



**Be smart.  
Be sustainable**

**Be smart. Be sustainable**



## VELATIA

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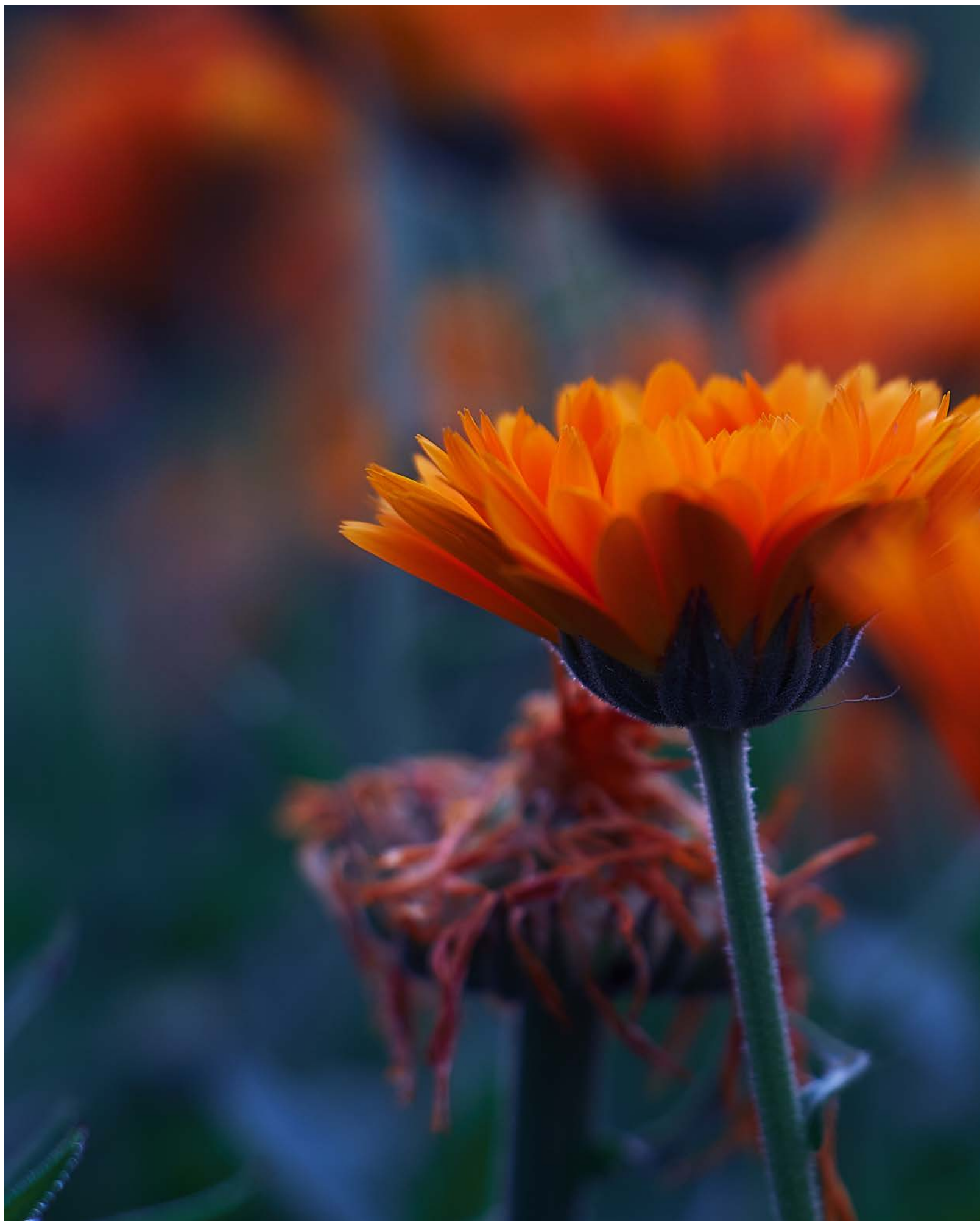
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# Be Velatia. Be sustainable

2022 marks the tenth anniversary of the publication of **Velatia's first Sustainability Report** as a substantial part of our unequivocal commitment to transparency. It is in the same spirit as this **Sustainability Report. Non-Financial Information Statement 2022**, approved by the Shareholders' Meeting on 27 June 2023.

In addition to the consolidated information on the group, this report contains specific information on the **Ormazabal** and **Ikusi** businesses, as well as the **Velatia** companies grouped under the Ventures concept.

We make this report available to our stakeholders and to anyone wishing to consult the group's performance in this area.







Dear Reader,

2022 was expected to be the year of recovery, yet it became the year of war on Europe's doorstep, escalating energy prices, inflation, rising interest rates and persistent supply problems.

In this context, at **Velatia** we continue to work on the future of the company by adapting to the changing environment and our response has once again demonstrated our capacity to adapt, whatever the scenario.

During the 2022 financial year, we continued the upward growth trend of the last ten years, reaching 834 million euros, 13 % more than the previous year, and a 5 % increase in profit. These figures support the orientation of our strategy towards sustainable profitability that generates value for our stakeholders.

The keys to **Velatia's** performance in 2022 have been in terms of sustainability and contribution to the objectives of the UN's 2030 Agenda. Thus, during this financial year we have continued to incorporate environmental, social and governance (ESG) criteria into our processes.

We highlight that, in the decarbonisation target set in our roadmap for 2030, we have already reached a 70 % achievement rate.

We are therefore committed to a strategy based on sustainable development. Furthermore, in our day-to-day management we are committed to respecting the Ten Principles of the United Nations Global Compact on human rights, labour standards, anti-corruption and the environment.

Finally, I would like to take this opportunity to thank all those who have made this project possible for their trust, hard work and efforts.

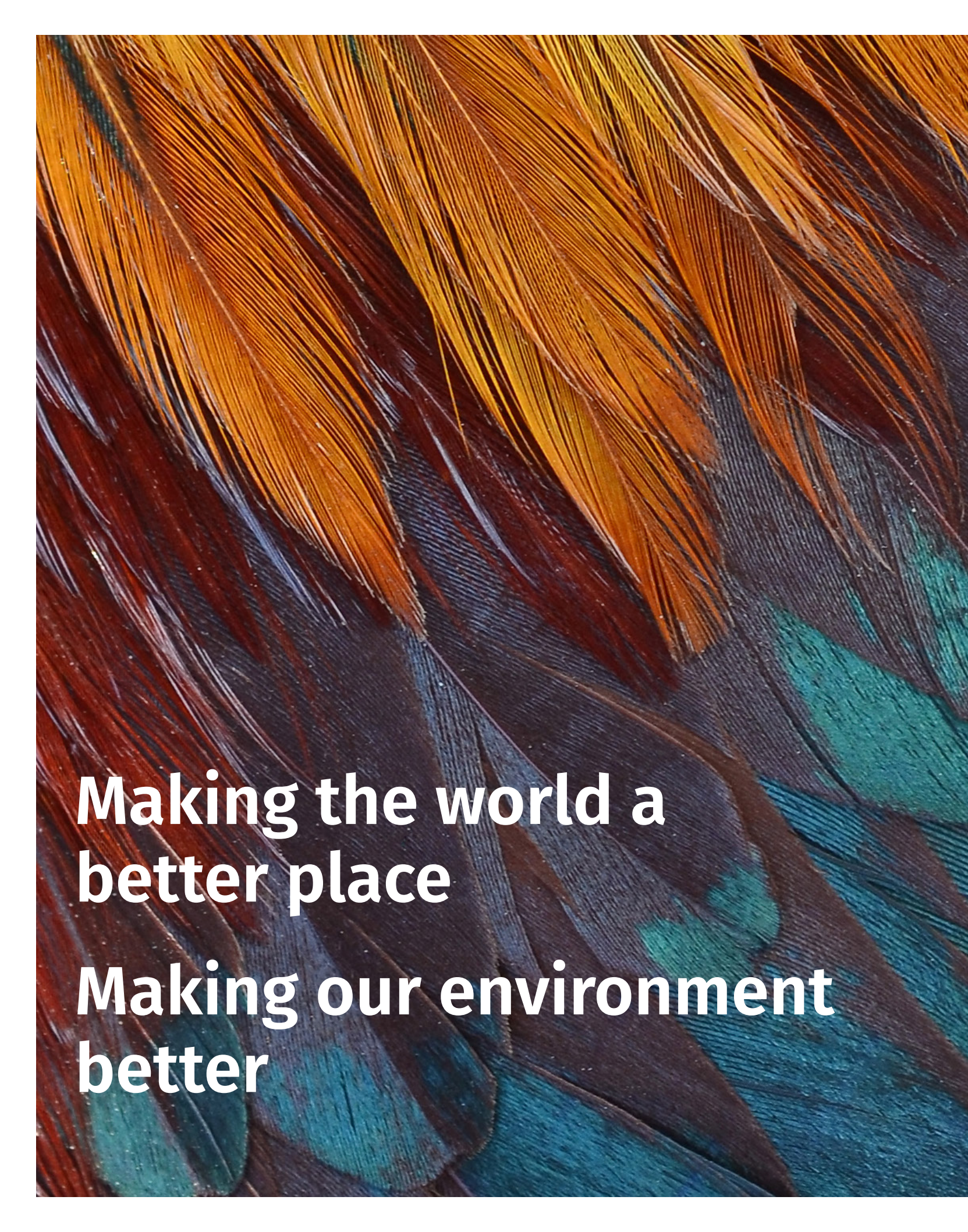
The support of the shareholders, the trust of customers and suppliers, their loyalty and involvement, especially that of all the professionals linked to Velatia, have made possible the achievements reflected throughout the report.

To all of them, I thank you for your commitment and dedication. And I invite you to read this report in more detail about our business model, our strategy and our commitments.

**Javier Ormazabal Echevarria**

President of Velatia



A close-up photograph of a bird's feathers, showing a mix of vibrant orange, deep red, and teal colors. The feathers have a fine, textured appearance with visible barbs.

**Making the world a  
better place**

**Making our environment  
better**





# 01 | About Velatia



We are a group with **strong family roots, an industrial character and a technology** vocation that works together with its customers to devise, produce and implement solutions aimed at the decarbonisation of the planet, digitalisation, connectivity, and communications security.

We are present in **nineteen countries** on five continents and a workforce of almost **3,800 people** spanning some 20 nationalities. **Velatia's** business model seeks to combine growth and **sustainable profitability** over time, generating value for

its stakeholders and for society as a whole. Local sensitivity is one of the hallmarks of our identity, which is why we strive to have a **positive impact on the communities** in which we operate.

**Velatia** has 22 manufacturing centres, a Research and Technology Centre (Centro de Investigación y Tecnología, CIT), which is among the most advanced in the world in this type of infrastructure, and a Cloud Operations, Cybersecurity and Business Experience Centre (ONCE).

## 1 | Purpose, vision, values and pillars

These are the four essential elements that shape **Velatia's** personality, those that comprise the corporate identity on which this solid business project with its sights set on a sustainable future is based and developed; guiding its strategy and focusing its activity, initiatives and decision making.

The corporate purpose is what defines **Velatia's** role or *raison d'être* in the long term. It establishes the framework within which to create and provide value in a sustainable way, meeting stakeholder expectations, making visible the responsibility of its contribution and the impact it generates around it in economic, social and environmental terms.

### Our 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 (customers, partners, suppliers, employees, the environment and society at large). Its purpose is based on excellence, technology and sustainability.**

The vision describes the kind of organisation the group aspires to become in the long term. Together with the purpose, it forms the basis of its policies and strategies.

### Our 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.**

In order to achieve the purpose described above, **Velatia** draws on its **values**, which determine the way in which its people and teams behave and operate. These are principles shared by the entire organisation, which constitute its distinguishing features and can be summed up in the following five concepts and definitions.

### Our 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.

**Velatia** defines itself as a **family** group, with a strong industrial base and technology background, with the capacity for **global** action and made up of companies that aspire to play a leading role in their sector.

Since its origins, these **five** pillars are the foundations that remain unalterable as staunch guardians of the essence and identity of the group, and they constitute its true strength and guarantee for the future (who we are, what we want to achieve, where we are going).



## 2 | Companies and businesses

These are the companies and businesses that make up **Velatia's** world:

### 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.

### Ikusi

#### Telecommunications networks, cybersecurity and digitalisation

Company specialising in information and communication technologies (ICT). It applies technology to connect, process and manage information securely and is able to link critical business processes and exploit the information generated (operational and OT solutions). In this way, it offers solutions and services aimed at communication networks, cybersecurity and digitalisation of industrial processes.

### 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 accompaniment services in the support and operation of the technology solutions of its collaborators, in order to provide customers with the technology tools that enable them to develop the processes associated with their own activity as efficiently as possible.

### Idistek

#### Manufacture of electronic components

Idistek specialises in design engineering, industrialisation, manufacturing and testing of complex electronic cards and assemblies for customers 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

**Stratenergy** specialises in energy services and charging stations for electric vehicles and implements efficient energy demand management projects, as well as energy-saving measures at its customers' premises, helping them to undertake investments to which they cannot devote their own resources, and monitoring their consumption to offer them continual 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.

### Gosa

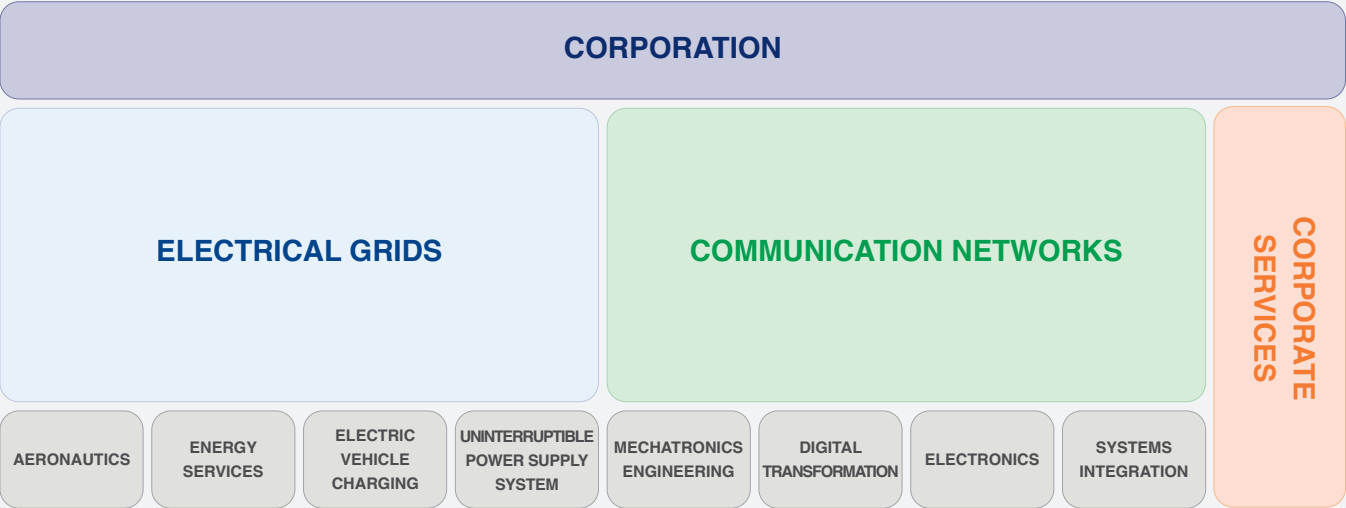
#### Administration and Finance

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

Brand architecture



Structure and companies



## We continue to grow despite disruptions

### 3 | Executive summary

#### The year in review

In financial year 2022, the global economy was hit by a series of severe and mutually reinforcing shocks.

This combination has created a scenario of great instability: rising inflation, high interest rates, rising energy prices, rising commodity costs and supply shortages.

The year began with uncertainty as to whether, on a global scale, inflation would continue to rise or stabilise, something that had been brewing since 2021 as a result, among other reasons, of the reversal of the monetary expansion policy that central banks on both sides of the Atlantic adopted to mitigate the effects of the pandemic.

In this context, on 24 February 2022 came the invasion of Ukraine. Electricity prices, which had already been rising since the middle of the previous year, shot up to extreme levels in Europe (411 % in Spain and Portugal and 336 % in France, to give just a few examples, in the first quarter of the year).

Central banks' action to combat record inflation was accompanied by a rapid rise in interest rates. The European Central Bank raised them from near zero to 2.5 % between July and December and the US Federal Reserve closed the year with a further increase (its seventh) in the price of money, taking it to 4.5 %.

Added to this mix is the continuation of the disruptions in global supply chains that began in 2021. The supply of materials and components has not fully recovered and remains at reduced capacity causing severe shortages around the world, putting companies under enormous pressure to meet deadlines and targets. The pandemic and its aftermath highlighted the fragility of these structures and the invasion of Ukraine has accentuated their vulnerability.

Ingredients that add to the trade tension between the United States and China; the contraction of the Asian giant's economy as a consequence of the zero COVID policy adopted by the country, whose restrictions did not end until the end of 2022; global political instability; the crises derived from climate change..., among other sources of conflict.

This is the unique cocktail that businesses have to deal with.

Despite this context, **Velatia's** ability to adapt, together with the strategic discipline based on common values and the enormous effort made by the entire workforce, has enabled us to continue growing this year.

## 2022 has been a good year

**Velatia** once again improved results in 2022, far exceeding the targets set for the year. The group's consolidated turnover stands at 834 million euros, which represents a 13 % growth compared to the previous year, generating a profitability of 5 %.

We continue, therefore, on the path of sustainable profitability, which is the path we are following under the guidance of our Strategic Plan. Profitability understood not only as sustainable results over time, but also as a loyal and firm commitment to our environment and the future of the planet.

Thus, we continue to make progress in our particular roadmap towards decarbonisation, one of the great challenges we face in sustainability. We have set a target of a 68 % reduction in our Scope 1 and 2 emissions by 2030, and we have already achieved 58 % in relative terms. 42 % of the energy we consume is from renewable sources, we have improved energy efficiency with investments in energy savings and increased the reuse of the resources we use. In addition, in 2022 we have started to measure Scope 3 emissions, which are emissions that occur outside our facilities, such as the carbon footprint generated by transport to the workplace.

In addition, this year we have extended the criteria for the approval of our suppliers to encourage the incorporation of environmental, social and governance (ESG) criteria in their processes.

Within our General Human Rights Management framework, which is inherent to our DNA, in 2021 we launched the Due Diligence project in this area and throughout this financial year we have worked intensively on its deployment in the different countries and organisations of the group.

## Nexvia becomes a wholly integrated part of the electricity business

**Velatia** continues to strengthen its position in the face of the great opportunities that are emerging in the electricity and information and communication technologies sectors. In this context, we have acquired 40 % of Nexvia, which is now fully integrated into the group's electricity business under the name of **Stratenergy Charging Stations**. Likewise, the purchase of 100 % of Aryse was completed, which became **Ikusi Tech**, thus completing the merger of the company.

In relation to people, the current global context of growing social, political and economic uncertainty has highlighted the need for specific development of the competencies that form part of leadership capacity. With this objective in mind, the Leadership Model has been deployed in the organisation and different resources for its development have been validated. Likewise, in order to develop internal talent, we have deployed the performance assessment process and Individual Development Plans (IDPs) throughout the organisation, which will enable talent management to be more closely tailored to the needs of each professional profile. In addition, the ARCO and Integration programmes continue to be successfully developed as part of the actions aimed at meeting the challenge of attracting and integrating young talent.

The impact of our brands continues to grow, with more than 900 media appearances and a potential audience of 750 million people. Internally, we are generating a much more agile and functional communication ecosystem through the deployment of the My **Velatia** application. Throughout the year, this internal communication tool has been deployed in different countries in Europe and the Americas, surpassing the symbolic figure of 2,500 users.

We continue to look to the future and so we continue to invest in the digitisation of processes that bring us greater effectiveness and/or efficiency. During 2022 we have incorporated new collaborative tools such as Office 365, which facilitates teamwork (there are currently more than 600 work groups) and secure access to information from anywhere in the world. In addition, the supplier portal has also been launched, which will allow us to more accurately monitor our supply chain, which contains around 1,200 references.

On the other hand, **Gosa**, our shared services unit, has implemented business support processes and tools such as the automation of employment contracts, the automation of the employment and termination processes, unified bank reporting and the digitisation of travel expenses.

With regard to IT security, one of the major threats companies face today, this year we deployed new tools and services to reduce risks, such as multi-factor authentication. Likewise, SD-WAN software has been implemented in ten **Velatia** headquarters, a new network model that improves the control and availability of communications, and will be extended to the entire organisation.



### **Synergies: Ormazabal and Ikusi's pioneering pilot project to guarantee quality electricity supply**

Taking advantage of the synergies and the capacity of our companies to provide innovative solutions, **Ormazabal** and **Ikusi** have launched a pioneering pilot project in Europe that will help to guarantee a quality electricity supply at all times. High-level innovation to digitise the electricity grid.

In addition, together with Mercedes-Benz, **Ormazabal**, **Stratenergy** and **Supsonik** have managed to include a project for the development of the Electric and Connected Vehicle in the Spanish Strategic Projects for Economic Recovery and Transformation (PERTE\_VEC), a public-private collaboration instrument set up by the Spanish Government, in which the different public administrations, companies and research centres collaborate. Its aim is to promote major initiatives that clearly contribute to the transformation of the Spanish economy. In this way, joining forces and capacities, with the certainty of advancing on the path of sustainable growth, we face 2023, a year of reflection and definition of a new strategic period.

## EVOLUTION OF TURNOVER

2021

2022

**TURNOVER**  
(millions of euros)

**736**  
MILLION

**834**  
MILLION

**EBITDA**  
(% of turnover)

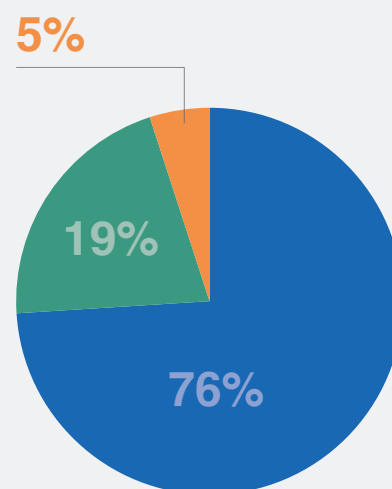
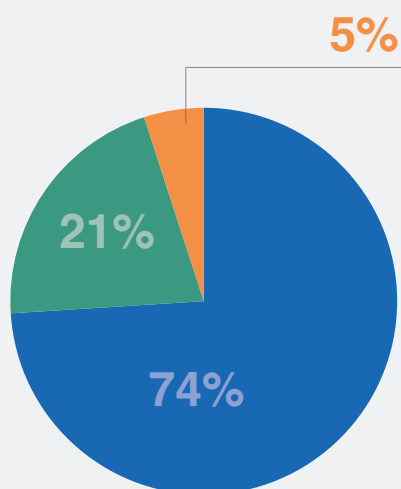
**2.8%**

**11%**

## % OF TURNOVER OF EACH BUSINESS

2021

2022



ORMAZABAL



IKUSI



OTHER



PEOPLE BY BUSINESS

2021

**3,789**  
PEOPLE

**2,444**

ORMAZABAL

**930**

IKUSI

**415**

OTHER

2022

**3,765**  
PEOPLE

**2,456**

ORMAZABAL

**828**

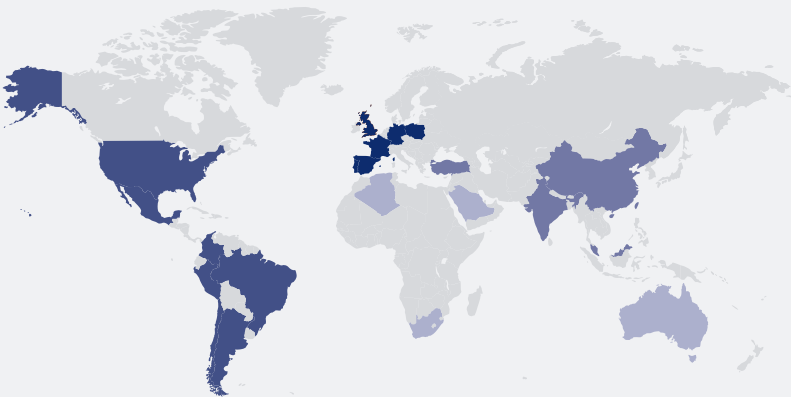
IKUSI

**481**

OTHER

DISTRIBUTION OF STAFF BY CONTINENT

2021 | 3,789 PEOPLE



<b>2,477</b>	<b>870</b>	<b>427</b>	<b>15</b>
PEOPLE	PEOPLE IN	PEOPLE	PEOPLE IN THE REST
IN EUROPE	THE AMERICAS	IN ASIA	OF THE WORLD

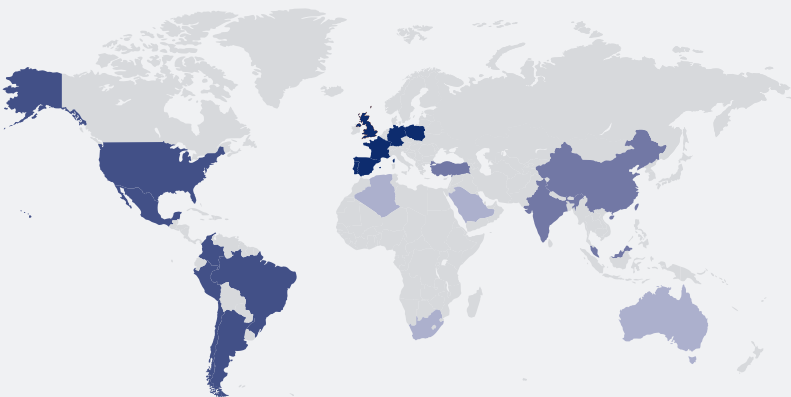


**23%**  
THE AMERICAS

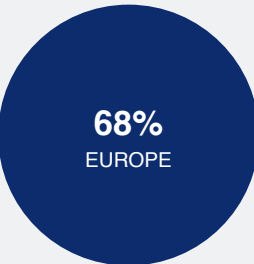
**11%**  
ASIA

**<1%**  
REST OF THE WORLD

2022 | 3,765 PEOPLE



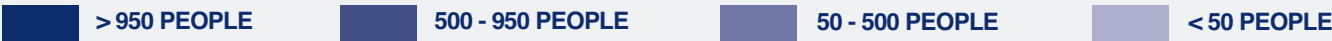
<b>2,542</b>	<b>837</b>	<b>376</b>	<b>10</b>
POPLE	PEOPLE IN	PEOPLE	PEOPLE IN THE REST
IN EUROPE	THE AMERICAS	IN ASIA	OF THE WORLD



**22%**  
THE AMERICAS

**10%**  
ASIA

**<1%**  
REST OF THE WORLD





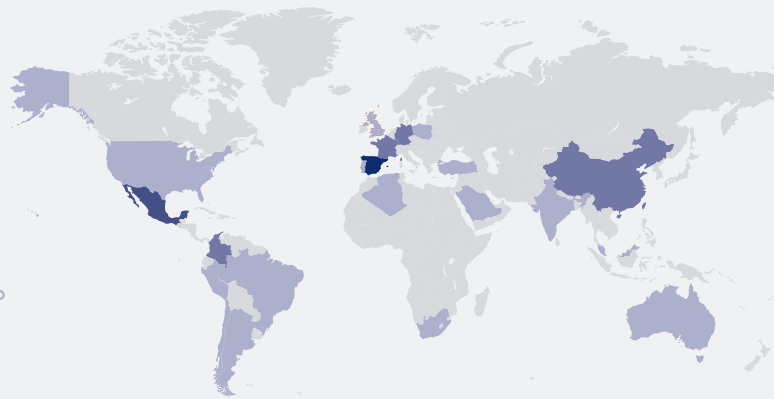
## DISTRIBUTION OF STAFF BY COUNTRY

## 2021 | 3,789 PEOPLE

MEXICO **706** · 19%  
 COLOMBIA **79** · 2%  
 BRASIL **35** · 1%  
 ARGENTINA **29** · 1%  
 CHILE **12** · <1%  
 PERU **5** · <1%  
 USA **4** · <1%

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

OTHER COUNTRIES **85** · 2%



SPAIN **2,225** · 59%  
 FRANCE **128** · 3%  
 GERMANY **90** · 2%  
 UNITED KINGDOM **20** · <1%  
 PORTUGAL **10** · <1%  
 TURKEY **12** · <1%  
 POLAND **4** · <1%

CHINA **364** · 10%  
 MALAYSIA **48** · 1%

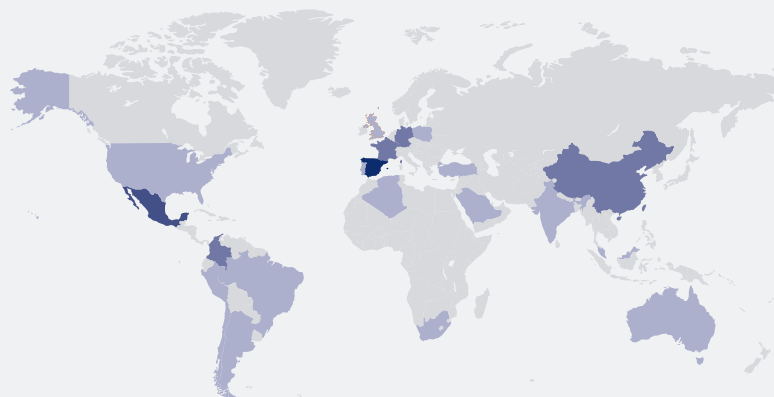
AUSTRALIA **9** · <1%

## 2022 | 3,765 PEOPLE

MEXICO **669** · 18%  
 COLOMBIA **94** · 2%  
 BRASIL **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%

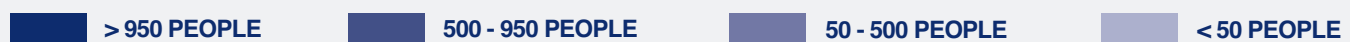
OTHER COUNTRIES **79** · 2%



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%

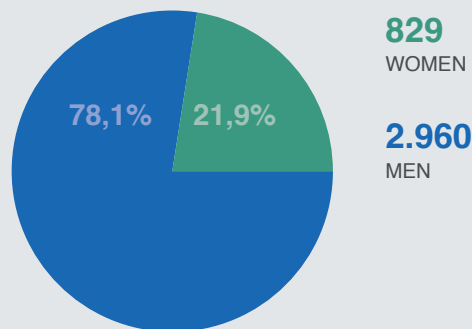


The heart and soul of **Velatia** is its global, multicultural, committed and qualified team of **3,765 people** at the end of 2022, 67 % of whom are located in Europe, mainly in Spain (61 %), and 33 % in other continents. The profile is that of a dynamic and young organisation—77 % are between 26 and 51 years of age—and with a greater male presence (77 % men and 23 % women). Professionals from different parts of

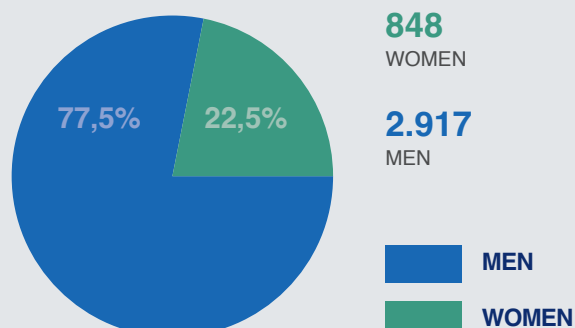
the world and different businesses who have the following in common: rigour and commitment to a job well done, the spirit of innovation, an interest in continual learning, commitment to sustainability and engagement with the objectives of the group businesses they form part of.

#### DISTRIBUTION OF STAFF BY GENDER

2021 | 3,789 PEOPLE



2022 | 3,765 PEOPLE



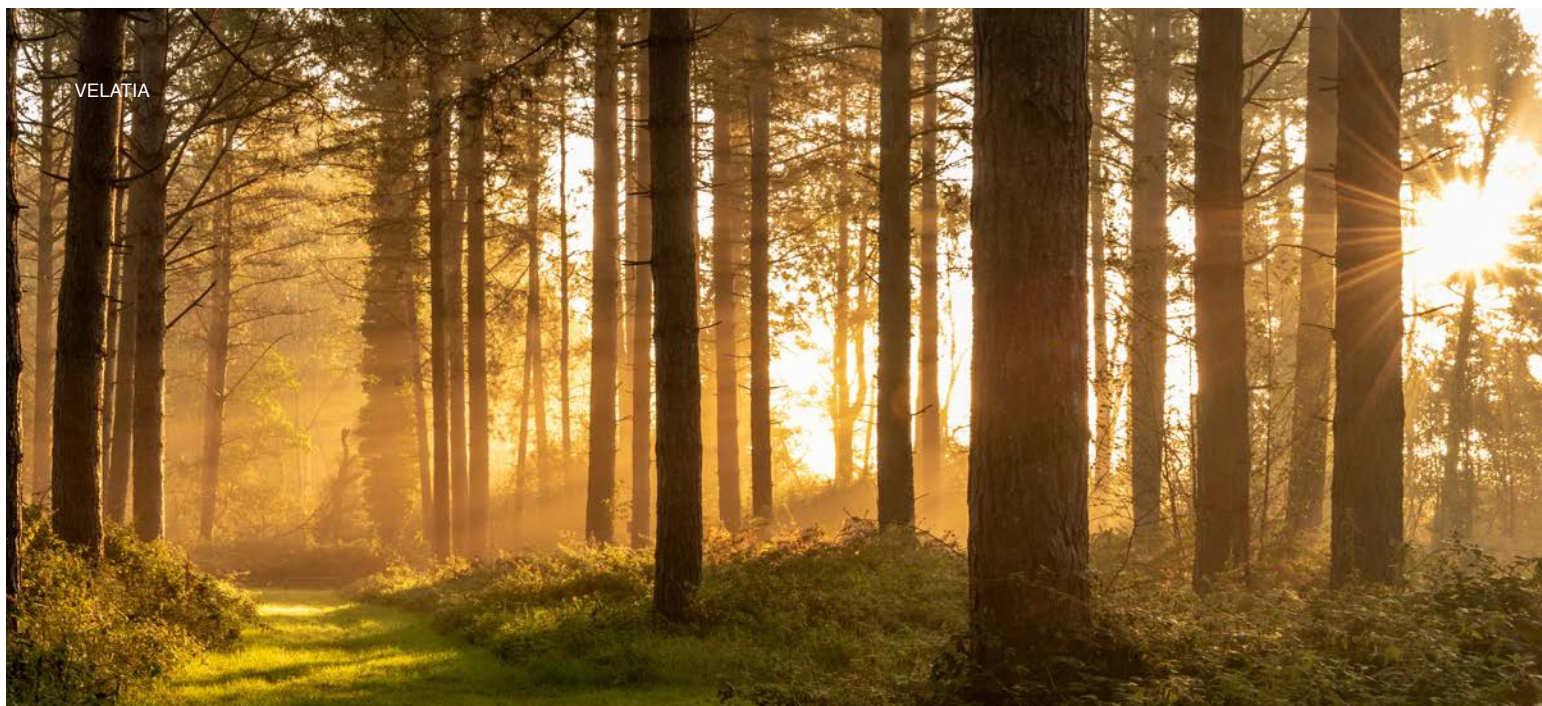
#### DISTRIBUTION OF STAFF BY AGE

2021 | 3,789 PEOPLE



2022 | 3,765 PEOPLE





## 4 | Governance

### Good governance

The General Meeting of Shareholders is the sovereign body of **Velatia**. As a corporate body, the Articles of Association set out the functioning, organisation and responsibilities of the General Meeting.

#### Board of Directors

Except in those matters reserved to the competence of the General Meeting, the Board of Directors is the highest decision-making body of the Company as it is legally and statutorily entrusted with the administration and representation of the Company.

The powers of the Board of Directors include:

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

The Board's policy is to delegate the day-to-day management of the Company to the general managers and to concentrate its activity on the general supervisory function, directly assuming and exercising the responsibilities that this function entails.

The Rules of Procedure of the Board of Directors, updated in 2021, is the document that establishes the basic rules for the organisation and functioning of the Board, as well as the rules for the selection, appointment, re-election, termination of office and conduct of its members.

The social interest is understood as the achievement of a profitable and sustainable business in the long term that promotes its continuity and the safe maximisation of the economic value of the company. To this end, in addition to compliance with laws, regulations and behaviour based on good faith, ethics and respect for commonly accepted customs and good practices, the Board must seek to reconcile its own corporate interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and on the environment.

**Velatia** complies with the recommendations of the **Code of Good Governance and Spanish Law on Corporations**, applicable to it in terms of the structure of the Board (its size and type).

Its regulatory framework is established by the Articles of Association, the Rules of Procedure of the Board of Directors, the respective regulations of the committees, and the Code of Ethics that the organisation has adopted.

The Board is composed of seven members and its president, Javier Ormazabal Echevarria, who is also the group's chief executive. Its duties are defined in the Rules of Procedure.

The Board has three advisory committees (Audit and Compliance Committee, Appointments and Remuneration Committee and Sustainable Development Committee), in all cases chaired by independent directors, and two advisory councils (Ormazabal Advisory Board and **Ikusi** Advisory Board), a measure that contributes, among other things, to curbing any risk derived from the concentration of powers.

The figure of the secretary and legal adviser ensures that the Board acts in accordance with the law and with the articles of association and rules of procedure.

In order to avoid conflicts of interest in the highest governing body, directors are obliged to communicate to the Board any situation that might arise in this context. Any director in such a situation must, in accordance with prevailing legislation, refrain from intervening in matters where there may be a conflict between the interests of the company and those of the executive directors and/or related parties. Independent directors are responsible for overseeing any transactions that could possibly give rise to a conflict of interest.

Finally, the annual accounts reflect transactions with associated enterprises, such enterprises therefore being 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

Ms. Begoña Ormazabal Echevarria (3) - Proprietary

Mr. Ramón Sotomayor Jauregui (2) (5) – Independent (\*)

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

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

#### SECRETARY (NON-BOARD MEMBER)

D. Javier Bicarregui Garay

(\*) From 01.01.2022 changes to external (non-independent) director.

### Advisory committees and advisory councils

The composition of the advisory committees is based on the principles of transparency and independence and is regulated by the Board's rules of procedure. The advisory committees deal with the following specific areas of activity: the Audit and Compliance Committee, the Appointments and Remuneration Committee and the Sustainable Development Committee, while the two advisory councils focus on the **Ormazabal** and **Ikusi** businesses.

#### Audit and Compliance Committee (1)

The activities of the Audit and Compliance Committee, composed of four directors (two independent and two proprietary), focus on these aspects:

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

Mr. Javier Bicarregui Garay is also part of the committee as secretary (non-member).

#### Appointments and Remuneration Committee (2)

The Appointments and Remuneration Committee, composed of three members (two independent and one proprietary), performs 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.
- Examining and submitting to the Board proposals for the appointment of senior management.
- Propose the remuneration policies for directors.
- Be aware of and review senior management remuneration policies.
- Overseeing the development of the senior management team, performance evaluation, succession planning and reporting on issues that may involve conflicts of interest.

Mr. Alex Otaegui Furriel is also part of the committee as secretary (non-member).

#### Sustainable Development Committee (3)

The committee focused on the monitoring and fulfilment of sustainability objectives in Velatia has, among other, the following competencies:

- Periodically review the Sustainable Development Policy and propose its approval, modification and updating to the Board.
- 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.
- Monitor the organisation's sustainability performance.
- Evaluate and review action plans and report to the Board.

- Monitor the group's contribution to the achievement of the Sustainable Development Goals (SDGs).

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

#### Ormazabal Advisory Council (4)

Advisory body strictly limited to the business field, its main purpose being to support Ormazabal's business by providing its 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.
- Control budget management.
- Propose major decisions on investments, sale of assets, mergers, etc.
- Assess and propose the authorisation of strategic alliances.

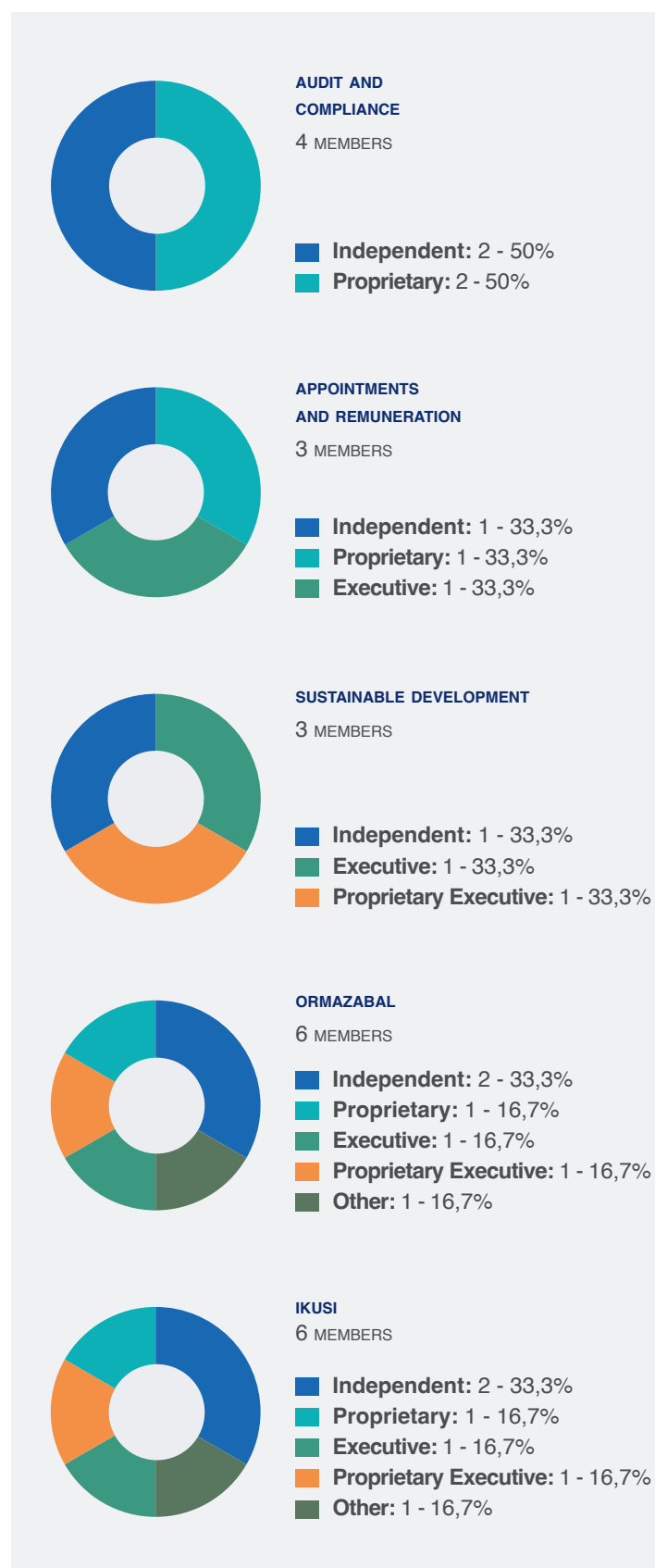
It is made up of five members, four of them belonging to the Board of Directors. Mr. Jorge González Somavilla, as a permanent member, and Mr. Alex Otaegui Furriel, as secretary (non-member), are also part of the Advisory Council.

#### Ikusi Advisory Council (5)

Advisory body strictly limited to the business field, its main purpose being to support **Ikusi's** business by providing its collaboration and advice. To this end, it has, among others, the following powers:

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

It is made up of six members, three of whom belong to the Board of Directors. Mr. Francisco Garza Zambrano, Mr. Francisco Garza Egloff (until 17 April 2022) and Mr. Iñaki Maiz Elizaran, as permanent members, as well as Mr. Alex Otaegui Furriel as secretary (non-member), are also part of the Advisory Council.



## 20 years aligned with the principles of the Global Compact, an initiative that leads the world in corporate sustainability

### 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.

All of them make up **Velatia's** corporate identity, guiding it towards the achievement of its business goals and objectives, knowing that none of this is possible without an advanced position in environmental compliance and against 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 and with which it interacts, thus contributing to the Sustainable Development Goals.

#### Code of Ethics

**Velatia's Code of Ethics** determines the set of principles and guidelines for conduct aimed at guaranteeing the ethical and responsible behaviour of all the people connected with the organisation—managers, employees and the supply chain—in the performance of their duties. 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 leads business sustainability throughout the world. 2022 marks twenty years since the group signed up to this agreement on human rights, labour standards, environment and anti-corruption. This was in 2002, making Velatia one of the first Spanish business organisations to sign up to the initiative.



## Policies and commitments

If **Velatia's** values are the essence of the behaviour of the people in the organisation and embody its deepest convictions, the **ethical principles** define the standards of action expected of its professionals, which together make up the framework of the general rules 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 identify it.

These policies are the driving force behind all the activities carried out in a given area, marking out the playing field and the type of management that each of them is intended to achieve. In short, they provide the necessary autonomy that the people in the organisation need to have when performing their duties, providing guidelines on how to operate and behave with each other and with regard to external stakeholders.

In 2022 **Velatia** has approved a **Digital Disconnection Policy** that aims to promote measures to respect rest time.

## Committee on Ethics and Corporate Crime Prevention

The body in charge of ensuring compliance with the Code of Ethics is the Committee on Ethics and Corporate Crime Prevention. It is made up of the directors of: Corporate Affairs, Finance, Legal Advice and Internal Audit. Among others, its functions are to:

- **Disseminate the Code of Ethics among the staff.**
- Resolve any issues that may arise as regards its **interpretation**, as well as offer guidance on how to act in case of doubt.
- Evaluate and report **compliance** with the code, as well as provide a **channel of direct and independent communication** in order to report possible breaches.
- **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 takes care of the following aspects:

- 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.

There are three ways to access the Ethics Channel: through the corporate website ([www.velatia.com](http://www.velatia.com)), in the "Code of Ethics" section, via the **My Velatia** application and also the email [ethics@velatia.com](mailto:ethics@velatia.com) specifically set up by the Committee for this purpose. Likewise, any employee may report any breach or violation of the Code of Ethics by informing those responsible directly.

In 2022, one (1) complaint has been received, compared to three (3) in 2021, through the Ethics Channel, categorised as "Fraud / Conflict of interests / Corruption". This has been duly analysed and fully resolved through the established procedure, the appropriate checks being carried out to ensure and maintain minimum levels of risk.

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 make them more widely known and used.

As a noteworthy element, the induction process includes a package of corporate policies, including training on the Code of Ethics and the Ethics Channel, protocols and webinar manuals with relevant information about the company and useful information for employees.

Likewise, the entire management team has signed the acceptance of the Code of Ethics.

## Combating corruption and bribery

En relation to measures taken to prevent corruption and bribery, **Velatia** has a **Crime Prevention and Anti-Corruption Policy** designed to act as a genuine beacon of constant vigilance and control with regard to any fraudulent conduct or act of corruption that may occur within the company.

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:** ipromoting a preventive culture based on the principle of “zero tolerance” towards wrongdoing and corruption.
- **Self-monitoring:** promoting processes of self-monitoring of actions and decision-making by management and staff so that any actions taken are based on four basic premises:
  1. That they are ethically acceptable.
  2. That they are legally valid.
  3. That they are desirable for 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.
- **Favour transparency:** creating an environment of transparency, maintaining the appropriate internal channels to encourage the reporting of possible irregularities, unlawful acts or acts contrary to the Code of Ethics, without taking any type of reprisal against persons who have reported them through the established channels.
- **Investigating 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. This process is the one that was considered for the complaint mentioned in the previous section.
- **Training and awareness-raising programmes:** establish-

ing 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:** collaborating and providing all necessary assistance to judicial and administrative bodies for the investigation of alleged criminal and fraudulent acts.

As measures taken to combat money laundering, **Velatia** has a risk management system, within which it has a matrix of risks and controls associated with mitigating money laundering. In the case of the aforementioned complaint (categorised as “Fraud Conflict of Interest/Corruption”) no significant risk related to corruption was assessed. The internal audit team periodically monitors these risks and concluded that in 2022 no risk situation related to these issues was identified.

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

## Velatia incorporates Due Diligence procedures in matters concerning human rights into its management

### Human rights

As a member of the United Nations Global Compact since 2002, **Velatia** is firmly committed to supporting, promoting and disseminating its ten principles, including the one relating to human rights. For this purpose, it has equipped itself with a set of tools that guarantee and promote protection of and respect for human rights in order to prevent, mitigate and remedy any possible impact on people—both within to the organisation and throughout the entire value chain—as well as on the local communities in the environments where it operates.

