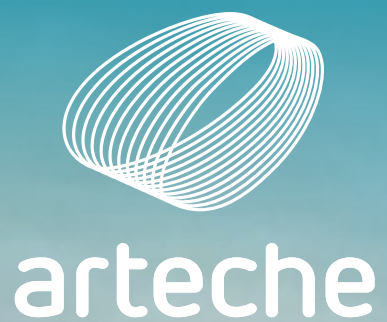
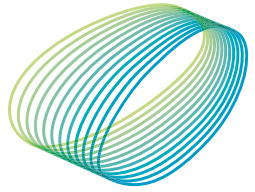




2024

Non-Financial and Sustainability Information Report





arteche

2024

**Non-Financial
and Sustainability
Information Report**



Introduction

Letter from the Chair	4
Executive Summary	6
General Information	7
Preparation Basis	9
Business Model	10
Governance	18
Strategy	36

Environmental Information

EU Taxonomy	63
Climate Change	75
Pollution Prevention	92
Resource Use & Circular Economy	97

Corporate Information

Individuals	114
Value Chain Workers	138
Local Development	143

Governance Information

Business Conduct	152
------------------	------------



Appendices	166
------------	------------

LETTER FROM THE CHAIR



- I
- 1
- 2
- 3
- E
- 4
- 5
- 6
- 7
- S
- 8
- 9
- 10
- G
- 11
- +

WITH ENTHUSIASM,
TRANSPARENCY, AND DEDICATION,
WE REAFFIRM OUR COMMITMENT
TO THE ENERGY TRANSITION AND
ADVANCE OUR STRATEGIC PLAN
‘ENERGIZING FUTURES TOGETHER’

As we approach our 80th anniversary, 2024 marks an exciting new chapter in Artech’s rich history—a milestone we celebrate with immense pride. They say the number 7 is magical, and for the seventh consecutive year, we are delighted to share our Non-Financial and Sustainability Information Statement. This report is far more than a document; it is a testament to our transparency, commitment, and daily progress on our sustainability roadmap. Through our projects, actions, and achievements, we showcase how we are building a more sustainable future.

This past year has been pivotal for Artech, laying the foundations for our medium-term future with the 2024-2026 Strategic Plan: Energizing Futures Together:

Energizing because at Artech, we are a key player in the current electrification process and its future demands.,

Futures electrification is central to the energy transition required for the world we aspire to, and through our purpose—ensuring universal access to clean, efficient, and reliable energy—we unlock opportunities for individuals and communities

And finally, **Together** because collaboration is the only way forward. At Artech, we believe progress is made collectively.

In 2024, we took the first steps on this ambitious roadmap. While challenges lie ahead, we are confident in our team’s ability to seize the exciting opportunities before us.

2024 has been a year of growth and consolidation. The results presented, both in economic and business terms, reflect the strength of our company. This success is a tribute to the hard work and dedication of every Artech employee across four continents, who contribute





daily to our progress.

Our role in the energy transition is two-fold: Reducing our carbon footprint – We are committed to decarbonisation. Enabling the global shift. At Arteché, our equipment, solutions, and services are pivotal to enabling the global shift toward electrification. We facilitate: The transition from fossil fuels to renewable energy. The development of a resilient, flexible, and digital energy grid.

Our **power quality solutions play a critical role in connecting renewable energy sources to the grid.** This year's achievements include: 2024 marked significant progress in our strategic market objectives, particularly in strengthening our position in the critical U.S. market. With over 30 successful power quality projects completed, we have reinforced both our market presence and our commitment to delivering excellence in energy solutions. Our strategic investment in Teraloop - where we serve as the preferred industrial partner - combined with the groundbreaking launch of our PQ-Switch, demonstrates our continuous innovation in renewable energy integration technologies.

At Arteché, we continue to advance decisively in all areas of our business, with ESG principles (Environmental, Social and Corporate Governance) at the core of our strategy. This commitment goes beyond compliance—it reflects who we are and how we operate. As highlighted

in this report, we have achieved a major environmental milestone: reducing our Scope 1 and 2 carbon emissions by 26% compared to our 2021 baseline. But this is just the beginning. Our 2030 target is to cut these emissions by 50%—and we are confident we can go even further. We are also tackling the industry-wide challenge of Scope 3 emissions, which is the great challenge faced by all industrial companies. In the area of Scope 3 emissions, 2024 has been a year of significant progress, marked particularly by our development of sustainable solutions - including the availability of eco-friendly insulating materials to replace conventional insulation in our high-voltage equipment.

We are proud to announce **a major leap forward in clean energy adoption: 63% of our total energy consumption now comes from renewable sources—a remarkable increase from just 34% at the end of 2023.** This milestone represents a decisive leap toward our 2030 goal of complete renewable energy adoption.

We have also achieved a in our waste recovery rate, now recycling or reusing **69% of all waste generated** (up from 58% at the end of 2023). This progress is a tangible reflection of our strategy focused on achieving 100% recycling and reuse by 2030.

These achievements are more than just numbers; they reflect the unwavering commitment of everyone at Arteché to

building a more sustainable future—not only for our company but for the world we share.

In the social sphere, we continue to take firm steps towards real and effective equality of opportunity, increasing the proportion of women in leadership roles to 30% across the entire Group by year-end. In terms of governance, Arteché remains committed to strengthening the effectiveness of our internal controls under the SCIIF (Sistema de Control Interno de la Información Financiera [Financial Reporting Internal Control System]), ensuring transparency and trust in everything we do.

This achievement is the result of a collective commitment and effort, recognised by the EcoVadis Silver Medal, which places us in the top 10% of assessed companies.

Furthermore, we have been honoured to receive several prestigious awards, including: the El Correo Euskadi Avanza 2024 Award, the CEBEK Empresa Bardin 2024 Award, the Management Award at the 14th Bizkaired Awards, and the Empresa XXI Award on its 40th anniversary. These accomplishments are not only a reflection of our relentless pursuit of innovation and excellence but also a testament to the dedication we bring to every action and decision, day after day. They solidify our position as leaders in the energy sector, but above all, they inspire us to remain at the forefront, delivering real

and tangible value to those who trust in Arteché.

At Arteché, what sets us apart is our future-focused vision. In 2025, we will continue to overcome challenges and reach new milestones. The energy transition and the growing global economic, social, and environmental demands reinforce our pivotal role as a company.

This is a responsibility we embrace with enthusiasm, backed by the commitment of nearly 2,700 members of the Arteché family, spanning four continents. And, as always, we will move forward the way we always have: #MovingTogether. By combining our strengths, we will keep building a more sustainable, prosperous, and opportunity-filled future.

I
1
2
3
E
4
5
6
7
S
8
9
10
G
11
+

EXECUTIVE SUMMARY



1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

ECONOMIC

Recruitment

€532.4M

(+12%)

Turnover

€447.4M

(+12%)

EBITDA

€51.6M

(+27%)

Net Financial Debt

€25.6M

(39% reduction)

Net Financial Debt / EBITDA

0.5

(52% reduction)

ENVIRONMENTAL

Reduction emissions 1 & 2

26%

(Vs 2021)

Renewable energy consumption

63%

(+29%)

Recycled waste
(hazardous & non-hazardous)

69%

(+11%)

Environmental incidents

0

SOCIAL

Hours of Training per person

28.6

(+9%)

Women in the workforce

26%

(+0%)

Women in management positions

30%

(+2%)

Accident frequency rate

5.5

(52% reduction)

CORPORATE GOVERNANCE

SCIIF
(Financial Reporting
Internal
Control
System)

Continuation of the
implementation
project

% Women on the
Board of Directors

18%

GENERAL INFORMATION



Preparation Basis

1. Business Model
2. Governance
3. Strategy



	Disclosure Requirements	
General Information	ESRS 2	7
Preparation Basis	BP-1	9
	BP-2	
1. Business Model		10
1.1. Our Purpose		10
1.2. Our Business Lines	SBM-1	11
1.3. Artech's Global Presence		13
1.4. Our Value Chain		15
2. Governance		18
2.1. Artech's Corporate Governance System	GOV-1	18
2.2. Governance, Management and Oversight Bodies	GOV-2	22
	GOV-3	
2.3. Due Diligence and Sustainability Risk Management Processes	GOV-4 GOV-5	31
3. Strategy		36
3.1. Strategic Sustainability Plan	SBM-1	36
3.2. Innovation as a Strategic Driver of Sustainability		40
3.3. Stakeholder Management	SBM-2	47
3.4. Impact, Risk and Opportunity Management	IRO-1	48
	SBM-3	

PREPARATION BASIS

This consolidated report has been prepared in accordance with Directive 2022/2464, applicable in the European Union (“**Corporate Sustainability Reporting Directive**” or “**CSRD**”), concerning the disclosure of sustainability information by companies, as well as the associated set of European Sustainability Reporting Standards (ESRS), which is pending transposition as of the current date. It also complies with the requirements established in **Law 11/2018** on **non-financial** and diversity information and Regulation (EU) 2020/852 on the European Union’s Sustainable Finance Taxonomy.

The financial information contained within this report is derived from the Group’s consolidated annual accounts for the financial year covering the period from 1 January 2024 to 31 December 2024. The non-financial information aligns with the same reporting scope as the annual accounts.

This report includes information on our operations, as well as those of our value chain, covering aspects deemed material. This encompasses both upstream and downstream activities, as detailed in Section 1.4. Our Value Chain.

We have not elected to omit disclosures concerning intellectual property, know-how, or innovation outcomes. Nor have we invoked exemptions regarding the disclosure of impending developments or matters under active negotiation.

SPECIFIC CIRCUMSTANCES

The time horizons used throughout this report align with those defined by ESRS 1. That is, the short term coincides with the reporting period for financial information, the medium term spans from the end of that period up to five years, and the long term is considered beyond five years.

Information regarding value chain data estimates, uncertainties, assumptions, changes in preparation and presentation, and material errors relating to previously disclosed data is presented alongside the affected data points.

As this marks the first year of reporting under the CSRD—and in the absence of its transposition into Spanish law—comparative reporting has been omitted for CSRD indicators not required under Law 11/2018 that were not part of the company’s management system during the 2023 reporting period.

For environmental indicators, adjustments to the reporting scope—to align with entities materially impacting the financial statements—have necessitated a restatement of 2023 figures.

LIST OF DATA POINTS INCORPORATED BY REFERENCE

Arteche’s Consolidated Non-Financial Information Statement and Sustainability Report does not incorporate by reference any content required under the European Sustainability Reporting Standards (ESRS). The document includes cross-references between different report sections where related information can be found.

Arteche maintains additional public resources expanding on certain topics covered in this report. In such cases, references are provided to complementary materials available on our website, which fall outside the scope of external verification.

The following information required under Spanish Law 11/2018 is incorporated by reference from other sections of the management report:

- * Country-by-country profit reporting
- * Average board remuneration



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

1. BUSINESS MODEL

**OUR PURPOSE: TO ENSURE
UNIVERSAL ACCESS TO
CLEAN, EFFICIENT, AND
HIGH-QUALITY ENERGY**

1.1 OUR PURPOSE

We are a cutting-edge technology company at the forefront of electrical energy innovation, pioneering advanced solutions within a culture of commitment and responsibility towards the people and communities we serve.

We design and deliver innovative, reliable, and competitive products, solutions, and services for energy generation, transmission, and distribution – tailored to meet our clients' evolving needs.

We collaborate with sector leaders to develop breakthrough solutions that drive both local and global sustainable energy transition.

Our purpose is:

To ensure universal access to clean, efficient, and high-quality energy

This ambitious vision can only be achieved by harnessing the combined skills, expertise, and passion of every Arteché team member worldwide.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



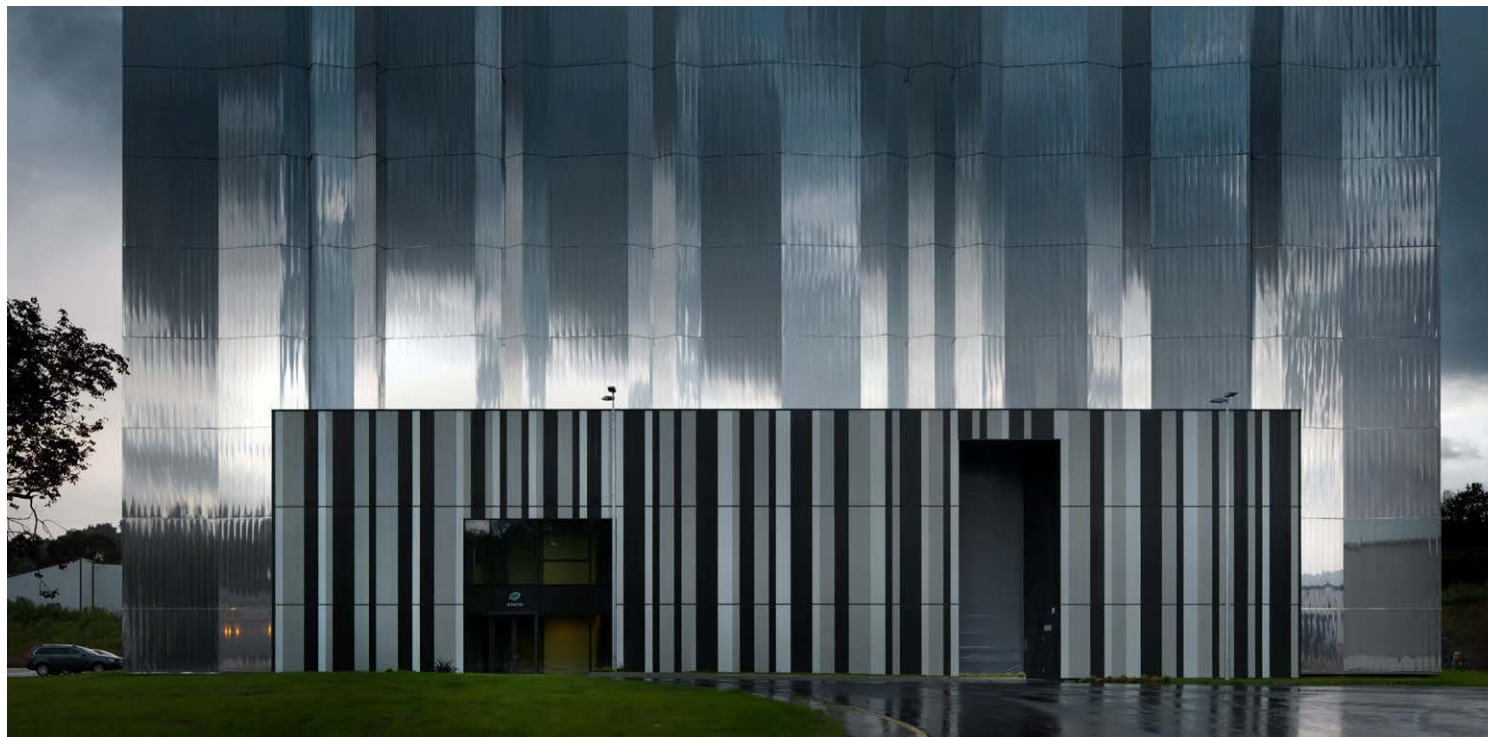
1.2 OUR BUSINESS LINES

Arteche specialises in the **design, manufacture and commercialisation of electrical equipment and solutions for: power generation, transmission and distribution systems; industrial electrical applications; railway electrification infrastructure.**

We pursue technological leadership through: mastering cutting-edge engineering solutions; developing specialist expertise; investing in our workforce within a sustainable business model that delivers both social value and environmental responsibility. As an international innovator, we maintain technological leadership across the sector, with our products and solutions - renowned for quality and service excellence - deployed in over 175 countries worldwide.

Our advanced technologies enhance the quality, efficiency and stability of power grids globally. Our closeness and commitment to safety, combined with our industrial and operational capabilities, allow us to differentiate ourselves by adding value to the leading electric utilities, original equipment manufacturers (OEMs), substation and power plant design and installation companies (EPCs), and engineering firms that are betting on digitalisation and sustainability as pillars of growth.

Sustainability forms the cornerstone of our corporate strategy, guiding: transition to efficient, responsible business models, energy efficiency programmes, emissions reduction initiatives, circular economy implementation across our value chain. This commitment shapes both our operational practices and evolving market offerings.



OUR ADVANCED TECHNOLOGIES ENHANCE THE QUALITY, EFFICIENCY AND STABILITY OF POWER GRIDS GLOBALLY.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



MEASURING & MONITORING

Expertise in Electrical Energy Measurement Systems

- High Voltage Instrument Transformers
- Medium Voltage Instrument Transformers
- Digital measurement
- Voltage sensors



TRANSMISSION & DISTRIBUTION GRID AUTOMATION

Solutions Ensuring Electrical Distribution Grid Digitalisation & Automation

- SAS: Grid, Substation and Distribution Grid Automation Systems
- Relays

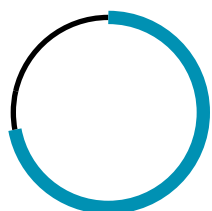


GRID RELIABILITY

Services Enhancing Electrical Infrastructure Efficiency

- Reclosers
- Analysis, Consultancy & Engineering Services
- Power Quality Solutions: capacitor banks and harmonic filters
- Energy storage with flywheel-based systems

TRANSFORMING ENERGY INTO VALUE

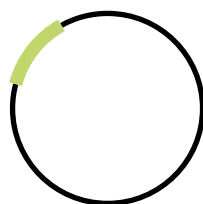


€321,6M

€277.5M in 2023

+15.9%

ENSURING RELIABILITY AND SAFETY IN CRITICAL OPERATIONS

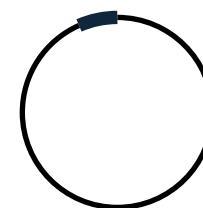


€79.9M

€77.9M in 2023

+2.6%

EXPERIENCE & EXPERTISE



€45.9M

€45.9M in 2023

+0.1%

TOTAL: €447.4M €401.3M in 2023 **+11%**



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

1.3 ARTECHE'S GLOBAL PRESENCE



- I
- 1
- 2
- 3
- E
- 4
- 5
- 6
- 7
- S
- 8
- 9
- 10
- G
- 11
- +

PRODUCTION FACILITIES
10 IN **8** COUNTRIES

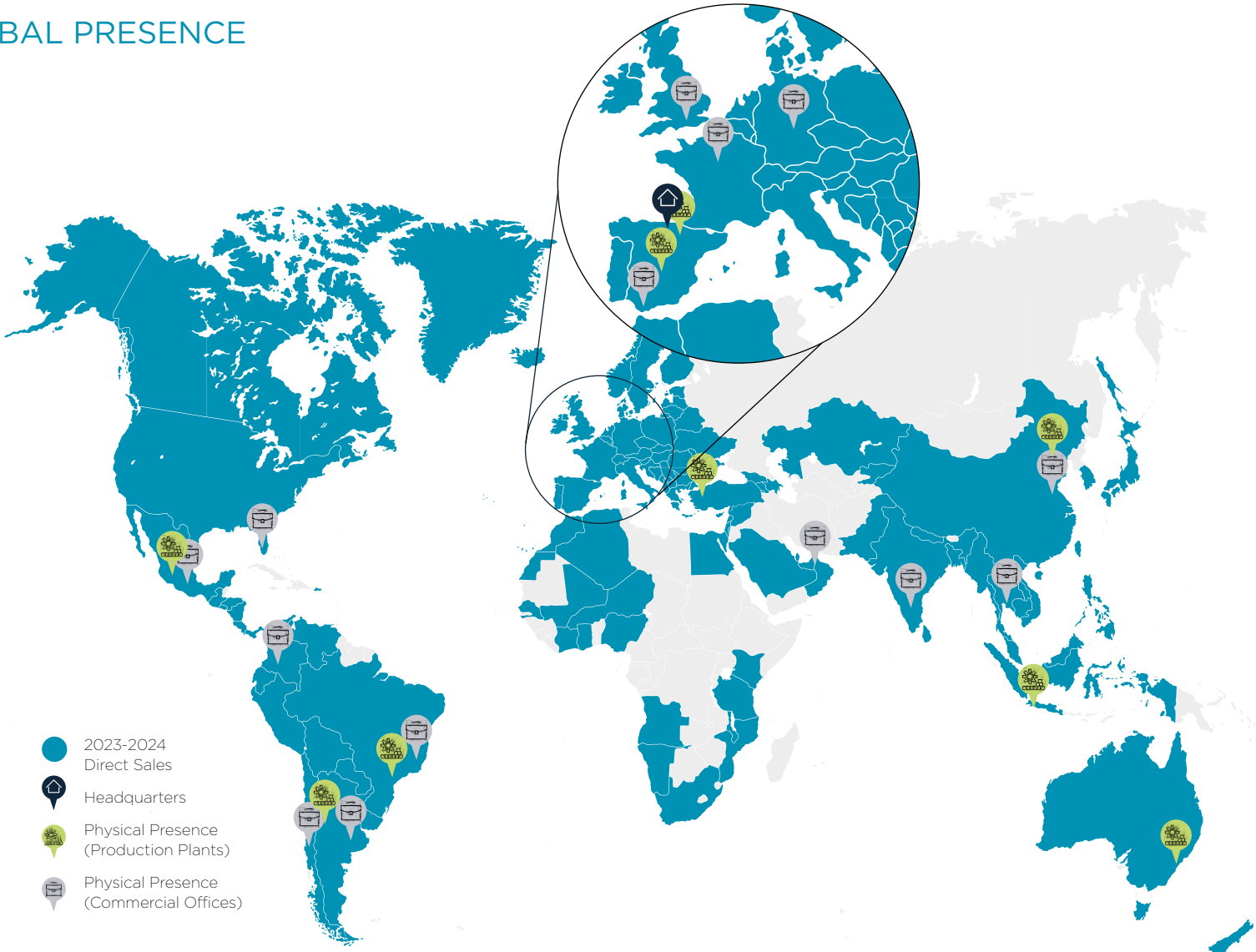
DIRECT SALES
+100 COUNTRIES
IN 2023 - 2024

INSTALLED PRODUCTS
+175 COUNTRIES*

17
COMMERCIAL OFFICES

7
R&D CENTRES

2,673
INDIVIDUALS



EMEA	NAM	APAC	LATAM	
Recruitment €231.8M in 2024 190.2 in 2023 +22%	Recruitment €175.1M in 2024 157.5 in 2023 +11%	Recruitment €70.8M in 2024 58.4 in 2023 +21%	Recruitment €54.7M in 2024 68.0 in 2023 -20%	+12% RECRUITMENT

*Considering 1946 - 2024 historical period

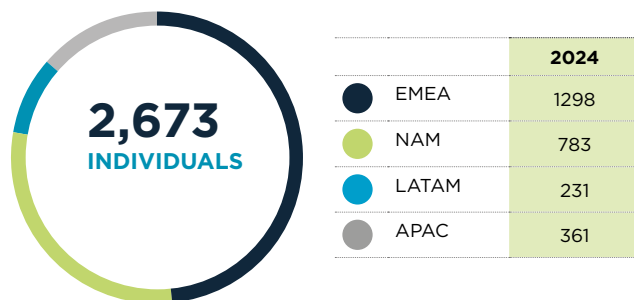
INDIVIDUALS

Our team (own workforce) comprises two categories as defined by the CSRD:

- **Permanent & Temporary Employees:** Individuals engaged under employment contracts, with defined rights, salaries, and benefits.
- **Interns & Trainees:** This group includes individuals engaged in activities within internship or training programmes, governed by specific collaboration agreements with universities or other educational institutions. Their primary objective is learning; therefore, although they receive compensation for their work, their conditions may differ from those applicable to contracted employees, particularly regarding remuneration and the duration of activities.

For the quantitative information in this report, we will focus solely on employees with formal employment contracts, amounting to 2,673 people as of 31 December 2024.

Number of individuals



In the ACs (Autonomous Communities), figures for Spanish regions include both employees and trainees, with Artech Hitachi Energy Instrument Transformer reported at 51% ownership (totalling 2,697 personnel).





1.4 OUR VALUE CHAIN

Arteche's value chain spans every stage—from raw material sourcing to final delivery—ensuring efficiency, quality, and minimal environmental impact. Collaboration with suppliers and distributors is pivotal to maintaining seamless operations.

Value Chain Upstream Phases

Steel, aluminium, and copper (primary inputs), alongside paper, resin, and mineral oil.

Casting and stamping are the main technologies. Paper, resin, and mineral oil are also key materials in our operations. Ensuring the responsible sourcing of inputs is a fundamental aspect of our value chain, fostering partnerships with suppliers who share our commitment to sustainability and social responsibility. We prioritise the procurement of traceable, low-impact materials, integrating technologies that optimise resource use and promote a circular economy.

At the initial stage of our value chain, we focus on sourcing raw materials and production, collaborating with efficient suppliers who adhere to our ethical code and undergo rigorous approval, evaluation, and auditing processes. A

significant proportion **of our suppliers are local businesses located near our plants**, which enhances logistical efficiency, reduces our carbon footprint, and creates both economic and social value in our surrounding communities. Our key partners include companies from the technology, manufacturing and outsourcing sectors.

Distribution Channels

Given the critical nature of the infrastructures in which we operate and the technical, regulatory, and management requirements associated with each order and manufactured unit, our commercial transactions and data exchanges within distribution channels are highly formal and structured. Historically, these transactions were conducted on paper or through unstructured digital means. However, digitalisation and structured electronic exchanges are rapidly gaining traction across all channels.

Major utilities and multinational companies (OEMs, EPCs) are leveraging the potential of data-driven approaches to enhance critical functions such as asset and infrastructure management, as well as operational network management. This shift is creating new business opportunities.

At the national and regional levels (Distributors, Engineering Firms), the adoption of digital platforms based on industry standards, such as the Electronic Product Information Model (ETIM), has significantly improved the purchasing experience, reduced response times, and facilitated seamless interactions with customers and business partners anytime, anywhere. This evolution not only strengthens our competitiveness but also allows us to offer a more sustainable service, reduce paper consumption, and seamlessly adapt to emerging standards and regulations. Key developments, such as the Digital Product Passport, will play a crucial role in shaping future information exchanges.

Ultimately, our position in the value chain makes us a key enabler in driving the transition towards decarbonisation.

**DUE TO OUR POSITION
IN THE VALUE CHAIN, WE
ARE A KEY ENABLER OF
THE TRANSITION TOWARD
DECARBONISATION.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Value Chain Downstream Phases

Our operations serve various high-demand customer segments, each governed by international standards and, in many cases, specific company regulations. Our market segments are:

Utility: Utilities operate, maintain, and manage electrical networks and infrastructure. As asset owners, they require high product quality and responsiveness. Entering this market involves lengthy accreditation processes and product approvals. While these processes take time, they lead to framework agreements or tenders, providing medium- and long-term business visibility. Additionally, they create significant barriers to entry for new competitors.

OEM (Original Equipment Manufacturer): Primarily manufacturers of electrical equipment, integrating our products into their developments and solutions. They share utilities' emphasis on trust-based relationships, product performance, and portfolio visibility. Collaboration with OEM development engineers is common to ensure optimal solutions tailored to their needs.

EPC (Engineering, Procurement, and Construction): Typically involved in turnkey projects, often on an international scale. Our clients include major contractors in the energy sector, from renewable generation (wind and solar farms) to the construction of power lines and substations. While EPCs are

more price-sensitive and less focused on lifecycle value, they must comply with the standards and approvals required by the utilities operating the networks they work with.

Engineering: Provides services to utilities or develops parts of a project for an EPC. Typically operates on a more regional scale. In our sector, we work with engineering firms specialising in substations, metering systems, regulation, protection, and control, as well as renewable energy grid connections and electrical network operations.

Generation: Developers of power generation projects across various technologies: Wind, solar, hydroelectric, nuclear, and combined cycle power plants use our products and solutions to varying degrees in their installations. It shares dynamics with the utility, but unlike the latter, it does not offer recurrence, beyond residual maintenance.

Industry: Energy-intensive industries—such as metallurgy, oil & gas (O&G), semiconductors, and mining—rely on electrical equipment and systems to support their operations. This is especially true for multinational corporations with highly demanding technical and performance specifications, where production continuity is a critical factor.

Railway: The railway sector is a mature industry governed by a comprehensive set of stringent international standards, as it provides critical services. Like util-

ities, it demands high performance levels, lengthy certification processes, and the need to establish trust-based relationships to secure business.

WE OPERATE IN HIGHLY DEMANDING MARKET SEGMENTS, REGULATED BY INTERNATIONAL STANDARDS AND OFTEN BY COMPANY-SPECIFIC REQUIREMENTS.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

ARTECHE IS PRESENT ACROSS THE ENTIRE ELECTRICITY VALUE CHAIN, FROM GENERATION TO DISTRIBUTION, AS WELL AS IN THE RAILWAY SECTOR.

1 Upstream: suppliers

Raw materials and components

Extraction of raw materials (metals, minerals, timber, fuels, etc.)

Parts and semi-finished products
Electronic components
Materials (paper, copper, aluminium, resins, oils, SF6 gas, plastic)
Packaging

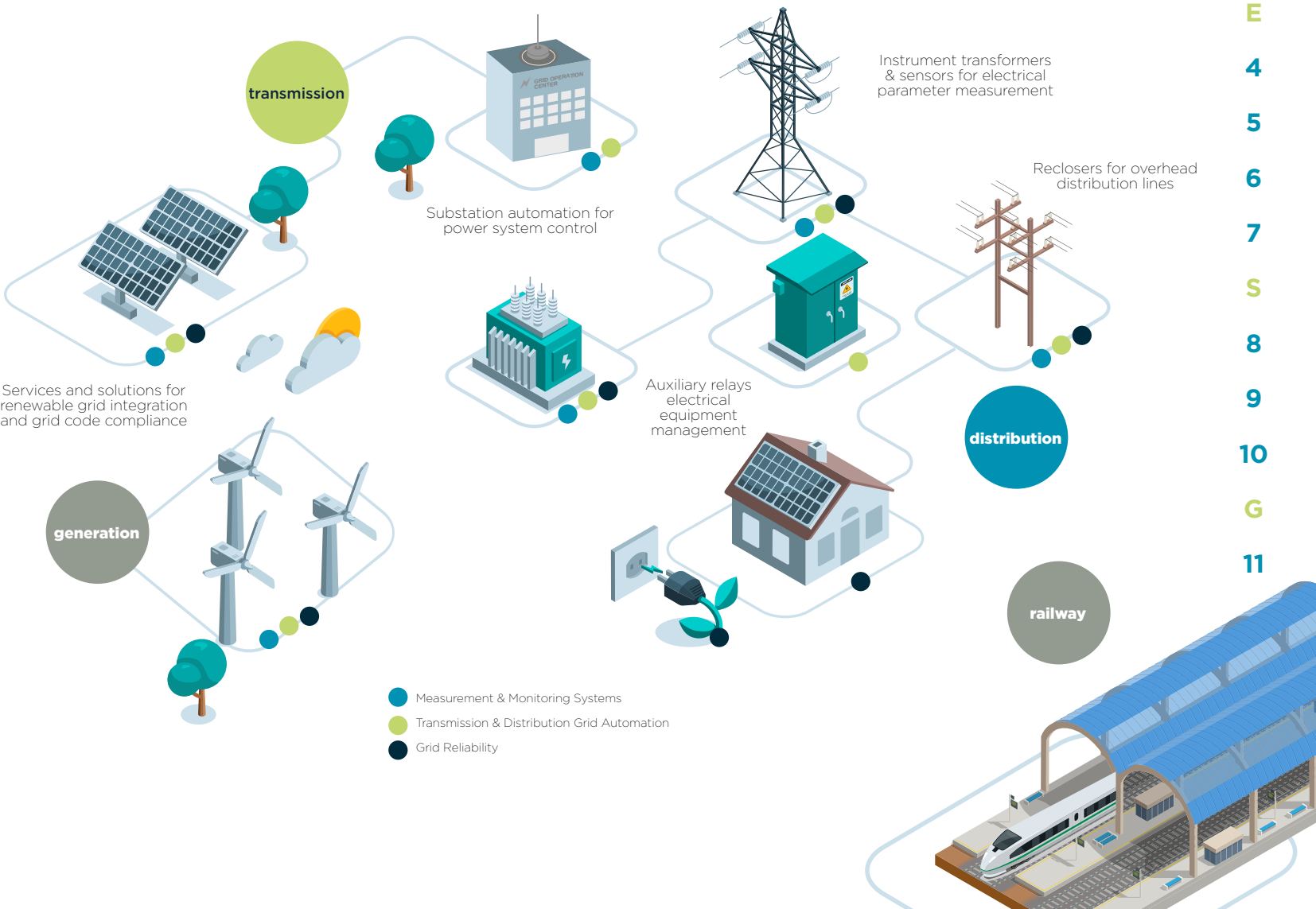
2 Core operations

Our plants

Manufacture of electrical equipment for measurement & monitoring, automation & control, and grid reliability.

3 Downstream: customers

Customers



1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

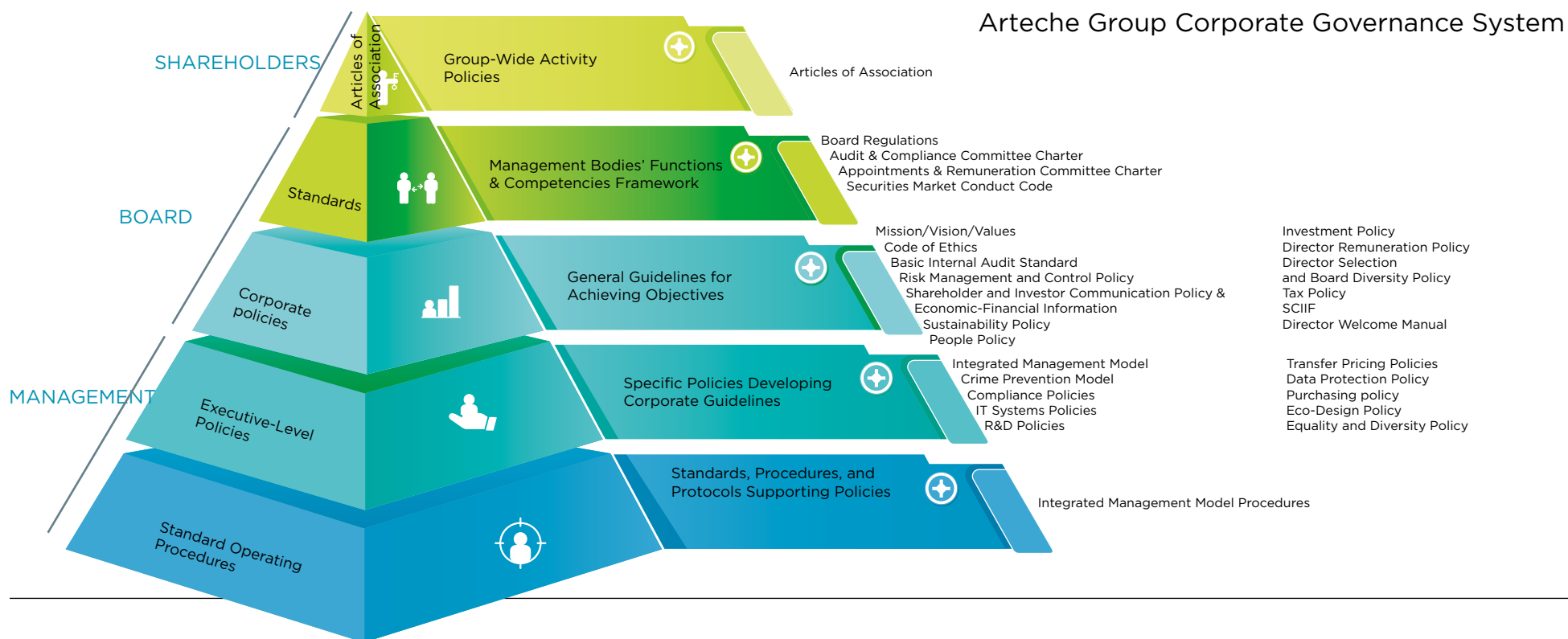
2. GOVERNANCE

2.1 ARTECHE'S CORPORATE GOVERNANCE SYSTEM

Arteche's corporate governance framework is designed to ensure long-term sustainability, build stakeholder trust, and generate shared value. Rooted in ethical principles and transparency, this model is governed by an internal regulatory framework that: oversees the conduct of Governing Bodies, implements risk mitigation mechanisms, defines stakeholder engagement protocols

Thus, the **pillars of our corporate governance system** are mainly the Articles of Association, the Governing Bodies' Regulations, Corporate Purpose, Mission, Vision & Values,

Code of Conduct, Corporate Policies and the Integrated Management System.



At Artecne we follow a **Corporate Governance Roadmap** approved by the Board of Directors and reviewed annually. This guide, based on a diagnosis of best corporate governance practices and laws applicable to listed companies conducted by the Group, sets out an implementation schedule for recommendations in areas such as Board and committee composition, Board diversity, Board operations, internal control and risk management, and policies.

Furthermore, as part of our Strategic Sustainability Plan, detailed in section 3.1, we have planned a multi-year project to implement an Internal Control System for Sustainability Information (SCIIS).

Additionally, the Board and its Committees undergo periodic evaluations, carried out both internally by Board members and externally by independent providers. These evaluations serve as an additional source for identifying improvement opportunities, helping us design and implement actions aimed at aligning with best governance practices.

Key developments in 2024

- Increase in the percentage of women (under-represented gender) and independent directors
- Update of the general risk management and control policy
- Approval of the corporate tax policy
- Approval of the Board Remuneration Policy
- Approval of the Board Selection and Board Diversity Policy
- Monitoring of the implementation of the SCIIF and approval of the SCIIF policy
- Digitalisation and integration of the Risk Management System



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

2.1.1. POLICIES RELATED TO SUSTAINABILITY

Internal policies form the backbone of an organisation’s Corporate Governance System. They drive continuous improvement and excellence in work outcomes, ensuring that all members of Arteché understand their critical responsibilities and work together to achieve the highest quality standards.

For this purpose, Arteché has established a **three-tier documentation structure under the umbrella of our Integrated Management Model**.

Policies are formal statements drafted by the executive team and approved by the Board of Directors, outlining the organisation’s stance on key issues. Processes and procedures define the necessary steps to implement these policies effectively.

We recognise the need to develop robust policy management and development programmes. It is not enough to merely document policies and procedures; we must also demonstrate our ability to understand, apply, and enforce our management system to advance our commitments. To achieve this, Arteché has launched several initiatives:

- **The Quality Department has implemented a training programme on policies and procedures, followed by assessments to verify internal understanding and effectiveness.** . This programme covers all major Group processes and is designed to be permanent and recurrent (see section 2.2).
- **The Compliance Department** runs an annual training plan on business conduct, reporting training hours, topics, and target audiences periodically to the Audit and Compliance Committee.
- **The Risk & Internal Control department’s** supervisory duties include the periodic release of periodic training bulletins, as well as training in critical procedures related to the SCIIF.
- **Internal audit**, as a third line of defence, incorporates policy, process, and procedure reviews deemed critical for the Group into its annual audit plans, based on corporate risk analysis and/ or requests from key stakeholders.

2.1.2. CAPITAL STRUCTURE

Since 11 June 2021, the shares of Arteché Lantegi Elkartea, S.A., the parent company of the Arteché Group, have been listed on the BME Growth segment of BME MTF Equity (a multilateral trading facility).

Arteché Shareholding Structure

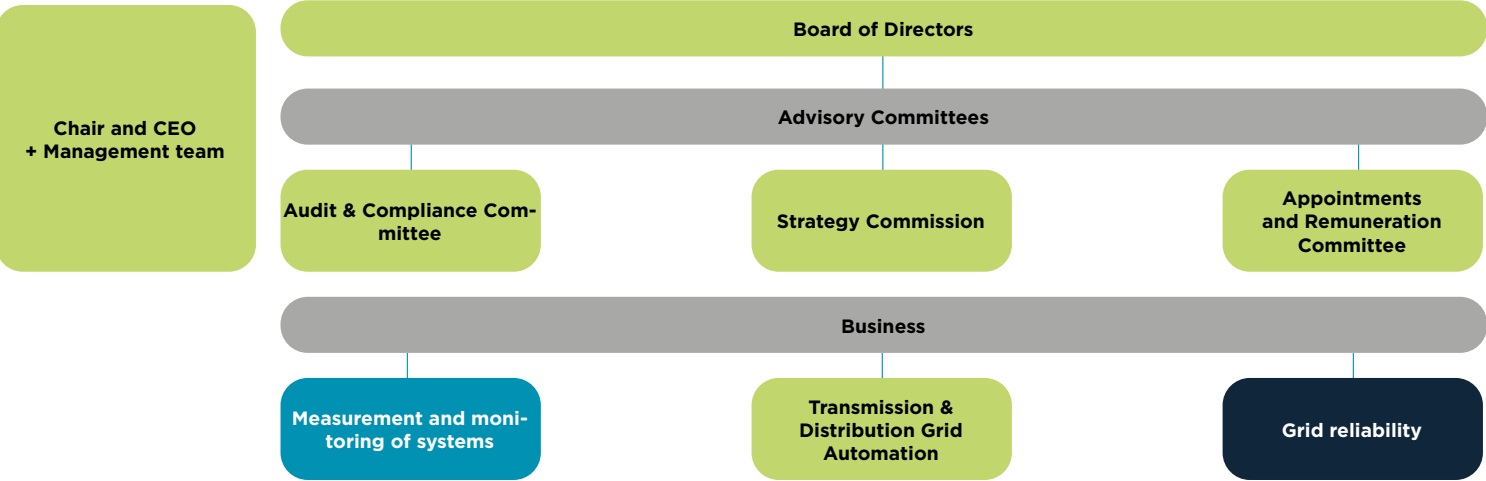


*The free float includes treasury shares, although the amount is negligible (0.00%)

2.1.3. CORPORATE AND GOVERNANCE STRUCTURE

The corporate and governance structure of our Group is illustrated in the following diagram:

Arteche Group Corporate and Governance Structure



Except for matters reserved by law and the Articles of Association for the General Shareholders’ Meeting, our Board of Directors is the highest decision-making body after the General Meeting. It is governed by the Articles of Association and the Board of Directors’ Regulations.

General Shareholders’ Meeting

The General Shareholders’ Meeting is the highest representative body of our shareholders. Its functions are regulated by the Articles of Association, which stipulate that shareholders holding at least 1,000 shares registered in their name at least five days before the meeting are entitled to attend. This body is responsible for the approval of the Sustainability Report.



2. 2. GOVERNANCE, MANAGEMENT AND OVERSIGHT BODIES

2.2.1. BOARD OF DIRECTORS

In general, the Board of Directors of Arteche assumes the responsibilities of **overseeing, directing, controlling, and representing the Group**. To fulfil this role, it establishes the approval of strategy and organisational structure for its implementation as the core of its mission, as well as supervising and monitoring management's compliance with objectives and upholding the Group's corporate interest. In terms of sustainability, the Board determines the strategy, organisation, and resources required to implement it, while overseeing sustainability-related impacts, risks, and opportunities (IROs), as well as action plans to manage them.

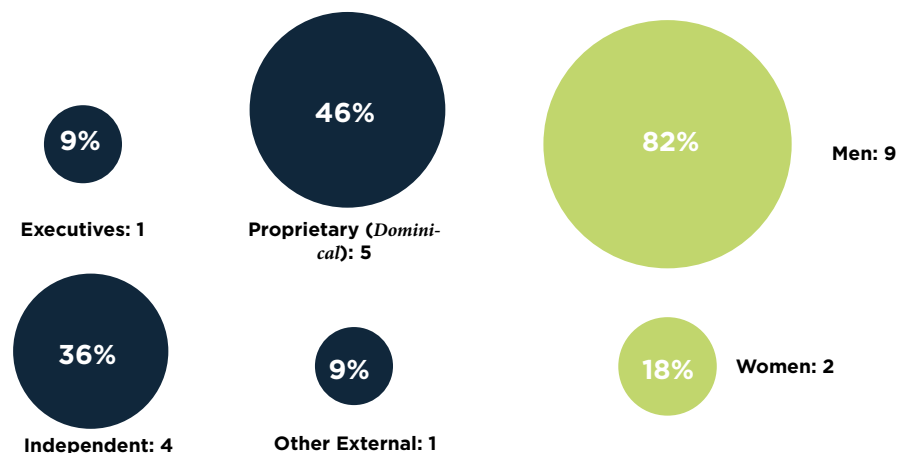
Its functions are governed by the Company's Articles of Association and the Board of Directors' own Internal Regulations.

Board Composition

On 30 December 2024, following a proposal from the Board of Directors, which endorsed the recommendation made by the Appointments and Remuneration Committee, the General Shareholders' Meeting appointed **Ms Cristina Fabre Chicano** as independent director for the statutory term of four years, and **Mr Ignacio Arechabaleta Torrontegui** as proprietary (dominical) director for the statutory term of four years. These appointments, among other benefits, strengthen the Board's expertise in compliance, corporate conduct and sustainability.

With these additions, the **Board of Directors has increased from 9 to 11 members, of whom 2 are women (18%), up from 11% in 2023**. This progress reinforces our commitment to equality and diversity, in line with the principles set out in our Board Member Selection and Diversity Policy

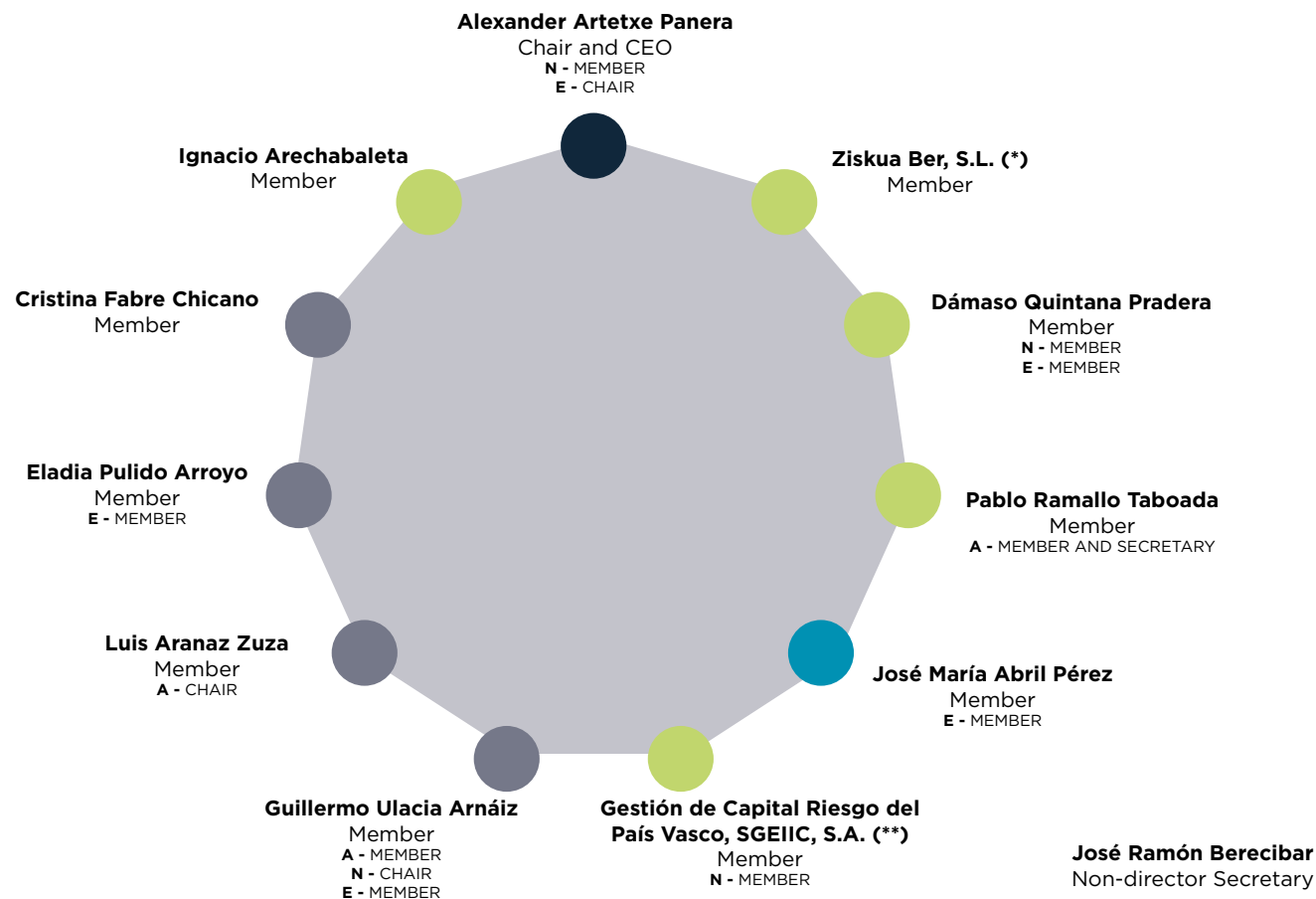
Board Composition Breakdown



Board Composition Breakdown



A Audit and Compliance Committee
N Appointments and Remuneration Committee
E Strategy Committee



(*) Its legal representative is Lander Artech Eguía. Notwithstanding that the director Ziskua Ber, S.L., is a shareholder of the Company, its appointed representative, a natural person, is also a senior executive of the Company.
 (**) Where the natural person representing it is Zigor Urkiaga.



Chair and CEO

The Chair & CEO is responsible for the leadership and effective functioning of the Board of Directors. Their duties include: overseeing management performance, representing the Group institutionally, driving the Group's strategy, including its sustainability agenda and transformation process.

Board Advisory Committees

The Committees do not hold executive powers and serve as permanent bodies with advisory, consultative, and deliberative functions, as well as making proposals within their respective areas of responsibility. They are governed by the provisions of both the Articles of Association and their own internal regulations (except for the Strategy Committee, which is regulated by the Board Regulations).

	Audit & Compliance Committee	Appointments and Remuneration Committee	Strategy Commission
	Reporting lines Board Advisory Committee.		
	Meeting Frequency 7-10 sessions per year.	5-8 sessions per year.	
Regulation	Audit & Compliance Committee Regulation	Appointments and Remunerations Committee Regulation	Included under Article 15 of the Board of Directors' Regulation
General Re-sponsibilities	Its responsibilities include overseeing information systems, internal control, and risk management, including tax-related risks; supervising the process of preparing financial and non-financial information; overseeing the external auditor, the internal audit function, the ethics channel, and the Group's internal compliance function.	It is the body responsible for Corporate Governance and carries out functions related to the proposals for the appointment and re-election of board members, the proposal of the remuneration system and amounts for board members, approval of related policies, approval of annual executive compensation, and the executive management policy related to training, promotion, and selection.	It is an advisory body specialised in developing the Group's strategy, with a particular focus on corporate development and inorganic growth.
Sustainability-Related Re-sponsibilities	• Supervise the process of preparing sustainability information. • Report to the Board prior to publication of sustainability information. • Follow the Sustainability Plan with regard to regulatory requirements. • Oversee external verification of sustainability information. • Supervise the internal compliance unit. • Monitor the ethics channel. • Oversee the risk management system, including sustainability risks.	• Propose the remuneration and compensation policy for the management team. • Propose corporate governance policies (including compliance). • Ensure the proper functioning of incentive systems and their alignment with sustainability strategic objectives. • Balance and Diversity on the Board and Management.	• Propose the sustainability strategy. • Propose the establishment of goals. • Monitor the sustainability roadmap.
• All committees are able to consult Arteché's management team or independent experts. • Board members receive periodic training on various aspects related to sustainability (regulatory requirements, strategy, trends, etc.)			



Recruitment and Appointment

The General Shareholders' Meeting is responsible for appointing, re-electing, and dismissing Board members. The Appointments and Remuneration Committee advises the Board of Directors on the most suitable configuration of the Board and its committees. We work to ensure diversity of skills, knowledge, experience, origins, and gender within the Board.

The recruitment and remuneration of the Board are governed by the recently approved Board Member Selection and Diversity Policy and the Directors' Remuneration Policy.

The Board of Directors collectively has the **relevant technical knowledge for the performance of its functions related to Arteche's sector**, as the competencies of each member contribute to the field of listed companies and other relevant areas. Their CVs are available on [Arteche's corporate website](#) showcasing a wide variety of expertise in:

finance, risk management, internal control, compliance, the electrical sector, strategy design, multinational company management, talent management, and information technologies, among others.

To strengthen the knowledge of the governing bodies, there is an internal, permanent, and expert working team on sustainability matters, and periodic training sessions are held for both Board members and management. Specifically, Ms Cristina Fabre Chicano and Mr Ignacio Arechabaleta Torrontegui have extensive experience and expert knowledge in compliance, internal control, internal auditing, risk management, and sustainability, and they are currently involved in the welcome program Arteche offers to new Board members.

The goal of this welcome program is to provide the necessary support for quick and sufficient understanding of Arteche, so that new Board members can actively perform their duties from the moment of their appointment.

This program aims to train the new board member in the following areas:

a. Role of the Board and the Committees, responsibilities and objectives

b. Overview of the entity's business and organisational model and its strategy: main activities, financial structure, significant risks, and the company's key policies

c. Corporate governance system

It also aims to formally and in writing collect acceptance of certain company policies that apply to them.

