and to drive the group's success in a challenging business environment.

In the corporate sphere, the Board of Directors has approved **modifications to the Code of Ethics and the Velatia Policy Book**, updating policies such as crime prevention, anti-corruption and management of the ethical channel and the Policy on Respect for Human Rights. The Ethical Channel has also been adapted to the new European regulations.

## 65 % reduction in direct and indirect emissions

Aware that the transition to a carbon neutral economy by 2050 is possible and socially necessary, starting with its own actions, **Velatia** has reduced the intensity of direct and indirect emissions by 65 % compared to 2019 (last reference taken before the pandemic). This is great news, given the high level of activity during this financial year, which highlights the group's commitment to environmental protection, aiming for a 68 % reduction in emissions by 2030 compared to 2019 and a zero emissions target for 2050.

During the year, the talent and professional development of the staff continued to be strengthened, with a total of **94,000 hours invested in training**.

In addition, the **ARCO Programme**, one of the most appreciated internal initiatives for supporting young talent, held its second edition, bringing together fifty-one people of five nationalities. Thanks to this programme, all of them have been able to acquire a more global vision of **Velatia**, of what we are and what we want to be.

## Deployment of equality plans in the group's companies in Spain

The commitment to equal opportunities and the creation of stable, quality employment are the two Sustainable Development Goals selected as transversal to the entire organisation on which work has continued throughout this financial year.

During 2023, the actions contained in the respective equality plans approved the previous year were deployed in the Group's companies located in Spain. At the same time, among other actions, an internal reflection process has been promoted on how to tackle the glass ceiling issue, i.e. the lower access of women to the highest decision-making levels, and the **LEAP (Learn, Engage, Achieve & Progress)** initiative has been promoted, a group made up of professional women who participate in the **Inspira STEAM (Science, Technology, Engineering, Arts and Maths) project**, supported by public and private entities, whose objective is to promote interest in science and technology among young people, especially among girls.

In 2023, **Velatia** has continued to generate **quality and stable employment** at all levels, a growth that has been distinguished by the incorporation of young talent, women and the integration of disadvantaged groups.

Internally, it is worth highlighting two important collaboration projects between the group's companies. On the one hand, an **industrial microgrid project** launched at the **Ormazabal** factory in Burgos that brings together all the technological capabilities of the energy ecosystem - Ormazabal, Stratenergy and Supsonik - in one place and is designed to maximise self-consumption and energy efficiency. On the other hand, a **collaboration agreement between Ormazabal and Iku-si** (as a of Cisco Spain), to launch the first of several pilot initiatives that aim to provide intelligence to electricity transformation centres.

**Gosa**, **Velatia's** shared services unit, continues to strengthen its commitment to business and continuous improvement to facilitate the day-to-day running of the group's companies,

incorporating new tools and services and automating processes. Among other actions, the adaptation to the new regulations on due dates and payments, the implementation of the new Ticketbai billing system in the Basque Country and the update of the tools for personnel management and time tracking stand out. A DRS solution has also been integrated which will allow information to be replicated in real time in the event of any failure or cybersecurity event. **Gosa** has also made structural changes, both in Spain and Mexico, to offer the best service to the group's companies.

The acquisition of **new headquarters for Ormazabal** in the Zamudio Technology Park (Biscay) opens up a new horizon for this company, which aspires to lead the energy transition. Likewise, refurbishment work has continued at the **Ormazabal** plant in Igorre (Biscay) and the Cotradis facilities have been extended at the El Caballo industrial park in Madrid.

## Seizing the opportunities of the energy and digital transition

In the course of 2023, the respective roadmaps for the new strategic cycle 2024-2026 were drawn up. If the previous period began amidst the enormous uncertainty caused by the shock of the pandemic, this one is no different.

The world is witnessing major geopolitical changes and their impact on the economy in the form of slowing globalisation and a return to protectionist behaviour. But the global economy is also facing major cross-cutting transformations such as the energy and digital transition, which are driving high economic activity and attracting significant investment. These are major challenges from which opportunities arise and **Velatia** is well positioned to lead this transition.

EVOLUTION OF TURNOVER

2022

2023

**TURNOVER**  
(millions of euros)

**834**  
MILLION

**983**  
MILLION

**EBITDA**  
(% of turnover)

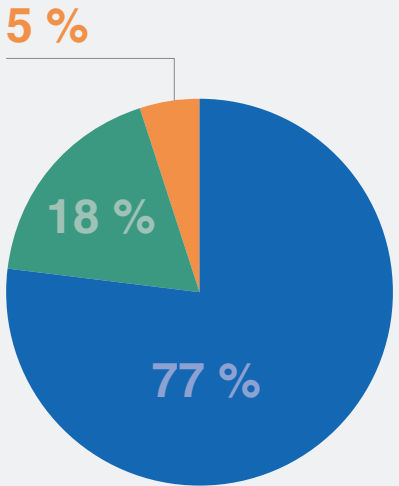
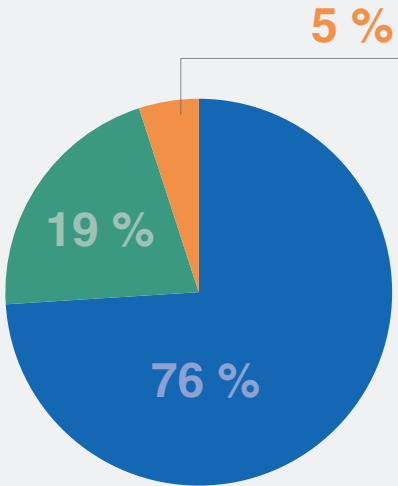
**11 %**

**8 %**

% OF BUSINESS TURNOVER

2022

2023



ORMAZABAL      IKUSI      OTHER





PEOPLE BY BUSINESS

2022

**3,765**  
PEOPLE

2023

**3,917**  
PEOPLE

**2,456**

ORMAZABAL

**2,588**

ORMAZABAL

**828**

IKUSI

**854**

IKUSI

**481**

OTHER BUSINESSES

**435**

OTHER BUSINESSES

**94**

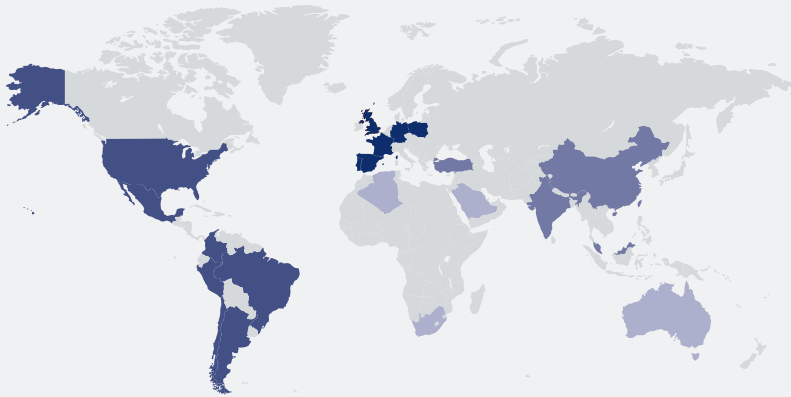
CORPORATION

**77**

CORPORATION

DISTRIBUTION OF STAFF BY CONTINENT

2022 | 3,765 PEOPLE

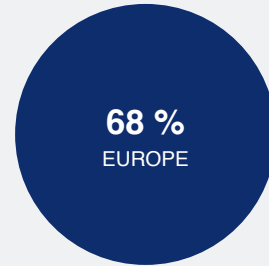


**2,542**  
PEOPLE  
IN EUROPE

**837**  
PEOPLE IN  
THE AMERICAS

**376**  
PEOPLE  
IN ASIA

**10**  
PEOPLE IN THE  
REST OF THE WORLD



**22 %**  
THE AMERICAS

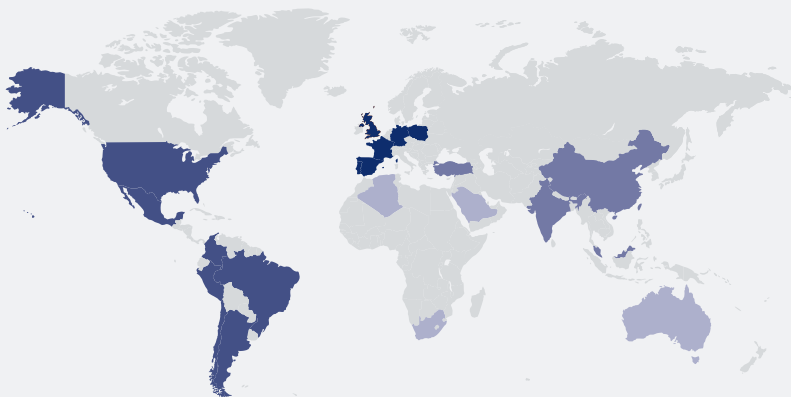


**10 %**  
ASIA



**<1 %**  
REST OF THE WORLD

2023 | 3,917 PEOPLE

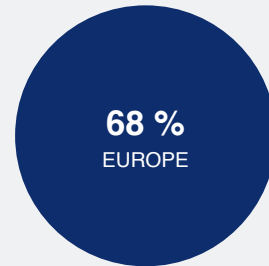


**2,653**  
PEOPLE  
IN EUROPE

**870**  
PEOPLE IN  
THE AMERICAS

**380**  
PEOPLE  
IN ASIA

**14**  
PEOPLE IN THE  
REST OF THE WORLD



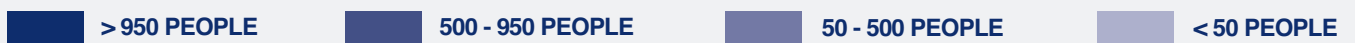
**22 %**  
THE AMERICAS



**10 %**  
ASIA



**<1 %**  
REST OF THE WORLD



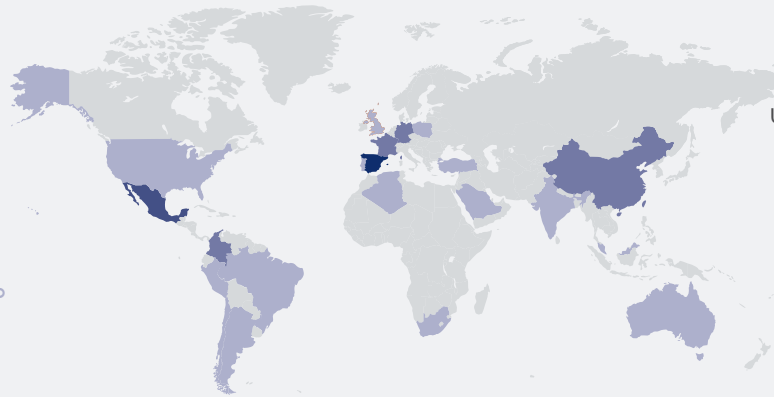
DISTRIBUTION OF STAFF BY COUNTRY

2022 | 3,765 PEOPLE

MEXICO **669** · 18 %  
 COLOMBIA **94** · 2 %  
 BRAZIL **32** · 1 %  
 ARGENTINA **26** · 1 %  
 CHILE **8** · <1 %  
 PERU **6** · <1 %  
 USA **2** · <1 %

SOUTH AFRICA **4** · <1 %  
 MIDDLE EAST **3** · <1 %  
 ALGERIA **2** · <1 %

OTHER COUNTRIES **79** · 2 %



SPAIN **2,284** · 61 %  
 FRANCE **132** · 4 %  
 GERMANY **87** · 2 %  
 UNITED KINGDOM **24** · <1 %  
 PORTUGAL **11** · <1 %  
 TURKEY **11** · <1 %  
 POLAND **4** · <1 %

CHINA **313** · 8 %  
 MALAYSIA **49** · 1 %

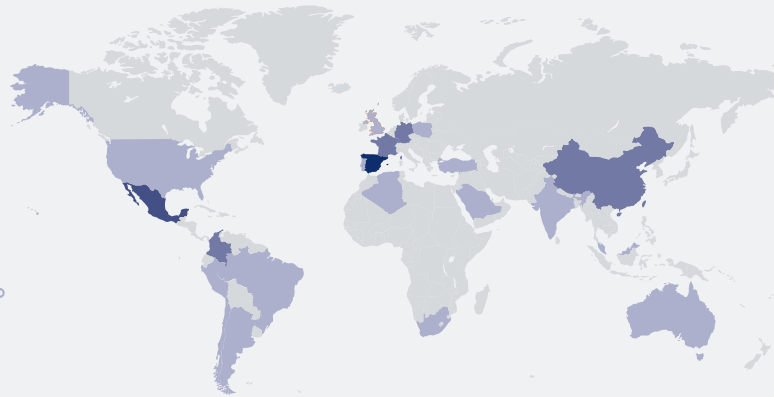
AUSTRALIA **4** · <1 %

2023 | 3,917 PEOPLE

MEXICO **680** · 17 %  
 COLOMBIA **111** · 3 %  
 BRAZIL **32** · 1 %  
 ARGENTINA **29** · 1 %  
 CHILE **13** · <1 %  
 PERU **2** · <1 %  
 USA **3** · <1 %

SOUTH AFRICA **4** · <1 %  
 MIDDLE EAST **3** · <1 %  
 ALGERIA **2** · <1 %

OTHER COUNTRIES **101** · 3 %



SPAIN **2,367** · 61 %  
 FRANCE **146** · 4 %  
 GERMANY **83** · 2 %  
 UNITED KINGDOM **38** · 1 %  
 PORTUGAL **15** · <1 %  
 TURKEY **12** · <1 %  
 POLAND **4** · <1 %

CHINA **309** · 8 %  
 MALAYSIA **59** · 2 %

AUSTRALIA **5** · <1 %



The soul of **Velatia** lies in its global, diverse, multicultural, committed and highly qualified team, comprising **3,917 people** at the end of 2023. Of this total, 68 % are located in Europe, mainly in Spain (61 %), while the remaining 32 % are distributed in other continents.

**Velatia's** profile is that of a dynamic and young organisation, with 75 % of its members aged between 26 and 51, 78 % are men and 22 % are women. Professionals from different geographies and business areas who share a common com-

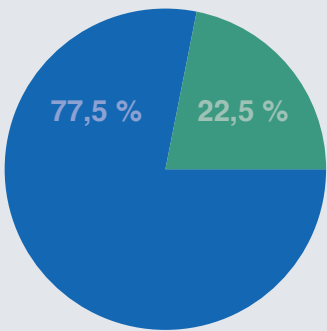
mitment to rigour and a commitment to a job well done, and an innovative spirit and a commitment to sustainability and involvement with the business objectives of the group of which it forms part.

This diversity of experiences and perspectives enriches the ability of **Velatia** companies to address complex challenges in an environment of collaboration and mutual growth within the organisation.

**DISTRIBUTION OF STAFF BY GENDER**

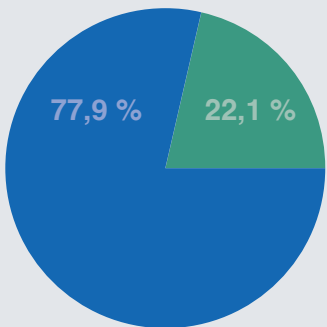
**DISTRIBUTION OF STAFF BY AGE**

2022 | 3,765 PEOPLE



**848**  
WOMEN  
**2,917**  
MEN

2023 | 3,917 PEOPLE



**867**  
WOMEN  
**3,050**  
MEN

**MEN**  
**WOMEN**

2022 | 3,765 PEOPLE



2023 | 3,917 PEOPLE





## Governance with a focus on sustainability

### 4 | Governance

#### Good governance

The General Meeting of Shareholders is the sovereign body of Velatia. Its functions, structure and responsibilities are detailed in the Articles of Association and in the Spanish Capital Companies Act.

#### Board of Directors

The Board of Directors, except in matters reserved exclusively for the General Meeting, acts as the highest decision-making body of the Company, as it is legally and statutorily entrusted with the administration and representation of the Company. Its powers include:

- Strategic orientation.
- Organisation.
- Economic control and risk management.
- Information policy.
- Monitoring of legal bases and auditing.
- Development, approval and updating of the organisation's objective.
- Definition of Mission, Vision and Business Values.
- Business strategies and risks.
- Policies and objectives related to economic, environmental and social issues.

The Board's policy focuses on delegating the day-to-day management of the Company to the general managers, supervising the day-to-day management of the Company and the general managers of the different businesses, concentrating their activity on general monitoring, assuming and directly exercising the responsibilities that this function entails.

The **Rules of Procedure of the Board of Directors** establish the fundamental rules for its organisation and functioning, including guidelines for the selection, appointment, re-election, dismissal and ethical behaviour of its members.

The social interest is defined as the pursuit of a profitable and sustainable business activity in the long term, ensuring the continuity of the company and maximising its economic value in a responsible manner. In addition to strict compliance with laws, regulations and behaviour based on good faith, ethics and respect for commonly accepted customs and good practices, the Board must ensure that the social interest is harmonised with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as considering the impact of the company's activities on the community as a whole and on the environment.



**Velatia** strictly complies with the recommendations of the **Code of Good Governance and the Spanish Capital Companies Act** applicable to the structure of the Board of Directors, both in terms of size and type.

Its regulatory framework is based on the Articles of Association, the Rules of Procedure of the Board of Directors, the specific regulations of the committees and the Code of Ethics that the organisation has adopted.

**Velatia's** Board of Directors is made up of eight members, headed by its president, Javier Ormazabal Echevarria, who is also the group's chief executive officer and whose functions are clearly defined in the internal regulations.

Three advisory committees operate within the Board: the Audit and Compliance Committee, the Appointments and Remuneration Committee and the Sustainable Development Committee. There are also two advisory councils: the **Ormazabal Advisory Council** and the **Ikusi Advisory Council**. All the committees are chaired by independent directors, an essential measure that helps to mitigate any risk associated with the concentration of powers.

The secretary and counsel to the Board plays a key role in ensuring that its actions are in accordance with the law and in accordance with the established statutes and regulations.

In order to prevent conflicts of interest in the highest governance body, directors are obliged to inform the Board of Directors of any situation that could give rise to a conflict. According to current legislation, those in such a situation must abstain from participating in decisions in which there may be a conflict of in-

terest between the interests of the Company and the directors and/or their related parties. Independent directors are also assigned the responsibility of supervising transactions that may be likely to give rise to a conflict of interest.

Finally, all transactions with related entities are recorded in the annual reports, thus ensuring that these transactions are transparent and known to all directors and shareholders.

## Governing bodies

Velatia's governing bodies maintain the highest standards and commitment to the application of good corporate governance practices that help generate value and protect the interests of the company and its stakeholders.

### Board of Directors

#### PRESIDENT

Mr. Javier Ormazabal Echevarria (3) (4) (5)

#### VICE-PRESIDENT

Mr. Alejandro Ormazabal Echevarria (1) (2) (4) (5) – Proprietary

#### MEMBERS

Ms. Ana Ormazabal Echevarria - Proprietary

Ms. Carmen Ormazabal Echevarria (1) - Proprietary

Dña. Begoña Ormazabal Echevarria (3) - Proprietary

Mr. Ramón Sotomayor Jauregui (2) (5) - External

Mr. Luis Atienza Serna (1) (3) (4) - Independent

Mr. Hipólito Suárez Gutiérrez (1) (2) (4) - Independent

#### SECRETARY (NON-BOARD MEMBER)

Mr. Javier Bicarregui Garay

### Advisory committees and advisory councils

The composition of the advisory committees and advisory councils is based on the principles of transparency and independence and in both cases is regulated by the Board's rules of procedure. The advisory committees deal with specific areas of activity such as the Audit and Compliance Committee, the Appointments and Remuneration Committee and the Sustainable Development Committee. For their part, the two advisory councils focus on providing advice to the **Ormazabal** and **Ikusi** businesses, respectively.

#### Audit and Compliance Committee (1)

The activities of the Audit and Compliance Committee cover the following aspects:

- Ensure transparency, accuracy and timeliness of financial and non-financial information.
- Evaluate and monitor the internal control system on an on-going basis.

- Validate the effectiveness of policies, systems and procedures that ensure the identification and proper management of the risks faced by the organisation.
- Ensure strict compliance with the rules, laws and regulations affecting the group's activities.

It is made up of four directors (two independent and two proprietary). Mr. Javier Bicarregui Garay, as non-member secretary, is also part of the committee.

#### Appointments and Remuneration Committee (2)

The Appointments and Remuneration Committee is responsible for carrying out the following functions:

- To formulate and review the criteria to be followed for the composition of the commissions and the selection of their candidates.
- Propose the composition of the committees.
- To examine and submit to the Board proposals for the appointment of senior management positions.
- Propose the remuneration policies for directors.
- Be aware of and review remuneration policies for senior management positions.
- Overseeing the development of the senior management team, performance evaluation, succession planning and reporting on issues that may involve conflicts of interest.

It is made up of three members (one independent, one external and one proprietary). Mr. Alex Otaegui Furriel, as non-member secretary, is also part of the advisory committee.

#### Sustainable Development Committee (3)

The Sustainable Development Committee has among its functions a set of core competences for the monitoring and implementation of sustainability objectives in **Velatia**. These include:

- Periodically review the Sustainable Development Policy and propose its approval, modification and updating to the Board.
- Monitor the Company's sustainability performance, evaluate and review action plans and report to the Board of Directors.
- Monitor the group's contribution to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations.
- Supervise and evaluate the processes of relations with the different stakeholders.

- Report, prior to its approval by the Board, on the annual sustainability report, the Statement of Non-Financial Information and any other relevant information for the different stakeholders.

It is made up of three directors (one independent, one proprietary and one executive). Ms. Iciar Marquínez Beñarán, as non-member secretary, is also part of the committee.

#### Ormazabal Advisory Council (4)

**Ormazabal** Advisory Council is a consultative body in the strictly business sphere whose main mission is to support the management team, providing collaboration and advice. To this end, it has, among others, the following powers:

- Analyse **Ormazabal's** results and the work of the management team.
- Formulate the strategic plan and monitor its implementation.
- Monitor budget management.
- Propose major decisions on investments, sale of assets, mergers, etc.
- Assess and propose the authorisation of strategic alliances.

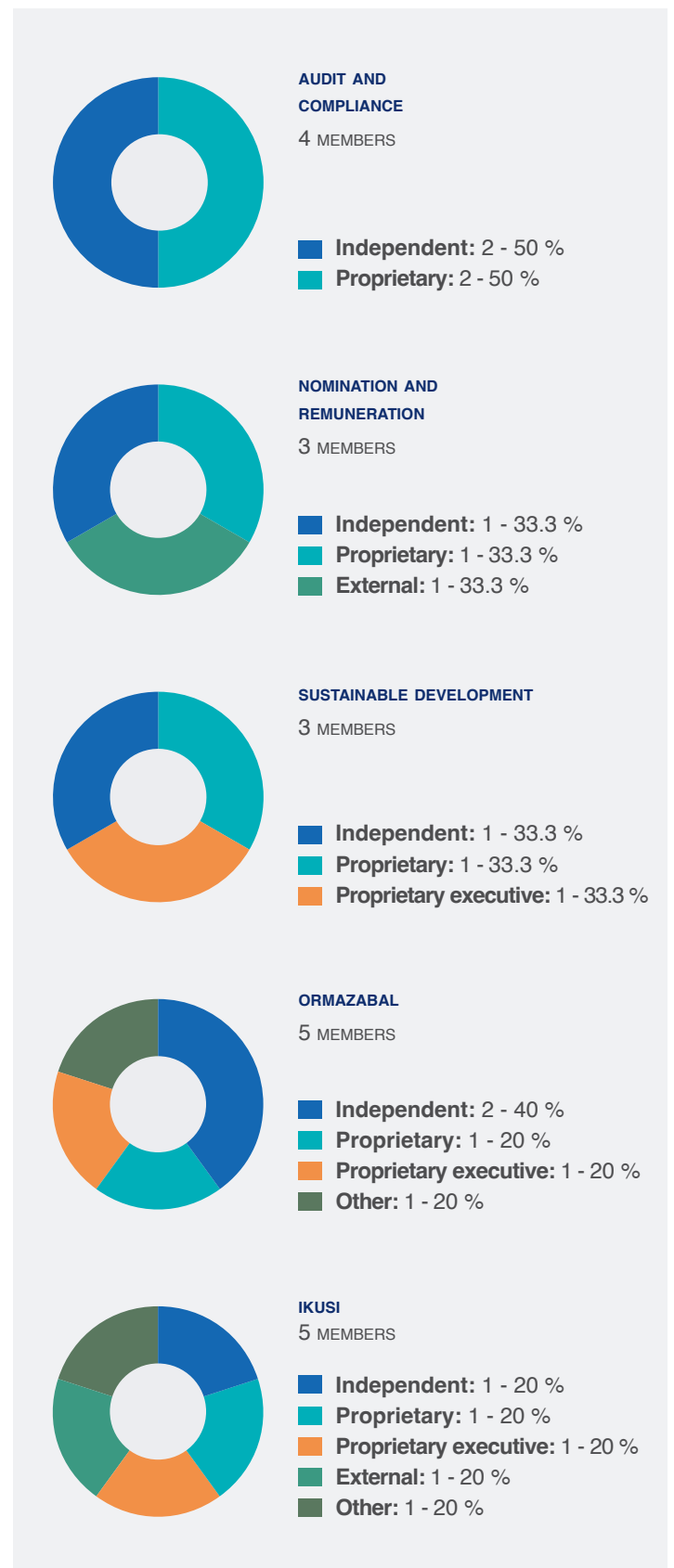
This board is made up of five members, four of whom belong to the Board of Directors. Mr. Jorge González Somavilla, as a permanent member, and Mr. Alex Otaegui Furriel, as non-member secretary, are also part of the advisory council.

#### Ikusi Advisory Council (5)

As in the previous case, the **Ikusi** Advisory Council is a consultative body in the strictly business sphere whose main task is to provide support, collaboration and advice. To this end, its responsibilities include:

- Analyse the results of Ikusi and the work of the management team.
- Formulate the strategic plan and monitor its implementation.
- Monitor budget management.
- Propose major decisions on investments, sale of assets, mergers, etc.
- Assess and propose the authorisation of strategic alliances.

This board is made up of five members, three of whom belong to the Board of Directors. Mr. Francisco Garza Zambraño and Mr. Iñaki Maiz Elizaran, as permanent members, as well as Mr. Alex Otaegui Furriel, as non-member secretary, are also part of the advisory council.



## A responsible, sustainable and holistic business ethic

### 5 | Ethics and integrity

**Velatia's purpose, vision, values and pillars**, together with the **Code of Ethics** and the **Sustainable Development Policy**, are the source of the ethical principles and operating guidelines that guide the group in the performance of its activities and decision-making.

These elements not only define **Velatia's** corporate identity, but also guide the path of the entire organisation towards the achievement of business goals and objectives, knowing that this is not possible without an advanced position in environmental compliance and climate change, without a strong social commitment, and without a rigorous demand for respect and observance of the criteria of good governance.

Therefore, through economic, environmental, social and governance actions, **Velatia** generates value in a sustainable manner for its different stakeholders, with a strong involvement in the communities where it operates, thus contributing to the Sustainable Development Goals.

#### Code of Ethics

**Velatia's** Code of Ethics establishes the principles and guidelines of conduct that guarantee the ethical and responsible behaviour of all the people linked to the organisation in the performance of their duties, including managers, employees

and the supply chain. Always complying with the legislation in force and respecting the particular cultural characteristics of the countries where the group is present, in accordance with the highest international standards.

The aim of the code is to consolidate **Velatia's** commitment to the principles of responsible, sustainable and comprehensive business ethics, aimed at contributing to the achievement of the Sustainable Development Goals (in accordance with environmental, social and governance requirements) and the creation of sustainable value for its stakeholders.

**Velatia** aligns its strategies and operations with the ten principles of the Global Compact, the UN initiative that addresses crucial aspects such as human rights, labour standards, the environment and the fight against corruption. Since 2002, **Velatia** has been part of this pact, which leads business sustainability in the world, and was one of the first Spanish organisations to sign up to it.

**In June 2023, the Board of Directors approved the amendment of the Code of Ethics.**

## Policies and commitments

While **Velatia's values** form the cornerstone of people's behaviour within the organisation, reflecting their deepest convictions, the ethical principles set the standards of conduct expected of professionals. These elements form the framework that governs the general standards of conduct.

**Velatia** has a set of **corporate policies** that develop these ethical principles and contain the guidelines that govern the actions of all the group's companies in line with the purpose, vision, values and pillars that define the group. In this regard, in November the Board of Directors approved the update of **Velatia's Policy Book**, which contains the main corporate policies for the organisation and provides the guidelines and action guidelines for the businesses to align their activity with those established by **Velatia**.

In June, **the Board of Directors approved the update of the Crime Prevention, Anti-Corruption and Ethical Channel Management Policy**. The purpose of this policy is to convey to all the group's professionals, as well as to third parties related to the group, a clear message of opposition to the commission of any illegal criminal act and specifically against corruption and fraud. It also seeks to ensure that the group's activity is based on respect for the law and commitment to good governance, transparency, responsibility, independence and reputation with respect to socially accepted ethical standards.

## Committee on Ethics and Corporate Crime Prevention

The Committee on Ethics and Corporate Crime Prevention is the body in charge of ensuring compliance with the Code of Ethics. It is made up of the management of the Corporation, Finance, Legal Counsel and Internal Audit, and its powers include the following:

- **Disseminate the Code of Ethics.**
- **Resolve any questions related to its interpretation** and provide guidance on how to proceed in case of doubt.
- **Assess and report on compliance with the Code**, as well as provide a direct and independent channel of communication for reporting possible non-compliance.
- **Manage and resolve** any complaints, suggestions or enquiries (unresolved by informal procedure) that may arise in connection with workplace harassment.

This committee is also responsible for supervising the **Ethics Channel**, a tool that **Velatia** makes available to all its stakeholders so that they can safely and anonymously report any irregular conduct, events or situations that may be contrary to the Code of Ethics, corporate policies and procedures, good business practices or current legislation. The platform on which this channel is articulated is managed by an external and independent company that is responsible for the following issues:

- Ensure the availability and accessibility of the service.
- Receive all communications.
- Preserve the integrity, objectivity and confidentiality of the information provided.
- Follow up on the stages of a complaint.
- Act as an intermediary between the company and the complainant in order to safeguard the identity of the complainant.

The Ethics Channel can be accessed in three ways: through the corporate website (**www.velatia.com**), in the "Code of Ethics" section, through the **My Velatia** application and by e-mail to **ethics@Velatia.com** specifically enabled by the Committee as a communication channel. In addition, any employee can directly notify their managers of any breach or violation of the Code of Ethics.

In 2023, the Ethics Channel was adapted to the new Law 2/2023 of 20 February, which regulates the protection of persons who report regulatory and anti-corruption violations. In 2023 no complaints were received through the Ethics Channel, compared to one (1) in 2022.

Finally, through the internal e-training platform, all **Velatia** employees are provided with specific training on the Code of Ethics and the use of the Ethics Channel, in order to promote their knowledge, dissemination and implementation. As a noteworthy element, the process of joining the business includes a package of corporate policies that contains training on the Code and the Ethical Channel, as well as protocols and manuals with relevant information about the company for the employee. Likewise, the entire Velatia management team has signed the acceptance of the Code of Ethics.



## Combating corruption and bribery

Velatia has revised its **Crime Prevention, Anti-Corruption and Ethical Channel Management Policy**, designed to act as a beacon of permanent vigilance and monitoring against any signs of corruption or fraud within its scope of action.

This policy sets out the commitments acquired by the group for the development of **a business culture based on ethics and compliance with the law**, which are summarised in the following points:

- **Preventive culture:** promoting an organisational culture based on the principle of “**zero tolerance**” towards any form of corruption or wrongdoing.
- **Self-monitoring:** to encourage self-monitoring processes in actions and decision-making by the management team and staff, based on four fundamental premises:
  1. That they are ethically acceptable.
  2. That they are legally valid.
  3. That they are beneficial to society and the group.
  4. That are the responsibility of the professional.
- **Prevent and react:** integrating and coordinating the set of actions necessary to prevent unlawful acts and react to them if they are committed.
- **Compliance with laws and regulations:** acting in accordance with current legislation and within the framework established by the Code of Ethics, complying with internal regulations.
- **Zero tolerance:** rejecting corruption, including extortion and bribery.
- **Promote transparency:** generate an environment of transparency, maintaining the appropriate internal channels to encourage the reporting of irregularities, illegal actions and acts contrary to the Code of Ethics.
- **Ensure the confidentiality** of the identity of the informant and of any other person mentioned, as well as of the processing of the information and its investigation.
- **Avoid direct or indirect retaliation** against those who have reported through the established channels, provided they act in good faith.
- **Respect for the presumption of innocence** and the rights of defence of the parties concerned.
- **Ensure independence**, impartiality and absence of conflict of interest in the handling of complaints.

- **Ensure the effective handling** of communications.
- **Investigation of complaints:** following up on possible irregularities while ensuring the confidentiality of the complainant and the rights of the persons under investigation, as well as applying penalties in a fair, non-discriminatory and proportionate manner.
- **Training and awareness-raising programmes:** establishing regular training actions and programmes that extend to everyone in the organisation for the development of a culture of business ethics and compliance with the law.
- **Internal control systems:** implementing and monitoring effective internal control systems for the prevention and detection of wrongdoing.
- **Ensure material and human resources:** making sure that the Committee on Ethics and Corporate Crime Prevention has the material and human resources to carry out its functions.
- **Assistance and cooperation:** to collaborate with judicial and administrative authorities in the investigation of suspected criminal and fraudulent acts.

Among the measures adopted to combat money laundering, **Velatia** has a **Risk Management System** that includes a detailed matrix of risks and associated monitoring. This system is designed to mitigate the possibility of money laundering and ensure compliance with established regulations.

In addition, throughout this financial year, **Velatia** has made various **contributions to different foundations and non-profit organisations for an approximate amount of 82,000 euros** (87,000 euros in 2022).



## Human rights

**Velatia** is firmly committed to the defence of human rights. As a member of the United Nations Global Compact since 2002, **Velatia** has taken on the responsibility to supporting, promoting and disseminating its ten principles, including the one relating to human rights. For this reason, it has equipped itself with tools that guarantee and promote the protection and respect of these rights in order to prevent, mitigate and repair any possible impact, both on the people linked to the organisation and on the local communities where it is present.

In the 2023 financial year, **Velatia has strengthened its commitment in this regard by approving the Board of Directors' Policy on Respect for Human Rights**. This policy consists of a series of criteria and measures to avoid, mitigate or alleviate any situation of violation of rights that may occur in the exercise of its activities. In this regard, Velatia assumes the following obligations:

- **Promote a culture of respect** for human rights, raising awareness and training its professionals in this area in all the group's companies.
- **Require its stakeholders to respect human rights**, in accordance with international standards, applicable legislation and its own Code of Ethics.

- **Ensure that everyone at Velatia assumes responsibility** for implementing the commitment to respect human rights on a day-to-day basis. Each organisation and each individual must be aware of the matters within their remit that may involve a violation of human rights and, if necessary, implement appropriate measures to remedy them or proceed to the corresponding complaint.
- **Identify potential non-compliance** through a risk map and deploy action plans to prevent or correct them.
- **Enable swift and confidential reporting mechanisms**, such as the Ethics Channel, and train the organisation's staff on their use, if necessary.

In addition, **Velatia has defined an overall Human Rights Management Framework** that incorporates three main elements: commitment to respect human rights, human rights due diligence and grievance mechanisms to detect and remedy possible violations.



## Human Rights Due Diligence system

The commitment to respect human rights, backed by the absolute conviction of their importance, together with the regulatory impetus boosted by the European Union and the expectations of stakeholders, especially clients and employees, were the main drivers that led the Sustainability Department to launch the implementation of a human rights Due Diligence system throughout the organisation in 2021. For **Velatia**, respect for these rights **is not only an ethical imperative but also a fundamental responsibility** that guides all its actions and decisions.

Due Diligence seeks to identify and assess the actual and potential negative impacts in this area associated with the development of a company's activities, taking into account the geographical and social framework, in order to prevent, mitigate and remedy any violations that may occur.

The system builds on the **Human Rights Management Framework**, highlighting the importance of identification and analysis in three areas:

- Elimination of discrimination in employment and occupation.
- Elimination of forced or compulsory labour.
- Effective abolition of child labour.

As far as the **self-assessment** of compliance is concerned, it focuses on four key areas:

### 1. Management

It refers to all the company's governance processes, procedures and practices through which matters that concern the organisation as a whole are decided and regulated. This regulation should be aligned with respect for human rights, and it is the responsibility of governance to establish mechanisms to prevent and remedy any violations that occur.

### 2. Human resources

Labour rights are an essential part of human rights. Decent work and its adequate compensation are embodied in various aspects of the company's relationship with its employees, specifically set out in the conventions of the International Labour Organisation (ILO).



### 3. Health and safety at work

It is an interdisciplinary field that involves the prevention of occupational risks inherent to any activity. It encompasses not only the prevention of physical risks but also other types of effects included in a broader concept such as health, and therefore requires the adoption of preventive and monitoring measures, as well as remedial measures where necessary.

### 4. Contractors and supply chain

Group companies have an obligation to work to prevent human rights abuses and malpractices by all suppliers involved in the supply chain. For their part, suppliers and contractors must provide a safe and healthy workplace and implement appropriate mechanisms to this end.

To initiate the Due Diligence process, a comprehensive human rights questionnaire was developed based on international standards and agreements such as the **Universal Declaration on Human Rights and International Labour Organisation (ILO) conventions**, a necessary first step to assess the human rights impact of activities at both company and group level.

The four areas mentioned above, spread over 176 questions, make up the questionnaire for assessing respect for human rights in the organisation.

In order to streamline the management of the process, a tool was designed that allows the evaluation to be completed and the results of the answers to be displayed graphically, including a risk analysis.

During 2021 and 2022, this human rights Due Diligence system was implemented in **Velatia's** main businesses in Spain, China and France, with favourable results in terms of social management. Among the most highly valued aspects is the robustness of the governance structure, one of the greatest assets of the group and its companies. **People management** even exceeds the standards of entities such as the ILO. The health and safety of people is an area of concern and occupation for the organisation's managers and its level of implementation is an example in terms of processes and the implementation of measures that minimise the risks that all business activity, and to a greater extent industrial activity, entails.

It is worth mentioning that, in response to the identified lack of a comprehensive analysis of suppliers on ESG (environmental, social and governance) criteria, **Velatia** expanded its standards and integrated these criteria into the qualification and monitoring processes of the supply chain, thus ensuring full compliance with human rights.

On the basis of the results obtained, **corresponding action plans have been put in place in 2023 to correct the small deviations detected.**

## Velatia in major international agreements

Since 2002 **Velatia** has been a member of the **United Nations Global Compact**, making a firm commitment to support, promote and disseminate its ten fundamental principles relating to human rights, labour practices, the environment and anti-corruption, both internally and within its sphere of influence.

Since 2005, annual progress reports have been published detailing the progress made on each principle. These reports are available to our stakeholders on the websites of the Spanish Global Compact Network and the United Nations Global Compact.

By joining this pact, the group joins more than 12,000 entities from over 160 countries, making this the largest corporate social responsibility initiative in the world.

**Velatia** also strives to integrate the **United Nations Sustainable Development Goals (SDGs)** into its business activities. In 2019, these goals were selected and prioritised (see section 1.8. of the report) in order to establish specific

lines of action assigned to each SDG, as well as monitoring systems to measure the contribution to the goals of the 2030 Agenda.

Finally, since 2020, the group has been part of the “**Family Business for Sustainable Development**” initiative, which brings together 180 personalities from the business world and is promoted by the United Nations and The Family Business Network. The integration in this agreement combines **Velatia**'s family roots with a strong commitment to sustainability, thus contributing to responsible global development and highlighting the role of family businesses in this context.

**Velatia is a member of the United Nations Global Compact and the Family Business for Sustainable Development initiative.**





## 6 | Risk management

### Management geared towards creating and protecting the value generated for stakeholders.

**Velatia** considers risk control and management from an integrated and cross-cutting approach to all decision-making processes, both at the level of corporate governance bodies and in each of the businesses. To this end, it has set up a solid organisational structure, systems and procedures to mitigate the threats that may hinder the development of its business strategy and the achievement of its objectives.

Given the diversity of business activity areas and countries, with different regulatory, political and social environments, **Velatia's** exposure to risk has different particularities. The **Risk Control and Management System** enables the group to identify, assess and control these risks, facilitating decision-making to minimise their impact on each of the business lines.

In 2023, the Board of Directors approved the **Risk Control and Management Policy**, the purpose of which is to establish the basic principles and guidelines for action to ensure that risks of all kinds that could adversely affect the achievement of **Velatia's** objectives are identified, analysed, evaluated, managed and controlled systematically, with uniform criteria and within the established thresholds or tolerance levels.

This policy defines risk control and management as a system aimed at creating and protecting the value generated for all stakeholders, ensuring that the acceptable level of risk is aligned with management capacity. It also establishes that any intervention to manage risks must comply with the basic principles of action reflected in the commitments.

### Velatia's Risk Management and Control Policy

The principles contained in this policy are summarised in the following six points:

1- **Integrate the risk-opportunity vision** in the organisation's management and in strategic and operational decisions.

2- **Separate operational functions** between the areas responsible for risk taking and those responsible for risk analysis, monitoring and supervision, ensuring an adequate level of independence.

3- **Respond to risks** under the following basic principles of action:

- Avoid, transfer and/or mitigate relevant health, accident, environmental, climate change, safety, ethics and conduct, compliance, fiscal, reputational and image risks, minimising their likelihood and/or associated impact.
- Transfer risk in low-probability, high-impact scenarios through insurance contracts or other hedging measures.
- Accept risk in low probability and low impact scenarios, maintaining consistency between the importance of the risk, its cost and the means necessary to reduce it.

4- **Perform a regular monitoring and control of risks**, including measures to mitigate their impact in order to review their management on a regular basis.

5- **Inform about risks** and the functioning of monitoring systems, maintaining adequate communication channels.

6- **Foster a risk culture** that promotes socially responsible and sustainable management among all **Velatia** staff.

The **Audit and Compliance Committee**, promoted by the Board of Directors, is responsible for overseeing the risk maps submitted by the businesses managements and their evolution, ensuring consistency with the general risk management policy.

### Risk map

In order to support decision-making, **Velatia** has established a **risk map for the businesses, categorised** by priority, probability and impact. This allows the group to manage them proactively and to keep itself informed of the overall exposure to them.

The description of the risks falls into the following categories:

### Strategic risks

Risks that affect the objectives identified in the strategic reflection process of the businesses and that may lead to the non-fulfilment of the planned strategic objectives.

### Operational risks

They include those linked to processes, people and products such as inadequate or faulty internal processes, human errors, system failures, etc.

### Compliance risks

These risks refer to the set of rules or principles that define the ethical behaviour, rights, responsibilities and expectations of the different stakeholders in business governance.

Within this category, controls have been identified to mitigate threats arising from the following regulations:

- Privacy and confidential information.
- Scams and misleading advertising.
- Safeguarding competition.
- Corruption.
- Tax and Social Security.
- Labour.
- Environment.
- Sectoral regulation.

### Information risks

Those arising from financial reporting. **Velatia** has an Internal Control over Financial Reporting System (ICFR).

This system, based on the methodology established by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), provides a comprehensive framework for internal control over financial reporting, ensuring the reliability of the group's financial reporting and providing reasonable assurance regarding the prevention or detection of misstatements in the annual accounts.

## Main risks identified

### Macroeconomic risks, geopolitical instability

Macroeconomic risks and geopolitical instability pose major challenges for companies affecting their operational and financial stability in an increasingly complex global environment.

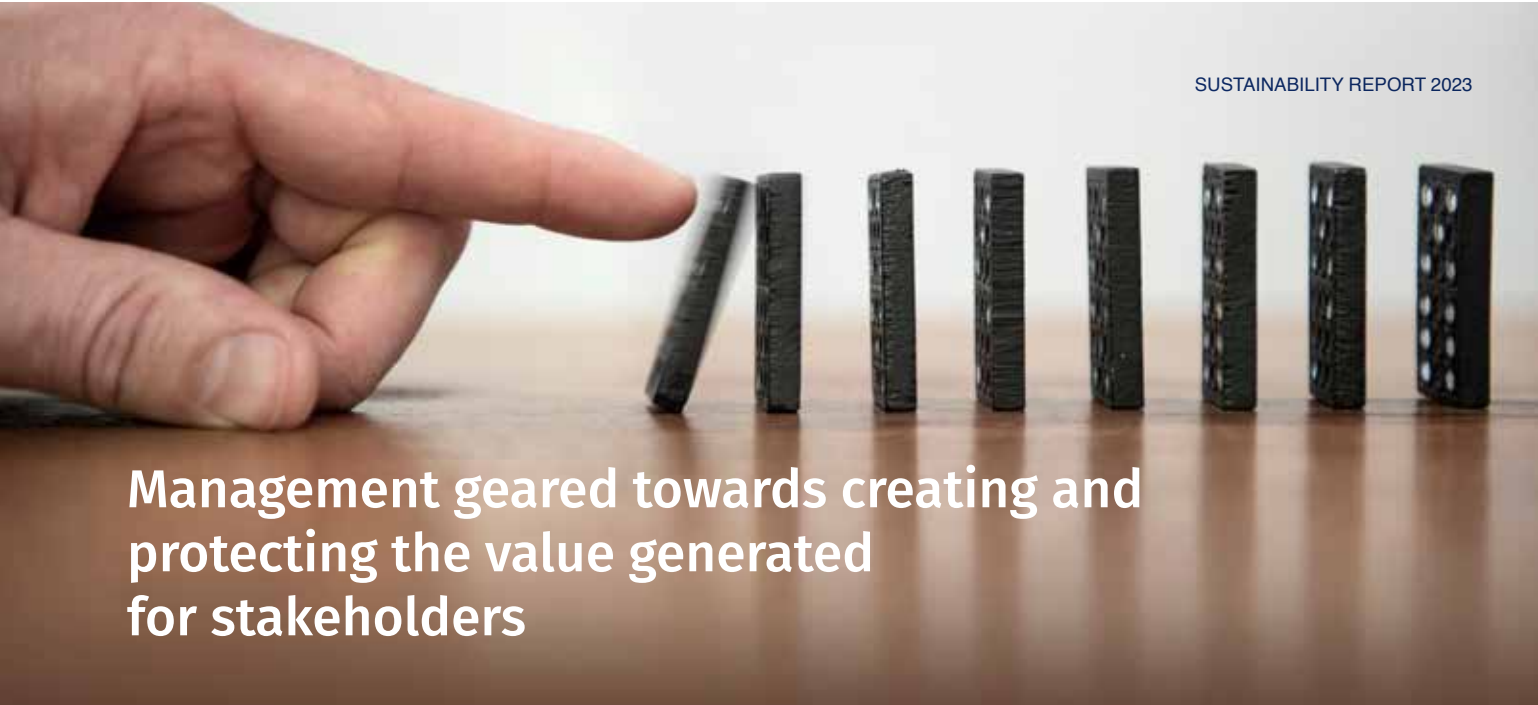
In 2022, the conflict in Ukraine triggered the imposition of sanctions, the nationalisation of key players and the government's appropriation of assets. The risk of geo-economic clashes remains, posing a threat for the coming years. The militarisation of economic policy between globally integrated powers has highlighted the vulnerabilities inherent in commercial, financial and technological interdependence for both the public and private sectors.

In the face of vulnerabilities exposed by the pandemic and war, economic policy is increasingly geared towards geopolitical objectives. The search for "self-sufficiency" through practices such as "onshoring" and "friend-shoring" is impacting global supply chains.

### Regulatory risks

In the regulatory sphere, the European Union has been developing an extensive regulatory framework for several years, particularly in environmental, social and governance (ESG) aspects. This regulatory agenda has intensified and different instruments are being developed to incorporate environmental and social aspects into the dynamics of companies, such as the implementation of minimum taxation, the Carbon Border Adjustment Mechanism (CBAM) for goods from outside the EU, etc. These changes represent risks that have to be properly managed due to their potential short and long term impacts on business development.

Similarly, legislation on issues such as the new Corporate Sustainability Reporting Directive (CSRD), as well as all associated regulations, the implementation of due diligence mechanisms on sustainability issues, the development of different taxonomies, etc., pose regulatory challenges for **Velatia**. In this regard, the organisation has structures and resources dedicated to these aspects, including presence in different forums and external advice, which facilitates preparation and anticipation for future regulatory requirements.



## Management geared towards creating and protecting the value generated for stakeholders

### Supply chain risks

The vulnerabilities exposed by the pandemic, the subsequent war in Ukraine, and the trend towards self-sufficiency mentioned above, are prompting a rethinking of global supply chains.

**Velatia's Risk Control and Management System** allows the panel of suppliers to be monitored and divided into different categories according to their criticality.

**In 2023, Velatia has approved the Risk Management and Control Policy to identify, assess and control risks that could affect the achievement of the group's objectives.**

### Cybersecurity risks

Attacks and incidents related to cybersecurity continue to grow exponentially and the forms they adopt are becoming increasingly sophisticated. The damage caused can range from the total or partial loss of information to the disclosure of confidential data with the consequent reputational damage and associated economic impact.

**Velatia** has an **Information Security Committee** in charge of establishing the strategy to mitigate these dangers. It is responsible for promoting, prioritising and managing the plans and programmes designed to deal with crisis situations related to system or information security. It also monitors risks and reports to the Board of Directors when required.

In addition, **Velatia** has developed a **Security Master Plan** that defines priorities, responsibilities and resources and includes an **Incident Response Plan** and a **Business Continuity Plan**, both of which are reviewed and approved annually.

Among the reinforcement measures to address cybersecurity risks, the group has implemented a **Cybersecurity Awareness and Training Plan**, along with a specific channel that allows anyone in the organisation to report any cybersecurity-related issue.

In addition, the group has a cyber-risk policy to insure against this kind of damage.

### Human rights risks

Velatia's **Code of Ethics** reflects the commitments made by the group, which are based on the **United Nations Guiding Principles on Business and Human Rights**, adopted in 2011. These principles constitute the first global standard designed to prevent and remedy the violation of human rights associated with business activity.

In order to reinforce its commitments, **Velatia** has established a Human Rights Due Diligence process, a preventive mechanism that will allow the organisation to identify, assess, prevent, mitigate and remedy adverse (real or potential) impacts on human rights. This process has continued to be deployed in the different countries and companies of the group throughout the year.

Complaint channels play a key role in facilitating the complaint-making process and strengthening the relationship with stakeholders. The main channel is the Ethics Channel available to both staff and third parties with a legitimate interest. Queries are received confidentially, as indicated in the section on Ethics and Integrity (section 1.5. of the report), and appropriate action is taken to resolve the situations detected, if necessary.

### Environmental risks

The search for the necessary balance between the activity and the conservation of the natural environment and biodiversity has led **Velatia** to develop a series of policies and implement measures aimed at minimising any environmental risk that may arise from its activity.

The entire process of identifying, assessing, controlling and risk analysis of the different businesses. This process also determines the opportunities that arise from actions such as incorporating eco-efficiency criteria in product development (extending good practices to all group companies, implementing environmental management systems, etc.), as well as in the development of new products whose ultimate goal is the decarbonisation of the economy and the fight against climate change.

During the 2023 strategic reflection, the group companies have analysed the environmental risks and opportunities in their respective businesses.

To back up its commitments, **Velatia** has a Civil Liability policy that covers the risks of contamination or pollution of air, soil and water.

### Physical risks from climate change-related disasters

During 2022, an initial analysis of exposure to current risks from natural disasters and a preliminary analysis of exposure to future long-term climate-related physical risks were conducted.

This analysis was based on the latest scientific projections to assess the impact of climate change on all **Velatia** facilities. Various climate scenarios were considered and different time horizons were projected. Specifically, three different climate change scenarios (RCP 2.6 / 4.5 / 8.5) and four time horizons (present day / 2030 / 2050 / 2100) were considered.

Based on this study, the risks and impacts identified are being analysed in order to implement the corresponding management strategies.

## 7 | Sustainability

**Velatia** considers sustainability as a central component of its business strategy. This vision is integrated transversally throughout the organisation, committing to contribute to sustainable development through the generation of long-term value.

One of the group's main objectives is to provide companies with the necessary resources and support structures to adequately develop this area. In the electricity business in particular, a specific structure has been set up to manage environmental, social and governance (ESG) aspects from within the company.

In order to successfully overcome the sustainability challenges we face as a company, **Velatia assumes a series of principles and commitments set out in its Sustainable Development Policy. This policy, revised and approved by the Board of Directors in 2023, takes into account the interests and needs of the Group's stakeholders and its businesses.**

The **Sustainability Master Plan** for the period 2021-2023, integrated into the strategic plans of the businesses, includes the relevant social and environmental aspects, both at strategic and operational level for stakeholders.

In order to develop the plan, an in-depth analysis process was carried out beforehand to identify these aspects and prioritise them, taking into consideration the following issues:

- Different stakeholder expectations.
- Competitor best practices.
- Regulatory trends.
- Pending issues after the preparation of the previous plan.



Velatia places sustainability  
at the heart of its strategy



The results of this analysis, which include the needs and expectations detected, are set out in the following table:

Lines		Subject matter	Shareholder	People	Suppliers	Funders	Society
<b>Economic performance and client relations</b>	Development of new solutions	Competitive and differentiated value proposition	✓	✓			
		Digitalisation					✓
		Innovation in products and services Promotion and commitment to R&D&I			✓		✓
		Promotion of smart cities					✓
	Economic performance, creation of economic and financial value	Value of the growing group/Project with a future	✓				
		Economic performance, solvency,...				✓	
<b>Business ethics and corporate governance</b>	Ethical behaviour and regulatory compliance	Compliance with Code of Ethics		✓	✓	✓	
		Regulatory compliance					✓
		Combating corruption and fraud				✓	
		Excellence in management: System certification and widespread use of standards and benchmarks	✓				✓
	Corporate governance and transparency	"Reputation, prestige, company" "benchmark" Growing brand value	✓		✓		
		Good corporate governance	✓				
		Transparency, reporting and collaboration	✓		✓	✓	
		Dialogue and consultation with stakeholders					✓
	Participation in regulatory development	Participation in the development of regulations and legislation					✓
<b>Human capital management</b>	Talent management	Diversity and Equal Opportunity	✓				
		People development and training	✓	✓			
	Well-being of employees	Work-life balance and flexibility	✓				
		Quality employment		✓			

Lines		Subject matter	Shareholder	People	Suppliers	Funders	Society
Impact on society	Generating positive social impact	Integration of CSR into the business and contribution to SDGs Responsible company committed to the environment	✓				✓
		Leadership and local development, impact on local employment. Wealth and employment creation. Generating positive social impact				✓	✓
		Collaboration with universities or other academic bodies					✓
	Generating positive social impact	Social action programmes Corporate volunteering					✓
	Commitment to human rights	Commitment to human rights					
Environment	Climate change	Initiatives to minimise GHG emissions and protect the environment					✓
		Commitment to sustainability and decarbonisation, to the full extent of its scope Promoting the use of renewable energies Promote "green" attitudes		✓		✓	✓
	Integration of the circular economy Life cycle analysis	Análisis del ciclo de vida.			✓		
		Reduce environmental impact on the supply chain/responsible supplies			✓		
		Product safety and eco-efficiency					✓
	Integration of the circular economy					✓	
Responsible relationship with partners, suppliers and other stakeholders	Lasting partnerships	Enduring and cost-effective relationship, win-win			✓		
		Common defence of joint interests					✓
	Relations with suppliers	Compliance with payment terms and conditions			✓		
		Equal opportunities			✓		
	Integration into the value chain			✓			
Business model	Business model	% majority control	✓				
		Focus on flagship industrial and technology businesses and efficient and standardised operation	✓				
		Global view of markets and opportunities and international positioning for each business tailored to each market	✓				



## Materiality analysis

**Velatia** bases its sustainability model on managing the possible impacts and risks arising from the activities carried out by the group's companies, identifying opportunities, as well as the measures designed to mitigate possible impacts.

To this end, **Velatia** has carried out a materiality analysis tailored to each of its main businesses, which, together with the previously identified relevant issues for the group, served to obtain the **materiality matrix**.

The identification of these issues has been based on the analysis of various aspects, including the environment, competition, industry best practices, applicable regulations, trends in ESG criteria, the Sustainable Development Goals in relation to business, as well as the main objectives of **Velatia's** Strategic Plan 2021-2023 and business interests.