**Velatia's** commitment to respect human rights establishes the fundamental criteria and the necessary measures to avoid, mitigate or alleviate any rights violation situation that may occur during the course of its activity. For this purpose, it undertakes the following obligations:

- To promote a **culture of respect** for human rights through training and awareness raising.
- To demand **scrupulous respect** for human rights from its stakeholders in accordance with international standards, applicable legislation and the group's own Code of Ethics.
- To ensure that everyone in the organisation **assumes responsibility** for fulfilling the commitment to respect human rights on a daily basis. Thus, everyone has the duty to be

aware of matters within their remit that may involve a violation of human rights, and to implement, if necessary, the appropriate measures to remedy them or to proceed with the corresponding complaint.

- To identify potential violations by defining a **risk map** and deploying the corresponding **action plan** to avoid or correct these risks.
- To provide efficient and confidential **reporting mechanisms** (Ethics Channel), giving people in the organisation training on how to use them. In this regard, it should be noted that there were no complaints in this area in 2022 either.

**Velatia** has defined a General Human Rights Management Framework that includes three elements:

- Commitment to human rights
- Due Diligence procedures in matters concerning human rights.
- Complaint mechanisms to detect and remedy any violations that may have occurred.





## Due Diligence in matters concerning human rights

Due Diligence in matters concerning human rights is a process that aims to **identify and assess** the actual and potential **negative impact** that a company's activity has caused, contributed to or may cause on human rights in order to put in place all necessary actions and mechanisms to **prevent, mitigate and remedy** the violation.

**Respect for human rights** is in Velatia's DNA. Based on this absolute conviction, the regulatory impulse in this area promoted by the European Union, and the requirements of our stakeholders—singularly, customers and employees—has led the Sustainability Department to implement this process throughout the organisation.

After a first approach to the project in the 2021 financial year, during which the framework for action and commitment to **Respect for Human Rights** in Velatia was addressed and a pilot assessment was carried out in two organisations, in 2022 we have worked intensively on its development with the revision of the questionnaire on rights, a necessary step for a good self-assessment of its compliance.

The survey is mainly based on the main international standards and agreements such as the Universal Declaration on Human Rights or the conventions of the International Labour Organisation (ILO).

This Due Diligence process is included in the **General Human Rights Management Framework**, which highlights the importance of the identification and analysis carried out in three aspects:

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

For a more agile management of the process, we have developed a tool that allows us to complete the assessment and obtain results (represented graphically), both of the responses and of the probability and impact data that make up the risk map that is handled. The action has been carried out at both company and group level.

In addition, for the **self-assessment of compliance** we have relied on four areas of analysis:

## 1. Management

Organisations have the potential to affect the full range of internationally identified human rights, which implies that their responsibility applies to all of these rights.

Governance 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. Occupational health and safety

Health and safety at work 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 control measures, as well as remedial measures where necessary.

## 4. Contractors and supply chain

Organisations need to work to prevent human rights abuses and malpractices by all suppliers involved in the supply chain. Suppliers and contractors have a duty to provide a safe and healthy workplace and to put in place appropriate mechanisms to achieve this.

These four areas, spread over 176 questions, constitute the questionnaire that allows us to assess, in relative depth, respect for human rights in the organisation.

## Launch of Due Diligence procedure in Spain, China and France

During 2021 and 2022, the Due Diligence process on human rights has been carried out in the main businesses of the group in Spain, China and France, with results, in general, very favourable to our social management. These are some of the most significant conclusions:

- Among the most valued aspects are the content of our **governance structure**, which is one of the greatest assets the group provides to its companies.
- **People management** even exceeds international standards promulgated by, among others, the International Labour Organisation (ILO).
- The **health and safety** of people is also 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.

In addition, it should be mentioned that, as a result of having detected the lack of a complete and demanding analysis of our suppliers in terms of environmental, social and governance (ESG) criteria, we have extended the criteria and included them in the approval and monitoring processes for the supply chain, which will ensure compliance with human rights in **Velatia** in its entirety.

On the basis of the results obtained, the corresponding **action plans** have been drawn up to correct the small deviations detected.

## Velatia in major international agreements

Since 2002—2022 marks the 20th anniversary—**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.

As a result of this commitment, since 2005 we have published annual progress reports on the progress made in each of these principles. These reports are available to our stakeholders on the websites of the Spanish Global Compact Network and the United Nations Global Compact.

By signing up to this agreement, the group joins forces with more than 12,000 other organisations from over 160 countries, making it the largest corporate social responsibility initiative in the world.

Likewise, at **Velatia** we strive to incorporate the **Sustainable Development Goals (SDGs)** into the performance of our

activity. For this purpose, in 2019 we selected and prioritised certain SDGs (section 1.8. of the report) in order to define lines of work with specific targets associated with each SDG and monitoring systems to be able to measure our contribution to 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. Adherence to this agreement combines family roots and a strong commitment to the sustainability of the group, which seeks to contribute to responsible global development by enhancing the role of family businesses.

## Family Business for Sustainable Development highlights the role of family businesses in responsible global development





## 6 | Risk management

**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 an organisational structure, systems and procedures that enable it to reduce, insofar as possible, the threats it is exposed to and which could hinder the development of its business strategy and the achievement of its objectives.

The presence of businesses in various areas of activity and countries with different regulatory, political and social settings means that their exposure to risk has particular characteristics in each case. The **Risk Control and Management System** enables the identification and assessment of risks and makes it possible to take decisions aimed at minimising the impact of these risks in each line of business.

On an annual basis, the **Audit and Compliance Committee**, steered by the Board of Directors, supervises the risk maps presented by the senior management of each business and their possible evolution. It also makes sure they are managed in line with the general policy in this area, allowing the group's exposure to be known at all times.

To support performance and decision making, a map of the different business risk scenarios has been drawn up by dividing them into different categories in order of priority, based on their likelihood of occurrence and their impact.

### Strategic risks

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

### Operational risks

Related to processes, people and products: inadequate or faulty internal processes, human errors, system failures, etc.

### Compliance risks

Related 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 a Financial Reporting Internal Control System (Sistema de Control Interno sobre la Información Financiera, SCIF) whose proper functioning reasonably ensures the reliability of the group's financial report.

This system is defined on the basis of the methodology established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which provides an integrated framework for internal control of financial information whose aim is to ensure that completed transactions are faithfully recorded, providing reasonable assurance regarding the prevention or detection of errors in annual accounts.

## Main risks identified

### Macroeconomic risks, geopolitical instability

The Russian invasion of Ukraine has come at a time when the global economy was just beginning to recover from the deep shock of the pandemic. This conflict has created an environment of severe disruptions in supply chains and a meteoric rise in energy prices, causing commodity prices to rise and inflation to spike.

As a result, the pace of growth has slowed, weakening the economy and causing risks of this type to emerge with greater virulence.

### Regulatory risks

For several years, the European Union has been developing an extensive and exhaustive regulatory agenda, especially in ESG (environmental, social and governance) aspects. This agenda has not only not been reduced by the conflict in Ukraine, but has been intensified in order to avoid dependence on energy supplies from member countries. Thus, in May 2022 the European Commission presented the **RE-powerEU** plan in response to the difficulties and disruptions in the global energy market caused by the war, which aims to achieve European independence from fossil fuels from Russia well before 2030 and to bring forward the ecological transition.

This situation represents a risk that must be properly managed due to the impact it may have on the development of the business, both in the short and long term. In this regard, we have different channels, presence in different forums, external advice, etc., which enable us to be aware of any new regulatory elements that may appear and may affect the market or our businesses. In this way, we can act in advance and be prepared for the moment when the regulations come into force.

### Supply chain risks

The supply chain risk discussed above is being managed in a timely manner by businesses. This risk affects aspects such as:

- Commodity price developments.
- Insufficient supply of materials for manufacturing.

- Increased costs and lead times in logistics services.
- Increased energy costs.

**Velatia** has a Regulatory Framework for the **Purchasing Function**, which provides with common and compulsory guidelines that regulate the complete purchasing cycle, from identifying the need to satisfying it. All the businesses carry out a systematic supplier approval process in which suppliers must undertake to comply with the **Purchasing Policy** and the **Code of Ethics** by signing the **Quality Manual** and the **Code of Ethics** provided to them for this purpose.

**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 financial year 2022 we have launched a supplier portal that allows for more accurate monitoring of risk in the supply chain.


## New supplier portal monitors risk in the supply chain

### Cybersecurity risks

Attacks or incidents related to cybersecurity continue to grow exponentially and the forms they adopt are becoming increasingly sophisticated. The harm caused ranges from total or partial loss of information or the payment of large sums of money, to the disclosure of confidential information with the resulting reputational damage.

**Velatia** has an **Information Security Committee**, which is responsible for establishing the strategy for mitigating these dangers. It promotes, prioritises and manages the established plans and programmes in the event of a crisis situation related to systems or information security. It also supervises risks and reports to the Board of Directors when requested to do so.

In addition, **Velatia** has a **Security Master Plan** that defines and organises the actions to be implemented and a Business Continuity Plan that is reviewed and approved annually. They include an **Incident Response Plan** and a **Business Continuity Plan**, both of which are also reviewed and approved annually.



## Increasing uncertainty has highlighted the need for specific development of leadership skills

Finally, several measures have been put in place, such as an **Awareness-Raising and Training Plan**, as well as a specific tool allowing anyone in the organisation to report a security incident, either real or suspected.

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

### Talent management risks

Aware of the importance of people for meeting any strategic challenge, **Velatia** has identified a number of risks related to talent management, adopting the necessary measures to mitigate them.

In this sense, the current global context of growing social, political, economic and health uncertainty has highlighted the need for specific development of the competencies that form part of the leadership capacity of all people in management positions. With this objective in mind, the **Leadership Model** has been deployed in the organisation, as well as validating different resources for its development.

Likewise, with the aim of developing internal talent at **Velatia**, during 2022 the evaluation process and Individual Development Plans have been rolled out, which will enable talent management to be more closely tailored to the needs of each professional profile.

### Human rights risks

Our **Code of Ethics** sets out the commitments made by the group based on the **UN Guiding Principles on Business and Human Rights**, adopted in 2011, which constitute the first global standard for preventing and remedying business-related human rights abuses.

In order to reinforce its commitments, in 2021 **Velatia** launched the **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 rolled out across countries and organisations throughout 2022.

Complaint channels serve to facilitate the complaint-making process, and also to strengthen the relationship with stakeholders. The main channel for complaints is the Ethics Channel available to both staff and third parties with a legitimate interest. As indicated in the section on Ethics and Integrity (section 1.5. of this report), queries are sent in complete confidentiality and, if necessary, the appropriate measures are taken to resolve the situation detected.



### Environmental risks

Respect for the environment and the search for the necessary balance between activity and conservation of the environment and biodiversity have led **Velatia** to develop a series of policies and implement measures aimed at minimising any risk that may arise as a result of its activity.

The entire process of identifying, assessing, controlling and managing climate-related risks is integrated into the general 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 new strategic reflection process that will take place throughout 2023, the risks affected by climate change will be analysed.

**Velatia** has a liability policy for environmental risks covering the risk of atmosphere, soil or water pollution.

### Physical risks from climate change-related disasters

During the year 2022, an initial analysis of exposure to current natural catastrophe risks and a preliminary analysis of exposure to future long-term physical climate risks have been carried out.

This analysis has been carried out using the latest scientific projections to assess climate change and its impact on all **Velatia's** facilities. Several climate scenarios and different time horizons have been considered in its preparation. Specifically, three different climate change scenarios as Representative Concentration Pathways (RCP 2.6 / 4.5 / 8.5) and four time horizons (present / 2030 / 2050 / 2100) are included.

Based on this study, the risks and impacts identified are being assessed and managed.

### Risks related to the community

The main risks identified with the community refer to possible breaches of regulations applicable to the environments and countries where the group operates, as well as those attributable to their main suppliers.

In order to manage such contingencies, **Velatia** has identified risks and controls related to legal compliance within its internal control system.

## 7 | Sustainability

At **Velatia** we assume sustainability as a central element in our business strategy. For this reason, sustainability management cuts across the entire organisation and contributes to sustainable development through the creation of long-term value.

One of our aims is to provide companies with resources and support structures in order to adequately develop this area. Specifically, in the electricity business (**Ormazabal**), in 2022 we created a specific structure responsible for managing environmental, social and governance (ESG) aspects from within the company itself.

In order to successfully overcome the sustainability challenges facing society, **Velatia** undertakes a number of principles and commitments as set out in its **Sustainable Development Policy**, which takes into account the interests and needs of its stakeholders.

On the other hand, the **Sustainability Master Plan** for 2021-2023, integrated into the respective strategic plans of the businesses, includes the social and environmental issues identified as relevant—both strategically and operationally—by the different stakeholders.

In order to identify and prioritise these issues, a thorough analysis process was carried out prior to the development of the master plan, taking into consideration several aspects:

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



We embrace sustainability as a central element in our business strategy

The following table shows the needs and expectations detected in this analysis:

Lines		Subject	Shareholders	People	Suppliers	Funders	Society
Economic performance and customer relations	Development of new solutions	Competitive and differentiated value proposition	✓	✓			
		Digitalisation					✓
		"Innovation in products and services. Promotion of 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, etc.				✓	
Business ethics and corporate governance	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					✓
	Participation in regulatory development	Dialogue and consultation with stakeholders					✓
Human capital management	Talent management	Participation in the development of regulations and legislation	✓				
		Diversity and Equal Opportunity	✓	✓			
	Well-being of employees	People development and training	✓				
		Work-life balance and flexibility		✓			



Lines		Subject	Shareholders	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. Creation of wealth and jobs. Generating positive social impact				✓	✓
		Collaboration with universities or other academic bodies					✓
	Inclusion and collaboration	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, in all its scope. Promote the use of renewable energies. Promote 'green' attitudes		✓		✓	✓
	Integration of the circular economy	Life cycle analysis			✓		
		Reducing the environmental impact on the supply chain/responsible supplies			✓		
		Product safety and eco-efficiency					✓
		Integration of the circular economy					✓
Responsible relations with partners, suppliers and other stakeholders	Lasting partnerships	Long-lasting 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**.

In order to identify these issues, the following aspects were analysed:

- Environment.
- Competition.
- Best practices in the sector.
- Applicable regulations.
- Trends in ESG (Environmental, Social and Governance) criteria.
- Sustainable Development Goals as they relate to business.
- Main objectives of Velatia's Strategic Plan 2021-2023 and business interests.

The relevant issues identified are listed below:

### ENVIRONMENT

- Reduction in emissions.
- Efficient energy consumption.
- Decarbonisation of the energy mix.
- Improved life cycle and eco-design of products.
- Material reduction, reuse, recycling.
- Promotion of “green” attitudes.
- Climate change risk management.

### HUMAN CAPITAL MANAGEMENT

- Diversity and Equal Opportunity
- Occupational health and safety.
- Quality employment.
- People development.
- Development of digital skills and entrepreneurship.

### ECONOMIC PERFORMANCE AND CUSTOMER RELATIONS

- Economic and financial performance.
- Innovation in products and services
- Development of new solutions and digitalisation.
- Connectivity and digitalisation.
- Customer satisfaction.
- Network reliability.
- Product and service safety.
- Customer privacy.
- Cybersecurity.

### BUSINESS ETHICS AND CORPORATE GOVERNANCE

- Economic and financial performance.
- Compliance, ethics and integrity.
- Combating fraud and corruption.
- Responsible use of technology.
- Risk management.
- Transparency and reporting.
- Involving management in sustainability management.
- Reputational risk management and business trends with stakeholders.

### RESPONSIBLE RELATIONS WITH PARTNERS AND SUPPLIERS

- Reducing the environmental impact of the supply chain/responsible supplies.
- Responsible supply chain.
- Alliances with local partners.

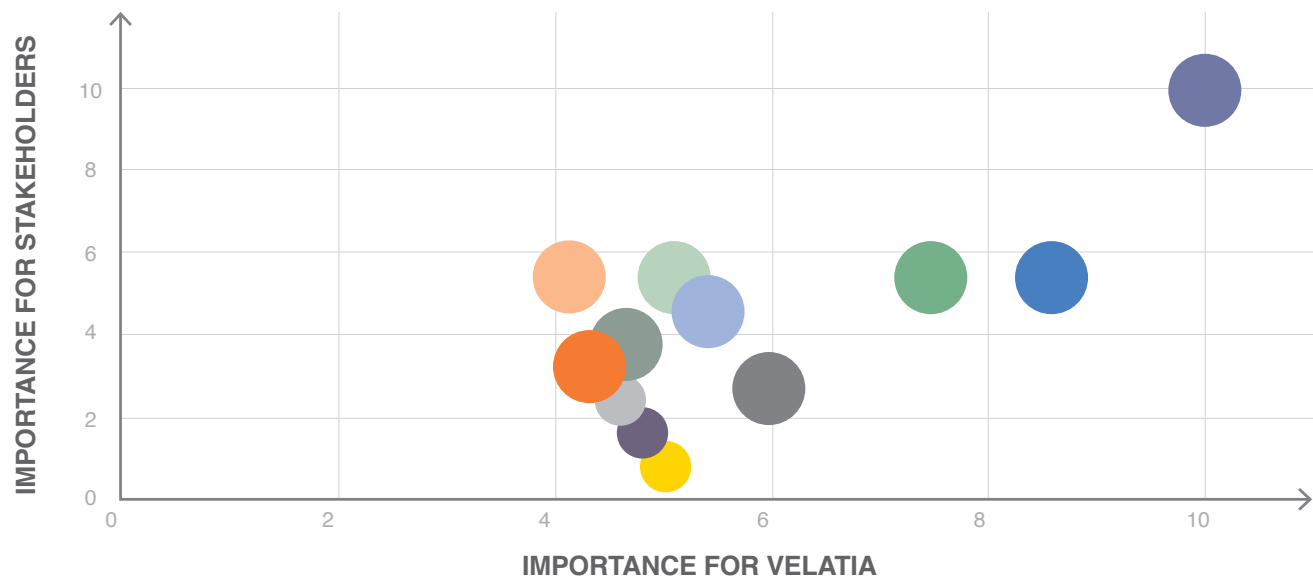
### IMPACT ON SOCIETY

- Leadership and local development.
- Impact on local employment.
- Human rights.
- Inclusion and collaboration.

Prioritisation of relevant topics

The **materiality matrix** shown in the graph below is the result of checking the results obtained in the businesses’ internal assessment of the most relevant topics for their activity, including their prioritisation, against the external assessment according to their importance and dependence for stakeholders.

These topics have been used to define the objectives and commitments to be pursued by the corporate area and the businesses, and they have been integrated into their corresponding strategic plans. Likewise, the different people responsible for fulfilling them and the resources needed to address them have been determined.



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

Commitment to people by promoting their development and diversity, as well as ensuring equal opportunities in order to make **Velatia** a diverse and inclusive group.

#### Ambition:

- To have people who are **aware** of and committed to sustainability.
- To ensure equal opportunities. A **diverse and inclusive group**, with a culture that allows 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 ensure safety and minimise accidents**, especially those with causes attributable to the company.

### Environment

Reducing resource consumption in carrying out activities, as well as contribute to the energy transition and the fight against climate change through products and services.

#### 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

Balancing the development of the business with the interests of the communities 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.

### Economic performance and customer relations

Encouraging innovation in products and services to improve and boost growth, both of the group and of the community 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

#### Ambition:

- To promote sustainability among partners and suppliers.
- To be and to have trusted partners.
- To promote responsible partnerships to build networks of shared value.



Bearing in mind the importance of sustainability for its stakeholders, the sustainability model approved by **Velatia** in 2020 reaffirms its desire to consolidate within the organisation a genuine culture linked to the Sustainable Development Goals promoted by the UN, as a central pillar of its activity. This model incorporates environmental, social and governance (ESG) considerations that, building on the dialogue with the respective stakeholders, will generate initiatives to meet their needs and expectations.

To this end, and following the path marked by the **Velatia Management Model**, requirements have been established to help the companies that make up the group progress towards an excellent management model in search of sustainability.

**We incorporate environmental, social and governance criteria into our business model.**

## 8 | Sustainable Development Goals

In 2015, the UN adopted the 2030 Agenda with seventeen Sustainable Development Goals and their corresponding targets to be achieved so that countries and societies can jointly address the major challenges facing humanity: from the fight against climate change to poverty eradication, equality, inclusion and economic and social progress.

For the first time, the SDGs have put on the table and on the same agenda the severe deterioration suffered by the planet and the unequal distribution of well-being, making it necessary to move towards more sustainable development models without any further delay.

In 2018, we concluded that, given our activity, our efforts should focus mainly on SDGs 5, 7, 8, 9 and 11, for our role in access to energy, and the promotion of digitalisation, for the contribution to socio-economic development and investment in innovation as a fundamental lever to maintain competitiveness, equality and diversity in the management of people. In short:

### SDG 5: Gender equality

Work on the development of equality plans; on increasing women's presence in the organisation to make it more equal, sustainable and effective; on pay equity and on raising awareness among the workforce.

### SDG 7: Affordable and clean energy

Technology partner of electricity companies in decarbonisation through the development of products linked to renewable energies, digitalisation and services associated with the energy efficiency of companies and sustainable mobility.

### SDG 8: Decent work and economic growth

To be a benchmark in the creation of quality employment based on equal opportunities, as well as sustainable economic growth.

### SDG 9: Industry, innovation and infrastructure

**Velatia** contributes to boosting Industry 4.0 through knowledge and support in digital tools resulting from continuous research and innovation processes.





## The degree of achievement of our 2030 decarbonisation target has reached 70 % in 2022

### SDG 11: Sustainable cities and communities

Cities are where 50 % of the world's population live. Velatia's solutions are aimed at transforming today's cities into smart and interconnected environments.

For each of the five goals selected as priorities, Velatia has identified a set of indicators and deploys different actions to help achieve them and, thereby, overcome the challenges posed by the 2030 Agenda.

### A step ahead of regulatory requirements: anticipating what's next

In 2022, **Velatia** launched the Sustainability Master Plan for the strategic period 2021-2023, integrated into the business plans. The following section describes the progress made during the year in the different SDGs, including four key aspects:

- **Decarbonisation roadmap:** design of the map that will lead us towards this ambitious goal, on which two important milestones are marked as a result of Velatia's commitment and responsibility towards the environment: an ultimate goal to

be CO2 neutral by 2050, and an intermediate goal to reduce these emissions by 68 % by 2030.

With these goals on the horizon, we have continued to take important steps in 2022. Thus, during this financial year a pilot project has been developed in four facilities with the aim of measuring the most relevant Scope 3 CO2 emissions. It is also worth noting the increase in the procurement of renewable energy, which now represents 42 % of the total energy consumed, compared to 33 % in 2021.

- **Circular economy:** Over financial years 2020 and 2021, Ormazabal carried out a detailed diagnosis of its carbon footprint, both by product and by organisation. Based on this assessment, several actions are planned for 2022, including negotiations with several suppliers for the purchase of raw materials of recycled origin and the promotion of a global waste recycling agreement with subcontractors.
- **Human Rights Due Diligence process:** in line with staying one step ahead of requirements, anticipating what is to come, Velatia has continued to roll out this project launched in 2021, whose aim is to identify the risks of vulnerability in this aspect.



· **Equality plans:** deployment of the equality plans drawn up in 2021 has begun in all of the group's companies in Spain. The most noteworthy actions in 2022 include the awareness-raising campaigns carried out.



## Contribution to the SDGs

### SDG 5

Empower women and girls to reduce gender inequality, with the aim of eliminating the social inequality that this gap causes

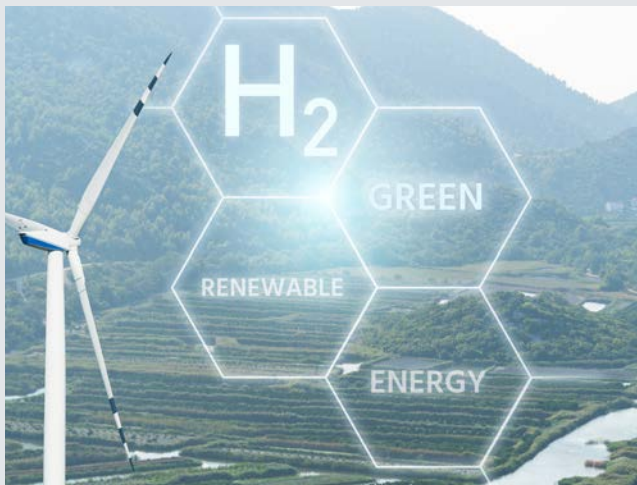
With a firm determination to incorporate a culture of equal opportunities in the organisation and empower its women, **Velatia** continues to roll out the actions of the **equality plans**.

Continuing in this direction, in 2022, we have internally disseminated a wide-ranging campaign aimed at raising awareness of this issue among all employees.

Likewise, in order to obtain a clear picture of the organisation's performance in terms of equality, we have carried out a self-diagnosis of the situation, including women as a central element in the Due Diligence measures on human rights, and we are pleased to note that the level of management is very positive.

This objective is also reflected in **Velatia's** participation in the community by collaborating and sponsoring initiatives such as **Industria Erronka**, promoted by FVEM (Biscayan Federation of Metal Companies), which seeks to bring industry closer to the young people of Biscay, placing special emphasis on promoting the incorporation of women in this sector in an attempt to close the large gap between men and women.





## SDG 7

Commitment to renewable, efficient and sustainable technologies is something in which Velatia has more than fifty years of experience.

Our roadmap towards decarbonisation, as an essential part of our commitment to the environment and the fight against climate change, has two major milestones: one is the reduction of 68 % of our Scope 1 and 2 emissions by 2030 (we have reached 42 % in relative terms) and the other is their complete elimination by 2050. This translates into the development of policies that take the form of actions to minimise the environmental impact of our activity.

As a result, **Velatia** has managed to reduce the intensity of its CO2 emissions, Scope 1 and 2, by 58 % in 2022 compared to 2019.

This year we have also started to measure Scope 3 emissions, which are those produced outside our facilities.

Within **Velatia's** businesses, **Ormazabal's** strategy focuses on addressing the complexity of the challenges defined by the Sustainable Development Goals with innovative responses and positive impacts in areas such as energy transition, digitisation, cities, transportation or electric cars, among others. Specifically, the following contributions in the course of its business have been made:

### Smart and digital networks

- We support the main electricity companies in the deployment of their automations.
- More than 15 years digitalising the medium voltage networks.
- More than 24 million consumers benefit from its solutions.

### Green generation and storage

- Collaboration with the main 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.

### Green mobility

- We accompany the main players 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.

#### Sustainable buildings and infrastructure

- We are 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.

**Velatia**, through its processes and businesses, 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. In this regard:

- It works to ensure that its **facilities** are environmentally **re-sponsible**. To this end, during 2021 it carried out an in-depth analysis of the energy performance of its buildings in Spain with a view to improving their efficiency.
- It **purchases energy from 100 % certified sources** for its centres in Spain.
- It **minimises** all waste by facilitating recycling.
- It incorporates **eco-design** into its products.

**We address the complexity of the challenges defined by the SDGs with innovative responses and positive impacts**





## A strategy for responsible production and consumption throughout the supply chain

### SDG 8

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

Throughout 2022, **Velatia** has continued to create quality and stable employment at all levels. This growth has been characterised by the incorporation of young talent, women and the integration of disadvantaged groups.

In this regard, it is worth highlighting **Velatia's** regular collaboration with different training centres for company internships and its participation in the **Decade of Action for Youth Employment** project led by the Novia Salcedo Foundation, which aims to generate an international movement of reflection, thought, debate and action to address and implement actions aimed at solving the severe problem of unemployment at this stage of life. The ultimate goal of this project is for the UN to declare a decade dedicated to youth employment.

Likewise, in order to check that the jobs we offer are decent, a Human Rights due diligence process was launched in 2021 which has continued to be developed in 2022, extending to several countries and group companies.

### SDG 9

Develop resilient infrastructures, promote inclusive and sustainable industrialisation, and foster innovation.

The development of the industry of the future depends on the implementation of innovative, inclusive and sustainable systems and means of production.

**Velatia** works to promote the digitalisation of industry, both in its own production centres and by supporting other industries with its knowledge and support in digital tools, which involves continuous research and innovation processes.

Digitalisation, the integration of new technologies such as artificial intelligence, the cloud and control networks, means that companies are increasingly exposed to cyber-attacks. **Velatia** has designed tools that respond to the possible attacks that can occur in the business environment, becoming, at the same time, an accelerating element in the process of digital transformation of businesses.

In the context of supporting inclusive industrialisation, the group is committed to local companies and sustainable transport in its communication with suppliers and with the people working in the organisation.



In addition, **Velatia** seeks to generate a positive economic impact in the geographical areas where it is present (especially in those where it has production facilities) by **supporting local companies**. Therefore, as a result of its strategy aimed at responsible production and consumption throughout the supply chain, the group reinforces its commitment to local agents by focusing most of its expenditure on the five main countries where it has production centres.

The concern for sustainable growth has focused not only on people but also on a firm commitment to an environmental strategy based on **efficient and respectful production**. Our Group is committed to the principles of the circular economy, determined to minimise the possible negative impacts that its activity could cause, and it strives to achieve efficient management of the waste it generates. For this reason, in 2022 we have started to monitor the secondary raw material incorporated in our products, we have also started to measure Scope 3 emissions and we continue to increase the percentage of secondary raw material incorporated in our products.

Finally, it is also worth mentioning **Velatia's** participation in the preparation of the next four-year plan of the Basque Ecodesign Center, an entity that Velatia has helped to promote.

## SDG 11

**Ensure that cities and human settlements are inclusive, safe, resilient and sustainable..**

**Velatia** contributes to the creation of sustainable and inclusive urban environments. It offers its high technology capacity in networks and digitalisation to create sustainable and resilient infrastructures, both for the development of smart grids, the digitalisation of the management of different facilities such as airports, and the digital transformation of industry.

Within this area, it carries out software integration projects for the management of smart cities, technology integration and engineering projects that promote safe, sustainable and accessible mobility in road infrastructures and in the railway environment.

The high levels of pollution in the world's major cities come mainly from the transportation of goods and people. The consequences for both the environment and public health (cardio-respiratory diseases, among other effects) are clear. All of this makes work towards sustainable and responsible mobility, free of fossil fuels, essential to meet global commitments in relation to climate change.

In this sense, **Ormazabal** participates in two main axes that contribute to the decarbonisation of cities:

### Green mobility

- We accompany the main players 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.

### Sustainable buildings and infrastructure

- We are 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.





# 02 | Velatia commitments



A culture based on mutual trust that brings together personal and organisational goals in a mutually beneficial way

## 11 People

**Velatia's** greatest competitive advantage lies in its human capital. This is its main hallmark and the driving force behind its growth and business success. In line with its **purpose and values**, the people who make up the group work every day to constantly improve the products, services and solutions offered to its customers.

**Velatia** places people at the centre, values them and maintains a culture based on mutual trust that allows personal objectives and those of the organisation to be brought together in a mutually beneficial way. This symbiosis of interests is intended to give rise to a two-way commitment (person-organisation) with a twofold aspiration:

- Facilitate the **attraction and retention** of the necessary talent, whenever and wherever your business operates.
- 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).

To this end, **Velatia** assumes and promotes these seven **general principles of action** that should govern the management of its human capital:



# Be smart. Be Velatia

Let's make the future smart

1. Development of an **industrial relations framework** that favours a social climate that encourages innovation and flexibility; in short, the 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. Designing a **value proposition** that helps to attract, recruit, select, hire, develop, promote and ensure the loyalty of talent; comprising a competitive total reward and a diverse and inclusive work environment that facilitates work-life balance and fosters professional growth. Progress based on objective performance criteria, equal opportunities and commitment to **VELATIA's purpose and values**. 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. **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.

## Outstanding activity

### CULTURE AND COMMITMENT

#### Equal opportunities in terms of gender equality

As stated in our Code of Ethics, we are committed to equal opportunities and diversity and inclusion, which allows us to evolve in a mutual learning process based on the principle of equality and non-discrimination. To this end, we promote actions to encourage inclusive diversity that enable our staff to develop their individual potential to the full.

Thus, in 2022 we have undertaken actions considered as transversal in the equality plans and which have been matured by the group's companies based in Spain during the financial years 2020 and 2021. These actions have materialised in the production of six videos, in the form of awareness-raising pills, each focusing on a specific basic concept:

- Sex-gender system and differentiated socialisation.
- Gender stereotypes and roles.
- Indicators of inequality in the labour market.
- Wage gap and discrimination.
- Work-life balance and co-responsibility. Double Day Work.
- Anti-harassment protocol: Code of Ethics.

These videos have been disseminated among the staff every two months via the group's intranet and the internal **My Velatia** channel. Each video is structured in two distinct parts: first, the general concept related to equal opportunities is explained, followed by the particular context of this concept in the reality of **Velatia**.

For example, the video of the first basic concept (sex-gender system and differentiated socialisation) begins with an answer to the question about the difference between sex and gender: *"Sex has to do with the biological and anatomical characteristics of people. It is something that is given by nature. Gender differentiates between masculine and feminine, and gives each a different value. The learning of these different values takes place through socialisation, making the inequalities they imply 'natural'."* In the second part, the policies, actions and/or results that are produced in Velatia in reference to the concept developed are collected. In this specific case: *"Velatia is a group committed to people. This commitment is reflected in the policies designed by the group in the areas of Corporate Social Responsibility, People Development, Training, Internal Communication and Employment. One of the objectives set by Velatia is to ensure the objectivity of the processes with the commitment not to discriminate on the grounds of age, sex, race, ide-*

*ology, religion, sexual orientation, nationality, disability or any other personal, physical or social condition, favouring cultural differences as a source of mutual enrichment"*.

### TALENT MANAGEMENT

#### Deployment of the new Performance Review process

In 2022, the new Performance Evaluation system, **My Performance Roadmap**, was deployed throughout **Velatia's** management team, and in the businesses and those people of **Velatia Corporation** who already participated in the pilot test in 2021. The aim of the system is to enhance the development of people in the organisation and to have a clear picture of both their performance capacity and their potential for progress.

Based on the results obtained, a corporate **Talent Matrix** has been created, and also for each business, as the process allows each company to have its own pattern and conclusions. The matrix gathers different types of information such as the person's performance, potential, exit risk and its possible impact, Individual Development Plans (IDPs) and the competency profile of each individual, among other data.

#### Developing junior talent: ARCO and Integration programmes

##### Integration (Integración) Programme::

We started the programme in 2022 with a total of 72 participants from ten different nationalities.

Once again this year, we have implemented improvements in content or formats in the three tools deployed within the programme:

- **Language learning platform (GOFLUENT).**
- **ADA - GAMELEARN.**
- **Webinars:** a webinar was held for each of the companies, through which various business projects were presented to show, in a practical and more attractive way, what we do and what we are like.

##### ARCO Programme:

The second edition of the ARCO Programme, which has brought together 51 people of five nationalities, has been carried out entirely online and it is planned to return to the on-site format in 2023.

Among the activities carried out, it is worth mentioning the following:

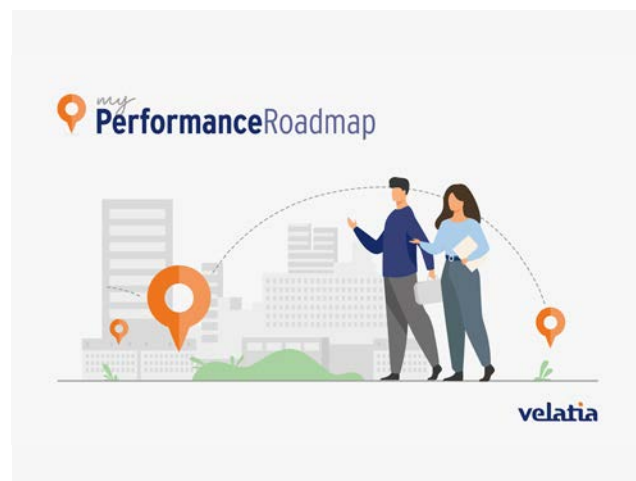
- Training in impact presentations and individual mentoring.
- Assessment Center.
- Training on the Individual Development Plan (IDP).
- Launch of Gamelearn trainings.
- Presentation of projects.
- Development of the IDP (93 % of responses achieved within the deadline).

## LEADERSHIP AND MANAGEMENT

### Velatia Leadership Model

In the current environment of global social, political, economic and health uncertainty, achieving the objectives set for the income statement requires specific development of the competencies that form part of the leadership capacity of everyone in the organisation. With this challenge in mind, during 2022 the new Leadership Model was gradually deployed throughout the organisation, as well as validating the different resources necessary for its development, implementing the following actions:

- **Communication to the groups involved** by means of explanatory sessions on the new tool aimed at those people who have participated in the new performance assessment system during the year.
- **Launch of a pilot coaching programme** to validate the usefulness of this model in the development of key people, working on the specific development needs of each of them with the collaboration of certified coaches through an online platform. Over the course of six months, different profiles in terms of organisational backgrounds, functions, cultures and languages have participated in the programme.
- **Promotion of a mentoring programme.** This is an opportunity for people with the “Creating leaders” profile to share their experience with other leaders and develop **Velatia’s** culture through their example and commitment. Based on the experience gained through the OMEX Experience (**Ormazabal’s** pilot mentoring programme), the programme has been extended to other areas of the organisation, including a new group with members from France, England and Germany, and incorporating mentors from **Ikusi** and the corporation into the group in Spain.



- **Creation of a learning community on leadership** with members of different Human Capital teams in business with the following objectives:
- **Broadening the knowledge** of the Human Capital team in relation to the Leadership Model so that they master all its aspects in order to support its deployment and understanding by the organisation, as well as to align their respective projects and initiatives with the desired leadership in **Velatia**.
- **Generating a leadership reference group**, with the capacity to take on projects, develop materials, etc.
- **Encouraging** its members to set an example of leadership for the organisation.
- **Learning** the dynamics of a learning community.

### Management Model

Some of the most important actions in 2022 in relation to the Management Model include:

- **Communication:** **Velatia's** commitment to its managers is to ensure that they have the necessary information, in addition to encouraging their participation and involvement. In this regard, they receive information in advance that is subsequently made available to the rest of the organisation. Besides, specific information sessions have been held for this group and they have been invited to participate in conferences of interest organised by external entities such as, for example, the Spanish Instituto de Empresa (IE University).
- Likewise, at **Velatia** Annual Meeting, which is attended by all managers, the most relevant results and projects of the year are shared.
- **Appraisal and development:** Throughout the year, managers have participated in the new performance appraisal tool. The various results obtained will provide an assessment of their performance and competencies, as well as Individual Development Plans. The analysis of these results will also help to identify new areas of development for the group.
- Moreover, their **participation in initiatives** to inspire and set an example for other leaders will be actively sought.
- **Compensation:** in order to assess the satisfaction of our management teams in relation to the benefits in force, a survey has been carried out which, in general terms, shows the satisfaction of the group with these benefits.

### REWARD AND PEOPLE ANALYTICS

At **Velatia** we understand total reward as a value proposition to the employee that includes, in addition to the extrinsic elements (compensation and benefits), a series of intrinsic motivational elements: work-life balance, development, career, recognition, work environment and leadership. This way of conceiving remuneration is seen as an element of attraction and loyalty that aims to make our group a benchmark organisation in employment.

Our objective is to offer the people who make up **Velatia** a **competitive, uniform and equitable total reward** that aligns performance with assigned roles and responsibilities.

In short, a place where you can develop professionally, where there is a balance between work, private life and good professional growth.

To achieve this, we have made the following total reward commitments:

- Establish an **attractive** and **flexible** system that allows us to attract the best talent and retain our people with great added value through motivating rewards that are tailored to each situation.
- Adapt to the **remuneration needs of each country** in order to be competitive in this aspect, always respecting the salary strategy established by the group.
- Monitor and advocate for **equal opportunities for wage progression** for positions with similar functions and excellent performance.

### Standardisation of the Wage Register

In 2022, we standardised the process of obtaining the Wage Register for the group's sixteen trading companies in Spain. This process automates this register from **Velatia's** payroll management software (Iberper), thus speeding up the process and avoiding possible errors in its preparation.

### Consolidation of information via Dashboard

During the year, we also continued to support businesses in achieving their objectives through this great information management tool. Notable activities included the inclusion of talent maps.



## LABOUR RELATIONS

### Creation of the Occupational Risk Map

In 2022, labour audits were carried out in the companies OCT, **Supsonik**, **Wec**, Aislantes Sólidos, **Ormazabal** Distribución Primaria, **Ikusi** SIS, **Ikusi** Soluciones, **Ikusi** SL, Uniblok and OMT in relation to compliance with their labour law obligations, concluding, in general terms, that there is a majority respect for the existing regulations in individual and collective labour relations. Among the main actions to be pursued, the following results have been obtained:

- Adaptation of contracts to the new regulations derived from the labour reform.
- Increased incorporation of workers with disabilities.
- Regulatory adaptation of telework situations.
- Application of the regulations on Time Recording and Wage Register.
- Digital disconnection.

## MANAGEMENT

### Consolidation of the people management tool

Throughout 2022, we have done significant work on the efficient consolidation of information in our staff management tool. In this regard, we have analysed in detail the main platform alternatives in this area on the market. The conclusions of this study have been shared with the group's businesses so that they can be included in their respective business reflection processes for the next strategic period.

### Coordination of the COVID-19 management team

**Velatia** has continued to monitor the evolution of the pandemic and its impact on people in the organisation, updating and editing the necessary protocols and procedures according to the changing circumstances of this global crisis. The latest update, which includes the repeal of the last existing preventive measures, was issued on 30 September 2022.

Employment

Velatia’s staff remains stable

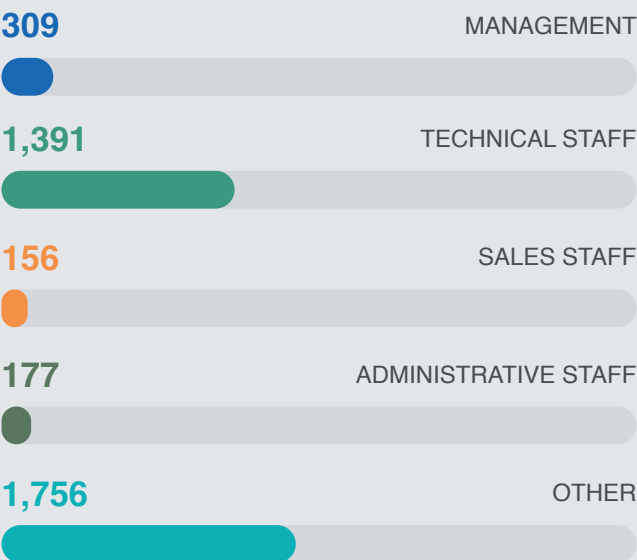
Being a benchmark organisation for the creation of quality employment has always been one of **Velatia’s** main aspirations. Aware that having the best talent is the cornerstone for achieving the ambitious challenges it has set itself, during 2022 we continued to promote quality and future employment, using best practices in identifying, attracting and retaining talent.

The group’s employment strategy focuses on preserving job security, the guidelines governing industrial relations, protecting diversity and equal opportunities in access to employment, strengthening health and safety aspects, training, and promoting professional development as well as behaviour and attitudes in accordance with the ethical principles assumed by the entire organisation and external companies.

At the end of 2022, **Velatia’s** staff decreases insignificantly (less than 1 % compared to the figure at the end of 2021), thus demonstrating its satisfaction and stability in the group, as these figures are homogeneous and linear to the 2021 financial year. The data on employment, compensation, health and safety and training reported below throughout the chapter includes information from all the companies that make up the group.

DISTRIBUTION OF STAFF AT THE END OF THE FINANCIAL YEAR BY PROFESSIONAL CATEGORY

2021 | 3,789 PEOPLE



2022 | 3,765 PEOPLE



The workforce data at the end of 2022 show a higher percentage of permanent contracts (88 %) (men: 2,610 and women: 713) compared to temporary contracts (men: 307 and women: 135). Also, within the working time modalities, for permanent contracts there are only full-time contracts due to the new Spanish Law on Modification of the Working Time. In the case of temporary contracts, there is a higher proportion of full-time contracts (296 men and 127 women), compared with 11 men and 8 women working part-time.

There is no comparative data with the previous year, as this information was not reported in 2021.

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

### 3,323

PERMANENT CONTRACTS

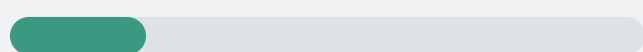
2,610

MEN



713

WOMEN

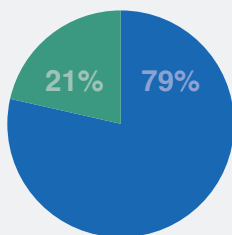


3,323

FULL-TIME

0

PART-TIME



713

WOMEN

2,610

MEN



MEN



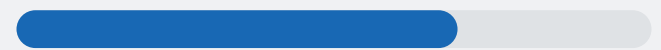
WOMEN

### 442

TEMPORARY CONTRACTS

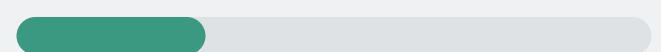
307

MEN



135

WOMEN

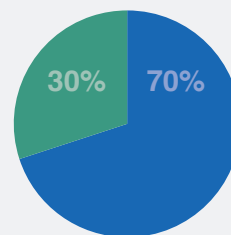


423

FULL-TIME

19

PART-TIME

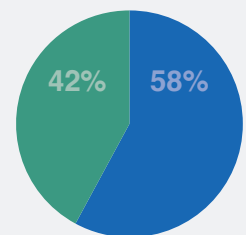


127

WOMEN

296

MEN



8

WOMEN

11

MEN



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

The group's competitive position rests fundamentally on the experience of the people who are part of it. 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**, being aware of the need to give young people a chance to start their career, offers internships every year through different instruments: internship contracts, educa-

tional cooperation agreements, etc., trying to convert these contracts into permanent contracts. These measures are applied in almost all business units and are effective as reflected in the data on permanent contracts, as there is an increase of 9 % compared to the previous year's contracts. In addition, it can be seen that, of the total average staff, 85 % of employees have permanent contracts.

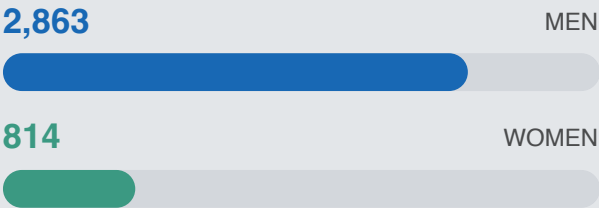
(1) The annual average has been calculated using the average number of Velatia employees during 2021 and 2022, respectively, taking into account the salary payments calculated for each month.



