













2021		CHAPTER 3
SUSTAINABILITY		<b>GOOD GOVERNANCE, ET</b>
REPORT	<u>6</u>	AND RISK MANAGEMENT
LETTER FROM THE PRESIDENT	8	3.1. Corporate governance system
		3.2. Governance
CHAPTER 1		3.3. Organization and structure
SUSTAINABLY		3.4. Ethics
PROVIDING VALUE	10	3.5. Risk management system
		3.6. COVID-19 pandemic
1.1. A leading, global, diverse,		risk management
innovative and sustainable company		
for 75 years	12	CHAPTER 4
1.2. Identity and values	13	OUR ENERGY:
1.3. Our activities	15	PEOPLE.
1.4. Innovation	16	#MOVINGTOGETHER
1.5. International vocation	22	
1.6. Arteche in figures	24	4.1. Our team
1.7. Today's energy sector is		4.2. How we defend human
fostering our growth	27	and labor rights
		4.3. Health and safety
CHAPTER 2		
SUSTAINABILITY		CHAPTER 5
IN OUR DNA	28	OUR COMMITMENT
		TO THE PLANET
2.1. Our sustainability strategy	30	
2.2. Responsibility for economic,		5.1. Management and
environmental and social issues	32	environment approach
2.3. A commitment to the united nations		5.2. Working for a better world
global compact since 2014	34	
2.4. Stakeholders and		CHAPTED C
the materiality analysis	35	CHAPTER 6
2.5. SDG awareness	40	SOCIALLY REPONSIBLE
actions	42	6.1 Our collaboration with assists
2.6. Climate taxonomy	43	6.1. Our collaboration with society

CHAPTER 3 GOOD GOVERNANCE, ETHIC	CS.
AND RISK MANAGEMENT	46
3.1. Corporate governance system	48
3.2. Governance	50
3.3. Organization and structure	55
3.4. Ethics	57
3.5. Risk management system	59
3.6. COVID-19 pandemic	
risk management	61
CHAPTER 4	
OUR ENERGY:	
PEOPLE.	
#MOVINGTOGETHER	<u>64</u>
4.1. Our team	67
4.2. How we defend human	
and labor rights	71
4.3. Health and safety	76
CHAPTER 5	
OUR COMMITMENT	
TO THE PLANET	<u>78</u>
5.1. Management and	
environment approach	81
5.2. Working for a better world	83
CHAPTER 6	
SOCIALLY REPONSIBLE	92

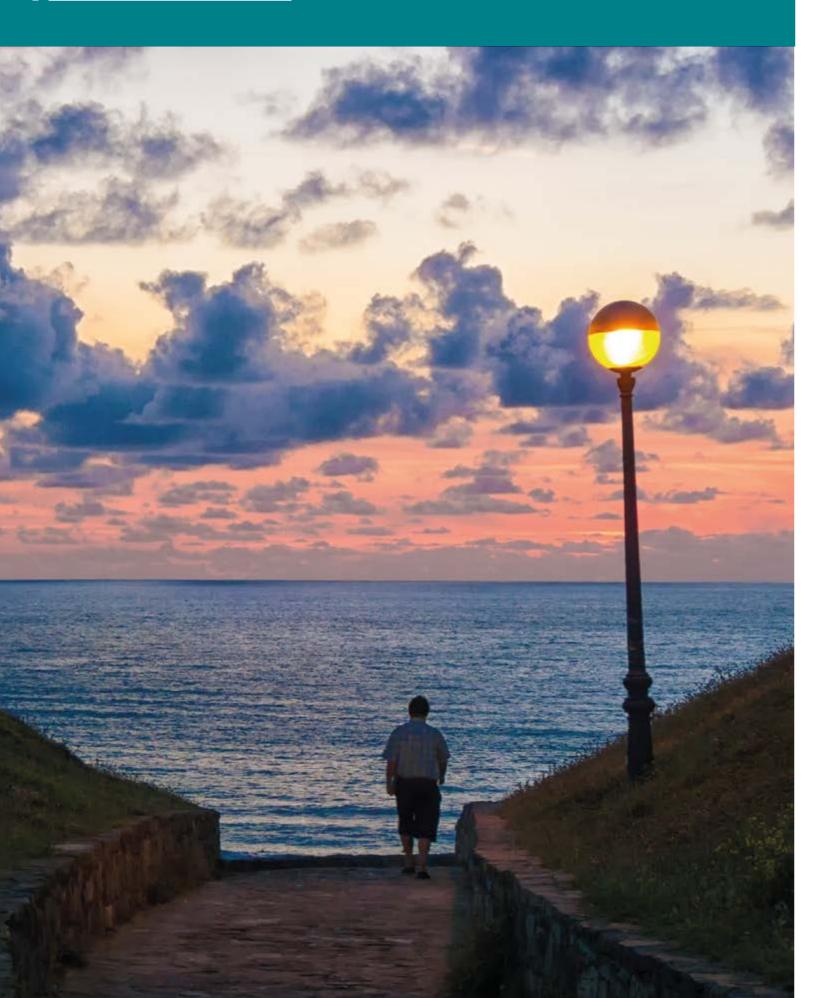
6.2. Participation in external institutions 104

6.3. Shared values. A requirement of our value chain	104	A
6.4. From customer service to a customer focus	106	<b>A</b> G
6.5. Fiscally responsible	108	С
CHAPTER 7		A
ZERO" TOLERANCE		A
FOR CORRUPTION		lr.
AND BRIBERY	110	A P
		V
7.1. Crime risk prevention	117	Α
and program	113	Р
7.2. Measures to prevent corruption	113	A
0114.0000.0		Е
CHAPTER 8	116	
ABOUT THIS REPORT	<u>116</u>	
8.1. Sustainability report		
information perimeter	117	
8.2. Independent outside verification	119	

Annex A.1	
Gri and spanish Law 11/2018 content index	
Annex A.2	
Contact channels	
Annex A.3	
Independent outside verification	
Annex A.4	
Participation in R&D projects	
with public funding	
Annex A.5	
People indicators	
Annex A6	
Environmental indicators	



2021 **SUSTAINABILITY REPORT** 





#### 2021 SUSTAINABILITY REPORT

For the fourth year in a row, we're presenting our Non-Financial Information Statement and Sustainability Report in order to be fully transparent communicating sustainability progress in fiscal year 2021 and our contributions to the UN 2030 Agenda Sustainable Development Goals.

We hope to thus offer our stakeholders answers as concerns our evolution in the areas of environmental and social affairs and governance which are all key factors in our project for the future.

This Sustainability Report is a part of the 2021 Consolidated Management Report for Arteche Group (hereinafter, "the Group" or "Arteche") which was prepared by its Board of Directors and is dated March 28, 2022. By publishing this document, Arteche is meeting the requirements set forth in Spanish Law 11/2018, of 28 December 2018, on non-financial information and diversity which transposed Directive 2014/95/ EU into Spanish law. It reports information with the required detail on environmental, social and personnel-related topics as well as human rights, society and the fight against corruption and bribery.

The information includes all significant impacts for the period subject of the report, establishing priorities with respect to the information on the basis of the principles of materiality, completeness, the sustainability context and stakeholder inclusion pursuant to the Global Reporting Initiative (GRI) requirements. To this end, the GRI Sustainability Reporting Standards were used as a reference when providing information on indicators and aspects considered relevant based on the materiality analysis conducted by the Group whenever such information may be presented with sufficient quality.

References were added to the GRI indicators covered in each section at the beginning of each section (such as GRI 102-14, for example). The provisions of the Guide for preparing Global Reporting Initiative sustainability reports (GRI standards) were taken into consideration meaning a series of standards were chosen based on the information requirements established by Spanish Law 11/2018, the Arteche sector of business and the materiality analysis performed. The indicators are reported partially or completely.

The information in this report was verified by Ernst & Young, S.L., as the independent verification service provider pursuant to article 49 of the Spanish Commercial Code.

**f** we hope this document meets the needs of our stakeholders in understanding our evolution in the areas of environmental and social affairs and governance which are all key factors in our project for the



than ever. we

working to

want to continue

strengthen that

known for with

the experience

us afloat for 75

years and with

our eyes on

a lighthouse

our goals

the future like

helping us reach

that has kept

confidence we're

#### TAKING ON THE FUTURE WITH **CONFIDENCE** AND COMMITMENT

This year, in 2022, we're going through a very exciting period for Arteche. This year, we're celebrating our 75<sup>th</sup> anniversary and the start of a new phase that began on June 11, 2021.

This latest milestone has led to the growth of the Arteche team, which now includes our investors and their own excitement about our shared future-looking project.

Besides being concerned about our results, which is typical of any company with a longterm outlook, becoming a listed company involves transparency, good governance, a solid project and a medium- and longterm strategy that generates confidence among the company's people, suppliers, shareholders and now, investors as well. It's a commitment that has been present as a part of our values from the very beginning.

We've been demonstrating our commitment for 75 years, particularly over these last few convulsive years, thus strengthening the confidence:

of our people through immense efforts in digitalization which have allowed us to remain connected and enhance productivity in our processes,

of our customers by maintaining the same level of quality as always and working to meet expectations with regard to deadlines and shared projects.

of our suppliers, allying ourselves with them to become one team,

of our shareholders, by getting them excited about this project again just as they were on the very first day and, of our investors, restlessly working to give them the expected return on their confidence in Arteche.

Reinforcing this idea of "confidence" right now seems more important to us than ever. We're living in a macroeconomic context affected by a number of variables we couldn't even have imagined a few years back. Flexibility and resilience are characteristics we work on internally as a company in order to constantly adapt to this situation by offering what we've always demonstrated: a way of doing things based on values, commitment, transparency and experience. These are all concepts which are deeply rooted at Arteche in addition to being the basis of our sustainability.

We use this experience to face the current times marked by the wear of a pandemic that has already gone on for two years as well as a war that is devastating the people of Ukraine, the human and economic consequences of which will have a global impact.

It is at times like this when companies must respond by proving their values, strength and commitment.

Flexibility, risk management, intuition to take advantage of opportunities and transparency are nowadays even more important than they have ever been when it comes to ensuring value creation and economic sustainability.

Supported by our solid 75 years of experience and the possibilities offered by a promising electric power sector, we're going to keep on moving forward with our commitment to sustainability as the main players in the energy



transition, a company of reference and an example for society in terms of equal opportunities for women, men and anyone with talent and ambition who wishes to be a part of our team and, of course, with the good governance that has accompanied our company since its foundation.

In 2021, we continued to grow and made progress towards these goals. We hope we can transmit through this report the same

emotions we feel at Arteche when doing our work.

Sincerely,

ALEXANDER ARTETXE President and CEO Arteche Group



## SUSTAINABLY PROVIDING VALUE

WE WORK WITH THE
AIM OF CONTINUING TO
PROVIDE AGILE AND
RESPONSIBLE ANSWERS
TO ENERGY CHALLENGES
ALL WHILE REMAINING
FAITHFUL TO OUR
COMMITMENT TO PEOPLE,
SOCIETY AND THE PLANET.
AND ALWAYS TOGETHER.



#### 1.1. A LEADING, GLOBAL, DIVERSE, INNOVATIVE AND SUSTAINABLE COMPANY FOR 75 YEARS

Over these 75 years of history at Arteche, we've achieved unique experience and positioning in the electric power sector. What began as an adventure in a little shop on Gordoniz street is now a solid business group with products installed in more than 175 countries.

#### THE HISTORY **OF ARTECHE:**

1946

THE FOUNDATION OF ARTECHE, THE FIRST CUSTOM TRANSFORMERS

1961

**OUR FIRST AUXILIARY** RELAYS

1968

**OUR FIRST R&D TECHNOLOGY** CENTER

1975

THE FIRST EXPORT OF AN ARTECHE PRODUCT

1979

THE FIRST **OVERSEAS** BRANCH SET UP IN LATAM

1990

ELECTRONIC METERING **TRANSFORMERS**  1993

THE FIRST BRANCH SET UP IN NORTH **AMERICA** 

2004

THE FIRST BRANCH SET UP IN ASIA

2010

**OPTICAL** TRANSFORMERS 2011

**GAS INSULATED TRANSFORMERS TRANSFORMERS** FOR GAS INSULATED SUBSTATIONS

2013

**ULTRA HIGH** VOLTAGE LABORATORY 2021

**OPTICS** 

FIRST LISTING ON BME GROWTH **ACQUISITION OF** ESITAŞ JOINT VENTURE WITH HITACHI ENERGY **TAKEOVER OF 100%** OF SMART DIGITAL

#### 1.2. IDENTITY AND VALUES

This year, we're celebrating our 75th anniversary with products installed in more than 175 countries. Our

experience and internationalization allow us to directly understand local contexts in the electric power sector,

all the individual requirements and complex demands as well as the social realities

For these reasons, Arteche continues moving forward with a clear guiding principle:

#### **#MovingTogether.**

#### **PURPOSE**

To continue providing agile and responsible answers to energy challenges all while remaining faithful to our commitment to people, society and the planet. And always together.

#### MISSION

To be an international reference in the electric power sector with a vocation for helping our customers offer the greatest possible value in order to grow together as we develop the electricity network of the future and all as a family

business with roots and corporate headquarters in Biscay. Our keys are dominating technology, boosting knowledge and developing people as part of a sustainable, attractive and socially and environmentally responsible project.

#### VISION

We aspire to always be on the cutting edge of technological innovation in the sector and be internationally recognized for quality and service level in all our products and solutions for transportation systems and energy distribution.

#### **VALUES**

To develop our mission and vision, we have summarized our corporate values at Arteche into four main areas:







#### **CUSTOMERS**

arteche

- Closeness
- · A presence with our customers
- Making good on promises

our customers

- Quick responses Searching for solutions
- Listening, learning and bringing something to
- PFOPI F
- · A commitment to the company's project
- A commitment to people
- Sharing knowledge Joint efforts to achieve
- common goals • Taking on challenges
- Resolving problems wherever they occur

#### INNOVATION

- Innovative ambition
- · A systematic search for opportunities Not conforming to
- the status quo and alwavs wanting to achieve more
- Collaborating with others to transform knowledge

#### **EXCELLENCE**

- Doing things well the first time
- An ambition to exceed the highest standards of quality and efficiency
- Continuous improvement
- Aspiring for an excellent corporate reputation



#### THE ARTECHE GROUP GENERAL POLICY

The involvement and leadership of our President and CEO at Arteche Group, Alex Artetxe, in disseminating, developing and updating the values are reflected in this declaration:

#### WE. AT ARTECHE GROUP.

As designers, manufacturers, integrators and marketers of products and solutions for power distribution network measurement, protection, automation, control and communication and as project managers for electricity generation, transmission and distribution.

#### **ARE COMMITTED TO:**

Offering our customers close attention to details in order to meet their needs and expectations with the highest-quality ARTECHE products and services.

√ Creating a transparent environment in which to operate and interact, focusing on the aspects outlined in our code of conduct and which are heavily present in our corporate values, guaranteeing our management is appropriate to the context and our organization's aims.

**√** Guaranteeing information security

in all our processes, products and services within the organization and with regard to third parties, identifying and eliminating any hazards and risks detected.

✓ Developing and promoting a corporate culture of prevention as concerns harmful conducts in addition to supervisory actions with adequate procedures that allow us to detect, correct and sanction irregularities within the organization and with any external party.

√ Working for social progress, environmental balance and sustainable economic growth, by protecting and guaranteeing human rights, workplace safety and environmental protection all while respecting everyone's individual and collective rights at Arteche in addition to fostering equality and non-discrimination so as to better understand and meet people's and the environment's needs.

**√** Encouraging communication,

participation, consultation, teamwork, cooperation and collaboration through all levels of the organization.

√ Attaining and maintaining the most competitive version of our products and services by promoting innovative attitudes and professional development among our personnel, working under a culture of prevention and continuous improvement in order to achieve the greatest of efficiency in our processes thanks to our vocation for excellence.



February 21, 2020

#### **ALEXANDER ARTETXE**

President and CEO of Arteche Group

These values are aligned with the principles of Sustainable Development, Corporate Social Responsibility and, therefore, with the 2030 Agenda - United Nations Sustainable Development Goals.

#### 1.3. OUR ACTIVITIES

At Arteche, we focus our business on designing, manufacturing and marketing electrical components and solutions in the areas of electricity generation, transportation and distribution as well as on industrial electric power applications, energy quality, distribution automation and the railway sector.

The key is dominating technology, enhancing our knowledge and developing the people that are a part of this sustainable and attractive project which is responsible towards society and the environment. We always aspire to be on the cutting edge of technological innovation in the sector and be international recognized for our quality and service level in all of our energy transport and distribution network products and solutions.





#### METERING AND MONITORING SYSTEMS

### Leaders in products for energy metering systems

- HV and MV metering transformers
- Voltage transformers for auxiliary services
- Digital metering
- Low-voltage transformers and sensors



TRANSMISSION NETWORK
AND DISTRIBUTION
AUTOMATION

## Solutions to make electric power distribution digital and automatic

- Auxiliary relays and test blocks
- SAS: Substation and electric power network automation systems



#### NETWORK RELIABILITY

## Services that reinforce the efficiency of electric power infrastructures

- Power restoration devices
- Energy quality
- Renewable energy interconnection
- Specialized services

foundation **T** 

#### 1.4. INNOVATION

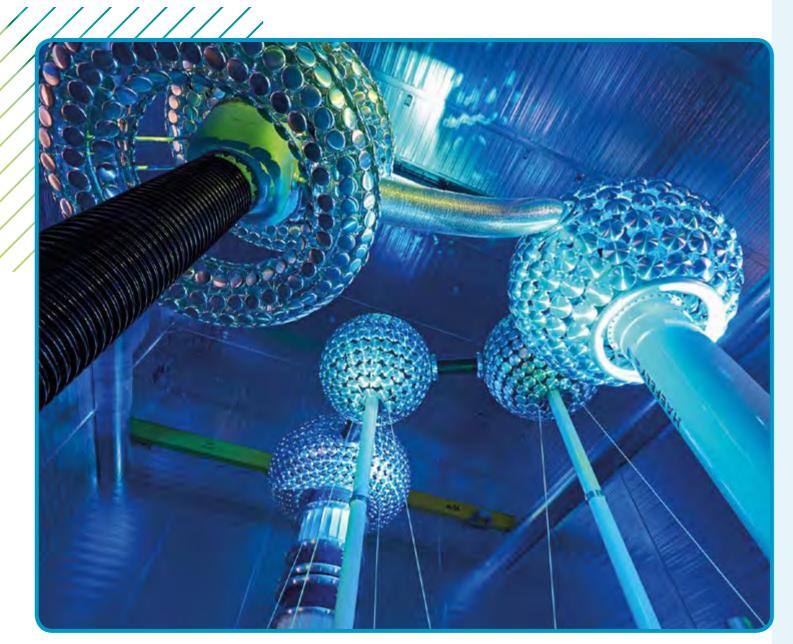
**f** At Arteche, we've been working on innovation since our very

For Arteche, innovation is a strategic variable, a corporate value and, above all, a commitment to ourselves and our customers.

Our priorities are oriented towards developing actions that focus on achieving an energy distribution and transport system that can efficiently, reliably and sustainably integrate the new realities of the energy transition

(renewable technologies, electric power interconnections, electric vehicles, energy storage...).

At Arteche, we've been working on innovation since our very foundation and firmly believe that investment in R&D&I is fundamental to maintaining a good competitive position in the market, growth and sustainability



#### 1.4.1. THE CHALLENGES FOR ARTECHE OF THE R&D&I STRATEGY

SUSTAINABLE, TECHNOLOGICAL, INNOVATIVE AND SOCIAL ENERGY CHALLENGES



efficient mobility and the reliable interconnection of renewable generation.

**DIGITALIZATION** of the electric power distribution network so it is monitored, automatic, predictive, secure and intelligent - Smart Grids.

Investment in R&D&I is

fundamental to maintaining

a good competitive position

in the market, growth and

sustainability |

**DECARBONIZATION** as an essential part of the Circular Economy and the exclusive use of sustainable materials in our equipment and infrastructures.



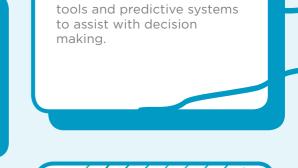
4.0 to equip the devices and infrastructures operating in the network with remote



#### **DISSEMINATION**

of knowledge to support the necessary talent and offer our customers innovative, convenient and functional solutions.





## 1.4.2. ARTECHE DATA AND INDICATORS

## 2021 IN DATA



9.5 M Investment in

innovation

70 R&D&I projects +150

R&D profiles and Talent Stream



+ 20% Women



+ 3,700
Hours of training

+ 180,000
Hours
dedicated



8
Development centers



+ 3% of turnover earmarked for

**R&D&I** activities



+ 25
External collaboration arrangements



80% of all contracts for products that have been updated in the last three years

65% of all effort in products with at least 10 years of service life



**TALENT IN R&D:** Around **10 new hires, more than 10 university interns** (nearly 20% are eventually hired with an employment contract) and **enhanced indirect contracting** through collaboration with technology centers and universities.







The knowledge, experience and leadership demonstrated by Arteche over the last 75 years have made it one of the sector's major referencesr







#### 1111111111

1.4.3. R&D&I PROJECTS

ORGANIZATIONAL. INNOVATIVE AND TECHNOLOGICAL CAPACITY

#### **TECHNOLOGICAL INNOVATION AND PRODUCTS**

Our strategic lines frame our R&D&I roadmap for the coming years so that we may offer innovative and sustainable solutions by applying disruptive technologies when developing our new products.



#### ARTECHE TECHNOLOGY CENTER

The R&D&I team includes the Arteche Technology Center, an R&D business unit that includes the Basque Science and Technology Network (RVCT) which contributes to the group's R&D&I strategic projects with specialized resources and techniques.

#### **PREPARING** TO IMPLEMENT **IEC STANDARD** 62443

Cybersecurity does not only encompass information technologies (IT) but also operational technologies (OT) which are critical to the survival of the business. Our commitment to cybersecurity is seen through our own specialized laboratory, Arteche Cybersecurity **Lab** - a physically and digitally isolated space with all the security measures required by its criticality where we do cybersecurity testing.

IEC 62443 is an international series of standards that address cybersecurity for operational technology in automation and control systems like those developed at Arteche. We have worked throughout 2021 to prepare our systems and operations to implement this standard with a view to becoming certified in 2022.



#### TECHNOLOGY, **INNOVATION AND TALENT**

Innovation does not only constantly occur at Arteche thanks to the internal capacity and organizational structure, but also because we try to create alliances with various agents in this ecosystem both locally and internationally. This has led to the addition of solutions which are now part of our product and service portfolio. Technology, innovation and talent are our great transformers for a sustainable future.

#### **ORGANIZATIONAL INNOVATION AND PROCESSES**

The capacity to innovate, transform processes, add new technologies and develop new products are strategic aspects for the Arteche business as well as a source of competitive advantage and, above all, a firm commitment to customer satisfaction in a context that is becoming faster and faster and more secure all the time in a cleaner, more efficient and more effective environment.





#### ORGANIZATIONAL STRUCTURE AND THE DIGITAL "5 S'S"

experience.

That's why, among others with both visions. in 2021, we took on an project that is particularly challenges in strategic in deploying our innovation strategy and which we operate, but also the products we develop To complete this system, work teams).

which is supported management commitment to R&D&I, communication involves products and implement or digital).