TO STRENGTHEN THE KNOWLEDGE OF THE GOVERNING BODIES, THERE IS AN INTERNAL, PERMANENT, AND EXPERT WORKING TEAM ON SUSTAINABILITY MATTERS, AND PERIODIC TRAINING SESSIONS ARE HELD.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



ACCESS THE ARTECHE CORPORATE WEBSITE TO VIEW THE BOARD MEMBERS' PROFILES

Training

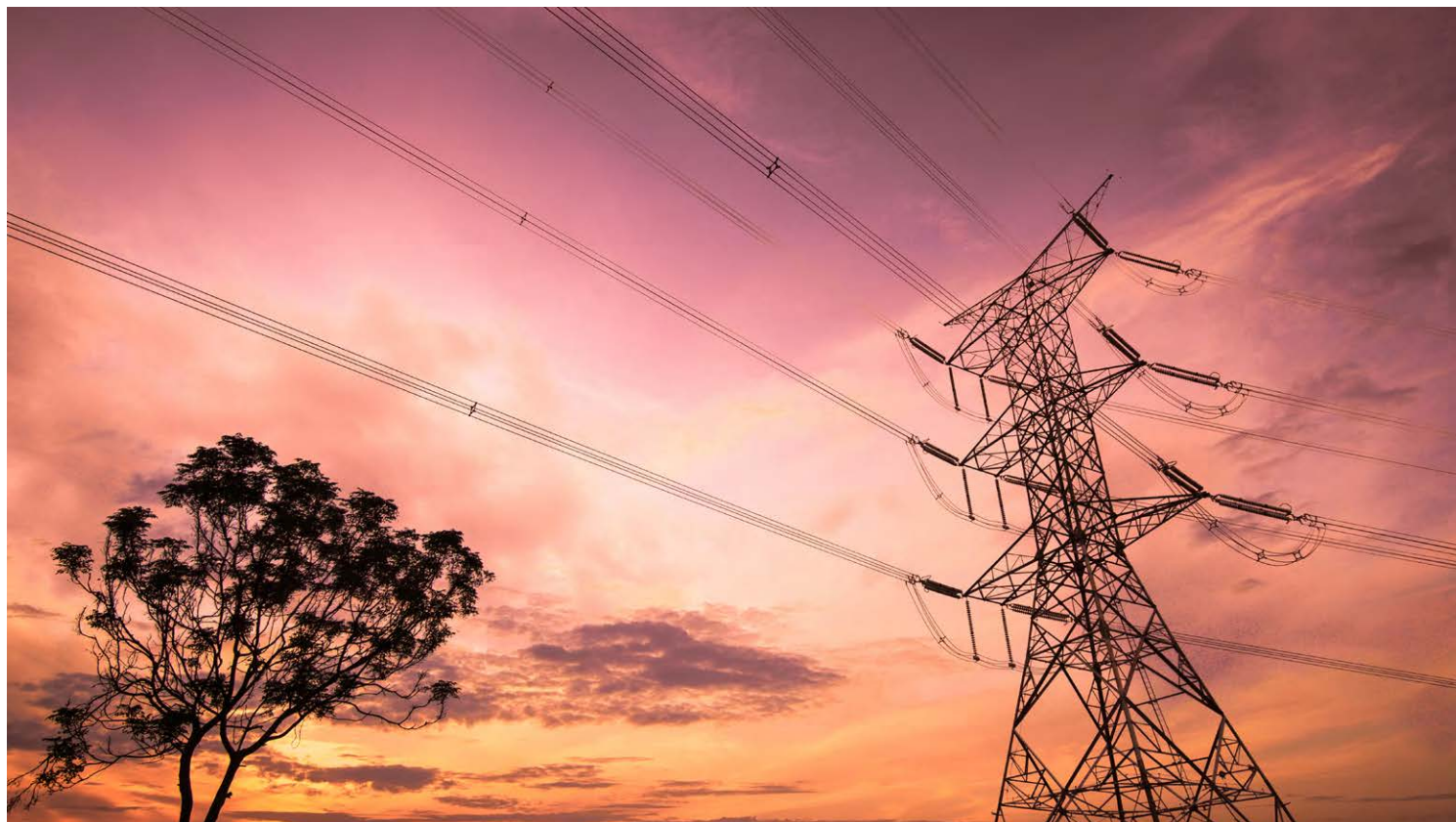
The Board of Directors, with the proposal of the Nomination and Remuneration Committee, has a training plan for board members based on their competency matrix, which is deployed across the different advisory committees and the Board itself, depending on the training topics. The following training sessions were provided to the entire Board of Directors by an external expert consultancy in 2024:

- Regulatory Framework and ESG Challenges
- Analyst and Investor Requirements on ESG
- The Path to Net Zero

The training provided to the Board is based on the training needs for regulatory requirements and strategy, as well as specific topics related to the Group's IROs.

The Audit and Compliance Committee, due to its delegated responsibilities in financial information, sustainability, and risk management, received additional training throughout 2024, mainly focused on: CSRD, EU Taxonomy, Spanish Climate Change and Energy Transition Law, and the Law on Gender Parity and Balanced Representation of Men and Women.

THE TRAINING PROVIDED TO THE BOARD IS BASED ON THE TRAINING NEEDS FOR REGULATORY REQUIREMENTS AND STRATEGY, AS WELL AS SPECIFIC TOPICS RELATED TO THE GROUP'S IROS.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

2.2.2. SUSTAINABILITY MANAGEMENT AND OPERATIONAL BODIES

The Managing Director is responsible for deploying the sustainability strategy across all functional areas represented in the Steering Committee and Regional Management Committees, in coordination with the Sustainability Department.

Additionally, the People & Culture Department, integrated into the Steering Committee, represents the workforce by conveying their concerns and proposals to the management team **through its Director.**

Group Compliance and Sustainability Area

In 2023, as part of the ongoing commitment to sustainability, the Compliance and Sustainability Department was officially established, led by the Chief Compliance & Sustainability Officer. The key responsibilities in terms of sustainability are:

- **Develop the sustainability strategy of the Arteché Group**

- **Implement action plans at the Group level with significant entities, working transversally with all functional areas and regions.**
- **Serve as the central point of contact for internal and external stakeholders regarding sustainability at Arteché**
- **Organize and drive the work of the Global Sustainability Committee and the regional sustainability committees.**
- **Establish and execute the process of identifying, evaluating, and reporting IROs.**
- **Monitor IROs according to the framework established by the Arteché Risk Management System..**
- **Report to the various advisory committees of the Board and the Board itself on matters related to sustainability..**

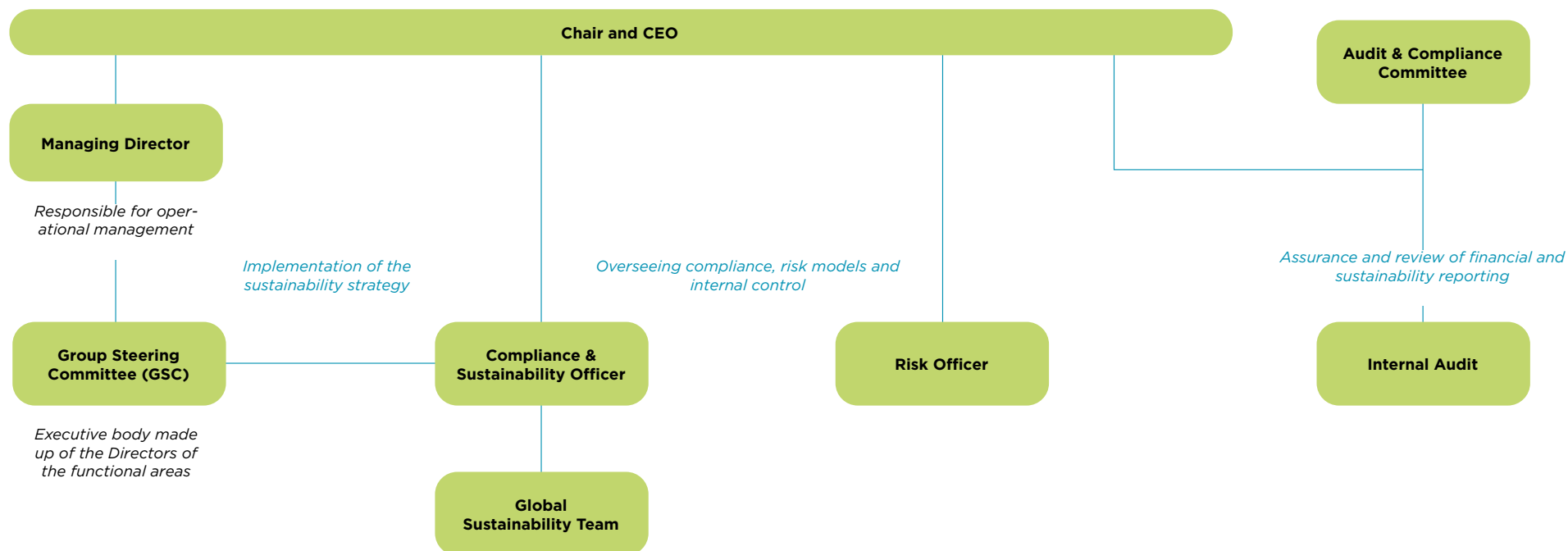
WE HAVE A SUSTAINABILITY DEPARTMENT, LED BY THE CHIEF COMPLIANCE & SUSTAINABILITY OFFICER, TO DEVELOP THE SUSTAINABILITY STRATEGY AND DEPLOY ACTION PLANS AT THE GROUP LEVEL.





Our organisational structure is based on functional areas that support all productive entities, which in turn have their own hierarchical management mechanisms.

Arteche Group Organisational Structure



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

2.2.3. INFORMATION ON MATERIAL SUSTAINABILITY ISSUES

The Group Steering Committee and the organisation, through the Compliance & Sustainability Department, receive periodic information about the progress of the dashboard and indicators related to sustainability IROs. This report is made at least quarterly, although transversal collaboration with all functional areas occurs throughout the year.

The **main actions and plans related to the sustainability strategy**, once analysed by the Steering Committee, are submitted to the Board of Directors annually for approval of the specific sustainability plan and its integration into the overall Group strategy.

The Board of Directors monitors the objectives and roadmap of the sustainability plan at least twice a year, in accordance with the annual planning of Board content.

The Chief Compliance & Sustainability Officer has presented to the Audit & Compliance Committee on five occasions in 2024 to report on compliance

and business conduct matters, as well as on other sustainability issues, including progress on goals related to sustainability IROs. It has done so directly to the Board of Directors on 2 occasions.

In particular, in 2024, progress was reported on actions and targets related to the reduction of greenhouse gas emissions, the use of renewable energy, the reuse and recycling of waste, the proportion of women in leadership positions, training hours, the implementation of the Internal Control over Financial Reporting System (SCIIF), and the integration of the risk model — all of which address the key material issues identified in 2023.

The **double materiality analysis** performed to identify material impacts, risks, and opportunities approved by the Managing Director and CEO, is presented to the Board annually for approval of the necessary actions to address them.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



2.2.4. INTEGRATION OF SUSTAINABILITY PERFORMANCE IN THE INCENTIVE SYSTEM

Arteche has a Remuneration Policy included in the People Policy, which applies to all employees, including Top Management, and a Remuneration Policy for the Arteche Board, both approved by the Group Board of Directors.

The Remuneration Policies are part of the elements designed by the Board as part of Arteche's Corporate Governance System to promote adequate management and oversight of the Group, based on the following principles:

- a) **Attract, hire, and develop the best professionals.;**
- b) **Align with Arteche's strategic positioning, international reality, multiculturalism, and commitment to excellence. ;**
- c) **Recognize and reward dedication, responsibility, performance, and contributions from the team.;**
- d) **Adapt to the different local realities of the entities where the Group operates.**
- e) **Remain at the forefront of the market in alignment with the position Arteche has reached..**

The applicable remuneration model, in general, consists of:

A **fixed salary**, which constitutes a significant part of the total compensation, considering the level of responsibility, functions performed, and professional experience, promoting meritocracy, internal equity, and the value of the role in the market.

A **variable remuneration** consisting of additional payments beyond the fixed salary, based on variable metrics. This remuneration is generally tied to the achievement of predefined business objectives. The annual evaluation is based on the three main pillars defined in the Arteche Group 2024-2026 Strategic Plan, which are:

1. **Maintain sustained and profitable growth.**
2. **Ensure financial sustainability,** through the generation of free cash flow, enabling business model expansion (acquisitions) and strengthening the Group's competitive advantages (CAPEX).
3. **Systematically improve company's value.**

We consider **sustainability and innovation as key factors for achieving these goals**. Progress in sustainability is measured in line with the objectives defined in the ESG 2030 strategy. Based on these criteria, the weight of sustainability in the annual evaluation for all individuals with variable remuneration includes ESG goals and the influence of corporate governance objectives, which directly contribute 20% (up to 25%) and, indirectly, can account for up to 30%. Additionally, individual objectives included in the ESG agenda address goals such as gender equality, emission reduction, and governance systems, depending on the role's responsibilities. For the Group Steering Committee, these objectives account for 10% to 30% of the annual remuneration.

The reference indicators for the variable remuneration of the executive director, management team, and, therefore, the rest of the Group employees, are set each year by the Board of Directors, based on a proposal from the Nomination and Remuneration Committee.

THE REMUNERATION POLICIES CONSTITUTE A KEY COMPONENT OF THE CORPORATE GOVERNANCE FRAMEWORK ESTABLISHED BY ARTECHE'S BOARD OF DIRECTORS.

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



2.3. DUE DILIGENCE AND SUSTAINABILITY RISK MANAGEMENT PROCESSES

2.3.1. DUE DILIGENCE IN SUSTAINABILITY

At Artech, is reflected in our processes for identifying actual and potential negative impacts on the environment and people, as well as the actions we take to prevent, mitigate, and report on such impacts. Our key tools in this area include: Sustainability Policy, Code of Conduct, Double Materiality Analysis, Sustainability Strategic Plan and its corresponding roadmap, Sustainability Report.

Key Elements of Due Diligence	Sustainability status sections
a) Integration of Due Diligence into Governance, Strategy, and Business Model	2. Governance 3.1. Strategic Sustainability Plan
b) Collaboration with Affected Stakeholders at All Key Stages of Due Diligence	3.4. Impact, Risk and Opportunity Management
c) Identification and Evaluation of Adverse Incidents	3.4. Impact, Risk and Opportunity Management
d) Adoption of Measures to Address Adverse Incidents	5.1. Climate change mitigation transition plan 6.2. Actions related to pollution prevention 7.2. Actions related to resource use and the circular economy 8.2. People-related actions 11.5. Management of sustainability impacts, risks, and opportunities in the supply chain 11.7 Key compliance actions
e) Monitoring the Effectiveness of these Efforts and Communication	5.4. Energy and GHG emission metrics and goals 6.3. Pollution-related metrics and goals 7.3. Metrics and goals related to resource use and the circular economy 8.3. Metrics and goals 11.7 Key compliance actions

2.3.2. SUSTAINABILITY RISK MANAGEMENT

Risk Management Model

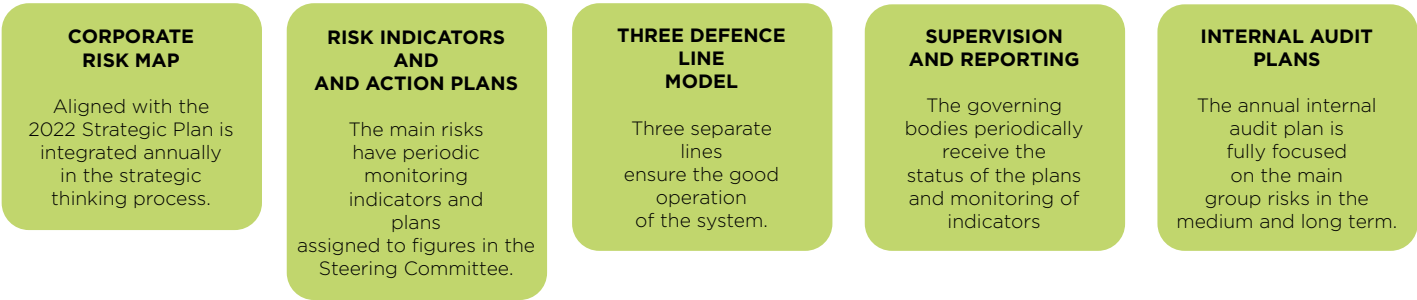
The risk management model at Arteche is outlined in the General Risk Control and Management Policy, which was approved in 2021 and updated in 2024. It is the responsibility of the Board of Directors, which delegates the supervision of its proper functioning to the Audit and Compliance Committee. The Risk and Internal Control function, which is part of the Finance Department but reports on this matter to the Chair of the Board, serves as the second line of defence and is responsible for overseeing the risk management model.

The Group’s risk management system is based on the 3-line model established by the Committee of Sponsoring Organisations of the Treadway (COSO).

Risk Management and Control Policy



Main aspects of our risk system



The entire process is led by Executive Management and coordinated by the Risk & Internal Control function, with active engagement from: the Steering Committee, Regional Committees, and the Internal Audit provides independent oversight of the process, ensuring robust governance at all levels. Both the Risk Management and Internal Control functions report to the Audit and Compliance Committee and the Board of Directors on a biannual basis. A comprehensive evaluation is conducted during the strategic reflection process and is reviewed at the beginning of each year. In 2024, over 80 individuals participated in the two risk evaluations conducted. **The risk map is developed from a residual perspective, taking into account the controls already implemented within Arteché.** These risks are then assessed in terms of impact and probability, aggregated, and prioritised to assign responsibility, define risk indicators, and create action plans.

In 2024, Arteché initiated **a digitalisation project for the risk management and internal control processes.** This project aims to provide a more efficient and systematic approach to identification and evaluation, with a global perspective and scope.

Sustainability risks are fully integrated into Arteché's overall risk management system.

Like other types of risks, sustainability risks are identified and evaluated through interviews with Management and individuals with proven expertise in each area. These risks are also assessed based on external reports and specific regulations that the Group must comply with. These sustainability risks are monitored by the Sustainability team on an annual basis, within the framework of materiality analysis and detection of IROs. The process is supported by Internal Audit, Risk and Internal Control functions, and the General Management. The results of the analysis are discussed and validated by the Group Steering Committee.

Risk assessments cover market, reputational, physical, transition-related risks, and even those arising from emerging regulations. In 2024, this ESG risk analysis involved key stakeholder groups (see materiality analysis), the Executive Committee, the heads of each department, the Sustainability Committee, Internal Audit, Risk and Internal Control, the Audit and Compliance Committee, and the Board of Directors.



2.3.3. INTERNAL CONTROL OF SUSTAINABILITY INFORMATION

To ensure the reliability, transparency, and accuracy of sustainability information, we have implemented the following controls:

- **Reporting Standards and Procedures:**

We have defined a reporting framework for data collection, consolidation, and validation.

- **Indicator Validations:** Every Key Performance Indicator (KPI) presented undergoes several control processes:

- Each indicator is the responsibility of the functional area that manages that information, reviewing the data reported by regional teams and consolidating it at the group level..
- The Global Sustainability area validates all reporting information, ensuring that the data is accurate, consistent, and complies with applicable regulations.. Additionally, the evolution of each indicator and any deviations (positive or negative) from objectives are explained.
- The Internal Audit manager reviews the information presented in the Sustainability Report.
- External Audit: An independent third party verifies the information included in the sustainability report.

- **Training and Support;** The Global Sustainability team ensures compliance with reporting regulations, staying up-to-date with updates and providing necessary training and support to all functional areas.

The Audit and Compliance Committee oversees the accuracy of sustainability information and conducts the following periodic activities:

- **Annually, it supervises the planning of the review** of the Sustainability Report by an external verifier.
- **It examines the review report of the Sustainability Report** before it is submitted to the Board of Directors.
- **It analyses the internal control recommendation memorandums** resulting from the Sustainability Report and continuously monitors the implementation of the recommendations, in collaboration with the Compliance & Sustainability Officer and the Internal Audit Director.
- **It monitors the updates and information requirements** related to the implementation of new reporting regulations (e.g., European CSRD and changes in the EU Taxonomy).
- **It supervises the group's risk map**, including ESG and criminal risks.



In 2024, we conducted an analysis of the data points (quantitative and qualitative) required by the CSRD to assess the availability of information, data integrity, and the accuracy of estimations. This analysis involved identifying, for each data point, a risk level (low, medium, or high) based on expected difficulties in obtaining quality information on time, considering internal data systems and data requirements from suppliers and customers. We also considered the recommendations from the external verifier regarding sustainability information from previous years.

Key Sustainability Information Risks and Mitigation Measures:

- * **Risk in the accuracy of quantitative data on energy consumption and waste due to the lack of automation in information consolidation.** Response: In 2025, we will begin implementing software for collecting and consolidating sustainability information with automatic controls to facilitate tracking.
- * **Low availability of value chain information, especially regarding hazardous substances in products and secondary material content.** Response: We are increasing collaborative initiatives with our suppliers in these areas.

- * **Uncertainty in estimates of fugitive emissions (Scope 1) due to the lack of primary data across all plants.** Response: In the medium term, we will establish a uniform procedure for collecting such data.

- * **Variability in environmental impacts across different product models, which affects the accuracy of data used to calculate Scope 3 Category 11 emissions and prevents a homogeneous database from individual life cycle analyses.** Response: In the short term, we will expand the characterisation of equipment to obtain data for more product types. In the long term, we aim to obtain data from our downstream value chain.

- * **Difficulties in obtaining homogeneous indicators for the number of employees and remuneration due to differing legislative criteria and tools used across geographies.** Response: In 2024, we implemented software to collect this type of information, effectively mitigating the related risk.

- * **Manual collection of training hours.** Response: We have started implementing a tool for the automatic tracking of training hours for each employee.



3. STRATEGY

3.1. STRATEGIC SUSTAINABILITY PLAN

At Artech, we are aware of our key role in addressing environmental, social, and governance challenges, and we take responsibility for operating sustainably and contributing to the well-being of current and future generations. As part of our commitment to business excellence and long-term value creation, in 2023, we presented our Strategic Sustainability Plan, approved by the Board of Directors. This plan is based on three key pillars: double materiality analysis, where we engage all stakeholders; the development of long-term objectives; and the company's core values: proximity, commitment, trust and perseverance.

The principles of transparency, collaboration, and value creation reflect our commitment to involving stakeholders, including the people working at Artech, customers, suppliers, local communities, investors, and shareholders, in our journey towards sustainability.

Throughout this plan, we have identified priorities, objectives, and specific actions to achieve our goals. We recognize that the success of sustainability requires a shared effort and strong collaboration from all functions and the entire value chain.

Therefore, our **Strategic Sustainability Plan** serves as a guide to continue leading by example and working in harmony with the environment and the communities in which we operate. As we move forward, we are committed to regularly reporting on our progress, celebrating our achievements, and learning from our challenges to continue improving and growing as a sustainable company committed to both the planet and society.

In 2024, in line with our commitment to transparency, we once again certified our Carbon Disclosure Project (CDP) and Ecovadis Scorecards, achieving significant improvements in both ratings.

CDP: We made significant progress, improving our Climate score from a C (Awareness) to a B (Management). This achievement reflects our effort in addressing climate change and demonstrates that we have moved from recognizing environmental challenges to implementing active measures to reduce our impact and better manage our carbon emissions. Additionally, we participated in the CDP Water evaluation for the first time, earning a B- rating, a great starting point for improving our water management.

Ecovadis: We also made significant progress, scoring 71/100 (up from 58/100 in 2023) and earning the Silver Medal, which places us in the top 10% of evaluated companies. Our score moved to the 91st percentile, up from 69th percentile in 2023, improving our previous Bronze Medal. These developments reflect our ongoing efforts and commitment to managing sustainability impacts, risks, and opportunities.

Our goal for 2025 is to focus on the identified areas for improvement in both ratings to advance in our continuous progress plan and strengthen our commitment to sustainability.



Priorities 2023-2026

We have defined a set of medium-term priorities to help us achieve our 2030 targets. These priorities aim at value creation and internal and external collaboration, and are based on four pillars:

VALUE CREATION + COLLABORATION

SOCIAL & GOVERNANCE

Leadership model
Cultural transformation
Ethics and transparency

ACTIVE LISTENING

Double Materiality Analysis
Openness to new opportunities

ROADMAP

Sustainability Plan
New regulations (CSRD)
Short, medium and long-term objectives

INVESTMENT

Training and awareness-raising
Data management / indicators
Innovation



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



3.1.1. OBJECTIVES AND ACTION PLAN

Building on the pillars outlined, our strategic plan for the coming years sets medium- and long-term objectives and actions focused on three key areas: accelerating decarbonisation, promoting diversity and equal opportunities within the organisation, and achieving excellence in corporate governance.

E

STRATEGIC OBJECTIVE	2023	2024	2030 Objective
Reduce our carbon footprint > 50% by 2021 (Scope 1+2) (SF6 free)	-29%	-40%	-50%
Reduce our carbon footprint > 50% by 2021 (Scope 1+2) (SF6 free)	-18%	-26%	-50%
Use 100% renewable energy	34%	63%	100%
Design SF6-free products	0.5%	22.8%	100%
Design products with alternative oil solutions	0%	10.7%	100%
Reuse or recycle 100% of the resources generated.	58%	69%	100%
100% of our packaging is free of single-use plastic	28.1%	29.6%	40%

S

Increase the proportion of women in management positions*	28%	30%	40%
Increase training hours per person	26.14	28.6	40h/employee
Zero lost days due to serious accidents	0	0	0

G

Implement a Financial Reporting Internal Control System (SCIIF)	14/70	30/80	Obtain certification
Integrate risk models into the Risk Management System	2/6	5/6	6/6

We consider managerial positions as those profiles that are one or two levels below the oversight and management bodies.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



I

1

2

3

5

4

5

6

7

S

8

9

10

G

11

+

In 2024 we have drawn up a **roadmap** that will enable us to achieve these objectives, drawing up an action plan for 2024-2026, divided into four areas: transversal actions, environmental, social, and governance..

CROSS-CUTTING

- Evaluation of IROs in line with the standards established by the CSRD
- Analysis and internal training on regulatory requirements
- Analysis of the value chain in accordance with the requirements of the EU Corporate Sustainability Due Diligence Directive (CSDDD)
- Update of the Sustainability Policy
- Analysis of the anticipated financial impact of sustainability-related risks and opportunities

E

S

G

- Measurement of Scope 3 Carbon Footprint in accordance with the GHG Protocol
- Development of a Climate Transition Plan aligned with SBTi and TCFD, updating decarbonisation goals and climate risk analysis
- Setting objectives for EU Taxonomy alignment
- Establishment of circular economy indicators for products

- Establishment of an Equality and Diversity Policy
- Development of a Human Rights Policy and mechanisms for mitigating and repairing impacts
- Internal training plan

- Training for the Board on sustainability matters
- Training for the Steering Committee on sustainability matters
- Strengthening of internal control mechanisms



3.1.2. SUSTAINABILITY AND PRODUCT DEVELOPMENT

In terms of our business model, there are two main lines of action at the innovation and product level that involve significant changes in our strategy and operational management.

Objective 1 R&D Elimination of SF6

Sulphur hexafluoride (SF6) is a gas widely used in the electrical sector due to its exceptional insulating properties and role in circuit interruption in high-voltage equipment. This gas has been crucial in ensuring the safety and efficiency of electrical grids, but its use also presents significant environmental challenges, mainly due to its contribution to climate change as a greenhouse gas. For this reason, the European Union has strictly regulated its use, initially through Regulation (EU) 517/2014 and more recently via Directive 2024/573, which replaces it and sets time-bound limits on the use of fluorinated gases in various applications, specifically within the energy market.

As a company in the electrical sector, we are fully committed to decarbonisation and the achievement of the Paris Agreement's goals. Eliminating SF6 from our products and operations is a strategic decision aligned with our vision for the future. Through innovation and collaboration, we aim to be part of the solution to climate change, contributing to a cleaner and more efficient electrical sector.

Currently, we already have available SF6-free insulation solutions and are progressing with their implementation across our product range.

As part of this objective, we have established an indicator for the percentage of products designed without SF6. This indicator allows us to track what percentage of our original SF6-based product portfolio is currently designed with an alternative solution. It has been established that by 2030, the percentage of products designed without SF6 must reach 100%.

Objective 2 R&D Alternative dielectric oil

High-voltage oil-immersed instrument transformers are a product that Arteché has been manufacturing since its inception. Oil, traditionally used as an electrical insulator, is fossil-based and has characteristics typical of industrial oil, which includes additives to ensure the necessary insulation for the product. Thanks to the hermetic design of the equipment, the associated environmental risk is limited to exceptional situations, such as accidental spills or improper management during use or final disposal.

Although these oils are essential for this type of product, Arteché has set out to study the varieties of dielectric oils available on the market to offer the most reliable solution with the least environmental impact. As evidence of our commitment to sustainability, we already offer insulation with alternative oils, minimising the environmental risk.

As part of this objective, we have established an indicator for the percentage of products designed with alternative oils. This indicator allows us to track the percentage of our original portfolio with oil that is currently designed with an alternative solution. It has been established that by 2030, 100% of the products must be designed with alternative oils. Our priority is to ensure that the alternative solution always matches the type of equipment, as there may be several alternatives, to ensure their performance and proper functioning.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

3.2. INNOVATION AS A STRATEGIC DRIVER OF SUSTAINABILITY

For Artech, innovation is a strategic variable, a corporate value and, above all, an internal commitment and a commitment to our customers.

Our priorities are geared towards developing actions focused on achieving an energy transmission and distribution grid that can efficiently, reliably and sustainably integrate the new realities associated with the energy transition.

THREE KEY TOOLS FOR THE DEVELOPMENT OF THE PLAN

1

PRODUCT ROAD MAPS

These define the development needs in line with our objectives

2

INNOVATION ECOSYSTEM

as a complementary tool to our internal resources for the acquisition of enabling technologies necessary for the evolution of current businesses and the development of new businesses.

3

ARTECHE VENTURES

Channel for investing in companies that provide us with technology and/or business opportunities.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



KEY INNOVATION FIGURES

NEW PRODUCT DEVELOPMENT

Number of projects

74

(+16%)

Hours dedicated

200,000

(+0.65%)

People involved

203

(+3%)

In-house R&D Centres

7

INNOVATION ECOSYSTEM

We work on open innovation, collaborating with over

100

innovation agents within the ecosystem

Annual R&D investment

+3.5%

of revenue

Active cooperation with

10

Start-up



3.2.1. OUR INNOVATION JOURNEY

In our contribution to **driving a Future with Energy**, we are aware that there are number of factors that we need to consider when working on innovation.

Our **strategic lines frame our R&D&I**

roadmap for the coming years so that we can offer Innovative and Sustainable Solutions resulting from the application of disruptive technologies in the devel-

opment of our new products.

We dedicate our efforts, teams and internal resources to developing innovative solutions, focusing on the core technologies of our product lines. In 2024, we dedicated over 200,000 hours (a 0.65% increase compared to 2023) to the development of new products within the R&D team, working on a total of 74 projects. The team consists of 203 people (a 3% increase in 2024), of which 18.2% are women (18.8% in 2023*), distributed across 7 of our own R&D centres.

The proportion of women in R&D has decreased due to the overall increase in R&D personnel.

THREE OBJECTIVES OF THE INNOVATION PLAN

1

DEVELOPMENT AND ADAPTATION OF THE PRODUCT RANGE TO ENABLE PROFITABLE AND SUSTAINABLE GROWTH.

2

DEVELOPMENT AND ACQUISITION OF NEW TECHNOLOGICAL SKILLS TO MEET THE EVOLVING DIGITALISATION NEEDS OF THE ELECTRICITY GRID.

3

ACQUISITION OF KNOWLEDGE AND SKILLS TO DEVELOP NEW BUSINESS MODELS FOR ENTRY INTO NEW MARKET SEGMENTS.

**OUR STRATEGIC LINES
FRAME OUR R&D&I
ROADMAP FOR THE
COMING YEARS SO
THAT WE CAN OFFER
INNOVATIVE AND
SUSTAINABLE SOLUTIONS**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

3.2.2. INNOVATION ECOSYSTEM: OPEN INNOVATION

At Artech, we rely on **continuously evaluating opportunities that reinforce our competitive positioning and tech-**

nological leadership to respond to future challenges in energy and society.

We firmly believe that **investment in R&D&I is essential for growth, sustain-**

ability and maintaining a competitive leadership position in the market.

For this reason, in addition to our internal resources, we work on open innovation **open innovation** collaborating with more than 100 innovation agents within the ecosystem. We complement our core expertise with external expertise that is indispensable for executing disruptive projects.

We also have **specific working groups** for the disruptive projects we are working on. Such is the case with the Smart Data Management Ecosystem, or the ecosystem surrounding Product Sustainability.

Artech Group's Innovation Ecosystem aims to strengthen existing relationships with the various stakeholders with whom we actively collaborate on R&D&I projects and innovative initiatives. At the same time, it will enable us to build new alliances to add value to future R&D&I proposals that require cooperation.

Each year, we invest more than 3.5% of our revenue in R&D&I. Ultimately, we believe it is essential to invest a portion of our resources in fostering R&D and innovation both within and beyond the organisation in a systematic manner, supporting both internal developments and the wider innovation ecosystem.

Below, we highlight some of our most significant collaborations with key players in our innovation ecosystem.



Institutional Relations and Participation in Associations and Technical Forums

In line with our mission to remain at the forefront of technological innovation in the electrical sector and to be internationally recognised for the quality and service level of our products and solutions, Artech develops **R&D&I projects, both independently and through public-private collaborations.** We actively participate in leading international electrical bodies such as CIGRE and CIRED, as well as key international technical forums dedicated to knowledge, technology, and innovation development, including the European SmartGrids Platform, T&D Europe, and FutuRed. Additionally, we engage with organisations within the region of our corporate offices, such as INNOBASQUE, the Basque Energy Cluster, and GAIA.

In 2024, we joined the Basque Ecode-sign Center (BEC) of IHOBE to collaborate with 18 other Basque companies on the energy transition, circular economy, and eco-design.

Additionally, we contribute our expertise to the “COMparte” sustainability best practices platform” and within the same platform, as part of the catalogue compiled by the Spanish Confederation of Business Organisations, we support the development of resilient infrastructures, promote inclusive and sustainable industrialisation, and encourage innovation, in line with Sustainable Development Goals (SDGs) 9 and 12.

WE ACTIVELY CONTRIBUTE OUR EXPERTISE TO THE “COMPARTE” SUSTAINABILITY BEST PRACTICES PLATFORM AND PARTICIPATE IN THE CATALOGUE COMPILED BY THE SPANISH CONFEDERATION OF BUSINESS ORGANISATIONS (CEOE).

Additionally, we highlight some of the forums and conferences we have participated in during 2024, alongside other associations:



We participated in a round table on innovation and talent in the event ‘Tejiendo Redes desde el territorio: Euskadi, transformación y liderazgo industrial’, organised by Aelēc and El Diario Vasco



We participated in the #OTDChallenge, organised by the Fundación Industrial Navarra, where we presented the talk “Optimisation of High-Voltage Grid Operations by Integrating New Technologies in Instrument Transformers”.



We contributed to CriptoredCon, one of the most significant cybersecurity events, by delivering a talk on cybersecurity in the electrical grid.



#otdchallenge website



Watch our presentation!



Collaborative Projects with Technology Centres

We collaborate with key stakeholders within the Basque Research & Technology Alliance (BRTA) consortium—IKER-LAN, TECNALIA, TEKNIKER, GAIKER, and CEIT—as well as international institutions such as INEEL. These partnerships are essential to fostering R&D&I.

In 2023, we also became an active BAIC-er at the Basque Artificial Intelligence Centre (BAIC) to drive asset management and our most digitally focused projects. In 2024, we participated as a corporate challenger in the second edition of DATATON organised by BAIC at BAT.

STEAM Talent and University Collaborations

In addition to hosting various stakeholders, initiatives, and projects at our facilities, we actively visit universities and their ecosystems to identify potential synergies that could lead to long-term collaborations.



**THROUGH OUR NEW INITIATIVES
WITH UNIVERSITIES, UNDER
THE UMBRELLA OF BAT |
B ACCELERATOR TOWER,
WE ARE PRESENTED WITH
OPPORTUNITIES TO ATTRACT
INTERNATIONAL TALENT.**

Through our new initiatives with universities, under the umbrella of BAT | B Accelerator Tower, we are presented with opportunities to attract international talent. A notable example is our involvement in the B Global Talent programme, coordinated by Mondragon University. This initiative includes a hackathon and bootcamp serving as a selection process for 60 participants, culminating in an in-company internship. In early 2024, two participants completed an immersive experience with us from January to March. These initiatives aim to promote education, collaboration, and innovation, while also facilitating international talent acquisition and the conversion of internships into potential employment opportunities.

In 2024, we once again took part in the flagship event of Industria Erronka, a project led by FVEM – the Biscay Federation of Metal Industry Companies. This initiative is designed to inspire young people in Euskadi to pursue careers in industry.



Competitive Intelligence and Technology Watch

In our commitment to excellence, quality, and innovation, we actively participate in International Standardisation and Certification Committees within the energy sector. Staying alert to the latest regulatory developments ensures that we deliver our products and services more swiftly and in line with market and societal requirements. We support the development and compliance with standards for the products in which we innovate, as well as in the geographical markets in which we operate (such as CTN, IRAM, NBR, etc.).

We complement this proactive approach with technological and competitive intelligence, which we manage through the INNGUMA software.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

3.2.3. ARTECHE VENTURES START-UPS AND ENTREPRENEURSHIP HUBS

We established Artech Ventures as a structured yet agile mechanism to co-operate with and, when appropriate, invest in start-ups. We specifically seek collaborations with start-ups at Technology Readiness Levels (TRLs) of 4 or higher, with a presence both nationally and internationally. Our focus areas include asset management, direct current, power electronics, and optical technologies applied to the electrical grid.

In 2024, we analysed 58 start-ups, forming active partnerships with 10 of them, evaluating and/or generating business opportunities with another 10, and finalising an agreement to participate in the equity of a European start-up.

By combining our organisational capabilities with the disruptive proposals of start-ups, we gain agility in responding to innovative challenges in the energy sector. Since 2022, we have been part of B Accelerator Tower | BAT, the innovation and entrepreneurship hub located in Bilbao. During this period, we have participated in various initiatives, such as scheduling meetings with start-ups within our area of interest or attending key events in this field (South Summit, etc.).

As in previous years, we have participated in the 8th edition (2023-2024) of the BIND 4.0 Open Innovation and Acceleration Programme of the Basque Government, primarily focusing on the electrical sector, clean energy, and sustainability, as well as on Industry 4.0, smart and automated technologies, as these are the main areas in which we operate.

In this 8th edition, we carried out two Proof of Concept (PoC) trials.

- ORBIK, Spin-off of IKERLAN - A technology centre we work with - that offers cybersecurity services for Electronic Equipment; and with which we are piloting a communications robustness test [ACHILLES].
- BIRZIPLASTIK, a start-up that specialises in circular economy processes and the management of highly complex plastic surpluses and with which we are developing a pilot project that will enable us to be able to establish sustainability criteria for waste management and which is led by the EHS area.

These alliances reflect our interest in use cases related to energy efficiency, environmental impact reduction, and the transformation, optimisation, and digitalisation of industrial processes. These initiatives make use of technologies such as connectivity, IoT, Big Data / AI, immersive technologies, cybersecurity, computing and software, or robotics and electronics, among others.

Another example of a Start-up we are working with very actively is INNGUMA, which offers a technology surveillance and competitive intelligence software, already mentioned, allowing us to automatically monitor all data from our environment. This tool is valuable for supporting decision-making, including scientific articles, papers, patents, as well as updates and news from our clients and other companies in our sector, among other public information.



*Artech
collaborates with
several start-ups
within the BIND 4.0
framework.*

We are introducing new channels and tools within our system, such as international searches for external agents (referred to as "Global Scan," which is closely related to opportunity surveillance in the ecosystem), launching innovative challenges within the community, or participating in events with different formats (hackathons, datathons, technical workshops, etc.). These initiatives help strengthen our Innovation Ecosystem and will allow us to test new innovative solutions.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

3.3. STAKEHOLDER MANAGEMENT

Identifying our effect on our stakeholders and the risks and opportunities that may arise from our relationships with them is crucial to guide our corporate governance decision-making, the design of strategic plans and the definition of content in corporate reporting processes.

At Arteché, we are committed to close collaboration with our stakeholders, both internal and external, as a key strategy for success.

We are committed to meeting the expectations of our key stakeholders, and to achieve this, we strive to establish ongoing communication that fosters long-lasting relationships based on trust and mutual respect. We implement multi-way communication strategies focused on transparency, providing honest, accurate and reliable information.

On the other hand, **our stakeholders play a key role in the double materiality process by participating through direct or indirect consultation in the** by participating through direct or indirect consultation in IRO identification and assessment.

These communication processes, whose results are transmitted to the management bodies, allow us to understand the key interests and perspectives of our stakeholders, and form a fundamental element for guiding our strategic decisions and business model.

The Steering Committee, in its annual strategic reflection process, updates the Group's stakeholders, their expectations and the main channels of communication:

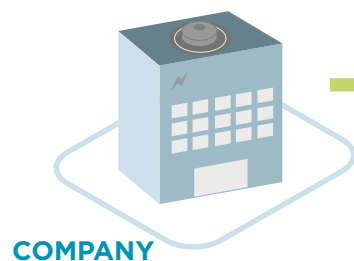
Interest group	Channels of communication
Employees, employees	Surveys, internal SharePoint as a communication hub, "All Hands Meetings", "Cafés con Vista", "Open Talks", structured annual feedback sessions, information panels, different committees (such as equality, safety, etc.), internal communication channel, ethics channel...
Workers Committee and trade unions	Parity committees, joint work platforms, surveys, formal meetings such as follow-up sessions or informal ones like casual follow-up coffees.
Customers	Satisfaction surveys, visits, fairs, web contact forms, social networks. Consultations through various channels and public emails: info, marketing, sustainability...
Suppliers	Risk platform, site visits, trade fairs, periodic evaluations, ethics channel, website, social media.
Shareholders, analysts and investors	General Shareholders' Meeting, annual reports, Investors Day, results presentations, website, social media, specialised forums, ongoing contact with the Investor Relations Officer.
Financial institutions	Signed contracts with sustainability KPIs, received documentation, continuous contact with the financial team, website, social media.
Government and public authorities	Programmed visits, institutional meetings, surveys, website, social networks...
Society	Scheduled visits, open days, corporate volunteering, sustainability reporting, social media, continuous contact with corporate communications, website, social media.
R&D centres, technology centres, start-ups and training centres	Open days, scheduled visits, joint projects, sectoral forums, website, social media, continuous communication with key stakeholders in the innovation ecosystem, and talent acquisition.
Environment	Benchmarking, events, scientific or sectoral reports, and meetings.

3.4. IMPACT, RISK AND OPPORTUNITY MANAGEMENT

MATERIALITY EVALUATION PROCESS.

MATERIALITY OF THE IMPACT

Analysis of how the company's activities affect stakeholders, including the environment



Positive and negative impacts



Risks and opportunities



PEOPLE AND ENVIRONMENT

FINANCIAL MATERIALITY

Analysis of how the dependencies on human or natural resources could result in financial effects for the company.



3.4.1. DOUBLE MATERIALITY ANALYSIS METHODOLOGY

This methodology is based on the principles set out in the European Sustainability Reporting Standards (ESRS), particularly in section 3. Double materiality as a basis for sustainability reporting and Appendix E. Flowchart for determining the information to be included from ESRS 1 as well as in the IG 1 Materiality Assessment guide developed by the European Financial Reporting Advisory Group (EFRAG).

The double materiality process covers all Artech entities in accordance with the financial consolidation, as well as the relevant stages of our value chain and business relationships. It has been updated in 2024, introducing evaluation based on IROs instead of subtopics and eliminating universal consultations with all stakeholders on all topics. A biennial review is planned.



Our double materiality analysis consists of the following steps:

1

Context & Metrics

Understanding of activities and the value chain
Source identification
Establishment of evaluation metrics

2

Impact, Risk and Opportunity Identification

Analysis of impacts and dependencies
Risk and opportunity analysis
Reviewing the relationship between impacts, risks and opportunities
Contrast with areas

3

Impact, Risk and Opportunity Assessment

Impact assessment
Risk and opportunity assessment
Consolidation of results

4

Reporting

Mapping of impacts, risks and opportunities related to sustainability issues and disclosure requirements of the ESRS

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



1. Understanding the context and establishing evaluation metrics

- **Analysis of the operational and strategic context:** External dynamics (regulations, sector trends, stakeholder expectations) and internal dynamics (strategy, corporate policies, and objectives) that define the environment in which the company operates are examined.
- **Value chain mapping:** Each stage of the value chain of the main business lines is identified, from suppliers to end consumers, including key activities, resources used, and stakeholders involved. This mapping establishes critical points where significant impacts or key dependencies are generated in environmental, social, and economic terms.
- **Source identification:** Compilation and systematisation of internal and external information sources supporting the assessment, such as internal policies, operational databases, applicable regulations, international standards (ESRS, GRI, SASB), and industry studies.
- **Stakeholder identification and engagement:** Key stakeholders (internal and external) that must be considered in the process are identified, along with the necessary consultation mechanisms.
- **Establishment of evaluation metrics** The criteria and metrics that will guide the materiality analysis are defined, outlining the aspects of magnitude, scope, and irreversibility of impacts (impact materiality) and the probability and financial significance of risks and opportunities (financial materiality). The magnitude is defined for each thematic standard using applicable regulations and international standards where possible.

2. Identification of potential impacts, dependencies, risks and opportunities

- **Impact Analysis.** In particular, to assess the impacts on climate change, we analyse the sources of greenhouse gas (GHG) emissions across all scopes related to our production facilities, in line with the recommendations of the GHG Protocol. For products under development, the impact of emissions from alternative options is also analysed.
- **Risk and Opportunity Analysis:** based on the Group's risk map and applying our risk model, explained in detail in section 2.3.2. Sustainability Risk Management In particular, to analyse the **physical climate-related risks** we have followed the guidelines set out in Appendix A of Annex I of Delegated Regulation (EU) 2021/2139 regarding the "do no significant harm" criterion to climate change adaptation, selecting a very long-term time horizon (2050). This is explained in detail in Chapter 4 "EU Taxonomy". This quantitative analysis of physical risks covers all of our production locations, although we use a platform to assess potential risks in the supply chain. Additionally, we are working with the sector to identify risks in our downstream value chain. The **transition risks and opportunities** have been analysed by identifying transition events across the short, medium, and long-term time horizons in the relevant stages of the value chain, considering the anticipated evolution of the electricity sector within a qualitative context of growth and decarbonisation. Using available regulatory information, as well as the criteria of the EU Taxonomy, activities that are difficult to reconcile with the transition to a climate-neutral economy are also identified. These activities primarily involve the use of SF6, as this is a "do no significant harm" criterion for climate change mitigation and is also considered to be susceptible to generating locked-in GHG emissions*.

* A detailed explanation of the EU Taxonomy criteria can be found in Section 4.4. Alignment analysis and on blocked emissions in section 5.1. Climate change mitigation transition plan In future assessments, we plan to refine this analysis by incorporating quantitative scenario analysis, considering the 1.5°C global warming limit.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



- **In order to determine pollution-related IROs, a source analysis is carried out at each of our sites in accordance with our** for the determination of pollution-related IROs, an emission source analysis is carried out at each of our sites in accordance with our Environmental Aspect Assessment procedure and as required by ISO14001. Regarding the use of substances, the applicability of relevant European legislation is identified according to Appendix C of Annex I of Delegated Regulation (EU) 2021/2139 concerning the "do no significant harm" criterion for pollution prevention.

- **Regarding IROs related to water resources,** the WRI Aqueduct tool is used to identify the areas with a high or very high risk of water stress in all our production plants and the USA commercial office, as it has the largest number of employees among the offices. Water stress is analysed under three scenarios: business-as-usual, optimistic, and pessimistic, across four time horizons: current, 2030, 2050, and 2080. The areas and scenarios where water stress may become severe are identified.

- **In the identification of IROs related to biodiversity and ecosystems,** site locations have been analysed in relation to the Natura 2000 network, Key Biodiversity Areas (KBAs) and UNESCO World Heritage sites, as well as the type of operations carried out at the sites and whether they come into direct contact with the natural environment.

- **For upstream and downstream IROs related to pollution, water and biodiversity,** tools such as ENCORE and WWF Water/Biodiversity Risk Filter are used to identify relevant impacts, risks and dependencies.

- **To determine IROs related to the circular economy,** the results of the Life Cycle Analyses (LCA) carried out, the quantity and typology of waste generated in the activities, as well as its destination, and the quantity and typology of materials used in the production process, as well as the proportion of secondary materials available, have been considered.

- Review of the relationship between IROs

- Validation with business areas and regions

- Consolidation of the list of IROs

- Based on the outcome of the identification of IROs, no direct stakeholder consultations have been carried out in relation to the issues of pollution, water, biodiversity or circular economy.

3. Assessment of the materiality of impacts, risks, and opportunities.

- **Impact Assessment:** Current impacts are assessed in accordance with ESRS 1 based on their severity, determined by metrics such as magnitude, scope, and, in the case of negative impacts, irreversibility. Potential impacts are assessed based on their severity and likelihood of occurrence. Evaluators are the employees for all impacts related to people and the functional areas to which the applicable metrics pertain. In particular, to evaluate activities in relation to their GHG emissions, their compatibility with limiting global warming to 1.5°C and with the EU Taxonomy criteria for contributing substantially to climate change mitigation is considered.

- **Scoring on materiality of impacts:** The evaluation of each parameter is derived from the averages of each evaluator's input and summed to obtain the severity score, to which the probability is added in the case of potential impacts. Positive impacts are normalised on the same evaluation scale as negative impacts. For negative impacts related to human rights, severity is prioritised over probability, with greater weight given to this factor in the evaluation. Impacts rated as "medium" or higher are considered material.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

- **Risk and Opportunity Assessment:** Risks and opportunities are assessed in accordance with ESRS 1 based on their impact and likelihood of occurrence. Functional areas assess the metric applicable to them. In particular, the assessment of exposure and vulnerability to physical climate hazards is explained in detail in Chapter 4 “EU Taxonomy”. Regarding the assessment of exposure to transition events that generate risks or opportunities, through workshops with the different functional areas, it is determined which of the various events could have financial effects and their respective impact and probability of occurrence.

- **Scoring on financial materiality:** The evaluation of each parameter is derived from the average of the various assessments. Similar to the risk assessment that generates the company’s general risk map, the risk score is obtained by multiplying the magnitude and probability scores. Risks or opportunities with a rating of “medium” or higher are considered material.

- **To assess IROs related to water resources,** we have considered the level of water stress, whether abstractions or discharges occur and the relevance of water in the production process. At present, no significant IROs have been detected, as water is not used in the production processes, there are no direct discharges, and all the water consumed is sourced from municipal distribution networks. Water stress at the sites and its effects on operations will continue to be monitored, as well as the potential impacts of water consumption at the local level.

- **To evaluate IROs related to biodiversity and ecosystem services, we have analysed whether any production facility is located in or adjacent to a biodiversity-sensitive area (as defined by the ESRS) and have considered the dependencies identified for the sector in ENCORE and the WWF Biodiversity Risk Filter.** No site is located in these areas, nor is it subject to environmental impact assessments (EIA) under Directive 2011/92/EU or equivalent provisions for our activities outside the European Union. Therefore, no mitigation measures have been deemed necessary, nor have any relevant IROs been identified.

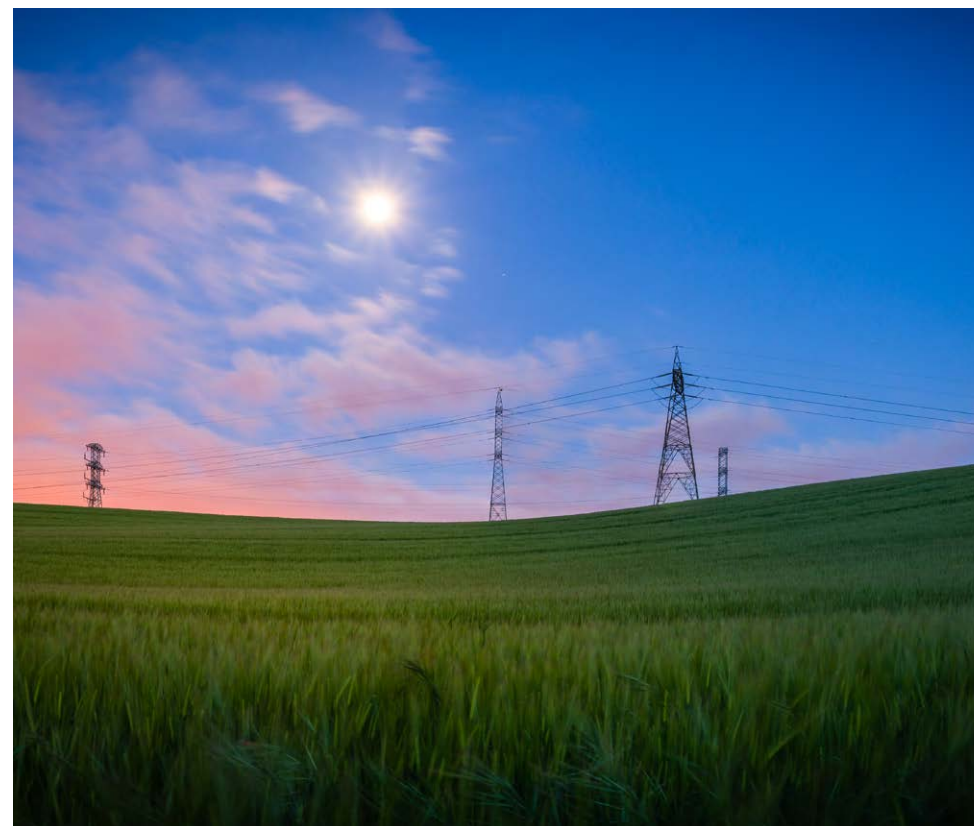
- **Consolidation of results:** The Sustainability department is responsible for this process, generating the list of material IROs and reviewing non-material ones to ensure that no relevant IRO is overlooked.