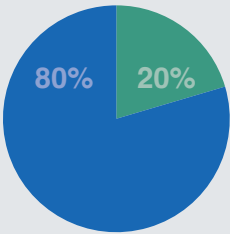
TYPE OF EMPLOYMENT CONTRACT BY GENDER

2021

3,677  
CONTRACTS

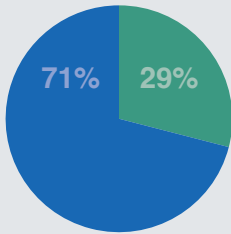


2,943  
PERMANENT



601 WOMEN | 2,342 MEN

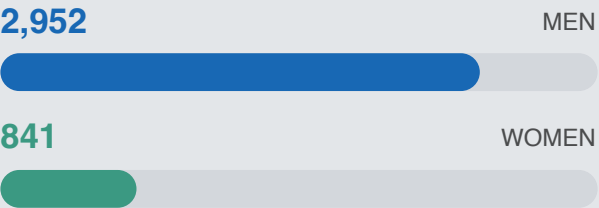
734  
TEMPORARY



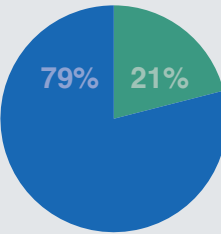
213 WOMEN | 521 MEN

2022

3,793  
CONTRACTS

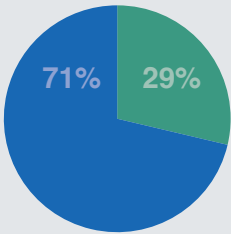


3,212  
PERMANENT



675 WOMEN | 2,537 MEN

581  
TEMPORARY



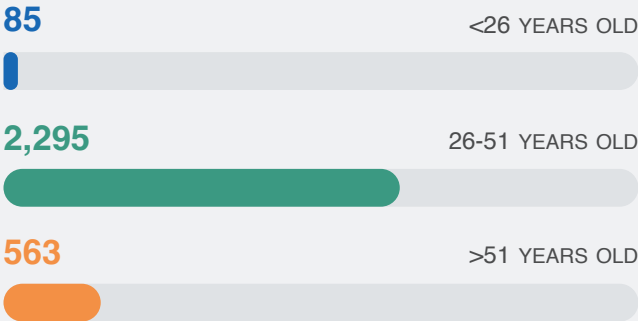
167 WOMEN | 415 MEN

MEN WOMEN

TYPE OF EMPLOYMENT CONTRACT BY AGE

2021 | 3,677 CONTRACTS

2,943  
PERMANENT CONTRACTS

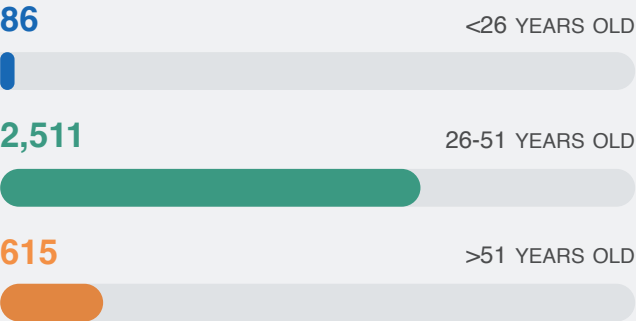


734  
TEMPORARY CONTRACTS

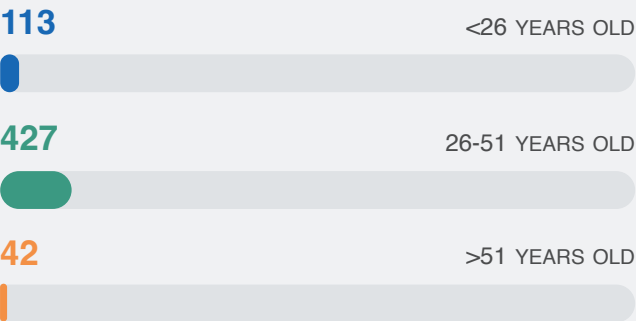


2022 | 3,793 CONTRACTS

3,212  
PERMANENT CONTRACTS



581  
TEMPORARY CONTRACTS



## TYPE OF EMPLOYMENT CONTRACT BY PROFESSIONAL CATEGORY

## 2021 | 3,677 CONTRACTS

**262** PERMANENT | MANAGEMENT

**26** TEMPORARY | MANAGEMENT

**1,186** PERMANENT | TECHNICAL STAFF

**145** TEMPORARY | TECHNICAL STAFF

**136** PERMANENT | SALES STAFF

**20** TEMPORARY | SALES STAFF

**159** PERMANENT | ADMINISTRATIVE STAFF

**22** TEMPORARY | ADMINISTRATIVE STAFF

**1,200** PERMANENT | OTHER

**521** TEMPORARY | OTHER

**2,943** PERMANENTS | **734** TEMPORARY

## 2022 | 3,793 CONTRACTS

**295** PERMANENT | MANAGEMENT

**22** TEMPORARY | MANAGEMENT

**1,276** PERMANENT | TECHNICAL STAFF

**109** TEMPORARY | TECHNICAL STAFF

**144** PERMANENT | SALES STAFF

**10** TEMPORARY | SALES STAFF

**159** PERMANENT | ADMINISTRATIVE STAFF

**18** TEMPORARY | ADMINISTRATIVE STAFF

**1,338** PERMANENT | OTHER

**422** TEMPORARY | OTHER

**3,212** PERMANENTS | **581** TEMPORARY



### Average by type of working time

There is hardly any increase in the group's average staff, with an average of 3,793 employees in 2022, compared to 3,677 in 2021. The most relevant difference in terms of the type of contracts is due to the impact of the legislative change implemented by the Spanish government in 2022, which facilitates more flexible working hours, allowing employees to take advantage of this instead of reducing their working time. In addition to this, Velatia is increasingly promoting meas-

ures to encourage work-life balance, which contributes, in many circumstances, to making part-time work unnecessary.

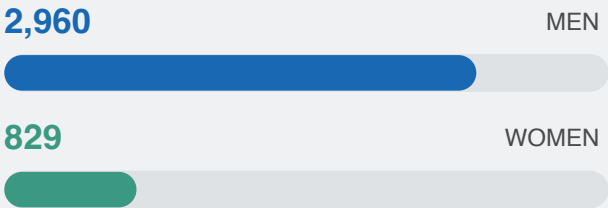
Below is a breakdown of 2022 in terms of employment by type of working day, taking into account the variables of gender, age and professional category. It should be noted that this information was not provided in 2021.



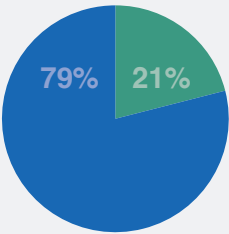
TYPE OF WORKING TIME BY GENDER

2021

3,789  
WORKING DAYS

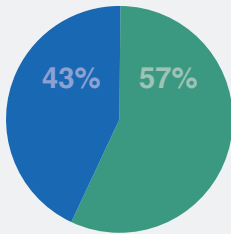


3,694  
FULL-TIME



775 WOMEN | 2,919 MEN

95  
PART-TIME

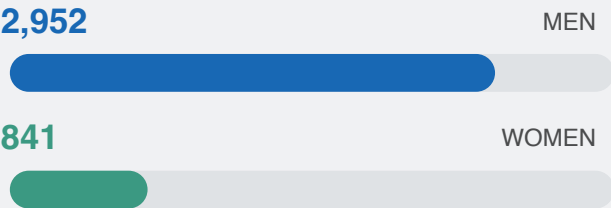


54 WOMEN | 41 MEN

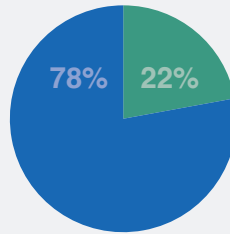
■ MEN ■ WOMEN

2022

3,793  
WORKING DAYS

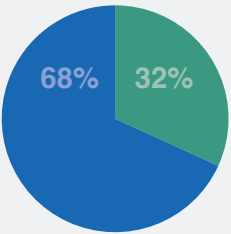


3,771  
FULL-TIME



834 WOMEN | 2,937 MEN

22  
PART-TIME

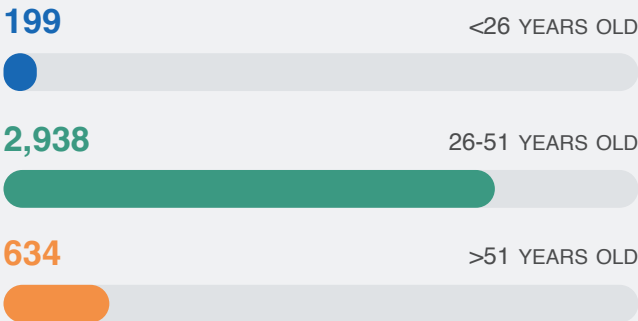


7 WOMEN | 15 MEN

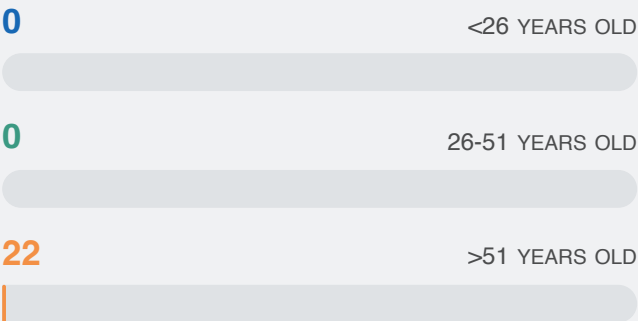
TYPE OF WORKING TIME BY AGE

2022 | 3.793 WORKING DAYS

**3,771**  
FULL-TIME

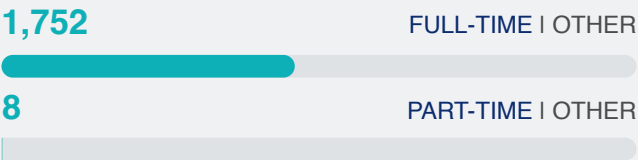
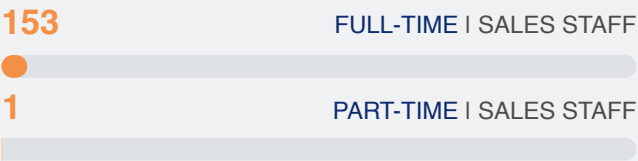
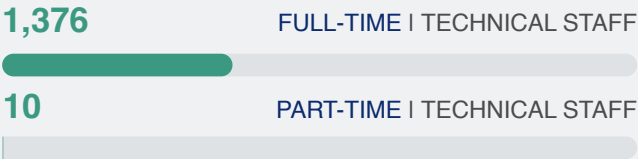
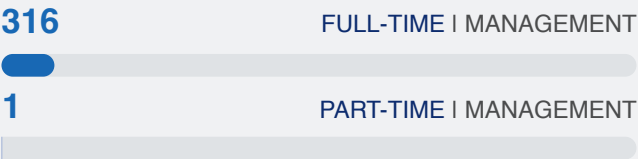


**22**  
PART-TIME



TYPE OF WORKING TIME BY PROFESSIONAL CATEGORY

2022 | 3,793 WORKING DAYS



**3,771** PERMANENTS | **22** TEMPORARY

## Rate of employee turnover

The staff turnover for the year was as follows:

	2021	2022
Initial staff	3,119	3,789
New staff	1,747	913
Turnover	1,077	917
<b>Final staff</b>	<b>3,789</b>	<b>3,765</b>

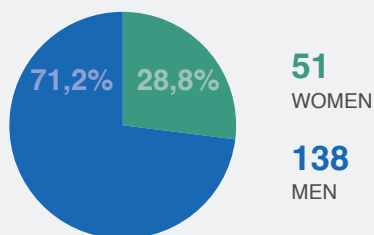
## Redundancies

In 2022, a decrease of 3 % is observed compared to 2021 (184 in 2022 compared to 189 in 2021).

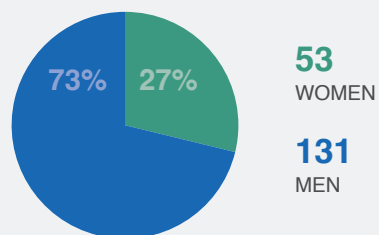
The redundancies that took place during 2022 and 2021 are broken down by gender, age and professional category as follows (using the average number of employees):

### DISTRIBUTION OF REDUNDANCIES BY GENDER

2021

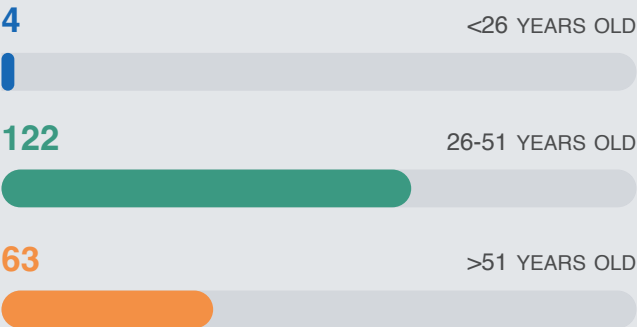


2022



DISTRIBUTION OF REDUNDANCIES BY AGE

2021



2022



DISTRIBUTION OF REDUNDANCIES BY PROFESSIONAL CATEGORY

2021



2022







## 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.

Likewise, it takes care to design its products to be respectful, safe, healthy, functional, understandable and aesthetically pleasing.

### Employment of people with disabilities

**Velatia** carries out various actions in the field of integration of people with disabilities. Among them, for instance, it collaborates with several special employment centres for different production processes in the countries where it is

present; and cooperates with specialised entities, such as the Adecco Foundation or the Lantegi Batuak Foundation, in order to promote the integration of people with disabilities in the workplace.

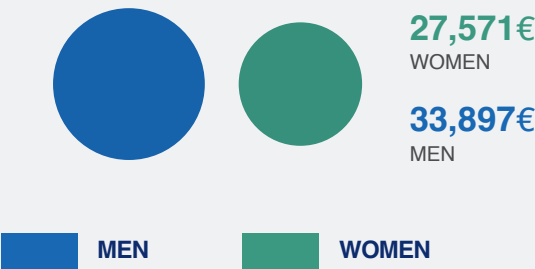
In compliance with the legal regulations regarding the employment of people with disabilities, in 2022 the number of disabled employees amounted to 17 (26 in 2021).

Average remuneration

The average remuneration of employees for financial years 2021 and 2020 (except senior management), taking into account all existing remuneration items in the organisation (fixed, variable, bonus, benefits, incentives, etc.) and distributed by gender, age and professional category, is as follows:

AVERAGE REMUNERATION BY GENDER

2021

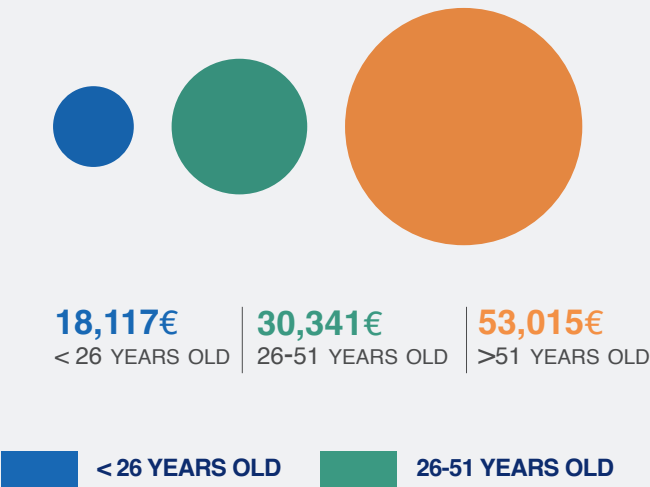


2022

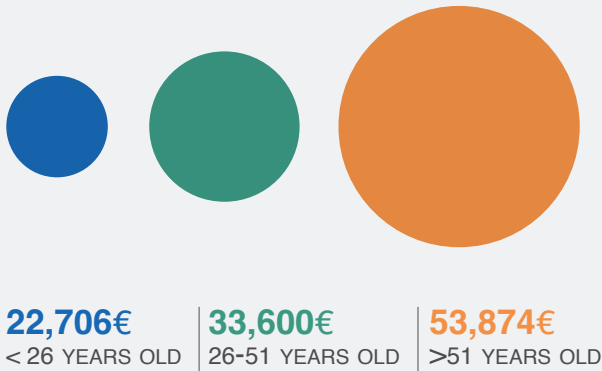


AVERAGE REMUNERATION BY AGE

2021



2022





## AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY

2021

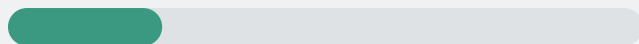
81,922€

MANAGEMENT



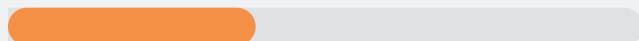
31,806€

TECHNICAL STAFF



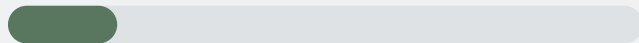
51,113 €

SALES STAFF



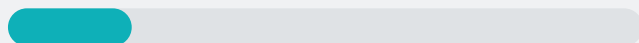
22,544€

ADMINISTRATIVE STAFF



25,524€

OTHER



2022

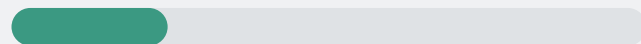
83,437€

MANAGEMENT



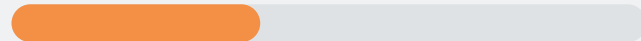
35,755€

TECHNICAL STAFF



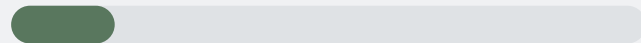
56,971€

SALES STAFF



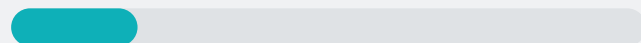
23,733€

ADMINISTRATIVE STAFF



28,955€

OTHER



## 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 regard, both the remuneration of employees subject to the agreement and that of those to whom the agreements do not apply are established in a fair manner, avoiding gender-based discrimination.

If we calculate the wage gap taking into account the actual average fixed remuneration of women compared with that of men (except senior management and expatriates), by geographical area, we obtain the following percentages:

Geographical area	2022	No. men	No. women
Europe	8%	2.062	495
East Asia	29%	198	150
The Americas	51%	650	187
Rest of the world*	199%	10	2

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

In Spain, where 68 % of the staff is located, the gap is 5 %.

Due to the change in remuneration criteria, there is a difference in the gap calculations between the two years, which is why there is no comparability of information. Specifically, the previous year's pay gap was calculated on the average real fixed remuneration of women compared to men (excluding senior management), and by region the following percentages were obtained: 3 % in Europe, 10 % in Asia, 27 % in the Americas and 47 % in the rest of the world.

In addition to the change in the calculation criteria, this increase in the gap is due to several factors, including the historically low female presence in some areas of activity (due to the composition of the workforce and the larger population of men than women in general), the different specialisation of jobs (more men than women in positions of responsibility), and seniority.



## Being renowned for creating quality jobs is one of Velatia's highest aspirations

### Organisation of work

**Velatia** has established various measures to guarantee the well-being of its employees. In this regard, it has a tool for monitoring time records, thus combating long working hours, encouraging the use of holidays, etc.

Each company in the group determines the aspects relating to working time, rest periods and all 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).

Freedom of association and trade union representation are guaranteed in the various rules, conventions and agreements on social relations.

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

Our group has different communication channels to reach all its members: 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.

A new communication tool has been incorporated and made available to the workforce: **My Velatia**. A website and an application that can be downloaded to a mobile phone, where any professional can not only access information and receive company communications, but also carry out administrative procedures.

Among the highlights of 2022 are the approval of the **Digital Disconnection Policy**, the approval and adaptation of the regulations on teleworking situations in the group, and the launch of the "**Gosa concilia**" (**Gosa** reconciles) pilot project, the aim of which is to analyse and, if necessary, adapt the conditions for **Gosa** to be certified as a Family Responsible Company.

## Labour relations

The organisation of social dialogue at Velatia 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** has various collective bargaining agreements:

- Collective agreements at company level (**Ormazabal y Cía.**).
- Business agreements: normally adhered to a commercial agreement and with improvements agreed with the workers' legal representatives. They are found in companies such as **Ormazabal** International Business; **Ormazabal** Corporate Technology, Aislantes Sólidos, **Ormazabal** Distribución Primaria, etc.

- Regional/provincial collective agreements: other companies in the group are directly covered by the corresponding regional or provincial agreement, such as **Ormazabal** Media Tensión (with an agreement for the metal industry in the Spanish region of Madrid), Ólvega (with an agreement for the metal industry in the Spanish province of Soria), etc.
- Provincial collective agreements at industry level, such as the general collective agreement for the chemical industry or the collective agreement for the iron and steel industry in the Spanish provinces of Biscay, Gipuzkoa and Burgos.

### DISTRIBUTION OF % OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT BY COUNTRY

The percentage of employees covered by collective agreements (at general or company level) in 2022 was 67 % (65 % in 2021). The percentage increases compared to 2021 because the number of employees covered by collective bargaining agreements has increased in France and Spain.

The remaining countries include all countries whose employees are not covered by an agreement: Algeria, Argentina, Australia, Chile, China, Colombia, Malaysia, Mexico, United Arab Emirates, Peru, Poland, Portugal, Africa, Turkey, South

Africa, the 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. With regard to the mechanisms used, there are different committees, of which the Training Committee and the Equality and Health Committee stand out.

Country	% of employees covered in 2021	% of employees covered in 2022
Brazil	100%	100%
France	100%	100%
Germany	100%	100%
Spain	100%	100%
Other countries	0%	0%
<b>Total number of employees covered by collective agreement</b>	<b>65%</b>	<b>67%</b>

## Health and safety

The commitment to health and safety at Velatia is set out in the integrated policy of Quality, Environment and Health and Safety at work, which is specified in these three lines of action:

- Establecer un **entorno laboral seguro** desarrollando una cultura preventiva en materia de seguridad y salud, tanto de las sociedades que integran el grupo como también de las empresas colaboradoras.
- Promote respect for the health and safety of people by preventing damage to and deterioration of health.
- Achieve and maintain the **highest international certifications** in this field.

In line with this preventive culture, **Velatia** undertakes the following challenges:

- **Training:** Promote training and actions to eliminate or 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 contents of workplaces with respect to a wide range of risks.
- **Labour integrity:** To guarantee insofar as possible the labour integrity of workers in compliance with the respective sectoral regulations, and implementing the necessary measures.
- **International certifications:** Achieve and maintain the most recognised certifications of quality, the environment, and occupational health and safety management systems.

**The Health and Safety Committees** are responsible for monitoring compliance with applicable local regulations in the different companies within the group. **Velatia** also has personnel specialised in these matters who carry out functions focused on the continuous improvement of practices and procedures, as well as on obtaining and maintaining the aforementioned certifications.

The group currently has **nineteen organisations with ISO 45001 certification**. Obtaining this certificate, which is voluntary, demonstrates **Velatia's** proactivity in going beyond the legal requirements and achieving levels of excellence in this area. This involves the continuous improvement of all aspects related to the health and safety of people in the organisation.

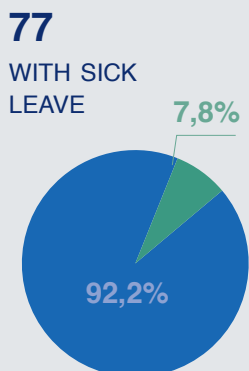
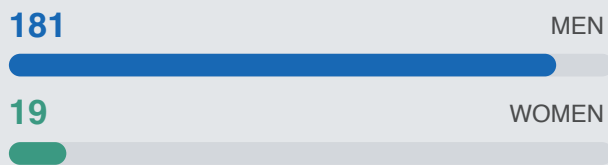
In considering health and safety as fundamental priority issues, Velatia strives to minimise the number of accidents, thoroughly monitoring the evolution of the most representative indicators.



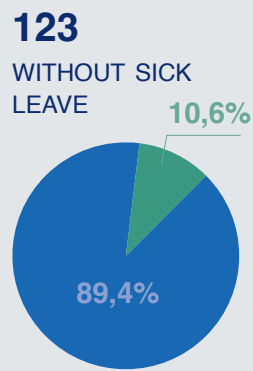
The absolute frequency and severity rates of registered accidents and occupational accidents and diseases during 2022 are presented below:

#### DISTRIBUTION OF NUMBER OF ACCIDENTS BY GENDER

##### 2021 | 200 ACCIDENTS

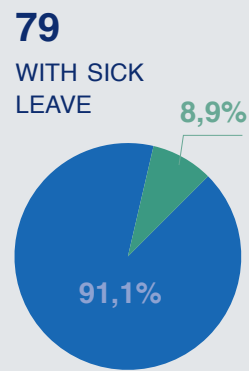
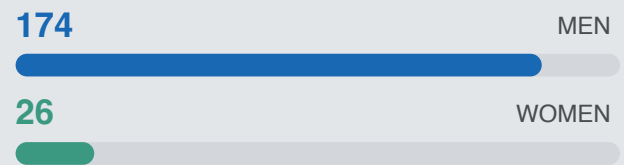


**6** WOMEN | **71** MEN

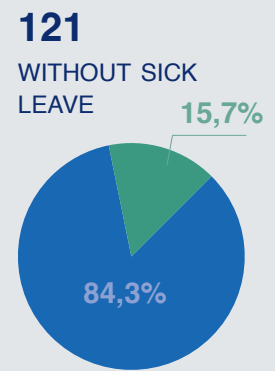


**13** WOMEN | **110** MEN

##### 2022 | 200 ACCIDENTS



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



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

■ MEN ■ WOMEN



In this exercise, the total number of occupational diseases reported were six (6) all of them men, of which four (4) occurred in Ormazabal and two (2) in Wec. This information was not provided for the year 2021.

In terms of frequency and severity rates, the results by gender are detailed below (in 2021 this information was not disaggregated by gender):

2021	
	Total
Frequency Index	12.4
Seriousness Index	0.35

2022			
	Hombre	Mujer	Total
Frequency Index	14.41	5.08	12.39
Seriousness Index	0.32	0.04	0.25

## COVID management

**Velatia** has continued to monitor the evolution of the pandemic and its impact on people in the organisation, updating and editing the necessary protocols and procedures according to changing circumstances.

The **Velatia Plan for Protection against COVID-19** is managed by those in charge of the workplaces and the Human Capital directors of each business. It contains the guidelines for the rollout schedule, the physical organisation of work, management of teleworking, management of vulnerable groups, aspects of immunological health and safety (management of protective equipment, health management of external personnel, workstation hygiene and cleanliness, communication in case of showing COVID-19 symptoms, etc.), and other processes within the scope of Human Capital.

This management has materialised on the basis of a protocol that has been maintained until the end of 2022, except in China due to its particular situation with a very high incidence of the disease.

## Absenteeism

The absenteeism rate is understood as the non-compliance with the working time due to sick leave, occupational accidents, hours due to works councils and strike hours. In 2022 there has been a change in the criteria for counting absenteeism hours, which amounted to 209,395, while the amount reported in 2021 was 234,059 hours. The data are not comparable with the previous year, as they included maternity and paternity leave and leave allowed by collective agreement and did not include strike hours (which accounts for the increase in 2022). If the absenteeism for 2021 had been calculated using the current criteria, the figure would have been 160,941 hours.



## Training

### Time invested in training: 64,572 hours

Recognising the strategic value of properly managing the training of people as the basis for the growth and success of a company, **Velatia** sets up different initiatives, processes and procedures that allow for the real and effective development of all the categories of employee that make up the group.

Within the performance evaluation process, the Group has a standard process aligned with the existing **Training Policy**. Each business unit is responsible for defining its training plans in accordance with the training needs detected.

To this end, **Velatia** aims to disseminate and share the knowledge that currently exists within the organisation, as well as to help employees acquire, gradually and increasingly, knowledge and skills aligned with the group's strategy, so that through continual learning they can perform their jobs with greater efficiency and effectiveness, and better adapt to the cultural and technology changes that will allow the group to be more competitive.

**Velatia** conveys the following commitments in relation to training, as set out in the approved training policy:

- Increase our employees' **knowledge and skills** progressively.
- Align the training given with the **competencies, values and requirements** set out in the strategy of the company.

- Promote maximum **pooling of the existing knowledge**, providing the necessary resources and enabling their efficient use.

In this context, training actions, adapted to the particular needs of the workforce, were carried out around the world throughout 2022, with a total of 64,597 hours invested. The cross-cutting topics addressed during the courses and workshops focused mainly on leadership, strategic planning and language learning (mainly English).

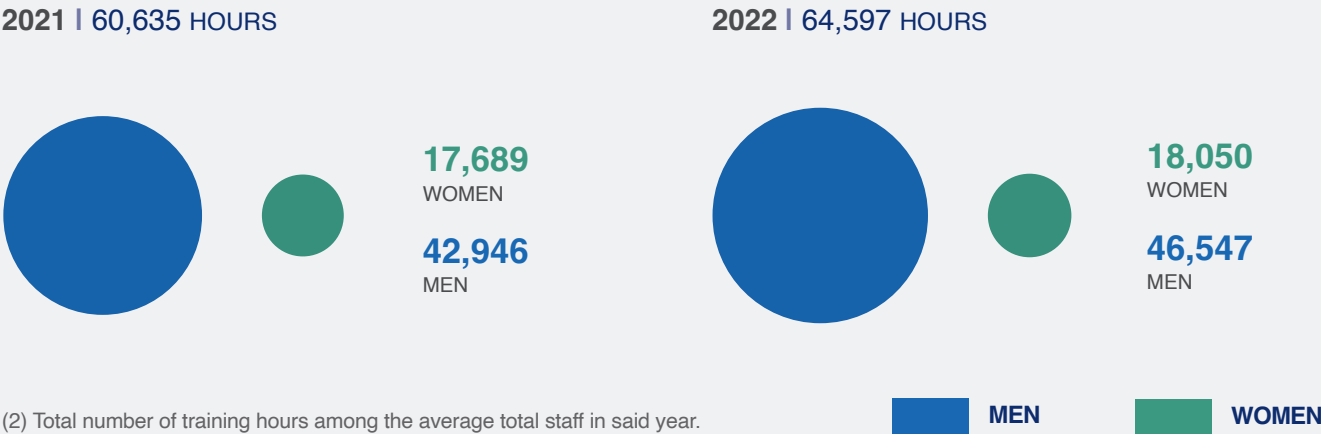
The total number of hours spent on training **increased by 6 %** compared with the previous year and the average number of hours per employee has remained stable, with a slight increase of 3 % over the previous year.

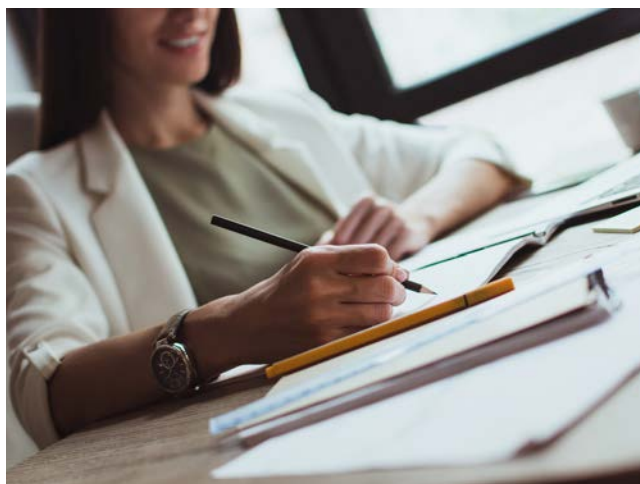
If we differentiate by gender, of the 64,597 hours invested in the year, 46,547 correspond to men and 18,050 to women<sup>(2)</sup> (42,946 and 17,689 in 2021, respectively).

HOURS INVESTED IN TRAINING BY PROFESSIONAL CATEGORY



HOURS INVESTED IN TRAINING BY GENDER





## Digital disconnection

The facilities for connection through technology means, driven by the pandemic, are increasing. This sometimes blurs the separation between work and the family and personal sphere. 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 approved a Digital Disconnection Policy in 2022 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, as far as possible, 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

The commitment to equal opportunities, non-discrimination and diversity wherever it operates is intrinsic to **Velatia's** management, the promotion of diversity and inclusion being regarded as fundamental elements of its strategy. The group thus underlines its firm commitment to Principle 6 of the United Nations Global Compact, concerning the elimination of discrimination in respect of employment and occupation.

Furthermore, the **Code of Ethics** also 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.”

In keeping with the commitment made to guarantee protection of fundamental rights of the individual, **Velatia** has developed a **Protocol on Prevention and Action against Workplace Harassment**, which aims to establish the measures necessary to prevent and act against any type of harassment in the workplace (sexual, discriminatory and/or psychological), a protocol that includes harassment based on sex. The different business units define their respective plans and actions according to their circumstances.

The **Committee on Ethics and Corporate Crime Prevention** is primarily responsible for handling complaints or communications related to harassment. This body is responsible for managing and resolving any complaints, suggestions or enquiries about situations of harassment that have not been resolved by informal procedure.

In addition, **Velatia** identifies the figure of the **mediator** as the relevant expert who will act as confidential adviser and be 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.

At present, all group companies in Spain have equality plans in place. In 2022, the actions contained in these plans, which were carried out between 2020 and 2021, were deployed.

**Commitment to equal opportunities, non-discrimination and diversity is intrinsic to Velatia's management.**





We work closely with the companies that are developing the technology that will transform our world

## 2I Innovation

For **Velatia**, innovation is not only a differentiating factor but one that is also intrinsic to the creation of sustainable solutions that respond to major global challenges. This view is not a product of the current reality, but instead part of the way in which it has approached business entrepreneurship for more than fifty years. The commitment to innovation is the transforming pillar that drives the evolution of the group, that of the sectors in which we operate and that of our environment.

**Velatia** is present in some of the key areas identified by the economy's mega-trends—and those that demand the most innovation—working closely with the companies that are now developing the technology that will profoundly transform tomorrow's world and, therefore, our lives. In 2022, new global actors have chosen **Velatia** as a technology partner because of the **flexibility, proximity and adaptability** that characterise our way of working, which is even more important in the current context of uncertainty and instability at all levels.

The group's commitment to innovation is reflected in its Sustainable Development, Quality, Environment and Health, Safety and Well-being policies, which establish two main areas of action:

- Establish **lines of continual improvement** in the quality, reliability, durability, flexibility, adaptability and environmental performance of our products.

- Promote **innovation and continual improvement** through excellence.

**Velatia** dedicates a significant part of its efforts to promote lines of research to strengthen our competitiveness and that of our customers in fields such as electrical networks and smart grids, smart cities, ICTs, aeronautics, design engineering and electromechanical solutions, energy services and high-tech electronics. So, for example:

- We develop technologies that contribute to the **transformation of electrical networks** by providing them with capacity for transitioning to a new energy mix with a greater penetration of renewables, in the strategy geared towards a decarbonised economy.
- We create vital infrastructures to meet the needs of sectors such as transportation, currently immersed in the **e-vehicle revolution**.
- Our technology allows us to capture, analyse, merge and **convert data into useful information**, essential ingredient for smart management in sectors such as airports, cities, smart grid or health.
- We participate in **digital transformation** with specialised business applications to improve operational efficiency, security and user experience.
- Our **cybersecurity** solutions protect companies and organisations from such threats.

- It is a priority objective for the company to ensure that all the **products** it designs and manufactures are **digital natives**, i.e. they integrate intelligence from their very conception in order to ensure network automation and their optimisation as assets.

**Velatia** is committed to an **open innovation** model that allows it to create the best solutions, products and services that provide value to its customers and respond to current and future challenges to enable a more sustainable, innovative and efficient society. This model allows it to maintain a privileged relationship with some of the main national and European research centres, as well as with universities, promoting collaboration and knowledge exchange. We consider the linking of industry and academia to be essential to promote research activities and improve its chances of attracting talent.

The adoption of this model seeks to **maximise the group's capacity for innovation from both inside and outside** the organisation. From within, by developing a culture of innovation that fosters continuous improvement and creativity. From outside, by taking advantage of the opportunities offered by collaborations through an ecosystem that fosters the development of new ideas and business opportunities.

Recently, two new technology areas have been incorporated into the business strategy that will reinforce its positioning in the face of the challenge of network digitalisation: data analytics, with the creation of the **Ormazabal Analytics** department, and power electronics with the incorporation of the company **Supsonik** into the project.

Among the singular achievements in the area of digitalisation, it is worth highlighting the recognition of the Demonstration and Experimentation Unit as a **European Digital Innovation Hub**, as it is the only private centre that forms part of the **Basque Digital Innovation Hub**, within the "Digital Electricity Grids" node.

Among the policies of preferential action, mention should also be made of the promotion of collaboration with **technology start-ups** in an attempt to take advantage of the driver effect on these companies.

The Group's technology strategy is integrated into the respective strategic plans of the businesses, as set out in the relevant sections devoted to them.

## Our own technology and new products

### Nearly all sales in 2022 are of own product

If the barometer that measures a company's level of innovation is the percentage of sales of its own products, in the case of **Velatia** this volume represents practically the entire business. This is because for the group, innovations are much more than ideas; they become products and solutions that drive business and contribute to the progress of its customers, the industrial sectors in which it operates and, ultimately, society as a whole.

With regard to new products, understood as products developed in recent years, **Velatia** maintains an active innovation indicator relating to turnover from this source, which represents a significant part of the group's total turnover.

## Innovation in figures

	2021	2022
R&D&I expenditure (in thousands of €)	19,600	22,500
R&D&I personnel (people)	115	117
Invoicing in new products (in thousands of €)	128,034	208,300
No. of patent applications	5	5
Average age of industrial property	9.4	8.3
No. of patents and industrial property registrations	274	292



## Collaborations

As part of its commitment to innovation, it is worth mentioning **Velatia's** collaboration with leading national and European research and technology centres and organisations:

### Tecnaia

First private centre for applied research and technology development in Spain and one of the most outstanding in Europe. It consists of more than 1,400 experts from more than 30 countries and seeks to transform technology into GDP to improve people's quality of life, creating business opportunities in 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.

### Basque Science, Technology and Innovation Network

Since 2005, **Velatia** has formed part of this research body, in the "Business R&D Units" category. Thanks to this accreditation, it continues to hold an important position among the group of agents driving technology innovation in the Basque Country, as well as strengthen ties with similar organisations in this field in other territories.



### 3 | Environment

**Velatia** promotes and integrates into the organisation a culture that respects the environment and biodiversity, in line with the principles of sustainable development. In short, a culture that encourages the reduction of the environmental impact generated by products and processes, in line with the principles of the circular economy; that prevents pollution to reduce its adverse effects on climate change; that puts the emphasis on the conservation of natural resources and, finally, that applies sustainability criteria when designing its products.

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

**Velatia's** environmental commitments are set out in its Sustainable Development, Quality, Environment and Health and Safety policies. These policies aim to ensure responsible management, process improvement and sustainable use of the resources it employs in order to mitigate the impact of its operations on the environment, climate and health.

These policies aim to ensure responsible management, process improvement and sustainable use of the resources it employs in order to mitigate the impact of its operations on the environment, climate and health. Commitments that extend to critical suppliers who must commit themselves in writing by signing the **Quality Manual and the Code of Ethics**.



Responsible towards the environment  
and biodiversity, in accordance with the  
principles of sustainable development



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

- Promote and integrate a **responsible culture** with regard to the environment.
- Maximise employee **participation and consultation** in the comprehensive management of policies, promoting new ideas and recognising achievements.
- Ensure **compliance** with laws, regulations and standards, as well as with the voluntary commitments undertaken.
- 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 injuries and deterioration of health.
- Provide a **common framework** for establishing and reviewing the balanced scorecards of **Velatia's** companies, always geared towards the satisfaction of our stakeholders.
- Achieve and maintain recognised **international certifications** of quality management, environment and occupational health and safety systems.
- Maintain fluid **communication** with the different stakeholders.

Central to our activities since 2021 is our **decarbonisation roadmap**, which sets a target of a 68 % reduction in CO2 emissions by 2030 and a longer-term goal of zero emissions by 2050..

**We embrace the challenges and seize the opportunities of a zero-emissions future**

## Provisions and insurance

**Velatia**, in order to apply the precautionary principle, periodically analyses the register of the amounts of provisions to cover some of the existing environmental risks. It should be noted that, at the end of 2022, 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, as well as an Environmental Liability policy under the Administrative Liability regime for Spain and Germany.

As a noteworthy aspect, during 2022, an analysis of the environmental insurance legislation in all the countries in which the group operates was carried out by an external company in order to ensure compliance with all environmental legislation requirements.

Moreover, we have conducted an analysis of exposure to current natural catastrophe risks in addition to exposure to future long-term physical climate risks, based on international frameworks such as the TCFD (Task Force on Climate-related Financial Disclosures).

In addition, within the framework of an environmental impact assessment, the group will carry out a diagnosis of some of its real estate assets. This diagnosis will focus mainly on those projects built prior to the European Directive 2011/92/EU and, if necessary, an action plan will be implemented for the environmental rehabilitation of these projects.

## Certifications

**Velatia**, in its firm commitment to the environment, continues to deploy its **Environmental Management System** in accordance with the highest international standards and requirement levels in this area.

The group's main companies are ISO 14001 certified. ISO 14001 is the most widely used technical standard worldwide for the implementation and assessment of environmental management systems and is voluntary. In total, **Velatia** holds 19 ISO 14001 certifications, in addition to several Car-

bon Footprint certifications both at the organisational level and by product families.

In order to ensure the maintenance and implementation of the above mentioned certificates, **Velatia** has a team distributed among its main facilities that performs the following functions, among others: identifying the legal requirements in the field of environmental management, evaluating the degree of compliance with these requirements, helping to define, deploy and assess environmental objectives, conducting internal audits of the **Quality and Environment Management System**, and, finally, offering training talks on quality management and environmental management at **Velatia** to new recruits.

## Pollution and climate change

### 58 % reduction in direct and indirect CO<sub>2</sub> emissions intensity compared to 2019

In accordance with the environmental strategy regarding the reduction of CO<sub>2</sub> emissions and with the ultimate goal of zero emissions by 2050, **Velatia** continuously monitors the footprint of its activities and prepares greenhouse gas (GHG) emissions reports where direct and indirect emissions are quantified.

In relation to this, total direct emissions include the fuel consumed in production processes and boilers (fuel, gas), as well as the fuel of company vehicles used for sales and assembly work purposes. Total indirect emissions also include electricity consumption.

In 2022, in addition to calculating Scope 1 and 2 emissions in the group, pilot tests have been conducted for the estimation of Scope 3 emissions for some premises.

In addition, during this financial year, the group has updated its emissions factors and the results of **Velatia**'s environmental performance in relation to GHG emissions (t CO<sub>2</sub>-eq) in 2022 and 2021 are as follows:

GHG emissions (t CO <sub>2</sub> eq.)	2021	2022
Direct (Scope 1)	3,651 t	2,778 t
Indirect (Scope 2)	1,009 t	1,081 t

Direct emissions (Scope 1) include the fuel consumed in production processes and boilers (fuel, gas), as well as the fuel of company vehicles used for sales and assembly work purposes. In 2022 we see a decrease in the group's direct emissions (Scope 1) as a result of efforts to move away from fuel use and towards a low-carbon energy transition.

Indirect emissions (Scope 2) include electricity consumption. For these emissions, and due to the difference between the regional grids of the network, energy consumers must assess the emissions of their consumption based on a location-based or a **market-based** method. In the case of **Velatia**, in 2022 the group reports its emissions according to the market-based method, which is defined in the GHG Protocol's Scope 2 Guidance and is based on *"the allocation of emissions from power generators to consumers based on 'contractual instruments', such as utility-specific emission factors, Energy Attribute Certificates (EACs) or other contracts."*

In addition to the aforementioned emissions, in 2022 **Velatia** has increased its efforts to report a greater detail of its environmental footprint to its stakeholders. Thus, this year the group has recorded a total of 7,972 t CO<sub>2</sub>-eq derived from SF<sub>6</sub> consumption (compared to a total of 11,750 t CO<sub>2</sub>-eq in 2021), which are entirely attributed to the **Ormazabal** activity and derive from the emissions of 350 kg of SF<sub>6</sub> (515 kg in 2021) produced during the manufacturing process.

Electrification of transport is one of the most important paths towards decarbonisation, and the one that is developing most rapidly. **Velatia** has continued to promote the digital transformation of electricity networks by providing them with capacities to assume a new energy mix with a greater presence of renewable energies, as well as infrastructures to meet the needs of sectors such as transportation, currently immersed in a revolution with the emergence of the electric vehicle.

Taking into account the level of activity, in 2022 **Velatia** reduced the intensity of direct and indirect CO<sub>2</sub> emissions by 58 % compared with 2019 (last recorded figure before COVID-19). One of the actions that contributed most to this reduction was the decision to consume electricity only from renewable sources in several of the group's companies, a fact that has been certified through the corresponding Guarantee of Origin certificates.

This means that, despite an increase in activity compared with 2019, indirect emissions are down by 76 %. Likewise, certain measures have also been put in place to improve energy efficiency which have contributed to this reduction.

In terms of direct emissions, these have also been substantially reduced, 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 factory (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, etc.



## Tree planting

Finally, in 2022, an emissions mitigation plan has been implemented by planting trees through four reforestation initiatives that have planted 1,200 trees that will offset approximately 300 t of CO<sub>2</sub> over 40 years.

## Electrical mobility

We continue to invest in sustainable mobility. At the end of 2022, 55 % of the vehicles in the company fleet were hybrid and 9 % electric/plug-in hybrid. In addition, Velatia is committed to renewing the fleet only with hybrid or electric vehicles.

## Circular economy

At **Velatia** we base the implementation of an environmental strategy on the circular economy, with the aim of minimising possible negative impacts arising from our activity and with the firm purpose of achieving an effective management of the waste that we generate.

On the basis of this desire, in 2022 we implemented 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.

Most of the group companies have contracts with specialised waste management companies that cover the entire waste cycle, from collection and transport to handling (and, where possible, return for reuse), as well as the liability of both parties.

In line with the **European Green Pact** regarding the product design in accordance with sustainability criteria, it is worth mentioning that **Ormazabal** uses its own eco-design model in the development of new products to ensure a more efficient and sustainable future.



## Waste management

Type of waste	2021	2022
Hazardous waste	281,340 kg	249,181 kg
Non-hazardous waste	5,156,549 kg	5,169,777 kg

Hazardous waste is that whose intrinsic properties pose risks to health or to the environment. In this respect, as far as the management of hazardous waste is concerned, 36 % of the waste generated in 2022 was recovered, 56 % was disposed of and the remaining 8 % was sent to controlled landfills. A continuous improvement if we look at the 2021 data, where 28 % was recovered, 59 % disposed of, 10 % underwent a valorisation process and the remaining 3 % was sent to controlled landfills.

Regarding non-hazardous waste—metal scrap, paper and cardboard, plastics and wood—in 2022, 45 % was recovered, 7 % sent to controlled landfills, 47 % underwent a valorisation process and the remaining 1 % was disposed of. In 2021, 47 % was recovered, 3 % was sent to controlled landfills, 46 % underwent a valorisation process and the remaining 6 % was disposed of.

## 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. To this end, in 2022, measures have continued to be implemented to raise awareness throughout the company about the responsible use of water in all work-related activities.

Consumption	2021	2022
Water consumption (m³)	45,984 m³	45,648 m³

### Evolution of raw material consumption and energy consumption

**Velatia**, in its aim to achieve maximum optimisation of resources, promotes the efficient and responsible use of raw materials and energy at all stages of the process in the different areas of activity. Similarly, it has environmental and energy management systems with which it can take measurements and, based on these, assess and take action, and thus continue to implement measures, if necessary, that allow it to increase energy efficiency and optimise the consumption of resources in production processes.

The following table shows the consumption of the main raw materials and energies used in the group's production processes:

Raw materials	2021	2022
Main raw materials (magnetic sheet, enamelled wire, aluminium, chemical consumables, oil and aluminium strip)	21,931,032	26,930,646

Consumption	2021	2022
Electricity (kW h)	14,757,126	14,806,029
Natural gas (Nm³)	1,377,993	1,137,409
Diesel A & C (l)	246,140	178,760
Gasoline (l)	47,997	12,662

Electricity kWh	2021	2022
Renewable	11,692,650	12,541,750
Non renewable	3,064,476	2,264,279
<b>Total</b>	<b>14,757,126</b>	<b>14,806,029</b>

Additionally, it should be noted that in 2022 **Velatia** has continued to expand its renewable energy generation facilities for self-consumption through the installation of solar panels in Amorebieta, Loeches and Getafe. Thanks to the solar panels installed, a total of 902,278 kW h of energy have been generated for self-consumption.

With regard to the year-on-year differences observed, in 2022 the increase in renewable energy and the decrease in the consumption of non-renewable energy (6 % compared to the previous year, 2021) are mainly due to the increase in the consumption of energy with a guarantee certificate of renewable origin. Similarly, analysing the evolution of energy consumption derived from the use of fuels compared to the previous year, the group's great efforts to reduce the use of this type of energy can be seen. Thus, in 2022 Velatia has reduced the consumption of all types of fuel used as a result of the generalised replacement of combustion energy equipment with electrical equipment, particularly at **Ormazabal**.

In the case of raw material consumption, the 23 % increase observed in 2022 compared to 2021 derives directly from the increase in the organisation's global manufacturing.

### Energy efficiency

The results in this section show a significant reduction in electricity consumption at a general level, taking into account an increase in activity compared with the previous year, mainly associated with the energy efficiency measures put in place and which were extensively analysed and detailed in the audits carried out in 2020. In addition to those mentioned above, more measures have been implemented in this regard, such as the replacement of lighting with LED systems and energy monitoring, among others.

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 the group has been audited for the past four years, no further audits are required in the financial year 2022.