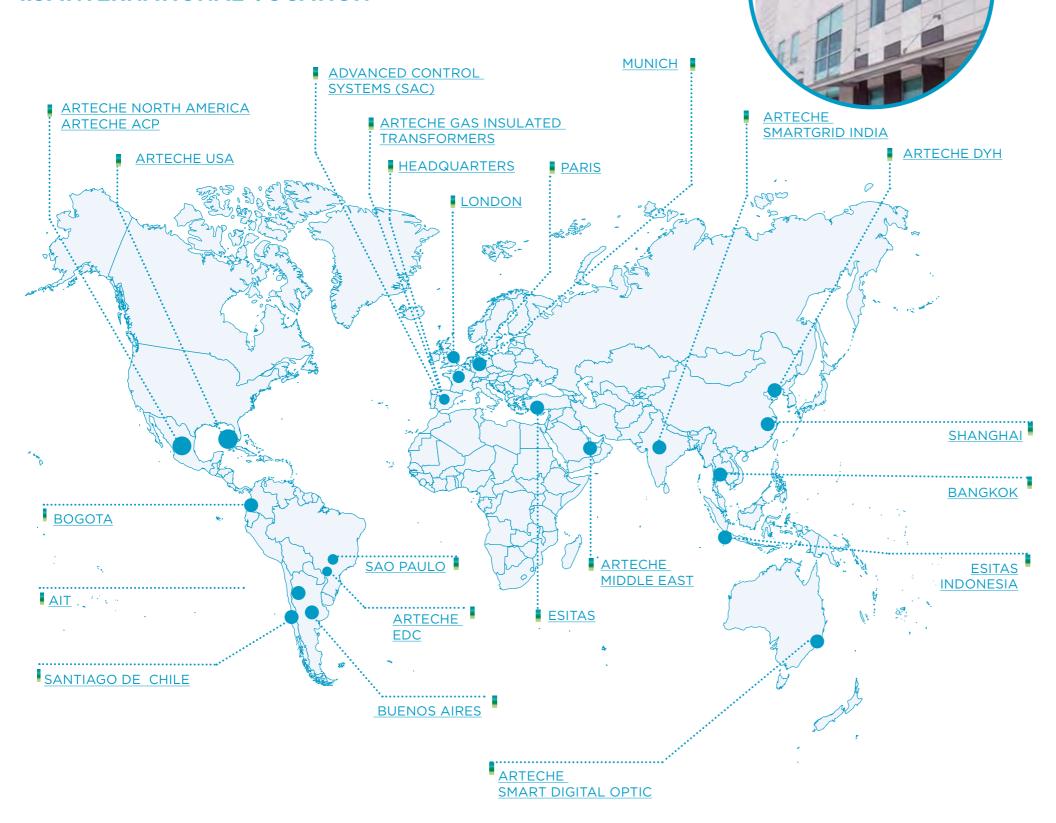
We're aware that the improvements. At the customer experience same time, it groups our begins with the employee teams into these two areas and each one of our products into each group

innovative and transversal One of the greatest transformation is achieving this alignment in our facilitating daily operations approach to become a in a global context (not only driver for effective, efficient as concerns the markets in and collaborative progress.

and the diversity of our we've implemented the "DIGITAL 5 S's. This initiative has consisted of The deployment of our emphasizing collaborative new functional model, work through a document svstem by strong leadership based on cloud tools management's to foster transparency, different movement following approaches and areas yet the "5 S" methodology all aligned on excellence (irrespective of whether to design and develop new the workspace is physical



#### 1.5. INTERNATIONAL VOCATION



## Arteche began its international expansion in 1973, and nowadays has the following operations overseas:

#### Mexico:

Arteche North America - Tepeji del Rio Arteche ACP - Mexico City

#### • USA:

Arteche USA - Miami

#### Colombia:

Bogota office

#### • Brazil:

Arteche EDC - Curitiba São Paulo office

#### • Chile:

Santiago de Chile office

#### • Argentina:

AIT - Cordoba

Buenos Aires office

#### • Spain:

Arteche Lantegi Elkartea - Headquarters - Mungia Electrotécnica Arteche Hermanos - Mungia Electrotécnica Arteche Smart Grid - Mungia Arteche Technology Center - Mungia SAC Maker - Madrid Arteche Gas Insulated Transformers - Vitoria Gasteiz

#### • France:

París office

Seville office

#### • Germany:

Munich office

#### • United Kingdom:

London office

#### • Turkey:

Esitas - Istanbul

#### • United Arab Emirates:

Arteche Middle East - Dubai

#### India

Arteche SmartGrid India - Bangalore

#### China

Arteche DYH - Dalian Shanghai office

#### • Thailand:

Bangkok office

#### • Indonesia:

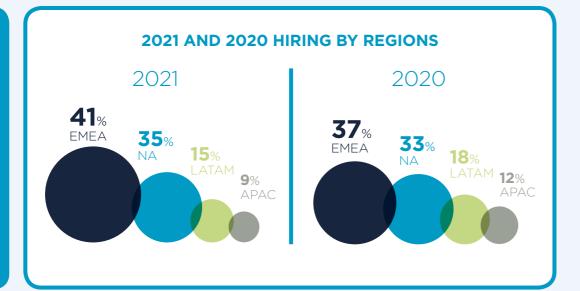
Esitas Indonesia - Bekasi

#### • Australia:

Arteche Smart Digital Optics - Sidney

#### 1.6. ARTECHE IN FIGURES

## **ARTECHE** AT **GLANCE**



# MAIN FIGURE



## 2020 **€264M**

#### **Contracts** 2021 **€286M**

**Turnover** 2021 **€282M** 2020 **€265M** 

profit 2021 **€8.6M** 2020 **€0.7M** 

Net

assets 2021 **€283M** 2020 **€238M** 

**Totals** 



**Number** of plants 2021 14 2020 12

Countries with a sales presence 2021 **17** 2020 **15** 



Number of people 2021 2,349 2020 2,038



#### ECONOMIC PERFORMANCE AND ESG



Economic value generated

> €283.6M **(+7%)**

Economic value distributed

> €274.8M (+12%)

**ECONOMIC PERFORMANCE** 

€8.8M **(-57%)** 

Economic value

retained

Total tax contribution

€28M (+18%)

Revenue €282M (+6.6%)

per share €0.16 (+730%) €

Profit

### **ENVIRONMENTAL PERFORMANCE (E)**



Generation of hazardous waste -44%

Recycled non-hazardous waste

**52%** 

Scope 1 emissions -3%

Environmental incidents and ISO non-conformities

Complaints of

Started measuring **GHG** emissions of scope

3



#### **SOCIAL PERFORMANCE (S)**

Hours of training +40%

Personnel

with indefinite contracts 86%

Women on the workforce **25%** (+300 pb)

Expenditure on local suppliers 80%

human rights violations 0

Collaboration agreements with educational institutions

16

111

#### **CORPORATE GOVERNANCE PERFORMANCE (G)**

Approval of five ESG policies by the Board

The establishment of a Risk Management **System** 

implementation of a Crime **Prevention** Model at all plants in **Europe** 

and Mexico

Money laundering incidents

0

Sites assessed for corruption 100%

**Employees** trained on compliance 40%

(931)



## 2021 MAIN MILESTONES:



Approval of the 2030 Sustainability Strategic Plan

**Cybersecurity Laboratory** 

Listed on BME Growth

The Mexican electric power operator trusts in us to develop its Smart Grid

Indonesia
installs its
first mixed
buried/
overhead
line
protection
system

Corporate purpose:
to continue providing
agile and responsible
answers to energy
challenges all while
remaining faithful to
our commitment to
people, society and
the planet. And always

together

We developed a new controller for overhead distribution automation

Our PVTs are helping interconnect renewable energies all over the world

Takeover of SDO

Acquisition of Esitaş

JV with Hitachi Energy

## 1.7. TODAY'S ENERGY SECTOR IS FOSTERING OUR GROWTH

The electric power sector is currently in an energy transition driven by three interrelated factors:

- Decarbonization
- Decentralization
- Digitalization

This evolution, caused by an increase in the demand for electricity, will lead to an increase in the demand for substations deriving from a new energy model with a tendency for more generation, particularly

of renewable energies, and an ever more decentralized electric power distribution network.

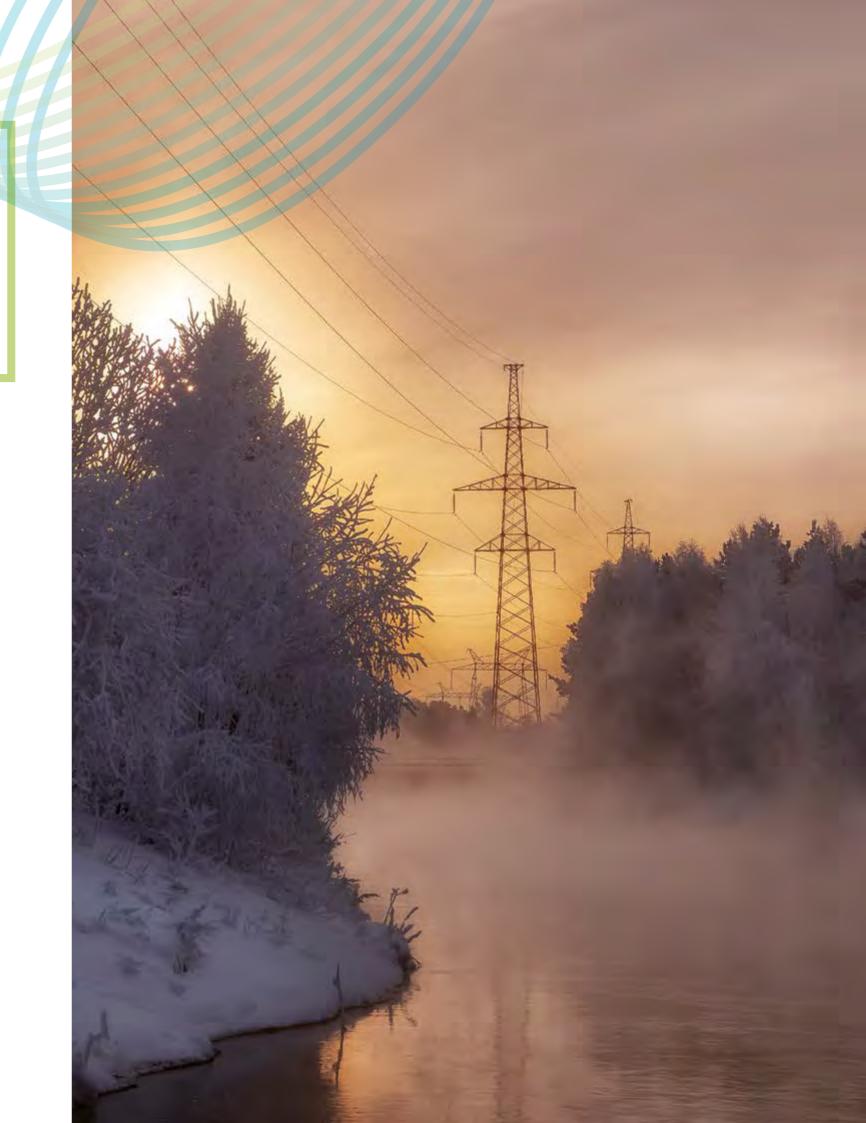
The energy sector is a forward-looking sector in which more consumption of environmentally friendly energies is expected. It's a future we're building together





## SUSTAINABILITY IN OUR DNA

OUR COMMITMENT
TO SOCIETY IS FIRM.
AT ARTECHE, WE
WISH TO ACTIVELY
PARTICIPATE IN ORDER
TO CONTRIBUTE TO
SOCIAL DEVELOPMENT
AND GENERATE VALUE
FOR OUR CUSTOMERS
AND SOCIETY.





#### 2.1. OUR SUSTAINABILITY STRATEGY

Those of us who are a part of Arteche, our customers, our suppliers and all of the societies where we operate are the fundamental role-players in the development of this shared journey that is Arteche.

> Our commitment is to move forward together, #MOVINGTOGETHER

In FISCAL YEAR 2020, following our strategic reflection process, we decided to **FOCUS ON THE FOLLOWING SDGs:** 











This **COMMITMENT** took shape through the following fundamental aspects:



The process of integrating the operational strategy with the ESG strategy continued in fiscal year 2021 with the approval of the 2022-2030 Sustainability Plan by our Board of Directors, thus proving our highest executive body's commitment to a comprehensively sustainable strategy.

The plan sets forth measurable multi-year goals based on GRI INDICATORS as well as a roadmap for each strategic line:





- 2030 Goals
- 2022-2023-2025-2027 strategic
- A roadmap for each goal and responsible party
- · Goals for each GRI indicator
- Periodic supervision by the Management Committee and the Board
- In line with the strategic plan
- For each region
- Regional budgets



The 2022-2030 SUSTAINABILITY STRATEGIC PLAN defines five main strategic lines for 2030 with 11 strategic goals:







**ZERO NET CARBON EMISSIONS** 

**ZERO IMPACT FROM PRODUCTS AND PACKAGING** 

**100% USE OF** RENEWABLE **ENERGIES** 

- 100% of our products are designed with sustainable insulation and materials
- 100% of the energy consumed is renewable
- 100% use of recycled cardboard
- 100% of our disposable packaging is plastic-free
- Paperless. 100% digitalization of administrative processes
- Recycling/Reuse of 100% of all waste
- Reducing our carbon footprint by 50%







**EXCELLENCE** IN CORPORATE GOVERNANCE

**DIVERSE YET EQUAL** 

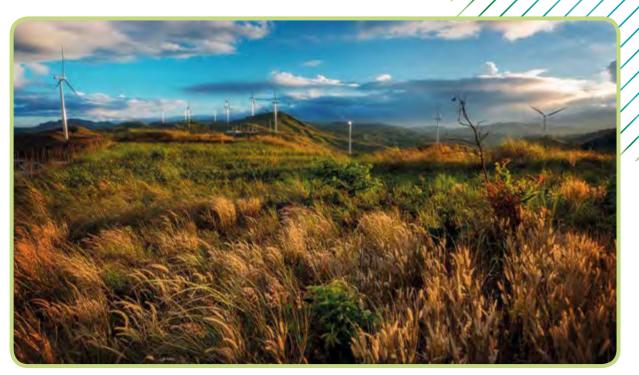
- Best practices in corporate governance
- Best place to work
- O days not worked due to workplace accidents
- An equalopportunity employer as
- per international standards

## 2.2. RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES

Decisions on economic, environmental and social issues are made by the Board of Directors without prejudice to a prior analysis of certain subjects and proposals by the delegated committees.

Likewise, we have designated a Management Committee on the executive level presided by the Group's General Manager. The responsibilities of the corporate functional areas with regard to economic, environmental and social issues are as follows:

- Along with the General Manager and the rest of the management team, the **President and** CEO is responsible for the organization and strategic coordination of these issues.
- The **Secretary of the Board of Directors** is responsible for corporate governance issues.
- Aspects related to labor practices are the reasonability of the **Director of Human Resources.**
- Those related to the environment are the responsibility of the **Director of Operations** and the **EHS area**.
- Management of the supply chain is the responsibility of the Director of Procurement.
- Economic aspects are the responsibility of the **Director of Finance**.
- The Compliance Officer is responsible for proactively ensuring the Group's compliance system works effectively.
- The Director of Internal Auditing ensures the Group's information and internal control, risk management and governance systems work properly.



The responsibilities are undertaken in a decentralized manner by the various production companies through their respective management teams.

#### THE SUSTAINABILITY COMMITTEE

As a result of our commitment to sustainable development and the 2030 Agenda, the President and CEO leads the Sustainability Committee which is an executive body that is decentralized into regional sub-committees, the functioning of which is based on:

- **Duties:** leadership and coordination of sustainability goals and actions
- Frequency: monthly meetings
- Composition:
  - Leadership from the top executive
- Diversity in professional profiles, gender, geography and responsibility
- Management:
  - Regional autonomy and decentralization
  - Ad-hoc sustainability plans per region
  - Annual budget allocation
- Initiatives coordinated by the global committee
- Diversity in communication channels with stakeholders

#### Reporting:

- Quarterly GRI indicator calculation
- Quarterly internal communication to the entire organization
- Non-financial *reporting* manual
- Annual sustainability report

#### Supervision:

 Periodic appearances by the sustainability manager before the Auditing and Compliance Committee



To actively promote sustainable development from a global perspective: working for social progress, environmental balance and economic growth. The 2030 Development Agenda is an action plan meant to benefit people, the planet and prosperity

The purpose under which the Arteche Group Sustainability Committee was created.

#### **ORGANIZATION OF THE SUSTAINABILITY COMMITTEES**









45 people



#### 2.3. A COMMITMENT TO THE UNITED NATIONS GLOBAL **COMPACT SINCE 2014**

Through a letter sent to the United Nations Secretary General, we manifested OUR **COMMITMENT,** which was reaffirmed in 2020 as *signatory* member, to:

- Human and labor rights as recognized in national and international laws.
- The Ten Principles of the United Nations Global Compact.
- The Norms on the Responsibilities of Transnational Corporations
- and Other Business Enterprises with regard to Human Rights.
- The OECD Guidelines for Multinational Enterprises.
- The Tripartite Declaration of Principles concerning Multinational Enterprises.
- The International Labor Organization's social policy as well as the documents and texts that may replace or complement the aforementioned.

Arteche's annual performance establish a relationship between in the area of sustainable the activities Arteche describes development, its strategy to this in this report and the different end and the main actions and SDGs fostered by the activities projects undertaken.

the contributions to the 2030 has made a relevant contribution.

This report is a summary of Agenda, it is important to carried out. Therefore, each section identifies the SDGs to For easier analysis as concerns which the company believes it





#### 2.4. STAKEHOLDERS AND THE MATERIALITY ANALYSIS



Identifying the most significant issues for Arteche as well as our stakeholders is essential to decision making on our corporate governance, designing strategic plans and defining the content for our corporate reporting processes.

Thus, we've completed a materiality analysis in order



to identify the impacts that could derive from our activities which would become our priority issues and thereby integrating our business and sustainability goals when developing our strategy.

Our materiality analysis is detailed in the following sections.



Communication with our stakeholders allows us to build trustworthy, long-term relationships

#### STAKEHOLDER MAP REVIEW

expectations and that's why we information. make efforts to maintain constant communication and, thus, build As part of its annual long-term relationships of trust strategic reflection process, and respect. In order to do so, the Management Committee we have different two-way updates the Group's stakeholders, communication strategies based their expectations and the main

We aim to meet our stakeholders' honest, precise and reliable

on transparency and offering communication channels.



#### **ARTECHE GROUP STAKEHOLDERS**

STAKEHOLDERS	IMPORTANCE FOR ARTECHE	COMMUNICATION CHANNELS
EMPLOYEES AND THEIR FAMILIES	For Arteche, people are the heart of our organization. A team aligned with the organization's strategy which is motivated and ready to do their best every single day is fundamental and a key part of our value proposal as a company.	Internal newsletter Arteche Together, All Hands Meeting, Cafés con Vista, intranet, performance evaluations, information panels, equality commissions, employee portal, ethics channel, sustainability channel
WORKS COUNCIL AND UNIONS	Social dialog is essential to adding up all efforts as we advance together for shared benefits.	Committees, follow-up meetings, intranet, employee portal.
CUSTOMERS	Our work always focuses on our customers. We've been known for our closeness and service quality throughout these 75 years of history, and we work each and every day to offer the best solutions for each one of their needs.	Satisfaction surveys, visits, trade shows, social media, Arteche website.
SUPPLIERS	Suppliers are a key link in our value chain. We work together to achieve a sustainable and innovative supply process, always thinking about the long-term in our relations.	Visits, trade shows, periodic evaluations, ethics channel, social media, Arteche website.

STAKEHOLDERS	IMPORTANCE FOR ARTECHE	COMMUNICATION CHANNELS
SHAREHOLDERS, ANALYSTS AND INVESTORS	The support and trust we receive from our shareholders, analysts and investors is essential to carrying out our aims and turning our vision into a reality. With our good governance practices and transparency in our relations, we try every day to turn that trust into conviction.	General Meeting of Shareholders, annual reports, Arteche website – investors, specialized forums, investors relations manager.
GOBIERNO Y ADMINISTRACIONES PÚBLICAS	Governments and public agencies are decisive allies for our business in each of places where we operate.	Scheduled visits, legal requirements, surveys, Arteche website.
SOCIETY	Enhancing the efficiency and connectivity of the grid is one of our major goals as we focus on ensuring the highest possible quality in the generation, transmission and distribution of energy to society. Moreover, we seek to proactively contribute to its development by creating opportunities in the places where we are present.	Scheduled visits, open doors days, environmental indicators, Arteche website.
R&D CENTERS AND EDUCATIONAL INSTITUTIONS	Collaboration in the areas of innovation and future talent is fundamental for progress. We work together in order to generate the best synergies.	Open doors days, scheduled visits, joint projects, sector forums, Arteche website.

New stakeholders were identified when Arteche shares became listed on BME Growth: analysts, minority shareholders and potential investors.



Aware of the importance of communication in the Group's strategy, our Board of Directors made several decisions aimed at strengthening our transparency, rigor in external communications and the application of best corporate governance practices:

- The approval of the **general** policy for communications with shareholders and **investors** which applies to all group employees
- The approval of the sustainability policy which includes Arteche's
- commitment to each of our stakeholders
- The approval of an **internal** policy on conduct with regard to • The creation of a corporate matters related to the securities markets and the appointment of a person responsible for applying this policy.
- The appointment of a **person** responsible for investor relations.
  - communications department.
  - The development of the 'Investors' section of the corporate website.

#### **MATERIALITY ANALYSIS**

We conducted a materiality issues for our stakeholders and for is coherent with what is expected analysis in order to understand our strategy. This analysis helps us of the Group as well as determine

and prioritize the most relevant develop a business strategy that which information must be reported.

These were the **PHASES OF THE MATERIALITY ANALYSIS**:

#### Contact

An evaluation of the changes in the Group's environment.

#### Identification

The identification of the issues that are relevant to each stakeholder.

#### Aggregation

The aggregation of the relevant issues into 15 themes.

#### **Prioritization**

The prioritization of the issues based on their importance to the business and to each stakeholder.

#### **Assignment**

The assignment of each of the relevant issues to each 2030 Agenda SDG.



15 PRIORITY ISSUES were identified as a result of this process. They are mapped on this **MATERILIATY MATRIX:** 



#### **E** (Environment)

- 4 Carbon footprint
- 7 Innovation and sustainable products
- 12 Mitigation and adaptation to climate change

#### S (Social)

- 1 Quality jobs
- **3** Health and safety
- 8 Diversity and equality
- 11 Development and local commitment
- 14 COVID-19 pandemic
- 15 Employee experience and work organization

#### **G** (Corporate governance)

- **2** Economic and financial performance
- **5** Customer satisfaction
- **6** Good governance and risk managemen
- **9** Ethics and transparency
- **10** Responsible supply chain
- **13** Fiscal responsibility



#### **SIGNIFICANT CHANGES IN** THE MATERIAL ISSUES IN 2021

increased in relevance.

The evolution of the COVID-19 In addition, the new environment pandemic in 2021 and the deriving from our delisting success of the public health from BME Growth in 2021 and risk containment measures the increasing demand by our implemented by the Group have stakeholders for attention to ESG helped reduce the significance of aspects have all made corporate this issue from a workforce health governance, the fight against perspective despite its impacts climate change, transparency on the supply chain, which have and ethics in our business more important.



#### **OUR PRIORITY SDGS AND COVERAGE** OF MATERIAL ISSUES

economic, social and environmental mission and values and in the context by this report are detailed below:

As a result of dialog with our repercussions of all of our activities, of respect for human rights. The

stakeholders, a materiality analysis Arteche has framed our business SDGs to which our contributions are and aware of the unquestionable activities within a commitment to our most relevant, and which are covered These SDGs are our priority influencethemandourstakeholders' not the only ones. We also foster objectives due to our capacity to expectations. However, they are initiatives related to the other SDGs.