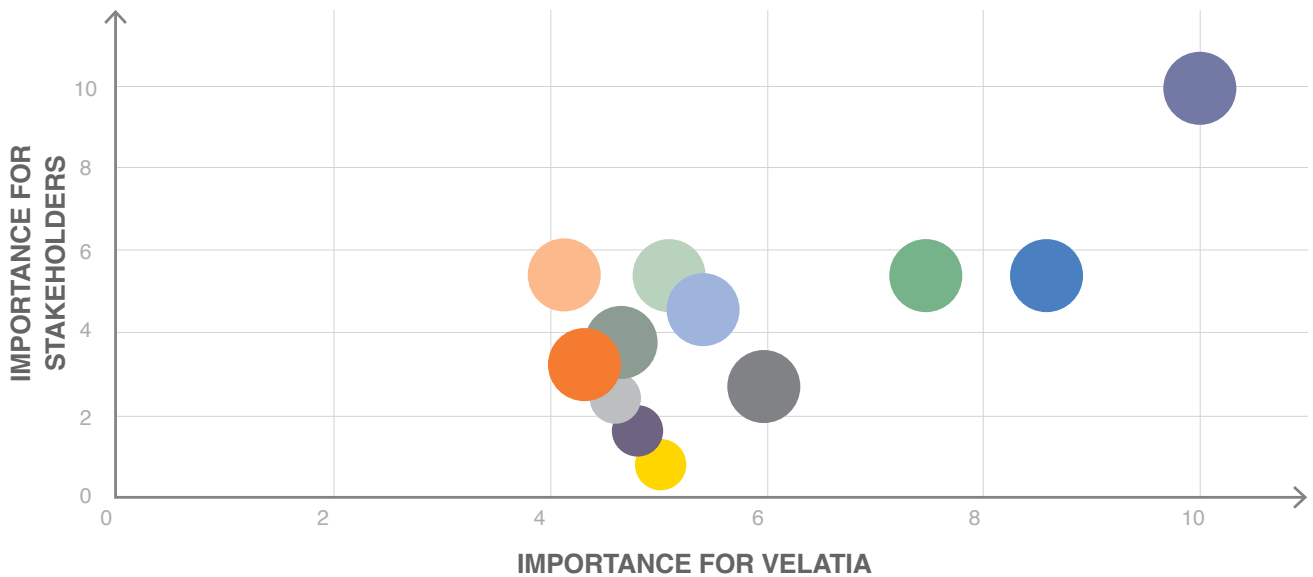
## Relevant issues identified

<p style="text-align: center;"><b>ENVIRONMENT</b></p>	<p style="text-align: center;"><b>BUSINESS ETHICS AND CORPORATE GOVERNANCE</b></p>
<ul style="list-style-type: none"> <li>• Reduction in emissions.</li> <li>• Efficient energy consumption.</li> <li>• Decarbonisation of the energy mix.</li> <li>• Improved life cycle and eco-design of products.</li> <li>• Material reduction, reuse, recycling.</li> <li>• Promotion of “green” attitudes.</li> <li>• Climate change risk management.</li> </ul>	<ul style="list-style-type: none"> <li>• Economic and financial performance.</li> <li>• Compliance, ethics and integrity.</li> <li>• Fight against fraud and corruption.</li> <li>• Responsible use of technology.</li> <li>• Risk management.</li> <li>• Transparency and reporting.</li> <li>• Involving management in sustainability management.</li> <li>• Reputational risk management and business trends with stakeholders.</li> </ul>
<p style="text-align: center;"><b>HUMAN CAPITAL MANAGEMENT</b></p>	<p style="text-align: center;"><b>RESPONSIBLE RELATIONSHIP WITH PARTNERS AND SUPPLIERS</b></p>
<ul style="list-style-type: none"> <li>• Diversity and Equal Opportunity.</li> <li>• Occupational health and safety.</li> <li>• Quality employment.</li> <li>• People development.</li> <li>• Development of digital skills and entrepreneurship.</li> </ul>	<ul style="list-style-type: none"> <li>• Reducing the environmental impact of the supply chain/responsible supplies.</li> <li>• Responsible supply chain.</li> <li>• Alliances with local partners.</li> </ul>
<p style="text-align: center;"><b>ECONOMIC PERFORMANCE AND CLIENTS RELATIONS</b></p>	<p style="text-align: center;"><b>IMPACT ON SOCIETY</b></p>
<ul style="list-style-type: none"> <li>• Economic and financial performance.</li> <li>• Innovation in products and services.</li> <li>• Development of new solutions and digitalisation.</li> <li>• Connectivity and digitalisation.</li> <li>• Client satisfaction.</li> <li>• Network reliability.</li> <li>• Product and service safety.</li> <li>• Client privacy.</li> <li>• Cybersecurity.</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership and local development.</li> <li>• Impact on local employment.</li> <li>• Human rights.</li> <li>• Inclusion and collaboration.</li> </ul>

### Prioritisation of relevant topics

The **materiality matrix**, presented in the graph below, arises from the intersection between the results derived from the internal assessment carried out by the businesses regarding the most relevant issues for their activity, including their prioritisation, and the external assessment according to their importance and dependence for stakeholders.

Based on these identified issues, the objectives and commitments that the corporate area and the different businesses must implement have been defined and integrated into their respective strategic plans. In addition, those responsible for their execution have been assigned and the necessary resources have been determined to address them effectively.



- Corporate governance and transparency
- Generate impact
- Ethical behaviour and regulatory compliance
- Talent management
- Integration of the circular economy
- Economic performance, creation...
- Development of new solutions
- Supply chain
- Development of new solutions
- Participation in the development of regulations and legislation
- Relations with suppliers
- Inclusion and collaboration
- Climate change
- Commitment to human rights
- Well-being of employees
- Client experience



## Lines of action, ambitions and commitments

### Ethics and corporate governance

Identified as one of the most important expectations and as a hygiene factor, this line encompasses all aspects of good governance, ethics, integrity and transparency. The goal of corporate governance is to generate long-term trust and commitment between the organisation and its stakeholders.

**Velatia** has defined a framework of integrity comprising the Code of Ethics and a number of policies that set out the operating principles.

#### Ambition:

- **Integrity** of behaviour.
- **Excellence** in management.
- **Inclusive dialogue and trust** with stakeholders.

### Human capital management

In this line, a commitment is made to people, promoting their development and diversity, also guaranteeing equal opportunities to make **Velatia** a diverse and inclusive group.

#### Ambition:

- To have people who are **aware of** and committed to sustainability.
- To ensure **equal opportunities in a diverse and inclusive environment**, promoting a culture that favours **work-life balance and flexibility**.
- To achieve **a fair pay system** that takes into account social and environmental achievements.
- To be a benchmark in **level of employee satisfaction**.
- **Prioritise safety and minimise accidents**, particularly those caused by causes attributable to the company.

### Environment

The aim is to reduce the consumption of resources in the development of the activity, as well as to contribute with products and services to the energy transition and the fight against climate change.

#### Ambition:

To be an **environmentally committed** group that stays ahead of the curve on regulatory compliance, uses **clean energy and efficient processes**, and contributes to **decarbonisation** by installing products that make the grid more efficient.

### Impact on society

The aim is to reconcile business development with the interests of the communities where the group operates, generating a positive social impact through job creation, development of the local economy, collaboration with educational institutions, payment of taxes and redistribution of the value generated.

#### Ambition:

- To be perceived as a **creator of wealth and employment** in the local area, supporting young people and the most disadvantaged groups through training, in line with the interests of the business.
- Ensure respect for **human rights** in all activities and geographies.
- **Actively contribute to society** by sharing knowledge to strengthen policy development.

### Economic performance and client relations

In this line, we work to promote innovation in products and services in order to improve and boost the growth of both the group and the communities it forms part of.

#### Ambition:

- To promote **technology innovation and digitalisation** as a lever for transformation towards more sustainable business models.
- To be a **benchmark** in the provision of services, driven by the search for new solutions.

### Partnerships and responsible relations with partners and suppliers

We seek to establish responsible relationships with partners and suppliers based on trust, transparency and mutual respect.



**Ambition:**

- To promote **sustainability** among partners and suppliers.
- Establish **relationships of trust and accountability**.
- Promote **responsible partnerships** to build networks of shared value.

Aware of the importance of sustainability for its stakeholders, the **Sustainability Model** approved by **Velatia** in 2020 reaffirms the group's desire to embed in the organisation a culture linked to the Sustainable Development Goals promoted by the UN, with these goals constituting a central pillar of business activity. This model incorporates environmental, social and governance (ESG) considerations, which, based on dialogue with the various stakeholders, will enable us to generate responses adapted to their needs and expectations.

For this purpose, and in line with the **Velatia Management Model**, **requirements have been established to drive the progress of the group's companies towards an excellent management model in the pursuit of sustainability.**

## 8 | Sustainable Development Goals

In 2015, the UN approved the 2030 Agenda, a plan with seventeen Sustainable Development Goals (SDGs) to “end poverty, protect the planet and improve people’s lives and prospects”. This major global commitment in its three strands - social, economic and environmental - concerns governments, businesses and citizens alike. Its adoption highlighted the need to work collaboratively to move towards more sustainable patterns of development. We all have a role to play in improving the lives of future generations.

**Velatia** assumes this common commitment, aligns its business strategy with sustainability and transfers it to all levels of the organisation to generate a positive impact on society and protect the environment.

Aware of the crucial role played by the energy and ICT sectors in achieving the Sustainable Development Goals, **Velatia focuses its efforts on SDGs 7** (Clean and non-polluting energy), **9 (Industry, innovation and infrastructure)** and **11 (Sustainable cities and communities)**, in line with the nature of its business. This involves facilitating access to energy, promoting digitalisation and investing in innovation, as key drivers to maintain its competitiveness.

**In addition, Velatia is committed to SDG 5 (gender equality) and SDG 8 (decent work and economic growth) in a cross-cutting manner throughout the organisation.** In relation to SDG 5, the group focuses on the development of equality plans, on increasing the presence of women in the organisation to make it more equal, sustainable and efficient, and on pay equity and raising awareness among the staff. With regard to SDG 8, the actions implemented seek to make Velatia a benchmark in the creation of quality employment, based on equal opportunities and sustainable economic growth.

The most significant progress made during the year towards achieving these two cross-cutting goals is summarised below. The activity corresponding to the rest of the SDGs is developed in the sections of the report corresponding to the businesses.





## Velatia is committed to joining forces to improve the lives of future generations

### Velatia's contribution to SDGs 5 and 8

#### SDG 5

Empower women and girls to reduce gender inequality, with a view to eliminating the social inequality that this gap causes.

As a result of a firm commitment to gender equality, **Velatia** has established equality plans that pursue three fundamental objectives:

- **Advance in the consolidation of the Equality Policy** throughout the organisation, establishing a solid basis for its promotion.
- **Strengthen equal opportunities for all people** in the group, ensuring a fair and non-discriminatory environment.
- **Convey the group's commitment to zero tolerance of violence in the workplace**, especially with regard to sexual and gender-based harassment, by promoting a safe and respectful working environment.

These plans are reviewed and updated every three years with the collaboration of independent experts. Based on the findings, an action plan is developed and regularly monitored to ensure its effectiveness.

During the year, the actions contained in the equality plans of the group's companies in Spain were implemented. Thus, in 2023, a reflection process has been promoted on how to tackle the "glass ceiling", which represents the barrier that women have to face to gain access to the highest decision-making levels. In addition, **the LEAP (Learn, Engage, Achieve & Progress)** initiative has continued, with the participation of a group of sixteen professional women.

In line with the development of talent, **Velatia** participates in various **mentoring programmes**, in which special attention is paid to strengthening female talent, with 44 women as mentors and 36 as mentees.

Likewise, analyses and reviews of internal processes have been carried out, such as a selection process to ensure equal opportunities and non-discrimination based on gender, practices of reconciling personal and professional life with the implementation of new initiatives—such as flexible entry, a bank of hours, or teleworking—, the monitoring of temporary employment between men and women to detect and analyse possible deviations, the analysis of training data broken down by gender to detect and analyse possible deviations, and health surveillance differentiated by gender, among other issues.

**Velatia** also promotes visibility and awareness of the commitment to equality by launching messages and holding events on the occasion of International Women's Day and the International Day for the Elimination of Violence against Women, as well as through videos on the group's intranet to raise awareness of gender equality among the staff.

During the year, the actions contained in the equality plans of the group's companies in Spain were implemented.

### SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

In line with SDG 8, during this financial year **Velatia** has continued to create quality and stable employment at all levels. This growth has been characterised by the incorporation of young and female talent and the integration of disadvantaged groups.

In relation to supporting the employability of young people, it is worth highlighting **Velatia's** regular collaboration with different training centres to offer internship opportunities in the group's companies. In addition, **Velatia** participates significantly in the "**Decade of Action for Youth Employment**" project, led by the **Novia Salcedo Foundation**. This project seeks to catalyse an international movement of reflection, thought, debate and action to address the serious problem of youth unemployment. Its ultimate goal is to urge the UN to declare a decade dedicated specifically to youth employment.

**Velatia** has also collaborated closely with the **Comunicando Futuro Foundation** in the **Employability and Social Impact Forum 2023**, a forum that has served as a platform to explore new ways of generating jobs for young people.



Since 2021, **Velatia** has had a **human rights Due Diligence system** in place which, among its functions, is responsible for verifying the dignity of jobs within the organisation.

Below are the indicators that reflect **Velatia's** contribution to SDG 8 in 2022 and 2023:

	2022	2023
Economic value generated	EUR 838 million	EUR 991 million
Employment (direct + indirect)	11,300 people	11,700 people
Permanent contracts	88 %	89 %
Women	22 %	22 %
% local purchase	83 %	86 %









# 02 | Velatia Commitments



## A culture that puts people first, based on mutual trust

### 11 People

In an increasingly complex and changing world, **Velatia** recognises the importance of its human capital, its main hallmark and key to achieving the objectives of competitiveness and business efficiency.

The group puts people at the centre of its attention, valuing them and maintaining a culture based on mutual trust that allows personal objectives and those of the organisation to be brought together in a mutually beneficial way. From this symbiosis of interests arises the purpose of establishing a two-way commitment between the person and the organisation with a twofold aspiration:

- **Facilitate the attraction and retention** of the necessary talent at all times and in all places where **Velatia**'s businesses operate.
- **To involve all people** in the success of the group, promoting its economic and social development and thus contributing to the achievement of SDG 8 (Decent Work and Economic Growth).

Achieving these two aspirations is essential to achieving the group's objectives and, to this end, **Velatia** bases its people management on the following seven general principles of action:

# Be smart. Be Velatia

Let's make the future smart

1. Development of a **labour relations framework** that favours a social climate that stimulates innovation and good work; in short, competitiveness and efficiency that guarantee business sustainability. A model based on the generation of trust, communication, transparency and participation, and which facilitates an environment geared towards a shared project.
2. Design of a **value proposition** that promotes the attraction, recruitment, selection, hiring, development, promotion and loyalty of talent, consisting of a competitive total reward and a diverse and inclusive work environment that enables the reconciliation of personal and professional life and promotes professional growth; as well as progress based on objective performance criteria, equal opportunities and commitment to the **purpose and values of Velatia**. In short, a value proposition that favours the consolidation of stable, quality jobs.
3. Developing **uniform human capital processes** that further implement a culture of talent in all countries and businesses in which the group operates, respecting local particularities.
4. Use of a total **reward system** that attracts and retains the best professionals and aligns their objectives with those of the organisation.
5. Valuing the contribution of all professionals to the **creation of value in Velatia** and its growth.
6. Guaranteeing that the selection, hiring and promotion processes of the group's companies ensure that their professionals are suitable people, aligned with the provisions of **Velatia's purpose and values** and with the principles set out in its Code of Ethics, and that their track record is valued. All of this is without forgetting the importance of respecting individual identity and convictions.
7. A working environment that promotes the **well-being of people** in their spheres of influence.

## Activity spotlight in 2023

### CULTURE AND COMMITMENT

#### Equality and diversity

**Velatia** is a diverse group made up of more than 3,900 people of almost twenty nationalities. In line with the principles set out in its Code of Ethics, it is committed to equal opportunities, diversity and inclusion. An approach that enables mutual learning to evolve on the basis of the principle of equality and non-discrimination.

To this end, **Velatia** promotes actions to encourage inclusive diversity that enables people to develop their individual potential to the full. During 2023, progress continued to be made with the transversal actions included in the equality plans and which have been developed by the group's companies based in Spain in previous years.

### TALENT MANAGEMENT

#### Performance assessment process

In 2023 the individual development plans identified through the performance assessment, *My Performance Roadmap*, were monitored throughout the management team of the **Velatia** companies, as well as in the businesses and people of **Velatia** Corporation. The aim is to promote personal development and to have a clear picture of both the performance capacity and the potential for progress of each person in the organisation.

Based on the results obtained, a **Talent Matrix** has been created, both at corporate and business level, as the system allows each company to have its own analysis and conclusions. This matrix compiles diverse information such as performance, potential, exit risk and its possible impact, individual development plans and the competency profile of each individual, among other data.

#### Junior Talent Development: ARCO Programme

The ARCO Programme, an example of **Velatia's** commitment to young talent, completed its second edition in 2023, in which 51 professionals of five nationalities participated. The programme, developed in 2023 in person, has provided them with a global vision of the group and among the activities included are worth mentioning:

- Training in impact presentations and individual mentoring.
- Assessment Center.
- Training on the Individual Development Plan (IDP).
- Launch of Gamelearn trainings.
- Presentation of projects.
- Development of the IDP.

#### Management Model

The **Velatia** Management Model pays special attention to communication actions to ensure that management teams are duly informed and committed, as well as to encourage their participation and involvement. In this regard, they receive information in advance that is subsequently made available to the rest of the organisation. In 2023, specific information sessions were held for this group and they were invited to participate in conferences of interest organised by external entities.

**Velatia's** annual conference was held on 13 December, attended by all the directors and middle managers of the group's companies. As every year, it served as a meeting place to share the most relevant results and projects of the year that ended, and the action plans for the year to come.

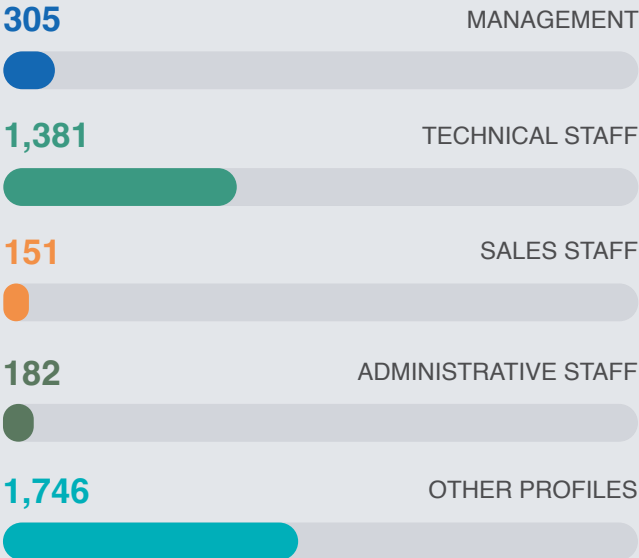
## To be a benchmark for creating quality jobs is one of Velatia's highest aspirations

At the end of 2023, **Velatia's** staff increased by 4 % compared to the previous year, demonstrating its commitment to the community through job creation. It is important to note that the data presented below in this chapter, both in relation to employment, compensation, safety, health and training, covers information corresponding to all the companies that make up the group.

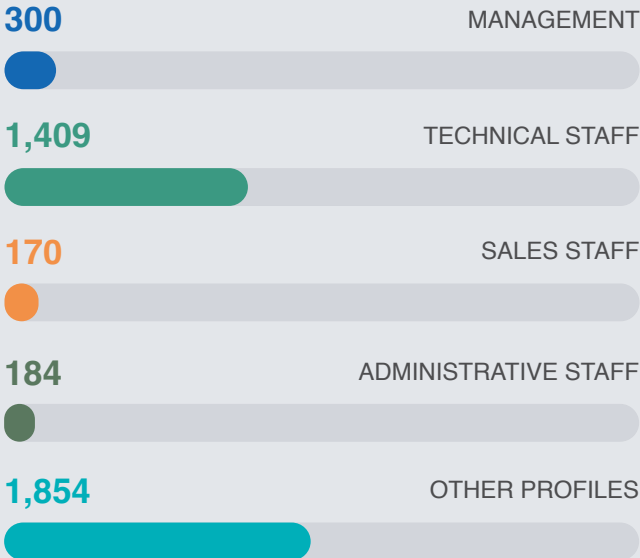


DISTRIBUTION OF STAFF AT YEAR-END BY CATEGORY

2022 | 3,765 PEOPLE



2023 | 3,917 PEOPLE



The distribution of staff at the end of 2023 reveals a notable predominance of permanent contracts, 89 % of the total (2,740 men and 738 women), in contrast to temporary contracts, which make up a smaller percentage (310 men and 129 women). In terms of working time, permanent contracts

show exclusively full working days, a trend established in 2022 by the Spanish Working Time Modification Act. In the case of temporary contracts, full-time contracts are predominant, with 297 men and 121 women, compared to 13 men and 8 women with part-time contracts.

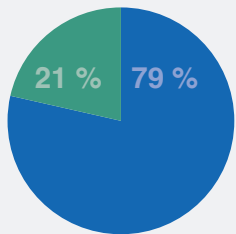
DISTRIBUTION OF STAFF BY TYPE OF CONTRACT, TYPE OF WORKING TIME AND GENDER

2022

**3,323**  
PERMANENT



**3,323** FULL-TIME      **0** PART-TIME



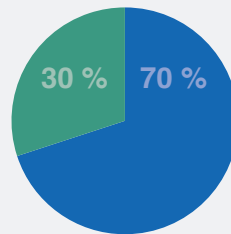
**713** WOMEN | **2,610** MEN

■ MEN      ■ WOMEN

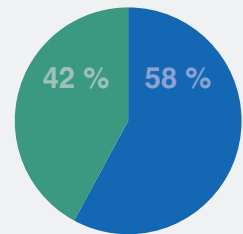
**442**  
TEMPORARY



**423** FULL-TIME      **19** PART-TIME



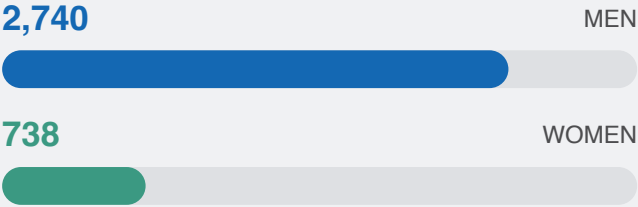
**127** WOMEN | **296** MEN



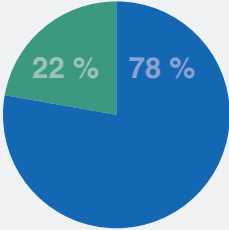
**8** WOMEN | **11** MEN

2023

**3,478**  
PERMANENT



**3,478** FULL-TIME      **0** PART-TIME

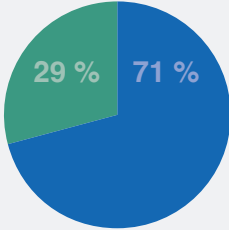


**738** WOMEN | **2,740** MEN

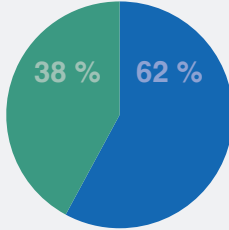
**439**  
TEMPORARY



**418** FULL-TIME      **21** PART-TIME

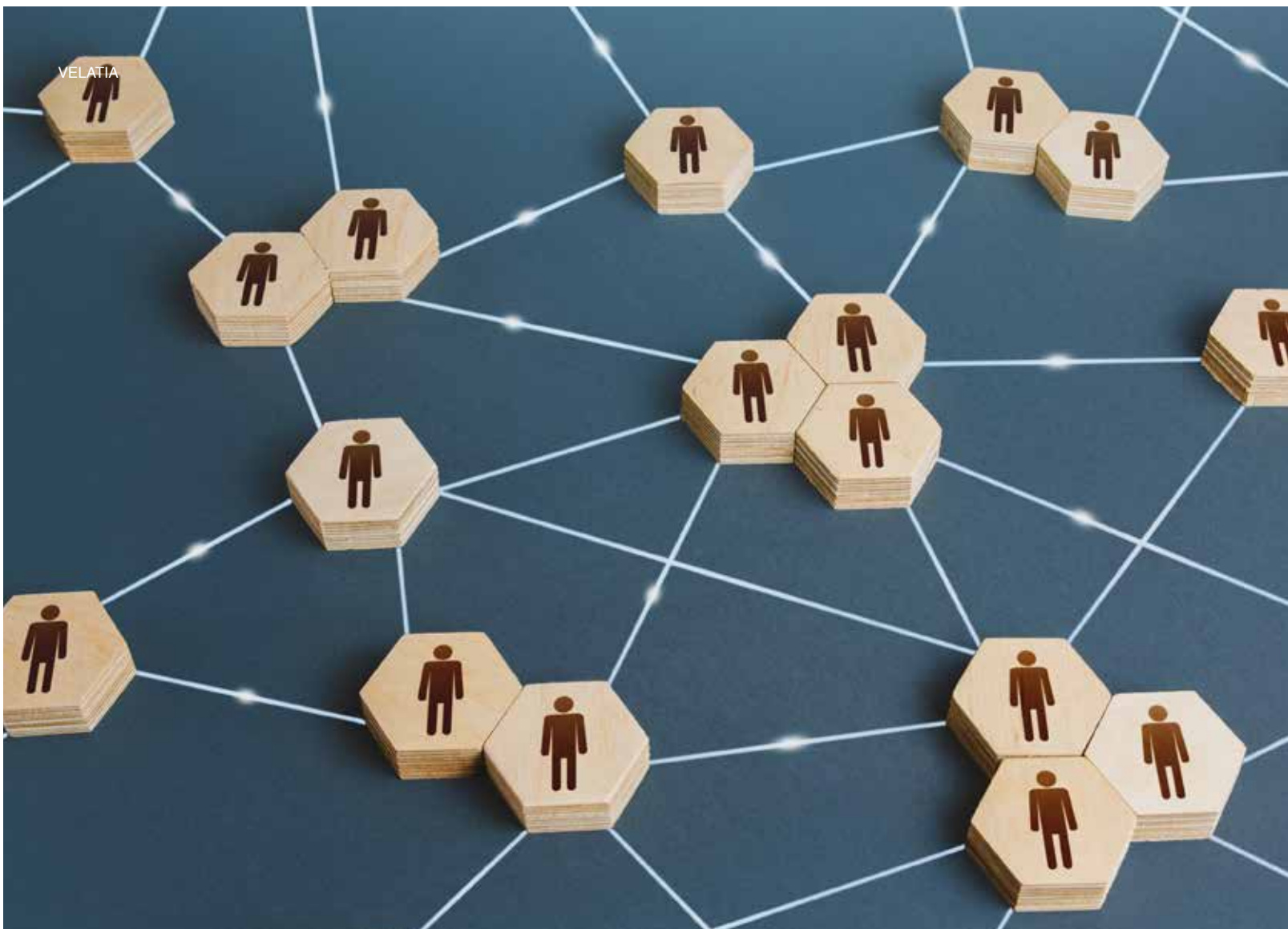


**121** WOMEN | **297** MEN



**8** WOMEN | **13** MEN

MEN      WOMEN



## Distribution of staff, average staff by contract, type of working time and gender: average annual number of contracts

The Group's competitive strength lies in the valuable experience of its human resources. This approach is consistent with the most common contract type, as can be seen from the annual average of permanent and temporary contracts<sup>(1)</sup>.

**Velatia** recognises the importance of opening the professional path for young people, so each year it offers internship opportunities through various instruments, such as internship con-

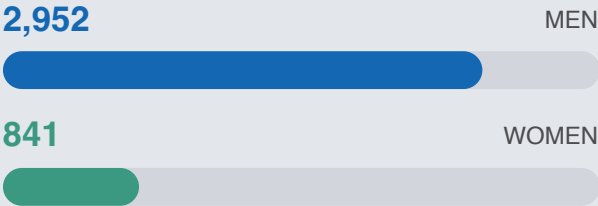
tracts and educational cooperation agreements, with the aim of transforming these experiences into permanent contracts. These initiatives have proven to be effective, as reflected by the 6 % increase in permanent contracts compared to the previous year. In addition, 89 % of the average staff has permanent contracts, highlighting the group's commitment to the employment stability of its employees.

(1) The annual average has been calculated using the average number of Velatia employees during 2021 and 2023, respectively, taking into account the salary payments calculated for each month.

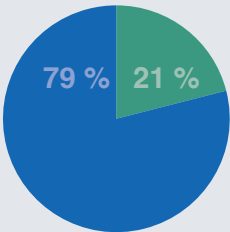
AVERAGE STAFF BY CONTRACT TYPE BY GENDER

2022

**3,793**  
CONTRACTS

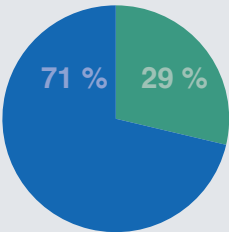


**3,212**  
PERMANENT



**675** WOMEN | **2,537** MEN

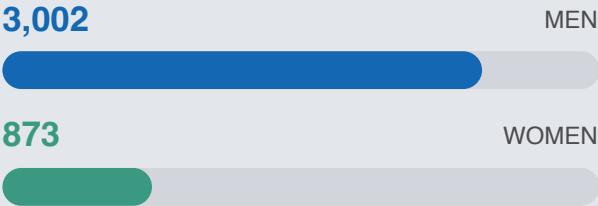
**581**  
TEMPORARY



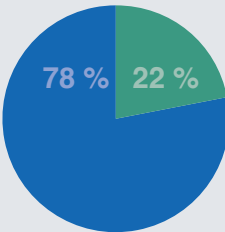
**167** WOMEN | **415** MEN

2023

**3,875**  
CONTRACTS

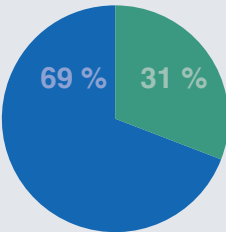


**3,389**  
PERMANENT



**726** WOMEN | **2,663** MEN

**486**  
TEMPORARY



**147** WOMEN | **339** MEN

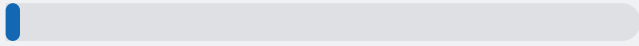


AVERAGE STAFF BY CONTRACT TYPE BY AGE

2022 | 3,793 CONTRACTS

**3,212**  
PERMANENT

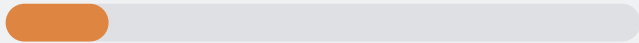
**86** <26 YEARS OLD



**2,511** FROM 26 TO 51 YEARS OLD

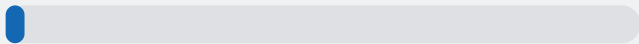


**615** >51 YEARS OLD

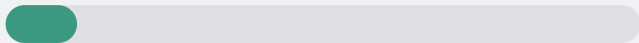


**581**  
TEMPORARY

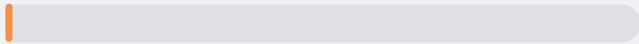
**113** <26 YEARS OLD



**427** FROM 26 TO 51 YEARS OLD



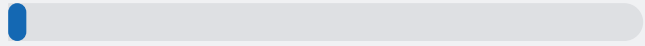
**42** >51 YEARS OLD



2023 | 3,875 CONTRACTS

**3,389**  
PERMANENT

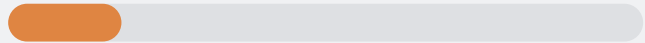
**114** <26 YEARS OLD



**2,616** FROM 26 TO 51 YEARS OLD

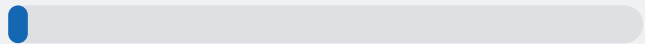


**659** >51 YEARS OLD

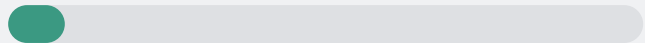


**487**  
TEMPORARY

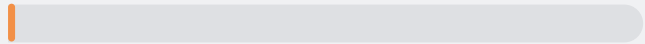
**118** <26 YEARS OLD



**326** FROM 26 TO 51 YEARS OLD

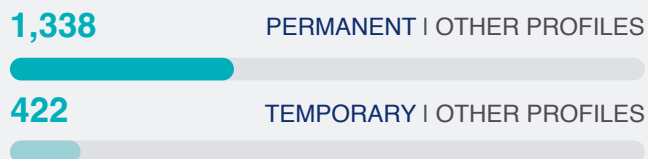
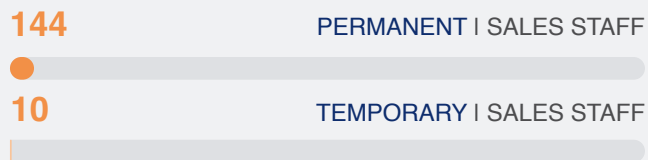
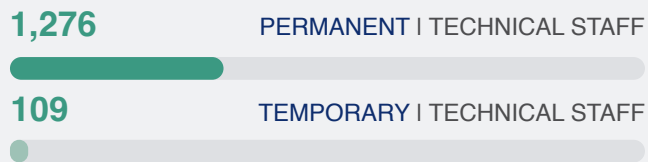
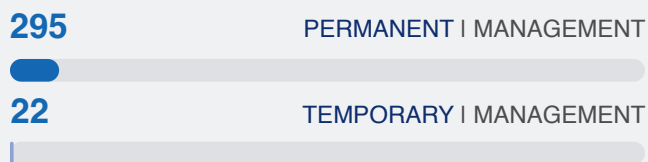


**43** >51 YEARS OLD



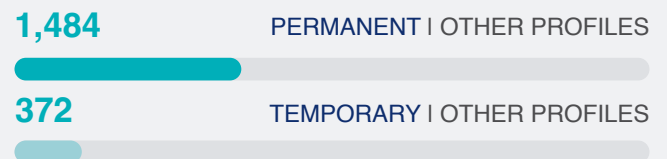
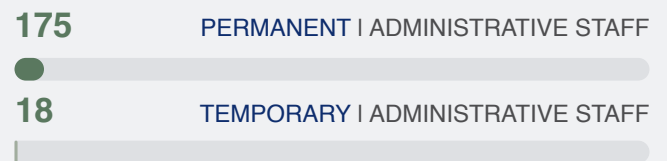
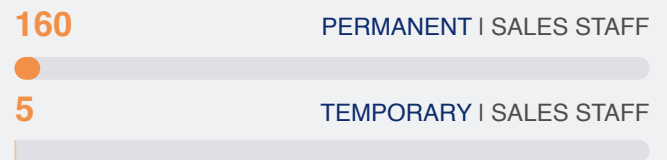
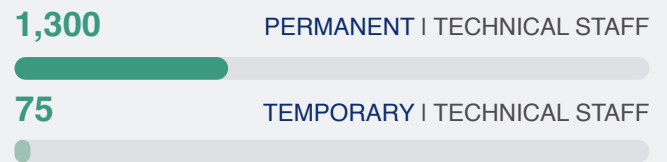
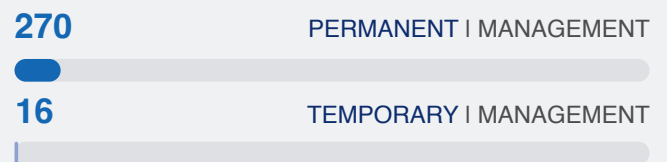
AVERAGE STAFF BY CONTRACT TYPE BY PROFESSIONAL CATEGORY

2022 | 3,793 CONTRACTS



3,212 PERMANENT | 581 TEMPORARY

2023 | 3,875 CONTRACTS



3,389 PERMANENT | 486 TEMPORARY



### Average staff by type of working time

There is an increase in the average number of employees in the group, with 3,895 in 2023 and 3,793 in 2022. The most relevant difference in terms of the type of contracts is due to the reduction in temporary contracts, which contrasts with the increase in permanent contracts.

The legislative change undertaken by the Spanish Government in 2022 regarding the regulation of part-time contracts,

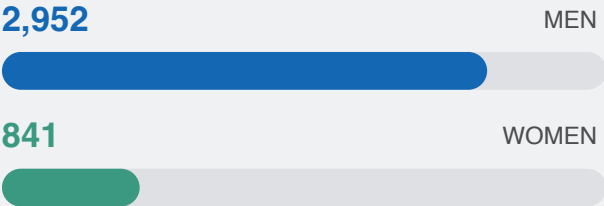
together with the measures promoted by **Velatia**'s businesses to promote the reconciliation of family and work life, mean that this type of contract remains in residual figures.

Below is a breakdown of employment at **Velatia** in 2023 in terms of type of working day, considering the variables of gender, age and category.

AVERAGE STAFF BY TYPE OF WORKING DAY BY GENDER

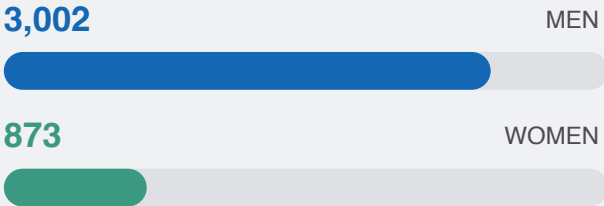
2022

**3,793**  
EMPLOYEES

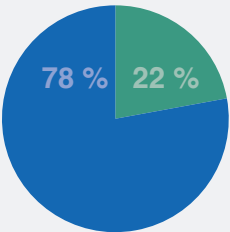


2023

**3,875**  
EMPLOYEES

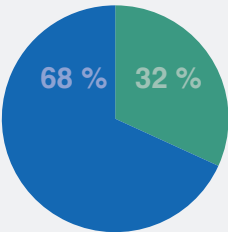


**3,771**  
FULL-TIME



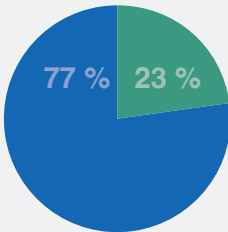
**834** WOMEN | **2,937** MEN

**22**  
PART-TIME



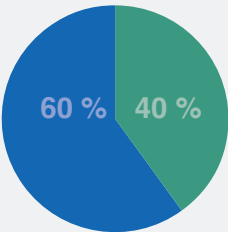
**7** WOMEN | **15** MEN

**3,855**  
FULL-TIME



**864** WOMEN | **2,990** MEN

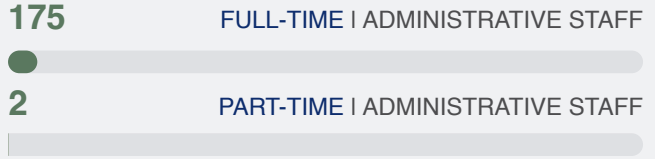
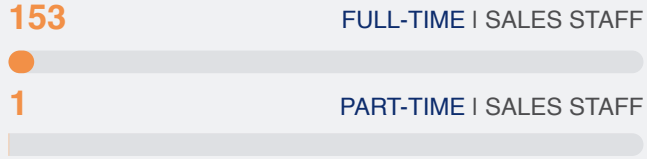
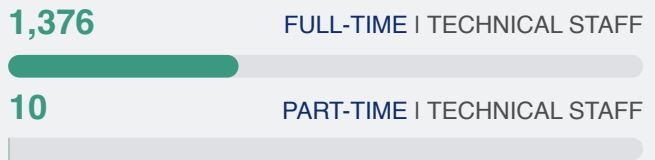
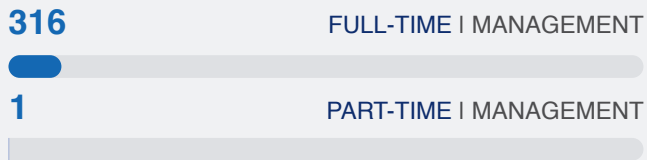
**20**  
PART-TIME



**8** WOMEN | **12** MEN

DISTRIBUTION OF AVERAGE STAFF BY TYPE OF WORKING DAY BY PROFESSIONAL CATEGORY

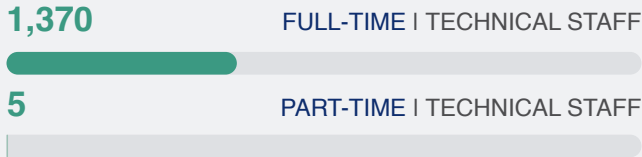
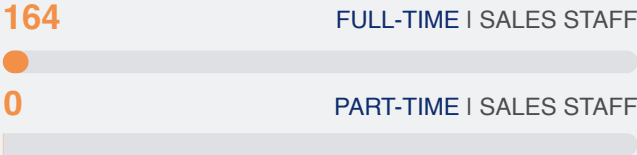
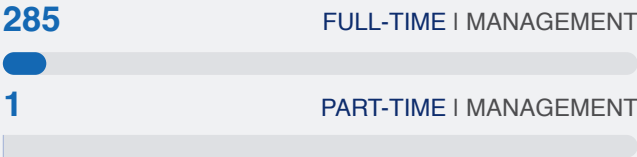
2022 | 3,793 WORKING DAY



3,771 PERMANENT | 22 TEMPORARY



2023 | 3,875 WORKING DAY

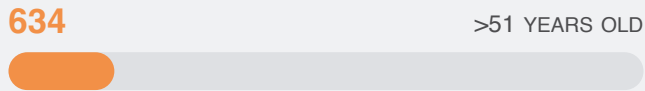
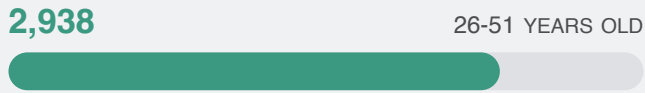
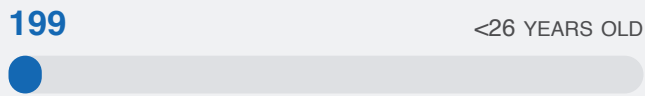


3,855 PERMANENT | 20 TEMPORARY

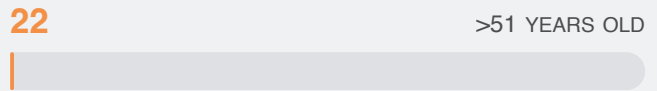
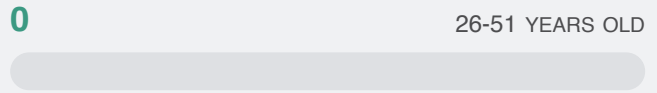
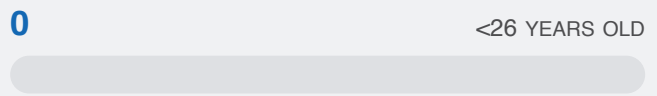
DISTRIBUTION OF AVERAGE WORKFORCE BY AGE RANGE

2022 | 3,793 WORKING DAY

**3,771**  
FULL-TIME

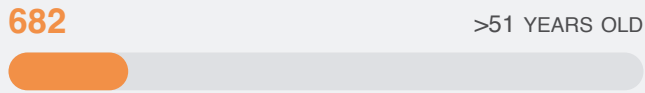
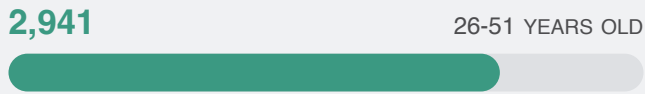
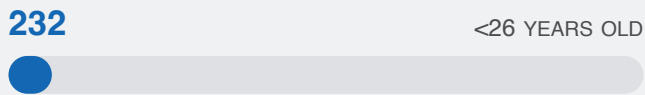


**22**  
PART-TIME

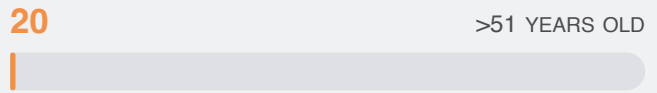
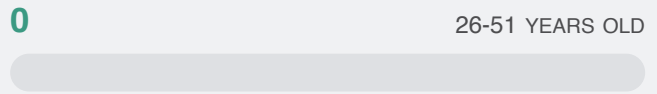
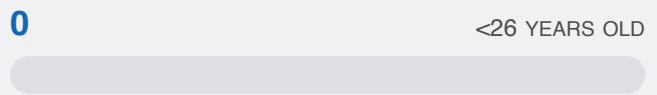


2023 | 3,875 WORKING DAY

**3,855**  
FULL-TIME



**20**  
PART-TIME



## Rate of employee turnover

During the year, the flow of people employed within the organisation was as follows:

	2022	2023
Initial staff	3,789	3,765
New staff	913	1,144
Turnover	917	1,034
<b>Final staff</b>	<b>3,765</b>	<b>3,875</b>

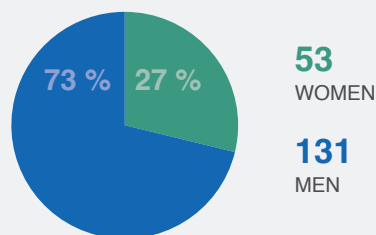
## Redundancies

With regard to redundancies, at group level there is a marked decrease of 38 % compared to the previous year, with 115 cases in 2023 compared to 184 in 2022.

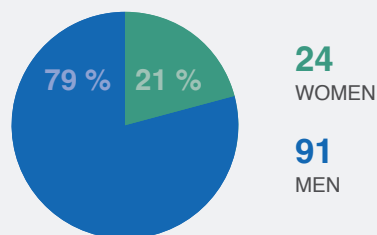
Redundancies during these two years are distributed as follows according to gender, age and category, over the average number of employees:

### DISTRIBUTION OF REDUNDANCIES BY GENDER

2022



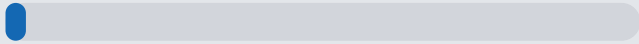
2023



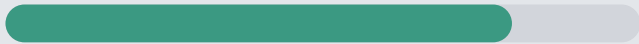
### DISTRIBUTION OF REDUNDANCIES BY AGE

2022

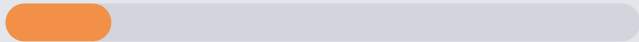
6 <26 YEARS OLD



147 FROM 26 TO 51 YEARS OLD

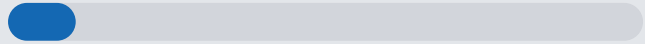


31 >51 YEARS OLD



2023

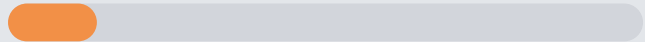
14 <26 YEARS OLD



78 FROM 26 TO 51 YEARS OLD



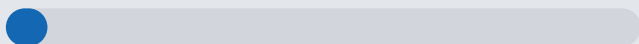
23 >51 YEARS OLD



### DISTRIBUTION OF REDUNDANCIES BY PROFESSIONAL CATEGORY

2022

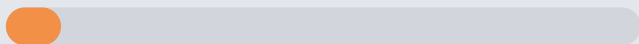
12 MANAGEMENT



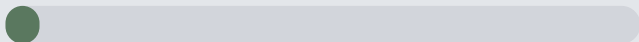
74 TECHNICAL STAFF



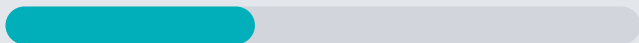
16 ADMINISTRATIVE STAFF



10 SALES STAFF

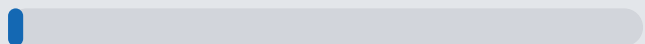


72 OTHER PROFILES

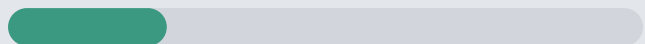


2023

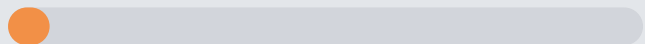
3 MANAGEMENT



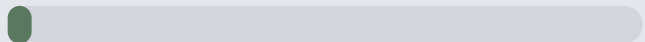
40 TECHNICAL STAFF



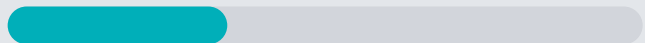
11 ADMINISTRATIVE STAFF



4 SALES STAFF



57 OTHER PROFILES







## Accessibility

As a group committed to diversity and social inclusion, **Velatia** respects universal accessibility and therefore takes into consideration the criteria for an inclusive work environment for both its staff and its stakeholders.

### Employment of people with disabilities

**Velatia's** companies are committed to the inclusion and support of people with disabilities, carrying out various actions in this regard. These include collaboration with several special employment centres for different production processes in the countries where the group operates, and cooperation with specialised entities, such as the Adecco Foundation or the Lantegi Batuak Foundation, with the aim of promoting the integration of people with disabilities in the workplace.

In compliance with the legal regulations regarding the hiring of people with disabilities, in 2023 the number of people in this modality is 23, while in 2022 it was 17.

## Average remuneration

In 2023, the average remuneration of the workforce at group level increased compared to 2022 for both men and women.

Remuneration by gender, age and category, excluding members of senior management, is detailed below. These tables provide a complete overview of the salary structure at **Velatia**.

### AVERAGE REMUNERATION BY GENDER

2022



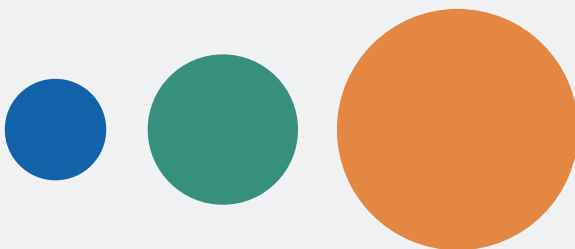
2023



**MEN** **WOMEN**

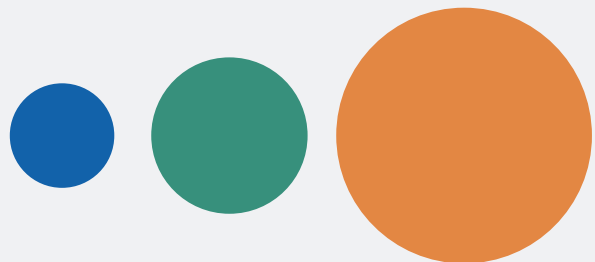
### AVERAGE REMUNERATION BY AGE

2022



22,706€	33,600€	53,874€
< 26 YEARS OLD	FROM 26 TO 51 YEARS	>51 YEARS OLD

2023



23,755€	35,814€	58,230€
< 26 YEARS OLD	FROM 26 TO 51 YEARS	>51 YEARS OLD

**< 26 YEARS OLD** **FROM 26 TO 51 YEARS** **> 51 YEARS OLD**



AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY

2022

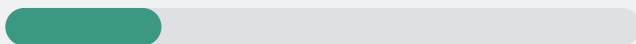
83,437€

MANAGEMENT



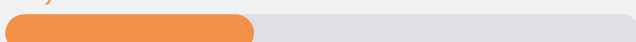
35,755€

TECHNICAL STAFF



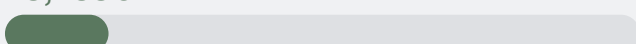
56,971€

SALES STAFF



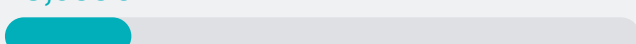
23,733€

ADMINISTRATIVE STAFF



28,955€

OTHER PROFILES



2023

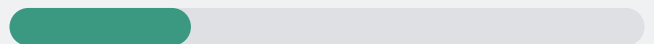
94,533€

MANAGEMENT



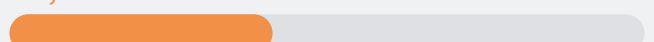
39,216€

TECHNICAL STAFF



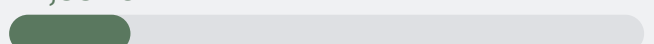
58,840€

SALES STAFF



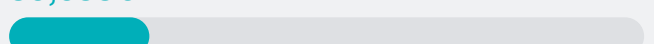
27,554€

ADMINISTRATIVE STAFF



30,033€

OTHER PROFILES



## Wage gap

The applicable collective bargaining agreements regulate the average remuneration of employees throughout the group, establishing criteria of equity between similar jobs regardless of gender. In this sense, remuneration, both for staff subject to collective bargaining agreements and those not subject to them, has been established in an equitable manner, avoiding any form of discrimination based on gender.

For the calculation of the wage gap, the real average remuneration of women compared to that of men (except for senior management and expatriates) is considered, and geographical differences are also taken into account, with the following results:

Geographical area	2022	No. Men	No. Women
Europe	7 %	2,057	493
East Asia	23 %	198	150
The Americas	34 %	650	187
Rest of the world	66 %	10	2

As can be seen from the table, in Spain, where 61 % of the workforce is located, there is a 3.5 % wage gap between men and women.

Geographical area	2023	No. Men	No. Women
Europe	8 %	2,128	516
Asia Oriental	16 %	216	160
The Americas	27 %	10	2
Rest of the world	66 %	10	2

(\*) The rest of the world includes the regions of Africa and Oceania.



## Organisation of work

**Velatia** has established various measures to guarantee the well-being of its employees. These include a time recording tool, which provides information on working hours and holidays.

Each company in the group determines the policies relating to working time, rest periods and other applicable working conditions in accordance with the respective agreements. **Velatia's** Code of Ethics, in the section on Labour Rights, states that *“the working time will conform to the local legislation of each country, ensuring compliance with the conventions and recommendations of the International Labour Organisation (ILO)”*.

The concern of families regarding work-life balance makes this an important aspect of human capital management for **Velatia**. Thus, measures have been adopted such as making the working day more flexible and improving maternity and paternity leave, which are fundamental to achieving a workforce made up of satisfied, healthy and committed people.

Within this firm commitment to work-life balance management, the pilot experience launched in 2023 in one of the group's companies with the incorporation of the **EFR** (*Empresa Familiarmente Responsable*, i.e., Family Responsible Company) **Management Model** stands out. This initiative seeks social change and cultural transformation within organisations to achieve effective harmony between personal, family, and work spheres.

The EFR Management Model considers the term “work-life balance” as a set of **“EFR measures”** which are classified into five action groups (job quality, flexibility, family support, personal and professional development and equal opportunities), as well as a sixth group referring to leadership and management style. Each measure constitutes an offer of services to support work-life balance that the company provides to its staff.

Organisations that manage work-life balance under this model promote a corporate culture where flexibility and productivity are key in an environment based on the performance and efficiency of their employees.

With regard to freedom of association and trade union representation, both are guaranteed in the various rules, conventions and agreements on labour relations.

Finally, **Velatia** has different communication channels to reach everyone in the group: corporate website, intranet, annual conferences, notice boards in the production centres, in-house magazines, suggestion boxes, personal and direct communication by managers and directors, works councils and health and safety committees. In addition, through the **My Velatia** application, any member of staff can access information, receive company communications and carry out certain administrative procedures.



## Labour relations

The organisation of social dialogue in **Velatia**'s businesses is based on a model of trust, communication, transparency, participation and promotion of employment. All of this is governed by a **labour relations framework** that favours a social climate that encourages innovation and flexibility.

**Velatia**'s companies have established a number of collective bargaining agreements, including health and safety conditions for staff.

### DISTRIBUTION OF THE PERCENTAGE OF STAFF COVERED BY COLLECTIVE BARGAINING AGREEMENTS BY COUNTRY

The percentage of employees covered by collective bargaining agreements (or company agreements) remained stable at 67 % during the year. This indicator reflects the presence and effectiveness of labour agreements and the importance of collective bargaining for the group.

The "other countries" include all countries whose employees are not covered by agreements such as Algeria, Argentina, Australia, Chile, China, Colombia, Malaysia, Mexico, United

Arab Emirates, Peru, Poland, Portugal, Africa, Turkey, South Africa, United Kingdom and the United States.

In addition, the group has mechanisms and procedures to promote employee involvement in the management of the company in terms of information, consultation and participation. These mechanisms include various committees, notably the Training Committee and the Equality and Health Committee.

Country	% of employees covered in 2022	% of employees covered in 2023
Brazil	100 %	100 %
France	100 %	100 %
Germany	100 %	100 %
Spain	100 %	100 %
Other countries	0 %	0 %
<b>Total number of employees covered by the agreement</b>	<b>67 %</b>	<b>67 %</b>



## Health and safety

At **Velatia**, health and safety are fundamental pillars that guide all operations. These principles are set out in the **Integrated Quality, Environment and Occupational Health and Safety Policy**, which is based on three lines of action:

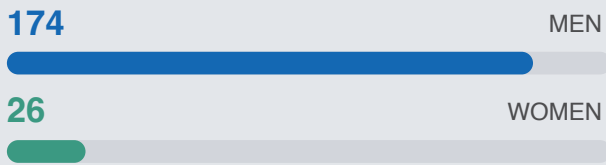
- **Creation of a safe working environment**, developing a preventive health and safety culture, both in the companies making up the group and in the collaborating companies.
- **Promotion of respect for people's health and safety** by preventing harm and deterioration of health.
- **Excellence in health and safety**. Achieve and maintain the **highest international certifications** in this field.

As a result of its commitment to prevention, **21 Velatia companies are certified to ISO 45001**, the most internationally recognised standard for occupational health and safety management systems. This certification, which is voluntary, demonstrates the group's degree of involvement and proactivity in a matter that is relevant to its management, protecting both staff and visits to workplaces from accidents and occupational illnesses.

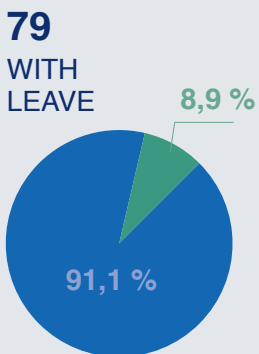
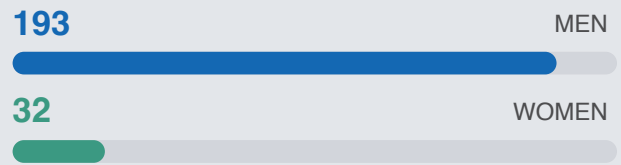


REGISTERED ACCIDENT RATE (WITH OR WITHOUT SICK LEAVE)

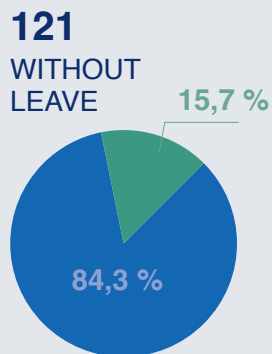
2022 | 200 ACCIDENTS



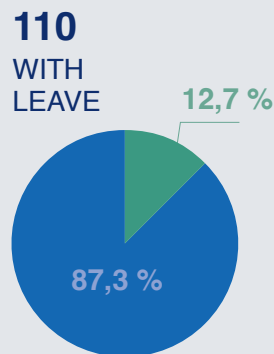
2023 | 225 ACCIDENTS



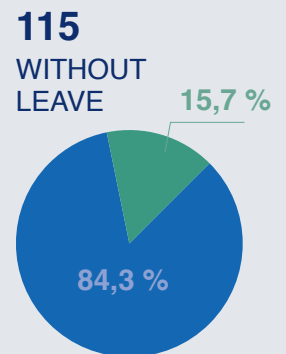
**7** WOMEN | **72** MEN



**19** WOMEN | **102** MEN



**14** WOMEN | **96** MEN



**18** WOMEN | **97** MEN

■ MEN ■ WOMEN

In 2023, three occupational diseases were reported, all of them in **Ormazabal** and all of them involved men.

With regard to the frequency and severity rates, the results broken down by gender are shown below:

2022			
	Men	Women	Total
Frequency Index	14.41	5.08	<b>12.39</b>
Seriousness Index	0.32	0.04	<b>0.25</b>

2023			
	Men	Women	Total
Frequency Index	19.50	10.00	<b>16.80</b>
Seriousness Index	0.30	0.12	<b>0.29</b>

The Frequency Rate, essential in occupational safety assessment, expresses the number of accidents resulting in sick leave per million hours worked in a given period of time. In essence, it illustrates the frequency with which an accident resulting in sick leave occurs in a workplace.

The Severity Index measures the number of days lost per thousand hours worked in a given period of time. This index offers a perspective on the economic consequences of accidents with sick leave in the production process, in terms of days lost or not worked.

The increase in the number of accidents and frequency compared to the previous year is mainly due to the increase in production at all **Ormazabal** factories.

## Absenteeism

The absenteeism rate is understood to be the non-compliance with the working time due to sick leave, occupational accidents, works council hours and strike hours. In 2023, the total absenteeism hours amounted to 210,188, compared to 209,395 hours in 2022. This slight increase in absolute values is due to the growth of the workforce. However, it is worth mentioning that, if the percentage of the total workforce were considered, this comparison would reflect a decrease.



## Training

**Velatia** recognises the strategic value of having qualified, trained and committed professionals for the growth and success of the group. For this reason, it strives to offer its employees the possibility of developing their skills and professional aspirations through different initiatives, processes and procedures.

In this sense, **Velatia's** objectives are to disseminate and share the existing knowledge in the organisation, as well as to progressively and increasingly generate skills in the workforce that are aligned with the group's strategy. The aim is to achieve, through continuous learning, greater efficiency and effectiveness in the performance of its functions, as well as a better adaptation to cultural and technological changes in order to be more competitive.