As a result of the commitment to quality, a total of 27 Velatia companies worldwide were ISO 9001 certified by the end of 2022

## 4 | Customers

**Velatia** places customer satisfaction at the centre of its strategy, from the process of listening to their needs to the execution of each project, always seeking to achieve the highest degree of compliance in order to meet their expectations. In this sense, more than a supplier of products and services, **Velatia** seeks to become a true technology partner based on 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. Should the need arise, customers can make use of a **Claims and Complaints System** adapted to the reality of each company.

The products and services of the companies of the group take into account all the **quality and safety parameters** provided for in the regulations applicable in each case. For this reason, **Velatia** tries to have a **Claims and Complaints System** adapted by company, thus adjusting to the reality of each company. In this aspect, **Ormazabal's** casuistry stands out, as it has a very robust complaints system in which requests are recorded on a monthly basis and analysed. Re-

quests for action by **Ormazabal** in the event of incidents arising from a lack of quality or management errors in the supply of products during 2022 totalled 2,510 complaints, of which 2,306 have been closed and 204 remained open at the end of the year.

Companies with a high volume of complex operations have an incident logging tool that allows them to improve the quality of service and implement corrective actions where necessary. All of them regularly monitor the complaints received, identifying the type, status and resolution date of each complaint.

As a result of the commitment to quality, it should be noted that **Velatia's** businesses had a total of 27 ISO 9001 certified companies worldwide by the end of 2022.



## 5 | Suppliers

In relation to the supply chain, **Velatia** assumes the following commitments which are developed in the Corporate Social Responsibility and Purchasing Policies:

- 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.

As a highlight, a single supplier portal for all group companies has been launched in 2022 with the aim of consolidating and centralising all information related to this area.

In addition, some environmental, social and governance (ESG) criteria were incorporated into the supplier selection and evaluation process carried out through the portal.

**Velatia** does not have an estimated record of the audits performed in 2022, however, our group is working towards having a record containing the details of the audit monitoring systems and the outcome of the audits. It is expected that one of the developments of the new supplier portal will be to have these details in the future.

### Commitment to local suppliers

**Velatia's** activity in the geographical regions where it is present is geared towards creating value for local suppliers, in line with the interests of the businesses. This commitment acquires even greater importance in territories where the group has production facilities.

% expenditure on local suppliers	2021	2022
Spain	81%	78%
France	94%	97%
Germany	69%	87%
China	97%	96%
Mexico	93%	92%
Colombia	85%	99%

### Sustainability in the supply chain

Aligning the corporate Function of Purchasing with each of **Velatia's** operational departments allows us to determine and apply the best assessment criteria in each procurement or purchasing process, and to always be at the forefront in terms of sustainability, environmental assessment and human rights criteria. 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.

### We extend sustainability criteria to the supply chain

## 6 | Society

Since the outset, **Velatia** has maintained a firm commitment to the creation of sustainable value for society as a whole.

In addition to the initiatives that make up its traditional social agenda, further support was added in 2022, reaffirming its desire to contribute to the educational, technological, social, cultural and environmental progress of communities.

Our group is a member of the main associations in the sectors in which we operate. Here is a summary of some of them:

### Support for training

**Velatia** seeks to bring the company closer to the world of education and with this in mind maintains a close collaborative relationship with various training institutions to promote the development and growth of the local economic fabric. In this sphere, we maintain various agreements, scholarships and internship options.

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

Asociaciones	
<b>AMETIC</b>	Asociación Multisectorial de Empresas de Tecnologías de la Información, Comunicaciones y Electrónica (Multi-sectoral Association of Information Technology, Communications and Electronics Companies)
<b>IAI</b>	Asociación Instituto de Auditores Interno (Association of Internal Auditors Institute)
<b>AEFAME</b>	Asociación Empresa Familiar de Euskadi (Family Business Association of the Basque Country)
<b>AERCE</b>	Asociación Española de Profesionales de Compras (Spanish Association of Purchasing Professionals)
<b>APD</b>	Asociación para el Progreso de la Dirección (Association for the Advancement of Management)
<b>DIRCOM</b>	Asociación Profesional de Directivos de Comunicación (Professional Association of Communication Managers)
	Círculo de Empresarios Vascos (Basque Businessmen's Circle)
<b>EUSKALIT</b>	Fundación Vasca para el Fomento de la Calidad (Basque Foundation for Quality Promotion)
<b>INNOBASQUE</b>	Basque Innovation Agency
<b>IEF</b>	Instituto de la Empresa Familiar (Family Business Institute)
<b>IZAITE</b>	Association of Basque Companies for Sustainability
	Red Española del Pacto Mundial de Naciones Unidas (Spanish Network of the UN Global Compact)
<b>AGERS</b>	Asociación Española de Gerencia de Riesgos y Seguros (Spanish Association of Risk and Insurance Management)
	Asociación para la Revitalización del Bilbao Metropolitano (Association for the Revitalisation of Metropolitan Bilbao)
	Asociación PWN Norte (PWN—Professional Women's Network—North Association)

## Shared knowledge

A significant 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 **Velatia**, **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

Our family-rooted business project considers both the economic and human dimension as the only way to achieve long-term, sustainable profitability for the benefit of all our stakeholders. This is the basis of our 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.

Velatia has a Social Action Management Procedure that allows us to effectively manage our contributions to the community, minimising risks and maximising the reputational opportunities that could arise from these contributions.

The commitments set out in the Social Action Policy focus on the following purposes: to contribute to the development of the society in which we operate and/or maintain business relations, promoting innovation in search of a better quality of life for that society and the creation of value for the group. To this end, we defined three areas of action:

### 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.

We specify the destination of Velatia's contributions to the entities with which it collaborates on a regular basis (Fine Arts Museum Foundation, Guggenheim Museum Bilbao Foundation, Novia Salcedo Foundation and UNICEF), as well as the new support provided in 2022 in areas such as the professional development of women and gender equality, the reuse of computer equipment, environmental initiatives, and giving young people an insight into the metal industry, among others.

### Social action



#### Novia Salcedo Foundation

Project: "Decade of Action for Youth Employment" (Década de acción por el empleo juvenil).

The aim of the project is to boost youth employment and meet the targets set out in SDG 8: creation and dissemination of knowledge, communication, awareness raising and presence in society.

This initiative aims to ensure that young people can improve their employability and obtain a decent, quality job that will enable them to undertake their life projects, both from the perspective of personal and professional development.

**Velatia** has been for years in permanent collaboration with the **Red Generación (Generation Network) of the Novia Salcedo Foundation**, a new initiative that brings together all the concerns of the different actors (civil society, companies, etc.) in pursuit of its founding goal: to achieve greater employability among the young population.



### Collaborations in Mexico

As part of its business strategy in this country, Velatia collaborates with various entities such as the Mexican Red Cross to purchase material for its assistance units or for the network of food banks in Mexico (BAMX), as part of its "Alimento para todos" (Food for all) programme.



#### UNICEF

Discrimination on grounds of gender.

**Velatia** has continued to deepen its cooperation with UNICEF with the aim of improving the lives of children around the world.

In 2022 we have especially supported the fight against gender discrimination. Being born a girl or a boy determines people's chances of growing up healthy, safe and with access to education. Girls face disproportionate threats to their well-being and the realisation of their human rights.

The pandemic has exacerbated inequalities and reinforced inequities in this regard. 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, as well as the empowerment and well-being of adolescent girls in order to address the specific challenges they face.



## Cultural action activity



### Bilbao Museum of Fine Arts

**Velatia** seeks to contribute to the development of the museum in its mission to assemble, preserve, study and disseminate its collection of ancient, modern and contemporary art, ensuring its enrichment, maintaining its services and promoting quality activities. In this way, it actively participates in the projection of the cultural values of the Basque Country and, ultimately, 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 Elkarte  
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 help spread musical education in society as well as the cultural values of the Basque Country.

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

## New support initiatives

### Supporting women's professional development and gender equality

We continue to support the professional development of women, which is reflected in our collaboration with initiatives such as PWN (Professional Women's Network), an international movement that works to promote women's careers and gender equality in companies. Specifically, it supports the "Hombres a bordo" (Men on Board) initiative, which is a call to men to achieve gender-balanced leadership at all levels of society, favouring a work-life balance based on gender equality and co-responsibility.

The aim of this project is to address the gender gaps that have increased with the pandemic, which has particularly affected women in the professional field..

### Support for investments with an environmental or social objective

**Velatia** has an agreement with the insurance company QBE as part of the "Premiums4Good" project, whereby it undertakes to contribute 25 % of the QBE insurance premium to investments with a social or environmental impact. For example, in the Asian Development Bank's Theme Bonds (gender or other).

### Donation of computer equipment

In line with its commitment to the circular economy and the environmental and social management of resources, in 2022 **Velatia** collaborated with the OECD (Organisation for Economic Co-operation and Development) Foundation by donating obsolete computer equipment to be upgraded and given a second life. This equipment will go to educational centres or initiatives lacking resources, thus helping to narrow the digital divide.

### Tree planting

Finally, it is worth mentioning the climate actions promoted by some of the group's companies, such as **Ormazabal**, consisting of planting trees in their immediate surroundings in order to reduce their environmental footprint.

**All these actions and support contribute to the development of society, the environment and our stakeholders**

## Contribution to society

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

The following tables show the economic contribution to society as a result of the activity carried out in 2022 taking into account the economic value generated, the economic value distributed and, as a result of the difference between these two items, the economic value retained (all in thousand of euros). A recalculation of the year 2021 is shown in order to bring these data in line with those reported in the previous year's annual accounts.

### (A) ECONOMIC VALUE GENERATED (mil €)

Revenue	2021	2022
Turnover	736,458	834,039
Other operating revenue	5,480	2,229
Financial revenue	1,589	1,589
Equity method profit	-4,806	159
<b>TOTAL</b>	<b>738,721</b>	<b>838,016</b>

### (B) ECONOMIC VALUE DISTRIBUTED

	2021	2022
Cost of goods and services	-419,847	-488,518
Other operating costs	-101,280	-110,887
Personnel costs	-174,838	-189,837
Financial expenses	-6,484	-5,900
Corporate taxes	-9,895	-8,638
<b>TOTAL</b>	<b>-712,344</b>	<b>-803,780</b>

### ECONOMIC VALUE RETAINED (A-B)

	2021	2022
	26,377	34,236

## Profits by country

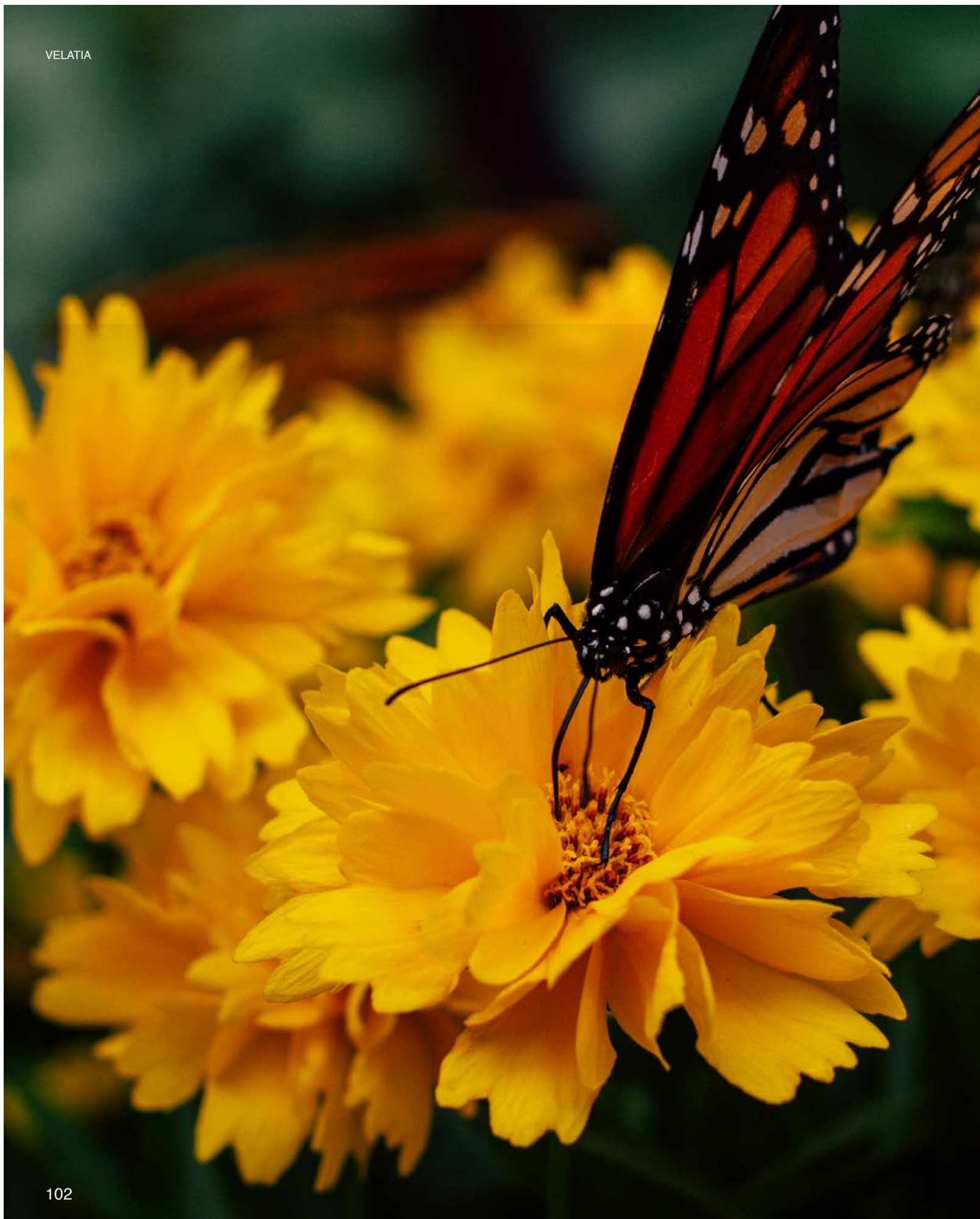
**Velatia's** ultimate goal is to generate confidence and distribute value in the national and international market through responsible action, particularly in the tax field. Profit data (in thousands of euros) for 2022 are shown below. In order to comply with current regulations, we present this information in detail by country.

In order to be able to make the comparison with respect to 2021, in terms of the profits obtained, country by country, before tax, that year the significant information was reported grouped in the main geographical areas in which the group operates in thousands of euros, the total being 20,802 thousand euros, and the breakdown (in thousands of euros): Spain 1,787, Germany -3,341, France 9,661, Brazil 7,437, Western Europe 639, North and Central America 3,174, South America 958, Asia and Oceania 488 and Africa -1 of PBT (profit before tax).

Profits by country	2022
Germany	2,792
Argentina	262
Australia	-13
Brazil	6,689
Chile	695
China	-3,930
Colombia	591
United States	621
Spain	24,232
France	5,268

Profits by country	2022
Malaysia	-79
Morocco	-54
Mexico	5,748
United Arab Emirates	-2
Peru	190
Poland	25
Portugal	867
South Africa	163
Turkey	277
United Kingdom	-1,295

**TOTAL**
**40,622**



## Tax responsibility

**Velatia** has a **Tax Policy**, approved by the Board of Directors on 28 July 2016, which sets out the **basic principles of ethical conduct, good governance and transparency** that must be followed in tax matters.

The strategy in this regard places the emphasis on ensuring compliance with applicable tax legislation as well as adequate 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.

Likewise, **Velatia's** tax policy includes a commitment to good tax practices applicable to the entire organisation.

## Profit taxes paid

As indicated in the Cash Flow Statement of **Velatia's** Consolidated Annual Accounts, 2,590 thousand euros in profit taxes were paid (cash basis) in financial year 2022. In 2021 a recalculation of the CIT was made in order to comply with the law and report the taxes on profits paid, the amount being 5,801 thousand euros.

## 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 2022.

The total amount of grants received in 2022 was 1,801 thousand euros, while in 2021 it was 1,926 thousand euros.







Be smart.  
Be Ormazabal







An underwater photograph of a coral reef. Sunlight rays penetrate the water from the surface, creating a dramatic effect. The coral is diverse, with various shapes and textures. A small fish is visible near the bottom right.

**Be Ormazabal.  
Be sustainable**





**We create  
technology  
for a sustainable  
future**





# 01 | About Ormazabal



Technology for a new  
electric world



**Ormazabal** is a global company with expertise in customised, reliable and high-tech solutions for electrical infrastructure, with more than 55 years of experience.

Its solutions aim to digitalise the electricity grid in order to integrate 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 generation of electricity from renewable sources, as well

as electricity grids, and increasingly electrified consumption are key to the energy transformation process leading to a decarbonised, more sustainable and environmentally friendly future for the economy. **Ormazabal** is taking on this great challenge together with leading global companies in the electricity sector. Putting our faith in the value of strength in numbers. Being part of the solution.

## 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 customers in the innovation of their electrical networks.

### Our 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

This corporate slogan is a declaration of intent that reinforces the Corporate Social Responsibility strategy and the value proposition of the **Ormazabal** brand.

## 2 | Ormazabal business

The main segments served by the company are listed below:



**Smart & digital grids**



**Green mobility**



**Green generation  
& storage**



**Sustainable buildings  
& infrastructures**



An aerial photograph of a white wind turbine standing in a field. The field is characterized by numerous concentric, wavy furrows that create a ripple-like pattern across the brownish-gold soil. A narrow, dark, winding path or ditch cuts through the field, passing near the base of the turbine. The overall scene suggests a harmonious integration of renewable energy with agricultural or natural land.

## Leaving a positive footprint on the planet

### 3 | Ormazabal in figures

**Ormazabal** has a strong international presence with 16 production centres in different geographical areas and the capacity to operate in more than 50 countries through subsidiaries and distributors. This allows the company to be close to its customers and to adapt to the characteristics of local markets in order to be able to respond quickly and personally to their needs. Because, beyond the walls of the factories and offices, there is a workforce of more than 2,400 highly qualified people who believe in the importance of a job well done.





1967

FOUNDATION  
YEAR



+50

YEARS OF  
EXPERIENCE



2.456

EMPLOYEES



+50

COUNTRIES



15

COUNTRIES  
WITH COMMERCIAL  
OFFICES



16

PRODUCTION  
CENTRES IN  
THE WORLD



1

RESEARCH AND  
TECHNOLOGY CENTRE,  
THE ONLY ONE OF ITS  
KIND IN THE WORLD

### 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 centros productivos** en el mundo

### Technology footprint

- 1 Research and Technology Centre, the only one of its kind in the world
- Product development centres in 8 countries

## Ormazabal ends 2022 growing again

### 4 | Summary of the year

#### The year in review

At the end of the year, **Ormazabal** had amply exceeded the targets set in the main figures and was above the targets set in the Strategic Plan. Compared to the capital goods industry for the electrical environment, its performance is above average, even improving results significantly.

In a context of enormous global uncertainty and great complexity, characterised by the scarcity of raw materials, supply problems, inflation, high energy prices, among others; **Ormazabal** has managed to increase its turnover **by more than 15 %**, reaching a **turnover of 617 million euros** and doubling its profit with an **EBITDA of 12.6 %**.

If we read in more detail, this substantial improvement in results is the result of several factors, among which the following three stand out: successful management of the logistics crisis at a time of great scarcity of raw materials, the adaptation of the commercial policy to the new market realities and the efficiency measures that the company has been applying for several years.

#### Key customers acknowledge company's good management of logistics crisis

In relation to the first of these factors, thanks to good operations management, **Ormazabal** has been able to achieve excellent performance in terms of delivery times and supply incidents, which has been highly valued by global customers. Its high capacity for compliance and reliability has enabled it to extend contracts to new product families and geographic areas and has even earned it the acknowledgment of customers such as Enedis, which named it strategic supplier of the year "for its extensive experience, its response with a very high level of quality and flexibility in supply"; or Iberdrola, which distinguished the company as best supplier of the year.

The second factor relates to the important commercial effort to match changes in production costs with selling prices at a time of great market stress.

And the third has to do with the long-term vision and refers to the measures that **Ormazabal** has been taking in recent years to consolidate its strategic and competitive position thanks to the colossal effort made by the entire workforce and its firm commitment to people, product innovation and industrial investments to restructure its production organisation and better adapt to the new global scenario. All of this is aimed at better meeting the needs of our customers, on the basis of an offer of technology solutions and services with greater added value.

**Ormazabal's** path of growth and sustainable profitability is clearly driven by innovation. In a world where the technology variables in the sector are increasingly greater and which is moving faster and faster, the company is committed to investment in R&D&I, close to **90 million euros** in the last five years and with **20 % more people** dedicated to this area. A major investment effort that is already bearing fruit, such as, for example, the increasing digitisation of products to make them digital natives or the great advances achieved in alternatives to SF6. The seriousness with which we are tackling this great challenge—whose time horizon is yet to be defined, and which is currently between 2026 and 2030—together with the courage to take decisions, will allow us to emerge stronger in the face of both local and global competition.

**Ormazabal** also participates alongside leading European players in the sector in projects that seek to shed light on the technology solutions required by the energy revolution. An example of this is the current BrainEn project, which aims to develop sustainable solutions for secondary distribution, energy management, industrial installations and power electronics equipment.

Over the last five years, significant industrial investments of more than 40 million euros have also been made to update and adapt the production structure—through the purchase and start-up of new factories and the adaptation and renovation of existing ones—, expanding production capacity.

**Ormazabal** also continues to strengthen its ecosystem with a firm commitment to electric mobility, which has led it to **incorporate 100 % of Nexvia** into its business, renaming it **Stratenergy Charging Stations**.

All these investments give the company a glimpse of the near future in which its advantage over its competitors will

not only remain but even grow. Moving forward with ambition, but always with intelligence.

## Digital-native products start to take off with first awards

2022 was an excellent year not only in terms of results but also in terms of progress in industrial projects and product development, including some milestones. For example, digital-native products are starting to take off with the first awards for smart transformers and automated low-voltage switchboards. At the end of the year, **Ormazabal** had more than 200 gigawatts of renewable energy installed around the world and more than 300 public charging stations contracted in Europe. International projects such as the local smart substations for the German operator Westfalen Weser, which it is helping to automate its network, or the project carried out for IONITY, consisting of the connection to the network of the test centre of the joint venture set up by the giants of the motor industry. Another significant milestone is the fact that the leading Italian electricity company, Enel, has placed its trust in **Ormazabal** as a solutions provider in its home market.

All of this is just a sample of the company's capacity to take advantage of the opportunities that arise and for which it is preparing. This preparation also includes the evolution of the most visible face of the **Ormazabal** brand: its corporate identity. In 2022 the company launched its new image, more electric, human and digital, aligned with the company's purpose.

## Ormazabal changes its brand image

This exercise has confirmed that the major underlying trends

identified in the strategic plan for the period 2021-2023 remain fully in force and have even been accelerated by the consequences of the open conflict in Europe on energy. In a stormy global environment, the need to accelerate the energy transition (digitisation of electricity grids, commitment to renewable energy generation sources, electric vehicles, green hydrogen, large-scale electricity storage, etc.) means that institutions are redoubling their efforts in the areas in which **Ormazabal** operates. The spearhead are the Next Generation Funds, an unprecedented injection of money, in addition to other initiatives such as the REpowerEU Plan approved in May 2022 by the European Union, which raises the target for electricity generation from renewable sources to 45 % in 2030 (in 2010 it was only 14 %).

In relation to people management, it is necessary to mention the commitment to talent management, with the international deployment of **Ormazabal Mentoring Experience**, a programme that seeks to accelerate the integration and development of people's talent within the company. In addition, within **Velatia's** General Human Rights Management Framework, the **Due Diligence** project has continued to be implemented in some geographies, with intensive work being carried out throughout 2022, following its launch in 2021.

**Ormazabal** faces 2023 with a strong order book and a good starting point. In a gloomy global environment, opportunities are opening up and we are more than ready to continue in the constant line of evolution and improvement of recent years to ensure sustainable growth over time. The 2022 results shown below are a reflection of this.



## EVOLUTION OF TURNOVER

2021

2022

**TURNOVER**

(millions of euros)

**543**  
MILLION**617**  
MILLION**EBITDA**

(% of turnover)

**8.6%****12.6%****EBT**

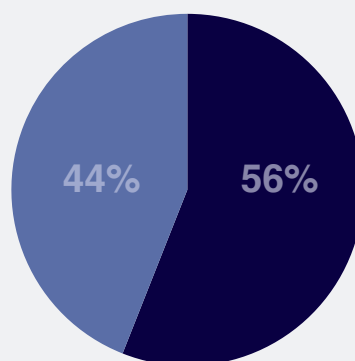
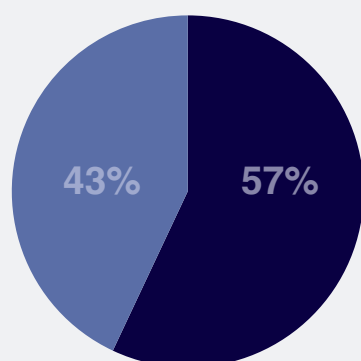
(% of turnover)

**6.9%****8.9%**

## DISTRIBUTION OF STAFF

2021

2022



**DIRECT**  
LABOUR FORCE

**INDIRECT**  
LABOUR FORCE

## DISTRIBUTION OF SALES

2021

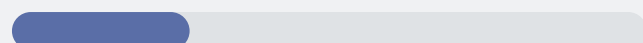
2022

**50%**

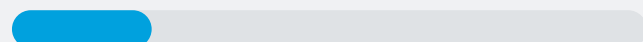
PUBLIC DISTRIBUTION

**28%**

ELECTRICITY END-USERS

**22%**

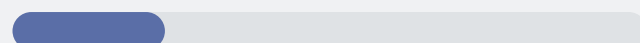
RENEWABLES

**56%**

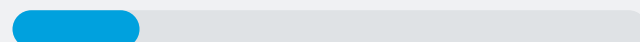
PUBLIC DISTRIBUTION

**24%**

ELECTRICITY END-USERS

**20%**

RENEWABLES





## Ormazabal milestones

### Deployment of intelligent local substations / Germany

After the success of the pilot test launched in 2020 and its subsequent expansion, Westfalen Weser is once again relying on **Ormazabal** switchgear for the deployment of the rest of its smart substations. Thanks to Ormazabal's equipment, equipped with remote control and transmission technology, the operator achieves fail-safe communication that provides maximum reliability and safety in the event of critical network operation.

### Increased capacity for one of the largest photovoltaic facilities in Oceania / Australia

**Ormazabal** is collaborating with the German company SMA, a specialist in photovoltaic system technology, on the project to expand the Australian solar power facility in Limondale with the capacity to generate 349 MW and supply more than 100,000 homes with green electricity.

SMA supplied 57 medium voltage power stations with Ormazabal technology to ensure that solar power can be reliably fed into the local grid.

### Network connection for the IONITY Technology Test Centre / Germany

IONITY is an entrepreneurial initiative set up in 2017 jointly by automotive giants (BMW Group, Daimler, Ford, Audi, Volkswagen, Kia, Hyundai) to address the energy supply deficit that is currently limiting the growth of the electric mobility fleet. The joint venture has a modern test centre close to its headquarters in Munich where all the components required for the operation of the High Power Charging (HPC) points are tested under real operating conditions, including the medium-voltage components for grid connection and remote control technology. The latter have been produced and supplied by **Ormazabal** with a solution that is individually adapted to the special requirements of this advanced project. The participation in the project consisted of the entire technical planning, including the construction of the transfer station, within a period of six months.

### Present at the largest public charging station in Southern Europe / Spain

**Ormazabal** provides its technology know-how and supplies the medium voltage equipment necessary for the two charging stations of the largest High Power Charging (HPC) station in southern Europe, thus providing coverage for electro-mobility in the Mediterranean corridor.

The two stations will allow simultaneous charging of up to sixteen electric vehicles with four 400 kW and twelve 200 kW chargers. They will enable the battery of an electric car to be charged in less than five minutes, providing each vehicle with a range of 100 km.



### Power to Green Hydrogen project connection Mallorca / Spain

This pioneering project consists of an electrolyser connected to two photovoltaic facilities (14.35 MW) to supply energy for the production of 300 t of green hydrogen per year on the island of Mallorca. The hydrogen obtained will be used, on the one hand, for the gas network and, on the other, to supply land mobility (bus fleets and car rentals).

In collaboration with Acciona Energía, **Ormazabal** has supplied the complete, fully automated and digitalised solution for connecting the facilities to the electricity grid.



### Delivery of the first compact substation in North America / USA

This prefabricated substation will enable Avangrid, a member of the Iberdrola group, to speed up the construction phase of its renewable energy projects and more effectively address its main challenge: the automation of its grid.

The “plug & play” solution provided by **Ormazabal** is fully integrated (with protection and automation equipment) and tested in the factory, with the aim of minimising the need for additional works on site. This project demonstrates the company's ability to customise and integrate its equipment, providing unique solutions for its customers.





#### Solution for the world's first typhoon-resistant floating wind turbine / China

**Ormazabal** has developed together with its wind turbine customer a specific solution for floating offshore wind turbines resistant to the impact of marine environmental factors such as typhoons, seawater corrosion and extreme waves. The solution has been tested under different conditions of temperature, tilt-oscillation and random vibrations and will gradually be applied in offshore wind energy projects. It can withstand up to seventeen typhoons and has a unit capacity of 5.5 MW, equivalent to supplying 16.5 million kW h of clean electricity annually to the Guangdong-Hong Kong-Macao Bay area.



#### Support for the deployment of Electra charging stations / France

The French operator of public fast charging stations, Electra, relies on **Ormazabal** for its deployment objectives in France, which reach 300 charging points throughout the country. **Ormazabal** is in charge of supplying the connection points to the medium voltage grid. With this project, by 2022 it will have more than 250 public charging stations installed in Europe with its own technology.

#### € 40 million EIB loan to boost research / Spain

The European Investment Bank (EIB) has signed a new 40 million euros financing facility with **Ormazabal** to support its R&D activities in Spain over the next four years. The agreement is backed by the **InvestEU** programme, which provides its implementing partners with an EU budget guarantee enabling them to increase their risk-bearing capacity, thereby helping to mobilise public and private investment for the European Union's policy priorities. EIB financing will help to strengthen **Ormazabal's** competitiveness, consolidating its innovative profile and future growth.



### BrainEn project

**Ormazabal** participates in the development of SF6-free solutions for secondary distribution and in the research of power electronics equipment for DC/DC applications as well as a system for the energy management of industrial facilities with electrical storage and non-manageable renewable generation.

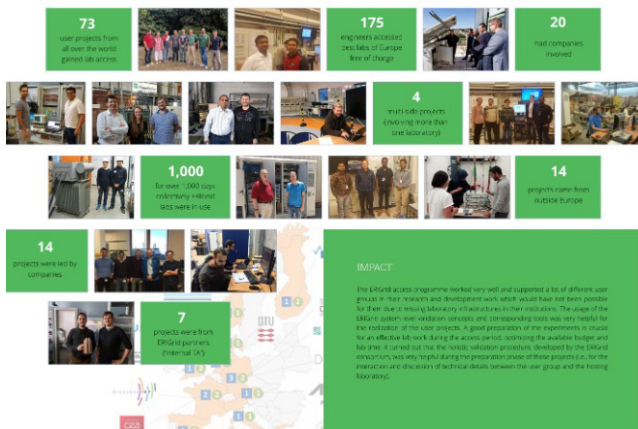
### Industry activities

In 2022, the company once again sponsored the main event of the European electricity industry, **EURELECTRIC POWER SUMMIT**, which took place on 15 and 16 June in Brussels. José María Torres, director of the smart grids division, took part in a plenary session focused on the digital disruption brought about by the integration of data in the electricity industry.

The second meeting of the year supported by **Ormazabal** was the **IV AELEC Congress** held on 20 September in Madrid under the slogan “Technologies and markets for the energy transition”. This event was designed to analyse the advances and innovations promoted by the electricity industry within the framework of the energy transition and digital transformation in Spain towards decarbonisation. During the event, technologies that facilitate this transition, such as storage, green hydrogen and smart grids, were discussed.

Likewise, from 29 November to 1 December, **Ormazabal** presented its innovations for the digitalisation of grids at the **ENLIT EUROPE 2022** congress in Frankfurt. It is an excellent forum with the participation of national and international high-level exhibitors, during which all aspects of the energy transition on the European continent were discussed.





## Awards and recognitions

### Enedis “Best supplier of the Year” Award

The electricity company Enedis has awarded 2022 this recognition to the company for its long experience working together and, in the words of the award communiqué, “for always responding with the highest level of quality, jointly developing solutions, and flexibility of supply”.

### Iberdrola “Best Supplier of the Year” Award

Iberdrola has also distinguished **Ormazabal** with this award as a strategic supplier “for being, more than a supplier, a risk-sharing partner with a continuous quality of communication and an industry leader in best practices”.

### Spanish Maritime Cluster “Technology and Innovation” Award

The Spanish Maritime Cluster (Clúster Marítimo Español) has awarded the company the “Technology and Innovation” prize for its outstanding position in the market, where it is permanently committed to technological and industrial innovation. They also highlight the importance of the **Ormazabal** Research and Technology Centre, which is unique in the world.



## 5 | Governance

### Governing bodies

As part of **Velatia**, **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.
- Control 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 have 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.
- Gather 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 Gutiérrez

Mr. Luis Atienza Serna

Mr. Jorge González Somavilla

#### SECRETARY (non-member)

Mr. Alex Otaegui Furriel



## 6 | Risk management

**Ormazabal** constantly monitors the evolution of risks that could jeopardise the fulfilment of its objectives and plans for the future. As a result of a process of strategic reflection, the company has identified, assessed and prioritised these threats and has divided them into four categories, assigning to each of them the corresponding measures aimed at mitigating their impact:

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

In financial year 2021, two new risks were added to the list, both of which have a great potential impact on the company's business: one is related to the rise in raw material prices and the other to global supply chain problems. In 2022, **Ormazabal** has launched a new strategic project aimed at closely monitoring these threats and reducing their possible effects, under the title "Supply chain resilience improvement".

In general terms, the most immediate risks, prioritised for monitoring and management purposes, are as follows:

2022 Risk
Product commoditisation
Innovation and new products
Flexibility in manufacturing
Prescribing capability
Sales force
Attracting and retaining talent
Sustainability and renewable energies
Partnerships and/or takeovers
Resources for growth
Exchange rate
Commodity price trends
Operational planning of the supply chain





## 7 | Sustainability

We embrace sustainability as a core element of our business strategy. For this reason, sustainability management cuts across the entire organisation and contributes to sustainable development through the creation of long-term value.

One of our aims is to provide companies with resources and support structures in order to adequately develop this area. In this sense, in 2022 **Ormazabal** has created a specific structure responsible for managing environmental, social and governance (ESG) aspects from a global perspective.

### Identifying stakeholders

Aware that the delimitation and cataloguing of stakeholders is a fundamental task for an organisation, Ormazabal carries out analysis and monitoring to ensure that all relevant stakeholders are being considered.

The following perspectives are taken into consideration in the process of identifying these groups:

- **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.

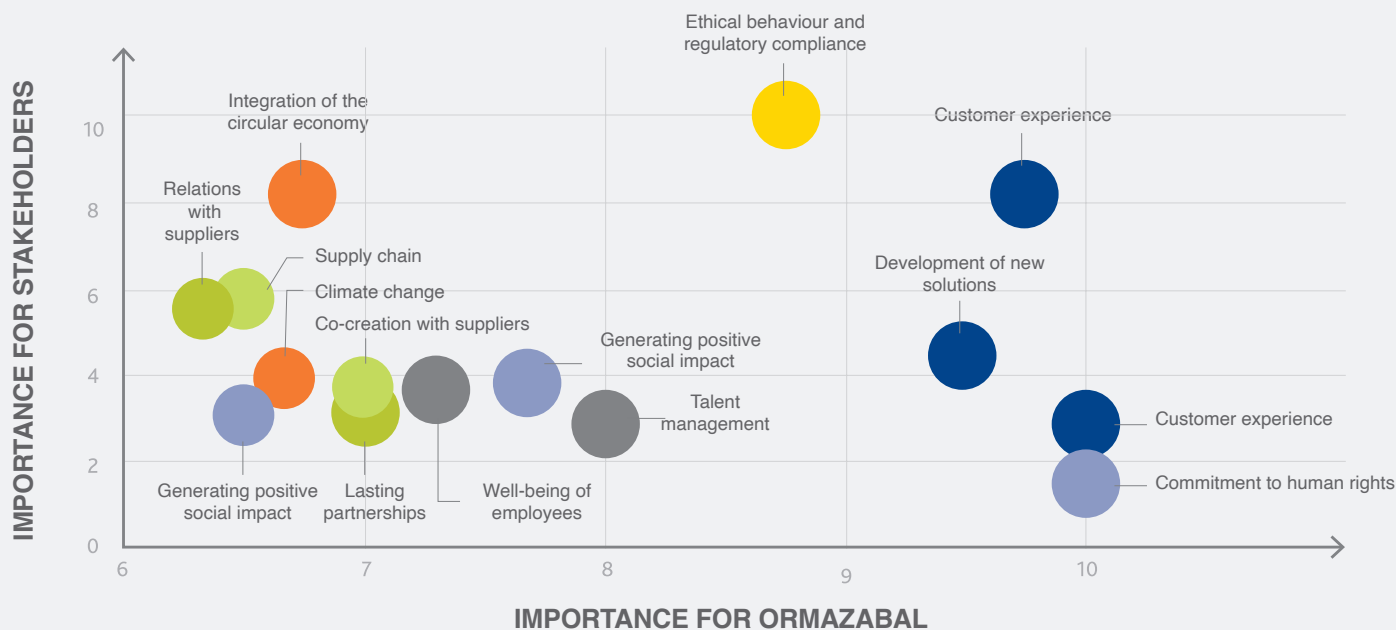
## Identifying relevant issues

**Ormazabal** maintains a constant dialogue with its stakeholders through the usual communication channels and procedures to identify the issues considered relevant in relation to sustainability.

The materiality study, which is the basis for determining Ormazabal's strategic priorities in this field, took into account the following elements:

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

The following materiality matrix is obtained from the cross analysis between the "importance for the business strategy" variable and the "priority 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
- Environment

## Lines of action, ambitions and commitments

Based on this 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

Putting faith in people, promoting their development and diversity. Ensuring equal opportunities in order to be a diverse and inclusive company.

#### Ambition:

- To have people who are **aware** of and committed to sustainability.
- To ensure equal opportunities to make **Ormazabal** 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 safety and minimise accidents**, especially those with causes attributable to the company.

### 3. Environment

Reducing resource consumption in carrying out 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 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.

### 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 customer relations

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**.

## Ormazabal contributes to the challenge of ensuring access to affordable, reliable and sustainable energy



### 8 | Sustainable Development Goals

**Ormazabal's** strategy focuses on addressing the complexity of the challenges defined by the Sustainable Development Goals with innovative responses and positive impacts in areas such as energy transition, digitisation, cities, transportation or electric cars, among others.

Of the five SDGs prioritised by Velatia, the company focuses its efforts and contribution on SDG 7, which aims to ensure access to affordable, reliable, sustainable and modern energy for all people, wherever they live.



# 7 AFFORDABLE AND CLEAN ENERGY



The goal of SDG 7 is expanding infrastructure and improving technology for clean energy in all developing countries, as a crucial goal of the 2030 Agenda that can stimulate growth and at the same time help the environment.

## Identified targets:

**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.

## Contribution to the SDGs

### Smart and digital networks

- We support the main electricity companies in the deployment of their automations.
- More than 15 years digitalising the medium voltage networks.
- More than 24 million consumers benefit from its solutions.

### Green generation and storage

- Collaboration with the main technologists in the industry.
- 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.

### Green mobility

- We accompany the main players 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.

### 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.

## In this regard:

- During the 2022 financial year, a pilot project has been developed in three of its centres with the aim of measuring the most relevant Scope 3 CO<sub>2</sub> emissions.
- It works to ensure that its facilities are environmentally responsible. To this end, following the analysis of the energy performance of its buildings in Spain, it continues to implement the improvement actions identified with a view to improving their efficiency.
- It purchases energy from 100 % certified renewable sources for its sites in Spain and from 2022 will also do so for its production site in France.
- It minimises all waste by facilitating recycling.
- It incorporates eco-design into its products.

The alignment of its Strategic Plan (2021-2023) with the Sustainable Development Goals highlights **Ormazabal's** commitment to the future of the business, the environment and society.





02

# Ormazabal commitments

1 | People

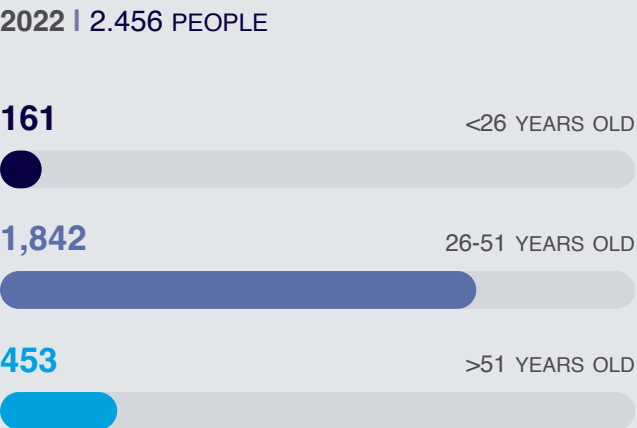
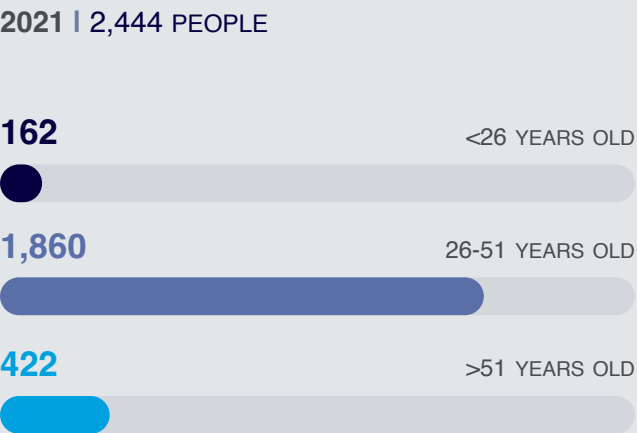
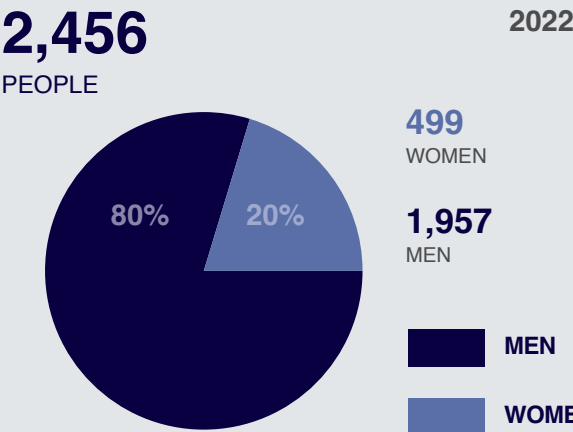
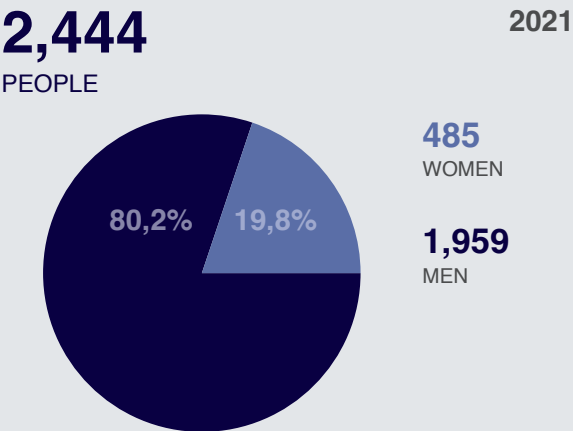
At the end of 2022, **Ormazabal's** diverse and singular team was made up of **2,456 people**, most of whom are located in Europe (85 %), mainly in Spain (75 %), with the remaining 15 % spread across the other continents. 80 % of the staff are men and 20 % women, and 75 % of the total are aged between 26 and 51, a young profile with extensive proven experience.

Employment

**Ormazabal** considers talent attraction and management to be two crucial factors for successfully tackling the major challenges it faces. As a result of the activity carried out, in 2022 the workforce remained at similar levels to the previous year.

DISTRIBUTION OF STAFF BY GENDER

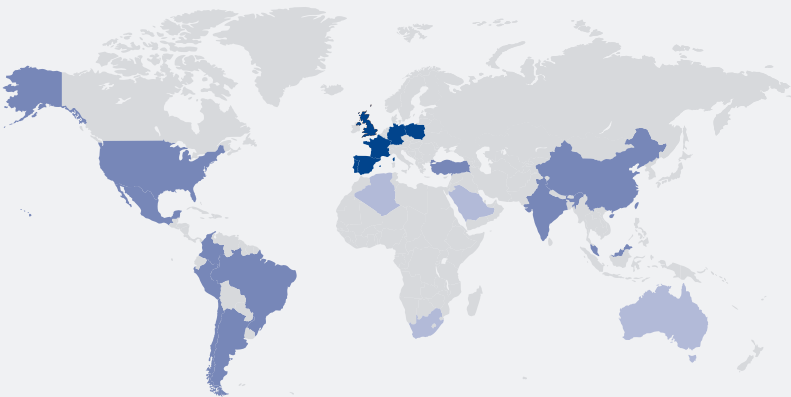
DISTRIBUTION OF STAFF BY AGE



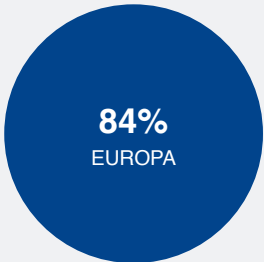


DISTRIBUTION OF STAFF BY CONTINENT

2021 | 2,444 PEOPLE

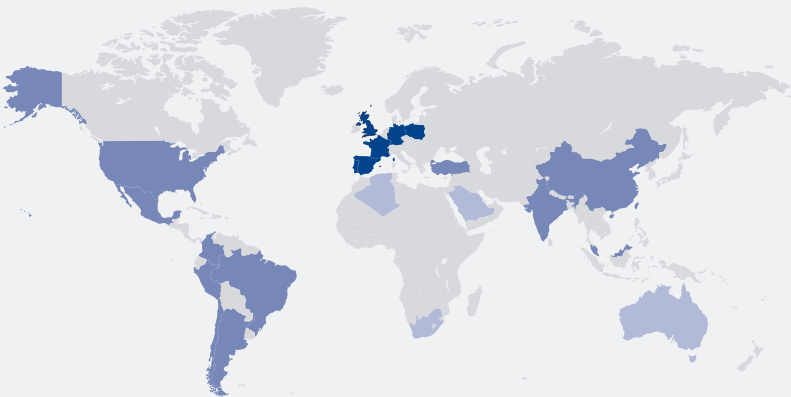


<b>2,050</b>	<b>306</b>	<b>79</b>	<b>4</b>	<b>5</b>
PEOPLE IN EUROPE	PEOPLE IN ASIA	PEOPLE IN THE AMERICAS	PEOPLE IN AFRICA	PEOPLE IN OCEANIA

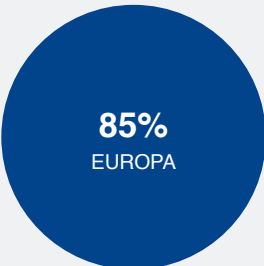


<b>84%</b>	<b>12.5%</b>	<b>3%</b>	<b>&lt;1%</b>	<b>&lt;1%</b>
EUROPA	ASIA	THE AMERICAS	AFRICA	OCEANIA

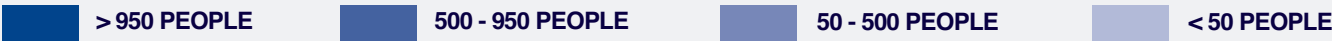
2022 | 2,456 PEOPLE



<b>2,096</b>	<b>276</b>	<b>74</b>	<b>6</b>	<b>4</b>
PEOPLE IN EUROPE	PEOPLE IN ASIA	PEOPLE IN THE AMERICAS	PEOPLE IN AFRICA	PEOPLE IN OCEANIA



<b>85%</b>	<b>11%</b>	<b>3%</b>	<b>&lt;1%</b>	<b>&lt;1%</b>
EUROPA	ASIA	THE AMERICAS	AFRICA	OCEANIA



Distribution by type of employment contract

The staff data by type of contract at the end of 2022 show a total of 2,084 permanent contracts (1,692 men and 392 women), and 372 temporary contracts (265 men and 107 women).

