VICINAY SESTAO

Progress Report

UN Global Compact

Sustainability Report

2023

UN GLOBAL COMPACT

WE SUPPORT

Welcome to the Progress Report 2023

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Introduction

Renewal of Commitment to the Global Compact

Asier Pinedo
General Manager

Vicinay Sestao, S.L.U. develops its activity in global offshore markets, providing solutions for mooring floating facilities in the offshore filed. Mainly in oil and gas extraction, exploration and production, and in the generation of renewable wind energy through floating wind turbines.

The company's economic-financial activity in 2023 focused on providing the market with high value-added solutions. The industrial results of the year have improved compared to 2022 in terms of operational and economic ratios, influenced by the delay in the activation of the sector. During this year, the strategy has focused on improving our competitiveness in order to achieve sustainable growth. During 2023 we have continued to establish and monitor active risk management policies to mitigate the risks associated with our activity. All of them are identified in the company's risk plan and are continuously monitored.

At Vicinay Sestao S.L.U. we continue to demonstrate our commitment to the sustainability of the organisation. To this end, we are committed to innovation in the social, economic and environmental fields. From the environmental point of view, based on our EPD Type III for R3, R3S, R4, R4S, R5 and R6 chain, we have improved our tool for calculating environmental impacts by including circular economy indicators. In addition, we have verified and registered, for the second consecutive year, our Carbon Footprint with the Ministry of Ecological Transition.

We continue to focus on improving competitiveness, committed to promoting the creation of quality employment and protecting workers' rights, principles included in our Company Pact 2022-2026.

We will continue to follow this path in collaboration with the Global Compact and to make progress on its 10 principles.

Who we are

Vicinay Sestao activity

Vicinay Sestao S.L.U. belongs to the Vicinay Group, and within this, to the Marine Business Unit, whose parent company is Vicinay Marine, S.L. The parent companies provide corporate and support services to their subsidiaries, mainly in administration and management activities of their Group, the implementation and development of the specific strategies and policies set at corporate level by Vicinay, S.A., financial management, commercial management and people management.

Vicinay Sestao is the company with the factory located in Sestao (Bizkaia), develops its activity in global offshore markets, provinding solutions for mooring floating facilities in the offshore filed. Mainly in oil and gas extraction, exploration and production, and in the generation of renewable wind energy through floating wind turbines.

Vicinay Sestao designs and manufactures mooring chains from 70mm to 220 mm diameter covering all the qualities (R3, R3S, R4, R4S, R5 y R6) established in the different international standards of the most important Classification Societies, being approved as a manufacturer with DNV, API, ABS, BV, LR y ClassNK.

Who we are

Vicinay Sestao value generation

Economic performance

Result of the year	2023	2022
Tones (Tn)	21.626	13.591
Turnover (m€)	68.944	34.638
Contribution margin (m€)	18.290	6.186
EBITDA (m€)	5.297	(5.090)

Investment in the Oil&Gas sector continues on the upswing with the reactivation of numerous projects that were put on hold in 2020. This recovery in investment levels has positively affected the company's activity levels in 2023, with a first half of the year of high activity and contracting and a second half of the year where the volume of activity fell slightly.

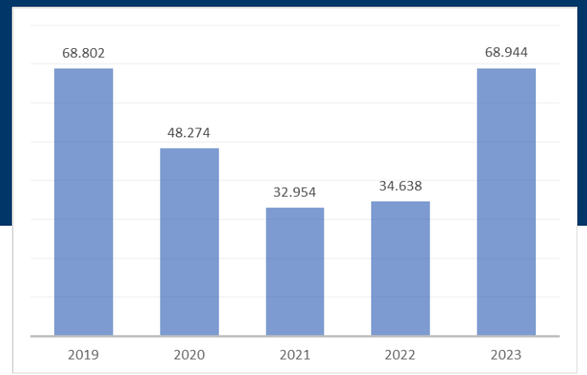
With regard to the results for the year, the strong increase in activity has contributed to generate strong increases in turnover that have enabled us to achieve a profit for the year and significant EBITDA figures compared to previous years.

Who we are

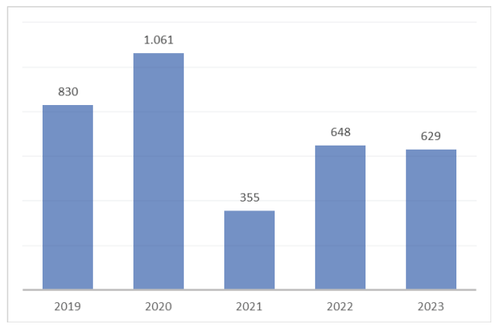
Turnover and investment

This year 2023 we have had a sales figure of 69 million euros, similar to 2019 and with an increase of 99% compared to the previous year. This is also part of the year in which the development of the new Strategic Plan for the period 2024-2026 has begun.

One of the main objectives of the new Strategic Plan is to guide the Company in its transition to adapt to the new floating wind market. This evolution of the company required, in addition to investments, the taking of relevant strategic decisions to ensure our leadership in the offshore renewable energy market.



Turnover evolution (m€)



Investment performance (m€)

The investment effort of 2022 is maintained. We continue to develop projects aimed at increasing productivity, increasing the added value of our product and reducing occupational health and safety risks associated with the Company's production process.

Who we are

Mission, Vision and Values

MISSION

Vicinay Sestao S.L.U focuses its business project:

- In the manufacture and delivery of products and services tailored to each client and their needs, and, primarily oriented towards the offshore industry.
- Developing its activities in a results-oriented, safe and innovative way, and increasing its competitiveness in order to make the company sustainable.
- Based on the ability and professionalism of people without discrimination and in collaboration with our stakeholders.
- And projecting from Bilbao – Bizkaia to the world.

VISION

Vicinay Sestao S.L.U. is building its future:

- With the illusion that our company will be recognised as a preferred supplier in the VM group and in the offshore market for its value proposition, committing to energy transition and minimising its environmental impact.
- With a professional, qualified, versatile and committed team, capable of adapting to change in order to respond to the needs of our clients and achieve our business objectives.
- Making our organisation a shared project that satisfies our people, customers, investors and other stakeholders.

Security

as a right and the personal and collective responsibility to work in a way that avoids damage to people, work equipment and the environment.

Respect

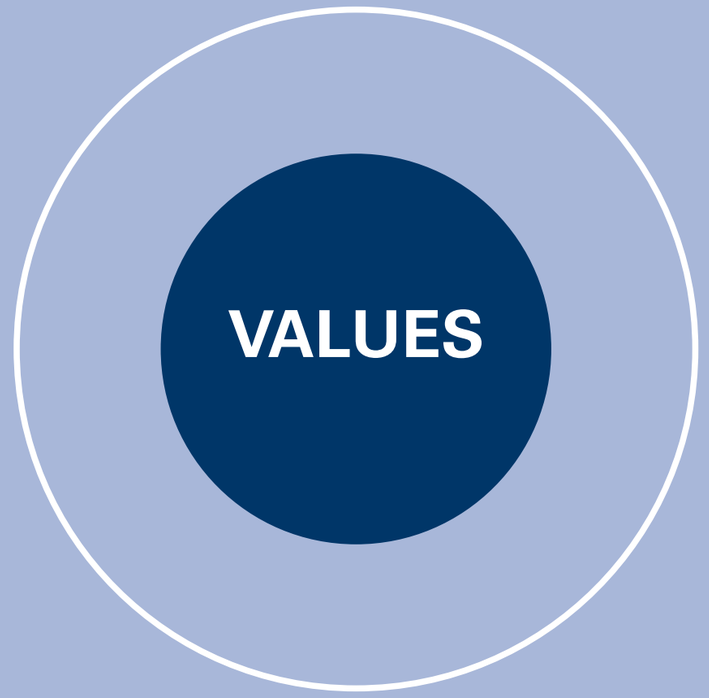
treating people with their personal and professional values in mind, with the commitment of all people to create a tolerant, equal, caring and considerate environment.