Priority SDG	Description	Material issue	Coverage in the Sustainability Report
4 QUALITY EDUCATION	<ul> <li>Guaranteeing an inclusive, equative and quality education and promoting learning opportunities throughout life for everyone.</li> </ul>	<ul><li>Employee experience and work organization</li><li>Diversity and equality</li></ul>	CHAPTER 4
5 GENDER EQUALITY	<ul> <li>Achieving equality between genders and empowering all women and girls.</li> </ul>	Diversity and equality	CHAPTER 4
8 DECENT WORK AND ECONOMIC GROWTH	• Fostering sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul> <li>Economic and financial performance</li> <li>Good governance and risk management</li> <li>Ethics and transparency</li> <li>Quality jobs</li> <li>Health and safety</li> <li>COVID-19 pandemic</li> <li>Employee experience and work organization</li> <li>Customer satisfaction</li> <li>Fiscal responsibility</li> </ul>	CHAPTERS 1, 3, 4
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<ul> <li>Developing resilient infrastructures, promoting inclusive and sustainable industrialization and encouraging innovation.</li> </ul>	<ul><li>Responsible supply chain</li><li>Innovation and sustainable products</li></ul>	CHAPTERS 1, 6
11 SUSTAINABLE CITIES AND COMMUNITIES	<ul> <li>Making our cities and human settlements inclusive, safe, resilient and sustainable.</li> </ul>	<ul> <li>Good governance and risk management</li> <li>Ethics and transparency</li> <li>Carbon footprint</li> <li>Mitigation and adaptation to climate change</li> <li>Development and local commitment</li> <li>Responsible supply chain</li> <li>Fiscal responsibility</li> </ul>	CHAPTERS 3, 5, 6 AND 7
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul> <li>Guaranteeing the SDG sustainable consumption and production patterns.</li> </ul>	<ul> <li>Carbon footprint</li> <li>Mitigation and adaptation to climate change</li> <li>Responsible supply chain</li> <li>Innovation and sustainable products</li> </ul>	CHAPTERS 1, 5 AND 6



#### 2.5. SDG AWARENESS ACTIONS

to enhance the value of our at Arteche has been reflected by the (15) which exceeds the goal set business sustainability and number of people who participate for the year 2021 (21). Ten of these strengthen our relations with our in our regional sustainability proposals have been accepted and

committees as well as the number implemented.

The SDGs are a great opportunity The great acceptance of this initiative of sustainability proposals received



Several initiatives to spread awareness for the SDGs and the 2030 Agenda have been carried out:

Corporate material on **6 corporate SDGs** 

Specific training and training pills on each SDG

**Volunteers spreading** awareness for the SDG among society at large

The Sustainability Committee continues to develop initiatives to help spread awareness for the SDGs through all levels of the organization, thereby boosting the sustainability communications plan.

#### 2.6. CLIMATE TAXONOMY

#### **DESCRIPTION**

Union established a series of adapt to the climate. a classification system that compliance with certain minimum sector portfolios and increased

guidelines supported by a The climate taxonomy is a system uniformity and homogeneity sustainable finance strategy that classifies economic activities in sustainability criteria all seeking a transition towards a by itemizing the conditions of while preventing greenwashing low-carbon economy. Thirty- substantial contribution to the with the ultimate objective of five professionals were named achievement of one or more of the making it easier to compare by the European Commission to six environmental goals set forth sector companies so there is a form the Technical Expert Group by the European Union without re-orientation of flows towards (TEG) on Sustainable Finance. harming (or causing significant more sustainable activities, the Their task has been to define damage) to the other five and in decarbonization of financial establishes criteria for screening social safeguards based on the possibilities for financing the the economic activities that ILO, human rights and the OECD.

Some time ago, the European significantly help mitigate and The taxonomy was developed as part of the search for non-financial sector.



percentage of eligibility which Royal Decree 2139/2021. These with the Taxonomy.

The reporting obligation in represents the weight of the eligible activities must be analyzed fiscal year 2021 is limited to the activities described by Spanish in subsequent years for alignment

#### **ANALYSIS AND RESULTS**

the Arteche Group's activities, material and electric equipment climate change in the following we concluded that, based on and CNAE N80.30 Research eligible activities: the application of different activities. methods, all of our production activities fall under two economic These economic activities energy technologies. activity codes: CNAE (Spanish are identified in the current • 4.9 Electricity transport and Economic Activities Code) C27.11. wording of the Delegated distribution. Manufacture of electric motors, Regulation 2021/2139 focusing • 9.2 Market research,

After conducting an analysis of C27.90 Manufacture of other mitigation and adaptation to

generators and transformers, on the environmental goals for development and innovation.

- 3.1 Manufacture of renewable

At Arteche, we're committed to decarbonization and have used this tool to analyze our activities. In line with the criteria established, we have reached the following conclusion:



#### **ARTECHE GROUP'S ELEGIBLE ACTIVITIES**

Thousands of euros	Turnover	Investments (Capex)	Operating expenses (Capex)
Total eligible activities	281,404	13,928	10,202
Total Arteche Group	282,076	13,955	10,242
% eligibility	99.8%	99.8%	99.6%
% de actividades no elegibles	0.2%	0.1%	0.4%
Falta está última fila			

#### **CALCULATING THE ELEGIBLE TURNOVER %**

considered Group (denominator).

revenue Royal Decree 1159/2010, of 17 corresponding September, which approves the adjustments.

The key indicator referring This revenue corresponds to that rules for preparing consolidated to turnover is calculated as the which is recognized in accordance annual accounts and later proportion of revenue from with Spanish Royal Decree modifications (including Spanish companies whose activities 1514/2007, of 20 November, which Royal Decree 602/2016) (General eligible approves the Spanish General Chart of Accounts - group 70 (numerator) out of the total Chart of Accounts, and Spanish accounts) after making any consolidation

#### **CALCULATING ELEGIBLE CAPEX**

This indicator is obtained as a and intangible assets before assets pursuant to the general invested by the companies revaluation and impairment and 19). whose activities are considered except changes in fair value. eligible (numerator) out of the Likewise, it includes all resulting The Group also includes total assets acquired in fiscal additions from business the total Capex associated with year 2021 (denominator). This combinations. Therefore, it the holding company in this denominator (total Capex) is corresponds with the capitalized ratio for facilitating the eligible obtained by adding tangible costs of tangible and intangible activities.

proportion of the fixed assets depreciation, amortization, chart of accounts (NRV 2, 5

#### **CALCULATING THE ELEGIBLE OPEX %**

This indicator is obtained as renovation measures, short-term aforementioned costs included the proportion of OpEx from leases, maintenance and repairs as tangible and intangible assets companies whose activities are as well as other direct expenses pursuant to the general chart of considered eligible (numerator) related to the daily maintenance accounts (NRV 2, 5 and 19). out of the total taxonomic of fixed assets by the company The Group also includes the total OpEx (denominator). This or a subcontracted third party OpEx associated with the holding denominator limits all operating which are needed to guarantee company and other companies expenses to the non-capitalized continued operation and the that lease assets where the direct costs related to research effectiveness of such assets. Group operates in this ratio for and development, building Therefore, they correspond to the facilitating the eligible activities.

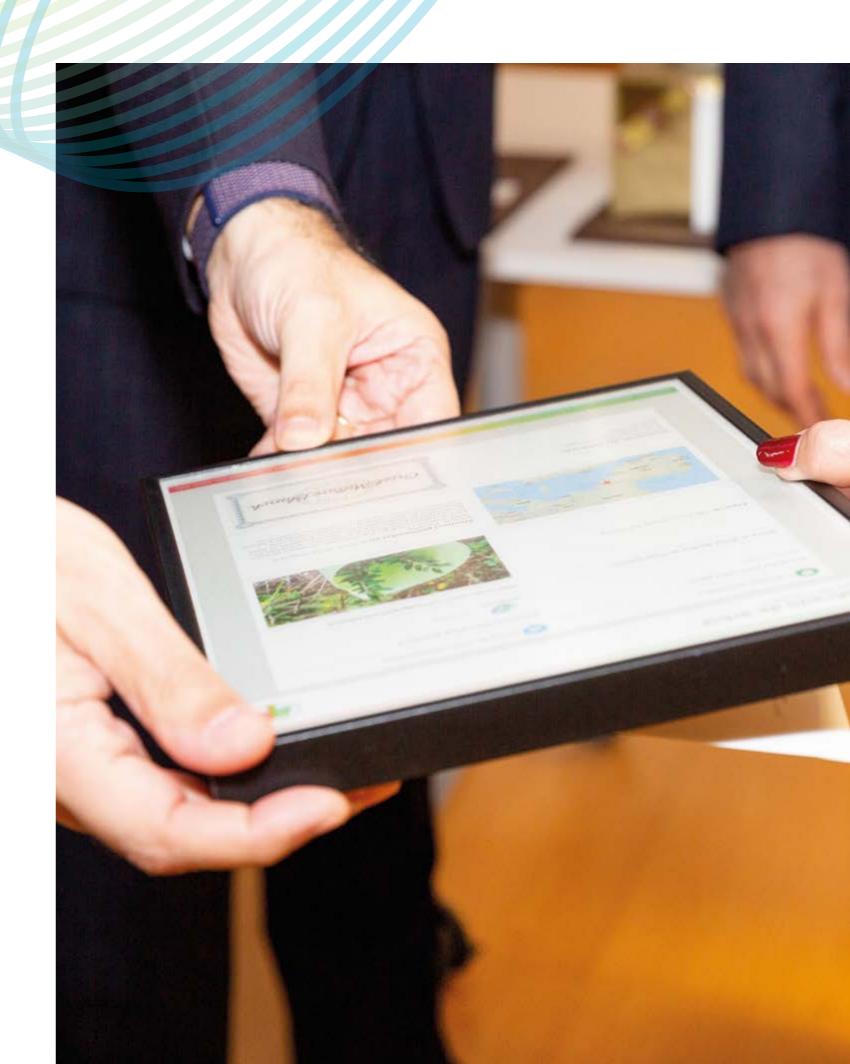






## **GOOD GOVERNANCE, ETHICS AND RISK MANAGEMENT**

AT ARTECHE GROUP, WE FULLY RESPECT **OUR COMMITMENT TO BEST PRACTICES IN** GOOD GOVERNANCE, ETHICS AND CORPORATE RESPONSIBILITY IN OUR ACTIVITIES.



Adaptation of the rules for all governance bodies.

Approval of five ESG policies by the Board: Risks, Communication with Shareholders. Sustainability, People and Market Abuse.

Consolidation of the risk management system.

Material Aspect	Related SDGs		
Good governance and risk management	8 DECENT WORK AND ECONOMIC GROWTH  11 SUSTAINABLE CITIES AND STRONG INSTITUTIONS    STREET		
Ethics and transparency	8 DECENT WORK AND ECONOMIC GROWTH  11 SUSTAINABLE CITIES AND STRONG INSTITUTIONS    15 PEACE JUSTICE AND STRONG INSTITUTIONS		
COVID-19 pandemic	3 GOOD HEALTH AND WELL-BEING ECONOMIC GROWTH		

#### 3.1. CORPORATE GOVERNANCE SYSTEM

Board of Directors upholds a activities.

Group's corporate in good governance, ethics and Corporate Governance System governance policy, the Arteche corporate responsibility in its with the following measures in

As the highest authority on commitment to best practices. In 2021, we strengthened our different ESG areas:

Governance bodies	<ul> <li>Modification of the current Bylaws and approval of a new recast text.</li> <li>Modification of the: <ul> <li>Board Rules.</li> <li>Audit and Compliance Committee Rules.</li> <li>Appointment and Compensation Committee Rules.</li> </ul> </li> </ul>
Transparency, market abuse and communications	<ul> <li>Approval of the Internal Rules of Conduct in Securities Markets.</li> <li>Appointment of a manager for these rules.</li> <li>Approval of the Communication with Shareholders and Investors and Economic-Financial Information Policy.</li> </ul>
Risk management	<ul> <li>Approval of the Risk Control and Management Policy.</li> <li>Approval of several compliance policies (see Chapter 7).</li> </ul>
Environment and people	<ul><li>Approval of the Sustainability Policy.</li><li>Approval of the People Policy.</li></ul>

implementing best practices.

All of these measures were aimed Thus, our corporate governance vision and values, the Code at adapting the system to the system is mainly comprised of Ethics, corporate policies and new BME Growth framework and of the Bylaws, governance body the Integrated Management Rules, the group's mission, Model.

#### ARTECHE GROUP CORPORATE GOVERNANCE SYSTEM Shareholders General regulations **Corporate Bylaws** for the group's activities Board of Directors Rules Rules on • Audit and Compliance Committee Rules the duties and Appointment and Compensation Committee Rules Rules competencies • Rules of Conduct on Securities Market of the governance Matters bodies Board • Mission, Vision and Values Code of Ethics **General guidelines** • Basic Internal Auditing Standards for goals • Risk Control and Management Policy Communication with Shareholders achievement and Investors and Economic-Financial Information Policy • Sustainability Policy People Policy **Specific** Integrated R&D Policies Management Model Transfer Price Policies policies Crime Prevention • Data Protection that further Model Policy Management Policies develop • Compliance Policies Systems Policies corporate Managemen policies Standards, procedures • Integrated Management and protocols Model Procedures Procedures that further develop the policies

- Annual performance selfevaluations for the Board of Directors and all delegated committees.
- Boosting the three lines of defense model.
- corporate policies that further develop the principles of the corporate governance system and which include the guidelines for our actions.
- The implementation of a risk management and internal control system.
- Periodic reviews of the
   The creation of an "investors" section on the corporate website with access to the directors' and senior executives' profiles as well as our main rules and policies for corporate governance.

The ongoing monitoring of this own areas of action, is another fostering a culture of ethics as

system, which is the responsibility requirement for improving key aspects of the sustainability of all governance bodies in their the group's governance and of our business model.

#### 3.2. GOVERNANCE

#### 3.2.1. SHAREHOLDER RELATIONS MODEL

Elkartea, S.A., have been listed in facility) since June 11, 2021.

The shares in Arteche Group's the BME Growth segment of BME As of December 31, the Arteche parent company, Arteche Lantegi MTW Equity (multilateral trading shareholders with a direct share of more than 5% were as follows:

#### ARTECHE LANTEGI ELKARTEA, S.A. SHAREHOLDING STRUCTURE



Our sha	areholder	relati	ons m	ode
is base	d on the	Comr	nunica	tion
with Sh	nareholde	ers and	Inves	tors
and	Ec	onomi	c-Finar	ncia
Informa	ntion Po	olicy	and	the
Interna	Rules	of Co	nduct	or
Securit	ies Marke	et Mat	ters, k	ooth
of which	h were a	approv	ed by	the
Board o	of Directo	rs.		

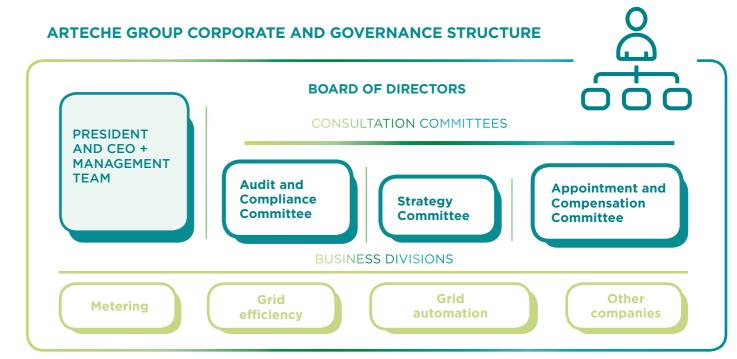
	2021	2020
Ziskua Ber, S.L.	52.38%	61.64%
ECN Cable Group	21.21%	28.11%
Basque Fondo de Capital Riesgo	6.40%	7.30%

Communication Shareholders and Investors and Economic-Financial full respect for all market abuse rules the group.

with and the principle of equal treatment for shareholders in the same position. Information On the other hand, the Internal Policy defines the channels of Rules of Conduct on Securities communication and contact with Market Matters aims to guarantee shareholders and institutional respect for the Spanish Law on h investors as concerns their Securities Markets and the Market e implication in the company and with Abuse Regulation as applicable to

#### 3.2.2. CORPORATE AND GOVERNANCE STRUCTURE

Our group's corporate and governance structure is reflected in the following diagram:



for the General Meeting by decision-making

Except for the matters reserved of Directors is the highest of Shareholders and is regulated Law and the Bylaws, our Board following the General Meeting Directors Rules.

authority by the Bylaws and the Board of

#### 3.2.3. BOARD OF DIRECTORS

strategy and exact organization interests.

holds the powers of group to supervising and controlling supervision, management, control management's achievement of and representation. Its mission the goals as well as ensuring mainly includes approving the respect for the group's social

The Arteche Board of Directors to put it into practice in addition. It is comprised of eight directors (one woman and seven men) two executive directors, three % proprietary directors, two independent directors, one outside director - and the Secretary.





#### **COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2021**

Office	Board Member	Туре	Nationality	First appointment	Most recent appointment
President and CEO	Alexander Artetxe Panera	Executive	Spanish	06/26/2001	06/20/2018
Director	Ziskua Ver, S.L. (*)	Proprietary (*)	Spanish	06/26/2008	04/29/2019
Director	Dámaso Quintana Pradera	Proprietary	Spanish	04/29/2021	04/29/2021
Director	Pablo Ramallo Taboada	Proprietary	Spanish	04/29/2021	04/29/2021
Director	José María Abril Pérez	Other Outside	Spanish	04/29/2021	04/29/2021
Director	Gestión de Capital Riesgo del País Vasco, SGEIIC, S.A. (**)	Proprietary	Spanish	04/29/2019	04/29/2019
Director	Guillermo Ulacia Arnáiz	Independent	Spanish	04/29/2021	04/29/2021
Director	Luis Aranaz Zuza	Independent	Spanish	04/29/2019	04/29/2021
Non- Director Secretary	Jose Ramón Berecibar	-	Spanish	05/28/2018	05/28/2018

(\*) Represented by the legal entity Lander Arteche España. Without prejudice to the fact that the board member Ziskua Ber, S.L. is a company shareholder, its natural person representative is also a member of the company's senior management.

(\*\*) Represented by the natural person Yolanda Beldarrain Salaberria.

to the shares being admitted substitution of several legal corporate website.

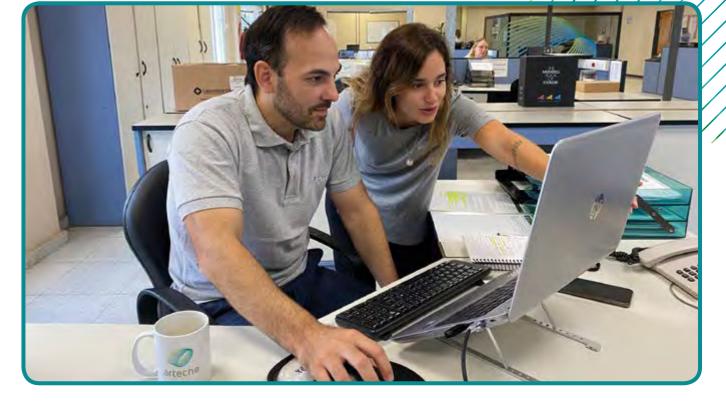
Before being listed on BME for trading in the in the BME entities for natural persons Growth and in order to adapt to Growth segment of BME MTW and the reconfiguration of the the new regulatory framework, the Equity and conditioned by such composition of its committees as Board of Directors made certain circumstance, at its meeting reported in the "Market Inclusion changes to its composition and on April 29, 2021. Basically, Informational Document" which that of its committees, subject these changes included the is available at the Arteche

#### PRESIDENT AND CEO

transformation process.

responsible for directing and the of power in the President of of independent or outside adequate functioning of the Board the Board of Directors, who directors whose decisions are of Directors, supervising the group's also holds the position of top later approved by the Board management and institutional executive at the company, the in addition to delimiting the representation as well as leading and group has taken measures to limit duties of the President in the driving the group's strategy and its the risks of such concentration Board rules. including the existence of

The President and CEO is In relation to the concentration committees mostly comprised



#### **CONSULTATION COMMITTEES**

The committees have no executive of procedure (except the Strategy fiscal risks, the supervision of the informational and advisory the Board Rules). consultation bodies which make

proposals related to the matters AUDIT AND COMPLIANCE auditors, internal auditing, the under their competence. They are COMMITTEE: The supervision of ethics channel and internal governed by the provisions of the information systems, internal risk group compliance are all under Bylaws and their own internal rules control and management, including its competence.

duties and operate as permanent Committee, which is regulated by process of preparing financial and non-financial information, the supervision of account

#### COMPOSITION OF THE AUDIT AND COMPLIANCE COMMITTEE AS OF DECEMBER 31, 2021

Office	Board Member	Туре	Date of appointment as a Committee member
President	Luis Aranaz Zuza	Independent	6/9/2021
<b>Director and Secretary</b>	Pablo Ramallo Taboada	Proprietary	6/9/2021
Director	Guillermo Ulacia Arnáiz	Independent	6/9/2021

APPOINTMENT

AND electing directors, proposing the management compensation and proposing appointments and re-policies, approving annual selection.

COMPENSATION COMMITTEE: directors' compensation system management policies related It performs duties related to and sums, approving related to training, promotions and



#### COMPOSITION OF THE APPOINTMENT AND COMPENSATION COMMITTEE AS **OF DECEMBER 31, 2021**

Office	Board Member	Туре	Date of appointment as a Committee member
President	Guillermo Ulacia Arnáiz	Independent	4/29/2021
<b>Director and Secretary</b>	Alexander Artetxe Panera	Executive	4/29/2021
Director	Dámaso Quintana Pradera	Proprietary	4/29/2021
Director	Gestión de Capital Riesgo del País Vasco, S.G.E.I.I.C, S.A. (being your natural person representative Yolanda Beldarrain Salaberria)	Proprietary	4/29/2021

STRATEGY COMMITTEE: This specializes in developing the focus on corporate development is a consultation body that group strategy with a special and inorganic growth.

#### **COMPOSITION OF THE STRATEGY COMMITTEE AS OF DECEMBER 31, 2021**

Office	Board Member	Туре	Date of appointment as a Committee member
President	Alexander Artetxe Panera	Executive	4/29/2021
Director and Secretary	Dámaso Quintana Pradera	Proprietary	4/29/2021
Director	José María Abril Pérez	Other Outside	4/29/2021
Director	Guillermo Ulacia Arnáiz	Proprietary	4/29/2021

#### **SELECTION AND APPOINTMENTS**

Appointing, re-electing and The members of the Board of in industry, the electric power the most appropriate configuration of its members' competencies de-administracion). for said body and its committees. offer knowledge and experience

dismissing directors are all under the Directors together have the sector, listed companies and competence of the General Meeting pertinent technical knowledge all other relevant fields. Their of Shareholders. The Appointment to perform their duties in resumes are available at the and Compensation Committee relation to Arteche's sector of Arteche corporate website advises the Board of Directors on business to the extent each one (www.arteche.com/es/consejo-

#### **CONFLICTS OF INTEREST**

implemented to prevent conflicts article 229 of the Spanish Capital or related parties. of interest within the highest Enterprises Act is particularly Theroleofthe Audit and Compliance governance body, the fact that noteworthy. Directors who find Committee is to supervise the directors communicate any themselves in such a situation operations with related parties as situation of direct or indirect refrain from intervening in any well as report the adoption of the conflict that may be of interest matters in which there could be corresponding decision by the to the company to the Board a conflict of interest between Board of Directors in advance.

With respect to the procedure of Directors in compliance with the company and the directors

#### 3.3. ORGANIZATION AND STRUCTURE

Our organizational structure is made up of the directors of all possible in addition to enhancing hierarchical mechanisms.

management assurance duties.

Committee, an executive body control system as robust as functionally.

based on functional areas that functional areas, except Internal governance body supervision support all production companies Auditing and the Compliance mechanisms. This model which, in turn, have their own Officer, with supervision and reinforces the independence of supervision and assurance areas such as the Compliance The control model for our Officer, who is responsible for The general manager is structure is based on the supervising and controlling the responsible for the group's Committee of Sponsoring group's regulatory compliance, operational management and Organizations of the Treadway and Internal Auditing, which is directly reports to the President (COSO II), three-line model which dependent on both the CEO and CEO. This office is supported aims to make all dimensions of hierarchically and the Audit by the Group Management the risk management and internal and Compliance Committee



#### ARTECHE GROUP ORGANIZATION

CORPORATE **GOVERNANCE, RISK MANAGEMENT** AND COMPLIANCE

SECRETARY OF THE BOARD

INTERNAL **AUDITING**  REGULATORY **COMPLIANCE**  LEGAL

**LONG-TERM STRATEGY** 

**TALENT DEVELOPMENT** 

CORPORATE **DEVELOPMENT** 

**BUSINESS DEVELOPMENT**  **R&D RESEARCH &** DEVELOPMENT

**ORGANIC GROWTH** 

**PROCUREMENT** 

**OPERATIONS** 

**MARKETING** & SALES

**R&D PRODUCT ENGINEERING** 

**SUPPORT AREA** 

**FINANCE** 

**INFORMATION TECHNOLOGY** 

**EXCELLENCE** 

HUMAN





#### 3.4. ETHICS

#### 3.4.1. VALUES, PRINCIPLES, STANDARDS AND RULES OF CONDUCT

Compliance is a part of our strategy the Responsibilities of Transnational In addition, the Code was prepared and, along with the group's values, principles, standards and rules of conduct, it is reflected in the Arteche Code of Ethical Behavior Multinational Enterprises, the which has been approved by the International Labor Organization Board of Directors. It manifests our Tripartite Declaration of Principles commitment and ties to human concerning and labor rights as recognized by Spanish and international law and to well as all documents and texts that the underlying principles of the UN may replace or complement the Global Compact, , the UN Norms on

Corporations and Other Business Enterprises with Regard to Human Rights, the OECD Guidelines for Multinational Enterprises and Social Policy as foregoing.

considering both generally accepted good governance recommendations as well as society's accepted principles of social responsibility as the basic reference for the group's monitoring.