- **Contrast with Senior Management:** The list of relevant IROs has been reviewed and validated with the Managing Director and CEO, with necessary adjustments made to produce the final version.

4. Reporting on Sustainability Information: Material Impacts, Risks, and Opportunities

Sustainability reporting is the final step in the double materiality process and aims to identify the information that should be communicated in a transparent, structured manner and aligned with regulatory standards on the material issues identified and managed by the organisation.

To determine what information related to IROs to include in the report, we have mapped each sub-topic to the disclosure requirements considered relevant for the users of the report based on EFRAG’s guidance.





3.4.2. RESULT OF THE DOUBLE MATERIALITY PROCESS

The table below provides a brief description of the material IROs, indicating the stage of the value chain in which they arise, their associated time horizon, and the management approach adopted for each. Material risks and opportunities have not had significant financial effects during the reporting period.

Theme	Sub-theme	Value Chain	Description	Type	Time Horizon	Management approach
E1 - Climate change	Climate Change Adaptation	D	Strengthening grid resilience and adapting to extreme climates through new product development	ACTUAL		Arteche's products are essential for the protection and control of the electricity supply. By developing products that improve the grid's ability to detect, prevent and repair the effects of weather events, as well as equipment that is more resilient to extreme events, we can contribute to a more adaptive grid. To this end, we actively participate in working groups with various organisations in the electricity sector to assess the impact of climate change on supply and propose improvement initiatives.
		U	Greenhouse gas emissions from the manufacturing process and the transportation of raw materials	ACTUAL		Throughout 2024, we have carried out a project to determine the organisation's Scope 3 carbon footprint with the aim of developing a decarbonisation plan that includes our value chain and aligns with science-based targets. In terms of raw materials, we have obtained primary data from our key suppliers whenever possible to enhance data accuracy. Additionally, we are currently evaluating potential decarbonisation levers that could be implemented.
		OP	Greenhouse gas emissions from our operations (scope 1+2)	ACTUAL		Our Strategic Sustainability Plan reflects our commitment to reducing operational emissions by 50% by 2030 compared to 2021 levels. Although we have made significant progress towards this goal—achieving a 26% reduction to date—we continue to drive the transition towards decarbonisation. This includes refining our emissions accounting by identifying previously unrecorded sources, incorporating and quantifying new reduction levers, and replacing fossil fuel-based energy with renewable sources.
	Climate Change Mitigation	OP	Risk of revenue loss and increased production costs due to the gradual phase-out of fluorinated gases	TRANSITION		We have a development plan for SF6-free alternatives, with dedicated resources allocated according to projects approved by our highest governing body. This plan includes measures such as monitoring legislation to be aware of potential changes before or during entry into force, working teams dedicated to studying the technical feasibility of alternatives and testing prototypes, and reporting to the Group's steering committee on progress made.
		OP	Differentiation through low-carbon product development			The development of low-carbon products represents a key strategic opportunity for Arteche, aligning with our contribution to the transition towards a decarbonised economy and meeting the expectations of our customers and regulators. Our management approach to capitalising on this opportunity is based on our innovation strategy, which is built on the following pillars: * Product and technology development and adaptation to regulatory frameworks through open innovation, enabling sustainable growth. * Development and acquisition of technologies for product digitalisation and sustainability. * Impact measurement through alignment with the EU Taxonomy and life cycle assessment (LCA) of our products.
		D	Greenhouse gas emissions from the use and end-of-life of electrical equipment sold	ACTUAL		Our products are designed for a long lifespan (ranging from 10 to 35 years), so the electricity consumption of the equipment over this period has a significant impact on the carbon footprint (up to 90% in the product, and 80% in the organisation). Throughout our history, we have focused on maximising the energy efficiency of our products, achieving efficiency rates of over 95%. While durability results in emissions over a product's lifetime, it also contributes to the circular economy by preventing additional emissions associated with the extraction and consumption of primary resources for production. On the other hand, certain product ranges involve fugitive emissions of SF6, which has a Global Warming Potential (GWP) of 24,300, making it a significant factor. The development of SF6-free equipment will help to reduce this impact.

Downstream
 Upstream
 Core operations
 Positive impact
 Negative impact
 Risk
 Opportunity
 Short term
 Medium term
 Long term



Theme	Sub-theme	Value Chain	Description	Type	Time Horizon	Management approach	
E1 - Climate change	Energy	OP	Increased use of renewable energy through self-generation and/or power purchase agreements	ACTUAL		Our Strategic Sustainability Plan includes the ambition to use 100% renewable electricity by 2030. To achieve this goal, we already have Guarantees of Origin (GoO) certificates from renewable sources in place for 58% of our facilities.	1
		D	Contributing to the electrification of the economy and the deployment of renewable energies through our products	ACTUAL		By their nature, our equipment contributes to the integration of renewable energy and electrification, as they ensure the stability of the electrical grid. To maximise the positive impact, we are working on developing a roadmap to increase the alignment of our products with the EU Taxonomy, enabling us to demonstrate a substantial contribution to decarbonisation in accordance with the criteria set out in the regulation.	2
E2 - Pollution	Pollution	U	Pollution as a result of raw material extraction and processing	POTENTIAL		Arteche acknowledges that the extraction and processing of raw materials used in our products can have negative environmental impacts, including air, water, and soil pollution. To mitigate this impact and promote more responsible practices within our value chain, we are evaluating initiatives to introduce environmental management criteria for our critical suppliers, increase the use of secondary materials, and monitor environmental risks within the supply chain.	3
	Substances of concern and very high concern	U	Pollution due to the use of substances of very high concern or hazardous substances by our suppliers, in accordance with the REACH and ROHS regulations.	POTENTIAL		Pollution prevention is embedded within our EHS Policy, which establishes the monitoring of key relevant environmental aspects at each plant and their respective emission sources. To mitigate the risks and potential impacts associated with the use of chemicals that may be harmful to people or the environment, in addition to monitoring legislative developments, we have initiated a comprehensive analysis of the various substances used, both those incorporated into products and those used in the manufacturing process. To this end, we are identifying a list of relevant substances and materials for the different plants and classifying them according to European legislation, in order to gather data that will allow us to replace the most harmful substances.	4
		OP	Risk of loss of competitiveness and positioning due to the difficulty in adapting to increasingly stringent regulations on the use of substances.	R			5
		OP	Leakage of hazardous substances due to the company's operations	POTENTIAL			6
E5 - Circular Economy	Resource intake					The lack of implementation of circular economy measures can significantly contribute to the scarcity of natural resources, intensifying problems such as the depletion of critical raw materials, excessive waste generation, and long-term pressure on ecosystems. To address this impact, Arteche is developing a proactive approach focused on optimising the use of resources throughout the life cycle of our products, as reflected in the Sustainability Policy, the EHS Policy and the Eco-design Policy. This includes strategies to reduce the consumption of virgin materials, promote the design of durable, modular, and recyclable products, and identify initiatives to maximise the recovery and reuse of components at the end of their lifecycle. The same criterion as in CAPEX has been applied for the auxiliary relays segment, that is, the proportion of sales that meet the alignment criteria. We have also initiated collaborations and projects to assess the circularity of our products in more detail, based on the UNE-4555X standards for the circular economy.	7
		U	Lack of implementation of circular economy measures contributing to resource scarcity.	POTENTIAL			8
		U	Supply risk due to shortages of critical and strategic raw materials	R			9
						The supply risk related to the scarcity of critical and strategic raw materials identified by the European Union (such as aluminium and copper) is a priority for Arteche, given its potential impact on operational continuity. Our management approach focuses first on identifying which critical raw materials we use in our products and components, analysing their relevance in manufacturing processes and their sensitivity to shortages in the medium and long term, including the promotion of collaborative initiatives between companies as part of the Basque Eco-design Center. The medium-term objective is to analyse the sustainability and stability conditions in the associated supply chains, and subsequently explore potential technological or material alternatives that could reduce our dependence on these critical resources without compromising the quality or functionality of our products.	10
							11
							+

Downstream
 Upstream
 Core operations
 Positive impact
 Negative impact
 Risk
 Opportunity
 Short term
 Medium term
 Long term



Theme	Sub-theme	Value Chain	Description	Type	Time Horizon	Management approach	
E5 - Circular Economy		OP	Innovation in circular products, practices and business models	O		Through an Eco-design Policy and the implementation of an eco-design tool, we have taken the first steps towards a strategic approach based on innovation in the circular economy. These practices are aimed at increasing the recyclability, recovery, and valorisation of products at the end of their life cycle, with the goal of ensuring that the materials used can be efficiently reused or recycled. Additionally, they focus on enhancing durability, upgradability, and ease of maintenance to extend the product's lifespan.	I
		OP	Increase in recyclability, recovery, and valorisation of products at the end of their life cycle through eco-design practices.	+			1
		D		POTENTIAL			2
		OP	Increased life expectancy of products sold as a result of eco-design practices	+			3
		D		POTENTIAL			
	Resource outflow	OP	Lack of third party information on product composition and life-cycle management	-		The lack of third-party information regarding the composition of products and the management of their life cycle can hinder traceability, regulatory compliance, and the implementation of sustainability strategies at Artech. To manage this impact, we have adopted an approach based on transparency, collaboration with the supply chain, and digitalisation of information. This includes requiring specific documentation such as technical data sheets, material certifications, and guarantees of compliance with international regulations, such as REACH. Secondly, we are implementing digital traceability tools that allow us to centralise and manage this information. Finally, we encourage active communication with our suppliers and strategic partners to identify potential information gaps and work together to address them.	4
	D	POTENTIAL			5		
	D	Risk of losing market positioning due to the difficulty of adapting and meeting customer requirements in terms of the circular economy	R		In response to increasing market demands for sustainable solutions, we are implementing a strategic approach focused on anticipating requirements, innovating in the circular economy, and collaborating with customers and stakeholders. Firstly, we have a technology monitoring tool that helps us foresee regulatory and market developments. In addition, through the eco-design tool, we are integrating circular economy criteria into our product design and development phases. Finally, we have established a procedure to respond to customer requirements and collaborate with them to develop tailored solutions.	6	
Waste	OP	Waste sent to landfills or incinerated	-		Arteche's commitment to responsible waste management is encompassed in our EHS and Sustainability Policies and is reflected in the Strategic Plan's goal to reuse or recycle 100% of waste by 2030. We have made significant progress, achieving a 69% reduction in waste disposal in 2024. Through the Eco-design policy and the implementation of associated measures, we can also reduce waste at source by reducing the amount of non-recyclable materials used, and through continuous improvement in manufacturing processes we aim to minimise waste. For example, throughout the year, we have evaluated the technical feasibility of treating resin waste to reintroduce it into our production process. In the medium term, we believe that waste recovery, as well as the recovery of components and products, could be a potential positive impact by optimising the use of materials in our operations and throughout the value chain.	7	
	OP	Recycling of defective waste, spare parts, and products	+			S	
S1-Own Workforce	Secure employment	OP	High employee turnover rate leading to job instability	-		At Artech, we know that people are our main source of energy, which is why we consider the attraction and development of talent a strategic priority. In our recruitment processes, we use an internal team of experts in the field, complemented by Head-hunter services for highly specialised profiles. We understand that maintaining an appropriate turnover rate is essential, and it is one of the key indicators we manage within the P&C. Additionally, as outlined in our Offboarding procedure, we conduct an exit interview with all employees who voluntarily leave the company. We understand the importance of offering a fair and equitable compensation system, as outlined in our people policy. To achieve this, all our companies adhere to a collective agreement, whether it is company-specific or sectorial, and we establish salary bands based on job profile studies conducted by an external consultancy. On the other hand, we prioritise the physical and mental health of our people, with one example being our policy on work-life disconnection and the mental health sessions conducted, which will continue in the coming years, adapting them to the specific circumstances of each country.	8
	Working time	OP	Insufficient measures on welfare and mental health	-			9
	Adequate wages	OP	Impacts on workers' quality of life due to inadequate wages	-			10
	Secure employment, adequate wages, working time	OP	Risk of high turnover and difficulty in attracting talent due to comparatively poorer working conditions	R			G
						11	+

D Downstream
 U Upstream
 OP Core operations
 + Positive impact
 - Negative impact
 R Risk
 O Opportunity

Short term
 Medium term
 Long term



Theme	Sub-theme	Value Chain	Description	Type	Time Horizon	Management approach	
S1-Own Workforce	Collective bargaining	OP	Worsening of working conditions resulting from collective bargaining negotiations	ACTUAL		We are aware that our main stakeholder group is the staff working at Arteché, and therefore, we foster a bilateral relationship based on commitment and trust to achieve a balance between the needs of employees and those of the organisation, respecting the regulatory framework and promoting a sustainable work environment. All collective bargaining negotiations include freely elected worker representation. In 2025, we will begin negotiations for a new collective agreement to be applied in the companies of Mungia, as the current agreement will expire on 31 December 2024. The terms of the existing agreement will remain in full effect until both parties sign a new one to replace it." To this end, the negotiating table has already been established, and the negotiation will be carried out with the following approach: analysis of the context and impact assessment; open and transparent dialogue; compensation measures (if necessary); promotion of workplace well-being; monitoring of the entire process by management; and the achievement of mutually agreed conditions that go beyond the regulatory framework and strengthen corporate reputation.	I
		OP	Risk of absenteeism and conflicts with staff arising from negotiations with labour representatives	R			1
							2
	Work-life balance	OP	Flexibility measures for family reasons	POTENTIAL		We promote the well-being of our people and contribute to this through work-life balance and flexibility programmes that facilitate a balance between personal life and work responsibilities, depending on the complexity, location and place where the different activities are carried out. In this regard, in addition to implementing reconciliation policies and programmes outlined in internal regulations, agreements, and collective contracts, we offer various work schedule arrangements, including shift work, split shifts with flexible start and end times, and morning-only schedules, etc.	3
	Health and safety	OP	Work-related accidents and illnesses	ACTUAL		At Arteché, we consider safety our top priority, ensuring that all individuals working in the group return home safe and sound. In our EHS policy, we are committed to working towards eliminating hazards and reducing risks to the health and safety of all individuals, ensuring safe and healthy working conditions. To this end, we have procedures that make up the EHS management system, which define the actions, responsibilities and ways of carrying them out, in order to prevent the occurrence of work-related accidents. One of them is the procedure for the management of chemical products, aimed at establishing a method to ensure that the risks associated with the chemicals used by Arteché are well understood by the users, so that appropriate measures are taken in the management and handling of chemical products to prevent harm to individuals. We also have a procedure in place for incident investigation that allows us to establish the necessary actions to reduce them, as well as the indicators to track progress. This year, the frequency rate ended at 5.5, the lowest in recent years, but we are not satisfied with this and continue to work towards its reduction.	4
		OP	Exposure to chemicals	POTENTIAL			5
	Gender equality and equal pay for work of equal value.	OP	Gender discrimination that could result in different career opportunities and pay value.	POTENTIAL		To reaffirm our commitment to gender equality, we have set objectives related to two indicators in the short, medium, and long term. On one hand, we believe that fostering female talent should lead to a greater presence of women in leadership positions (29.6% in 2024). On the other hand, we continue with the project to adapt job positions that traditionally require greater physical strength—historically performed almost exclusively by men in the industry—so that they become more accessible to everyone, regardless of gender. In addition, we actively collaborate with organisations that promote equality, participate in STEAM projects to encourage women to pursue technical careers, and this year, we have published the Equality and Diversity Policy applicable to the entire group.	6
							7
							S
							8
							9
							10
							G
							11
							+

Downstream Upstream Core operations Positive impact Negative impact Risk Opportunity Short term Medium term Long term



Theme	Sub-theme	Value Chain	Description	Type	Time Horizon	Management approach	
S1-Own Workforce	Training and skills development	OP	Training actions that enhance the professional development of workers	ACTUAL		Continuous training is a fundamental pillar at Arteché to cultivate high-performance teams and promote a culture of shared learning, considering all individuals and addressing both technical and transversal skills. We also include individual development plans and succession plans. To monitor the outcome of our actions, we use several indicators, with the number of training hours per employee being one of the key metrics. This year, we have exceeded our target, reaching a rate of 28.6, and we have launched the kick-off of the new digitalisation project (LMS), which will allow us to continue progressing in this area.	1
	Employment and inclusion of people with disabilities	OP	Increased employability or improved integration of people with disabilities	POTENTIAL		At Arteché, we consider diversity a hallmark of our identity. We have companies in different countries and continents with ethnic, age, and cultural diversity that enriches us as a business group. We promote the integration of minority groups and comply with legislation regarding recruiting disabled individuals. In these areas we are aware of our room for improvement and are working to go beyond the regulations and to recruit more people in companies with a legal obligation and to improve awareness in countries where there is no such obligation.	2
	Diversity	OP	Increased employability or improved integration of minority groups	ACTUAL			3
		OP	Improving efficiency, commitment and reputation by promoting gender, cultural, ethnic, age and skill diversity				4
	Privacy	OP	Non-compliance with the Organic Law on Data Protection (LOPD) or incidents of leaks of workers' data	POTENTIAL		In our policy on personal data protection, privacy and confidentiality of information, we establish a set of measures to prevent and, where appropriate, detect and react to any irregularity that may occur in this area. We guarantee the protection of personal and sensitive data in strict compliance with legislation. All our systems have implemented access controls, including user identification, permission allocation, management of hierarchical levels, and role-based restrictions, thus ensuring the security and confidentiality of information. On the other hand, to protect confidentiality, Arteché members sign a contractual clause or confidentiality agreement independently. NDA clauses linked to specific projects or contracts are also drawn up. In parallel, ongoing training is provided to ensure that all individuals are aware of their responsibilities in handling this information.	5
Value Chain Workers	Working conditions	U	Promotion of fair working conditions and adequate wages through legally regulated requirements in purchasing conditions or in the subscription to the code of conduct	POTENTIAL		In our Code of Conduct, which applies to all personnel working at Arteché, the obligation to inform suppliers and other stakeholders about it and require their acceptance is established. Similarly, our General Conditions of Purchase include a section in which suppliers state that they are aware of and adhere to this Code. Additionally, through a supplier platform, a questionnaire is carried out for suppliers identified as critical, in which they are expressly asked about adequate working conditions and wages. Our aim is to increase the number of suppliers included in this classification.	6
S3 - Communities affected	Economic, social and cultural rights	OP	Contribution to social and economic progress in the company's areas of operation through investments related to sustainable development, innovation and culture with a focus on local SMEs, start-ups and communities	ACTUAL		At Arteché, we consider ourselves a key player in the social development of our surroundings. In addition to the economic value distributed by our activity, we drive other economic impacts: indirect jobs in local communities, our supply chain, the redistribution of taxes we generate, improvements in quality of life or professional training, and fostering innovation through collaboration with local start-ups.	7
		D	Access of rural areas to electrification	ACTUAL		We contribute to the electrification of the communities where we operate, and we have successfully completed an electrification project in Senegal, creating micro substations that require no fuel, are low-cost, and have fast installation times. This technology not only facilitates access to energy for lighting and basic household appliances but also opens up opportunities for the development of small industries, healthcare services, and education in communities that were previously isolated. This technological solution has great potential for expansion to other parts of Africa and the world.	8

Downstream
 Upstream
 Core operations
 Positive impact
 Negative impact
 Risk
 Opportunity
 Short term
 Medium term
 Long term



Theme	Sub-theme	Value Chain	Description	Type	Time Horizon	Management approach		
G1 - Business Conduct	Corporate culture	OP	Decreased engagement related to aspects of the work environment and organisational culture	POTENTIAL		At Artech, we view corporate culture as a fundamental pillar that guides our actions, decisions, and relationships. We foster an environment in which our values of Proximity, Commitment, Trust and Perseverance are essential to the sustainable success of our organisation. We act responsibly and ensure that all our activities and those of our value chain are conducted under the highest ethical standards. Several training sessions on our Code of Conduct have been held in all countries this year to reinforce our principles of ethics and transparency. Furthermore, with communication sessions and climate surveys, we gather feedback from employees, which we will convert into improvement actions.	I	
		OP	Increased commitment to the principles of ethics and integrity in business behaviour	POTENTIAL			1	
		OP	Opportunity for differentiation arising from the development of strong corporate values				2	
	Whistle-blower protection	OP	Measures lacking the necessary robustness to ensure full whistle-blower protection	POTENTIAL		We guarantee the utmost reserve and confidentiality on the part of the Ethics Committee and impartial and independent management, without any reprisals against any person who submits a query or complaint, formally or informally. Our Ethics Channel was updated in 2023 to align with the new Whistle-blower Protection Law, Law 2/2023, of 20 February.	3	
	Corruption and Bribery	OP	Limitations in controls to detect incidents of corruption	ACTUAL		The prevention of corruption is a priority at Artech, as outlined in our Code of Conduct, where we take responsibility for preventing, detecting, and acting on any incidents. Additionally, our criminal risk management system aims to prevent and reduce the risk of criminal offences. This year the integrated risk management software (SGRP) has been implemented.	4	
		OP	Reputational risks, litigation costs, and sanctions that could arise in the event of corruption and bribery incidents.				5	
								6
D Downstream U Upstream OP Core operations + Positive impact - Negative impact R Risk O Opportunity Short term Medium term Long term								

Resilience of Strategy and Business Model in Relation to Material IROs

As a leading company in the energy transition, we are in the right sector and at the right moment to lead the shift towards a more sustainable model. We have conducted a high-level resilience analysis covering all the Group's business locations and activities. To this end, we have considered the transition risks to a net-zero emissions economy, the physical risks of climate change, and the material risks identified in our materiality analysis over short, medium, and long-term time horizons*.

Our strategy, based on international decarbonisation commitments, innovative technologies and a strong position in key markets, allows us to address our key material challenges while maximising the opportunities offered by decarbonisation. Therefore, we consider that our business model is resilient to transition risks arising from a scenario where regulations are strengthened to achieve a rapid reduction in GHG emissions. Moreover, based on the physical risk analysis we have conducted, our assets and activities are resilient to climate hazards in a high-emissions scenario.

We have a strong commitment to sustainability and manage social, environmental, and governance matters within a robust financial framework, with strong revenue growth and results. Coupled with a solid financing capacity, this ensures the resilience needed to effectively address key material issues, adapt to changes in the environment, and secure our ability to generate sustainable long-term value. To address material IROs, taking advantage of the opportunities identified in the double materiality analysis, Arteché has developed a resilient strategy and business model. Throughout the thematic standards, different management measures are included to be able to address material impacts, risks and opportunities related to sustainability issues.

Relevant issues are integrated into group risk management (both risks and opportunities) and into business management by being included in strategic planning, decision making and implementation of concrete actions according to their level of relevance. Through participation in the process of identifying and assessing IROs, as well as quarterly and



annual progress reports on sustainability-related objectives, the Steering Committee and the different areas involved generate short, medium and long-term proposals, monitor actions and assess

overall performance in relation to IRO management. The Strategic Sustainability Plan, the scorecard and the roadmap presented in section 3.1 are the main tools used for this purpose.

*Detailed information on the use of scenarios for risk identification can be found in conjunction with the double materiality methodology, as well as in section 4.4. Alignment analysis, in the case of physical risks of climate change.



Interaction of material IROs with stakeholders

Own workforce: all material IROs serve as the foundation for the development and adaptation of the sustainability strategy. In particular, those related to talent development and acquisition, gender equality promotion, and health and safety are supported by quantitative targets and subject to periodic monitoring.. All of our own workforce who could be affected by material impacts are included in the scope of this report. The material IROs generally apply to the entire workforce, although we have taken into account that certain groups may be particularly affected, for example, female workers concerning the gender equality subtopic, workshop staff in relation to health and safety, or those with less work experience regarding adequate salaries." Of the impacts identified, only those related to accidents and exposure to substances can be considered related to the business model, as the nature of production operations sometimes requires the use of certain materials or there are risks of accidents. The negative impact related to gender equality occurs largely due to the operational contexts of the company, as it is a sector where there is a lower presence of women, although the gap is narrowing. On the other hand, positive impacts are driven by work-life balance measures, training initiatives, and agreements with entities for the integration of people with disabilities. Both the two risks and the material opportunity identified relate to negative and positive impacts respectively.

People in the value chain: the positive impact identified is a consequence of our strategy to manage IROs in the value chain and underpins our ambition to promote good practice in our suppliers, in particular those smaller and less capable of managing sustainability issues. All workers across the value chain who could be affected are considered in the IROs analysis. However, the information disclosed under ESRS S2 is limited to subcontractors and the team of our first-tier suppliers. This is because, at later stages in the value chain, large companies are involved, which we consider to have optimal IRO management and are not materially affected by our business relationships.

Affected groups: the positive impact related to investment focused on local SMEs, start-ups, and communities is a result of our purchasing and innovation strategies, as well as the efforts of the Artech Foundation. Increasing access of rural areas to electrification partly stems from our business model and partly opens up a possible avenue for scalable solutions. All communities that may be affected by material impacts have been considered, including products, services, and business relationships.



I

1

2

3

E

4

5

6

7

S

8

9

10

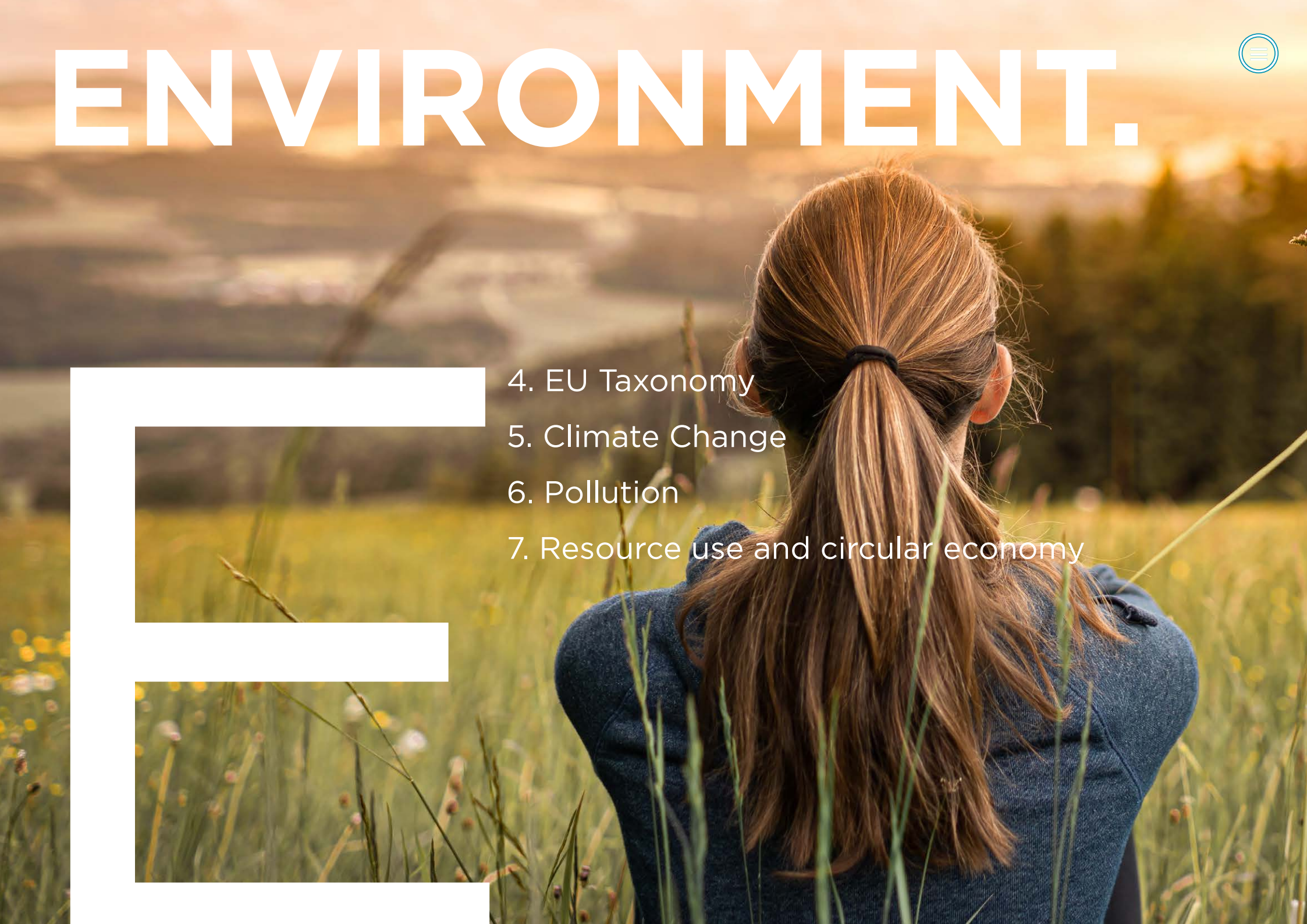
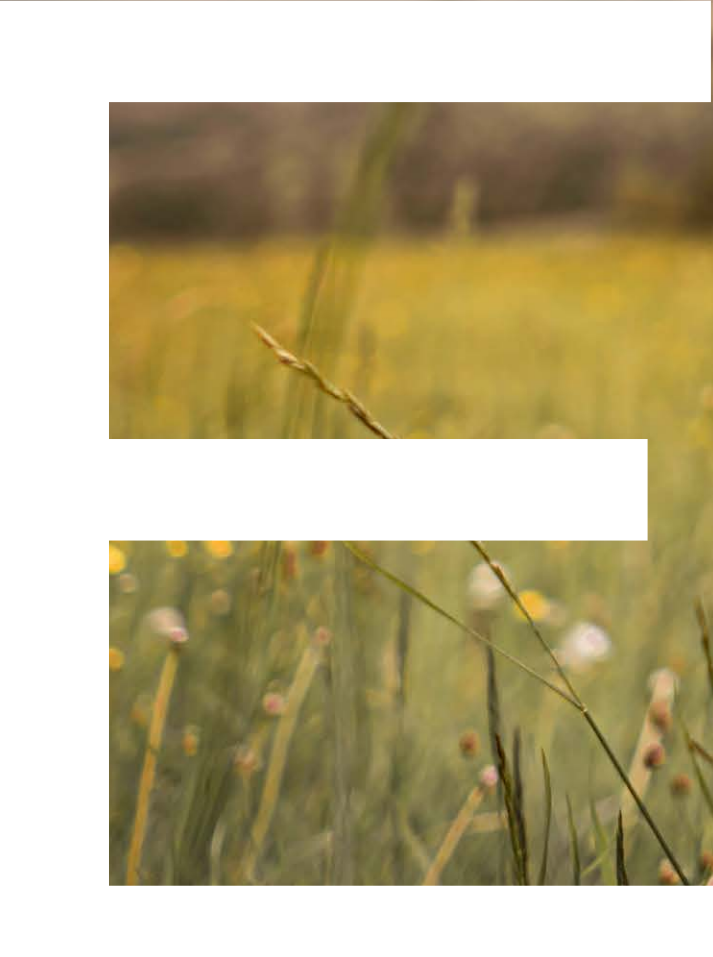
G

11

+

ENVIRONMENT.



- 
- 
- 4. EU Taxonomy
 - 5. Climate Change
 - 6. Pollution
 - 7. Resource use and circular economy



	Disclosure Requirements	
4. EU Taxonomy		63
4.1. Regulatory context		63
4.2. Outreach		64
4.3. Eligibility analysis	2020/852	64
4.4. Alignment analysis		66
4.5. Calculation methodology		72
4.6. Results		73
5. Climate Change	E1	75
5.1. Climate change mitigation transition plan	E1 -1	76
5.2. Climate change policies	MDR-P E1-2	79
5.3. Climate Action Initiatives	MDR-A E1-3	80
5.4. Energy and GHG emission metrics and goals	MDR-T E1-4, E1-5, E1-6	85
6. Pollution Prevention	E2	92
6.1. Pollution prevention strategy	MDR-P E2-1	93
6.2. Actions related to pollution prevention	MDR-A E2-2	94
6.3. Pollution-related metrics and goals	MDR-T E2-3, E2-5	96
7. Resource Use & Circular Economy	E5	97
7.1. Strategy for resource management and promotion of the circular economy	MDR-P E5-1	98
7.2. Actions related to resource use and the circular economy	MDR-A E5-2	99
7.3. Metrics and goals related to resource use and the circular economy	MDR-T, E5-3, E5-4, E5-5	104

4. EU TAXONOMY

4.1. REGULATORY CONTEXT

The European Union Taxonomy is a key tool to guide companies and investors in the transition towards a more sustainable and resilient economy. This classification system, established by Regulation 2020/852 of the EU, provides a clear and consistent framework to identify which economic activities can be considered environmentally sustainable under each of the EU's objectives.

EU OBJECTIVES

The Delegated Regulations¹ specify which activities are relevant for achieving each of the six EU environmental objectives (eligibility) as well as the conditions that these activities must meet to be environmentally sustainable, i.e. the technical criteria that determine whether the activities contribute significantly to one objective, without causing significant harm to the others and observing minimum social standards (alignment).

The regulation has established the requirement to disclose the proportion of income, CAPEX, and OPEX associated with sustainable activities progressively between the fiscal years 2021 and 2024. Under this framework, this is the first exercise in which reporting alignment with the six environmental objectives is required.

Six environmental objectives



Climate Change Mitigation (CCM)



Climate Change Adaptation (CCA)



Sustainable use and protection of water resources (WTR)



Transition to a circular economy (CE)



Pollution prevention and control (PPC)



Protection of biodiversity and ecosystems (BIO)

1. Delegated Regulation 2021/2139 on activities contributing to climate change mitigation and adaptation objectives, Delegated Regulation 2023/2485 amending the previous regulation and Environment Delegated Regulation 2023/2486 on activities contributing to the other environmental objectives.

4.2. OUTREACH

In applying the EU Taxonomy, Arteché has considered the “global perimeter”, i.e. the activity of Arteché Langueg Elkartea, S.A. and all the subsidiaries that comprise the consolidated Group. In this way, the same scope as in previous reports on the taxonomy and in the financial statements is maintained.

4.3. ELIGIBILITY ANALYSIS

Our products are essential at all points of interconnection in the electrical grid, covering everything from generation to transportation and distribution networks. With the increasing complexity of the electrical grid due to the integration of renewable generation sources and its increasingly decentralised structure, the number of interconnections has significantly increased, expanding our potential market. We also have products and solutions specifically designed to promote the development and integration of renewable energies, consolidating ourselves as a key player in the progress of the electrical sector and the transition towards a circular and decarbonised economy.

In this context, we have identified three eligible activities, two within the mitigation objective and one within the circular economy objective, through which we could make a substantial contribution.



OBJECTIVE: CLIMATE CHANGE MITIGATION (CCM)

Activity 3.20. Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electrical transmission and distribution that results in or facilitates a substantial contribution to climate change mitigation.

The majority of our activity consists of manufacturing high- and medium-voltage equipment for transmission and distribution networks, which are essential for electrification, energy efficiency, renewable energy integration, and efficient energy conversion. As there have been no significant changes in the composition of the Group, the eligibility criteria of last year are maintained.

Therefore, the business segments that manufacture high- and medium-voltage instrument transformers, high-voltage digital measurement solutions, medium-voltage sensors, reclosers and associated services, and auxiliary relays are eligible for this activity.

Activity 4.9. Transmission and distribution of electricity

As a key player in the electrical sector, some of the activities we carry out at Arteché are part of the development of electricity transmission and distribution systems. In particular, our substation automation and power quality systems installation businesses are considered eligible for this activity, maintaining the analysis of previous years.



OBJECTIVE: TRANSITION TO A CIRCULAR ECONOMY

Activity 1.2. Manufacture of electrical and electronic equipment

Activity 1.2 broadly covers the manufacturing of electrical and electronic devices intended for industrial, professional, and consumer use. At Arteché, all the products we manufacture are classified as electrical and electronic equipment, which allows us to consider all our manufacturing activities as eligible within this category.

On the other hand, the business areas related to power quality and substation automation systems are aligned with the description of activity 4.9, which corresponds to the installation of equipment. Consequently, following a strict interpretation of the regulation, these activities are not considered eligible under the definition of manufacturing.

Objective	Activity	Description of taxonomic activity	Arteche's Business Operations
Climate change mitigation	3.20. Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electricity transmission and distribution.	The economic activity develops, manufactures, installs, maintains, or provides services to electrical products, equipment, or systems designed to substantially reduce greenhouse gas emissions in high, medium, and low voltage electrical transmission and distribution systems through electrification or the efficient conversion of energy. It includes systems to increase automation, flexibility and network stability, or to deploy smart metering technologies.	• Measurement and monitoring • Grid reliability: reclosers and specialised services • Grid automation: auxiliary relays
	4.9. Transmission and distribution of electricity	Construction (construction being understood as participation in the installation) of transmission or distribution systems that transport electricity in the interconnected system.	• Grid reliability: power quality • Grid automation: substation and distribution automation systems
Transition to a circular economy	1.2. Manufacture of electrical and electronic equipment	Manufacture of electrical and electronic equipment for industrial, professional and consumer use. The economic activities of this category could be associated with several NACE codes, in particular codes C26 and C27.	• Measurement and monitoring • Grid reliability: reclosers and specialised services • Grid automation: auxiliary relays and railway relays

As illustrated in the table above, all our business lines are eligible in at least one of the taxonomic activities.



4.4. ALIGNMENT ANALYSIS

4.4.1. OBJECTIVE: CLIMATE CHANGE MITIGATION (CCM)

Activity 3.20. Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electricity transmission and distribution.

Criteria for substantial contribution to climate change mitigation		
Criterion	Compliance	
Description of the product ranges making a substantial contribution	We have analysed the different product lines, identifying the following businesses as being aligned with the products and services described under activity 3.20: • High and medium voltage instrument transformers • Digital measurement • Reclosers • Sensors • Auxiliary relays • Services and consultancy	
Exclusion of High-Emission Network Infrastructure and Facilities Dedicated to Fossil Fuel Transformation	Through an analysis of our level of sales by customer, we have excluded the percentage of sales related to fossil fuel generation, considering the available information on the generation mix of each customer (in case of utilities) or country of destination of the equipment (in case of other type of customer). When considering only renewable or nuclear generation from our customers, the associated emission factor is less than 100 g CO₂e/kWh, as required by the technical criteria.	
Exclusion of transformers using gases with a global warming potential higher than 10	Products using SF₆ are not considered to be aligned.	
Compliance with the Eco-design Directive 2009/125/EC	Only one product range is identified within the scope of the Eco-design Directive (some high voltage transformers) and has been checked for compliance with the respective specifications.	

Criteria for “do no significant harm” (DNSH)		
Objective	Criterion	Compliance
Climate Change Adaptation	Generic criteria	Compliance with Appendix A detailed in section 4.4.3.
Sustainable use and protection of water and marine resources	Generic criteria	Compliance with Appendix B detailed in section 4.4.3.
Transition to a circular economy	Evaluation of the use of secondary materials	The technical feasibility of secondary material alternatives provided by suppliers is assessed.
	Design criteria	Through our Eco-design Policy and its associated eco-design tool. In addition, our products have an extensive lifespan (between 10 and 35 years, depending on the product). Related initiatives are listed in chapter 7. Circular Economy.
	Waste management	There is a waste management plan for each of our sites and related targets, detailed in Chapter 7. Circular Economy.
	Information on substances	At our Mungia plants, an analysis has been started on the content and typology of substances of concern that may be present in the components acquired or added to the production process, as explained in chapter 6. Pollution Prevention
Pollution prevention and control	Generic criteria	Compliance with Appendix C detailed in section 4.4.3.
Protection and restoration of biodiversity and ecosystems	Generic criteria	Compliance with Appendix D detailed in section 4.4.3.

Conclusion

According to the analysis conducted, the auxiliary relays segment has been identified as aligned within activity 3.20, excluding sales related to fossil generation, as well as those where a potential use of extremely concerning substances is identified in the production process, regardless of whether they are part of the final product.

Activity 4.9. Transmission and distribution of electricity

Criteria for substantial contribution to climate change mitigation

Criterion	Compliance
The activity is one of the following: (e) installation of equipment to increase the control and observation capacity of the electricity system and to enable the development and integration of renewable energy sources, among other things, the following: I. sensors and measuring instruments II. communication and control (such as advanced software and control rooms, substation or power line automation, and voltage regulation capabilities for adaptation to a more decentralised renewable energy supply)	Internally, we have carried out an analysis of the activities carried out in each Group company, identifying the following businesses as strictly meeting the technical criteria of substantial contribution of the activity 4.9: • Substation and distribution automation systems • Power quality

Criteria for “do no significant harm” (DNSH)

Objective	Criterion	Compliance
Climate Change Adaptation	Generic criteria	Compliance with Appendix A detailed in section 4.4.3.
Sustainable use and protection of water and marine resources	Not applicable	
Transition to a circular economy	Waste management plan	There is a waste management plan for each of our sites and related targets, detailed in Chapter 7. Circular Economy.
Pollution prevention and control	Criteria for high-voltage overhead lines	Not applicable, as Arteché does not install high voltage overhead lines. The activity does not install PCBs.
Protection and restoration of biodiversity and ecosystems	Generic criteria	Compliance with Appendix D detailed in section 4.4.3.

Conclusion

The substation automation and distribution and power quality systems businesses are considered to be aligned.



4.4.2. OBJECTIVE: TRANSITION TO A CIRCULAR ECONOMY

Activity 1.2. Manufacture of electrical and electronic equipment

Criteria for substantial contribution to the transition to a circular economy	
Criterion	Compliance
Compliance with the criteria of a verified eco-label or similar criteria	There is no developed eco-label for our product ranges. When examining the specific criteria, we have identified challenges in their application, such as references to legislation that does not cover our products (repairability categories) or requirements throughout the entire product lifespan, which can be difficult to ensure for products with more than 20 years of operation. We have therefore opted for a conservative approach, in which all products in this category have been considered non-aligned. Our progress and objectives in this area are detailed in chapter 7. Circular Economy.

Criteria for “do no significant harm” (DNSH)		
Objective	Criterion	Compliance
Climate change mitigation	Exclusion of products containing SF6	Products using SF6 gas as insulation are not considered to be aligned.
Climate Change Adaptation	Generic criteria	Compliance with Appendix A detailed in section 4.4.3.
Sustainable use and protection of water and marine resources	Generic criteria	Compliance with Appendix B detailed in section 4.4.3.
Pollution prevention and control	Generic criteria	Compliance with Appendix C detailed in section 4.4.3.
Protection and restoration of biodiversity and ecosystems	Generic criteria	Compliance with Appendix D detailed in section 4.4.3.

Conclusion

All business lines identified as eligible in this activity are considered non-aligned.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

4.4.3. GENERIC CRITERIA FOR “DO NO SIGNIFICANT HARM (DNSH)”

Climate Change Adaptation

All our plants comply with Appendix A of the EU Taxonomy, which is related to climate risk analysis, linked to the TCFD (Task Force on Climate-related Financial Disclosures) analysis.

In 2023, Arteché updated its physical risk assessment, identifying which hazards, as outlined in the regulations, could potentially impact its facilities based on their locations. A semi-quantitative methodology has been applied to carry out this long-term analysis. The global warming scenarios described by the Intergovernmental Panel on Climate Change (IPCC) RCP 8.5 and RCP 4.5 have been considered, with the temporal scope up to the year 2050. By modelling climate variables from multiple sources for our locations, we have assessed the exposure level of our plants to the key climate hazards identified as material to our operations.” A shorter time horizon has not been assessed, as the scenario projection tools used did not have closer time horizons. Acute and chronic risks were considered in the analysis.

• **Acute physical risks:** sudden events that can cause severe and immediate impacts, such as storms, floods, fires, or heatwaves.

• **Chronic physical risks:** long-term changes in climate patterns, such as rising sea levels, reduced water availability, biodiversity loss, or changes in land and soil productivity.

To assess the vulnerability of those assets or activities exposed, the potential impact of each climate hazard has been considered in terms of operation suspension days and replacement costs, considering the insured value in terms of revenue, production, EBITDA, and CAPEX.

Following this analysis of physical risks, no significant risks have been identified that would require adaptation measures. This result is consistent with the conclusion regarding the exposure of fixed assets to climate-related impairment risks included in the annual accounts, as well as with the main assumptions of the business plans supporting the recoverability of non-productive assets, such as goodwill.

Use of water resources

Our activities only require the use of water for sanitary purposes, as they do not use water resources for production operations. All water comes from municipal networks, and there are no discharges into water bodies. As part of our double materiality analysis, when identifying

IROs, we monitor the interaction with water resources and consider both current and future water stress under various scenarios, as specified in section 3.4. Impact, Risk and Opportunity Management No environmental degradation risks related to water resources have been identified.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Pollution Prevention

We have assessed the **various regulations and substances outlined in Appendix C on pollution prevention**. In addition to compliance with the legal requirements established by Regulation (EC) No 1907/2006 (known as REACH, the acronym for Registration, Evaluation, Authorisation, and Restriction of Chemicals) and Directive 2011/65/EU (known as RoHS, for its English abbreviation), Appendix C requires that substances that are candidates for inclusion in the list of substances subject to authorisation (substances of very high concern) are not used in the production process. Although the RoHS Directive allows certain exemptions for the use of these substances, products containing them, or where they are used at any stage of the production process, are not considered aligned, regardless of whether they are part of the final product.

**AT ARTECHE, WE
ARE INCREASING
OUR EFFORTS TO
PROACTIVELY MEASURE
AND IMPROVE
COMPLIANCE WITH
REACH AND ROHS ON A
GLOBAL SCALE.**

As part of our commitment to sustainability, at Arteché we are increasing our efforts to proactively measure and improve with REACH and RoHS on a global scale. We are committed to replacing hazardous substances or ensuring the minimisation of risks associated with their use when substitution is not technically possible. Our initiatives related to the identification and substitution of substances are detailed in Chapter 6. Pollution Prevention

Biodiversity

Our activity is not covered in Annexes I or II of Law 21/2013 on Environmental Assessment or Directive 2011/92/EU on Environmental Impact Assessments (EIA), or other equivalent regulations, as it is not an activity that directly poses a risk to biodiversity. However, **the location of activities and their potential impact on biodiversity are assessed in the identification and evaluation of IROs**, as detailed in section 3.4. Impact, Risk and Opportunity Management



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

4.4.4. MINIMUM SOCIAL SAFEGUARDS

At Arteche, we are committed to **meeting the most stringent international standards regarding business conduct and respect for Human Rights, as** reflected in our Code of Conduct. These include the OECD Guidelines for Multinational Enterprises, the UN Global Compact's Guiding Principles, the International Human Rights Charter, and the ILO's Tripartite Declaration of Principles on Multinational Enterprises and Social Policy.

In compliance with the EU Taxonomy requirements, we have assessed our activities in relation to the minimum social safeguards, analysing four key areas:

- Human rights
- Corruption and bribery
- Taxation
- Fair competition

To **prevent and manage risks associated with these areas**, as well as to ensure full compliance with legal requirements and our principles, Arteche has a Compliance System based on international best practices, designed in accordance with ISO 19601:2017. The key elements of this system, along with our actions in these management areas, are described in Chapter 11 (Corporate Conduct) of this report. Furthermore, our commitment to human rights is outlined in detail in

Chapters 8 (People) and 9 (Workers in the value chain), where we explain the mechanisms implemented to ensure that all our activities respect and promote these fundamental principles.

Fiscal responsibility is also a key pillar of our corporate responsibility policy. This commitment, which includes fundamental principles of conduct, is set out in Chapter 11 (Corporate Conduct). Additionally, promoting fair competition is one of the core values outlined in our Code of Conduct.

During the 2024 financial year, neither Arteche Lantegi Elkartea, S.A. nor any of its subsidiaries or management team have been convicted of crimes related to tax evasion, human rights, corruption, bribery, or violations of competition laws. This reinforces our commitment to transparency, integrity and accountability in all our operations.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



4.5. CALCULATION METHODOLOGY

Based on the consolidated information of the Group and following the corporate control and management criteria for taxonomy indicators related to turnover, CAPEX, and OPEX, we have identified the relevant items for the different activities included in the EU Taxonomy. Intercompany transactions have not been included in the calculations.

Throughout the process, we have applied specific measures to avoid double accounting, ensuring the consistency and accuracy of the data:

- Reconciliation with accounting information
- Use of consistent sources of information
- Verification of data integrity and accuracy

We have carried out the analysis on Artech's different business lines, clearly identified in our accounting systems, which facilitates the direct reconciliation with the financial information and ensures the traceability of the amounts assigned to each activity. Moreover, the information is comparable to the previous financial year, as there have been no changes in criteria.

The **key indicators** related to turnover are calculated as the proportion of turnover from eligible or aligned activities (numerator) over the net turnover from

Artech Group's Consolidated Annual Accounts for the fiscal year 2024 (denominator). The numerator, therefore, includes the turnover figure corresponding to the automation systems, power quality, and auxiliary relays segments that meet the technical criteria outlined in section 4.4.

As for the **CAPEX indicators**, the proportion of fixed investment assets in eligible or aligned business lines (numerator) is obtained over the additions in cost during the 2024 financial year of property, plant and equipment and intangible assets, as reflected in the movement of fixed assets in the Consolidated Annual Accounts (denominator). In accordance with the alignment analysis, the numerator includes investments related to the aforementioned business lines. For auxiliary relays, investments linked to the fossil fuel generation sector – and those potentially involving substances of very high concern – have been excluded, applying the sales proportion method.

Finally, the **indicators related to OPEX** are obtained as the proportion of operational expenses for business lines considered eligible or aligned (numerator) against the total taxonomic OPEX (denominator). In this case, the relationship with the Annual Accounts is indirect, as the regulation limits the total operating expenses to those related to research and development, building renovation meas-

ures, short-term leases, maintenance and repairs, and other direct expenses related to the daily maintenance of fixed assets. Therefore, the denominator corresponds to the consolidated operational expenses accounts for the fiscal year 2024, primarily associated with R&D costs, short-term leases, and repairs and maintenance. Therefore, these correspond to the costs included under the "External Services" heading in the consolidated income statement. The numerator of the OPEX indicator contains the proportion of the aforementioned expenses relative to the automation systems, power quality, and auxiliary relays segments. The same criterion as in CAPEX has been applied for the auxiliary relays segment, that is, the proportion of sales that meet the alignment criteria.

**THROUGHOUT THE
PROCESS, WE HAVE
APPLIED SPECIFIC
MEASURES TO AVOID
DOUBLE ACCOUNTING,
ENSURING THE
CONSISTENCY AND
ACCURACY OF THE DATA:**

I	
1	
2	
3	
E	
4	
5	
6	
7	
S	
8	
9	
10	
G	
11	
+	

4.6. RESULTS

We have identified three relevant activities for our business model. As noted, the eligibility analysis is similar to that of the 2023 financial year, while, for the first time, the alignment analysis includes all activities of the Taxonomy in accordance with the progressive application of the regulations.

The eligible business segments under the CCM 3.20 activity (manufacture of high, medium, and low voltage electrical equipment for transmission and distribution) are also eligible for the CE 1.2 activity (manufacture of electrical and electronic equipment); however, to avoid double counting, they have been considered only once as part of the CCM 3.20 activity. Therefore, in activity CE 1.2, only the railway relay segment is accounted for. The eligibility and alignment indicators, separated by environmental objective, can be found in Annex 7. EU Taxonomy Templates.

