

Lontana  
Group

**NON-FINANCIAL  
INFORMATION  
STATEMENT**

**2023**

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# We are Lontana Group

## 1.1 About us

LONTANA GROUP is an industrial group founded in 1948 with a strong client focus.

During these 75 years, our group has faced challenges, and has grown and adapted to a constantly changing world.

The Group has stood out for its firm commitment to the development of corporate culture and for being able to generate prosperity and confidence in society by promoting the sustainable development of the industrial world.

We have managed to grow continuously, diversifying to become a global supplier of semi-processed metal products, fasteners and fixing systems.

The Group is divided into 5 business lines covering industries as diverse as construction, energy, industry, automotive, aeronautics, rail and shipbuilding.

The history of the Lontana Group combines entrepreneurship, culture, values, team closeness and long-term vision. We are committed to ongoing growth thanks to the ambition, effort, perseverance and professionalism of the team of people who make up Lontana Group.

We are made up of 1,034 professionals who, as a result of their successful management, have managed to continue making the Group's business sustainable and creating opportunities and challenges for the future in 2023.

WE ARE GOOD PEOPLE



**Felipe Villaño Cámara**  
Lontana Group CEO

## 1.2 2023 in numbers

Financial (million of €)	2023	2022	2021
BUSINESS NUMBERS	504.4	517.5	411.1
GROSS MARGIN	122.2	144.2	126.0
EBITDA	42.5	67.7	56.8
EBIT	36.7	62.3	51.6
PROFIT BEFORE TAX - PBT	31.5	61.8	49.5
NET ATTRIBUTABLE PROFIT	24.6	48.0	37.8

Social	2023	2022	2021
STAFF AT THE END OF THE YEAR	1034	969	951
FEMALE STAFF AT THE END OF THE YEAR	371	339	337
ABSENTEEISM RATE WA/OD	0.27%	0.37%	0.26%

Environmental		2023	2022	2021
WATER CONSUMPTION (M3)	L1,L2, Trápaga, Amorebieta, Vitoria, Barcelona, Logroño, Getafe, Valencia, Agoncillo	5269	4172	4123
ENERGY CONSUMPTION (KWH)	L1,L2, Trápaga, Amorebieta, Vitoria, Barcelona, Logroño, Getafe, Valencia, Agoncillo	3,257,410	3,221,940	3,174,968
KG GENERATED HAZARDOUS WASTE	L1,L2, Trápaga, Amorebieta, Vitoria, Barcelona, Logroño, Getafe, Valencia, Agoncillo	17,033	13,252	-
KG GENERATED WOOD WASTE	L1, L2, Trápaga, Vitoria, Barcelona, Logroño and Agoncillo	707,454	487,090	193,060
KG GENERATED PAPER AND CARDBOARD WASTE	L1, L2 Trápaga, Vitoria, Logroño, Agoncillo	378,056	320,981	368,003
KG GENERATED PLASTIC WASTE	L1, L2 Trápaga, Vitoria, Logroño, Agoncillo	73,714	61,283	67,443
KG GENERATED SCRAP	L1,L2, Trápaga, Amorebieta, Vitoria, Barcelona, Logroño, Getafe, Valencia, Agoncillo	1,927,982	1,987,071	1,962,454

## 1.3 Milestones in 2023

In 2023, we are still experiencing important developments both geopolitically and economically, where change and adaptation to change remain constant.

The world economy has maintained a slow recovery throughout the year after the Covid-19 pandemic, the Russian invasion of Ukraine, the effects generated by inflation and the beginning of the war between Israel and Hamas at the end of the year.

It has been a year of uncertainty, in which Lontana Group has had to make significant efforts to adapt to market conditions in a macroeconomic environment that was not at all favourable.

After a moderately optimistic start to the year in 2023, activity and profitability subsequently declined, particularly due to:

- Restrictive monetary policies to control inflation, which have led to a drop in activity and a rise in interest rates that have caused a deterioration in the financial results for the year.
- Markets with low activity or stagnation, as is the case in Germany.
- Ongoing fall in the prices of the most important raw materials for the group: copper, aluminium, nickel and steel.
- Tensions in demand and excess stocks in the market in some of the business lines.

Our balance for 2023, despite being below our initial forecasts, is positive regarding the Objectives set.

In the coming years, the Group's strategy will be guided by the need to attract more and better business and to focus on the added value of our products and our internal capabilities.