The Code is thus a fundamental part of the group's corporate governance system and is fully respectful of the principles of corporate organization established therein.

#### The 15 GENERAL PRINCIPLES OF OUR CODE OF ETHICAL BEHAVIOR

(guidelines for action, commitments of conduct and responsible practices) Included in it are:



#### Respect for the law

Fair hiring practices: equal opportunities and non discrimination

#### Safety and health

The environment

Sustainable development.

Professional conduct reflecting integrity Conflicts of interest

#### **Information transparency**

Protection of own and thirdparty assets

#### The use of the company's goods and services

Financial control

#### **Measures against corruption**

Relations with customers and suppliers

#### **Defense of competition**

Confidential information. Trade secrets.

#### Relations with authorities and civil servants

This Code is applicable to everyone at Arteche, irrespective of their geographic location, hierarchical position or job role.

Arteche has an Ethics Channel which is open to our people with us for any questions or to by the Ethics Committee as well cliente/4714977183137792).

they may ask any questions processing of any formal they have related to the Code or informal consultation or or our internal policies and, as complaint without any type of necessary, report any conduct retaliation against any informant. they believe is against the rules. (Ethics Channel: https:// Arteche guarantees the utmost canalresponsable.marcafranca. and third parties who engage reservation and confidentiality com/canaletico/presentacion\_

report non-compliance. Thus, as impartial and independent

Behavior and Ethics Channel are available at the website: www.arteche.com.

This Code has been disseminated throughout the organization for proper awareness, understanding Our commitment to ethics and and compliance. All new hires have good governance is in turn been informed of the principles transmitted to the third parties established in our Code of Ethics with which the group relates and have expressly agreed to the through various initiatives. commitments therein.

The Arteche Code of Ethical In addition to this Code, the Arteche Crime Prevention Program is also a part of its Corporate Compliance Program (see chapter 7 Zero Tolerance for Corruption and Bribery).

There has been no Human Rights complaint against Arteche |

#### 3.4.2. BODIES RESPONSIBLE FOR REGULATORY COMPLIANCE

appointed a Compliance Officer, authorization. who hierarchically reports to the President of the Board, in order Likewise, it has sufficient It may act on its own initiative or at to equip the organization with authority and legitimacy to collect basic and fundamental support information at any time and access to ensure compliance with the any records and documentation regulations in effect as well as with the Code of Ethical Behavior and all of the group's internal policies The Ethics Committee is an and rules.

The area of Compliance is for ensuring regulatory compliance. autonomous power to develop its mission supervising and objectively, impartially

required to carry out its duties.

autonomous and independent control body which is responsible and has the Likewise, it is responsible for executing the Corporate Compliance

In 2019, the Board of Directors independently with no need for Program and all duties established

the request of anyone subject to the Code. Its decisions are binding for the company and for all employees.

It has its own rules of procedure defining its duties and responsibilities and is made up of a representative of the Board, the Compliance Officer, the General Manager, the Director of Legal Affairs and the Director of Human Resources.



#### 3.5. RISK MANAGEMENT SYSTEM

#### 3.5.1. ARTECHE GROUP INTEGRATED MANAGEMENT SYSTEM



achieve best results, guarantee the company's short-term and long-term competitiveness

and sustainability to satisfy our stakeholders and achieve balanced • ISO 27001:2013 "Information results.

The Arteche management model, as approved by senior management and which includes a global and standard vision, helps us achieve this vision and values, we put ourselves in the right direction by establishing an annual strategy and annual goals so that everyone in the group may contribute.

requirements of standards:

- ISO 45001:2018 "Occupational Health and Safety Management Systems",
- ISO 14001:2015 "Environmental Management Systems",
- ISO 9001:2015 "Quality Management Systems",
- Security Management"

integrated Our integrated management model is implemented through key business process throughout the group. Each one of these processes includes a description, objective. Based on our mission, procedure, indicators and rules for control as well as applicable policies.

> All policies are periodically revised and updated in order

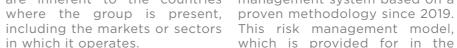
which is provided for in the

Our aim is to This model is based on the to achieve the desired results through the implementation thereof.

> As part of this model, we have developed a results assessment and measurement system aimed at detecting deviations in our key business processes in addition to a monitoring, control and improvement system to attain the required objectives.

Arteche Group activities are Upon the initiative of the Audit Arteche Group Risk Management subject to different contingencies and Compliance Committee and and Control Policy approved which would prevent or hinder aware of the importance of this in 2021, is the responsibility of the achievement of the goals aspect for business management the Board of Directors which set (measured with the systems and control, the Board of delegates the supervision and

established in the integrated Directors has been fostering correct functioning thereof model) if they occur. These risks the implementation of a risk to the Audit and Compliance are inherent to the countries management system based on a Committee. The basic principles where the group is present, proven methodology since 2019. of this policy are:



3.5.2. OUR RISK MANAGEMENT SYSTEM

#### **RISK CONTROL AND MANAGEMENT POLICY**

Integrate a risk vision in management **Maintain proper** separation of duties between decision-making and supervision areas

Report risks transparently Report risks transparently

**Ensure** compliance with corporate governance policies

Guarantee compliance with laws

INDICATORS: 102-15, 102-30

Arteche thus undertakes to provide the greatest possible certainty and confidence in reaching its strategic goals, protecting its results and reputation, safeguarding its financial stability and strength and guaranteeing compliance with the regulations in effect.

The basic tool of our risk management system is a Risk Map that is prepared each year and revised every six months. the It divides the risks into the compensation following categories:

- Strategic risks
- Financial risks:
- Market risks
- Credit risks
- Liquidity and debt risks
- Operational and technical risks
- Technological risks
- Compliance and regulatory risks, including fiscal risks
- Corporate governance risks

These risk categories also include ESG risks related to environment, people, and equal opportunities.

The risks identified are assessed in terms of impact and probability, aggregated and prioritized to establish the responsible parties, risk indicators and action plans.

The entire process is led by the General Manager who gets the Management Committee and Regional Committees involved under the supervision of the Internal Auditing. The results are reported every six months to the Audit and Compliance Committee and annually to the Board of Directors.

#### 3.6. COVID-19 PANDEMIC RISK MANAGEMENT

change in paradigm as concerns the to the extent it posed a business have lowered its relative ways in which we work and the way in continuity risk, the implications importance in our risk matrix which we relate with our stakeholders. of the social and health impact by proportionally increasing

Although COVID-19 was a priority the impact on the supply chain continuity of our operations and risk on the Arteche Group and operations became more increased costs.

The COVID-19 crisis has created a corporate Risk Map in 2020 relevant. In view of this, we

became less significant while the risks associated with the

#### THE MAIN ASPECTS OF OUR SYSTEM ARE:

#### Corporate risk map

Aligned with the 2022 Strategic Plan, it is included each year in the strategic reflection process.

#### Risk indicators and action plans

The main risks (Top12) are assigned periodic monitoring indicators and plans are assigned to the members of the Management Committee.

#### Supervision and reporting

The governance bodies are periodically informed of the status of the plans and indicator monitoring.

#### Three lines of defense model

Three independent lines ensure the system works properly.

#### Internal auditing plans

The annual internal auditing plan is fully focused on the group's main risks over the medium and long term.

In view of their relevance and implications on the business, certain risks are managed specifically:

- Health and safety: ISO45001:2018,
- Environmental risks: ISO14001:2015,
- Criminal risks (Spain and Mexico): ISO19601:2017 as a reference
- Information security risks: ISO 27001:2013

#### **BUSINESS CONTINUITY AND OPERATIONS**

In 2021, during the most crucial moments of the different pandemic waves, we were able to guarantee operations and production at all of our plants with the presence of production personnel and office personnel teleworking parttime in the afternoons. With the experience from the year 2020, the response from the group's systems has been quite positive as the information systems made teleworking possible for a large number of workers which clearly shows the capacity and resilience of our technology platform.

The system for managing this risk has been based on continuous pandemic monitoring at all locations through an internal contingency plan based on several protocols of action:

• The creation of a Global **Coronavirus Committee** made up of the General Manager and Health and Safety, Human Resources, and Operations and Systems managers as well as the directors of the main plants.



 Regional committees at the various plants where we operate.

From an operations perspective, the following stand out as effective measures:

 Guaranteeing the safety of all Arteche workers by minimizing the risks of contagion in going beyond the recommendations issued by the competent authorities.

Force meeting periodically and mainly including the areas of Operations, Procurement and Sales with a focus on analyzing customer expectations and

• A multi-disciplinary Task

 Encouraging versatility among workers.

material availability.

 The development of improvement tools for production planning.





#### **OCCUPATIONAL HEALTH AND SAFETY**

cornerstone in overcoming this exceptional public health crisis. Protecting our workforce's health is a priority and the main driving force behind our actions as well as key to guaranteeing the continuity of our business.

Therefore, in addition to following the recommendations and measures from the public health authorities, different initiatives have been implemented to protect the workforce's health. In 2021, the measures were applied

People are proving to be a based on the evolution of the • Periodic delivery of face masks. different pandemic waves at each location, which has enabled us to keep all of our plants running. These measures include:

- The preparation and dissemination of the "Protocol to Prevent the Spread of COVID-19"
- Ongoing information for the workforce on the situation and measures adopted.
- Continuous disinfection of common areas and the installation of hand sanitizer dispensers.

- Signage with the rules to follow.
- The relocation of workstations to guarantee distancing and the installation of separation panels between workstations.
- Guaranteed continuous ventilation in all buildings.
- Monitoring of personnel with symptoms and close contacts.
- · Screenings and testing, serological or antigen depending on medical criteria.
- Capacity limits in different rooms.



#### **CYBERSECURITY**

evaluation of the Arteche Group's readiness for contingencies in the context of COVID-19 was conducted in February 2020. As a result of this analysis, derivative risk factors were identified that directly affected the continuity of our business:

- A greater need for **portable** resources to perform telework.
- A higher demand for **remote** access to data.
- A need for remote support for users.

 More malicious email campaigns and digital fraud.

Teleworking decreased in 2021 as the authorities gradually relaxed the measures. However, the main measures taken in 2020 continued to remain in place:

- Reinforced remote access **infrastructures** as far as sizing and availability
- Reinforced security measures related to remote access.
- Reinforcement for the security incident response team to increase monitoring

and management of remote access alerts, COVID-19 related phishing, etc.

**Security awareness** communications for customers, employees and suppliers.

The Arteche Information Security Committee has supervised the efficacy of these measures which have enabled us to move towards a scenario of long-term teleworking possibilities without any relevant risks to the continuity of our business.



#### WORK/LIFE BALANCE AND FLEXIBILITY

Some measures taken in 2020 were maintained in 2021 in a view to facilitating a work/life balance:

 Flexible working hours and generalized teleworking,

recommending it for the workforce.

- · Widespread teleworking, recommending it for the workforce in the afternoons.
- Offering remote training using digital tools.

In fact, many of these measures have become standard in our daily work. Likewise, the possibility of teleworking has been set forth in collective bargaining agreements at several plants.



#### PROCUREMENT AND THE SUPPLY CHAIN

The main goal of the risk containment measures related to the supply chain and the increase in the price of raw materials has accounted for the criticalness level of each supplier in order to focus on the areas that could endanger the continuity of service deriving from:

- Temporary closings of critical supplier facilities.
- · Material scarcity.
- The capacity and price of transport.
- The cost of logistics services and availability.

In 2021, the suppliers reflecting the highest risk were constantly monitored through

department committees multi-regional and weekly procurement meetings. The measures were aimed at:

- Reducing the number of exclusive suppliers for critical materials and services.
- Making production plants flexible.
- Developing stronger alternative sources of provision.
- Developing local suppliers.

The impact of these risks has been different in each region where the Arteche Group does business. However, as a result of these measures, there have been no significant incidents with respect to the supply chain.

focusing on having a resilient supply chain by developing our relationships with our suppliers



#### **FINANCIAL RISKS**

Group customers, the credit risk has not significantly increased • A slight **drop in credit** yet the Credit Committee has

Given the type of Arteche proactively managed two risk factors:

- insurance coverage.
- especially in Spain and Mexico.
- And increase of one day in the average overdue customer account.



## OUR ENERGY: PEOPLE. #MOVINGTOGETHER

WE BELIEVE IN A
GROUP THAT IS UNITED
BY OUR VALUES
WHERE TEAMWORK
IS FUNDAMENTAL
AND WHERE THE
PEOPLE WHO LEAD
ARE EXAMPLES
AND SOURCES OF
INSPIRATION.





In 2021, we received more than 49.000 hours of training which is 30% more than in the previous year.

We have a real commitment to diversity and the development of female talent.

We create opportunities by creating quality jobs. 86% of our workforce have an indefinite contract.

Material topic	Related SDG
Employee experience and work organization	4 QUALITY 5 GENDER ROUGHTON 6 ECONOMIC GROWTH
Diversity and equality	4 QUALITY 5 GENDER FQUALITY 10 REDUCED INEQUALITIES
Quality employment	1 NO POVERTY 4 QUALITY 5 GENDER EQUALITY POVERTY 1 TO SECOND TO SE
COVID-19 pandemic	3 GOOD HEALTH AND WELLBEING BECONOMIC GROWTH
Local development and engagement	11 SUSTAINABLECTIES AND STRONG INSTITUTIONS  AND TRANSPORT OF THE PROPERTY OF
Health and safety	3 GOOD HEALTH AND WELL-BEING  8 DECENT WORK AND ECONOMIC GROWTH



energy on the planet: PEOPLE.

and knowledge are reflected in everything we do. We undertake to maintain and implement initiatives that make our organization the best place to work and grow professionally in an environment where innovation and initiative are rewarded.

We want to attract the best talent and identify and encourage the best skills in the people who are already a part of Arteche.

At Arteche, we have the greatest The Arteche Group's commitment to people materialized in 2021 with the approval of the People Policy excitement, experience by the Board of Directors, the basic principles of which are:

- Actions in diversity, inclusion and
- Actions in recruitment and talent.
- Actions in performance evaluation and talent management.
- Actions in training and talent development.
- Actions in compensation and benefits (compensation policy).
- Work ethics.

#### 4.1. OUR TEAM















#### 4.1.1. LEADERSHIP MODEL

sustainable business model. That's why the **Leadership Model** on development, wellbeing and personal and professional growth among our teams.

by our values where teamwork is fundamental and where the people is one of the strategic lines the who lead are proactive examples group works on in order to create and sources of inspiration. Our a corporate culture that focuses model promotes transparency, meritocracy, talent development, communication skills and a vision for a long-term shared project.

People are at the center of our We believe in a group that is united Producing a leadership style that is inspiring, capable of generating energy and invigorating people's capacities as well creating an atmosphere of trust where each person gives the very best of themselves is our goal and the example we try to offer each day with our attitudes.

#### 4.1.2. TALENT RECRUITMENT

We are a multinational company before anyone joins our company. competition for talent is increasing all the time. We compete to attract the

in a growing sector where the That's why we offer a challenging and forward-looking project.

best talent, and, in this context, we As stated in our People Policy, are aware that the road begins long our talent recruitment procedure multidisciplinary teams.

quarantees obiectiveness. transparency impartiality and while ensuring processes that guarantee equal opportunities and encourage diversity and







#### **PEOPLE DEVELOPMENT**

performance teams, one step before searching externally is share knowledge, best practices identifying and developing the as well as useful and relevant talent that is already a part of information. the company so we can prepare individual development plans or work on organizational succession motor for all organizations and plans using our 'talent maps'.

reflection that guarantees goal Training Plans.

Moreover, we promote internal results for the company. knowledge management team.

In order to create high- and collaborate with institutions and organizations around us to

Human resources provide the that's why we invest in developing and motivating the people at Our performance evaluation cycle Arteche in different ways. Thus, we is a necessary annual process of create the ideal climate in which different duties are efficiently setting and offers a chance to review performed and our work and people's expectations at Arteche. customer service are always of It gives us input relating to training the highest quality. This leads to needs which are then used to form the greatest development of our team which directly affects the achievement of the best possible

great team.

We learn from our customers 'From Managers to Leaders', employee in 2020).

the content of which was jointly defined by Arteche and a training company and focuses on our present and future management. It included practice with the following tools:

- active listening,
- how to give proper feedback,
- conflict mediation,
- design thinking...
- and it was approved for implementation in all of the group's regions.

The ultimate objective is to provide our managers with the necessary tools to become examples of leadership, inspiring and developing their teams and using the people management by taking advantage of the In 2021, we oriented a large part of skills that complement their experience and know-how of our development training towards technical skills. A total of 49,061 the professionals on the Arteche our managers, the backbone of our training hours were invested throughout 2021 (34,889 hours in 2020) which is an average Knowledge is a key factor when As a new development, we've of 20.9 training hours per it comes to competitiveness. implemented the program employee (16.6 hours per

> This process guarantees motivated people who are aligned with our strategic goals





#### 4.1.3. SHARED PROJECT. COMMITMENT AND COMMUNICATION WITH PEOPLE

pulls the organization's processes demands for communication and along and has a direct impact be able to work with the best trustworthy communication style. on the climate and people's channels for sharing information performance.

with each of them.

as well as other stakeholders a View', suggestion boxes... and, communication channels.

Communication is the lever that in order to understand their above all, the focus has been on a transparent, honest, friendly and

'Coffee with a View', a new initiative that began in 2021, Our external and internal Internally, work has been done along with quarterly meetings communication strategy in 2021 with different listening channels: with General Management was to continue to listen to the surveys, meetings with our (All Hands) and our Internal people who are a part of Arteche President and CEO at 'Coffee with Newsletter are our main internal



#### THE GOALS OF OUR INTERNAL COMMUNICATION









CASCADE COMMUNICATION

Structuring internal communication through cascade communication.

**TRANSVERSALITY** 

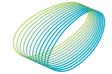
Improving our transversal and upward communication and not just our downward communication in addition to improving participation in different areas.

**ENGAGEMENT** 

Encouraging internal communication through different actions to increase the sense of belonging.

SHARED CULTURE

Transferring messages and our story so that those who collaborate with us are aware of them and become ambassadors for them



arteche EMPLOYEE EXPERIENCE

#### 4.1.4. DESCRIPTION OF THE WORKFORCE

At Arteche, we look after our of Turkey which was recently a high percentage involved people talent and that's why we remain acquired-dropped to 14.65% under 30 years of age (43%), highly attentive to our turnover (18.01% globally), which is a who got such a professional indicators and individual interviews with people who for some reason switch companies. We're committed to helping young experienced Arteche professionals To this end, our turnover in 2021— people enter the job market. Of a who made themselves available

decrease of 292 basic points.

without including the region total of 674 new contract signings, for this purpose.

opportunity after completing internships learning

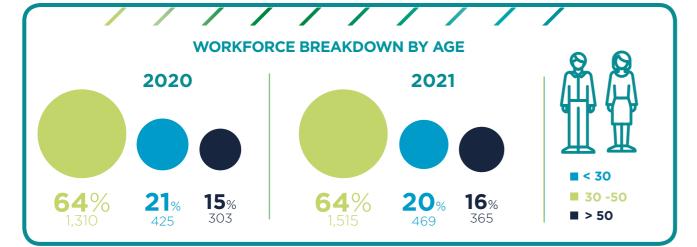










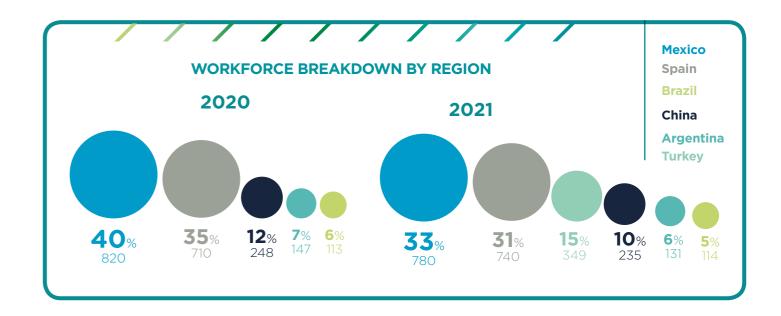


In 2021, there was a variation in the percentage of women and men in our management from 31% to 28% as a result of the re-classification of some positions and the acquisition of the new company Esitas (headquartered in Turkey and Indonesia) which had an impact on this percentage.

#### Diversity as a value:

present in various countries, we currently integrate people of many different nationalities. Appropriate cultural diversity management leads to tangible competitive advantages

relating to an openness to knowledge and multiple points of view, contributions in talent attention and retention, a stronger Arteche culture, and an increase in innovation, creativity and productivity.



#### 4.2. HOW WE DEFEND HUMAN AND LABOR RIGHTS















Besides being committed to part of Arteche can exercise their assignment of dangerous work

the utmost respect for the laws rights of freedom of association to young people. There is also in effect in all territories where and collective bargaining no tolerance for any violations we do business, at Arteche we in addition to our rejection of the rights of ethnic minorities firmly defend human rights to of childhood labor, forced and indigenous populations in the extent the people who are a or mandatory labor and the the places where we operate.

We foster a culture of support for human rights, adopting the necessary measures to guarantee and promote protection and respect for them and aligning our practices with the underlying principles of the UN Global Compact

We expressly manifest this supply chain. The inspections, commitment in our Code of audits and Ethical Behavior, the principles evaluations of the Group's of which are of mandatory suppliers conducted in the last compliance for all Group three years have not detected professionals irrespective of any supplier using forced labor, the place where they work. childhood labor or any other With this declaration, Arteche method contrary to human is not only formalizing its public rights. commitment but also wishes to send a clear message to all of its stakeholders that the from a corporate social company is firm in respecting responsibility perspective based human and labor rights as on ISO 26000:2012 as the recognized by Spanish and reference standard. Moreover, all international laws.

Most of our suppliers come of workplace harassment with a from countries where these commitment to prevent any type rights are legally protected; of situation involving harassment nonetheless, we are working or discrimination. on this commitment under the supervision of our Compliance As concerns the fundamental Officer not only in Arteche's conventions established by own operations but also through the International Labour our supplier approval process. Organization (ILO), we are able We evaluate them considering to ensure compliance with them environmental, safety and in reference to forced labor and social responsibility criteria. We the abolition thereof, freedom demand a commitment from of association and collective our suppliers to comply with bargaining as well as the all aspects of human rights as minimum age for work and ban specified in the chapter on the on childhood labor.

performance

We approach these commitments of our companies in Spain have a Protocol of Action for cases



Committee did not receive any complaints related to human rights at any group company



# 4.2.1. DIVERSITY, EQUALITY AND ACCESSIBILITY





Equal opportunity is a shared commitment at Arteche Group for all of our regions and • Communication with the workplaces.

It's a part of our corporate culture and has become a global way of thinking aimed a gender perspective in all of our processes and policies. We have decided to go beyond just compliance with the law made a commitment at Arteche equal-opportunity employer: to spreading awareness for and developing female talent.

We are committed quaranteeing compliance with the Principle of Equal

Opportunities among men and women in our business.