Integrity

ethical behavior of individuals and the organization through professionalism, honesty and consistency.

Competitiveness

working effectively and efficiently, and improving our productivity to meet customer specifications using as few resources as possible.



Leadership

starting with self-leadership, to foster and develop skills that make it possible to work in a team with enthusiasm and focus on achieving objectives and goals.

Pertenencia

como compromiso con la Organización y con las personas. Estar en y con Vicinay Sestao S.L.U. y compartir el futuro en equipo es una satisfacción para las personas que participamos en el proyecto.

Sustainable growth

We are recognised for our technological, human and results-based approach, which will enable us to meet the needs of future generations.

Innovation

as people's commitment to knowledge, lifelong learning and the application of talent to provide products and services that give value to People, Customers and the Organisation.

Who we are

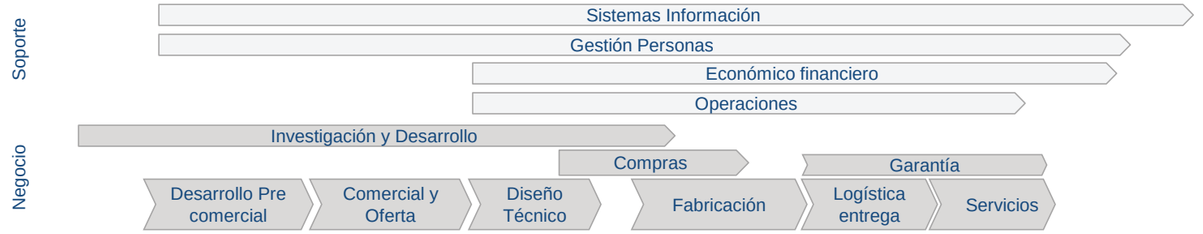
Strategy and Management Structure

Vicinay Group is recognised in its environment for its ability to make strategic decisions that have enabled its companies to adapt and reinvent themselves over time and successfully overcome the different industrial and sectorial crises.

- Concepts such as **internacionalisation, quality improvement, commitment to safety, environmental management, people management, diversification, alliances, servitisation,** etc. have been successful strategic decisions adopted by the Group that have enabled it to achieve a leading position in different sectors.
- We plan the strategy through **participatory processes**, after analysing in detail the internal and external context of the organisation, its activities, the markets in which it operates, and the company's main risks.
- **Vicinay Marine,** as the head of its Business Unit, to which Vicinay Sestao belongs, carries out coordination and control tasks in the commercial, financial, systems, operations, people and R&D&I areas.
- **Vicinay Sestao promotes and supervises on a quaterly basis** the effective implementation of an excellent business and management model in each of its different business units, where the results obtained, the actions taken and the next steps to be taken are analysed and defined.
- **The Administrators and Management of Vicinay Sestao** meet periodically with Vicinay Marine to monitor the activity, decide on the investments and operations to be undertaken, and the budgets and indicators set, in order to adopt the necessary decisions for the fulfilment of the objectives. It also participates in the necessary committees and sub-forums, as an essential and strategic support service. The decisions adopted are passed on within the organisation, with the aim of aligning actions in all cases.

Who we are

Company model



Business model

Corporate Governance Model

Our Code of Ethics details our commitment to ethical and legal compliance and zero tolerance for contrary behaviour. This Code provides **clear guidelines on commitments and good behavioural practices** aligned with the company's ethical values in the following areas:

- **Responsible governance**, including anti-corruption standards, criteria for behaviour with shareholders and investors, clients, suppliers, competitors and other entities, as well as with the authorities and communities with which we interact, with guidelines for behaviour in the event of possible conflicts of interest that may arise.
- **Management responsibility towards people**, always respecting their fundamental rights, treating them with dignity and respect, fair treatment, promoting teamwork, diversity, non-discrimination, work-life balance and equal opportunities, and ensuring health and safety in the performance of work.
- **Responsible management**, exercising our commitment to the environment, protecting the corporate brand and reputation, treating information with honesty and confidentiality, with transparency, rigour and reliability, respecting antitrust and anti-money laundering regulations, and protecting the use of our assets (tangible and intangible) and the privacy of individuals.
- The Code is of **compulsory application** (whose infringement is punisable) **to all persons and companies in the Vicinay Group, including Vicinay Sestao**, establishing the obligation to report any irregularity detected, through the existing channels that have full guarantees for the informants (respecting their anonymity and confidentiality and safe from reprisals) and for the persons investigated (presumption of innocence and right of defence). And it establishes our commitment to maintain **business relationships with third parties that share our values.**
- **A Code of Good Practices has been published** as a guide for actions based on the values that define us as a company. On the basis of our values, we will adapt our behaviour, with the aim of making Vicinay Sestao S.L.U. a reference point for the way we relate to each other and to our stakeholders.

The parent company defines the **Corporate Framework Policies** for all Group companies. Each of them, including Vicinay Sestao, has a sufficient degree of delegation to adapt these policies to its own activity and needs.

- The main Corporate Policies existing in Vicinay Group are those of **Quality Health and Safety at Work, Diversity, non-discrimination, conciliation and equality and Equal opportunities and treatment, Environment, Integrity and Compliance and Anti-corruption.**
- All these policies establish its **commitment to integrate the management of these policies into its culture and internal work processes, as well as their promotion and extension to clients, suppliers and stakeholders.** All these policies are accessible to anyone who wishes to consult them.

Business model

Risk Management

Vicinay Sestao participates in the common framework existing in Vicinay Group in the identification, development, implementation, supervision and adaptation of its risks, adapting the pre-existing corporate policies to its reality and specific legal requirements.

All risks should be managed according to the following common principles:

- Monitoring of widely recognised management frameworks.
- They should provide for their extension to clients, suppliers and other stakeholders, always seeking business excellence in their management.
- Within the possibilities and degree of maturity of each of its subsidiaries. Vicinay Group encourages its subsidiaries to obtain external certification of the specific risk management systems implemented at any given time.

Vicinay Sestao S.L.U. participates in the common framework existing in the Vicinay Group in the identification, development, implementation, supervision and adaptation of its risks, adapting the pre-existing corporate policies to its reality and specific legal requirements.

All risks should be managed according to the following common principles:

- Follow widely recognised management frameworks.
- They should provide for their extension to customers, suppliers and other stakeholders, always seeking business excellence in their management.
- Within the possibilities and degree of maturity of each of its subsidiaries. Grupo Vicinay encourages its subsidiaries to obtain external certification of the specific risk management systems implemented at any given time.

> **During 2023** corporate criminal compliance risks have been reviewed for the deployment, monitoring and periodic and harmonised review in the Group of the actions associated with each process in order to give new impetus and methodology to the corporate risk management system.