At Lontana Group, we remain committed to:

- Our expansion in international markets
- Further vertical integration
- Diversification into new product lines
- Expansion of our range
- Development of services
- Improving the effectiveness of processes.
- Digitalisation and artificial intelligence.
- People. Attracting and retaining talent, as well as having a people structure aligned with the needs of the business.
- Evolving to continue promoting healthy environments.

# Business Model

# 2

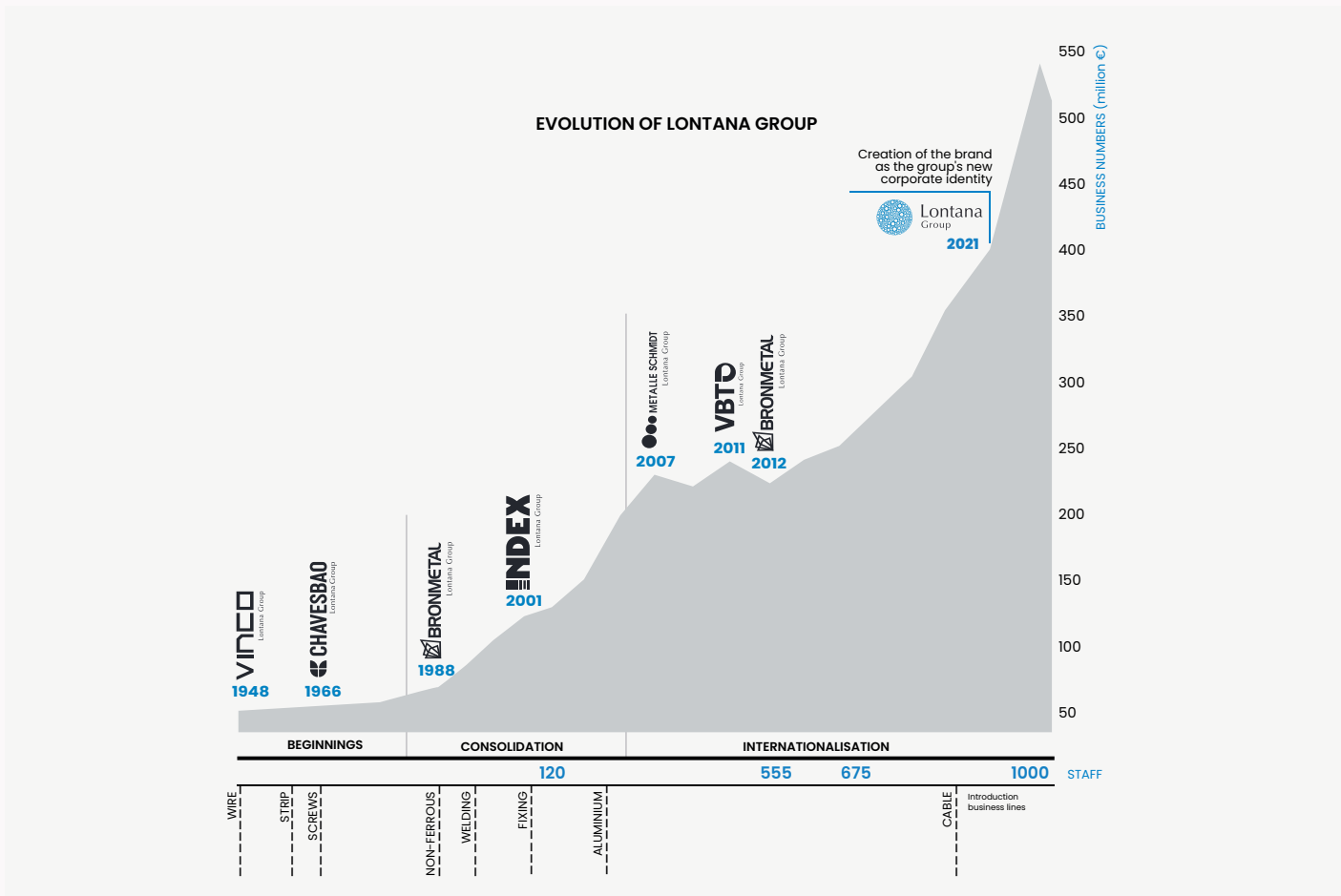
## 2.1 Our history

The Lontana Group began in 1948 with the incorporation of the company 'Vizcaína de Industria y Comercio, S.L.' (Vinco) focused on the wholesale trade of metals. In 1966, the business lines began to expand with the acquisition of a stake in 'Chaves Bilbao, S.L.' focused on the industrial supply of hardware items.