- Equal opportunities: a pillar in our 2030 sustainability strategy.
- A balance in work, family and life.
- Preventing sexual harassment or sex-based harassment.
- inclusive use of language and images.
- And **key aspects** of the company's activities.

at highlighting diversity from At our plants in Spain, we base our compliance on the criteria set forth in Spanish Royal Decree-Law 6/2019, of 1 March, Spanish Royal Decree 901/2020 and by driving real equality in our Spanish Royal Decree 902/2020 sector. To this end, we have of 13 October in order to be an

> • We have an **Equality Plan** negotiating committee. It is made up of company representatives and female employees (RLT - Legal Workers' Representatives).

- This committee has completed diagnostics and drawn up **Equality Plans.**
- The equality committee is responsible for implementing, monitoring and evaluating this plan.

Some of the actions taken in 2021 within the group include:

- A talent map, placing special attention on identifying female talent within the organization.
- Development Plans for identified High Talent women, including actions such as salary reviews and job promotions.
- Communication materials and channels with inclusive language and images that represent both sexes in order to spread awareness internally and externally for our commitment to equality.
- We have completed various **SDG5** Gender Equality training pills.







### SUPPORTING SPORTS

Once again last year, we supported various sport activities, promoting the visibility of girls' moving forward together in the and women's sport through same direction are attitudes collaboration with Ziortza Villa (an internationally competing long-distance runner), Rakel Mateo (European paratriathlete) where we're present such as the and Girls on Fire, a team of women football, basketball and rugby whose values, perseverance, teams that fill us with pride efforts and personal drive inspire in seeing how they wear the us and make us feel proud to Arteche name as a symbol of accompany them along the way. such values.

Moreover, the teamwork, sportsmanship and we prize and also encourage through our support for other local sports teams in the areas









### **WORKING ON SENSITIVITY TO EQUALITY AMONG OUR TEAMS**

- On March 8th, Women's Day, a variety of training was given on gender roles, new masculinities and the company approach.
- Workplace health awareness campaigns with a gender perspective.

We believe in equal opportunities in all senses of the word. Twelve people with different capacities were a part of the Arteche team in 2021, three more than the prior year.

Our way of including different capacities is mixed, combining hiring by the company with a declaration of exceptionality (reaching 2% of the workforce with some type of disability, needs (parking, accessibility...), enabling such service provision agreements with various at all of them. special job centers).

We guarantee that all new Arteche facilities comply with the basic requirements of accessibility for the disabled while our oldest facilities have been renovated in view of these



the adoption of alternative measures such as services and complying with the requirements







### **WORK/LIFE BALANCE**

People at Arteche are enjoying more and more flexibility and work/life balance measures thanks to the doors that have been opened with teleworking which had been implemented at Arteche long before the measures now required by law.

We also support quality time with family and parental leaves which are never risks to keeping one's job or the development of anyone on our team in any of our regions. In fact, our return-to-work rate remains steady at 100%.



### 4.2.2. COMPENSATION AND SALARY GAP DATA

equity for all genders at our tables in our collective bargaining compensated. The compensation workplaces.

organization irrespective of status or other factors.

People agreements, our compensation policy 2021 on a job position list which to the position held within the organization. This list describes the same position. the tasks, responsibilities and sex, race, religion, age, sexual salary ranges for each job position, orientation, nationality, civil so people are not only aware of the corresponding compensation

We work to achieve real salary Besides having public salary but also the work being associated with this list entered Department worked throughout into force on January 1, 2022 and guarantees transparency and establishes salary levels linked was shared with the entire salary equity among everyone in

> We have progressively improved in recent years yet the average salary level of women at Arteche Group is

now 13.6% lower than the level of and new hires that have affected. We have eight directors on our men (6% at the end of 2020).

We have observed the biggest Specifically, where there have been departures for men and women, respectively).

this indicator.

the

Board of Directors, one woman and seven men, two of whom average are hold executive offices. All difference in production jobs compensation for management was of our board members without where female new hires do not 97,000 euros in 2021 (107,000 and executive duties receive the have the same years of service 72,000 euros for men and women, same compensation for per as long-serving employees and respectively) and 94,000 euros in diems: 48,000 euros (a figure in management roles, a category 2020 (109,000 and 62,000 euros that has not changed in 2021, 2020 or 2019).

### 4.2.3. CREATING QUALITY JOBS

people who work at Arteche complexity, location and places rules, agreements and collective and contribute to this through of different activities. work/life balance and flexibility programs that enable a better To this end, besides applying alternating shifts, split shifts with balance between people's private work/life balance standards, in and out flexibility, morning lives and their job responsibilities policies and programs as shifts only, etc.

We seek the wellbeing of the to the extent possible given the provided for in our internal

bargaining contracts, we have various possible working hours:

### **ABSENTEEISM RATE (HOURS AND PERCENTAGE)**

	20	)21	2022		
Spain	83,430.31	4.35%	92,496.69	5.00%	
China	21,166	4.39%	12,465.71	4.03%	
Brazil	9,751.3	5.87%	7,431.81	4.54%	
México	133,437	13.18%	121,945	11.94%	
Argentina	17,931	6.19%	11,834	2.46%	
Turkey (*)	11,850	1.59%	-	-	

(\*) The data from Turkey has been annualized for better comparability

The absenteeism percentage is subject to this alternative work representatives make suggestions is still being affected by the model. pandemic despite the strict protect our people from internal contagion.

in due to COVID-19, teleworking matters. has been encouraged as a measure. Nonetheless, given the Safety only a portion of our workforce which worker and employer

protocols implemented to Group companies comply with the laws in effect in each location with respect to social dialog and workforce participation in Giventhesituationwe'recurrently Occupational Health and Safety

contagion and risk prevention Likewise, we have Health and Committees (CIPA, very dynamics of our business, etc.) at these plants through

and recommendations and engage in control and monitoring tasks in this area.

The labor relations of 100% of the group's employees are based on 5 some type of collective bargaining agreement, either company or sector wide.

As of the date of the analysis, the group had no formally approved disconnecting from work policies.



# **4.3. HEALTH AND SAFETY**





Arteche is an organization that is fully committed to ongoing improvement in safety and occupational risk prevention with the aim of achieving and maintaining a healthy work environment focusing on the people who work at Arteche Group as well as those who collaborate with us or use our products and services.

A global Health and Safety Department was created in 2018 to develop our Health and Safety Management Model in order to make the health and safety management processes uniform and homogenous at all of the group's companies. In 2021, we continued reinforcing the required local areas where the organizational structure is at least compliant with the laws in the corresponding

INDICATORS: 403-2, 403-3, 403-8

country and best practices are shared among all companies.

People are encouraged throughout the organization to participate in health and safety forums at all group companies. These forums are essentially aimed at having two-way and continuous communication with regard to prevention, ensuring compliance with health and safety at work provisions (laws and internal group policies) and proposing the necessary actions for the ongoing improvement of the working conditions and preventing occupational risks. These forums collaborate with company management on continuous improvement, promoting and encouraging cooperation among workers to enforce and comply with the regulations and engage in surveillance and control.

Employee workshops were organized in 2021 by responsible parties to integrate health and safety on all levels of the company. The content of these workshop certification at all sites.

discussions is prepared by the Health and Safety Department based on the most significant risks and incidents that occur at all of the group's plants.

Aware of their importance, our General Management handles the following duties:

- Approving and monitoring the established health and safety goals periodically.
- Monitoring and ongoing **improvement** of health and safety management and performance as well as of the indicators for improving health and safety.
- Promoting development, ongoing improvement and compliance with procedures that support the health and safety processes defined in the model.
- Ensuring system integrity when there are changes.

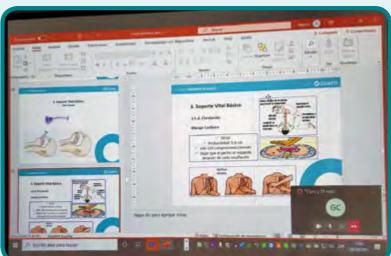
In 2021, we continued conducting ISO 45001 monitoring audits with positive results, maintaining our

### ABSENTEEISM RATE (HOURS AND PERCENTAGE)

Туре	Total		2021		20	20
	2021	2020	Women	Men	Women	Men
Incidents leading to sick leave	26	42	4	22	6	36
Incidents not leading to sick leave and first aid	65	61	13	52	11	50
Material accidents + Near accidents	67	51	7	60	7	36
Incidents to/from work	27	7	10	17	3	4
Days lost	310	499	52	258	112	387
Diseases detected during the year	5	6	1	4	0	6
Sick leave frequency rate	6.98	10.8	4.35	7.84	7.00	11.85
Severity rate (*)	0.08	0.13	0.06	0.09	0.13	0.13
Occupational disease incidence rate (**)	2.12	2.97	1.72	2.26	0	3.77
Occupational disease severity rate	0.02	0.03	0	0.02	0	0.04

(\*) Calculated as the number of days lost x 1000/no. of hours worked.





#### **WORK-RELATED INJURIES**

	2	021	20	20	202	20
Туре	Total	Woman	Man	Total	Woman	Men
Bumps against non-moving objects	5	1	4	17	4	13
Entrapment by or between objects	4	-	4	8	-	8
Bumps/cuts from objects or tools	4	-	4	4	-	4
Physical fatigue. Forced postures and movements.	3	1	2	4	1	3
People falling on the same level	2	1	1	3	1	2
Physical fatigue. Manual load handling	2	-	2	1	-	1
Fragment and particle projection	2	-	2	1	-	1
Tripping over objects	1	-	1	1	-	1
Falling objects due to collapse	1	-	1	1	-	1
Explosions	1	-	1	1	-	1
Exposure to chemicals	1	-	1	1	-	1

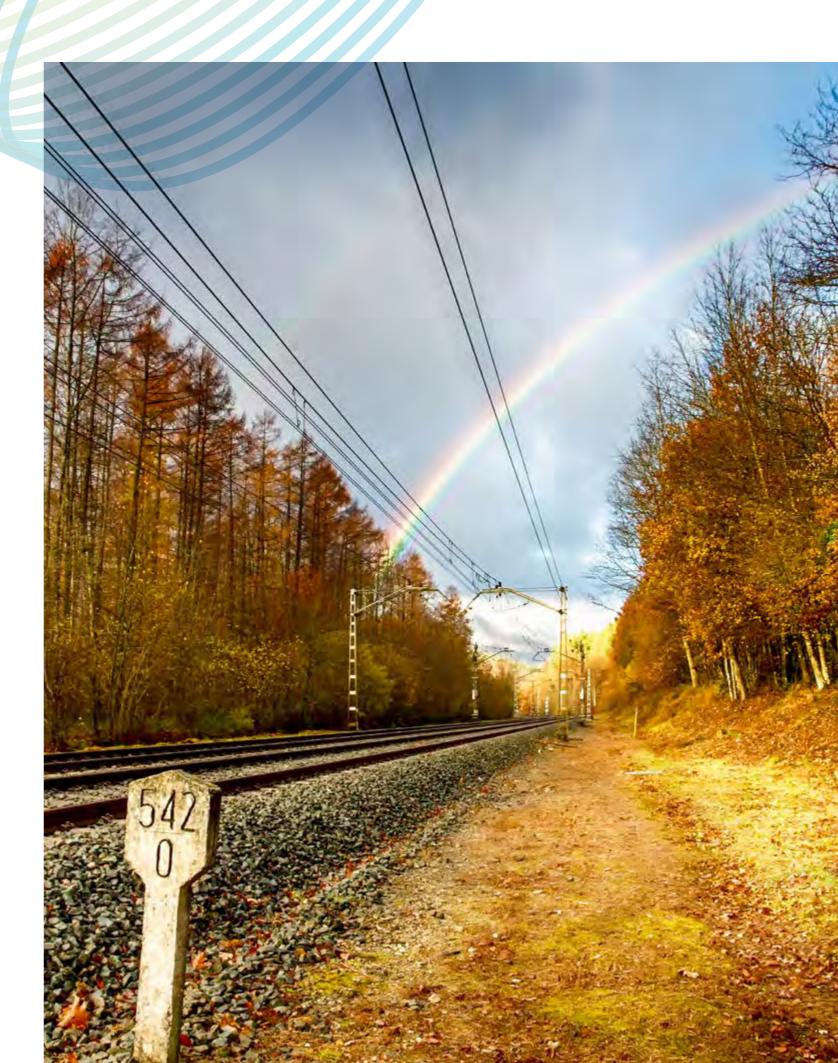
tools and bumps due to contact Likewise, at Arteche Group, we or severity thereof.

Accidents leading to sick leave in with moving objects. They mostly believe there are generally no risk 2021 accounted for 38.1% due to affected men (due to the fact situations that can cause a high bumps and cuts from objects and they focus on production work). incidence of occupational disease



# OUR COMMITMENT TO THE PLANET

WE ENCOURAGE
PREVENTION BEYOND THE
APPLICABLE REGULATORY
STANDARDS, MINIMIZING
THE ENVIRONMENT
IMPACT OF OUR
ACTIVITIES, EFFICIENTLY
USING RESOURCES AND
PRESERVING BIODIVERSITY.





20.5% reduction in B diesel fuel consumption.

44% reduction in hazardous waste generation with 60.8% recycled.

53% of non-hazardous waste has been recycled.

2.7% reduction in scope 1 emissions.

4.5% reduction in electricity consumption and scope 2 emissions.

Start of scope 3 emissions measuring and management.

O environmental incidents.

O non-conformities during ISO 14001:2015 certification audits.

# **Material Topic Related SDG Innovation and** sustainable products **Carbon footprint** Climate change mitigation and adaptation



Our Code of Ethical Behavior, commitments all include the environmental the UN Global Compact.

our Integrated Management undertaken. It is required by our Model, our values and our 2030 stakeholders but also something Strategic Sustainability Plan we've committed to by signing

# **5.1. MANAGEMENT AND ENVIRONMENT APPROACH**



We have a vocation for promoting and integrating a culture of environmental responsibility. This is why we've defined, officialized and published our Sustainability Policy, we ensure compliance with environmental regulations and propose the necessary actions for ongoing improvement and the prevention of environmental risks. We encourage prevention, the exceeding applicable regulatory standards, minimizing the environmental impact of

our activities, efficiently using resources and preserving biodiversity pursuant to our 2030 Strategic Sustainability Plan (see chapter 2).

The Arteche Group commitment to the environment was reflected in 2021 with the definition of the Sustainability Policy approved by the Board of Directors, the basic underlying environmental principles of which are:



- Minimizing waste and pollution
- Preventing any type of environmental incident
- **Conserving our natural resources**
- **Promoting energy savings**
- Engaging in and sponsoring research and development projects that foster environmental

commitment is also communicated to our suppliers, customers and collaborating companies.

We apply a precautionary approach to the development of new products and company activities in order to avoid any negative repercussions of the product or service on the environment by conducting complete environmental analyses of their entire lifecycles.

Our General Management has the following duties as part of their responsibilities:



- Periodically approving and monitoring the environmental goals.
- Monitoring and continuously improving indicators for environmental improvements.
- Promoting the development, ongoing improvement and compliance with procedures that support environmental processes as defined in the management model.

### 5.1.2. MANAGEMENT APPROACH

The environment-related ongoing improvement indicators at our plants are mainly the following GRIs:

- 302-1 Energy consumption within the organization.
- 303-5 Water consumption.
- 305-1 Direct (Scope 1) GHG emissions.
- 305-2 Energy indirect (Scope 2) GHG emissions.
- 306-2 Management of significant waste-related impacts.
- 306-3 Waste generated.
- 307-1 Non-compliance with environmental laws and regulations.

And the management indicator:

• Number of Non-Conformities following Audits (Internal and External)

Our choice of suppliers includes environmental criteria as we monitor their environmental performance. 100% of our suppliers have been evaluated based on such criteria.

We periodically conduct internal and external audits to assess the level of compliance with standards.

- Internal audits (annual at all group plants).
- All plants are ISO 14001:2015 certified.

In addition, we have tools to immediately know about new applicable environmental and

tax laws which enable us to remain up to date on the financial implications and other risks and opportunities deriving from climate change.



### 5.1.3. THE PRECAUTIONARY PRINCIPLE OR APPROACH



We take a precautionary approach when developing new company products and activities in order to prevent any negative repercussions on the environment. As concerns this aspect, one of the steps in our new product development process is conducting an environmental analysis of the product lifecycle, evaluating the potential impact of the product and the corresponding production process on the environment throughout all phases of its existence by quantifying the use of resources (input: energy, raw materials, water...) and environmental emissions (output: into the air, water and soil).

Considering our business is expected to grow, we have analyzed the potential impact we'll have on the environment and have reached the conclusion that we do

not expect any potential environmental impacts other than those already known and analyzed in our environmental impact assessment (which is updated annually for all group plants) given the fact no major changes are planned for our production processes or product design. We also identify and evaluate all applicable environmental laws at all plants.

Due to the nature of our business, there are no significant light or noise pollution impacts, and we make sure to identify, manage and comply with all applicable laws in both cases. This is also reflected in the materiality defined for our environmental performance.

As part of our Management System, we have integrated, implemented and certified all of the requirements of standard ISO 14001:2015 including those corresponding to the procedures to prevent environmental impacts:

- Control, monitor, measure and evaluate legal compliance in the areas of health and safety, environment and quality.
- Identify, record, update and evaluate all environmental aspects.
- Emergency health and safety and environment plans.
- Operational environmental controls.
- Coordination of business activities in the areas of health and safety and the environment.
- Environmental analyses of product lifecycles.

# **5.2. WORKING FOR A BETTER WORLD**







We have a standard procedure for the entire group aimed at identifying, recording, updating and annually evaluating all environmental aspects. This procedure describes how to identify, evaluate and create a work plan for environmental aspects at all of the group's

No significant environmental aspects have been identified within the group since 2018:

- No sanction or notification of noncompliance with environmental regulations has been received.
- No negative environmental impact has been detected in the supply chain.
- There are no provisions for environmental risks.



production plants.

We conduct environmental assessments on the main products we manufacture based on the product lifecycle environmental analysis procedure. Likewise, we manage the measures necessary to reduce the international indicators that affect the environment such as

environmental incidents, electricity consumption, water consumption, waste generation, etc.

When doing so, we take into account the most adequate designs and technologies for the environmental and quality

characteristics of the product using prevention criteria.

We do the required measurements at all group plants in accordance with the applicable laws on emissions, environmental noise, etc

# 5.2.1. THE CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT

We conduct annual studies on minimizing hazardous waste and packaging in the market. We have also implemented analyses of the entire product environmental lifecycle as part of our product development procedure.

There was a variation in 2021 in the waste rate due to the direct



correlation between waste production and generation. We are also reporting the variation rate as adjusted for the increase in production.

### MAIN ENVIRONMENTAL INDICATORS

Category	Indicators	Unit	2021	2020	Var
	Diesel C	Liters	4,065	2,600	56%
	Diesel B	Liters	50,500	63,500	-20%
Sustainable use of resources	Gasoline	Liters	10,229.57	7,984.33	28%
(consumption of fuel, electricity,	Natural gas	m³	22,951	18,981	21%
water, and raw materials)	LPG	Liters	1,171,829.5	1,198,397	-2%
	Electricity	kWh	16,980,083	17,777,240	-4.5%
	Water consumption	m³	24,641.87	22,220.44	11%
	Hazardous waste	Tn	320.63	573.01	-44%
Circular economy and waste	Recycled hazardous waste	Tn	194.96	409.65	-52%
management	Non-hazardous waste	Tn	1,714.36	1,213.51	41%
	Recycled non- hazardous waste	Tn	905.81	583.59	55%
	Scope 1 emissions (*)	Kg CO₂e	2,166,314.93	2,226,249.1	-3%
Climate change	Scope 2 emissions (*)	Kg CO₂e	7,299,886.63	7,644,213.22	-5%

(\*) The emission factors used are from the Spanish Ministry for Agriculture and Fisheries, Food and the Environment (MAPAMA) (April 2018 - Version 10)













In 2021, we reduced the generation of waste by 44% in comparison to 2020



We recycle
60.8%
of the waste classified as hazardous



We've reduced the waste classified as hazardous by

-271.19<sub>Tn</sub>

We've improved in all regions thanks to the improvement actions implemented:

	China	Brazil	Argentina	Mexico	Spain
Hazardous waste	-18.86%	-27.07%	-1.43%	-29.19%	-38.57%



We can conclude that COVID-19 (Sustainability impact on our generation and improvements over the prior year. management of waste and plan and monitor it quarterly to optimize our efficiency and

Report), we has not had a representative have achieved very significant

that, because we defined and We would also like to highlight that goals adapted to the special implemented a 2021 sustainability we have implemented a project

standardize our waste management at our plants in the EMEA region. We would like to continue improving and have, therefore, set the following characteristics of each region in our 2022 Sustainability Plan:

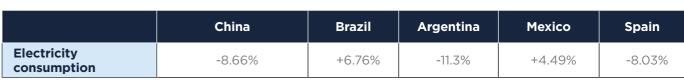
2022 Plan Goals	China	Brazil	Argentina	Mexico	Spain	Global
Hazardous waste generation					Between -1% and 5%	-2%
Hazardous waste						+5%
100% recycled hazardous wastewater	8 t					
Resin wasted by manufactured equipment				-3.66%		
Thinner waste per manufactured equipment				-10%		
Copper waste			-5%			
Recycled non- hazardous waste		+5%				
Dining hall/sanitary waste		-10%				





### **ELECTRICITY CONSUMPTION**

We have improved our energy consumption in 2021 by:



electricity consumption by 4.5% production resources (furnaces, (in comparison to 2020). In the heaters, etc.) largely impact regions where consumption such consumption: increased (Brazil and Mexico), there was an increase in production which directly affects energy consumption, especially at our transformer

Globally, we've reduced our and recloser plants because the

• Mexico (+4.9%): Eight electric furnaces were installed in the high voltage area to increase the installed capacity (six for

the drying process at 105°C and another two at 70°C for the dielectric oil filling process).

• Brazil (+6.76%): Due to a considerable increase in the production of reclosers.



We cannot report our renewable • The replacement of air energy consumption as we do not have any way, to date, to verify our suppliers' sources of electricity.

We continue working to spread awareness for reducing electricity consumption. As part of our efforts to do so, we have carried out various initiatives at our plants:

- conditioning systems.
- The switch to LED for all light fixtures.
- Motion detectors in common areas.
- · Lighting systems switched to more efficient systems.
- · Work teams to define and launch energy savings awareness actions.
- Improvements to the production facilities to make them more efficient.
- Renewable energy consumption studies.

energy audits have been 2021 Sustainability Plan. conducted at all our production

Likewise, as part of the energy plants. The resulting actions have In view of these results, we have consumption reduction measures, been implemented as part of the

set the following goals in our **2022 Sustainability Plan:** 

2022 Plan Goals	China	Brazil	Argentina	Mexico	Spain	Global
Electricity consumption	-2%	-1.5%	-2%	-2%	Between -1% and -2%	-1.5%
Renewable energy consumption						Start

### WATER CONSUMPTION

to work and with the associated

the pre-pandemic consump- comes from the different municipal our reach. tion levels thanks to the actions systems in the areas where the taken over the past two years various Arteche Group companies. In view of these results, we have (reductions in Brazil and Argen- are located and it is mainly used set the following goals in our tina as a result of the leak detec- for employee consumption and, 2022 Sustainability Plan:

Water consumption increased tion and inefficiency elimination to a lesser and more sporadic 11% in 2021 in comparison to measures implemented). In fact, extent, to other secondary uses 2020. After physically returning we saw a drop of more than 20%. such as landscaping irrigation and building cleaning efforts. sanitary consumption, it is worth With respect to recycled water Thus, the possibility of reuse noting that we have not reached consumption, the supply of water water consumption is not within

2022 Plan Goals	China	Brazil	Argentina	Mexico	Spain	Global
Water consumption	-2%	-5%	-5%	-2%	-2%	-3%



#### **RAW MATERIALS CONSUMED**

The consumption of raw materials (see table in the annex) has varied in comparison with the prior year due to:

### MAIN RAW MATERIALS CONSUMED (IN THOUSANDS OF EUROS)

Raw material	2021	2020	Var.
Aluminum	15,562	14,066	11%
Steel	10,487	10,029	5%
Stainless steel	9,186	6,378	44%
Copper	15,018	13,217	14%
Magnetic sheet metal	10,139	9,378	8%
Mineral oil	3,174	3,353	-5%
Resin	7,188	5,445	32%
Paper	4,481	4,853	-8%
Plastic	2,494	1,927	29%

Arteche is in the process of developing the systems to obtain the consumption of raw materials in kilograms.