In accordance with its **Corporate Training Policy**, **Velatia's** commitments in relation to training are summarised in the following points:

- **Progressively increase the knowledge, skills and personal abilities** of employees.
- **Align the training** given with the competences, values and requirements set out in the strategy of the company.
- **Promote the exchange of existing knowledge to the maximum extent** possible, by promoting internal training and providing the necessary resources and their efficient use.

In this context, in 2022, training actions adapted to the specific needs of the workforce were carried out around the world, with a total of 64,597 hours invested. The courses and workshops addressed cross-cutting issues such as leadership, strategic planning and languages (mainly English). In 2023, **Velatia** continued to consolidate its learning strategy with a special focus on cybersecurity training and awareness, an issue of vital importance given the growing threat posed by cybercrime to businesses.

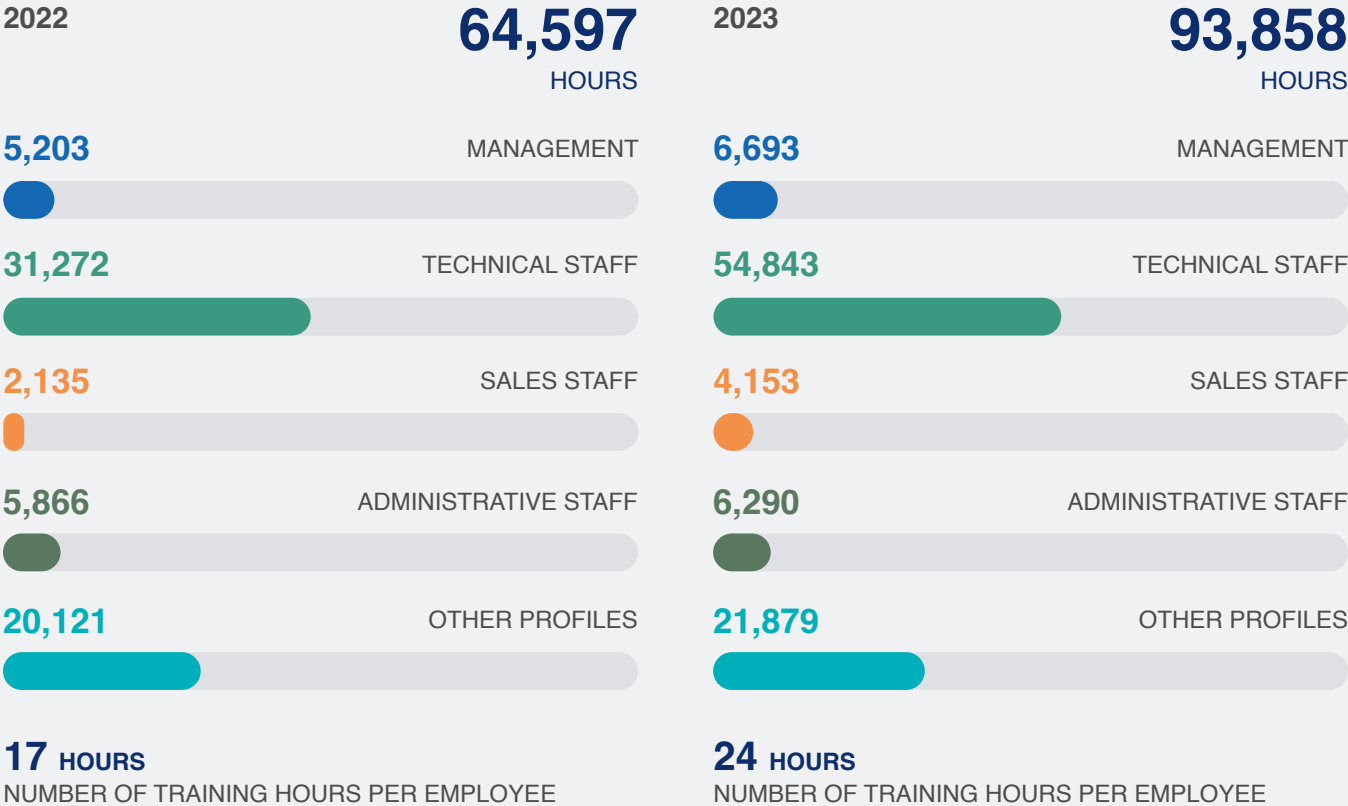
As a result of the different initiatives promoted, 86,969 hours have been invested in training in 2023, 22 hours per employee. Of these hours, 67,025 correspond to men and 20,081 to women<sup>(2)</sup>

The number of hours spent on training **has increased by 45 %** compared to the previous year and the average number of hours per employee by 42 %.

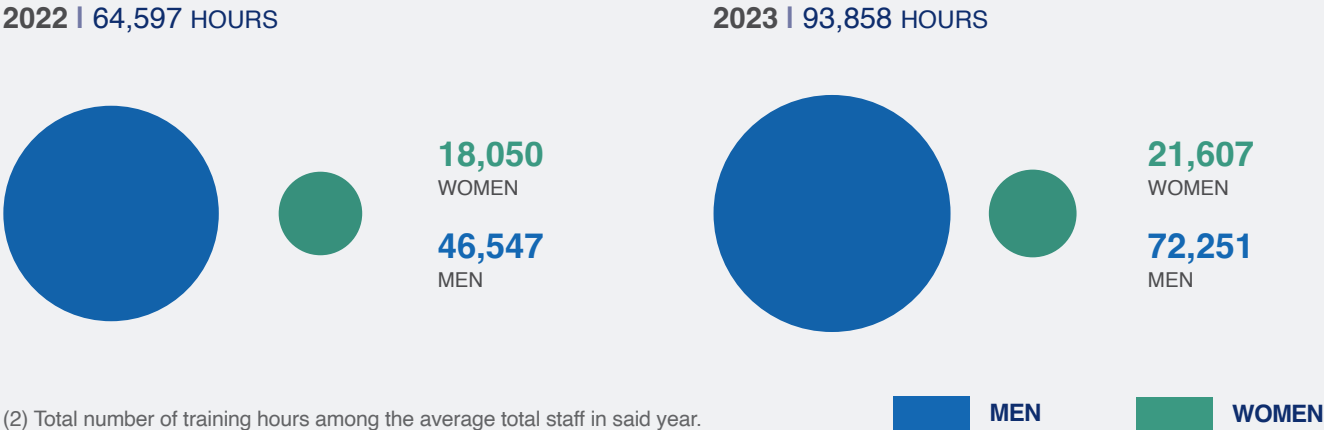
The main variation in the increase in hours is due to training actions mainly in the technical area of business.



HOURS INVESTED IN TRAINING BY PROFESSIONAL CATEGORY



HOURS INVESTED IN TRAINING BY GENDER





## Digital disconnection

The increasing ease of connection through technological means causes that the separation between work and the family and personal sphere is sometimes blurred. This reality and the relevant regulations make it necessary to facilitate greater autonomy in the management of working time and flexibility in the place where services are provided.

Under this premise, **Velatia** has a **Digital Disconnection Policy** which aims to promote measures to respect rest time after the end of the working day, recognising the right to digital disconnection as a fundamental element to achieve a better organisation of working time in favour of respecting private and family life, improving the balance of personal, family and working life, and achieving the optimisation of the occupational health of all the organisation's professionals.

This policy takes the form of the following **commitments**:

- **Guarantee the right to digital disconnection** outside working hours, with the exception of justified exceptions that would be detrimental to business and whose temporary urgency requires an immediate response.
- **Recognise the right** to respond only to urgent communications, regardless of the medium used (e-mail, video call, mobile phone, etc.), after the end of the working day.
- Establish a commitment on the part of the organisation's employees regarding the **appropriate use of IT and technology resources** made available by the company, avoiding, as far as possible, their use outside the stipulated working time.
- **Avoid calling and attending** work meetings beyond working hours.
- **Raising awareness**, informing and training people on the necessary protection of the right to disconnection, taking into account the circumstances, both work-related and personal, of each person, as well as the specific characteristics of each organisation.

## Equality

For **Velatia**, equal opportunities, non-discrimination and diversity are intrinsic to its management and are integrated into its corporate values. Therefore, promoting diversity and inclusion are essential to the group's strategy, reaffirming its firm commitment to principle number six of the United Nations Global Compact, which calls for the abolition of discriminatory practices in employment and occupation.

**Velatia's** Code of Ethic promotes respect for the principles of equality of opportunity, diversity, respect for individuals and non-discrimination on grounds of race, colour, gender, sexual orientation, language, religion, political or other opinion, economic status, disability or status.

The Group has specific mechanisms to guide its actions in this area. Thus, it has developed a **Protocol for the prevention of and action against harassment in the workplace**, which aims to establish the necessary measures to prevent and act against any harassment in the workplace, whether of a sexual, discriminatory, psychological or gender-based nature. Each company within the group is responsible for defining its own plans and measures according to its specific circumstances.

The **Ethics and Corporate Crime Prevention Committee** is the body in charge of managing complaints or communications related to workplace harassment. Its main function is managing and resolving any complaints, suggestions or enquiries about situations of harassment that have not been resolved by informal procedure.

In addition, **Velatia** has established the figure of the **mediator** as the relevant expert who acts as confidential adviser and is responsible for managing proceedings in cases of harassment classified as "mild", and who will refer to the Committee on Ethics and Corporate Crime Prevention any cases considered to be "serious", or any breaches of the agreements reached by informal procedure.



All group companies in Spain have equality plans in place. In 2023, the actions contained in these plans carried out in previous years were deployed.



Innovation is the transformational pillar that drives the group and, with it, the sectors in which it operates and its environment

## 2| Innovation

Part of its DNA, for **Velatia** innovation is not only a differentiating factor, but its way of understanding business entrepreneurship for almost six decades. A permanent commitment to the development of technologies to offer its clients products and services that provide better, more flexible, more efficient and sustainable solutions, and that respond to major global challenges.

**Velatia** is present in several of the key areas identified by the economic megatrends that demand the most innovation, working closely with the companies developing the technology that will profoundly transform our lives and our world in the future.

The group's commitment to innovation is reflected in the **Sustainable Development Policy**, which establishes the main objective of improving competitiveness through management practices based on innovation, equal opportunities, productivity, profitability, efficiency and sustainability. **Velatia** is committed to promoting R&D&I so that the businesses seek the continuous optimisation of their operations, the management of facilities and equipment, the reduction of operating and maintenance costs, the reduction of environmental impact and the development of new products and services that respond to the needs of clients.

Each company monitors, through an **Integrated Technological Innovation Management System (SIGIT)**, the main indicators that make it possible to verify the deployment of

the technological strategy in the organisation. Thanks to this information, on the one hand, trends can be analysed based on the results obtained and, on the other hand, actions can be established to effectively and efficiently meet the technological challenges of the business for the future.

### Innovation in figures

	2022	2023
R&D&I expenditure (in thousands of €)	22,500	26,300
R&D&I personnel (people)	117	115
No. of patent applications	5	7
Average age of industrial property	8,3	7,3
No. of patents and industrial property registrations	292	329

## Innovation collaborations

In line with its firm commitment to innovation, **Velatia** collaborates with renowned national and European research and technology centres and organisations:

### **Tecnalia**

First private centre for applied research and technology development in Spain and one of the most outstanding in Europe. It is made up of more than 1,500 professionals from over thirty countries and aims to transform technology into GDP to improve people's quality of life and create business opportunities for companies. Its research activity is based on the premises of excellence and investigation and contributes to economic development, social cohesion and sustainability.

### **Innobasque, Basque Innovation Agency**

The objective of Innobasque, whose Governing Board **Velatia** forms part of, is to situate the Basque Country among the leading regions for innovation in Europe. In collaboration with all its partners and all the actors in the Basque innovation system, Innobasque fosters new initiatives and promotes the implementation of new policies in this area.





## Excellence in environmental management, aligned with European guidelines

### 3 | Environment

A sustainable profitability strategy involves promoting businesses that are committed and responsible with the environment in order, on the one hand, to strengthen their resilience by managing ESG risks and, on the other hand, to take advantage of opportunities as a driver of business growth.

**Velatia** promotes and integrates into its organisation a culture that respects the environment and biodiversity, aimed at reducing the environmental impact generated by its products and processes, in line with the principles of the circular economy. It works from pollution prevention to mitigate the adverse effects on climate change and emphasises the conservation of natural resources.

The determination of **Velatia's** positioning is reflected in the pursuit of excellence in environmental management, aligned with European guidelines, to ensure the positive impact on the environment and help tackle the challenges of the 2030 Agenda.

The Group's environmental commitments are set out in the new **Sustainable Development Policy** as well as in the Quality, Environment and Health and Safety policies. They all seek to ensure responsible management, process improvement and sustainable use of resources to mitigate the impact of operations on the environment, climate and health.

To meet these commitments, everyone in the organisation must be aware of and adhere to these policies and strive to minimise the environmental impact of their activities and the use of the equipment, facilities and means of work. These commitments are extended to critical suppliers who must commit themselves in writing by signing the **Quality Manual** and the **Code of Ethics**.

**Since 2023, Velatia has been monitoring the progress of its decarbonisation roadmap, which sets the goal of reducing CO<sub>2</sub> emissions by 68 % by 2030 and achieving neutrality by 2050.**

## Provisions and insurance

**Velatia** periodically analyses the recording of the amounts of provisions to cover some of the existing environmental risks, applying the precautionary principle. At the end of 2023, the liabilities side of the balance sheet contains no provisions for possible contingencies related to environmental improvement and protection, and neither does it include any known liabilities and/or compensations due.

In addition, **Velatia** has a Civil Liability policy for environmental risks that guarantees coverage for any damage, provided that such damage is the result of an accidental, sudden, unforeseeable, unexpected and unintentional cause. It also has an Environmental Liability policy for Administrative Liability in Spain and Germany.

In addition, the group analyses environmental insurance legislation in the countries where it operates to ensure compliance with environmental legislation requirements in each location.

In 2022, an analysis of exposure to current natural catastrophe risks as well as future long-term physical climate risks was carried out against international frameworks such as the TCFD (Task Force on Climate-related Financial Disclosures).

## Certifications

As part of its commitment to the environment, **Velatia**'s companies continue to deploy an **Environmental Management System** in accordance with the most rigorous international standards and levels of demand.

The group's main companies are ISO 14001 certified, the most widely recognised technical standard worldwide for the implementation and assessment of environmental management systems. Overall, **Velatia** holds twenty-three ISO 14001 certifications.

## Pollution and climate change

**Velatia**'s environmental strategy in relation to the reduction of CO<sub>2</sub> emissions involves permanently monitoring the footprint of its activities and calculating its greenhouse gas (GHG) emissions, quantifying direct and indirect emissions. The group aims to achieve carbon neutrality by 2050.

Total direct emissions are considered to be those from the fuel used in production processes and boilers (fuel oil and gas), as well as the fuel used by company vehicles for commercial work and assembly. On the other hand, total indirect emissions include electricity consumption.

**In 2023, in addition to calculating Scope 1 and 2 emissions at group level, pilot tests have been carried out to estimate Scope 3 emissions for some installations.**

The results of **Velatia**'s environmental performance in relation to GHG emissions (t.CO<sub>2</sub> eq.) in 2023 and 2022 are as follows:

GHG emissions (t. CO <sub>2</sub> eq.)	2022	2023
Direct (Scope 1)	2,778 t	2,703 t
Indirect (Scope 2)	1,081 t	1,020 t

There is a decrease in emissions in absolute values, direct (Scope 1) and indirect (Scope 2), despite the fact that activity has increased by 18 % compared to the previous year. The reason for this can be found in the efforts made to reduce the use of fuels and move towards a low-carbon energy transition.

In the case of indirect emissions (Scope 2) that include electricity consumption, due to disparities between regional grid networks, energy consumers must assess them according to a location-based or a market-based method.

In 2023, **Velatia** forms its emissions according to the market-based method defined in the GHG Protocol's GHG Protocol Scope 2 Guidance. This method provides for "the allocation of emissions from power generators to consumers based on 'contractual instruments' such as utility-specific emission factors, energy attribute certificates or other contracts".



With regard to SF<sub>6</sub> emissions, in 2023 the group registered a total of 4,472 t.CO<sub>2</sub>e derived from SF<sub>6</sub> consumption (compared to 7,972 t.CO<sub>2</sub>e in 2022), attributed to the **Ormazabal** activity and coming from the emissions of 190 kg of SF<sub>6</sub> (350 kg in 2022) produced during the manufacturing process.

Taking into account the high level of activity, it is worth highlighting the significant reduction in the intensity of direct and indirect CO<sub>2</sub> emissions by 65 % with respect to the financial year 2019 (last reference before the pandemic). One of the actions that has had the greatest impact on this reduction has been the consumption of electricity from renewable sources in several companies of the group, a fact that has been accredited with the corresponding certificates of guarantee of origin. As a result, although there has been an increase in activity with respect to that year, indirect emissions have been reduced by 77 % in absolute terms. Likewise, measures to improve energy efficiency have been incorporated, which have contributed to this reduction.

With regard to direct emissions, these have also experienced a substantial decrease, both in absolute value and intensity, due to different actions carried out to promote energy efficiency and reduce emissions, among which the following are worth highlighting:

- Installation of photovoltaic panels for self-generation in several centres.
- Comprehensive refurbishment of the offices at the Igorre plant (Biscay) in which the air-conditioning system and gas boilers have been changed, the existing lighting has been replaced by LED lighting, the efficiency of the equipment has been improved, among other improvements.

These measures have resulted in savings of approximately 738,000 euros per year.



### Tree planting

In 2023, an emissions mitigation plan has been implemented through the planting of 900 trees. These trees are expected to offset around 260 tonnes of CO<sub>2</sub> over 40 years.

### Circular economy

**Velatia** bases the implementation of its environmental strategy on the principles of the circular economy, in order to minimise the possible adverse impacts of its activity. Its main objective is to achieve efficient management of the waste it generates.

Most of the group's companies have agreements with companies specialising in integrated waste management, from collection and transport to waste handling and, where feasible, return for reuse. Both parties share responsibility for this process.



## Waste management

Type of waste (kg)	2022	2023
Hazardous waste	249,181	379,797
Non-hazardous waste	5,169,777	9,011,079

Hazardous waste is that whose intrinsic properties pose risks to health or to the environment. With regard to their management, of the total waste generated in 2023, 1 % was destined for recycling, 62 % for other recovery operations, and the remaining 37 % for other disposal operations.

On the other hand, as regards non-hazardous waste, 2 % was destined for preparation for reuse, 77 % for recycling, 14 % for other recovery operations, and the remaining 7 % was sent to controlled landfills.

It is important to highlight that, in 2023, both non-hazardous and hazardous waste showed a significant increase. This increase is due to the increase in production at all **Ormazabal** plants, the intense management work carried out at the end of the useful life of the prototypes manufactured for the approval of new products, and the performance of a greater number of product certification tests.

As for the management of computers and electronic material used in the group's offices, if a second life is possible, the equipment is donated to Digitalización Sostenible, a solidarity initiative promoted by the CEOE Foundation to reduce the digital divide and protect the environment by reducing the generation of waste.

## Sustainable use of resources

### Evolution of water consumption

**Velatia** continues to make progress in its determination to achieve responsible production and consumption across the supply chain. In this regard, in 2023, measures have been maintained to reinforce staff awareness of the responsible use of this element in the exercise of their different activities.

Consumption (m <sup>3</sup> )	2022	2023
Water consumption	45,648	47,742

The figure indicates that the increase in water consumption has been lower than the increase in the level of activity, as a consequence of all the actions carried out in the businesses to reduce water consumption.

### Evolution of raw material consumption

In order to achieve maximum optimisation of resources, **Velatia's** businesses promote the efficient and responsible use of raw materials at all stages of the process in the different areas of activity. Similarly, Velatia has environmental management systems that allow us to measure, evaluate and act, and from this, to continue implementing measures to optimise the consumption of resources in the production processes if necessary.

The following table shows the evolution of the consumption of the main raw materials used in the group's production processes: magnetic sheet, aluminium, copper, steels, oils, paints, concrete, cement, aggregates and other materials such as resin, hardener, quartz and silicone.

Raw Materials (tons)	2022	2023
Total	68,430	66,808



### Evolution of energy consumption

**Velatia** has also continued to increase its renewable energy generation facilities for self-consumption by installing solar panels at its plants in Burgos and Cotradis (Madrid). Thanks to the panels installed, a total of 1,147 MWh of energy was generated for own consumption (self-consumption), of which 289 MWh came from the new installations. This represents a significant increase in the autonomous energy capacity of the organisation.

With regard to the year-on-year differences observed, the analysis of energy consumption derived from the use of fossil fuels in 2023 compared to the previous year shows the group's considerable efforts to reduce the use of this type of energy. As a result of the widespread replacement of combustion energy equipment with electrical equipment, **Velatia** has reduced consumption in 2023, mainly of diesel and natural gas.

Consumption	2022	2023
Electricity (kWh)	15,708,307	15,534,369
Natural gas (Nm <sup>3</sup> )	1,137,409	1,044,182
Diesel A and C (l)	178,760	147,796
Petrol (l)	12,662	70,047

Electricity kWh	2022	2023
Renewable	12,541,750	12,089,646
Self-consumption	902,278	1,161,689
Non renewable	2,264,279	2,283,035
<b>Total</b>	<b>15,708,307</b>	<b>15,534,370</b>

The increase in petrol consumption is mainly due to a higher volume of works and turnover during this period, as well as the replacement of diesel vehicles by petrol-consuming hybrid vehicles in the fleet. This change in fleet composition has led to a decrease in diesel consumption and an increase in petrol consumption, as reflected in the data.

### Energy efficiency

The results presented reveal a significant decrease in electricity consumption, despite the increase in activity compared to the previous year. This reduction is attributed to the energy efficiency measures implemented which were analysed and detailed in the 2020 audits. In addition to those mentioned above, other measures were carried out, such as the replacement of conventional lighting with LED systems and the implementation of energy monitoring systems, among other initiatives.

The Spanish Royal Decree 56/2016 states that large companies or groups of companies must undergo an energy audit every four years, covering at least 85 % of the total final energy consumption of all facilities located in the national territory. As **Velatia** has carried out audits during the previous four years, no new audits are required for the 2023 financial year.

### Electrical mobility

**Velatia** continues to invest in sustainable mobility. Thus, at the end of 2023, 54 % of the company's vehicle fleet was made up of hybrid or electric/plug-in hybrid vehicles. By the end of 2023, twenty-three electric vehicle charging points had been installed at the company's facilities.

In addition, **Velatia** is committed to renewing its fleet exclusively with hybrid or electric vehicles, thus demonstrating its commitment to the decarbonisation of transport.

## The client, always at the centre of the strategy

### 4 | Clients

Velatia's businesses place client satisfaction at the centre of their strategy, from the process of listening to their needs to the materialisation of each project, always seeking to achieve the maximum degree of fulfilment in order to meet their expectations and establish long-term relationships.

The products and services of the companies of the group take into account all the safety parameters provided for in the regulations applicable in each case. For this reason, Velatia aspires to have a **Complaints and Claims System** adapted to the particularities of each company, in line with their specific needs. For more details of the complaints received in 2023, see the **Ormazabal** and **Ikusi** sections.

As proof of its commitment to quality, **by the end of 2023, Velatia's businesses had a total of 30 ISO 9001 certified companies worldwide.**

### 5 | Suppliers

#### A responsible supply chain.

Velatia undertakes the following commitments which are developed in the Sustainable Development Policy and the Procurement Policy:

- Extend **social, environmental and occupational hazard prevention aspects** to our supplier companies.
- Establish **mutually beneficial** relationships and prolonged stability with those companies by rigorously applying the Code of Ethics.
- Respect the principles of **Corporate Social Responsibility** by encouraging our suppliers to comply with human rights requirements and the laws, regulations and standards of the countries in which the group operates.

A significant development was the launch in 2022 of a single supplier portal for all group companies. This has been a key step in consolidating and centralising all information related to this area, optimising operational processes and promoting more efficient management.

The portal incorporates social, environmental and governance (ESG) criteria in the supplier selection and evaluation process, reflecting a holistic view of the supply chain, where social and environmental responsibility are considered key pillars.

During 2023, Ormazabal, as a pioneer in the group, has formalised a process of monitoring and auditing suppliers. Currently, the rest of the Velatia companies are immersed in the process of recording in detail the qualification of suppliers. The group's new supplier portal is key to achieving this.

## Commitment to local suppliers

**Velatia** is committed to a strategy of supporting local suppliers. Beyond the direct jobs it creates and the wages and taxes it pays, its influence is also felt indirectly thanks to the positive economic impact its support has on local businesses through the supply chain.

% expenditure on local suppliers	2022	2023
Spain	78 %	84 %
France	97 %	95 %
Germany	87 %	74 %
China	96 %	96 %
Mexico	92 %	97 %
Colombia	99 %	99 %

The group maintains a strong commitment to companies located in the main regions where it operates, a commitment that is even more important where it has production plants. We regularly monitor the volume of purchases associated with each geographical area, which allows us to keep the proportion of local suppliers within a significant percentage range. This strategy not only generates value in the environment, but also translates into a competitive advantage by making the supply chain more flexible.

## Sustainability in the supply chain

The alignment of the corporate purchasing function with each operational department of the group allows **Velatia** to know and apply the best assessment criteria in each contracting or purchasing process and to always be at the forefront in terms of sustainability criteria, environmental assessment, human rights and corruption. For this purpose, companies wishing to form part of the supply chain must undertake the commitments acquired by agreeing to comply with the Code of Ethics, the Purchasing Policy and the ten principles promoted by the United Nations Global Compact.

The main objective is to ensure that these procurements are made taking into account criteria with a lower environmental impact. In 2023, various lines of work have been launched, ranging from due diligence processes for minerals in conflict zones, to the incorporation of recycled materials in the raw materials supplied by the main suppliers, as well as the implementation of packaging recycling projects.

**Within the framework of the “Green Procurement” project, the group’s companies have continued to develop actions aimed at contracting sustainable products and services.**

## 6 | Society

### UA family group that sees the economic and human dimension at the heart of its business strategy.

Since its inception, **Velatia** has maintained an unequivocal commitment to the generation of sustainable value for society as a whole, and during 2023, it has continued to promote initiatives that reaffirm its desire to contribute to the educational, technological, social, cultural and environmental progress of the communities in which it operates.

**Velatia** is a member of the main sectoral associations:

### Support for training

With the firm desire to bring the company closer to the world of education, **Velatia** cultivates a close collaboration with various training institutions to promote the development and strengthening of the local economic fabric. Along the same lines, the group maintains various agreements, scholarship programmes and internship opportunities in its companies.

Since 2012, **Velatia** has been a member of the Euskampus Foundation, whose mission is to connect institutions, disciplines and people in order to co-create knowledge and solutions for the common good.

Associations	
<b>AMETIC</b>	Multisectoral Association of Information Technology, Communications and Electronics Companies
<b>IAI</b>	Institute of Internal Auditors Association
<b>AEFAME</b>	Family Business Association of the Basque Country
<b>APD</b>	Association for the Advancement of Management
<b>DIRCOM</b>	Professional Association of Communication Managers
	Basque Businessmen's Circle
<b>EUSKALIT</b>	Basque Foundation for Quality Promotion
<b>INNOBASQUE</b>	Basque Innovation Agency
<b>IEF</b>	Family Business Institute
<b>IZAITE</b>	Association of Basque Companies for Sustainability
	Spanish Network of the UN Global Compact
<b>AGERS</b>	Spanish Association of Risk and Insurance Management
	Association for the Revitalisation of Metropolitan Bilbao
	PWN—Professional Women's Network—North Association



## Commitment to talent

**Velatia** participates in the “Compromiso con el talento” (Commitment to Talent) project, an initiative led by the Provincial Council of Biscay that seeks to reduce the existing gap between the STEAM skills (related to natural sciences, technology, engineering and mathematics) demanded by companies and the supply of qualified people in the territory of Biscay. The project contemplates a wide range of initiatives focused on talent management and development, with a particular focus on technology, education and the business sector.

## Shared knowledge

A part of Javier Ormazabal’s role as president of **Velatia** involves performing representative functions in associations, foundations and governmental institutions. Likewise, both the president and the members of the Management Committees of **Ormazabal**, **Ikusi** and other group’s businesses participate as speakers in various events or forums, essential as drivers of economic and social development, and they provide the organising bodies value in terms of knowledge, experience and support.

## Management of social action

**Velatia** is a business project with family roots that considers the economic and human dimension in its strategy as the only way to achieve sustainable profitability that benefits its stakeholders. This perspective is at the heart of its social management.

The various partnerships, sponsorships and donations that **Velatia** makes define its own identity and are a manifestation of its attitude of responsibility towards society in general and local communities in particular.

The group has a **Social Action Management Procedure** that enables it to effectively manage contributions to the community, minimising risks and maximising the reputational opportunities that may arise from these contributions.



The commitments of the **Social Action Policy** are centred on these purposes: to contribute to the development of the society in which it operates and/or to maintain business relations by promoting innovation in search of a better quality of life and the creation of value for the group. To this end, three areas of action have been defined:

### Social area

**Training and research:** activities and projects aimed at educating and training people and achieving social progress through training and research.

**Social integration and community development:** activities and projects that seek to contribute to the progress of the community and to the integration of the most disadvantaged social groups.

### Cultural area

Programmes or collaborations aimed at **promoting and developing the visual, performing and musical arts** that favour their dissemination in society.

### Environmental area

Projects or activities aimed at **preserving our environment**.



The destination of Velatia’s contributions to the entities with which it usually collaborates (Fine Arts Museum Foundation, Guggenheim Museum Bilbao Foundation, Novia Salcedo Foundation, and Unicef) is detailed below, as well as the support provided in 2022 and maintained in 2023. This support focuses on issues such as the professional development of women and gender equality, the reuse of computer equipment, environmental initiatives and bringing the metal sector closer to young people, among others.

**Social action activity**



**Novia Salcedo Foundation**

Project “Decade of action for youth employment”.

The aim of the Novia Salcedo Foundation’s project is to boost youth employment and achieve the targets set out in SDG 8 in relation to the creation and dissemination of knowledge, communication, awareness and presence in society.

This initiative aims to improve the employability of young people and help them to obtain decent, quality jobs that will enable them to develop both personally and professionally.

**Velatia** has been working closely for years with the **Red Generación (Generation Network) of the Novia Salcedo Foundation**, which brings together the concerns of various actors, such as civil society, companies, etc., in favour of a common objective: to achieve greater employability of the young population.



**Collaborations in Mexico**

As part of its business strategy in this country, **Velatia** collaborates with various entities such as the Red Cross to purchase material for its assistance units and the Bamsk food bank as part of its “Food for All” programme.



**Save the Children**

**Save the Children**

“Early Childhood Education” project.

This project, developed in twenty-five educational centres in Mexico, aims to promote access to quality education for pre-school children. The initiative seeks to strengthen the pedagogical capacity of Community Child Development Centres, creating learning spaces that promote the holistic development of their potential and their comprehensive protection.



**Unicef**

Discrimination on the basis of gender.

**Velatia** has continued to deepen its engagement with UNICEF to improve the lives of children around the world. In 2023, this support has focused on projects that combat gender discrimination, recognising the disproportionate threats girls face to their well-being and in relation to their human rights.

Being born a girl or a boy determines people’s chances of growing up healthy, safe and with access to education, and the pandemic has exacerbated these inequalities. Widespread unemployment and economic insecurity, coupled with major disruptions to services related to maternal health, sexual and reproductive health, nutrition and education are endangering the lives and well-being of women and girls.

This project aims to achieve equitable outcomes for girls and boys and improve gender equality through health care and nutrition, quality and dignified maternal care, and the empowerment and well-being of adolescent girls.

## Cultural action activity



### Bilbao Museum of Fine Arts

**Velatia** contributes to the development of the Bilbao Fine Arts Museum by supporting its work of collecting, conserving, studying and disseminating its collection of ancient, modern and contemporary art, as well as maintaining its services and promoting quality activities. In this way, it participates in the projection of the cultural values of the Basque Country and, ultimately, contributes to promoting education through art.

## GUGGENHEIM BILBAO

### Guggenheim Museum Bilbao

Since its inauguration in 1997, the Guggenheim Museum Bilbao has been an international artistic reference point and a symbol of the economic vitality of a people. Values that **Velatia** shares and supports with a commitment to actively collaborate with the activities organised by the museum.



Bilboko Koral Elkarteo  
Sociedad Coral de Bilbao

### Eskolan Kantari - Choral Society of Bilbao

The aim of this project is to create an intercultural scene with the voices of the young choir singers of Eskolan Kantari, giving them a chance to participate in performances by the highly renowned Bilbao Choral Society. In this way, **Velatia** wants to contribute to extending musical education in society from an early age.

As a result of this project, ten schools receive weekly choir singing lessons given by the faculty of the choral society.

## Support for the professional development of women

In 2023, **Velatia** has maintained its commitment to the professional development of women through collaboration with initiatives such as PWN (Professional Women's Network), an international movement that works to promote women's careers and gender equality in business environments. Specifically, it supports the "**Hombres a bordo**" (Men on Board) initiative, which urges men to assume gender-balanced leadership at all levels of society, favouring conciliation and co-responsibility in the domestic sphere.

The central purpose of this project is to address the gender gap that has been widened by the effects of the pandemic, which has had a particular impact on women's professional lives.

## Investments with an environmental or social objective

**Velatia** has an agreement with the insurance company QBE within the framework of the "Premiums4Good" Project, through which it undertakes to allocate 25 % of the insurance premium with this entity to investments with a social or environmental impact objective, such as, for example, in the Asian Development Bank Gender or Thematic Bonds.

## Donation of computer equipment

In line with its commitment to the circular economy and the environmental and social management of resources, in 2023 **Velatia** continued to collaborate with the OECD Foundation (Organisation for Economic Co-operation and Development). This collaboration has consisted of the donation of disused computer equipment to update and give it a new life, thereby also contributing to reducing the digital divide.

**All these actions and support contribute to the development of society, the environment and our interest groups.**

## Contribution to society

**Velatia** is committed to strict compliance with current legislation in this area and the associated internal reporting requirements.

These tables show its economic contribution to society for the activity carried out in 2023, taking into account the economic value generated, the economic value distributed and, for the difference between these two concepts, the economic value retained. A recalculation of the year 2022 is also shown so that these data are consistent with those reported in the previous year's annual accounts.

### (A) ECONOMIC VALUE GENERATED

Revenue	2022	2023
Turnover	834,039	982,932
Other operating revenue	2,229	6,285
Financial revenue	1,589	3,555
Equity-accounted profit	159	-1,611
<b>TOTAL</b>	<b>838,016</b>	<b>991,161</b>

### (B) DISTRIBUTED ECONOMIC VALUE

	2022	2023
Cost of goods and services	-488,518	-521,794
Other operating costs	-110,887	-153,285
Personnel costs	-189,837	-218,541
Financial expenses	-5,900	-8,000
Corporate taxes	-8,638	13,720
<b>TOTAL</b>	<b>-803,780</b>	<b>-887,900</b>

### ECONOMIC VALUE RETAINED (A+B)

	2022	2023
	34,236	103,261

## Profits by country

Velatia's ultimate goal is to generate confidence and distribute value in the national and international market through responsible action, particularly in the tax field. Below is the taxation data for 2023 and 2022, broken down by country to comply with current regulations.

Profits by country	2022	2023
Germany	2,792	3,538
Argentina	262	2,525
Australia	-13	-332
Brazil	6,689	4,604
Chile	695	945
China	-3,930	1,178
Colombia	591	1,086
United States	621	-399
Spain	24,232	54,181
France	5,268	9,870

Profits by country	2022	2023
Malaysia	-79	-325
Morocco	-54	70
Mexico	5,748	5,066
United Arab Emirates	-2	4
Peru	190	191
Poland	25	372
Portugal	867	1.310
South Africa	163	268
Turkey	277	147
United Kingdom	-1,295	408

**TOTAL**

**40,622**

**84,739**

\*Amounts in thousands of euros.





## Tax responsibility

**Velatia** has a Tax Policy, approved by the Board of Directors on 7 November 2023, which sets out the **basic principles of ethical conduct, good governance and transparency** that must be followed in tax matters.

The group's strategy in this respect focuses on ensuring compliance with applicable tax legislation and on ensuring appropriate coordination of tax policy. All of this within the framework of making a significant contribution to society and supporting the group's long-term business strategy, avoiding risks and inefficiencies that could arise in this respect in the execution of business decisions.

In addition, **Velatia's** Tax Policy reflects its commitment to good tax practices that apply throughout the organisation.

## Profit taxes paid

As indicated in the Cash Flow Statement of **Velatia's** Consolidated Annual Accounts, 7,598 thousand euros in income taxes have been paid (cash basis) in 2023 (1,207 thousand euros in 2022, which has been restated to align the report with the Financial Statements).

## Grants

**Velatia** has the support of public bodies through grants for innovation and development projects. Information relating to grants received has been included in the Consolidated Annual Accounts of **Velatia** and subsidiaries (Note 15.2) for the financial year ended 31 December 2023.

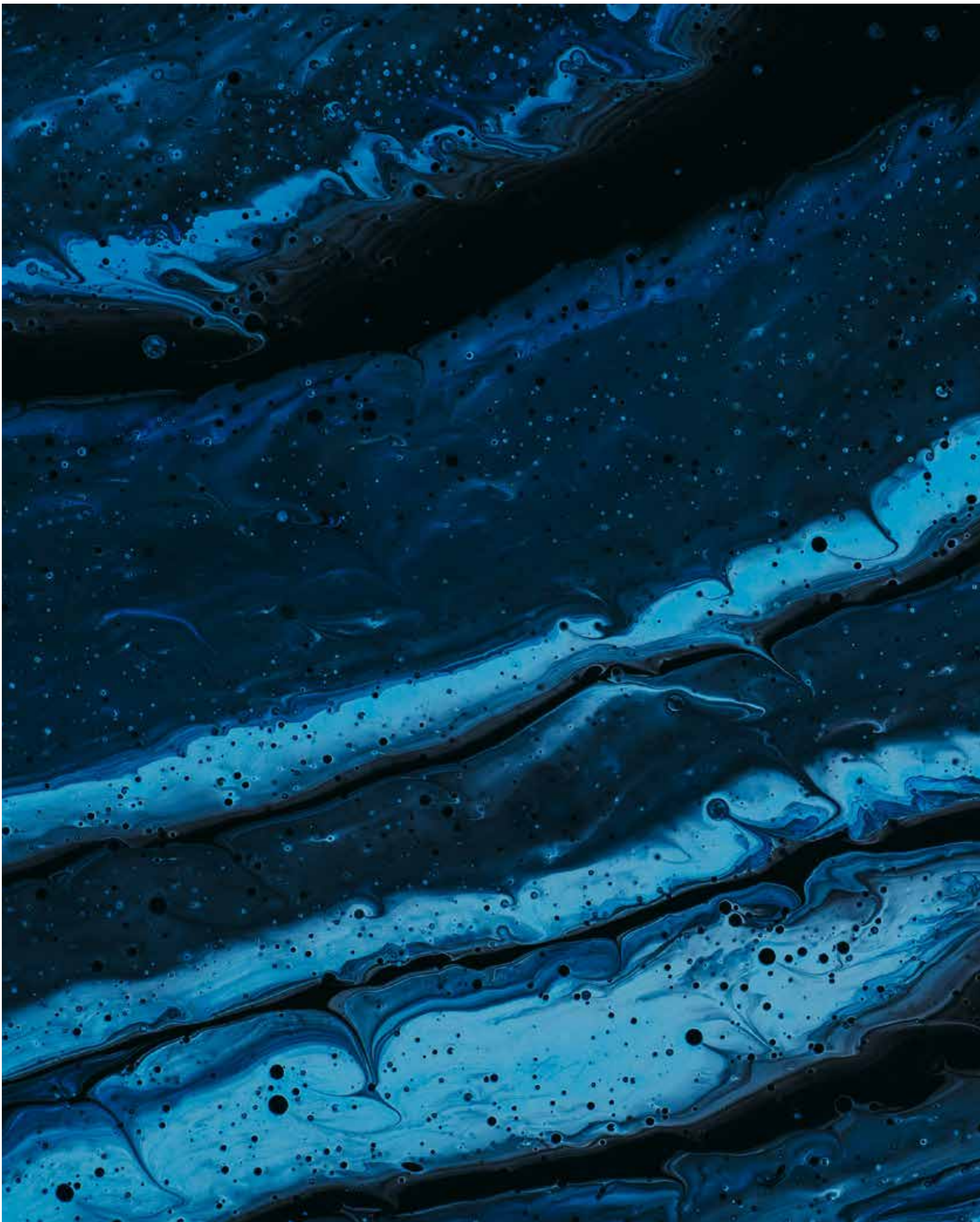
Total grants received in 2023 were 2,165 thousand euros, while in 2022 they were 4,286 thousand euros, which have been restated to align the report with the Annual Accounts.





Be smart.  
Be Ormazabal









**Be Ormazabal.  
Be sustainable**







We face a new year full of challenges and we do so with a short pause to review what 2023 has meant for **Ormazabal**. A year that has been marked, as is becoming customary, by a situation of instability on a geopolitical level, accentuated by the ongoing conflict in Ukraine, and on an economic level, since, despite moderating with respect to the previous year, the prices of inputs have continued to rise.

In addition to this, the year 2023 will be remembered in our sector as the moment when, in the context of European policies and strategies to achieve a sustainable energy transition, the Community regulation took the definitive step forward to limit the use of fluorinated gases, affecting the activity of the electrical equipment sector. A technological transition on which we at **Ormazabal** have been working for a decade, as part of our commitment to innovation.

Despite the demanding scenario, the balance of the year was, once again, positive in several respects. In 2023 we reached 748 million euros in turnover, achieving an EBITDA of 13 %. A result which, moreover, is part of the accumulated and sustained growth of recent years, which stands at 15 % year-on-year, and which supports our strategy and commitment to leading the technological evolution of the electricity grid.

In addition, and despite the turbulent context, we have continued with our investment effort in innovation and production capacity; a long-term vision that is part of our DNA. Thus, the 2023 financial year was used to continue increasing our production capacity in Igorre (Biscay), and to expand our manufacturing facilities in Loeches (Madrid). A special mention should be made of the acquisition of new facilities in the Biscay Science and Technology park, which, in addition to increasing our manufacturing capacity, will become **Ormazabal**'s new headquarters and the maximum expo-

ment of our commitment to the evolution and digitalisation of the electricity grid.

On the other hand, and with our sights set on the transition to a SF6-free scenario, this was the starting year for our "Route to zero" with the launch of our first SF6-free technological solutions. This launch, based on a strong research and development effort, in line with the needs of our clients, began with the presentation of our first product ranges at the CIRED trade fair in Rome. This was a resounding success with the market and the gradual start of our production transition towards a decarbonised scenario.

2023 was also the year in which the first major joint project of the **Ormazabal** ecosystem materialised: the industrial microgrid at our Burgos factory. We have brought together the technological capabilities of **Ormazabal**, **Stratenergy** and **Supsonik** to give birth to an autonomous renewable energy generation and storage network which, managed by a management software, allows its interconnection with the public distribution network; resulting in the greatest example of the ecosystem's joint value proposition.

In short, 2023 has been a year as demanding as it has been positive. A balance sheet that you can read in detail in this report, which includes our economic, environmental and social performance in the last financial year.

**Jorge González**  
CEO of **Ormazabal**



**Technology  
for a new  
electric world**

01

# About Ormazabal

**ormazabal**  
velatia

Technology for a new  
electric world

**Ormazabal** is a global company founded in 1967, expert in customised, reliable and high-tech solutions for electrical infrastructure.

Its solutions are aimed at digitising the electricity grid to integrate more renewable energy generation, enable more sustainable mobility and guarantee supply for buildings and infrastructures with critical energy needs.

The company is permanently committed to technological and industrial innovation, which has enabled it to position its own technology worldwide and become a global company.

The transition towards a decarbonised energy model involves replacing fossil fuels with renewable energies, making smarter electricity grids, improving energy efficiency and increasingly responsible consumption. Ormazabal participates in this challenge with the aspiration of becoming a benchmark company in the transformation of the electricity grid as a provider of innovative solutions.

To do so, it collaborates with leading global companies, working hand in hand to drive a sustainable energy future in harmony with nature and people. Being part of the electricity revolution.



## 1 | Purpose, mission, vision and values

### Purpose

To lead the technology evolution of electricity networks in order to enable the **energy transition**.

### Mission

To provide **customised, reliable and high-tech** solutions for electrical infrastructure, backed by proven experience and an excellent standard of service.

### Vision

To be the **benchmark** for clients in the **innovation** of their electrical networks.

### Values

**Ormazabal**, as part of **Velatia**, shares these five values strongly rooted in the group's culture:

- **Flexibility:** willingness to understand different options and adapt to different situations.
- **Leadership:** showing a will to succeed in day-to-day activity that can serve as an example and motivation for others.
- **Innovation:** dynamic attitude to create and anticipate new and successful processes, products and/or services.
- **Pragmatism:** **efficient results orientation.**
- **Support:** **willingness to offer and request help in order to develop people and achieve goals.**

## Technology for a new electric world

“Technology for a new electric world” is much more than a corporate slogan, it is a declaration of intent that strengthens the Corporate Social Responsibility strategy and the value proposition of the **Ormazabal** brand.

## 2 | Ormazabal business

**Ormazabal** is working to transform the electricity grid into an infrastructure of the future: more reliable, resilient and sustainable.

These are the four main segments or areas of activity that the company serves:



**Smart & digital grids**



**Green generation & storage**



**Green mobility**



**Sustainable buildings & infrastructures**



### 3 | Ormazabal in figures

**Ormazabal** has a solid international presence, backed by sixteen production centres located in different regions of the world and with the capacity to operate in more than fifty countries through subsidiary companies and distributors. This allows it to be close to its clients and to adjust to the characteristics of local markets in order to respond to their needs in an agile and personalised manner.

Beyond the factories and offices, there is the commitment to a job well done and the will of a team of more than 2,500 highly qualified people who strive every day to make the transformation of the electricity grid a reality.

Making a positive impact



**Proximity footprint**

- Presence in **more than 50 countries**
- Its **systems** are installed in **more than 150 countries every year**
- More than **two million systems installed** worldwide
- More than **62,000 automated facilities** worldwide

**Industrial footprint**

- **16 production centres** in the world

**Technology footprint**

- 1 Research and Technology Centre **unique in the world**
- Product development centres **in eight countries**

# Ormazabal continues its upward trajectory, reaffirming its commitment to lead the transformation of the electricity grid and consolidating its position as a provider of innovative solutions

## 4 | Executive summary

### The year in review

Even in a global context marked by uncertainty and geopolitical tensions, the company has demonstrated excellent performance in 2023, with sustained growth in recent years.

This success is crowned by a significant milestone in **Ormazabal's** strategy, representing considerable progress as a provider of innovative solutions. After more than a decade working on technologies aimed at increasing the sustainability of its products, in 2023, the company presented its new SF<sub>6</sub> gas-free solutions for both primary and secondary distribution. These innovations have been very well received in the market for their attractiveness and differentiating features, marking a significant achievement for the company's innovation strategy and encouraging it to continue moving towards industry leadership.

**New SF<sub>6</sub>-free solutions for primary and secondary distribution drive Ormazabal forward.**

The excellent performance in terms of order intake and turnover, together with the consolidation of the new brand image, the successful launch of the digital native product portfolio, the implementation of the project to take advantage of synergies between all the companies in the energy ecosystem, industrial investments to expand production capacity and the support of clients who recognise the company's commitment to sustainability, are further driving **Ormazabal** to face the technological challenges of the coming years with determination. The company is better prepared than ever to lead the transformation of the energy sector.

The electricity business ecosystem unfolds and begins a joint journey. **Ormazabal**, **Supsonik** (specialist in uninterruptible power systems) and **Stratenergy** (energy services and charging stations for electric vehicles company) begin a stage of closer collaboration to face the new challenges of the sector. This alliance is based on the search for synergies and will be developed throughout the 2024-2026 Strategic Plan.

## Alliance of Ormazabal, Supsonik and Stratenergy.

Despite the uncertainty and threats to the economic evolution of companies, **Ormazabal's** commitment to innovation is unwavering and a large part of its efforts in 2023 have been focused on it. Thus, together with the launch of SF6-free solutions, it is worth highlighting the sales of new digital native products such as the first automated low-voltage switchboards for the Italian electricity company Enel, the agreement with the **European Investment Bank (EIB)** for 40 million euros to finance the development of R&D lines in the 2022-2025 period, or the **agreement with Iberdrola** aimed at financing research and development of new products for electricity distribution.

## New sales milestones in digital native products.

In addition, with the aim of reinforcing its innovation strategy in the technological, industrial and commercial areas, **Ormazabal** has launched the **OOIS (Ormazabal Open Innovation System) project** in 2023, through which the company's open innovation will be encouraged by means of venture client initiatives, intrapreneurship, technology scouting and strategic alliances.

## Deepening ESG criteria from a cross-cutting perspective.

In relation to sustainability, one of **Ormazabal's** aims is to provide companies with resources and support structures to adequately develop the field of sustainability and ESG criteria. To this end, the company has set up a multidisciplinary forum in 2023 to analyse the different aspects of interest related to this matter and work on them from a cross-cutting perspective.

As part of its commitment to the Sustainable Development Goals, in 2023 Ormazabal held for the first time the **Ormazabal Contribution Week** at locations around the world with the aim of increasing awareness and responsibility among the workforce, the feeling of belonging and contribution to sustainable development in the regions where it is present.

**Ormazabal** has also joined the **European Wind Center**, joining the main players in the wind energy sector to

accelerate the decarbonisation of society and continues to make progress in its commitment to reduce emissions to accelerate the ultimate goal of zero emissions. Thus, in 2023, it has continued with the pilot project started in 2022 to measure the most relevant Scope 3 CO<sub>2</sub> emissions at three of its centres.

In terms of talent management, it is worth highlighting the thirty new mentoring processes carried out through **Ormazabal Mentoring Experience**, a project initiated in 2021 and deployed in 2022 and 2023, whose purpose is to foster the personal and professional growth of the company's talent through the figure of the mentor.

New milestones have been added throughout the year to the company's successful performance, such as a pioneering project in offshore wind power that develops a platform to promote this type of renewable generation in deep coastal waters, more than 225 connections to the electric vehicle charging infrastructure grid for large European operators, more than ten years bringing electricity to data centres, a major supply of equipment for TNB in Malaysia, the sustainable electrification of the Port of Bordeaux and a solar project in Brazil led by **Ormazabal China**, among others.

In short, a vibrant and challenging year, but also exciting and satisfying, which has been worthy of several awards, including the international **Quality Innovation Award** for SF<sub>6</sub>-free technological solutions, and also, due to its importance and significance, the **AED Award** granted by the Association of Businesswomen and Women Managers of Biscay for the company's commitment to the inclusion of women in the business world. It has also received several awards in China in recognition of its great work in this country.

## Ready to lead the transformation of the energy sector.



The company faces a new strategic cycle in a rapidly changing world. The electricity sector faces both growing threats and opportunities. On the one hand, macroeconomic uncertainties, interest rates, de-globalisation, the fight for talent and constant regularisations are some of the challenges on the horizon. On the other hand, the European Commission and the International Energy Organisation have stressed the need to double investment in electricity grids by 2030 in order to accelerate the energy transition (digitisation of electricity grids, renewables, electric vehicles, electric storage). The international agency Bloomberg New Energy Finance forecasts that electricity demand will double by 2040. This represents a valuable opportunity for **Ormazabal**.

To address these threats and uncertainties, as well as to capitalise on emerging opportunities, the company will focus in the roadmap designed for the coming years on the digitalisation of products, technology, its industrial capabilities, the exploration of internal synergies and the development of talent. The combination of all these levers will allow **Ormazabal** to adapt to the new market conditions to ensure sustainable growth over time and compete successfully in the future.

The evolution of the company's results is shown below.

EVOLUTION OF TURNOVER

2022

2023

**TURNOVER**  
(millions of euros)

**617**  
MILLIONS

**748**  
MILLIONS

**EBITDA**  
(% of turnover)

**11 %**

**13 %**

**EBT**  
(% of turnover)

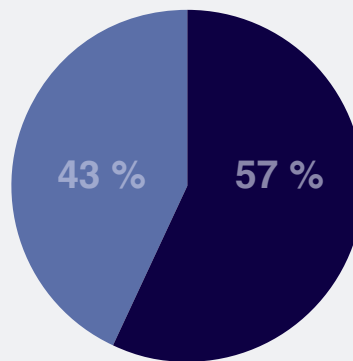
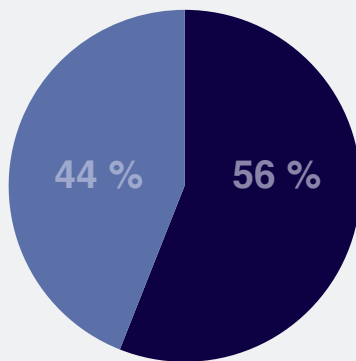
**9 %**

**12 %**

DISTRIBUTION OF STAFF

2022

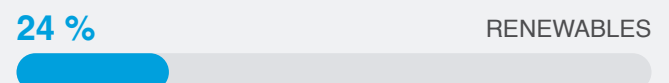
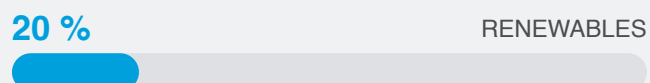
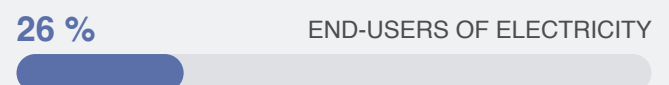
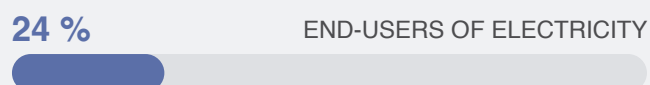
2023



DISTRIBUTION OF SALES

2022

2023





## Key milestones in 2023

### Presentation of SF<sub>6</sub>-free solutions for public distribution

One of **Ormazabal's** most outstanding and eagerly awaited milestones in 2023 has been the launch of SF<sub>6</sub>-free solutions for primary and secondary distribution, the result of more than ten years of R&D&I efforts. These solutions have been very well received by the market due to their attractiveness and the differential characteristics provided. Following the presentation, the first pilot projects have begun to be developed. In this way, the company takes a great leap forward to aspire to be a benchmark in innovative and sustainable solutions.

The SF<sub>6</sub>-free solutions have been awarded the Innovation Quality Award granted by Euskalit and the project has been a finalist in the international Quality Innovation Award, which annually recognises innovative work in various categories in companies around the world.

### Industrial microgrid project at Burgos plant

**Ormazabal, Stratenergy** and **Supsonik** have pooled all the knowledge and experience of the electricity ecosystem in a single location: the company's plant in Burgos. With this, this centre has become a powerful demonstrator of all the capabilities that the three companies bring together, applicable to clients with high electricity demand who need to decarbonise their business.

This is a pioneering project designed to maximise self-consumption and efficiency, guaranteeing energy supply. The project incorporates a rooftop photovoltaic plant, a scalable energy storage system, a set of electric vehicle charging solutions, a grid connection system and, finally, a software platform that acts as a control centre.

### First automated low-voltage switchboards for Enel

Delivery and commissioning of the first automated low-voltage switchboards for the Italian electricity company Enel, which have been distributed in both Italy and Spain. This is excellent news for the company because of the support it represents for the advance in the commercialisation of digital native products. The equipment is equipped with single-phase

operation switches and integrated protection relays and the IEC 61850 international standard protocol for substation automation that facilitates communication with Enel's control centres.

### Giving wings to a pioneering offshore wind project

The objective of the DemoSATH floating offshore wind turbine project, located off the coast of Biscay (Spain) and with 2 MW of power, is to serve as a test bench for a new type of platform to drive offshore wind power in deep coastal waters. **Ormazabal's** participation in the project focuses on the grid connection of the wind turbine.



### OPS technology for sustainable ports: electrification of the Port of Cadiz

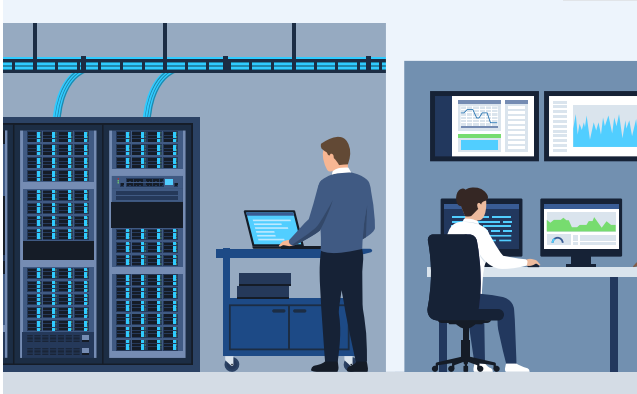
The electricity company Enel chose **Ormazabal's** proposal for the electrification of the cruise terminal in the Port of Cadiz in a tender process. The project, presented jointly with Ingeteam, uses OPS (On-shore Power Supply) technology, which allows the electrical connection of the ships to the port while they are docked, thus avoiding the use of fossil fuels to cover their electrical needs.



### More than 225 connections to the recharging infrastructure network

**Ormazabal** is increasing its supply of equipment for electric vehicle charging infrastructures to large European operators. Countries such as France, Holland, Germany, the United Kingdom, Portugal and Spain are increasingly relying on the company's technological solutions to make the decarbonisation of land transport possible.





### More than 10 years bringing electricity to data centres

**Ormazabal** has more than ten years of experience in the field of data centre electrification. The company's positioning as a strategic partner of global communication players allows it to supply the complete solution with a network architecture designed according to the most advanced trends and with the capacity to tackle highly complex projects such as sequential transfers, automatic reconnection that mitigate the effect of the magnetisation currents of existing transformers, etc.

### Major equipment supply for TNB in Malaysia

Delivery of hundreds of modular and compact units (RMU) for the Malaysian electricity company TNB, which means an important boost for the company in the Asian market.

An agreement that is an example of coordinated work towards a common goal and that has been made possible with the collaboration of the **Ormazabal** team in China and the **Ormazabal TSG** joint venture.



### Sustainable electrification at the Port of Bordeaux

**Ormazabal** has participated in the project for the electrical connection of pleasure and river boats in the Port of Bordeaux to limit noise pollution and pollution from the use of diesel generators. The solution provided includes the implementation of underground transformer stations, which, in addition to providing an efficient and environmentally friendly solution, has enabled **Ormazabal** to take care of the environment given the complexity of installing electrical equipment in an area classified as a World Heritage Site.