The consolidation of the Group in Spain after the incorporation of new product lines and inorganic acquisitions took place between 1985 and 2006. After this stage, a greater diversification of our business took place with the creation of new plants abroad, consolidating our internationalisation.

Over the last few years, Lontana Group has continued to make progress in the process of organising its governance structures based on principles of Good Corporate Governance focused on unlisted companies.







In 2023, actions have been deployed within the framework of the Group's sustainability master plan and with a focus on our Purpose. A process has also been initiated to accelerate growth, with an ambitious transformation plan in the core areas of the business.



## 2.2 Organisational structure and main lines of business

### 2.2.1 Organisational structure

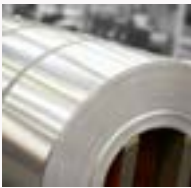




The Group currently consists of the parent company Lontana S.A. and the following subsidiaries.

Logo	Company name	Address	Business line
	<b>ALU-STOCK S.A.</b>	Vitoria-Gasteiz (Álava) SPAIN	• Aluminium
	<b>BILONTEC INDUSTRIAL S.L.</b>	Larrabetzu (Bizkaia) SPAIN	• R&D&I and property companies
	<b>CHAVES BILBAO S.L.</b>	Larrabetzu (Bizkaia) SPAIN	• Hardware and welding
	<b>INTERNATIONAL BRON METAL GmbH</b>	Ratingen GERMANY	• Non-ferrous metals (copper and alloys)
	<b>INTERNATIONAL BRON METAL S.A.</b>	Larrabetzu (Bizkaia) SPAIN	• Non-ferrous metals (copper and alloys)
	<b>METALLE SCHMIDT GmbH</b>	Ratingen GERMANY	• Strip, wire and cable
	<b>NINGBO LONDEX INDUSTRIAL CO. LTD.</b>	Cixi City CHINA	• Fixing • Strip, wire and cable
	<b>TÉCNICAS EXPANSIVAS S.L.</b>	Logroño (La Rioja) SPAIN	• Fixing
	<b>VBT INDUSTRIAL S.A. DE C.V.</b>	Celaya MEXICO	• Strip, wire and cable • Non-ferrous metals (copper and alloys) • Aluminium • Fixing
	<b>VIZCAÍNA DE INDUSTRIA Y COMERCIO S.L.</b>	Larrabetzu (Bizkaia) SPAIN	• Strip, wire and cable

## 2.2.2 Business lines

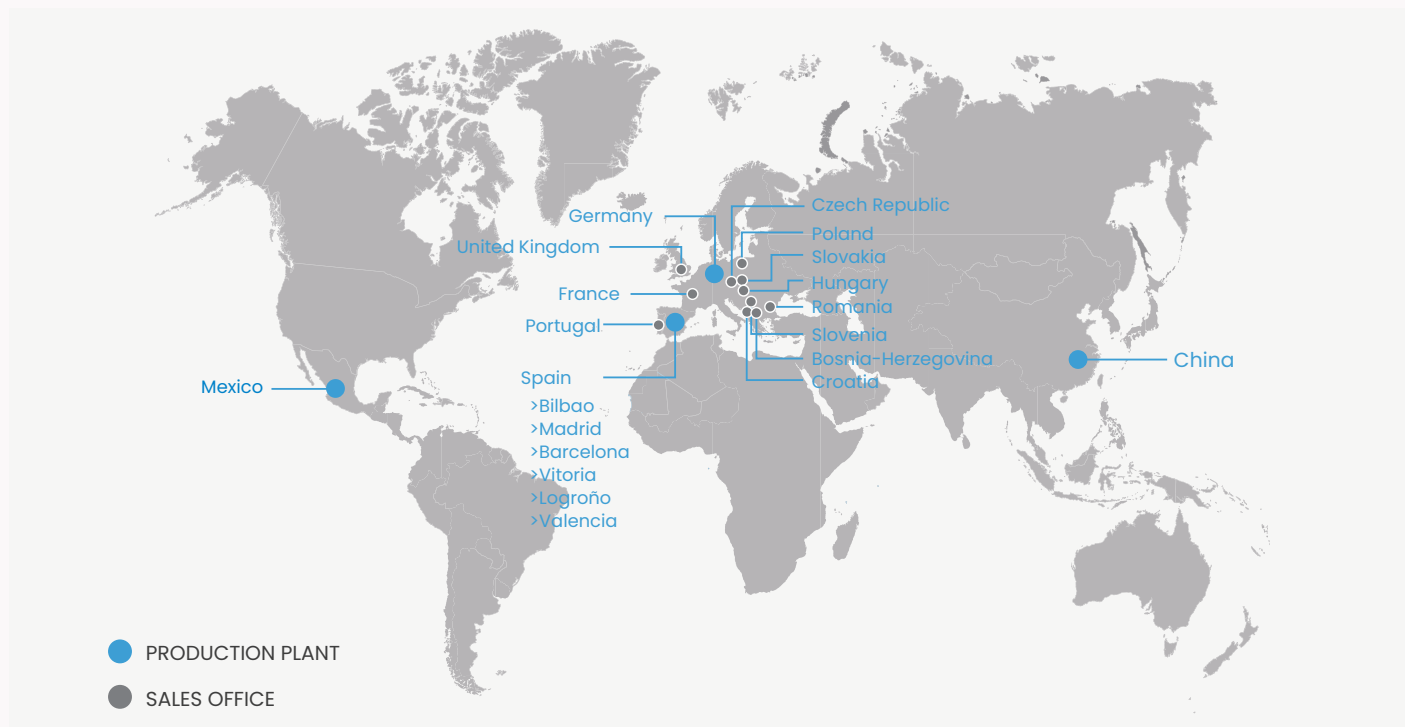
The companies of the Lontana Group offer a wide range of products as distributors, transformers and manufacturers. Their corporate purpose is the marketing of ferrous and non-ferrous metal products, as well as the manufacture and distribution of fasteners and fixing systems.