Business model

2030 Agenda

The Sustainable Development Goals (SDGs) are fundamental for us, ensuring that our strategy supports the United Nations plan to achieve a better and more sustainable future for all. Vicinay Sestao S.L.U. has incorporated a process to lead the integration within its Strategic Objectives of those SDGs on which it has a direct impact in order to establish strategies, actions and indicators:

- SDG 1: No Poverty
- SDG 2: Zero Hunger
- SDG 3: Good Health and Well-Being
- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 6: Clean water and sanitation
- SDG 7: Affordable and clean energy
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, innovation and infraestructure
- SDG 10: Reduced inequalities
- SDG 12: Responsible consumption and production
- SDG 13: Climate action
- SDG 17: Partnerships for the Goals

During the 2023 exercise, actions have been developed aimed at contributing to the deployment of the Sustainable Development Goals (SDGs) both externally and internally. Some of the activities carried out to contribute to the different Sustainable Development Goals include:

SDG 1: No Poverty: Toy collection campaign together with "Kopera".

SDG 2: Zero Hunger: Food collection campaign in collaboration with the Banco de Alimentos de Bizkaia.

SDG 3: Good Health and Well-Being: Blood donation campaign in collaboration with Osakidetza

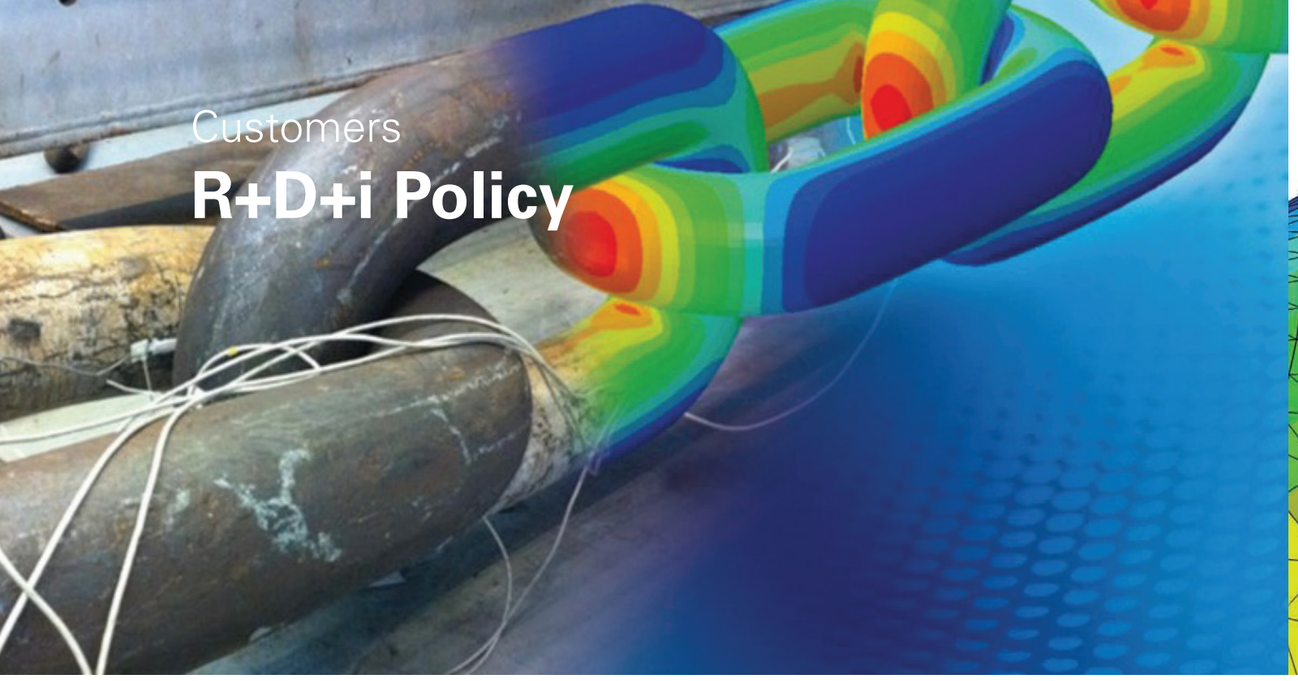
SDG 4: Quality Education: "Egin eta Ekin" e "Industria Erroka" of bringing young people closer to the industry

SDG 5: Gender Equality: Development of actions within the Equality Plan (8M Campaign)

SDG 6: Clean water and sanitation: Clean Up Our Coasts Campaign

SDG 10: Reduced inequalities: Adecco's Family Plan Programme for the integration of 4 people with functional diversity.

SDG 17: Partnerships for the Goals: Integration of the UN Etxea for the deployment and development of the SDGs



Customers

R+D+i Policy

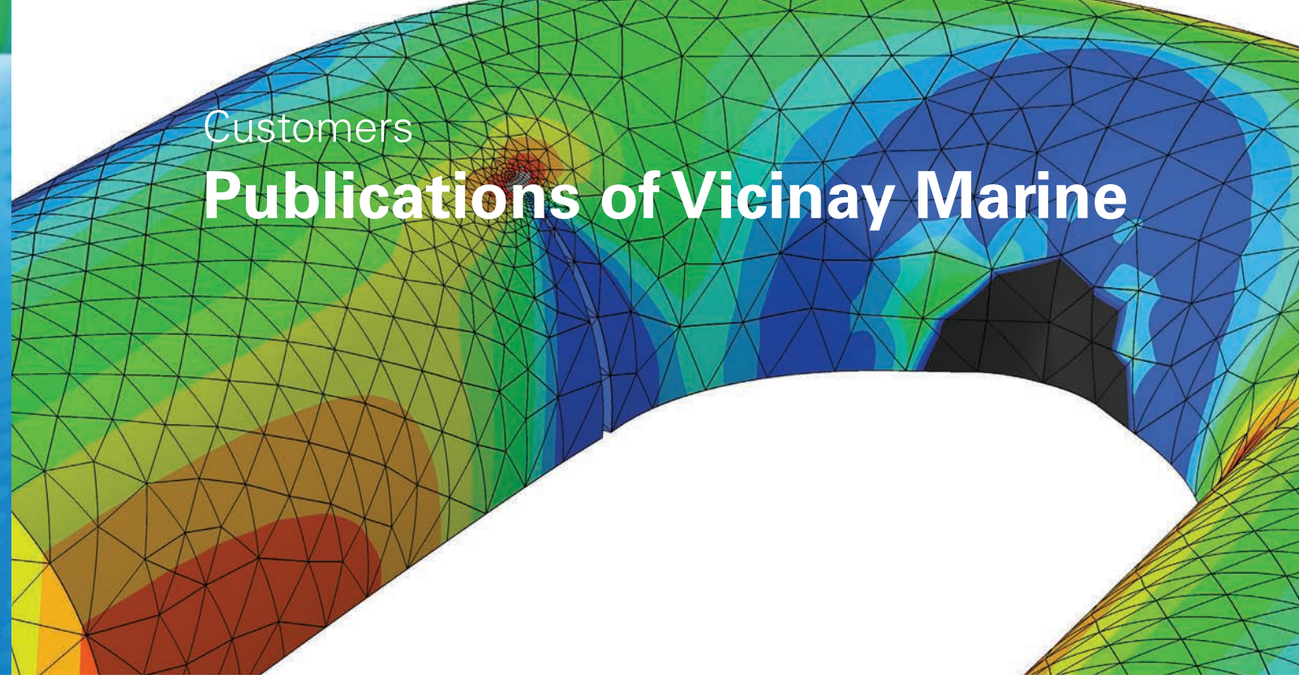
In the development of corporate values, the **R&D&I Policy** is at the heart of VMI's strategy, as the **driving force behind the growth of Vicinay Marine** and its subsidiaries, including Vicinay Sestao S.L.U.