The differences between eligibility and alignment in the three taxonomic indicators are mainly determined by three factors:

- Excluding fossil fuel activities
- Use of substances identified as candidates for inclusion in the list of authorised substances in Annex XIV of the REACH Regulation, which affects compliance with the DNSH principle of pollution prevention

- The complexity of assessing the technical criteria relating to the EC activity 1.2

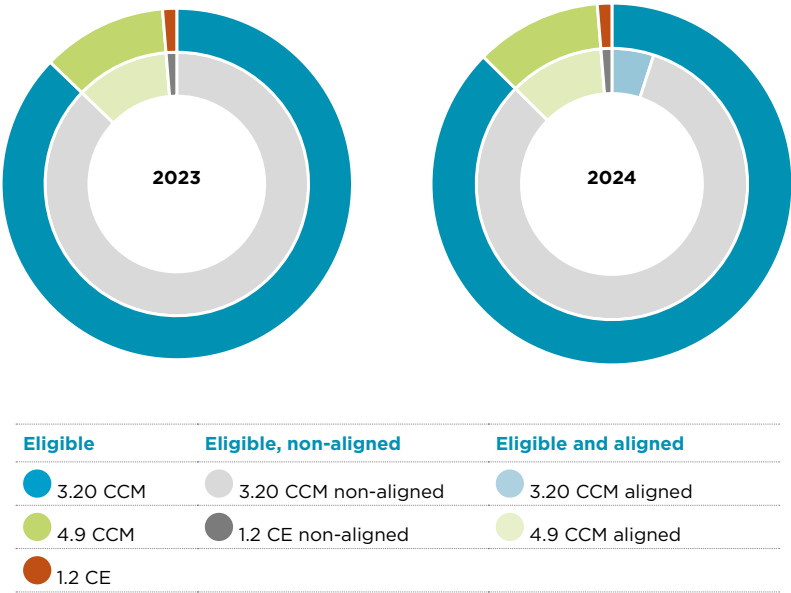
We are working on developing a plan to improve our performance on the alignment taxonomic indicators.

4.6.1. TURNOVER

In 2024, the eligibility and alignment of turnover stood at 100% and 16.3%, respectively. The proportion of eligibility by activity has changed slightly compared to 2023 due to fluctuations in the mix of products and services sold, but without affecting the total eligibility figure.

Regarding alignment, it increased from 11.5% in 2023 to 16.3% in 2024, due to the inclusion of all activities added in the latest regulatory development in the alignment analysis. In particular, compliance with the criteria for activity CCM 3.20 (manufacture of electrical material for high, medium, and low voltage transmission and distribution) has been identified in 5% of total turnover, through the detailed analysis provided in section 4.4."

Activity	Eligibility of turnover		Alignment of turnover	
	2024	2023	2024	2023
3.20 CCM	87.5%	87.2%	5%	0%
4.9 CCM	11.3%	11.5%	11.3%	11.5%
1.2 CE	1.3%	1.3%	0%	0%
Total	100%	100%	16.3%	11.5%



WE HAVE INCREASED THE ALIGNMENT PERCENTAGE IN THE THREE TAXONOMY INDICATORS.

4.6.2. CAPEX AND OPEX

In terms of CAPEX eligibility, the increase in investments in the business lines identified within the CCM 4.9 activity (electricity transmission and distribution) has implied a higher weight of this activity in the eligibility and, as a consequence, a significant increase in the alignment. In this case, the inclusion of the alignment of part of the relays segment within the CCM 3.20 activity (manufacture of high, medium, and low voltage electrical

equipment for transmission and distribution) contributes secondarily 1.1% to the alignment.

On the other hand, OPEX remains relatively stable in terms of eligibility structure and it is the CCM 3.20 activity that mainly contributes to the observed increase in alignment, from 9.8% in 2023 to 12.5% in 2024.

Activity	CAPEX				OPEX			
	Eligibility		Alignment		Eligibility		Alignment	
	2024	2023	2024	2023	2024	2023	2024	2023
3.20 CCM	73.6%	87.9%	1.1%	0%	89.1%	90.1%	3.4%	0%
4.9 CCM	25.4%	12.1%	25.4%	12.1%	9.1%	9.8%	9.1%	9.8%
1.2 CE	0.9%	0%	0%	0%	1.8%	0.1%	0%	0%
Total	100%	100%	26.5%	12.1%	100%	100%	12.5%	9.8%

CAPEX aligned

26.5%
12.1% in 2023

OPEX aligned

12.5%
9.8% in 2023



5. CLIMATE CHANGE

ESRD	Type of materiality		Upstream stages of the value chain (supply chain)		Core operations			Downstream in the value chain (customers and end-users)	
	impact	Financial	Raw materials	Parts and intermediate products	Design	Manufacturing	Installation	Transmission and distribution	Electricity use
E1	X							Climate Change Adaptation	
	X	X	Climate Change Mitigation						
	X					Energy			

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

Climate Change Adaptation

As a manufacturer and installer of equipment that enables the measurement, protection, and control of power supply, we consider ourselves a key player in ensuring the resilience of the electrical grid. Therefore, we identify a **potential positive impact** in the development of products that enhance the ability to detect, prevent, and repair the effects of climate change on energy supply, as well as products that are more resilient to extreme events, generating benefits for electricity system users worldwide.

Climate change mitigation

Our manufacturing process GHG emissions, which represent **tangible negative impacts**. Similarly, the manufacturing of raw materials is the primary source of GHG emissions in the earlier stages of the value chain, while the use of our products in the later stages contributes to emissions. On the other hand, there is a lot of movement at the moment on regulatory developments in the European Green Pact and in particular on fluorinated gases. The difficulty in adapting to the regulations represents a **climate transition risk** in the medium term due to increased production costs and the R&D investment requirements involved in developing alternatives. However, in the long term, we see a differentiation **opportunity** of with the development of low-carbon products, which we capitalise on through our open innovation strategy, product digitalisation and sustainability technologies, and impact measurement using the EU Taxonomy and life cycle analysis (LCA) of our products.

Energy

In the short term, we believe that the progress we have made in the incorporation of renewable energy generates a **real positive impact** by contributing to the integration of renewable generation. In addition, by the nature of our products, we contribute to the electrification of the economy, as well as to the integration of renewable electricity through grid stability and control equipment, which is a **real positive impact** in the medium term.

5.1. CLIMATE CHANGE MITIGATION TRANSITION PLAN

The climate transition plan is our main tool to reduce negative impacts, mitigate transitional climate risks, seize opportunities and enhance positive climate-related impacts. To achieve this, we aim to reduce our direct and indirect GHG emissions (known as Scope 1+2 emissions) by 50% by 2030, compared to the emissions in 2021.

Our **GHG emission reduction targets** for 2030 aim to be compatible with a trajectory that limits global warming to 1.5°C under the Paris Agreement. As SBTi sets out in its cross-sectoral emissions reduction pathway, to reach the Paris Agreement target, emissions need to be reduced by at least 42% by 2030 from 2020 levels. On the other hand, to support the achievement of the transi-

tion plan, we have **two additional objectives regarding renewable energy consumption and the replacement of SF6 gas in our products**. The objectives are detailed in section 5.4. Metrics and goals.

We are not on any exclusion list of EU benchmarks harmonised with the Paris Agreement.

5.1.1. DECARBONISATION LEVERS

To achieve our decarbonisation goals, we have identified various levers and assessed how they contribute to reducing GHG emissions. Each lever, the potential reductions it could bring us, its status and the estimated progress in terms of reductions achieved since 2021 are presented below.

Outreach	Lever	Potential reductions (2030) ¹	Current Status and Key Planned Initiatives	Reductions achieved ²
Scope 1	Substitution of high-emission fossil fuels	5%-8%	The replacement of the existing boiler at our plant in China is planned and the electrification of air conditioning in Turkey has been included as a target.	0.7%
	Development of SF6-free products	9%-12%	We have initiated the development and marketing of SF6-free alternatives.	No reductions have yet been achieved. The increase in production has represented a 1% increase in emissions.
Scope 2	Renewable energy supply through GoO	35%-40%	To the certificates we already had in 2023 (Brazil, Turkey and 50% of consumption at the Mungia plants) we have added in 2024 the total consumption at the China, Mungia and Vitoria plants.	25.6%
	Renewable power purchase agreements (PPAs)	0.5%-1%	Generation has been launched at one of our plants in Mexico, and the installation of panels in Mungia has been completed, both through PPA agreements.	0.6%
Scopes 1 and 2	Energy-efficiency improvements at our facilities	0.3%-0.5%	Through energy-efficiency measures such as enhanced building insulation and meter installations, we can significantly reduce energy consumption.	No reductions have been quantified yet
Total		50%-64%		26%

1. Regarding 2021. Potential reductions depend on the availability of resources and technologies in the referenced period.
2. In the period 2021-2024

OUR GREENHOUSE GAS EMISSIONS REDUCTION TARGETS FOR 2030 AIM TO BE ALIGNED WITH A TRAJECTORY THAT LIMITS GLOBAL WARMING TO 1.5°C, IN ACCORDANCE WITH THE PARIS AGREEMENT.

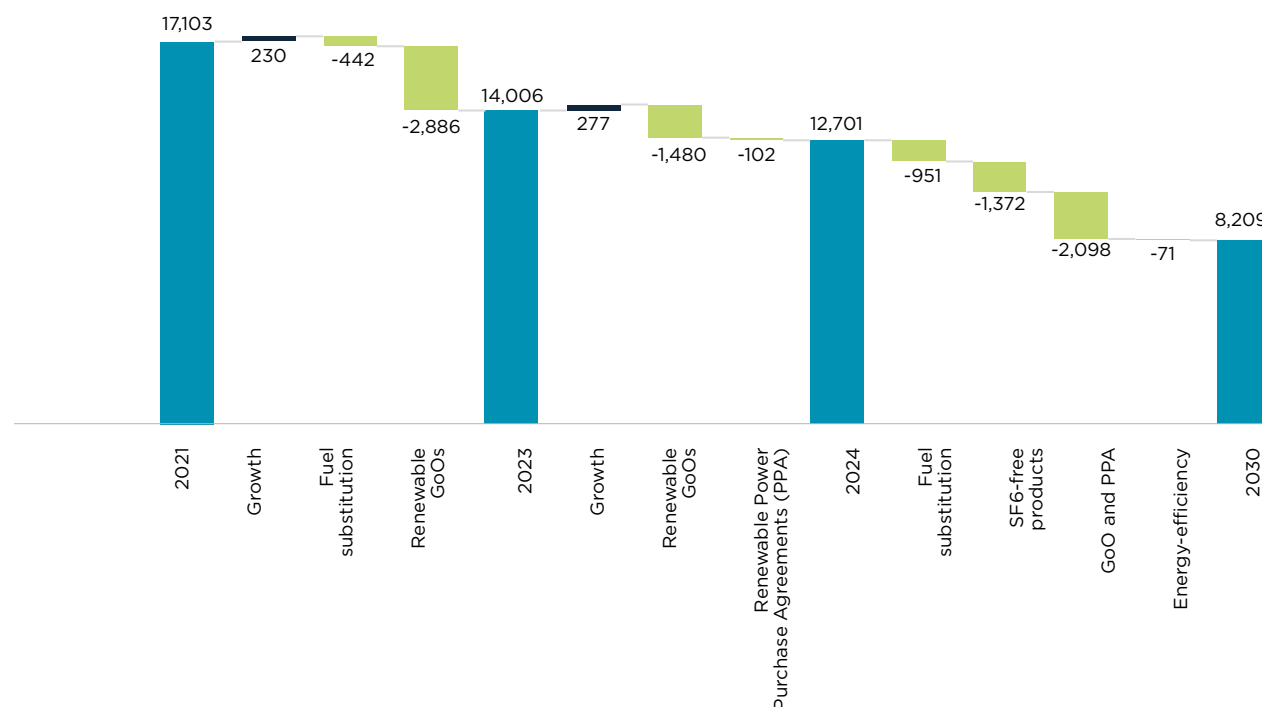
The **decarbonisation levers** with the highest reduction potential are those related to the purchase of renewable energy certificates and the development of SF₆-free products. Significant progress has already been achieved regarding certifications, while the effects of SF₆-related measures are projected to materialize starting in 2026.

The graph shows the progress made, differentiated between the period 2021-2023 and the fiscal year 2024³, with estimates for each decarbonisation lever. Production growth has led to a marginal increase in emissions in recent years, which has been offset by the above-mentioned initiatives. Taking the most conservative assumptions regarding the evolution of our most emission-intensive activities, we managed to reach our reduction target. To support this transition plan, the following resources are mainly required:

- **Renewable energy installations**
- **Certified renewable energy supply (mainly GoO)**
- **Boiler replacement**
- **SF₆ replacement project (R&D investments and operations)**

3. The detailed evolution of GHG emissions for all scopes can be found in section 5.4. Metrics and goals

Achieved and expected reductions per decarbonisation lever



Of these, only that relating to the replacement of SF₆, which is detailed in section 5.3.2, exceeds the materiality thresholds at the financial level. GHG emission reduction actions at the product level

For now, these investments and their related operating expenses are not included within the identified CAPEX or

OPEX aligned with the mitigation objective according to the EU Taxonomy, as, in the case of the first two, they are operational investments not directly related to the criteria for mitigation activities, and in the case of SF₆ replacement, it does not meet the CAPEX Plan criteria established in the regulation. No scenarios have been used to establish the decarbonisation levers.

The **specific information** on climate change mitigation actions explaining the progress in the implementation of the transition plan can be found in **section 5.3. Actions related to climate change**

5.1.2. INTEGRATION WITH STRATEGY AND FINANCIAL PLANNING

Our **2030 Strategic Sustainability Plan, which includes the emission reduction targets for 2030 as part of the climate transition plan**, was reviewed with the Group's Management Committee and approved by the Board of Directors in 2023. Furthermore, medium-term plans are made with the same frequency and aligned with the financial strategic plans. These Strategic Sustainability Priorities 2023-2026, also approved by the Board of Directors and presented to the Steering Committee, include decarbonisation targets and actions.

At a strategic level, the transition plan is also integrated with the **development of SF6-free business lines**. We believe that business lines that use fluorinated gases are prone to generating long-term locked-in GHG emissions, and a transition risk has been identified accordingly. In principle, with the SF6 replacement plan aligned with regulatory requirements, it is possible to achieve the emission reduction targets set for scopes 1 and 2 by 2030. However, this is subject to market developments outside the EU and the technical and supply availability of insulation alternatives. In any case, to achieve long-term climate neutrality, it is essential to seek alternatives with a reduced carbon footprint.



5.1.3. FUTURE DEVELOPMENTS

At Artech, we want to **consolidate our commitment to the transition to a zero net emissions economy by 2050**. To this end, we have set out to expand our transition plan in the medium term through climate neutrality goals, including quantitative targets on emissions from the value chain (referred to as scope 3 emissions) that are validated by the Science Based Targets Initiative as science-based targets.

Additionally, this involves **identifying key actions across upstream and downstream value chain phases**. We will therefore work on identifying and quantifying new decarbonisation levers related to operational improvements that reduce fugitive emissions, eco-design of products and use of secondary materials.

Additionally, we are working on **developing alignment objectives with the EU Taxonomy regarding climate change mitigation and the corresponding roadmap to increase our substantial contribution to this goal**. Of the decarbonisation levers mentioned, there is a key synergy between the development of SF6-free products and the taxonomy indicators. Therefore, strategic actions in this business line will be crucial to capitalize on the identified opportunity regarding mitigation.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



5.2. CLIMATE CHANGE POLICIES

5.2.1. SUSTAINABILITY POLICY

This policy, approved in 2021 by the Board of Directors, is part of the Group's Corporate Governance System and integrated Management Model and is designed to guide actions and activities across the Group, in line with the Sustainable Development Goals (SDGs) and our commitment, as a signatory company, to the principles of the United Nations Global Compact both at the level of our operations and through our business relationships and value chain.

With this policy, **we commit to creating value in a sustainable manner by establishing the principles for the development of our activities based on the well-being of people and society, environmental preservation, transparency and good governance, human rights, innovation, communication, and financial strength.** All of this while maintaining our firm commitment to our stakeholders, which is also reflected in the policy.

The implementation of this policy is the responsibility of the General Management and the Global Sustainability department and is publicly available on our website.

Although it does not explicitly mention climate change mitigation or adaptation, this policy covers the prevention of environmental risks and the minimisation of the environmental impact of our business activities, while emphasising the importance of energy efficiency. As such, it serves as the overarching operational framework for our actions in this area.

5.2.2. EHS POLICY

Our ambition is to promote a **culture of responsibility towards the environment through**

our EHS (Environment, Health & Safety) policy, in which we are committed to ensuring compliance with environmental regulations and proposing the necessary actions

for continuous improvement and the prevention of environmental risks. We enhance

preventive action, exceeding the standards of applicable regulations, and minimising the environmental impact of our activities, in line with our 2030 Sustainability Strategic Plan. This policy therefore establishes basic standards of behaviour with ISO 14001 certification as a fundamental pillar.

Our EHS Policy applies to the entire Artech Group, as well as subcontracted personnel, and was approved by the Managing Director in 2022. It is available in the integrated management system, hosted on the internal website, and covers the interests of the Group's staff as well as subcontracted personnel.

5.2.3. OUR ESG COMMITMENT

Among the basic principles related to sustainability and the environment, published on our website, are the following principles related to climate change:

- Taking action to prevent climate change
- Achieving carbon footprint neutrality
- Enhancing energy efficiency and the use of renewable energy

5.2.4. ECO-DESIGN POLICY

We have implemented an Eco-Design Policy that helps reduce our impact on climate change by lowering the carbon footprint of our products. The information is detailed in Section 7.1. Strategy for resource management and promotion of the circular economy

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

5.3. CLIMATE ACTION INITIATIVES

Below, we detail completed and planned initiatives to mitigate climate change by reducing our GHG emissions at both organisational and product levels. While the objectives of the transition plan are limited to emissions from our operations, actions are also envisaged in terms of decarbonising the value chain.

We also explain the action plans relating to the identified opportunity in relation to climate change adaptation.

Performance in managing climate-related IROs

To evaluate our performance in terms of management and disclosure of climate-related IROs and align ourselves with industry practices in this area, in 2024 we continued participating in the assessment carried out by the Carbon Disclosure Project (CDP). As part of our climate change mitigation and adaptation strategy, **in 2024 we achieved a B (Management) rating in the CDP Climate**, improving from our previous C (Awareness) rating. This improvement reflects the integration of concrete emission reduction measures, the strengthening of climate governance and the assessment of climate change risks and opportunities as part of the corporate strategy.

5.3.1. GHG EMISSION REDUCTION ACTIONS AT THE ORGANISATIONAL LEVEL

Outreach	Lever	Actions	Associated GHG reductions ⁴	Time Horizon
Scope 1	Substitution of high-emission fossil fuels	Replacement of the coal-fired heating system in China	2%-3%	Short term
		Electrification of the heating system in Turkey	2%-3%	Medium term
		Replacement of forklift trucks with electric forklift trucks	No reductions have been quantified yet for the planned actions.	Medium term
	Energy-efficiency improvements at our facilities	Insulation improvements in Mungia	No reductions have been quantified yet for the planned actions.	Medium term
	Development of SF6-free ⁵ products	SF6-free product design	9%-12%	Medium/long-term
Scope 2	Supply of renewable energy through GoO certificates	Purchase of 100% renewable energy in Mungia		Completed in 2024
		Purchase of 100% renewable energy in Vitoria	8.7%	Completed in 2024
		100% renewable energy procurement in China		Completed in 2024
		Purchase of 15% of renewable energy in Mexico	2%	Short term
		Purchases of renewable energy at other plants	12-15%	Medium term
	Renewable power purchase agreements (PPAs)	Launch of Solar Power Generation through PPA in Mexico	0.6%	Carried out in 2024
		Launch of Solar Power Generation through PPA in Mungia	It does not represent a direct reduction in market-based emissions due to the existence of GoOs. However, it does imply a reduction in energy consumption from the grid and may reduce location-based emissions.	Short term

4. The reductions are with respect to the total scope 1+2 of the base year 2021. For the planned actions, an emissions reduction range has been estimated, and for those carried out in 2024, the reductions achieved are provided.
5. Initiatives tied to this lever are explained in detail in Section 5.3.2. GHG emission reduction actions at the product level

Additionally, we have also undertaken actions that do not directly result in emission reductions or whose impact is not quantifiable, but which are equally essential in achieving our decarbonisation goals.

- **Scope 3 measurement of the carbon footprint** according to the GHG Protocol through the implementation of an organisational tool
- **Review of emission sources** to ensure that all relevant sources are included
- **Reduction of reactive power** at the Mungia facilities to increase energy efficiency. This action has been recognised in the 2024 Catalogue of Environmental Best Practices of Spanish companies, compiled by the CEOE.

In this regard, we also have the following actions planned:

- **Independent verification of carbon footprint for all scopes**
- **Validation of short-term objectives with SBTi**
- **Quantitative scenario analysis to identify transition risks and opportunities**, financial quantification of those considered relevant.

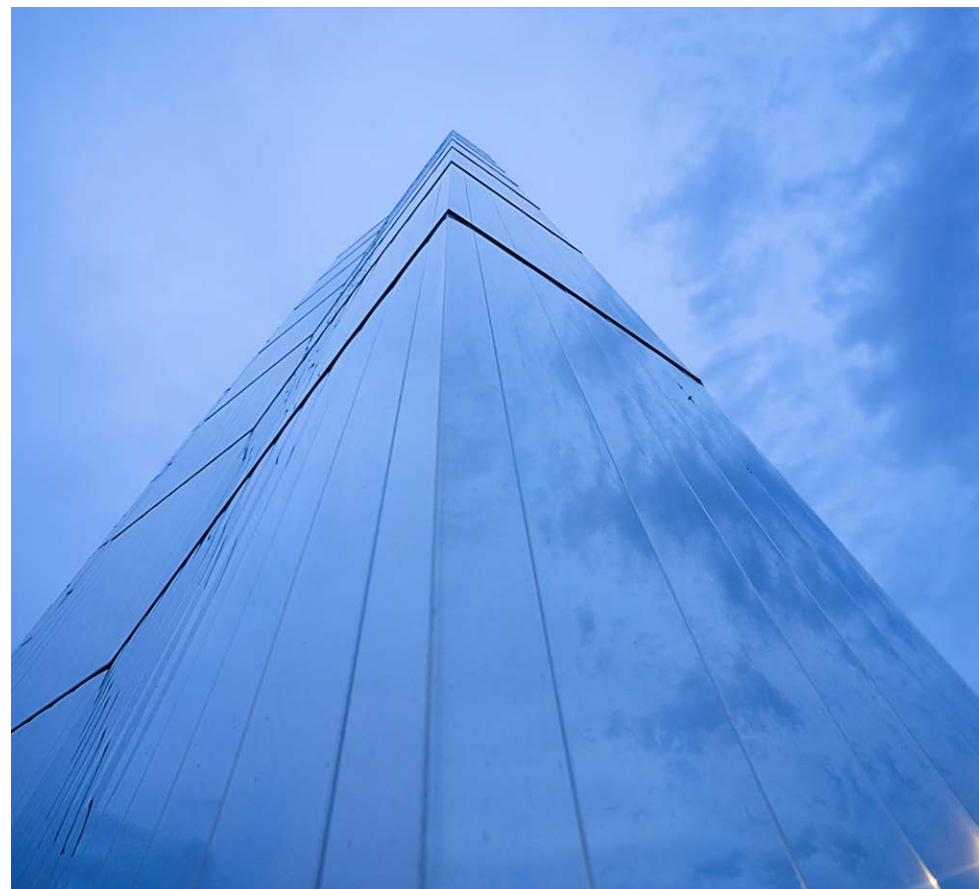
We have not included carbon offset mechanisms or carbon credit schemes within our climate change mitigation actions, nor have we set an internal carbon price.

Regarding the reduction of emissions related to the purchase of renewable energy certificates, we depend on the availability of such certificates in operational markets, as well as the ability to make decisions regarding energy sourcing at plant locations. While we see a rapid growth in the number of certificate options available, their demand has also increased, which may affect their availability or the amount of resources needed to purchase them.



2024 catalogue of good environmental practices of Spanish companies

WE HAVE ALSO PROPOSED ACTIONS WHOSE EFFECTS ARE NOT QUANTIFIABLE BUT ARE EQUALLY ESSENTIAL TO ACHIEVING OUR DECARBONISATION OBJECTIVES, SUCH AS THE COMPREHENSIVE MEASUREMENT OF SCOPE 3 IN OUR CARBON FOOTPRINT, THE VALIDATION OF TARGETS BY THE SCIENCE-BASED TARGETS INITIATIVE (SBTi), AND THE SCENARIO ANALYSIS OF TRANSITION RISKS AND OPPORTUNITIES.



5.3.2. GHG EMISSION REDUCTION ACTIONS AT THE PRODUCT LEVEL

Our Product Sustainability team has identified two main lines of action to contribute to the decarbonisation of the Group's products **two main lines of action to contribute to the decarbonisation of the Group's products**. On the one hand, the SF6-free product development lever, which also acts on organisational emissions. On the other hand, product eco-design contributes to reducing Scope 3 emissions, for which we have not yet quantified the decarbonisation levers.

Lever (ranges 1 and 3): Development of SF6-free products

As indicated in section 3.1.2 above. Sustainability and product development, the elimination of SF6 from our products and operations represents a strategic decision aligned with our vision for the future rather than a regulatory obligation. We aim to drive a more sustainable and efficient electricity sector through innovation and collaboration.

For this reason, our R&D department is working intensively on the development of SF6-free technological alternatives to replace the equipment in our catalogue that currently requires this gas for its operation. This change is a technical challenge, but also an opportunity to lead the transition to more sustainable and environmentally responsible solutions.

Our R&D efforts focus on two areas, aligned with product types currently using SF6.

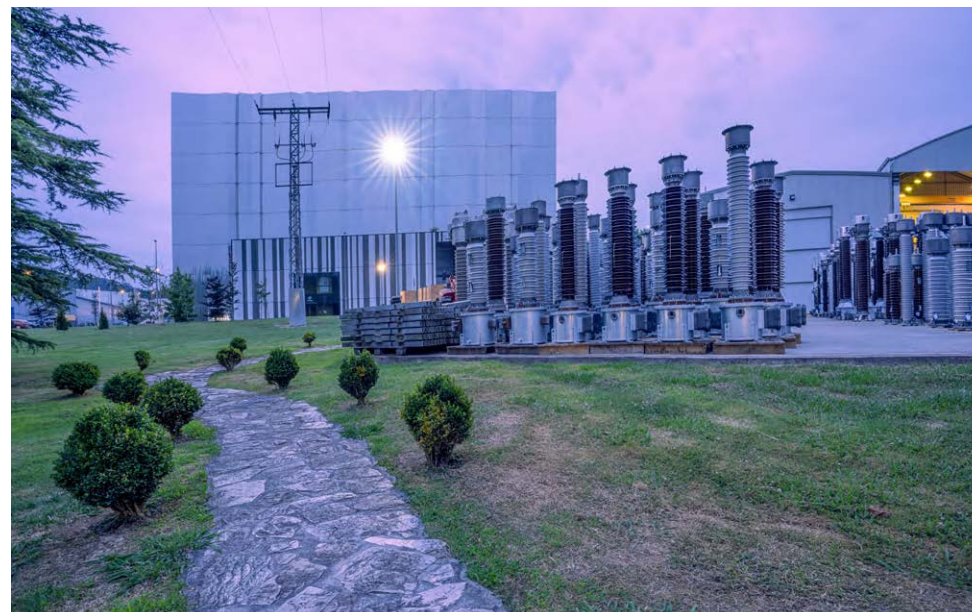
1. **Elimination of SF6 in our product range.** The associated target is to have SF6-free alternatives for all models previously requiring the solution by December 2029 (100% scorecard target 2030).
2. **Ensure that third party equipment required ancillary to our solutions is SF6-free.** We are constantly working to validate alternative solutions whenever they are available on the market.

We currently measure the progress of these projects based on the existing SF6 product catalogue, assessing the proportion of equipment designed to operate without SF6. At the end of 2024, the proportion of product designed without SF6 is 22.83% of the product supply that originally required its use.

Estimated emission reductions at the product carbon footprint level vary from model to model and are around 40% compared to the SF6 solution.

These projects also involve reductions in fugitive emissions accounted for in Scope 1 by decreasing the production of SF6 models, these reductions are estimated in section 5.3. 1. Organisational GHG Reduction Initiatives. Progress in the design of SF6-free insulated products will translate into emission reductions as they are gradually phased out of the European market and depending on developments in international markets.

IN OUR R&D AREA, WE ARE WORKING INTENSIVELY ON THE DEVELOPMENT OF SF6-FREE TECHNOLOGICAL ALTERNATIVES.



Resources allocated
to Sustainability
R&D Projects

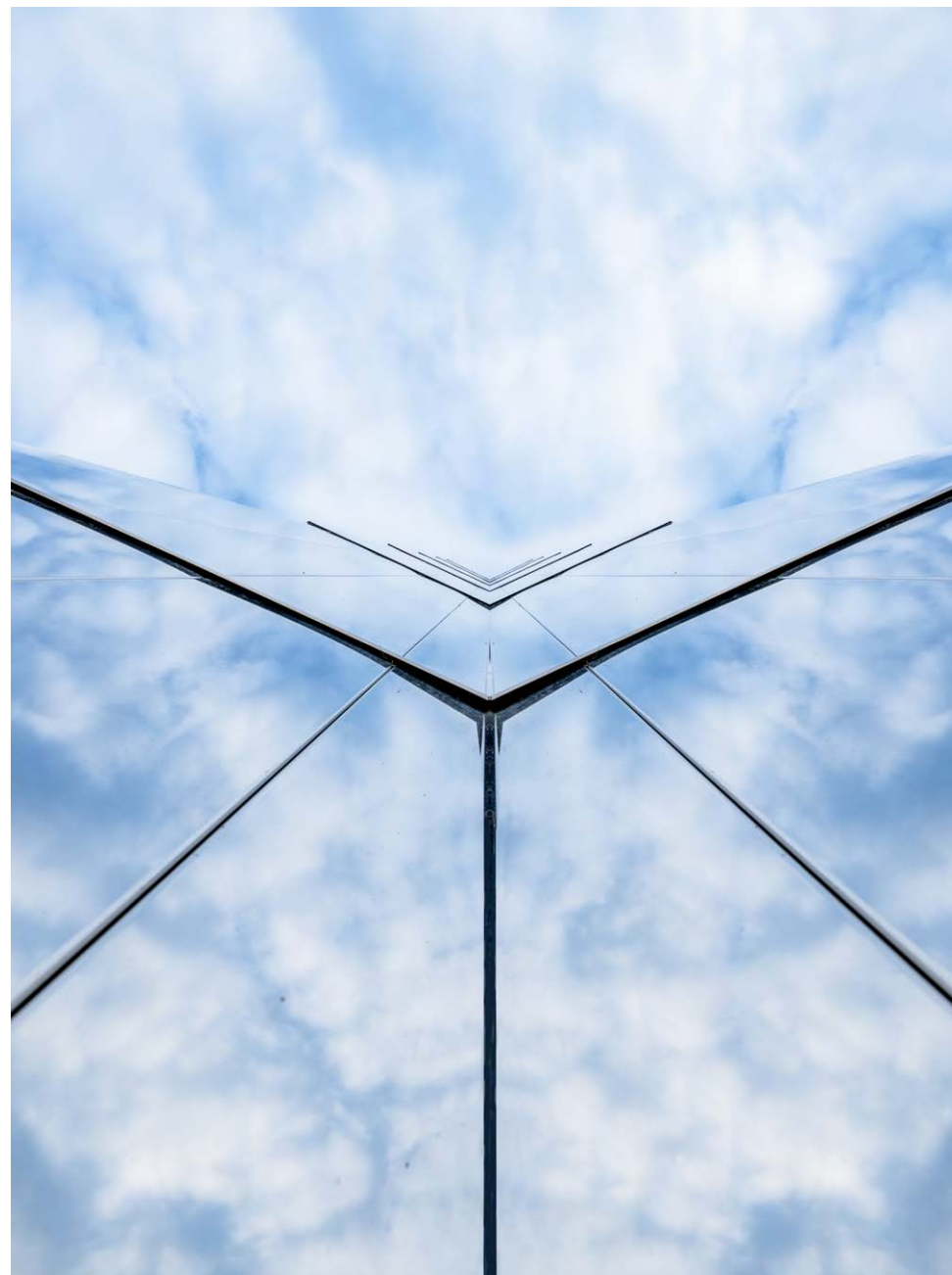
22,861 hours
€423,139⁶

6. Included in the financial statements in the development account within intangible fixed assets

As can be seen, the achievement of decarbonisation leverage targets in R&D is time-intensive, especially for SF6 phase-out, due to technical complexities. Therefore, these actions have a high resource dependency in terms of R&D staff hours, which is furthermore conditioned to the achievement of objectives within a limited timeframe.

5.3.3. CLIMATE CHANGE ADAPTATION ACTIONS

With the aim of enhancing the identified positive impact in terms of adaptation, we participate in FUTURED, a sector-specific working group, as part of the initiative focused on assessing the effects of climate change on the condition of the electricity grid in Spain and developing corresponding recommendations for action. In the medium term, we plan to update the physical risk assessment of our locations. In the long term, our ambition is to expand this analysis to our products, identifying adaptation measures that enhance grid resilience.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



5.4. ENERGY AND GHG EMISSION METRICS AND GOALS

5.4.1. TARGETS

Our greenhouse gas (GHG) emissions reduction targets, supported by our renewable energy usage goal, contribute to fulfilling our ESG commitments to promote decarbonisation and sustainable value creation—key pillars of our Sustainability Policy. External stakeholders have not been directly involved in the design of these objectives.

Objective: 50% reduction of our scope 1+2 GHG emissions by 2030

This target is measured relative to the GHG emissions of 2021, used as the baseline, and represents an absolute target for the period 2022-2030. We have established this based on the recommendations of the UN's Intergovernmental Panel on Climate Change (IPCC) on the emissions trajectory for achieving the Paris Agreement, which emphasise the need to halve emissions by 2030. It is also in line with the EU's target to reduce emissions by 55% of 1990 levels.

Unit	Outreach	Value in base year (2021)	Present value (2024)	Intermediate objective (2026)	Final objective (2030)
% (1 - Market-based Scope 1+2 emissions for the current year / Market-based Scope 1+2 emissions for the year 2021)	Group	100% (17,103 tCO ₂ e)	-26% (12,701 tCO ₂ e)	-40% (10,262 tCO ₂ e)	-50% (8,552 tCO ₂ e)
% (1 - Market-based Scope 1+2 emissions for the current year, excluding SF6 / Market-based Scope 1+2 emissions for 2021, excluding SF6)	Group	100% (11,600 tCO ₂ e)	-39.5% (7,017 tCO ₂ e)	-40% (6,960 tCO ₂ e)	-50% (5,800 tCO ₂ e)

The decarbonisation levers related to this target are explained in Section 5.1.1. Decarbonisation Levers (completed/planned initiatives per lever are outlined in Section 5.3.1) GHG emission reduction actions at the product level In our Strategic Plan, we do not distinguish a separate objective for each scope.

As part of our continuous improvement processes, in 2024, we made significant changes to how we measure our Scope 1 and 2 emissions, following the principles established by the GHG Protocol. To ensure consistency with the GHG emissions inventory and accurately re-

flect progress towards achieving the targets, the baseline year has been updated accordingly. This ensures the representativeness of all the Group's activities and locations. In 2021, no anomalies in energy consumption or emissions were identified that would lead us to believe that there could be external factors influencing the baseline.

In the case of Scope 1, emission sources have been identified that were not included when the targets were set, including coal consumption at our China plant and fugitive SF6 emissions. Since our target covers 100% of our Scope

1+2 emissions and includes the greenhouse gases specified by ESRS E1⁷, these sources have been transferred to the base year emissions. The first case is based on fuel consumption records, while the second is estimated⁸ from data collected in 2024, considering production trends. To illustrate the effectiveness of the actions taken so far, a comparison showing the evolution of objectives without SF6, which were in effect until this year has been included.

In addition, a material error was identified in the emission factors used for Scope 2 at our plants outside Europe.

These were therefore replaced with appropriate factors that reflect the energy mix of each country in which we operate.

Finally, we corrected the metric in the base year to align with the scope covered by our emissions parameters, ensuring consistency with the other environmental indicators and the financial statements. To do this, we considered the oldest energy consumption data recorded (2022) for the plants located in Turkey and Indonesia, acquired in 2021, and took 51% of the consumption from our joint venture in Vitoria.

7. CO₂, CH₄, N₂O, HFC, PFC, SF₆ and NF₃
8. The methodological details of how the fugitive emissions information has been obtained can be found in section 5.4.3. Emissions

Objective: 100% renewable electricity consumption by 2030

Unit	Outreach	Value in base year (2021)	Present value (2024)	Intermediate objective (2025)	Final objective (2030)
% (Electricity consumption from renewable sources / Total electricity consumption)	Group	0%	63%	70%	100%

Scope 2 emissions, determined based on electricity consumption, represented 45% of the total emissions from our operations in 2021. Therefore, a goal of consuming 100% electricity from renewable sources represents a significant step forward in our decarbonisation plan. For this target, only energy that can be demonstrated to be generated without GHG emissions is considered renewable. This includes energy that is self-generated or supported by renewable generation certificates.

Objective: design 100% of our product range with SF6-free alternatives by 2030

Unit	Outreach	Value in base year (2023)	Present value (2024)	Intermediate objective (2025)	Final objective (2030)
% (Tested products with SF6-free alternatives / Total products using SF6)	Group	0%	22.83%	50%	100%

As mentioned in section 3.1.2. Sustainability and product development, SF6 substitution is an objective related to business strategy. We estimate that in 2021, this accounted for approximately 30% of our emissions, which is why it is important to address this in the decarbonisation levers to meet the transition plan. This objective, the related actions and their state of progress are detailed in sections 3.1.2. Sustainability and product development and 5.1.1. GHG emission reduction actions at the product level.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



5.4.2. ENERGY

Energy consumption has increased slightly, which is to be expected due to the significant growth in production. However, due to initiatives related to the purchase of GoOs and the launch of solar power generation through PPAs at one of our facilities in Mexico, the proportion of renewable energy in our consumption has increased from 34% to 63%. This brings us closer to our 2030 target of consuming 100% renewable electricity and allows us to exceed our 2026 target (60%) ahead of schedule. In light of the early achievement of the goal, we have set a new target to reach 70% renewable energy consumption by 2025.

Methodological note

According to the definition provided in the ESRS for sectors with a high climate impact, our entire activity falls under this classification as it is within the NACE classification for manufacturing (sector C). The energy consumption has

been calculated from the corresponding invoices, whereby in the case of fuels we have used conversion factors from different units (litres, m3 or kg) to MWh. These factors are derived from the lower heating value (LHV) and, where applicable, the densities used by the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) for the Spanish Inventory System (SEI), which are aligned with European regulations and IPCC guidelines. The net revenue used to calculate energy intensity comes directly from the net amount of turnover in the Profit and Loss Statement (P&L) within the annual accounts. The perimeter of the indicators has been adjusted with respect to 2023 to be similar to that of the financial statements.

Energy consumption and mix	2024	2023
(1) Consumption of fuel from coal and coal products (MWh)	3,775	3,011
(2) Fuel consumption from crude oil and petroleum products (MWh)	7,692	8,595
3) Fuel consumption from natural gas (MWh)	790	261
4) Fuel consumption from other fossil fuel sources (MWh)	0	0
5) Consumption of electricity, heat, steam and cooling purchased or acquired from fossil sources (MWh)	8,133	13,493
6) Total fossil energy consumption (MWh)	20,390	25,360
Share of fossil sources in total energy consumption (%)	59%	77%
(7) Fuel consumption from nuclear sources (MWh)	0	0
Share of nuclear sources in total energy consumption (%)	0%	0%
8) Fuel consumption by renewable source, such as biomass (including also industrial and municipal biowaste, biogas, renewable hydrogen, etc.) (MWh)	0	0
9) Consumption of electricity, heat, steam and cooling purchased or procured from renewable sources (MWh)	14,060	7,520
10) Consumption of self-generated renewable energy that is not used as fuel (MWh)	0	0
11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	14,060	7,520
Share of renewables in total energy consumption (%)	41%	23%
Share of renewable sources in total electricity consumption (%) ⁹	63%	34%
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	34,449	32,880
Energy intensity based on net revenues (MWh/miles €)¹⁰	77	82

9. This ratio is calculated as the sum of renewable electricity consumption (lines 9 and 10) divided by total electricity consumption (lines 5, 9 and 10).

10. Calculated as the total energy consumption obtained from lines 6 and 11 divided by the net turnover.



5.4.3. EMISSIONS

Since 2021 we have reported our Scope 1, 2 and 3 emissions. In line with our efforts to improve data quality and ensure full coverage of all areas of our activities and emission sources, we have expanded the scope of our emissions inventory over the course of the year, re-stating the baseline year and the comparison with the previous year.

Overall, we have managed to reduce GHG emissions, primarily due to a decrease in emissions from the electricity consumption of our equipment (category 11 of scope 3). Furthermore, we have increased value generation without increasing our carbon footprint, achieving a significant reduction of 11% in GHG emissions intensity.

Below we detail the main components and evolution of each scope of our emissions.

GHG emissions (tonnes of equivalent CO ₂)	Retrospective			Milestones and target years			
	2024	2023	Year-on-year change	2021 (base year)	Base year change	2026	2030 Target % per year / base year
Scope 1 GHG Emissions							
Scope 1	9,204	8,927	3.1%	9,138	0.7%		
Percentage of scope 1 GHG emissions from regulated emissions trading schemes (%).	0			0			
Scope 2 GHG Emissions							
Scope 2 location-based	8,705	7,655	13.7%	8,155	6.7%		
Scope 2 market-based	3,497	5,079	-31.2%	7,965	-56.1%		
GHG emissions from our operations (scope 1+ 2)							
Scope 1+2 emissions (market-based)	12,701	14,006	-9.3%	17,103	-25.7%	-40%	-50%
Significant scope 3 GHG emissions							
1 Goods and services purchased	101,666	104,233	-2%				
2 Capital goods	2,476	1,523	63%				
Fuel and energy activities.	864	910	-5%				
Upstream transport and distribution.	3,767	3,096	22%				
5 Waste generated from operations	353	474	-26%				
6 Business travel	1,924	1,473	31%				
7 Displacement of employees	2,265	2,265	0%				
9 Transport and distribution	8,465	8,129	4%				
10 Transformation of products sold	979	616	59%				
11 Use of products sold	951,204	958,848	-1%				
12 End-of-life treatment of sold products	54,288	53,841	1%				
Total scope 3	1,128,251	1,135,408	-1%				
Total GHG emissions							
Total emissions (location-based)	1,146,160	1,151,991	-1%				
Total emissions (market-based)	1,140,952	1,149,415	-1%				
GHG intensity per net income							
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/ thousands of €) ¹¹	2.56	2.87	-11%				
Total GHG emissions (market-based) per net revenue (tCO₂eq/ thousands of €)	2.55	2.86	-11%				

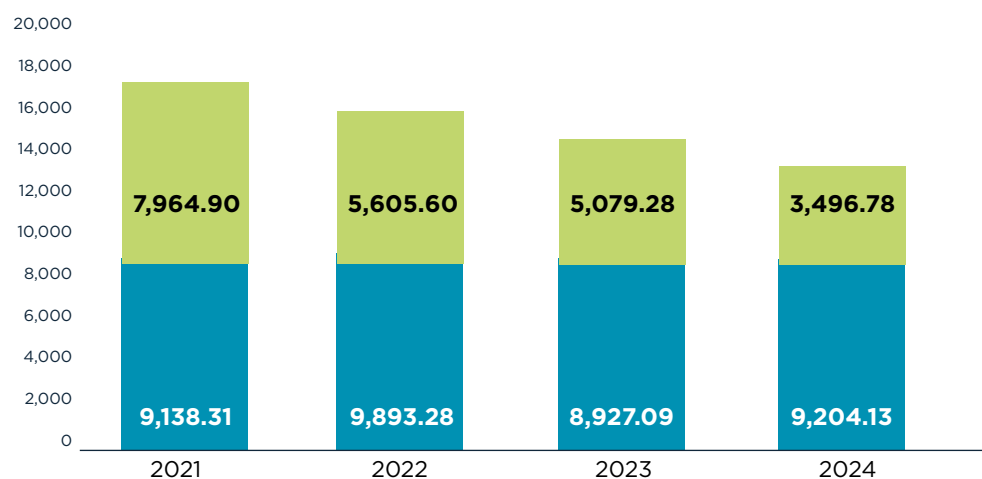
11. For emissions intensity, the denominator is the net turnover.



Scope 1

Scope 1 emissions include fossil fuels used for heating, operation of drying ovens, and transportation of employees and materials in company-owned vehicles. Additionally, they also include fugitive SF6 emissions that occur during the manufacturing of our equipment. They have remained relatively stable in recent years, in the case of fuels because the machinery used is the same, and in the case of fugitive emissions, because a slight decrease in the quantities produced has been offset by an increase in the product mix of those that are more intensive in SF6 usage. However, due to the planned electrification actions, the use of fuels with a lower emissions impact, and the development of SF6-free products, we believe we will be able to achieve reductions in the coming years.

Methodological note: the emission factors used for fuels are sourced from MITECO and are aligned with the guidelines of the IPCC. To calculate the fugitive SF6 emissions, we have determined the amount of gas contained in a representative sample of the products and considered the number of equipment that experienced leaks, had to be reworked, or were discarded during the production process. The Global Warming Potential (GWP) used is 24,300 and corresponds to the latest IPCC report.



Scope 2

Our Scope 2 emissions come from electricity consumption for office heating and the operation of various equipment used in production. Scope 2 emissions based on location have increased mainly due to higher electricity consumption in our plants in China and Turkey, where the emissions intensity of the electrical grid is high. As part of our decarbonisation and renewable energy targets, we have increased renewable electricity consumption to 63% from renewable sources (up from 34% last year). Of this proportion, 62% corresponds to GoOs, and 1% comes from renewable PPAs. These efforts are reflected in the reduction of market-based emissions: 31% compared to last year and 56% compared to the base year 2021.

Methodological note: the electricity consumption of each of our plants and the average emission factors of the national electricity grid of the country where they are located are used to calculate the location-based emissions. This method reflects the GHG intensity of the countries where consumption occurs and does not take into account any commercial instruments. On the other hand, for the calculation of market-based emissions, it is considered that the consumption covered by renewable GoS results in zero GHG emissions. The electricity generated from photovoltaic installations at our sites is considered zero-emission in both methods. The emission factors have been obtained from MITECO for the plants located in Spain, and for the rest of the countries from the public database Carbon Database Initiative (CaDI). Emission factors are updated annually to reflect methodological developments and changes in the composition of each country's energy mix.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Scope 3

We capture in Scope 3 the emissions generated through the upstream and downstream stages of our value chain. In 2024, we calculated all Scope 3 categories for the first time according to the GHG Protocol using 2023 data. In 2024, we updated all categories with activity data, except for Category 7, covering more than 99% of our Scope 3 emissions. The emission factors and the reporting scope have not changed between the two years calculated, with the exception of the factors related to electricity generation, which affect categories 3 and 11, and are updated on an annual basis.

Category 11, related to the footprint from energy consumption and fugitive emissions from our products during their use over their lifetime, represents 84% of Scope 3 emissions and 83% of total emissions. This is because much of the electrical equipment we sell has a durability of between 20 and 35 years and those with a longer lifetime are also some of the most energy intensive. Despite already achieving >95% energy-efficiency in operations, these systems remain material to our GHG emissions profile

The 1% reduction in this category, which is almost entirely responsible for the similar variations in scope 3 and the total footprint, is due to the increase in the share of renewables in the overall electricity mix, which has decreased the emissions intensity of the electricity grid.

However, the emission factor used does not consider the future decarbonisation of the grid, as it assumes a constant carbon intensity throughout the lifetime of our equipment. According to estimates by the International Energy Agency (IEA), the electricity grid's carbon intensity is expected to be reduced by 3.6% per year between 2025 and 2027.¹² In addition, in the Zero Net Emissions scenario, the IEA estimates that this factor could be reduced by around 60% by 2030¹³, and under the Announced Commitments scenario it could be reduced by 40% by the same date¹⁴. This would also imply a significant reduction of our footprint. Methodological note

12. Source: IEA (2025) [Electricity 2025. Analysis and forecast to 2027](#)

13. Source: IEA (2023) [CO2 emissions and emissions intensity for lighting in the Net Zero Scenario, 2000-2030](#)

14. Source: IEA (2023) [CO2 emissions intensity of electricity generation in the Announced Pledges Scenario, 2022-2030](#)

For the selection of data types, we have considered the availability of those that depend on the value chain and their accuracy. Only emission factors provided by suppliers that have been properly verified by a third party have been used, in order to maximise reliability. Therefore, the categories calculated for Scope 3 include a variety of methods used according to data availability.

- **Category 1:** Goods and services purchased. Primary data from Environmental Product Declarations (EPDs) have been used for 3% of the emissions in this category (4% in 2023). We have used purchase volume or weight data for 80% of purchased materials, resulting in 76% of emissions in this category being based on material data (73% in 2023). The emission factors in this case are from the Ecoinvent database. The remainder, consisting mainly of services, has been calculated using the expenditure method, with emission factors by NACE code extracted from the INE.

- **Category 2:** Capital goods. This category has been calculated using the expenditure method, with the emission factors mentioned above.

- **Category 3:** Fuel and energy activities. It has been calculated using fuel and electricity consumption data, with emission factors from DEFRA (2023) for fuel and energy extraction and production.

- **Category 4:** Upstream transport and distribution. For the calculation, the distance-based method (with data on material weight, distance transported, type of transport and emission factors from DEFRA (2023) has been used for more than 80% of the emissions. The remainder has been calculated using the expenditure method.

- **Category 5:** Waste generated in operations. This category has been calculated using the data on waste generated according to its typology and destination, with emission factors from the Catalan Office of Climate Change (L'OCCC).

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



- **Category 6:** Business travel. For this category, emissions from travel and hotel nights for trips made by employees in their job functions are considered. It has been calculated using data on type of transport, distance travelled, number of hotel nights and emission factors from DEFRA (2023) and Hotel Footprint Calculator.

- **Category 7:** Displacement of wage earners. For this category, a survey has been conducted among people from different locations regarding their average distance to work and the mode of transport used. The results have been consolidated into totals of distance travelled per year by mode of transport and the emission factors applied are those of DEFRA (2023).

- **Category 9:** Downstream transport and distribution. The distance-based method, similar to category 4, has been used.

- **Category 10:** Transformation of the products sold. In this category, only fugitive GHG emissions are counted when SF6 is filled during the installation of certain product ranges. In general, our products do not require further processing. As we do not have direct information from customers, we have applied the MITECO sectoral statistics for SF6 leaks in the installation of electrical equipment or the LCA of similar equipment from other manufacturers.

- **Category 11:** Use of the products sold. The electricity consumption of the products has been characterised on the basis of their instantaneous consumption, the estimate of how much of the year they are active and their expected lifetime. The emission factor used is that corresponding to the carbon intensity of the global electricity grid. To include fugitive emissions of SF6, the MITECO sectoral statistics for annual leakage in this type of equipment have been applied.

- **Category 12:** End-of-life treatment of sold products. The assumption has been made that the materials used in manufacturing are equivalent to those incorporated in the products. With the PCR waste treatment scenarios used for the product carbon footprints, and emission factors similar to category 5, the emissions from the treatment of these wastes are obtained. End-of-life fugitive emissions from the above sources are also included.

Of the total Scope 3 emissions, 0.5% has been fully calculated with primary data, corresponding to emissions in Category 1 (purchased goods and services) with an emission factor certified in an EPD and Category 7 (employee commuting), based on employee surveys.

Category 8 (assets leased upstream in the value chain) has been omitted since, in establishing the perimeter, the issues of the relevant leased assets have been included in scopes 1 and 2.

Categories 13 (assets leased further down the value chain), 14 (franchises) and 15 (investments) have not been considered relevant as we are not lessors of assets, we do not own franchises and investments have been considered within the company's perimeter.

The net revenue used to calculate energy intensity comes directly from the net amount of turnover in the P&L within the annual accounts.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

6. POLLUTION PREVENTION

ESRD	Type of materiality		Upstream stages of the value chain (supply chain)		Core operations			Downstream in the value chain (customers and end-users)	
	impact	Financial	Raw materials	Parts and intermediate products	Design	Manufacturing	Installation	Transmission and distribution	Electricity use
E2	X		Pollution						
	X	X	Substances of concern and very high concern						

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

Air, soil and water pollution

As part of the industrial sector, we are aware of the impact that the extraction and processing of raw materials such as metals, resins and oils can have in terms of pollutant emissions. These pollutants can accumulate in ecosystems and populations, generating negative effects on biodiversity and people. We have therefore identified a **potential negative impact** on our upstream value chain.

Substances of concern and substances of very high concern

Different agents in our supply chain, as well as in some cases our activities, use chemicals identified in European REACH legislation that have harmful characteristics for the environment and people. Therefore, we consider that pollution resulting from spills or leaks of such substances is a **potential negative impact** both in the upstream supply chain and in our own operations. On the other hand, legislation is becoming stricter, including an increasing number of substances and introducing requirements that imply a high level of control of suppliers' production processes. The cost of gathering accurate and reliable information, the difficulty of finding technically viable alternatives, and the increasing regulatory and market demands represent a **risk** of loss of competitiveness and market positioning if we do not manage to anticipate legislation.