The main lines of business can be seen below, with the percentage they represent of the group's total volume of activity, the products they develop, the industries they serve and the evolution during the 2023 financial year.

Business line	Activity / Products / Industries	2023 Evolution	% Turnover over total Group
<b>STRIP, WIRE AND CABLE</b> 	<p><b>Activity:</b> Transformation and marketing.</p> <p><b>Products:</b> Strip, wire and cable.</p> <p><b>Industries:</b> Automotive, white and brown goods, electrical.</p>	<p>The performance of this business line fell short of expectations due to a complex market in terms of volumes as well as the downward trend in raw material prices. Both factors have contributed negatively to the overall performance of the global markets after the forecasts of demand recovery predicted for the end of the 2022 financial year were not met. The transfer of wire and cable products to new warehouses in Spain and Germany was completed without affecting clients.</p>	<b>25.7%</b>
<b>ALUMINIUM</b> 	<p><b>Activity:</b> Marketing.</p> <p><b>Products:</b> Industrial extrusion profiles, bars, tubes, pipes, discs and rolled products.</p> <p><b>Industries:</b> Industrial and manufacturing sectors, including construction, that need aluminium as a raw material for their processes.</p>	<p>In this line of business, two factors have conditioned the result. On the one hand, a substantial reduction in aluminium prices (LME) and product bases and, on the other, the capacity to partially compensate this fall with an increase in volume despite a relatively weak market. As a result, high stock turnover and renewal rates have been achieved, enabling us focus on 2024 with good expectations.</p>	<b>12.5%</b>
<b>NON-FERROUS METALS (COPPER AND ALLOYS)</b> 	<p><b>Activity:</b> Transformation and marketing.</p> <p><b>Products:</b> Plate, Bar, Sheet, Pipe, Tube, Strip, Cable.</p> <p><b>Industries:</b> Energy (electricity, renewables).</p>	<p>The copper price has been decreasing during the first half of 2023, correcting to a sideways chart during the second half. Combined with favourable demand, the results of the business line have been satisfactory. The general trend in the industries where we operate enable us to remain optimistic, despite the normalisation of electricity and gas prices.</p> <p>The development of higher value-added products is becoming more important and consolidates the profitability of the latest investments.</p>	<b>30.2%</b>
<b>FIXING</b> 	<p><b>Activity:</b> Manufacturing and marketing.</p> <p><b>Products:</b> Metal, chemical, plastic and direct fixing systems.</p> <p><b>Industries:</b> Hardware &amp; Industrial Supplies and Installation Systems.</p>	<p>In 2023, this business line once again surprised positively in all respects and made a key contribution to the Group's overall results. Demand responds favourably and we are able to defend adequate sales prices, despite the reduction in raw material prices. The development of new products and vertical integration in the production of certain strategic items are key for the future of this line.</p>	<b>18.9%</b>
<b>HARDWARE AND WELDING</b> 	<p><b>Activity:</b> Marketing.</p> <p><b>Products:</b> Screws, nuts, studs, threaded rods, washers, cable and lifting accessories, stainless steel screws, electrodes, welding wire and accessories.</p> <p><b>Industries:</b> White and brown goods, capital goods, medical mobility equipment, machine tools, electrical and electronics, medical applications and agriculture.</p>	<p>The sensitivity of the products in this business line to the raw material cost factor is substantial; in a bear market such as the one that has been maintained throughout 2023, it has significantly conditioned the obtained result.</p> <p>The focus on value-added industries partly makes up for this dependence, although certain industries where positions are being taken have been experiencing a situation of calm and relatively low demand.</p>	<b>12.7%</b>