- The **management and supervisory structure has managers** reporting to management who lead the effectiveness of the management system and its continuous improvement.

- **Objectives:**
  - To analyse the environment to detect demands and identify market opportunities.
  - To increase the talent and motivation of people.
  - To control and reduce technological and economic risks by promoting strategic alliances and obtaining public aid.
  - Maximise the performance of R&D&I projects by identifying mechanisms to protect and exploit their results.

Congresses in which Vicinay Marine has participated

Vicinay Sestao S.L.U. has resumed its activity, organising and participating in different trade fairs, seminars and congresses of the sector that have been held in different locations around the world, where we have been able to transfer our business idea and our approach to marine renewable energies.



Customers

Publications of Vicinay Marine

In 2023, the Vicinay Marine group participated in numerous congresses, trade fairs and forums in its sector. Firstly, it is worth highlighting the technical seminar organised by Vicinay in Bilbao "New developments of Mooring components for Floating Offshore Energy". The event was attended by more than 100 guests, with a wide international participation, and 12 technical presentations, most of them given by people from the group. Vicinay has also attended the Offshore Technology Conference in Houston, the Wind Europe in Copenhagen, the Floating Offshore Wind in Aberdeen, the Nor-Shipping in Oslo or the Floating Offshore Wind Turbines in 2023 in Nantes.

Significant Projects of Vicinay Sestao

- **Float&M"** Project**: Integral Solution for Floating Wind O&M through the Development of New Technologies.**
- **Tekai"** Project: **Implementation of Thermography as a Link Inspection System.**
- **WHEEL** Project: **Wind Hybrid Evolution for Low-Carbon Solutions.**
- **BIZIATSEA** Project: **Development of servitization solutions for mooring lines in floating offshore wind devices.**

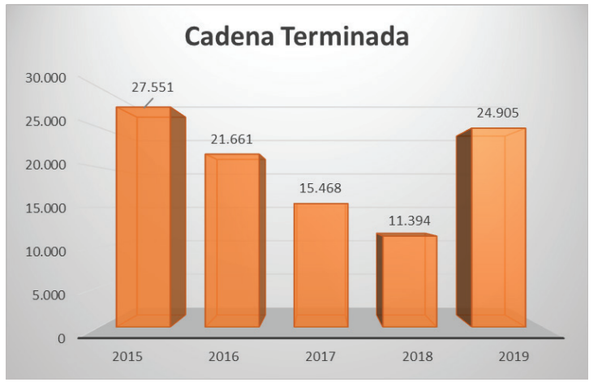
Customers

Production Indicators in Tons

	2019	2020	2021	2022	2023
Objective	**29.000**	**27.500**	**16.535**	**12.831**	**28.028**
Chain	27.551	21.661	15.468	11.394	24.905

Customer satisfaction

	2019	2020	2021	2022	2023
Objective	4,2	4,3	4,3	4,5	4,5
Vicinay Sestao	4,7	3,8	4,8	4,75	4,7



- During the year 2023, the planned targets were not achieved, which was heavily influenced by the delay of expected orders.

- Despite a complicated year for the internal management of the area due to departures, reorganisation actions have allowed the completion of projects within the stipulated deadlines.

- The year 2023 has been a challenge in terms of carrying out **innovating projects** within Vicinay Sestao S.L.U., implementing improvement and innovation plans to meet the needs of customers.

- In relation to **steel grades**, 92% of the projects completed during 2023 have been in R4 quality, with 67% of the orders being above 121mm diameter.

Customers

Quality Management System

Global client satisfaction

	2019	2020	2021	2022	2023
Objective	4,2	4,3	4,3	4,3	4,5
Vicinay Sestao	4,7	3,8	4,8	4,7	4,7

- During the year 2023, the target set for **Customer Satisfaction** has been exceeded, mainly due to the organisation's proximity to the needs of its customers.

- With regard to **Customer participation**, the increase in the number of answers obtained during the year is noteworthy, although this percentage is still below what was expected.

- A large part of the actions established in the **Customer Satisfaction Action Plan** have been implemented to improve the associated indicators.

- The **objectives** of the indicators associated with the projects have been met, with the exception of the delivery time, largely due to the difficulties caused by the global pandemic, which also affected our sector.

Human Rights

Human Rights Policy

The essential principles of action with people are detailed in the **company's Code of Ethics** and in its values, from which the policies and procedures necessary to make them a reality are derived. Consequently,

- we are committed to fair and decent working conditions,
- we support the professional and personal development of all our employees, and we seek relationships with people and organisations that share these values,
- we believe that all human beings should be treated with dignity, justice and respect,
- and we do not tolerate discrimination, harassment, bullying or violence.

This Code is **applicable to all persons and companies in the Vicinay Group, including Vicinay Sestao S.L.U.**, establishing the obligation to report any irregularity detected, as well as the necessary channels for reporting them with full guarantees for the informants (respecting their anonymity and confidentiality and safe from reprisals) and for the persons under investigation (presumption of innocence and right of defence). It also provides information on the disciplinary or legal consequences of infringing the rules. Furthermore, it establishes its commitment to **maintain business relations with third parties that share its values** (suppliers and collaborators), with whom it intends to work in coordination for their effective implementation and supervision.

Vicinay Sestao S.L.U., a member of the Spanish Global Compact Network, continues to present an annual Progress Report (sustainability report) in which it develops the progress achieved in relation to the ten basic principles that deal with the defence of Human Rights, Labour Standards, the Environment and the Fight against Corruption, covering aspects derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption.

In 2023, no complaints were received in relation to any type of human rights violation either in our organisation or in the organisations of those who collaborate with us. There are channels available to people in the organisations through which they can submit their complaints or allegations, including anonymously.

Labour Rights

People Management

Vicinay Sestao considers the people in the organisation to be a strategic, differentiating and key asset for the successful development of the business. The aim is to have a human resources management model that allows us to capture, **promote and retain talent and encourage the personal and professional growth of all people, making them participants and co-responsible for the business project and guaranteeing them a stable, quality, dignified and secure job. .**

We do not tolerate any situation of discrimination, harassment, intimidation or violence, and there are protocols for their prevention and treatment.
Vicinay Sestao rejects any activity that encourages the abuse of human rights, human trafficking or the use of forced or child labour under any kind of coercion, complying with the related legislation in all the countries where it operates.