### China-led solar project in Brazil

**Ormazabal** can tackle complex projects with different logistical needs thanks to its extensive experience in renewable energies around the world. The 735 MW photovoltaic project in which the company has collaborated in Brazil has been led from China and has culminated with the supply of 100 units for its electrification.



### At Iberdrola's La Asomada substation in Murcia

Iberdrola has entrusted **Ormazabal** with the renovation of the high and medium voltage systems in its La Asomada transformer substation, located in Cartagena, Murcia. Part of the remodelling work consisted of the creation of two new container-type buildings, one of which was designed to house the double busbar switchgear type cpg.1. This will allow the future Repsol electrolyser plant to be connected to the substation.



### OPTIAM Project

**Ormazabal** participates in this R&D project to optimise the design of the electricity grid and minimise the environmental impact of electricity consumption. The aim of the project is to ensure a resilient transition of the electricity sector in the Basque Country through the development of innovative electrical equipment and the digitalisation of the decision-making process in the design of products and projects in the sector.

### Ormazabal Contribution Week: commitment to the SDGs

The **Ormazabal Contribution Week** reinforces the company's commitment to the Sustainable Development Goals through the implementation of multiple activities in all **Ormazabal's** offices with the aim of increasing responsibility, the feeling of belonging and sustainable development in the regions where it is present among the staff.





### Presence in sector activities

The **CIRED International Conference & Exhibition** held in June 2023 in Rome was the starting point chosen within the “Route to zero” campaign to officialise the public presentation of 24 kV SF<sub>6</sub>-free solutions for both secondary and primary distribution networks.

The route continued with other highlights such as **Matpost Conference** (Lyon, France), **Enlit Europe** (Paris, France), or **Energetab** (Bielsko-Biala, Poland), where **Ormazabal** presented the digital transformation centre with SF<sub>6</sub>-free technology.

In addition to the energy sector, the company has had a prominent presence at numerous exhibitions and events in other sectors of great importance for the business, such as renewable energies: **Windpower Brazil**, **Intesolar South America** (São Paulo, Brazil) or **WindEurope** (Copenhagen, Denmark); and in the field of data processing centres: **Data Centre World Paris** or **DCD Connect** (São Paulo, Brazil). It has also attended specialised trade fairs such as **Electricron** (Guadalajara, Mexico), **Eltefa** (Stuttgart, Germany), etc.

In addition to these events, the company participated in conferences on smart grids such as **EuroDoble** or the **2nd Future Smart Grids Congress** (Madrid, Spain) and in various essential forums in the electricity sector, including the **5th Aelec Congress** (Madrid, Spain) to promote the acceleration of the energy transition and a more sustainable electricity future.

**Ormazabal** also sponsored the **Eurelectric PowerSummit** (Brussels, Belgium), during which prominent leaders in the electricity industry explored the challenges facing the sector under the theme “Balance of power”. It also participated in the **First Annual Congress of the NetZero Mar Alliance** (Valencia, Spain) in the field of solutions for the decarbonisation of ports.

Finally, **Ormazabal’s** adherence to the **European Wind Charter in 2023** deserves a special mention. **The company thus joins the main players in the sector to accelerate the decarbonisation of society.**

## Awards and recognitions

### Kaizen Award for Continuous Improvement in Industry

**Ormazabal's** secondary distribution factory located in Igorre (Spain) has been awarded the “**Continuous Improvement in Industry**” prize, granted by the renowned Kaizen Institute to recognise the application of improvement methodologies in industrial organisation. This important award recognises the company's work in a project started five years ago and focused on the boilermaking section of the factory.



### A de Plata and Quality Innovation Award Euskadi by Euskalit

**Ormazabal's** Supply Chain Drive division received the Silver A in Advanced Management and the secondary distribution team won the international Quality Innovation Award Euskadi for the launch of the SF6-free technological solutions. Two important awards that demonstrate **Ormazabal's** deep commitment to excellence, advanced management and innovation.



### AED Bizkaia rewards the company's commitment to the inclusion of women in the business world

The AED Prize, awarded by the Association of Businesswomen and Women Managers of Biscay, distinguishes **Ormazabal's** business policy focused on equal opportunities for all the people who make up the team. The AED praised the company's contribution to promoting the participation of women in the business world in Biscay.

### China recognises Ormazabal's work

The support for the company's great work in China is confirmed by the various awards and recognitions in different categories received during the year: **Caring Enterprise, Top Ten Excellent Wind Power Products, Glory Award** received at the Top 10 Highlights Awarding Ceremony and the **Development of Specialized and Sophisticated SMEs Certification**. A highlight was the **Excellent Photovoltaic Materials/Equipment Enterprise** award presented at the **Photovoltaic Top 100** conference, where the country's leading companies in the renewable energy market were honoured.







## 5 | Governance

### Governing bodies

**Ormazabal** is governed by the group's highest governing body, the Board of Directors, whose regulatory framework is laid down in the Articles of Association, the Rules of Procedure of the Shareholders' Meeting, the Rules of Procedure of the Board of Directors, the various Rules of Procedure of the Board Committees, and the Code of Ethics.

In 2020, the **Ormazabal Advisory Council** was set up within the Board of Directors, comprising five members and given a fundamentally advisory role strictly within the scope of the business. As such, it acts as a means of support, providing collaboration and advice. Without prejudice to any other duties that the Board of Directors of **Velatia** may request of it, this Advisory Council has been assigned among its functions:

- Analyse **Ormazabal**'s results and the work of the management team.
- Propose the strategic plan and monitor its implementation.
- Monitor budget management.
- Propose to the Board the most important investment decisions (sale of assets, mergers, etc.).
- Assess and propose the authorisation of strategic alliances.

- Put in place mechanisms to provide the most accurate information on all areas of the company.
- Propose the remuneration policy to the **Velatia** Appointments and Remuneration Committee.
- Any other objective that contributes to the achievement of the company's goals.
- Gathering information, preparing presentations, etc.; and any other tasks as requested by the Board.

### Ormazabal Advisory Council

#### PRESIDENT

Mr. Javier Ormazabal Echevarria

#### MEMBERS

Mr. Alejandro Ormazabal Echevarria

Mr. Hipólito Suárez Gu tíerrez

Mr. Luis Atienza Serna

Mr. Jorge González Somavilla

#### SECRETARY (non-member)

Mr. Alex Otaegui Furriel



## 6 | Risk management

**Ormazabal** permanently monitors the evolution of the risks that could compromise the achievement of its objectives and the development of its future project. As a result of a process of strategic reflection, the company has identified, assessed and prioritised these threats, classifying them into four main categories, assigning to each of them specific measures aimed at mitigating their impact:

- Strategic risks.
- Operational risks.
- Compliance risks.
- Information risks.

Throughout 2023, a risk analysis has been carried out in which twenty-five different risks have been identified. Following the assessment of each risk, the ten elements with the highest potential were prioritised:

- Regulatory and/or policy changes in relation to sustainability and energy transition.
- Margin development and commoditisation.
- Innovation and new products.
- Prescriber relationships.
- Striving to attract and engage talent.
- Strategic positioning in traditional business.
- Emergence of low-cost competitors.
- Lobbying and relationship management skills.
- Changes in the business model.
- Quality of the final product.





## 7 | Sustainability

Sustainability is a central element of **Ormazabal's** business strategy, which is why it is integrated transversally throughout the organisation. The company's business model seeks to contribute to sustainable development through the generation of long-term value that benefits all its stakeholders.

One of its objectives is to provide its companies with the necessary resources and structures to adequately develop this area. To this end, in 2023 **Ormazabal has launched a multidisciplinary forum dedicated to the analysis of the different relevant aspects of ESG, approaching them from an integrated and holistic perspective.**

### Identifying stakeholders

**Ormazabal** recognises the crucial importance of delimiting and cataloguing stakeholders for an organisation. For this reason, it carries out permanent analysis and monitoring to ensure that all relevant stakeholders are considered.

The following perspectives are taken into consideration in this identification process:

- **Proximity:** groups that interact closely with the company, including internal stakeholders.
- **Influence:** those who influence (or could influence) the performance of the company's activity.
- **Liability:** those with legal obligations.
- **Dependence:** groups that depend on the activity of the company.

These stakeholders are prioritised according to two variables:

- **Influence:** whether they can have an impact on the company or whether a stakeholder is strategic for decision-making purposes.
- **Dependence:** whether they are directly or indirectly dependent on the company's activity, on its products and services or on its functions.

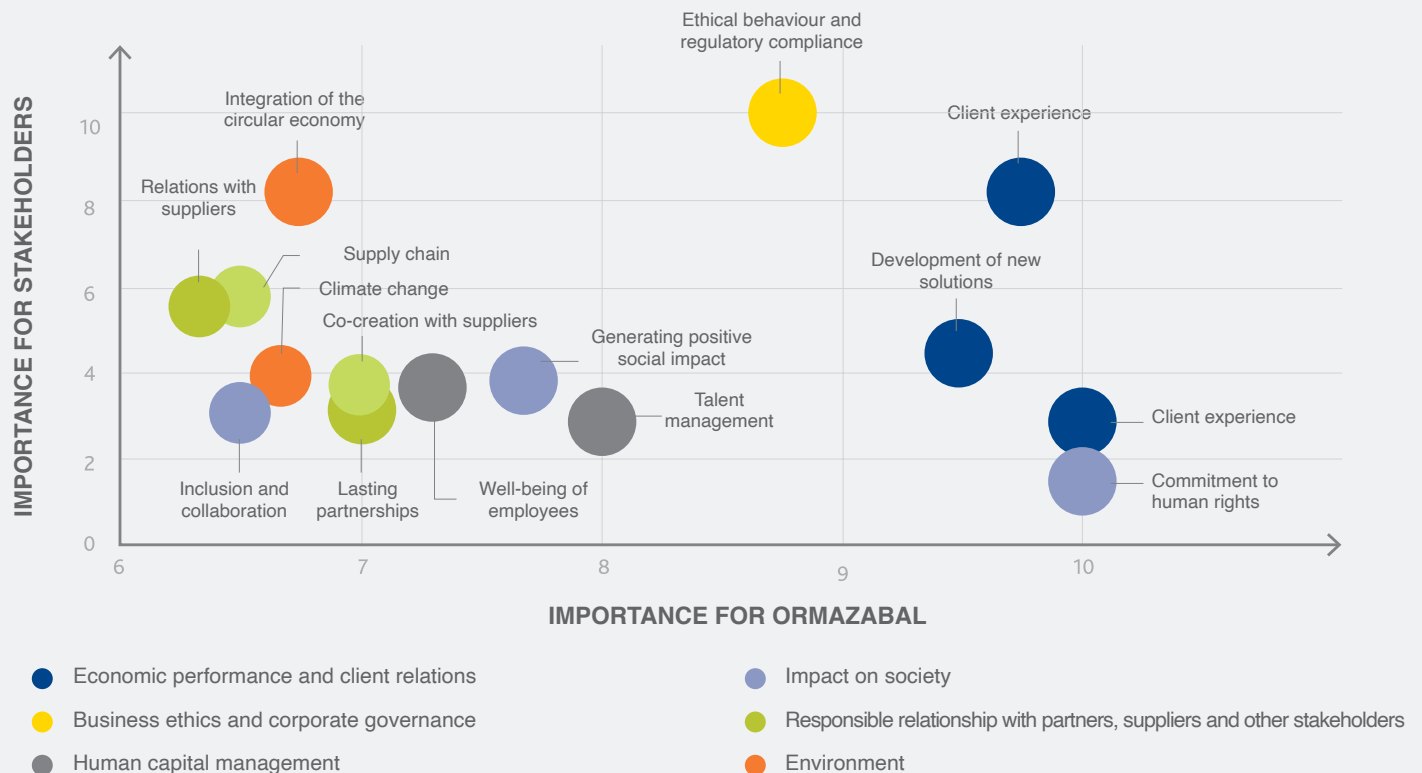
## Identifying relevant issues

**Ormazabal** maintains an ongoing dialogue with its stakeholders through the usual communication channels to identify the issues considered relevant in relation to sustainability for its stakeholders and for the company itself. Thus, it determines those economic, social, environmental and governance aspects that are priorities for a sustainable development approach.

The materiality study has been carried out taking into account the following elements:

- An analysis of the expectations of different stakeholders.
- An investigation of competitors' best practices.
- A study of regulatory trends in the energy environment and in sustainability that may affect the company's activity now or in the future.
- A review of projects pending from the previous strategic plan.

The cross analysis of the variables "Importance for the business strategy" and "Priority for stakeholders in each of the issues considered relevant" results in the following **materiality matrix**:





## Lines of action, ambitions and commitments

Based on the materiality matrix, **Ormazabal** has determined what objectives it wants to achieve, what commitments it will make and what lines of action it will establish to achieve them. There are six basic lines of action:

### 1. Ethics and corporate governance

Complying with the code of ethics and policies that establish the operating principles. Strengthening its commitment to good governance, ethics, integrity and transparency; considered important by stakeholders and an essential foundation for building trust and long-term commitment between the two parties.

#### Ambition:

- **Integrity** of behaviour.
- **Excellence** in management.
- Inclusive **dialogue** and **trust** with stakeholders.

### 2. Human capital management

To be committed to people, encouraging their development, guaranteeing equal opportunities to be a diverse and inclusive company.

#### Ambition:

- **To have people who are aware** of and committed to sustainability.
- **To ensure equal opportunities in a diverse and inclusive environment**, promoting a culture that favours **work-life balance and flexibility**.
- **To achieve a fair pay system** that takes into account social and environmental achievements.
- **To be a benchmark in level of employee satisfaction**.
- **To prioritise safety and minimise accidents**, particularly those caused by causes attributable to the company.

### 3. Environment

To reduce the environmental impact of its activities, as well as contribute to the energy transition and the fight against climate change through its products and services.

**Ambition:**

**To be an environmentally responsible company** that stays ahead of the curve on regulatory compliance, uses clean energy and efficient processes, and contributes to decarbonisation by installing products that make the grid more efficient.

### 4. Impact on society

Balancing the development of the business with the interests of the community where the group operates, generating a positive social impact by creating jobs, developing the local economy, collaborating with educational institutions, paying taxes and distributing the value generated.

**Ambition:**

- **To be perceived as creators of wealth and employment** at local level, supporting young people through training and, also, the most disadvantaged in society, in line with business interests.
- **To ensure compliance with human rights** in all its activities in all locations.
- **To be an active part** of society, contributing its knowledge for sound regulatory development.

### 5. Economic performance and client relations

To encourage innovation in products and services to improve and boost growth, both of the company and of the community it forms part of.

**Ambition:**

- **To promote technology innovation** as a lever for transformation towards more sustainable business models.
- **To be a benchmark** in the provision of services, driven by the search for new solutions in the company.

### 6. Partnerships and responsible relations with partners and suppliers

Promote responsible partnerships to build networks of shared value.

**Ambition:**

- **To promote sustainability** among partners and suppliers.
- To be and to have **trusted partners**.





## 8 | Sustainable Development Goals

**Ormazabal's** sustainability strategy seeks to address the challenges of the 2030 Agenda through innovative solutions that generate positive impacts in areas such as energy transition, digitalisation, transport and electric cars, among others.

In line with the five Sustainable Development Goals prioritised by **Velatia**, the company focuses its efforts and contributions on **SDG 7**, which aims to ensure access to affordable, reliable and sustainable energy for all people, no matter where they live, stimulating growth and helping the environment.



# 7 AFFORDABLE AND CLEAN ENERGY



## Identified targets:

To achieve the goals of SDG 7, the following targets have been defined:

**Target 7.1:** Ensure universal access to affordable, reliable and modern energy services.

**Target 7.2:** Increase substantially the share of renewable energy in the global energy mix.

**Target 7.3:** Double the global rate of improvement in energy efficiency.

## Ormazabal's contribution to the SDGs:

### In smart and digital grids:

- Support to the main electricity companies in the deployment of their automations.
- More than 15 years digitalising the medium voltage networks.
- More than 24 million consumers benefited.

### In green generation and storage:

- Collaboration with leading technologists in the sector.
- More than 30 years of experience.
- More than 150 GW protected and automated worldwide.
- More than 250 MW installed in energy storage.
- Present in major green hydrogen generation projects.

### In green mobility:

- Accompanying the most important actors in the development of their infrastructures.
- Connection to the network of 20 % of Europe's High Power Charging (HPC) stations.
- Electrification of ports, railways and subways.
- Benchmark in electrical connections for green hydrogen mobility.

### In sustainable buildings and infrastructure:

- Present in any type of project.
- Electrification of Europe's first Tier IV data centre.

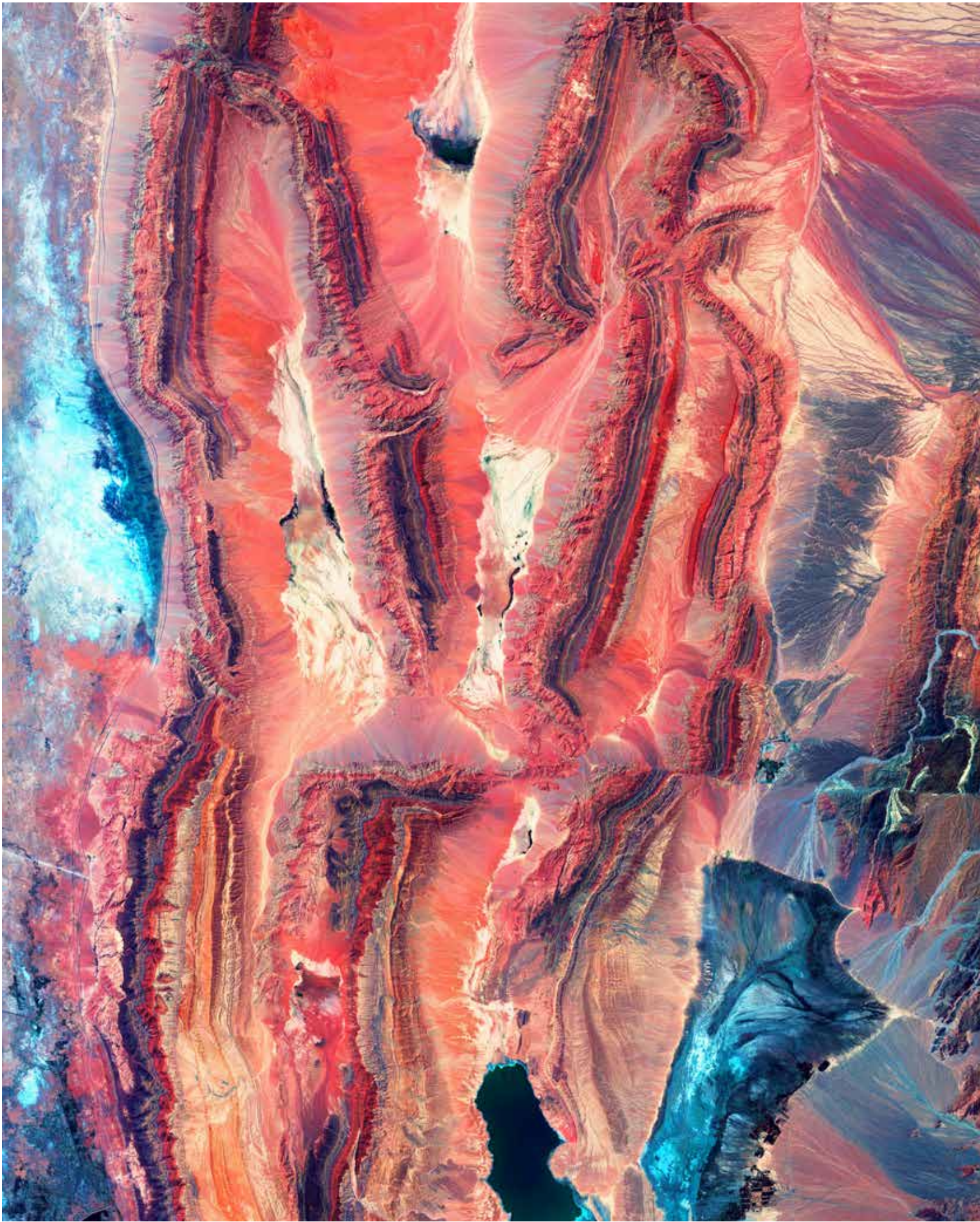
- Present in more than 80 airports, hospitals, industries, hotels, shopping malls, etc., all over the world.

**Ormazabal** helps ensure **efficient access to energy** through its processes and businesses, **also increasing the percentage of renewable energy generated, favouring the energy transition and providing value in the fight against climate change.**

During the 2023 financial year, the company has continued to develop the **pilot project launched in 2022 to measure the most relevant Scope 3 CO<sub>2</sub> emissions** in three of its production centres, reflecting its commitment to measuring and reducing its environmental footprint. It is also committed to the **environmental responsibility of its facilities**. Following the analysis of the energy performance of its buildings in Spain, it continues to implement the improvement actions identified, aimed at improving their efficiency. It also purchases **energy from 100 % certified renewable sources** for its centres in Spain and at its plant in France, minimises all waste by facilitating its recycling, and incorporates **eco-design** in its products.

The alignment of **Ormazabal's** 2021-2023 Strategic Plan with the Sustainable Development Goals highlights the company's commitment to the future of the business, the fight against climate change and the protection of biodiversity, as well as its social contribution.









# 02 | Ormazábal Commitments

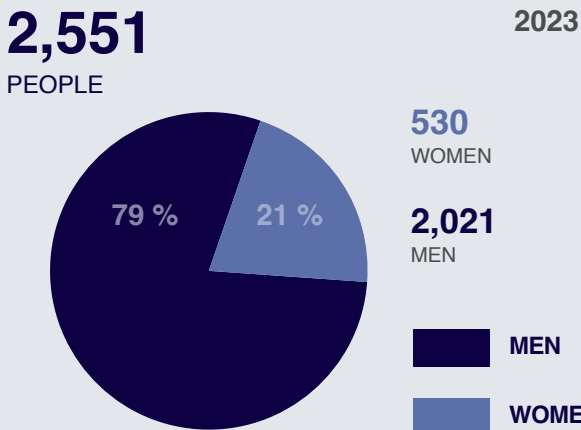
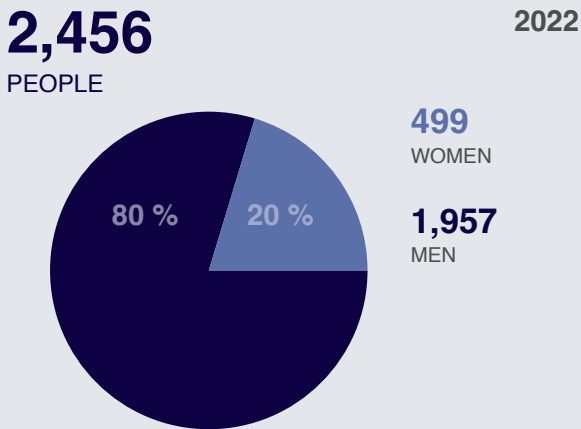
## 1 | People

People are **Ormazabal's** most valuable asset. Its diverse and unique team was made up of 2,551 people at the end of 2023, most of them located in Europe (86 %), mainly in Spain (75 %), while the remaining 14 % are distributed across other continents. 79 % of the workforce are men, 21 % are women, and 73 % are aged between 26 and 51 years old, giving a profile of a young company with a wide range of experience.

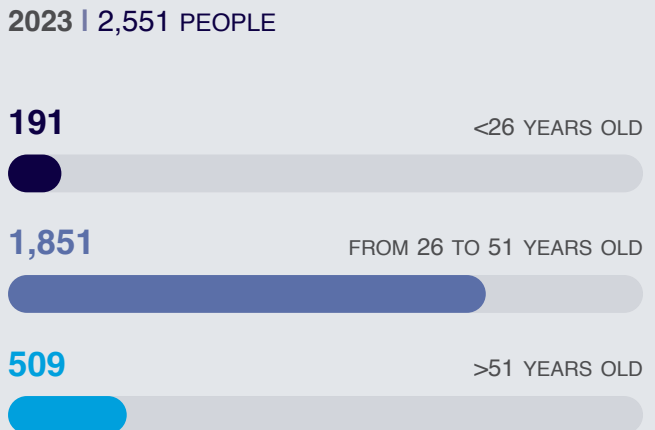
## Employment

**Ormazabal** considers talent attraction and management to be two crucial factors for successfully tackling the major challenges it faces. In 2023, the workforce grew by 4 % due to the activity carried out, while in 2022 it remained at similar levels to the previous year.

### DISTRIBUTION OF STAFF BY GENDER



### DISTRIBUTION OF STAFF BY AGE

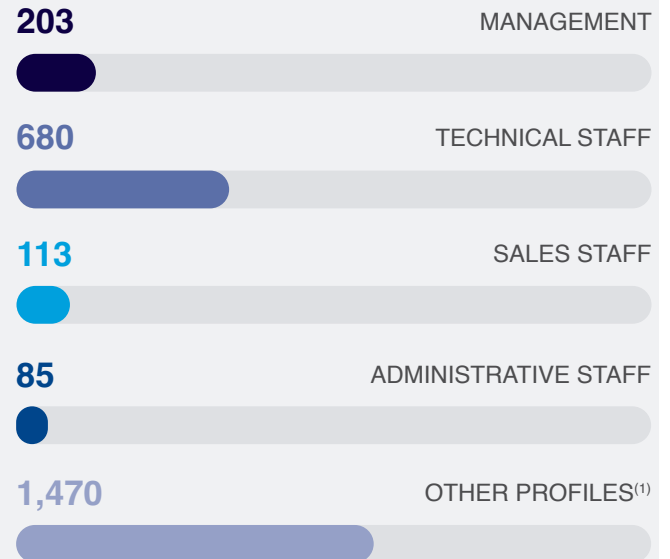


DISTRIBUTION OF STAFF AT YEAR-END BY CATEGORY

2022 | 2,456 PEOPLE



2023 | 2,551 PEOPLE

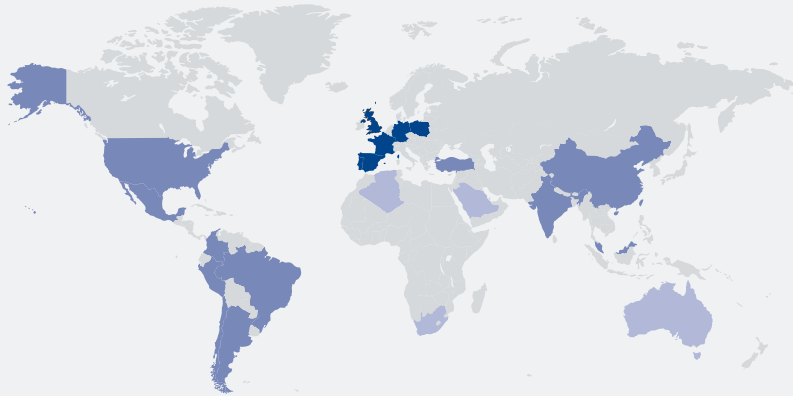


(1) Other profiles are mainly made up of direct labour, profiles that do not fit into any of the other categories and partial retirees.



DISTRIBUTION OF STAFF BY CONTINENT

2022 | 2,456 PEOPLE



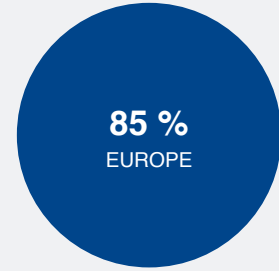
**2,096**  
PEOPLE  
IN EUROPE

**276**  
PEOPLE  
IN ASIA

**74**  
PEOPLE  
IN THE  
AMECICAS

**6**  
PEOPLE  
IN AFRICA

**4**  
PEOPLE  
IN OCEANIA

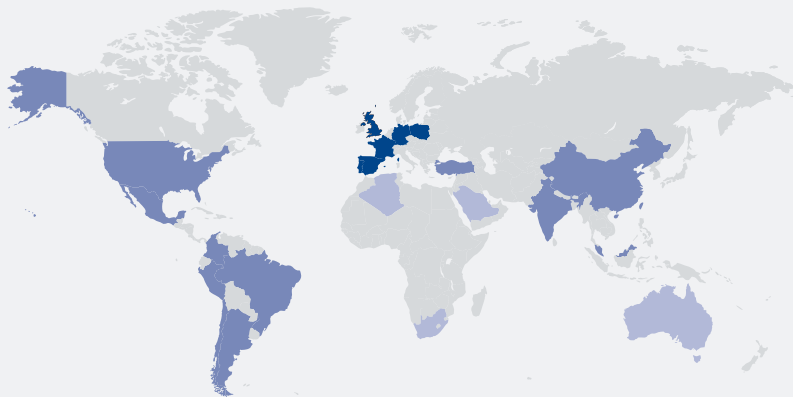


**11 %**  
ASIA

**3 %**  
THE AMERICAS

**<1 %** **<1 %**  
AFRICA OCEANIA

2023 | 2,551 PEOPLE



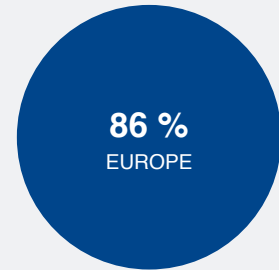
**2,197**  
PEOPLE  
IN EUROPE

**263**  
PEOPLE  
IN ASIA

**80**  
PEOPLE  
IN THE  
AMECICAS

**6**  
PEOPLE  
IN AFRICA

**5**  
PEOPLE  
IN OCEANIA



**10 %**  
ASIA

**3 %**  
THE AMERICAS

**<1 %** **<1 %**  
AFRICA OCEANIA

**> 950 PEOPLE**

**500 - 950 PEOPLE**

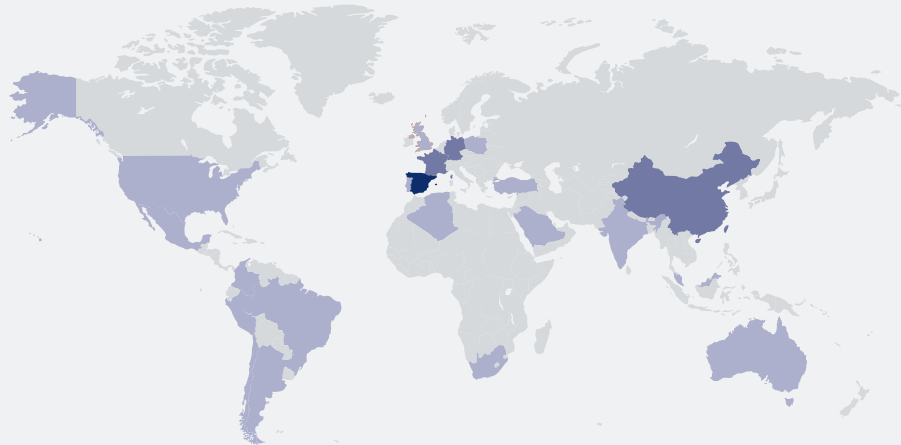
**50 - 500 PEOPLE**

**< 50 PEOPLE**

DISTRIBUTION OF STAFF BY COUNTRY

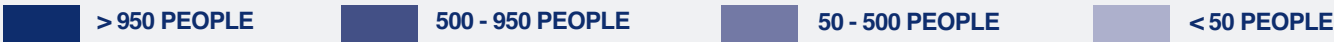
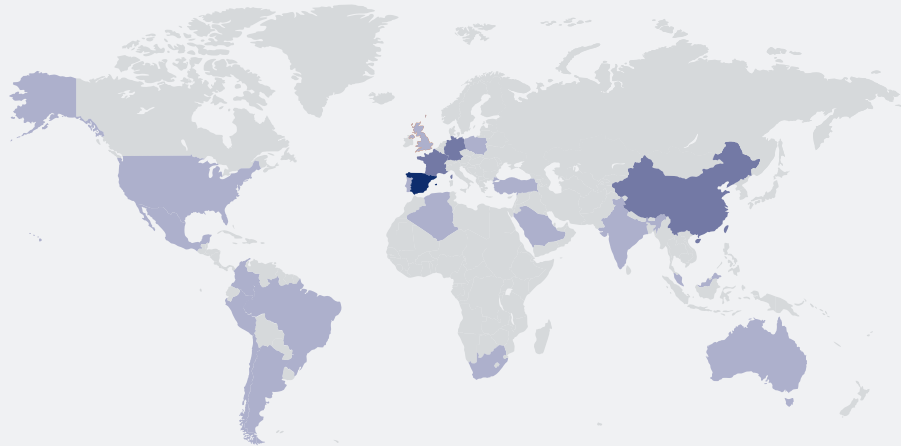
2022 | 2,456 PEOPLE

SPAIN **1,838** · 75 %  
CHINA **264** · 11 %  
FRANCE **132** · 5 %  
GERMANY **87** · 3 %  
UNITED KINGDOM **24** · 1 %  
BRAZIL **32** · 1 %  
MEXICO **14** · <1 %  
OTHER<sup>(2)</sup> **65** · 2 %



2023 | 2,551 PEOPLE

SPAIN **1,911** · 75 %  
CHINA **251** · 10 %  
FRANCE **146** · 6 %  
GERMANY **83** · 3 %  
UNITED KINGDOM **38** · 1 %  
BRAZIL **32** · 1 %  
MEXICO **16** · <1 %  
OTHER<sup>(2)</sup> **74** · 3 %



(2) Other includes the following countries: Algeria, Argentina, Australia, the United States, Poland, Portugal, South Africa and Turkey.

## Distribution by type of employment contract

The staff data at the end of 2023 show a total of 2,183 permanent contracts, of which 1,757 are for men and 426 for women. In addition, 368 temporary contracts have been recorded, distributed between 264 men and 104 women.

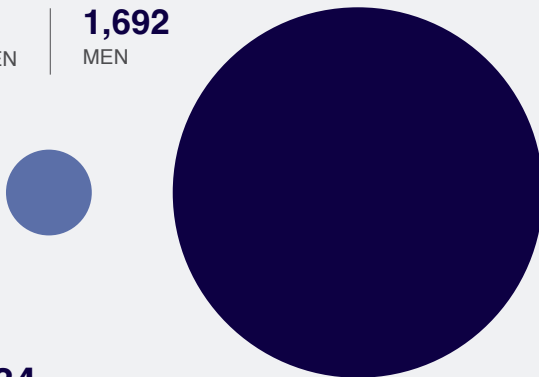
In terms of the type of working day, no permanent part-time contracts were recorded. The most common part-time con-

tracts are temporary contracts, with a total of 19, of which 12 are held by men and 7 by women. On the other hand, of the 349 full-time contracts, 252 are for men and 97 for women.

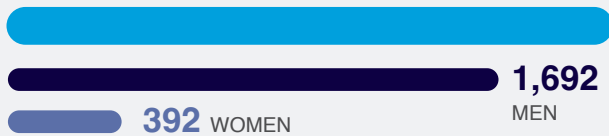
2022 | 2,456 PEOPLE

**2,084**  
PERMANENT

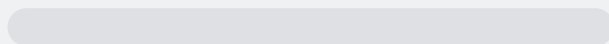
**392** WOMEN | **1,692** MEN



**2,084**  
FULL-TIME



**0**  
PART-TIME



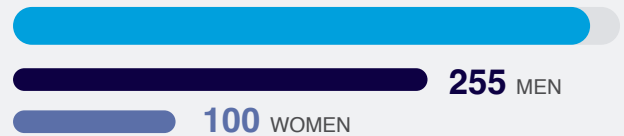
**MEN** **WOMEN**

**372**  
TEMPORARY

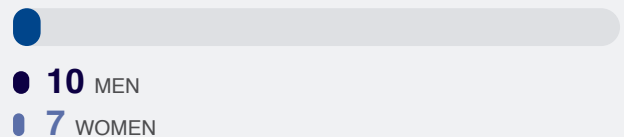
**107** WOMEN | **265** MEN



**355**  
FULL-TIME



**17**  
PART-TIME

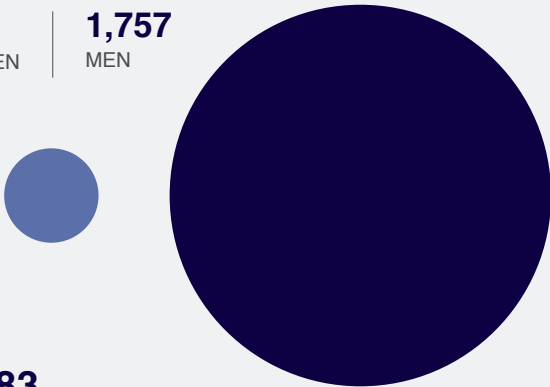


The distribution of staff shows a clear trend towards permanent and full-time contracts, irrespective of gender.

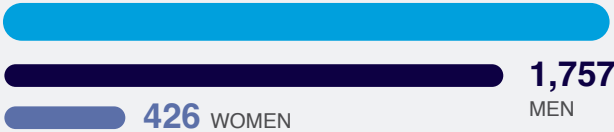
2023 | 2,551 PEOPLE

**2,183**  
PERMANENT

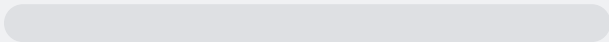
426 WOMEN | 1,757 MEN



**2,183**  
FULL-TIME



**0**  
PART-TIME



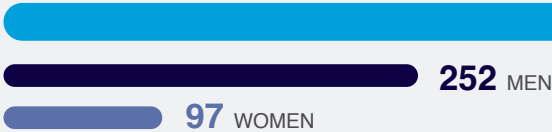
**MEN** **WOMEN**

**368**  
TEMPORARY

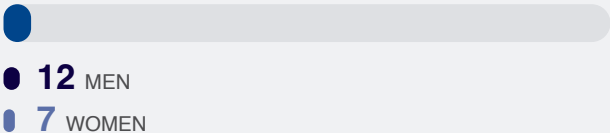
104 WOMEN | 264 MEN



**349**  
FULL-TIME



**19**  
PART-TIME





## Average annual contracts

The experience and knowledge of the people who form part of **Ormazabal** are key to strengthening its competitive position. Furthermore, aware of the need to promote the professional development of young people, the company offers internships every year through different instruments such as internship contracts, educational cooperation agreements, etc. These initiatives seek to convert these contracts into permanent contracts, in line with the company's philosophy aimed at formalising this type of employment relationship (with 84 % of permanent contracts compared to the total average staff).

The following breakdown<sup>(3)</sup>, que contiene la información del which contains information on the annual average of permanent and temporary contracts, shows that, compared to the previous year, temporary contracts have been reduced by 17 % and permanent contracts have increased by 7 %. This reflects Ormazabal's commitment to employment stability and sustainable growth, as well as its efforts to strengthen its human team with professionals committed to the long term.

**84 % of the contracts in force in 2023 are permanent contracts.**

<sup>(3)</sup> The annual average has been calculated using the average number of **Ormazabal** employees during 2022 and 2023, respectively, taking into account the salary payments calculated for each month.



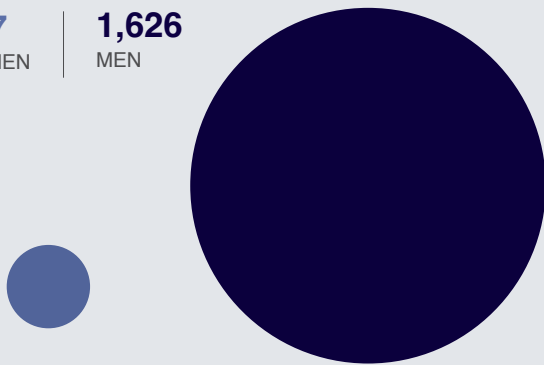
AVERAGE STAFF BY CONTRACT TYPE BY GENDER

2022 | 2,501 CONTRACTS



2,003  
PERMANENT

377 WOMEN | 1,626 MEN



498  
TEMPORARY

136 WOMEN | 362 MEN

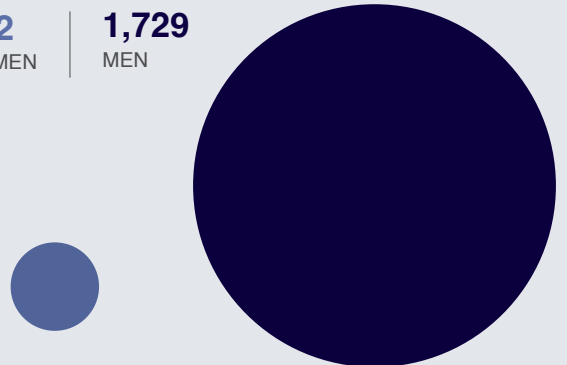


2023 | 2,555 CONTRACTS



2,140  
PERMANENT

412 WOMEN | 1,729 MEN



415  
TEMPORARY

120 WOMEN | 295 MEN



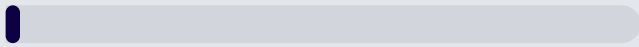
MEN  WOMEN

AVERAGE STAFF BY CONTRACT TYPE BY AGE

2022 | 2,501 CONTRACTS

**2,003**  
PERMANENT

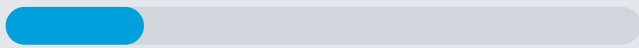
**47** <26 YEARS OLD



**1,517** FROM 26 TO 51 YEARS OLD

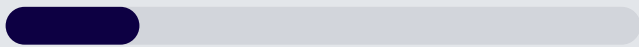


**439** >51 YEARS OLD

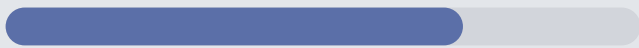


**498**  
TEMPORARY

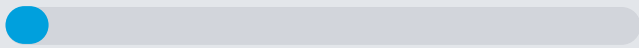
**106** <26 YEARS OLD



**359** FROM 26 TO 51 YEARS OLD



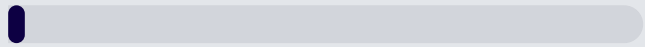
**33** >51 YEARS OLD



2023 | 2,555 CONTRACTS

**2,140**  
PERMANENT

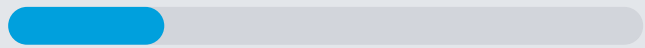
**62** <26 YEARS OLD



**1,599** FROM 26 TO 51 YEARS OLD

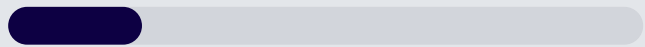


**479** >51 YEARS OLD

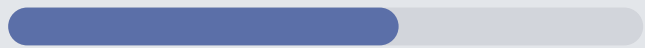


**415**  
TEMPORARY

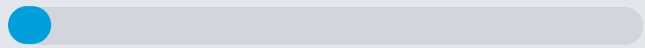
**108** <26 YEARS OLD



**271** FROM 26 TO 51 YEARS OLD



**36** >51 YEARS OLD



AVERAGE CONTRACT TYPE BY CATEGORY

2022 | 2,481 PERMANENT



2023 | 2,537 PERMANENT



2022 | 20 TEMPORARY



2023 | 18 TEMPORARY





## Average by type of working time

**Ormazabal's** average staff has grown in 2023 compared to the previous year, with 2,555 people compared to 2,501 in 2022. With regard to the type of contracts, the significant difference is due to the impact of the legislative change undertaken by the Spanish Government in 2022 in relation to part-time contracts, as well as the measures adopted by the company to promote work-life balance.

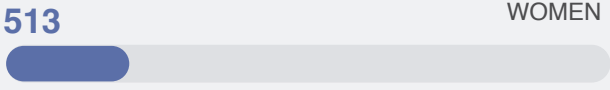
**Ormazabal** has widely implemented teleworking, especially in those positions that allow this modality. In addition, most of the company's employees have flexible working hours, which reduces the need to reduce working hours for family reconciliation reasons.

These actions are reflected in the recruitment of the average workforce, where 99 % of staff worked full-time in 2023, while only 1 % worked part-time.

The distribution of the staff by type of working day, broken down by gender, age and by category, is as follows:

AVERAGE TYPE OF WORKING DAY BY GENDER

2022 | 2,501 WORKING DAYS



2,481  
FULL-TIME

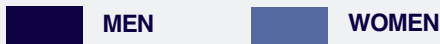
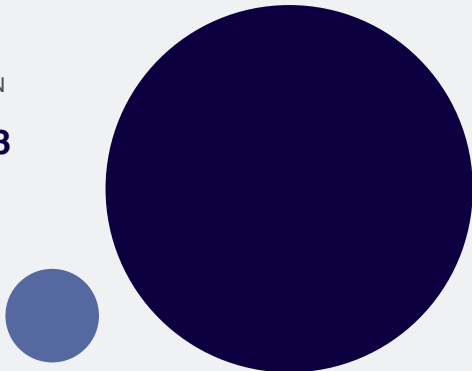
20  
PART-TIME

507  
WOMEN

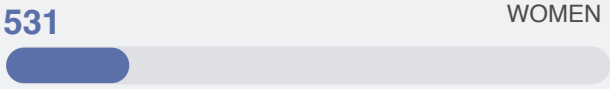
6  
WOMEN

1,973  
MEN

14  
MEN



2023 | 2,555 WORKING DAYS



2,537  
FULL-TIME

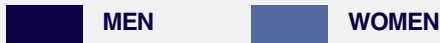
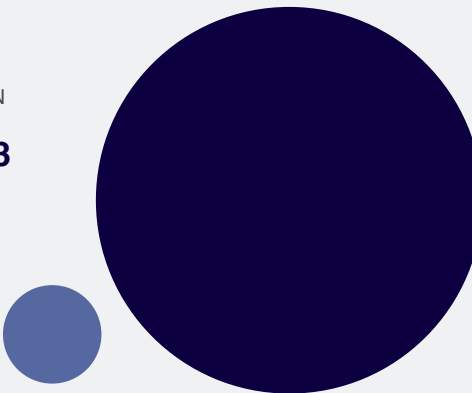
18  
PART-TIME

524  
WOMEN

7  
WOMEN

2,013  
MEN

11  
MEN

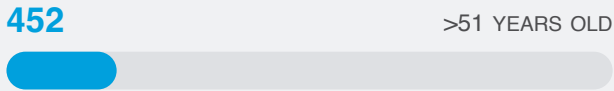
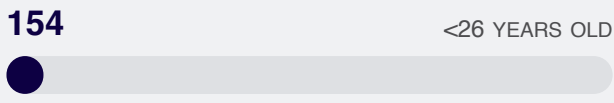




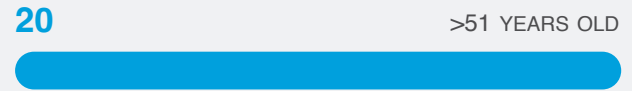
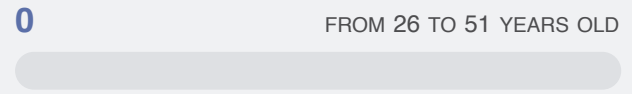
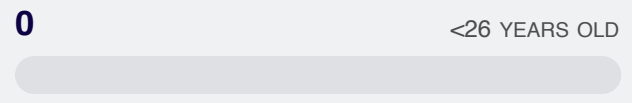
AVERAGE TYPE OF WORKING DAY BY AGE

2022 | 2,501 WORKING DAYS

**2,481**  
FULL-TIME

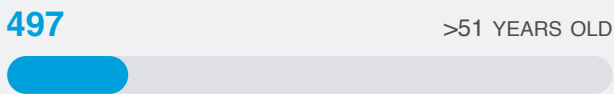
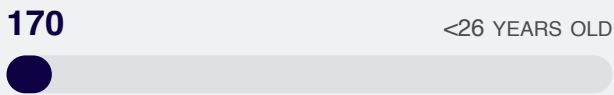


**20**  
PART-TIME

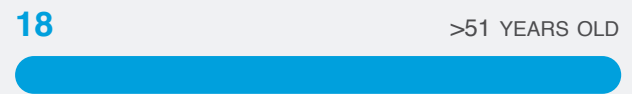
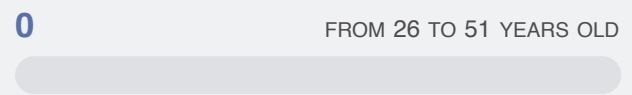
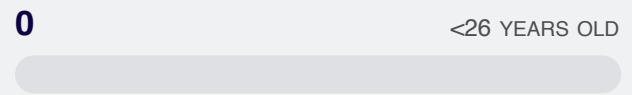


2023 | 2,555 WORKING DAYS

**2,537**  
FULL-TIME



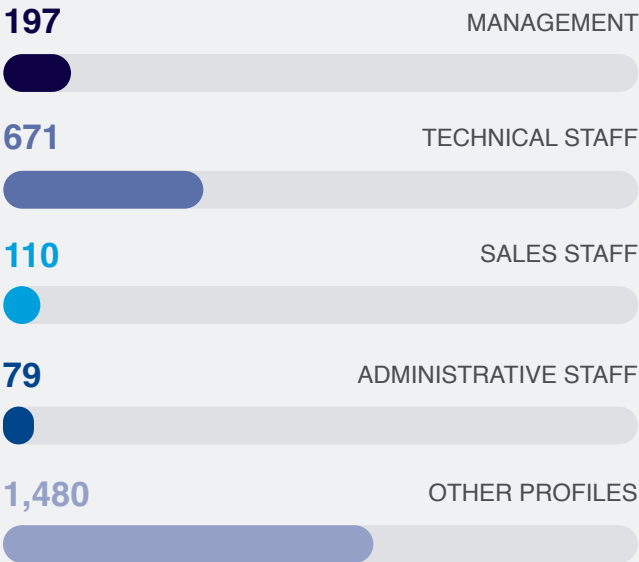
**18**  
PART-TIME



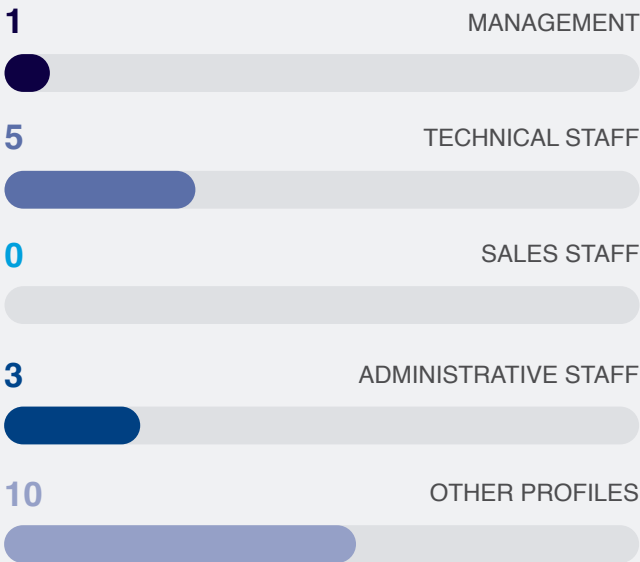
AVERAGE TYPE OF WORKING DAY BY CATEGORY<sup>(4)</sup>

2023 | 2,555 WORKING DAYS

**2,537**  
FULL-TIME



**18**  
PART-TIME



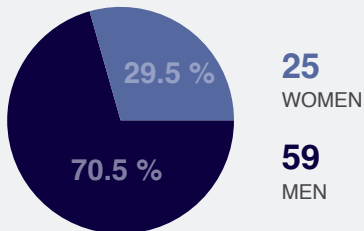
(4) This table does not have a comparison with the previous year as this data has been calculated for the first time in 2023 for Ormazabal.

## Non-voluntary departures

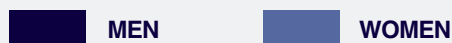
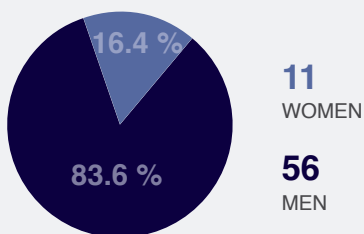
There is a significant decrease in the number of non-voluntary departures recorded compared to the previous year, from a total of 84 in 2022 to 67 in 2023. The distribution of these departures, according to gender and age, is as follows:

### NUMBER OF REDUNDANCIES BY GENDER

#### 2022 | 84 REDUNDANCIES



#### 2023 | 67 REDUNDANCIES

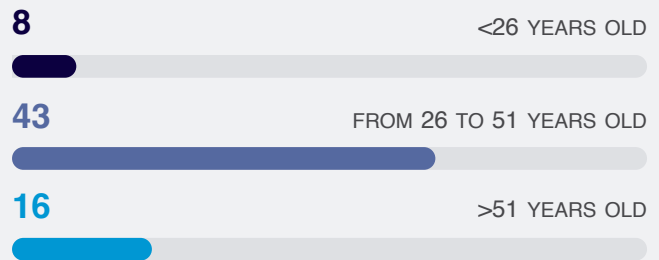


### NUMBER OF REDUNDANCIES BY AGE

#### 2022 | 84 REDUNDANCIES



#### 2023 | 67 REDUNDANCIES





## Employed persons with disabilities

For almost four decades, **Ormazabal** has maintained a solid partnership with the Lantegi Batuak Foundation, as well as with other non-profit organisations dedicated to promoting and achieving the social inclusion and integration of people with disabilities in the workplace. This alliance translates into the hiring of personnel for various production activities, both in Spain and in other countries where the company operates.

In addition, **Ormazabal** cooperates with the Basque social economy business group Urbegi and its foundation in its work to generate job opportunities and promote the social and occupational inclusion of people with disabilities.

During 2023, the company has established a new partnership with another organisation focused on the same purpose. It has also made a donation to a foundation in this field specialising in children. Ormazabal has increased the number of people with disabilities working in the company from 16 in 2022 to 20 in 2023.

## Average remuneration

The average remuneration of the staff has increased in 2023 compared to the previous year, with the exception of senior management. The amount, considering all existing remuneration items in the organisation, such as fixed, variable, bonus, social benefits, incentives and others, is distributed as follows, broken down by gender, age and professional category:

### AVERAGE REMUNERATION BY GENDER

2022



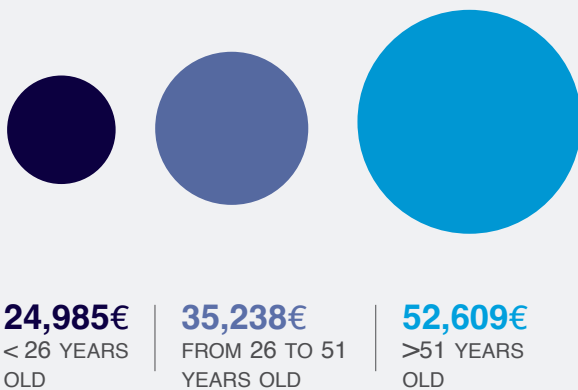
2023



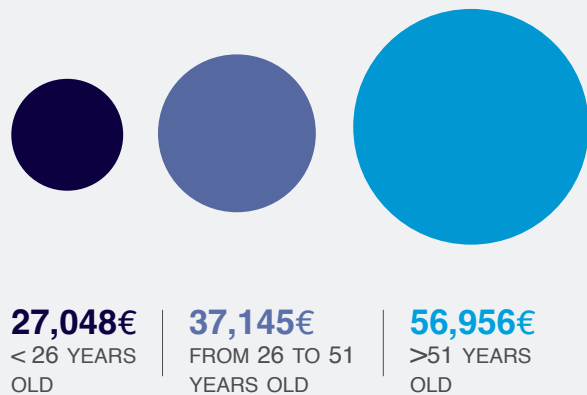
■ MEN ■ WOMEN

### AVERAGE REMUNERATION BY AGE

2022



2023

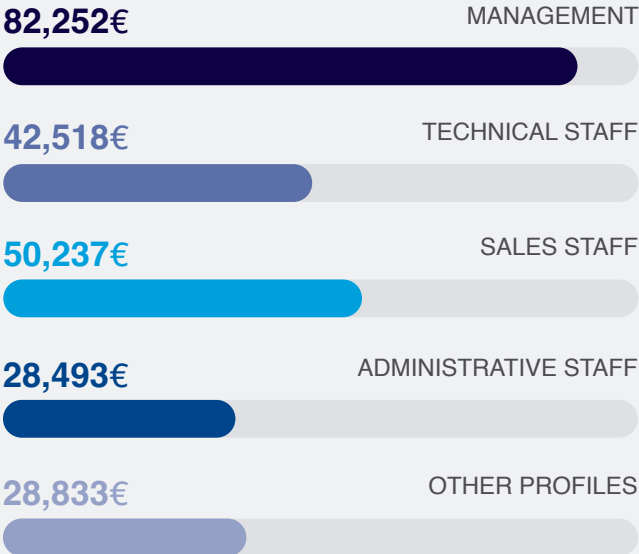


■ < 26 YEARS OLD ■ FROM 26 TO 51 YEARS OLD ■ > 51 YEARS OLD

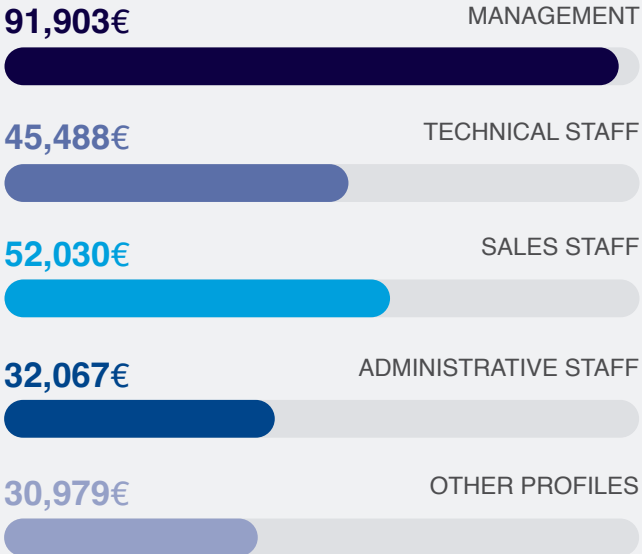


AVERAGE REMUNERATION BY CATEGORY

2022



2023





## Gender perspective

The applicable collective bargaining agreements regulate the minimum remuneration of employees of **Ormazabal**, establishing criteria of equity between jobs of equal value regardless of gender. In this sense, both staff subject to collective bargaining agreements and those not subject to them receive equal remuneration, avoiding any form of gender discrimination.

When calculating the average real remuneration (consisting of fixed plus variable pay) of women compared to men (excluding senior management), a difference of 14 % is observed in 2023, compared to 16 % in 2022.

This figure reflects the low presence of women in the industry and in **Ormazabal**, where they represent 21 % of the staff. In terms of the company's management, which includes people with responsibility for areas of activity, the percentage of women rises to 26 %. The predominance of men in three quarters of management positions contributes to a higher average salary for this group.