## 2.3 Our presence in the world

The Group's main industrial facilities are located in Larrabetzu (Bizkaia), where Lontana S.A. has its registered and tax headquarters. In addition to its headquarters, it has industrial plants and sales offices in the following countries and Spanish cities:



Lontana Group currently distributes its products in over 113 countries on different continents, although most of its activity is located on the European continent. In 2023, the Group will reach an export share of 49.3%.

Countries	Business numbers (€)		Consolidated profit before tax (€)		Consolidated corporate income tax expense (€)	
	2023	2022	2023	2022	2023	2022
Spain	457,211,741	468,611,179	28,508,629	52,703,126	6,458,984	11,580,992
Europe	17,761,580	23,102,837	(120,510)	3,614,385	99,797	1,033,393
Outside the EU	29,419,809	25,798,895	3,109,692	5,516,369	385,152	1,233,500
<b>Total</b>	<b>504,393,130</b>	<b>517,512,911</b>	<b>31,497,811</b>	<b>61,833,880</b>	<b>6,943,933</b>	<b>13,847,885</b>

Note: The data is according to the origin of the sale (consolidated data).

Lontana Group has received subsidies in 2023 for a total of €402,647, broken down by company as follows:

Company	
Vizcaína de Industria y Comercio, S.L.	€101,239
Lontana, S.A.	€9052
Técnicas Expansivas, S.L.	€194,308
Other companies	€98,048
<b>Total</b>	<b>€402,647</b>

## 2.4 Our response to the current economic, social and industry environment

The global economy has maintained a slow recovery throughout 2023 after the Covid-19 pandemic, the Russian invasion of Ukraine and the inflation crisis.

There has been a near full recovery in the services industry and a return to normality in global supply chains.

However, growth is uneven and accompanied by a tightening of monetary conditions that haven't been seen in decades. The global slump in activity is considered to be over and inflation –both headline and core– is gradually moving towards target values.

In contrast, manufacturing indices in the Eurozone have remained low and reflect a lethargic situation in the old continent's industry.

The different speeds in the countries and industries where Lontana Group operates have also led to differential developments in our businesses.

The GDP of the Eurozone stagnated in the 4th quarter of 2023, with annual growth of only 0.5% and with differential values per country.

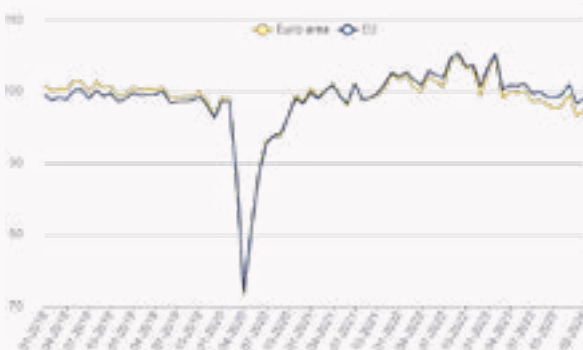
EUROZONE GDP (QUARTER-ON-QUARTER CHANGE %)



Source: CaixaBank Reserach, from Eurostat data. May 2024

In particular, industrial production has also suffered significantly, weighed down to a large extent by the situation in Germany.

EUROZONE INDUSTRIAL PRODUCTION



Source: Eurostat. Feb. 2024

All of this will have a considerable impact on the Group's growth and expansion capacity, as well as its ability to turn around an unfavourable price situation in an environment of high global inventories and contained demand.

The 2023 financial year has involved a significant effort to overcome the unfavourable situation we have faced in several business lines and products, largely conditioned by an unfavourable macroeconomic situation.

Remaining faithful to our commitment to ambitious sustainable growth and placing people at the centre of improvement have been key to driving mitigating actions over the past year.

We achieved results that were far from the previous year's numbers and the budget, although satisfactory in general terms.

In addition to the aforementioned weak situation in several of the markets where the Group operates and the sharp falls in raw materials, there is the not insignificant gradual rise in interest rates over the course of 2023.