- **Remuneration, the company pursues wage equality between men and women** in all its production centres, applying as a minimum standard the wage tables set out in the collective agreement, which are the same for both genders. All workers receive a fixed salary, in line with the nature of their job, training and responsibility required.
- **Training:**The training and development of people occupy an important place in the strategy and annual management plans, not only because of the commitment acquired with the professional development of the employees, but also because of the need to have qualified professionals capable of offering new solutions to the markets and facing present and future needs, with the ability to innovate and adapt to the changes of a highly competitive sector.
    - The definition and design of training is carried out through the detection of the needs identified at any given time, with the aim of guaranteeing the necessary skills for each job position.
    - During 2023, training was completed on Health and Safety at Work (work instructions, safe use of equipment, active ergonomics, etc.), on the core and trade agreements, emergency, height and first aid training, as well as skills related to the operation of the different industrial positions for new recruits and to promote polyvalence. During the year, specific training has been started for middle management in order to strengthen their leadership.
- **Communication:** Different channels are in place to ensure understanding of objectives and tasks, and achievement of results, throughout the organisation. Regular or extraordinary meetings are held as necessary to analyse results and act in line with the strategy. Additionally, there are other communication channels through internal publications, notice boards, intranet, Telegram, and climate surveys.
- **Conciliation Measures and Social Benefits**. In Vicinay Sestao S.L.U. measures have been implemented in terms of flexible working hours, adapting working hours, reduced working hours, extended parental leave, unpaid leave for legal guardianship of children under 14 years of age during the summer period (4 months), paid leave and medical leave, in many cases exceeding the aspects established by existing regulations.

Evolution of the staff

- Vicinay Sestao, has carried out an adjustment in the number of people in order to respond to the needs of the markets and satisfy the interests of its clients, ensuring compliance with their requirements.

- In general, the professional profile recruited in 2023 was that of men and women between 30 and 50 years of age to carry out functions in the area of production during the first half of the year, although it **should be noted that 50% of these new recruits were women.**

- The workforce consists of 148 people, with the direct workforce at year-end 2032 being 110 people who are directly focused on the manufacturing of the product.

- With regard to **recruitment**, **100%** of Vicinay Sestao's staff have a full-time permanent contract

- Vicinay Sestao continues to adapt and renew its workforce. At the end of the 2022 financial year, the **average age is 47 years old.**

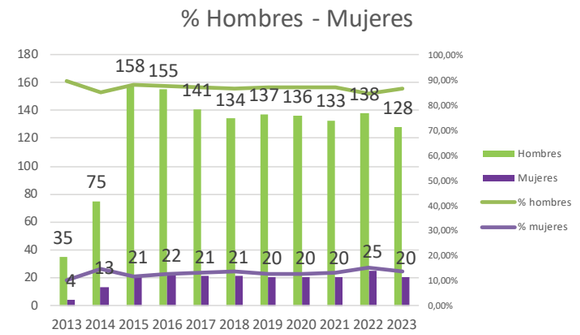
Equality

A key element in the strategy of Vicinay Sestao S.L.U. is **equality between men and women**. At the end of 2023, 26 women were working at Vicinay Sestao. It is important to highlight the importance of the organisation's commitment to hiring women.

During the year 2023, work has continued with the participation of the workforce and the legal representatives of the workers, the actions derived from the equality plan, such as the dissemination of the equality plan to the entire workforce and the distribution of a dossier with the wage gap and others.

Training was also given to members of the equality team on gender equality in the company, and workshops were attended on masculinities, care, co-responsibility and risks at work and the prevention of sexual harassment and harassment for reasons of sex at work.

Awareness-raising campaigns on 8 March and 25 November, with the aim of raising staff awareness of the importance of equality and diversity in the company.



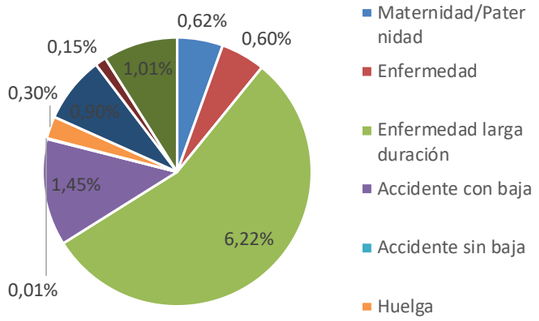
Absenteeism

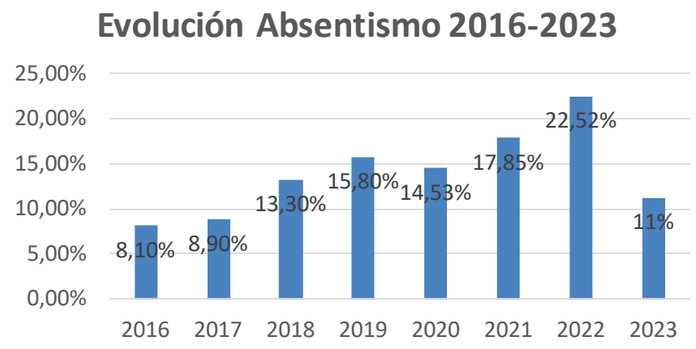
In 2023, the absenteeism indicator has been significantly reduced compared to previous years, approaching the ambitious target of 9%, while the metal sector's target for 2022 is 10.38%.

During the year 2023 there has been an **absenteeism of 11%,** the target being 9%, mainly due to the following causes:

- **Sick leave due to common illnesses**: 6,82% of the total, of which 6,22% are long-term sick leave.
- **Accident-related sick leave:** 2.07% of the accumulated total. There were 13 accidents during the year. At the end of the 2023 financial year, all the people involved in accidents had been discharged.

Highlight that the indicator in 2023 is the lowest since 2018.

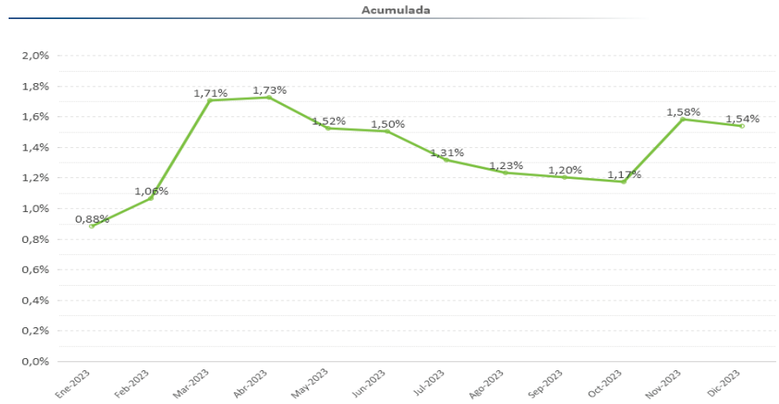




Percentage of Training and Type

The training of people is another key pillar of the organisation. Vicinay Sestao draws up an **Annual Training Plan** based on the needs and/or requests detected by the different areas and/or processes, with the aim of responding to both the strategic objectives of the company and the training development of the people.

In 2023**, 1.54%** of the total working hours were **dedicated to training**, which meant that exactly 3,691 hours were dedicated to training. Within this percentage of training, 0.58% was dedicated to **training in Health and Safety at Work**. From an economic-financial point of view, the implementation and development of the aforementioned Annual Training Plan in 2023 has meant a disbursement of €7,435.



Labour Relations

Vicinay Sestao considers that social and labour relations are an essential aspect in the development and achievement of business strategies. For this reason, **social dialogue is approached as a key tool for relations with workers**, to increase good understanding between work teams through effective communication, thus generating satisfactory relations, improving the working environment, making workers participants in the organisation's objectives and thus making it possible to improve competitiveness.

- **Social dialogue.** This commitment translates into respect for and recognition of the associations and trade unions set up by its workers, without this implying discrimination of any kind, making dialogue with workers' representatives effective. Vicinay Sestao has the organisational structure and procedures necessary to materialise this dialogue, to channel consultations and to establish continuous and constructive negotiations, all within the framework of the legislation in force in each geographical area.