The fight against the "glass ceiling" is a strong ambition at **Ormazabal**. However, the size of the female workforce is an obstacle that is being addressed through initiatives focused on women, such as OMEX (Ormazabal Mentoring Experience) and LEAP (Learn, Engage, Achieve and Progress), **Ormazabal's** first gender-focused initiative.

The company's commitment to the **inclusion of women in the business world** has been recognised by the **Association of Businesswomen and Women Managers of Biscay (AED)** with the **AED 2023 award**, which highlights **Ormazabal's** business policy and its commitment to equal opportunities, regardless of gender.

## Organisation of work

**Ormazabal** has implemented measures aimed at protecting the well-being of its employees and consolidating its position as a benchmark company in the creation of quality employment. To this end, it has a tool for monitoring time records, counteracting long working hours and encouraging the use of holidays, among other initiatives.

Each of the company's companies determines the aspects related to working hours, rest periods and other applicable working conditions. **Ormazabal's** Code of Ethics, in the section on Labour Rights, states that the working time will conform to the local legislation of each country, ensuring compliance with the conventions and recommendations of the International Labour Organisation (ILO).



Since 2018, **Ormazabal** has been promoting a reflection on the reconciliation between work, family and personal life, which has led it to analyse and progressively implement measures in the organisation such as teleworking and the generalisation of flexible working hours. During 2023, no new measures have been introduced in this regard.

With regard to social relations, it should be stressed that freedom of association and trade union representation is enshrined in the rules, agreements and arrangements with staff and their representatives.

In addition, **Ormazabal** strives to maintain effective and transparent internal communication through a variety of channels. These include the website, the intranet, notice boards in production plants, internal magazines, suggestion boxes, annual workshops, personal and direct communication with managers and management, as well as works councils and health and safety committees.

From 2021, the **My Velatia** application, shared by the entire group, has introduced a new, streamlined and efficient communication channel. Its positive impact was recognised in 2023 with the **Excellence in Internal Communication** award by the technology company Nunsys Group at its annual conference.

## Health and safety

The commitment to health and safety is a priority at **Ormazabal** and is reflected in the policies of sustainable development, quality, environment and safety, health and well-being. This commitment is materialised in three fundamental points:

- **Establish a safe working environment** by developing a preventive culture in relation to occupational health and safety.
- **Promote respect for the health and safety** of people by preventing damage to and deterioration of health.
- **Achieve and maintain recognised international certifications** of quality management, environment and occupational health and safety systems.

In line with this preventive culture, **Ormazabal** undertakes the following commitments:

- **Training:** Promote training and actions to eliminate hazards and reduce risks to employees' health and safety during the course of an activity.
- **Working conditions:** Provide safe and healthy working conditions to prevent injuries and deterioration of health.



- **Workplaces:** Protect and improve the physical spaces and equipment of workplaces with respect to a wide range of risks, from breaking and entering to fire. In this regard, in 2023, we continued with the comprehensive refurbishment of the offices and facilities of the companies located in Igorre (Biscay), improving working conditions and the physical working environment.
- **Labour integrity:** To guarantee insofar as possible the labour integrity of workers in compliance with the industry regulations, and to implement the necessary measures.
- **International certifications:** Achieve and maintain the most recognised certifications of quality, the environment, and occupational health and safety management systems.

Each **Ormazabal** company ensures compliance with the applicable regulations, backed by **Health and Safety Committees**. In addition, the company has specialised personnel who work on the continuous improvement of practices and procedures, as well as on obtaining and complying with the strictest risk prevention regulations.

As a result of their commitment to prevention, several **Ormazabal** companies have ISO 45001 certification, the most internationally recognised standard for occupational health and safety management systems. This certification, which is voluntary, demonstrates the group's degree of involvement and proactivity in a matter that is relevant to its management, protecting both staff and visits to workplaces from accidents and occupational illnesses.

Country	Company
China	<b>Ormazabal</b> Kunshan Switchgear
	<b>Ormazabal</b> NRG (Beijing) Switchgear Limited
	<b>Ormazabal</b> Zhuhai Switchgear Limited
United Kingdom	<b>Ormazabal</b> UK
Spain	Prefabricados Uniblok
	<b>Ormazabal</b> Distribución Secundaria
	<b>Ormazabal</b> Media Tensión
	<b>Ormazabal</b> International Business
	<b>Ormazabal</b> Distribución Primaria
France	<b>Ormazabal</b> Burgos Switchgear
	<b>Ormazabal</b> Cotradis
	Ormapost
Brazil	<b>Ormazabal</b> Brasil
Mexico	<b>Ormazabal</b> México



In addition, **Ormazabal's** plant in Zhuhai (Guangdong province, China) organises regular free medical consultations and offers all staff annual medical check-ups. This example of caring for the health and well-being of the team is a reflection of the responsibility shared by all the company's companies.



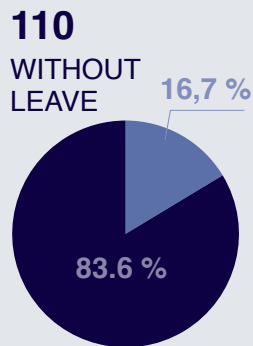
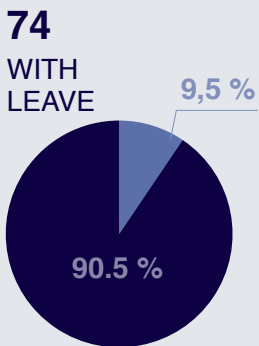


## Accidents

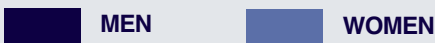
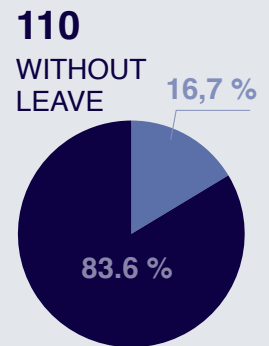
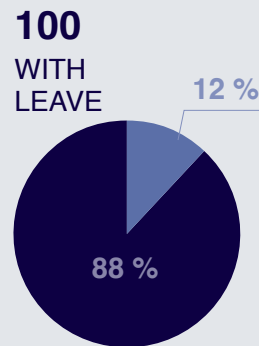
In line with its commitment to health and safety, one of **Ormazabal's** priority goals is to minimise the number of accidents by closely monitoring the evolution of the most representative indicators available:

### DISTRIBUTION OF THE NUMBER OF ACCIDENTS BY GENDER

#### 2022 | 184 ACCIDENTS



#### 2023 | 210 ACCIDENTS



In 2023, 100 occupational accidents with sick leave were recorded, of which 12 involved women and 88 involved men. In addition, there have been 110 accidents without sick leave, with 18 cases involving women and 92 involving men. Comparing the data with the previous year, in 2022, 74 accidents with sick leave were reported, 7 involving women and 67 involving men; and 110 without sick leave, 18 involving women and 92 involving men.

Likewise, three occupational diseases were reported in 2023, all of which were men, as in 2022, although this year the total number of occupational diseases was 4.

Indexes <sup>(5)</sup> 2022			
	Men	Women	Total
Frequency Index	19.4	9.8	17.5
Seriousness Index	0.4	0.1	0.4

Indexes <sup>(5)</sup> 2023			
	Men	Women	Total
Frequency Index	25.8	14	23.1
Seriousness Index	0.4	0.1	0.4

With regard to the frequency and severity indices, in 2022 they were 17.5 and 0.4, respectively. In 2023, the Frequency Index has experienced a slight increase, standing at 23.1 %, while the Severity Index remains at 0.4 %.

The increase in the number of accidents and, consequently, in the frequency of accidents compared to the previous year is mainly due to the increase in production in all the company's factories and, in the case of accidents involving women, to the increase in the number of women in the workforce.

(5) The number of hours worked by employees is theoretical, considering an estimated working time of 145 hours per month for each line of business.

## Absenteeism

The **absenteeism** rate is understood to be the non-compliance with the working time due to sick leave, occupational accidents, works council hours and strike hours. In 2023, the number of hours lost for these reasons is significantly reduced, reaching a total of 173,962 hours, a decrease of 2 % compared to the previous year, where 177,098 hours were recorded.

## Training

For **Ormazabal**, staff training is key to its growth and business success. For this reason, it attaches great importance to the effective management of training, articulating initiatives, processes and procedures that allow for the real and effective development of teams.

**Ormazabal's** efforts are aligned with the guidelines of the group's **Performance Evaluation Process**, which are included in the **Corporate Training Policy**. The company aims to disseminate and share the existing knowledge in the company, as well as to progressively and increasingly generate the necessary knowledge and training in the workforce in accordance with the organisation's strategy. All this is focused on achieving, through continuous learning:

- Better **performance** of their jobs.
- Better **adapt to the cultural and technology changes** that allow the company to be more competitive.

In accordance with the **Corporate Training Policy**, **Ormazabal's** commitments in relation to training are summarised in the following points:

- **Progressively increase the knowledge, skills and personal abilities** of employees.
- **Align the training** given with the competences, values and requirements set out in the strategy of the company.
- **Promote the exchange** of existing knowledge **to the maximum extent** possible, by promoting internal training and providing the necessary resources and their efficient use.



## New training programs: Sophos, Ormazabal Mentoring Experience and Finance module.

In this context, **Ormazabal** has developed in 2023 training actions adapted to the needs of each job position around the world, with a total of 37,857 hours dedicated to training, compared to 38,313 hours in 2022.

The content of the courses given is grouped into four main areas: product (Ormazabal Learning Center), development and leadership, languages (mainly English) and strategic planning. In particular, the following **training plans included in 2023** should be highlighted:

- **Sophos:** training and certification programme aimed primarily at the sales team. Its objective is to improve and broaden the organisation's knowledge of the entire range of **Ormazabal** products. During 2023, the first level, known as "Associate", has been updated to reflect changes in the product portfolio.
- **Ormazabal Mentoring Experience:** a programme launched in 2021 and rolled out in 2022 and 2023 that seeks to promote professional growth within the company and develop the potential of talents through the relationship between a reference person (mentor) and another person in development (mentee). Throughout 2023, thirty new mentoring processes have been carried out in the company.

- **Finance module:** online course aimed at business unit managers to provide them with basic knowledge of the economic data of the business and enabling them to make decisions based on this data. In 2023, the design of the module called "Oikonomia" was completed and will be launched in early 2024.

Of the total number of hours delivered in 2023, 82 % were delivered by men, which corresponds to the proportion of men in the total workforce. The commercial category, which had risen by 49 % in 2022 following the deployment of the SOPHOS product training module, has stabilised in 2023.

Overall, the Company's investment in people training is constant. As a result, the average number of training hours per employee has been maintained, representing an average of 15 hours of training per employee.

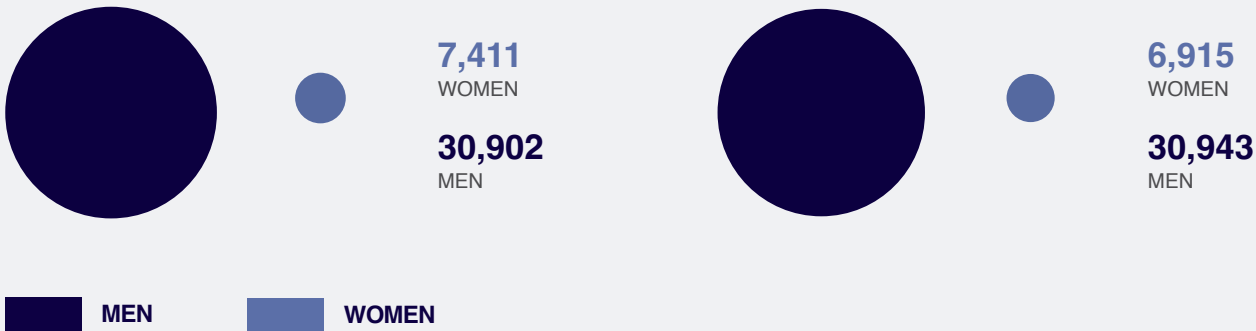
DISTRIBUTION OF TRAINING HOURS BY CATEGORY



AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE

2022 | 38,313 HOURS

2023 | 37,857 HOURS





## Equality

We all deserve the same opportunities and for **Ormazabal**, equal opportunities and diversity are intrinsic aspects of his management.

The Group's **Protocol for the Prevention and Action against Harassment in the Workplace**, applicable to **Ormazabal**, ensures the protection of people's fundamental rights and guarantees the necessary measures against any form of harassment in the workplace, whether of a sexual, discriminatory and/or psychological nature. This protocol was updated in 2021 to include gender-based harassment, thus demonstrating the group's commitment to equality in the organisation.

**Ormazabal's** main objective is to support equal opportunities and preserve diversity, essential aspects of the company's management, in line with principle number six of the United Nations Global Compact on the abolition of discriminatory practices in employment and occupation.

Like the rest of the companies in the group, **Ormazabal** is committed to complying with the guidelines laid down by the **Velatia** Code of Ethics with regard to equality, diversity, respect for people and non-discrimination on the grounds of race, colour, gender, sexual orientation, language, religion, political or other opinion, national or social origin, economic position, disability or any other condition.

The **Corporate Ethics and Crime Prevention Committee** is the body in charge of handling complaints, claims, suggestions or queries regarding situations of harassment not resolved by informal procedure.

In addition, the figure of the mediator has been established as the relevant expert who acts as confidential adviser and is responsible for managing proceedings in actions classified as "mild", and who will refer to the Committee on Ethics and Corporate Crime Prevention any actions considered to be "serious", or any breaches of the agreements reached by informal procedure.

As part of its firm commitment to gender equality, **Ormazabal** has **Equality Plans** that pursue the following objectives:



- Further **consolidate the Equality Policy** throughout the organisation.
- **Ensure equal opportunities** for everyone in the company.
- Convey a message of **zero tolerance** towards workplace violence, especially sexual harassment and gender-based harassment.

These plans are reviewed and updated when they expire, with the collaboration of independent experts, and based on the conclusions obtained, an action plan is developed and regularly monitored.

**Ormazabal's** Equality Plans include general and specific objectives, an analysis and internal diagnosis of the organisation, as well as proposals for action for the years in which they are in force. During 2023, progress has continued to be made in its deployment with the aim that all the company's centres in Spain have implemented it.

In 2023 the **LEAP (Learn, Engage, Act, and Progress) initiative**, launched in 2022, has been further developed. This initiative aims to receive feedback and proposals for action on equality from sixteen women of different ages, companies and organisational levels. This pilot initiative will be consolidated in 2024.

The recognition awarded by the Association of Businesswomen and Women Managers of Biscay (AED) highlights **Ormazabal's** business policy geared towards equal opportunities and its contribution to promoting female participation in the business sphere in Biscay.

In addition, **Ormazabal** has organised various activities and events during the year, for example on the occasion of International Women's Day on 8 March and on the International Day for the Elimination of Violence against Women on 25 November, thus reinforcing its commitment to equality.





## 2 | Innovation

For **Ormazabal**, innovation is not just another trait; it is in its DNA and serves as the foundation for its successful progression of sustained technological growth over nearly six decades.

This innovative track record, combined with an entrepreneurial spirit, enables **Ormazabal** to offer its clients cutting-edge technological solutions in electrical equipment to accompany them on their journey towards grid digitisation, the expansion of renewable sources and electric mobility for a green energy transition.

Its unwavering commitment to innovation is the result of the convergence of three fundamental concepts: technological, industrial and commercial innovation. These are the three sides of the same prism through which the company projects itself to the world as a benchmark company in the incorporation of added value to its products.

With the aim of reinforcing its innovation strategy in the technological, industrial and commercial areas, **Ormazabal has launched the OOIS (Ormazabal Open Innovation System) project in 2023**, through which the company's open innovation will be encouraged through venture client, intrapreneurship, and tech scouting initiatives, as well as strategic alliances.

### Technology innovation

Investment in technological innovation is strategic for the company, which is why it allocates approximately 25.6 million euros to R&D&I. It has a team of **115 people of ten different nationalities** working for this purpose in different parts of the world.

Since 2005, **Ormazabal** has had a **Business R&D Unit** attached to the Basque Science, Technology and Innovation Network (*Red Vasca de Ciencia Tecnología e Innovación*). This unit stands out for its unique infrastructures worldwide, including an accredited and independent 2.5 GW high power laboratory (HPL) connected to a fully configurable experimental network (UDEX). This infrastructure allows technologies, products and applications to be tested in a real and secure environment, without affecting the electricity grid of clients.

**Ormazabal's Strategic Technology Plan**, synchronised and aligned with the strategic business plan, identifies the key technologies in which the company must position itself to address the technological challenges arising from the energy transition and the digitalisation of electricity grids. In addition, this plan includes proposals for projects to be undertaken to enable the company to achieve its strategic technological goals.

2023 has marked a very significant milestone in the energy transition support strategy led by **Ormazabal**. During the **CIREC Congress and Exhibition 2023** held in Rome, the company presented its first SF<sub>6</sub> gas-free equipment along with its “Route to Zero” strategy. The presentation of this innovative decarbonisation strategy in its product range generated great interest in the market, both among clients and competitors. This project has been recognised by the Euskalit foundation with the **Innovation Quality Award** in the category of innovation in circular economy and zero footprint.

To maintain a high pace of innovation, it is crucial to be vertically integrated. In this sense, **Ormazabal** distinguishes itself by developing all the technology offered by its solutions, from disruption and shutdown to electrical insulation technology, firmware and communications. It is a priority for the company that all its products are intrinsically digital from their conception, thus ensuring automation and optimisation of the network as fundamental assets.

**Ormazabal** has recently incorporated two new technological areas into its strategy that will undoubtedly strengthen its positioning in the face of the challenge of network digitisation. The first is data analytics with the creation of the **Ormazabal Analytics** department, and the second is power electronics, thanks to the integration of **Supsonik** into the company's ecosystem.

Among the outstanding achievements in the area of digitalisation, it is worth highlighting the recognition awarded to the Demonstration and Experimentation Unit as a **European Digital Innovation Hub**. This distinction is particularly relevant as it is the only private centre that forms part of the Basque Digital Innovation Hub, within the “Digital Electricity Grids” node.

**Ormazabal** currently has more than 320 patents and intellectual property registrations, demonstrating its commitment to the development of cutting-edge technology, which positions the company as a benchmark in its field in the generation of technological value.

Its support for innovation is also reflected in its participation in the boards of trustees of various research centres, such as Tecnalia, Spain's leading applied research and technological development organisation and one of the most prominent at European level. It also forms part of the CIC Energigune, founded in 2011 with the aim of generating excellent research into materials and systems for energy storage, and the Euskampus Foundation, an internationally renowned university initiative.

The company's priority policies include the promotion of collaboration with technology start-ups in an attempt to take advantage of the driver effect on these companies. **Ormazabal's** participation in the Basque Government's BIND 4.0 programme as a **Corporate Venture Client** has facilitated the development of joint projects with these start-ups.

## Industrial innovation

**Ormazabal** is at the forefront of industrial innovation by focusing on maximum global efficiency combined with local adaptation capabilities. To this end, it continuously invests in updating its global production platform, has the most cutting-edge Industry 4.0 equipment and processes in facilities strategically located close to the client and their needs. In addition, the company implements the most advanced quality management systems to ensure excellence in every step of the process.

As part of its ongoing commitment to industrial innovation, in 2021 it launched the strategic project “**Ormazabal Operations Model**”. During the 2021-23 Strategic Plan, **Ormazabal Operations** has focused on innovation around Industry 4.0. The **Ormazabal Industrial Committee** has facilitated open discussions between the industrial managers of the different product divisions, together with the general management of each product division and the COO, thus promoting a forward-looking collaborative approach.

Over the course of 2023, the company has concentrated its efforts on the following initiatives:

### AREA OF ACTIVITY

- Robotics:
  - Robotic welding of cubicles.
  - Fully automated metal forming lines.
  - AGV (Autonomous Guided Vehicles) technology for internal logistics.
  - Smart warehouses.
- Analysis of big data using AI and algorithms.
- Excellence in magnetic core assembly.
- Ergonomics.
- Virtual reality and augmented reality:
  - Service with remote assistance.
  - Training (in-house and for partners).
  - Virtual client showroom.
- Bluetooth logistics technology.
- Digitisation of processes.
- Tooling and machinery data acquisition in ODS, ODP, OBG and **Ormazabal Transformers Division**.
- Selection of partners for loG/Industry 4.0 industrial consultancy.

Thanks to its commitment to industrial innovation, **Ormazabal** currently has a resilient global supply chain that allows it to take its products to more than 150 countries.

## Commercial innovation

A key element in **Ormazabal**'s management is to promote innovation in client relations with the aim of always achieving excellence in advice and service.

To this end, it has a large sales and marketing staff with electricity network expertise who accompany clients throughout the process, from the identification of a specific need to the after-sales service.

**Ormazabal** works alongside its clients, sharing knowledge and efforts as the best way to tackle more ambitious projects, overcome barriers, open up new markets and tackle the sustainability challenges facing the planet by boosting renewable energies, bringing intelligence to the grid, making electromobility possible, etc. Proof of this has been the company's incorporation into **Iberdrola's Global Smart Grids Innovation Hub**, where it has participated in most of the working groups in which different innovative ideas have been discussed around the electricity grids of the future, which have materialised in various projects. Also along these lines, since 2022 **Ormazabal** has been participating in the **Enel Open Grid** initiative.

In short, **Ormazabal** aspires to be a benchmark for the high level of innovation applied to each project, which translates into the constant search for competitive and differentiating solutions that meet the needs of its clients.

## Innovation milestones

Despite the uncertainties and threats faced by companies in their economic evolution, **Ormazabal** has not ceased in its commitment to innovation, allocating a large part of its efforts to it during 2023.

Part of this ongoing effort to innovate can be seen in various projects and advanced technology developments in collaboration with cutting-edge research centres, universities, organisations and companies in the industry. As a result, new milestones were added to the company's long history of innovation, some of which we mention below:

### Sales of new products

**Ormazabal** reaffirms its high level of innovation, as almost a third of sales were of products developed in recent years.

### Agreement with the European Investment Bank (EIB)

**Ormazabal** has continued to develop the R&D lines outlined in the **40 million euros** financing agreement signed with the European Investment Bank, which will facilitate its progress in the 2022-2025 period.

The EIB's support for the company's ambitious innovation project underpins **Ormazabal's** mission to accompany its clients in the energy transition, thereby contributing to the decarbonisation of Europe's energy system.

The agreement is backed by the **InvestEU programme**, which provides its implementing partners with a budgetary guarantee. This guarantee allows them to increase their risk-bearing capacity, thus helping to mobilise both public and private investment for EU policy priorities.

### Agreement with Iberdrola

In 2022, **Ormazabal** renewed the contract with Iberdrola for 2022-2024 to finance the research and development of new products for electricity distribution. These products include insulation gases with low environmental impact, sensorisation of primary and secondary distribution switchgear, as well as equipment for the automation of electricity grids and cyber-safe relays for medium voltage, among others. In the field of the low-voltage grid, research focuses on the digitalisation, monitoring and automation of equipment such as low-voltage switchboards, as well as other components. In addition, the development of applications based on intelligent data processing for grid management.







During the 2023 financial year, the technical and economic justification for the first year of the contract was completed, while progress was made on the developments foreseen in the agreement.

## Projects and technology developments

### Projects started in 2022 and continued in 2023

#### Integral transformation of the electric mobility value chain for sustainability and competitiveness in the development and domestic manufacture of electric premium MPVs

**Description:** Project led by Mercedes-Benz within the Spanish Strategic Projects for Economic Recovery and Transformation for the development of the Electric and Connected Vehicle (PERTE\_VEC), which has an eligible budget of almost 513 million euros.

This tractor project is subdivided into several primary projects. **Ormazabal** is participating in the development of an EV charging station installed in an industry with an energy buffer, based on electrochemical storage, a photovoltaic facility and an energy management system for the installation.

**Participants:** Consortium led by Mercedes-Benz in which Ormazabal participates together with 34 other companies including Basquevolt, Fagor Automation, CIC energiGUNE, Gestamp, Grupo Antolín, Ibil, Ingeteam, etc.

**Stratenergy** and **Supsonik** are the companies participating in the consortium.

#### EDGE project

**Description:** Project focused on the research, design and development of a system that integrates:

- Distributed computing nodes (Edge Computing) installable in MV/LV transformer substations.
- IoT platform for node management.
- Algorithms and applications for distributed computing in transformer substations to enable:
  - Network balancing.
  - Detection of technical and non-technical losses.
  - Optimal tapping of conventional transformers.

Optimal voltage setpoint for smart transformers with On-Load Tap Changer (OLTC).

**The project is funded by the Spanish funding authority CDTI and is expected to last 29 months.**

**Participants:** Ormazabal is leading this project with the participation of the start-up Barbara IoT and the distribution company CMH from Puerto Lápice, in Ciudad Real (Spain).

### SINAPE project

**Description:** Collaborative research project with high industrial potential financed by the Basque Government within the Elkartek programme aimed at agents of the Basque Science, Technology and Innovation Network.

Its objectives are:

- Investigate temperature-compensated pressure sensors for gas environments alternative to SF<sub>6</sub> capable of transmitting their measurement via wireless systems.
- Research into self-powered temperature sensors with wireless data transmission for low-voltage switchboards and medium-voltage switchgear, which are not affected by electromagnetic fields generated by short-circuit currents.
- To investigate an edge computing platform architecture to capture and process signals from sensors in a transformation substation, integrating applications based on sensor and other data.

**Participants:** Ormazabal Research & Technology Centre is leading this project, with the participation of the Signal Theory and Communications Group (Grupo de Teoría de la Señal y Comunicaciones) of Mondragon Goi Eskola Politeknikoa (MGEP) in Spain.

### MODITRANS project

**Description:** Project aimed at modelling and diagnosing transformers.

Its objectives are:

- Develop an oil quality sensor based on the measurement of the dielectric constant (real and imaginary components) to provide information for the calculation of the Health Index.
- Thermal modelling of transformers in the presence of harmonic orders and the development of a tool to improve the

calculation of transformers and to provide information on the hot-spot temperature (HST) for the calculation of the Health Index.

- Research into systems that reduce the switch-on power of transformers to avoid adverse effects on grids, especially the weaker ones.
- Research and implementation of a methodology to determine the transformer's Health Index.

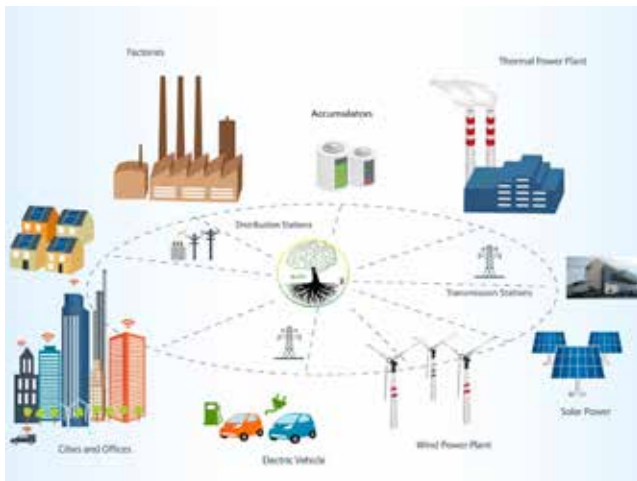
The project is funded by the Spanish Ministry of Science and Innovation (MICIN) as part of the grants for public-private collaboration of the national programme to promote scientific-technical research and its transfer within the national plan for scientific and technical research and innovation 2021-2023, within the framework of the Spanish Recovery, Transformation and Resilience Plan (PRTR).

**Participants:** Collaborative research project led by **Ormazabal Transformers Division**, coordinated by **Ormazabal Research & Technology Centre** and involving the Spanish CEIT technology centre, the Signal Theory and Communications Group (Grupo de Teoría de la Señal y Comunicaciones) and the Electrical Energy Group (*Grupo de Energía Eléctrica*) of Mondragon Goi Eskola Politeknikoa (MGEP) in Spain, and the Thermal and Fluids Engineering Area (Área de Ingeniería Térmica y de Fluidos, AITF) of the Department of Mechanical Engineering and Materials of Tecnun School of Engineering (Navarra, Spain).

### ASTRA-CC Project

**Description:** The Service Architecture for Renewable Energy Technologies and Storage for Public Direct Current Networks (ASTRA-CC) project has as its primary objective the research of technologies and components necessary for the development of a power grid architecture that facilitates storage and accelerates the integration of applications and services associated with renewable energy systems in public direct current networks. Additionally, it includes the innovation of developing a new public DC network service through the aggregation of services and accessibility to various technologies.

This project is funded by the Basque Government within the Hazitek programme for projects that include R&D activities to develop new products and plans for industrial research and experimental development of a strategic nature in the Basque Country region.



**Participants:** Iberdrola is leading this project and Ormazabal is participating as a partner in a consortium made up of 6 companies.

### Projects launched in 2023

#### Proyecto BrainEn

**Description:** Experimental research into innovative technologies for an efficient and sustainable energy community. Project promoted by the Spanish Centre for the Development of Industrial Technology (CDTI), within its programme Misiones (Missions).

**Ormazabal's** research focuses on the development of new current isolation and interruption systems, as well as equipment and software for energy management in EV charging stations.

**Participants:** Consortium of eight complementary organisations including distribution network operators, equipment manufacturers, system integrators, service providers, as well as outsourced universities and research centres.

**Ormazabal** participates in the consortium through the companies **Ormazabal Electric** and **Ormazabal Research & Technology Centre**.

#### OPTIAM Project

**Description:** The project Optimisation of the design of the electricity grid and its components to minimise the environmental impact of electricity consumption aims to ensure a resilient transition of the Basque electricity sector through the development of innovative electrical equipment and the digitalisation of the decision-making process in the design of products and projects in the sector in accordance with the following key aspects:

- Minimise the environmental impact and ensure the resilience of the electricity infrastructure and its components, understanding the relative importance of each component and life cycle phase, considering the cost variable.
- Optimise the design of generation, storage and distribution projects based on the hourly impact of the prospective electricity mix, taking into account the potential for grid flexibility and demand variation, among others.

· Incorporate climate protection and circularity criteria in the development of electricity projects and in the eco-design of innovative products.

The project is funded by the Basque Government through the Hazitek programme for strategic projects 2023.

**Participants:** The **Ormazabal Secondary Distribution Division** leads the project of a consortium made up of seven participants as partners and four agents of the Basque Science, Technology and Innovation Network, including **Ormazabal Research & Technology Centre**.

### ERIGrid 2.0 Project

**Description:** European project to extend research services and research infrastructure tools to validate smart energy networks with the electricity grid as their backbone.

Its proposed validation approach is based on holistic and cyber-physic systems. ERIGrid 2.0 will foster system-level support and education for industrial and academic researchers in power and energy systems technology R&D.

Its participation in this project places **Ormazabal** in a position of technological leadership in the sector, as evidenced by the “Transnational Access” to **Ormazabal Research & Technology Centre**’s facilities throughout 2023. For 22 days a European university has carried out its research, using, both on-site and remotely, the facilities of the Demonstration and Experimentation Unit (UDEX).

**Participants:** **Ormazabal Research & Technology Centre** participates in the EriGRID 2.0 consortium, which is made up of complementary organisations including distribution grid operators, equipment manufacturers, universities and research centres. All of them with extensive experience in the field of smart grids and with their own laboratory infrastructures for electrical power systems. Together they represent the wide range of experience needed to tackle the extension of essential infrastructures for smart grids, being pioneers in this field at European level.



### **FLEXIGRID project**

**Description:** This European project, funded within the Horizon 2020 consortium (EU Framework Programme for Research and Innovation) and ending in 2023, is aimed at developing interoperable solutions for the implementation of holistic network resilience services.

**Participants:** Ormazabal Smart Grids Division and Research & Technology Centre participate in the consortium of this project composed of more than ten companies and Horizon 2020 partners, among them the CIRCE Foundation and Viesgo Distribución Eléctrica.

## **Product responsibility**

**Ormazabal** rigorously complies with current regulations and legislation related to safety and the environment in all the countries where it operates. Furthermore, it is committed to meeting the individual specifications of its clients.

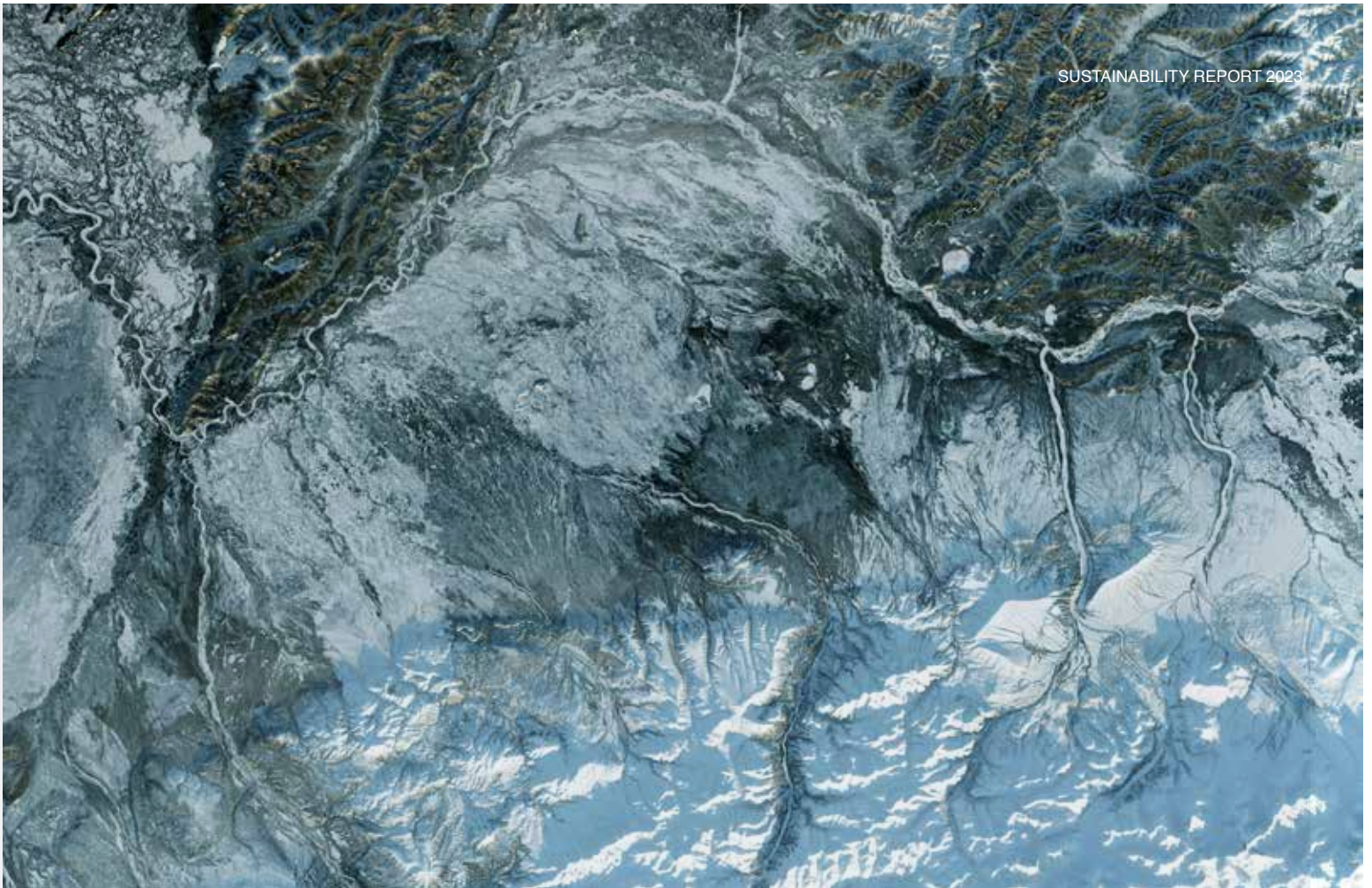
In Europe, the company constantly monitors legislative changes that may affect its products in order to be alert and ready to adapt them to new specifications and requirements.

It also attaches great importance to the development of descriptive information on its products, as an integral part of its development process. For this reason, 100 % of the products installed or delivered are accompanied by the corresponding technical documentation, in accordance with the procedures and regulations in force. This documentation includes:

- Detailed information on the results of tests ensuring the conformity of products with the applicable regulations.
- Complete documentation related to the technical performance of the products and the installation and assembly requirements.

More information on this can be found in the Clients section.





### 3 | Environment

**Ormazabal** promotes and integrates a responsible culture in the organisation, and works to protect the environment from a dual perspective: pollution prevention and eco-design.

The company's commitments to the environment are set out in the Sustainable Development and Quality, Environment and Safety, Health and Welfare policies. These commitments are rooted in a firm belief in sustainability, which guides the company's strategic development and responds to the concerns and needs of its stakeholders. Thus, **Ormazabal** combines economic profit with social and environmental commitment.

The search for excellence has led the company to develop an **Environmental Management System** with the following functions:

- Promote and integrate a **culture of environmental responsibility**.
- Maximise employee **participation and consultation** in the management of policies, promoting new ideas and recognising achievements.
- **Ensure compliance** with laws, regulations and commitments.
- **Enhance training**, flexibility, innovation and continuous improvement through excellence, environmental protection based on pollution prevention and sustainable use of resources, as well as actions to eliminate hazards and reduce risks for the health and safety of employees.
- Provide **safe and healthy working conditions** to prevent injury and illness.
- Create a **common framework** for establishing and reviewing corporate scorecards, aimed at satisfying stakeholders.
- Achieve and maintain recognised **international certifications** of quality management, environment and occupational health and safety systems.
- Maintain fluid **communication** with the different stakeholders.

To meet these commitments, everyone in the organisation must be aware of and adhere to these policies and strive to minimise the environmental impact of their activities and the use of the equipment, facilities and means of work.

The aforementioned policies seek to ensure responsible management and improve environmental processes, calling for a culture of reducing the environmental impact generated by products, processes and solutions. This includes the conservation of natural resources, the minimisation of waste generation through reuse and recycling, and the optimisation of resources, among other aspects. This concern is reinforced by the principle of environmental responsibility set out in **Velatia's** Code of Ethics, which is applicable to **Ormazabal**.

## Provisions and insurance

**Ormazabal** carries out regular analyses of the quantities of existing provisions, in line with the precautionary principle, to cover existing environmental risks.

It is important to note that the group's Environmental Liability policy covers risks associated with the environment.

## Certifications

In 2023, **Ormazabal** reinforced its commitment to environmental excellence by deploying its **Environmental Management System** in accordance with the most internationally recognised standards and certifications, as well as the most demanding compliance standards, such as ISO 14001 implemented in its main companies. **Ormazabal** Secondary Distribution Division, **Ormazabal** Limited UK, and Aislantes Sólidos renewed their certifications. **Ormapost** also obtained its corresponding certification.

ISO 14001 certification is the most widely adopted technical standard worldwide for the implementation and evaluation of environmental management systems. It is voluntary and **Ormazabal** reaffirms its commitment to the highest standards of excellence in environmental matters.

## Ormazabal companies with ISO 14001 certification in 2023

Along the same lines of responsibility, various **Ormazabal** companies make environmental product declarations. Specifically, in 2023, those made by the **Ormazabal** Secondary Distribution Division for six models of low-voltage switchboards with insulated busbars (addibo) should be highlighted. The purpose of such statements is to provide the public and other interested parties with detailed information on the organisation's impact and performance, as well as on the continuous improvement of its environmental performance.

To ensure the maintenance and application of the aforementioned certificates, **Ormazabal** has a **team** assigned to

its main production plants. The responsibilities of this team include identifying the legal requirements related to environmental management, assessing compliance, collaborating in the definition, implementation and assessment of environmental objectives, carrying out internal audits of the Quality and Environmental Management System, as well as providing training sessions for new recruits on the aspects of quality and environmental management in the company.

Country	Company
Spain	<b>Ormazabal</b> Cotradis
	<b>Ormazabal</b> Distribución Primaria
	<b>Ormazabal</b> y Cía. ( <b>Ormazabal</b> Distribución Secundaria)
	<b>Ormazabal</b> Media Tensión
	<b>Ormazabal</b> International Business
	Prefabricados Uniblok
	Aislantes Sólidos
	<b>Ormazabal</b> Burgos Switchgear
France	Ormapost
China	<b>Ormazabal</b> Zhuhai Switchgear
	<b>Ormazabal</b> Kunhsan Switchgear
United Kingdom	<b>Ormazabal</b> Limited UK
Germany	<b>Ormazabal</b> GmbH
Brazil	<b>Ormazabal</b> do Brasil
Mexico	<b>Ormazabal</b> México

## Pollution and climate change

**Ormazabal**, in its commitment to combat climate change, and as a necessary step to reduce its CO<sub>2</sub> emissions, calculates the carbon footprint of its activities, quantifying both the direct and indirect emissions of its activities. In 2023, in partnership with the Empresa y Clima Foundation, it has continued with the pilot project launched in 2022 to estimate the Scope 3 emissions of three organisations within the company.

In 2023 some outstanding initiatives led by different **Ormazabal** centres were undertaken, which can be consulted in the section dedicated to energy efficiency in this report.

Likewise, the actions to **offset emissions by planting trees** have continued, with several initiatives carried out in Biscay in collaboration with the Lurguia Foundation. Specifically, 900 indigenous trees and bushes have been planted on a 90,847 m<sup>2</sup> plot of land as part of the Undabaso project, which covers 197 hectares. According to the certificate issued by the Lurguia Foundation, this action entails a compensation of 260 tonnes of CO<sub>2</sub> over a period of forty years. In addition to carbon offsetting, the projects have a biodiversity restoration and promotion objective and are carried out with a “corporate volunteering” approach, with the participation of around 70 people in 2023.

The results of **Ormazabal**'s environmental performance in relation to GHG emissions (t CO<sub>2</sub> eq.) in 2023 and 2022 are as follows:

GHG Emissions (t. CO <sub>2</sub> eq.) <sup>(6)</sup>	2022	2023
Direct (Scope 1)	2,649	2,588
Indirect (Scope 2)	741	603

Direct emissions (Scope 1) are considered to be those from the consumption of fuel for the organisation's production processes, including the use of boilers (fuel oil and gas), as well as the fuel used in company vehicles used for commercial work and assembly. It should be noted that in 2023, thanks to **Ormazabal**'s efforts to reduce its fuel consumption, the organisation has managed to reduce its direct emissions by 2 % compared to the previous year.

In the case of indirect emissions (Scope 2), **Ormazabal** considers as such those derived from electricity consumption, excluding self-consumption. In this sense, it calculates its emissions according to the **market-based method** defined in the Scope 2 Guidelines of the GHG Protocol. This method allocates the GHG emissions associated with the electricity consumed based on the organisation's contractual instruments, taking into account energy attribute certificates or other contracts. In 2023 **Ormazabal** has managed to reduce its indirect emissions (Scope 2) by 19 % thanks to efforts aimed at energy efficiency and increased self-consumption of renewable energy.

Overall, there is a decrease in both direct (Scope 1) and indirect (Scope 2) emissions in absolute values, despite the increase in activity. This is due to the efforts made to reduce fuel use and the company's determined commitment to move towards a low-carbon energy transition.

In addition to the aforementioned emissions, in 2023 **Ormazabal** recorded 4,473 t CO<sub>2</sub> eq. from SF<sub>6</sub> consumption (compared to 7,972 t CO<sub>2</sub> eq. in 2022), resulting from the emissions of 190 kg of SF<sub>6</sub> (350 kg in 2022) produced during the manufacturing process.

(6) The scope of the information reported for direct GHG emissions is associated with the consumption of natural gas, diesel, petrol, butane, LPG and oils used during the manufacturing process. The emission factors and methodology used for the calculation are aligned with those published by the Spanish Ministry of Environment MITECO (Ministry for the Ecological Transition). The scope of the information reported for GHG emissions is the same as that used for electricity consumption information. The emission factors used to calculate greenhouse gas emissions have been based on the methodology defined for calculating the carbon footprint for emissions trading, verified by an independent expert.



## Circular economy and eco-design

The circular economy is emerging as an essential lever for achieving a sustainable economic model. Therefore, the integration into the organisation's culture of this thinking, which promotes a radical change in the current model of waste production and consumption of raw materials, is becoming increasingly important in the company's strategic vision.

In this regard, **Ormazabal's** priority is to adopt an environmental strategy based on the circular paradigm. The company's goal is to reduce its ecological footprint with the firm intention of achieving efficient management of the waste it generates. This commitment is in line with the spirit of the **European Green Pact and the Circular Economy Action Plan**, approved by the European Commission in February 2021.

In accordance with the objectives of the European Green Pact, which promotes the design of products according to sustainability criteria, it is worth highlighting that **Ormazabal** integrates aspects of eco-design in the development of its new solutions, with a view to a more efficient and sustainable future.

In this regard, the company has continued to develop specific tools for its product portfolio, with a particular focus on eco-design. Specifically, the following tools have been maintained in 2023:

- **A life cycle analysis tool** for medium voltage switchgear for secondary distribution and low voltage switchboards.
- **A life cycle analysis automation tool** for medium voltage switchgear (primary distribution). Piloting with cpg.0 lite 2000A switchgear.

The **Optiam project** was also launched in 2023, which aims to optimise the design of electricity grid components in order to reduce the environmental impact of electricity consumption. This project incorporates climate protection, circularity and eco-design criteria in its development.







Within this context, **Ormazabal** has played an important role in the creation of the **Basque Ecodesign Center (BEC)**, an initiative within the framework of the Basque Government's Green Deal strategy. The BEC is the result of a collaboration between private sector companies and the Basque Government whose objective is to conceptualise and execute innovative eco-design projects, particularly the application of tools of these characteristics in the initial phase of products. Its ultimate aim is to minimise the carbon footprint of products, both in the electricity distribution network and in the integration of renewable energy.

The Basque Ecodesign Center has the participation of the Department of Economic Development, Sustainability and Environment, through the public companies Ihobe and SPRI, together with a group of leading companies such as Iberdrola, EDP, Siemens Gamesa and **Ormazabal**.

In 2021, **Ormazabal** renewed its commitment to collaborate with the BEC for the period 2021-2025. During 2023, the company has developed two significant projects. On the one hand, it has been dedicated to analysing the implications and deployment of the obligations derived from the Taxonomy Regulation. On the other hand, it has initiated a project, which continues in 2024, to develop a comprehensive methodology to systematise transition risks. This methodology would enable **Ormazabal** to anticipate and manage emerging challenges more effectively, thereby strengthening the company's position in the face of changes in the energy and climate landscape.

## Waste management

The main expenses borne by **Ormazabal** for waste minimisation are associated with waste management and removal, as well as the purchase of recycling containers.

In order to take further decisive steps in this direction, progress continued to be made on various measures and procedures implemented in some product divisions to encourage the reduction and recycling of waste in order to minimise its impact on the environment. These include, among others:

- In the **secondary distribution and primary distribution divisions as well as Ormazabal Transformers Division**, dismantling guides have been developed for the equipment manufactured, facilitating their efficient dismantling and the proper segregation and management of waste at the end of their useful life.
- The Burgos plant has been integrated into the city council's "door-to-door" service. In addition, the clean point has been reorganised to separate different types of waste such as scrap metal, epoxy, clean copper, dirty copper, appliances and electronics, brass, contaminated plastic packaging and contaminated metal packaging, among others.
- At the Igorre plant (Biscay), the number of recirculation boxes for deliveries of raw materials from suppliers has been increased, which has made it possible to reduce packaging waste.
- At the **Ormazabal Secondary Distribution Division** the manager in charge of plastics sent to landfills has been replaced, which has led to a reduction of the frequency of collection from weekly to monthly and an improvement of the recycling rate of polyethylene compared to its disposal in landfills.
- At the Torcy Transformers factory (France), a circuit has been implemented to return transformer supports to the **Ormazabal Transformers Division** plant for reuse, thus reducing the waste generated.
- Finally, a paper cut system has been installed in the printers in the Spanish offices, which has reduced paper consumption due to erroneous or unnecessary printing.

Hazardous waste is that whose intrinsic properties pose risks to health or to the environment. In 2023, the management of this waste is distributed as follows: 1 % has been destined for recycling, 64 % has undergone other recovery operations and the remaining 35 % has undergone other disposal operations.

Type of waste (kg)	2022	2023
Hazardous waste	227,585	362,346
Non-hazardous waste	5,088,639	8,928,291

As regards non-hazardous waste, in the same period, 2 % has been prepared for reuse, 77 % has been recycled, 14 % has undergone other recovery operations, while the remaining 7 % has been sent to controlled landfills.

During 2023, both non-hazardous and hazardous waste have experienced an increase attributable to the general increase in production at all **Ormazabal** plants. The increase in the volume handled compared to previous years is mainly due to the management of prototypes manufactured for the approval of new products and the performance of more certification tests. In addition, **Ormazabal Transformers Division** has extended its responsibilities in 2023 to include the management of a series of products derived from cleaning operations and oils, which were not previously considered hazardous waste. It is also important to note that **Ormazabal Smart Grids Division** has managed obsolete equipment stored for R&D projects during 2023, which has led to an increase in the waste generated.

## Sustainable use of resources

### Water consumption

With sustainability as a goal, in 2023 **Ormazabal** continued to achieve production with water consumption that meets the criteria of responsibility throughout the supply chain. To this end, measures have been implemented to increase the awareness of all people in the company about the responsible use of this vital element.

The data in the table shows that water consumption in **Ormazabal** follows a linear trend, with only a 3 % increase compared to 2022. This increase is mainly concentrated in the **Ormazabal's** Transformer Substation manufacturing facility, whose consumption has increased due to the increase in production during 2023.

Consumption (m³)	2022	2023
Water consumption	41,771	42,942

### Energy consumption

All **Ormazabal** companies are implementing energy efficiency measures and are committed to reducing energy consumption.

With regard to energy consumption derived from the use of fuels, the company is making significant efforts to reduce their use, prioritising the replacement of combustion energy equip-

Fuel consumption <sup>(7)</sup>	2022	2023
Natural gas consumption (Nm³)	1,086,798	1,008,759
Diesel consumption (L)	178,760	137,898
Petrol A and C consumption (L)	327	61,767

(7) In addition, 20,215 litres of oil, 160 litres of LPG and 112 litres of butane were consumed.

Electricity consumption (kWh)	2022	2023
Non-renewable electricity consumption	1,453,912	1,200,787
Consumption of electricity from renewable sources	10,533,814	10,265,699
Self-consumption of electricity	902,278	957,689
<b>Total electricity consumption</b>	<b>12,890,004</b>	<b>12,424,175</b>

ment with electric alternatives, such as aero-thermal energy, as detailed below in the section on energy efficiency.

Thanks to the efforts made, the organisation's natural gas consumption has been reduced in 2023 despite the increase in production.

It is worth mentioning the increase in petrol consumption is mainly due to a higher volume of works and turnover during this period, as well as the replacement of diesel vehicles by petrol-consuming hybrid vehicles in **Ormazabal's** fleet. This change in fleet composition has led to a decrease in diesel consumption and an increase in petrol consumption, as reflected in the data.

On the other hand, electricity consumption has been significantly reduced during the year. In line with previous years, **Ormazabal** has continued to increase the renewable energy generation installations for self-consumption in its buildings, specifically with the installation of solar panels in the Burgos plant and **Ormazabal** Transformers Division in Madrid, achieving a significant increase in the production of renewable energy compared to the previous year.

Likewise, the company's commitment to the use of renewable energies is evidenced by the fact that all **Ormazabal's** offices in Spain and France have a guarantee of origin certificate for the electricity consumed during the year. The aim is to continue extending this scope to all the company's sites where it is possible to ensure 100 % renewable consumption.

### Energy efficiency

As a company committed to reducing energy consumption, **Ormazabal** has implemented various initiatives in 2023 aimed at promoting and encouraging energy efficiency in its facilities:

- At the Igorre plant (Biscay), two rooftop units have been installed that use aero-thermal energy to heat the building, thus eliminating the old gas boilers. This measure generates savings of 681,581 kWh/year.
- In addition, at Igorre, aero-thermal equipment has been installed for air conditioning and air renewal in the changing rooms. A heat pump with two storage tanks has been installed for domestic hot water. With both actions, a saving of 13,050 kWh/year is obtained.
- At the **Ormazabal's** Transformer Substation manufacturing facility in Seseña (Toledo), insulation has been improved and the temperature of the boiler water has been increased by replacing the auxiliary tank. This has enabled more steam to be generated, speeding up the concrete setting process in the moulds and reducing gas consumption.
- In addition, **Ormazabal's** Transformer Substation manufacturing facility has separated the steam circuit in the moulds of one of the halls, achieving savings in gas consumption.
- Also at **Ormazabal's** Transformer Substation manufacturing facility, a boiler shutdown control system has been implemented, thus reducing energy consumption when there is no production.
- At the Torcy facility (Île-de-France), actions have been taken to improve insulation and reduce steam loss, improving gas consumption efficiency.

100 % of the company's locations in Spain have energy audits, which are carried out by **Stratenergy**, a **Velatia** company, in compliance with the Spanish Royal Decree 56/2016, which states that large companies or groups of companies must undergo an energy audit every four years covering at





least 85 % of the total final energy consumption of all the facilities located in Spain. As audits have been carried out in the previous four years, no further audits were required in 2023.

### Electrical mobility

Sustainable mobility is key to the decarbonisation strategy towards a cleaner and more environmentally friendly economy.

For **Ormazabal**, sustainable mobility is a strategic pillar and, as such, it is making a significant investment effort in this area. In 2023, 56 % of the company's vehicle fleet is hybrid, and 3 % are electric/plug-in hybrid vehicles. To support this transition, the company has installed a total of 23 charging points distributed across all its sites. Additionally, **Ormazabal** is committed to renewing its fleet with hybrid or electric vehicles with a DGT "0" emissions label, thereby reaffirming its commitment to sustainability and emissions reduction.

### Consumption of raw materials

In order to maximise the optimisation of resources, **Ormazabal** promotes the efficient and responsible use of raw materials at all stages of the process and in all areas of activity. Thus, it has environmental management systems that allow the company to take measurements and, based on these, to assess and act accordingly, implementing measures to optimise the consumption of resources in production processes.

Raw Materials (tons) <sup>(8)</sup>	2022	2023
<b>Total</b>	<b>68,430</b>	<b>66,808</b>

(8) The total amount of raw materials is higher than what was reported in the 2022 annual report because new types of raw materials that were not previously included have been incorporated. The 2022 data is provided, recalculated using the new criteria, to ensure both sets of data are comparable.



As mentioned in the sections on circular economy and waste management, Ormazabal is constantly researching to find the best alternatives that allow the use of raw materials in an increasingly efficient way in the manufacture of products and their packaging. Furthermore, each year the incorporation of recycled materials in products increases, whenever the technology allows it.

The following table shows the evolution of the consumption of the main raw materials used in Ormazabal's production processes: magnetic sheet, aluminium, copper, steels, oils, paints, concrete, cement, aggregates and other materials such as resin, hardener, quartz and silicone.

The consumption of raw materials in 2023 has remained in line with the previous year, registering a slight decrease. This is a sign of **Ormazabal's** objective to make a responsible and efficient use of the raw materials used in the production process.

### Biodiversity protection

Biodiversity is not only vital for environmental balance, but also underpins a wide range of goods and services that contribute to social well-being.

Aware of the need to protect and restore the diversity of habitats and the organisms that make them up, especially those that are particularly vulnerable, in 2023 **Ormazabal** carried out an analysis of the possible impacts caused by the company in protected areas worldwide. Using databases such as the Natura 2000 viewer (Europe) and the United Nations Protected Planet viewer (WCMC), it was confirmed that none of the company's plants are located in protected areas, which means that they do not cause impacts in areas of special vulnerability or threatened habitats.

**Ormazabal** also continues to support the **Kumula project**, a corporate volunteer initiative launched in 2021, which consists of reforestation with native trees and shrubs in various areas of the Iberian peninsula. The aim is to recover hectares of forest which, in addition to their inestimable ecological value, serve as a refuge and source of food for numerous animal species. **Ormazabal's** participation in this project involves offsetting part of the company's greenhouse gas emissions.

In 2023, around seventy people from the company and their families took part in this initiative, planting approximately **900 trees in Biscay, on a 90,847 m<sup>2</sup> plot of land**. The planting has been carried out in collaboration with the Lurgaia foundation, as part of the Undabaso project covering 197 hectares. The indigenous species planted include: field maple (*Acer campestre*), birch (*Betula celtiberica*), chestnut (*Castanea sativa*), hazel (*Corylus avellana*), hawthorn (*Crataegus monogyna*), alder buckthorn (*Frangula alnus*), holly (*Ilex aquifolium*), wild apple (*Malus sylvestris*), aspen (*Populus tremula*), wild cherry (*Prunus avium*), wild pear (*Pyrus cordata*), oak (*Quercus robur*), whitebeam (*Sorbus aria*), and checker tree (*Sorbus torminalis*).

To recharge energies, at the end of the day, attendees enjoyed catering with agroecological and locally sourced products provided by REAS, the Network of Networks for Alternative and Solidarity Economy.

## Commitment to clients

### 4 | Clients

Commitment to the client is a strategic foundation for **Ormazabal** and the company's entire value chain is geared to this end: providing a sustainable service that fully satisfies the needs of its clients with customised solutions, and cultivating long-lasting relationships based on trust and mutual interest.

This purpose is the backbone of the company's business strategy and forms part of a firm commitment to a job well done, which is inherent to the **Ormazabal** brand.

The equipment and products **Ormazabal** supplies take into account all the safety parameters provided for in the regulations applicable in each case. All products installed or delivered are accompanied by the corresponding general instructions for use and installation and technical documentation on tests that ensure compliance with current standards. The final objective is to provide an optimum level of protection for both people and goods that use or are in contact with such equipment.

The information materials provided have clear objectives:

- **Eliminate hazards** wherever possible.

- **Incorporate adequate safeguards** on equipment to eliminate any risk.
- **Communicate remaining risks** to facilitate the development of operational procedures to prevent them, the training of operating personnel and the use of personal protective measures.
- **Maximise the use of recyclable materials** and establish procedures for the proper treatment of end-of-life equipment in accordance with the environmental regulations established by the competent bodies.

**Ormazabal** is committed to client satisfaction through the implementation of internal evaluation mechanisms, such as surveys, interviews, etc., which allow us to better understand their needs and expectations, thus identifying areas for improvement on which we must continue to work.

In recent years, **Ormazabal** has carried out satisfaction surveys in the countries where it has a commercial presence and production plants. Specifically, in 2023, surveys were carried out in Spain, China and Australia. Among the conclusions, the high level of satisfaction regarding the treatment received from the company's staff, the quality of technical assistance, the resolution of incidents, the efficiency and improvement in the technological features of the products, and the expansion of the product range stand out. Once again, the most highly valued aspects were the quality of the products and services, the speed of response and the technical assistance.