The Group's outlook for 2024 is favourable, pointing to ambitious growth in our sales volume accompanied by higher profitability ratios. The improvement process in which we are immersed should enable a gradual transformation towards higher levels of excellence.

We will continue to promote sustainability in its four main areas:

- Economic and profitability.
- Governance.
- Social aspects.
- Care for the environment.

Our strategy aims to capture more and better business with a focus on the added value of our products, developing internal capabilities for:

- Our expansion in international markets.
- Further vertical integration.
- Diversification into new product lines.
- Expansion of our ranges.
- Development of services.
- Improving the effectiveness of processes.
- Evolving to continue promoting healthy environments.

# Sustainable Energy and Good Governance

## 3.1 Sustainable energy

Companies today face a more complex and challenging landscape than ever before, characterised by new risks, responsibilities and expectations in economic, social, environmental and governance matters.

In this context, the Lontana Group has defined and implemented a specific reflection process to define the Group's strategies and the key improvement objectives to achieve them.

This three-year planning is based on a management review of the 'Integrated Management System' in terms of achievements and improvements made.

An analysis of the company project is also undertaken in terms of the Purpose, Mission, Vision and Values that make up the identity of Lontana Group.

This analysis takes into account both internal and external views, to integrate all perspectives and ensure that the identification of new needs encompasses those of all stakeholders.

The new business context demands increasing transparency and commitment from organisations, which in practice translates into the need to comply with regulations that promote appropriate sustainability management, such as the European Directives on non-financial information and information for shareholders and investors or the framework established by the United Nations by means of the Sustainable Development Goals (SDGs).

Currently, Lontana Group has incorporated its own sustainability model into its corporate culture and business project (Purpose, Mission, Vision, Values and Value Proposition) by means of the 2022-2025 Master Plan, as a framework for action aligned with the group's business and management strategy.

*Lontana Group has a specific strategic process where we work on different points for the definition of the Group's Strategies with a three-year vision.*

The Sustainability Master Plan contains 36 initiatives linked to 3 strategic pillars: actions linked to Good Governance, actions linked to Management Strategies and actions linked to Sustainable Business Strategies, which have a direct impact on SDGs 3, 5, 8, 9, 12, 13 and 16 and an indirect impact on the others.

Each initiative is monitored by means of performance indicators (KPIs) that help us measure their success.

By implementing these initiatives, industrial companies contribute to sustainable economic growth, minimising our impact on the environment and improving our contribution to society.



The Appointments, Remuneration and Sustainability Committee of the Board of Directors oversees the established Sustainability Strategy and Master Plan, orienting the guidelines and objectives.

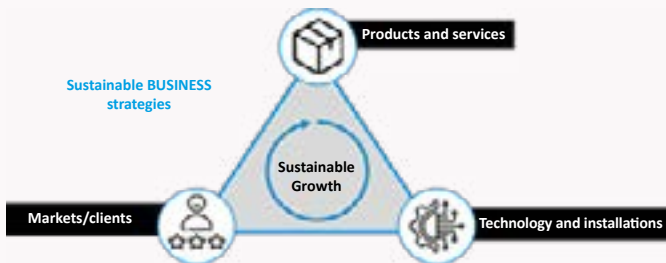
The Audit and Risk Committee oversees the sustainability reporting process and liaises with the sustainability information verifiers (NFIS).

At Lontana Group, we are confident that this will enable us to: maximise the value of our business, create a responsible business culture, safeguard reputation, identify and mitigate risks, and identify and seize opportunities.

According to this exercise, sustainable strategies are classified as:

### 3.1.1 Business strategies

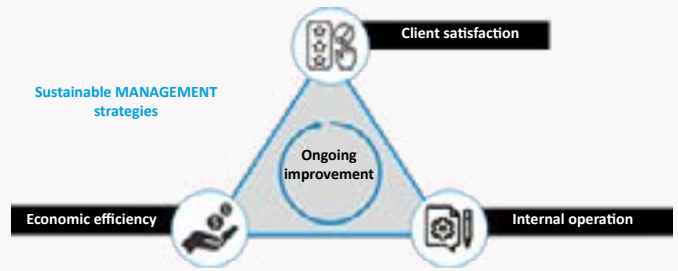
They are located in three strategic axes that focus on sustainable growth:



In 2023, the following business strategies have been prioritised within the Group: profitability and updating our product range, boosting our growth in priority countries, increasing share in the domestic market and integrating digital technologies that are adapted to the needs of the business.