- **Company Agreement 2022-2026**. Vicinay Sestao respects the applicable Company Agreement and other legislation in force. It includes specific mentions of prevention, health and safety matters in which workers actively participate to implement and supervise the effectiveness of the systems implemented to mitigate risks, as well as other aspects such as the minimum number of weeks' notice prior to the implementation of significant operational changes that could considerably affect workers.

- **100% of Vicinay Sestao's employees are covered by this Company Agreement.**

Diversity and Equal Opportunities

Vicinay Sestao **values the diverse backgrounds of people and works to create working environments of trust, honesty and respect.** Harassment or discrimination of any kind (such as on the basis of race, colour, religion, gender, sexual orientation, age or disability) is considered unacceptable.

- A policy of **preferential recruitment of local staff is applied**.

- **Equal opportunities are ensured in both promotion and selection processes.** The development of this type of process is based on and obeys criteria in which the merits and competencies of the person are what determine their suitability, without discriminating on the basis of race, colour, religion, sex, origin, age, disability, sexual orientation, gender identity, etc.

- The **disability factor** is included among the commitments to promote a more diverse and socially responsible company, promoting actions to integrate people with disabilities. We actively collaborate with specialised organisations that advise on recruitment management and employment support for people with disabilities. We comply with the General Law on Disability, although this compliance is complemented with alternative measures for the integration of these groups that are developed with the collaboration and hand in hand with the Adecco Foundation.

- Within the framework of our commitment to avoid any form of discrimination and in particular with the **support of measures that allow the integration of the disadvantaged groups** in society, Vicinay Sestao, within the framework of the Group, promotes actions that eliminate the physical barriers existing in its buildings, understanding accessibility as the possibility of having reserved parking, access, passage or entry to the buildings without any limitation due to deficiency, disability or handicap, integrating this element within the prevention plans of each of its companies

During 2023, the **Diversity, Non-Discrimination, Work-Life Balance and Equality and Equal Opportunities and Treatment Policy was rolled out, which is expected to further promote progress in this area.** On the other hand, no complaints have been received this year in relation to any type of discrimination or lack of opportunities, nor for cases of harassment on the grounds of race, religion, sex, age, disability, sexual orientation, gender identity, etc.

There are channels available to people in the organisations through which they can present their complaints or reports, even anonymously.

Health and Safety at Work

Vicinay Sestao is a company that is committed to creating safe and healthy working environments by preventing work-related injuries and illnesses, having implemented management systems that have been certified by external auditors for years. Our basic principles of action, contained in the Health and Safety at Work Policy, include:

- **Promote the understanding and dissemination of our health and safety policy** within the organisation, promoting awareness through training and continuous communication to our employees, collaborators, suppliers and stakeholders.
- **Extend our principles of commitment** to occupational health and safety to customers, suppliers and stakeholders.

In order to achieve the defined objectives, Vicinay Sestao **has designated people in charge** of the subject who report to the Management, who lead the efficiency of the management system and its decision-making process, the implementation of a preventive culture and training within the organisation, and the dissemination of this policy throughout the supply chain. It also has **procedures, action plans, objectives, controls and indicators** of different types that are monitored periodically, and which allow for an agile evaluation and adaptation of the existing measures, as well as the implementation of new ones if necessary.

There is also an agreement with an external prevention service for the management of the different specialities in the area of occupational risk prevention. In addition, in accordance with prevention regulations, there is an Occupational Health and Safety Committee with equal participation of the company's safety representatives and the workers' representatives (Prevention Delegates), where consultation and participation by the workforce in health and safety matters is carried out.

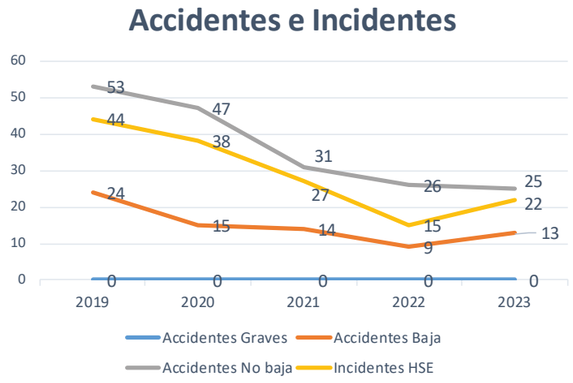
Our Occupational Health and Safety Management System is certified by several Classification Societies (DNVGL) according to ISO 45001:2018.

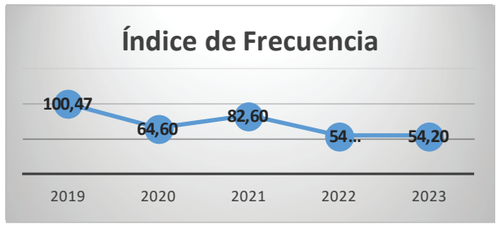
Labour Rights

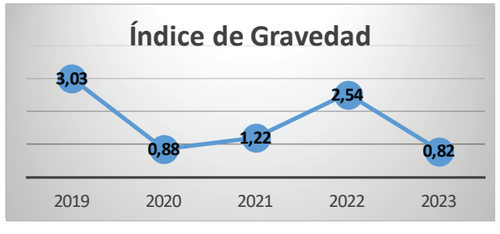
Health and Safety at Work

The priority strategic goal in Vicinay Sestao continues to be "to be an organisation with 0 serious accidents". To this end, action plans have been developed based on the improvement of working conditions, prevention as a way of acting, awareness and training on risks and actions aimed at minimising them, all certified on the basis of the ISO 45001:2018 standard.

During 2023 there has been a reduction in the total number of accidents, there has been an improvement in the occupational accident rate indicators (frequency and severity index), mainly due to the number of accidents and the type of accidents. These data reinforce the need to continue with training, raising awareness of compliance with procedures and monitoring their effectiveness, the leadership deployed through VSafe inspections and prevention campaigns, and investment to increase the ergonomic safety of the facilities.







Environment

Environment

Environmental Policy

La **Política Corporativa Ambiental** que exige el **seguimiento de marcos referencia basados en la gestión del riesgo y en la mejora continua** en todas sus plantas y centros de trabajo.

- The aim of this policy is to **develop products and services in a responsible and sustainable manner**, respectful of the environment in order to minimise the pollution derived from its activity and its direct and indirect environmental impacts, aspiring for all work centres to obtain external certification of their management systems.
- Vicinay Sestao has a **manager reporting** to the Management, who leads the effectiveness of the management system and its decision-making process through the identification and monitoring of annual objectives, the implementation of a preventive culture and the dissemination of this policy throughout the supply chain.
- **Obtaining these certifications guarantees supervision of compliance with environmental regulations**, as well as the continuous improvement of its performance, as shown in the environmental policies within the different organisations of the Group.

Environmental Management Systems

Vicinay Sestao has Management Systems certified by DNV:

- Environmental Management System, in accordance with ISO 14001 standard, since 2014.
- Energy Management System, in accordance with the ISO 50001 standard, since 2015.

Moreover, they have been verified, registered and published by an independent third party:

- **Type III Environmental Life Cycle Declaration of its products according to Environdec's EPD model,** since 2014.
- **Corporate Carbon Footprint,** 2022, verified and registered with MITECO.