**Ormazabal** uses the Advanced Management Model as a reference framework to evaluate and improve its management system, with a particular focus on client satisfaction.

In 2023, the company continued to offer workshops for its clients, an initiative that has been very well received and which aims to anticipate solutions that respond to the future needs of the main companies in the electricity distribution and renewables sector, accompanying them on the road to electricity transformation.

All **Ormazabal** products and services comply with the **quality parameters** set out in the corresponding regulations. The company's commitment to quality and continuous improvement is reflected in the eighteen ISO 9001 certified companies.



## Ormazabal companies with ISO 9001 certification in 2023

**Ormazabal** has a highly robust **complaints and claims system**, specifically adapted to the demands of the sector in which it operates. This system periodically monitors the complaints received, identifying their nature, their status and the date of resolution. This system makes it possible to improve the quality of the service and apply the appropriate corrective actions, as the incidents received by the formal and informal means made available are managed and processed by specialised personnel using an incident registration tool. Each incident is analysed individually and the appropriate

measures are implemented to provide a solution in line with the highest quality standards.

During 2023, the company received 2,752 requests for action in the event of incidents related to quality or errors in the supply of products and services. Of these, 1,656 were satisfactorily resolved and the remaining 1,096 are in the process of being resolved. In 2022, 2,510 complaints were handled, of which 2,306 were closed and 204 were pending resolution at year-end.

Country	Society
Spain	<b>Ormazabal</b> Cotradis
	<b>Ormazabal</b> Distribución Primaria
	<b>Ormazabal</b> y Cía. ( <b>Ormazabal</b> Distribución Secundaria)
	<b>Ormazabal</b> Media Tensión
	<b>Ormazabal</b> International Business
	Ormazabal Protection & Automation
	Prefabricados Uniblok
	Aislantes Sólidos
	<b>Ormazabal</b> Burgos Switchgear
Germany	<b>Ormazabal</b> GmbH
China	<b>Ormazabal</b> Zhuhai Switchgear
	<b>Ormazabal</b> NRG (Beijing) Switchgear Limited
	<b>Ormazabal</b> Kunhsan Switchgear
United Kingdom	<b>Ormazabal</b> Limited UK
Argentina	<b>Ormazabal</b> Argentina
Brazil	<b>Ormazabal</b> do Brasil
Turkey	<b>Ormazabal</b> Elektromekanik San. İç ve Dis Ticaret A.S.
Mexico	<b>Ormazabal</b> México





## 5 | Suppliers

Promoting responsible production and consumption throughout the supply chain is a part of **Ormazabal's** main aspirations, and work along these lines continued in 2023.

The company's commitment to its suppliers is reflected in the Sustainable Development Policy and Purchasing Policy, focusing on the following points:

- **Extend social, environmental and occupational hazard prevention aspects** to our suppliers.
- **Establish mutually beneficial and stable relationships** with suppliers, based on strict compliance with the Code of Ethics.
- **Respect the principles of sustainable development**, by encouraging our suppliers to comply with human rights requirements and the laws, regulations and standards of the countries in which the company operates.

To ensure the implementation of these commitments, **Ormazabal** has the **Velatia Purchasing Policy Framework**, applicable to any organisation, which provides common and mandatory guidelines that regulate the entire purchasing cycle, from the identification of needs to their satisfaction. All businesses must have a supplier approval process in which suppliers must commit in writing to the

Group's **Purchasing Policy and Code of Ethics**. Since 2019, this process has been reinforced by sending critical suppliers the Quality Manual and the Code of Ethics for their signature, thus achieving the compliance of an increasing number of suppliers.

This qualification process mainly assesses the availability of environmental certifications and regulatory compliance in this area. **Ormazabal** has an **annual supplier audit plan** for this purpose and during 2023 a total of 36 suppliers have been completed. This is the first year that this indicator has been monitored, so comparative data is not provided.

To manage supplier risk, the company has a supply chain risk management system that allows it to monitor critical suppliers according to different levels of criticality.

**Ormazabal** is currently in the process of recording in detail the audits and the results obtained from them. The group's new supplier portal will play a key role in achieving this objective.





## Commitment to local suppliers

Beyond the creation of direct jobs and the payment of wages and taxes, **Ormazabal**'s influence is also felt indirectly by supporting local businesses through the supply chain, generating positive economic impacts.

The company maintains a strong commitment to local companies in the main regions where it operates, especially in those where it has production plants. Regular monitoring of the volume of purchases by geographical area helps to ensure that the percentage of local suppliers is a significant percentage.

In its purchasing strategy, **Ormazabal** works with a panel of global suppliers for basic raw materials (copper, aluminium, steel...), while for standard and/or high turnover products for customisation, it works with local suppliers located close to the points of consumption. This strategy is a competitive advantage that allows for greater flexibility and proximity to the end client.

Below are the four countries with the highest importance in purchases from local suppliers, along with the evolution of spending. Notably, there was an increase in Spain and a decrease in Germany during 2023.

Expenditure on local suppliers (%)	2022	2023
Spain	77 %	83 %
France	97 %	95 %
Germany	87%	74 %
China	95 %	96 %

## Sustainability in the supply chain

**Ormazabal's** companies strive to bring real value to their purchasing management processes, both for their own businesses and for their suppliers. This approach guarantees results and adaptation to the local environment, which in turn translates into the creation of wealth and employment in the communities where the company operates. In this vein, companies interested in forming part of the supply chain have begun to be informed of the obligation to assume the commitments promoted by the United Nations Global Compact.

The alignment of the corporate purchasing function with each operational department enables **Ormazabal** to identify and apply the best assessment criteria for each contracting and/or purchasing process. This allows the company to remain at the forefront in terms of sustainability, environmental assessment and respect for human rights.

With regard to the actions carried out in 2023 in relation to sustainability in the supply chain, the launch of a **new supplier portal** for the approval and management of suppliers stands out. The measures implemented include:

- Update of the approval template and inclusion of ethical aspects and ESG criteria for strategic suppliers.
- Review and update of the risk management and supplier classification procedure.



## Sustainable procurement project

**Ormazabal** continues to implement in the companies of the organisation the “**Green Procurement**” project in which it has been participating since 2019. A pioneering initiative in the private sector that seeks to prioritise the procurement of products and services with a lower environmental impact with actions that are defined annually.

In this context, **Ormazabal** has developed the following lines of work in 2023:

- **Monitoring and annual updating of the conflict minerals policy.** To this end, the company conducts due diligence on conflict minerals with its suppliers, using the Conflict Minerals Reporting Template (CMRT), to ensure that human rights are not violated.
- **Analysis and monitoring, together with suppliers of raw materials, of the level of incorporation of recycled material in their production processes in order to encourage its use. During 2023, efforts have been made to integrate recycled materials into the following raw materials:**
  - Copper: Major suppliers, which account for more than 70 % of total copper consumption in 2023, have launched investments so that by 2025, 100 % of the material supplied will be made from recycled materials.
  - Stainless steel: The primary supplier, which accounted for over 90 % of total steel consumption in 2023, plans to start using green stainless steel in 2024, with a carbon footprint 70 % lower than the current level.



- Galvanised sheet metal: the company's supplier has developed a packaging circuit with the factories to be implemented in 2024.
- **Promoting the use of the green magnetic sheet with a lower CO<sub>2</sub> footprint.** To this end, contacts have been established with key clients to promote its use and receive feedback. In this regard, pilot tests have been carried out with a key client of the company and **Ormazabal Transformers Division** has increased the percentage of green sheet metal acquisition.
- **Wood packaging recycling project with steel mills in the European Union and in the company's factories in China.** In the case of China, a pilot test has been carried out to send returnable packaging between **Ormazabal's** factories in China and Spain, with the intention of implementing it in series production throughout 2024. Likewise, a returnable wooden packaging circuit has been established between the transformer factory in Madrid and the supplier in Germany.



## Social commitment: support the social development of the communities where Ormazabal operates, participating in and promoting projects of social, cultural and environmental interest

### 6 | Society

In accordance with the principles of Corporate Social Responsibility, **Ormazabal** integrates its economic growth with the interests of the communities with which it coexists and its stakeholders, in a sustainable manner. Sustainability understood as a lasting way of working.

This firm commitment to the community is demonstrated through continuous investment in social projects in key areas for social progress such as education, employment, the integration of people with disabilities, and culture. In this regard, **Ormazabal** supports initiatives that protect children's rights by promoting education, providing opportunities for youth through training and the promotion of programs that enhance their employability, as well as that of people with disabilities. Additionally, it promotes proposals that aim to make culture accessible to all of society.

**Ormazabal's** actions in the social sphere are guided by the **Corporate Social Responsibility Policy and the Social Action Policy**.

**Ormazabal** places special emphasis on maintaining clear and direct communication with all its stakeholders in order to understand their needs and expectations. It also monitors

and undertakes to ensure that everyone within the organisation complies with the guidelines of the Code of Ethics in the performance of their professional activities.

#### Relationship with local communities

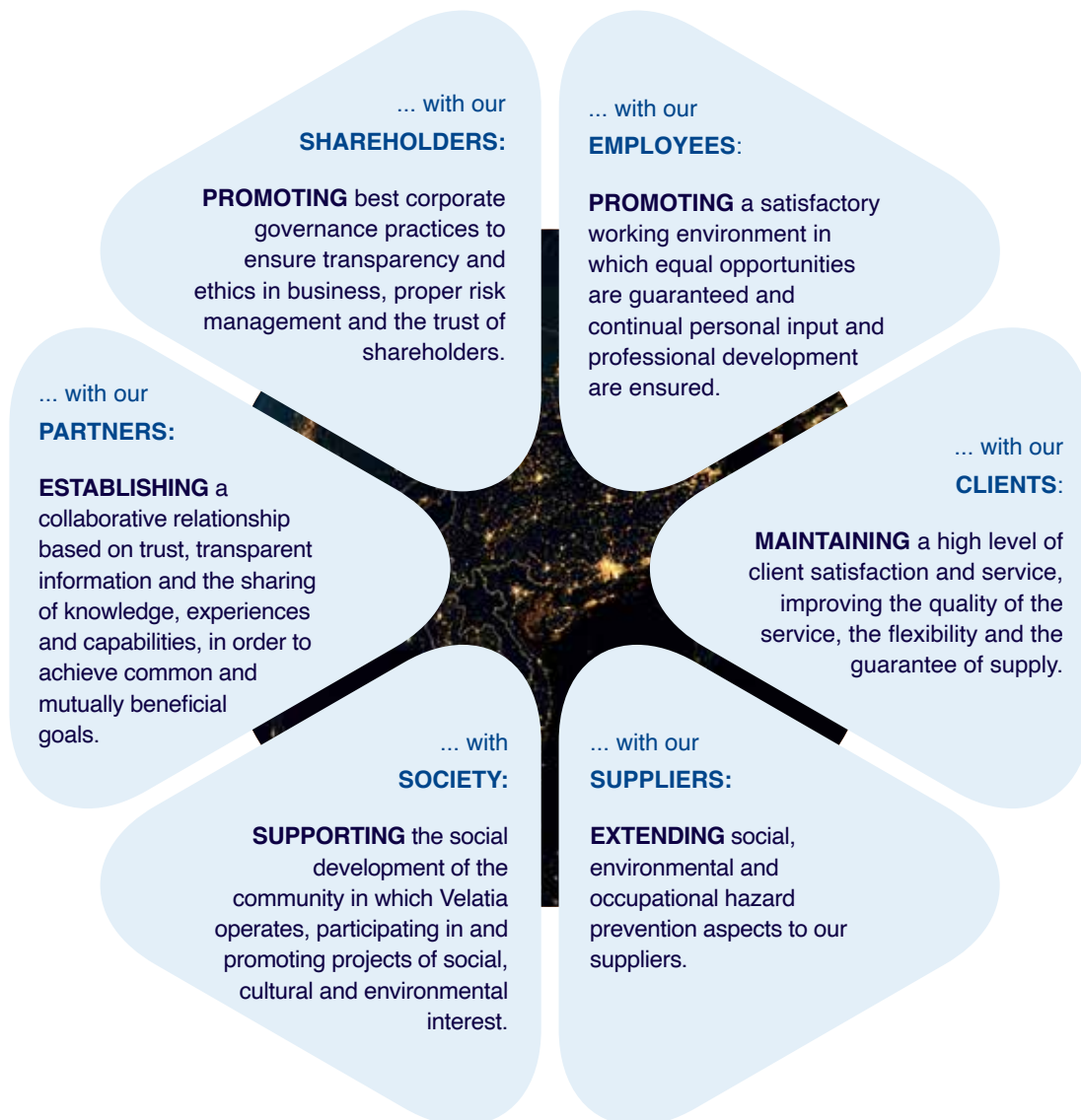
**Ormazabal** contributes to the interests of communities by generating a **positive social impact** through various actions. These include job creation, boosting local economic development, active collaboration with educational centres, compliance with its tax obligations and redistribution of the value generated.

To lead the change towards a sustainable electricity grid model, the company is committed to the development of public policies together with the regulatory bodies of the electricity sector. Likewise, it participates with business associations related to the sector in all areas of activity, both nationally and across Europe, in some cases taking a leading role.

**Ormazabal** defends a regulation that guarantees the sustainability of the electricity system through the development, commissioning and maintenance of a reliable, long-lasting,



## We contribute to society's development through...



efficient and environmentally friendly electricity distribution grid. This regulatory stance is consistent with the criteria and concepts that the company applies in the design, manufacture and provision of its products, equipment and services.

In terms of institutional and associative relations, everyone at **Ormazabal** maintains an attitude of strict vigilance and compliance with the precepts laid down by the rules of competition law. The company also participates proactively in numerous forums and associations to become a benchmark player in

the sectors in which it operates. This allows the company to demonstrate its commitment to sustainability, interact with the main agents of change, generate shared value between the company and its environment, share good practices and strengthen relations with its stakeholders.

Below are some of the most relevant **forums and associations in which Ormazabal participates:**

Country	Association/Group activity	
Spain	<b>AFBEL</b>	Spanish Association of Manufacturers of Electrical Capital Goods
	<b>Clúster de la energía del CAPV</b>	Energy cluster of the Basque Country
	<b>Confebask</b>	Basque Business Confederation
	<b>Euskalit</b>	Basque Foundation for Quality Promotion
	<b>Basque Ecodesign Center</b>	<i>Basque Ecodesign Center</i>
	<b>AEE</b>	Wind Energy Business Association
	<b>GT Wind Turbine Data Sharing Working Group</b>	Spanish Energy Club
	<b>UNE</b>	Spanish Association for Standardisation
	<b>CONSORCIO ENERGIAS RENOVALBES</b>	Renewable Energy Association
	<b>ENERCLUB</b>	Spanish Energy Club
	<b>CONFEMETAL</b>	Confederation of Metal Companies
	<b>AEDIVE</b>	Electric Mobility Business Association
	<b>SERCOBE</b>	National Association of Capital Goods Manufacturers
	<b>CEOE</b>	Spanish Confederation of Business Organisations
	<b>UNEF</b>	Spanish Photovoltaic Union
	<b>FUNDACION EMPRESA/CLIMA</b>	Climate change mitigation
	<b>ELECTRIFICATION FORUM</b>	Electricity use and benefits
	<b>Spanish Maritime Club</b>	Spanish maritime industry services
	<b>Basque Maritime Forum</b>	Basque maritime industries services
	<b>AEMENER</b>	Spanish Association of Women for Energy
	<b>SREC</b>	Spain Renewable Energy Consortium
	<b>AELEC</b>	Association of Electric Power Companies
	<b>CIDE</b>	Association of small energy distributors
	<b>BIND 4.0</b>	Basque Open Innovation Platform
	<b>INNOBASQUE</b>	Basque Innovation Agency
	<b>GSGHI</b>	Global Smart Grid Innovation. Iberdrola Hub
	<b>Alianza NET Zero Mar</b>	Decarbonisation of maritime transport and ports
<b>ASEME</b>	Association of Electricity Companies	

Country	Association/Group activity	
France	<b>GIMELEC</b>	Group of companies in the technology and digital sector
	<b>MATPOST</b>	SEE-Technical committee and congress organisation
	<b>AFNOR</b>	Standardisation
	<b>AVERE</b>	European Partnership for the Promotion of Electromobility and Sustainable Transport
Portugal	<b>ANIMEE</b>	Portuguese Association of Electrical and Electronic Companies
UK	<b>BEAMA</b>	
Germany	<b>ZVEI</b>	Expert committee network components (business and market oriented)
	<b>DKE/WG432</b>	Medium voltage standardisation
Europe	<b>T&amp;D Europe</b>	European Association for Transmission and Distribution of Electricity
	<b>EOPSA</b>	European Onshore Power Supply Association
	<b>CIRED/CIGRE</b>	International Conference on Electricity Distribution
	<b>EURELECTRIC</b>	Industry association representing the interests of the electricity industry
	<b>ORGALIME</b>	Europe's Technology Industries
	<b>BUSINESS EUROPE</b>	European association for the growth and competitiveness of industry
	<b>EDSO_E</b>	European Distribution System Operators Association
	<b>GEODE</b>	European Association of Small Electricity Distributors
	<b>CEDEC</b>	European Association of Small Electricity Distributors
	<b>SOLAR POWER EUROPE</b>	Renovables PV
<b>WIND EUROPE</b>	Digitisation	
China	<b>Jiangsu Electrical Equipment Industrial Association (JEEIA)</b>	Jiangsu Province Electrical Equipment Industry Association
	<b>Jiangsu Province Renewable Energy Industry Association (JSREA)</b>	Renewable Energy Industry Association in Jiangsu Province
	<b>Electric Power Technology Collaboration (EPTC)</b>	Collaboration in electrical energy technology
	<b>China Energy Storage Alliance (CNESA)</b>	Energy storage alliance
	<b>China Electric Vehicle Charging Infrastructure Promotion Alliance (EVCIPA)</b>	Partnership for the promotion of electric vehicle charging infrastructure
	<b>China Photovoltaic Industry Association (CPIA)</b>	Photovoltaic Industry Association
International	<b>IEC</b>	International Electrotechnical Commission

## Solidarity actions

**Ormazabal** channels its commitment to the community and its social concerns in areas such as solidarity, education and the protection of natural resources. It promotes and participates in a variety of initiatives that seek to contribute to achieving shared goals. Below we highlight some of the collaborations carried out throughout 2023.

### Collaboration with training centres

In line with its vocation to contribute to the training of future professionals in industry, **Ormazabal** has sponsored the “*Industria Erronka*” initiative, organised by the Basque Federation of Metal Companies (FVEM). In addition, it has continued to promote the industrial sector in several educational centres and has given its students the opportunity to visit the company’s facilities to learn about its work and technology.

### Tree planting

As mentioned above, in 2023 new reforestation initiatives have been launched, such as the **Kumula project**, in which people from the company and their families participate on a voluntary basis, in collaboration with Lurguia.

The main objective of this project is to restore and promote native biodiversity while offsetting the carbon footprint. Over the course of 2023, 70 people joined the initiative, contributing to the planting of 900 trees.

### Solidarity campaigns

In 2023 the “**Ormazabal Contribution Week**” was organised for the first time, which succeeded in mobilising employees and families from various countries in June around local environmental and social initiatives, such as:

- **Tree planting:** carried out in China and Brazil.
- **Clean-up of natural environments:** organised in Spain, Germany, France and Turkey.
- **Donation of clothes and food:** carried out in Spain.
- **Children’s aid (Ukrainian children):** coordinated from Poland.
- **Support to local communities:** implementation in Colombia, Mexico and the United States.

## Forging links between education and businesses

**Ormazabal** is particularly committed to strengthening its relationship with the educational sphere. Thus, it collaborates with training institutions to promote the development and growth of the local economic fabric. This is carried out by signing agreements, offering scholarships and business internships.

Since 2001, **Ormazabal** has been working closely with the **Bilbao School of Engineering** of the University of the Basque Country UPV-EHU, through its own business classroom. This initiative, which celebrated its twentieth anniversary in the 2021/22 academic year, has as its main objectives:

- Attracting students with potential. Since the beginning of the classroom, 50 % of the students join **Ormazabal**.
- Carrying out of projects in areas of interest to the company.
- Helping consolidate the **Ormazabal** brand among students as a benchmark of prestige in the technological area. Over the years we have carried out various communication actions including participation in the company classroom presentations and in the School newsletter, offering news about the progress made and the projects developed in the **Ormazabal Classroom**.

On the other hand, the **Ormazabal Classroom** of the **University of Mondragón**, launched in 2007, specialises in power electronics, protection, automation, and medium-voltage network communications. It aims to develop projects with undergraduates in the penultimate or final year of their degree in disciplines of interest to the company. Teachers direct the students’ work, while tutors appointed by the company for each project supervise them.

In addition, since 2006, **Ormazabal** has also had a company classroom at the **Higher Technical School of Industrial Engineering and Design of the Universidad Politécnica de Madrid (Technical University of Madrid, UPM)**. The initiative has a dual purpose, teaching and research, and it seeks to train future engineering professionals in learning about transformer substations, practical simulation of the different defects that can occur in this type of facility, as well as the protective devices and systems associated with transformer substations.

In March 2023, the “**Let’s get closer, Ormazabal Event**” was organised at the university, which was attended by more

than 50 students from all branches of engineering. During the event, professionals from the company shared with the students their knowledge of the sector, and presented the company and their work experience.

**Ormazabal Research & Technology Centre**, a fundamental pillar of the company dedicated to research and development, is a member of the Board of Trustees of the **Euskampus Foundation** of the **University of the Basque Country UPV-EHU**. This entity is an inter-institutional instrument that aspires to become a driving force in the dynamisation of Basque R&D&I, with a clear vocation for social responsibility and territorial integration. To this end, its mission is to design, coordinate and execute actions that strengthen and accelerate the modernisation and internationalisation of the Basque public university.

In addition to the above, throughout 2023 **Ormazabal** has participated in various ways in different events in order to strengthen its ties with the student community, universities and society in general:

- **Collaborator with the Inspira STEAM initiative:** Ormazabal has participated as a collaborating company in this innovative project whose objective is to promote scientific-technological vocation among young women.
- **Sponsorship of “Kid’s Kitcar Formula Goblin”:** the company supports this inspiring idea that aims to spark children’s interest in engineering. This interdisciplinary project involves the construction of electric cars, thus fostering competences in science, technology, engineering, art and mathematics (STEAM subjects).
- **Participation in the Skillaton**, part of the **Talentia Skills** programme, and in the **Talentia Meet** organised by Bizkaia Talent.
- **Be Basque Talent Meeting:** Ormazabal has participated in conferences aimed at highly qualified professionals with international work experience who seek to broaden their knowledge of Basque labour market trends, the most in-demand skills and the professional opportunities offered by Basque organisations.
- **Be Basque Talent Conference:** presence at this event held in Düsseldorf, Germany.
- **University of the Basque Country Employment Day** (JEPE2023). For yet another year, the company has been present at this key event for the employment of university students.



- **Participation in the company races**, held in Bilbao and Madrid.
- **Sponsorship of Formula Student Bizkaia.** Supporting this high-level event contributes to fostering innovation and talent among engineering students.
- **Second edition of the Ormazabal Host Event**. The company organised this event in Bilbao, which was attended by around 30 pre-selected students from the universities of Deusto, Mondragón and the University of the Basque Country.
- **Integration in the Global Green Employment platform.** Ormazabal has joined this Iberdrola initiative, which aims to be a global benchmark in the dissemination of knowledge, career guidance, training and job offers in the field of green employment.





The background of the advertisement is a vertical composition. The left side is a solid black rectangle. The right side is a photograph of a white, textured paper or fabric strip, possibly a napkin or paper towel, with a wavy, torn edge. This strip is set against a teal or turquoise background that has a subtle, organic pattern. The overall aesthetic is clean and modern.

**Be smart.  
Be Ikusi**







**Be Ikusi.  
Be sustainable**



Dear collaborators and stakeholders,

It is an honour to address you in this Sustainability Report 2023, a document that reflects not only our economic performance but also our commitment to responsible and sustainable business management.

Last year was a period of significant challenges, marked by global uncertainty and the semiconductor crisis. Despite these obstacles, **Ikusi** not only achieved but exceeded the proposed economic goals, closing a successful strategic cycle and moving firmly towards sustainable profitability.

**Innovation and Expansion.** We have made key investments that prepare us to surpass the objectives of the next strategic cycle 2024-26, highlighting our expansions in Medellín, Catalonia, and Nuevo León. These actions are a clear example of our long-term vision and our commitment to sustainable growth.

**Advances in Cybersecurity.** We continue to strengthen our position in providing cybersecurity services on a global level, utilising the experience and knowledge acquired in Mexico to expand our presence in other regions.

**Financial Results.** In financial terms, **Ikusi** has recorded a turnover of 174.2 million euros in 2023, representing a 12 % growth compared to the previous year, reflecting the solidity and consistent growth of our company.

**Commitment and Excellence.** The conclusion of our strategic cycle is the result of the commitment and excellence of our entire team. Our strategy has focused on customer proximity, quality in recurring services, innovation, and the pursuit of solutions to supply chain challenges.



**Market Leadership.** In Spain and Colombia, we have achieved significant growth, becoming leaders in the sector and the main partner of Cisco in Colombia. In Mexico, we have tripled our results in three years, focusing on profitability and the core of our business.

**Recognition.** Our efforts as a reliable and efficient technology partner have been recognised with awards such as the IoT & Industry Partner of the Year at the Cisco Partner Summit, validating our capability to deliver exceptional results and lead in a competitive market.

**Sustainability in Action.** With the “Sustainable Stories” campaign, we have demonstrated our commitment to environmental sustainability, showing how technology can contribute to reducing energy consumption and carbon footprint.

**Looking to the Future.** Looking ahead, our new Strategic Plan 2024-2026 focuses on consolidating a common DNA, innovation, and anticipating market needs. Our goal is sustainable profitability, driven by recurring business and the talent of our team.

I sincerely thank each member of **Ikusi** for their effort and dedication, and I am proud of what we have achieved together. I am convinced that with our strong organisational culture and clear strategy, we are well-positioned to face future challenges and continue our path towards becoming a stronger, more diversified, and resilient company.

I invite you to read this report in which you can learn in detail about our performance over the last financial year.

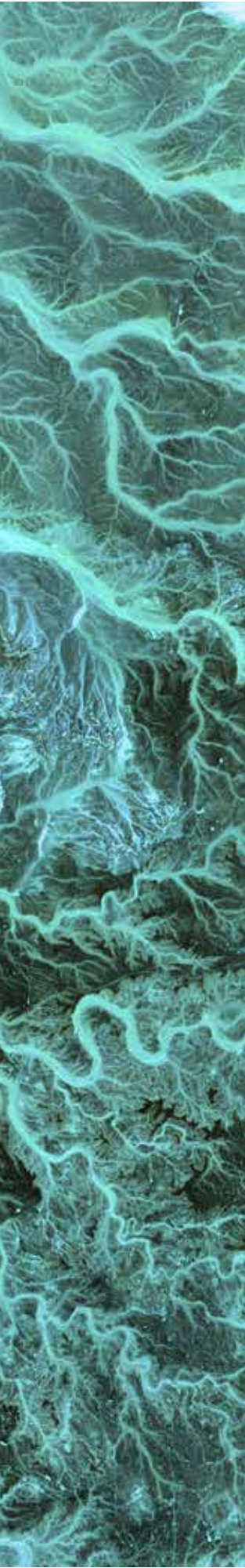
**Iñaki Maiz**  
CEO, **Ikusi**





**Ikusi, part of  
the digital  
transformation**





# 01 | About ikusi



**Ikusi**, is a technology services company specialising in communications and cybersecurity infrastructures with more than fifty years of experience to its credit. It is backed by a team of more than 800 highly qualified, committed professionals with a clear vocation for service. It operates in Mexico, Colombia and Spain, markets in which it aspires to become a technology benchmark, accompanying companies and institutions in their digital transformation process.

With security as a fundamental principle, **Ikusi** offers a transversal service for generating efficient, robust and secure communication networks. Thus, it accompanies its clients in projects ranging from infrastructure efficiency and network connectivity to the management of data centre installations in the cloud and the development of collaborative tools, among others.

Specialising in digitisation and cybersecurity, the company is committed to turning technology into an enabling tool at the service of businesses. This vision is materialised through a unique combination of technological know-how and a client-centric approach, which enables it to thoroughly understand their needs and anticipate future technological demands. Based on this understanding, **Ikusi** deploys ro-

bust, constantly evolving and increasingly intelligent network infrastructures that provide businesses with connectivity, collaboration tools and a layer of cybersecurity.

In keeping with its commitment to innovation, **Ikusi** remains attentive to the new technological solutions and architectures presented by the world's best manufacturers: SD-WAN networks, Wi-Fi 6e, SASE, latest-generation data centres, cloud security, etc.

Throughout more than half a century of activity, the company has carried out multiple projects in collaboration with leading companies in Mexico, Colombia and Spain, covering a wide variety of sectors such as finance, industry and retail, among others. These collaborations, some of which span more than two decades, highlight the commitment and trust that companies place in **Ikusi** as a technology partner.

All this makes **Ikusi** an essential asset for understanding the needs of companies in this new digital environment and for moving forward together in their transformation processes, always with the aim of "making the complex simple". Being part of the digital revolution.

## 1 | Purpose, mission, vision, values and pillars

**Ikusi** understands the purpose, mission and vision as its *raison d'être*, what it exists for, and they constitute the support of its strategic plan and it defines them as follows:

### Purpose

**Creating a safer, more connected and collaborative world.**

### Mission

**To be the technology partner of reference in our markets and clients in the field of connectivity and security.**

**Ikusi** fulfils the mission expressed by **Velatia** through a threefold commitment:

- **Excellence** in governance and management.
- **Technology** as a source of differentiation.
- **Sustainability** (responsible profitability) based on meeting the needs and expectations of stakeholders, ensuring a recurring dividend and resilience to cope with adversity and continue to project a future.

### Vision

**Building the future by creating a more sustainable, secure, connected and collaborative world.**

### Values

**Ikusi**, as part of **Velatia**, shares these values strongly rooted in the group's culture:

- **Flexibility:** willingness to understand different options and adapt to different situations.
- **Leadership:** showing a will to succeed in day-to-day activity that can serve as an example and motivation for others.
- **Innovation:** dynamic attitude to create and anticipate new and successful processes, products and/or services.
- **Pragmatism:** efficient results orientation.
- **Support:** willingness to offer and request help in order to develop people and achieve goals.

## Pillars

**Family, Industrial, Technological, Global, Benchmark.**

**Ikusi** shares **Velatia's** pillars that represent the long-term vision of the vocation for creating value without speculating, excellence in management, investment in R+D+I, and leadership with values. These pillars form a solid foundation that endures over time and defines the essence of **Ikusi** as follows:

### Technological

**Ikusi** stands out for integrating innovative and reliable solutions as well as high added-value services, placing emphasis on quality and service in each of its actions. Its primary commitment lies in the creation of value for its clients, playing the role of technological ally. Its objective is to endure and expand in the markets in which it operates, maintaining a firm commitment to continuity and development.

### Global

It competes in markets such as Mexico, Colombia and Spain with global solutions, having to measure itself against both local competition and large multinationals. The company's purpose is to be very close to its clients, providing them with solutions adapted to their specific needs and acting in the markets that demand them. In this sense, the location of its premises aims to ensure that it becomes strongly rooted in the markets it serves.

### Benchmark

**Ikusi** aspires to become a technological benchmark in each of the places where it is present, not only because of its leading position in the market, but also for other important reasons:

- An approach that focuses on opportunity generation, demand and meritocracy, creating an exceptional working environment. In short, "**a good place to work**".
- A culture **rooted in respect and care** for people is its hallmark.
- **Values**-based leadership.
- Management characterised by **excellence** and **transparency**.
- A firm commitment to sustainability, understood as **responsible profitability**.
- A commitment to **local markets**, seeking to integrate and contribute to the development of the communities where it operates.



## 2 | Ikusi business

**Ikusi** uses technology to **connect, process and manage information securely** and is able to integrate critical business processes and exploit the information generated (operational solutions). Its focus is on providing specialised services and solutions in **communication networks, cybersecurity and digitisation of industrial processes**.

**Ikusi's** added value lies in its ability to develop innovative proposals for data acquisition and analysis that make it possible to increase competitiveness through process optimisation and also the operational efficiency of its clients.

With solid experience in the field of information and communications technology, the company is committed to offering tailor-made solutions that are adapted to the specific needs of each client. Furthermore, it stays at the forefront of the latest trends and technological advances, thus ensuring that its clients benefit from innovative and efficient solutions that drive their long-term success.

### Activities

As a technology company, **Ikusi** offers its clients transversal services for the generation of efficient, robust and secure communication networks.

#### Communication networks

**Ikusi** designs, implements and manages telecommunications technology and infrastructures, contributing its extensive knowledge and experience in fields with specific requirements. It has an extensive background in intelligent networks, data centres, network monitoring and automation; a deep knowledge of business needs in multiple sectors and a know-how that is a trademark of the company. Behind this is a highly specialised and committed team that is the cornerstone of the business.

**Ikusi** stands out for offering innovative proposals for technological architectures, providing its clients with tools to lead the market through integrated business solutions, backed by its experience, technical knowledge and the industry's best practices.

#### Cybersecurity

Cybersecurity must anticipate and adapt to the rapid evolution of increasingly sophisticated online threats. **Ikusi** believes that prevention must be a priority. To this end, it is essential to carry out a good pre-sales architecture/engineering, to boost monitoring, detection and early response, as well as to apply defences in multiple layers.

**Ikusi** solutions protect against a wide range of threats, covering the main vectors of potential attacks, such as email, data centre, campus, cloud and users (both internal and remote). In this sense, it guarantees the security and reliability of interactions between users and applications, from office environments to remote connections and access to public and private clouds.

It also integrates hardware and software solutions with consulting and auditing services to understand the reality of each client and their specific challenges, and from there, propose a cybersecurity project adapted to their needs with a series of benefits:

- **Comprehensive protection of information** at all layers, from end-user access points to network and IT infrastructure in physical, virtual and cloud form.
- **Reduction of the risks** of exposure of the organisation's critical data.
- **Global visibility** to proactively prevent cyberattacks with advanced cybersecurity intelligence mechanisms.
- **Integration of security functionalities** in traditional and advanced IT environments.
- **Secure control of media and access** to sensitive information inside and outside the organisation.
- **Maintaining an efficient and simple comprehensive security architecture.**
- **Centralisation of various sources of information** to improve decision-making in information security management.

**Ikusi's** security proposal is based on a managed services scheme that incorporates certified processes and incident attention and response practices aligned with the standards of excellence in the market, applying levels of coverage and operational scope twenty-four hours a day, seven days a week, through the **Cloud, Cybersecurity and Business Experience Operations Centre (Ikusi ONCE)**.

## Differential values of Ikusi

### Ikusi ONCE

**Ikusi's** Cloud Operations, Cybersecurity and Business Experience Centre deals with the monitoring, support and proactive management of network, cybersecurity and IT infrastructures. As the true nerve centre of a company, it provides its clients with incident attention, resolution and analysis to guarantee the continuity of their operations, without interruptions, all from a single place.

With a team of more than 150 certified engineers, **Ikusi ONCE** controls more than 17,000 devices and tends to more than 87,000 tickets on average per year, with a 24x7 service scheme. This centre brings together the best systems, service management tools and monitoring platforms. The design of its facilities complies with the most rigorous security standards for specialised network, security and IT centres.

Through consoles, it offers its collaborators the possibility of providing attention and support in an efficient manner, to ensure the operational continuity of the services.

The computer management systems used by **Ikusi ONCE** make use of Artificial Intelligence solutions to isolate cybersecurity threats, enabling dangerous behaviour to be detected and prevention and/or mitigation measures to be taken in a timely manner.

### Ikusi Intelligence

Business intelligence is essential for forging the path to the future. For this reason, **Ikusi** has conceived this portal that provides a holistic view of the continuity of network services, security systems, information technologies, network infrastructure automation systems and business intelligence systems.

With **Ikusi Intelligence**, the company provides its clients with a powerful tool that facilitates decision-making by giving them comprehensive access to the information on the services contracted from a single platform.

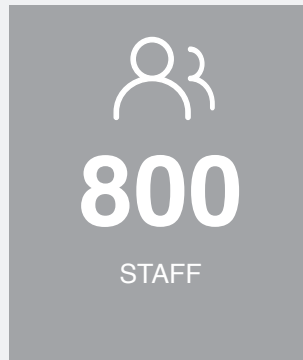
### Ikusi Intelligence for SD-WAN

Platform-specific module that provides complete control of enterprise network and SD-WAN services. Users have access to executive control functions, analytics, automation and network operation services. The combination of these managed services makes this support unique in the market.

**Ikusi Intelligence**, in either of its two modalities, arises as an extension of **Ikusi ONCE**, **Ikusi's** unified operations centre.



### 3 | Ikusi in figures



# Ikusi meets its objectives in a challenging year, conditioned by uncertainty and the persistent semiconductor crisis, continuing its progress towards sustainable profitability

## 4 | Summary of the year

The company not only achieved the financial targets set out in its management plan, culminating a good strategic period, but also made progress in its long-term strategic lines, laying the foundations for the consolidation of the sustainability of the business.

In this regard, investments have been made to exceed the objectives of the next strategic cycle 2024-26, highlighting the expansion of the business in its three main markets. Specifically, in Medellín (Colombia), in Catalonia (Spain), as well as the implementation of the nearshore model in Nuevo León (Mexico). All these investments exemplify **Ikusi's** long-term vision and its commitment to sustainable growth.

On the other hand, **Ikusi** continues to make progress in the provision of cybersecurity services on a global level, taking advantage of the specialisation, capabilities and knowledge acquired in the Mexican market to expand to other regions.

In terms of financial results, in 2023, **Ikusi** recorded a turnover of 174.2 million euros, which represents an increase of almost 12 % in turnover with respect to the previous year.

## Closes a strategic cycle fulfilled thanks to the good work of the team.

At a general level, the closing of the strategic cycle reflects the fulfilment of the objectives set, thanks to the commitment and good work of the entire team, backed by a strategy focused on client proximity, excellence in recurring services, innovation and the search for alternatives to deal with problems in the supply chain.

By markets, in Spain and Colombia the strategy was geared towards growth to achieve profitability and become a benchmark in the sector, with a focus on managed services. In Spain, **Ikusi** has grown by 10 % and in Colombia it is Cisco's number one player. In Mexico, where the objective was profitability and to focus on the core business, its results have tripled in three years.

## Ikusi, a reliable and efficient technology partner.

Among the year's most notable milestones were the ambitious digitalisation project developed for Arquia Banca, as well as the contract with the Banorte group to renovate the network of its main headquarters in Mexico City, within the strategic financial sector. In addition, the agreement with Entrecanales Domecq e Hijos to implement a robust corporate network that will allow the wine company to scale its business and connect all its facilities securely and reliably. Also worth mentioning is the progress made at Creditaria, where the integration of **Ikusi's** JobCtrl digital tool has improved team efficiency by an impressive 30 %, facilitating a flexible and remote working model.

**Ikusi's** efforts as a reliable and effective technology partner have been rewarded with recognitions such as the **IoT & Industry Partner of the Year** award during the annual event of the leader in networking and IT: the Cisco Partner Summit. The achievement of this award highlights **Ikusi's** ability to deliver exceptional results, respond to client challenges and lead in a competitive and dynamic environment.

Aware of the need to harmonise economic growth and environmental preservation, **Ikusi** launched the inspiring "**Historias sostenibles**" (**Sustainable Stories**) campaign to coincide with World Climate Change Day, highlighting how technology can reduce energy consumption and the carbon

footprint. The aim of this action, disseminated through social networks, is to reinforce the company's commitment to preserving the natural environment and to highlight the urgency of moving from words to deeds.

In its aim to consolidate a homogeneous value proposition and generate synergies, **Ikusi** has continued to move forward on its path towards a common DNA, underpinned by innovation and anticipation of market needs. This strategic focus is reflected in the new Strategic Plan 2024-2026, which seeks to consolidate a solid and adaptive organisational culture.

## New strategic plan: consolidating a common DNA.

With a view to the coming years, **Ikusi** is focusing on sustainable profitability through the generation of recurring business as its core challenge. The levers for achieving this will be services (network monitoring, cybersecurity, maintenance, licence guarantee, observability, commercial), organic and inorganic growth and, lastly, internal talent management.

All this shows the way to a stronger, more diversified and resilient company, ready to face the challenges ahead.

The main magnitudes of the business in the financial year 2023 as a result of **Ikusi's** commitment are shown below.

### EVOLUTION OF TURNOVER

2022

2023

#### TURNOVER

(millions of euros)

**162,5**  
MILLIONS

**174**  
MILLIONS

#### EBITDA

(% of turnover)

**10 %**

**9 %**

#### BOOKING

(millions of euros)

**175**  
MILLIONS

**165**  
MILLIONS



## Key milestones in 2023

### Arquia Banca: digitalisation and cybersecurity

In the banking sector, the integrated management of security solutions has become a priority objective. In this regard, in 2023 the agreement reached with Arquia Banca stands out. An entity specialising in services for professional profiles, Arquia Banca has undertaken an ambitious digitalisation process, strategic to ensure its future, hand in hand with **Ikusi**.

The solidity and reliability of the proposed solution, backed by Cisco technology—recognised both for its capacity for integration and for communication between different layers—,together with the service offered by **Ikusi**, have been highly valued by Arquia. The financial institution aspires to continue improving its clients' experience and strengthening the competitiveness of its business. To achieve this, Arquia considers it essential to have agile technological equipment and secure and reliable processes.

Arquia Banca, with 36 branches throughout Spain and headquarters in Madrid and Barcelona, is at the forefront of digital transformation and banking security.

### Banorte: technological renovation

**Ikusi** has carried out a complete technological renovation—voice, data, wireless and security infrastructure—in the corporate building of the Banorte financial group located in Mexico City, which is the epicentre of the operations of this leading Mexican banking institution.

The project, executed in record time, has ranged from the modernisation of the network serving more than 2,500 ports with new generation equipment, to the migration of more than 800 users to an IP telephony system, to the implementation of a wireless network covering all sixteen floors of the building. In addition, users benefit from new collaboration tools that significantly improve their working methods.

This successful intervention positions **Ikusi** as the main supplier for future technological integrations at other sites.





**Entrecanales Domecq e Hijos: powerful and versatile network for the wine industry**

The need for a robust corporate network offering powerful and flexible connectivity and security solutions was one of the main challenges facing this leading wine company.

**Ikusi** has responded to this challenge with a managed services project that guarantees network protection against possible computer incidents, as well as centralised administration of the network infrastructure of the Entrecanales Domecq e Hijos wineries. This allows the company to scale its business and connect all its facilities securely and reliably.

Entrecanales Domecq e Hijos wineries stands out for its commitment to excellence, sustainability, innovation, and transparency, and it has wineries in the most prestigious denominations of origin in Spain, including Caserío de Dueñas, Bodegas Viña Mayor, and Bodegas Peñascal, all located in Valladolid, as well as Bodegas Cosme Palacio and Casa Cosme Palacio, both located in Álava. Its headquarters are in Madrid.



**Obramat: being where the client is**

Obramat, formerly known as Bricomart, has opted for **Ikusi**'s technology and digitalisation to accelerate its omnichannel service aimed at its construction and refurbishment clients, both in physical and virtual stores.

It is a highly dynamic company, characterised by the constant opening of new stores and its continuous transformation, where the shopping experience is at the heart of its business philosophy. Flexibility and speed are therefore key aspects for the company.

The new platform implemented seeks to significantly improve the shopping experience, focusing on agility, simplicity and visibility. To make this possible, **Ikusi** has provided a Wi-Fi architecture that guarantees wide coverage and flexibility to adapt to future extensions of the infrastructure.

The **Ikusi** service reaches 32 warehouses and more than 5,000 collaborators, distributed throughout Spain, in addition to its online service with more than 20,000 references available.



### Creditaria: improving labour efficiency

Creditaria is a leading company in the field of financial consultancy, which has managed to increase the efficiency of its team by up to 30 % thanks to the implementation of **Ikusi's** JobCtrl digital tool. This innovative solution is designed for teleworking and home office, making it possible to maintain a flexible and remote working model, as well as to coordinate and supervise staff distributed in different regions of the country.

The adoption of this tool during the pandemic has become essential for the company. Not only does it enable the measurement of employee productivity and efficiency metrics, but it also facilitates more effective management of workloads, which has a positive impact on team well-being and the working environment.



### Ikusi, Ormazabal and Cisco: a success story

During the year 2023, **Ikusi** has continued to implement a new, efficient and scalable connectivity and security infrastructure at **Ormazabal**, which guarantees that the work of its professionals is carried out under optimum conditions of efficiency, security and experience.

In collaboration with Cisco, the **Ikusi** project offers users great flexibility by allowing them to operate from any place, device or environment where the data or application is hosted, with the same quality of experience as if they were in the same office. In addition, it also integrates advanced security solutions for IT equipment and operational processes in **Ormazabal's** factories in Madrid, Biscay and Burgos. This improvement has strengthened collaboration within the work teams and has significantly optimised processes, without compromising the security of corporate information or business continuity.

Collaborative services have also been set up to adapt to hybrid working models and advanced solutions have been integrated to guarantee the security of IT equipment and operational processes in the Madrid, Biscay and Burgos factories.

This technology helps **Ormazabal** save time and resources, reducing travel and contributing to the Sustainable Development Goals.





## Presence in sector activities

### IndCyber forum: cybersecurity in Industry 4.0

**Ikusi** actively participated in the leading event of the year in OT & IoT cybersecurity in Industry 4.0, the **IndCyber forum 2023**, which took place in March in the Mexican state of Querétaro. During this event, experts from the company gave lectures and presentations focused on IT security in the industrial environment. The main objective was to provide guidance to organisations on how to protect their information systems and operational technology against cyber-attacks and other IT threats.

**Ikusi's** presence at the forum not only facilitated the presentation of its services to industry professionals, but also made it possible to hear directly from them about the challenges and needs they face on a daily basis. This feedback has provided valuable information for continuing to improve its range of cybersecurity services and solutions.

### Cybersecurity event with the Guardia Civil (the Spanish national gendarmerie) in Madrid

The conference entitled “Spanish companies facing the challenge of cybersecurity”, organised by **Ikusi** in Madrid and in collaboration with the Guardia Civil, highlighted the growing risk that cyberthreats represent for organisations. Accelerated digitalisation and the adoption of hybrid working models have blurred traditional security perimeters, a reality that has been consolidated after the pandemic. According to reports from the Spanish Home Office, one in five crimes is committed online, and it is estimated that by 2025 this figure will rise to one in four.

This complex scenario was analysed by Javier Aguilera, CEO of **Ikusi** in Spain; Juan Salom Clotet, head colonel of the Civil Guard's Cybersecurity Coordination Unit; and Ángel Ortiz, director of Cybersecurity at Cisco, before an audience made up of heads of various Spanish companies. All of them emphasised the need to prevent, raise awareness and work closely with cybersecurity providers.

### Conference on digitalisation and sport organised by Ikusi México

**Ikusi** and executives from the Real Sociedad (a prominent Spanish football club) reflected in Monterrey on a crucial issue that unites both organisations: digitalisation. The company's main clients in the country were invited to this meeting.

Technology, especially data analysis, has come to play a fundamental role in the field of football, exerting a significant influence on decision-making in both sport and club management, allowing for the optimisation of strategies and performance.

The event, which took place during the Real Sociedad football team's stay in the city on their pre-season tour 2023, promoted the exchange of ideas and knowledge and served to strengthen the ties between the two institutions.

### Third Cybersecurity Lab in Colombia

**Ikusi** organised a meeting in Medellín, Colombia, in May 2023, which brought together clients from both Medellín and Bogotá. This event is characterised by the cultural diversity of the companies attending and the collaboration between business industries as diverse as finance, health, education, airports, among others.

Throughout the event, conferences addressing relevant topics in the field of digital protection were held, and live experiences were offered to enrich the participation of the attendees.

Of particular note was the valuable collaboration of Cisco and Radware, who provided key perspectives in the field of cybersecurity.

### Ikusi, training partner of the Tecnológico de Monterrey (Monterrey Institute of Technology and Higher Education)

The Tecnológico de Monterrey (TEC) is a renowned private university in Mexico that **Ikusi** has been accompanying for several years now in its digital transformation process. This collaboration extends to the educational sphere, where academic challenges are promoted.

In June, the closing ceremony of the fourth cycle of collaboration took place, bringing together TEC students, **Ikusi** managers and TEC itself. During this event, a commemorative plaque was presented in recognition of the achievement of the challenge set, on this occasion centred on a Device Interconnection Unit.

The event also highlighted **Ikusi's** contribution to TEC's innovative educational model, which transcends conventional practices by encouraging collaboration and the active participation of companies as training partners, developing students' skills through challenges.



### 57th edition of the Banking Convention in Colombia

In June, **Ikusi** attended this important annual event organised by the Banking and Financial Institutions Association, where the challenges faced by financial institutions were addressed. A context that the company knows first-hand, given its close relationship with the country's main financial institutions. The event took place at the Cartagena de Indias Convention Centre.



### "Sustainable Stories" against climate change

On the occasion of World Climate Change Day, celebrated on 24 October 2023, **Ikusi** has launched a campaign on social networks in Mexico, Spain and Colombia, entitled "Historias sostenibles" (*Sustainable Stories*).

This initiative presents testimonials that exemplify how **Ikusi's** services and technological solutions are helping to reduce energy consumption and the carbon footprint in order to reverse the current degradation of the environment.

The purpose of this campaign is to reinforce **Ikusi's** commitment to the preservation of the natural environment and to highlight the urgency of moving from words to deeds.





## Awards and recognitions

### Cisco IoT & Industry Partner of The Year award 2023

Cisco has awarded **Ikusi** the **IoT & Industry Partner of the Year** prize during the annual Cisco Partner Summit, held in Miami. This recognition from the world leader in networking and IT, distinguishes the best performing partners in technology markets worldwide.

The award highlights **Ikusi's** ability to deliver outstanding results, respond to client challenges and lead in a dynamic competitive environment. Recipients are selected by a committee of executives representing Cisco's global and regional partner sales organisations.

This recognition, awarded by world leaders such as Cisco, encourages the company to continue working to support companies in their digitalisation processes, as it has been doing for more than two decades.



## 5 | Governance

As part of **Velatia**, **Ikusi** is governed by the group's highest governing body, the Board of Directors, whose regulatory framework is laid down in the Articles of Association, the Rules of Procedure of the Shareholders' Meeting, the Rules of Procedure of the Board of Directors, the various Rules of Procedure of the Board Committees, and the Code of Ethics.

### Governing bodies

In 2020, within the Board of Directors, the **Ikusi Advisory Council** was set up, made up of five members, which has been given a fundamentally consultative nature in the strict scope of the business. As such, it acts as a means of support, providing collaboration and advice. Its activity involves evaluating the enquiries made by the Board of Directors and the general managers and providing them with proposals based on analysis and its extensive experience.

Without prejudice to other duties that the Board of Directors of **Velatia** may entrust to it, this committee is assigned the following functions:

- Analyse the company's performance and the work of the management team.
- Propose the strategic plan and monitor its implementation.
- Monitor budget management.
- Propose to the Board the most important decisions on investments, sale of assets, mergers, etc.
- Assess and propose to the Board the authorisation of strategic alliances.
- Implement mechanisms to obtain accurate information on all areas of the company.
- Propose the remuneration policy to the Appointments and Remuneration Committee.
- Prepare the information, presentations, etc., required by the Board from time to time.
- Any other objective that contributes to **Ikusi's** objectives.

## Ikusi Advisory Council

### **PRESIDENT**

Mr. Javier Ormazabal Echevarria

### **MEMBERS**

Mr. Alejandro Ormazabal Echevarria

Mr. Francisco Garza Zambrano

Mr. Ramón Sotomayor Jauregui

Mr. Iñaki Maiz Elizaran

### **SECRETARY (non-member)**

Mr. Alex Otaegui Furriel

The Advisory Council is made up of five members, three of whom belong to the Board of Directors. Mr. Francisco Garza Zambrano and Mr. Iñaki Maiz Elizaran, as permanent members, as well as Mr. Alex Otaegui Furriel, as non-member secretary, are also part of the advisory council.

## 6 | Risk management

Within the framework of its strategic reflection process, **Ikusi** has carried out an exhaustive analysis of the various factors that could compromise the achievement of its objectives and the realisation of its future plans. On the basis of this evaluation, the company has identified, assessed and prioritised the following risks:

Risks
Exchange rate
Working capital
Change management
Cash flow planning
Acquisition of companies
Logical and physical security
Key Account Relations
MB Evolution/Commoditisation
Credit risk
Capital management
Dependence of strategic partners
Retaining talent
Operational planning
Sales force

In order to facilitate their management, **Ikusi** categorises risks into four different groups and establishes the corresponding measures to mitigate their possible impact on the business:

- **Strategic risks:** those that affect the direction and scope of the company's long-term objectives, as well as its position in the market and its ability to adapt to change.
- **Operational risks:** these refer to risks related to the organisation's internal processes and daily operations, including the supply chain.
- **Compliance risks:** these risks are associated with compliance with laws, regulations, standards, internal policies, etc., which could affect the reputation and viability of the company.
- **Management risks:** focus on risks arising from organisational structure, decision-making, talent management and corporate culture, which can influence the overall effectiveness of the company and its ability to achieve its goals.

These categories enable **Ikusi** to take a holistic approach to identifying, assessing and addressing the risks it faces in its operating environment.



## 7 | Sustainability

### Identifying stakeholders

Aware of the importance of properly identifying and classifying stakeholders, **Ikusi** is committed to continuous monitoring of their evolution to ensure that all relevant stakeholders are taken into account. This identification process is governed by the following perspectives:

- **Proximity:** groups that interact closely with the company, including internal stakeholders.
- **Influence:** encompassing those who have the capacity or the potential to influence the company's activities.
- **Responsibility:** encompassing those groups that are bound by legal obligations to the company.
- **Dependence:** considering those whose activity is directly linked to that of the company and depend on its services, products or functions.

In terms of stakeholder prioritisation, two main variables are assessed:

- **Influence:** the impact that these groups can have on the company is analysed, and whether it is a strategic group for decision-making.
- **Dependence:** the degree of direct or indirect dependence that these groups have on the company's products, services and functions is assessed.

As a general guideline, less relevant stakeholders are usually managed in a unidirectional manner, while closer two-way communication is encouraged with those that are considered more relevant. This approach allows for more effective management of stakeholder relations and better alignment with the company's objectives and values.

### Identifying relevant issues

In line with its commitment to sustainability, **Ikusi's Strategic Plan** addresses the social and environmental aspects identified as relevant at both the strategic and operational levels. This approach reflects the guidelines established by **Velatia's Sustainability Master Plan**.

Throughout 2023, **Ikusi** has maintained an ongoing dialogue with its stakeholders through the usual communication channels and procedures. This process has made it possible to identify the important issues in the field of sustainability.

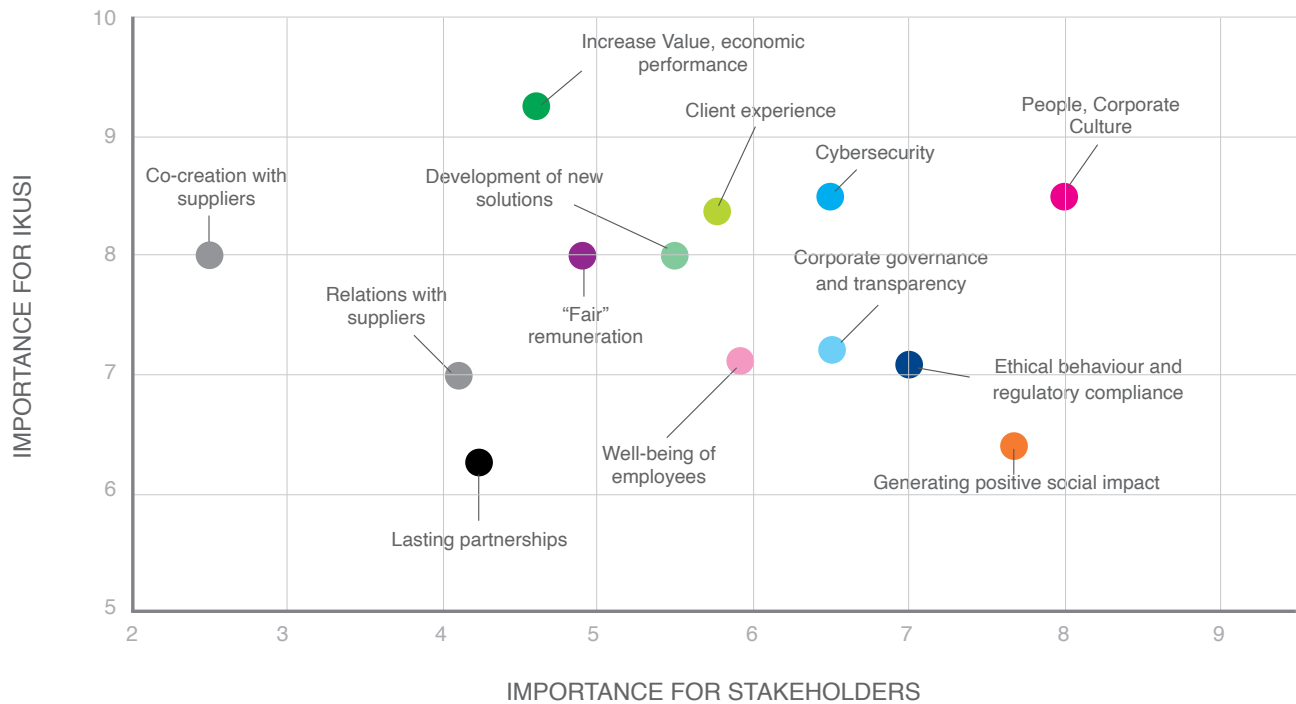
In order to define the company's strategic priorities in this area, an exhaustive materiality study has been carried out based on a double analysis.

Firstly, an external analysis that includes benchmarking competitors, studying market trends, relevant regulations, as well as the needs and expectations of stakeholders.



Secondly, an internal analysis to identify the most relevant issues for Ikusi's business.

The following **materiality matrix** is obtained from the cross analysis between the "Importance for Ikusi's business strategy" variable and the "Importance for stakeholders in each of the issues considered relevant" variable:



- Economic performance and customer relations
- Business ethics and corporate governance
- Human capital management
- Impact on society
- Responsible relations with partners, suppliers and other stakeholders

This process allows **Ikusi** to focus its efforts on the most important issues for both its business and its stakeholders, ensuring that its actions are aligned with its environmental and social responsibility.