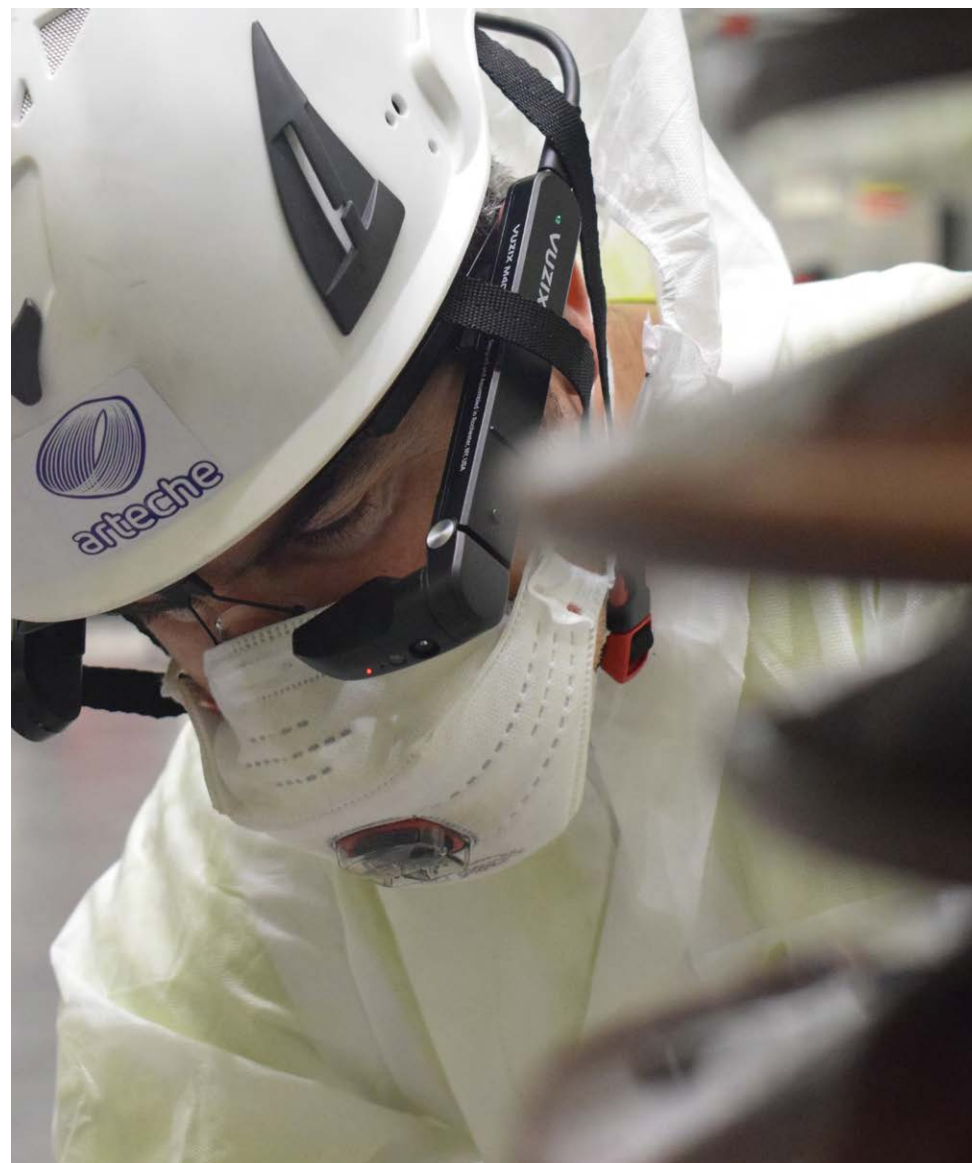
6.1. POLLUTION PREVENTION STRATEGY

In the manufacturing sector, we face increasing scrutiny regarding pollution, particularly due to the use of chemicals. Understanding the effects of an increasing number of substances on both nature and people drives us to adopt material and waste management strategies that minimise their use and impact.

The policies related to pollution prevention are the Sustainability Policy and the EHS Policy (detailed in section 5.2. Climate change related policies).

The Sustainability Policy explicitly expresses our commitment to minimise pollution and prevent any type of environmental incident. In addition, it emphasises the application of the precautionary principle in the development of new products and company activities.

Furthermore, through our EHS Policy we are committed to prevent and reduce pollution through the proper management of environmental aspects. Its principles are aligned with ISO 14001 and ISO 45001 standards, establishing a management model aimed at reducing the risks of environmental incidents and minimizing the dangers to workers arising from the use and leakage of substances.



6.2. ACTIONS RELATED TO POLLUTION PREVENTION

To prevent negative impacts and mitigate the identified risk related to pollution, we have established actions grouped into three areas:

- **The assessment of possible environmental impacts** at each of the Group's production plants, identifying the relevant aspects according to the production activity
- **Preventing pollution in the supply chain** through enhanced information control and circular economy measures
- **The identification, controlled use and substitution** of Substances of Very High Concern and Substances

The implementation of these actions requires mainly the dedication and expertise of our team, rather than a significant financial investment.

6.2.1. ASSESSMENT OF ENVIRONMENTAL ASPECTS

We have a Group-wide standard procedure to identify, record, update and evaluate environmental aspects annually. This procedure describes how to identify, evaluate and implement a work plan for the environmental aspects of all the Group's production sites.

We conduct environmental assessments of the main products we manufacture through the product life cycle environmental analysis procedure and manage the necessary measures to reduce environmental incidents and, more generally, the negative impacts on the environment.

Risk assessments of environmental aspects are conducted annually, considering:

- the frequency of occurrence of the risk
- the relative magnitude of the risk
- the possible consequences of the risk

Based on this analysis, plants develop action plans to mitigate risks and emergency response plans.

As part of our management system, we have integrated, implemented and certified all the points required by ISO 14001-2015, including the corresponding procedures for the prevention of environmental impacts:

- Monitor, track, measure and evaluate legal compliance.
- Identify, record, update and evaluate environmental aspects.
- Operational environmental monitoring.
- Coordination of business activities in environmental matters.

These assessments are based on identifying potential environmental impacts across various areas. In terms of pollution prevention, the following aspects are monitored:

Environmental aspects	Environmental impacts
Atmospheric emissions	• Air pollution • Ozone layer depletion • Acid rain • Smog
Dumping	• Water pollution • Eutrophication • Decline in aquatic biodiversity • Loss of aquatic species
Soil Pollution	• Emission of pollutants to land • Groundwater Pollution
Noise	• Harmful effects on human health • Harmful effects on other species
Odours	• Harmful effects on human health
Visual impact	• Harmful effects on human health • Localised environmental impacts

Based on this assessment of aspects, those aspects that are relevant for each plant are identified, which is also part of the double materiality analysis detailed in section 3.4. Impact, Risk and Opportunity Management Furthermore, when significant risks are detected or environmental incidents occur, corrective actions are established at the plant level.



6.2.2. POLLUTION PREVENTION IN THE SUPPLY CHAIN

The main lines of action we are pursuing in this area are as follows:

- Responsible sourcing and eco-design initiatives, explained in section 7.2. Actions related to resource use and the circular economy
- In the long term, improving the transparency and traceability of suppliers' information on their environmental management. With this initiative, we aim to gather more primary data on the composition of the materials and components we purchase, as well as the measures implemented by our first-tier suppliers to prevent pollution. The scope covers those materials that are identified as having a higher susceptibility to generate discharges to water, air or soil due to the nature of the associated production process, considering the supply chain of all plants.

In addition, in the medium term, we plan to include environmental management criteria for our critical suppliers, within the framework of the requirements set by the Directive on Corporate Due Diligence in Sustainability (CS3D). This action will begin in those subsidiaries located in Mungia, Vitoria and Madrid.

6.2.3. SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN

Regulatory requirements and advances in understanding the effects of various substances on the environment and health have intensified the need to monitor the substances used in our production process. Although all materials comply with the respective legislation and use restrictions in force, a tightening of regulations is expected. Furthermore, to demonstrate our commitment to our environmental values, we strive to exceed the regulatory requirements of the various countries in which we operate by reducing the use of substances that may cause harmful effects, as part of our sustainability approach. When substitution is not technically feasible, we ensure that the risks associated with these substances are controlled to minimize potential harm to the environment and individuals.

For this reason, in 2024, we have launched a global project focused on identifying, quantifying, and replacing such substances, structured around four key pillars.

- **Exhaustive analysis of the substances that may be present in any of the stages of our production process in each of the production plants, including those incorporated in the products** that may be present in any of the stages

of our production process in each of the production plants, including those incorporated into the products. Among the substances evaluated, a distinction is made between the different hazard classifications under REACH.

- **Prioritisation of substances for substitution** based on their hazard classification and interaction with other regulations such as RoHS, the EU Taxonomy and the ESRS, as well as legislation in other countries and customer requirements.
- **Multidisciplinary team approach** involving at least the areas of EHS, R&D, Operations, Quality, Purchasing and Sustainability.
- **Close collaboration with our supply chain to assess the materials** and we work closely with our supply chain to assess the materials and manufacturing of procured raw materials, identify and quantify substances contained in procured materials, and request possible alternatives.

The analysis has begun at the Mungia plants, and we plan to transfer it to the rest of the group's plants in the medium term. After the typification and quantification of the substances, we will propose actions for their substitution according to the priorities identified, such as the search for alternative suppliers, the substitution of materials or changes in the production process.

Moreover, this year we have started specialised training on this subject for the various areas that may be involved in the different stages of substance management. We will continue training and communication initiatives both internally and in our value chain to help raise awareness of substance use.

On the other hand, we conduct **foresight**

analyses, within the framework of our technology and competitive monitoring strategy¹, regarding potential changes in regulations that may impose additional restrictions on the use of substances or alterations in hazard classifications, and their potential impacts on the development of our activities. Many stakeholders in the supply chain remain in a state of anticipation, observing and awaiting regulatory developments; however, we must stay two steps ahead, alert and prepared. We use foresight to ensure compliance with legislation and minimise the risks associated with growing regulatory and market demands in this area.

1. Detailed in section 3.2. Innovation as a Strategic Driver of Sustainability

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

6.3. POLLUTION-RELATED METRICS AND GOALS

Although we have not set quantitative objectives regarding pollution prevention, **we track the effectiveness of our policies and actions by assessing emission sources** to ensure that our operations do not generate significant impacts on air, soil, or water. In this case, emission sources are monitored annually across all plants, as well as through periodic audits framed in ISO 14001, with the goal of keeping any emissions below the legally established limits. Other relevant indicators are light pollution, noise pollution and ozone depleting substances (ODS).

Due to the nature of our activities, **we do not have significant impacts in terms of light or noise pollution**, and we ensure the identification, management, and compliance with all applicable legislation in these areas. Regarding Ozone-Depleting Substances (ODS), none of our processes involve the use or generation of substances with such effects. Consequently, **our impact remains at zero ODS emissions**, consistent with previous years. We maintain this indicator within our sustainability metrics to ensure that any potential changes affecting this metric are monitored, reported, and managed accordingly.

During 2024, similar to 2023:

- No sanction or communication for non-compliance with environmental regulations has been received.
- There are no provisions for environmental risks.

For substances, our goal is to quantify the metrics related to the quantity of substance purchased, used in the production process, or incorporated into products, based on their hazard classification. Additionally, we aim to establish guidelines for their substitution with safer, non-hazardous alternatives. **Our production activity does not generate substances of concern or very high concern.**

As noted in section 6.2. Regarding pollution prevention efforts, we are working on a project to obtain **precise and comparable primary data on acquired substances that comply with the reporting requirements set forth in ESRS 1**. The goal is to improve traceability and promote responsible substance management throughout the value chain. Currently, no information is available on the total quantification of substances of concern purchased or incorporated in products.

According to the information gathered so far at our plants in Mungia, Vitoria and Madrid regarding substances of very high concern, 59.2 kg have been acquired, of which it is estimated that 56.2 kg have been incorporated into product and 3 kg are managed as waste in accordance with our relevant policies and regulations. As we make progress in identifying additional substances and extend this analysis to other plants, we will be able to provide data with greater coverage of the scope of our operations and improve its accuracy.



WE ARE WORKING ON A PROJECT TO IMPROVE THE INFORMATION AVAILABLE ON SUBSTANCES AND TO ESTABLISH GUIDELINES FOR THEIR SUBSTITUTION.

7. RESOURCE USE & CIRCULAR ECONOMY

ESRD	Type of materiality		Upstream stages of the value chain (supply chain)		Core operations			Downstream in the value chain (customers and end-users)	
	impact	Financial	Raw materials	Parts and intermediate products	Design	Manufacturing	Installation	Transmission and distribution	Electricity use
E5	X	X	Resource intake						
	X	X			Resource outflow				
	X				Waste				

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO THE CIRCULAR ECONOMY



The lack of integration of circular economy principles in the selection and use of raw materials and components can lead to a **potential negative impact**, as it promotes a linear production model based on extraction, use, and disposal of resources. This approach contributes to the depletion of critical raw materials, increasing pressure on natural ecosystems and generating large volumes of waste in the long term. On the other hand, the lack of material recovery and reuse systems increases dependence on virgin raw materials, intensifying the risks associated with their availability. The European Union has identified a list of critical and strategic raw materials, fundamental to the economy and the energy transition, whose supply could be compromised by scarcity or difficulties in extraction and marketing. This represents a significant **risk** in the medium term, which could result in supply chain disruptions, increased operational costs, and a loss of competitiveness in the market.

Due to the rapid growth of market and regulatory demands regarding product circularity, we have identified a **risk** of losing market positioning in the medium term due to the difficulty of adapting to the required pace. Additionally, the lack of third-party information regarding the composition of products and the management of their life cycle can hinder traceability, regulatory compliance, and the adoption of sustainability strategies at Arteché and downstream in the value chain, potentially generating a **negative short-term impact**. On the other hand, by implementing eco-design principles that increase recyclability and the potential for product revaluation at the end of their life cycle, as well as improving durability, we can create **potential positive impacts** in the long term. Thus, the need for raw material extraction for our products and the generation of waste by our customers is reduced. This also presents a great **opportunity** for us, as through innovation in products, practices, and circular business models, we can reduce operational costs, improve operational resilience against supply risks, open new revenue streams, and strengthen our positioning in sustainable markets.

The waste destined for disposal, that is, deposited in landfills or incinerated without proper energy recovery, constitutes a **real negative impact** of our activities in the short term. On the other hand, transforming waste, defective parts and products into a resource of higher value or quality (so-called upcycling) constitutes a potential positive impact in the medium term, as we would reduce our own or other economic agents' waste streams, and also reduce the need for raw materials to be replaced with the transformed waste.

7.1. STRATEGY FOR RESOURCE MANAGEMENT AND PROMOTION OF THE CIRCULAR ECONOMY

7.1.1. SUSTAINABILITY POLICY AND EHS POLICY

The Sustainability Policy and the EHS Policy (detailed in section 5.2. Policies related to climate change) establish a general framework to promote responsible use of resources and the adoption of circular economy practices. To this end, the Sustainability Policy establishes the conservation of natural resources and the minimisation of waste as guidelines for our operations, and, likewise, the EHS Policy includes the principles of rational and efficient use of natural resources and the reduction of waste generated.

7.1.2. ECO-DESIGN POLICY

At Arteché we have an Eco-design policy based on Circular Economy principles. This policy was published on our internal website in September 2023 and we began implementation in 2024.

The main objective is to prepare our products for the transition to a circular economy, leaving the linear economy behind. As main content, in the policy we establish Eco-design principles based on the Circular Economy that must be considered when designing Arteché products. We aim to guide our R&D technicians in **Redesigning to Reduce** resource consumption during manufacturing and enhance the **Repair-**

ability, Recyclability, and Recovery of materials throughout the product's life cycle. These basic principles include the use of recycled materials, as well as the search for alternative materials, i.e., materials that have a lower environmental impact throughout the product's lifecycle. Therefore, the criteria for selecting between different alternatives, e.g. recycled content of materials, will depend on the effect that the alternative has on all environmental impacts considered in the eco-design analyses. A balance must be struck to ensure that improving one environmental impact or product circularity does not penalise another impact in its place.

We aim to ensure that no redesign leads to an increase in the environmental impact of the product and to identify critical impact points of our products in order to generate specific redesign projects for environmental improvement.

Our eco-design policy aims not only to transform our products, but also to play an educational and awareness-raising role on the principles of the Circular Economy. Through the implementation of this policy, we aim to foster a deep understanding of the values associated with sustainable development, promoting an internal culture in which decisions are made with environmental responsibility in mind.

The **policy is applicable to all companies within the Arteché Group**, as well as those companies that are not part of the Arteché Group but over which the company has effective control. In particular, it is addressed to the R&D area group, as it is a policy aimed at product design. However, this policy is available to everyone in the Arteché Group through Arteché's integrated information management system. The person in charge of this policy is Arteché's CTO (Chief Technology Officer) (General R&D&D Director).



7.2. ACTIONS RELATED TO RESOURCE USE AND THE CIRCULAR ECONOMY

7.2.1. RESPONSIBLE SOURCING

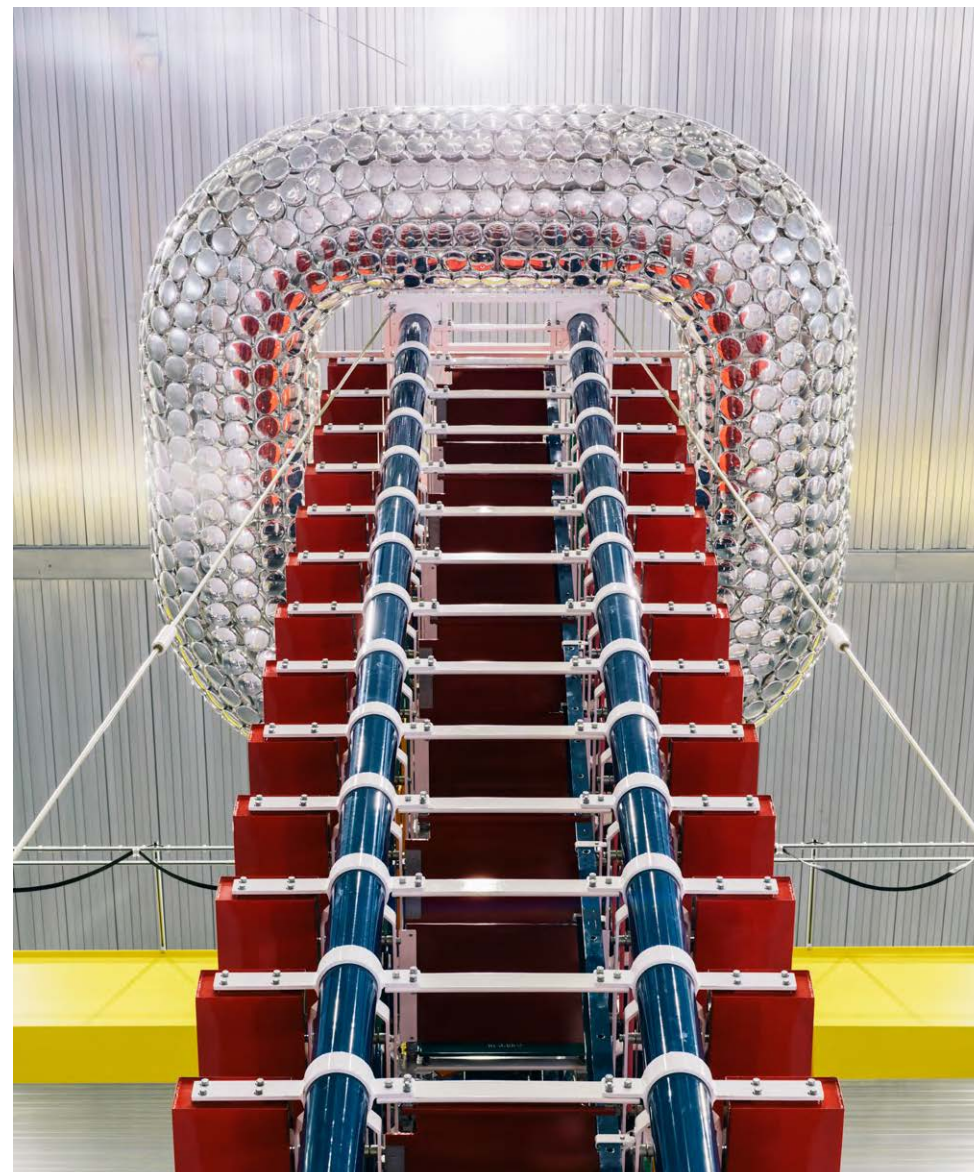
In our **purchasing process**, we not only focus on the acquisition of goods and services

but also consider criteria that promote responsible practices. Key requirements for our suppliers include compliance with current environmental regulations, alongside maintaining open communication channels to promote the use of recycled and recyclable materials.

While it is true that there are technological limitations that prevent the purchase of secondary materials across all procurement categories, whenever possible, the most suitable sustainability criteria for the technology in question are applied in new tenders—whether that be recycled material content or the inclusion of services that promote and certify the recycling of the waste generated. We have also initiated a comprehensive data collection process to systematically map the use of secondary materials in our supply chain, with implementation targeted for the medium term. This step is key in order to be able to implement **effective actions that contribute to improving** these indicators. In 2024, we implemented the initial stage of this process, gathering data on the purchase (in physical units) of raw materials, which is used to calculate the Scope 3¹ carbon footprint.

The **use of renewable resources is also promoted**, requiring certificates that guarantee their origin (for example, FSC or PEFC certifications for wooden packaging). In parallel, the use of risk management software enables us to score our key suppliers on their ESG (Environmental, Social, and Governance) performance, allowing us to prioritise those with stronger performance. In this way, we promote sustainable purchasing and ensure that the materials purchased come from responsible and certified sources.

1. The carbon footprint of the organisation is detailed in section 5.4. Energy and GHG emission metrics and goals



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



7.2.2. INITIATIVES IN PRODUCT ECO-DESIGN AND CIRCULARITY

We integrate the perspective of our Eco-design policy into our new product development process, adopting a systemic approach to continuous improvement. This methodology and tools have been recognised by the CEOE in their [catalogue of good business practices in sustainability](#). To this end, we carry out the following initiatives:

1. Establishment of an environmental impact assessment methodology (LCA)

- In 2023 we implemented a product environmental impact assessment methodology based on Life Cycle Assessment (LCA) through an internal procedure available in Arteche's integrated information management system. This includes the use of specific proprietary tools and commercial software, as detailed below:

Standardised methodology

Standards:

ISO 14040:2006; ISO 14044:2006 (for LCA and EPD)
ISO 14067:2018 (for certified carbon footprint)

Methodology:

UNE-EN-50693 2020

PCR (Product Category Rule)

PEP-PCR-ed4-EN-2021 09 06. Electrical, Electronic and HVAC-R Products

PSR (Product Specific Rule)

PSR-005-ed2-2016 Electrical switchgear and controlgear solutions



International
Organization for
Standardization

Life Cycle Inventory

Based on primary data from

ERP software (SAP).
Supplier information
Design information
Manufacturing information
Specialised product knowledge.

Supplemented with secondary data where necessary

Evaluated with critical review by specialised in-house team



Software-driven calculation

Software:

MOBIUS by Ecochain

Method:

EN 15804+A2

Emission factors:

IPCC 100 (2021)

Database:

Ecoinvent 3.8 or latest available update.

Complete methodology and software used to support Eco-design.



Ecochain

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



- We incorporate the measurement of environmental impact as a fundamental and necessary step of the design closure, allowing us to identify critical points and make conscious decisions related to Eco-design, for future improvement projects.
- As a result of the methodology in 2024 we have carried out:
 - **52 evaluations** of product variants.
 - **5 product carbon footprints certified**, in addition to the 2 completed in 2023, with a total of 7 certified footprints.
 - **Six substantial improvements in the environmental impact** of products, as detailed in section 7.3. Metrics and goals related to resource use and the circular economy
 - **A paper for CIGRE Paris 2024 regarding the environmental improvement of equipment** through collaborative work with clients on product technical requirements.

2. Creation of the Product Sustainability area

- In 2023 we established a **specific area within R&D dedicated to Product Sustainability**. The main functions of this area are to train R&D teams in Eco-design knowledge and to advise on strategic decision-making.
- In 2024 we added 1 new person to the area, bringing the total number to **2 specialists**.
- In addition, **we participate in the IHOBE Circular Berrindartzea programme**, integrating 1 trainee who collaborates with the area. With this collaboration, we also contribute to the training in Sustainability and Circular Economy of this person for his insertion in the industry as an Eco-design professional.

Likewise, through this area, we joined the Basque Eco-design Center in December 2024, to generate collaborative projects with local companies in the field of Eco-design and corporate sustainability, on which we will work throughout the year 2025.

3. Measuring the degree of Eco-design in products

- In 2023 **we implemented two complementary internal tools** to assess the degree of eco-design of products designed in R&D projects.
 - **Eco-design Checklist** as part of the project management process, establishing the Eco-design indicator. This tool assesses the Circular Economy values, based on the Eco-design principles of our policy through a system of questions related to design decisions. It establishes a % Eco-design of the product and allows reflection on design decisions that may affect the environmental performance of the product in the product's life cycle.
 - **Simplified Life Cycle Analysis Tool** with single-weighting based on the Eco-indicator 99 method. Although it is a simplified tool, it allows for comparison between design alternatives and/or previous designs, enabling informed decision-making in the early stages of new product development.

- In 2024 **we formalise the use of this Eco-design indicator in project management**. We record this % of Eco-design at the beginning of the project (estimate). Subsequently, during and at the end of the project, this indicator is reviewed and recorded (at the project's completion). This approach allows us to assess improvements made during the design process and identify areas for enhancement in future developments. This indicator is set in the project management system.

WE IMPLEMENTED TWO COMPLEMENTARY INTERNAL TOOLS TO ASSESS THE DEGREE OF ECO-DESIGN OF PRODUCTS DESIGNED IN R&D PROJECTS.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



4. Self-assessment of the “Do Not Significant Harm” (DNSH) principle in the new product development process

The Do No Significant Harm (DNSH) principle, outlined in the European Taxonomy, states that an economic activity can only be considered sustainable if it does not cause significant harm to any of the six environmental objectives defined by the EU: climate change mitigation, climate change adaptation, sustainable use of water and marine resources, circular economy, pollution prevention and control, and protection of biodiversity and ecosystems.

At Artech, we have incorporated a Do No Significant Harm (DNSH) questionnaire, based on the European Commission’s Technical Guidance within the Re-

covery and Resilience Mechanism, into our new product development process to ensure that each initiative is analysed

under this principle. This questionnaire allows us to assess, point by point, the relationship of each project to the environmental objectives, requiring a detailed analysis justifying how a positive environmental impact is ensured. In this way, we reinforce our commitment to sustainable development, ensuring that our innovations not only comply with current regulations but also deliver real and measurable value in terms of sustainability.

5. Updating with European regulation

In future years, we will update our Eco-design policy in line with regulatory and market developments. We are currently based on current European eco-design regulations, specifically the Eco-design for Sustainable Product Regulation (ESPR). Commission Regulation (EU) No 2014/1781 of 13 June 2024 repealing Directive 2009/125/EC.

We commit ourselves to keep informed and up to date with the general regulation, as well as on delegated acts related to the eco-design regulation on sectoral and intermediate products.

This is fully aligned with the technology and competitive monitoring strategy described in section 3.2. Innovation as a strategic lever for Sustainability, through INNGUMA we carry out regulatory, contextual and technological monitoring in relation to Eco-design and the Circular Economy.

Expected results

The expected outcome of integrating the Eco-design policy and supporting **tools is product eco-design and conscious design in new developments throughout 2024**. We are looking for a transition to more circular products and an environmental improvement of the product, which we hope will have an impact on the circularity of the company and its decarbonisation.

The scope aims to reach the implementation of a continuous improvement system and the integration of an Eco-design culture in the R&D area of the organisation. Setting measurable targets in this area is challenging, as it is not easy to determine when a real cultural shift has occurred.

For this reason, **in the 2025 financial year, the aim is to align this methodology with the organisation’s decarbonisation and circularity plan, to achieve actions focused on more global objectives** to achieve the implementation of actions focused on more global objectives. Depending on the goals set for the organisation, Eco-design objectives will be established with a time horizon of 2030 and 2050. We expect that in the course of 2025 and 2026 we will be able to set more concrete, measurable and traceable eco-design targets and the necessary investments to achieve them.

**WE ENCOURAGE A
TRANSITION TO MORE
CIRCULAR PRODUCTS
AND AN ENVIRONMENTAL
IMPROVEMENT OF THE
PRODUCT, WHICH WE HOPE
WILL HAVE AN IMPACT
ON THE CIRCULARITY OF
THE COMPANY AND ITS
DECARBONISATION.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

7.2.3. WASTE RECOVERY INITIATIVES

As explained in section 6.2. Initiatives related to pollution prevention. We have a group-wide operational control procedures for environmental aspects. In the area of waste, the following areas are monitored:

Furthermore, we have waste management plans in all our plants and follow the waste management hierarchy. For this purpose, we follow the following steps during waste management:

1. Prevention and minimisation.
2. Segregation.
3. Storage.
4. Collection and management by an authorised waste handler.
5. Record-keeping and traceability

To achieve our waste elimination objectives, we have taken the following actions in 2024:

- **Sending resin waste from our Mexican plant to another company for use as a raw material in cement production** for use as a raw material in cement production.
- **Resin recovery feasibility project for its reintroduction into the production system at our Mungia plant.** Finally, it has not been possible to achieve reuse, so it has been decided to achieve an alternative by means of energy recovery in an authorised waste centre.

Throughout the 2025 financial year, we will continue to make progress in waste recovery. We will focus on resin and oily water, as they represent about 30% of the total waste and more than 70% of the waste currently destined for disposal.

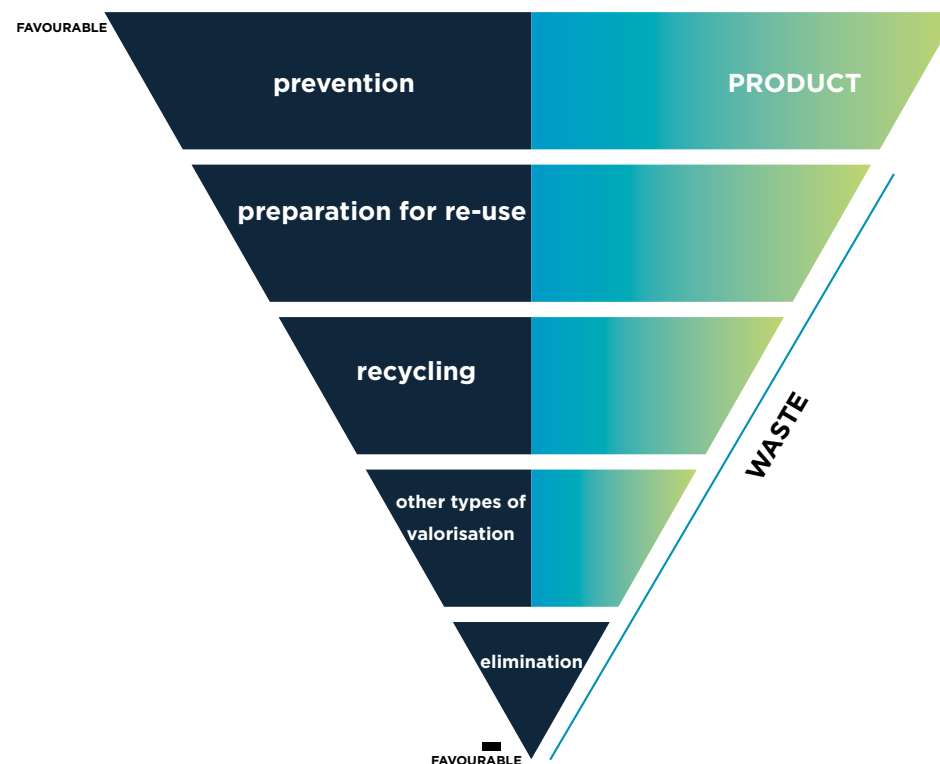
- **Sending all the resin waste from our Mungia plant for energy recovery**
- **Recycling of oily water at our plant in China**
- **Technical feasibility assessment of alternatives to reduce resin waste for disposal in Turkey and Brazil**
- **Evaluation of the technical feasibility of alternatives to reduce oily water waste destined for disposal in Mungia**

The monitoring of actions in this area is carried out through the indicator of the proportion of waste directed to recovery.

In the medium term, we intend to put in place measures to minimise the packaging waste used to transport our products.

Environmental aspects	Environmental impacts
Hazardous waste	• Groundwater pollution
Non-hazardous waste	• Surface pollution
Refuse assimilated to municipal waste	• Soil pollution
Sanitary waste	• Risks to human health

Principle of hierarchy in waste production and management



7.3. METRICS AND GOALS RELATED TO RESOURCE USE AND THE CIRCULAR ECONOMY

To formalise our ambition to implement circular economy measures, we have long-term targets for our 2030 sustainability strategy. These targets focus on designing products with a lower environmental impact and the efficient management of waste. Although no ecological thresholds have been used for target setting, we have relied on market and regulatory developments, as well as our ambitions for resource efficiency and readiness for the transition to a circular economy as set out in the Eco-design Policy.

Regarding the resources we use, **the short-term ambition is to obtain information from our suppliers regarding the content of secondary materials and the recyclability of purchased materials**, so that we can set quantitative targets

and associated actions. We monitor the progress and effectiveness of actions related to responsible sourcing through indicators based on available supplier information.

To date, current legislation does not establish specific goals in terms of Eco-design or Circular Economy for the products we sell at Arteché.

It is worth mentioning the existence of the regulation for the Eco-design of small, medium and large power transformers, n. 548/2014 of 21 May 2014, based on Directive 2009/125/EC, which establishes energy efficiency targets for certain types of power transformers, depending on their type of insulation. Currently, only one range of our products—Service Station Voltage Transformers (SSVTs)—could be considered similar to low-power transformers. The regulation sets efficiency criteria based on the insulating medium of the equipment. While our equipment does not fully align with the characteristics specified in the regulation due to differences in insulation type and functionality, we have conducted a verification process against the efficiency requirements. This assessment confirms that our equipment achieves efficiency levels exceeding those established in the regulation.

Although there are currently no specific regulations for our sector, with the update of the general Eco-design regulation and the delegated acts to be published, we expect the emergence of new eco-design targets for our products. At Arteché, we will continue setting our own voluntary targets to enhance the circularity of our products, focusing on durability, recyclability, and reparability.

WE WILL ESTABLISH OUR OWN VOLUNTARY TARGETS TO IMPROVE THE CIRCULARITY OF OUR PRODUCTS IN TERMS OF DURABILITY, RECYCLABILITY, AND REPAIRABILITY.





Objective: To design 100% of our oil-insulated product range with alternative oil by 2030.

Unit	Outreach	Value in base year (2023)	Present value (2024)	Intermediate objective (2025)	Final objective (2030)
% (Products tested with alternative oil/ Total products using oil)	Group	0%	10.65%	60%	100%

This objective is related to our Eco-design Policy and the increase of circularity in product design, as it implies a reduction in the environmental impacts of our oil-insulated products. However, its scope is limited to products that use oil as an insulating medium and to the environmental impact of this material. Our ambition is to develop broader objectives that encompass more aspects of product circularity across different ranges.

Objective: Achieve 100% waste recovery by 2030.

Unit	Outreach	Value in base year (2021)	Present value (2024)	Intermediate objective (2025)	Final objective (2030)
(Quantity of waste destined for recovery, including energy recovery / Total quantity of waste)	Group	54%	69%	72%	100%

This target reflects our commitment to reducing waste for disposal. It includes the waste hierarchy levels of preparing for re-use, recycling and other recovery. In our waste management, as detailed in section 7.2. Initiatives related to the use of resources and the circular economy, prioritising reuse/recycling.

Legislation does not yet set generic waste recovery targets. However, in some cases, there are European regulations or national legislation that are beginning to introduce specific targets for certain types of waste, such as Regulation (EU) 2025/40 on packaging and packaging waste.



7.3.1. RESOURCE ENTRIES

The raw materials that make up the bulk of our purchases focus on aluminium, copper, paper, resin, porcelain and mineral oil.

The share of sustainably sourced bio-based materials is 53% in 2024 and corresponds to the wooden packaging of our PEFC-certified products.

Methodological note: The data shown here comes directly from supplier information, representing more than 80% of raw material purchases. At the moment it is not possible to show the quantity and percentage of components reused or recycled with respect to the materials collected for the manufacture of our products as we currently only have partial data that will be completed for future reports. Due to unavailability, the comparative data provided for 2023 does not include the subsidiaries in Vitoria and Indonesia, which are included in the 2024 data.

Materials used by weight (tonnes)	2024	2023
Biological materials	3,224	2,013
Wood	2,076	992
Paper	1,148	1,021
Technical materials	16,293	15,914
Oil	3,068	2,691
Steel	2,131	2,639
Aluminium	2,569	2,580
Magnetic sheet metal	2,434	2,351
Copper	1,422	1,184
Fibreglass	8	10
Porcelain	2,797	2,178
Resins	1,081	1,172
Silicone	124	160
Other materials	661	948
Total	19,517	17,926

**THE SHARE OF
SUSTAINABLY SOURCED
BIO-BASED MATERIALS IS
53% IN 2024.**



7.3.2. PRODUCT CIRCULARITY

Eco-designed products 2024

Following the methodology outlined in our actions and through the design project management procedure, environmental improvements have been achieved in products throughout 2024, building on the enhancements implemented in projects during 2023. As a final step in these projects, a Life Cycle Analysis (LCA) has been conducted in accordance with our internal procedure, comparing the new solutions with previous ones. This has enabled us to verify the environmental improvements across the product's life cycle.

We present 5 measured examples where substantial improvements in product environmental performance have been achieved, in particular in terms of raw material use, lifetime energy consumption and end-of-life waste. We mention only its most significant improvements in terms of circular economy and reduction of environmental impact. These same examples were presented in section 5.3. Climate change actions, due to their contribution to the product's carbon footprint. In the same chapter, we have shared the resources allocated to these projects.

Redesign of the RI16 relay and elimination of its lithium manganese battery.

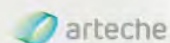
We have generated an electronic power supply system that allows the elimination of the relay battery. This contributes to reducing the use of this material, which not only has certain environmental implications but also requires battery replacement during the equipment's lifecycle, thereby creating additional hazardous waste. A lithium-manganese battery is replaced by electronics that allow self-powering.



Carbon footprint



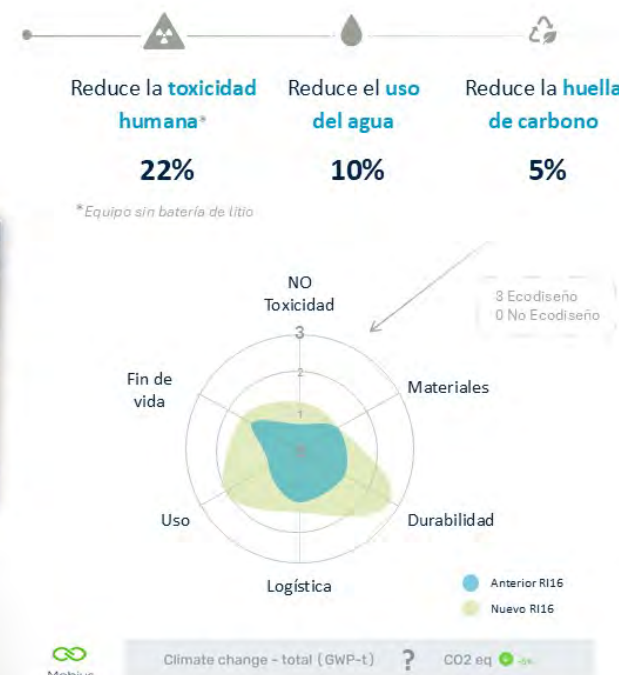
Reduction in impact related to human toxicity



RI16R HB OP:02010

**Relé de disparo con
16 contactos inversores**

Rediseño sostenible, sin residuos peligrosos.



Redesign of the UTP-145 75 kVA

We achieved a 28% improvement in equipment efficiency and a 20% reduction in weight compared to the original solution.



Carbon footprint, in particular from the intensive use of raw materials and energy consumption over the life of the equipment



Environmental effect of ozone layer depreciation



Nuevo UTP-145

Power Voltage Transformer

Rediseño del UTP-145 100 kVA's, minimizando su impacto ambiental sin comprometer su rendimiento ni calidad.



HVMAC design

At Arteche, we have designed a solution for harmonic measurement through our capacitive voltage transformers. This tailor-made solution replaces a previous solution. A weight reduction of 75% is achieved in electronics and other construction materials such as steel.



Carbon footprint



Reduction in impact related to human toxicity



Particulate matter emission

Design of the C52 protection system

Replacing a previous equipment that performed the same function, this new design results in an approximately 18% reduction in the weight of electronic components.



Carbon footprint, although the new solution has a slightly higher use of aluminium



Environmental effect of ozone layer depreciation

Redesign of the RCe-15 recloser.

With the eco-design, the weight of the equipment has been reduced by 23% compared to the original solution, mainly by reducing steel and Epoxy resin.



Carbon footprint



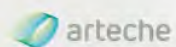
Reduction in impact related to human toxicity



photochemical ozone formation impact

In the informative infographics of RI16, Rce-15 and UTP-145 on the improvements obtained in these products. It also displays the values obtained through one of our Eco-design checklist tools: The Eco-design Spider. A simplified assessment is made based on a product functionality questionnaire, which establishes values on the following variables: Toxicity, Material Intensive Use, Product Durability, Energy Use and Product End of Life.

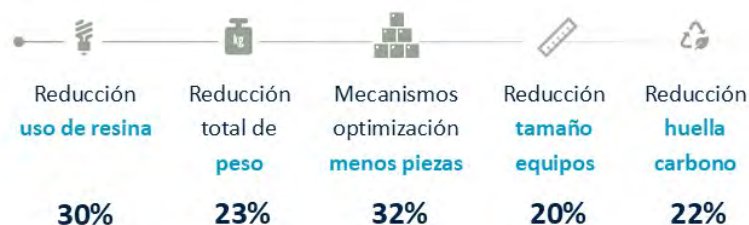
We can see the advantages of the new designs over their previous alternatives.



Recloser smART RCe 15kV

Optimización de diseño

Rediseño de los smART RCe 15kV, minimizando su impacto medioambiental mediante la reducción de materiales.



3 Ecodiseño
0 No Ecodiseño



Climate change: total (GWP100) ? kg CO2eq -21,748

Ecochain Mobius. Herramienta de cálculo ambiental de producto.

Circular Economy, Product Indicators. Durability, Recyclability and Repairability.

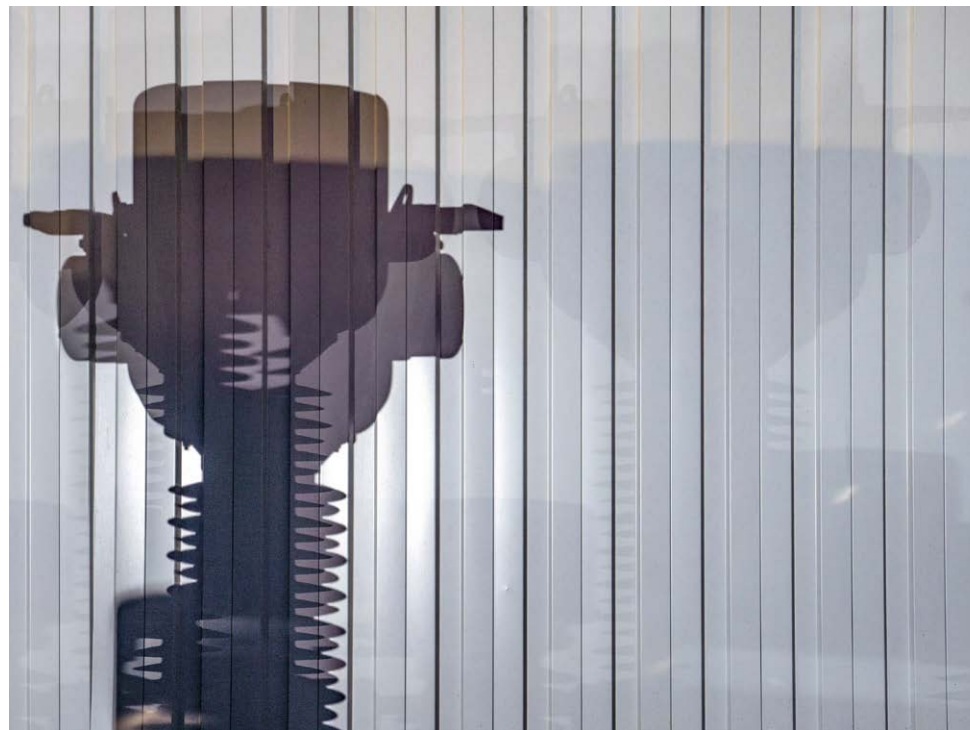
At Artech, we are committed to a sustainable production model, integrating circular economy principles into the design of our key products. Within the Eco-design Policy we establish design principles to improve the Recyclability, Repairability and Durability of our products. We consider it key to work on the separability of components and modularity of parts, allowing for easy upgrading and repair of products.

As mentioned, throughout 2025 and 2026 we will work on setting key targets for the circular economy of products in relation to repairability and recyclability indicators. Due to the significant variability between product line models and the challenges in obtaining information on the circularity characteristics of materials within our supply chain, we do not yet have a standardised method for calculating repairability values and recyclable content percentages. As a first step, we consider the importance of assessing the circularity of the design. Therefore, throughout 2025 we will work on product circular economy metrics, based on the UNE-EN 4555X series of standards.

Regarding packaging material, the larger equipment (high and medium voltage transformers), as well as a significant portion of other products, are packaged in wood, a highly recyclable material that allows for reuse and recovery in various recycling processes.

It should be noted that durability is a distinguishing feature of our products. Artech works to ensure that these are durable and resilient. Our products come with extended service warranties and are defined by their reliability and resilience. These qualities are indispensable for the industries in which our products are installed, due to the service guarantee needs for measurement, protection and automation of electrical networks. The warranties of our equipment differ depending on the type of product, ranging from 10 years for small electronic equipment to 35 or 40 years for high voltage measuring equipment. Throughout our nearly 78-year history, we have received reports of high-voltage equipment in operation more than 60 years after its installation.

Our commitment is clear: to progress towards more sustainable, circular products, reducing our environmental impact and promoting a tangible, effective circular economy—without compromising the durability or resilience of our equipment.



WE ARE COMMITTED TO A SUSTAINABLE PRODUCTION MODEL, INTEGRATING CIRCULAR ECONOMY PRINCIPLES INTO THE DESIGN OF OUR KEY PRODUCTS.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

7.3.3. WASTE

The waste streams from our activities, mostly related to the manufacture of measuring and control equipment for the transmission and distribution of electricity, are:

- **Metal wastes used in the manufacture:** copper, aluminium, and other metal scrap
- **Wastes from metal treatment and coating:** various wastes such as resin residues, machining sludge, materials containing hydrocarbons and solvents
- **Waste oils:** from oils used as insulation and oily water obtained as a result of the production process
- **Packaging waste:** consisting mostly of wood, paper and cardboard, but also plastic and metal packaging that has contained hazardous chemicals
- **Waste electrical and electronic equipment (WEEE)**
- **Municipal waste:** municipal solid waste (ordinary rubbish) and other materials such as batteries and office printing toners

No radioactive waste is generated in our operations.

The quantities of waste, broken down by type (hazardous and non-hazardous) and their destination, are shown below.

This year **we reduced the total amount of waste generated by 11%**, mainly due to the reduction of non-hazardous

	Hazardous waste		Non-hazardous waste		Total Waste Generated	
Destination	2024	2023	2024	2023	2024	2023
Preparation for reuse	2,673	33,837	64,899	4,910	67,572	38,747
Recycling	466,950	331,123	1,278,773	1,289,730	1,745,723	1,620,853
Other recovery operations	25,861	21,660	16,618	51,346	42,479	73,006
Recovery (kg)	495,484	386,620	1,360,290	1,345,986	1,855,774	1,732,606
Valorisation (%)	87%	70%	65%	54%	69%	57%
Incineration	78	79,124	0	0	78	79,124
Landfill	76,868	82,898	743,829	1,106,123	820,697	1,189,022
Other disposal operations	0	27	0	20,520	0	20,547
Disposal (kg)	76,946	162,049	743,829	1,126,643	820,775	1,288,693
Disposal (%)	13%	30%	35%	46%	31%	43%
Total	572,431	548,669	2,104,118	2,472,629	2,676,549	3,021,298

waste from production. Due to an improvement in material usage efficiency, less waste has been generated from resin, mixed metals, and electrical and electronic equipment, resulting in a 15% reduction in the amount of non-hazardous waste.

In addition, through our recovery initiatives², we have managed to redirect waste streams previously destined for incineration and landfill, prioritising re-use (which has increased by 74%), and also achieving significant improvements in the amount recycled. Thus, the share of recovered waste has increased from 57% in 2023 to 69% in 2024.

The implementation of the waste management hierarchy is reflected in the decrease of waste not recycled or re-used, from 1,362 tonnes in 2023 (45%) to 863 tonnes in 2024 (32%). Waste that is not recycled or reused represents both waste destined for disposal and waste destined for recovery operations that are less favourable for resource recovery. In our case, these operations include composting and incineration with energy recovery.

Methodological note: the data used to determine the quantity of waste and its destination is obtained directly from the information provided by the authorised

waste managers at each plant. The classification of waste and its typology is based on the European Waste Catalogue.

2. Details of the actions implemented in 2024 and planned for future years can be found in section 7.2. Actions



SOCIAL

8. Individuals

9. Value Chain Workers

10. Local Development



	Disclosure Requirements	
8. Individuals	S1	114
8.1. Strategy for managing people-related impacts, risks and opportunities	MDR-P S1-1, S1-2 S1-3	115
8.2. People-related actions	MDR-A S1-4	125
8.3. People-related benchmarks and targets	MDR-T S1-5, S1-6 S1-8, S1-9 S1-10, S1-13 S1-14, S1-16 S1-17	133
9. Value Chain Workers	S2	138
9.1. Strategy for managing impacts, risks and opportunities related to workers in the value chain	MDR-P SBM-3 S2-1, S2-2 S2-3	138
9.2. Value Chain Workforce Initiatives	MDR-A S2-4	141
9.3. Metrics and goals related to value chain workers	MDR-T S2-5	142
10. Local Development	S3	143
10.1 Our commitment to the community	MDR-P S3-1, S3-3	144
10.2 How do we relate to our communities?	S3-2	145
10.3 We generate positive impacts on society	MDR-A S3-4, MDR-T	147

8. INDIVIDUALS



- I
- 1
- 2
- 3
- E
- 4
- 5
- 6
- 7
- S
- 8
- 9
- 10
- G
- 11
- +

ESRD	Type of materiality		Upstream stages of the value chain (supply chain)		Core operations			Downstream in the value chain (customers and end-users)	
	impact	Financial	Raw materials	Parts and intermediate products	Design	Manufacturing	Installation	Transmission and distribution	Electricity use
S1	X	X			Secure employment				
	X	X			Working time				
	X	X			Adequate wages				
	X	X			Collective bargaining				
	X				Work-life balance				
	X				Health and safety				
	X				Gender equality and equal pay for work of equal value.				
	X				Training and skills development				
	X				Employment and inclusion of people with disabilities				
	X	X			Diversity				
	X				Privacy				





8.1 STRATEGY FOR MANAGING PEOPLE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

At Arteché we know that our team¹ is the pillar of our success and the fundamental driver of our sustainability strategy and, which is why we are firmly committed to the develop-

ment and well-being of all those who are part of it..

We are committed to creating a safe working environment with optimal working conditions and competitive salaries, where everyone can develop both personally and professionally on equal terms. Moreover, we respect and protect privacy, ensuring the responsible use of information.

We promote equality and diversity as part of our culture and we are committed to training as a key to the growth and development of talent.

We also **we consider occupational health and safety a priority** in all our operations, taking the necessary measures to protect the integrity of each individual working in our facilities.

Our aim is to generate a positive impact both inside and outside Arteché, in our stakeholders, in the communities where we develop our activities and in society

in general.

To achieve this goal, we have policies that establish the principles and frameworks for action; actions, specific improvement initiatives; objectives to be reached within different time horizons; and indicators to assess the impacts and measure our progress.

8.1.1 GENERAL POLICIES

People Framework Policy

At Arteché, **we firmly believe that our main source of energy is people**. That's why our Framework People Policy is not just a set of guidelines, but a commitment to each and every one of the people in our teams.

All individuals who are part of Arteché are included in its scope of application, as well as those who are part of the companies where Arteché has effective control. The People & Culture department is responsible for its implementation, adherence, and internal understanding.

This policy is designed to attract, strengthen, develop and retain talent, creating a management model that promotes the personal and professional growth of those who form part of our shared project. We strive to ensure a dignified, safe, diverse and inclusive work environment where everyone can reach their full potential.

It is important that our People Framework Policy is known and accessible. It is therefore available both on the corporate website and on the integrated management system of our Intranet, ensuring that anyone in the Group can consult it easily and directly.

We want those who are part of Arteché to feel they have the tools, support, and trust needed to grow. Therefore, in this policy, we define everything from selection and recruitment processes to training, evaluation, and professional development, all aimed at strengthening our human foundations and serving as the framework for our corporate culture. We also place special emphasis on equality, work-life balance and work ethics, because we understand that every detail counts in building a place where everyone can shine.