Vicinay Sestao is a Founding Member of the **Basque Ecodesign Center** together with other leading companies in the Basque Country, whose mission is to promote the development of ideas and actions that contribute to improving business competitiveness in the Autonomous Community of the Basque Country (ACBC) and to prevent the generation of environmental impacts, becoming a benchmark player in the application of the EU action plan for the Circular

Vicinay Sestao has set a series of milestones and goals for the constant reduction of its environmental impact from the very beginning of its activity.

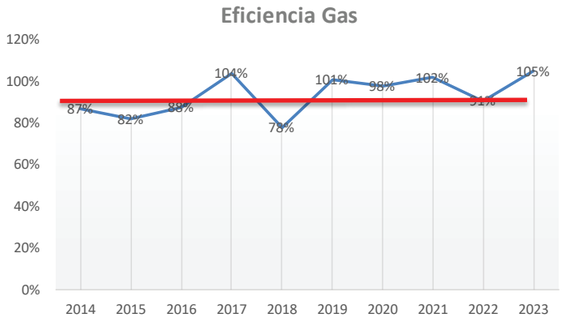
To this end, the following **environmental sustainability strategies** have been developed in 2023:

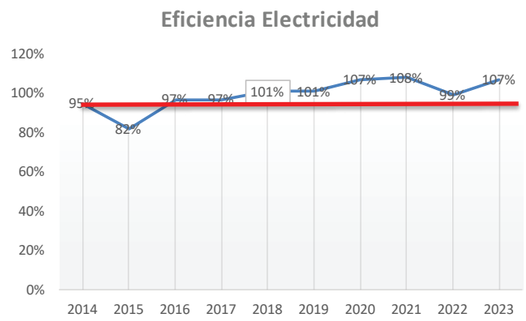
- Development of projects aimed at integrating Circular Economy criteria into our management system within the framework of the Basque Ecodesign Center, as well as the development of traction projects that facilitate the deployment of Ecodesign and Ecoinnovation in the business fabric through collaboration with leading organisations in the Basque Country.

- Preparation of a Life Cycle Analysis (LCA) of the entire production process as the backbone tool of the environmental metric, as well as a subsequent Life Cycle Cost Analysis of the Product and Process (LCC) that enables the environmental metric.

- Integration of Circular Economy criteria in the organisation's strategy, participating in the Zirkularrak (Circular Products) exhibition organised by the Basque Government.

Energy consumption





Vicinay Sestao, since its **ISO 50001:2018** certification, has integrated energy management into its strategy, constantly monitoring both its consumption of natural resources (electricity, gas, water) and its Greenhouse Gas emissions.

During 2023, **energy efficiency**, both gas and electricity, has met the targets set thanks to continuous improvement to increase efficiency and also to higher production. Tighter diameters in induction have also contributed to improved efficiency.

With the objective of **reducing greenhouse gas emissions**, the following actions have been implemented:

- Improvement of telematic control systems for energy consumption.
- Replacement of equipment, within large consumers, to improve energy efficiency and reduce consumption.
- Awareness raising and training on environmental and energy issues.

Resource consumption

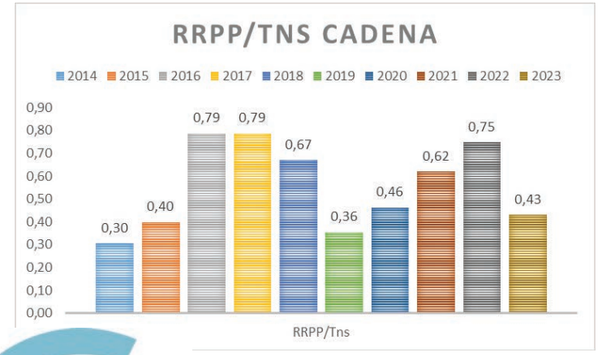
Vicinay Sestao maintains a negative deviation in the **reduction of water consumption,** mainly due to maintenance operations on the treatment furnace which have made it necessary to empty the pits. Automatic monitoring has been maintained, which has enabled the correct management of consumption, as well as the awareness and participation of people in improvement projects

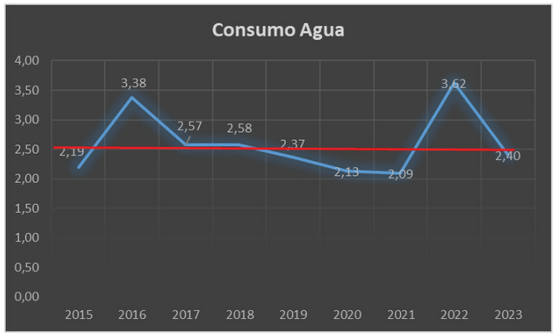
In 2023, there has been a decrease in the production of **hazardous waste** due to the control of preventive maintenance of machinery and, mainly, to the implementation of textile collection systems for hydrocarbons Vicinay Sestao remains a small producer of hazardous waste.

100% of the steel consumed by Vicinay Sestao is **recycled steel**, as it comes from scrap managed in steelworks.

Among other actions, the following **projects** have been developed to minimise **environmental impacts:**

- Implementation of improvements in the system for capturing water leaks and controlling consumption.
- Replacement of standard hydraulic oils with flame-retardant hydraulic oils.
- Monetisation of waste generation, both hazardous and non-hazardous.





Greenhouse Emissions

Vicinay Sestao, aligned with the objectives of reducing greenhouse gas emissions, has implemented a tool for calculating its Carbon Footprint, based on a "Cradle to Gate" Life Cycle Analysis, where the three scopes have been included.

This **Carbon Footprint** of the Organisation has been verified by an independent third party and included in the Official Register of MITECO together with an emissions reduction plan. Vicinay Sestao has achieved the seal corresponding to the Calculation of its emissions, its objective being to complete the cycle established by MITERD for the calculation of the reduction of emissions either through the Ecological Transition Plan or through the offsetting of emissions.

The Greenhouse Gas Emissions Reduction Plan includes aspects related to:

- **Climate Change:** Deployment of tools for analysis, identification and assessment of environmental impacts as a driver for innovation and implementation of sustainable technologies.
- Development of **Circular Economy principles.**
- Integration of the **Sustainable Development Goals** into their management systems.
- **Reduction of the Carbon Footprint:** Projects have been implemented focused on reducing the consumption of raw materials (reduction of steel alloys used), waste minimisation, reduction of natural resource consumption through the development of energy efficiency actions (ISO 50001) with the aim of reducing the carbon footprint.
- **Communication:** Communication to its stakeholders of its environmental impacts through its various Sustainability Reports, Environmental Product Declarations and Commitment to achieving the Sustainable Development Goals has been identified as a priority activity.

Noise Emission

Vicinay Sestao generates an environmental impact caused by the noise derived from its activity. However, these environmental impacts are controlled by means of good practices in this area, written procedures or specific measurements, ensuring that the levels established in the regulations in force in this respect are not exceeded.

During 2023, environmental noise measurements have been carried out by means of internal self-monitoring. All measurements comply with the applicable regulations for each work centre.