### Lines of action, ambitions and commitments

Based on the map drawn up by the materiality matrix, **Ikusi** has identified the objectives it seeks to achieve, the commitments it will make and the lines of action it proposes to achieve them. The six lines defined are detailed below, together with their respective developments:

#### 1. Ethics and corporate governance

**Ikusi** places its commitment to good governance, ethics, integrity and transparency at a level of paramount importance for its stakeholders, considering it a hygienic factor. In this sense, the company has established a robust integrity framework that includes the Code of Ethics and a series of policies designed to guide the principles of action, the aim of which is to generate trust and long-term commitment between the company and its stakeholders.

As regards the aspects related to this line of action:



#### **Ethical behaviour and regulatory compliance:**

- Actively promote **integrity and adherence to the highest ethical and compliance standards**, as well as initiatives to combat corruption and fraud, encouraging honesty in relationship practice.
- **Strictly comply with external standards** set by regulators, certifications and recognised benchmarks.
- **Pursue management excellence** as a constant guideline in all operations.

#### **Corporate governance and transparency:**

- **Ensure transparency and accuracy** of information, appropriately presented and accessible to all stakeholders.
- Foster **continuous dialogue** with stakeholders to manage risks and identify relevant business trends.
- Emphasise **proactive management** of the company's reputation.
- Pay attention to the **composition and functioning of the governing bodies**, ensuring their appropriateness and effectiveness.

#### **Cybersecurity:**

- Promote **responsible use of technology** at all levels of the organisation.
- **Raise awareness** of the people involved in the use and management of technology.
- Employ **advanced tools** to ensure the security of systems and the confidentiality of data, thus protecting the organisation's information and digital assets.

#### **Ambition:**

- **Integrity** of behaviour.
- **Excellence** in management.

## **2. Human capital management**

Based on the conviction that boosting talent and diversity is fundamental for the sustainable future of the company, **Ikusi** focuses its attention on fostering the development of people and guaranteeing equal opportunities to be a diverse and inclusive company.

These are the related aspects:

**People, corporate culture:**

- Human development and lifelong learning.
- Non-discrimination in the work sphere, especially in managerial positions.
- Selection based on meritocracy.
- Equal pay and equal opportunities.

**Fair remuneration:**

- Remuneration commensurate with the work performed and social benefits.

**Staff well-being:**

- Staff safety.
- Psychosocial health.
- Employee satisfaction.
- Effective internal communication.
- Labour conditions and rights.

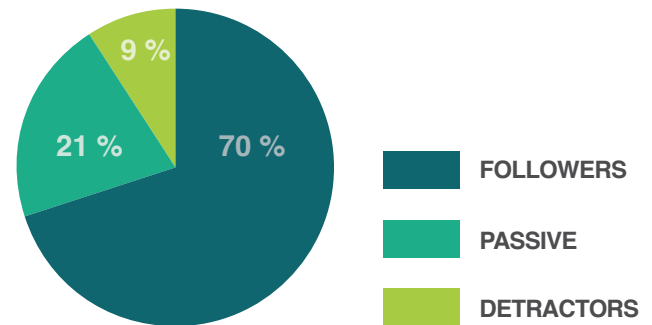
**Ambition:**

- To have people who are aware of and **committed** to sustainability.
- To ensure equal opportunities in order to make **Ikusi a diverse and inclusive company** with a culture that allows work-life balance and **flexibility**.
- To achieve a **fair pay system** that also takes into account social and environmental achievements.
- To be a benchmark in level of **employee satisfaction**.
- To ensure **zero accidents** with causes attributable to the company.

In order to assess the level of satisfaction of people in the company, **in 2023 Ikusi carried out an exhaustive survey among the entire workforce in which various aspects related to four main pillars were addressed:**

- The overall satisfaction of people in the organisation.
- The degree of recognition of the effort made in the area of human capital management.
- An analysis of the emotional state of the workforce, represented in an emotion map.
- The eNPS or Employee Net Promoter Score, a tool that measures the degree of people's commitment to the company, asking if they would recommend someone else to work for the company.

As a result of this survey, an eNPS indicator has been generated and is detailed in the following graph:

**VALOR DEL eNPS | 61\***

\* Everything that is positioned above 0 can be considered a positive result. However, from 0 to 50 is considered to be GOOD, from 50 to 70 is considered VERY GOOD, and from 70 to 100 is defined as EXCELLENT.

**Ikusi** considers the result of this survey to be relevant, as it provides clear evidence of the level of commitment and the positive perception that staff have of the organisation. Fundamental conclusions for understanding organisational health and guiding future improvement strategies in the field of human capital.

**3. Impact on society**

**Ikusi** seeks to reconcile business development with the interests of the surrounding community, thus generating a positive social impact by creating jobs, boosting the local economy, collaborating with educational centres, complying with tax obligations and distributing the value generated.

Aspects related to this point:

**Generate positive social impact:**

- Promote opportunities to contribute to **local economic development** through employment generation, support to local suppliers, tax payments, etc.
- Active collaboration with **universities and other academic institutions**.

- **Create wealth and employment** in a way that generates a positive impact on the surrounding community.
- **Corporate commitment** to the environment and society.

**Ambition:**

- To be perceived as **creators of wealth and employment** at local level, supporting young people through training and, also, the most disadvantaged in society, in line with business interests.
- Respect for **human rights** in all activities.

**4. Economic performance and client relations**

It focuses on promoting innovation in products and services to enhance the growth of the company and its environment.

Aspects to consider related to this area:

**Development of new solutions:**

- Create **new competitive and distinctive products and solutions**.
- Present innovative solutions by taking advantage of the digital environment opportunity.
- Deepen **digitisation**.

**Experience and client relationship:**

- Deliver a **satisfactory experience**, including quality of service, safety and a client-centric approach.

**Economic performance, creation of economic and financial value:**

- Plans to **guarantee results** in uncertain environments.
- Direct **economic value** generated and distributed.
- Tax policy and strategy.
- Forward-looking project.

**Ambition:**

- To promote **technology innovation** as a lever for transformation towards more sustainable business models.
- To be a **benchmark** in the integration of new solutions.

**5. Partnerships and responsible relations with partners and suppliers**

The aim is to foster responsible partnerships with the objective of building networks of shared value.

Related aspects for partnerships and relationships:

**Lasting partnerships:**

- Establish **long-lasting and mutually trusting relationships** with third parties.

**Relations with suppliers:**

- Ensure that agreed conditions are met, guarantee **fair treatment and equal opportunities, and encourage transparency** and feedback for improvement.
- Encourage co-creation with suppliers.

**Ambition:**

- **Promote sustainability** among partners and suppliers.
- To be and to have **trusted** partners.

## 8 | Sustainable Development Goals

**Ikusi** focuses its sustainability strategy on the complexity of the challenges defined by the Sustainable Development Goals (SDGs) through innovative solutions that generate positive impacts in areas such as digitalisation, the development of cities and transport with the aim of improving people's quality of life and preserving the environment.

Among the five SDGs selected by **Velatia**, **Ikusi** prioritises its efforts on number 9 as the cornerstone of its approach.



### Contribution to SDG 9

SDG 9 focuses on the need to develop resilient infrastructure that can adapt to current and future challenges. It also seeks to promote inclusive and sustainable industrialisation and foster innovation.

#### Identified targets:

**Target 9.1.:** Develop quality, reliable, sustainable and resilient infrastructure.

**Target 9.2.:** Promote inclusive and sustainable industrialization.

**Target 9.4.:** Adoption of clean industrial processes and technologies.

**Target 9.5.:** Enhance the technology capabilities of industrial sectors promoting R&D&I.

**Target 9.6.:** Increase access to information and communications technology.

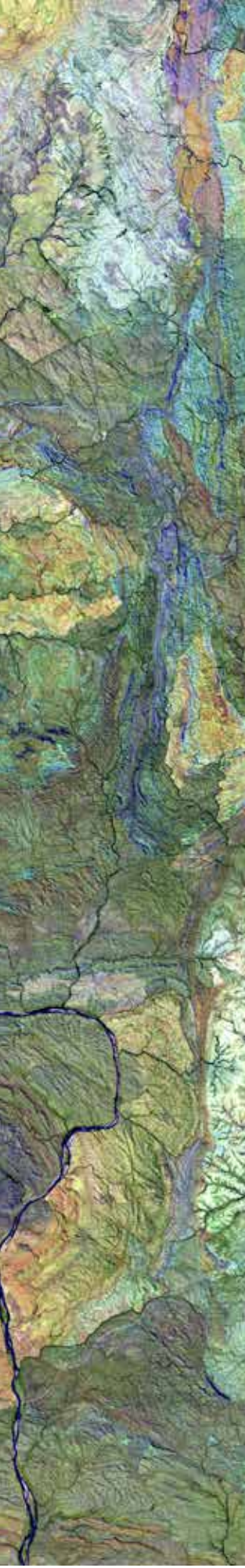
**Ikusi** promotes the formation of public-private partnerships with the aim of catalysing digitalisation and thus transforming the processes that underpin the dynamics of society, making them more effective and efficient.

It should be noted that, in 2023, **Ikusi**, in collaboration with Cisco, has continued to implement a connectivity and security infrastructure transformation project at **Ormazabal** that ensures optimal conditions of efficiency, security and experience for its professionals, as well as great flexibility. The applied technology allows **Ormazabal** to optimise both time and resources, reducing travel and streamlining processes. In this way, the project not only boosts business efficiency, but also contributes directly to the achievement of the Sustainable Development Goals, reflecting **Ikusi's** firm commitment to sustainability and technological innovation.









# 02 | Ikusi Commitments



## 1 | People

**Ikusi's** staff is made up of more than 850 people committed to the project and highly qualified. 87 % per cent of it is located in America and 13 % in Spain, and 77.5 % of it is made up of men and 22.5 % of women, the majority of whom are between 26 and 51 years of age (85 %). They are experts in transforming their clients' processes to make them more efficient, bringing together the best of the ICT and operational technology (OT) worlds.

**Ikusi** integrates the **Human Capital Master Plan** into the business strategy with the aim of tackling one of the most significant challenges for the company in its recent history: people management. This management has become increasingly

crucial and decisive for success in achieving the ambitious goals it has set itself.

We are immersed in an **unprecedented revolution, where talent and digitalisation** are dizzyingly redefining the relationship between companies and workers, as well as the way they relate to each other. This transformation is forcing **Ikusi** to direct its focus towards innovative management of people and organisations, adapting to the rapid changes taking place so as not to lose its competitiveness.

This scenario is taking place in the midst of an ageing population that is significantly impacting the availability of talent in the labour market. This phenomenon is accompanied by an increasingly marked **change in values and priorities** when choosing a company, where salary aspects and professional development are no longer the only aspects considered. Furthermore, business projects must now take on board **social, ecological and economic** concerns, which adds even more complexity to attracting and retaining talent, especially in technological and engineering environments, the fields in which **Ikusi** carries out its activities.

Despite these challenges, the new reality also opens up a **world of exciting opportunities**. Work dynamics driven by digitalisation broaden the spectrum of talent profiles that can bring value and knowledge to organisations. However, seizing these opportunities will require changes in culture and ways of doing things that need to be planned for in advance.

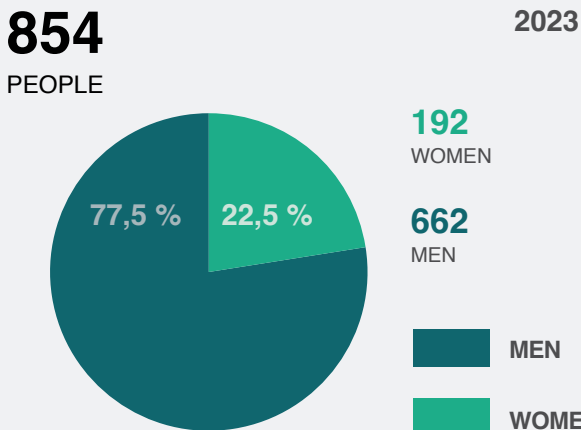
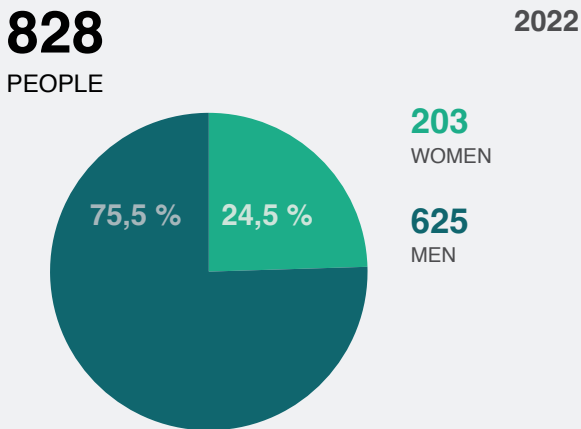
All these circumstances add to an already volatile, uncertain and complex environment, where speed and precision in decision-making become crucial. Faced with this reality, **Ikusi**, as a company committed to talent, must be prepared to adapt quickly and take advantage of emerging opportunities.



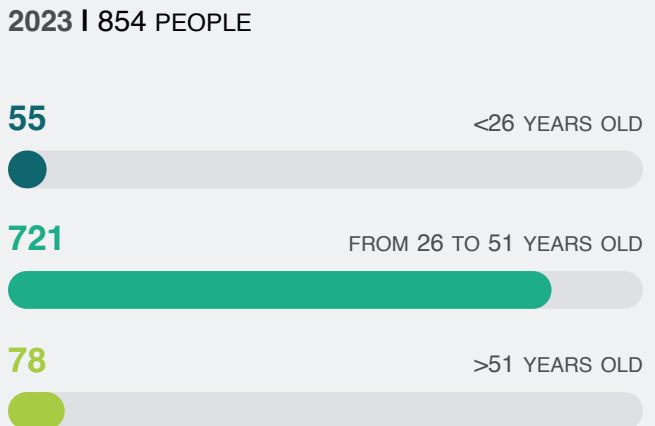
## Distribution of staff

At the end of 2023, **Ikusi**'s workforce totalled 854 people, 3 % more than the previous year (828 people).

### DISTRIBUTION OF STAFF BY GENDER



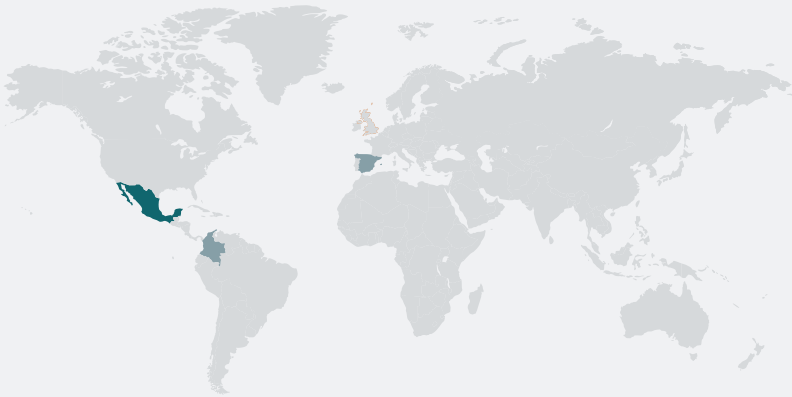
### DISTRIBUTION OF STAFF BY AGE





DISTRIBUTION OF STAFF BY COUNTRY

2022 | 828 PEOPLE



**655**  
PEOPLE  
IN MEXICO

**79**  
PEOPLE  
IN SPAIN

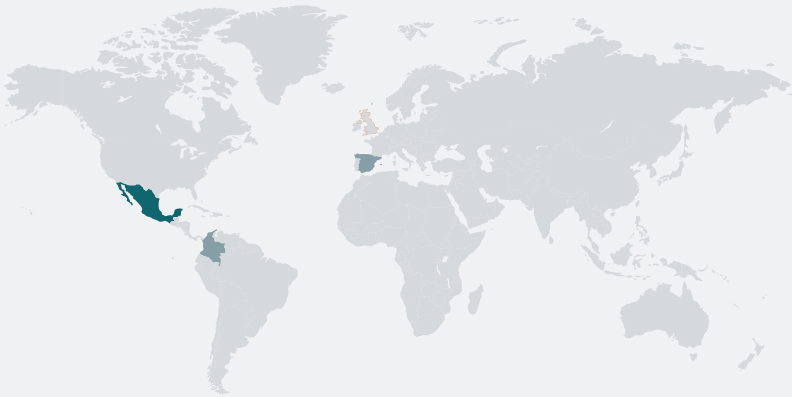
**94**  
PEOPLE  
IN COLOMBIA



● **9,5 %**  
SPAIN

● **11,4 %**  
COLOMBIA

2023 | 854 PEOPLE



**664**  
PEOPLE  
IN MEXICO

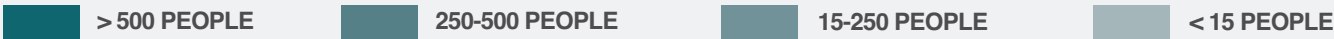
**78**  
PEOPLE  
IN SPAIN

**112**  
PEOPLE  
IN COLOMBIA



● **9,1 %**  
SPAIN

● **13,1 %**  
COLOMBIA



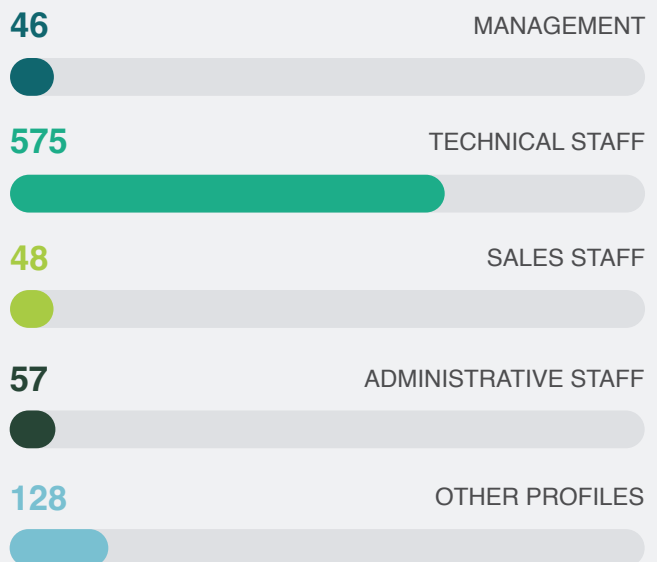


### DISTRIBUTION OF STAFF BY PROFESSIONAL CATEGORY

2022 | 828 PEOPLE



2023 | 854 PEOPLE



### Distribution by type of employment contract

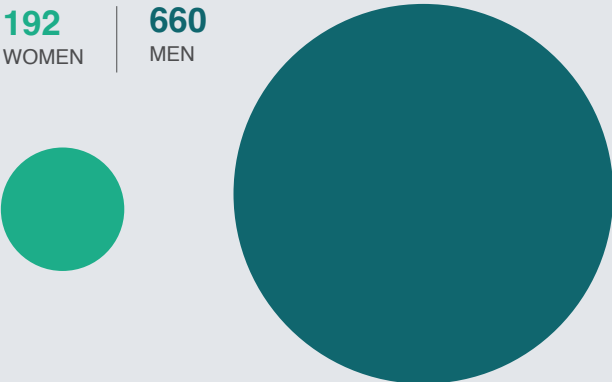
The distribution of staff by type of employment at the end of 2023 was 852 permanent contracts (192 for women and 660 for men) and 2 temporary contracts (2 for men and 0 for women). As for the type of working time, all contracts, i.e. 852 (192 women and 660 men), are full-time, with no part-time contracts.

### DISTRIBUTION BY TYPE OF CONTRACT, TYPE OF WORKING TIME AND GENDER

2023 | 854 PEOPLE

**852**  
PERMANENT

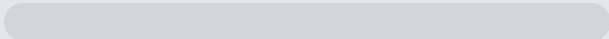
**192** WOMEN | **660** MEN



**852**  
FULL-TIME



**0**  
PART-TIME



**MEN** **WOMEN**

**2**  
TEMPORARY

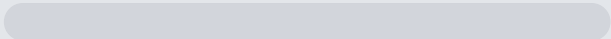
**0** WOMEN | **2** MEN



**2**  
FULL-TIME



**0**  
PART-TIME





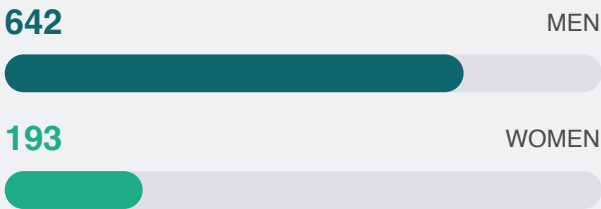
### Average annual contracts

The experience and knowledge of the people who are part of **Ikusi** are two of the axes that have facilitated its competitive position. This approach is coherent with the majority type of contract that is formalised, as evidenced by the following breakdowns of information on the average workforce <sup>(1)</sup>.

(1) The annual average figure has been calculated using the average staff of **Ikusi** during 2022 and 2021, respectively, taking into account the salary payments calculated for each month.

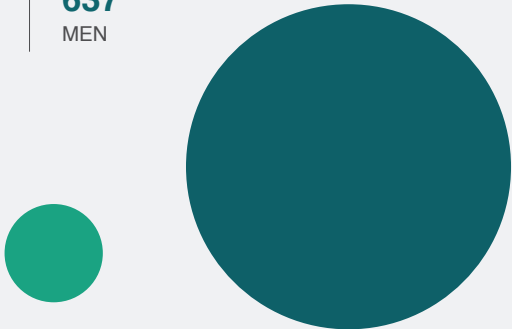
AVERAGE CONTRACT TYPE BY AGE

2022 | 835 CONTRACTS



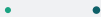
**829**  
PERMANENT

**192** | **637**  
WOMEN | MEN

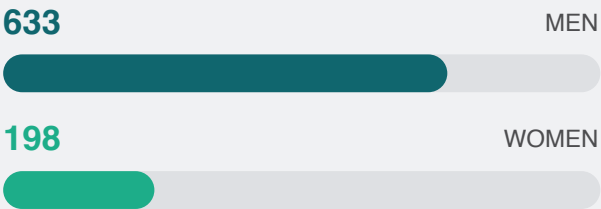


**6**  
TEMPORARY

**1** | **5**  
WOMEN | MEN

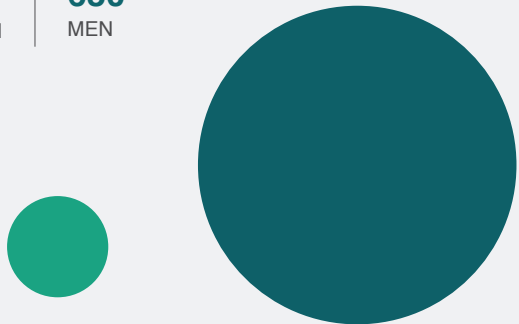


2023 | 831 CONTRACTS



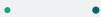
**827**  
PERMANENT

**197** | **630**  
WOMEN | MEN



**4**  
TEMPORARY

**1** | **3**  
WOMEN | MEN

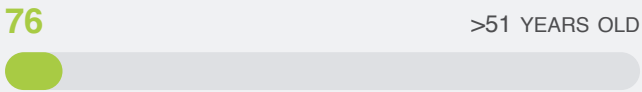
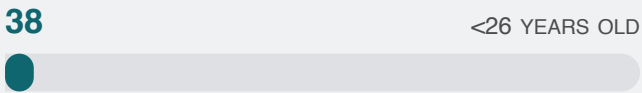




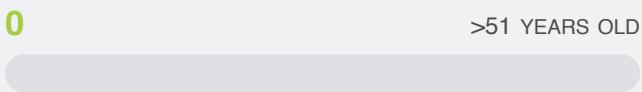
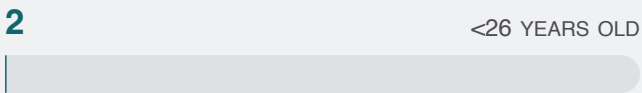
AVERAGE CONTRACT TYPE BY AGE

2022 | 835 CONTRACTS

**829**  
PERMANENT

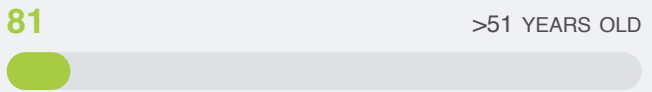
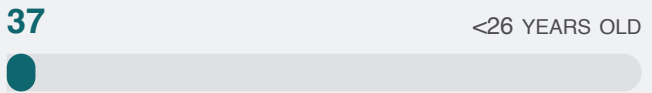


**6**  
TEMPORARY

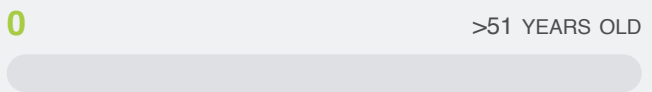
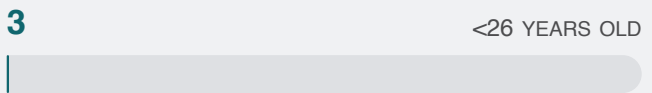


2023 | 831 CONTRACTS

**827**  
PERMANENT

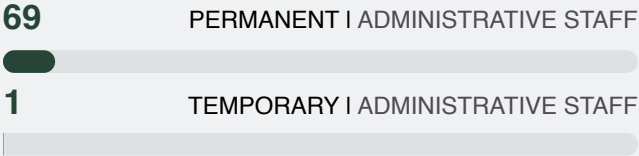
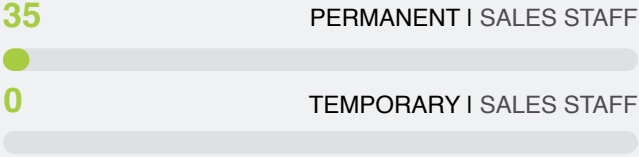
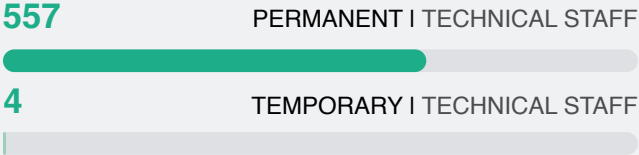


**4**  
TEMPORARY

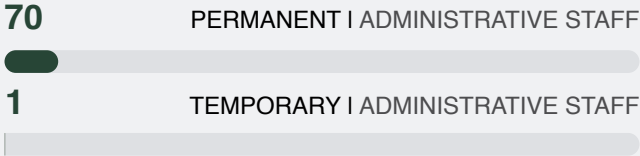
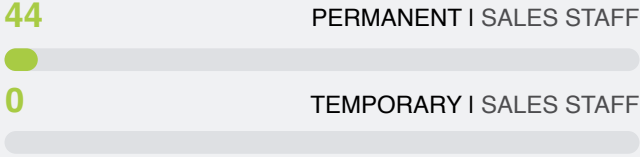
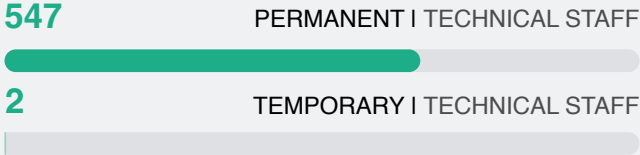


AVERAGE CONTRACT TYPE BY PROFESSIONAL CATEGORY

2022 | 835 CONTRACTS



2023 | 831 CONTRACTS





### Employment by type of working time

According to the data in the graph, there is hardly any decrease in the average staff of the group, since in 2022 it was made up of 835 people, while in 2021 it was made up of 828 people. The relevant difference in terms of the type of contracts is derived from the impact of the legislative change undertaken during 2022, facilitating greater time flexibility, which allows employees to take advantage of flexible working hours and maintain full-time employment instead of reducing working time.

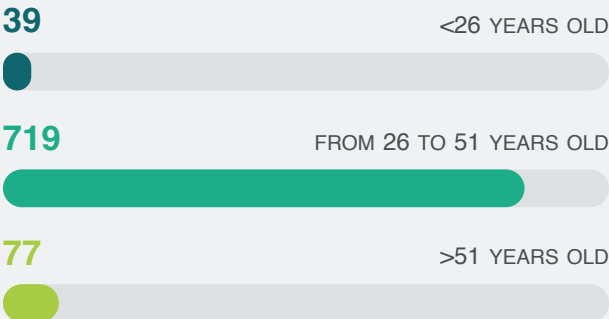
In addition to this, Ikusi is establishing more and more measures to favour the balance of family and work life made available to the staff, so that in many circumstances it is not necessary to work part-time. The data reflect a 100 % reduction in part-time contracts due to this circumstance.

The distribution of employment according to the type of working day, taking into account the variables of gender, age and category, is as follows:

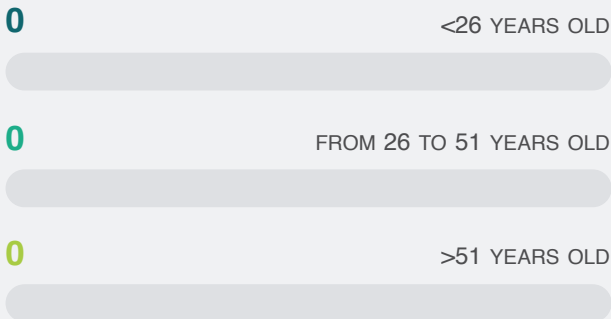
AVERAGE TYPE OF WORKING TIME BY AGE

2022 | 835 WORKING DAYS

**835**  
FULL-TIME

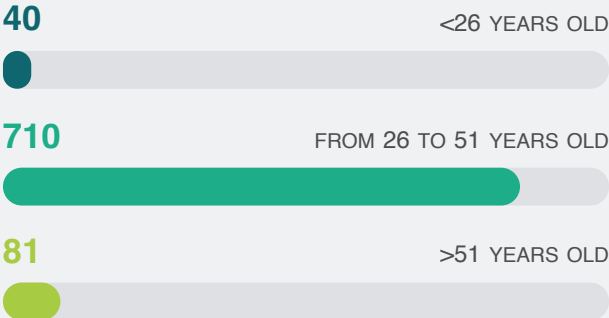


**0**  
PART-TIME

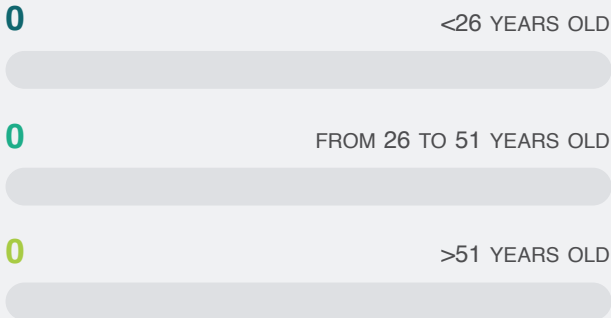


2023 | 835 WORKING DAYS

**831**  
FULL-TIME

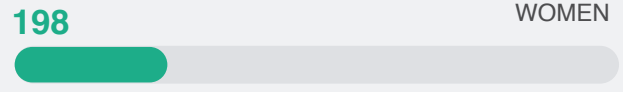
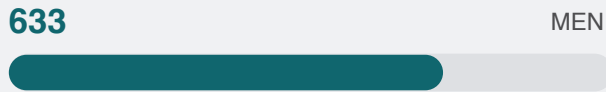


**0**  
PART-TIME



### AVERAGE TYPE OF WORKING TIME BY GENDER

2023 | 831 WORKING DAYS



**831**  
FULL-TIME

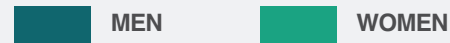
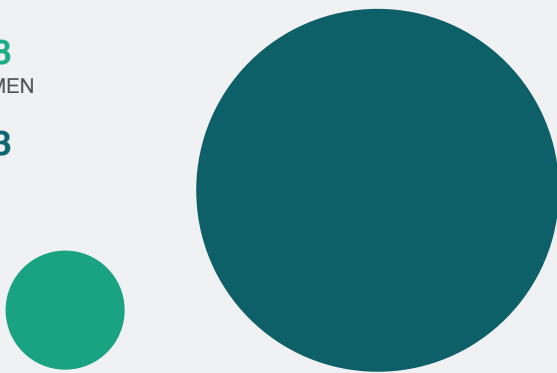
**0**  
PART-TIME

**198**  
WOMEN

**0**  
WOMEN

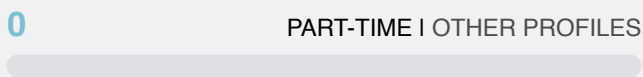
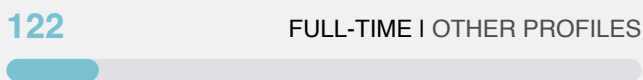
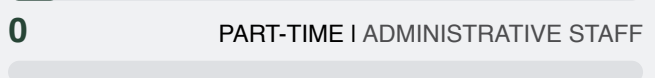
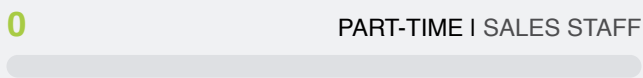
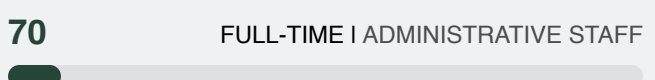
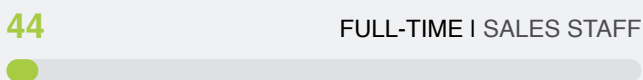
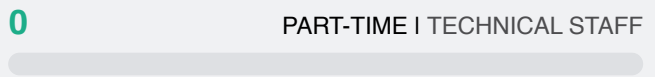
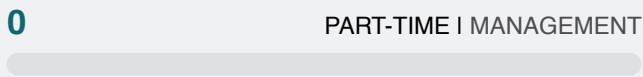
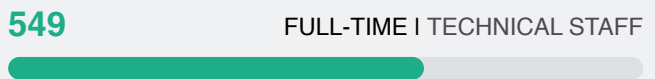
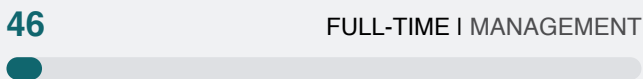
**633**  
MEN

**0**  
MEN



### AVERAGE TYPE OF WORKING TIME BY PROFESSIONAL CATEGORY

2023 | 831 WORKING DAYS





### Rate of employee turnover and redundancies

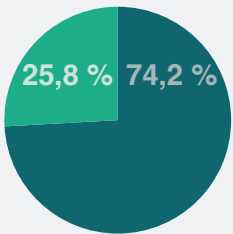
The turnover rate in 2023 was 16 % with 140 departures (279 in 2022) of which 66 % (70 % in 2022) were due to various causes such as retirement, termination of contract or voluntary departures, while the remaining 34 % were redundancies: 37 in total (34 men and 3 women) compared to

85 in 2022. The significant reduction compared to 2022 is due to the termination in 2022 of some client contracts involving dedicated staff, a circumstance that has not occurred in 2023.

In 2023 and 2022 the number of registered redundancies is distributed as follows according to gender, age and category:

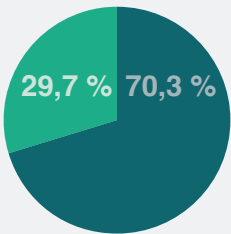
#### DISTRIBUTION OF REDUNDANCIES BY GENDER

2022 | 85 PEOPLE



22  
WOMEN  
63  
MEN

2023 | 37 PEOPLE

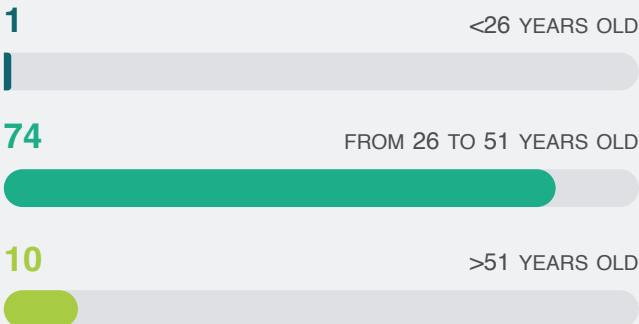


11  
WOMEN  
26  
MEN

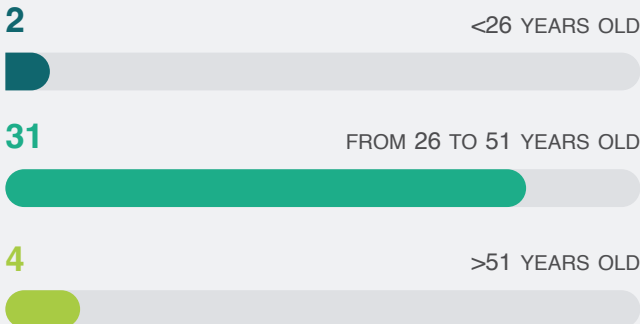
MEN  
WOMEN

#### DISTRIBUTION OF REDUNDANCIES BY AGE

2022 | 85 PEOPLE

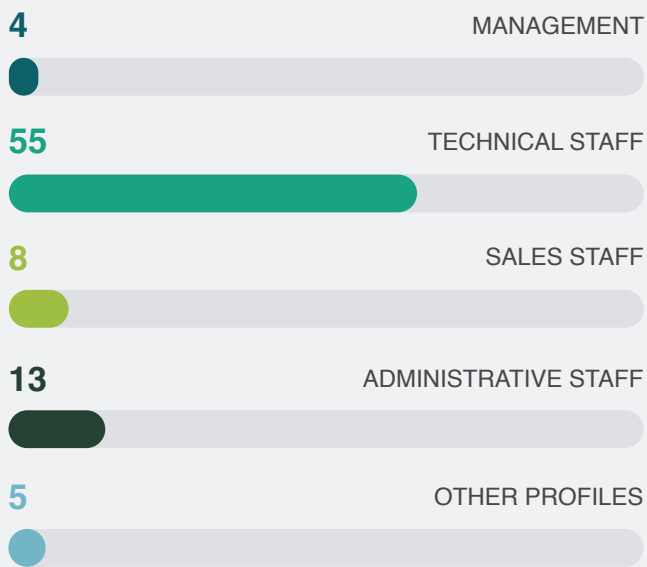


2023 | 37 PEOPLE

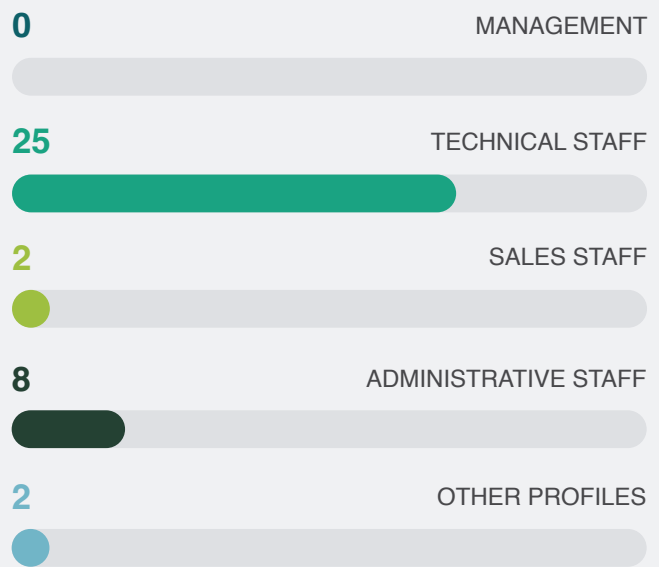


DISTRIBUTION OF REDUNDANCIES BY PROFESSIONAL CATEGORY

2022 | 85 PEOPLE



2023 | 37 PEOPLE



Employment and disabilities

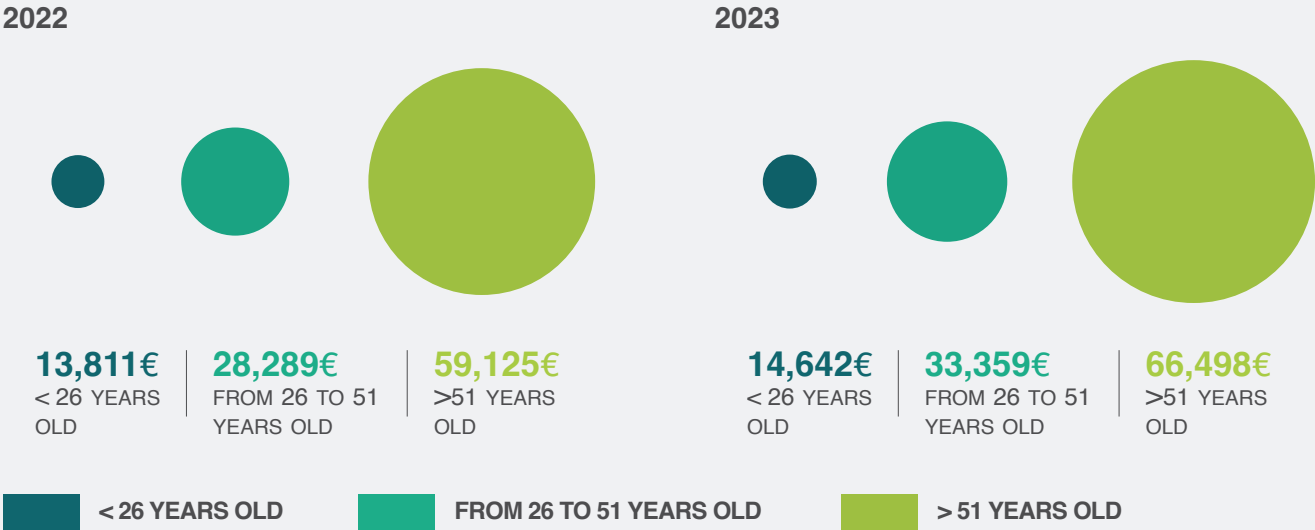
**Ikusi** has an agreement with the Adecco Foundation through whereby, as part of the foundation's integration programmes, it seeks to promote the incorporation of this group in the labour market.

At present, there is no one on the staff with a disability greater than 33 %.

### Average remuneration

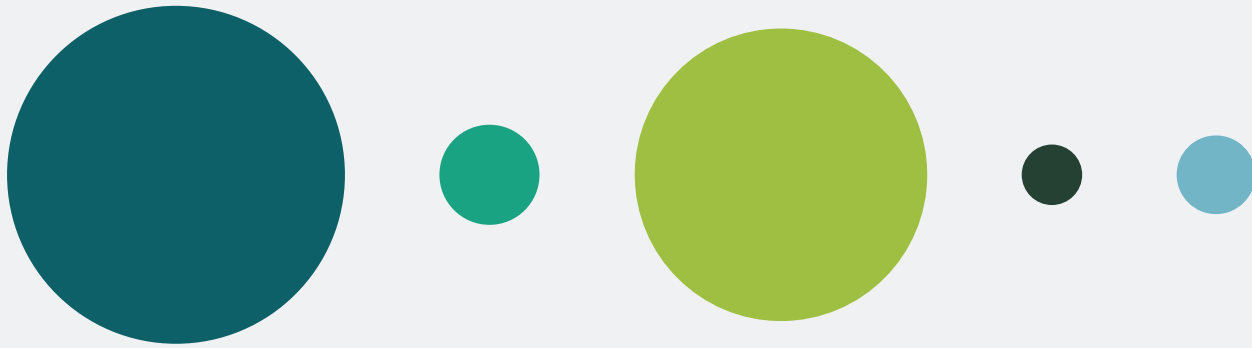
The average remuneration in 2023 has increased by around 12 % with respect to 2022, from an average of 27,246 euros to 30,422 euros (33,453 for men and 20,419 for women). Thus, the evolution of average remuneration in 2023 and 2022 (except for senior management), considering all existing concepts in the organisation (fixed, variable, bonus, social benefits, incentives and others), and distributed by gender, age, category and in euros, is as shown below:

#### AVERAGE REMUNERATION BY AGE



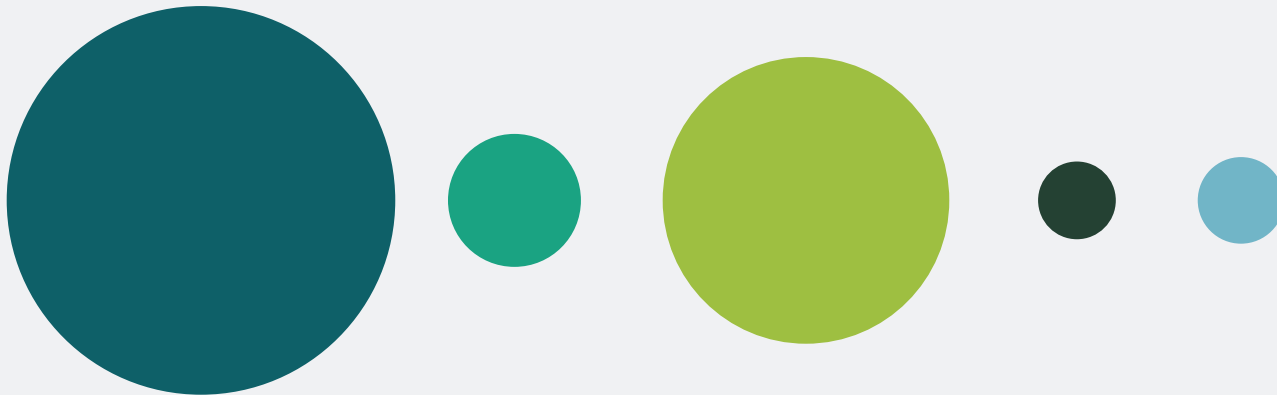
AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY

2022



<b>88,107€</b> MANAGEMENT	<b>26,099€</b> TECHNICAL STAFF	<b>76,268€</b> SALES STAFF	<b>15,803€</b> ADMINISTRATIVE STAFF	<b>20,534€</b> OTHER PROFILES
------------------------------	-----------------------------------	-------------------------------	--	----------------------------------

2023



<b>109,494€</b> MANAGEMENT	<b>40,620€</b> TECHNICAL STAFF	<b>75,661€</b> SALES STAFF	<b>20,455€</b> ADMINISTRATIVE STAFF	<b>24,864€</b> OTHER PROFILES
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## Organisation of work

One of **Ikusi**'s main aspirations is to become a benchmark in the generation of quality employment. **Ikusi**, like every company in **Velatia**, determines the aspects relating to working time, rest periods and all other applicable working conditions.

**Velatia**'s Code of Ethics, in the section on Labour Rights, states that the working time will conform to the local legislation of each country, ensuring compliance with the conventions and recommendations of the International Labour Organisation (ILO).

To promote internal communication with the staff, **Ikusi** has the following communication channels: website, intranet, notice boards in production plants, internal magazines, suggestion boxes, annual workshops, personal and direct communication with managers and management, as well as the works and health and safety committees.

From 2021, these communication channels have been extended with a new channel, the **My Velatia** application, which reaches the entire group.

## Health and safety

**Ikusi**'s commitment to health and safety is reflected in the group's sustainable development and quality, environment, safety, health and welfare policies. On the basis of these policies, the company assumes the following commitments:

- **Promote training and actions to eliminate hazards and reduce risks** to employees' health and safety.
- **Provide safe and healthy working conditions** to prevent injuries and deterioration of health.
- **Protect and improve the physical spaces** and contents of workplaces with respect to a wide range of risks, from breaking and entering to fire.
- **To guarantee insofar as possible the labour integrity** of workers in compliance with the respective sectoral regulations, which may be applied with other measures.
- **Achieve and maintain international certifications** of quality, the environment, and occupational health and safety management systems.



## Ikusi companies with ISO 145001 certification

In order to continue advancing in the commitment to safety, the following table lists the **Ikusi** companies that have successfully completed the transition from OHSAS 18001 to ISO 45001 certification.

Obtaining this certificate implies a significant improvement in all aspects related to the health and safety of the people who make up the organisation. As this is a voluntary process, it reflects **Ikusi**'s level of commitment and proactivity in this area. This certification not only demonstrates commitment to operational excellence, but also to the well-being and protection of the human team.

Business	Country	Society	Type of certification
Ikusi	Mexico	Ikusi México Micronet de México	ISO 45001
	Colombia	Ikusi Redes Colombia	OHSAS 18001 ISO 45001

## Accidents

Safety and health are priorities for Ikusi and, therefore, one of the company's strategic goals is to minimise the number of accidents by closely monitoring the evolution of the most representative indicators<sup>(2)</sup>.

The company recorded zero accidents in both 2022 and 2023. Consequently, the frequency and severity rates for both men and women were also zero in both years.

	2022	2023
Frequency index	0	0
Severity index	0	0

## Absenteeism

The **absenteeism rate** is understood as the non-compliance with the working day due to sick leave, accidents at work, leave permitted under the collective agreement, leave of absence and absence due to unpaid leave and strike hours.

In the 2023 financial year, the total number of hours of absenteeism amounts to 4,301.6 hours, 35 % less than the previous year. For the calculation of global hours, the same criteria used at the **Velatia** level have been followed.

(2) The number of hours worked by employees is theoretical, considering an estimated 145 working hours per month for each business line. Number of accidents occurring per million hours worked. Number of lost days due to accidents with leave divided by the number of hours worked per thousand.



## Training

Recognising that team training is fundamental for the growth and sustained success of the company, **Ikusi** deeply values the correct management of training. This management involves the articulation of initiatives, processes and procedures that enable genuine and effective development in all segments of the organisation. **Ikusi's** objective is to **disseminate and share the company's existing knowledge**, while at the same time progressively and increasingly cultivating the skills and competences of the personnel in tune with the business strategy. The ultimate goal is to be achieved through a commitment to continuous learning:

- Increased **efficiency and effectiveness** in job performance.
- **Better adaptation to cultural and technological changes**, enabling the company to remain competitive in a dynamic environment.

**Ikusi's** commitments regarding training, as set out in the policy approved and published in this respect, can be summarised in the following points:

- Progressively increase the **knowledge and skills** of the whole team, recognising that individual development is key to collective success.
- **Align the training** offered with the competences, values and needs identified by the company's strategy.

- Maximise collaboration and **sharing of existing knowledge** by promoting in-house training, supported by the provision of necessary resources and their efficient use.

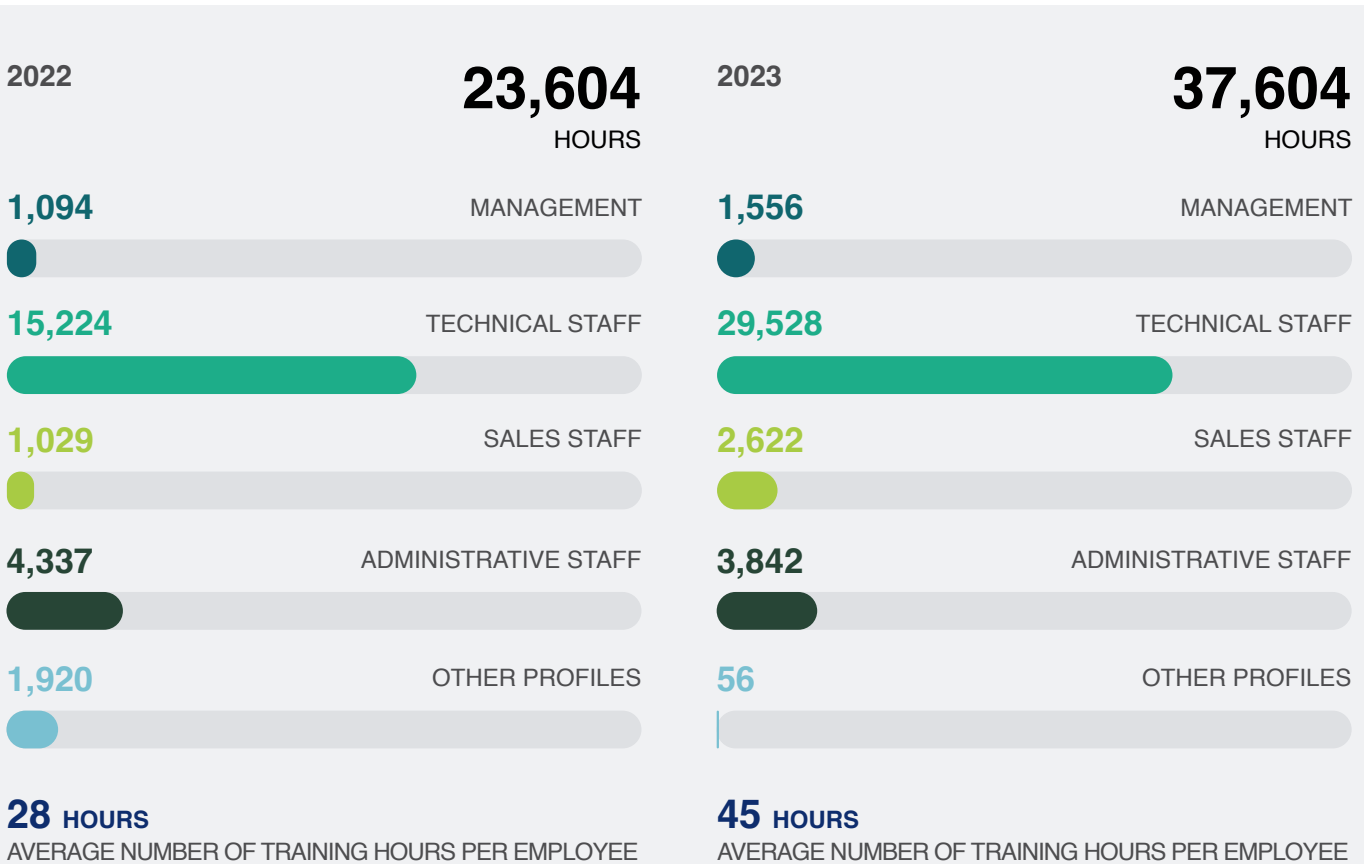
During 2023, a total of **37,604 hours** have been allocated to training activities adapted to the specific demands of each job, almost **59 % more** than in 2022 (23,604 hours). Of this total, 8,544 hours have been dedicated to the professional development of women and 29,060 to men.

The strong increase in 2023 is largely due to the special effort made in Colombia where 21,094 hours have been invested in various training programmes with a high degree of technical specialisation.

Among the data, there is a **notable increase** in 2023 for the technical staff (with an increase of 94 % compared to 2022) and for the sales staff with an increase of 155 %.

It should be noted that the main subjects taught have revolved around improving technical skills, leadership and languages (English in particular).

HOURS OF TRAINING BY CATEGORY



## Equality

Equal opportunities and diversity are intrinsic values in the company's management, reflecting its full commitment to principle 6 of the United Nations Global Compact. This principle focuses on the elimination of discrimination in respect of employment and occupation, a conviction that **Ikusi** defends with determination.

As an integral part of the group, the company is committed to complying with the guidelines set out in the **Velatia** Code of Ethics regarding equality, diversity, respect for people and non-discrimination on grounds such as race, colour, gender, sexual orientation, language, religion, political or other opinion, national or social origin, economic status, disability or other similar conditions.

In this respect, with the aim of protecting fundamental rights, **Ikusi** has designed an exhaustive **Protocol for the prevention of and action against harassment in the workplace**. The aim of this protocol is to establish the necessary measures to act effectively against any manifestation of harassment, whether of a sexual, discriminatory or psychological nature, that may arise in the working environment.

The main body for dealing with complaints or communications related to harassment is the **Committee on Ethics and Corporate Crime Prevention**. This body is responsible for managing and resolving any complaints, claims, suggestions or enquiries about situations of harassment that have not been resolved by informal procedure. Its work is vital to maintain a fair and inclusive working environment, free from any form of violence or discrimination.





## 2 | Innovation

Innovation is a fundamental aspect in all **Ikusi**'s spheres of action, but it is in the field of “**Programmability**” where its vocation towards innovation as a source of differentiation and generation of value for its clients is most clearly reflected. This concept is equivalent to the term “*DevNet*” of Cisco, one of the company's main technology partners.

To understand and value the potential of “Programmability”, it is necessary to contextualise the historical evolution of the solutions developed by manufacturers. Until a few years ago, the solutions designed by manufacturers were watertight, i.e. vendors only allowed access to the configuration of their solutions, without possibility to extract information from them or operate them from external applications. In this scenario, once the client implemented a given solution, the value that the integrator could offer his client was limited exclusively to the functionalities designed by the manufacturer.

However, in recent years, this landscape of watertight solutions has undergone a drastic and positive change. Manufacturers have opened up their solutions, making them accessible from external platforms. This has led to a value revolution

in what we could call the “API (Application Programming Interface) era”.

In this new context, **Ikusi** has been able to capitalise on its vocation for innovation. One of the most distinguishing and value-generating factors for its clients is its ability to develop proprietary software platforms that offer additional and superior value beyond what the vendor's native solution provides.

This added value makes it possible to consolidate long-term relationships with clients, backing up our support and services model (managed services), providing extra value to the solutions of their technological partners. At the same time, these partners find in **Ikusi** an innovative partner with which to optimise and customise their solutions compared to other manufacturers on the market.

The following are some of the most relevant and differentiation-generating use cases developed in recent years:



**Desarrollos sobre la plataforma Cisco DNA Center:**

- Energy efficiency: management and reduction of electricity consumption.
- Wless + WIPS (Wireless Intrusion and Prevention System) experience.
- Intelligence for Cisco Thousand Eyes (Observability).

**Developments on the Cisco - SDWan platform:**

- SP Agnostic: SP contract management.
- Dynamic bandwidth: make bandwidth dynamically and autonomously available to clients.

**Developments on the Cisco - ACI and Veeam platform:**

- Hawk2: backups of virtual machines.
- ACI operations: optimisation of operations under the ACI solution.

**Developments on the Cisco - Umbrella platform:**

- Automating Umbrella permissions management.

**Cisco Use Cases - Switches and Routers & Ensuring compliance with safety regulations:**

- **Ikusi Compliance:** agility in managing documentation for compliance audits related to equipment hardening regulations.
- Portal CX - Intelligence and Security: access to security bulletins and advisories from various information sources, manufacturers, and entities.

**Use cases on Cisco - Collector:**

- BOT IB Discovery: information retrieval via BOT from Cisco collectors.





IKUSI

### 3 | Environment

Care for the environment is a shared responsibility that must be embraced by individuals and organisations. In this sense, **Ikusi** is actively committed to environmental protection by integrating a culture of responsibility towards the environment into its corporate philosophy.

The company's commitments in this regard are reflected in its sustainable development policies, as well as its quality, environment, safety, health, and well-being policies. Since 2019, **Ikusi**'s strategy has been based on ensuring compliance with current regulations and guidelines in these areas.

These commitments are materialised in several main focuses:

- **Deliver products on time, reliably**, meeting all contractual, legal, technical and safety requirements applicable to the project.