- The drop in the consumption of mineral oil and paper is due to our ongoing process optimization.
- The increase in stainless steel, magnetic sheet metal and plastic is due to the product mix.
- The increases in copper, aluminum and resin are due to the product mix and the major increases in the price of raw materials in international markets.

### 5.2.3. GREENHOUSE GAS EMISSIONS

### **EMISSIONS RATES**

Two of the indicators implemented in our management system are related to scope 1 and 2 direct and indirect greenhouse gas (GHG) emissions:

- Scope 1: direct GHG emissions from combustion in boilers, furnaces, vehicles, etc. which are owned by or are controlled by the entity in question.
- Scope 2: indirect GHG emissions associated with the generation of electricity purchased and consumed by the organization

increases.

data and the fact that scope 1 and diesel fuel in China increased

We've significantly improved emissions are directly related in proportion to production at in scope 1 emissions in almost to production and the opening all regions, except in Brazil of worksites, we observed that and China due to production COVID-19 had no influence on the improvements achieved.

Considering the production The consumption of LPG in Brazil

those plants, which was higher in 2021 than in 2020.

The goals we have set in our 2022 Sustainability Plan are as follows:

Objectives Plan 2022	China	Brazil	Argentina	Mexico	Spain	Global
Scope <sup>1</sup> emissions	-1%					-2%
Diesel fuel consumption	-1%					
Coal consumption	-2%			-1%		
LPG consumption		-2%	-2%			-5%

With respect to scope 2 emissions, the prior year thanks to the the data obtained reflect the same implementation and monitoring trend as the data for electricity of the 2021 Sustainability Plan at consumption meaning the analysis most plants. is the same as for that indicator.

that we have improved over the 2022 results.

The Argentina plant and the We can conclude that COVID-19 Medium Voltage product range has not had a representative in Spain are currently under impact on GHG emissions and analysis and will be included in

**ff** We began measuring scope 3 GHG emissions in Spain, Mexico, Brazil and China in 2021



We included the following in the scope of measurement:

- Purchased goods and services: **GHG** emissions from the extraction, production and transportation (cradle-to-gate) of goods and services purchased or acquired by the company during the reference year.
- Capital goods: GHG emissions from the extraction. production and transportation (cradle-to-gate) of capital goods purchased or acquired by the company during the reference year.
- Fuel and energy-related activities (not including scopes 1 and 2).
- Leased assets during the upstream or downstream phase.
- Treatment or processing of products sold.
- Use of products sold.
- Treatment of products sold at the end of their useful life.

We've defined the most repre- The results of this 1st measurement • The installation of chargers for sentative products at each plant in order to use these products as the basis for calculating each • Scope 3 emissions in 2021 = company's scope 3 emissions. The calculation method used is the one established and officia- To improve these emissions, we've lized in our management system.

Moreover, we launched a new With respect to the emissions OSD emissions. We are keeping project to update the product of ozone-depleting substances this indicator in our sustainability environmental lifecycle tool (ODS), we do not use any indicators to guarantee it is which we will implement with the substances in any of our controlled, reported and managed

(PA\_IDEA 1\_6).

are as follows:

75,704,912.19 kg CO<sub>2</sub> E

launched projects such as:

and, therefore, our impact is 0 the results of said value

electric cars in Mungia.

- Hybrid company cars.
- Eco-designs for our products (see strategic projects).

update to the required procedure processes that have such effect if there is any change that affects

# 5.2.4. PROTECTING BIO-DIVERSITY

Arteche's industrial activities do not take place in any protected areas and respect our natural environments.







# **SOCIALLY RESPONSIBLE**

WE WORK RESPONSIBLY AND HONESTLY, CONTRIBUTING TO THE ECONOMIC AND SOCIAL PROGRESS OF THE **COMMUNITIES WHERE** WE DO BUSINESS.



We collaborate with 16 education institutions

We contribute to community electrification

80% of our purchases are from local suppliers

economic contributions and, order to do so. in some cases, advising them on business management In terms of social performance, issues and fostering contacts and relationships with other organizations.

We get involved in the Likewise, our strategy is oriented social development of the towardsenhancing competitiveness regions where we're present through the supply chain and we by collaborating with local rely on both local suppliers as well associations and NGOs, making as others with a global presence in

> Arteche takes the following material aspects consideration:

Material topic	Related SDG
Customer satisfaction	8 DECENT WORK AND ECONOMIC GROWTH  9 INDUSTRY, INNOVATION AND PRODUCTION AND PROD
Tax responsibility	8 DECENT WORK AND ECONOMIC GROWTH  11 SUSTAINABLE CITIES AND COMMUNITIES
Responsible supply chain	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  11 SUSTAINABLE CITIES AND COMMUNITIES AND PRODUCTION AND PRODUCTION CONSUMPTION AND PRODUCTION
Local development and engagement	11 SUSTAINABLE CITIES AND COMMUNITIES  12 RESPONSIBLE CONSUMPTION AND PRODUCTION  CO







### 6.1. OUR COLLABORATION WITH SOCIETY











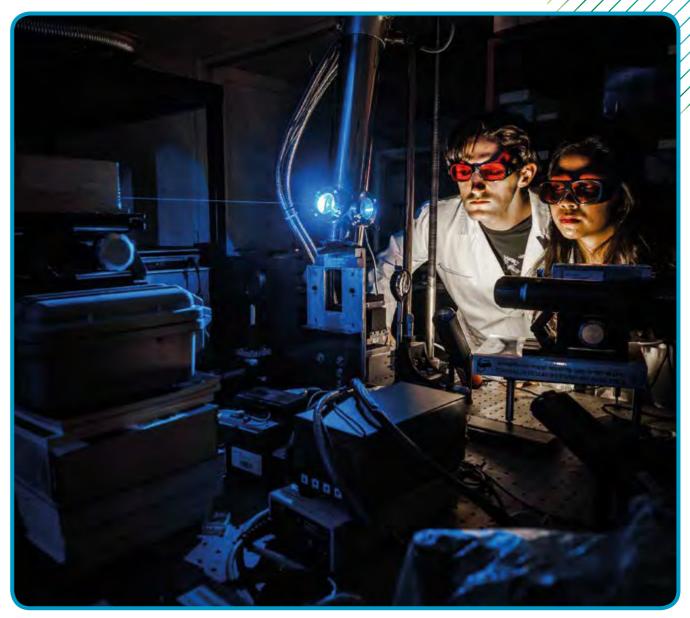




areas where we work and, as a result, charity, we work responsibly and honestly, community service activities, contributing to the wellbeing and helping to improve the societies economic and social progress of the where we're present through communities where we do business. different actions.

We're committed to society and the We encourage support for educational





### 6.1.1. THE ECONOMIC VALUE CONTRIBUTED TO SOCIETY

areas.

have grown as an organization Arteche Group believe we are operate.

shared value.

We see economic performance along with the communities key agents of social development as a fundamental cornerstone where we engage, contributing in the communities where we for achieving a long-term wealth to all our stakeholders are located, contributing to sustainable business in all ESG with the idea of generating a number of programs and activities that seek improved job and technological opportunities From the very beginning, we For this reason, those of us at in the territories where we

### **DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED**

(in millions of euros)	2021	2020
Direct economic value generated (*)	283.6	265.8
Economic value distributed (**)	(274.8)	(245.6)
Economic value retained	8.8	20.2

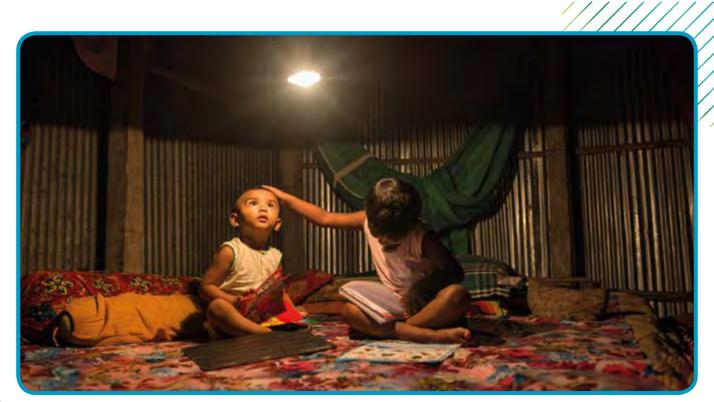
(\*) The turnover and other operating revenue were considered as direct economic value generated.

(\*\*) All procurement, personnel expenses, other operating expenses, exceptional expenses and financial expenses without including allocations for provisions were considered as economic value distributed.

distributed by our activities as report. The main impacts are quality of life in the communities a result of the monetary flows indirect employment in local where we contribute to their generated, we also induce other communities, contractors, our

indirect economic impacts supply chain, the redistribution training.

In addition to the economic value as described throughout this of the taxes we pay, the enhanced electrification and professional



### 6.1.2. TRADE SHOWS AND EVENTS WE HAVE PARTICIPATED IN

We have a vocation for sharing we have gradually gone back knowledge and collaborating with to the normal pace of business events that help disseminate it.

which led to the postponement able to listen to and directly learn of many trade shows and events, about our customers' concerns.

in 2021 by attending a total of 12 international sector fairs as a After a global pandemic situation company during which we were



**SIFER** 

RVP IEEE Mex WIND EUROPE

**RAIL LIVE** 

**CLEAN** POWER

**IREE** 













And following the success of our specialist webinars in 2020, we kept holding them this year with the following results:



+50 **Webinars** 



+4,200 attendees



+ 100 countries



businesses



languages



**+** production capacities and re-use













- 1. Family Business Forum focusing on offering our vision as a family business in today's world.
- 2. Electrification and Grid Forum, a gathering during which we spoke about the challenges and opportunities for this sector.

current topics of interest to collaboration and environments forums in 2021:

- 3. Biscay Business Forum, a local event on how companies approach management in the current macroeconomic context.
- 4. Think on Marketing, a meeting at which we presented our new developments as concerns our relations with

Moreover, participating in forums Arteche are shared is a habitual where knowledge can be shared. organized for the sector or where practice that fosters alliances for We participated in the following

> customers in a much more digital and innovative way.

- 5. Digitalization Forum (CEBEK)
- 6. BIND 4.0 Program
- 7. Biscay Startup Campus

### 6.1.3. AN OPEN INNOVATION ECOSYSTEM

NETWORKED AND OPEN are the words that define the innovation model in which we believe.

























































































































At Arteche, we trust in the ongoing evaluation of opportunities that strengthen our competitive positioning and technological leadership as a way to respond to the challenges of the future in Industries the area of energy as well as to society at large.

being on the cutting edge of the electric power sector and scientific-technology consortium being internationally recognized for the quality and level of service of all our products and associated technology centers. solutions, Arteche develops R&D&I projects with private/ public collaboration technology and innovation (European SmartGrids Platform, T&D Europe...) as well as in our own territory (INNOBASQUE, Energy Cluster, Basque Energy Cluster, GAIA, CYBASQUE...).

Óscar Fernández de Retana, has Innovation and Acceleration BIND been a member of the Board of 4.0 Program aimed at developing Directors and President of the and driving areas such as the GAIA (Basque Country Applied Technology and Knowledge Association) Electronics Committee since 2019. This association has more than 280 affiliated companies. In line with our mission of always We also collaborate with agents in the Basque Research & technological innovation in Technology Alliance (BRTA) and with TECNALIA, IKERLAN and TEKNIKER, among other

We join forces with a number and of Basque and global entities actively participate in the main in either academics or the international electric bodies such public sector as well as with as CIGRE and CIRED as well as in our customers and suppliers the primary international forums and even those who were for knowledge development, once our competitors but have now become our *partners* and collaborators as we share a vision, technology and developments to successfully approach the new electric transformations.

Moreover, we're an anchor In fact, our *Chief Technology* company in the 6th edition (2021) & Innovation Officer (CTO), of the Basque Government Open society's energy challenges.

smart industry and sustainable and clean energy in connection with the local entrepreneurism and *start-up* ecosystem. As part of our commitment to excellence, quality and innovation, we actively participate on international standardization and certification committees in the world of energy.

Staying alert for the latest regulatory developments prepares us to deliver our products and services with greater flexibility and in line with the market's and society's requirements, thus supporting development and regulatory compliance in the products with which we innovate and in the geographic markets in which we work (CTN, IRAM, NBR...). This means Arteche is boosting a culture of open and collaborative innovation as a driver of growth, competitiveness and sustainability to jointly create value in the energy transportation and distribution value chain and respond to



### MAKING A POSITIVE IMPACT ON THE COMMUNITY THROUGH **OUR ELECTRIFICATION PROJECTS**

We also collaborate with society with each one of our projects. The following stood out in 2021:

- The Colectora Project
- in which Arteche supplies voltage transformers for auxiliary services that are expected to enable the connection of seven wind parks to Colombia's electricity grid, thereby facilitating progress in renewable energy in the north of the country and the Caribbean coast.
- The Watay Project
- in which we participate with our inductive voltage transformers, our intensity and capacitive transformers and our gas insulated transformers for auxiliary services which is expected to not only create some 800 jobs, but also allow some
- 15,000 people access to electricity in remote northern Canadian communities.
- The Girasol Solar Power Plant Project which we have contributed to in order to help the Dominican Republic increase its photovoltaic generation by 50%.

### 6.1.4. PROMOTING QUALITY EDUCATION

Finding and making talent loyal is a priority challenge for Arteche. We believe collaborating with the societies where we operate is essential to making it possible to add talent, transfer technical knowledge and, in general, develop the societies around us. The following collaboration efforts were undertaken in 2020:

• We had 36 young people Internally, we support lifelong doing university and vocational

departments.

universities and training centers.

This year, we participated in an Organization Internationalization University Master's Degree In addition, school supplies program.

learning for employees who

training internships in different wish to enhance their academic background. To this end, we supported several of Arteche's different academic institutions in • Arteche Group has 16 collaboration people in different places around agreements signed with different the world in 2021 who wanted to further their education at higher institutions and other officially recognized programs.

> were distributed in Argentina among employees' children and school grants were given out to employees' children in Mexico.





### 6.1.5. SHOWING SOLIDARITY WITH THOSE MOST IN NEED

or in an isolated manner based societies around us. The actions focused on:

Actions are taken periodically on the needs that arise in the we were involved in last year

- Collaboration with **Ecoaliados** with whom we signed a collaboration agreement through the Arteche plant in **Argentina** to encourage recycling and sustainable cities
- Campaigns are carried out each year in Mexico
- to support senior citizen homes, periodic visits to Social Institute hospitals and tree planting in the area in addition to toy drives for different groups of people. We also deliver tons of wood, tools and other types of materials to various groups
- and associations in the region.
- In Brazil, we were recognized during the 'Campanha do Agasalho' for collecting more than 700 coats and shoes for those most in need.

'SDG to School' through which Association to reflect upon the and behaviors.

In **Spain**, we participated in the volunteers worked with children world in which we live and how initiative fostered by CEBEK from the Luisa de Marillac to improve it with our actions

### 6.1.6. PROMOTING A HEALTHY LIFESTYLE THROUGH SPORTS

At Arteche, we promote and participate in social competitions with other companies and local entities. Plus, we sponsor various teams and sports events in the areas where we operate. A few examples include:

- In **Spain**, we are members of the Athletic Club Foundation, a non-profit that uses soccer and the values and social dimension of the Athletic Club to support sports and help improve the quality of life of the underprivileged in Biscay. We sponsor soccer, basketball, cycling, rugby and Basque pelota teams in Mungia as well as a local elite paralympic athlete.
- This past year some 30 people from the company participated in the Bilbao Business Race. Our employees from one of the women's teams won gold and some of our male employees earned silver.
- In **Mexico**, we participated in the **Tepeji del Rio** Tournament as well as in different sports events in
- competition with other local companies.
- In China, the Autumn Carnaval event this year included recreational and sports activities fostering teamwork and healthy competition among colleagues in different departments.







### 6.1.7. INVESTING IN CULTURE

where we are present.

initiative which has reached the characteristics that make it four different categories:

sociocultural activities with has the opportunity to access comes to testing in Europe. donations and provide aid to buildings and architectural encourage the Basque language structures which are normally On the other hand, we encourage and local events in the regions closed to the public. This year, and sponsor participation in Arteche opened the doors activities like the ArtPhoto to our Ultra High Voltage Contest, a photography This year, we participated for laboratory where volunteers competition organized annually the first time ever in 'Open from our plant explained the on the subject of the use and House Bilbao', an international history of the laboratory and impact of electricity. There are

participate in local this city through which society so special and unique when it



### Life and Electricity

Photographs that reflect the impact of electricity in people's and society's daily life and its influence on the day-to-day of each of us as individuals under any aspect: how electricity lights us up, heats us, moves us and entertains us.

### • Electric Infrastructures | and Equipment

The impact of electricity on our life would be impossible without the electricity generation, transmission and distribution infrastructure and equipment that facilitate its use and shape our landscapes.

### Arteche Products

Compositions that integrated Arteche products at substations, projects, specific projects, landscapes, etc.

### Electric Work

Compositions that represent the connection between electric power sector professionals and the work they do..

who is interested in participating. A the record with more than 800 within Arteche Group. prize is awarded in each category. photographs from 50 different

Participation in this contest is free of More and more people participate countries and 5 continents. The

cost and open to our employees as in this cultural activity each year. winning photographs are chosen well as anyone anywhere in the world In 2021, we again exceeded in each category by people from

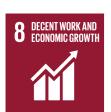


### **6.2. PARTICIPATION IN EXTERNAL INSTITUTIONS**

Arteche belongs to a number of associations related to its activity with the aim of being an agent of change in the different sectors where it does business.



# 6.3. SHARED VALUES. A REQUIREMENT OF OUR VALUE CHAIN



### **DESCRIPTION OF THE SUPPLY CHAIN**

cost, delivery terms...

The purpose is the supply of Arteche Group organization is materials or ensembles for structured into areas, work is manufacturing that comply done by processes. The supply with the requirements chain covers the following tasks established in terms of quality, even though they are done in different areas (procurement, Irrespective of the fact that the operations, excellence).





- Contract awarding
- Supplies
- Supplier quality
- Material reception
- Material storage
- Internal logistics
- External logistics

account for the majority of all procurement. Contracts for raw materials are awarded to local suppliers for each production and occupational centers. center as well as global suppliers As for sub-assemblies, all procurement is local. In both cases, suppliers must be evaluated/ with technical department and companies for issues of quality, excellence criteria before being deliveries, new projects, prices awarded any contract.

Raw materials and sub-assemblies For production companies relations located in Mungia, subassemblies are often purchased incidents, corrective actions and from special employment centers improvement projects.

> with suppliers providing the largest volumes require communication matrices that and logistics so as to facilitate

day-to-day provisions as well as for any

During the supplier qualification/ for global and local procurement. The channels of communication official approval process, Arteche evaluates them based on environmental, safety and social responsibility criteria. Our officially approved in accordance identify liaisons from both suppliers are required to make a commitment to complying with the following.



- Compliance with all laws and regulations applicable in the **country** where the activities take place unless they are less demanding than international ethical behaviors in which case the latter are followed.
- Respect for human rights and ensuring no employee suffers from harassment, physical or mental punishment or any other type of abuse.
- Compliance with pay and working hours in accordance with the laws, rules and standards applicable in the country in question including minimum wages, overtime

hours and maximum working hours.

- No use of forced or mandatory labor and ensuring employees are free to leave their job after giving notice well enough in advance.
- No use of child labor and, specifically, compliance with ILO standards.
- Respect for the right of employees to freely organize.
- Providing all employees with proper workplace health and safety conditions.
- Respect for the environment and compliance with all laws applicable in the country concerned with the use of sustainable resources.
- The supply of products and services in compliance with

the quality and safety criteria specified in contractual documents, ensuring they are safe for the intended use.

- No use of fraudulent means such as the payment of bribes.
- The use of wood from sustainably managed forests respecting the environment and thus fighting climate change efficiently.
- Assurance that the conflictive minerals acquired (tantalum, gold, tungsten and tin) exclusively come from smelters and mines listed as 'conflict-free'.
- No use of fraudulent methods to quarantee proper results and records of materials and functional testing required.



We apply the standard supplier safety and social responsibility. procedure to 100% of our new performance suppliers, including evaluations of Arteche Group suppliers of all the points indicated above conducted revealed no supplier regarding the environment, with forced labor or childhood human rights.

labor operations. These audits qualification and official approval The inspections, audits and check aspects related to the quality evaluations of their production processes and others related to the environment, workplace health and safety and



We buy a high percentage of goods and services from Spanish companies:



### PROPORTION OF SPENDING ON LOCAL SUPPLIERS

Country	2021	2020	Var.
Spain	84%	81%	11%
Mexico	76%	68%	5%
Argentina	80%	57%	44%
China	98%	89%	14%
Brazil	72%	34%	8%
Total	80%	74%	-5%

The expectation in Europe is that procurement will move outside the national market meaning these results are likely to gradually decrease.

### The main reasons:

- Design changes that force us to find other suppliers outside Spain.
- We have launched a strategic subcontracting project in a European country. The objective is to reduce costs as well as eliminate potential risks with local suppliers.

## 6.4. FROM CUSTOMER SERVICE TO A CUSTOMER FOCUS

### **POLICIES AND RESULTS**

adding new remote monitoring their services. technologies and predictive data analysis so that we can not We are proud at Arteche to be We possible defects before they remaining close to our customers, occur.

located in the areas of our primary more than 175 countries, always users throughout the world, we've added a top-level technical engineering team.

pioneers in the development of themselves and their use by users.

providing them with value and accompanying them through the Along with local service teams development of electrical grids in standing out for our vocation to service and closeness.

When designing our products, Innovation and high-value we guarantee compliance with proposals allow us to be part applicable safety regulations Likewise, there is a firm of the transformation of the (CE marking and the equivalent commitment to evaluating electricity distribution and in other places around the customer satisfaction every transportation network sector as world) concerning the products two years as per the internally

At Arteche, we value our capacity optical metering solutions that All of our products are labelled for local service as a competitive allow our customers to improve appropriately in accordance with advantage which we reinforce by in the continuity and quality of the regulations applicable in each country.

have а customer only offer local services but also a part of the transformation communication procedure to isolated services by identifying of the electric power sector, manage complaints, claims and queries to ensure they are all handled properly. All of these processes are recorded in our ERP based on the requirements established in our protocols. Arteche has a specific and exclusive Customer Support Department to field these communications and manage them.

established procedure.

### REPORTED INCIDENCES AND THE RESOLUTION THEREOF

There are defined indicators to control and improve our customer complaint management processes.

Likewise, and in order to constantly improve the efficiency of our service and our communications with customers when resolving their complaints and claims, we defined and implemented the following Customer Support policies in 2018:

- i. Once a complaint is received from a customer, we undertake to send them confirmation of receipt of the complaint and process it within 48 hours.
- ii. Once we have all the required information, we undertake to issue our suggestions for immediate action (to resolve the problem for the customer) in less than one week.
- iii. If field work is required, we undertake to complete it in less than three weeks following a preliminary analysis as long as the customer makes such work possible.
- iv. For factory equipment analyses, we undertake to have an analysis

report and a proposal with the corresponding actions in less than two weeks after receiving the equipment (and sending it to the customer).

v. For factory equipment analyses, we undertake to have an analysis report and a proposal with the corresponding actions in less than two weeks after receiving the equipment (and sending it to the customer)..

For even closer controls and monitoring of our customer claims process, we boosted the *Customer* Support structure in 2021 as part of the excellence area made up of managers, administrative personnel and service technicians at various manufacturing companies and in different geographic regions. Furthermore, we continued improving our policies for arranged campaign policies and commercial concessions.

We would like to highlight an increase of 6% in the claims index in 2021 in comparison to 2020, which proves we continue to be more and more demanding in our controls, recording all types of minor incidents, even documental

type incidents (testing protocols, stickers, name plate data, packaging markings, etc.). This is how we are achieving greater customer satisfaction. We can also confirm proper implementation of all after-sales procedures which are being strengthened throughout the organization.