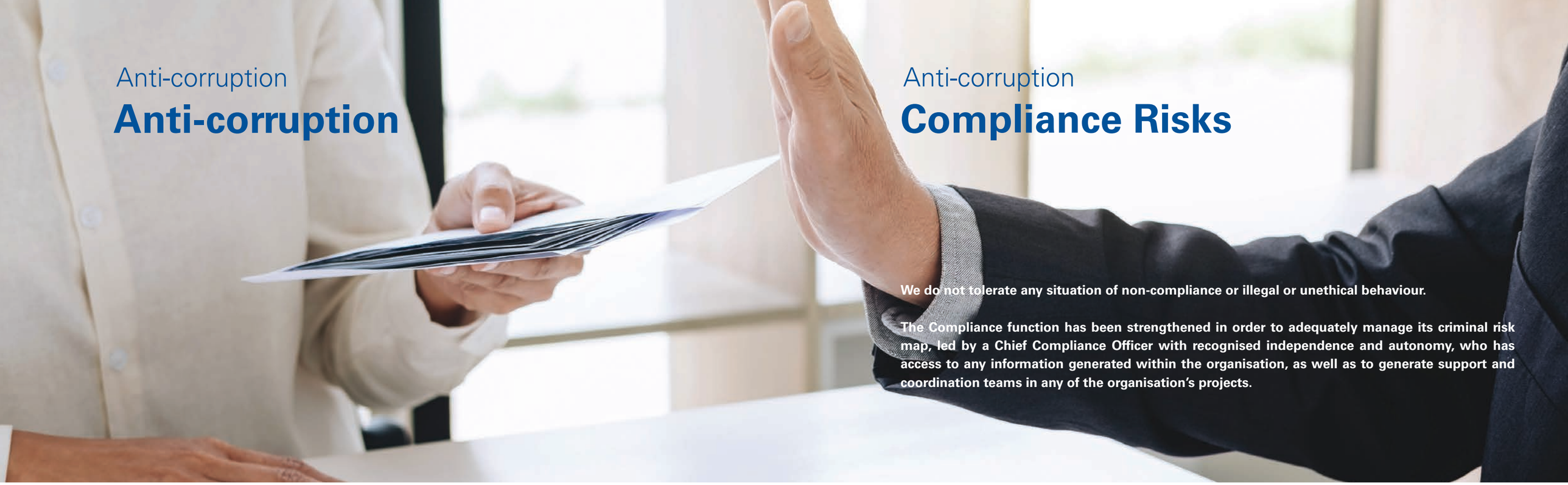
Biodiversity

Vicinay Sestao has all its facilities on industrial sites with no impact on protected areas or areas of high biodiversity value, so the impact is not considered to be significant.

Compliance with Regulations

Vicinay Sestao has environmental management systems certified by DNV Classification Society, which include a methodology for identifying, evaluating and updating the applicable legal requirements.

Vicinay Sestao **has not received any fines or non-monetary sanctions** for no-coompliance with environmental regulations during 2022. Nor have any complaints been received inb relation to environmental management.



Anti-corruption

Anti-corruption

ANTI-CORRUPTION

Anti-corruption

Compliance Risks

We do not tolerate any situation of non-compliance or illegal or unethical behaviour.

The Compliance function has been strengthened in order to adequately manage its criminal risk map, led by a Chief Compliance Officer with recognised independence and autonomy, who has access to any information generated within the organisation, as well as to generate support and coordination teams in any of the organisation's projects.

2023 has focused its action on:

- **Review of the integrated compliance system**
- The **communication plan** has been deployed both internally and externally.
- The documentary development of the compliance and anti-corruption strategies has been completed, for their correct deployment in the organisation and with the main customers and suppliers.

In 2023, communication, training and implementation of the integrated compliance system were launched.

Corruption and bribery risks

We reject all forms of bribery and corruption in any situation, country or public official, and any offer or receipt of advantages and/or favours, directly or indirectly, aimed at obtaining or obtaining a business or advantage from a third party (whether public or private) is strictly forbidden.

The new **Corporate Anti-Corruption Policy** contains guidelines for action on:

- Gifts, invitations and hospitality
- Travel and subsistence expensess
- Charitable contributions, sponsorships, patronage and other related contributions
- Political contributions
- Relations with public officials and authorities
- Facilitation payments
- Business partners and third parties who may act on Vicinay's behalf
- Contracting of suppliers
- Contracting with customers
- Recruitment of personnel
- Accounting records
- Conflict of interest situations

Our Code of Ethics reflects our desire to **contribute to the improvement of the quality of life and the creation of wealth in the communities where we are established**, both through the provision of services and the promotion and launching of new business activities, by promoting economic and social development through non-business channels.

The stakeholders identified include clients, suppliers, as well as the local community, public authorities and other entities whose activities coincide with the Group's values due to their relevance and impact on the processes and objectives defined.

- Maintaining a collaborative relationship with our environment is good for the environment and the well-being of everyone, including our organisation.

- The efforts we make and what we can contribute in this field simultaneously benefit both those who receive the aid and ourselves, and we have a better reception of the company among people inside and outside the organisation, which is an added value to our image.

Partnerships and Contributions

The collaborations and contributions made to other entities do not always imply a direct economic disbursement or contribution to them, but they are considered indirect contributions to the company, through the provision of the time of its employees in their dedication to them.

Business associations: Círculo de Empresarios Vascos, AEFAME- Asociación de la Empresa Familiar de Euskadi, SEA- Empresas Alavesas, y Asociación Empresarial de la Comarca de las Encartaciones, through which it participates and contributes to economic growth in those communities in which it is established.

Sectoral associations: Federación Vizcaína de Empresas del Metal, CEBEK - Confederación Empresarial de Bizkaia, ADIMDE - Agrupación de Industrias Marítimas de Euskadi y el Foro Marítimo Vasco. All of them allow us to be in contact with the leading companies in the sector with which we promote and encourage economic growth in the iron and steel sector and associated activities, those related to lifting machinery and other auxiliary activities, as well as the full development of business and industrial activities in the maritime sector.

Management, business excellence and sustainability Spanish Global Compact Network, Euskalit - Advanced Management, IZAITE - Association of Basque Companies for Sustainability, IHOBE - Basque Ecodesign Center, AEC - Spanish Association for Quality, and APD - Association for Management Progress. With them, we grow in competences and skills and acquire and share knowledge and best business practices to ensure the sustainability and future of Vicinay Group.

Training and employment: The Ahalbidetu Association, the Novia Salcedo Foundation, the School of Engineers Foundation, the University of the Basque Country, as well as other universities and training centres (Somorrostro, Maristas, Repélega) collaborate with which agreements are made with students for degree internships in the Group's companies, to promote and boost employment.

Fostering business innovation and knowledge: Tecnalia, Innobasque - Agencia Vasca de la Innovación, Fundación EIC Energy Advanced Engineering, Cluster Energía BASQUE ENERGY CLUSTER, Fundación COTEC y Asociación Española de Ensayos no Destructivos.

CIRCULO DE EMPRESARIOS VASCOS

aefame

FVEM
FEDERACIÓN VIZCAÍNA DE EMPRESAS DEL METAL
METALEKO LANTEGIEN BIZKAIKO FEDERAKUNTZA

tecnalia
MEMBER OF BASQUE RESEARCH & TECHNOLOGY ALLIANCE

CEBEK
Confederación Empresarial de Bizkaia
Bizkaiko Enpresarien Konfederazioa

innobasque
Berrikuntzaren Euskal Agentzia
Agencia Vasca de la Innovación

FORO MARITIMO VASCO
EUSKAL HERRIKO ITSAS FOROA
THE BASQUE MARITIME FORUM

COTEC
FUNDACIÓN COTEC PARA LA INNOVACIÓN

KUDEAKETA AURRERATUA
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