### 3.1.2 Management strategies

They are located in three strategic axes that focus on ongoing improvement:



In 2023, the following management strategies have been prioritised within the Group: promoting corporate culture, fostering a healthy and accident-free working environment, promoting the attraction, loyalty and development of people, strengthening the proximity with our Stakeholders, improving client experience, effectively managing processes by applying digitalisation, optimising our working capital to the needs of our Stakeholders and improving the competitiveness of our Group.



## 3.2 Good governance

Lontana Group is a family group. In May 2019, the six shareholder families that make up the second generation formalised a Family Protocol in which all signatories accepted a set of rules to handle the following issues:

- Managing business activities.
- Ensuring equal rights and obligations of the six family branches that currently make up the second generation.
- Regulating the relationship between family and corporate governance bodies that guarantee the rights of all partners regardless of their professional connection to the family business.
- Defining a professionalisation model that sets the policy for the incorporation of family members (third and successive generations) into the labour market.
- Ensuring maximum transparency in the economic relations scheme of the partners of the family business.

The Protocol is currently under revision, with a target date of June 2024 for the new version.

The business family is governed by a Family Council, a governing body that leads the process of organising the Owner-Family-Business Relationship.

### 3.2.1 Governance structure

Lontana Group remains firmly committed to Good Corporate Governance and is progressively implementing Good Corporate Governance practices of listed companies, adapted to its status as an unlisted, family-owned company.

Lontana's Corporate Governance model consists of the General Shareholders' Meeting and the Board of Directors. The Board is assisted by two committees: the Audit and Risk Committee and the Nomination, Remuneration and Sustainability Committee.

The Board of Directors at Lontana, with the goal of adding value to the Group and ensuring its long-term continuity and success, periodically reviews the Group's Corporate Governance management, identifying improvement goals for the governing bodies and establishing the actions to be taken to achieve these objectives.

### General Meeting of Shareholders

The General Meeting of Shareholders is the main governing body of the company and where the ownership of the company is represented. The main powers of the General Meeting are, inter alia:

- The amendment of the articles of association.
- The appointment and removal of directors and auditors.
- Agree on the acquisition or disposal of key operating assets.
- The increase and reduction of capital.
- The transformation, merger or demerger of the company.
- Approval of the annual accounts.

The General Meeting is currently composed of natural and legal persons. The share capital is 100% private.

### Board of Directors

The Board of Directors is entrusted with the representation of the company and it focuses its activity on the supervision, organisation and strategic coordination of Lontana.

Lontana, S.A., as the parent company of the Lontana Group, has Regulations of the Board of Directors, which establish the following powers of the Board of Directors:



Leading Lontana Group at the highest level



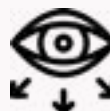
Defining Lontana's corporate strategy



Drawing up the annual accounts and being accountable to shareholders and third parties



Controlling management



Supervising the executive and their management team

On an annual basis, the Board of Directors draws up an evaluation report on the functioning of the Board itself, the Chairman, the Chief Executive Officer and the Board Committees. The areas for improvement of the Board are described based on the results of the evaluation undertaken.

The composition of the Board at the end of 2023 is six members, two Proprietary Directors, two Executive Directors and two Independent Directors.

The Board of Directors also has a Secretary to the Board (who is not a director), and an external advisor who supports and advises the Board in its duties.

The Committees are internal bodies set up by the Board of Directors for informational and consultative purposes, without executive duties, with information, advisory and proposal-making powers within their scope of action.

Regarding the remuneration of the members of the Board of Directors, in their capacity as such, in 2023, the average remuneration in euros was €23,052 (women, €56,034 and men, €13,629). On the other hand, their average remuneration as executive members of management was €315,844 (men only).

Finally, it is worth mentioning that the remuneration for the year 2023 for the other members of management amounts to €1,086,691 (women, €204,598 and men, €882,093).

## Committees

The Board of Directors has two committees in order to achieve greater efficiency in its work. They are the Nomination, Remuneration and Sustainability Committee and the Audit and Risk Committee.

Each year, both committees submit an activity report to the Board of Directors, setting out the matters that have been handled and the activities undertaken by each committee during the year.

### Appointments, Remuneration and Sustainability Committee:

This Committee is responsible for submitting to the Board proposals for the appointment of directors for designation by co-option or for submission to the decision of the General Shareholders' Meeting, as well as proposals for their re-election or removal. Moreover, among other duties, it periodically reviews the Remuneration Policy, checks its observance, ensures that possible conflicts of interest do not prejudice the independence of the external advice provided to the Committee and examines compliance with the Corporate Governance Regulations and makes the required proposals for their improvement, likewise

proposing to the Board of Directors the appointment and remuneration of Senior Management.