- Responsible management and continuous improvement of quality, safety, health and environmental processes.
- **Promote a culture of prevention** and preventive training at all levels of responsibility.
- **Reduce the environmental impact** of products, processes and solutions, prioritising the minimisation of waste and the optimisation of consumption.
- **Establish and review goals and objectives** aimed at preventing pollution.

All these commitments are rooted in the conviction of sustainability as a different way of doing things. This involves aligning the company's strategic development with the concerns and needs of its stakeholders, seeking to harmonise economic profit with social commitment and respect for the environment.

The aforementioned policies seek to ensure responsible management and continuous improvement of environmental processes, as well as to foster a culture of reducing the impact generated by products, processes and solutions. This translates into the conservation of natural resources, the minimisation of waste generation through reuse and recycling, and the optimisation of resources, among other aspects.

## Provisions and insurance

In **Ikusi**'s balance sheets for the 2023 and 2022 financial years, no provisions have been recorded under liabilities for possible contingencies associated with the preservation and protection of the environment, or for known liabilities and/or compensation pending receipt.

The group's Civil Liability policy covers environmental risks, provided that the harmful actions have been caused by an accidental, sudden, unforeseeable, unexpected and unintentional cause.

## Certifications

**Ikusi** demonstrates its commitment to environmental excellence and sustainability in all its operations. Thus, the company continues to deploy its **Environmental Management System** in accordance with the most internationally recognised regulations and certifications and the highest standards of compliance, including ISO 14001.

ISO 14001 certification is the world's leading technical standard for implementing and assessing environmental management systems. Its voluntary attainment is not only a testament to **Ikusi**'s commitment to environmental protection, but also demonstrates its determination to achieve the highest levels of excellence in this area.

In Colombia, **Ikusi Redes** holds the ACERCAR certification issued by the Bogotá City Council's Environment Secretariat.

Ikusi companies with ISO 14001 certification in 2023		
Business	Country	Company
Ikusi	Mexico	Ikusi México Micronet de México

In order to guarantee the maintenance and implementation of the aforementioned certificates, **Ikusi** has a team of professionals distributed among its main production centres. These experts are assigned responsibilities such as identifying the legal requirements in environmental management, assessing their compliance, collaborating in the definition, deployment and assessment of environmental objectives, carrying out internal audits of the Quality and Environmental Management System, as well as participating in the integration of new staff members through training talks on quality management and environmental management in the company.

The main costs associated with minimising environmental impact, as well as protecting and improving it, relate to waste management and disposal, together with the purchase of specialised recycling containers.

## Pollution and climate change

In line with **Ikusi**'s strategy and commitment to the fight against climate change, the company calculates its carbon footprint in the development of its activities as an essential part of its strategy to reduce CO<sub>2</sub> emissions. This involves drawing up detailed reports on greenhouse gas (GHG) emissions in which both direct and indirect emissions are quantified. A significant achievement is the updating of emission factors in 2023, as well as the measurement of data at some locations where they were not collected in 2022, which explains the reported increases.

In the following table we show the results of the company's environmental performance in relation to GHG emissions (t.CO<sub>2</sub> eq.):

GHG Emissions (t. CO <sub>2</sub> eq.)	2022	2023
Direct (Scope 1)	27	42
Indirect (Scope 2)	332	417

Direct emissions (Scope 1) include the fuel consumed in production processes and boilers (diesel, gas), as well as the fuel of company vehicles used for commercial and assembly work purposes.

Scope 2 indirect emissions encompass electricity consumption, which raises the need to assess the associated emissions accurately. This assessment is made more complex by variations between regional grid networks. Energy consumers are faced with the task of determining the emissions from their consumption using two main approaches: the place-based method and the market-based method.

For **Ikusi**, the company decided in 2023 to report its emissions using the **market-based method**, as defined in the GHG Protocol Scope 2 Guidance. This method involves assigning emissions from energy generators according to defined contractual instruments, which include utility-specific emission factors, energy attribute certificates, and other agreements that reflect the realities of the energy market.

By adopting this approach, **Ikusi** seeks greater transparency and accuracy in the measurement of its emissions and demonstrates its responsibility in the fight against climate change.



## Circular economy

**Ikusi** firmly supports the implementation of an environmental strategy based on the circular economy, with the aim of minimising the possible negative impacts deriving from its activity and the firm intention of achieving efficient management of the waste it generates.

Activities carried out in this respect include the **implementation of various equipment recycling and reuse procedures** that promote waste disposal and reduction, providing the necessary tools for generating the least possible impact on the environment.

Furthermore, most **Ikusi** companies have contracts with companies specialising in the transport and handling of waste that cover the entire waste management process, from collection to handling and, in some cases, return for reuse, including the responsibility of both parties.

## Waste generation

Type of waste	2022	2023
Hazardous waste	49 kg	0 kg
Non-hazardous waste	950 kg	3,404 kg

Hazardous waste is that whose intrinsic properties pose risks to health or to the environment. On the other hand, non-hazardous waste is defined as waste that includes the following materials: metal scrap, paper and cardboard, plastics and wood. For **Ikusi**, the latter are mainly associated with the company's operations in Mexico.

At present, the activity carried out within the perimeter of **Ikusi** does not generate hazardous waste. Regarding non-hazardous waste, there was a significant increase in 2023 because waste removal is sometimes conducted on a schedule exceeding one year. As a result, the figure shown in the table includes some waste that was actually generated in 2022.



## Sustainable use of resources

### Evolution of energy consumption

The table shows a 10 % increase in the evolution of energy consumption compared to 2022, mainly attributed to the decrease in teleworking and the gradual return to face-to-face work.

Energy consumption	2022	2023
Electricity consumption (kWh)	980,797(*)	1,082,248
Diesel consumption (l)	-	9,992
Natural gas consumption (Nm <sup>3</sup> )	-	-
Gasoline consumption (l)	12,335	8,281

(\*) The figure for 2022 has been restated to account for invoices pending receipt at year-end.

(\*\*) This is the first year in which this indicator has been compiled, so no comparative information is provided.

### Energy efficiency

In line with its commitment to reducing energy consumption, **Ikusi** has undertaken a number of initiatives aimed at promoting and encouraging energy efficiency, such as providing a 100 % renewable electricity supply at the company's facilities in Spain and carrying out awareness-raising campaigns among the workforce on the responsible use of paper and waste management.

## 4 | Clients

**Ikusi's** vocation is to establish long-lasting relationships with its clients, based on excellent service and close relations.

The equipment and services offered by the company comply with all the safety parameters contemplated in the applicable regulations in each specific case.

As a sign of its firm commitment to quality, by the end of 2023, several of its companies around the world will be ISO 9001 certified, an internationally recognised standard that reflects its commitment to operational excellence.

### Sociedades de Ikusi con la certificación ISO 9001

Business	Country	Company
Ikusi Redes	Mexico	Ikusi México
		Micronet de México
	Colombia	Ikusi Redes Colombia

In line with this certification, the company's strategy in this aspect involves developing management mechanisms aligned with business strategies. These mechanisms include the use of scorecards (performance and result indicators), surveys, focus groups and interviews, among others, which allow us to identify opportunities for improvement in both internal performance and client experience.

### Claims and complaints system

Recognising the importance of client satisfaction as a relevant aspect in the analysis of materiality, **Ikusi** places the client experience in a preferential position, accompanying each of its actions from start to finish.

As part of **Velatia**, **Ikusi** has set up a **Claims and Complaints System** to deal with any incidents that may arise. This system guarantees that claims are received and dealt with effectively by specialised personnel, who analyse each incident individually and take the necessary measures to resolve it in an appropriate manner, complying with the company’s quality standards and ensuring client satisfaction.

Business / Country	Number of complaints received	Number of complaints resolved	Number of complaints pending resolution
IKUSI-México	8	6	2(**)

\*Data for 2022 are not provided because 2023 is the first year for which this information is recorded.

\*\*Complaints pending resolution refer to those received at the end of 2023 that are still in the process of being addressed and closed.

To facilitate this process, there is a tool for recording incidents that enables continuous improvement of the quality of the service and to take corrective action when necessary to optimise its management (Salesforce). Additionally, periodic monitoring of the claims is conducted to track their status and closure date, with evidence of the follow-up.

In addition to managing claims, and in order to generate and obtain quality relationships, Ikusi strives to meet the needs and expectations of its customers through satisfaction surveys. These surveys include indicators such as perceived satisfaction by business area and the Net Promoter Score (NPS). This valuable information helps the company assess the quality of its service, identify potential areas for improvement, and strengthen customer relationships.

Among the conclusions of these surveys, the high valuation of aspects such as the service attitude of the staff, technical knowledge, commitment to the completion of projects, the quality of the products and services delivered, the resolution of complex incidents and technical assistance stand out. These results demonstrate the company’s commitment to excellence and client satisfaction in all aspects of its operations.

Certifications held by **Ikusi**:

Name of the ISO standard	No. of companies
ISO 20000-1	2
ISO 22301	3
ISO 27001	3
ISO 27018	2
ISO 37001	2
FIRST	2



## 5 | Suppliers

Throughout 2023, **Ikusi** has continued to work towards responsible production and consumption throughout its supply chain.

The firm commitment to suppliers, in line with the group's sustainable development and purchasing policies, is materialised through the following actions:

- Extend **social, environmental and occupational hazard prevention aspects** to our suppliers.
- Establish **relationships based on reciprocity and long-term stability**, in strict accordance with the Code of Ethics.
- Respect the **principles of sustainable development**, promoting respect for human rights and compliance with local laws and regulations in the supply chain in all the countries where Ikusi operates.

To fulfil these commitments, **Velatia** has established a **regulatory framework for the purchasing function**, applicable to **Ikusi**. This framework provides common and binding guidelines to regulate the entire purchasing cycle, from identifying the need to its fulfilment. Consequently, all group businesses must subject supplier companies to an approval process, wherein these companies must commit in writing to adhere to Velatia's Purchasing Policy and Code of Ethics.

**Since 2023, Ikusi has implemented the SAP Ariba system for evaluating and approving suppliers, taking into account the specific legal and fiscal requirements of each country where it operates.** This portal offers self-management functions, confidentiality, cloud availability, as well as information visualisation tools that facilitate better monitoring and management of suppliers.

## Commitment to local suppliers

**Ikusi's** commitment to local companies through the supply chain translates into positive economic impacts on the surrounding community. Impacts that have repercussions not only in terms of direct employment, wages and taxes, but also indirectly.

**Ikusi** regularly monitors the volume of purchases associated with each geographical area, which allows it to keep the proportion of local suppliers within a significant percentage range. The figures in the table reflect its strong commitment to companies located in the main countries where it has a presence.

% expenditure on local suppliers	2022	2023
Spain	87 %	97 %
Mexico	92 %	97 %
Colombia	99 %	99 %

a particular focus on respecting human rights. A supplier is considered socially responsible when they receive a positive assessment regarding the respect for human and social rights of their employees, as outlined in the questionnaire, based on the Universal Declaration of Human Rights, the International Labour Organization (ILO) Conventions, and the United Nations Global Compact. This commitment not only constitutes an ethical responsibility but also presents an opportunity to promote sustainability and Corporate Social Responsibility.

The alignment of the corporate purchasing function with each operational department is crucial. This allows the company to know and apply best value criteria in every sourcing and/or purchasing process. In addition, this approach ensures that the company remains at the forefront in terms of **sustainability, environmental assessment and human rights**. It is a commitment to continuous improvement and adaptation to changing market demands and societal expectations.

## Sustainability in the supply chain

Sustainability in the supply chain is a fundamental pillar for the **Ikusi** companies, which seek to generate real value in their purchasing management processes. This value extends to both businesses and suppliers, with a commitment to guaranteeing solid results and favouring adaptation to the environment. This approach not only contributes to the creation of wealth and employment in local communities, but also strengthens social and environmental cohesion.

In this context, active communication has been initiated with companies interested in becoming part of the supply chain. Through SAP ARIBA, suppliers are informed about the quality, environmental, and risk prevention policies, the Corporate Social Responsibility policy, and the anti-corruption policy. As part of this process, they are required to complete a questionnaire about contractual conditions (labour relations), with



## 6 | Society

**Ikusi** promotes the principles of Corporate Social Responsibility in its activities, harmonising the advancement of its mission with the interests of the community of which it forms part and those of its stakeholders, with a lasting commitment over time. The sustainable development and social action policies established by **Velatia** guide and frame its lines of action in the social sphere.

With an approach centred on transparency and closeness, **Ikusi** places special emphasis on ensuring **clear and direct communication with its stakeholders**, ensuring that this interaction is a feedback channel for gaining an in-depth understanding of their needs and expectations. Furthermore, it supervises compliance by all the people in the organisation with the guidelines contained in the group's Code of Ethics in the development of their professional activity.

### Relationship with local communities

**Ikusi** actively participates in the development of public policies in close collaboration with the regulatory bodies that oversee Information and Communications Technologies (ICT) and electronics. Its commitment is characterised by proactive participation, firmly advocating regulations that promote the fundamental principle of sustainability. This commitment translates concretely into the integration of sustainable criteria and concepts in the design, manufacture and commissioning of the products, equipment and services it offers to the market.

With regard to institutional relationship activities and participation in business associations, all **Ikusi** people, like the other companies in the group, rigorously observe the precepts established by Competition Law. They maintain strict vigilance and ensure compliance with all relevant legal and ethical provisions in every interaction and partnership.



Determined to play a prominent role in the sectors in which it is present, Ikusi belongs to various associations related to its areas of activity, including, most notably, the following:

Associations	
<b>ADEGI (ES)</b>	Gipuzkoa Business Association
<b>GAIA (ES)</b>	Electronic and Information Technology Industries Association
<b>ASLAN (ES)</b>	Spanish Association for Standardization
<b>CAINTRA (MEX)</b>	Chamber of the Transformation Industry of Nuevo León
<b>COPARMEX (MEX)</b>	Independent, non-political, voluntary employers' organisation bringing together employers of all sizes and industries
<b>WISP MX (MEX)</b>	Wireless Internet Service Providers Association
<b>SELECT NET (MEX)</b>	Community for the Digital Transformation of Organisations in Mexico
<b>SPANISH CHAMBER OF COMMERCE (MEX)</b>	
<b>IFT (MEX)</b>	Federal Telecommunications Institute

## Forging links between education and businesses

### Talent and attraction as the backbone.

The competition for talent emerges as a vital strategic pillar for any organisation. Access to the most qualified professionals is intensifying, urging companies to position themselves to attract and retain talent, a fundamental premise for the present and future success of any organisation.

Aware of the critical importance of having a top-notch team to tackle the major challenges that arise, **Ikusi** adopts a proactive attitude, aspiring to set itself up as a benchmark in this field. In this regard, it maintains **collaboration agreements with various educational institutions** in the main markets in which it operates, with a view to nurturing its talent portfolio and fostering a joint development ecosystem.

Thus, in Colombia, **Ikusi** has consolidated inter-institutional agreements with various universities in the country, both public and private. These agreements establish the basis for collaboration aimed at facilitating internships for students enrolled in the different academic programmes in engineering. The main objective is to design a comprehensive model that promotes the attraction, retention and development of talent starting from the early stages of training.

These agreements aim to consolidate the company's presence as a national benchmark in terms of attractive, quality employment and to generate a solid base of highly qualified human resources committed to the company. Through this strategic partnership, **Ikusi** seeks to project an image of excellence and commitment to higher education and the training of highly qualified professionals, as well as its willingness to contribute to the professional growth and development of young talent.

Universities in Colombia with which the company has established agreements:

- Universidad Nacional de Colombia.
- Universidad Piloto de Colombia.
- Universidad del Sinú – Seccional Cartagena de Indias.
- Universidad Santo Tomás.
- Universidad Católica de Colombia.
- Universidad El Bosque.

In Mexico, where **Ikusi** has a well-established presence, the company has signed cooperation agreements with these four leading universities with the aim of promoting the generation of job opportunities through professional internship programmes:

- TEC de Monterrey (Instituto Tecnológico y de Estudios Superiores de Monterrey).
- Universidad Tecmilenio.
- Universidad de Nuevo León.
- Instituto Tecnológico Superior de Zapopan – Guadalajara.

In 2023, **Ikusi** renewed its commitment to the “**Training Partner**” programme in collaboration with fourth- and seventh-semester students of IT-related degrees at the TEC de Monterrey. Expert engineers from Ikusi Mexico support students in tackling challenges in the field of telecommunications networks and cybersecurity. The activities carried out range from the presentation of technologies to the generation of design ideas, the consideration of relevant aspects and guidance for applying the knowledge acquired in class, carrying out independent research and seeking advice from experts in order to find solutions to the challenges posed.

Furthermore, in the city of Guadalajara, as part of the Innovation Hub project, **Ikusi** works closely with the city's Technological Institute to train students in technologies, providing practical cases that allow them to explore the creation of services that respond to market demands.

Finally, in Spain, **Ikusi** has established a long-standing history of collaboration with educational institutions, which has facilitated the entry and growth of talent that has thrived professionally. The company currently has agreements with the following centres:

- Las Naves Salesianos Alcalá.
- Antonio Machado Secondary School.
- Alonso de Avellaneda Secondary School.
- Valle-Inclán Secondary School.
- University of Alcalá de Henares.
- Impulso 06 Formación y Educación, S.L.

## Solidarity actions

The social commitment of companies pursues the construction of a fairer, more sustainable and inclusive society. **Ikusi** shares this desire and adopts a responsible and committed attitude through initiatives that seek to contribute to improving the environment in which it carries out its activities, among them:

### Support for the Mexican Red Cross

**Ikusi** has once again shown its support for the work of this organisation by means of a donation for the purchase of material necessary for its care units.

### Celebrating Children's Day

In April 2023, **Ikusi** celebrated Children's Day in Mexico with a storytelling event involving the company's three sites in Guadalajara, Monterrey and Mexico City.

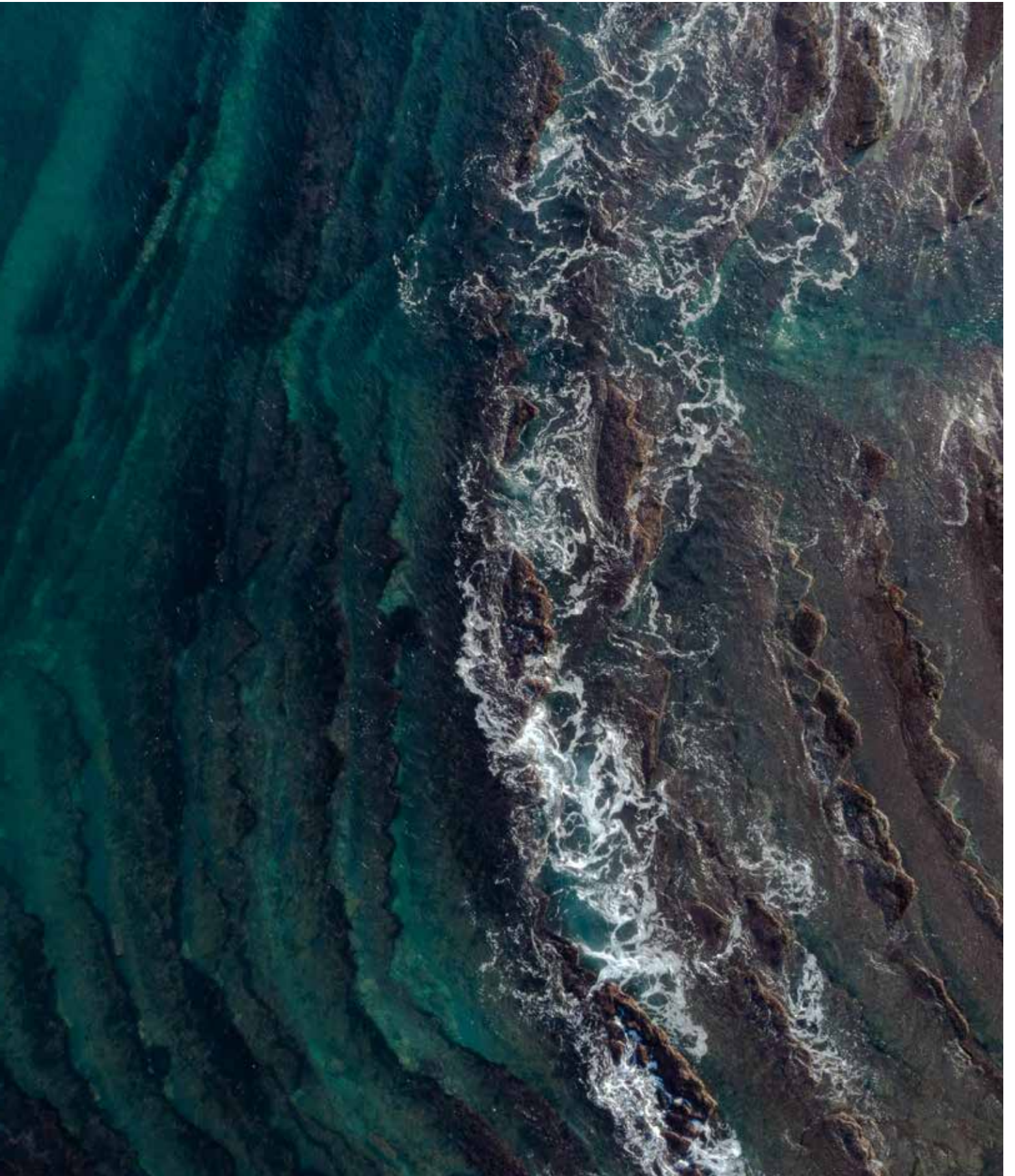
Coinciding with this day, the company also organised an **open day in Colombia** for families, where the staff's children were able to enjoy a magic show via streaming and received surprise gifts. These gestures seek to instil in them values such as perseverance and saving.







# Other businesses











**Be Velatia.  
Be sustainable**



# Part of a common sustainable goal

Under the concept of “Other Businesses”, **Velatia** encompasses companies that operate in complementary and cutting-edge sectors, such as electromechanical engineering, the aeronautical industry, energy services, the manufacture of electronic components, infrastructures for electric mobility and interruptible power systems. These companies stand out for offering advanced technological solutions that add value to their clients.

## 1 | Companies and businesses

### Idistek

#### Manufacture of electronic components

**Idistek** specialises in design engineering, industrialisation, manufacturing and testing of complex electronic cards and assemblies for clients who require high quality standards in products and services.



### Smarmec

#### Electromechanical technology and integration

**Smarmec** designs, industrialises and manufactures customised mechanical and electromechanical engineering solutions. It provides added value in unique and technologically advanced processes, as well as in joining technologies and cosmetic finishes.



### Stratenergy

#### Specialists in energy services and charging stations for electric vehicles

Energy services and electric vehicle charging stations company that promotes efficient energy demand management projects and implements energy saving measures at its clients' facilities, helping them to make investments to which they cannot devote their own resources, and monitoring their consumption to offer them continuous improvements.



### Supsonik

#### Uninterruptible Power Systems

**Supsonik** designs and manufactures uninterruptible power systems and equipment that provide quality, reliable power during a power outage. Its products are present in the electrical, industrial, naval, aeronautical and railway sectors, among others.



### Wec

#### Aeronautics

**Wec** designs and manufactures advanced parts and components used mostly in the engines and turbines of the world's leading aircraft manufacturers.

## 2 | Summary of the year

### People

The companies included in Other Businesses have, at the end of 2023, a total workforce of 512 people, a significant increase with respect to the 387 people employed in 2022. The vast majority of them (71.15 %) are located in Spain and

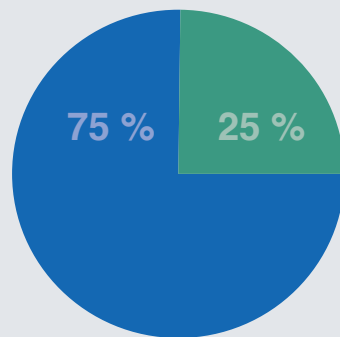
have a permanent contract (85.47 %). With regard to the distribution of the workforce by gender, the percentage of men and women is 71.37 % and 28.63 %, respectively.

#### DISTRIBUTION OF STAFF BY GENDER

2022

**387**

PEOPLE



**96**

WOMEN

**291**

MEN

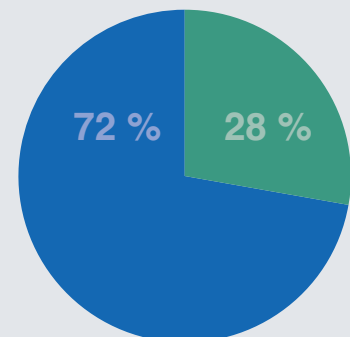
**MEN**

**WOMEN**

2023

**512**

PEOPLE



**145**

WOMEN

**367**

MEN

**MEN**

**WOMEN**

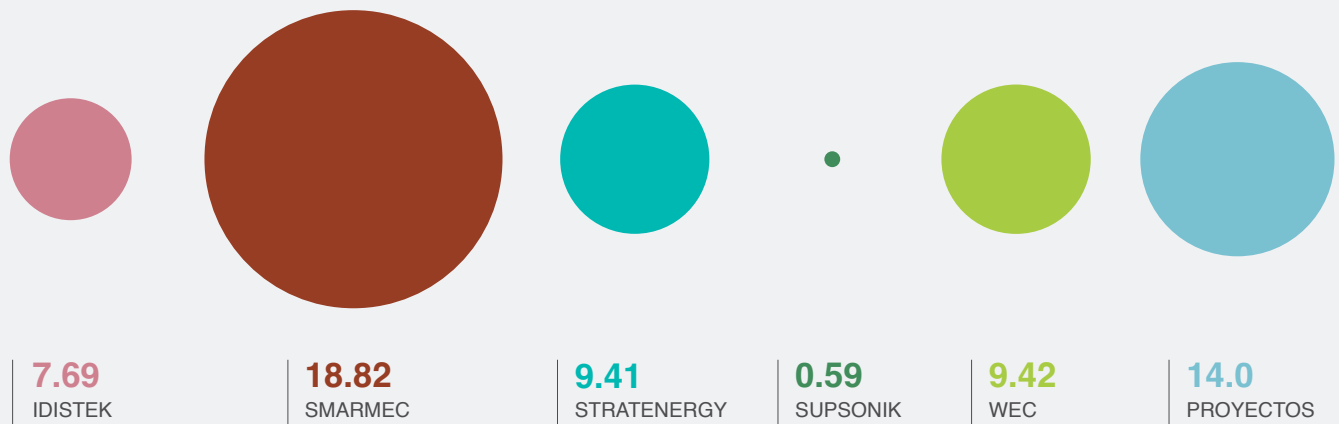




## Sales of Other Businesses

SALES IN MILLIONS OF EUROS<sup>(1)</sup>

2022



2023



(1) In the case of Smarmec, the three subsidiaries of Tecnichapa Kunshan, Smart Mechatronics and Smarmec Malaysia are officially aggregated.



## The year in review

2023 has been a good year of growth for all the businesses that make up **Velatia**. In Ventures, the overall turnover of the companies exceeded 62 million euros, which represents an increase of 4 % compared to the previous strategic period.

Below we highlight the most significant events of each of the companies during the year:

**Stratenergy** achieved three important milestones during the year. On the one hand, the planned fulfilment of the strategic plan, which underlines the effectiveness of its management and execution. On the other, the successful integration of the Mobility Area from Nexvia has strengthened its position in the market. Finally, it completed the microgrid project at the Burgos factory, demonstrating the company's commitment to innovation and sustainability.

Among the relevant milestones, it is worth mentioning a project to electrify the bus depots of the Avanza company in Segovia, as well as the completion of the decarbonisation project of a hotel of the Meliá chain, which has more than 1,000 rooms.

**Supsonik** has experienced a positive balance in a very intense year focused mainly on three strategic pillars. Firstly, it focused on developing new products and optimising the supply chain for the electricity business. In addition, it has maintained its focus on the traditional business and has made significant efforts in attracting talent, thus preparing to successfully address the objectives outlined in the next Strategic Plan 2024-2026.

The activity carried out in 2023 included the **power electronics solution for recreational boats for the company Lasai Marine, and the development of the Supsonik BESS inverter**, designed for commercial and industrial applications related to battery energy storage and electric vehicle charging infrastructures.

**Smarmec**, maintains stable growth and has completed its commercial reorganisation with the creation of **Smarmec China**, which joins the production centres it already has in Spain and Malaysia. The company continues to explore new opportunities in markets with high growth potential, such as electric vehicle chargers, with the aim of making it a pillar of the business.

During 2023, **Smarmec** has designed and manufactured a new model of 3D metal printer using LMF (Laser Metal Fusion) technology for the company Samylabs. This printer is the only one of its kind of national origin available on the market. The fusion technology was both designed and manufactured in Spain.

**Wec** continues to improve results, although it has not yet reached break-even. The recovery of the airline industry has increased demand to pre-pandemic levels for single-aisle aircraft models. The diversification of its portfolio has allowed the company to maintain its position in the market, although the tension on raw materials remains, with high prices and long lead times.

The year 2023 represents a period of recovery for **Idistek** after difficult years, closing the strategic period with an accumulated growth of 18 %. The **Velatia**-based electronic components company is making headway in high added value sectors such as electro-medicine, transport and energy, as reflected in the agreement reached with Gogo Mobility Robots, a company specialising in neuro-rehabilitation, and in the collaboration with the company ZIV Grid Automation for the manufacture of electronic cards.

Lastly, **Proyectos** has completed its spin-off from **Ikusi** in 2023, exceeding economic forecasts and with a high level of booking.

**Proyectos** is up in all verticals and geographic markets, taking advantage of increased investment, both public and private, in transport and security infrastructure.

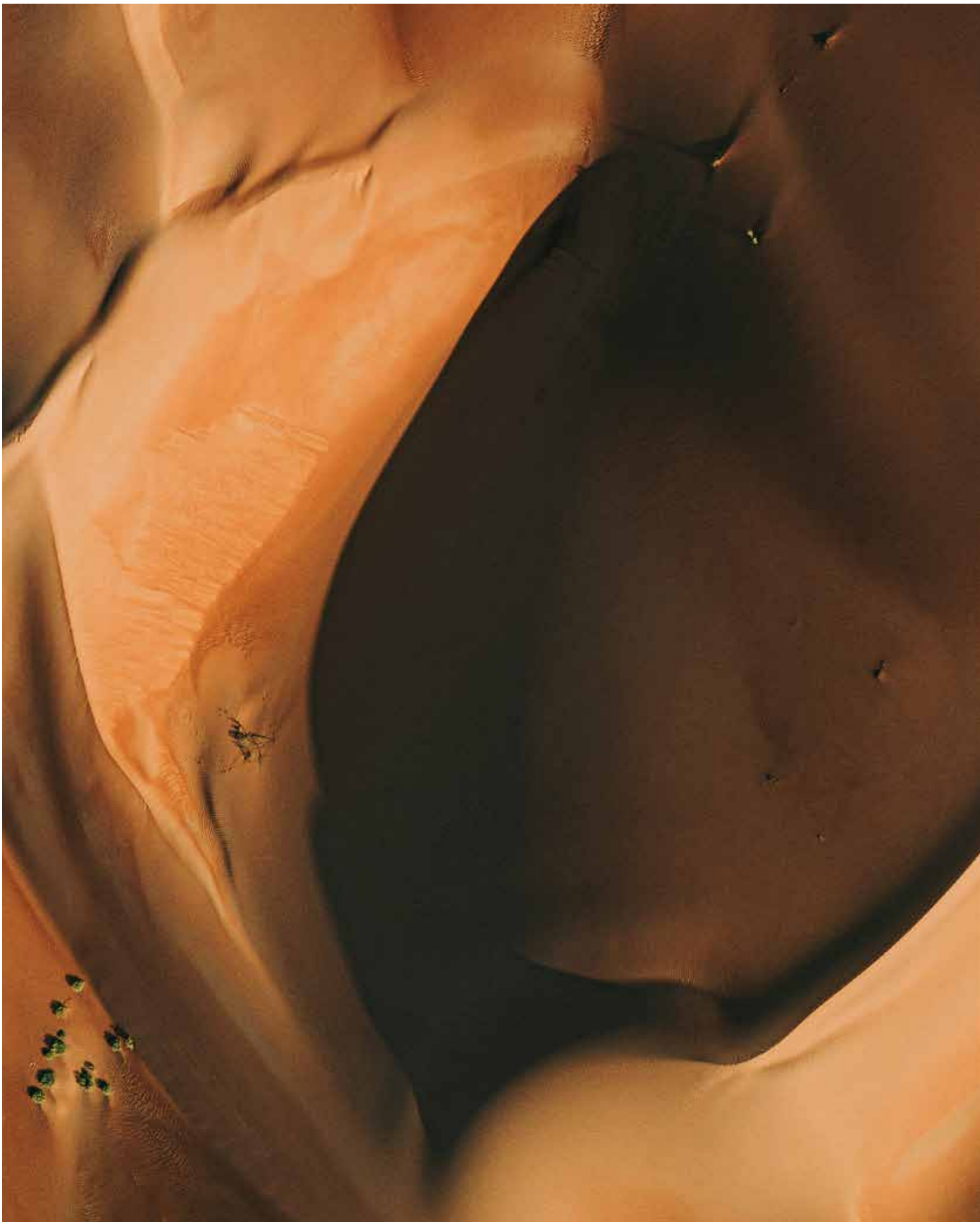
In the Airports vertical, the company has strengthened its position in Chile, where **it is extending the scope of its service at the capital's international airport, and also in Spain** with a significant volume of orders for Aena, the public company that manages the airports.

In “Embarcados” (*all aboard*), **the company renews its confidence with the operator Irish Railways** through an agreement to refurbish two train fleets. Additionally, it provides maintenance services to Talgo.

In the Mobility and Security sector, the company secured **new contracts for the Navarra A15 motorway and the technological renewal of police stations of the Ertzaintza, the Basque police force.**

It is also worth highlighting the **support of Proyectos for innovation programmes, both public and private**, for electricity and transport infrastructures (5G Euskadi project, Edge F4F, smartgrid pilot project in Puerto Lápice, Ciudad Real).

**Ventures faces 2024 from a position of confidence with a view to achieving the objectives set out in the 2024-2026 Strategic Plan.**





# | About | the report





## 1 | Scope and range

Since the publication of our first Sustainability Report in 2012, **Velatía** has worked hard to provide reliable, comprehensive and quality information on our progress in this field. This report aims to do just that.

For the development of its content, principles and guidelines have been followed with reference to the GRI Indicators for Sustainability Reporting 2021. **Velatía** declares its willingness to progress in the development of this report and in its level of compliance, prior to its verification by external entities.

In determining these contents, the following aspects have been analysed by the Sustainability Department:

- Important matters identified in the materiality analysis and that served to define the ten lines of action of the Sustainability Master Plan 2021-2023. This plan is, in turn, the guiding thread of this report for two reasons:
  - It covers the most important aspects identified.

- Through its scorecard, it makes it possible to assess the status and degree of progress of the action plans
- All the information required by the Spanish Law 11/2018 on Non-financial Information and Diversity.
- GRI indicators and the information available for 2023.

With all these elements, we have delimited the optimal set of specific basic contents to report.

## Principles underpinning the report

### Inclusion of stakeholders

**Velatia** aligns the management of relevant issues with the expectations of its stakeholders. To this end, it has dialogue mechanisms suited to its relationship with each one. In line with this commitment, a materiality review process was carried out in 2020, incorporating perspectives on relevant issues.

### Sustainability context

The purpose of this report is to translate the running of **Velatia** and its businesses into each of the three dimensions of sustainability: economic, social and environmental.

### Relevance

**Velatia** has carried out an analysis of issues of interest to find out what matters to the business and to its stakeholders.

### Comprehensiveness

In the process of preparing this report, priority has been given to information considered material, including all the significant events that took place in 2023, without omitting information relevant to stakeholders. In the event of significant changes in coverage, these have been appropriately indicated throughout the report.

Responding to the principle of “**precision and clarity**”, this report contains tables, graphs and diagrams to facilitate understanding, so that stakeholders can assess the group’s performance.

### Balance

Both positive and negative aspects are included in order to present an unbiased picture and allow stakeholders to make a reasonable assessment of the company’s performance.

### Comparability

Insofar as possible, the information included has been organised in such a way as to enable stakeholders to interpret the changes with respect to previous years.

### Reliability

The reliability of the data collected in this Non-Financial Information Statement 2023 has been checked by PricewaterhouseCoopers Auditores, S.L., the firm that has carried out its verification.

## List of material topics

### Period: 2023

**Value:** In order to identify the relevant issues in relation to sustainability that could have a significant impact on **Velatia**’s activities and operations, we carried out an analysis (taking into account the most important businesses and countries where **Velatia** has a significant presence) of the relevant sustainability-related issues, initiatives, new developments, risks and opportunities of **Velatia**’s main competitors and clients worldwide. To this end, we have taken as reference significant actors in the electricity and telecommunications sectors.

**Reporting period:** This report covers the data for the period 2023 and its comparison with the year 2022.

**Contact point for questions about the report:** Anyone wishing to request any additional information about the contents of this report may do so by contacting the Group’s Sustainability Area by email: [sustainability@Velatia.com](mailto:sustainability@Velatia.com).

## 2 | GRI indicators

The requirements according to the Spanish Law 11/2018 of December 28 and their connection with the Global Standards Initiative (GRI) reported by **Velatia**:

Contents of Law 11/2018 NFIS			
Contents	Standard used (GRI)	Chapter and section	Observations
<b>0. General information</b>			
Materiality	3-1 Process to determine material topics	<b>Section 1.7.</b> Sustainability: · Materiality analysis · Prioritisation of relevant topics	
	3-2 List of material topics		
	3-3 Management of material topics		
Brief description of the group's business model, including:  1) its business environment, 2) its organisation and structure, 3) the markets in which it operates, 4) its objectives and strategies, 5) the main factors and trends likely to affect its future development.		<b>Section 1.1.</b> Purpose, vision, values and pillars	The entities included in the consolidated financial statements are included in the Annexes to the Consolidated Report at the end of 2023 and therefore no explicit mention is included in this document.
		<b>Section 1.2.</b> Companies and businesses	
	2-1 Organisational details	<b>Section 1.3.</b> Executive summary	
	2-2 Entities included in the organization's sustainability reporting	<b>Section 1.4.</b> Governance	
	2-6 Activities, value chain and other business relationships	<b>Section 1.7.</b> Sustainability: · Lines of action, ambitions and commitments	
		<b>Section 2.2.</b> Innovation	

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Policies implemented by the group, including due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as measures that have been taken.

3-3 Management of material topics

**Section 1.1.**

Purpose, vision, values and pillars

**Section 1.5.**

Ethics and integrity

**Section 1.8.**

Sustainable Development Goals

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Main risks related to these issues in connection with the group's activities, including, where relevant and proportionate, its commercial relationships, products or services that may have a negative impact on those areas, and how the group manages those risks, explaining the procedures used to detect and assess them in accordance with national, European or international reference frameworks for each matter. Information should be included on the impacts that have been identified, providing a breakdown of these impacts, in particular on the main short, medium and long-term risks.

3-3 Management of material topics

**Section 1.6.**

Risk management

**Section 1.7.**

Sustainability

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Non-financial key performance indicators that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability.

- In order to facilitate the comparison of information, both over time and between entities, non-financial key indicator standards that can be generally applied and that comply with the European Commission's guidelines in this area and the standards of the Global Reporting Initiative shall be used, and the national, European or international framework used for each subject shall be mentioned in the report.

- The non-financial key performance indicators should be applied to each of the headings in the statement of non-financial information.

- These indicators should be useful, taking into account circumstances specific and consistent with the parameters used in its internal risk management and risk assessment procedures.

- In any case, the information presented must be accurate, comparable and verifiable Other useful information on the preparation of the document - Reporting practice.

3-1 Process to determine material topics

3-2 List of material topics

3-3 Management of material topics

**Section 1.7.**

Sustainability:

- Materiality analysis
- Prioritisation of relevant topics



## 1. Information on environmental matters

### Global Environment

1) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety, environmental assessment procedures.

2) Resources dedicated to the prevention of environmental risks.

3) Application of the precautionary principle, amount of provisions and guarantees for environmental risks.

3-3 Management of material topics - Global Environment

2-23 Commitments and policies

201-2 Financial implications and other risks and opportunities due to climate change

#### Section 1.6.

Risk management  
· Environmental risks  
· Physical risks from climate change-related disasters

#### Section 1.7.

Sustainability

#### Section 2.3.

Environment

Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment.

3-3 Management of material topics - Emissions

305-5 Reduction of GHG emissions

#### Section 2.3.

Environment:

· Pollution and climate change

Taking into account any form of activity-specific air pollution, including noise and light pollution.

3-3 Management of material topics - Environment

#### Section 1.7.

#### Sustainability:

· Materiality analysis  
· Prioritisation of relevant topics

As derived from section 1.7 Materiality Analysis, this aspect has not been considered material in the Group.

Measures for prevention, recycling, reuse, other forms of waste recovery and disposal.

3-3 Management of material topics - Environment

306-1 Waste generation and significant waste-related impacts

306-2 Management of significant waste-related impacts

306-3 Waste generated

#### Section 2.3.

Environment:

· Circular economy - Waste management

Actions to combat food waste.	3-3 Management of material topics - Environment	<p><b>Section 1.7. Sustainability:</b></p> <ul style="list-style-type: none"> <li>· Materiality analysis</li> <li>· Prioritisation of relevant topics</li> </ul>	As derived from section 1.7 Materiality Analysis, this aspect has not been considered material in the Group.
Water consumption and water supply according to local restrictions.	3-3 Management of material topics - Environment 303-5 Water consumption	<p><b>Section 2.3. Environment:</b></p> <ul style="list-style-type: none"> <li>· Sustainable use of resources</li> </ul>	
Consumption of raw materials and measures taken to use them more efficiently.	3-3 Management of material topics - Environment 301-1 Materials used by weight or volume	<p><b>Section 2.3. Environment:</b></p> <ul style="list-style-type: none"> <li>· Sustainable use of resources</li> </ul>	
Direct and indirect energy consumption, measures taken to improve energy efficiency, use of renewable energies.	3-3 Management of material topics - Environment 302-1 Energy consumption within the organisation	<p><b>Section 2.3. Environment:</b></p> <ul style="list-style-type: none"> <li>· Sustainable use of resources</li> </ul>	
Significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	3-3 Management of material topics - Environment 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	<p><b>Section 2.3. Environment:</b></p> <ul style="list-style-type: none"> <li>· Pollution and climate change</li> </ul>	
Measures taken to adapt to the consequences of climate change.	3-3 Management of material topics - Environment	<p><b>Section 2.3. Environment:</b></p> <ul style="list-style-type: none"> <li>· Pollution and climate change</li> </ul>	

Reduction targets set voluntarily in the medium and long term to reduce GHG emissions and means implemented to that end.

3-3 Management of material topics - Environment

**Section 2.3.**  
Environment

Measures taken to preserve or restore biodiversity.  
Impacts caused by activities or operations in protected areas.

3-3 Management of material topics - Environment

**Section 1.7. Sustainability:**  
· Materiality analysis  
· Prioritisation of relevant topics

As derived from section 1.7 Sustainability in the “Materiality Analysis” section, this aspect has not been considered material in the Group.

## 2. Information on social issues

Total number and distribution of employees by gender, age, country and professional category.

3-3 Management of material topics - Human Capital  
2-7 Employees  
405-1 Diversity of governance bodies and employees

**Section 1.3.**  
Executive summary  
· People data by business  
· Distribution of staff  
**Section 2.1. People**  
· (Table with the distribution of staff at year-end by category)

Total number and distribution of employment contract types.

2-7 Employees

**Section 2.1. People**  
· Distribution of staff by type of employment contract, type of working time and gender

Annual average of permanent, temporary and part-time contracts by gender, age and professional category.

2-7 Employees  
405-1 Diversity of governance bodies and employees

**Section 2.1. People**  
· Distribution of average number of employees

Number of redundancies by gender, age and professional category.	401-1 New employee hires and employee turnover	<p><b>Section 2.1. People</b></p> <ul style="list-style-type: none"> <li>· Rate of employee turnover</li> <li>· Redundancies</li> </ul>	
Average remunerations and their evolution disaggregated by gender, age and professional category or equal value.	3-3 Management of material topics - Human Capital	<p><b>Section 2.1. People</b></p> <ul style="list-style-type: none"> <li>· Average remuneration</li> </ul>	
Wage gap, remuneration of equal work or average remuneration in the company.	<p>3-3 Management of material topics - Human Capital</p> <p>405-2 Ratio of basic salary and remuneration of women to men</p>	<p><b>Section 2.1. People</b></p> <ul style="list-style-type: none"> <li>· Wage gap</li> </ul>	
The average remuneration of executives and directors, including variable remuneration, allowances, compensations, payment to long-term saving schemes and any other remuneration disaggregated by gender.	3-3 Management of material topics - Human Capital	-	For reasons of confidentiality this information is not provided.
Implementation of “right to disconnect” measures.	3-3 Management of material topics - Human Capital	<p><b>Section 2.1. People</b></p> <ul style="list-style-type: none"> <li>· Organisation of work</li> <li>· Digital disconnection</li> </ul>	
Employees with disabilities.	405-1 Diversity of governance bodies and employees	<p><b>Section 2.1. People</b></p> <ul style="list-style-type: none"> <li>· Accessibility</li> <li>· Employment of people with disabilities</li> </ul>	
Organisation of working time.	3-3 Management of material topics - Employment	<p><b>Section 2.1. People</b></p> <ul style="list-style-type: none"> <li>· Organisation of work</li> </ul>	
Number of hours of absenteeism.	3-3 Management of material topics - Human Capital	<p><b>Section 2.1. People</b></p> <ul style="list-style-type: none"> <li>· Absenteeism</li> </ul>	

Measures aimed at facilitating enjoyment of work-life balance and encouraging both parents to assume joint responsibility in this matter.	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Organisation of work · Digital disconnection
Occupational health and safety conditions.	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Occupational health and safety
Accidents at work, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender.	403-9 Work-related injuries 403-10 Work-related ill health	<b>Section 2.1.</b> People · Occupational health and safety
Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them.	3-3 Management of material topics - Human Capital 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<b>Section 2.1.</b> People · Labour relations
Percentage of employees covered by collective agreement, by country.	2-30 Collective bargaining agreements	<b>Section 2.1.</b> People · Distribution of % of employees covered by collective bargaining agreement by country
Review of collective agreements, particularly in the field of occupational health and safety.	403-4 Health and safety topics covered in formal agreements with trade unions	<b>Section 2.1.</b> People · Labour relations · Occupational health and safety
Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Outstanding activity



Policies implemented in the field of training.	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Training
Total number of hours of training by professional category.	404-1 Average hours of training per year per employee	<b>Section 2.1.</b> People · Training
Universal accessibility for people with disabilities.	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Accessibility · Employment of people with disabilities
Measures taken to promote equal treatment and opportunities for men and women.	3-3 Management of material topics - Human Capital	<b>Section 1.8.</b> Sustainable Development Goals <b>Section 2.1. People</b> · Outstanding activity · Equality
Equality plans (Chapter III of the Spanish Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of people with disabilities.	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Equality
Policy against all forms of discrimination and, where appropriate, policy for diversity management.	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Equality

### 3. Information on respect for human rights

Implementation of due diligence procedures in matters concerning human rights.	3-3 Management of material topics - Business ethics and corporate governance	<b>Section 1.5.</b> Ethics and integrity
Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses committed.	2-23 Commitments and policies 2-26 Mechanisms for seeking advice and raising concerns	<b>Section 1.6.</b> Risk management · Human rights risks
Official complaints concerning human rights violations.	406-1 Incidents of discrimination and corrective actions taken	As in 2022, no complaints of human rights violations have been received during 2023
Promotion and enforcement of the provisions of the ILO core conventions related to respect for freedom of association and the right to collective bargaining.	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<b>Section 1.5.</b> Ethics and integrity
The elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.	3-3 Management of material topics - Business ethics and corporate governance 408-1 Operations and suppliers at significant risk for incidents of child labour 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	<b>Section 1.5.</b> Ethics and integrity

4. Information relating to the fight against corruption and money-laundering

Measures taken to prevent corruption, bribery and the fight against money-laundering.	3-3 Management of material topics - Business ethics and corporate governance 2-23 Commitments and policies 205-1 Operations assessed for risks related to corruption 205-3 Confirmed incidents of corruption and actions taken	<b>Section 1.5.</b> Ethics and integrity
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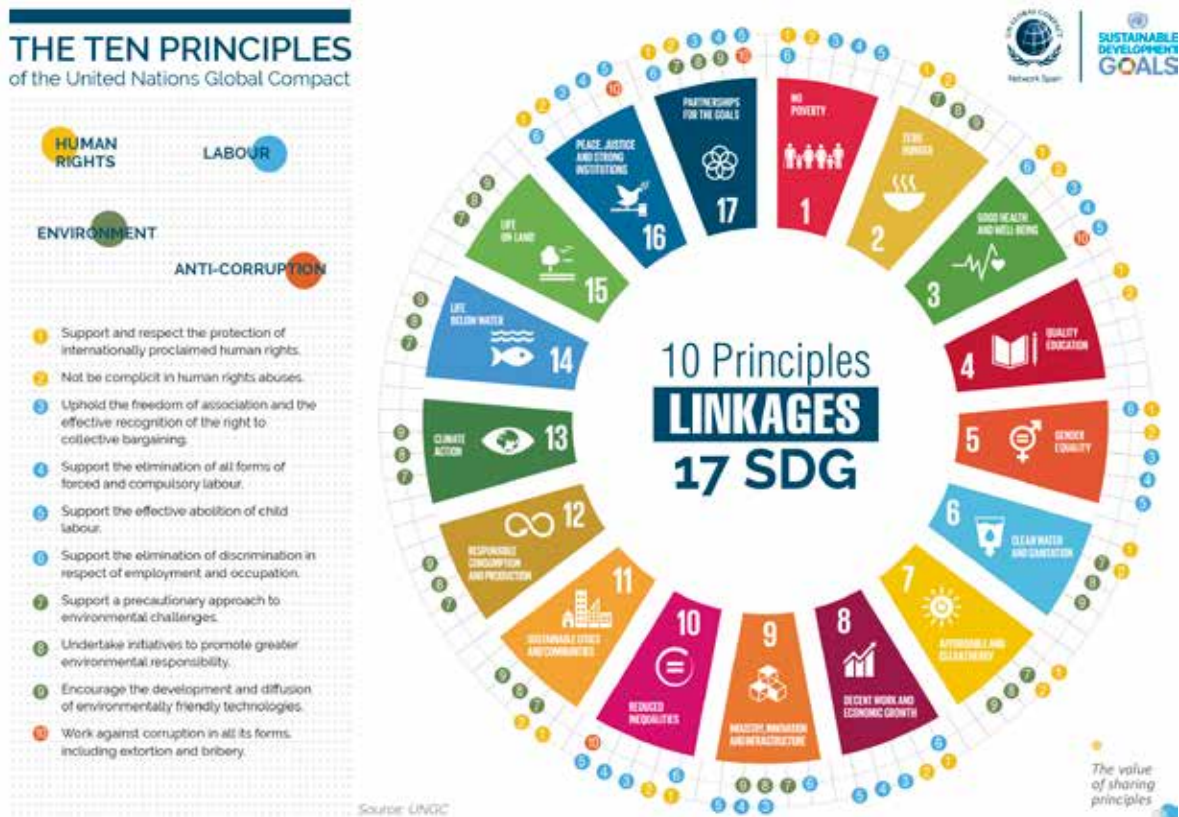
Contributions to foundations and non-profit entities.	413-1 Operations with local community engagement, impact assessments, and development programmes	<b>Section 2.6.</b> Society · Support for training · Shared knowledge · Management of social action · Social action · Cultural action activity · New support initiatives
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## 5. Information on the company

The impact of the company's activity on employment and local development; the impact of the company's activity on local populations and the territory.	3-3 Management of material topics - Impact on society 413-1 Operations with local community engagement, impact assessments, and development programmes	<b>Section 2.5.</b> Suppliers · Commitment to local suppliers  <b>Section 2.6.</b> Society
Relations with local community actors and modes of dialogue with them.	2-29 Approach to stakeholder engagement 413-2 Operations with significant actual and potential negative impacts - actual or potential - on local communities	<b>Section 1.7.</b> Sustainability  <b>Section 2.6.</b> Society · (table of analysis of the needs and expectations detected)
Partnership or sponsorship actions.	2-28 Membership of associations	<b>Section 2.6.</b> Society · (Table of Associations)
Inclusion of social, gender equality and environmental matters in the purchasing policy and, in relations with suppliers and subcontractors, consideration of their social and environmental responsibility.	3-3 Management of material topics - Responsible relations with partners and suppliers 2-6 Activities, value chain and other business relationships 204-1 Proportion of spending on local suppliers	<b>Section 2.5.</b> Suppliers
Supplier and subcontractor supervision and audit systems, and results thereof.	3-3 Management of material topics - Responsible relations with partners and suppliers	<b>Section 2.5.</b> Suppliers
Measures for consumer health and safety.	3-3 Management of material topics - Economic performance and client relations	<b>Section 2.4.</b> Clients
Complaint systems, complaints received and resolution thereof.	3-3 Management of material topics - Responsible relations with partners and suppliers	<b>Section 2.4.</b> Clients

Profits by country.	207-4 Country-by-country reporting	<p><b>Section 2.6.</b> Society</p> <ul style="list-style-type: none"> <li>· Contribution to society</li> <li>· Profits by country</li> </ul>
Profit taxes paid.	207-4 Country-by-country reporting	<p><b>Section 2.6.</b> Society</p> <ul style="list-style-type: none"> <li>· Tax responsibility</li> <li>· Profit taxes paid</li> </ul>
Public grants received.	201-4 Financial assistance received from the government	<p><b>Section 2.6.</b> Society</p> <ul style="list-style-type: none"> <li>· Grants</li> </ul>

### 3 | Correlation of Global Compact principles





## 4 | Independent external assurance report on the Non-Financial Information Statement



### Informe de verificación independiente

A los socios de Velatía, S.L.:

De acuerdo al artículo 49 del Código de Comercio hemos realizado la verificación, con el alcance de seguridad limitada, del Estado de Información No Financiera Consolidado (en adelante EINF) correspondiente al ejercicio finalizado el 31 de diciembre de 2023, de Velatía, S.L. (Sociedad dominante) y sociedades dependientes (en adelante Grupo Velatía o el Grupo) que forma parte del informe de gestión consolidado adjunto de Grupo Velatía.

El contenido del EINF incluye información adicional a la requerida por la normativa mercantil vigente en materia de información no financiera que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información identificada en el apartado "2 | Indicadores GRI" incluida en el informe de gestión consolidado adjunto.

#### Responsabilidad de los administradores de la Sociedad dominante

La formulación del EINF incluido en el informe de gestión consolidado de Grupo Velatía, así como el contenido del mismo, es responsabilidad de los administradores de Velatía, S.L. El EINF se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los *Sustainability Reporting Standards de Global Reporting Initiative* (estándares GRI) seleccionados de acuerdo a lo mencionado para cada materia en el apartado "Sobre el informe - 2. Indicadores GRI" del informe de gestión consolidado.

Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los administradores de Velatía, S.L. son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.

#### Nuestra independencia y gestión de la calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código Internacional de Ética para Profesionales de la Contabilidad (incluidas las normas internacionales de independencia) del Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (Código de ética del IESBA por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

Nuestra firma aplica la Norma Internacional de Gestión de la Calidad (NIGC) 1, que requiere que la firma diseñe, implemente y opere un sistema de gestión de la calidad que incluya políticas o procedimientos relativos al cumplimiento de los requerimientos de ética, normas profesionales y requerimientos legales y reglamentarios aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información No Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

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Inscrita en el R.O.A.C. con el número 50242 - NIF: B-79031290



Velatia, S.L. y sociedades dependientes

### Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de verificación independiente de seguridad limitada basándonos en el trabajo realizado. Hemos llevado a cabo nuestro trabajo de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 Revisada en vigor, "Encargos de Aseguramiento distintos de la Auditoría o de la Revisión de Información Financiera Histórica" (NIEA 3000 Revisada) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC) y con la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España.

En un trabajo de seguridad limitada los procedimientos llevados a cabo varían en naturaleza y momento de realización, y tienen una menor extensión, que los realizados en un trabajo de seguridad razonable y, por lo tanto, la seguridad proporcionada es también menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la dirección, así como a las diversas unidades de Grupo Velatia que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal de Velatia, S.L. para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.
- Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF del ejercicio 2023 en función del análisis de materialidad realizado por Grupo Velatia y descrito en el apartado "Análisis de materialidad", considerando los contenidos requeridos en la normativa mercantil en vigor.
- Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2023.
- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación a los aspectos materiales presentados en el EINF del ejercicio 2023.
- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2023 y su adecuada compilación a partir de los datos suministrados por las fuentes de información.
- Obtención de una carta de manifestaciones de los administradores y la dirección de la Sociedad dominante.

### Fundamento de la conclusión con salvedades

Grupo Velatia no incorpora en su EINF del ejercicio 2023 "la remuneración media de los consejeros y directivos, incluyendo la retribución variable, dietas, indemnizaciones, el pago a los sistemas de previsión de ahorro a largo plazo y cualquier otra percepción desagregada por sexo", asimismo no presenta para este indicador la información relativa al ejercicio 2022 exigido por los criterios de comparabilidad exigidos por el artículo 49.6 del Código de Comercio. Nuestra conclusión sobre el Estado de Información No Financiera Consolidado correspondiente al ejercicio terminado el 31 de diciembre de 2022 contenía una salvedad al respecto.



Velatia, S.L. y sociedades dependientes

#### Conclusión con salvedades

Basándonos en los procedimientos realizados en nuestra verificación y en las evidencias que hemos obtenido, excepto por los efectos de la cuestión descrita en la sección "Fundamento de la conclusión con salvedades", no se ha puesto de manifiesto aspecto adicional alguno que nos haga creer que el EINF de Velatia, S.L. y sociedades dependientes correspondiente al ejercicio anual finalizado el 31 de diciembre de 2023 no ha sido preparado, en todos sus aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los estándares GRI seleccionados de acuerdo a lo mencionado para cada materia en el apartado "2 | Indicadores GRI" del informe de gestión consolidado.

#### Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

PricewaterhouseCoopers Auditores, S.L.

Sergio Mateos Orcajo

18 de junio de 2024

INSTITUTO DE CENSORES  
JURADOS DE CUENTAS  
DE ESPAÑA

PRICEWATERHOUSECOOPERS  
AUDITORES, S.L.

2024 Núm. 01/24/14904

SELLO CORPORATIVO: 30,00 EUR

Sello distintivo de otras actuaciones

**velatia**





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