In relation to the type of working time, there are no permanent part-time contracts in 2022, with temporary contracts

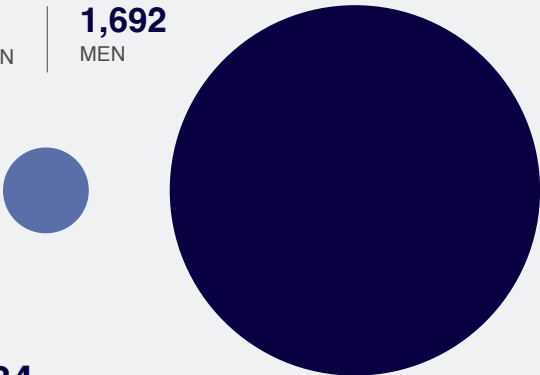
being those with part-time working times and a total of 17 contracts with this modality (10 men and 7 women) and 355 in the full-time modality (255 men and 100 women). There is no comparison with the previous year, as this information was not reported in 2021.

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

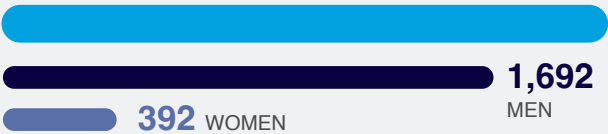
2022 | 2,456 PEOPLE

2,084  
PERMANENT CONTRACTS

392 WOMEN | 1,692 MEN



2,084  
FULL-TIME



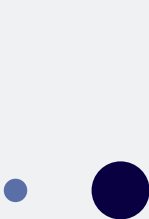
0  
PART-TIME



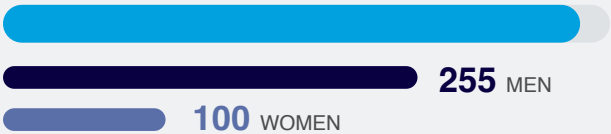
MEN WOMEN

372  
TEMPORARY CONTRACTS

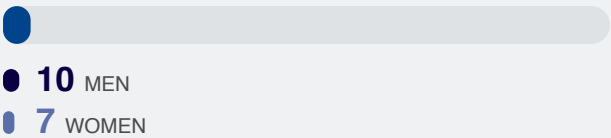
107 WOMEN | 265 MEN



355  
FULL-TIME



17  
PART-TIME





## Average annual contracts

The experience and knowledge of the people who form part of **Ormazabal** are key to strengthening its competitive position. In addition, **Ormazabal** is aware of the need to open the professional path for young people, and therefore offers internships every year through different instruments—internship contracts, educational cooperation agreements, etc.—trying to convert these contracts into permanent contracts in line with the company's approach aimed at formalising permanent contracts (80 % of permanent contracts out of the total number of contracts of the average staff).

In the following breakdown<sup>(1)</sup>, which contains the information on the annual average of permanent and temporary contracts, it can be seen that if we compare the data with the previous year, temporary hiring is up by 23 % and there is an increase of 9 % in permanent hiring.

**80 % of the contracts in force in 2022 are permanent contracts.**

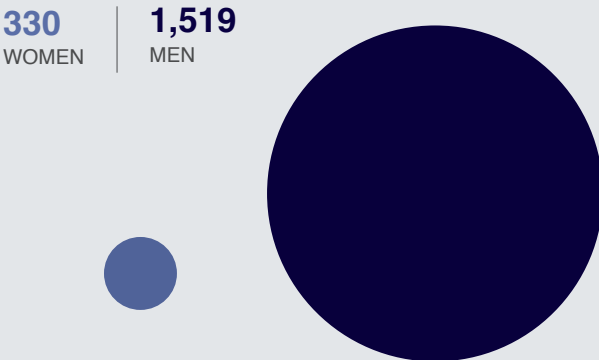
<sup>(1)</sup> The annual average figure has been calculated using the average staff of Ormazabal during 2021 and 2022, taking into account the salary payments calculated for each month.

TYPE OF EMPLOYMENT CONTRACT BY GENDER

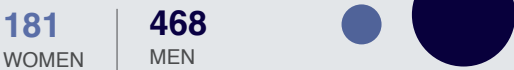
2021 | 2,498 CONTRACTS



1,849  
PERMANENT CONTRACTS



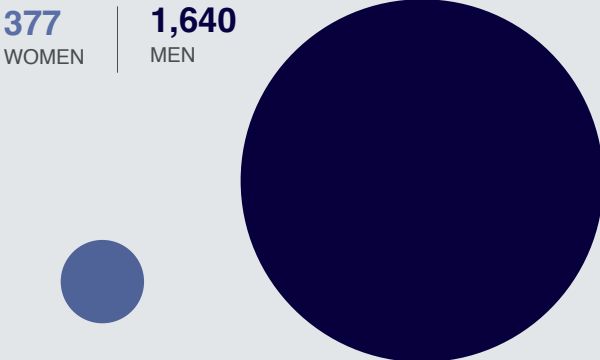
649  
TEMPORARY CONTRACTS



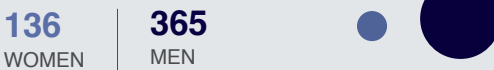
2022 | 2,518 CONTRACTS





2,017  
PERMANENT CONTRACTS



501  
TEMPORARY CONTRACTS



 MEN  WOMEN



TYPE OF EMPLOYMENT CONTRACT BY AGE

2021 | 2,498 CONTRACTS

1,849  
PERMANENT CONTRACTS



649  
TEMPORARY CONTRACTS



2022 | 2,518 CONTRACTS

2,017  
PERMANENT CONTRACTS



501  
TEMPORARY CONTRACTS





### Average by type of working time

There is hardly any decrease in Ormazabal's average staff, as the average staff in 2022 was 2,518 people, while in 2021 it was 2,489 people. The relevant difference in terms of the type of contracts is due to the impact of the legislative change undertaken by the Government in 2022, in addition to the measures to promote the balance of family, personal and working life. Ormazabal offers staff the possibility of teleworking (a guideline established by the group) which facilitates greater time flexibility, allowing employees to take advantage of flexible working hours and maintain full-time instead of reducing the working time.

This is reflected in the hiring of the average staff, with 99 % working full-time, compared to 1 % working part-time.

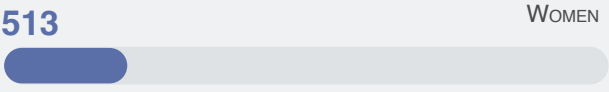
The distribution of Ormazabal's staff by type of working time, gender, age and professional category is as follows (in 2021 no such disaggregation is made in the average figures)<sup>(2)</sup>:

**Most of the contracts are full-time, thanks to the work-life balance measures adopted**

(2) The annual average figure has been calculated using the average staff of Ormazabal during 2021 and 2022, taking into account the salary payments calculated for each month.

TYPE OF WORKING TIME BY GENDER

2022 | 2,518 WORKING DAYS



2,498  
FULL-TIME

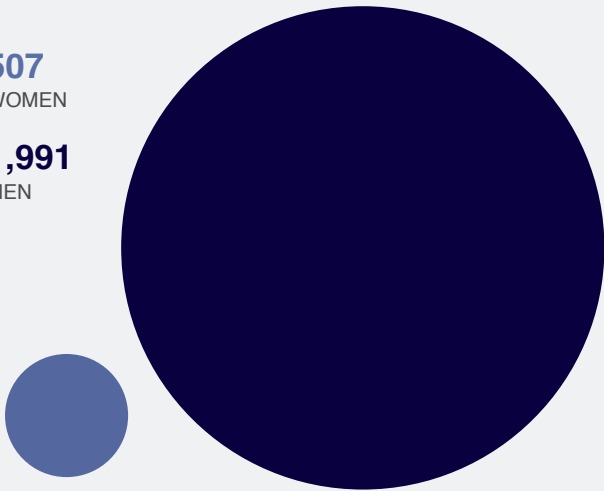
20  
PART-TIME

507  
WOMEN

1,991  
MEN

6  
WOMEN

14  
MEN



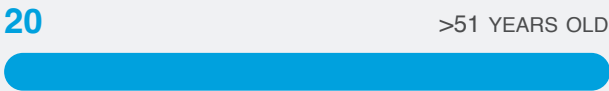
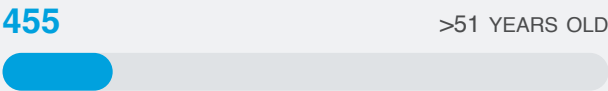
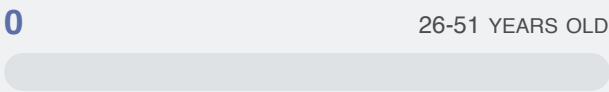
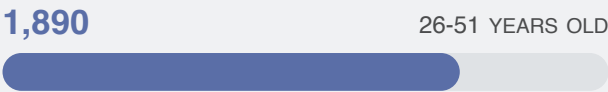
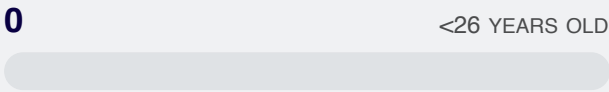
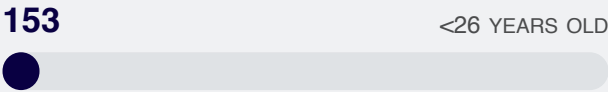
MEN WOMEN

TYPE OF WORKING TIME BY AGE

2022 | 2,518 WORKING DAYS

2,498  
FULL-TIME

20  
PART-TIME



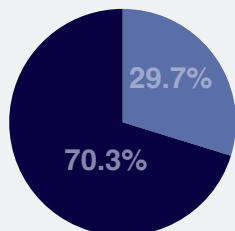
## Redundancies

Compared to the previous year, there is a 35 % decrease in non-voluntary departures, with 129 in 2021 and 84 in 2022. This decrease is due to the effect of the change in the business model in Germany in 2021, which led to a restructuring and reorganisation of the staff.

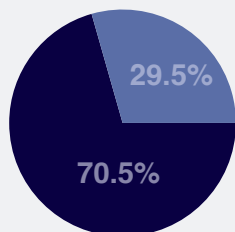
The redundancies that took place during 2022 and 2021 are broken down by gender, age and professional category as follows:



### DISTRIBUTION OF REDUNDANCIES BY GENDER

#### 2021 | 129 REDUNDANCIES



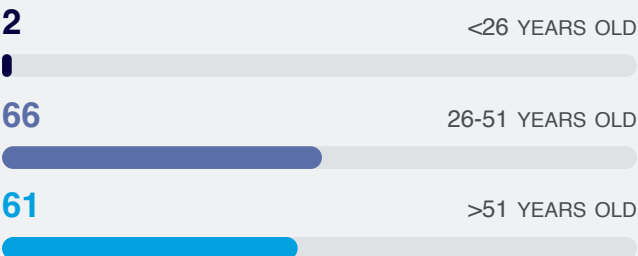
#### 2022 | 84 REDUNDANCIES



 MEN  WOMEN

### DISTRIBUTION OF REDUNDANCIES BY AGE

#### 2021 | 129 REDUNDANCIES



#### 2022 | 84 REDUNDANCIES







## Employees with disabilities

For nearly 40 years **Ormazabal** has maintained a collaborative relationship with the **Lantegi Batuak Foundation**, as well as with other non-profit organisations whose aim is to help people with disabilities by **promoting and achieving their integration into society and the job market**, hiring them to perform various productive activities both in Spain and in other countries where **Ormazabal** is present.

In 2022 the number of people with disabilities hired was 16 (22 in 2021). In addition, **Ormazabal** collaborates with the Gureak and Urbegi centres to help people with disabilities find employment.

It should also be noted that during 2022 **Ormazabal** has entered into a collaboration relationship with another organisation for people with disabilities. It has also made a donation to a foundation that works in this field, specialising in children.

Average remuneration

The average remuneration of the staff in 2022 increased compared to 2021 (excluding senior management). The amount, taking into account all existing remuneration items in the organisation (fixed, variable, bonus, benefits, incentives, etc.) and distributed by gender, age and professional category, is as follows:



AVERAGE REMUNERATION BY GENDER

2021



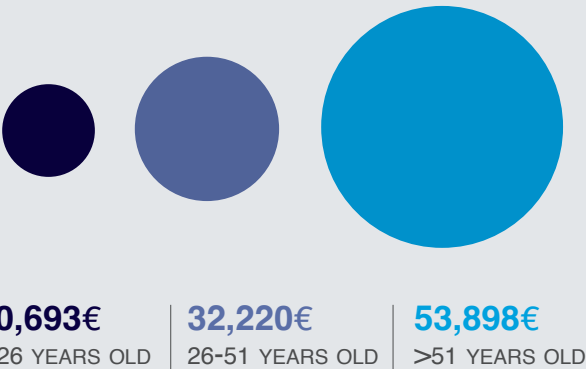
2022



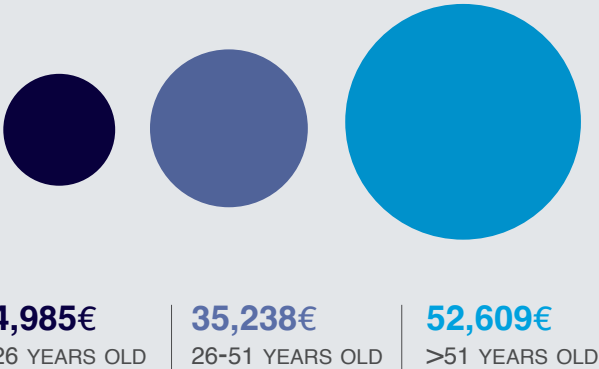
 MEN  WOMEN

AVERAGE REMUNERATION BY AGE

2021



2022



 < 26 YEARS OLD  26 - 51 YEARS OLD  > 51 YEARS OLD



## 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 regard, both the remuneration of employees subject to the agreement and that of those to whom the agreements do not apply are established in a fair manner, avoiding gender-based discrimination.

If we calculate the average real remuneration (fixed plus variable) of women compared to men (excluding senior management), the difference in 2022 is 16 %.

This figure reflects the low presence of women in industry in general and in **Ormazabal** in particular, where they represent 20 % of the workforce. In the managerial part of the company, i.e. considering the people who have responsibility for an area of activity, the percentage rises to 26 %. The fact that three quarters of management positions are held by men means that their average pay is higher. The fight against the “glass ceiling” is a strong ambition at **Ormazabal**, but the size of the female base of the workforce is an obstacle that is being addressed through Employer Branding initiatives specifically aimed at women.

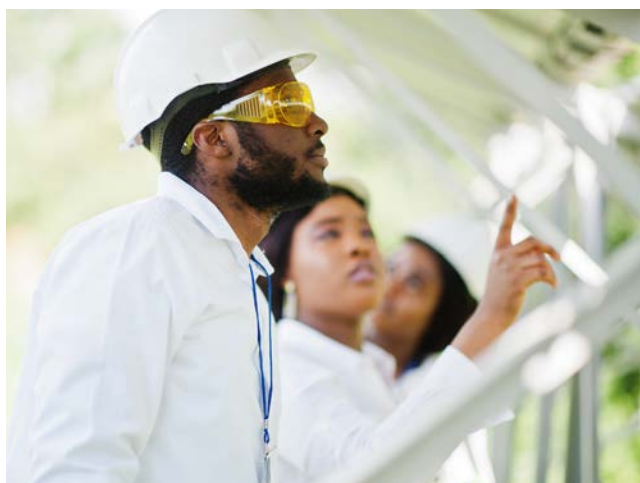
## Organisation of work

**Ormazabal** has adopted measures to guarantee the well-being of its employees and to be a benchmark in the generation of quality employment. To this end, it has a tool in charge of monitoring time records, thus combating long working hours, forcing the taking of holidays, etc.

Each company in **Ormazabal** determines the aspects relating to working time, rest periods and all 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 an in-depth reflection on the balance of work, family and personal life, which has led to a set of measures that are being progressively analysed and implemented in the organisation.

As far as industrial relations are concerned, freedom of association and trade union representation are enshrined in the regulations, collective agreements and other agreements entered into with the workers' representatives.



Lastly, the company's main channels of communication with its employees, in addition to the trade unions, are the corporate website, the intranet, notice boards at production facilities, in-house magazines, suggestion boxes, annual conferences, personal and direct communication by managers and directors, workers' committees, and health and safety committees. Since 2021, the My Velatia application, shared by the entire group, has added a new, agile and efficient internal communication channel to the options available.

## Health and safety

**Ormazabal's** commitment to health and safety—priorities in its performance—is set out in its Sustainable Development, Quality, Environment and Safety, Health and Well-being policies, and consists of 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 relation to this point, in 2022 the offices and facilities of the companies located in Igorre were completely refurbished. This refurbishment has improved the working conditions, physical spaces and equipment of the work centres.

- **Labour integrity:** To guarantee insofar as possible the labour integrity of workers in compliance with the respective industry regulations, and to implement the necessary measures.
- **International certifications:** Achieve and maintain the most recognised certifications of quality, the environment, and oc-



occupational health and safety management systems.

The Health and Safety Committees are responsible for monitoring compliance with applicable local regulations in different companies within **Ormazabal**. In addition, to complement their work, the company has specialised personnel performing functions focused on continually improving our practices and procedures and continuing to meet the strictest standards applicable to risk prevention systems.

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, designed to protect both staff and visitors to the centres from accidents and occupational diseases. Having this certificate entails improvement in all aspects related to the health and safety of the people in the organisation and, as it is a voluntary process, it shows

the degree of involvement and proactivity of the company in this important matter for business management.

Moreover, it should be noted that **Ormazabal** Zhuhai in China organises regular free medical consultations and offers all its employees annual medical check-ups, a concrete example that is the product of a responsibility shared by all the companies that are part of the group.

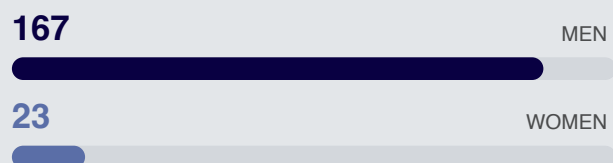


## Accidents

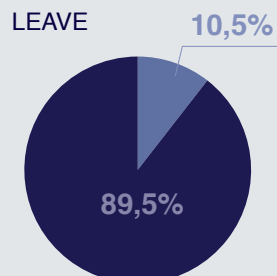
In line with its commitment to health and safety, one of **Ormazabal's** priority goals is to minimise the number of accidents by closely monitoring the evolution of the most representative indicators<sup>(9)</sup> available:

### DISTRIBUTION OF NUMBER OF ACCIDENTS BY GENDER

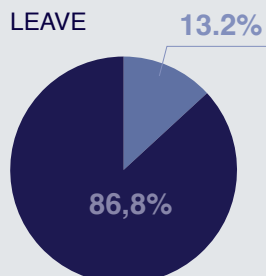
#### 2021 | 190 ACCIDENTS



#### 76 WITH SICK LEAVE



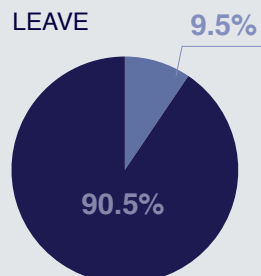
#### 114 WITHOUT SICK LEAVE



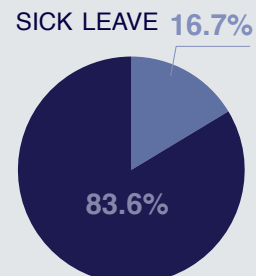
#### 2022 | 184 ACCIDENTS



#### 74 WITH SICK LEAVE



#### 110 WITHOUT SICK LEAVE



MEN

WOMEN

In 2022, there were 74 accidents at work with sick leave (7 women, 67 men) and 114 without sick leave (18 women, 92 men). Comparing the data with the year 2021, there were 76 accidents with sick leave (8 of women) and 114 without sick leave (15 of women).

As for the frequency and severity indices, in 2021 they were 18.33 and 0.53, respectively, with no breakdown by gender. For the year 2022, the indices calculated are as follows:

	2022		
	Men	Women	Total
Frequency Index	19.40	9.80	<b>17.50</b>
Seriousness Index	0.40	0.10	<b>0.40</b>

## 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 the 2022 financial year, there has been a change in the criteria for calculating the hours included under this concept. Thus, the total number of hours amounted to 177,098, 22 % more than the previous year, an increase that is a consequence of the change in the aforementioned criterion, as the absence hours for 2021 were recalculated, giving a total of 145,281 hours. That year 210,992 hours were reported as the calculation included maternity, paternity, trade union hours and leave allowed in agreements and did not include strike hours (although in 2021 there were no strike hours and in 2022 there were).

## Training

Aware that the training of the entire workforce is the basis of the company's growth and success, **Ormazabal** attaches strategic value to the effective management of training, devising initiatives, processes and procedures that allow for real and effective development of the various categories of employee that make up the company.

**Ormazabal** follows the guidelines and is aligned with the performance evaluation process that the group has adopted and which is included in the corporate Training Policy. Besides, its aim is to disseminate and share the knowledge that currently exists within the company, as well as to progressively and increasingly generate knowledge and training in line with the organisation's strategy in the people who make up the organisation. All this, in order to achieve, through continual learning, the following objectives:

- Perform their jobs with **greater efficiency and effectiveness**.
- Better **adapt to the cultural and technology changes** that allow the company to be more competitive.

As stated in the policy adopted and published in this regard, **Ormazabal's** training commitments are summarised in the following points:

- Increase our **employees' knowledge** and skills progressively.
- **Align the training** given with the competencies, values and requirements set out in the strategy of the company.
- Promote maximum **pooling** of the existing knowledge, providing the necessary resources and enabling their efficient use.

In this context, **Ormazabal** has carried out in 2022 training activities tailored to the needs of its staff worldwide, the total number of training hours amounting to 35,972, from which 1,633 employees have benefited.

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



## New training programmes: Sophos Advanced, Ormazabal Mentoring Experience and Finance Module

The content of the courses delivered can be divided into four main areas: product (**Ormazabal** Learning Center), development and leadership, language learning (mainly English), and strategic planning.

In particular, we highlight the following training plans included in 2022:

- **Sophos Advanced:** training and certification programme aimed primarily at the sales network. Its objective is to improve and broaden the organisation's knowledge of the entire range of **Ormazabal** products.
- **Ormazabal Mentoring:** programme initiated in 2021 and implemented during 2022. Its aim is to promote the growth of personnel in the company and develop potential talent through the relationship between a reference person (mentor) and another person in development (mentee).
- **Finance Module:** online module aimed primarily at business unit managers with the objective of providing them with a basic general knowledge of business data from an economic point of view, thus enabling them to make decisions based on this data.

Of the total number of hours taught in 2022, 30,902 are for men and 7,411 for women.

Although the pandemic limited training hours in 2021, normality is gradually returning, as reflected in the increase in training hours in 2022, up 14 % overall. Some of the categories have felt this increase the most, such as administrative staff with a 76 % increase and sales staff with a 49 % increase.

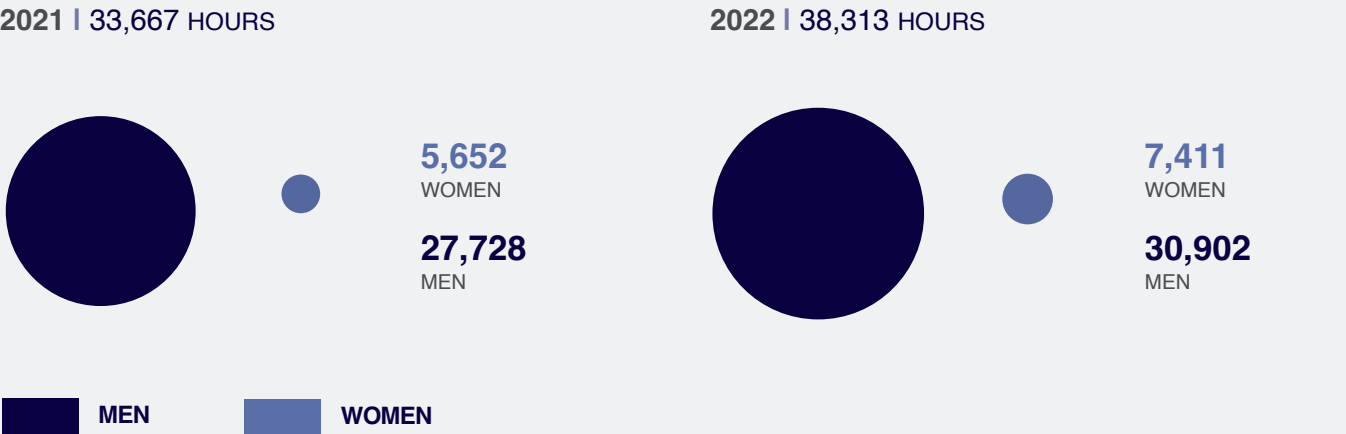
As a consequence, there has been a corresponding increase in the average number of training hours per employee, representing an average of 15.22 training hours per employee in 2022 compared to 13.9 in 2021.



HOURS INVESTED IN TRAINING BY PROFESSIONAL CATEGORY



HOURS INVESTED IN TRAINING BY GENDER





## Equality

### Equal opportunities and diversity are intrinsic aspects of Ormazabal's management

There is a **Protocol for Prevention and Action against Harassment at Work** at group level, which is committed to protecting people's fundamental rights and is focused on establishing the necessary measures to ensure prevention and action against any type of harassment at work (sexual, discriminatory and/or psychological). This protocol was updated in 2021 to include gender-based harassment, which demonstrates the group's interest in promoting equality in the organisation.

In this regard, the main objective of **Ormazabal** is supporting equal opportunities and preserving diversity are intrinsic aspects of **Ormazabal's** management, in line with **Principle 6 of the United Nations Global Compact** on the elimination of discrimination in respect of employment and occupation.

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

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.

In addition, the prevention protocol identifies the figure of the mediator as the relevant expert who will act as confidential adviser and be responsible for managing proceedings in cases 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.

As a result 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.

This plan is reviewed and updated, approximately every three years, with the collaboration of independent experts and, based on the conclusions obtained, an action plan is developed and regularly monitored.

The **Ormazabal Equality Plans** designed for the strategic period 2021-2023 include, among other things, general and specific objectives, an internal analysis and diagnostic of the organisation, as well as proposals for action. During 2022, the process of implementing them in all the company's work centres in Spain was completed.

At the end of 2022, all **Ormazabal** companies had an equality plan in place or were in the process of finalising it. Each plan in turn includes a series of actions that have been implemented throughout the year.

2022 also saw the launch of the LEAP (Learn, Engage, Act and Progress) initiative, which aims to receive feedback on equality issues from sixteen women of different ages, companies and organisational levels.

Besides, **Ormazabal** also organised various activities and events that reinforce the company's commitment to equality:

- A special session on the occasion of International Women's Day, 8 March.
- Workshop given by Emakunde (Basque Institute for Women) and Gizonduz (a Basque Government initiative) on 20 and 27 November, addressing issues such as masculinity and equality, sexist violence and sexual harassment at work.

- An awareness-raising session on the International Day for the Elimination of Violence against Women, held on 25 November.



## Technology innovation, industrial innovation, commercial innovation: three sides of the same strategy

### 2 | Innovation

For Ormazabal, innovation is not just another characteristic; it is in its DNA and is the foundation on which it has built its successful progression over more than 50 years of sustained technology growth.

This long history of innovation, combined with an innate entrepreneurial spirit, allows it to offer its customers the most innovative technology solutions in electrical equipment to accompany them in the grid digitalisation process, the incorporation of renewables into the energy equation and electric mobility as necessary steps towards a green future.

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

#### Technology innovation

Investment in technology innovation is strategic for the company, which is why it allocates approximately 4 % of its annual turnover to R&D&I. It has a team of **113 people of ten different nationalities** working for this purpose in different parts of the world.

In addition, since 2005 it 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 has infrastructures that make it unique in the world and includes an accredited and independent 2.5 GW High-Power Laboratory (HPL) connected to a fully configurable experimental network (UDEX, Demonstration & Experimentation Unit). This infrastructure allows technologies, products and applications to be tested in a real and secure environment, without interfering with the electricity grid of customers.

The **Strategic Technology Plan for Ormazabal**, synchronised with the general Strategic Plan, identifies the following areas of action as priorities: digitisation of the network, sustainability and decarbonisation, integration of renewables, electro-mobility and asset management. In each of these areas, projects have been proposed to enable the company to achieve its strategic vision.

For **Ormazabal**, maintaining a high rate of innovation requires being vertically integrated. Therefore, it develops all the technology its solutions offer, from disruption and shutdown to electrical insulation technology, firmware and communications. It is a priority objective for the company to ensure that all the products it designs and manufactures are digital natives, i.e. they integrate intelligence from their very



conception in order to ensure network automation and their optimisation as assets.

**Ormazabal** has recently incorporated two new technology areas into its strategy that will undoubtedly strengthen its positioning in the face of the challenge of network digitalisation: data analytics, with the creation of the **Ormazabal Analytics** department, and power electronics, with the integration of the company **Supsonik** into its ecosystem.

Among the singular achievements in the area of digitalisation, it is worth highlighting the recognition of our Demonstration & Experimentation Unit (UDEX) as a European Digital Innovation Hub, as it is the only private centre that forms part of the Basque Digital Innovation Hub, within the Digital Electricity Grids node.

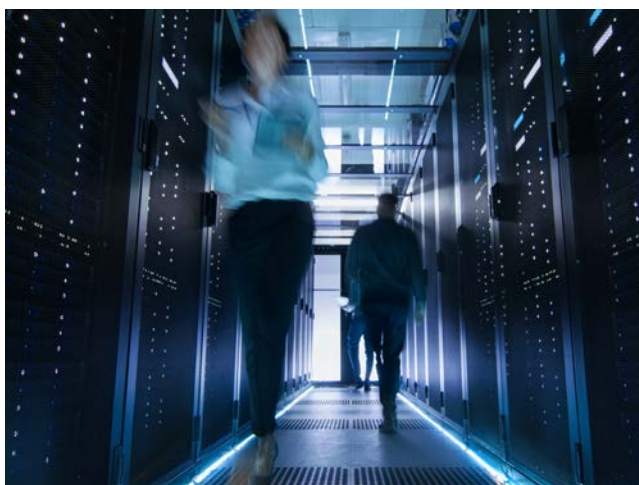
The company currently has more than 290 patents and intellectual property registrations, which demonstrates its clear commitment to the development of cutting-edge technology and makes it a benchmark in its field in the generation of technology value.

As a reflection of its support for open innovation, **Ormazabal** sits on the boards of several research centres such as Tecnia, the largest applied research and technology development organisation in Spain and one of the most prominent in Europe; or the energy research centre CIC energiGUNE, founded in 2011 with the aim of generating excellent research into materials and systems for energy storage, maximising the impact on results for the Basque business fabric through collaboration with universities, research centres and companies.

Among the priority action policies is also the promotion of collaboration with technology start-ups, trying to take advantage of its driver effect on these companies. In this context, **Ormazabal** has joined the Basque Government's BIND 4.0 programme as a **Corporate Venture Client**.

Annually, the company allocates approximately 4 % of its turnover to R&D&I





## Industrial innovation

**Ormazabal** promotes industrial innovation by focusing on maximum global efficiency combined with local adaptation capabilities. To do this, it continually invests in upgrading its global production platform, uses the most cutting-edge industry 4.0 systems and processes in facilities located near the customers and their needs and, in addition, implements the most advanced quality management systems.

In line with the unwavering commitment to innovation in the industrial field, a strategic project entitled “**Ormazabal** Operations Model” was carried out in 2021. It has been deployed throughout 2022.

As a result of this 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 customer 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 sales staff throughout the process, from the identification of a specific need to the after-sales service.

**Ormazabal** works alongside its customers, 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 electro-mobility possible, etc. Proof of this was 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. In this line, in 2022 **Ormazabal** negotiated with Enel its participation in the initiative called **Enel Open Grid**.

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 customers.

## Innovation milestones

### Almost a third of sales in 2022 were products developed in recent years

Despite the uncertain environment and the dangers that threaten the economic evolution of companies, **Ormazabal's** commitment to innovation has not ceased and a large part of its efforts throughout 2022 were devoted to it. 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** confirmed its high level of innovation in 2022, as almost a third of sales were of products developed in recent years.

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

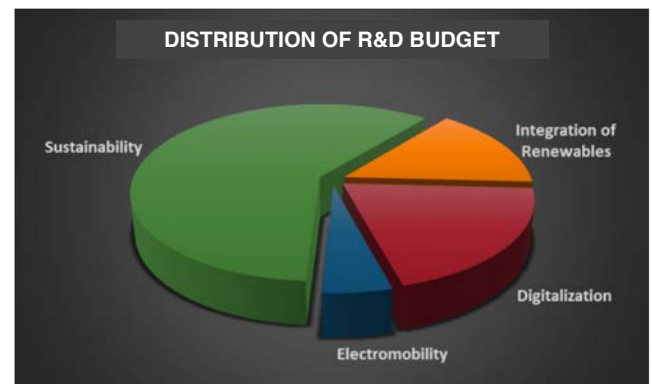
**Ormazabal** has signed a 40 million euros financing facility with the EIB to facilitate the development of its R&D investment plan for the period 2022-2025.

The support of this European institution to the ambitious innovation project of our company gives an important backing to its purpose of accompanying its customers in the energy transition in a permanent race towards technology innovation, and, in parallel, contribute to the fulfilment of the objectives of decarbonisation of the energy system in Europe.

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

#### R&D agreement with Iberdrola

In 2022 **Ormazabal** renewed the contract entered into with Iberdrola for a total amount of 5.85 million euros through the tax instrument known as "Article 64a" (of the Basque Country and Navarre Corporate Income Tax Law). The agreement covers the period 2022-2024 and is aimed at financing research and development of new products for electricity distribution, including new insulation gases with low envi-





ronmental impact, sensorisation of primary and secondary distribution switchgear, as well as the development of equipment for the automation of electricity grids and cyber-safe medium-voltage relays, among others. As for the low-voltage grid, efforts are focused on the digitalisation, control and automation of equipment such as low-voltage switchboards and other components, as well as applications based on intelligent data processing for grid management.

## Projects and technology developments

### Projects started in 2022

#### 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 boosting 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.

#### 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 set-point 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 SF6 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.
- 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 Corporate Technology 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 Cotradis Transformadores**, coordinated by **Ormazabal Corporate Technology** 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).

### CEDIP 12 project

**Description:** Project that addresses the following objectives:

- Designing a 12 kV range of small gas-insulated switchgear.
- Reducing the environmental impact of the switchgear range by designing the insulation system for the use of switchgear with an alternative gas to SF6.
- Integrating sensor technology (Industry 4.0) in the switchgear to diagnose their state of health.
- Developing of new voltage indicators according to the new standard IEC 62271-213/215 applicable to voltage detecting and indicating systems (VDIS).



- Developing sensor technology: Embedded V-sensors according to IEC 61869-11.
- Investigating mechanisms for heat dissipation from medium-voltage switchgear.

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:** Ormazabal Distribución Primaria is leading this project and Ormazabal Protection & Automation is also participating as a partner.

**Ormazabal Corporate Technology** is a subcontractor of both companies in the project as an Agent of the Basque Science, Technology and Innovation Network (Red Vasca de Ciencia, Tecnología e Innovación).

## Ongoing projects

### BrainEn project

**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 Corporate Technology**.

### TRUEVALUESEC project

**Description:** A project that aims to generate new innovative, verifiable and scalable cybersecurity technologies that make it possible to build, through collaboration, long-term solutions to meet the business and competitiveness challenges of the electricity industry. The project is funded by the Basque Government through the Hazitek programme for strategic projects.

**Participants:** Consortium made up of eight partners and seven agents from the Basque Science, Technology and Innovation Network (*Red Vasca de Ciencia Tecnología e Innovación*).

### 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.

**Ormazabal's** participation in this project puts the company in a position of technology leadership within the industry.

**Participants:** Ormazabal Corporate Technology 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:** European project funded within the Horizon 2020 programme (8th EU Framework Programme for Research and Innovation) for the development of interoperable solutions for the implementation of holistic network flexibility services.



**Participants: Ormazabal Protection & Automation and Ormazabal Corporate Technology** 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** complies with the laws and regulations applicable to its products in terms of safety and the environment in each and every one of the countries where it operates, as well as with the customers' own specifications.

In the case of Europe, the company constantly monitors possible legislative changes that could have an impact on its products in order to be alert and ready to adapt them to the required specifications and requirements. In addition, in 2022, an internal forum meeting was organised to analyse regulatory and legislative developments affecting the products with the participation of technical managers, as well as marketing and engineering personnel.

Finally, **Ormazabal** places special emphasis on the development of descriptive information about its products, which constitutes another phase in the product development process. Therefore, 100 % of the products installed or delivered by **Ormazabal** have the corresponding technical documentation required according to the procedures and regulations in force, including:

- **All the information** on the results of tests that ensure that the products comply with the standards that apply to them.
- **All the documentation** associated with the products in relation to technical performance and installation and assembly needs.





### 3 | Environment

**Ormazabal** promotes and integrates a responsible culture with regard to the environment, working to protect the environment from the perspective of pollution prevention and eco-design.

Its commitments to the environment are reflected in its individual Sustainable Development and Quality, Environment and Occupational Health and Safety policies.

These commitments are based in our firm belief in sustainability as a different way of doing things, aligning our strategic development with the concerns and needs of our stakeholders, thus combining the pursuit of profit with social engagement and respect for the environment.

The search for excellence has led the company to develop an Environmental Management System whose main assignments are the following:

- Promote and integrate a **responsible culture** with regard to the environment.
- Maximise people **participation and consultation** in the comprehensive management of policies, promoting new ideas and recognising achievements.
- Ensure **compliance** with laws, regulations and standards, as well as with the voluntary commitments undertaken.
- 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 injuries and deterioration of health.
- Provide a **common framework** for establishing and reviewing the balanced scorecards of our companies, always geared towards the satisfaction of our stakeholders.
- Achieve and maintain recognised **international certifications** of quality management, environment and occupational health and safety systems.
- Maintain fluid **communication** with the different stakeholders.

In order to fulfil these commitments, everyone at **Ormazabal** must understand and assume such policies and strive to minimise the environmental impact resulting from their activities and their use of the equipment, facilities and resources available to them.

These policies aim to ensure the responsible management and improvement of processes related to the environment, as well as the promotion of a culture of reducing the environmental impact generated by products, processes and solutions, with emphasis on the conservation of natural resources, minimisation of waste generation through reuse and recycling, and the optimisation of resources, among others. This concern is further reinforced by the principle of environmental responsibility enshrined in **Velatia's** Code of Ethics, which applies to **Ormazabal**.

## Provisions and insurance

Following the precautionary principle, Ormazabal periodically analyses the register of provisions to cover existing environmental risks.

It should be noted that the group's Environmental Liability Policy covers risks arising from environmental aspects. Ormazabal Germany also has a policy that includes special conditions and the assessment of potential environmental risks that could have a negative impact on the environment.

## Certifications

During 2022, **Ormazabal** has continued to deploy its Environmental Management System in accordance with the most widely recognised international standards and certifications and with the highest standards of compliance, such as the ISO 14001 certification awarded to the main companies. Specifically, in 2022, those corresponding to **Ormazabal** Cotradis Transformadores and **Ormazabal** Distribución Primaria were renewed. **Ormazabal** International Business has also obtained the corresponding certification.

ISO 14001 certification is the most widely used technical standard worldwide for the implementation and assessment of environmental management systems and it is voluntary. **Ormazabal** thus demonstrates its commitment to meeting the highest standards of excellence in this field.

## Ormazabal companies with ISO 14001 certification in 2022

Along the same lines of responsibility, various **Ormazabal** companies make **environmental product declarations**. Specifically, in 2022, we would highlight the environmental product declaration made by **Ormazabal** Cotradis Transformadores SLU. The aim of this type of declaration is to provide the public and other interested parties with information on the environmental impact and behaviour of the organisation, as well as the ongoing improvement of its behaviour in this area.

In order to ensure the maintenance and implementation of the above mentioned certificates, **Ormazabal** has a team

distributed among its main facilities that performs the following functions, among others: identifying the legal requirements in the field of environmental management, evaluating the degree of compliance with these requirements, helping to define, deploy and assess environmental objectives, conducting internal audits of the Quality and Environment Management System, as well as providing new personnel with introductory briefing sessions on quality and environmental management at the company.

Country	Company
China	Ormazabal Kunhsan Switchgear
	Ormazabal Zhuhai Switchgear
United Kingdom	Ormazabal Limited UK
Spain	Prefabricados Uniblok
	Ormazabal y Cía. (Ormazabal Distribución Secundaria)
	Ormazabal Media Tensión
	Ormazabal International Business
	Ormazabal Distribución Primaria
	Ormazabal Cotradis
	Aislantes Sólidos
	Ormazabal Burgos Switchgear
Brazil	Ormazabal do Brasil
Mexico	Ormazabal México



## Ormazabal participates in the first edition of the Basque Circular Summit

In line with its commitment to the circular economy, **Ormazabal** participated in the first edition of the **Basque Circular Summit 2022** ("Walking the talk"), the largest circular economy event in southern Europe aimed at business and industry, from 23 to 25 November 2022, where it was possible to share experiences and strategies on the new requirements of product circularity.

The objectives of this public-private collaboration initiative include: bringing Basque companies closer to the new challenges and opportunities in circular economy promoted by the European Green Deal, transferring the work carried out and the innovative results obtained by Basque companies in this area, providing criteria and promoting, making visible and positioning the Basque Country at the forefront of southern Europe in business circular economy.

### Waste management and eco-design

The main costs incurred by **Ormazabal** in relation to the minimisation of waste management are associated with the management and removal of waste and the purchase of specific recycling containers.

In line with the **European Green Pact** regarding the product design in accordance with sustainability criteria, **Ormazabal** uses its own eco-design model in the development of new products to ensure a more efficient and sustainable future.

In this regard, the company has continued to develop specific tools for its product portfolio, including the aforementioned eco-design aspects. Among those implemented in 2022, the following are worth highlighting:

- **Life cycle analysis tool** for medium voltage switchgear (secondary distribution) for the integration of green purchasing criteria (Collaborative project with i-DE).
- **Life cycle analysis automation tool** for medium voltage switchgear (primary distribution). Piloting with cpg.0 lite 2000A switchgear.

This is also the context of the important role played by the company in the creation of the **Basque Ecodesign Center (BEC)**, an initiative that forms part of a framework of collaboration between private sector companies and the Basque



Government whose objective is the conceptualisation and execution of innovative eco-design projects (particularly the application of tools of these characteristics in the initial phase of product design). Its ultimate aim is to minimise the carbon footprint of products, both in the electricity distribution network and in the integration of renewable energy.

In 2021 **Ormazabal** renewed its commitment to participate in the Basque Ecodesign Center for the period 2021-2025. The BEC's mission is to promote the piloting of methodologies for the deployment of the circular economy in the Basque business fabric, with a dual focus: improving competitiveness and preventing environmental impacts.

The Basque Ecodesign Center is part of the Basque Government's Green Deal strategy and involves, as partners, the Department of Economic Development, Sustainability and Environment through the public entities Ihobe and SPRI; together with a group of leading companies such as Iberdrola, EDP, Siemens Gamesa, as well as **Ormazabal**.

## Pollution and climate change

In line with its strategy and goal of combating climate change, and as a necessary step towards reducing CO<sub>2</sub> emissions, **Ormazabal** calculates the carbon footprint of its activities and produces reports on greenhouse gas emissions (GHGs) in which both direct and indirect emissions are quantified.

Additionally, in 2022, in collaboration with the Business & Climate Foundation (Fundación Empresa & Clima), a pilot project has been carried out to estimate the Scope 3 emissions of three of the company's organisations.

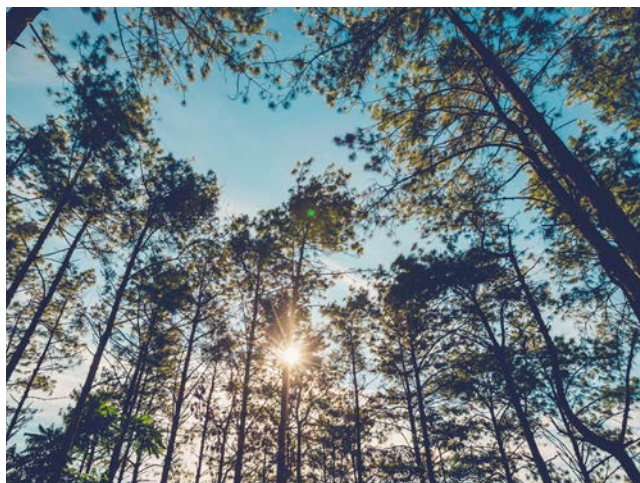
In addition, other notable initiatives led by various **Ormazabal** centres took place during 2022:

- Uniblok has reformulated its concrete formula, reducing the amount of cement used, thereby reducing indirect carbon footprint emissions.
- Initiatives to carbon offsetting by planting trees have continued, with several initiatives carried out in Biscay, Burgos and Madrid.
- In particular, in Biscay, in collaboration with the Lurgaia foundation, 900 native trees and bushes have been planted on a 65,915 m<sup>2</sup> plot of land, as part of the Undabaso project covering 167 hectares. This action entails an offsetting of 312 t of CO<sub>2</sub>, according to the certificate issued by the Lurgaia foundation.
- In addition to carbon offsetting, the projects have a biodiversity restoration and promotion objective and are carried out with a "corporate volunteering" approach.
- Around 180 people from the company have been involved in these plantings.

In 2022 **Ormazabal** has updated its emissions factors. Thus, the results of **Ormazabal's** environmental performance in relation to GHG emissions (t CO<sub>2</sub>-eq) in 2022 and 2021 are as follows:

GHG emissions (t CO <sub>2</sub> -eq) <sup>(4)</sup>	2021	2022
Direct (Scope 1)	3,518	2,649
Indirect (Scope 2)	650	741

(4) The scope of the information reported for direct GHG emissions is associated with natural gas consumption, diesel consumption and petrol consumption. 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.



Direct emissions (Scope 1) include the fuel consumed in production processes and boilers (fuel, gas), as well as the fuel of company vehicles used for sales and assembly work purposes. It is worth noting that in 2022, thanks to **Ormazabal's** efforts to reduce its fuel consumption, the organisation has reduced its direct emissions by 25 % compared to the previous year.

In the case of indirect emissions (Scope 2), **Ormazabal** considers as such those derived from electricity consumption in the organisation, 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 attributes GHG emissions from electricity consumed based on the organisation's 'contractual instruments', taking into account Energy Attribute Certificates (EACs) or other contracts.

In 2022, despite having improved energy performance by achieving lower non-renewable energy consumption (-31 % compared to 2021), the organisation has increased its Scope 2 emissions by 14 % compared to the previous year. This is due to the update of the organisation's GHG emissions calculation methodology (market-based method), as well as the update of the emission factors used. If the same emission factors had been used as in the previous year, there would have been a reduction of 10 % in this year's results compared to 2021.

In addition to the aforementioned emissions, in 2022 **Ormazabal** has increased its efforts to provide greater detail of its environmental footprint to its stakeholders. Thus, this year, the company has registered a total of 7,972 t CO<sub>2</sub>-eq derived from SF<sub>6</sub> emissions in the manufacturing process compared to 11,750 t CO<sub>2</sub>-eq in 2021.

## Electrical mobility

Sustainable mobility, essential for the decarbonisation of the economy, is a strategic priority for **Ormazabal**. Proof of this is the investment it is making in this area. In 2022, 60 % of the vehicles in the company fleet were hybrid and 5 % electric/plug-in hybrid. In addition, the company is committed to renewing the fleet only with hybrid or electric vehicles.

## Circular economy

The circular economy is an essential element for achieving a sustainable economic model. Therefore, integrating this concept—which promotes a radical change in the current model of waste production and raw material consumption—into the culture of the organisation is becoming an increasingly important part of the company's strategic vision.

**Ormazabal** therefore prioritises the implementation of an environmental strategy based on the circular approach with the aim of minimising its ecological footprint and with the firm intention of achieving efficient management of the waste it produces in keeping with the spirit of the **European Green Pact and the Circular Economy Action Plan** approved by the European Commission in February 2021.