PEOPLE ARE THE PILLAR OF OUR SUCCESS AND THE FUNDAMENTAL DRIVING FORCE OF OUR STRATEGY.

1. More information on material impacts, risks, and opportunities related to people (SBM-3 of ESRs 2) can be found in sections 1.3 and 3.4.2 of the Introduction chapters.

Personal Data Protection, Privacy and Confidentiality of Information Policy

At Arteché we are aware of the importance of **protecting the confidential information of the organisation** as well as ensuring the privacy of the people who are part of it.

This policy has been in place since 2021, approved by the General Management and disseminated through our integrated management system on our Intranet.

The aim of this policy is to establish a set of measures to prevent and, where appropriate, detect and react to any conduct that could be considered as the discovery and disclosure of secrets and, in general, to any irregularity that may occur within the company with regard to the protection of personal data, privacy and confidentiality of information.

We guarantee the protection of personal and sensitive data, as well as the fundamental right to personal privacy, and strictly comply with current legislation.

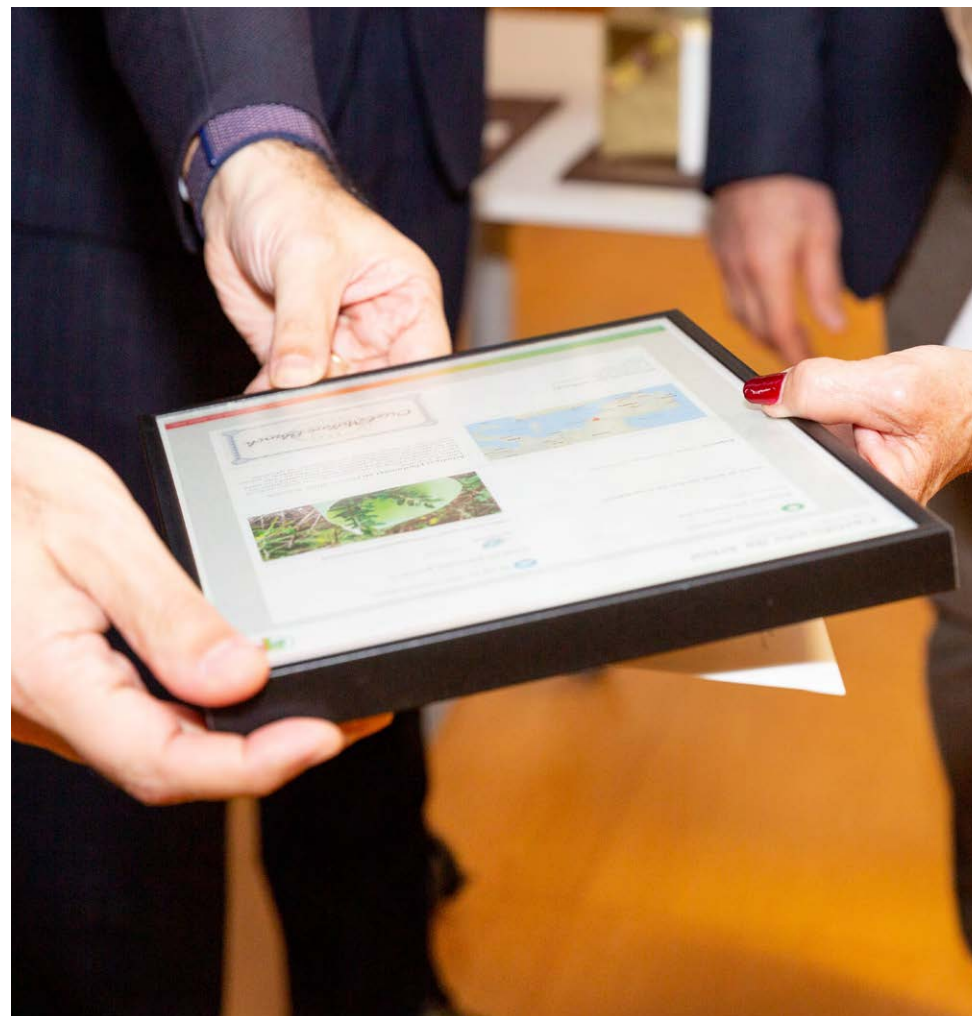
The scope of application encompasses all individuals working at Arteché and, specifically, those operating in areas or departments where a risk related to the discovery and disclosure of confidential information has been identified through an evaluation process.

Digital Disconnection Policy

The changes brought about by digitalisation in recent decades have given way to new ways of working that have an impact on people management and the well-being of the business ecosystem. Our Digital Disconnection Policy aims to enhance the quality of life of Arteché employees by ensuring a clear distinction between working hours and rest periods. This policy sets out measures to guarantee the right to digital disconnection, promoting a healthy work-life balance and respecting people's personal and family privacy.

All individuals who are part of Arteché are included in its scope of application, as well as those who are part of the companies where Arteché has effective control. The People & Culture Directorate is responsible for its implementation, adherence and internal understanding.

At Arteché, we recognise **digital disconnection as a fundamental right for all the individuals within our organisation**. Therefore, we have established that, although we may communicate outside working hours, we do not expect responses until the next working day. Additionally, we guarantee the right to disconnect during holidays, leave, and rest periods, both for those working on-site and those working remotely.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



8.1.2 OUR COMMITMENT TO HUMAN RIGHTS

Our Code of Conduct reflects the principles and actions we adopt to ensure respect for and protection of the fundamental rights of all the people who are part of Arteché.

We are firmly committed to respecting and promoting Human Rights.. We comply with all national and international regulations, including the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. We work to eradicate all forms of human trafficking, child labour, illegal or forced labour. With regard to the protection of personal data, we are committed to maintaining the confidentiality of our professionals' information, disclosing their data only with their explicit consent.

We ensure **respect for freedom of association and collective bargaining across all our locations** fostering a **fair and participatory working environment**.

How can we contribute to the prevention and remediation of human rights violations?

In Arteché we have a tool to protect people's human rights through which we can make a consultation or denounce any possible irregularity: **THE ETHICS CHANNEL**

Its primary function is to provide a confidential and secure mechanism for any Arteché employee or individual associated with the organisation to report inappropriate behaviour, misconduct, or human rights violations.

The ethics channel is not a direct remediation mechanism but can serve as a crucial tool to promote a human-rights-respecting environment, prevent abuses, and ensure that, when they occur, they are appropriately managed with corrective actions.

The corrective measures stemming from compliance investigations into human rights violations aim to repair the harm caused, prevent recurrence, or restore the dignity of the victim. In this context, the corrective measures proposed in a report following an investigation into a compliance complaint may also be considered as mechanisms for the remediation of human rights.

These measures not only seek to address the harm suffered but also aim to create a more ethical, fair, and human-rights-respecting work environment, fostering an organisational culture that prevents future violations.

In our Code of Conduct we align with the highest international standards, as reflected in the **Chapter 4 of the Taxonomy**.

**WE ENSURE RESPECT
FOR FREEDOM
OF ASSOCIATION
AND COLLECTIVE
BARGAINING AT ALL
OUR LOCATIONS,
FOSTERING A FAIR
AND PARTICIPATORY
WORK ENVIRONMENT.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



8.1.3 OUR COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY

Arteche has implemented a Health and Safety Policy, which defines the executive responsibility of management, ensures compliance with legislation, and upholds ISO 45001 certification as a fundamental pillar. We are committed to eliminating hazards and reducing risks to the health and safety of all personnel by providing safe and healthy working conditions and preventing any harm and/or deterioration to the health of our own professionals and subcontractors. **We firmly believe that all accidents and occupational illnesses can and must be avoided.**

We recognise that education and knowledge among our people are essential for creating a preventive culture, **which is a key factor in accident prevention.** And that the entire Arteche team has the right to receive the training and knowledge necessary for the development of their activity and the duty to apply it in their daily work.

We are also working to reduce traffic accidents by adopting measures to train, inform, and raise awareness among the entire Arteche team about road safety regulations and responsible driving.

This policy applies to all individuals who are part of the Arteche Group, as well as the personnel of contracted companies working in our workplaces.

It is approved by the Managing Director of 31 March 2022 and is available on our integrated management system within our Intranet along with the rest of the company's policies.

This internal regulation is accompanied by a series of procedures that define the actions, responsibilities, and how to carry them out, in order to prevent work-related accidents from occurring.

All these procedures are approved by senior management and communicated to the relevant staff to ensure proper compliance. Furthermore, it is periodically audited by authorised bodies.

The procedures that make up the EHS management system include:

- **Procedure for the management of chemicals:** The goal is to establish a method that ensures that the risks associated with the chemicals used by Arteche are well understood by the users, so that appropriate measures can be taken in the management and handling of these chemicals to prevent personal harm.
- **EHS Incident Investigation Procedure:** Defines the methodology for managing, reporting and investigating health and safety and environmental incidents. It applies to any situation that

has caused or is likely to cause injury to workers, damage to property or environmental impacts. The main objectives are:

- Analyse the causes that originated the incident, as well as the potential risks.
- Identify needs to plan and implement the corresponding corrective actions.
- To reduce the probability of recurrence of incidents whose causes are known and to mitigate risks identified in all Arteche Group companies.
- Disseminate accurate information to the staff involved.

**WE BELIEVE THAT
TRAINING AND
THE KNOWLEDGE
OF INDIVIDUALS
ARE ESSENTIAL
FOR CREATING A
PREVENTIVE CULTURE.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



8.1.4 OUR COMMITMENT TO EQUALITY AND DIVERSITY

At Arteché, we believe that equality is not merely a social aspiration but a core principle in building a more equitable, diverse, and sustainable organisation.

At the end of 2024, the General Management approved the **Equality and Diversity Policy**, which is globally applicable across all Arteché Group companies and is available through our integrated management system within the Intranet.

The purpose of this policy is to **promote an environment that fosters and facilitates equality of opportunity, integration, and diversity among the professionals within our organisation**. Its primary aim is to ensure **non-discrimination** among employees and oppose any conduct or practice associated with prejudice based on nationality, ethnic origin, skin colour, marital status, family responsibilities, religion, political opinions, age, disability, social and health status, gender, sexual orientation, gender identity and expression, or any other condition or characteristic unrelated to the requirements for performing their job.

The policy is structured into **two key components**. The first focuses on the **“General Principles of Action in Relation to Equal Opportunities”**, where we outline our commitment and key actions to enable every individual to reach their full potential.

Our dedication to equity is embedded in all our activities, from recruitment and hiring to performance evaluation and promotion. We strive to ensure that every person advances based on merit and talent, free from discrimination of any kind.

To ensure **gender equality, we remove barriers, promote work-life balance, and guarantee that all voices are heard**, with particular attention to situations requiring additional support, such as maternity, fostering, or combating gender-based violence. In this regard, we: guarantee equality of opportunities in professional development, promote positive actions to address inequalities, strive for balanced representation in leadership positions, foster working conditions with a gender-sensitive perspective, among other measures.

The **second key component, the “Basic Principles of Action in Relation to Equality and Diversity”**, establishes a framework where equality and diversity are regarded as fundamental values, allowing all individuals, regardless of their background, gender, age, abilities, or any other characteristic, to contribute their best.

Diversity at Arteché **is not just an objective—it is a driving force that propels us forward**. We recognise the value of diversity in generations, cultures, and experiences, and we strive to ensure equal opportunities for development for all individuals, providing particular support to those facing greater barriers.

To this end, we are committed to fair recruitment processes, continuous training, and inclusive language that reflects our values. We also ensure a workplace

free from violence, harassment, or intimidation, and actively promote awareness across our organisation so that everyone appreciates the value of diversity.

We are firmly committed to non-discrimination in all its forms as outlined in legislation and to opposing any conduct or practice associated with prejudice for any reason unrelated to job requirements. Additionally, we actively promote measures to support the most vulnerable groups.

Management is responsible for ensuring compliance with these guidelines, supported by the internal mechanisms set out in our Procedure for the Prevention of Harassment and our Protocol for the Prevention of and Response to Sexual Harassment and Harassment on the Grounds of Sex.

EQUALITY AND DIVERSITY AT ARTECHE IS MORE THAN AN AMBITION; IT IS A FUNDAMENTAL FORCE THAT DEFINES US.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



8.1.5 ARTECHE: A SHARED PROJECT

From our origins as a family-run business, Arteché has always valued every contribution to the organisation, recognising the importance of active listening and dedicating quality time to our employees—our most important stakeholder group.

Our vision of communication is multidirectional; we believe in our ability to create environments that are much more than just a means of sharing information. Communication is a strategic tool to encourage the active participation of our people and to ensure that their knowledge and impressions are taken into account in our decisions and activities.

What happens after listening?

The opinions of our team members are key to defining the approach to our activities and managing the real and potential impacts of our organisation. Through our annual climate survey, direct dialogue forums such as our monthly “Café con Vista” sessions with our Chair and CEO Alex Artetxe, our quarterly All Hands with our Managing Director Luis María Pérez, open talks between functions and projects, and various meetings with teams and employee representatives, we continuously gather their perspectives. These interactions allow us to identify areas for improvement, anticipate possible challenges and co-create solutions that respond to the needs of those who are part of Arteché.

Structured and ongoing collaboration

Collaboration with all levels of the organisation takes place at all stages of the decision-making process, taking into account feedback from strategic planning to performance evaluation. This collaborative approach is structured as follows:

- **Phases of collaboration:** We involve the level of leadership closest to the day-to-day in the identification of opportunities, the design of strategies and the validation of results.
- **Type of collaboration:** Participatory forums, regular meetings, close and informal communication spaces and digital surveys are some of the tools used to foster dialogue.

We work globally with the representation of our employees and have our own collective agreements in most of our companies, guaranteeing working conditions above the basic legal requirements of each country, focusing on the well-being of our teams and enabling professional development in stable environments with continuous social dialogue. In addition to the negotiation and monitoring platforms for the agreements, we encourage other communication spaces where the sole objective of gathering is to maintain a fluid and ongoing relationship.

Operational responsibility for ensuring that this collaboration is effective lies with the Communications Directorate, which works in coordination with all Functional Divisions to facilitate its effectiveness and reports to the Global People & Culture Directorate, as well as to the General Management and the Chairman's Office. The Communication function oversees that the results of these interactions serve as the basis for our business approach, promoting multidirectional, transparent communication that is aligned with our corporate values.

**OUR VISION OF COMMUNICATION IS
MULTIDIRECTIONAL; WE BELIEVE IN OUR
ABILITY TO CREATE ENVIRONMENTS THAT ARE
MUCH MORE THAN JUST A MEANS OF SHARING
INFORMATION.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Our Communication Hub

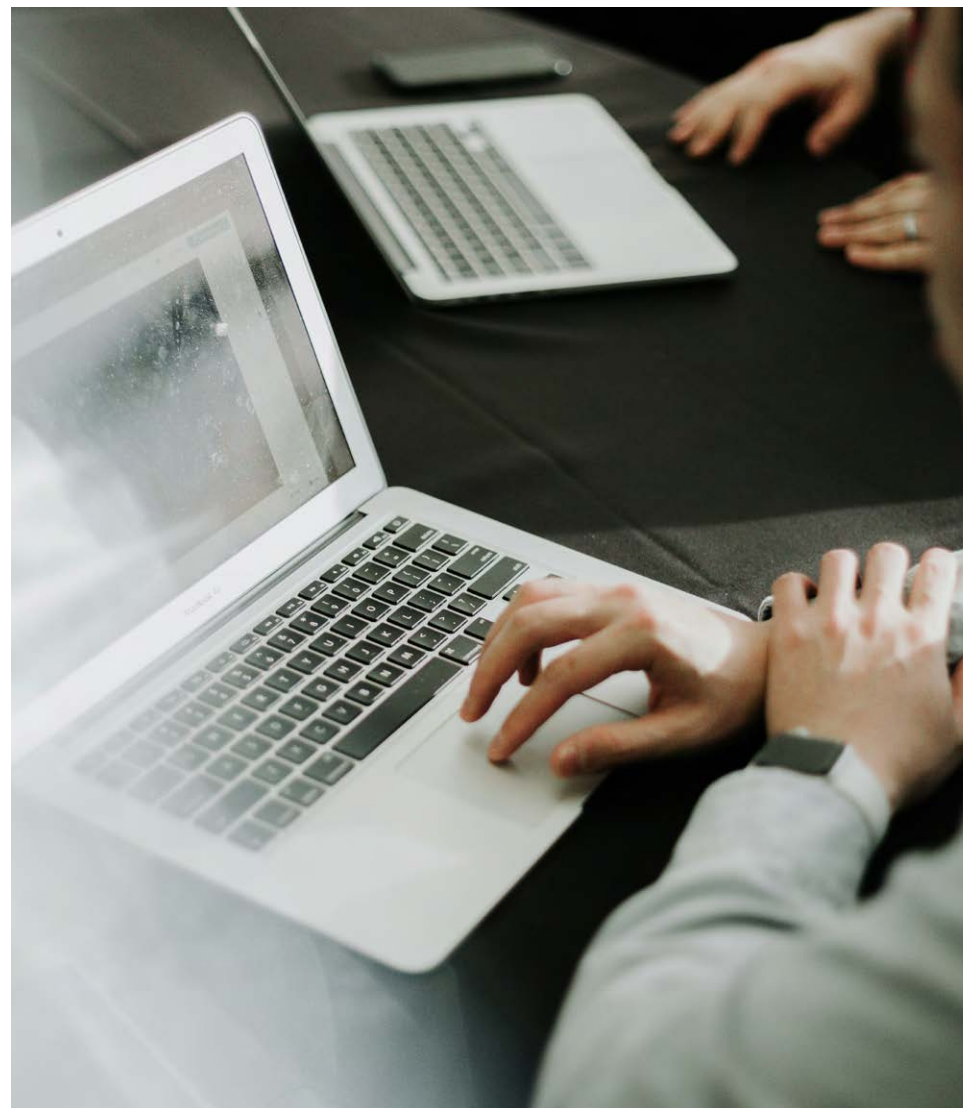
In the past year, we have worked to transform our SharePoint (Intranet) into a true **communication hub**, accessible in all the languages of the countries where we have a presence. This hub centralises resources and up-to-date news on all areas of the company, from business, innovation and product to corporate culture, social responsibility and internal promotion opportunities around the world. Moreover, this SharePoint allows us to understand in real time the interests of our staff, as well as access and views of different communications.

A key aspect of this hub is that it integrates interactive mechanisms that make

it easy for our people to leave comments and actively participate in the corporate dialogue. This strengthens our internal communication and ensures that our actions are more relevant and aligned with the needs of our organisation.

These documents and tools constitute a solid **solid basis for our communication management, ensuring that all Artech's actions and messages are aligned with our corporate culture and objectives**. By providing us with a common framework, clear resources and an interactive communication hub, we strengthen our ability to communicate effectively, promoting a culture of transparency and trust throughout the organisation.

**IN OUR INTERNAL COMMUNICATION NETWORK
WE CENTRALISE RESOURCES AND UP-TO-
DATE NEWS ON ALL AREAS OF THE COMPANY,
RANGING FROM BUSINESS, INNOVATION AND
PRODUCT TO CORPORATE CULTURE, SOCIAL
RESPONSIBILITY AND INTERNAL PROMOTION
OPPORTUNITIES AROUND THE WORLD.**



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



8.1.6 WE CARE FOR THE WELL-BEING OF OUR PEOPLE

Arteche's general approach to remedy negative impacts on our workforce is based on prevention, detection and action, always with a continuous improvement approach **prevention, detection and action, always with a focus on continuous improvement.**

For the **prevention and detection of these impacts we have several mechanisms** that strengthen a culture based on integrity and values. These mechanisms include risk assessments and monitoring of related controls, internal audits, satisfaction surveys to ask employees, training, and raising awareness of a safe work environment focused on the well-being of people.

Should a **negative impact** be identified at Arteche we would develop a **plan to remediate the causes and minimise its effects**. This plan varies significantly depending on the impact, but it could involve changes or improvements to an internal policy, training in a specific skill, or improvements to working conditions, including aspects of occupational health.

To **promote transparency and compliance** Arteche has established an Ethics Channel, a confidential tool that enables employees or individuals associated with Arteche to report potential violations of the organisation's policies, principles, or ethical standards. These violations may include corruption (bribery, conflicts of interest), discrimination or workplace harassment, abuse of power, or unacceptable behaviour, among others.

One of the key requirements of the ethics channel is that it **protects the identity** of the whistle-blower, ensuring that they do not suffer retaliation or discrimination for reporting a breach.

In terms of **occupational health and safety, we have our own mechanisms in place** to allow employees to participate, communicate and be consulted on occupational health and safety. To this end, bodies called health and safety committees are set up with the participation of members of the various works councils and representatives of the company.

Within these committees, **regular meetings** are held where relevant issues are discussed and agreements are reached with the aim of continuously improving the health and safety conditions of all employees.

There are also **physical and digital suggestion boxes** where anyone can make a suggestion or report any unsafe act or condition they may observe. We track the communications received and provide the appropriate feedback to the affected individuals.

To facilitate these communications, Arteche has a procedure in place that establishes the **mechanisms to ensure the communication, participation, and consultation of Grupo Arteche employees** in matters related to occupational risk prevention and the environment.

**PREVENTION, DETECTION
AND RESPONSE: OUR
APPROACH TO ENSURING
PEOPLE'S WELL-BEING.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

8.1.7 BUILDING ENVIRONMENTS OF TRUST

The confidence of our staff in the structures and processes for raising concerns or needs is fundamental to a healthy and transparent organisation. To ensure that these structures are known, trusted and effective, we implement a series of evaluation mechanisms and promote a culture of respect and protection against retaliation.

Evaluation of knowledge and confidence in processes

Annual Work Climate Survey: The annual work climate survey is a key tool that is conducted completely anonymously. This guarantee of anonymity allows employees to freely express their opinions, including constructive criticism, without fear of retaliation. The results are analysed to identify areas for improvement and ensure that concerns are addressed in a timely manner.

Psychosocial risk surveys: These surveys measure factors in the working environment that may affect the mental health and well-being of Artech's employees. Dimensions such as workload, autonomy and control, social support, professional development and recognition, environmental conditions and safety, emotional demands and others are measured. The results obtained, once analysed, allow us to draw up an action plan to improve working conditions.

Specific surveys: Throughout the year, we conduct other specific surveys to gather opinions on particular topics. In each case, it is stated in advance whether the answers will be anonymous or whether they will include authorship. This transparent approach encourages participation and ensures trust in the process.

Structured communication moments: The communication initiatives already mentioned, such as Cafés con Vista, All Hands, and Open Talk, provide regular spaces for direct dialogue between management and staff. These interactions allow concerns to be shared in an open and constructive atmosphere.

Feedback meetings with decision-makers: We encourage regular feedback meetings between employees and their direct supervisors. These spaces are essential to identify needs and concerns in a personalised way, ensuring a close and decisive follow-up.

Specific channels:

Internal Communication Channel: An accessible channel for anyone to raise concerns, suggestions or comments directly.

Sustainability Channel: Designed to communicate initiatives, related to our sustainability commitments.

People & Culture channel: Designed to communicate organisational developments, answer queries and keep information on organisational and employee relations up to date.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Trust in communication, a non-retaliatory environment

Arteche is firmly committed to protecting all individuals who use the established channels to raise their concerns.

- **This protection applies especially in sensitive contexts such as the climate survey**, where negative comments are seen as an opportunity for learning and continuous improvement. The results of this survey, which are completely anonymous, are only received by the team that collects and analyses the results and which is restricted to the internal communication area.
- In the case of the **ethics channel**, which will be explained in more detail in chapter 11 Business Conduct, it has been adapted to the requirements of the Whistle-blower Protection Act Directive (Law 2/2023) thus ensuring its security and the confidentiality of the whole process.

Effectiveness evaluation

To ensure that our structures and processes are effective:

- **We monitor levels of participation in surveys and meetings**, using indicators such as response rates and the number of interactions generated.
- **We ensure that every comment** is properly followed up.
- **We assess staff satisfaction with the channels available to them**we integrate specific questions into our work climate and issue surveys.

At Arteche, we are committed to continuously **strengthening our workforce's trust** in open dialogue structures, ensuring that concerns are addressed effectively and without fear of retaliation. We will continue to improve our processes to maintain open, transparent communication and commitment to the well-being of all the people who are part of our organisation.

AT ARTECHE, WE WORK CONTINUOUSLY TO STRENGTHEN OUR STAFF'S TRUST IN DIALOGUE STRUCTURES, ENSURING THAT THEIR CONCERNS ARE EFFECTIVELY ADDRESSED.



I
1
2
3
E
4
5
6
7
S
8
9
10
G
11
+

8.2 INDIVIDUAL-RELATED INITIATIVES

We highlight initiatives driving positive impact for Artech's people. Furthermore, the measures implemented to support the transition toward a greener and climate-neutral economy (see Climate Initiatives section) have not resulted in any adverse impacts on our workforce."

8.2.1 OCCUPATIONAL HEALTH AND SAFETY ACTIONS

To reduce accidents within the Artech Group, the following global actions are being carried out:

Training

The EHS department provides training in occupational risk prevention to all employees, tailoring it to the specific risks to which each individual is exposed.

Additionally, training on the management system procedures is offered to personnel with responsibilities in occupational health and safety.

In 2024, 86% of these individuals were trained in the EHS process and in the following 3 procedures:

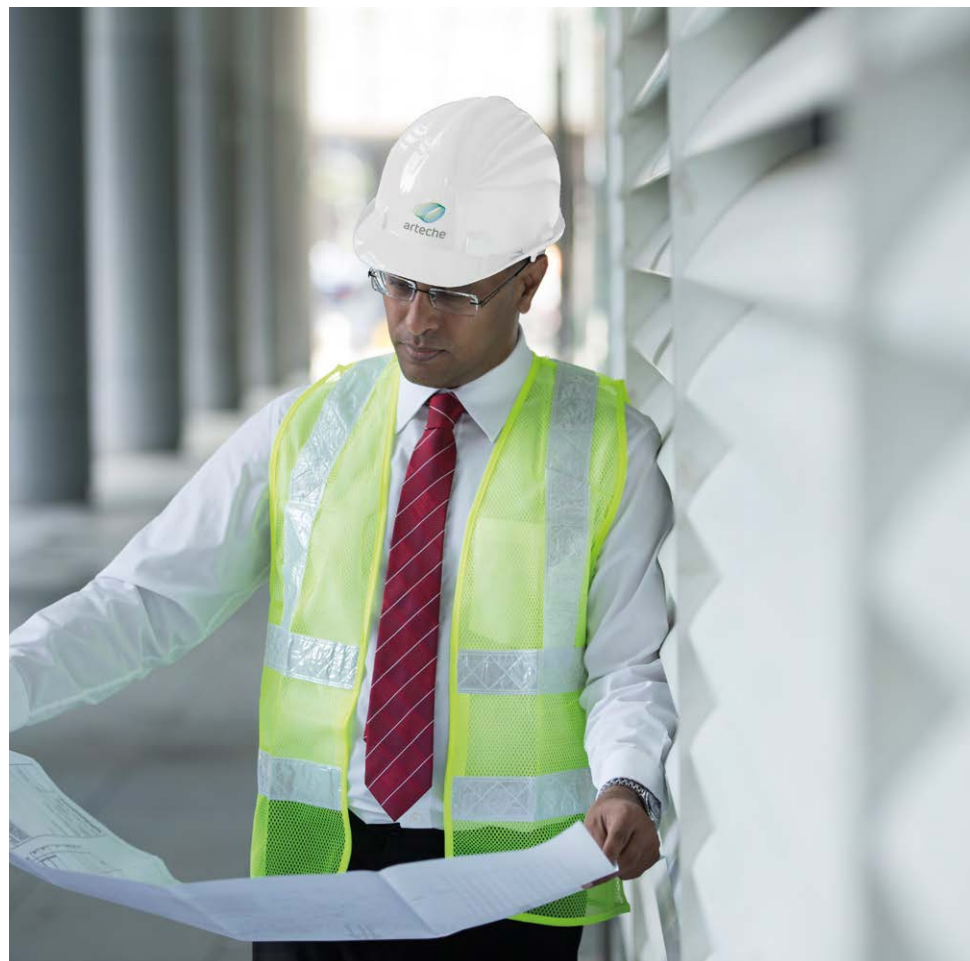
- PA_EHS 1_07. Management of personal protective equipment
- PA_EHS 1_09. Chemicals management
- PA_EHS 1_13. Coordination of business activities

These trainings have been mainly addressed to the management team and to the functional areas of operations, purchasing, R&D and quality.

Unification of EHS profiles

To standardize this training and deliver minimum content to all Artech employees, in 2024, EHS profiles have been unified, assigning each person their corresponding profile. To ensure that each profile receives the appropriate training, the EHS area has started to develop specific content in video format, more attractive and direct, which will be transmitted to workers according to their profile, work that will continue to be developed during the year 2025

The aim is to have this information ready for the launch of the Learning Management System (LMS) currently under development in 2025.



I

1

2

3

E

4

5

6

7

S

8

9

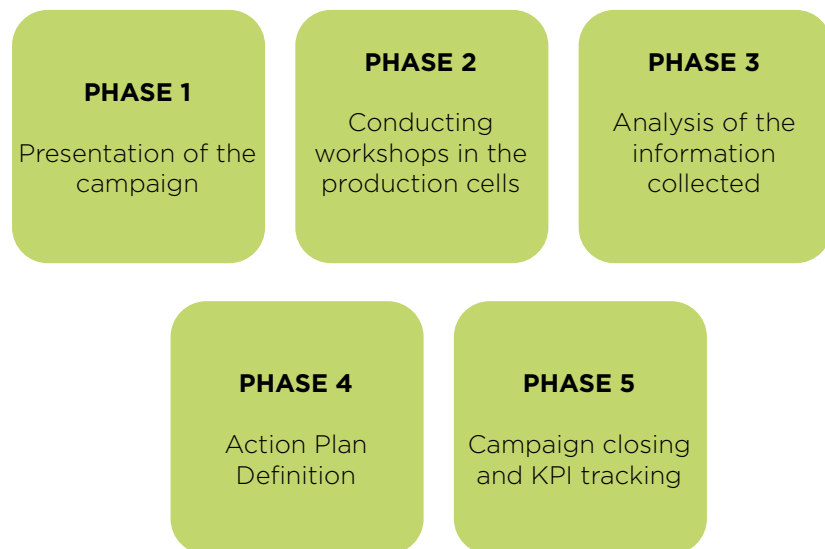
10

G

11

+

Campaign to reduce accidents due to blows and cuts



CREATING SAFE WORK ENVIRONMENTS IS OUR TOP PRIORITY

After conducting an **analysis of the workplace accidents resulting in leave** during 2023, it was decided to launch a global campaign in 2024 across all the group's manufacturing plants to reduce accidents caused by blows and cuts.

An audiovisual campaign is carried out showing examples of accidents due to blows and cuts that have occurred in one of Artech's plants to raise awareness among the general public.

The aim of this campaign is to **collect proposals for improvement from workers by holding on-site workshops in the different production cells.**

This campaign **has significantly reduced the number of accidents resulting in time off due to this risk, from 40 accidents with time off in 2023 to 10 in 2024.** We therefore consider this action to be successfully completed. However, we will continue to monitor to ensure minimum levels of these accidents.

Prevention of chemical products

To monitor and mitigate risks associated with the use of chemical products at Artech, all production sites conduct thorough identification processes. Safety data sheets provided by manufacturers are available, along with simplified data sheets that are accessible to all employees.

To improve management and set objectives to replace and/or reduce the quantity of hazardous chemicals to health, in 2025, a catalogue of chemicals used within the Artech Group will be developed, identifying hazard phrases and the plants where each product is used, as well as their general use.

To this end, a multi-disciplinary working group will be set up with the aim, once EHS has identified the chemicals to replace or reduce exposure, of analysing where, for what purpose and the best viable options on the market. This group will be made up of staff from the functional areas of operations, purchasing, quality, sustainability, R&D and EHS.

Once we have the Chemicals Inventory we can set specific reduction targets.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

Our commitment to safety: reducing accidents

Ensuring the safety of our workforce is a top priority at Artech. When an accident occurs, we analyse its causes and take corrective actions to prevent it from happening again. Furthermore, we ensure the repair of damages, whether material or personal, providing the necessary economic and moral support to both the affected person and their family.

To ensure continuous improvement, we monitor all ongoing corrective ac-

tions on a monthly basis, as well as the training provided and the main accident

indicators. This data is reported in the monthly EHS reports, allowing us to assess the impact of our measures and make informed decisions.

Based on incident analysis and the objectives outlined in our strategic plan, we have identified key initiatives to implement in the coming years. In all our actions, we uphold a fundamental principle: we do not compromise the integrity of individuals.

Our aim is to reduce frequency and severity rates according to our annual targets.

All this work is carried out by the **EHS team, made up of 23 professionals, and has a specific budget to carry out the actions defined in the annual programmes for each plant** to carry out the actions defined in the annual programmes of each plant. Among the largest items in the budget are those allocated to health surveillance and healthcare, the purchase of personal protective equipment, the budget for training in occupational health and safety and the environment, as well as external consultancy services, which are dedicated, for example, to conducting hygiene measurements.

**OUR AIM IS TO REDUCE
FREQUENCY AND
SEVERITY RATES.**



8.2.2 EQUALITY AND DIVERSITY ACTIONS

Fostering inclusive and diverse environments

We have created a solid foundation for equality through continuous awareness-raising and training throughout the organisation. These initiatives include workshops and training on inclusive language, respectful behaviour and good practices to foster a culture of equality.

In addition, **we have set up specific spaces for working and listening, such as** the equality committees. These not only comply with legislation in the countries where they are required, but have also been implemented in other countries where regulatory frameworks are less advanced. These committees, in addition to planning measures that promote equality and monitoring them, act as forums where women can share experiences, challenges, and barriers, highlighting the obstacles they face. This approach allows us, as an organisation, to work proactively to support their professional and personal development, offering solutions and accompaniment to help them reach their full potential.

As a global group with nearly 2,700 employees, **Arteche values diversity in all its dimensions..** In addition to promoting gender diversity, we recognise and foster other key dimensions of inclusion, including multiculturalism, intergenerational collaboration, and the valuable

contributions of people with diverse abilities. We believe that this diversity enriches us as a team and strengthens our project, driving innovation and sustainable development in an inclusive environment.

Across the various lines of action undertaken within the different companies of the Group, we operate at multiple levels — internal, external, and through approaches that integrate both.

Internally, we are increasingly promoting work through multidisciplinary projects, where a diversity of cultural profiles, with varying levels of experience and complementary skills, coexist in a beautiful mosaic of know-how and sensitivities.

We ensure compliance with basic accessibility requirements in all our new facilities. In our older facilities, necessary upgrades have been carried out—such as improvements to parking areas and accessibility—to ensure equitable con-

ditions across all sites. In this regard, **Arteche is committed to enhancing employment opportunities for individuals with disabilities or diverse abilities.** We combine various direct employment programmes, many of which are supervised and supported by foundations and professional associations, with the procurement of materials and services

from companies known for employing individuals with difficulties accessing the labour market, such as Urbegi in Spain and North America, Lantegi Batuak, or government institutions through specific campaigns. For example, in our plants in China, in 2024, an individual with diverse abilities was able to develop professionally within the organisation, and in Turkey, an inclusive employability programme was launched for the first time in 2024.

As of the end of 2024, a total of 27 individuals with disabilities are part of Arteche (compared to 30 in 2023). In the coming years, we will continue working to increase the percentage of these hires, exceeding the limits set by legislation. Specifically, in Brazil, a recruitment process is already planned for 2025, with the aim of integrating people with disabilities into the workforce.



We create safe and egalitarian spaces

At Arteché, we proactively foster an environment of trust where individuals feel valued and secure.

We provide multiple reporting channels to raise concerns, including the Ethics Channel, the Equality Committees, the People & Culture team or line managers.

We do not tolerate any form of harassment and, as a preventive and protective measure, we have established a procedure and protocol for the prevention of and response to harassment or any discriminatory conduct in the workplace. The purpose of this is as follows:

1. Preventing workplace harassment
2. Protecting victims
3. Identifying and addressing bullying
4. Providing resources and support to victims
5. Fostering a culture of respect
6. Establishing measures

Pursuing fairness in the workplace

The project called **“Gender equality” project begins in 2023 with the aim of facilitating that any job in the plant can be carried out by both men and women**, and thus favour the incorporation of women in workshop positions, establishing the objective of having all positions adapted by the year 2030.

Following the analysis conducted by the EHS department in 2023 regarding which jobs cannot and should not be performed by women, considering the restriction of not exceeding 15 kilograms in manual load handling, the industrialisation department is implementing the actions established in each plant in 2024. The aim is to increase the percentage of roles where both men and women can work safely. Some examples are the installation of cranes and layout changes in our plant in China, modification of tooling in Argentina or installation of cranes and lifting tables in Mexico.

As a result of these actions, we achieved an increase from 67% in 2023 to 75% as of 31 December 2024 (excluding Turkey and Indonesia) and 66% including all Arteché plants.

In 2024, an analysis of positions at the plants in Turkey and Indonesia is carried out to establish the necessary actions and include these two plants in the group action plan.

In 2025 and subsequent years, we will continue to work on improving positions in order to meet the goal set for 2030.

**“GENDER EQUALITY”
BEGAN ITS JOURNEY IN
2023 WITH THE GOAL
OF ENABLING ANY JOB
POSITION ON THE PLANT
FLOOR TO BE CARRIED
OUT BY BOTH MEN AND
WOMEN.**





Improving recruitment and remuneration processes

Arteche's commitment to equality is also reflected in key structural changes that ensure more objective and transparent processes:

- 1. Competence-based recruitment:** We have implemented a selection system based on objective competency criteria. This approach eliminates traditional biases, such as affinity hiring, which often perpetuate gender inequalities. At Arteche, selection and promotion decisions are made exclusively on the basis of people's skills and potential, guaranteeing equal opportunities for all.
- 2. Salary bands linked to the level of responsibility:** Our remuneration structure ensures that each individual's salary is determined by the level of responsibility of his or her position, not by subjective perceptions. This change ensures that, once a woman is hired or promoted, her remuneration fairly and equitably reflects the responsibilities of her role.

We seek external partnerships to amplify our impact

In our journey towards equality, we have also had the support of external organisations that have guided us to project this internal change outwards and become a benchmark. We actively collaborate with the global non-profit organisation PWN (Professional Women's Network), which promotes gender-balanced leadership in business and serves as a professional network for women. Additionally, we have worked with regional networks, specialised consultants, and other organisations that have provided their knowledge and expertise throughout 2024." This collaboration has been **key to consolidating our commitment and taking it beyond our borders and we will continue to strengthen it in the coming years.**

We give visibility and generate referents

We firmly believe that visibility and the generation of referents are fundamental tools to promote equality. We have therefore worked actively to highlight and promote female talent within the organisation. Through internal and external communication initiatives, we celebrate the achievements of our colleagues and position them as role models, inspiring other women to reach their goals.

All of these actions aimed at promoting equality and diversity have a **global reach**, covering all Arteche companies and various time horizons, from the short term to the goals set for 2030.

Their effectiveness is assessed through the various committees (Equality Committee, Sustainability Committee, Compliance Committee, EHS Committee), using indicators (% of positions adapted for both men and women, % of women in management, % of women in technical positions), or through the different surveys carried out throughout the year.

This joint effort by all areas of Arteche demonstrates our commitment to a culture that values diversity and promotes gender equality. We will continue to move in this direction, convinced that an equal organisation is not only fairer, but also stronger and more sustainable.

WE FIRMLY BELIEVE THAT VISIBILITY AND THE GENERATION OF REFERENTS ARE FUNDAMENTAL TOOLS TO PROMOTE EQUALITY.

I
1
2
3
E
4
5
6
7
S
8
9
10
G
11
+



8.2.3 TRAINING AND UPSKILLING

Continuous training is a cornerstone at Artech, fostering high-performing teams and promoting a culture of shared knowledge. By providing our teams with the necessary tools to excel in their roles, we not only enhance individual competencies but also strengthen cohesion and commitment, creating an environment where each person feels valued and motivated to reach their full potential.

Our training plan is based on the following axes:

Needs Identification and Strategic Planning

- **Proactive analysis of risks and opportunities:** The performance evaluation process and talent sessions allow us to identify emerging needs and gaps, as well as detect opportunities for individual and organisational development.
- **Adapted training plans:** We design personalised pathways that respond to the specific demands of functional areas, ensuring that each professional has the resources to reach their full potential.

Risk and Opportunity Management

- **Anticipating the future:** Initiatives such as AI workshops, PowerBI training, and cybersecurity sessions prepare our teams for emerging technological challenges, minimising risks and capitalising on opportunities.
- **Promoting cohesion and well-being:** The teambuilding sessions and the training of our global leaders develop an "Artech" leader model that is key to set an example and inspire their teams. It is developed on an annual basis and periodically reviewed both by the People & Culture function and by individuals and their managers, to ensure alignment with strategic objectives, individual development plans, and emerging needs.

Investments and Dedicated Resources

- **Allocated budget:** Each year, we allocate specific financial resources to implement training and development programmes, ensuring their sustainability and continuity. In 2024, significant resources were invested, reflecting our commitment to continuous learning, with the expenditure amounting to 681 thousand euros.
- **Infrastructure and tools:** Global platforms such as LinkedIn Learning, Learnlight and KnowBe4, together with corporate SharePoint, enable us to deliver large-scale, real-time training aligned with business needs.

Monitoring and Impact Assessment

- **Success indicators** We measure progress through key metrics such as the number of hours of training, average training per employee, participation in specific programmes and the results of performance appraisals.
- **Clear objectives, personalised implementation:** Based on climate surveys and feedback meetings, we adapt our actions to address the concerns and expectations of each individual, preparing them both professionally and personally for their current and future challenges, while ensuring that our strategies are effective and relevant.

**WE ARE COMMITTED TO
CONTINUOUS TRAINING
TO CULTIVATE HIGH-
PERFORMANCE TEAMS.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



The focus on development and continuous training contributes directly to:

- **Ensure alignment** between individual competences and organisational strategic objectives.
- **Enhance staff motivation and commitment** staff motivation and commitment.
- **Improve productivity and quality** improve productivity and quality of operations through up-to-date knowledge.
- **Identify and develop internal talent** identify and develop internal talent to ensure organisational sustainability.

The **training plan takes into account all Artech's people and addresses both technical competences and transversal skills**. It is developed on an annual basis and is periodically reviewed both by the People & Culture function and by the individuals and their managers, to ensure alignment with strategic objectives, individual development plans, and emerging needs.

Training initiatives carried out during 2024

In 2024, key training programmes were implemented, including:

- Transversal Talent Trainings: Linked to the performance appraisal process, such as "How to identify the talent in your team".
- Teambuilding sessions: Fostering inter-departmental communication, cohesion and synergies.
- Professional Communication Training: Designed specifically for the commercial team.
- Global Platforms:
 - LinkedIn Learning, Ubits, and Learnlight for general skills and language training.
 - KnowBe4, focused on cybersecurity.
- Transversal Training Plan: Internal processes and procedures.
- Dissemination of the Code of Conduct and the Ethics Channel: Strengthening corporate culture.
- Specialised Workshops: AI by functional area and PowerBI.
- Masters and Higher Education: With a total of 4,500 hours invested in university education.
- Development and Improvement Plans: Designed to meet specific performance needs.

Notable achievements

- **Increased participation in cross-cutting and specific training.**
- **Consolidation of global platforms such as LinkedIn Learning, Learnlight and KnowBe4.**
 - **Greater integration of digital training through corporate SharePoint.**

8.2.4 ACTIONS TO PROTECT PRIVACY

In our policy on personal data protection, privacy and confidentiality of information, we establish a **set of measures to prevent and, where appropriate, detect and react to any irregularity that may occur in this area**.

We guarantee the protection of personal and sensitive data in strict compliance with legislation.

All our systems have access controls in place that include user identification, permission assignment, hierarchical level management and role-based restrictions, thus ensuring the security and confidentiality of information.

On the other hand, to protect confidentiality, Artech members sign a contractual clause or confidentiality agreement independently. NDA clauses linked to specific projects or contracts are also drawn up. In parallel, ongoing training is provided to ensure that all individuals are aware of their responsibilities in handling this information.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



8.3 METRICS AND GOALS RELATED TO THE WORKFORCE

8.3.1 METRICS AND GOALS RELATED TO THE WORKFORCE

No. of persons* by sex	2024	2023
Men	1,973	2,032
Women	700	724
Another	0	0
TOTAL	2,673	2,756

*In the ACs, the number of people includes staff with scholarships, and the company Artech Hitachi Energy Instrument Transformer is reported at 51%

No. per country	Number of individuals
Spain	796
Turkey	498
Mexico	772

Number by type of contract	MEN	WOMEN	TOTAL
Total number of staff	1,973	700	2,673
Number permanent	1,817	630	2,447
Temporary number	156	70	226
No. of hours not guaranteed	-	-	-
No. full-time	1,961	696	2,657
No. part-time	12	4	16

% Women **26%**
2023 and 2024

The **Turnover Rate** calculated according to CSRD criteria (voluntary departures, dismissals, retirements and deaths divided by the total number of people at year-end) was 18.4% (491 people) and the turnover rate for 2023 using the same criteria was 24.3% (663 people)

However, **our management turnover rate calculated on the basis of voluntary departures alone was 8% in 2024** (19% in 2023), representing a significant improvement compared to the previous year, following the actions taken in the

different plants, especially in Mexico and Turkey.

Most of our companies have their own **collective bargaining agreement** to regulate labour relations, except for those companies which, following local customs, are regulated according to the labour legislation of their own country. In the case of companies within the EES, 100% of them have a collective agreement, either at company or sectoral level.

AGE DISTRIBUTION	NUMBER	PERCENTAGE
< 30	472	17.7%
30-50	1,622	60.7%
> 50	579	21.7%
TOTAL	2,673	100%

I

1

2

3

E

4

5

6

7

S

8

9

10

G

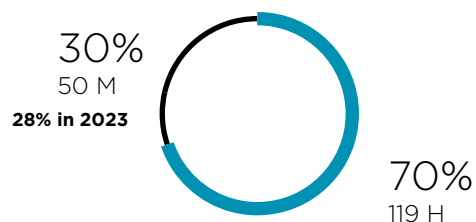
11

+



8.3.2 EQUALITY METRICS AND GOALS

Management Staff



At Arteche, we define senior management as employees who hold positions one or two levels below the supervisory and executive bodies.³

In 2024, we increased the representation of women in executive positions by nearly two percentage points, meeting the established target and aligning with our strategy to reach **33% by 2026 and 40% by 2030**.

Objectives Adaptation of jobs 2025



3. It does not coincide with the senior management AC criterion which includes only members of the Group Steering Committee.

8.3.3 TRAINING METRICS AND GOALS

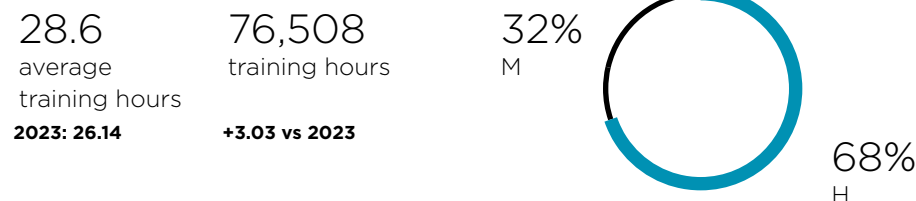
The **total training hours for the year 2024 are 76,508**, which represents an increase of 3.03% over the hours of the previous year (74,255 hours).

If we analyse the detail of the training of our people with a gender perspective with a gender perspective, women account for 31.56% of the total training (24,146 hours) while men account for the remaining 68.44% (52,362 hours).

The average hours indicator has also increased from **26.14 h in 2023 to 28.6 h in 2024**, with women's average hours being 34.54 hours more than men's 26.50 hours.

In 2024 we have exceeded our target and will continue to focus our efforts to achieve our goal of 31 hours of training per person per year by 2025 and 40 hours by 2030.

Training



IN 2024, WE SURPASSED OUR TARGET AND WILL CONTINUE TO FOCUS OUR EFFORTS ON ACHIEVING OUR GOAL OF 31 HOURS OF TRAINING PER PERSON PER YEAR IN 2025, AND 40 HOURS BY 2030

I
1
2
3
E
4
5
6
7
S
8
9
10
G
11
+



8.3.4 COMPENSATION METRICS AND GOALS

Equal opportunities at Arteché are reflected in various aspects, including real pay equity across our workplaces. Salary levels are set according to jobs categorised on the basis of tasks, responsibilities and salary ranges so as to ensure equitable salaries within the same jobs.

The **pay gap** is reported according to the specifications of the EU implementing directive (CSRD) calculated as the median hourly pay level for men minus the median hourly pay level for women divided by the median hourly pay level for men.

In 2024 the average hourly pay level for men was 17.47 compared to 15.31 for women, representing an overall pay gap of 12.40%.

(*) This calculation is not comparable to the one made in 2023 (18%) as it considers different metrics, as specified.

GAP BY CATEGORY	Average Men	Average Women	GAP
Management	55.0	48.4	11.8
Technical Positions	22.4	23.7	-6.0
Specialist Positions	17.6	18.6	-6.1
Operational and Administrative Staff	10.5	10.0	4.6
Site Staff	11.6	7.8	32.7
GAP	17.5	15.3	12.4

If we look at the **data broken down by category** we can see that the most significant pay gap is found between permanent staff and managerial positions while in the technical/specialist position categories, the positive GAP is neutralised by operational and administrative staff.

In the **plant personnel** category, there remains a significant gender gap, primarily due to the nature of industrial roles and the **longer tenure of male em-**

ployees within the workforce. Efforts are being made to increase female participation by designing workplaces that are adapted for both men and women, further promoting gender equality.

Additionally, we **we focused on increasing the representation of women in management positions**, reaching 30% in 2024.

By **age** group, there is no gender gap in the under-30 age group, **which demonstrates that our actions on equality are yielding positive results.** Our key challenges include increasing female participation in production plants, technical/specialist roles, and leadership positions, with a particular focus on Argentina, Brazil, Mexico, and Turkey.

Arteché complies with all applicable labour regulations and ensures that our

employees receive **fair wages**, aligned with industry standards and the recommendations of specialised organisations.

The **annual pay ratio** is calculated by dividing the total annual compensation of the highest-paid individual by the median annual compensation of the employees, excluding the highest-paid individual.

Remuneration ratio

17.1

Remuneration includes the total annual compensation of all staff employed, taking the annualised remuneration.

At Arteché, in 2024, this ratio stood at 17.1%.

(*) The highest-paid individual in the workforce holds the position of General Management.

IN THE UNDER-30 AGE GROUP, THERE IS NO GAP, WHICH DEMONSTRATES THAT THE ACTIONS TAKEN IN THE AREA OF EQUALITY ARE YIELDING POSITIVE RESULTS.

I
1
2
3
E
4
5
6
7
S
8
9
10
G
11
+



8.3.5 HEALTH AND SAFETY BENCHMARKS AND TARGETS

The **100% of the workforce is covered by the company's health and safety management system.**

During 2024, no work-related accidents or illnesses resulting in death occurred, either to our own workforce or to sub-contracted personnel performing activities within our workplaces.

In 2024, we drastically reduced accident rates, achieving a historic figure that far exceeded our target, **reducing the number of accidents with sick leave from 70 to 32 (a 54% decrease).**

In 2024, there are **2 cases of work-related health problems**, both men (6 in 2023, 5 men and 1 woman)

The **lost working days** in 2024 amounted to 530 (778 considering calendar days) due to accidents and 10 (14) due to occupational diseases.

No days have been lost due to serious accidents, and our priority remains ensuring the safety of each person working in our facilities.

To ensure the safety of all individuals who are part of Arteché and following the guidelines established in our occupational health and safety policy, we set both long-term and annual objectives,

involving stakeholders through meetings within the health and safety committees.

These targets are reflected in indicators, which are approved by management and monitored on a quarterly basis.

At the beginning of the year, the following occupational health and safety objectives are set for the year, along with their respective targets for achieving them.

All the **health and safety, equality and training targets are in line with the objectives set out in the EHS, Equality and Diversity and People** are in line with the objectives set out in the EHS, Equality and Diversity and People Policies and respond to the needs to manage impacts, risks and opportunities derived from our double materiality analysis.⁴ They are established taking into account the needs gathered through the collaboration processes with staff, as outlined in *section 8.1.5 of this chapter*.

Progress is monitored quarterly in the sustainability committees, both regional and global, as well as in the EHS committees for those related to accidents. In addition, quarterly reports are submitted to the Steering Committee indicating the degree of compliance with the established objectives. Each indicator

Work-related accident rate Severity index

5.50

2023: 11.56

0.091

2023: 0.176

Accidents	2024	2023	Target 2025
Frequency index	5.5	11.6	5.5
Severity index	0.09	0.18	0.09
Days lost due to serious accidents	0	0	0

is analysed to assess whether the measures implemented are having the desired effect or whether they need to be adjusted or supplemented with additional actions.

WE HAVE ACHIEVED A HISTORIC FIGURE IN THE REDUCTION OF ACCIDENT RATES.