100% of customer claims come with immediate solutions to resolve the problem for customers and they are recorded in our ERP under quality notifications. The group's procedures establish a maximum of 48 hours to accept a claim.

In all cases of customer claims considered serious or significant. immediate actions are taken and a corrective action is opened meaning a multidisciplinary team analyzes the root causes and defines and implements containment or corrective actions to avoid any repetition of the problem.

There has been no non-compliance relating to impacts on the health and safety of products categories and services or any claims relating to breaches of privacy or a loss of customer data.



## 6.5. FISCALLY RESPONSIBLE

### **POLICIES AND RESULTS**

all Arteche Group companies is a part of the General Corporate Responsibility Policy which includes the basic principles of action which must be respected.

The duties and taxes we pay in the countries where we operate are the main contribution by group group maintains the following tax companies to supporting public practices: expenditure and, therefore, one of our contributions to society.

The tax policy we apply falls under the ethical, social responsibility, transparency and institutional loyalty principles governing Arteche Group.

The principles of our tax policy are based on:

- Preventing and reducing tax risks in each area, offering the human and material resources necessary to do so.
- Boosting relations with tax authorities based on legality, trust and collaboration.

Fiscally responsible behavior by • The understanding that the duties and taxes the various group companies pay to the corresponding administrations as our main contribution to supporting public expenditure and, thus, contribution to society.

Based on these principles, the

- Not using artificial or opaque business or tax structures in order to avoid or reduce our tax burden or prevent or hinder knowledge by the tax authorities of the end beneficiary of our operations.
- Not constituting or acquiring any companies in tax havens for the purpose of evading our tax obligations.
- Establishing a reporting system that prevents and detects significant tax risks at any group subsidiary.
- recommendations and best the value of transparency:

tax practices implemented in the countries where the group

- Establishing a transfer price policy that ensures related operations do not transfer any tax to regions with lower tax rates.
- Providing all tax information and documentation requested by tax agencies as quickly as possible and with the proper scope.
- Informing the Board of Directors and the Audit and Compliance Committee of the tax policies applied by the group and informing the Board of the tax consequences whenever a relevant issue arises for any operations that are subject of its approval.

The group makes an impact on the economic development of different tax jurisdictions throughout the world with the tax contributions generated by its business which serves both an economic and a • Taking into consideration all social purpose, always respecting

#### ARTECHE GROUP TAX CONTRIBUTION

(in millions of euros)	Spain	Mexico	Brazil	Argentina	China	Total
Own contribution (*)	10,038	3,632	795	594	776	15,834
Of which: Business tax	-	1,887	209	-	86	2,181
Contribution by third parties (**)	7,249	2,021	2,625	114	233	12,242
Total 2021	17,287	5,653	3,420	708	1,009	28,076
Own contribution (*)	8,977	2,870	589	430	1,316	14,182
Of which: Business tax	-	751	35	-	598	1,384
Contribution by third parties (**)	6,582	1,418	1,488	107	66	9,661
Total 2020	15,560	4,288	2,077	536	1,382	23,843

established in the PwC report 'Total where we do business with 28 euros in 2020). Tax Contribution'.

million euros in 2021 between

The prior analysis was done in All things considered, we our own contributions and thirdaccordance with the methodology contributed to the territories party contributions (23.8 million

What follows is a breakdown of profit before tax by country:

### PROFIT BEFORE TAX BY COUNTRY

(in millions of euros)	2021	2020	Var.
Spain	3,609	395	11%
Mexico	2,391	4,301	5%
Argentina	560	846	44%
USA	762	710	14%
China	392	2,489	8%
Australia	3,216	(379)	-5%
Brazil	704	1,399	
Chile	-415	(138)	
Turkey	2,833	-	
Profit before tax	13,845	9,623	



taken, they are mainly due to in 2021, made it possible for the from a third party in exchange the research and development tax group to apply article 64 for passing the corresponding tax activities carried out at companies bis of the Biscay Business Tax deductions on to them.

As concerns tax deductions based in Mungia and, specifically Regulation on obtaining funding

### FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT

The subsidies received totaled the following in 2021 and 2020 (in thousands of euros):

	2021	2020
R&D&i subsidies	765	835

Subsidies were recorded in 2021 included in Annex A4. Basque Arteche Lantegi Elkartea (7.55% totaling 765,000 euros (835,000 Fondo de Capital Riesgo, the sole as of 31 December 2020) after euros in 2020). The main R&D shareholder of which is the Basque converting the participatory loan projects carried out in 2021 Government-Eusko Jaurlaritza, it had granted to the company for with public funding have been holds 6.40% of the shares in 5 million euros in 2018 into capital.



# "ZERO" TOLERANCE FOR CORRUPTION AND BRIBERY

INTEGRITY AND ETHICS
ARE THE FOUNDATION
FOR CONTINUING TO
DEVELOP OUR BUSINESS
WITH A COMMITMENT OF
"ZERO TOLERANCE" FOR
CORRUPTION AND
BRIBERY IN ALL AREAS
OF THE COMPANY.



The implementation of a crime prevention model in Mexico

Zero money laundering incidents

The approval of 4 anti-corruption policies

100% of our locations have been evaluated for corruption

931 employees trained in compliance

# **Material topic**

**Good governance** and risk management

**Ethics and transparency** 

### **Related SDG**















corruption and bribery is one of our basic sustainability and good we do business as well as with governance goals and has led to the most demanding standards the establishment of prevention set forth in our Code of Ethical measures to ensure both strict Behavior.

At Arteche, the fight against compliance with the laws in effect in the territories where

### 7.1. CRIME RISK PREVENTION AND PROGRAM

Spain and Mexico.

model, as established in our aims to prevent any conducts company's crime prevention by management, the workforce, program, is aimed at preventing or partners and, in general, anyone reducing the risk of crime in response that must report in some way to to the different legal systems where Arteche acting in its name and we have implemented it: mainly in on its behalf and who may create criminal liability for the group.

Our criminal risk management Our crime prevention program This program includes a promise by management, the organizational model that assigns professionals to certain tasks as well as descriptions of those responsibility tasks under the crime prevention program in addition to various policies and procedures.



As part of this program and for the purpose of the necessary periodic verification and ongoing improvements, the following has been done:

- In Spain: a full review of the criminal risk evaluations:
- An assessment of the risks that have changed to confirm their applicability or rejection.
- To the extent the prior year subject to risk analysis and evaluation reflects a change on the map, the adjustment of the prevention measures assigned has been assessed and, as applicable, new controls have either been implemented or the already existing ones have been reinforced.
- A full review of the program by Compliance in order to implement ongoing improvement actions in the system. This review involves professionals in positions of responsibility from all group areas and relevant processes.
- In Mexico: the implementation for the first year ever of the program by the Legal Department under the supervision of the Compliance Officer.

There was no incident relating to a breach of group standards in 2021.

# 7.2. MEASURES TO PREVENT CORRUPTION





At Arteche, we always keep in against corruption, manifesting growing and developing our business is by doing things well ethically demanding standards.

sets forth clear guidelines model in 2021:

mind that the best way to continue zero tolerance for corruption in business in any form which is always prioritized over any and with integrity. Beyond rigorous possible benefit for the group compliance with the applicable laws or its professionals. In order in the places where we do business, to develop and implement this we base our work on the most commitment, the following policies of mandatory compliance for all people within the group Our Code of Ethical Behavior were included in our management

It establishes a set of effective measures to prevent and, as applicable, detect and react to any type of corruption, fraud or bribery in the private or public sector - nationally or internationally- including any direct conducts by Arteche personnel as well as indirect conducts through third parties acting as intermediaries (agents, distributors, consultants or similar figures)

**POLICY ON GIFTS,** MARKETING AND **PROMOTIONAL ITEMS AND GESTURES OF HOSPITALITY AND** COURTESY

It establishes clear principles of action in relation to offers and/or acceptances of gifts, marketing and promotional items, gestures of hospitality and courtesy by people who are a part of Arteche Group in order to guarantee our conduct is in line with the Arteche Code of Ethical Behavior.

**DONATIONS AND SPONSORSHIP POLICY** 

This policy aims to guarantee any such activities are transparent and coherent with our Code of Ethical Behavior, our values and our anticorruption, fraud and bribery policy.

**POLICY ON RELATIONS WITH CIVIL SERVANTS** AND PUBLIC **AUTHORITIES** 

It establishes clear guidelines and principles of action that orient the entire organization's actions and, particularly, those by people who engage in relations with civil servants or authorities - nationally or internationally in order to prevent illegal practices and ensure transparency, institutional respect and correct relations with civil servants and authorities.

**CONFLICT OF** INTERESTS **PREVENTION POLICY** 

It establishes the procedures for action that must be followed at Arteche in terms of prevention or, as applicable, the handling of conflicts of interest in which the group's professionals may find themselves in their relations with the company as well as with respect to conflicts that may arise with customers, suppliers and other stakeholders.

were evaluated in 2021 for group employees. corruption risks. Likewise.

100% of all material locations was provided to a total of 931. The people involved were dismissed

the percentage of employees There were two cases of corrupt Officer and an analysis by the Ethics informed is 100% and training practices by group employees in 2021.

following the corresponding investigation by the Compliance Committee (none in 2020).

### **MONEY LAUNDERING PREVENTION MEASURES**

10/2010 on money laundering applied control measures for and terrorism financing and even receivables and payables that

risk, our criminal risk prevention we maintain the precautionary 2021 or 2020.

Although the group companies management model evaluates it. principle in our relations with are not subject to Spanish Law Thus, we have established and customers and suppliers as well as in equity operations.

considering that Arteche is not prevent them from being used. We did not detect any suspected excessively exposed to such to activate asset laundering and money laundering operations in



### **CONTRIBUTIONS TO FOUNDATIONS AND NON-PROFITS**

At Arteche, we are committed to cases, advising them on business. With approval from local general sustainability, ethics in business management issues and fostering management, our geographic and improving the communities contacts and relations with other sustainability committees are and areas where we work. We get companies. All of these actions responsible within the group for involved in the social development are aligned with the group's setting the strategy, receiving of the regions where we operate sustainability strategy, its Code communications and channeling by collaborating with local of Ethical Behavior and its crime approvals of donations and associations and NGOs through prevention program, especially as sponsorships. Some of their economic donations and, in some concerns the risk of corruption. decision criteria include:

- Bans on donations and sponsorships aimed at or that may be interpreted as an attempt to condition legal relations, business, tenders or any other benefit for Arteche
- · Bans on donations to political parties either directly or indirectly
- No donations or sponsorships in cash or any other equivalent payment method such as gift cards.
- · Bans on donations and sponsorships to organizations that have been involved in corruption or other conducts contrary to the Arteche code of ethical behavior
- Bans on donations and sponsorships to organizations or individuals that

discriminate due to race, sex, creed, national origin, sexual orientation or any other personal attribute

- · Also not permitted are donations to governmental entities and/or politically affiliated entities or people related to them except when they are emergency donations to victims of a recognized disaster with an impact on a wide spectrum of the population (natural disasters, terrorist attacks, etc.)
- · Donations and sponsorships must be reflected in writing and the sums must be delivered or transferred directly to the destination entity or the event with no thirdparty intermediaries involved.

euros in 2021 (61 million euros in Responsible"

details

The sum of the contributions 2020). No contributions were association and sponsorship made to foundations and non- made to political parties in 2021 actions we collaborate on profits totaled 81.67 thousand or 2020. "Chapter 6. Socially in order to help improve the the societies where we're present.



# **ABOUT THIS REPORT**

Arteche Group has prepared its Non- (GRI) Guide, following the principles which considers all of the most Financial Information Statement and and content defined therein (core relevant aspects for stakeholders, Sustainability Report in accordance option). This is a standard of including exhaustive information on with the Global Reporting Initiative reference for sustainability reports ESG aspects



# 8.1. SUSTAINABILITY REPORT **INFORMATION PERIMETER**

### 8.1.1. TIME AND COMPANY SCOPE

Report refers to fiscal year 2021 relevant in terms of relative annual financial statements for information on the companies significance. over which Arteche has control. Nonetheless, and in line with Investee companies where indirect interest. As a result, the GRI Standards, the companies there is no effective control in India, Indonesia and Australia, capacity, we promote the policies consolidated using the global the corporate delegations and approved by the group as integration method since a majority holding companies which simply concerns sustainability through hold shares have been excluded the governance bodies of those held in all cases, included in the from the scope of this report companies.

The scope of this Sustainability since they are not considered The Arteche Group consolidated 2021 itemize all companies in which Arteche has a direct or list of dependent companies, all share or control of the company is scope of this report is as follows

### RELEVANT COMPANIES AND COUNTRIES IN TERMS OF SUSTAINABILITY INCLUDED **IN THE 2021 INFORMATION PERIMETER**

CORPORATION	COUNTRY	%
Arteche Lantegi Elkartea, S.A.	Spain	100%
Electrotécnica Arteche Hermanos, S.L.	Spain	100%
Electrotécnica Arteche Smart Grid, S.L.U.	Spain	100%
Arteche Centro De Tecnología, A.I.E.	Spain	100%
Arteche Gas Insulated Transformers, S.L.	Spain	100%
SAC Maker, S.A.U.	Spain	100%
AIT, S.A.	Argentina	100%
Arteche EDC Equipamientos e Sistemas, S.A.	Brazil	100%
Arteche DYH Electric Co. Ltd	China	70%
Arteche North America, S.A. de C.V.	México	100%
Arteche ACP, S.A. de C.V.	México	100%
Esitas Elektrik Sanayi ve Ticaret Anonim Sirketi	Turkey	100%



### 8.1.2. CONDITIONING FACTORS OF THE INFORMATION

Pursuant to the previous section, the perimeter of this report is reduced to the relevant companies for the purposes of sustainability. To this end, the presentation of the information in this report is subject to the following conditioning factors:

("global perimeter").

 The non-financial information included in this report is from the relevant companies for the purposes of sustainability ("perimeter of this report").

• The financial information Under these criteria, Arteche included in this report was found believes this report reasonably

in the group's 2021 consolidated reflects the group's economic, annual financial statements environmental and social performance in balanced manner. The limitations and differences identified between perimeters have an immaterial impact on the global aggregate data and, therefore, the group does not believe they affect how the reader may assess its performance.

# 8.1.3. COMPARABILITY AND SIGNIFICANT CHANGES IN THE ORGANIZATION. CAPITAL STRUCTURE AND SUPPLY CHAIN

#### **COMPARABILITY AND SIGNIFICANT CHANGES IN THE ORGANIZATION**

prepared annually.

set forth in Spanish Law 11/2018, 2021, the Arteche Group took and for the purposes of the control of the companies Esitas Management is working to obtain comparability requirement, this Elektrik Sanayi ve Ticaret Anonim report expresses both the figures Sirketi (Turkey), PT Esitas Pacific from the current fiscal year as well (Indonesia) and Smart Digital Optics information for Indonesia and as those corresponding to the fiscal (Australia), respectively. To facilitate Australia is not considered relevant year that ended on December 31, the comparability of the data, the in terms of relevant significance. 2020. The 2020 Non-Financial information on people in Turkey was It is worth mentioning that the incorporated in 2021 in Turkey as year 2020:

For the purposes of the obligation In July, August and December no reliable data were available as of the date of the report. The Arteche this information in a reliable manner for fiscal year 2022. The sustainability

Information Statement was prepared included annually for this report. following changes were made to by the Arteche Board of Directors on However, it does not include the the information reflected in the March 29, 2021. This information is environmental and health and safety non-financial information statement information of the company recently prepared and approved for fiscal

	Information updated as of 12/31/2021	Information updated as of 12/31/2020
Average salary for men in Spain (€m)	44,050	51,177
Average salary for women in Spain (€m)	40,323	45,058

The global salary gap at Arteche Group has, therefore, gone from the -8.1% reported in 2020 to -6%.

### SIGNIFICANT CHANGES IN THE CAPITAL STRUCTURE

As mentioned in several sections 
Elkartea, S.A. were listed for the 
MTF Equity (multilateral trading of this report (1.1, 1.6, 3.1 and 3.2.1), first time in June 2021 in the BME facility). the shares in Arteche Lantegi Growth trading segment of BME

#### SIGNIFICANT CHANGES IN THE SUPPLY CHAIN

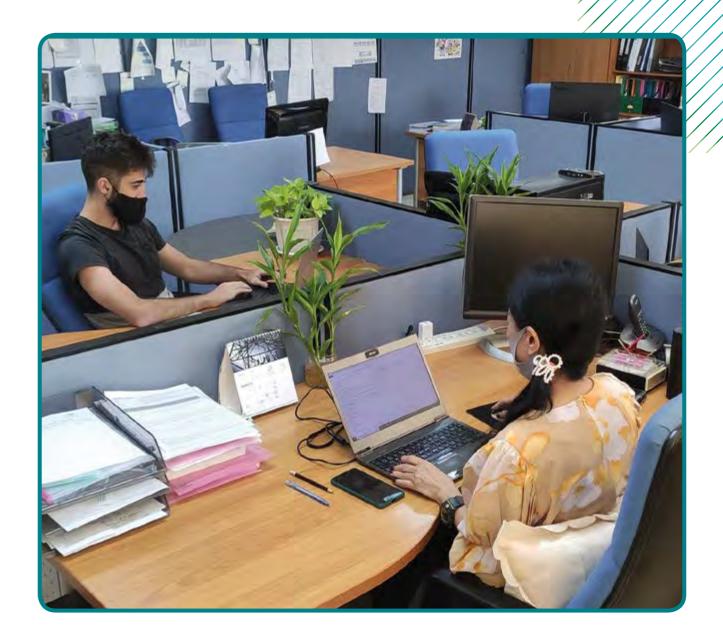
There were no significant changes in the Arteche Group supply chain during the year.

### 8.2. INDEPENDENT OUTSIDE VERIFICATION

Financial Information Statement and this report.

Arteche has ensured independent Sustainability Report through Ernst & outside verification of its 2021 Non- Young, S.L. as reflected in Annex A3 of







# **ANNEXES**

**ANNEX A.1** 

**GRI AND SPANISH LAW 11/2018 CONTENT INDEX** 

**ANNEX A.2** 

**CONTACT CHANNELS** 

**ANNEX A.3** 

INDEPENDENT OUTSIDE VERIFICATION

**ANNEX A.4** 

**PARTICIPATION IN R&D PROJECTS** 

WITH PUBLIC FUNDING

**ANNEX A.5** 

**PEOPLE INDICATORS** 

**ANNEX A6** 

**ENVIRONMENTAL INDICATORS** 

### **ANNEX A.1**

# **GRI AND SPANISH LAW 11/2018 CONTENT INDEX**

The following table includes the GRI content index and the content required by Spanish Law 11/2018, on non-financial information and diversity:

### **GENERAL DISCLOSURES**

	Scope	Disclosure	Location	Explanations/ reason for omission
Business model	Description of the <b>business</b> model:  - Business environment  - Organization and structure  - Markets in which it operates  - Goals and strategies  - Main factors and trends that may affect its future evolution	GRI 102-2 Activities, brands, products and services GRI 102-4 Location of operations GRI 102-6 Markets served GRI 102-10 Significant changes to the organization and its supply chain GRI 102-16 Values, principles, standards and norms of behavior GRI 102-26 Role of highest governance body in setting purpose, values, and strategy.	Chapter 1. Sustainably Providing Value	
Policies and results of these policies	A description of the policies applied by the group as well as the results of these policies, including key indicators for pertinent non-financial results	103 Management Approach	Throughout the document	
Main risks and impacts identified	The main risks related to these topics and related to the group's activities including, when relevant and provided, their commercial relations, products or services that may have negative effects on these areas.	103 Management Approach 102-15 Key impacts, risks, and opportunities	Chapter 3. Good Governance, Ethics and Risk Management	



### **ENVIRONMENTAL TOPICS**

	Scope	Disclosure	Location	Explanations/ reason for omission
Management approach		GRI 103-2 The management approach and its components	5.1. Management and Environment Approach	
	Current and expected effects of company activities		5.1.3. The Precautionary Principle or Approach 5.2. Working for a Better World	
	<b>Evaluation procedures</b> or environmental certification	QD1400 #	5.1.2. Management Approach	
Environmental management	Resources dedicated to preventing environmental risks	GRI 102-11 Precautionary Principle or approach	5.1. Management and Environment Approach	
	The application of the <b>precautionary principle</b>		5.1.3. The Precautionary Principle or Approach	
	The quantity of provisions and guarantees for environmental risks		5.2. Working for a Better World	There are no provisions for environmental risks
Pollution	Measures to prevent, reduce or repair carbon emissions (also including noise and light pollution)	Internal framework: qualitative information on measurements made	5.2. Working for a Better World 5.2.3. Greenhouse Gas Emissions	
The circular economy	Measures for prevention, recycling, reuse and other forms of waste recovery and elimination	GRI 306-2 Waste by	5.2.1. The Circular Economy and Waste Prevention Management	In view of the Arteche business
and waste prevention and management	<b>Actions</b> to fight food waste	type and disposal method	n/a	model, there is no significant incidence of food waste

### **ENVIRONMENTAL TOPICS (CONT.)**

	Scope	Disclosure	Location	Explanations/ reason for omission
	Consumption of water and water supply pursuant to local limitations	Quantitative information on water consumption	5.2. Working for a Better World 5.2.2. Sustainable Use of Resources	
	<b>Consumption</b> of raw materials	GRI 301-1 Materials	5.2. Working for a Better World	
	<b>Measures</b> taken to enhance the efficiency of use	consumption by weight or volume	5.2.2. Sustainable Use of Resources	
Sustainable use of resources	Consumption, direct and indirect, of energy	GRI 302-1 Energy consumption within the organization	5.2. Working for a Better World 5.2.2. Sustainable Use of Resources	
	Measures taken to improve energy efficiency	GRI 302-4 Reduction of energy consumption	5.2.2. Sustainable Use of Resources	
	<b>Use</b> of renewable energies		n/a	There is no outstanding use of renewable energies
	Significant <b>elements</b> of greenhouse gas emissions generated	GRI 305-1 Direct (Scope 1) GHG emissions. GRI 305-2 Energy indirect (Scope 2) GHG emissions.	5.2. Working for a Better World 5.2.3. Greenhouse Gas Emissions	
Climate change	Measures taken to adapt to the consequences of climate change	Internal framework: a qualitative description of efficiency measures	5.2. Working for a Better World	
	<b>Goals</b> for reduction voluntarily established		2.1. Our Sustainability Strategy 5.2.3. Greenhouse Gas Emissions	
Bio-diversity protection	Measures taken to preserve or restore biodiversity			
	Impacts caused by activities or operations in protected areas	Internal framework: a qualitative description	5.2.4. Protecting Biodiversity	



### SOCIAL AND PERSONNEL-RELATED TOPICS

	Scope	Disclosure	Location	Explanations/ reason for omission
Management app	Management approach		Chapter 4. Our Energy: People. #MovingTogether	
	Total <b>number</b> and distribution of employees by sex, age, country and professional category	GRI 102-8 Information on employees and other workers	Annex A.5	
	Total <b>number</b> and distribution of employment contract types	GRI 405-1 Diversity of governance bodies and employees	Annex A.5	
	Annual <b>average</b> indefinite, temporary and part-time contracts by sex, age and professional category	Quantitative information on the percentage of contracts at closing	Annex A.5	
	<b>Number</b> of dismissals by sex, age and professional category	Quantitative information on dismissals	Annex A.5	
	Salary gap	GRI 405-2 Diversity and equal opportunity	4.2.2. Compensation and Salary Gap Data	
Salary gap	Average <b>remuneration</b> by sex, age and professional category	Quantitative information on average remuneration for employees including fixed and variable	Annex A.5	
	Average <b>remuneration</b> of directors by sex	Quantitative information on average remuneration of directors	4.2.2. Compensation and Salary Gap Data	
	Average <b>remuneration</b> of management by sex	Quantitative information on average remuneration of management	4.2.2. Compensation and Salary Gap Data	
	The implementation of disconnecting from work policies	Internal framework: a qualitative description	4.2.3. Creating Quality Jobs	
	Employees with a disability	GRI 405-1 Diversity of governance bodies and employees	4.2.1. Diversity, Equality and Accessibility	
	Organization of work time	Internal framework: a qualitative description	4.2.3. Creating Quality Jobs	
	<b>Number</b> of absenteeism hours	Quantitative information on absenteeism hours	4.2.3. Creating Quality Jobs	
Work organization	Measures aimed at facilitating work/life balance and promoting coresponsible exercise thereof by both parents	Internal framework: a qualitative description GRI 401-3 Parental leave	4.2.2. Compensation and Salary Gap Data	