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 and Cotradis, dismantling guides have been developed for the equipment they manufacture, which enables them to dismantle it efficiently, as well as the correct segregation and management of waste at the end of the products' life.
- **In the Transformer Division** the following actions have been carried out:
  - Lagging of thermal oil tanks.
  - Installation of VF in welding hall extractors and ppm concentration control system.
  - Reduction of unproductive operating times of air-conditioning, lighting and process systems.



## Waste generation

Type of waste	2021	2022
Hazardous waste	250,062 kg	227,585 kg
Non-hazardous waste	5,080,060 kg	5,088,639 kg

Hazardous waste is that whose intrinsic properties pose risks to health or to the environment. In this respect, as far as the management of hazardous waste is concerned, 36 % of the waste generated in 2022 was recovered, 56 % was disposed of and the remaining 8 % was sent to controlled landfills. A continuous improvement if we look at the 2021 data, where 31 % was recovered, 55 % disposed of, 11 % underwent a valorisation process and the remaining 3 % was sent to controlled landfills.

As regards non-hazardous waste—scrap metal, paper and cardboard, plastics and wood—in 2022, 45 % of these were recovered, 7 % sent to controlled landfills, 47 % underwent a valorisation process and the remaining 1 % were disposed of, while in 2021, 48 % were recovered, 3 % were sent to controlled landfills, 46 % underwent a valorisation process and the remaining 3 % were disposed of.

## Sustainable use of resources

### Evolution of water consumption

With sustainability as a goal, in 2022 Ormazabal continued to work towards responsible production and water consumption across our 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 table shows that water consumption in Ormazabal is very linear as there is only a 1 % decrease compared to 2021. This consumption is concentrated in the Cotradis facilities (without significant variations with respect to 2021) and Tecnichapa, which has experienced an increase in its water consumption of 71 % in 2022, mainly due to the cleaning procedures of the painting line.

Consumption	2021	2022
Water consumption (m³)	42,312 m³	41,771 m³

### Evolution of energy consumption

All Ormazabal companies are implementing energy efficiency measures and making an effort to reduce electricity consumption. Proof of this is that in 2022, the organisation's total energy consumption has decreased despite the increase in production overall.

The increase in renewable energy and the decrease in non-renewable energy consumption this year (-31 % compared to 2021) is mainly due to the acquisition of energy with a renewable energy guarantee certificate by **Ormazabal Burgos** and **Ormapost**.

With regard to energy consumption derived from the use of fuels, **Ormazabal** is making great efforts to reduce their use. As a result, in 2022 the company has reduced the consumption of all types of fuel used.

Consumption	2021	2022
Non-renewable electricity (kW h)	2,116,895	1,453,912
Electricity from renewable sources (kW h)	10,085,078	10,533,814
Total electricity (kW h)	11,444,291	11,987,735
Natural gas (Nm³)	1,315,486	1,086,798
Diesel A & C (l)	245,810	178,760
Gasoline (l)	47,997	327

In this sense, we can highlight the generalised replacement of combustion energy equipment by electric equipment, as well as the elimination of petrol consumption in **Ormazabal Portugal** and **Ormazabal Beijing Switchgear**.

Additionally, and in line with previous years, in 2022 **Ormazabal** has continued to increase the renewable energy generation facilities for self-consumption in its buildings through the installation of solar panels in different facilities of the company in Amorebieta, Loeches and Getafe. Thanks to the installation of solar panels, **Ormazabal** has generated 902,278 kW h of energy for self-consumption.



## Energy efficiency

As a company committed to reducing energy consumption, in 2022 **Ormazabal** has developed various initiatives aimed at promoting and encouraging energy efficiency, including those carried out at the Igorre facility (Biscay).

### Office refurbishment:

- Installation of LED equipment and control sensors, replacing the old fluorescent system and reducing the installed lighting power.
- Introduction of an aero-thermal heat pump for hot water generation and heating and primary air volume. It consists of the elimination of all electric water heaters for hot water generation for the changing rooms, as well as the generation equipment that uses natural gas as fuel. The volume of hot water storage is estimated to be similar to that of the current situation. In addition, a primary air volume of 8,500 m<sup>3</sup>/h is introduced, according to the information provided.
- Energy rehabilitation of the enclosure by means of:
  - Installation of new metal carpentry, windows and curtain wall with superior insulation.
  - Installation of a strip facade panel over the existing thermo-clay facade, applying a system that adds thermal insulation [50 mm thick polyurethane (PUR) foam filling].

### Industrial facility refurbishment:

- Installation of an aero-thermal system for hall heating to replace the old natural gas boiler system.

In accordance with the Spanish Royal Decree 56/2016, 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; Stratenergy, a company belonging to Velatia, has carried out energy audits at 100 % of the company's facilities in Spain. As Ormazabal's centres have been audited for the last four years, no further audits are required in 2022.

Finally, true to its commitment to reducing energy consumption, over the last few years Ormazabal has implemented measures that include aspects such as the replacement of existing lighting with LED lights and energy monitoring, among others.



Evolution of raw material consumption and energy consumption

Seeking optimal use of material resources in all phases of activity, Ormazabal promotes the efficient use of raw materials and energy. In addition, through the environmental and energy management systems it has implemented, it can measure, assess and continue to implement new measures that increase its energy efficiency and optimise resource consumption in all its production processes.

The following table shows the consumption of the main raw materials and energies used in Ormazabal's production processes:

Raw materials	2021	2022
Main raw materials (magnetic sheet, enamelled wire, aluminium, chemical consumables, oil and aluminium strip)	21,931,032 kg	26,930,646 kg

The increase observed in the consumption of raw materials in 2022 (23 % compared to 2021) is a direct consequence of the increase observed in the organisation's overall manufacturing. Likewise, in the particular case of Cotradis, the change in the design of the transformer in the network carried out with the aim of reducing losses, due to the entry into force of Tier 2 requirements of the Energy Efficiency Directive, has required the use of a greater amount of aluminium, oil and magnetic sheet for its correct implementation and operation.



## 4 | Customers

Commitment to the customer is a strategic pillar for **Ormazabal** and the company's entire value chain is geared to this end: to offer a sustainable service to its customers.

Responding to their needs with customised solutions, establishing long-term relationships based on trust and mutual interest are, therefore, the backbone of the company's business strategy as a result of a firm commitment to a job well done, which is inherent to the brand.

The equipment and products **Ormazabal** supplies take into account all the safety parameters provided for in the regulations applicable in each case. All of them are accompanied by the corresponding general instructions for use in order to provide an adequate level of protection for anyone using or coming in contact with such equipment. These information materials aim to:

- **Eliminate dangers** whenever possible.
- **Incorporate** appropriate protections into the equipment itself in order to eliminate all hazards.
- **Communicate** the remaining risks in order to facilitate the design of operating procedures that prevent such risks, the training of operating personnel to carry out these procedures, and the use of relevant personal protection measures.

- **Maximise the use of recyclable materials** and establish procedures for the treatment of products and their components, so that they are appropriately handled at the end of their useful life, respecting the environmental regulations established by the competent bodies.

**Ormazabal** has a **Claims and Complaints System** adapted to the reality of the industry in which it operates. This system is used to periodically monitor the complaints received, identifying the type, status and resolution date of each complaint. Incidents are received through the formal and informal channels made available for this purpose and are managed and processed by specialised staff, who are responsible for analysing the reason for each incident on an individual basis and adopting the appropriate measures to offer a solution in line with the highest quality standards.

Furthermore, in businesses with a high volume of complex operations, **Ormazabal** has a **tool for recording incidents** that allows it to improve the quality of the service and apply corrective actions.

In line with its undeniable commitment to customers satisfaction, **Ormazabal** uses internal assessment mechanisms such as surveys, interviews, etc., which offer a deeper understanding of their needs and expectations and allow us to

identify possible areas of improvement to continue working on.

In recent years **Ormazabal** has continued to conduct satisfaction surveys in the countries where it has a commercial presence and production facilities (Spain, France, Germany and China). Among the conclusions obtained it is worth noting the high level of satisfaction with the treatment received from the company's staff, deadline compliance, efficiency, quality of products and services, resolution of incidents and technical assistance.

**Ormazabal** uses the Advanced Management Model as a benchmark to evaluate and improve its management system, and one of the aspects on which this model focuses is that of the customers.

Likewise, throughout the year, the technology workshops for customers continued, an initiative that is very well received and whose purpose is to anticipate solutions that respond to the future needs of the main companies in the electricity distribution and renewables industry on the path towards energy transformation.

The products and services of the companies of the group take into account all the **quality and safety parameters** provided for in the regulations applicable in each case. For this reason, **Ormazabal** has a very robust complaints system, registering requests on a monthly basis and analysing them. Requests for action by the company in the event of incidents arising from a lack of quality or management errors in the supply of products during the 2022 financial year totalled 2,510 complaints, of which 2,306 were closed and 204 were in the process of being dealt with at the end of the year.





## 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 2022.

The company's commitment to its suppliers is reflected in the Sustainable Development Policy and Purchasing Policy, focusing on the following points:

- Extending **social, environmental and occupational hazard prevention** aspects to our suppliers.
- Establish **mutually beneficial** relationships and prolonged stability with our suppliers by rigorously applying the Code of Ethics.
- Respecting 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 act on the commitments undertaken, **Velatia** has a **Regulatory Framework for the Purchasing Function** applicable to **Ormazabal** which provides the entire organisation with common and compulsory guidelines that regulate the complete purchasing cycle, from identifying the need to satisfying it. Thus, all businesses must have a supplier approval process in which suppliers must give a written undertaking

to comply with the group's **Purchasing Policy and Code of Ethics**. To this end, since financial year 2019, critical suppliers have been sent the Quality Manual and the Code of Ethics for their signature. This process has continued to be strengthened in recent years, eliciting the agreement of more and more suppliers.

The supplier approval process primarily involves analysing the availability of environmental certifications and compliance with environmental regulations. **Ormazabal** has an **Annual Supplier Audit Plan** in which both aspects are analysed.

In order to control supplier-related risks, the company has a **System of Risk Management** in the supply chain that monitors the panel of critical suppliers classified according to different levels of criticality.

**Ormazabal** is in the process of recording in detail the audits and the results obtained from them. In this sense, the group's new supplier portal will play a fundamental role in achieving this objective.



### Commitment to local suppliers

Beyond the direct jobs it creates and the wages and taxes it pays, **Ormazabal's** influence is also felt indirectly thanks to the positive economic impact its support has on local businesses through the supply chain.

The company maintains a strong commitment to companies located in the main regions where it operates, a commitment that acquires greater significance in businesses with production facilities. 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.

In its purchasing strategy, **Ormazabal** has a panel of global suppliers of basic raw materials (copper, aluminium, steel, etc.) and standard and/or high-rotation products for customisation with local suppliers located near the points of consumption, a competitive advantage that results in greater flexibility and proximity to the end customer.

**Ormazabal's** most representative countries are shown below:

% expenditure on local suppliers	2021	2022
Spain	80%	77%
France	94%	97%
Germany	69%	87%
China	96%	95%
Mexico	98%	99%

## Sustainability in the supply chain

**Ormazabal's** companies seek to contribute real value in their purchasing management processes, both for their businesses and for their suppliers, guaranteeing results and favouring adaptation to the local environment, which enhances the creation of wealth and employment in the communities in which they operate. In this vein, we have started informing companies that wish to form part of our supply chain of the need to undertake the commitments promoted by the UN Global Compact.

Aligning the corporate function of purchasing with each operational department has allowed **Ormazabal** to determine and apply the best assessment criteria in each procurement or purchasing process, and to always be at the forefront in terms of sustainability, environmental assessment and human rights criteria.

As mentioned above, the sustainability aspects that are analysed within the supplier approval process are related to environmental certifications and regulatory compliance.





## “Buy Green” pilot project

Ormazabal continues to participate in the pioneering “Buy Green” project in the private sector.

In 2019, the Basque Country region launched this pilot programme (a pioneer at the national level) with a group of companies, including **Ormazabal**, which have taken on the challenge of introducing the procurement of sustainable products and services in the private sector.

In this context, **Ormazabal** developed in 2021 its own criteria for “buy green” private procurement, resulting in an action plan which has been continued in 2022, whose main lines of work are as follows:

- Deploy in 2022 the policy regarding Ormazabal’s position on “conflict minerals”. This policy is integrated with the rest of the policies and communicated to stakeholders (being of special interest in the supply chain).

- Establish criteria for taking into consideration the traceability and transparency of the origin of mineral resources.
- After establishing the environmental standards in the purchasing of raw materials of magnetic sheet, aluminium and stainless steel, the roll-out of the strategy and its transfer to suppliers began in 2022.
- Regulate cross-cutting environmental guidelines for cleaning services, collection and destruction of confidential documentation, company vehicles, as well as energy supply/trade companies (the overall guidelines of the group are followed).

The ultimate aim of this plan is to ensure insofar as possible the procurement of products and services with reduced environmental impact.





Key actions taken in 2022 in relation to sustainability in the supply chain include the following:

- Launch of a **new supplier portal** for the approval and management of suppliers, including the following actions:
- Update of the approval template and inclusion of ethical aspects and ESG criteria for strategic suppliers.
- Update of the risk management and supplier classification procedure.
- Analysis and monitoring, together with suppliers of raw materials, of the level of **incorporation of recycled material in their production processes** in order to reward and encourage its use. Throughout 2022, recycled material has been incorporated in the case of steel, stainless steel and aluminium.
- Promotion of the use of the **green magnetic sheet**, which has a lower CO2 footprint, for which we have been in contact with some key customers in order to promote its use and receive feedback. As a result of this action, **Ormazabal Cotradis** has increased the percentage of green sheet purchases.
- **Wood packaging recycling** project with steel mills in the EU and China.

## 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

**Ormazabal** combines economic development and the interests of the communities with which it coexists and of its stakeholders, in a sustainable manner in the long term, in accordance with the principles of Corporate Social Responsibility.

Its firm commitment to the environment is evident in its ongoing investment in social projects related to education, employment, integration of people with disabilities, and culture. Initiatives that protect children through education, that seek to offer a future to young people through training and the promotion of programmes that enhance their employability, including that of people with disabilities; proposals that promote access to culture for the whole of society, etc.

**Ormazabal's** line of action in the social sphere is defined in the Corporate Social Responsibility and Social Action policies.

**Ormazabal** puts special emphasis on ensuring **clear and direct communication** with its stakeholders, so that it serves as feedback to find out their needs and expectations. It also makes sure that everyone in the organisation follows the guidelines contained in the Code of Ethics when performing their professional activity.

#### Relationship with local communities

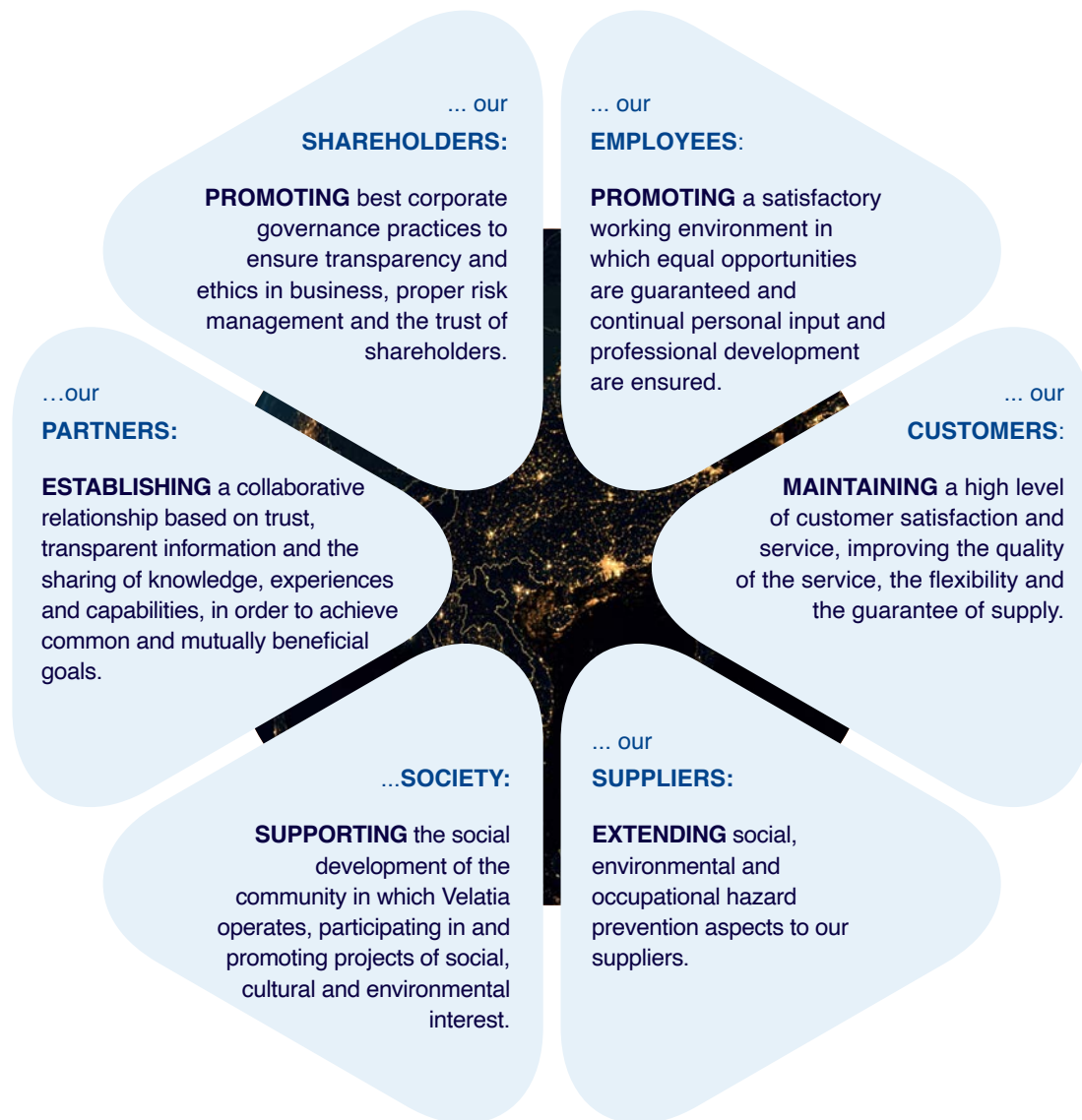
**Ormazabal** contributes to the interests of the surrounding community generating a positive social impact by creating jobs, developing the local economy, collaborating with educational institutions, paying taxes and distributing the value generated.

In its aim to be part of the change, it actively participates in the development of public policies of regulatory bodies related to electricity distribution networks and is involved with—and in some cases leads—business associations linked to the industry in all areas of action, both national and European.

We advocate regulations that are conducive to the fundamental principle of sustainability of the electricity system.

At all times the company maintains a proactive position in defence of regulations leading to the fundamental principle of the sustainability of the electrical system, through the development, commissioning and maintenance of a reliable, durable, efficient and eco-friendly power grid model.

## We contribute to society's development through...



This position regarding the regulatory aspect leads us to adopt solid and consistent precepts in relation to the criteria and concepts applied to the design, manufacture and commissioning of the products, equipment and services that we offer to the market.

With regard to institutional relations activities and those related to associationism between companies, everyone at **Ormazabal** takes care to strictly comply with the precepts laid down by the rules of competition law.

As a result of its determination to be a benchmark player in the industries in which it operates, **Ormazabal** participates proactively in numerous forums and associations. This allows the company to demonstrate its commitment to sustainability, interact with the main agents of change, generating shared value between the company and its environment, sharing good practices and strengthening relations with its stakeholders. These are some of the most important forums and associations in which it participates:

Country	Associations	
Spain	<b>AFBEL</b>	Asociación Española de Fabricantes de Bienes de Equipo Eléctricos ( <i>Spanish Association of Manufacturers of Electrical Capital Goods</i> )
	<b>Clúster de la energía del CAPV</b>	Energy cluster of the Basque Country region
	<b>Confebask</b>	Basque Business Confederation
	<b>Euskalit</b>	Basque Foundation for Quality Promotion
	<b>Basque Ecodesign Center</b>	Basque Ecodesign Center
	<b>AEE</b>	Asociación Empresarial Eólica ( <i>Wind Energy Business Association</i> )
	<b>GT compartición datos aeros</b>	Working Group on Wind Turbine Data Sharing
	<b>UNE</b>	Asociación Española de Normalización ( <i>Spanish Standards Association</i> )
	<b>ENERCLUB</b>	Club Español de la Energía ( <i>Spanish Energy Club</i> )
	<b>CONSORCIO DE ENERGÍAS RENOVABLES</b>	Renewable Energy Consortium
	<b>CONFEMETAL</b>	Spanish Confederation of Metal Business Organisations
	<b>AEDIVE</b>	Asociación de Empresas para el Desarrollo e Impulso del Vehículo Eléctrico ( <i>Association of Companies for the Development and Promotion of the Electric Vehicle</i> )
	<b>SERCOBE</b>	Spanish Association of Manufacturers of Capital Goods
	<b>CEOE</b>	Confederación Española de Organizaciones Empresariales ( <i>Spanish Confederation of Business Organisations</i> )
	<b>UNEF</b>	Unión Española Fotovoltaica ( <i>Spanish Photovoltaic Association</i> )
	<b>FUNDACION EMPRESA/CLIMA</b>	Business & Climate Foundation
	<b>FORO PARA LA ELECTRIFICACIÓN</b>	Forum for electrification
	<b>Club Marítimo Español</b>	Spanish Maritime Cluster
	<b>Foro Marítimo Vasco</b>	Basque Maritime Forum
	<b>AEMENER</b>	Asociación Española de mujeres para la energía ( <i>Spanish Association of Women for Energy</i> )
	<b>SREC</b>	Spain Renewable Energy Consortium
	<b>AELEC</b>	Association of Electric Power Companies
	<b>CIDE</b>	Asociación de Distribuidoras de Energía Eléctrica ( <i>Association of Electricity Distributors</i> )
	<b>BIND 4.0</b>	Basque Open Innovation Platform
	<b>INNOBASQUE</b>	Basque Innovation Agency
	<b>GSGHI</b>	Global Smart Grid Innovation Hub of Iberdrola
	<b>ASEME</b>	Association of Electricity Companies



Country	Associations	
France	<b>GIMELEC</b>	Groupement des entreprises de la filière lectronumérique française (Group of companies in the French digital electronics industry)
	<b>MATPOSTPlatform</b>	
	<b>AVERE</b>	National association for the development of electric mobility
Portugal	<b>ANIMEE</b>	Portuguese Association of Companies in the Electrical and Electronic Sector
UK	<b>BEAMA</b>	UK trade association for manufacturers and providers of energy infrastructure technologies and systems
Germany	<b>ZVEI</b>	Verband der Elektro- und Digitalindustrie Electrical and Digital Industry Association
Europe	<b>T&amp;D Europe</b>	European Association of the Electricity Transmission and Distribution
	<b>CIREC/CIGRE</b>	International Conference on Electricity Distribution
	<b>EURELECTRIC</b>	Union of the Electricity Industry
	<b>ORGALIM</b>	EU Technology Industries Association
	<b>BUSINESS EUROPE</b>	
	<b>EDSO_E</b>	European Distribution System Operators
	<b>GEODE</b>	The voice of local energy distributors across Europe
	<b>CEDEC</b>	European Federation of Local and Regional Energy Companies
	<b>SOLAR POWER EUROPE</b>	
	<b>WIND EUROPE</b>	The Voice of the Wind Energy Industry
China	江苏省电器工业协会	Jiangsu Electrical Equipment Industrial Association (JEEIA)
	江苏省可再生能源行业协会	Jiangsu Province Renewable Energy Industry Association (JSREA)
	全国输配电技术协作网会员	Electric Power Technology Collaboration (EPTC)
	中关村储能产业技术联盟	China Energy Storage Alliance (CNESA)
	中国电动汽车充电基础设施促进联盟	China Electric Vehicle Charging Infrastructure Promotion Alliance (EVCIPA)
	中国光伏行业协会	China Photovoltaic Industry Association (CPIA)

## Solidarity actions

**Ormazabal**, as a company close to its environment and social concerns in various aspects such as solidarity, education, protection of natural resources, etc., promotes or participates in various activities that seek to do their bit in achieving the objectives desired by all. We mention some that took place in 2022:

### 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 Biscayan Federation of Metal Companies (FVEM), and has continued its work to promote the industrial sector in various educational centres, as well as hosting its students at the company’s facilities.

### Tree planting

In 2022, four reforestation initiatives (“Kumula”) have been carried out thanks to the collaboration of people from **Ormazabal** and their families and with the help of three NGOs:

- In Biscay, with the Lurgaia foundation and the participation of around 100 people divided into two groups.

900 native trees and bushes have been planted in the Urdai-bai area, which implies a carbon offsetting of 312 t of CO<sub>2</sub> in 40 years, according to the certificate issued by the foundation.

- In Burgos, with the Oxígeno foundation and around 30 people who repopulated around one hectare of woodland in the Quintanlara area with native species.
- In Madrid with Reforesta and around 50 people who planted native species in the mountain area of Cordel de las Asperillas.

In addition to carbon offsetting, the projects are aimed at restoring and promoting native biodiversity and are carried out with a “corporate volunteering” approach. Overall, around 180 people from the company have participated in the different initiatives.

### Solidarity campaign

**Ormazabal** has also collaborated in 2022 with the Biscay Food Bank, collecting the following amounts of food in several of its headquarters:

- Boroa (plot 14): 62 kg
- Boroa (plot 24): 38 kg
- Igorre: 9 kg
- Zamudio (Velatia headquarters): 21 kg

In addition, **Ormazabal** Transformadores has collaborated this year with the “No child without toys” (Ningún niño/a sin juguetes) Campaign.

## Forging links between education and businesses

**Ormazabal** makes a special effort to forge links between education and business, collaborating with several training institutions to boost the development and growth of the local economic fabric through various agreements, scholarships and internship options.

Since 2001 **Ormazabal** has been collaborating with the **Bilbao School of Engineering** with our own company classroom. This initiative, which turned 20 years old in the 2021-22 academic year, pursues the following objectives:

- Recruitment of students with potential. Thus, in 2022, eight students from the classroom joined **Ormazabal**.
- Carrying out of projects in areas of interest to the company.
- Helping generate a brand among students as a prestigious point of reference in the technology field. Over the years we have carried out various communication actions such as 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**.

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.

The teachers are in charge of directing the students' work and the tutors appointed by the company for each project supervise their work.

Since 2006, **Ormazabal** has also had a company classroom at the **Higher Technical School of Industrial Engineering and Design of the Technical University of Madrid (UPM)**. Its dual purpose is to teach and investigate, and it helps future engineering professionals learn about transformation centres, practical simulation of the different defects that can occur in this type of facility, as well as the protective devices and systems associated with transformation centres.

**Ormazabal Corporate Technology**, the key company's R&D&I-focused entity, is on the Board of Trustees of the **Euskampus Foundation of the University of the Basque Country (UPV)**, an interinstitutional instrument that aims to become a driver of Basque R&D&I with a clear vocation of social responsibility and integration within the region. To achieve this aim, its mission is to design, coordinate and execute actions that strengthen and accelerate the modernisation and internationalisation of the Basque public university.

Finally, in addition to the above, in 2022 some events have been used to intensify the company's relationship with students:

- On the occasion of WindEurope Annual Event in April 2022 in Bilbao (Spain), four types of students were welcomed during the exhibition:
  - Master's Degree in Integration of Renewable Energies in the Electricity System.
  - Degree in Renewable Energy Engineering.
  - Advanced Vocational Training in Mechatronics.
  - Advanced Vocational Training in Renewable Energies.
- Participation in the UPV Biscay Campus Employment Forum (May 2022).
- Participation in Talentia Week, Bizkaia Talent network (May 2022).
- **Ormazabal Meeting Day**: hosting thirteen students in presentations, visit to the Ormazabal Research & Technology Centre (OCT), etc. (June 2022).









Be smart.  
Be Ikusi







**Be Ikusi.  
Be sustainable**



A close-up photograph of several overlapping green leaves. The leaves have a prominent network of veins, with the main veins being a lighter green and the secondary veins being a darker green. The edges of the leaves are slightly wavy and have a reddish-brown tint. The overall texture is smooth but shows some natural imperfections and small dark spots.

**We transform  
businesses on  
a human scale**



# 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 has a highly qualified, service-minded and committed staff of more than 800 professionals. It operates in Mexico, Colombia and Spain, markets in which it aspires to become a technology benchmark by accompanying companies and institutions in their digitalisation process.

With security as a maxim, **Ikusi** offers a transversal service for generating efficient, robust and secure communication networks. Thus, it accompanies its customers in projects related to infrastructure efficiency, network connectivity, management of data centre installations in the cloud, the development of collaborative tools, etc.

As a specialist in digitisation and cybersecurity, **Ikusi** is committed to turning technology into an enabling tool that it places at the service of companies. To this end, it combines technology knowledge with an approach to the customer to understand their business in depth and, through a consultative advisory process, anticipate the technology proposals they require to continue evolving. From there, it is responsible for deploying a robust, constantly evolving and increasingly intelligent network infrastructure that provides

connectivity, collaboration tools and a layer of cybersecurity to businesses.

**Velatia's** technology services company keeps its technology radar constantly alert by incorporating new solutions and architectures presented by the world's best manufacturers into its offer: SDWAN networks, Wi-Fi 6e, SASE, latest generation data centres, cloud security, etc.

Throughout half a century of activity, the company has executed multiple projects with leading companies in Mexico, Colombia and Spain in a wide range of sectors (financial, industrial, retail, etc.), collaborations that in some cases have lasted more than twenty years.

All this makes **Ikusi** an essential asset for understanding the needs of companies in this new scenario and for moving forward together in their digitisation and digital transformation processes, always with the aim of "making the complex simple".

# 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 basis of its strategic plan. This is how they are defined:

## Purpose

To generate value for the customer through technology, making the complex simple.

## Mission

To provide customers with innovative technology solutions and services tailored to their needs with a personal touch.

**Ikusi** fulfils the mission expressed by the group 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

Redesigning the future by building a more sustainable, secure, connected and collaborative world.

## Our 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 the Group'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 base that remains unalterable over time and which, in the case of **Ikusi**, can be specified as follows:

### Technological

**Ikusi** integrates various reliable and innovative solutions and high value-added services with an emphasis on quality and service, always seeking to create value for its customers, acting as a technology partner. Its aim is to remain in and develop the markets in which it operates with a clear desire for continuity.

### Global

Company that competes with global solutions in the markets where it is present (Spain, Mexico and Colombia), and where its competitors include both local firms and large multinationals. Its purpose is to remain very close to its customers by accompanying them with solutions adapted to the particular needs of each one, and by acting in the markets they require. Thus, the location of its premises aims to ensure that it becomes strongly rooted in the markets it serves.

### Benchmark

**Ikusi** aspires to become a technology benchmark wherever it is present, not only as a market leader but also for other important reasons:

- Approach based on opportunity generation, high standards and meritocracy (a "**good place to work**").
- **Culture of respect and care** for people as hallmark.
- Leadership with **values**.
- **Excellence** in governance and management.
- Commitment to sustainability understood as **responsible profitability**.
- Commitment to local markets: establishing **local roots**.

## 2 | Ikusi business

**Ikusi** applies technology to connect, process and manage information securely and is able to link critical business processes and exploit the information generated (operational solutions). In this way, it offers solutions and services aimed at communication networks, cybersecurity and digitalisation of industrial processes.

The company's added value stems from developing solutions around the acquisition and analysis of data that allow its customers to boost their competitiveness by optimising their processes.

### Our activities

As a technology company, **Ikusi** offers its customers transversal services for the generation of efficient, robust and secure communication networks.

#### Communication networks

**Ikusi** designs, implements and manages telecommunications technology and infrastructure, providing knowledge and experience in areas with specific requirements. The company has accumulated extensive experience in smart networks, datacenters, network monitoring and automation, finding out the business needs of multiple industries, and making the most of its own distinctive "know-how". All this, thanks to a committed team with a high level of specialisation.

**Ikusi** offers its customers innovative alternatives for technology architectures in order to provide them with the tools needed to lead the market through integrated business solutions supported by recognised expertise, technical knowledge and best industry practices.

#### Cybersecurity

Cybersecurity has to anticipate and adapt to the speed at which increasingly sophisticated and advanced threats to the network evolve. Prevention should therefore be a priority, and this requires good presales architecture or engineering, as well as enhanced monitoring, detection and early response while applying multi-layer defences.

**Ikusi's** solutions protect against these threats and cover the main vectors of potential attacks: email, data center, campus, cloud, users (internal or remote).

In this regard, it ensures that the different interactions between users and applications are secure and reliable, taking into account the different scenarios in which users operate, from the office to remote connections and access to (public and private) clouds.

Likewise, **Ikusi** integrates hardware and software solutions, in addition to consulting and auditing services, in order to understand the reality of each customer and the challenges it faces and, in so doing, be able to propose the most suitable cybersecurity project with a number of benefits:

- **Protect information** in its different layers, from end-user access points to network and IT infrastructure in its physical, virtual and cloud modes.
- **Reduce the risks** of exposure of the organisation's critical data.
- **Have global visibility** to proactively prevent cyberattacks from the outset with advanced cybersecurity intelligence mechanisms.
- **Integrate security features** in traditional and advanced IT environments.
- **Have a secure control** of media and access to sensitive information within and outside the organisation.
- **Maintain** a simple and efficient **integral security architecture**.
- **Be able to centralise various sources of information** for better decision making in information security management.

**Ikusi's** approach to security is based on a set of services managed in accordance with certified processes, customer care and incident response –in line with best market practices–, with levels of coverage and a 24/7 operation provided by a **Centre for Cloud Operations, Cybersecurity and Business Experience (Ikusi's ONCE)**.



## Differential values of Ikusi

### Ikusi ONCE

**Ikusi's** Cloud Operations, Cybersecurity and Business Experience Centre is responsible for proactive monitoring, support and management of network, cybersecurity and IT infrastructures. In this sense, it provides its customers with attention, resolution and analysis of incidents so that the availability or functionality of their businesses are not interrupted. All from one place.

This centre has more than 100 certified engineers, which ensures the best service and capacity to manage more than 17,000 devices and more than 87,000 tickets per year on average, with a 24/7 service scheme. It also has the best systems, service management tools and monitoring platforms, and the design of its facilities covers the main security standards that a monitoring centre specialising in networks, security and IT must have. Its collaborators use consoles to provide attention and support in an efficient manner, to ensure the operational continuity of the services.

Incidents analysed through threat intelligence:

### Ikusi Intelligence

Business intelligence is essential for building the future. That is why **Ikusi** has developed this portal that provides a global vision 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 customers with a powerful tool that facilitates decision-making by allowing them to have comprehensive access to the information on their contracted services from a single site.

### Ikusi Intelligence para SD-WAN

This is a platform-specific module that provides full control of the enterprise network and SD-WAN services, as the user has access to executive control, analytics, automation and network operation services. The addition of 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 en cifras



**1971**

FOUNDATION  
YEAR



**+50**

YEARS OF  
EXPERIENCE



**800**

STAFF



**3**

COUNTRIES WITH  
CONSOLIDATED  
PRESENCE

## Ikusi meets objectives

### 4 | The year in review

**Ikusi** manages to overcome the component supply problems, which have worsened over the year, and meets the planned targets.

The supply of materials, particularly the more complex technology plates with delivery times of up to eight months, has been the biggest handicap for **Ikusi** in an already adverse global context. Reaching the sales target was a challenge that required a great joint effort and demanding work in terms of business generation, monitoring and analysis of alternatives. Effort that has materialised in multiple success stories.

Thanks to all this, the company has closed 2022 on a good year with a 10 % increase in turnover compared to 2021, reaching 162.5 million euros in turnover. It is worth mentioning the figure for booking, which amounted to 175 million euros, a record figure, both overall and by country, which is well above the target set and which will support the growth forecast for 2023.

Among the most outstanding milestones of the year, it is worth highlighting the penetration of large accounts such as Iberdrola and BBVA in Spain, the completion of the purchase process of Aryse, which will be renamed **Ikusi Tech**, the boost to the commercial vertical in Mexico and Colom-

bia, and the fact of becoming Cisco's number one channel in Colombia, just as it is in Mexico. This is in addition to other global and national recognitions that this world leader in networking and IT has once again awarded the company in compensation for the important role it plays as a technology ally.

Likewise, in order to focus on the core business, centred on connectivity, communications and associated services, the Projects activity in Spain, Chile and Peru, as well as in Mexico in the part of the market corresponding to the public sector, has been spun off.

### Advancing the common DNA.

**Ikusi** has a common and recognisable DNA. In an extensive survey carried out, customers and technology allies coincide in pointing out the high engineering capabilities, commitment and specialisation in cybersecurity and network services as the most distinctive features of **Ikusi's** offer, as well as expressing their consideration for their critical processes.

During the year, the company has continued to make progress in the aim of making its value proposition more homogeneous, consolidating and generating synergies based on

the specific realities of each geographic area and fulfilling the commitments of the strategic plan. It also has a series of strategic challenges on which it will continue to work along the same lines and with a clear objective on the horizon: to strengthen its common DNA.

From the point of view of technology architectures and services, **Ikusi's** current business focus is broad and concentrates on a series of vertical architectures that it considers strategic for offering its customers high-value services (enterprise/networking, data centre and security for commercial and enterprise).

Other strategic objectives are to take **Ikusi** ONCE to a global level, sharing the knowledge developed and making the capabilities applicable and serving as a common lever in all the geographic areas in which it operates; as well as taking advantage of its experience in different markets in two specific areas: programmability (using it to improve positioning, without duplicating efforts), and in the commercial vertical as a specific area of activity to be developed and strengthened.

The company's change of direction towards a common DNA has been in the making for years, albeit more intensely in recent decades. A strategic focus, leveraged on strengths and always supported by innovation and anticipation of cus-

tomers and market needs, as a catalyst for a solid organisational culture whose consolidation will be helped by the new roadmap being worked on for the new Strategic Plan 2024-2026.

**Ikusi's** main challenges in 2023 are centred on the financial sphere and on the loyalty and recruitment of talent in order to be able to count on the necessary people to tackle the major challenges it faces.

The company will also continue to deepen its markets. It will work on the development of regions such as Medellín (Colombia), Northeast Spain and Guadalajara in Mexico, and on expanding its penetration in different verticals such as the enterprise vertical in Spain and the commercial vertical in Mexico and Colombia.

These are the main magnitudes of the business in the 2022 financial year as a result of the involvement, effort and commitment of all the people behind **Ikusi**.

EVOLUTION OF TURNOVER

2021

2022

**TURNOVER**  
(millions of euros)

**150**  
MILLION

**162.5**  
MILLION

**EBITDA**  
(% of turnover)

**10%**

**10%**

**BOOKING**  
(millions of euros)

**>160**  
MILLION

**175**  
MILLION



## Ikusi Milestones

### Implementation of the JobCtrl software at CREDITARIA / Mexico

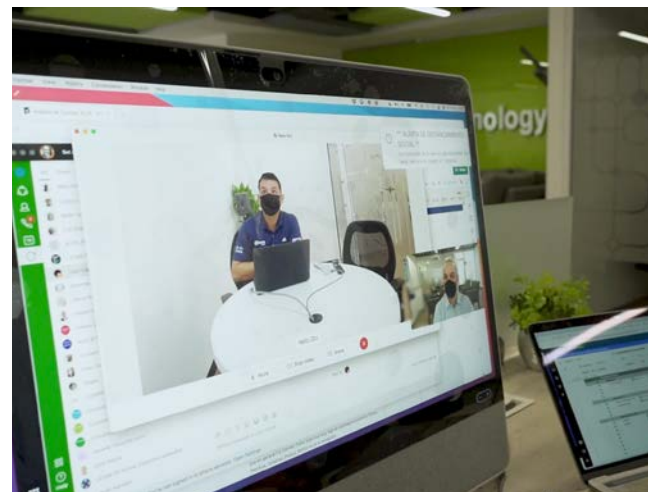
**Ikusi** reinforces its presence in Mexico with the implementation of the JobCtrl software, a digital tool focused on teleworking and/or home office that measures the productivity and efficiency parameters of the employees of any company and enables more effective management of workloads for the benefit of the collaborator and the working environment.

This collaboration and work efficiency platform allows companies in any field to maintain the hybrid and home office working schemes they implemented during the pandemic period. In short, it provides a solution to one of the main challenges facing the business sector and provides a necessary balance between maintaining productivity and giving staff all the reassurance they need to maintain the necessary boundaries between work and family life.

A successful case of the application of this tool is CREDITARIA, a financial institution specialising in mortgage loans and loans for SMEs. Its implementation has allowed the company to maintain the remote work scheme and, in addition, to coordinate and monitor staff located in different regions of the country. Thanks to it, CREDITARIA can parametrise in real time the activities and areas of its collaborators and their functions, as well as each area of the company, with excellent results such as productivity increases of up to 30 %.

The valuable information that JobCtrl provides to management teams helps to optimise work, improve efficiency, reduce costs and generate savings. In addition, it facilitates the work of the staff as it parametrises the activities that could be generating wear and tear and helps to ensure that spaces such as breaks, meal times, etc. are respected.

As in the case of CREDITARIA, **Ikusi** has implemented this tool in companies in different industries and its aim is to make more companies aware of it so that they can maintain a hybrid work scheme that is beneficial for both them and their staff.





#### Banorte leaves its network in Ikusi's hands / Mexico

The company Banorte has entrusted Ikusi with the monitoring of its entire network with a contract that will last for five years. A collaboration that began thanks to a consultative process, together with Cisco, and which has culminated in the deployment of a project that will provide this financial institution with real-time visibility of what is happening in its network (through the Thousand Eyes solution), as well as a portal that provides an executive vision so that managers can make agile decisions based on data.

With this project, **Ikusi** strengthens its position in Banorte, not only as a reliable partner for collaboration projects, but also as a consulting firm capable of proposing and deploying innovative technology projects that have an impact on the customer's business operations.



#### Technology pairing with Entrecanales Domecq e Hijos / Spain

Entrecanales Domecq e Hijos Winery is the result of a family tradition linked to the creation of wines for two centuries.

The digitisation of the business was one of the biggest challenges facing the company: to have a state-of-the-art corporate network offering robust and flexible connectivity and security solutions. Like any company, its resources are limited, so one of the main objectives of the project was to optimise the IT infrastructure as much as possible. **Ikusi** has deployed a comprehensive solution for the winery that, in addition to providing top-level connectivity, provides the highest security standards.



With the Cisco Meraki solution, **Ikusi** has provided the company with a powerful network with the versatility offered by the use of the cloud and the maximum simplicity of centralised management. But, just as important as the technology solutions, the winery also needed an ally for its digitalisation process that was close, committed and in direct contact. In this sense, **Ikusi** will provide it with managed services that administer the infrastructure and guarantee the protection of its corporate network against possible IT risks and incidents.

### Ikusi, Ormazabal and Cisco, a success story / Global

A company like **Ormazabal** needs to share and access a lot of information, located in very diverse destinations, in an agile, simple, secure, comfortable and inclusive way for the user, from anywhere in the world and at a reasonable cost. A project developed jointly by **Ikusi** and Cisco has transformed its connectivity and security infrastructure to ensure that the work of its professionals in the different formats is carried out under optimum conditions of efficiency, security and experience.

The solutions deployed provide the end-user with great flexibility, allow them to be operational regardless of where they are, what device they are accessing and where the data or application resides, and provide them with an office-like experience.

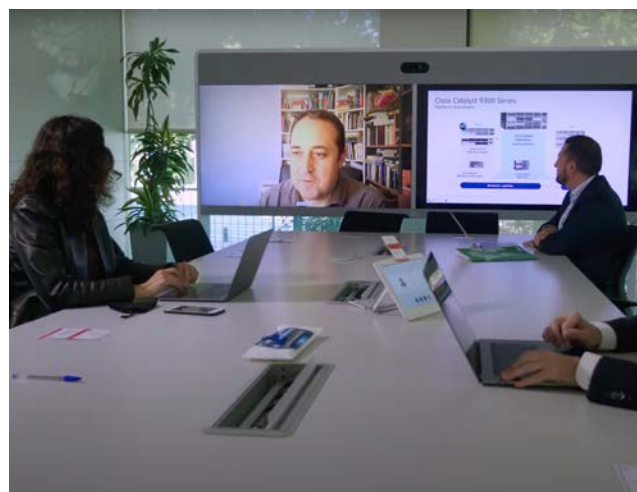
From a business point of view, scalable and cost-efficient connectivity solutions are key. The proposals put forward allow **Ormazabal** to pay for actual network usage, deploy cloud services with agility and access the network in the most convenient way for the user at any given time.

Different services have also been established around the network, such as collaborative spaces that respond to the implementation of hybrid work models.

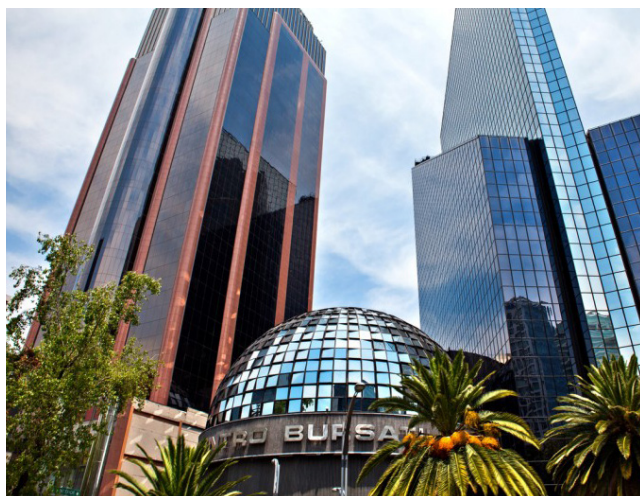
The digitalisation that companies are undergoing, in addition to driving new working models, has brought cybersecurity to a critical role in the need to identify and neutralise new threats.

Therefore, the project deployed at **Ormazabal** incorporates advanced solutions that guarantee the security of the IT equipment and the safety of the teams responsible for the operational processes at the factories in Madrid, Biscay and Burgos. In this way, it enables smooth communication and improves process efficiency without jeopardising company information and business continuity.

This technology has made it possible to optimise **Ormazabal's** time and resources, boosting savings on travel and processes, as well as contributing to the achievement of the Sustainable Development Goals to which the group is fully committed.







### Obramat relies on Ikusi's technology and capabilities for its digitalisation / Spain

Obramat (formerly Bricomart) is a very dynamic company dedicated to the sale of construction and refurbishment materials with thirty-two warehouses distributed throughout different regions of Spain, more than 5,000 collaborators and 20,000 product references. Faced with the challenge of speeding up its omni-channel service, it has placed its trust in **Ikusi** to digitalise its purchasing platform and speed up customer service for its construction and refurbishment customers, both in the physical warehouses and online.

For Obramat, the shopping experience is key: being where its customers are. The new platform offers a better shopping experience based on agility, simplicity and visibility. It encompasses Wi-Fi, switching, routing and security solutions, all managed from the cloud and from a single point. This project is an example of the application of technology closely linked to the business, with specific objectives and defined and measurable benefits.

### The Mexican Stock Exchange (BMV) renews its cybersecurity / Mexico

**Ikusi** wins a contract to renew the perimeter cybersecurity and business continuity systems of the Mexican Stock Exchange (Bolsa Mexicana de Valores, BMV). Specifically, it will take care of the data centres responsible for managing all its financial transactions for an amount exceeding 3.2 trillion pesos a year, equivalent to 17.84 % of Mexico's GDP.

Data centres have grown significantly in recent years and represent quite a challenge from the cybersecurity point of view. To meet this technology challenge, **Ikusi** has redesigned the BMV's data centre architecture and perimeter cybersecurity from a flexible perspective that guarantees continuity of operations at all times.

This contract represents the renewal of the trust that the Mexican Stock Exchange has placed in **Ikusi** for the past four years and strengthens its positioning by becoming a strategic partner in the financial institution's DPC services.



### The Monterrey Institute of Technology takes a new step in its technology renovation / Mexico

The Monterrey Institute of Technology (Instituto Tecnológico y de Estudios Superiores de Monterrey, ITESM) has taken yet another step forward in its goal of maximising the service experience and enhancing the collaborative work of the university's academic and administrative community. An objective for which it has once again relied on **Ikusi**.

Once again, the technology provided by **Ikusi** has become an essential tool to accompany this prestigious educational institution in the design and implementation of tools to make the coordination of collaborative learning in the classroom a reality at the level of a cutting-edge centre.