4. Details of the impacts, risks and opportunities are set out in section 3.4 of the introductory chapter

8.3.5 HUMAN RIGHTS METRICS AND GOALS

Thanks to the **awareness-raising efforts** conducted throughout the year on the importance of embedding a culture of compliance across the organisation, a total of 49 reports were submitted via the Ethics Channel in 2024. All cases have been thoroughly reviewed and investigated in line with our due process. Of these, 44 cases have been closed, of which 44.9% have resulted in the implementation of corrective measures.

Among the cases analysed and closed with corrective measures, two situations of particular sensitivity for our organisation were included: one of discrimination and the other of harassment.

We have not received any fines, sanctions or complaints related to the reported cases or any other human rights related cases.

No incidents of child labour or forced labour have been detected.

WE HAVE NOT RECEIVED ANY FINES, PENALTIES, OR CLAIMS RELATED TO HUMAN RIGHTS.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

9. VALUE CHAIN WORKERS

ESRD	Type of materiality		Upstream stages of the value chain (supply chain)		Core operations			Downstream in the value chain (customers and end-users)	
	impact	Financial	Raw materials	Parts and intermediate products	Design	Manufacturing	Installation	Transmission and distribution	Electricity use
S2	x		Labour conditions of workers in the value chain.						

9.1. STRATEGY FOR MANAGING IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WORKERS IN THE VALUE CHAIN

Arteche’s value chain is defined as follows **three phases**: **upstream of the value chain** including raw materials, parts and intermediate products; **own operations**; and **downstream of the value chain** which includes customers and end-users. We will focus on the supply chain because customers and end-users are not material issues for Arteche according to our double materiality analysis.

In our purchasing strategy, local sourcing has always been prioritised whenever possible.

Impacts, Risks, and Opportunities of Relative Importance and their Interaction with the Strategy and Business Model

At Arteche, we have conducted a double materiality analysis, through which we have identified the impacts, risks, and opportunities of the material issues identified in Sustainability. Refer to the *General Information chapter - ESRS 2*.

Arteche’s **Purchasing Department** is fundamental in proactively managing impacts, risks and opportunities throughout our value chain.

We are aware of our responsibility to generate positive long-term impacts by influencing the working conditions of the employees in our value chain, through our legally regulated requirements in purchasing conditions or by subscribing to the code of conduct.

It is worth noting that at Arteche, we plan to conduct a **a more in-depth analysis of the value chain**, but we are currently relying on the transitional period outlined in paragraph 10.2 of NEIS 1 of the CSRD.

LOCAL SUPPLIERS ARE KEY TO OUR PURCHASING STRATEGY

9.1.1. VALUE CHAIN-RELATED POLICIES

Purchasing Policy

With the aim of establishing **the policy, ethics and operational organisation** Arteche's purchasing policy, ethics and operational organisation, a global policy was created within this area, approved by the general management and available on the internal website as part of our integrated management model.

It establishes the **the guidelines and principles for managing the purchasing department within the organisation**, including a specific section on supplier ethics. The key points of this section refer to forced labour, child labour, discrimination, health and safety, and legislative compliance

Our **Code of Conduct**, approved by the Board of Directors in early 2024, is available on both our internal and external websites. It applies to all Arteche employees as well as personnel within our supply chain. This ensures that we all act based on the same values and integrity, and establishes the obligation to inform suppliers and other stakeholders about this, as well as require their acceptance. This is done through the general purchasing conditions of the contracts with the suppliers in GoSupply.

We also have a **health and safety policy**, approved by the Managing Director and available on our internal website within our integrated management model. In this policy, we commit to working towards eliminating hazards and reducing risks to the safety and health of all personnel, whether permanent or subcontracted, working at Arteche facilities..

Our **commitment to human rights** in the value chain means that we focus not only on our own workforce within our operations, but also on all the individuals connected to Arteche: suppliers, subcontractors, distributors, transport personnel, customers, and local communities where we have a production facility. This commitment seeks to ensure that human rights are respected at all stages of the process and throughout the value chain.

Within our code of conduct we indicate our commitment to respect all regulations governing human and labour rights as recognised in national and international law. We align with the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the ILO Social Policy, among others.

In our Code of Conduct, we specifically highlight that we are against any form of human trafficking, child labour, illegal or forced labour, and we engage with those involved in our business and value chain with fairness and respect.

No specific cases of non-compliance with these principles have been reported in the supply chain.

OUR COMMITMENT TO HUMAN RIGHTS IN THE VALUE CHAIN MEANS THAT WE FOCUS NOT ONLY ON OUR OWN WORKFORCE WITHIN OUR OPERATIONS BUT ALSO ON ALL INDIVIDUALS CONNECTED TO ARTECHE.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

9.1.2. PROCESSES FOR COLLABORATING WITH VALUE CHAIN WORKERS ON INCIDENTS

We are working to establish a **supplier approval programme for our raw material providers that includes ESG criteria**, with a particular focus on labour conditions and human rights.

In relation to Subcontractors, we have defined the procedure for **coordinating business activities** to ensure proper coordination of business activities, as well as to ensure the prevention of occupational risks when two or more companies carry out activities at the same workplace. This procedure applies to all activities carried out by workers of external companies (contractors, subcontractors and self-employed workers) in Arteche's facilities as well as those carried out by our own workers in external centres.

The Annex to the procedure called "Management for the Coordination of Business Activities" describes the methodology to be followed in each country or location to ensure proper coordination of business activities for the provision of services or execution of work by companies within Arteche facilities.

The transfer of documentation can be carried out in different ways, either through a digital platform, via email or delivery of documentation by other means.

Prior to accessing Arteche's facilities, all subcontractors will be provided with the following information:

- Occupational health and safety and environmental policy.
- Risks specific to the workplace and preventive measures.
- Instructions on measures to be applied in case of emergency.
- Prevention and environmental regulations that affect them.

When Arteche contracts or conducts activities outside of its facilities, the guidelines established by the client will be followed. If no information is received, the person responsible for contracting the work must contact the client to request information on the risks associated with their facilities and the corresponding measures.

9.1.3. PROCESSES TO ADDRESS NEGATIVE INCIDENTS AND CHANNELS FOR WORKERS IN THE VALUE CHAIN TO EXPRESS THEIR CONCERNS.

As mentioned earlier, the suppliers working with Arteche must be familiar with and accept our Code of Conduct. The **Code of Conduct** includes a specific section on the Ethics Channel, outlining how any employee or individual associated with Arteche can report potential breaches or irregularities. It is accessible to our workforce via the Intranet and to the public on our corporate website: www.artechecom.com, both from the homepage and the ethics section.

The **Code of Conduct** outlines the governing principles of the **Ethics Channel**, as reference in Governance Chapter G1. Of Particular importance is our **Non-Retaliatio** Principle, which confirms our explicit commitment to prohibiting any form of retaliation against individuals raising concerns - whether through formal reports or informal enquiries. Reporting a possible irregularity will never put at risk the professional development or any other condition of Arteche's people.

The **Compliance Officer periodically reports to the Audit and Compliance Committee (ACC) the complaints received, filed or resolved with corrective measures**, differentiating whether they have been received from our own workforce or from third parties.

We do not have an assessment as such to know if our suppliers' workers know and trust the channel, but we are considering doing such assessments in the future. The guarantee that they know about it is that last year we received a case from a person who works with us, but through a subcontractor.

The **corrective measures** have varied significantly depending on the category of non-compliance and its severity. Some of the corrective measures implemented have been:

- Training
- Policy change or improvement
 - Change of post
 - Disengagement from the company

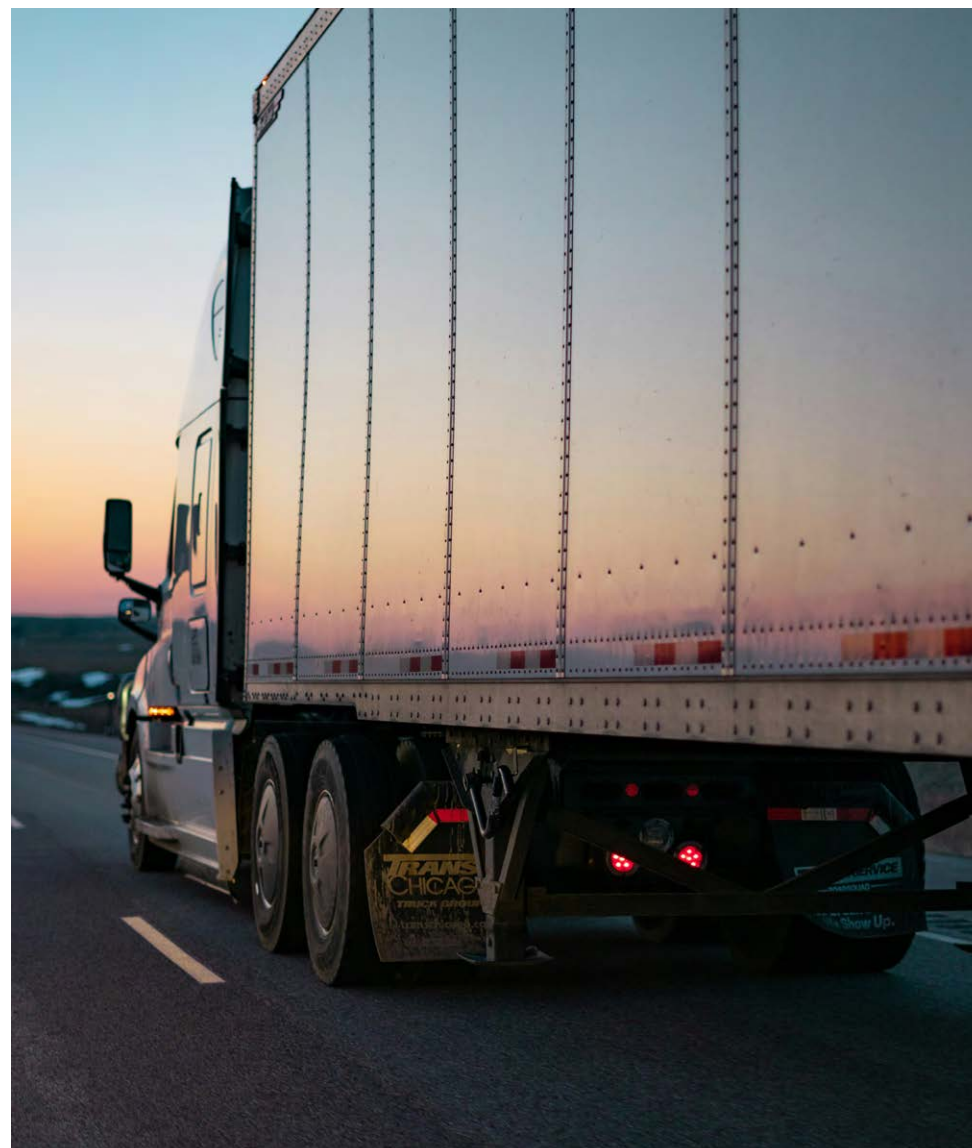
9.2. VALUE CHAIN WORKFORCE INITIATIVES

In relation to minimising the material impacts on workers in the value chain we have the **GoSupply** tool, where each supplier receives our general purchase conditions, which include a section in which suppliers confirm their knowledge of and adherence to our ethical code.. Additionally, through this platform, a questionnaire is administered to those classified as 360° suppliers, which includes questions on ESG criteria, with specific emphasis on working conditions and fair wages. The Purchasing Department reviews the percentage of suppliers listed on Go Supply every week for EMEA, and every two weeks for other regions in the Sourcing Committee.

Each buyer has objectives to ensure that 100% of our 360° and 180° suppliers are published by the end of 2025. This will mean that the suppliers we work with will be committed to our code of conduct and sustainability culture, and more specifically, that they comply with legal regulations and the fundamental rights of their employees.

Buyers in each region are assigned as resources to ensure our suppliers complete the ESG questionnaire. They have it included in their objectives and will have a performance evaluation based on this. In addition, the **compliance officer** will manage and monitor the whistle blowing channel, which may include reports from individuals within the supply chain.

Furthermore, we plan to develop more specific criteria for supplier approval in the medium term, which will allow us to generate positive impacts on workers in the value chain.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

9.3. METRICS AND GOALS RELATED TO VALUE CHAIN WORKERS

Enhancements in our supply chain and sustainable procurement practices

have been integrated with GoSupply, a software solution that delivers significant benefits in supplier management, procurement, and supply chain visibility at Arteche. It helps us to improve operational efficiency, risk management and transparency and traceability of our suppliers. In addition, its ability to provide real-time visibility and generate data analysis also contributes to a more agile and effective management of the supply chain.

Our main goal for 2025 is to continue increasing the number of suppliers classified as 360°—critical suppliers who are required to respond to a comprehensive ESG questionnaire—published and with all the necessary information available. Currently 55% of the suppliers are published and we aim to have 100% of our 360° and 180° suppliers published by the end of this year. Each buyer has specific targets aimed at improving the percentage of suppliers published in GoSupply, thereby helping to ensure that our suppliers meet ESG requirements and uphold decent working conditions for their employees.

We also aim to further improve the ECOVADIS rating in 2025, where we achieved a silver medal in 2024. This implies further improvements in the area of sustainable purchasing.

Another of the **medium-term objectives** is to be able to have a Supplier Approval procedure where ESG criteria are included and ESG audits can be carried out at our suppliers' facilities to ensure that they act in an environmentally, socially and governance responsible manner, contributing to a sustainable and ethical supply chain **sustainable and ethical supply chain**, and above all, that they

comply with legal regulations and the fundamental rights of the people employed by our suppliers.

A supplier may be disqualified if they fail to meet the ESG criteria required, particularly in the areas of Compliance and Social responsibility. This includes failure to comply with labour, health or safety regulations; the use of child, forced or exploitative labour; involvement in human trafficking; or the lack of promotion of fair pay and wage equity.

OUR MAIN GOAL FOR 2025 IS TO CONTINUE INCREASING THE NUMBER OF SUPPLIERS CLASSIFIED AS 360°.

GoSupply Objectives 2025	2024	Q1 10%	Q2 20%	Q3 30%	Q4 40%
180° Suppliers published	65%		85%	95%	100%
360° Suppliers published	36%		50%	75%	100%
Total		0% (not started)			

10. LOCAL DEVELOPMENT

ESRD	Type of materiality		Upstream stages of the value chain (supply chain)		Core operations			Downstream in the value chain (customers and end-users)	
	impact	Financial	Raw materials	Parts and intermediate products	Design	Manufacturing	Installation	Transmission and distribution	Electricity use
S3	X		Economic, social and cultural rights of the affected groups						

Economic performance is a fundamental pillar for ensuring long-term business sustainability across all areas of sustainability.

Since **our beginnings as a family-oriented company, we have grown alongside the communities¹ in which we operate**, creating wealth for all our stakeholders and promoting a shared value approach.

Our **contribution to social and economic progress** generates a real positive impact in the areas where we operate through investments related to sustainable development, innovation, and a culture focused on local suppliers, start-ups, and communities.

We have a wealth of experience and **we want to put it at the service of the community** by facilitating access to electrification, including rural areas that face greater challenges in achieving it.

For this reason, at Arteché, **we consider ourselves a key player in the social de-**

velopment of our surroundings, contributing to numerous programmes and activities aimed at improving employment and technological opportunities in the regions where we operate.



1. More information on material impacts, risks, and opportunities related to communities (SBM-3 of ESRs 2) is available in section 3.4.2 of the Introduction chapter.



10.1 OUR COMMITMENT TO THE COMMUNITY

Our **Sustainability Policy**² includes the basic principles for the development of the activities that determine our relationship with the communities. Through this policy, we reaffirm our commitment to Human Rights, in alignment with the principles of the United Nations Global Compact.

The taxes and levies we pay in the countries where we operate represent the primary contribution of the

Group's companies to sustaining public finances, and thus one of our contributions to society.

The tax policy³ that we apply is integrated within the principles of ethics, social responsibility, transparency and institutional loyalty with which we govern ourselves.

At **Arteche**, we **impact the economic development of various fiscal jurisdictions worldwide** through the tax contributions generated by our activities, fulfilling both an economic and social role, while respecting the value of transparency.

In addition, through our Code of Conduct, outlined in *Chapter 8-People and 11-Governance*, **we reinforce our collaboration with the communities we engage with**. We strive to establish strong relationships based on mutual recognition and respect, trust, participatory dialogue, and, ultimately, the creation of shared value. We offer opportunities to local suppliers, promote local employment opportunities, collaborate with nearby universities where we operate, and engage in volunteer activities within our communities.

To strengthen this collaboration, we have our Ethics Channel,⁴ the tool established by Arteche through which anyone who has had or currently has a relationship with Arteche can make inquiries or report any potential irregularities. Confidentiality, objectivity and prohibition of reprisals are guaranteed in this channel. To support the availability of this channel, it is incorporated into our website accessible to all our stakeholders. Additionally, Arteche employees working with third parties must inform them of our Code of Conduct, which is included within.

No cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises involving affected communities or groups have been reported.

Our approach to managing relationships with communities and affected groups encompasses all those stakeholders or individuals on whom we may have an impact.

2. Detailed information on the Sustainability policy can be found in section 5.2.1 of the Climate Change chapter

3. Detailed information on fiscal policy can be found in section 11.2 of the Governance Chapter

4. Detailed information on how the Ethics Channel works can be found in sections 11.1 and 11.3 of the Governance chapter and in chapter 9 on workers in the value chain.

**WE PUT OUR EXPERTISE
AT THE SERVICE OF THE
COMMUNITIES IN WHICH WE
OPERATE**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

10.2 HOW DO WE RELATE TO OUR COMMUNITIES?

ARTECHE FOUNDATION

The Foundation was established in 1973 by the will of our founder, Aurelio de Arteché.

His **social sensitivity** towards people and the community in which Arteché operated led to the creation of this non-profit entity more than 50 years ago, conceived with a human and committed approach beyond the business realm. Since then, the Arteché Foundation has been a reflection of our values, with a dual purpose that defines us: on one hand, as a labour foundation, we ensure the well-being of the people who are part of our family in Mungia, providing welfare assistance in accordance with the foundational principles with which it was created. On the other hand, we channel Arteché's social commitment, promoting actions that generate a positive impact on our community and on those who need it most.

Today, **our focus remains strong on three key pillars: equality, education, and solidarity** with those who need it most. At Arteché, we believe that these three key themes are the most appropriate for carrying out our work and achieving a positive impact on the most vulnerable groups: women, individuals in need, or those at risk of exclusion, among others.

In 2024, the Foundation entered a new phase with the renewal of its board of trustees, a diverse team of 10 individuals representing both the company and the employees at our headquarters. With their momentum, we continue to progress in our mission to contribute meaningfully, with the conviction that true progress is the kind that is shared.

At the Arteché Foundation, we believe that social impact begins with a strong, organised, and transparent internal structure

We have a dedicated email address for the Foundation, through which we receive requests, both from Arteché staff and external organisations. Additionally, organisations can contact us through traditional channels.

For all requests, we have a collaboration request form (social action) that must be completed.

Once the requests are received, they are reviewed by the board of trustees, initially determining whether they align with one of our three focus areas: education, equality, or solidarity. Secondly, the impact of the initiative on our staff or communities is assessed. Each of these initiatives is reviewed with sensitivity, as well as with the responsibility that comes with managing the projects to which we associate the name and resources of the Arteché Foundation.

Through all these organisations that give voice to the community, we know their needs and allow us to make decisions among the different proposals presented.

Once an initiative is accepted, it is carried out through the associations, which, once completed, send us the reports, records, or necessary documentation on the outcome. This allows us to evaluate each of the actions taken.

Its time horizon depends on the type of initiative, being a living and continuous process.

Throughout 2024, we held six board meetings, in addition to numerous encounters with entities and individuals who share our vision of a fairer and more supportive world. Among them, we have had the opportunity to dialogue with Fundación Fair Saturday, Fundación Urbegí, Impredecible, Afrika Bibang, and INUIT, generating synergies that enrich our work.

All our meetings are conducted in a clear and structured order. From the agenda to the presentations used, everything is carefully documented, ensuring that every decision is backed by a transparent and well-informed process.



Moreover, important decisions are taken in a collegial manner, so far achieving solid consensus with an absolute majority. This model of working not only reinforces our credibility, but also allows us to move forward with the confidence that each step taken reflects the values that unite us as a foundation.

Because for the Board of Trustees, every meeting, every exchange of ideas and every decision is an opportunity to continue building a future with purpose.

The Foundation's social investment includes:

- **aids welfare / aid for the birth of a child** to a worker in Mungia
- **contribution to projects** with social impact in our communities and our internal team

This investment may vary depending on the initiatives we are involved in and the number of grants applied for.

In 2024, we have reviewed our collaboration in various projects and are evaluating our involvement in new initiatives aligned with our focus areas and foundational principles.

In 2024, our contributions to foundations and non-profit entities amounted to €54,223 (compared to €53,125 in

2023). No contributions were made to political parties in either 2024 or 2023. Sponsorship expenditures amounted to €6,420 (down from €19,500 in 2023).

Internally, **the number of beneficiaries has increased, doubling over the past two years**, as well as the opportunities for direct or indirect participation in several of the open collaborative initiatives.

In 2025, we aim to continue expanding the number of beneficiary of well-being support through increased internal outreach.

Additionally, **we seek to maintain and strengthen our social partnerships** in initiatives that have demonstrated a positive social return, while broadening our impact internationally by extending our contribution to new regions within our sphere of influence.

We believe that adding value to our community also positively impacts the emotional well-being of our teams, generating not only a sense of pride and belonging but also coherence and strength with the values that represent us.



Arteche supports women's ultra-distance cycling

THROUGH THE FOUNDATION WE FOCUS ON THREE KEY AREAS OF ACTION: EQUALITY, EDUCATION AND SOLIDARITY WITH THOSE WHO NEED IT MOST.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

10.3 WE GENERATE POSITIVE IMPACTS ON SOCIETY

10.3.1 CORPORATE VOLUNTEERING

At Arteché, **corporate volunteering stands as one of the main initiatives to positively impact our communities..** This initiative, driven by the organisation in areas of interest to our employees, allows them to dedicate part of their time to charitable activities that benefit the local community and social organisations. It is fully aligned with our values and our commitment to social responsibility in the environments where we operate. Activities range from participation in educational events, food and school material drives, to supporting environmental projects.

Through these volunteering actions, we seek to strengthen the link with the community, generate a tangible impact and offer our employees the possibility to get directly involved in projects that improve our environment.

Their time horizon depends on each action and they are developed as a continuous process throughout the year in Arteché's companies.

Examples of these activities carried out during 2024 are:

Composting our waste or reforestation in Argentina and Mexico

Ambassadors for Good in Brazil for the fight against breast cancer

Collection of school material in various places such as Mungia, Madrid and Argentina

Participation in the Open House global festival by opening the doors of our Ultra High Voltage Laboratory located in Mungia

Donation LED lamps to the municipality of Tepeji del Río (Mexico)

Pro Bono multi-company program in collaboration with Sortarazi, an association that works with individuals facing integration difficulties or in situations of social exclusion.

To measure the effectiveness of our actions, we assess the results obtained through the collaborating entities, gathering their testimonies, the level of satisfaction, and the impact achieved in each of them.. We also conduct internal surveys that allow us to measure the satisfaction of volunteer staff. Aspects such as the number of participants, the hours spent and the results obtained from each action are analysed.



10.3.2 ACCESS TO ELECTRIFICATION IN RURAL AREAS

At Artech we are aware of the importance of **importance of contributing to electricity access in rural areas as a key factor for social and economic development**.

In Africa alone, more than **600 million people (40% of the population) lack access to a reliable electricity supply**.

The remote location of rural communities, small population groups with low energy demand, combined with the high cost of electrical infrastructure based on conventional substations, makes the construction of new distribution lines economically unfeasible in most cases.

At we have successfully developed a **micro substation project in Senegal** using technology that requires no fuel, is low cost, and can be quickly installed..

In this context, starting from a voltage transformer for auxiliary services—commonly used to supply electricity to substations and equipped with the necessary protection, regulation, and control elements for safe operation—we have developed a new concept of single-phase micro-substations. These micro-substations provide power up to 100 kVA and allow electrification of communities located up to 10 km from high-voltage lines.

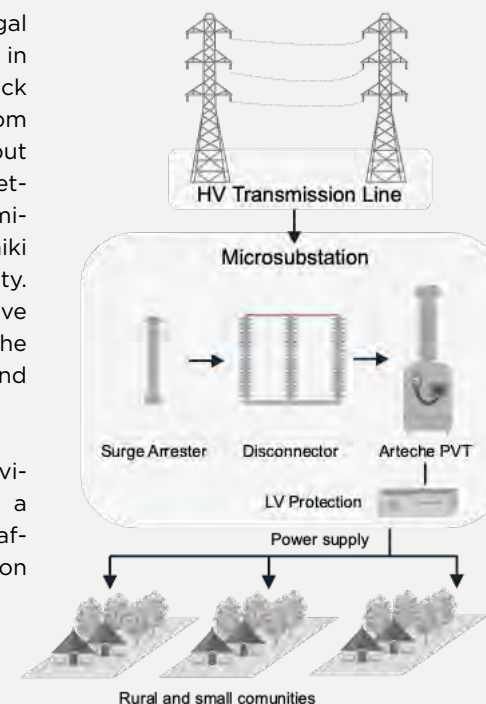
These **micro substations offer a safe, cost-efficient alternative with a reduced environmental impact** providing reliable electricity supply to small populations located in the vicinity of high-voltage lines.

AT ARTECHE, WE ARE AWARE OF THE IMPORTANCE OF CONTRIBUTING TO ELECTRICITY ACCESS IN RURAL AREAS AS A KEY FACTOR FOR SOCIAL AND ECONOMIC DEVELOPMENT.

Demonstration project in the community of Tchiki Senegal

In collaboration with SENELEC - Société nationale d'électricité du Sénégal - we have set up a micro-substation in the community of Tchiki, in the Fatick region. This town, located 200 km from Dakar, is under a transmission line, but has no access to a distribution network. Thanks to the installation of a micro-substation the inhabitants of Tchiki now have access to reliable electricity. Control and protection measures have been implemented to ensure both the operation of the high-voltage grid and the low-voltage power supply.

The project has demonstrated the viability of this technology, ensuring a continuous power supply without affecting the stability of the transmission system



Expansion Potential in Africa and the World

Therefore, although these actions are linked to the time horizon of the construction of the substations, their achievement opens up a wide range of possibilities for expansion.

PVT-based micro-substations do not require fuel, have low operating costs and are commissioned in a short time. The model applied in Senegal can be replicated in many regions of the world where communities near transmission lines do not have access to electricity. In addition to Africa, countries in Latin America and Asia with developed transmission infrastructure but large rural, unelectrified populations could benefit from this solution.

This technology not only facilitates access to energy for lighting and basic appliances, but also opens up opportunities for the development of small industries, health services and education in hitherto isolated communities. The combination of a reliable technical solution with a low environmental impact makes PVT micro substations a real option in the fight for universal electrification.

The success of these projects is materialised in the electrification of these rural areas, bringing electricity to the most undersupplied regions, thanks to the technical development of our equipment.

Although we have not set quantitative targets, our goal is to continue adding projects and expand the positive impact we generate as an organisation in the communities where we operate.

OUR OBJECTIVE IS TO CONTINUE EXPANDING OUR PROJECTS AND INCREASE THE POSITIVE IMPACT WE GENERATE AS AN ORGANISATION IN THE COMMUNITIES WHERE WE OPERATE."



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

GOVERNANCE



11. Business Conduct





Disclosure Requirements

11. Business Conduct	G1	152
11.1. Corporate culture and business conduct management strategy	MDR-P; G1-1	153
11.2. Development of corporate values		157
11.3. The Compliance Area	G1-1	159
11.4. Compliance risks		161
11.5. Management of sustainability impacts, risks, and opportunities in the supply chain	G1-2	162
11.6. Preventing corruption and bribery	G1-3	163
11.7. Key compliance initiatives	G1-4	164

11. BUSINESS CONDUCT

ESRD	Type of materiality		Upstream stages of the value chain (supply chain)		Core operations			Downstream in the value chain (customers and end-users)	
	impact	Financial	Raw materials	Parts and intermediate products	Design	Manufacturing	Installation	Transmission and distribution	Electricity use
G1	X	X				Corporate culture			
	X					Whistle-blower protection			
	X	X				Corruption and Bribery			

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO BUSINESS BEHAVIOUR

Corporate culture

We identify a potential positive impact derived from the increased commitment to the principles of ethics and integrity in the medium term, which would bring benefits to both our internal and external stakeholders. However, the decrease in people’s motivation related to aspects of the work environment and organisational culture in the medium term, as a consequence of a lack of involvement with corporate values, has also been identified as a relevant potential negative impact. The management approach proposed as a response involves the development of solid corporate values, which represents an opportunity for differentiation.

Whistle-blower protection

We consider it of utmost importance to ensure the confidentiality and protection of whistle-blowers against retaliation. Therefore, we believe that the possibility of inadequate measures in this regard would represent a significant potential negative impact.

Preventing corruption and bribery

At Artech, we are conscious of the potential negative impact that could arise due to limitations in controls to detect corruption incidents. Furthermore, incidents of this nature also carry risks due to reputational effects, litigation costs, and potential sanctions.

11.1 STRATEGY FOR MANAGEMENT OF CORPORATE CULTURE AND BUSINESS CONDUCT

At Arteché, we believe that corporate culture is a fundamental pillar that guides our actions, decisions, and relationships, both within the company and with all our stakeholders.

We foster an environment where our values—Proximity, Commitment, Trust and Perseverance—are essential for the sustainable success of our organisation. A strong corporate culture not only drives performance but also fosters the commitment of our workforce and the trust of our strategic partners.

Therefore, **ethics and transparency are unwavering principles that govern our operations.** We act responsibly and ensure that all our activities, as well as those of our value chain, are carried out in accordance with the highest ethical standards, as outlined in our Code of Conduct. Our commitment to transparency is reflected in open, accessible, and consistent communication with all our stakeholders, which strengthens trust and fortifies our business and social relationships.

11.1.1. CODE OF CONDUCT

During the financial year 2024, the Board of Directors has approved the update of our **Code of Conduct**, which is accessible to all our stakeholders through the Arteché website. This outreach work has been strengthened by training sessions aimed at the entire workforce, which will continue in 2025, with the goal of establishing and consolidating the foundations for a common ethical culture language among all individuals at Arteché, who are therefore subject to this Code, regardless of the geography in which we are located.

At Arteché, we are committed to complying with the principles set out in the United Nations Global Compact, as well as the laws, regulations, and norms applicable in the regions where we conduct our activities. We operate with the utmost respect for internationally accepted ethical practices, in line with the Fundamental Rights and Public Freedoms contained in the Universal Declaration of Human Rights and the commitments made upon signing the United Nations Global Compact.

Additionally, those of us at Arteché who work with suppliers, consultants, agents, sales representatives, distributors, independent contractors, and other third parties are required to:

- Inform them of our policies and code of conduct and ensure their acceptance.
- Correct them on learning that a third party did not comply with compliance policies.



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

11.1.2. ETHICS CHANNEL

In the event of any doubt or non-compliance, Arteché has a channel through which anyone can make an inquiry or report a possible irregularity: **our Ethics Channel**, accessible both through our Intranet and on our external corporate website for both internal and external stakeholders. This channel was updated in 2023 to adapt it to Law 2/2023 of 20 February on whistle-blower protection, which transposes Directive (EU) 2019/1937, and its operation is regulated in the Ethics Channel Regulation, which is currently being reviewed and adapted and which is discussed in more detail in *section 11.3. The Compliance area*.

All communications received through the Ethics Channel are reviewed by the Compliance Officer and the Board Secretariat, who report the content of these to **Compliance Committee**, previously known as the Ethics and Compliance Committee.

In 2025, we have established an additional measure to ensure the protection

of whistle-blowers, requiring that all notifications to the Compliance Committee be made anonymously.

We ensure the utmost reserve and confidentiality by this Committee and the Board Secretariat, along with impartial and independent management, with no reprisals against anyone who submits a query or report, whether formally or informally. Additionally, individuals can register their communication anonymously, as stipulated in the applicable external and internal regulations.

**ALL COMMUNICATIONS
RECEIVED THROUGH
THE ETHICS CHANNEL
ARE REVIEWED BY THE
COMPLIANCE OFFICER
AND THE BOARD
SECRETARIAT.**



11.1.3. OTHER POLICIES

Additionally, recognising the need to strengthen our commitment to ethical standards, we have developed corporate policies with a global scope, approved by the Board of Directors or the General Management, and made accessible on our internal website for all our staff, as well as externally when relevant to our stakeholders:

Conflict of Interest Prevention Policy

Its purpose is to develop the Code of Ethical Conduct in this area, with the aim of establishing the procedures to be followed in Arteché with regard to the prevention or, where appropriate, treatment of conflicts of interest in which the Group's professionals may find themselves in their relations with the Company, as well as with regard to conflicts that may arise with customers, suppliers and other stakeholders.

Corruption, Fraud and Bribery Prevention Policy

The objective of this policy is to establish a set of effective measures to prevent and, where applicable, detect and respond to any conduct involving corruption, fraud, or bribery in the private or public sector – whether national or international – including both those that may occur directly by Arteché personnel and indirectly through third parties acting as intermediaries (such as agents, distributors, consultants, or similar figures). It also sets guidelines for behaviour regarding the acceptance or offering of gifts or invitations, prohibiting any form of bribery.

Sustainability Policy ¹

The basic principles set out in this policy include transparency and good governance in relation to our corporate values. Additionally, the prevention of corruption and bribery is highlighted as a key objective of the sustainability and governance strategy.

Tax Policy

At the end of 2024, the Board of Directors approved the global Tax Policy for all Arteché companies. Its purpose is to establish a comprehensive framework and fundamental guidelines to govern all fiscal decisions and actions across Arteché's affiliated companies, ensuring responsible and transparent compliance with tax obligations.

The tax policy stems from our commitment to fulfilling our tax obligations as well as promoting sustainable development. The taxes and levies we pay in the countries where we operate constitute a significant contribution to public expenditure and a major contribution to society. This Policy is available on our internal and external website, accessible to all our stakeholders.

Policy on the Financial Reporting Internal Control System

In 2024, the Board of Directors of Arteché approved the SCIIF Policy, a framework with global scope that applies to all companies within the Arteché Group. The policy is publicly accessible on Arteché's website—both internally and externally—ensuring transparency for all stakeholders.

Through this Policy, the objectives, key roles and responsibilities, and the Internal Financial Reporting Control Framework are established, which include its design, implementation, operation, supervision, and updating.

The Policy is developed and complemented by specific policies that may be established in relation to certain risks, corporate functions or Arteché's business.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

1. More information in section 5.2. Climate change policies

Other policies approved by senior management and with global scope across the Artech Group, available on our internal website within the integrated management model, that contribute to the prevention of corruption incidents within the Group include the following:

- **Gift policy**, commercial and promotional gifts, hospitality and courtesies: aims to establish clear principles of behaviour in relation to their offer and/or acceptance
- **Donations and sponsorship policy**: establish basic criteria for donations, sponsorships or actions of a social nature
- **Policy on relations with public officials and authorities**: to guide the actions of the entire organisation and, in particular, of those who maintain relations with public officials or authorities – national or international – in order to prevent illegal practices, and to ensure transparency, institutional respect, and correctness in relations with public officials and authorities. In this way, we aim to ensure that all individuals at Artech, as well as third parties with whom we maintain business relationships, comply with international provisions regarding the prevention of corruption and bribery.

- **Public subsidies and Grants Policy**: To establish guidelines for the application, monitoring and management of public aid-subsidies, ensuring the fulfilment of the beneficiary's obligations and, in particular, to carry out the subsidised activity and justify its execution, as well as to establish homogeneous guidelines for the application, acceptance, execution, justification and financial management of public aid.
- **Travel policy**: clear principles of action in the contracting of travel, car hire and hotels in order to obtain the best prices while maintaining the necessary levels of quality and safety for the traveller, establishing reasonable spending criteria to ensure that our behaviour is in line with the principles of Artech's Code of Ethics

In addition, the People Policy² has a specific section on work ethics setting out the general principles of our code of conduct.

2. Further details can be found in section 8.1.1. General policies relating to own workforce



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

11.2. DEVELOPMENT OF CORPORATE VALUES

Arteche is a family-owned company with over 77 years of history, where our corporate culture is fundamentally based on **family values** and the humanistic vocation that stems from our Founding Principles of 1976.

This solid foundation is the compass that guides us into the future.

With the arrival of our **new 2024-2026 Strategic Plan, “Energizing Futures Together”**, a key opportunity arose to reflect on the purpose that defines our company and the values that define our identity. This plan sets out a clear roadmap of what we are committed to and by when, but it is our values that define how we achieve those goals, driving our motivation and talent.

It was in this context, while formulating the new strategic plan, that we conducted a global reflection on our culture, ensuring that both elements were aligned and mutually reinforced. As a family-owned company that has never lost its essence since its inception, we validated the values that represent us and have always represented. Proximity, Commitment, Trust and Perseverance are values deeply rooted in our identity and passed down through generations, driving every action we take.

To carry out the reflection process, we relied on a consulting firm with experience that assisted us in the implementation:

SAPIENS process: methodology created and developed together with elBulliLab and the elBullifoundation team.

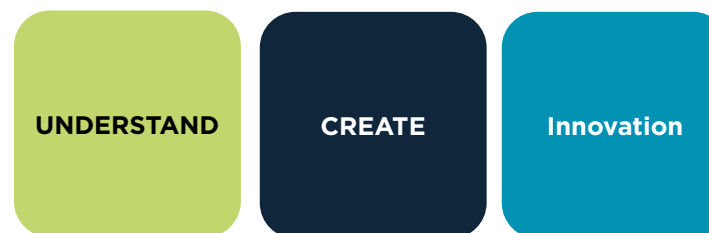
This methodology is designed to address processes of change and transformation, generate solutions, and manage innovation within organisations from a holistic perspective.

This process, which was previously carried out in 2021, was implemented through a collaborative approach involving a sample of 90 people from different regions, functions, genders, and age groups, as well as a selection of clients, suppliers, and Board members. It was conceptualised around the values of **Proximity, Commitment, Trust and Perseverance**, which today form the foundation of our organisational culture.

The roll-out of these values is primarily being conducted in person, through sessions where we share the process and create dynamics to facilitate understanding. At the end of 2024, we concluded the year with “Values Week,” a few days in which we strengthened our internal communications with videos, posters, interactive quizzes, and educational materials, which were shared both locally and globally. In 2025, we will continue the roll-out of these values through more in-person sessions and integration activities aimed at encouraging reflection and commitment.



Access the
Arteché Book.
History of
Business
Milestones



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

LEADERSHIP MODEL

Arteche's management team holds regular meetings to discuss the most relevant aspects of the organisation, including our corporate culture. These discussions, which take place at least twice a year, are essential to ensure that the company's values are aligned with the strategic plan, the leadership model and the evolving environment. **In these spaces, we also analyse how the values are being implemented in day-to-day practices and adjust strategies to promote cohesion and commitment across the organisation.** Arteche's management bodies play an essential role in promoting our corporate culture, not only by leading by example, but also by ensuring that our values are integrated into all organisational processes. **Additionally, as a family-owned company, management is fully aware of the importance of preserving and reinforcing these values as we grow and adapt to new realities.** This leadership commitment is also reflected in the update of our leadership model, to ensure that behaviours aligned with our values are consistently recognised and evaluated. In this way, Arteche's culture is not just a declaration of principles, but a living guide that is reflected in every decision and action.

In 2024, a development action was activated that focused on the importance of authenticity and coherence with Arteche's values when interacting and managing the different teams, conveying the importance of developing our own leadership style, solid and representative of our organisation.

To achieve this, with the support of an external consultancy, we began by observing behaviours and assessing their relevance to current needs through the following stages:

1. Individual online and in-person interviews with members of the Management Committee.
2. Relationship and communication style tests using the BRIDGE methodology.
3. Executive coaching processes.

The final outcome of this process, concluded at the end of the year, provided both an individual and collective vision for the team—essential for a corporate culture model in which values and behaviours radiate in a 360° manner from all levels of the organisation, starting with the leadership.

Throughout this process of reflection and value updating, we have implemented various tools and resources to ensure that our teams experience our culture in a tangible way.

We are also reviewing and strengthening our leadership model, to ensure that observable behaviours aligned with the values of Proximity, Commitment, Trust and Perseverance are assessed comprehensively. This approach aims not only to raise awareness among people at all levels of the organisation but also to ensure that the values are reflected in performance evaluations and decisions related to professional development within the company.

**PROXIMITY,
COMMITMENT, TRUST,
AND PERSEVERANCE:
THE VALUES THAT FORM
THE BASIS OF OUR
LEADERSHIP MODEL**

11.3 THE COMPLIANCE AREA

The Compliance function, led by the Chief Compliance & Sustainability Officer (CSO), reports hierarchically to the CEO and Chair of the Board, with the aim of providing the organisation with a fundamental support structure to ensure compliance with both current regulations and the Group's Code of Conduct, internal

This function has **autonomy and the authority to carry out its duties with objectivity, impartiality, and independence**. Additionally, it has the authority and legitimacy to request information at any time and access the records and documentation required for the performance of its function.

The **Compliance Committee is an autonomous and independent supervisory body** responsible for ensuring regulatory compliance. It also oversees the Corporate Compliance Programme and the responsibilities set out therein. The Committee may act on its initiative or at the request of any person subject to the Code. Its decisions are binding on the company and the employee.

The Board, the CSO and three members of Arteché's management are represented. Periodically, the CSO reports to the Board of Directors on all relevant issues related to business conduct to ensure that the organisation operates ethically, transparently, and in alignment with corporate values.

Additionally, the Board representative on the Compliance Committee reports regularly to the Audit and Compliance Committee on the matters addressed in said committee.

During 2024, the CSO has conducted **over 2,000 hours of training** on the Code of Conduct and Ethics Channel for the entire workforce, both in-person at the plants in Mexico, China, Turkey, and Spain (Munguía, Vitoria, and Madrid), as well as online sessions via Teams.

As part of our annual compliance training plan, we have conducted the 2024 training sessions, focusing on the dissemination of the Code of Conduct to ensure that all individuals working at Arteché are familiar with its fundamental principles.. The following relevant matters have been discussed in these sessions:

- Compliance function: objective, functions and internal control model
- Code of Conduct: what it is and to whom it applies
- How do we relate?
- How do we do business?
- Ethics Channel: Operations and Key Aspects
- Case studies: examples to better understand how we react to them

All training sessions are made available to 100% of the workforce, including the functions considered to be of higher risk.

In 2025, this initial training will be completed across all companies, and we will move on to the next level of more specific training based on the area/company and the risk analysis carried out.

APPLICABLE PROVISIONS

The Compliance area is subject to the applicable provisions of the Articles of Association, the Board of Directors' Regulations, and the Audit and Compliance Committee Regulations. External regulation is defined by the Committee of Sponsoring Organisations (COSO); OECD Recommendations; the UNE 19.600 standard on Compliance Management Systems, the UNE 19.601 on Criminal Compliance Management and the Circular 1/2016 of the State Attorney General's Office on Criminal Liability of Legal Entities; General Data Protection Regulation (GDPR); CSRD and Law 11/2018 on non-financial reporting and diversity and the Whistle-blower Protection Directive (Law 2/2023 of 20 February).

In order to reinforce our commitment to transparency, during 2024, we have worked on reviewing compliance documents, which are currently in the process of officialisation.

ETHICS CHANNEL REGULATIONS

The objective of the Ethics Channel Regulation is to establish the functioning of the Ethics Channel, a two-way communication tool through which all Arteché employees, as well as individuals connected to Arteché, can ask the company questions or report any violations related to the Code of Conduct, professional regulations, and, in general, all internal policies that govern the Group.

GUARANTEES FOR THE USE OF THE ETHICS CHANNEL

Confidentiality: When a potential irregularity is reported, whether anonymous or not, we ensure the utmost discretion and confidentiality of the complaint. We guarantee the confidentiality of personal data, both of the whistle-blower and the person being reported, as well as any other personal data accessed during the course of the investigation.

Objectivity and Impartiality: The Compliance Committee is responsible for ensuring objectivity and impartiality in the reception,

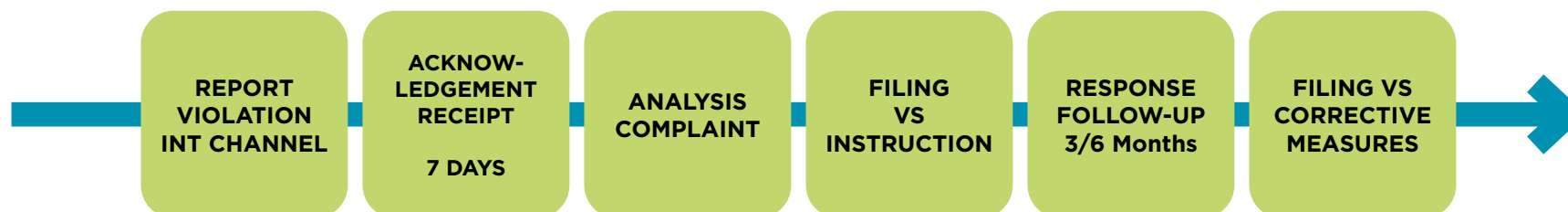
investigation, and, where appropriate, the adoption of corrective actions for any communication received through the Ethics Channel. We commit to responding to all communications received.

No Retaliation: We have a specific commitment to prohibiting retaliation against any individual who submits a formal or informal inquiry or report. Reporting a possible irregularity will never put at risk the professional development or any other condition of Arteché's people.

Principle of Truthfulness: We protect anyone who raises a concern in good faith, regardless of whether it is ultimately concluded that a breach of the Code has occurred or not.

Our Ethics Channel was updated in 2023 to align with the new Whistle-blower Protection Law, Law 2/2023, of 20 February.

Basic Ethics Channel Itinerary



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



11.4 COMPLIANCE RISKS

The Compliance function has worked on the development of a strategic tool that identifies and evaluates the risks associated with non-compliance with legal and regulatory requirements in the different countries where the company operates, as well as with internal regulations.

As the first step in the development of

this system, a **risk identification of the key regulations** affecting the company in each jurisdiction has been carried out. This will be reviewed and updated in 2025, and includes risks related to human rights, corruption, unfair competition, health and safety, among others.

In this context, special attention should be given to the criminal compliance risk management system implemented within the Group.

RISKS AND CRIME PREVENTION PROGRAMME

Our **Criminal Risk Management System (SGRP)**, established within the framework of the Crime Prevention Programme in our business operations, aims to prevent and mitigate the risk of criminal offences, ensuring compliance with the various legal frameworks where it has been implemented. Spain, Mexico and Brazil.

During the 2025 fiscal year, it is expected to extend the module to other geographies where the Group is present, according to the analysis carried out by the Compliance department.

Through this **Crime Prevention Programme**, we seek to prevent conduct by the management team, employees, collaborators, or any person acting under Artech's direction or authority that could lead to the potential criminal liability of the Group.

This programme includes the management commitment, the organisational model detailing the allocation of professionals, job descriptions with responsibility for the Crime Prevention Programme, and various policies and procedures.

In this context, in line with the **governance model of the Crime Prevention Programme**, the **identification and assessment of criminal risks is carried out by each functional area in the first instance**, the identification and evaluation of criminal risks is carried out by each functional area, in the first instance, with the aim of determining which are the most exposed risks for each of them. Subsequently, the Compliance function, advised by the legal area, evaluates the global and consolidated picture of Artech's risk map and establishes adapted action plans, including training aimed at the functional areas based on their exposure to risk.

In this regard, specifically concerning corruption and bribery, the purchasing and commercial departments, in general, and their directors, in particular, are typically considered the most exposed, due to their close relationship with suppliers and customers. However, the controls and prevention measures implemented have managed to mitigate these risks, which are not considered high either for Artech or for the functional areas.

OUR CRIMINAL RISK MANAGEMENT SYSTEM AIMS TO PREVENT AND REDUCE THE RISK OF COMMITTING OFFENCES.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



11.5 MANAGEMENT OF SUSTAINABILITY IMPACTS, RISKS, AND OPPORTUNITIES IN THE SUPPLY CHAIN.

At Artech, we adopt a comprehensive management approach for our relationships with suppliers, considering the risks associated with the supply chain, such as financial risks and ESG impacts. To assist us in these tasks, we use advanced software, **GoSupply**, which allows us to efficiently monitor and manage these risks.

At Artech, we segment our suppliers based on their importance for the continuity of the business. This segmentation is done by considering at least all suppliers who make up 80% of the group's purchases, classifying them according to their level of importance:

- **360°:** Critical suppliers who must complete a comprehensive ESG questionnaire.
- **180°:** Intermediate suppliers, for whom GoSupply provides a score determined by an algorithm that has been empirically proven to be reliable.
- **Elementary:** Other suppliers

The use of GoSupply provides us with several key benefits:

- **Risk Management:** It facilitates the identification and mitigation of risks in the supply chain, contributing to the stability and resilience of our operations.
- **Continuous Monitoring:** It allows us to continuously monitor our most important suppliers, ensuring they comply with our ESG criteria.
- **Operational Efficiency:** It automates and optimizes supplier management processes, reducing the time and resources needed for these tasks.
- **Transparency and Traceability:** It provides a clear and detailed view of our suppliers' practices, and promotes transparency and continuous improvement throughout the supply chain.
- **Alignment with our code of ethics:** the business partners whose questionnaire is published have actively expressed their alignment with our code of ethics, which is a fundamental requirement in relations with our suppliers as stated in our General Conditions of Purchase.

Whenever possible, we incorporate social and environmental criteria in the selection of our supply chain partners. This involves adding relevant clauses to tender specifications, ensuring suppliers meet both technical and economic requirements, as well as our promoted social and environmental standards."

At Artech, we actively work to ensure that the majority of our suppliers are monitored in GoSupply, allowing us to identify improvement actions for their ESG scores.

With regard to the management of criminal and financial information risks, the Group's integrated management system has defined internal regulations for the purchasing process, which include controls on the awarding of products to suppliers for both direct and indirect purchases, the placing of orders, and the subsequent management of the recording of invoices and payment.

These internal regulations are reviewed by the internal audit area to verify that they are correctly applied in the group's day-to-day operations.

**WE ACTIVELY WORK
TO ENSURE THAT
THE MAJORITY OF
OUR SUPPLIERS ARE
MONITORED IN
GO SUPPLY**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

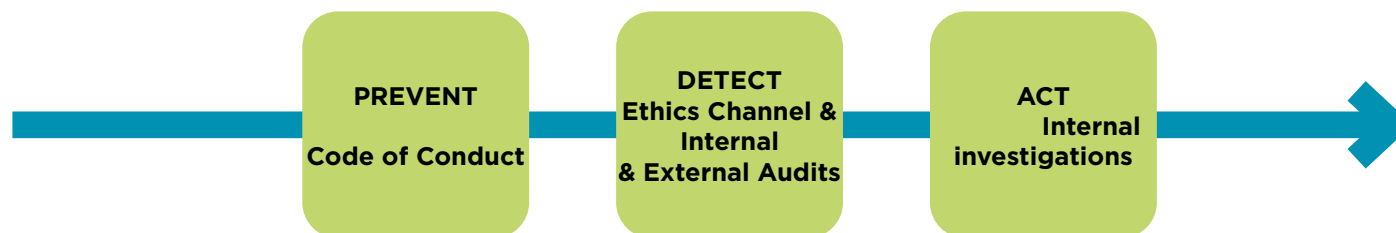
+

11.6 CORRUPTION AND BRIBERY PREVENTION

At Artech, we have implemented specific procedures and policies to prevent, detect, and act upon potential cases of corruption and bribery, as detailed in *section 11.1. Strategy*. The main tool in this area is the Anti-Corruption, Fraud, and Bribery Prevention Policy, which applies to all individuals within Artech, as well as to third parties with whom we engage in business activities. This includes those who act as intermediaries, collaborate, or participate in business on behalf of Artech. This policy has been approved by the General Management and is available on our Intranet within the Integrated Management Framework.

Our system for preventing, detecting, investigating, and acting on cases of corruption and bribery is the same as for any other legal or misconduct behaviour outlined in *Section 11.3.* of our Code of Conduct. *The Compliance Department.*

Once a potential case of corruption or bribery is detected, an internal investigation is initiated, carried out by the CSO or internal auditor. The facts are examined, evidence gathered, and interviews conducted with those involved. If corruption or bribery is confirmed, proportionate disciplinary measures are applied based on the severity of the misconduct. This may include sanctions, dismissals, and even legal actions if necessary.



Artech Group maintains a “zero tolerance” policy towards corruption in all its forms, prioritising ethical integrity over any potential business advantage for the Group or its professionals.

The process of communicating results within the company involves the collection of both quantitative and qualitative data, analysis, report preparation, and presentation of the findings to the relevant administrative and supervisory bodies. This enables informed decision-making and ensures that all levels of the organisation are aligned with the company’s objectives and challenges.