### SOCIAL AND PERSONNEL-RELATED TOPICS (CONT.)

	Scope	Disclosure	Location	Explanations/ reason for omission
	Health and safety <b>conditions</b> at work	Internal framework: a qualitative description	4.3. Health and Safety	
Health and safety	<b>Number</b> of workplace accidents and occupational diseases by sex, frequency rate and severity by sex	GRI 403-2 Hazard identification, risk assessment, and incident GRI 403-9 Work-related injuries	4.3. Health and Safety	
	Social dialog <b>Organization</b>	Internal framework: a qualitative description	4.2.3. Creating Quality Jobs	
Social relations	Percentage of the workforce covered by a collective bargaining agreement by country	GRI 102-41 Collective bargaining agreements	4.2.3. Creating Quality Jobs	
	<b>Summary</b> of collective bargaining agreements, particularly in the field of health and safety at work	Internal framework: a qualitative description	4.2.3. Creating Quality Jobs	
Training	Policies implemented in the field of training	GRI 404-2 Programs for upgrading employee skills and transition assistance program.	4.1.2. Talent Recruitment	
	Total quantity of training hours by professional category	GRI 404-1 Average hours of training per year per employee	Annex A.5	
Universal access	sibility for the disabled	Internal framework: a qualitative description	4.2.1. Diversity, Equality and Accessibility	
	Measures taken to promote equal treatment and opportunities among women and men		4.2.1. Diversity, Equality and Accessibility	
Equality	Measured equality <b>plans</b> adopted to promote employment, protocols against sexual harassment and sex- based harassment	GRI 401-3 Parental leave	4.2.1. Diversity, Equality and Accessibility	
	Integration and universal accessibility of the disabled	GRI 405-1 Diversity of governance bodies and employees	4.2.1. Diversity, Equality and Accessibility	
	Policy against all types of discrimination and, as applicable, diversity management		4.2. How We Defend Human and Labor Rights	





### INFORMATION ON RESPECT FOR HUMAN RIGHTS

	Scope	Disclosure	Location	Explanations/ reason for omission
Management approach		GRI 103-2 The management approach and its components	4.2. How We Defend Human Rights	
Application of due diligence area of human rights	procedures in the	GRI 102-16 Values, principles, standards and norms	4.2. How We Defend Human Rights	
Prevention of the risks of hur and, as applicable, measures and repair possible abuses co	to mitigate, manage	Internal framework: a qualitative description	4.2. How We Defend Human Rights	
<b>Complaints</b> of breaches of h	uman rights	Quantitative information on the number of complaints	4.2. How We Defend Human Rights	
Promotion and compliance provisions of fundamental related to respect for the free and the right to collective ba eradication of workplace disc eradication of forced or man effective abolition of child lake	ILO conventions edom of association rgaining, the crimination, the datory labor and the	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.  GRI 408-1 Operations and suppliers at significant risk for incidents of child labor.  GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor.	4.2. How We Defend Human Rights	

### INFORMATION ON THE FIGHT AGAINST CORRUPTION AND BRIBERY

	Scope	Disclosure	Location	Explanations/ reason for omission
Management ap	pproach	GRI 103-2 The management approach and its components	7.1. Crime Risk Prevention and Program	
<b>Measures</b> taken to	o prevent corruption and bribery	A qualitative description of the management done	7.2. Measures to Prevent Corruption	
<b>Measures</b> to fight	against money laundering	A qualitative description of the measures	7.2. Measures to Prevent Corruption	
Contributions to	foundations and non-profits	Qualitative and quantitative information on contributions	7.2. Measures to Prevent Corruption	

### **INFORMATION ON SOCIETY**

	Scope	Disclosure	Location	Explanations/ reason for omission
Management a	pproach	GRI 103-2 The management approach and its components	Chapter 6. Socially Responsible	
	<b>Impact</b> of the company's activity on jobs and local development		6.1. Our Collaboration with Society	
Company commitments to sustainable	Impact of the company's activity on local populations and the territory	GRI 102-12 External initiatives GRI 102-13 Memberships of association	6.1. Our Collaboration with Society	
development	Relations with local community members and types of dialog with them	GRI 102-43 Approach to stakeholder engagement	6.1.3. An Open Innovation Ecosystem 6.1.6. Promoting a	
	<b>Actions</b> of association or sponsorship		Healthy Lifestyle Through Sports	
	Inclusion of social, gender equality and environmental issues in the procurement policy	A qualitative description of the management done	6.3. Shared Values. A Requirement of Our Value Chain	
Subcontracting and suppliers	Consideration for social and environmental responsibility in relations with suppliers and subcontractors	A qualitative description of the management done	6.3. Shared Values. A Requirement of Our Value Chain	
	<b>Systems</b> for supervision and auditing and the results thereof	A qualitative description of the supervision and audit systems	6.3. Shared Values. A Requirement of Our Value Chain	
	Measures for consumer health and safety	A qualitative description of the measures	6.4. From Customer Service to a Customer Focus	
Consumers	Systems for filing complaints	A qualitative description of the complaint system	6.4. From Customer Service to a Customer Focus	
	Complaints received and their resolution	Quantitative information on the number of complaints received	6.4. From Customer Service to a Customer Focus	
	<b>Profits</b> earned by country	Profit before tax by country	6.5. Fiscally Responsible	
Tax information	Taxes on profits paid	Business tax paid in 2019	6.5 Eigeally	
	Public <b>subsidies</b> received	GRI 201-4 Financial assistance received from government.	6.5. Fiscally Responsible	

### **EU TAXONOMY**

	Scope	Disclosure	Location	Explanations/ reason for omission
Information on EU Taxonomy				
Eligible proportio	Eligible proportion of revenue		2.6. Climate Taxonomy	
Eligible proportion of CapEx		KPIs pursuant to Regulation 852/2020		
Eligible proportion of OpEx				



### **ANNEX A.2**

### CONTACT CHANNELS

GRI 102-1 GRI 1

GRI 102-3 GRI 102-53

Any query related to this report may be submitted through the following channels:

- The group's website: www.arteche.com
- The group's sustainability box: sostenibilidad@arteche.com
- The headquarters and principal place of business:

Arteche Lantegi Elkartea, S.A.: Derio Bidea 28 48100 Mungia (Biscay) T.: (34) 94 601 12 00

### **ANNEX A.3**

### INDEPENDENT OUTSIDE VERIFICATION

"Included at the end of this document"

GRI 102-56

### **ANNEX A.4**

# PARTICIPATION IN R&D PROJECTS WITH PUBLIC FUNDING

### **R&D&I FUNDING PROJECTS WITH PUBLIC/PRIVATE COLLABORATION**

**Center for Industrial Technological Development (CDTI)** 





**2017-2021 SUBSIDIES** 

• **REDELEC** (IDI- 20170942, IDI-20170944): Research in Cybersecurity Technologies for the Deployment of a More Secure Electrical Grid (2017-2021)





- Basque Government HAZITEK
- MORETAT (ZL-2021/00744): Advanced System for High Voltage Metering Transformer Remote Monitoring and Asset Management (2021-2023)
- CINCOSEI (ZE-2020/00019): Integrated Cybersecurity for Industrial Electronic Components and Systems (2020-2021)
- ARCO (ZL-2019/00732, ZL-2020/00350, ZL-2021/00740): Study, modelling and validation of the internal ARCO phenomenon in different dielectric insulators for the development of next-generation metering transformers (2019-2021)
- TRUEVALS (ZE-2021/00004): Trust Technologies for Smart Grid Value Chain Cybersecurity (2021)

### **ELKARTEK**

• **BIOAT (KK-2021/00102):** Analysis of new biodegradable liquids for application in high voltage insulators (2021/2022)

### **2019-2021 MONETIZATIONS**

- CAPACITATIVE (DE/2019/0007): The development of a substation automation system based on the new hardware platform with next-generation functionalities (2021-2023)
- PLATAFORM (DF/2020/0018): The development of a new family of high-performing capacitive transformers (2019-2021)

# ANNEX A.5 PEOPLE INDICATORS

### HOURS OF TRAINING PER YEAR BY PROFESSIONAL CATEGORY

	2021 (*)	2020	2019
Specialists and supervisors	657	1,049	614
Operators	31,600	19,355	10,370
Technicians and administration	3,397	3,664	3,337
Higher education graduates	11,948	9,404	5,893
Management	1,459	1,417	2,844
Total	49,061	34,889	23,058

(\*) Included are 418 hours of training provided by Esita Elektrik (a Turkish company acquired in July 2021), calculated annually for better comparability.

### HOURS OF TRAINING PER YEAR BY PROFESSIONAL CATEGORY

	Me	Men Women		Total		Men %		Women %		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Specialists and supervisors	70	52	9	8	79	60	89%	87%	11%	13%
Operators	1,162	1,035	312	205	1,474	1,240	79%	83%	21%	17%
Technicians and administration	135	138	97	96	232	234	58%	59%	42%	41%
Higher education graduates	369	337	148	125	517	462	71%	73%	29%	27%
Management	34	29	13	13	47	42	72%	69%	28%	31%
Total	1,770	1,591	579	447	2,349	2,038	75%	78%	25%	22%

(\*) Included as of 31 December 2021 are 349 employees from Esita Elektrik (a Turkish company acquired in July 2021); 116 women and 233 men.

# PERCENTAGE OF PEOPLE DISTRIBUTED BY SEX, AGE, PROFESSIONAL CATEGORY AND TYPE OF EMPLOYMENT CONTRACT (\*)

	Indefi	nite %	Tempo	orary %	Inde	finite	Temp	orary
	2021	2020	2021	2020	2021	2020	2021	2020
Specialists and supervisors	96%	98%	4%	2%	76	59	3	1
Operators	79%	65%	21%	35%	1,170	811	304	429
Technicians and administration	97%	99%	3%	1%	226	232	6	2
Higher education graduates	96%	94%	4%	6%	498	432	19	30
Management	100%	100%	0%	0%	47	42	-	-
Men	86%	77%	14%	23%	1,518	1,226	252	365
Women	86%	78%	14%	22%	499	350	80	97
<30	71%	46%	29%	54%	333	194	136	231
30-50	88%	84%	12%	16%	1,334	1,104	181	206
>50	96%	92%	4%	8%	350	278	15	25
Total	86%	77%	14%	23%	2,017	1,576	332	462

Included as of 31 December 2021 are 349 employees from Esita Elektrik (a Turkish company acquired in July 2021), all of whom have indefinite contracts.

# PERCENTAGE OF PEOPLE DISTRIBUTED BY SEX, AGE, PROFESSIONAL CATEGORY AND TYPE OF EMPLOYMENT CONTRACT (\*)

	202	1 (*)	20	20		
	Indefinite Temporary		Part time Indefinite		Temporary Part time	
Specialists and supervisors	62	7	-	59	1	-
Operators	961	289	3	808	353	3
Technicians and administration	227	5	2	238	2	3
Higher education graduates	427	29	2	431	16	-
Management	43	-	-	42	-	-
Men	1,301	258	3	1,219	291	2
Women	402	68	3	358	81	5
<30	282	142	-	188	182	3
30-50	1,149	165	3	1,104	171	3
>50	272	16	2	284	20	-

<sup>(\*)</sup> The averages contributed by Esita Elektrik (a Turkish company acquired in July 2021) are only considered for the six months during which it has belonged to Arteche Group.

### **DISTRIBUTION OF WORKFORCE BY AGE (\*)**

		Men		Women			
	2021	2020	2019	2021	2020	2019	
<30	345	332	275	124	93	84	
30-50	1,116	1,002	930	399	308	303	
>50	309	257	227	56	46	39	
Total	1,770	1,591	1,432	579	447	426	

(\*) Included as of 31 December 2021 are 349 employees from Esita Elektrik (a Turkish company acquired in July 2021), 109 of whom are <30, 206 aged 30-50 and 34 >50.

### **TURNOVER RATE AND NEW HIRES**

**S.S.R:** Social Security Registrations

**S.S.D-R.:** Social Security De-registrations

T.R.: Turnover Rate

	2021 S.S.R.	2020 S.S.R.	2019 S.S.R.	2021 S.S.D-R.	2020 S.S.D-R.	2019 S.S.D-R.	2021 T.R. (*) (**)	2020 T.R. (*)	2019 T.R. (*)
Total	674	550	88	425	358	100	18.09%	17.57%	5.38%

(\*) Calculated as (voluntary leaves and dismissals at the group / Total workforce at end of the year) x 100

(\*\*) The annualized turnover rate contributed by Esitas Elektrik (Turkish company acquired in July 2021) was 37.25%.

The Arteche Group turnover rate without considering Esitas Elektrik would be 14.75%.

Of the total number of Social Security de-registrations within the group, 37 (24 in 2020) were the result of dismissals:

# DISTRIBUTION OF DISMISSALS BY SEX, PROFESSIONAL CATEGORY, AGE AND EMPLOYMENT CONTRACT

	Dismissals		
	2021 (*)	2020	2019
Management	2	-	1
Specialists and supervisors	1	1	4
Operators	22	9	22
Technicians and administration	3	5	11
Higher education graduates	9	9	5
Men	24	17	21
Women	13	7	22
<30	18	6	6
30-50	15	15	21
>50	4	3	16

(\*) Included are 16 dismissals contributed by Esitas Elektrik (Turkish company acquired in July 2021) calculated in an annualized way for better comparability.

### **DISTRIBUTION OF PEOPLE BY COUNTRY AND GENDER**

	Men					Women			
	2021	2020	2019	2021	2020	2019			
Spain	552	541	541	188	169	179			
Mexico	581	612	518	199	208	169			
China	195	209	173	40	39	40			
Brazil	90	90	74	24	23	29			
Argentina	119	139	126	12	8	9			
Turkey (*)	233	-	-	116	-	-			
Total	1,770	1,591	1,432	579	447	426			

(\*) Esitas Elektrik was acquired in July 2021; therefore, only data up to that date are included.

### DISTRIBUTION OF THE WORKFORCE WITH A DISABILITY

	202	2020				
	Men	Women	Total	Men	Women	Total
Brazil	2	-	2	2	1	3
Spain	4	1	5	3	2	5
Mexico	-	-	-	1	-	1
Turkey	4	1	5			
Total	10	2	12	6	3	9



### **PARENTAL LEAVES**

		2021 (**)		2020		
	Men	Women	Total	Men	Women	Total
Total no. of people with a right to parental leave	60	21	81	79	29	108
Total no. of people who have gone on parental leave	47	36	83	230	42	272
No. of people who have returned to work after a parental leave	61	13	74	72	26	61
Return to work rate (*)	129%	36%	89%	31%	62%	22%

(\*) Calculated as the no. of people who have returnedx100/no. of people who had to return. The increase in 2021 is due to people who began their leave in 2020 and returned in 2021. The global rate is 100% (\*\*) Included are 6 men and 2 women from Esitas Elektrik who had a right to parental leave, took it and have returned, calculated in an annualized way for better comparability.

# DISTRIBUTION OF PART-TIME CONTRACTS BY SEX, PROFESSIONAL CATEGORY, AGE AND EMPLOYMENT CONTRACT

Part-time contracts					
	2021	2020	2019		
Management	-	-	-		
Specialists and supervisors	-	-	-		
Operators	3	2	5		
Technicians and administration	-	2	4		
Higher education graduates	1	-	-		
Men	3	2	2		
Women	1	2	7		
<30	-	-	7		
30-50	2	3	2		
>50	2	1	-		
Temporary	-	-	8		
Indefinite	4	4	1		
Total	4	4	9		

### AVERAGE PAY BY AGE AND PROFESSIONAL CATEGORY

	2021	2020	2019
<30	8,205	7,248	7,714
30-50	20,719	21,789	23,773
>50	35,527	35,539	40,030
Management (*)	97,538	94,186	94,833
Specialists and supervisors	13,550	14,956	12,549
Operators	13,357	13,642	14,903
Technicians and administration	18,314	18,918	21,503
Higher education graduates	36,003	35,058	38,867
Total average remuneration	20,522	20,801	

(\*) Including the Group Management Committee, geographic committees and areas that directly report to the President.

### TOTAL AVERAGE REMUNERATION AND SALARY GAP

	Men			Women			Brecha (*)		
	2021	2020	2019	2021	2020	2019	2021 (**)	2020	2019
Total	21,232	21,081	23,567	18,349	19,805	21,194	-13.6%	-6%	-10.1%

<sup>(\*)</sup> Calculated as average remuneration women/average remuneration men -1

<u>PG.</u>

# **ANNEX A.6**

### **ENVIRONMENTAL INDICATORS**

There was a variation in the waste rate in 2021 due to the direct correlation between waste production and generation:

### **WASTE REDUCTION RATE BY TYPE IN 2021**

País		2021 waste variation rate (*)	2020 waste variation rate (**)	
	Hazardous	-38.57%	-10.65%	
Consin	Hazardous recycled	-39.44%	-10.15%	
Spain	Non-hazardous	+25.48%	-23.33%	
	Non-hazardous recycled	+4.91%	-12.68%	
	Hazardous	-29.19%	-44.4%	
Marrian	Hazardous recycled	-67.55%	+66.8%	
Mexico	Non-hazardous	+86.9%	-16%	
	Non-hazardous recycled	+66.25%	-12.4%	
	Hazardous	-1.43%	-65%	
A 4	Hazardous recycled	+23.2%	-79.8%	
Argentina	Non-hazardous	+14.76%	-7.7%	
	Non-hazardous recycled	+150.68%	+0.8%	
	Hazardous	-18.856%	-56%	
China	Hazardous recycled	-	-	
China	Non-hazardous	-9.76%	-48.3%	
	Non-hazardous recycled	-	-	
	Hazardous	-27.07%	-40.3%	
	Hazardous recycled	-59.52%	-	
Brazil	Non-hazardous	+209.8%	-30.1%	
	Non-hazardous recycled	+0.59%	+8.2%	
	Hazardous	-44%	-35.26%	
Total	Hazardous recycled	-53%	+14.94%	
Total	Non-hazardous	+40.83%	-20.45	
	Non-hazardous recycled	+54.33%	-11.9%	

<sup>(\*)</sup> Calculated as: (2021 country tons / 2020 country tons) -1

<sup>(\*\*)</sup> The salary gap contributed by Esitas Elektrik as of December 31, 2021 was 19.8%.

<sup>(\*\*)</sup> Calculated as: (2020 country tons / 2019 country tons) -1



### **ELECTRICITY CONSUMPTION REDUCTION RATE BY COUNTRY**

Country	Electricity consumption variation rate	2020 electricity consumption variation rate (**)		
Spain	-8.03%	-0.84%		
Mexico	+4.49%	+23.1%		
Argentina	-11.3%	-3.6%		
China	-8.66%	+31%		
Brazil	+6.76%	-0.1%		
Total	-4.5%	+9.68%		

(\*) Calculated as: (2021 country kWh / 2020 country kWh) -1

(\*\*) Calculated as: (2020 country kWh / 2019 country kWh) -1

### TASA DE REDUCCIÓN DEL CONSUMO DE AGUA POR PAÍS

Country	Electricity consumption variation rate	2020 electricity consumption variation rate (**)
Spain	+36.43%	-30.14%
Mexico	+39.56%	-44.94%
Argentina	-55.17%	-61.2%
China	+7.64%	+3.98%
Brazil	-10.7%	-21.76%
Total	+10.72%	-32.43%

(\*) Calculated as: (2021 country m³ / 2020 country m³) -1

(\*\*) Calculated as: (2020 country m³ / 2019 country m³) -1

# DIRECT AND INDIRECT CO<sub>2</sub> EMISSIONS REDUCTION RATE

Country	2021	2020
Spain	-14.77%	-11.16%
Mexico	-12.70%	-7.76%
Argentina	-7.21%	-6.92%
China	+47.38%	-6.07%
Brazil	+17.31%	+67.74%
Total scope 1 emissions	-2.7%	+7.03%
Spain	-8.03%	-0.83%
Mexico	+4.42%	+23.13%
Argentina	-11.3%	-3.63%
China	-8.66%	+31.01%
Brazil	-6.33%	-0.07%
Total scope 2 emissions	-4.5%	+9.68%

### **2021 SCOPE 3 EMISSIONS CALCULATION**

Company	Product	Total UPSTREAM Emissions	Total CORE Emissions	Total DOWNSTREAM Emissions	Total CO <sub>2</sub> e and Scope 3 Emissions	Total units (year)* of this reference and equivalents	Total Scope 3 Emissions (tn CO <sub>2</sub> Eq)
ADYH	KA145	882 kg Co <sub>2</sub> E	NA	88.9 kg Co <sub>2</sub> E	970.9 kg Co <sub>2</sub> E	6149	5970064.1 kg Co <sub>2</sub> E
AEDC	SMART RC 27KV THREE- PHASE	499 kg Co <sub>2</sub> E	NA	7,990 kg Co <sub>2</sub> E	8,489 kg Co <sub>2</sub> E	1537	13,047,593 kg Co <sub>2</sub> E
	SMART RC 27KV THREE- PHASE	499 kg Co <sub>2</sub> E	NA	7990 kg Co <sub>2</sub> E	8,489 kg Co <sub>2</sub> E	462	3,921,918 kg Co <sub>2</sub> E
	VRJR-17	157 kg Co <sub>2</sub> E	NA	706 kg Co <sub>2</sub> E	863 kg Co <sub>2</sub> E	4183	3609929 kg Co <sub>2</sub> E
ANA	CRFR-17	157kg Co <sub>2</sub> E	NA	706 kg Co <sub>2</sub> E	863 kg Co <sub>2</sub> E		
	CA-72	402 kg Co <sub>2</sub> E	NA	11,000 kg Co <sub>2</sub> E	11,402 kg Co <sub>2</sub> E	3966	45,220,332 kg Co <sub>2</sub> E
	VJNX-36	179 kg Co <sub>2</sub> E	NA	229 kg Co <sub>2</sub> E	408 kg Co <sub>2</sub> E	NA	NA
	KA-100	152.5 kg Co <sub>2</sub> E	NA	3.9 kg Co <sub>2</sub> E	156.4 kg Co <sub>2</sub> E	806	126,058.4 kg Co <sub>2</sub> E
EAHSL	CA-245 (CX+-CA+UT INCLUDED)	176 kg Co <sub>2</sub> E	NA	4.4 kg Co <sub>2</sub> E	180.4 kg Co <sub>2</sub> E	8351	1,506,520.4 kg Co <sub>2</sub> E
	SENSART VMAC	43.3 kg Co <sub>2</sub> e	NA	0 kg Co <sub>2</sub> E	43.3 kg Co <sub>2</sub> E	13844	599,445.2 kg Co <sub>2</sub> E
FACC	RF 4 125	0.28 kg Co <sub>2</sub> E	NA	0.32 kg Co <sub>2</sub> E	0.60 kg Co <sub>2</sub> E	452107	271,264.2 kg Co <sub>2</sub> E
EASG	ADATECH CMD	160 kg Co <sub>2</sub> E	NA	O kg Co <sub>2</sub> E	160 kg Co <sub>2</sub> E	670	107,200 kg Co <sub>2</sub> E
SAC	SATECH BCU	706 kg Co <sub>2</sub> E	NA	0.59 kg Co <sub>2</sub> E	706,59 kg Co <sub>2</sub> E	1271	898,075.89 kg Co <sub>2</sub> E
MAKER	MORE 6	71.3 kg Co <sub>2</sub> E	NA	O kg Co <sub>2</sub> E	71.3 kg Co <sub>2</sub> E	NA	NA
AGIT	UG3-145	706 kg Co <sub>2</sub> E	NA	2,100 kg Co <sub>2</sub> E	2,806 kg Co <sub>2</sub> E	152	426,512 kg Co <sub>2</sub> E
AIT	NA	NA	NA	NA	NA	1616	NA
Global	75,704,912.19 kg Co <sub>2</sub> e						