This institute is a constantly changing organisation, very involved in the adoption of innovative educational methodologies that incorporate new technology trends, for which it has found its strategic ally in **Ikusi**.

### Technology partnership with a major supermarket chain continues / Mexico

**Ikusi** has continued to deploy for one of the main Mexican supermarket chains a project consisting of the technology renovation of the wireless network and LAN network in the 1,200 supermarkets that the brand has.

The transformation of the network infrastructure will allow the chain to design initiatives that improve its business performance through the implementation of electronic tag automation functionalities. The renewal of the network will enable activities to monetise interaction with its customers through captive portals and the implementation of advertising actions.





### Tailor-made solution to boost the digitisation of Medgaz / Algeria-Spain

Medgaz is an underwater natural gas pipeline between Algeria and Spain with a length of more than 700 kilometres which, by its very nature, requires constant maintenance work, supervision and the validation of all the steps and technical interventions by experts. But it is not always easy for the expert to be in the field.

The solution provided by **Ikusi**, designed jointly with Cisco, achieves a notable increase in efficiency in the operation of this strategic infrastructure. It consists of the implementation of collaboration software on a device that is used as a pair of glasses with a front camera attached to the head or helmet. It allows videoconferencing while sharing images, videos and documents to facilitate the task of guiding and supervising work in the field. All operations are voice-controlled so operators have their hands free to perform their tasks while sharing their field of vision and voice with remote experts.

This new practice, applicable to a wide range of environments and industries, offers multiple benefits such as: increased productivity, improved processes and operating times, cost savings and regulatory compliance.

## Participation in industry activities

### Ikusi Series: strategies for anticipating cyber-attacks

In June 2022, **Ikusi** brought together in Monterrey (Mexico) the main cybersecurity firms in the country with an ambitious objective: to provide industrial sector managers and executives worldwide with strategies to anticipate the imminent risks of an attack on their critical infrastructure and to develop a security strategy for a Cyber-Physical System (CPS).

The increasing cyber-attacks on organisations, governments, and in particular the industrial sector, attracted a great deal of interest at the event, which was followed by a series of subsequent events that addressed the threats in a more specific and industry-specific manner.

All industrial sectors are not only essential to the smooth functioning of society, but are also interdependent. An attack on one can have a direct impact on the others. Given that losses from cyber-attacks have reached unprecedented levels and that the protection of critical infrastructure is a national and global security issue that concerns everyone, it is essential to create a comprehensive cybersecurity strategy applicable to each country's conditions. In short, to form a defence front that allows information on alerts, vulnerabilities and threats to be exchanged efficiently.

### Ikusi joins the International Day against Climate Change

Coinciding with the celebration of the International Day against Climate Change, on 24 October **Ikusi** promoted a round table in virtual format under the title "The road to sustainability in technology".

The initiative featured four experts who spoke about reducing the energy consumption of technology equipment and services and how to rationalise energy use in companies and organisations using technology tools.

Moderated by Lucía Bonilla, director of Redes&Teleco magazine, this round table was attended by Alberto López, CIO & CISO of the company Solaria and renowned YouTuber with more than 27,000 subscribers, mainly in Mexico, Colombia and Spain; Roberto Moral, director of architectures and sustainability at Cisco Spain; Diego Huertas, one of the leading Wi-Fi experts in Colombia and professor at the District University of Francisco José de Caldas in Bogotá; and Enrique Carvajal, director of engineering at Ikusi in Mexico.

### Technology and sustainability

Organisations around the world are joining forces to make the Sustainable Development Goals (SDGs) defined by the UN a reality. **Ikusi** is working in this direction to boost the sustainability of companies and organisations through digitalisation.

An example of this vocation is the development of energy efficiency tools to rationalise the use of energy in offices, reducing the overall consumption of the technology infrastructure through the controlled switching on and off of equipment, taking advantage of the flexibility and scalability associated with the implementation of software-defined networks.

This is just one example of how economic activity and environmental protection go hand in hand with the promotion of energy saving and, as a consequence, the reduction of CO<sub>2</sub> emissions as well as costs, as the energy consumption will be lower.

### Security and networking at the Bogotá demo-office

Cybersecurity is one of the main concerns of customers, particularly in the financial sector, which is seeing how its business activity is progressively shifting to the digital environment. In order to inform and accompany the decision-making process on which services and solutions to implement, **Ikusi** organised a security fair in July at its demo-office in Bogotá (Colombia) in collaboration with Cisco.

During the event, which was attended by around 50 professionals, four cybersecurity solutions were explored in a practical way: Umbrella Meraki, two-factor authentication Duo, SecureX and Network security. Following the success of the event, a new conference was organised in September to address the future of connectivity through five networking solutions (SDA, SD-WAN, Wi-Fi and Meraki), which were presented to enterprise, education and government organisations representatives, among others.



### **Ikusi Laboratory: Networks defined by Application Centric Infrastructure (ACI) software**

Also in Bogotá, the company held the second edition of the **Ikusi** Lab in March with the participation of both public and private leading firms, including Tivit, BBVA, Credibanco, Igac, ATH, Redeban and Cisco.

Over the course of three days, an intense agenda focused on ACI software-defined networks, Cisco Nexus Dashboards and Full Stack Observability. Customers were able to attend live demonstrations in real time, allowing them to see in detail all application-related components and thus to make much faster and better decisions in the event of poor application performance that affects the business.

To close the event, participants attended the football match Colombia vs Bolivia, which was part of the qualifying round for the Qatar 2022 World Cup.

### **Cyberprotector Summit of Mexico**

On this occasion, hand in hand with the technology company F5, **Ikusi** offered the best of its experience and infrastructure at the Cyberprotector Summit event where top cybersecurity talents came together to share the best insights that will keep companies protected from malicious users.

### **ROCC 2022**

Event on cybersecurity in public access networks held in Mexico, where **Ikusi** presented the latest trends in cybersecurity, cloud and connectivity for the energy industry.

Gustavo Valdez, General Manager of **Ikusi** in this country, took part in a round table discussion during the closing day in which he spoke about security and communications in the public network environment.



## Awards and recognitions

### Cisco Partner Summit 2022: the awards keep on coming

At the Cisco Partner Summit held in November in Las Vegas, **Ikusi** obtained ten new awards that highlight the company's ability to facilitate the incorporation of technology as an enabling tool for its customers' businesses and its dedication to maximising the benefits of Cisco solutions and services.

Below is a list of the prizes won, by market:

- LATAM: Cisco Capital Partner of the Year and Customer Experience (CX) Partner of the Year.
- Multi Country Region (MCR), covering all of Latin America except Brazil and Mexico: Managed Services Partner of the Year and Customer Experience of the Year.
- Mexico: Transformation Partner of the Year, Customer Experience Partner of the Year, Mass Scale Infrastructure Partner of the Year, Cisco Capital Partner of the Year and Marketing Partner of the Year.
- Spain: Cisco Commercial Partner of the Year.
- Colombia: Partner of the Year, becoming the first Cisco channel in this country.

### Ikusi, Partner Software of the Year de F5

At the Partner Summit 2022, **Ikusi** also received the LATAM Software Partner of the Year award from the F5 technology company in recognition of its work in cybersecurity.





## 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, the **Ikusi** Committee was set up within the Board of Directors. Composed of six members, it has a fundamentally advisory role strictly within the 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 request, the duties of this committee include the following:

- Analysing the company's performance and the work of the management team.
- Propose the strategic plan and monitor its implementation.
- Control 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.
- Put in place mechanisms to provide the most accurate information on all areas of the company.
- Propose the remuneration policy to the Appointments and Remuneration Committee.
- Any other objective that contributes to the achievement of **Ikusi's** aims.
- To prepare the information, presentations, etc., requested by the Board from time to time.

## Ikusi Advisory Council

### PRESIDENT

Mr. Javier Ormazabal Echevarria

### MEMBERS

Mr. Alejandro Ormazabal Echevarria

Mr. Francisco Garza Zambrano

Mr. Francisco Garza Egloff

Mr. Ramón Sotomayor Jauregui

Mr. Iñaki Maiz Elizaran

### SECRETARY (non-member))

Mr. Alex Otaegui Furriel

The Advisory Council is composed of six members, three of whom belong to the Board of Directors. Mr. Francisco Garza Zambrano, Mr. Francisco Garza Egloff (until 17 April 2022) and Mr. Iñaki Maiz Elizaran, as permanent members, as well as Mr. Alex Otaegui Furriel as secretary (non-member), are also part of the Advisory Council.

## 6I Risk management

As part of its strategic reflection process, **Ikusi** has carried out an in-depth analysis of the different factors that could jeopardise the fulfilment of its objectives and future plans, on the basis of which the following risks have been identified, assessed and prioritised:

2022 Risk
Exchange rate
Working capital
Change management
Cash flow planning
Flexibility of the organisation
Logical and physical security
Supply chain
Health crises
Capital management
Dependence of strategic partners
Retaining talent
Reliability of financial information
Booking performance

To facilitate their management, Ikusi divides risks into four categories and determines the corresponding measures to mitigate their possible impact on the business:

- Strategic risks
- Operational risks
- Compliance risks
- Management risks.





## 7 | Sustainability

### Identifying stakeholders

Aware that identifying and cataloguing stakeholders is a fundamental task for an organisation, Ikusi monitors their evolution to ensure that relevant stakeholders are being considered. This identification process takes into account the following perspectives:

- **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.

Communication is generally one-way with less important stakeholders, gradually becoming more two-way as their importance increases.

### Identifying relevant issues

The **Ikusi Strategic Plan** includes the social and environmental aspects identified as relevant at a strategic and operational level, in accordance with the guidelines set out in the **Velatia Sustainability Master Plan**.

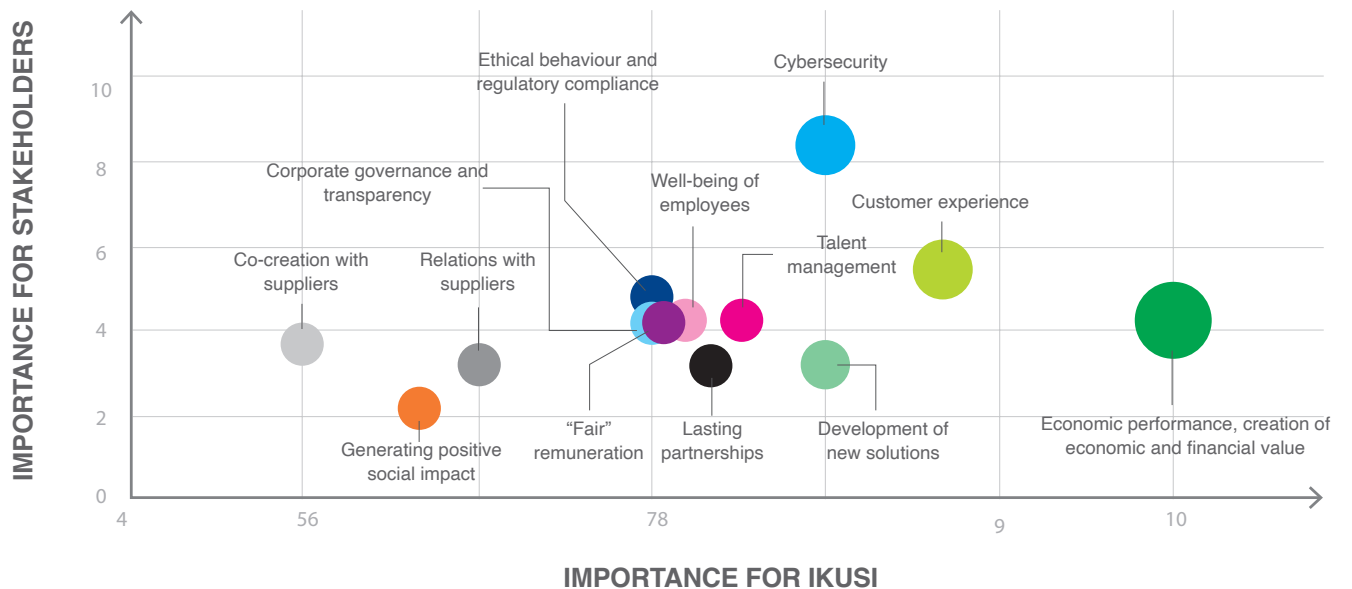
During 2022, **Ikusi** maintained an ongoing dialogue with its stakeholders through the usual communication channels and procedures in order to identify important issues in relation to sustainability.

The materiality study, as a basis for determining the company's strategic priorities in this area, has been carried out on the basis of a twofold analysis:

- **External analysis** grouping together competitor benchmarking, trends, regulations, and stakeholder needs and expectations.
- **Internal analysis** of the most relevant issues for the 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

## Lines of action, ambitions and commitments

Based on the map drawn by this matrix, Ikusi 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 with their corresponding developments:

### 1. Ethics and corporate governance

**Ikusi** puts commitment to good governance, ethics, integrity and transparency among the most important expectations for its stakeholders and as a hygienic factor. It thus defines a framework of integrity, made up of the Code of Ethics and a number of policies that establish principles of action whose aim is to generate trust and long-term commitment between the company and its stakeholders.

Related issues:

#### Ethical behaviour and regulatory compliance:

- Promote integrity and adhere to the highest standards of ethics and compliance, initiatives to fight corruption and fraud, and honesty in all dealings with stakeholders.
- Compliance with external regulations, regulators and certifications and reference standards.
- Excellence in management.

#### Corporate governance and transparency:

- Transparency and veracity of appropriate and accessible information for stakeholders.
- Dialogue with stakeholders to manage risks and identify relevant business trends.



- Reputation management.
- Composition and functioning of the governing bodies.

#### **Cybersecurity:**

- Responsible use of technology.
- Raising people's awareness.
- Tools to ensure system security and data confidentiality.

#### **Ambition:**

- **Integrity** of behaviour.
- **Excellence** in management.

## **2. Human capital management**

Putting faith in people, promoting their development and diversity. Ensuring equal opportunities in order to be a diverse and inclusive company.

Related issues:

#### **Talent management:**

- People development and training.
- Non-discrimination in the work sphere and, in particular, in managerial positions.
- Selection based on meritocracy.
- Equal pay and promotion prospects.
- "Fair" remuneration:
- Remuneration commensurate with work performed and social benefits.

#### **Staff well-being:**

- Staff safety.
- Psychosocial health.
- Crisis management and resilience.
- Travel safety.
- Labour conditions and rights.
- Work-life balance, flexibility, etc.

#### **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.

### 3. 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.

Related issues:

#### Generate positive social impact:

- Promote opportunities to contribute to local economic development (employment, suppliers, taxes, etc.).
- Sustainable development of society through its own portfolio of products and activities.
- Create wealth and employment in a way that generates a positive impact on the community.
- Company committed to the environment.

#### 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 customer relations

Encourage innovation in products and services to improve and boost growth, both of the group and of the community it forms part of.

Related issues:

#### Development of new solutions:

- New solutions and products that are competitive and differentiated.
- Present innovative solutions by taking advantage of the digital environment opportunity.
- Promotion of smart cities.

- Digitalisation.

#### Experience and customer relationship:

- Offer a good experience: customer satisfaction, quality of service, security and service orientation.

#### 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.

Fostering responsible partnerships to build networks of shared value..

Related issues:

#### Lasting partnerships:

- Lasting and trustworthy relationships with third parties.

#### Relations with suppliers:

- Compliance with terms and conditions, fair treatment, equal opportunities, transparency and feedback for improvement.

#### Ambition:

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

## 8 | Sustainable Development Goals

**Ikusi's** sustainability strategy focuses on the complexity of the challenges defined by the Sustainable Development Goals (SDGs), with innovative responses and positive impacts in areas such as digitalisation, cities or transport, that will help improve the quality of life of people and care for the planet.

Among the SDGs prioritised by **Velatia**, **Ikusi** focuses its efforts on SDG 9 and SDG 11.



### Contribution to SDG 9

**SDG 9** sets a challenge to develop resilient infrastructures, 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.c:** Increase access to information and communications technology.

**Ikusi** encourages the creation of public-private partnerships to promote digitalisation in order to transform the processes that support society's activity and make them more efficient.



### Contribution to SDG 11

It is not possible to achieve responsible development for the planet without radically transforming the way we build and manage urban spaces. More than half of the world's population lives in urban areas and by 2050 this figure is expected to reach 6.5 billion people, or two-thirds of humanity. Thus, the purpose of SDG 11 is to ensure that cities and human settlements are inclusive, safe, resilient and sustainable.

#### Identified targets:

**Target 11.2:** Provide access to safe, affordable, accessible and sustainable transport systems and improve road safety.

**Target 11.3:** Enhance inclusive and sustainable urbanisation and capacity for participatory planning and management.





## Technology that drives sustainable development

**Ikusi**, in collaboration with Cisco, has carried out a project to transform **Ormazabal's** connectivity and security infrastructure so that the work of its professionals can be carried out under the appropriate conditions of efficiency, security and user experience.

The solutions deployed provide the end-user with great flexibility, allow them to be operational regardless of where they are, what device they are accessing and where the data or application resides, and provide them with an office-like experience.

In addition, the project incorporates advanced solutions that guarantee the security of the IT equipment and the safety of the teams responsible for the operational processes at the **Or-**

**mazabal** factories in Madrid, Biscay and Burgos. As a result, collaboration in teams is smoother and processes become increasingly efficient, without endangering the company's information and business continuity.

The technology implemented in the project allows **Ormazabal** to optimise its time and resources with the corresponding savings in travel and processes. In this way, it contributes to the achievement of the Sustainable Development Goals to which we are firmly committed.









# 02 | Ikusi commitments



## 1 | People

**For the 800-plus people at Ikusi, making the difficult easy is a priority.**

Ikusi's staff is made up of more than 800 people committed to the project and highly qualified. 85 % of it is located in the Americas and 15 % in Spain. Men make up 75 % of the total and women the remaining 25 %, the majority of the combined workforce being between 26 and 51 years of age (85 %). They are experts in transforming their customers' processes to make them more efficient, bringing together the

best of the ICT (information and communication technology) and OT (operational technology) worlds.

The company includes in its Strategic Plan for the period 2021-2023 the Human Capital Master Plan with which it seeks to address one of the most significant challenges for the company in its recent history: people management, increasingly a determining factor for success in achieving the ambitious objectives it has set itself.



## People management has become a determining factor.

We are witnessing a **revolution from the point of view of talent and digitalisation** that is causing an accelerated transformation in the company-worker pairing and the way they interact, which is forcing **Ikusi** to focus its attention on a new way of managing people and organisations in the face of ongoing rapid changes so as not to lose competitiveness.

All of this is taking place in a context of an ageing population that is radically affecting the availability of talent in the market, together with a **change in values and priorities**—increasingly accentuated when it comes to choosing a company—where not only salary or professional development aspects take precedence. Added to this is the **social, ecological and economic approach to business projects**, which makes attracting and retaining talent even more complex. This reality is especially evident in technology environments and in the field of engineering, where Ikusi carries out its activities.

However, the new situation also opens up a world of opportunities, as **new work dynamics propelled by digitalisation** will broaden the horizon of talent profiles that bring value and knowledge to organisations. This will involve cultural changes and different ways of doing things that should be planned in advance in order to be taken advantage of.

In recent years, this structural situation has been subjected to the effects of the global health crisis caused by the COVID-19, which has radically accelerated digital models of work, collaboration and communication, forcing Ikusi to quickly adapt its tools and operating dynamics. The involvement and commitment of the entire workforce, together with a vocation for customer service, has been and continues to be a determining factor in this process.

All of these circumstances add to an already volatile, uncertain and complex context in which speed and sound decision making become crucial.

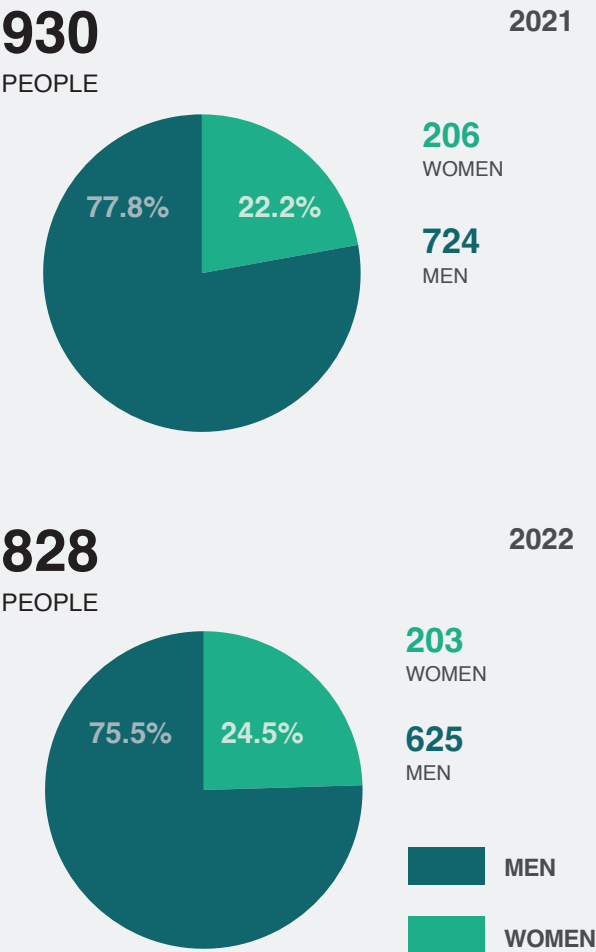
**The pandemic has radically accelerated digital models of work, collaboration and communication.**



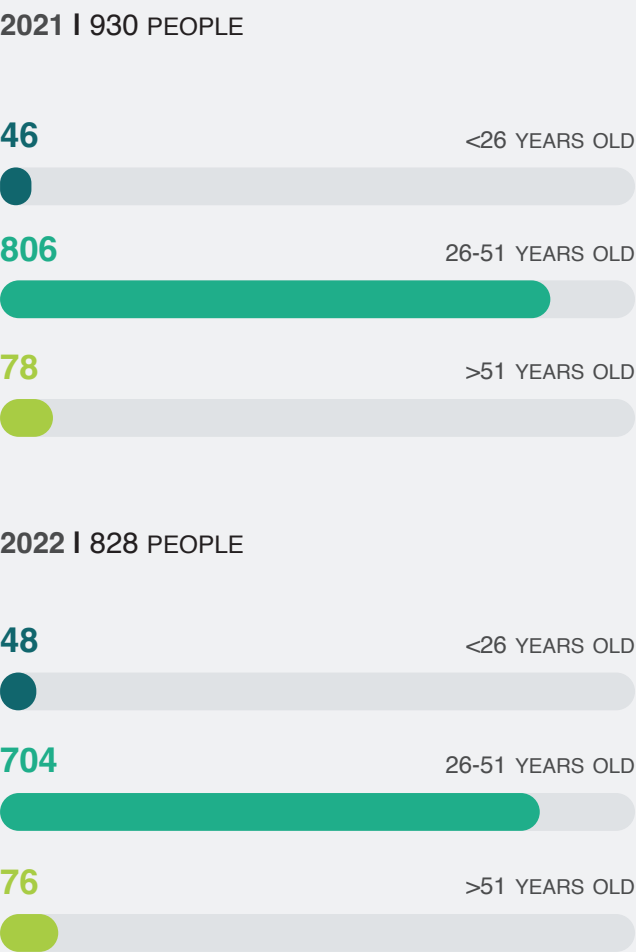
Distribution of staff

At the end of 2022, **Ikusi's** staff totalled 828 people, which is 11 % less than the previous year (930 people). This reduction is due to an organisational change as a result of the company's decision to reorient its strategy to focus its activity exclusively on telecommunications networks. The Projects division, while maintaining the **Ikusi** brand in its name, has become organisationally dependent on the "Other Businesses" area within **Velatia** in 2022, and therefore ceases to be under the governance of the company's structure. All the variations in the staff data derive from this change of perimeter.

DISTRIBUTION OF STAFF BY GENDER



DISTRIBUTION OF STAFF BY AGE

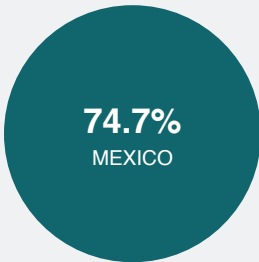


DISTRIBUTION OF STAFF BY COUNTRY

2021 | 930 PEOPLE



<b>695</b>	<b>139</b>	<b>79</b>	<b>12</b>	<b>5</b>
PEOPLE IN MEXICO	PEOPLE IN SPAIN	PEOPLE IN COLOMBIA	PEOPLE IN CHILE	PEOPLE IN PERU



**74.7%**  
MEXICO



**14.9%**  
SPAIN



**8.5%**  
COLOMBIA

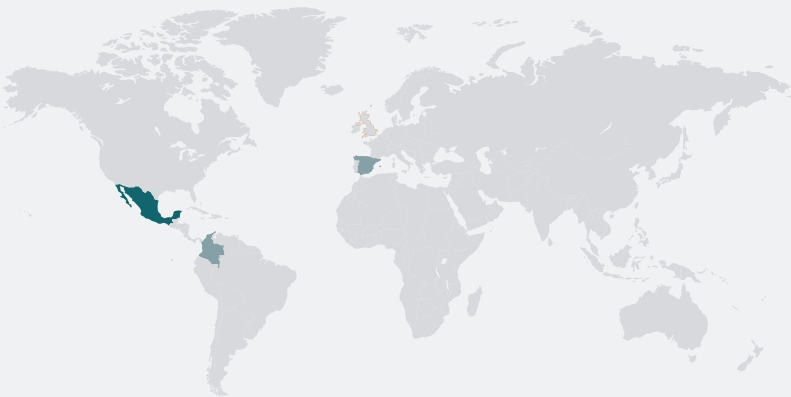


**1.3%**  
CHILE

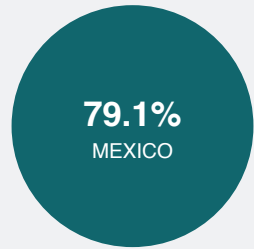


**<1%**  
PERU

2022 | 828 PEOPLE



<b>655</b>	<b>79</b>	<b>94</b>	<b>0</b>	<b>0</b>
PEOPLE IN MEXICO	PEOPLE IN SPAIN	PEOPLE IN COLOMBIA	PEOPLE IN CHILE	PEOPLE IN PERU



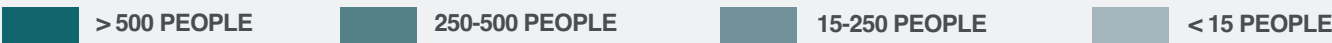
**79.1%**  
MEXICO



**9.5%**  
SPAIN



**11.4%**  
COLOMBIA

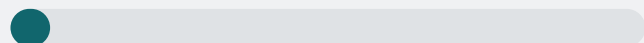




## DISTRIBUTION OF STAFF BY COUNTRY

2021 | 930 PEOPLE

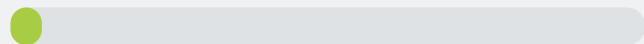
58 MANAGEMENT



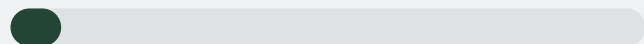
605 TECHNICAL STAFF



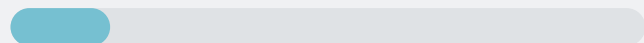
46 SALES STAFF



75 ADMINISTRATIVE STAFF

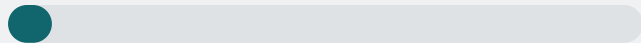


146 OTHER



2022 | 828 PEOPLE

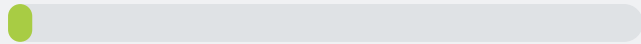
47 MANAGEMENT



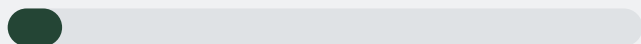
560 TECHNICAL STAFF



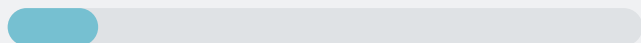
32 SALES STAFF



71 ADMINISTRATIVE STAFF



118 OTHER





Distribution by type of employment contract

The distribution of the staff by type of employment at the end of 2022 was 822 permanent contracts (201 for women and 621 for men) and 6 temporary contracts (2 women and 4 men).

As for the type of working time, all contracts, i.e. 828 (203 women and 625 men), are full-time, with no part-time con-

tracts. It should be noted that no comparative data is available with respect to the previous year as no such information was reported in 2021.

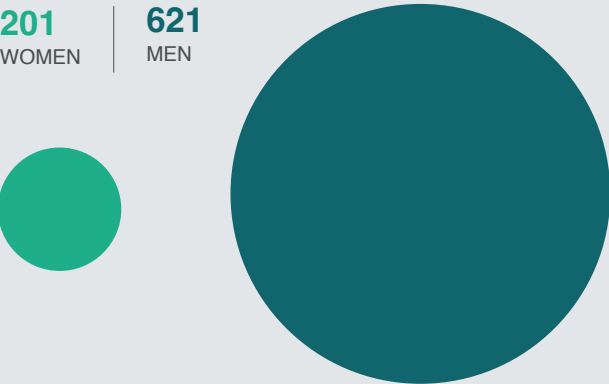
DISTRIBUTION OF STAFF BY TYPE OF CONTRACT, TYPE OF WORKING TIME AND GENDER

2022 | 828 PEOPLE

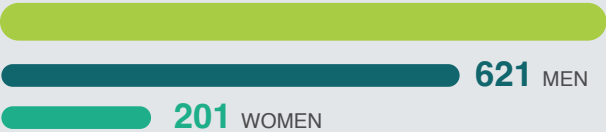
822  
PERMANENT CONTRACTS

201  
WOMEN

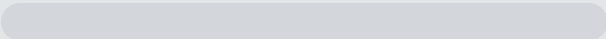
621  
MEN



822  
FULL-TIME



0  
PART-TIME



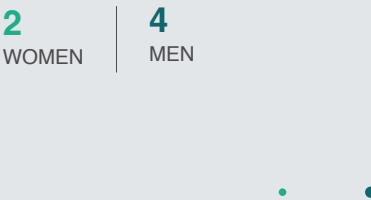
MEN

WOMEN

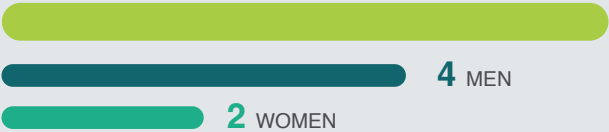
6  
TEMPORARY CONTRACTS

2  
WOMEN

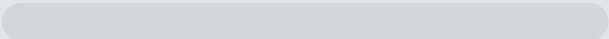
4  
MEN



6  
FULL-TIME



0  
PART-TIME





### Average annual contracts

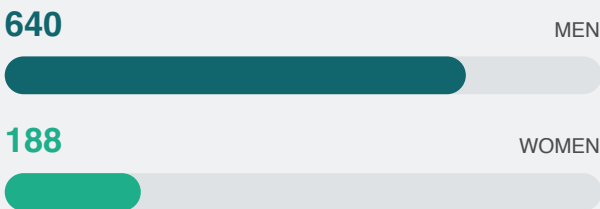
The most common type of contract is still the permanent one.

The **experience and knowledge** of the people who form part of Ikusi constitute one of the factors that have facilitated its competitive position, this approach being consistent with the most common type of contract offered to its employees, as can be seen in the following breakdowns of information on average staffing levels <sup>(1)</sup>.

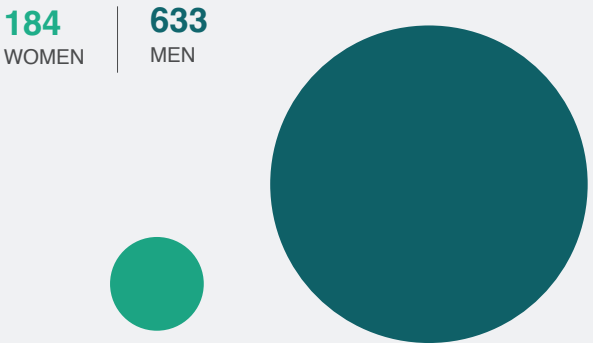
(1) The annual average figure has been calculated using the average staff of Ikusi during 2022 and 2021, respectively, taking into account the salary payments calculated for each month.

TYPE OF EMPLOYMENT CONTRACT BY GENDER

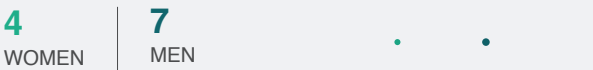
2021 | 828 CONTRACTS



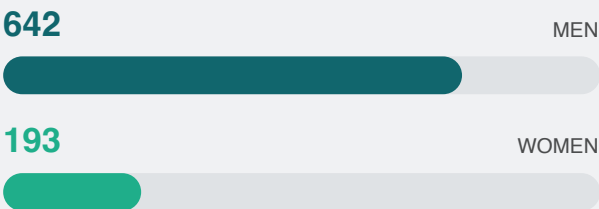
817  
PERMANENT CONTRACTS



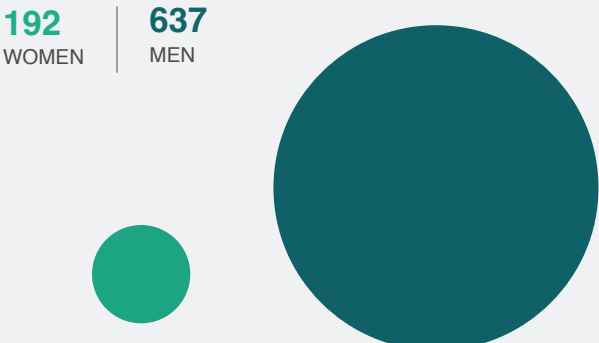
11  
TEMPORARY CONTRACTS



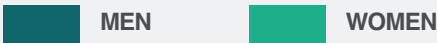
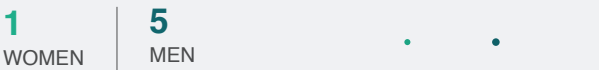
2022 | 835 CONTRACTS



829  
PERMANENT CONTRACTS



6  
TEMPORARY CONTRACTS

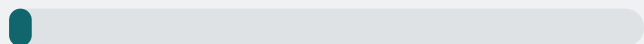
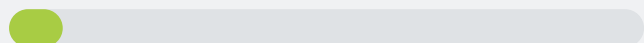


## TYPE OF EMPLOYMENT CONTRACT BY AGE

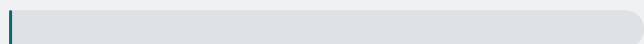
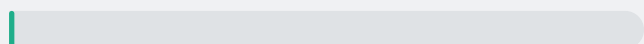
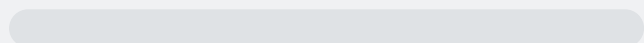
2021 | 828 CONTRACTS

**817**

PERMANENT CONTRACTS

**37** <26 YEARS OLD**710** 26-51 YEARS OLD**70** >51 YEARS OLD**11**

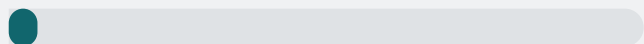
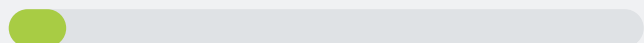
TEMPORARY CONTRACTS

**4** <26 YEARS OLD**7** 26-51 YEARS OLD**0** >51 YEARS OLD

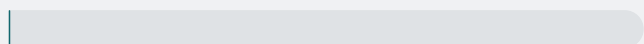
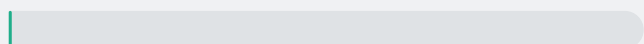
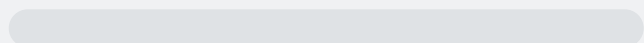
2022 | 835 CONTRACTS

**829**

PERMANENT CONTRACTS

**38** <26 YEARS OLD**715** 26-51 YEARS OLD**76** >51 YEARS OLD**6**

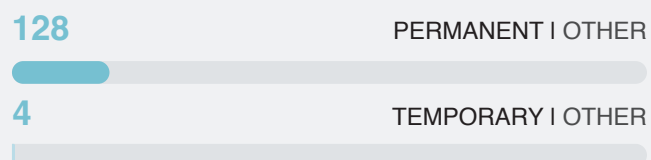
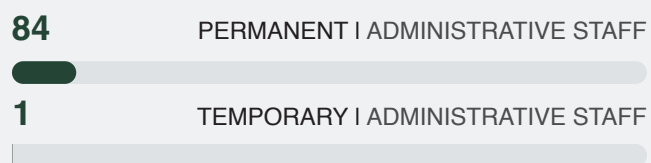
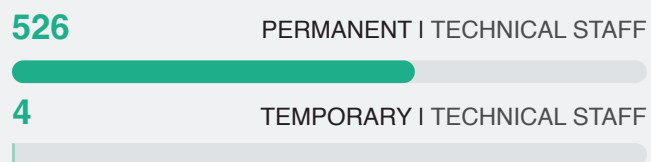
TEMPORARY CONTRACTS

**2** <26 YEARS OLD**4** 26-51 YEARS OLD**0** >51 YEARS OLD

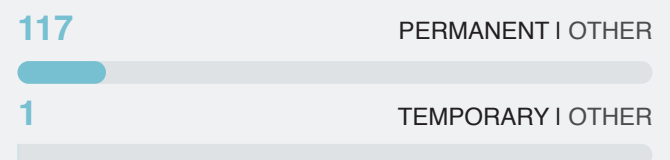
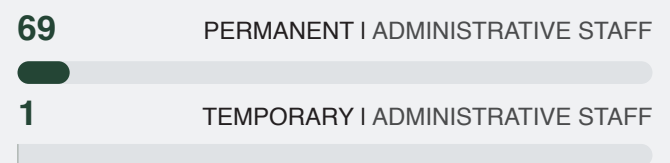
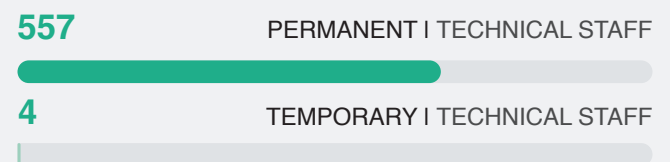


## TYPE OF EMPLOYMENT CONTRACT BY PROFESSIONAL CATEGORY

## 2021 | 828 CONTRACTS



## 2022 | 835 CONTRACTS





### Average 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 nec-

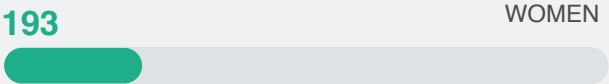
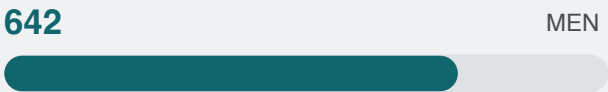
essary to work part-time. The data reflect a 100 % reduction in part-time contracts due precisely to this circumstance (the average<sup>(2)</sup> part-time staff in 2021 was four people in 2021 and none in 2022).

The evolution of the distribution of the Ikusi workforce in terms of employment by type of working time, taking into account the variables of gender, age and professional category, is as follows:

(2) The annual average figure has been calculated using Ikusi's average staff during 2022 and 2021, respectively, taking into account the salary payments calculated for each month.

TYPE OF WORKING TIME BY GENDER

2022 | 835 WORKING DAYS



835  
FULL-TIME

0  
PART-TIME

193  
WOMEN

0  
WOMEN

642  
MEN

0  
MEN



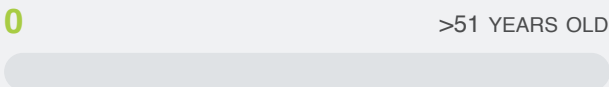
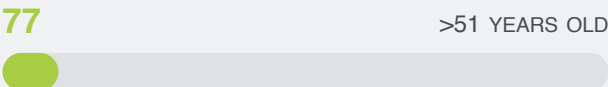
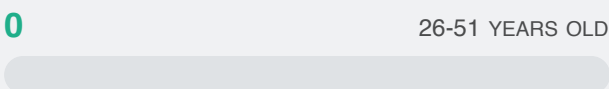
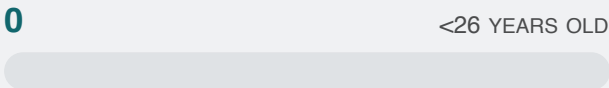
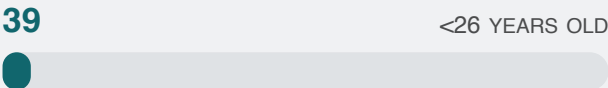
MEN WOMEN

TYPE OF WORKING TIME BY AGE

2022 | 835 WORKING DAYS

835  
FULL-TIME

0  
PART-TIME





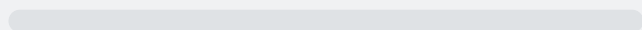
## TYPE OF WORKING TIME BY PROFESSIONAL CATEGORY

2022 | 835 WORKING DAYS

**51** FULL-TIME | MANAGEMENT



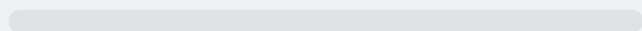
**0** PART-TIME | MANAGEMENT



**35** FULL-TIME | SALES STAFF



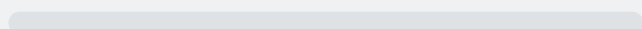
**0** PART-TIME | SALES STAFF



**118** FULL-TIME | OTHER



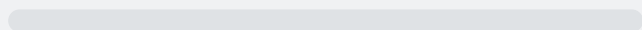
**0** PART-TIME | OTHER



**561** FULL-TIME | TECHNICAL STAFF



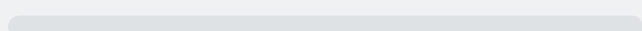
**0** PART-TIME | TECHNICAL STAFF



**70** FULL-TIME | ADMINISTRATIVE STAFF



**0** PART-TIME | ADMINISTRATIVE STAFF





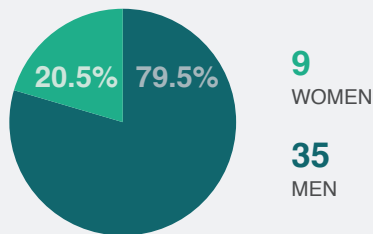
## Rate of employee turnover and redundancies

The overall turnover rate during 2022 was 33 % with a total of 279 departures (210 in 2021), of which 70 % (79 % in 2021) correspond to various causes such as retirement, termination of contract or voluntary resignations, while the remaining 30 % are redundancies: 85 in total (63 men and 22 women) compared to 44 in 2021. This increase in redun-

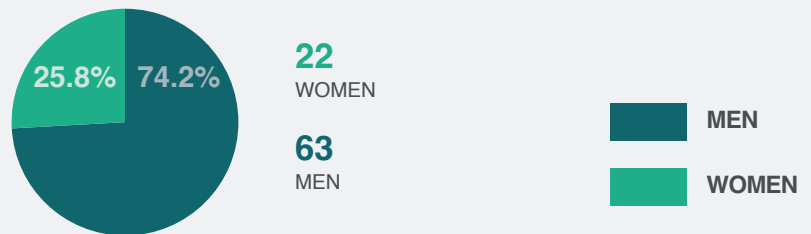
dancies has mainly occurred in the technical and administrative categories and is due to the contracts for operating technicians signed for specific projects for the implementation of network systems in some specific infrastructures. This is why this category is undergoing so many changes.

### DISTRIBUTION OF REDUNDANCIES BY GENDER

2021 | 44 PEOPLE



2022 | 85 PEOPLE

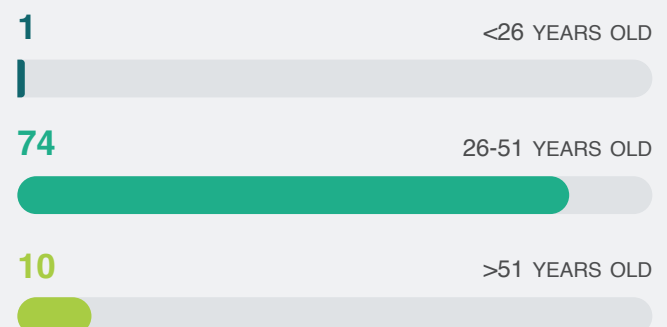


### DISTRIBUTION OF REDUNDANCIES BY AGE

2021 | 44 PEOPLE

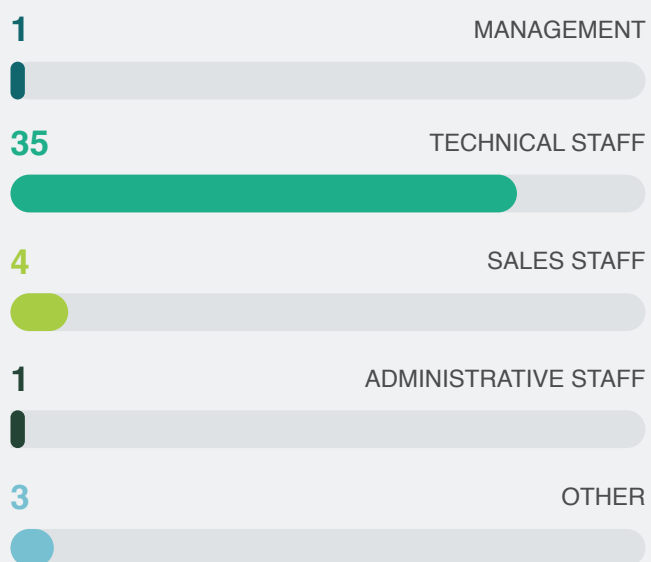


2022 | 85 PEOPLE

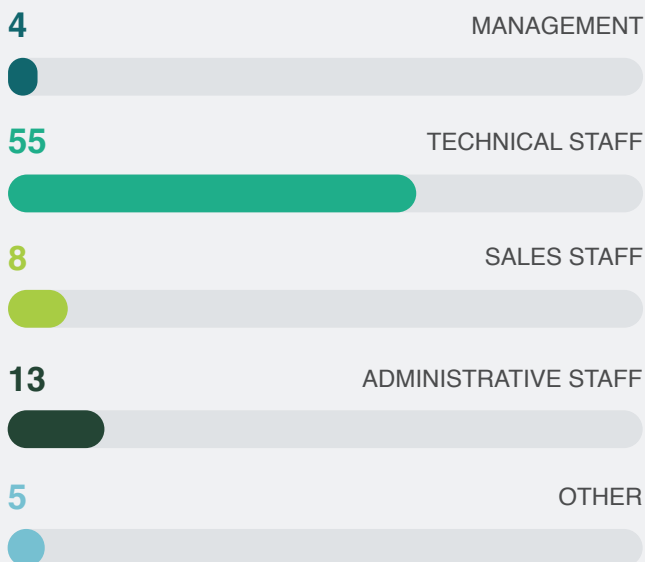


## DISTRIBUTION OF REDUNDANCIES BY PROFESSIONAL CATEGORY

## 2021 | 44 PEOPLE



## 2022 | 85 PEOPLE



## Employment and disabilities

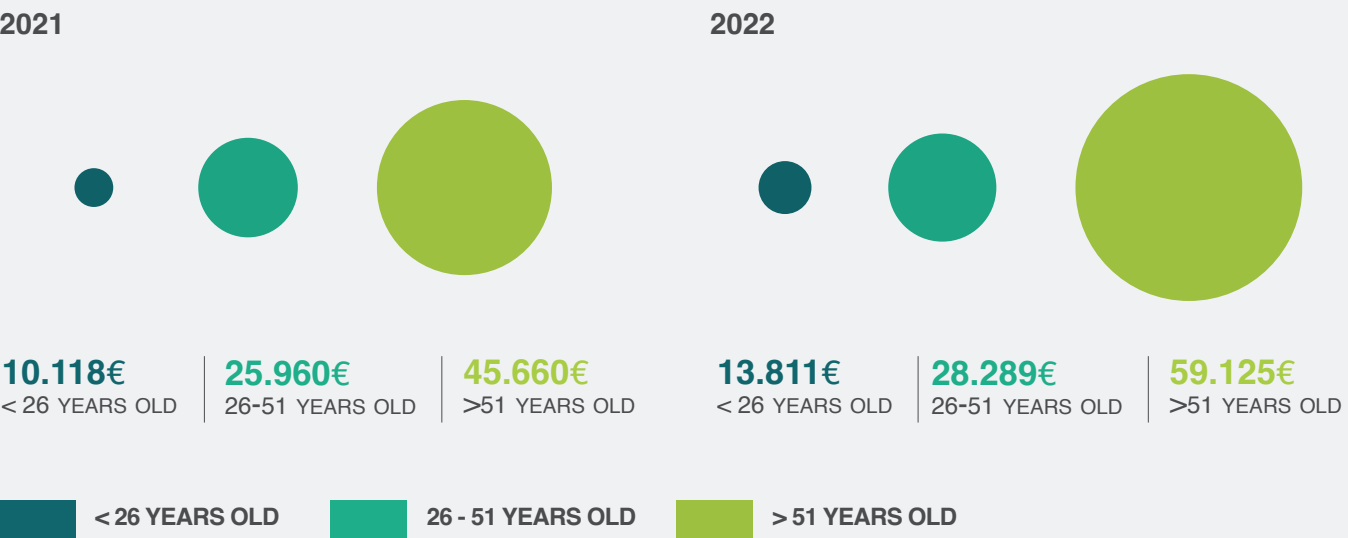
**Ikusi** has an agreement with the Adecco Foundation through whereby, as part of the foundation's integration programmes, it seeks to promote the incorporation of this group in the labour market.