**ARTECHE GROUP EXPRESSES A “ZERO TOLERANCE”
POLICY TOWARDS BUSINESS CORRUPTION IN ALL
ITS FORMS.**

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

11.7 KEY COMPLIANCE ACTIONS

Throughout the 2024 financial year, as part of our Risk and Crime Prevention programme, within the framework of the periodic verification and continuous improvement to which it must necessarily be subjected, we have proceeded to **the digitalisation of the criminal risk and control management system, together with the rest of the** together with the rest of Artech's risk models, with the aim of establishing a common methodology for identifying and assessing risks and improving the design and implementation of controls and action plans.

This risk management tool has allowed a qualitative leap in the work we have been doing in previous years:

- **Identification and exploitation of synergies between risk management systems and controls, as well as with action plans designed for internal audit** between risk management systems and controls, as well as with action plans designed for internal audit.
- **Process optimisation:** identification and definition of workflows, including generation of tasks and alerts; and automation of the launch of new evaluation campaigns, increasing the efficiency of the procedure.

- **Design of the tool's governance model**, with limitation of access and visualisation based on the job functions and geographical location of each user.

- **Delivery of training sessions to detail and explain the technical and functional functioning of the tool, as well as training sessions at local level on** and explain the technical and functional functioning of the tool, as well as training sessions at local level on criminal matters and individual advice to evaluators and validators in the development of the evaluation.

Additionally, we plan to continue strengthening the global control environment of the criminal risk management system, including those related to corruption and bribery, both through monitoring of controls and extending and adapting the model to other geographies that, based on the risk analysis conducted by the compliance function, need to be incorporated into the risk evaluation dynamics. This initiative has already been planned in the annual compliance plan for the upcoming fiscal year, with a budget allocation approved by the CEO.

It should also be noted that, from the **the internal audit area** area, and based on the priorities agreed with the Group's governing bodies, includes in its annual planning reviews of the criminal risk management model and, in particular, of the effectiveness of the associated controls. This initiative is planned and approved by the Audit and Compliance Committee for the year 2025. The weaknesses identified from the audit are discussed with the responsible parties, and an action plan with an implementation timeline and designated responsibility is agreed upon to allow for periodic monitoring of the progress.

These action plans, as well as those resulting from other audits conducted on the risk management systems and controls, are reported semi-annually to the Audit Committee via a dashboard, as part of our commitment to continuous improvement and achieving the lowest possible risk level.

The Reporting dashboard is updated twice a year with the follow-up on the recommendations made. Each action listed in the report is classified into three states: completed, in progress, or not started.

This way, the Audit Committee can assess the progress made on the agreed action plans.

Specifically, in terms of criminal risks, including those linked to corruption and bribery, the thorough monitoring by the Committee and subsequently by the Board is evidence of our zero-tolerance approach to such behaviour, providing the necessary means to prevent them from occurring within the Group and sending a clear message of rejection to all individuals who are part of Artech.

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

TRAINING COURSES

In addition to the trainings on the Code of Conduct mentioned in *paragraph 11.3*, the following sessions have been conducted:

Training conducted in EMEA:

- Course on the Organic Law on Data Protection: a reminder of the basic concepts of the application of the LOPD, as well as practical cases that may arise in our day-to-day lives. Directed at all office personnel in Spain (national regulations).
- Archer GRC course: on the functioning of the new risk management tool, in particular the compliance module. Directed at all individuals listed as evaluators or validators in the compliance module in the regions where the SGRP system is currently implemented. Spain, Mexico and Brazil.
- Course on international sanctions: awareness of the importance of prevention in contracting with third parties in the area of international sanctions, introduction of basic concepts, review of the procedures to be followed by the areas involved and, in general, practical applicability on a day-to-day basis. Directed at personnel involved from the functional areas affected (purchasing, sales, finance, human resources, R&D, compliance) in Spain.

Training conducted in Mexico:

- Scope of internal control: The course covered the regulations applicable to AUSA personnel as part of ARTECHE (including, in general, the organisation's Mission, Vision, and Values, the Code of Conduct, documents in the integrated management model, and local laws). It particularly addressed provisions of the Code of Conduct and the ethics channel. It was delivered once (November 2024) to AUSA personnel.
- Scope of internal control and offences that can be committed by the legal person: In general terms, the course addressed the rules applicable to ANA and ACP staff as part of ARTECHE (ARTECHE's Mission, Vision and Values, Code of Conduct, documents contained in the integrated management model and laws of the territory). Additionally, detailed discussions were held on crimes that Mexican legal entities may commit through their employees (according to local legislation) and their consequences. The crimes were correlated with provisions from ARTECHE's Code of Conduct. This course was delivered three times to ANA personnel (during September and October 2024).

Training conducted in Brazil:

- Annual data protection training - throughout 2024;
- When the ARCHER is implemented - a talk on crime - in October 2024;
- 2 formations of moral, sexual harassment and homophobia - in December 2024.

Training sessions in this area will continue in 2025 to ensure the Group's knowledge, understanding and compliance with regulations.

No incidents have occurred regarding the violation of applicable regulations to the Group in the last 3 years (2024, 2023, and 2022). Specifically, we have not been subject to convictions or sanctions for violating the applicable anti-corruption and anti-bribery legislation.



APPENDICES





	Disclosure Requirements	
A1. Table of Contents	IRO-2	168
A2. Contact channels		181
A3. Key Publicly Funded R&D Projects in 2024		181
A4. Environmental indicators	E1-6	182
A5. People indicators and value chain		183
A6. Tax information		187
A7. EU Taxonomy Templates		188



A1. TABLE OF CONTENTS

NON-FINANCIAL INFORMATION AND DIVERSITY INDEX REQUIRED BY LAW 11/2018

Question	Definition	Reporting framework	Reference	Comments/ Reason for Omission
Business Model	Description of the business model: - Business environment - Organisation and structure - Markets in which it operates - Objectives and strategies - Main factors and trends that may affect its future development	ESRS 2 SBM-1	10-17	
Policies and policy outcomes	Description of the policies applied by the group and the results of those policies, including relevant non-financial key performance indicators	ESRS 2 MDR-P and corresponding thematic ESRS	18	
Main risks and impacts identified	Main risks related to these issues and related to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse effect on these areas.	ESRS 2 SBM-3 and corresponding thematic ESRS	53-58	
Indicators relating to EU Taxonomy	Qualitative and quantitative indicators related to the EU Taxonomy regulatory framework	Regulation (EU) 2020/852 and associated delegated regulations	63-74, 188-192	
Information on environmental issues				
Environmental management	Current and foreseeable effects of the company's activities	ESRS 2 SBM-3 and related thematic standards	75, 92, 97	
	Environmental assessment or certification procedures	E1-3, E2-2	80, 94	
	Resources dedicated to environmental risk prevention	E1-3, E2-2, E5-2	84, 94	
	Application of the precautionary principle	E2-2, E5-2	93	
	Amount of provisions and guarantees for environmental risks	E2-2	96	
Pollution	Measures to prevent, reduce or remedy air pollutant emissions (also includes noise and light pollution)	E2-2	93-94	
Circular economy and waste prevention and management	Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	E5-2	103	
	Actions to combat food waste	ESRS 1 3.2 Significant materiality issues and the relative importance of the information		It is not a material issue
Sustainable use of resources	Water consumption and water supply according to local constraints	E3-4	182	
	Consumption of raw materials	E5-4	106	
	Direct and indirect energy consumption	E1-5	87	
	Measures taken to improve energy efficiency	E1-3	80-81	
	Use of renewable energies	E1-5	87-89	



Question	Definition	Reporting framework	Reference	Comments/ Reason for Omission	
Climate Change	Important elements of generated greenhouse gas emissions	E1-6	88-91		I
	Measures adopted to adapt to the consequences of climate change	E1-3	84		1
	Voluntary reduction goals	E1-4	76-77		2
Biodiversity protection	Measures taken to preserve or restore biodiversity	E4-3	51-52		3
	Impacts caused by activities or operations in protected areas	ESRS 2 IRO-1, SBM-3	51-52		
Information on social and personnel issues					
Employment	Total number and distribution of employees by gender, age, country, and professional category.	S1-6	133, 183		E
	Total number and distribution of types of employment contracts	GRI 2-7, 405-1	183		4
	Average annual number of permanent, temporary and part-time contracts by gender, age and occupational category	GRI 405-1	184		5
	Number of redundancies by gender, age and professional category	GRI 401-1	185		6
	Wage gap	S1-16	135		7
	Average remuneration by gender, age and professional category	S1-16	185		S
	Average directors' remuneration by gender	GRI 405-2	185		8
	Average Executive Remuneration by Gender	GRI 405-2	185		9
	Implementation of work disengagement policies	S1-1	116		10
	Employees with disabilities	S1-12	128		
Work organisation	Organisation of working time	S1-1, S1-15	115-116		
	Number of absence hours	Internal framework: Absenteeism rate	184		
	Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents	S1-15	115, 119		
Health and safety	Health and safety conditions at work	S1-14	118, 125-127		
	Number of accidents at work and occupational diseases by gender, frequency and severity rate by gender	S1-14	186		
Social relations	Social Dialogue Organisation	S1-2, S1-8	120		G
	Percentage of workforce covered by collective bargaining agreements by country	S1-8	133		
	Taking stock of collective agreements, particularly in the field of occupational health and safety at work	S1-8, S1-14	120		11
	Mechanisms and procedures that the company has in place to promote workers' involvement in the company's management in terms of information, consultation and participation.	S1-2, S1-8	120-124		+
Training	Policies implemented in the field of training	S1-1	131-132		
	Total number of training hours per professional category.	S1-13 GRI 404-1	184		
Universal accessibility for people with disabilities		S1-4 S1-12	128		



Question	Definition	Reporting framework	Reference	Comments/ Reason for Omission	
Equality	Measures taken to promote equal treatment and opportunities for women and men	S1-4 S1-9	128-130		I 1
	Equality plans measures to promote employment, protocols against sexual and gender harassment.	S1-1 S1-4 S1-9	119, 128-130		2
	Integration and universal accessibility for people with disabilities	S1-4 S1-12	128		3
	Anti-discrimination and, where appropriate, diversity management policy	S1-1	119		E
Information on respect for human rights					
Implementation of human rights due diligence procedures		ESRS 2 GOV-4	31		4
Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses committed		S1-4, S2-4, S3-4, G1-1	137,139,144, 153		5
Complaints of human rights violations		S1-17, S2-4, S3-4	137		6
Promotion and enforcement of the provisions of the ILO core conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour		S1-1, S2-1	137		7
Information relating to the fight against corruption and bribery					
Measures taken to prevent corruption and bribery		G1-3	163		S
Measures to combat money laundering		G1-3	187		8
Contributions to foundations and non-profit organisations		GRI 413-1	146		9
Company information					
Company commitments to sustainable development	Impact of the company's activity on employment and local development	ESRS 2 SBM-3, S3-1	144-149		10
	Impact of the company's activity on local populations and the territory				11
	Relations with local community actors and the modalities of the dialogue with them	ESRS 2 SBM-2			
	Partnership or sponsorship actions	GRI 413-1	146		
Subcontracting and suppliers	Inclusion of social, gender equality and environmental issues in procurement policy	S2-1, G1-2	162		G
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	S2-2, S2-3, S2-4, G1-2	162		
	Monitoring and audit systems and audit results	G1-2	186		
Consumers	Consumer health and safety measures	S4-1, S4-4	186		
	Complaint systems	S4-3	186		
	Complaints received and resolution of complaints	S4-2, S4-3	186		
Tax information	Country-by-country benefits		187		
	Taxes on profits paid	GRI 207-4	187		
	Public subsidies received	GRI 201-4	187		



TABLE OF CONTENTS OF THE MATERIAL DISCLOSURE REQUIREMENTS INCLUDED IN THIS REPORT

Material disclosure requirement			Section of the report	Page
ESRS 2 General Information				
Basis for Report Preparation	BP-1	General basis for the elaboration of the sustainability statement	General information/Basis for preparation	9
	BP-2	Information relating to specific circumstances	General information/Specific circumstances	9
Governance	GOV-1	The role of administrative, management and supervisory bodies	2. 2. Governance, Management and Oversight Bodies	22-28
	GOV-2	Information provided to administrative, management and supervisory bodies	2. 2. Governance, Management and Oversight Bodies	29
	GOV-3	Integration of Sustainability Performance in Incentive Systems	2. 2. Governance, Management and Oversight Bodies	30
	GOV-4	Statement on due diligence	2.3. Due Diligence and Sustainability Risk Management Processes	31
	GOV-5	Risk management and internal controls over sustainability disclosures	2.3. Due Diligence and Sustainability Risk Management Processes	34-35
Strategy	SBM-1	Strategy, business model and value chain	1. Business Model	10-17
	SBM-2	Stakeholders' interests and views	3.3. Stakeholder Management	47
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.4. Impact, Risk and Opportunity Management	53-60
Impact, Risk and Opportunity Management	IRO-1	Description of the processes for identifying and assessing material impacts, risks and opportunities	3.4. Impact, Risk and Opportunity Management	48-52
	IRO-2	Disclosure requirements established in the ESRS covered by the company's sustainability statement.	Appendix 1. Table of Contents	171-180
ESRS E1: Climate Change				
Governance	ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	2.2. Governance, Management and Oversight Bodies	30
Strategy	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.4. Impact, Risk and Opportunity Management	59
	E1-1	Climate Change Mitigation Transition Plan	5.1. Climate Change Mitigation Transition Plan	76-77
Impact, Risk and Opportunity Management	ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	3.4. Impact, Risk and Opportunity Management	48-52, 75
	E1-2	Policies related to climate change mitigation and adaptation	5.2. Climate Change Policies	79
	E1-3	Climate Change Policy Actions & Resources	5.3. Climate Action Initiatives	80-84
Metrics and goals	E1-4	Policies related to climate change mitigation and adaptation	5.4. Energy and GHG Emission Metrics and Goals	85-86
	E1-5	Energy consumption and mix	5.4. Energy and GHG Emission Metrics and Goals	87
	E1-6	Scope 1, 2 and 3 gross GHG emissions and total GHG emissions	5.4. Energy and GHG Emission Metrics and Goals Appendix 4. Environmental indicators	88-91



Material disclosure requirement			Section of the report	Page	
ESRS E2: Pollution					
Impact, Risk and Opportunity Management	ESRS 2 IRO-1	Description of the processes for identifying and assessing material pollution incidents, risks and opportunities	3.4. Impact, Risk and Opportunity Management	48-52, 92	1
	E2-1	Pollution-related policies	6.1. Pollution Prevention Strategy	93	2
	E2-2	Pollution Control Measures & Resources	6.2. Actions Related to Pollution Prevention	94-95	3
Metrics and goals	E2-3	Pollution-related goals	6.3. Pollution-related Metrics and Goals	96	3
	E2-5	Substances of concern and substances of very high concern	6.3. Pollution-related Metrics and Goals	96	3
ESRS E5: Resource Use & Circular Economy					
Impact, Risk and Opportunity Management	ESRS 2 IRO-1	Description of processes to identify and assess material impacts, risks and opportunities related to resource use and the circular economy	3.4. Impact, Risk and Opportunity Management	48-52, 97	4
	E5-1	Policies related to resource use and the circular economy	7.1. Strategy for Resource Management and Promotion of the Circular Economy	98	5
	E5-2	Resource Efficiency & Circular Economy Initiatives	7.2. Actions Related to Resource Use and the Circular Economy	99-103	6
Metrics and goals	E5-3	Goals related to resource use and the circular economy	7.3. Metrics and Goals Related to Resource Use and the Circular Economy	104-105	7
	E5-4	Resource Entries	7.3. Metrics and Goals Related to Resource Use and the Circular Economy	106	7
	E5-5	Resource outputs	7.3. Metrics and Goals Related to Resource Use and the Circular Economy	107-111	7
ESRS S1: Own workforce					
Strategy	ESRS 2 SBM-2	Stakeholders' interests and views	3.3. Stakeholder Management	47	8
	ESRS 2 SBM-3	Material issues, risks and opportunities and their interaction with strategy and business model	3.4. Impact, Risk and Opportunity Management	60	9
Impact, Risk and Opportunity Management	S1-1	Policies relating to own workforce	8.1. Strategy for managing impacts, risks and opportunities related to our people	115-119	10
	S1-2	Processes for collaborating with own employees and employee representatives on issues of concern	8.1. Strategy for managing impacts, risks and opportunities related to our people	120-124	10
	S1-3	Processes for redressing negative incidents and channels for own workers to voice their concerns	8.1. Strategy for managing impacts, risks and opportunities related to our people	123-124	11
	S1-4	Adoption of measures related to material incidents affecting own workforce, approaches to mitigate risks and take advantage of material opportunities related to own workforce, and the effectiveness of such actions.	8.2. Workforce-Focused Programs	125-132	11





Material disclosure requirement			Section of the report	Page
Metrics and goals	S1-5	Targets related to managing material negative events, driving positive events and managing material risks and opportunities	8.3. Metrics and goals related to our workforce	133-136
	S1-6	Characteristics of the company's employees	8.3. Metrics and goals related to our workforce	133
	S1-8	Coverage of collective bargaining and social dialogue	8.3. Metrics and goals related to our workforce	133
	S1-9	Diversity metrics	8.3. Metrics and goals related to our workforce	134
	S1-10	Adequate wages	8.3. Metrics and goals related to our workforce	135
	S1-13	Training and upskilling metrics	8.3. Metrics and goals related to our workforce	134
	S1-14	Health and safety metrics	8.3. Metrics and goals related to our workforce	136
	S1-16	Compensation metrics	8.3. Metrics and goals related to our workforce	135
	S1-17	Serious human rights-related incidents, complaints and serious occurrences	8.3. Metrics and goals related to our workforce	137
ESRS S2: Value Chain Workers				
Strategy	ESRS 2 SBM-2	Stakeholders' interests and views	3.3. Stakeholder Management	47
	ESRS 2 SBM-3	Material issues, risks and opportunities and their interaction with strategy and business model	3.4. Impact, Risk and Opportunity Management	60
Impact, Risk and Opportunity Management	S2-1	Policies related to value chain workers	Strategy for managing impacts, risks and opportunities related to workers in the value chain	139
	S2-2	Processes for Collaborating with Value Chain Workers on Incidents	9.1. Strategy for Managing Impacts, Risks and Opportunities Related to Workers in the Value Chain	140
	S2-3	Processes to Address Negative Incidents and Channels for Workers in the Value Chain to Express Their Concerns.	9.1. Strategy for Managing Impacts, Risks and Opportunities Related to Workers in the Value Chain	140
	S2-4	Implementation of: incident response protocols, value chain worker risk/opportunity management frameworks, effectiveness evaluations of all interventions	9.2. Value Chain Workforce Initiatives	141
Metrics and goals	S2-5	Goals related to negative incident management, positive incident momentum and management of material risks and opportunities	9.3. Metrics and Goals Related to Value Chain Workers	142
ESRS S3: Affected groups				
Strategy	ESRS 2 SBM-2	Stakeholders' interests and views	3.3. Stakeholder Management	47
	ESRS-2 SBM-3	Material issues, risks and opportunities and their interaction with strategy and business model	3.4. Impact, Risk and Opportunity Management	60,143
Impact, Risk and Opportunity Management	S3-1	Policies related to affected groups	10.1. Our commitment to the community	144
	S3-2	Processes to collaborate with affected groups on issues of concern	10.2 How do we Relate to our Communities?	145-146
	S3-3	Processes for redressing negative incidents and channels for own workers to voice their concerns	10.1. Our commitment to the community	144
	S3-4	Implementation of measures addressing material impacts on affected stakeholders, including risk management approaches and value-creation opportunities related to these groups, with evaluation of the effectiveness of such actions.	10.3 We Generate Positive Impacts on Society	147-149
Metrics and goals	S3-5	Goals related to negative incident management, positive incident momentum and management of material risks and opportunities	10.3 We Generate Positive Impacts on Society	149

I
1
2
3
E
4
5
6
7
S
8
9
10
G
11
+



Material disclosure requirement			Section of the report	Page
ESRS G1: Business Conduct				
Governance	ESRS 2 GOV-1	The role of administrative, management and supervisory bodies	2. 2. Governance, Management and Oversight Bodies	22-24, 29
Impact, Risk and Opportunity Management	ESRS 2 IRO-1	Description of the processes for identifying and assessing material impacts, risks and opportunities	3.4. Impact, Risk and Opportunity Management	48-52, 152
	G1-1	Corporate culture and corporate culture and business conduct policies	11.1. Corporate culture and business conduct management strategy 11.2. Development of Corporate Values	153-158
	G1-2	Supplier relationship management	11.5 Management of Sustainability Impacts, Risks, and Opportunities in the Supply Chain.	162
	G1-3	Prevention and Detection of Corruption and Bribery	11.6 Corruption and Bribery Prevention 11.7 Key Compliance Actions	163-165
Metrics and goals	G1-4	Confirmed Cases of Corruption or Bribery	11.7 Key Compliance Actions	165

- I
- 1
- 2
- 3
- E
- 4
- 5
- 6
- 7
- S
- 8
- 9
- 10
- G
- 11
- +



LIST OF DATA POINTS INCLUDED IN CROSS-CUTTING AND THEMATIC STANDARDS DERIVING FROM OTHER EU LEGISLATION

The following table addresses to the disclosure requirement set out in ESRS 2 IRO-2.

Disclosure requirement and associated data point	Reference to standards derived from other EU legislation ¹	Section of the report	Page
ESRS 2 General Information			
GOV-1 Gender diversity of the board paragraph 21(d)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 13 Table 1 of Annex 1 Regulation on Benchmark Indices: Commission Delegated Regulation (EU) 2020/1816, Annex II	2. 2. Governance, Management and Oversight Bodies	22
GOV-1 Percentage of board members who are independent, paragraph 21(e)	Regulation on Benchmark Indices: Commission Delegated Regulation (EU) 2020/1816, Annex II	2. 2. Governance, Management and Oversight Bodies	22
GOV-4 Due diligence statement paragraph 30	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 10 in Annex 1, Table 3	2.3. Due Diligence and Sustainability Risk Management Processes	31
SBM-1 Involvement in activities related to fossil fuel activities paragraph 40(d)(i)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 4 Table 1 of Annex 1 Reference to Pillar 3: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on environmental risk and table 2: Qualitative information on social risk Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	Not applicable	
SBM-1 Involvement in activities related to chemical production paragraph 40(d)(ii)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 9 Table 2 of Annex 1 Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	Not applicable	
SBM-1 Involvement in activities related to controversial weapons paragraph 40(d)(iii)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 14 Table 1 of Annex 1 Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	Not applicable	
SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40(d)(iv)	Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	Not applicable	
ESRS E1: Climate Change			
E1-1 Transition plan to achieve climate neutrality by 2050 paragraph 14	European Climate Law: Regulation (EU) No 2021/1119, Article 2(1)	5.1. Climate Change Mitigation Transition Plan	76-77

1. Reference to the Regulation on the disclosure of sustainability-related information in the financial services sector: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).
Pillar 3 reference: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation, "CRR") (OJ L 176, 27.6.2013, p. 1).
Reference of the Regulation on Benchmark Indices: Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1)
European Climate Legislation Reference: Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Legislation") (OJ L 243, 9.7.2021, p. 1).



Disclosure requirement and associated data point	Reference to standards derived from other EU legislation ¹	Section of the report	Page
E1-1 Enterprises excluded from benchmarks harmonised with the Paris Agreement paragraph 16(g)	Pillar 3 reference: Article 449(a) of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking portfolio – Transition risk related to climate change: credit quality of exposures by sector, emissions, and residual maturity. Regulation on benchmark indices: Delegated Regulation (EU) 2020/1818, Article 12(1)(d) to (g) and Article 12(2)	5.1. Climate Change Mitigation Transition Plan	76
E1-4 GHG emission reduction targets paragraph 34	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 4 Table 2 of Annex 1 Reference to Pillar 3: Article 449(a) of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking portfolio – Transition risk related to climate change: credit quality of exposures by sector, emissions, and residual maturity. Regulation on benchmark indices: Delegated Regulation (EU) 2020/1818, Article 6	5.4. Energy and GHG Emission Metrics and Goals	85
E1-5 Energy consumption from non-renewable fossil fuels, disaggregated by source (only sectors with high climate impact) section 38	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 5 Table 1 and Indicator n. 5 Table 2 of Annex 1	5.4. Energy and GHG Emission Metrics and Goals	87
E1-5 Energy consumption and mix paragraph 37	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 5 in Annex 1, Table 1	5.4. Energy and GHG Emission Metrics and Goals	87
E1-5 Energy intensity related to activities in sectors with high climate impact paragraphs 40 to 43	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 6 in Annex 1, Table 1	5.4. Energy and GHG Emission Metrics and Goals	87
E1-6 Gross GHG emissions of scope 1, 2 and 3 and total GHG emissions paragraph 44	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicators n. 1 and 2 Table 1 of Annex 1 Reference to Pillar 3: Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking portfolio – Transition risk related to climate change: credit quality of exposures by sector, emissions, and residual maturity. Regulation on benchmark indices: Delegated Regulation (EU) 2020/1818, Article 5(1) and Articles 6 and 8(1)	5.4. Energy and GHG Emission Metrics and Goals	88
E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 3 Table 1 of Annex 1 Reference to Pillar 3: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking Portfolio – Transition Risk Linked to Climate Change: Harmonisation Metrics Regulation on Benchmark Indices: Regulation (EU) No 2020/1818, Article 8(1)	5.4. Energy and GHG Emission Metrics and Goals	88
E1-7 GHG removals and carbon credits paragraph 56	European Climate Law: Regulation (EU) No 2021/1119, Article 2(1)	5.3. Climate Action Initiatives	81
E1-9 Exposure of the benchmark portfolio to physical weather-related risks paragraph 66	Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	Not applicable	
E1-9 Breakdown of monetary amounts for acute and chronic physical risks paragraph 66(a)	Pillar 3 reference: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5. Bank portfolio. Physical risk linked to climate change: exposures subject to physical risk.	Not applicable	
E1-9 Location of major assets exposed to significant physical hazards paragraph 66(c)			

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Disclosure requirement and associated data point	Reference to standards derived from other EU legislation ¹	Section of the report	Page
E1-9 Breakdown of the carrying amount of its real estate assets by energy-efficiency paragraph 67(c)	Pillar 3 reference: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; template 2: Banking portfolio - Transition risk linked to climate change: loans secured by real estate collateral - Energy efficiency of real estate collateral	Not applicable	
E1-9 Degree of exposure of the portfolio to climate-related opportunities section 69	Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1818, Annex II	Not applicable	
ESRS E2: Pollution			
E2-4 Quantity of each pollutant listed in Annex II of the European PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil, paragraph 28.	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 8 Table 1 of Annex 1, Indicator n. 2 Table 2 of Annex 1, Indicator n. 1 Table 2 of Annex 1, Indicator n. 3 Table 2 of Annex 1.	No material	
ESRS E3: Water and marine resources			
E3-1 Water and marine resources section 9	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 7 in Annex 1, Table 2	No material	
E3-1 Specific policies paragraph 13	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 8 in Annex 1, Table 2	No material	
E3-1 Sustainable management of oceans and seas paragraph 14	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 12 in Annex 1, Table 2	No material	
E3-4 Total water recycled and reused, paragraph 28(c)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 6.2 Table 2 of Annex 1	Annex 4	182
E3-4 Total water consumption in m3 per net revenue from own operations paragraph 29	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 6.1 in Annex 1, Table 2	No material	
ESRS E4: Biodiversity and ecosystems			
ESRS 2 - SBM-3 - E4 Section 16, point (a)(i)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 7 in Annex 1, Table 1	No material	
ESRS 2 - SBM-3 - E4 Section 16, point (b)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 10 in Annex 1, Table 2	No material	
ESRS 2 - SBM-3 - E4 Section 16, point (c)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 14 in Annex 1, Table 2	No material	
E4-2 Sustainable agricultural or land-use practices or policies paragraph 24(b)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 11 in Annex 1, Table 2	No material	
E4-2 Sustainable marine or ocean practices or policies paragraph 24(c)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 12 in Annex 1, Table 2	No material	
E4-2 Policies to address deforestation paragraph 24(d)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 15 in Annex 1, Table 2	No material	
ESRS E5: Resource Use & Circular Economy			
E5-5 Non-recycled wastes paragraph 37(d)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 13 in Annex 1, Table 2	7.3. Metrics and Goals Related to Resource Use and the Circular Economy	111
E5-5 Hazardous waste and radioactive waste paragraph 39	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 9 in Annex 1, Table 1	7.3. Metrics and Goals Related to Resource Use and the Circular Economy	111



Disclosure requirement and associated data point	Reference to standards derived from other EU legislation ¹	Section of the report	Page
ESRS S1: Own workforce			
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 13 Table 3 of Annex I	No material	
ESRS 2 - SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 12 Table 3 of Annex I	No material	
S1-1 Human rights commitments paragraph 20	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 5 Table 3 and Indicator n. 5 Table 1 of Annex I	8.1. Strategy for managing impacts, risks and opportunities related to our people	117
S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	8.1. Strategy for managing impacts, risks and opportunities related to our people	117
S1-1 Processes and measures to prevent trafficking in human beings paragraph 22	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 11 Table 3 of Annex I	8.1. Strategy for managing impacts, risks and opportunities related to our people	117
S1-1 Workplace accident prevention policy or management system paragraph 23	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 1 Table 3 of Annex I	8.1. Strategy for managing impacts, risks and opportunities related to our people	118
S1-3 Complaint or grievance handling mechanisms paragraph 32(c)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 5 Table 3 of Annex I	8.1. Strategy for managing impacts, risks and opportunities related to our people	117
S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88(b) and (c)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 2 Table 3 of Annex I Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	8.3. Metrics and goals related to our workforce	136
S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88(e)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 3 Table 3 of Annex I	8.3. Metrics and goals related to our workforce	136
S1-16 Unadjusted gender pay gap and weighted average gender pay gap 97(a)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 12 Table 1 of Annex I Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	8.3. Metrics and goals related to our workforce	135
S1-16 Excessive CEO pay ratio paragraph 97(b)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 8 Table 3 of Annex I	8.3. Metrics and goals related to our workforce	135
S1-17 Incidents of discrimination paragraph 103(a)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 7 Table 3 of Annex I	8.3. Metrics and goals related to our workforce	137
S1-17. Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines paragraph 104(a)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 10 of Table 1 and Indicator n. 14 of Table 3 of Annex I Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)	8.3. Metrics and goals related to our workforce	137

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Disclosure requirement and associated data point	Reference to standards derived from other EU legislation ¹	Section of the report	Page
ESRS S2: Value Chain Workers			
ESRS 2 SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicators n. 12 and 13 Table 3 of Annex I	No material	
S2-1 Human rights commitments paragraph 17	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 9 Table 3 and Indicator n. 11 Table 1 of Annex 1	Strategy for managing impacts, risks and opportunities related to workers in the value chain	139
S2-1 Policies related to value chain workers paragraph 18	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicators n. 11 and 4 of Table 3 of Annex 1	Strategy for managing impacts, risks and opportunities related to workers in the value chain	139
S2-1. Violations of UNGC principles and OECD guidelines paragraph 19	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 10 Table 1 of Annex 1 Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II and Delegated Regulation (EU) 2020/1818, Article 12(1)	Strategy for managing impacts, risks and opportunities related to workers in the value chain	139
S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19	Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	Strategy for managing impacts, risks and opportunities related to workers in the value chain	139
S2-4 Human rights issues connected to its upstream and downstream value chain paragraph 36	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 14 in Annex 1, Table 3	No material	
ESRS S3: Affected groups			
S3-1 Human rights commitments paragraph 16	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 9 Table 3 and Indicator n. 11 Table 1 of Annex 1	10.1. Our commitment to the community	144
S3-1 Violations of UNGC principles, OLO principles and OECD guidelines paragraph 17	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 10 Table 1 of Annex 1 Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II and Delegated Regulation (EU) 2020/1818, Article 12(1)	10.1. Our commitment to the community	144
S3-4 Human rights issues and incidents paragraph 36	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 14 in Annex 1, Table 3	10.1. Our commitment to the community	144
ESRS S4: Consumers and end-users			
S4-1 Non-Compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines, Section 17.	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 10 Table 1 of Annex 1 Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II and Delegated Regulation (EU) 2020/1818, Article 12(1)	No material	
S4-4 Human rights issues and incidents paragraph 35	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 14 in Annex 1, Table 3	No material	

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



Disclosure requirement and associated data point	Reference to standards derived from other EU legislation ¹	Section of the report	Page
ESRS G1: Business Conduct			
ESRS G1-1 United Nations Convention against Corruption paragraph 10(b)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 15 in Annex 1, Table 3	No material	
ESRS G1-1 Whistle-blower protection paragraph 10(d)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 6 in Annex 1, Table 3	No material	
ESRS G1-4 Fines for violating anti-corruption and anti-bribery laws, paragraph 24(a)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 17 in Annex 1, Table 3	11.7 Key Compliance Actions	165
ESRS G1-4 Anti-bribery and corruption standards paragraph 24(b)	Regulation on the disclosure of sustainability-related information in the financial services sector: Indicator n. 16 Table 3 of Annex 1 Regulation on Benchmark Indices: Delegated Regulation (EU) 2020/1816, Annex II	11.7 Key Compliance Actions	165

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

A2. CONTACT CHANNELS

Any queries related to this report can be made through the following channels:

- On the Group's website: www.arteche.com
- Reported through the Group's sustainability mailbox:
sostenibilidad@arteche.com
- Registered at the head office and corporate address of Arteche Lantegi Elkartea, S.A.:
Derio Bidea 28 48100 Mungia (Bizkaia)
T.: (34) 94 601 12 0

A3. KEY PUBLICLY FUNDED R&D PROJECTS IN 2024

Acronym	File No	Title	Level	Programme
LPIT	DF/2021/0021	LOW POWER INSTRUMENT TRANSFORMERS: Development of Low Power Instrument Transformers for Electrical Substations	PRIV	64 BIS - Bizkaia
DIGITAL TWIN	DF/2022/0018	Development of a Digital Twin for new IED platform		
AIRTP	DF/2023/0035	Non-SF6 Medium Voltage Transformer: Development of SF6-free Dry Insulated Voltage Instrument Transformers		
SEC2GRID	ZE-2022/00036	New smart electronics for a power grid safer from cyber-attacks	GV	HAZITEK
MERGOPTICO	Design and implementation of new control technology for high-voltage optical transformers	PRIV	Tax Lease - AEAT	



A4. ENVIRONMENTAL INDICATORS

Breakdown of GHG emissions by country (2024)

Country	Scope 1	Scope 2	Scope 3	Total
Argentina	215	436	23,735	24,386
Brazil	408	0	70,186	70,594
China	1,621	440	82,387	84,448
Spain	3,066	120	365,474	368,660
United States	0	0	125,246	125,246
Indonesia	142	502	32,827	33,470
Mexico	1,105	1,999	162,732	165,836
Turkey	2,649	0	265,663	268,311
Total	9,204	3,497	1,128,251	1,140,952

Water consumption

	2024	2023
Water consumption (m³)	32,119	29,670

Although no impacts, risks, or opportunities related to water have been identified, as it is neither part of the production process nor directly extracted, we conduct awareness campaigns among all personnel to encourage water conservation both within and outside the company. In 2024, water stress monitoring was initiated for all our sites. Additionally, we have participated in the CDP water questionnaire for the first time, achieving a B- score, which corresponds to the “Management” level.

Regarding the use of recycled water, our water supply is sourced from the various municipal networks where Artech Group companies operate. It is primarily used for human consumption and, to a lesser extent, for secondary purposes such as garden irrigation and building cleaning. Therefore, large-scale reuse/recycling of water is not within our operational scope.

Restatements regarding the data published in 2023.

The following modifications have been made to the information contained in the Sustainability Report formulated and approved for the 2023 financial year:

Indicator	Unit	Amended information as at 31/12/2024	Information as at 31/12/2023	Reason for restatement
Scope 1 emissions	tCO2eq	8,927	2,040	Identification of additional emission sources, corrections detected during the verification process, and perimeter adjustments to ensure alignment with the financial statements.
Scope 2 emissions	tCO2eq	5,079	3,982	
Scope 3 emissions	tCO2eq	1,131,411	464,114	A change in the calculation methodology has been made, which was previously based on life cycle analyses of products. This has now been modified to calculate all categories within Scope 3 in accordance with the GHG Protocol.
Hazardous waste	tonnes	548,669	549,402	Adjustment of the perimeter to align with the financial statements, taking only 51% of our Vitoria plant into account.
Non-hazardous waste	tonnes	2,473	2,509	
Recycled waste	tonnes	1,621	1,656	
Waste sent to landfill	tonnes	1,189	1,191	
Total Waste Generated	tonnes	3,021	3,058	
Water consumption	m3	29,670	29,946	

Additionally, energy consumption has shifted from being expressed in volume or weight units (litres, m³, kg) to being expressed in megawatt hours (MWh) in accordance with the ESRS E1 standard. Similarly, raw material consumption has been expressed in weight units (tonnes) in accordance with the ESRS E5 standard, whereas in the 2023 report, it was expressed based on procurement expenditure (in euros).

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

TOTAL NUMBER AND DISTRIBUTION OF EMPLOYMENT CONTRACT TYPES BY GENDER, AGE, AND PROFESSIONAL CATEGORY

	Indefinite		Temporary		Total	
	2024	2023	2024	2023	2024	2023
Site Staff	1,210	1,379	172	221	1,382	1,600
Operational and Administrative Staff	172	323	30	16	202	339
Specialist Positions	158	598	6	16	164	614
Technical Positions	738	49	18	1	756	50
Management	169	153	0	-	169	153
Total	2,447	2,502	226	254	2,673	2,756
Men	1,817	1,850	156	182	1,973	2,032
Women	630	652	70	72	700	724
Total	2,447	2,502	226	254	2,673	2,756
< 30	359	431	113	134	472	565
30-50	1,532	1,594	90	100	1,622	1,694
> 50	556	477	23	20	579	497
Total	2,447	2,502	226	254	2,673	2,756

(*) In 2024, the professional categories have been adapted to reflect the actual composition of the workforce better.

(**) The number of part-time contracts is included alongside temporary contracts and is not broken down separately, as it is not considered material

*In the ACs, the number of people includes staff with scholarships, and the company Artech Hitachi Energy Instrument Transformer is reported at 51%

TOTAL NUMBER DISTRIBUTED BY COUNTRY

Country	Number Employees
Argentina	99
Australia	13
Brazil	128
China	239
Spain	793
Indonesia	99
Mexico	772
Turkey	498
USE	11
Other	20
Total	2,673



AVERAGE TOTAL AND DISTRIBUTION OF EMPLOYMENT CONTRACT TYPES BY GENDER, AGE, AND PROFESSIONAL CATEGORY

	2024			2023		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Site Staff	1,239	177	1,415	1,291	323	1,614
Operational and Administrative Staff	188	32	220	303	18	321
Specialist Positions	165	4	169	583	20	603
Technical Positions	721	17	738	47	-	47
Management	176	-	176	157	-	157
Total	2,488	230	2,718	2,381	361	2,742
Women	643	71	714	608	97	705
Men	1,845	158	2,003	1,773	264	2,037
Total	2,488	230	2,718	2,381	361	2,742
< 30	364	116	480	390	191	581
30-50	1,567	90	1,656	1,543	143	1,686
> 50	558	24	581	448	27	475
Total	2,488	230	2,718	2,381	361	2,742

(*) The average number of part-time contracts is included alongside temporary contracts and is not broken down separately as it is immaterial.

(**) In the ACs, the average number of people includes staff with scholarships, and the report reflects Artech Hitachi Energy Instrument Transformer at 51%.

TRAINING HOURS

	2024	2023
Site Staff	20,197	27,020
Operational and Administrative Staff	3,605	8,135
Specialist Positions	8,883	11,038
Technical Positions	30,977	27,343
Management	12,847	720
Total	76,508	74,255

(*) In 2024, the professional categories have been adapted to reflect the actual composition of the workforce better.

ABSENTEEISM

	2024		2023	
	Absenteeism Hours	% Absenteeism	Absenteeism Hours	% Absenteeism
Spain	90,707	7.93%	39,144	2.88%
Mexico	36,632	2.99%	19,313	0.98%
China	3,507	0.80%	6,704	1.60%
Argentina	8,163	3.28%	12,406	4.54%
Brazil	5,684	1.82%	4,954	1.62%
Turkey	57,496	6.85%	72,066	5.35%
Indonesia	10,888	0.20%	3,408	1.54%

The absenteeism hours reflect unplanned absences, with the exception of maternity/ paternity leave and union hours, which are not included in this indicator.

I
1
2
3
E
4
5
6
7
S
8
9
10
G
11
+



AVERAGE SALARIES BY GENDER, AGE, AND PROFESSIONAL CATEGORY

	MEN		WOMEN	
	2024	2023	2024	2023
< 30	19,618	9,590	19,717	9,823
30-50	36,871	23,558	32,885	20,360
> 50	51,234	37,871	50,376	30,641
Total	36,898	23,614	33,481	19,369

	MEN		WOMEN	
	2024	2023	2024	2023
Site Staff	24,412	14,851	17,953	8,839
Operational and Administrative Staff	23,446	20,694	23,400	21,521
Specialist Positions	38,682	30,910	40,004	29,232
Technical Positions	47,986	54,363	47,078	41,766
Management	110,929	84,526	91,778	71,477
Total	36,898	23,614	33,481	19,369

EXTENDED EXECUTIVE MANAGEMENT AVERAGE REMUNERATION

The average remuneration for the extended executive management team in 2024 was €110,000 for men and €92,000 for women (€84,000 and €72,000 respectively in 2023).

Extended senior management ¹is considered to include profiles that are one or two levels below the supervisory and management bodies.

1. It does not coincide with the senior management AC criterion which includes only members of the Group Steering Committee.

* AVERAGE BOARD REMUNERATION

The remuneration of the Board of Directors is included in Note 22.2 of Artech Group's 2024 Consolidated Annual Accounts. Due to confidentiality reasons, and as there were only two female directors, their average remuneration is not disclosed.

NUMBER OF DISMISSALS BY GENDER, AGE, AND PROFESSIONAL CATEGORY

DISMISSALS	2024	2023
Site Staff	191	1
Operational and Administrative Staff	21	7
Specialist Positions	15	16
Technical Positions	44	3
Management	7	7
Total	278	34
Women	88	11
Men	190	23
	278	34
< 30	91	2
30-50	153	19
> 50	34	13
	278	34

I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+



HEALTH AND SAFETY INFORMATION DISAGGREGATED BY GENDER.

	2024	2023
Frequency with sick leave rate (*)	5.50	11.56
Men	6.06	10.86
Women	3.94	13.75
Severity rate (**)	0.091	0.176
Men	0.107	0.178
Women	0.047	0.169

% men: 74% women: 26%

(*) Calculated as no. of incidents with sick leave * 1,000,000/no. hours worked.

(**) Calculated as no. of days lost * 1000/no. hours worked.

All accident data refer to both Arteché's direct employees and subcontracted personnel.

INFORMATION ON COMPLAINTS RECEIVED

	2024	2023
Complaints	1,715	1,883
Satisfaction surveys	2024	2023
Score	4.82	4.84
Number	291	277

Our continuous improvement management has enabled us to reduce the number of complaints received in 2024, despite a higher turnover, while maintaining a highly satisfactory level of customer satisfaction.

No instances of non-compliance related to the health and safety impacts of product and service categories have been recorded.

SUPPLIER AUDIT

During visits, audits, and performance evaluations of Grupo Arteché's suppliers, no suppliers were detected with forced or child labour operations. In these audits, aspects of the quality of production processes are checked, as well as aspects of the environment, occupational health and safety, and human rights.

I	
1	
2	
3	
E	
4	
5	
6	
7	
S	
8	
9	
10	
G	
11	
+	



I

1

2

3

E

4

5

6

7

S

8

9

10

G

11

+

A6. FISCAL AND GOVERNANCE INFORMATION

GOVERNMENT FINANCIAL ASSISTANCE

In thousands of Euros		2024	2023
Subsidies		1,317	784

The key R&D projects undertaken in 2024 with public funding support are listed in Section 3 of the Annex.

TAX CONTRIBUTION

		Europe	Mexico	Brazil	Argentina	China
Own Contribution	2024	13,259	6,942	2,709	698	1,428
	2023	11,346	3,768	1,249	821	1,242
Of which: Corporation tax	2024	930	4,232	342	-38	294
	2023	816	608	190	0	216
Third-Party Contribution	2024	10,287	3,880	3,013	941	212
	2023	8,350	3,271	2,228	110	449
Total (thousands €)	2024	23,547	10,821	5,722	1,639	1,641
	2023	19,696	7,039	3,477	931	1,692

		Australia	USA	Turkey	Indonesia	Total
Own Contribution	2024	9	1,565	4,847	174	31,631
	2023	59	1,665	2,144	124	22,419
Of which: Corporation tax	2024	0	1,421	0	77	7,258
	2023	0	985	93	0	2,907
Third-Party Contribution	2024	302	925	1,783	0	21,343
	2023	168	234	1,332	592	16,735
Total (thousands €)	2024	311	2,490	6,630	174	52,973
	2023	227	1,900	3,476	717	39,154

• Own contribution: corporation tax, social security, local taxes.

• Contribution by third parties: withholding taxes, value added tax.

*The profits obtained by country are detailed in the Annex of Arteché Group's 2024 Consolidated Annual Accounts

MEASURES TO COMBAT MONEY LAUNDERING

Although the Group's companies are not subject to Law 10/2010 on the prevention of money laundering and terrorist financing, and considering that Arteché has limited exposure to such risks, in 2024 we have developed an internal policy that reaffirms our firm commitment to integrity and transparency. This policy, applicable to all companies within the Group, is currently under review and approval.



A7. EU TAXONOMY TEMPLATES

RATIO OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES-DISCLOSURE FOR THE YEAR 2024

Financial year 2024			2024			Substantial contribution criteria					Criteria for 'Do No Significant Harm'											
Economic activities			Codes	Absolute turnover	Ratio of turnover year 2024	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Minimum guarantees	Proportion of taxonomy-aligned (A.1) or eligible activities (A.2), year 2023	Category (facilitating activity)	Category ("transitional activity")	
Text																						Thou-sands €
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (taxonomy-aligned)																						
Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electrical transmission and distribution that results in or facilitates a substantial contribution to climate change mitigation.			CCM 3.20 / CE 1.2	22,390	5.0%	S	N/EL	N/EL	N/EL	N	N/EL	S	S	S	S	S	S	S	0%	F		
Transmission and distribution of electricity			CCM 4.9	50,358	11.3%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	11.5%	F		
Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1)				72,748	16.3%	16.3%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	11.5%			
Of which: facilitators				72,748	16.3%	16.3%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	11.5%	F		
Of which: transitional				0	0%	0%														0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities)																						
						EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electrical transmission and distribution that results in or facilitates a substantial contribution to climate change mitigation.			CCM 3.20 / CE 1.2	368,884	82.4%	EL	N/EL	N/EL	N/EL	EL	N/EL								87.2%			
Manufacture of electrical and electronic equipment			CE 1.2	5,782	1.3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.3%			
Turnover from taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)				374,666	83.7%	82.4%	0%	0%	0%	1.3%	0%								88.5%			
A. Turnover from taxonomy-eligible activities (A.1+A.2))				447,414	100%	98.7%	0%	0%	0%	1.3%	0%								100%			
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																						
Turnover from taxonomy-eligible activities (B)				0	0%																	
Total (A + B)				447,414	100%																	

Ratio of turnover/total turnover		
	taxonomy-aligned by objective	taxonomy-eligible by objective
CCM	16.3%	98.7%
CCA		
WTR		
CE	0.0%	88.7%
PPC		
BIO		



PROPORTION OF CAPEX FROM TAXONOMY-ALIGNED PRODUCTS OR SERVICES - 2024 DISCLOSURE

Financial year 2024				2024		Substantial contribution criteria							Criteria of no significant harm ("Do no significant harm")									
Economic activities				Codes	CAPEX	Ratio of CAPEX year 2024	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Minimum guarantees	Ratio of taxonomy-aligned CAPEX (A.1) or taxonomy-eligible (A.2), year 2023	Category (facilitating activity)	Category ("transitional activity")
Text																						
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (taxonomy-aligned)																						
Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electrical transmission and distribution that results in or facilitates a substantial contribution to climate change mitigation.				CCM 3.20 / CE 1.2	229	1.1%	S	N/EL	N/EL	N/EL	N	N/EL	S	S	S	S	S	S	S	0%	F	
Transmission and distribution of electricity				CCM 4.9	5,247	25.4%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	121%	F	
CAPEX from Environmentally Sustainable Activities (taxonomy-aligned) (A.1)					5,476	26.5%	26.5%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	12.1%		
Of which: facilitators					5,476	26.5%	26.5%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	12.1%	F	
Of which: transitional					0	0%	0%						S	S	S	S	S	S	S	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities)																						
							EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								%		
Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electrical transmission and distribution that results in or facilitates a substantial contribution to climate change mitigation.				CCM 3.20 / CE 1.2	14,970	72.5%	EL	N/EL	N/EL	N/EL	EL	N/EL								87.9%		
Manufacture of electrical and electronic equipment				CE 1.2	196	0.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
CAPEX of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)					15,166	73.5%	72.5%	0%	0%	0%	0.9%	0%								87.9%		
A. CAPEX of taxonomy-eligible activities (A.1+A.2)					20,642	100%	99.1%	0%	0%	0%	0.9%	0%								100%		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																						
CAPEX of non-taxonomy-eligible activities (B)					0	0%																
Total (A + B)					20,642	100%																

Ratio of total CAPEX/total CAPEX		
	taxonomy-aligned by objective	taxonomy-eligible by objective
CCM	26.5%	99.1%
CCA		
WTR		
CE	0.0%	74.6%
PPC		
BIO		



PROPORTION OF OPEX FROM TAXONOMY-ALIGNED PRODUCTS OR SERVICES – 2024 DISCLOSURE

Financial year 2024	2024			Substantial contribution criteria						Criteria of no significant harm ("Do no significant harm")									
Economic activities	Codes	OPEX	Ratio of OPEX year 2024	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Climate change mitigation	Climate Change Adaptation	Water and marine resources	Pollution	Circular Economy	Biodiversity and ecosystems	Minimum guarantees	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OPEX, year 2023	Category (facilitating activity)	Category ("transitional activity")
Text		Thou-sands €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	%	F	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacturing, installation, and maintenance of high, medium, and low voltage electrical equipment for electrical transmission and distribution that results in or facilitates a substantial contribution to climate change mitigation.	CCM 3.20 / CE 1.2	500	3.4%	S	N/EL	N/EL	N/EL	N	N/EL	S	S	S	S	S	S	S	0%	F	
Transmission and distribution of electricity	CCM 4.9	1,343	9.1%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	9.8%	F	
CAPEX from Environmentally Sustainable Activities (taxonomy-aligned) (A.1)		1,843	12.5%	12.5%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	9.8%		
Of which: facilitators		1,843	12.5%	12.5%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	9.8%	F	
Of which: transitional		0	0%	0%													0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								%		
Manufacturing, installation, and maintenance of medium and high voltage measuring transformers, sensors, reclosers, auxiliary relays, and other equipment for the electrical grid.	CCM 3.20 / CE 1.2	12,598	85.7%	EL	N/EL	N/EL	N/EL	EL	N/EL								90.1%		
Manufacture of electrical and electronic equipment		266	1.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%		
CAPEX of taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		12,864	87.5%	85.7%	0%	0%	0%	1.8%	0%								90.2%		
A. CAPEX of taxonomy-eligible activities (A.1+A.2)		14,708	100%	98.2%	0%	0%	0%	1.8%	0%								100%		
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																			
OPEX of non-taxonomy-eligible activities (B)		0	0%																
Total (A + B)		14,708	100%																

Ratio of OPEX/total OPEX volume		
	taxonomy-aligned by objective	taxonomy-eligible by objective
CCM	12.5%	98.2%
CCA		
WTR		
CE	0.0%	90.9%
PPC		
BIO		



TABLE ON NUCLEAR AND FOSSIL GAS ACTIVITIES ACCORDING TO APPENDIX XII OF THE DR ON DISCLOSURE

Row	Nuclear energy activities	
1	The company carries out, finances, or is exposed to research, development, demonstration, and implementation of innovative electricity generation facilities that produce energy from nuclear processes with minimal fuel cycle waste.	No
2	The company engages in, finances, or has exposure to the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes such as hydrogen production, along with associated safety enhancements, utilising the best available technologies.	No
3	The company carries out, finances or has exposure to the safe operation of existing nuclear facilities that produce electricity or process heat, including for district heating purposes or industrial processes such as the production of hydrogen from nuclear energy and their safety upgrades.	No
Fossil gas activities		
4	The company carries out, finances or has exposure to the construction or operation of electricity generation facilities that produce electricity from gaseous fossil fuels.	No
5	The company carries out, finances or has exposure to the construction, renovation and operation of combined heat/cold and power generation facilities using gaseous fossil fuels.	No
6	The company carries out, finances or has exposure to the construction, renovation and operation of heat generation facilities producing heat/cooling from gaseous fossil fuels.	No

I

1

2

3

E

4

5

6

7

S

8

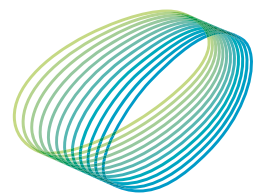
9

10

G

11

+



arteche