At present, there is no one on the staff with a disability greater than 33 %.

Average remuneration

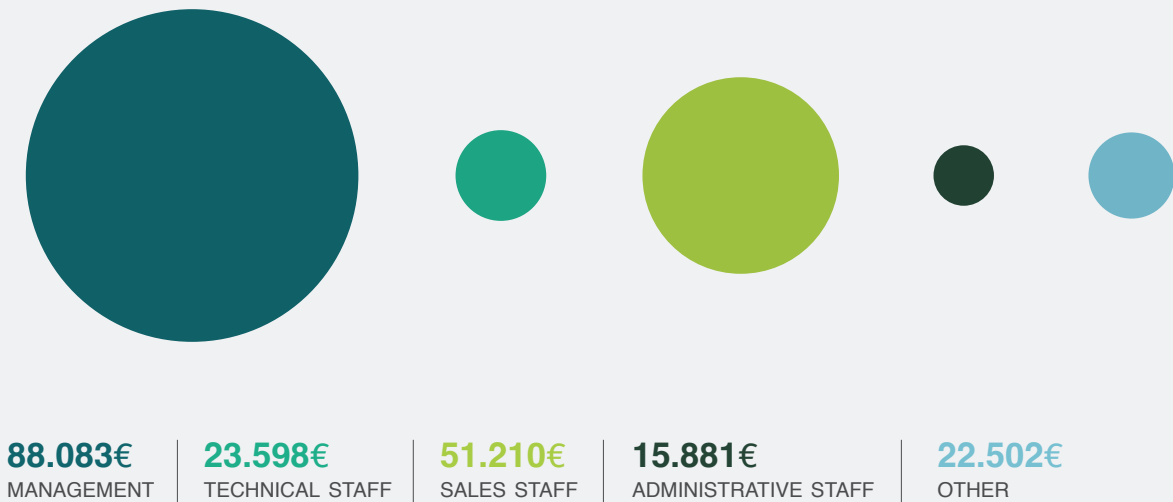
The average remuneration in 2022 has increased by around 12 % with respect to 2021, from an average of 27,246 euros to 30,422 euros (33,453 for men and 20,419 for women). Thus, the evolution of the average remuneration (in euros) in 2022 and 2021 (except for senior management), considering all the concepts existing in the organisation (fixed, variable, bonus, social benefits, incentives and others), and distributed by gender, age and professional category, is as shown below:

AVERAGE REMUNERATION BY AGE

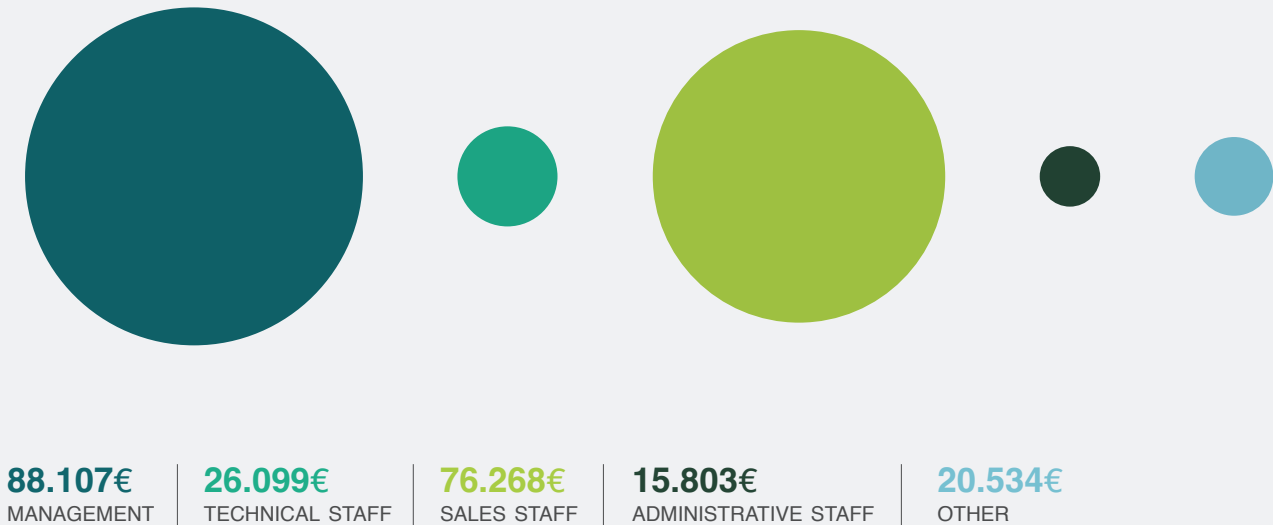


AVERAGE REMUNERATION BY PROFESSIONAL CATEGORY

2021



2022



MANAGEMENT TECHNICAL STAFF SALES STAFF ADMINISTRATIVE STAFF OTHER





## Organisation of work

To be renowned for creating quality jobs is one of Ikusi's greatest aspirations. **Ikusi**, like every company in **Velatia**, determines the aspects relating to working time, rest periods and all other applicable working conditions. The 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).

As far as industrial relations are concerned, freedom of association and trade union representation are enshrined in the regulations, collective agreements and other agreements entered into with the workers' representatives.

Ikusi has the following internal communication channels with its employees: the corporate website, the intranet, notice boards at production facilities, in-house magazines, suggestion boxes, annual conferences, personal and direct communication by managers and directors, workers' committees, and health and safety committees.

In addition, since 2021, a new channel, the **My Velatia**, has been added to these channels.

## Health and safety

**Ikusi's** commitment to health and safety is set out in the group's Sustainable Development and Quality, Environment, Safety, Health and Welfare policies and, on the basis of these, it assumes the following commitments as its own:

- 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 addition, in order to enhance our commitment to safety, the following companies in the group have completed the transition from OHSAS 18001 certification to ISO 45001 certifications:

Having this certificate entails improvement in all aspects related to the health and safety of the people in the organisation and, as it is a voluntary process, it shows the degree of involvement and proactivity of the company in this important matter for business management.

Business	Country	Company	Type of certification
Ikusi	Mexico	Ikusi Mexico	ISO 45001
		Colombia	
	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>(3)</sup>:

In 2022, the company did not record any accidents, while in 2021 there was only one accident without sick leave. For both years, the frequency rate and the severity rate were zero for both men and women.

	2021	2022
Frequency Index	0	0
Seriousness 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 2022 financial year, there has been a change in the accounting criteria for hours attributable to this item. Thus, in 2022 they amounted to 6,699 hours, 27 % more than in the previous year. This increase is mainly due to the aforementioned change in criteria. The recalculation of absence hours in 2021 gives a total figure of 5,281 hours, whereas the previous year 5,386 hours were reported due to the fact that maternity, paternity, trade union hours and leave allowed under the collective agreement were included in this concept.

(3) The number of hours worked by employees is theoretical, considering an estimated working time of 145 hours per month for each line of business. Number of accidents per million hours. Number of days lost due to accident with sick leave divided by number of hours worked per thousand.



**In 2022, 23,604 hours have been dedicated to training actions**

## Training

Aware that the training of the entire workforce is the basis of the company's growth and success, Ikusi recognises the strategic value of managing training properly and devising initiatives, processes and procedures that allow for real and effective development of the various categories of employee that make up the company. Its aim is to disseminate and share the knowledge that currently exists within the company, as well as to help employees acquire, gradually and increasingly, knowledge and skills aligned with the company's strategy, so that through continual learning they can:

- Perform their jobs with greater efficiency and effectiveness.
- Better adapt to the cultural and technology changes that allow the company to be more competitive.

As stated in the policy adopted and published in this regard, **Ikusi's** training commitments are summarised in the following points:

- Increase our employees' knowledge and skills progressively.
- Align the training given with the competencies, values and requirements set out in the strategy of the company.
- Promote maximum pooling of existing knowledge, through internal training, in addition to providing the necessary resources and enabling their efficient use.

In this context, in 2022, **23,604 hours** were devoted to **training actions** adapted to the needs of each job, almost 4 % more than in the previous year (22,776 hours in 2021), of which 9,036 correspond to women and 14,568 to men. An average of 28.26 hours for each of these training actions.

Among the data, there is a **notable increase** in 2022 in the category of technical staff and in training hours (112 % compared to 2021) due to the training programmes that have been deployed.

It should be noted that the main subjects taught have revolved around development, leadership and language learning (English in particular).

HOURS INVESTED IN TRAINING BY PROFESSIONAL CATEGORY

2021

**22,776**  
HOURS

**1,069**

MANAGEMENT

**14,836**

TECHNICAL STAFF

**485**

SALES STAFF

**5,290**

ADMINISTRATIVE STAFF

**1,094**

OTHER

**27.51 HOURS**

AVERAGE HOURS OF TRAINING PER EMPLOYEE

2022

**23,604**  
HOURS

**1,094**

MANAGEMENT

**15,224**

TECHNICAL STAFF

**1,029**

SALES STAFF

**4,337**

ADMINISTRATIVE STAFF

**1,920**

OTHER

**28.00 HOURS**

AVERAGE HOURS OF TRAINING PER EMPLOYEE



## Equality

### Ikusi has had an Equality Plan since 2020

Equal opportunities and diversity are intrinsic to Ikusi's management. Proof of this is that since 2020 it has had an **Equality Plan** in Spain, thus confirming its alignment with Principle 6 of the United Nations Global Compact, which supports the elimination of discriminatory practices in employment and occupation.

Like the rest of the companies in the group, **Ikusi** 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, sex, sexual orientation, language, religion, political or other opinion, national or social origin, economic position, disability or any other condition.

In this regard, and in order to guarantee the protection of people's fundamental rights, the organisation has developed a **Protocol on Prevention and Action against Harassment at Work**, which aims to establish the necessary measures to respond to any situation of this type that may occur at work (sexual, discriminatory or psychological).

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.



## Environmentally responsible culture embedded in the organisation

### 2 | Innovation

#### Innovation is consubstantial to Ikusi.

**Ikusi**, as a company specialising in Information and Communications Technologies, develops solutions using the most advanced technologies (5G, artificial intelligence, augmented reality, blockchain, etc.) which connect processes that help to create more sustainable transport and more reliable and resilient infrastructures.

### 3 | Environment

Caring for the environment is a responsibility that must be shared by all individuals and organisations. **Ikusi** works actively to protect the environment by integrating a culture of environmental responsibility into the company.

The company's commitments in this respect are set out in the Sustainable Development and Quality, Environment and Safety, Health and Welfare policies. Along these lines, **Ikusi's** strategy developed in 2019 includes as a fundamental premise guaranteeing compliance with the regulations and guidelines in force in these fields.

These commitments are specified in the following focal points:

- Provide **reliable products on time** that meet all applicable contractual, legal and technical requirements as well as project safety requirements.
- **Responsible management** and improvement of processes in the fields of quality, health and safety, and the environment.

- Promoting the culture of **prevention** and encouraging preventive training at all levels of responsibility.
- **Reducing** the environmental impact of our products, processes, solutions, with an emphasis on minimising waste generation and optimising consumption.
- Establishing and reviewing goals and targets aimed at **preventing pollution**.

These commitments are based in our firm belief in sustainability as a different way of doing things, aligning the strategic development of the company with the concerns and needs of our stakeholders, thus combining the pursuit of profit with social engagement and respect for the environment.

These policies aim to ensure the responsible management and improvement of processes related to the environment, as well as the promotion of a culture of reducing the environmental impact generated by products, processes and solutions, with particular emphasis on the conservation of natural resources, minimisation of waste generation through reuse and recycling, and the optimisation of resources, among others.

## Provisions and insurance

In 2022 and 2021, the liabilities side of **Ikusi's** 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.

It should be noted that the group's Civil Liability Policy covers environmental risks, provided that the cause of such harmful actions is accidental, sudden, unforeseeable, unexpected and unintentional.

## Certifications

**Ikusi** continues to deploy its **Environmental Management System** in accordance with the most widely recognised international standards and certifications and with the highest standards of compliance, such as the **ISO 14001**.

This certification is the most widely used technical standard in the world for the implementation and assessment of environmental management systems, and the fact that obtaining it is entirely voluntary demonstrates the company's commitment to complying with the highest standards of excellence in this aspect.

Ikusi companies with ISO 14001 certification in 2022		
Business	Country	Company
Ikusi Redes	Mexico	Ikusi México
		Micronet de México

In order to ensure the maintenance and implementation of the above mentioned certificates, **Ikusi** has a team distributed among its main facilities that performs the following functions, among others: identifying the legal requirements in the field of environmental management, evaluating the degree of compliance with these requirements, helping to define, deploy and assess environmental objectives, conducting internal audits of the Quality and Environment Management System, and also participating in the process of welcoming new personnel with introductory briefing sessions on quality and environmental management at the company.

The main costs incurred in relation to minimising the impact on the environment, as well as protecting and improving it, are associated with the management and removal of waste and the purchase of specific recycling containers.

## Iberdrola certifies Ikusi in Spain as a 100 % renewable company in terms of green energy consumption

### Pollution and climate change

In line with its strategy and goal of combating climate change, and as a necessary step towards reducing CO<sub>2</sub> emissions, **Ikusi** calculates the carbon footprint of its activities and produces reports on greenhouse gas emissions (GHGs) in which both direct and indirect emissions are quantified. It is worth mentioning, as a relevant milestone, the update of the emission factors in 2022.

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) <sup>(4)</sup>	2021	2022
Direct (Scope 1)	44	27
Indirect (Scope 2)	359	332

The electricity company Iberdrola has certified Ikusi Spain as a 100 % renewable company in terms of consumption of electricity coming only from renewable sources, respecting the environment and preventing emissions of CO<sub>2</sub> and other pollutant gases. The National Markets and Competition Commission is the body in charge of overseeing the whole process of guaranteeing the origin of energy, from its generation to its commercialisation.

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 sales and assembly work purposes. The reduction in emissions of up to 39 %, derived from the change in **Ikusi's** organisational perimeter in 2022, which has led to lower fuel consumption and, as a consequence, a reduction in emissions, is noteworthy.

Indirect emissions (Scope 2) include electricity consumption. In this case, and due to the difference between the regional networks of the grid, energy consumers must assess the emissions of their consumption according to a location-based or a market-based method. In the case of **Ikusi**, the company has decided in 2022 to report its emissions according to the **market-based method** defined in the GHG Protocol Scope 2 Guidance as "the allocation of emissions from power generators to consumers based on 'contractual instruments' such as utility-specific emission factors, Energy Attribute Certificates (EACs) or other contracts.

In 2022, there was an 8 % decrease in Scope 2 emissions compared to the previous year, which is correlated to lower electricity consumption.



## Circular economy

At **Ikusi** we are committed to implementing an environmental strategy based on the circular economy, with the aim of minimising possible negative impacts arising from our activity and with the firm purpose of achieving an effective management of the waste that we generate.

Activities carried out in this direction 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.



### Collaboration with the CEOE Foundation for the reuse of equipment.

In this regard, among the measures being implemented in this regard is the collaboration with the CEOE Foundation for the reuse of equipment, thus helping to narrow the digital divide and reduce the carbon footprint.

Finally, most of the **Ikusi** companies have contracts with management companies specialising in the transportation and handling of waste that cover the entire process: from collection to handling and, in some cases, return for reuse and the liability of both parties.

Type of waste	2021	2022
Hazardous waste	6,015 kg	49 kg
Non-hazardous waste	2,303 kg	950 kg

## Waste generation

Hazardous waste is that whose intrinsic properties pose risks to health or to the environment. Likewise, non-hazardous waste is defined as waste that includes the following materials: metal scrap, paper and cardboard, plastics and wood. In the case of **Ikusi**, the latter are mainly associated with Mexico.

The general reduction in waste generated in 2022 compared to 2021 is justified by the operational change that has taken place at **Ikusi** with the separation of the company's Core Business Projects, which is now focused on the activity of communication networks, as detailed above.

Additionally, in the specific case of hazardous waste, most of it is associated with the activity carried out by **Ikusi Proyectos**. As a result, in 2022 there has been a significant reduction in the amount of hazardous waste generated, which is due, on the one hand, to the change in the perimeter of the activity and, on the other, to the increase that occurred in the generation of this type of waste in 2021 as a result of the process of material and equipment cleaning at the **Ikusi** headquarters facilities and the remodelling carried out in the office to reduce space.

(4) The scope of the information reported for GHG emissions is the same as that used for energy 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.



## Sustainable use of resources

### Evolution of energy consumption

The table shows a 14 % reduction in electricity consumption compared to the previous year. This variation derives from the separation of the Projects part of **Ikusi** and the focus of the report on the communication networks and IT business. As a consequence of this separation, natural gas and diesel consumption did not appear in the current financial year either.

Consumption	2021	2022
Electricity consumption (kW h)	1,085,949	932,603
Diesel consumption (l)	330	-
Natural gas consumption (Nm <sup>3</sup> )	20,475	-
Gasoline consumption (l)	-	12,335

### 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 | Customers

Ikusi's vocation is to establish long-standing relationships with its customers based on service excellence and proximity.

The equipment and services that the company supplies take into account all the safety parameters provided for in the regulations applicable in each case.

As a result of its unequivocal commitment to quality, it should be highlighted that, by the end of 2022, various Ikusi companies worldwide were ISO 9001 certified.

### Claims and complaints system

Identified as an important aspect in the materiality analysis, **Ikusi** attaches priority to customer satisfaction and accompanies the customer each step of the way, from start to finish.

#### Ikusi companies with ISO 9001 certification

Business	Country	Company
Ikusi Redes	Mexico	Ikusi México
		Micronet de México
	Colombia	Ikusi Redes Colombia

The line of action defined by the company in this respect involves developing management mechanisms aligned with business strategies, such as scorecards (performance indicators and results), surveys, focus groups, interviews, etc., that help us identify opportunities to improve both our own performance and the satisfaction of our customers.

**Ikusi**, as part of the group, has a Claims and Complaints System through which incidents are received by any of the formal and informal means made available to the customer and are managed and processed by specialised personnel. This team is in charge of analysing the cause of each incident in an individualised manner and take the appropriate measures to provide the customer with a solution in accordance with our quality standards.

In cases where it is necessary, a tool for recording incidents is available to improve the quality of the service and take corrective actions to optimise its management. Complaints are also regularly monitored, identifying the type, status and resolution date of each complaint.

Furthermore, in order to generate and forge quality relationships, **Ikusi** has continued to find out more about the needs and expectations of its customers through satisfaction surveys. These surveys measure specific aspects that help identify both the quality of the response to customer needs, as well as possible areas of improvement to continue working on. Among the conclusions obtained are the most highly rated aspects: treatment received from the company's staff, deadline compliance, efficiency, quality of products and services, resolution of incidents and technical assistance.

Ikusi has the following certifications:

Type of certification	No. of companies
ISO 20000-1	2
ISO 22301	2
ISO 27001	3
ISO 27018	2
ISO 37001	2
FIRST	2



## 5 | Suppliers

In 2022, **Ikusi** continued to work towards responsible production and consumption across the supply chain.

The firm commitment to suppliers, set out in the group's Sustainable Development and Purchasing Policies, is reflected in the following actions:

- Extending social, environmental and occupational hazard prevention aspects to our suppliers.
- Establishing mutually beneficial relationships and prolonged stability by rigorously applying the Code of Ethics.
- Respecting 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 **Ikusi** operates.

To act on the commitments undertaken, **Velatia** has a Regulatory Framework for the Purchasing Function applicable to **Ikusi** which provides the entire organisation with common and compulsory guidelines that regulate the complete purchasing cycle, from identifying the need to satisfying it. Thus, all businesses must have a supplier approval process in which suppliers must give a written undertaking to comply with Velatia's Purchasing Policy and Code of Ethics.

**Ikusi** does not have an estimated record of the audits carried out during 2022; however, it is working on having a record containing the details of the audit supervision systems and the results of the audits. In this sense, it is hoped that one of the advances of the new supplier portal will be to have these details in the future.



## 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	2021	2022
España	91%	87%
Mexico	93%	92%
Colombia	95%	99%

## Sustainability in the supply chain

**Ikusi's** companies seek to contribute real value in their purchasing management processes, both for their businesses and for their suppliers, guaranteeing results and favouring adaptation to the local environment, which enhances the creation of wealth and employment in the local communities. In this vein, we have started informing companies that wish to form part of our supply chain of the need to undertake the commitments promoted by the UN Global Compact.

Aligning the corporate function of purchasing with each operational department has allowed us to determine and apply the best assessment criteria in each procurement or purchasing process, and to always be at the forefront in terms of sustainability, environmental assessment and human rights criteria.



## Social commitment: Support the social development of the communities where Ikusi operates, participating in and promoting projects of social, cultural and environmental interest

### 6 | Society

**Ikusi** promotes the principles of corporate social responsibility in its activities, reconciling the pursuit of its mission with the interests of the community around it and of its stakeholders, with long-term sustainability in mind. Velatia's Sustainable Development and Social Action policies define its lines of action in the social sphere.

**Ikusi** places special emphasis on ensuring clear and direct communication with its stakeholders, so that it serves as feedback to find out their needs and expectations. It also makes sure that everyone in the organisation follows the guidelines contained in the Code of Ethics when performing their professional activity.

#### Relationship with local communities

**Ikusi** is proactively involved in the development of the public policies of regulatory bodies related to information and communication technologies (ICT) and electronics.

In this regard, the company consistently advocates for regulations conducive to the fundamental principle of sustainability, which is reflected, among other things, in the adoption of the criteria and concepts applied to the design, manufacture and commissioning of the products, equipment and services it offers on the market.

With regard to institutional relations activities and those related to associationism between companies, everyone at Ikusi, like the rest of the companies in the group, takes care to strictly comply with the precepts laid down by the rules of competition law.

Determined to play a prominent role in the industries in which it is present, Ikusi belongs to numerous associations related to its activities, among which we mention some of the most significant ones:

Asociaciones	
<b>ADEGI</b>	Asociación de Empresas de Gipuzkoa ( <i>Gipuzkoa Business Association</i> )
<b>AMETIC</b>	Asociación Multisectorial de Empresas de Tecnologías de la Información, Comunicaciones y Electrónica ( <i>Multi-sectoral Association of Information Technology, Communications and Electronics Companies</i> )
<b>GAIA</b>	Industry Association of Applied Knowledge and Technologies
<b>ASLAN</b>	Association of manufacturers, operators, integrators, data centres and cloud service providers.
<b>CAINTRA</b>	Chamber of the Transformation Industry of Nuevo León (Mexico)
<b>ALAS</b>	Asociación Latinoamericana de Seguridad ( <i>Latin American Security Association</i> )
<b>ITS</b>	Forum for New Technologies in Transport
<b>COPARMEX</b>	Independent, non-political, voluntary employers' organisation bringing together employers of all sizes and industries
<b>WISP MX</b>	Asociación Nacional de Proveedores de Internet Inalámbrico, A.C ( <i>Wireless Internet Service Providers Association</i> )
<b>SELECT NET</b>	Community for the digital transformation of organisations in Mexico
<b>CÁMARA COMERCIO ESPAÑA</b>	SPANISH CHAMBER OF COMMERCE
<b>INCIBE</b>	Spanish National Cybersecurity Institute
<b>NUEVO LEON 4.0</b>	
<b>IFT</b>	Instituto Federal de Telecomunicaciones ( <i>Federal Telecommunications Institute</i> )
<b>CIIC – MEXICO</b>	Centro de Innovación e Inteligencia en Ciberseguridad ( <i>Centre for Innovation and Intelligence in Cybersecurity</i> )



## Forging links between education and businesses

### Talent and attraction as the backbone

Competition for talent is increasingly intense, so retaining and attracting talent is a strategic objective for any organisation that wants to succeed in today's world and in the future.

Aware of the importance of having the best professionals on board to meet the major challenges facing the company, Ikusi adopts a proactive attitude with a vocation to become a benchmark in this area. Along these lines, it maintains collaboration agreements with various educational institutions in the main markets in which it operates.

#### Colombia

**Ikusi** has signed several inter-institutional agreements with various universities in the country, both public and private, that establish the basis for mutual cooperation for internships for students from the different academic programmes in engineering. The purpose of these agreements is to create a model for attracting, retaining and developing talent that starts from training with the aim of building loyalty to the **Ikusi** brand as a benchmark in attractive, quality employment, thereby generating a base of resources on which to rely later on.

Universities with which agreements have been established:

- 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

#### Mexico

In this country, where **Ikusi** is firmly established, agreements have been signed for the generation of employment exchanges for internship contracts with four universities:

- TEC de Monterrey
- TEC Milenio
- Universidad de Nuevo León
- Instituto Tecnológico Zapopan – Guadalajara

Over the course of 2022, the “Training partner” programme has also been launched, the aim of which is to implement study challenges on various technologies. The trainer is an



engineer coach & training partner (Ikusi expert) who develops the topics in person or virtually for the students. At the end of the presentation, there is a question-and-answer session, clarification of doubts and then the project to be developed is established. The first edition of this programme was a great success.

In addition, in the city of Guadalajara and within the Innovation Hub project, **Ikusi** collaborates with the city's Technology Institute by training students in technologies, including practical use cases, with the aim of exploring the creation of services demanded by the market.

### Spain

In Spain, **Ikusi** has historically been working on a model of relations with educational institutions that has enabled it to provide entry and development for talented profiles that have evolved professionally. We currently have agreements with the following centres:

- Las Naves Salesianos Alcalá
- IES Antonio Machado.
- IES Alonso Abelláneda
- IES Valle Inclán
- Universidad de 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.

As a sign of its social commitment:

### Support to 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.

### Children's Day

Coinciding with the celebration of this day, **Ikusi** Colombia organised an open day for families, in which the sons and daughters of the workers were able to watch a magic show via streaming and received surprise gifts to encourage perseverance and savings.

### Donation of all the furniture in Ikusi's rented house

Until 2022, **Ikusi** had a rented house in Mexico City that was used for the accommodation of people who, due to the needs of the projects, had to stay in the city for a certain period of time. With the consolidation of the hybrid labour model, it was considered that this service was no longer necessary and it was decided to eliminate it.

After vacating the house, all furniture and household appliances have been donated to two charities: a home for abandoned and abused girls and adolescents, and a foundation for the elderly.

### Physical and emotional health programmes

From the start of the pandemic, Ikusi opted to take a proactive attitude that would guarantee, as far as possible, the well-being and health of both the people in the company and those around it (family, customers, friends, etc.).

All of this led to the establishment of an action protocol for COVID-19, which later, as the situation stabilised, led to the development of awareness and information initiatives. Thus, for example, in 2022, twenty-six infographics were shared

each week with information on prevention and public awareness of care and vaccination. In addition, ten new communiqués with health advice have been disseminated.

Taking care of our working and social environment requires paying special attention to both people's physical and emotional health. For this reason, Ikusi is committed to deploying information, training and specialised support initiatives on mental health that are made available to the staff. Talks are held every fortnight for employees and their families on various emotional issues given by specialists in this discipline. In total, twenty-six sessions were held in 2022, attended by an average of seventy people.

### Culture

**Ikusi's** commitment to society is also based on promoting and becoming aware of each cultural environment in which it provides its services. Promoting knowledge of the culture in each context enriches the vision and responsibility towards a country's intangible heritage. For this reason, **Ikusi** has launched an initiative in Mexico that consists of sharing with collaborators cultural pills with easy-to-read messages of general culture, with the healthy intention of promoting knowledge. In the year 2022, a total of twenty-six infographics have been produced with these cultural pills.







## Other businesses











**Be Velatia.  
Be sustainable**



# We provide concrete solutions to concrete needs

The concept of “Other Businesses” groups together the **Velat** companies that operate in complementary and cutting-edge industries such as electromechanical engineering, aeronautics, energy services, the electronic components industry, e-mobility infrastructures and interruptible power systems. All of them provide advanced technology solutions that generate value for their customers.



## 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 customers 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

Stratenergy specialises in energy services and charging stations for electric vehicles and implements efficient energy demand management projects, as well as energy-saving measures at its customers' premises, helping them to undertake investments to which they cannot devote their own resources, and monitoring their consumption to offer them continual 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 | Resumen del año

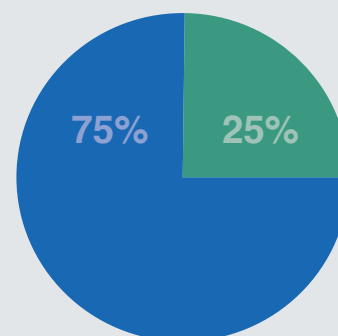
### People

At the end of 2022, the companies included in Other Businesses had a combined total staff of 387 people (379 in 2021), the vast majority (71 %) located in Spain and with permanent contracts (84 %). As for the breakdown by gender, 75 % men and 25 % women.

#### DISTRIBUTION OF STAFF BY GENDER

2022

**387**  
PEOPLE



**96**  
WOMEN

**291**  
MEN

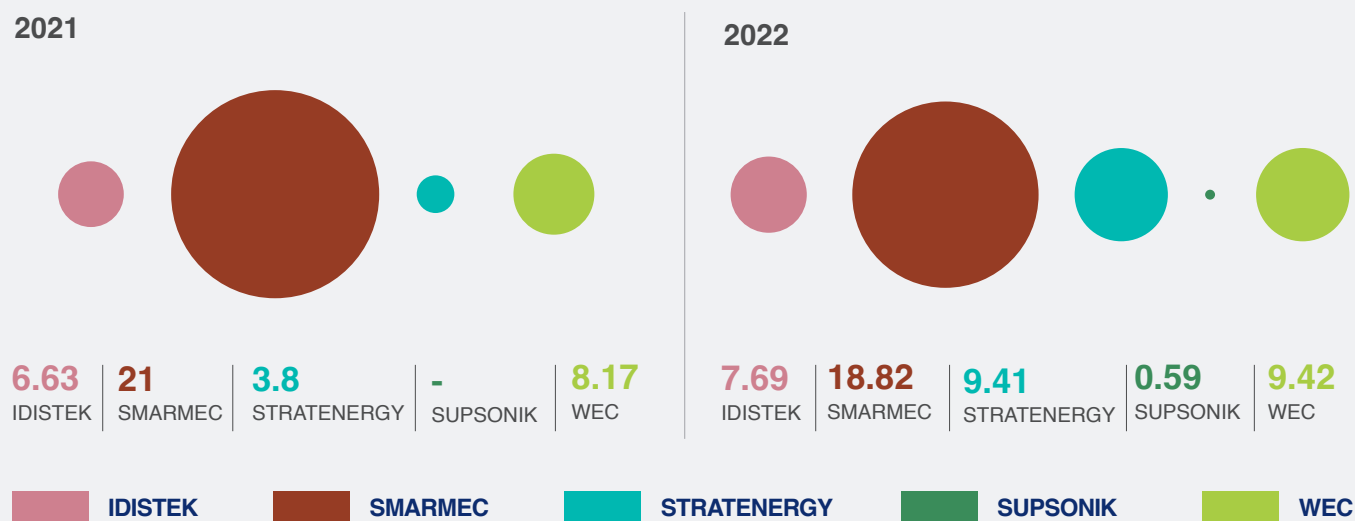
**MEN**

**WOMEN**



## Sales of other businesses

### SALES IN MILLION €



## The year in review

**Smarmec** completed its organisational change in 2022 with the incorporation of **Smarmec** China and the consolidation of **Smarmec** Malaysia. The company has gained new customers such as Wallbox, Chargepoint and Michelin, which have partly compensated for the drop in production volume for key customers such as HP and Nexter.

Highlights of the year included growth in the electric vehicle charger market thanks to the acquisition of new customers such as Wallbox and Chargepoint, as well as the award by Power Electronics of several references for its equipment. Within this segment, **Smarmec** manufactures various mechanical sub-assemblies for the structures of this type of chargers.

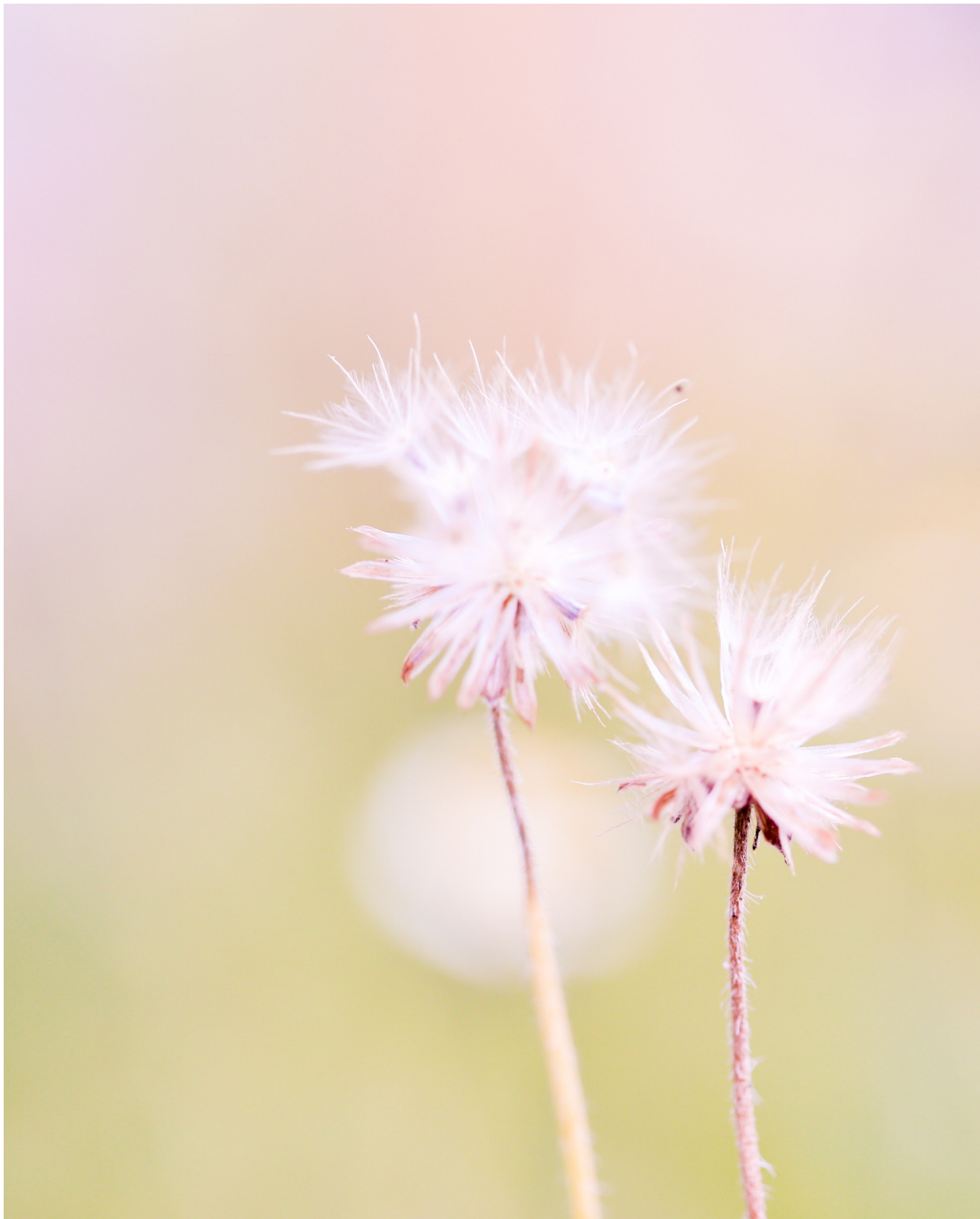
The aeronautical industry is leaving behind the severe turbulence caused by the pandemic and is back on the path to growth. **Wec** is increasing its sales volume, supported by programmes that were on standby and have regained de-

mand after the total shutdown of the last few years. In this context, it is worth mentioning the increase in 2022 of its participation in Rolls Royce's PEARL programmes through the customer ITP and the record volume of parts delivered for the A320neo aircraft through Liebherr.


**Idistek** has continued to work on the search for new customers in industrial sectors with high added value such as electro-medicine, transport and energy.

The energy services company **Stratenergy**, has added the Hijos de Juan de Garay steelworks to its portfolio of customers seeking to adopt measures to improve the energy efficiency of their facilities.

Finally, **Supsonik** wins a new contract in the defence industry for the supply of critical services equipment for military vessels.







# | About this 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 of indicators it allows us to assess the status and degree of progress of the action plans associated with the lines of action and to include these advances in this report.
- All the information required by the Spanish Law 11/2018 on Non-financial Information and Diversity.
- GRI indicators and the information available for 2022.

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 2022, 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 2022 has been checked by PwC, the firm that has carried out its verification.

## List of material topics

### Period: 2022

**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 customers worldwide. To this end, we have taken as reference significant actors in the electricity and telecommunications sectors.

## Reporting period

The report covers data corresponding to 2022 and its comparison with 2021.

## Contact point for questions about the report

For any additional information about the contents of this report, anyone who wishes to do so may contact the Sustainability Department 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)	Page	Observations
<b>0. General information</b>			
Materiality	3-1 Process to determine material topics	<b>Section 1.7</b> Sustainability:	
	3-2 List of material topics	· Materiality analysis	
	3-3 Management of material topics	· Prioritisation of relevant 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 2022 and therefore no explicit mention is included in this document.
	2-1 Organisational details	<b>Section 1.2.</b> Companies and businesses	
	2-2 Entities included in the organization's sustainability reporting	<b>Section 1.3.</b> Executive summary	
	2-6 Activities, value chain and other business relationships	<b>Section 1.4.</b> Governance	
		<b>Section 1.7.</b> Sustainability:	
		· Lines of action, ambitions and commitments	
		<b>Section 2.2.</b> Innovation	



<p>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.</p>	<p>3-3 Management of material topics</p>	<p><b>Section 1.1.</b> Purpose, vision, values and pillars</p> <p><b>Section 1.5.</b> Ethics and integrity</p> <p><b>Section 1.6.</b> Sustainable Development Goals</p>
<p>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.</p>	<p>3-3 Management of material topics</p>	<p><b>Section 1.6.</b> Risk management</p> <p><b>Section 1.7.</b> Sustainability</p>

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 the specific circumstances and consistent with the parameters used in its internal risk assessment and management 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 or certification 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

### Capítulo 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	<b>Section 1.7.</b> 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.
Water consumption and water supply according to local restrictions	3-3 Management of material topics - Environment 303-5 Water consumption	<b>Section 2.3.</b> Environment: · Sustainable use of resources	
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	<b>Section 2.3.</b> Environment: · Sustainable use of resources	
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	<b>Section 2.3.</b> Environment: · Sustainable use of resources	
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	<b>Section 2.3.</b> Environment: · Pollution and climate change	
Measures taken to adapt to the consequences of climate change	3-3 Management of material topics - Environment	<b>Section 2.3.</b> Environment: · Pollution and climate change	



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 the staff at the end of the year by professional 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	<b>Section 2.1.</b> People · Rate of employee turnover · Redundancies
Average remunerations and their evolution disaggregated by gender, age and professional category or equal value	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Average remuneration
Wage gap, remuneration of equal work or average remuneration in the company	3-3 Management of material topics - Human Capital 405-2 Ratio of basic salary and remuneration of women to men	<b>Section 2.1.</b> People · Wage gap
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	<b>Section 2.1.</b> People · Organisation of work · Digital disconnection
Employees with disabilities	405-1 Diversity of governance bodies and employees	<b>Section 2.1.</b> People · Accessibility · Employment of people with disabilities
Organisation of working time	3-3 Management of material topics - Employment	<b>Section 2.1.</b> People · Organisation of work
Number of hours of absenteeism	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People · Absenteeism

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 <ul style="list-style-type: none"> <li>· Organisation of work</li> <li>· Digital disconnection</li> </ul>
Occupational health and safety conditions	3-3 Management of material topics - Human Capital	<b>Section 2.1.</b> People <ul style="list-style-type: none"> <li>· Occupational health and safety</li> </ul>
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 <ul style="list-style-type: none"> <li>· Occupational health and safety</li> </ul>
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 <ul style="list-style-type: none"> <li>· Social relations</li> </ul>
Percentage of employees covered by collective agreement, by country	2-30 Collective bargaining agreements	<b>Section 2.1.</b> People <ul style="list-style-type: none"> <li>· Distribution of % of employees covered by collective agreement, by country</li> </ul>
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 <ul style="list-style-type: none"> <li>· Social relations</li> <li>· Occupational health and safety</li> </ul>
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 <ul style="list-style-type: none"> <li>· Outstanding activity</li> </ul>

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.</b> People · 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 Gestión de los temas materiales - Ética empresarial y Gobierno corporativo	<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 Compromisos y políticas 2-26 Mecanismos para solicitar asesoramiento y plantear inquietudes	<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	<b>Section 1.5.</b> Ethics and integrity · Human rights · Due Diligence procedures in matters concerning human rights
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 labor 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<b>Section 1.5.</b> Ethics and integrity

4. Information relating to the fight against corruption and money-laundering

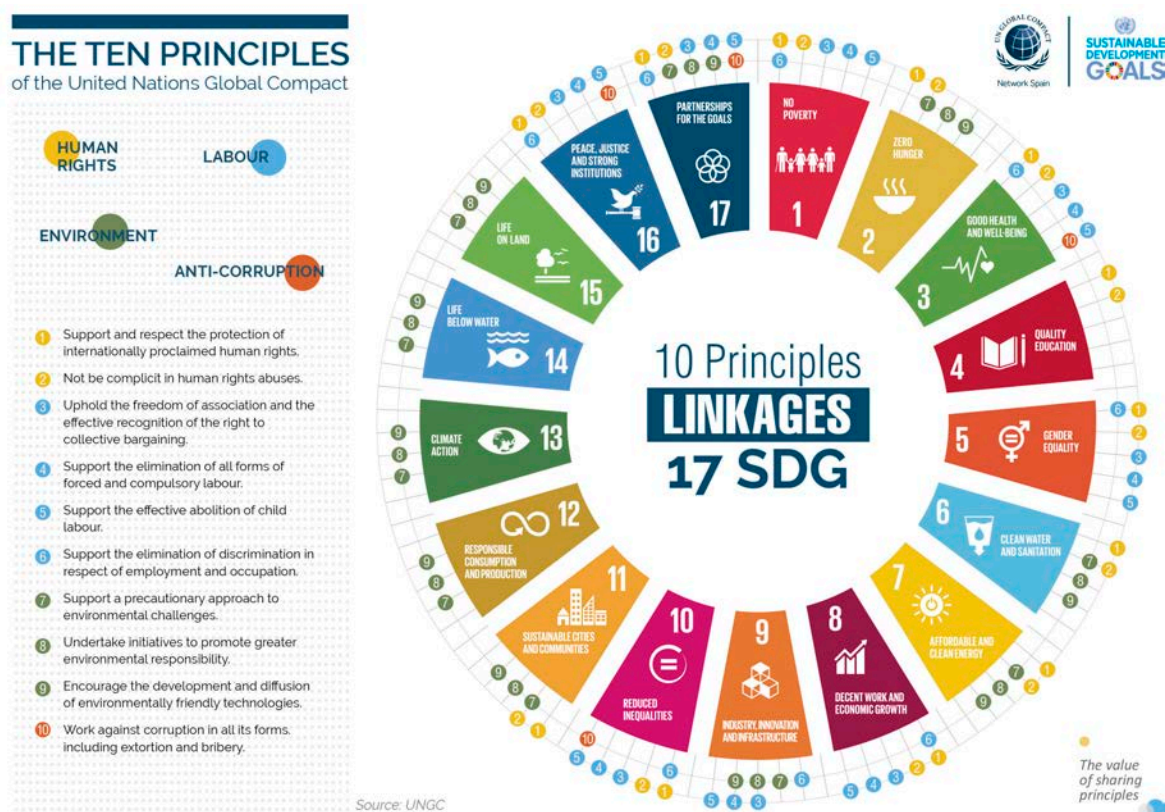
Measures taken to prevent corruption, bribery and the fight against money-laundering	3-3 Management of material topics - Business ethics and corporate governance	<b>Section 1.5.</b> Ethics and integrity	
	2-23 Commitments and policies		
	205-1 Operations assessed for risks related to corruption		
	205-3 Confirmed incidents of corruption and actions taken		
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	During 2022, the group made cash donations amounting to € 87,000
		<ul style="list-style-type: none"><li>· Support for training</li><li>· Shared knowledge</li><li>· Management of social action</li><li>· Social action</li><li>· Cultural action</li><li>· New support initiatives</li></ul>	

## 5. Information on the company

Impact of the company's activity on local employment and development and on local populations and the territory	<p>3-3 Management of material topics - Impact on society</p> <p>413-1 Operations with local community engagement, impact assessments, and development programmes</p>	<p><b>Section 2.5.</b> Suppliers</p> <p>· Commitment to local suppliers</p> <p><b>Section 2.6.</b> Society</p>
Relations with local community actors and modes of dialogue with them	<p>2-29 Approach to stakeholder engagement</p> <p>413-2 Operations with significant actual and potential negative impacts on local communities</p>	<p><b>Section 1.7.</b> Sustainability</p> <p><b>Section 2.6.</b> Society</p> <p>· (table of analysis of the needs and expectations detected)</p>
Partnership or sponsorship actions	2-28 Membership of associations	<p><b>Section 2.6.</b> Society</p> <p>· (table of analysis of the needs and expectations detected)</p>
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	<p>3-3 Management of material topics - Responsible relations with partners and suppliers</p> <p>2-6 Activities, value chain and other business relationships</p> <p>204-1 Proportion of spending on local suppliers</p>	<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 customer relations	<b>Section 2.4.</b> Customers
Complaint systems, complaints received and resolution thereof	3-3 Management of material topics - Responsible relations with partners and suppliers	<b>Section 2.4.</b> Customers

Profits by country	207-1 Approach to tax	<b>Section 2.6.</b> Society · Contribution to society · Profits by country
	207-4 Country-by-country reporting	
Profit taxes paid	207-1 Approach to tax	<b>Section 2.6.</b> Society · Tax responsibility · Profit taxes paid
Public grants received	201-4 Financial assistance received from government	<b>Section 2.6.</b> Society · Grants

### 3 | Correlación de los principios del Pacto Mundial





## 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 adjunto (en adelante EINF) correspondiente al ejercicio finalizado el 31 de diciembre de 2022, de Velatía S.L. (Sociedad dominante) y sociedades dependientes (en adelante Velatía o el Grupo) que forma parte del informe de gestión consolidado del Grupo.

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 la sección "Sobre esta Memoria – 2. Indicadores GRI" incluida en el EINF adjunto.

#### Responsabilidad de los administradores de la Sociedad dominante

La formulación del EINF incluido en el informe de gestión consolidado de 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 la sección "Sobre esta Memoria – 2. Indicadores GRI" del citado Estado.

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 (incluyendo las Normas Internacionales de Independencia) emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (Código 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 las normas internacionales de calidad vigentes y mantiene, en consecuencia, un sistema de calidad que incluye políticas y procedimientos relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias 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 S0242 - CIF: B-79 031290



### 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 del Grupo 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 Velatía 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 2022 en función del análisis de materialidad realizado por el Grupo, 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 2022.
- 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 2022.
- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2022 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

Velatía no incorpora en su Estado de Información No Financiera del ejercicio 2022 el desglose de "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 información relativa al ejercicio 2021 y por tanto no cumple con los criterios de comparabilidad exigidos por el artículo 49.6 del Código de Comercio.



**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 2022 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 la sección "Sobre esta Memoria – 2. Indicadores GRI" del citado Estado.

**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

22 de mayo de 2023



**velatia**