At the end of the 2023 financial year, the Appointments, Remuneration and Sustainability Committee is made up of:

- Chairwoman: Susana Marcos Pérez
- Member: María García Nielsen

Both are independent Directors on the Board of Directors.

### Audit and Risk Committee

It is responsible for supporting the Board of Directors in its supervisory duties and, specifically, on the outcome of the audit, supervising the process of preparing the mandatory financial information regarding the Company and, where appropriate, the Group.

Moreover, among other duties, it periodically reviews risk policies and supervises the effectiveness of internal control, supervises the process of preparing the mandatory sustainability information and establishes the appropriate relationships with the sustainability information verifiers (NFIS), as well as their risk management systems, and approves the policy regarding the selection, contracting and relationships with the external auditor.

At the end of the 2023 financial year, the Audit and Risk Committee is made up of:

- Chairwoman: Eva Fernández Góngora
- Member: María García Nielsen

As of this date, Eva Fernández Góngora acts as external advisor to the Board of Directors and María García Nielsen as independent director.



## 3.2.2 Policies and commitments

### Purpose, Mission, Vision and Values

Lontana Group's Corporate Governance policy is based on the Purpose, Mission, Vision and Values defined by the Group.

In this sense, the Lontana Group provides a welcome manual and internal regulations to all new members of the Group, including, among other things, the presentation of the Group, its Purpose, Mission, Vision and Values, the organisation chart and the Corporate Culture.

The PURPOSE is the reference framework for all decisions and actions of the company and guides the strategy and culture, providing a sense of direction and cohesion to employees and other Stakeholders, being the Group's own:



*The Purpose is the framework for all decisions and actions of the company and guides strategy and culture.*

The Group's MISSION tells us what we are: A team of people who provide value to our clients by offering global solutions as a supplier of semi-finished metal products, fasteners and fixing systems. For all of this, we are supported by a solid corporate culture and we focus on:

- Markets, clients, products and services. Sustainable growth in countries, sectors and channels.
- We ensure the competitiveness of our purchases and services and seek the effectiveness of our processes.
- We develop long-term relationships with our stakeholders, providing safe and environmentally friendly work environments.

On the other hand, Lontana Group's VISION is "Growing without borders and being competitive through excellence".

The VALUES of Lontana Group are:



Client focus



Focus on results



Excellence



Interest in people



Teamwork



Integrity

### Regulatory compliance

In the 2023 financial year, work has been carried out on several actions to achieve the specific objectives of Regulatory Compliance, highlighting the following lines of action.

#### Development of the control structure

Progress is being made in the key elements that make up an adequate control structure, with greater involvement of the second line of defence, the appointment of duly qualified people that are responsible for Regulatory Compliance, the systematic monitoring of indicators by the governing bodies and the updating of the documentation of the Compliance system.

Greater commitment of the organisation

We are working on clearer and more transparent communication of the organisation's commitment to Regulatory Compliance, through the publication on the website of the Corporate Policies, the Code of Ethical Conduct and the availability of a new Ethical Channel, all integrated into the general framework of Sustainability, Ethical Commitment and Good Governance of the Lontana Group.

Risk-based compliance training

We continue to raise awareness among Lontana Group employees of the Culture of Compliance through specific training actions according to the level of exposure to risk of each team we train.

*In 2023, Lontana Group has raised its commitment to Regulatory Compliance.*

Anti-corruption and money laundering policy

In addition, the Lontana Group has an Anti-Corruption Policy applicable to all Group companies, in addition to its subsidiaries and investee companies over which the company has effective control or occupies positions on its governing bodies. The policy applies to all corporate levels, including the ownership, Board of Directors, management committee, directors, control bodies and all staff.

The Anti-Corruption Policy states that behaviour that could put the Group, its assets or reputation, its employees and other Stakeholders at risk is not tolerated. In this respect, the Lontana Group's relations are based on the principles of transparency, free competition and equal opportunities, avoiding situations of conflict of interest.

Moreover, the use of cash in payments made by the Group is limited as far as possible and a protocol is applied to verify the real destination of funds before any donation, sponsorship, patronage, etc. is made.

*Lontana Group has an Anti-Corruption Policy applicable to all Group companies.*

Respect for human rights

The Lontana Group, in relation to the ILO, the United Nations and the UN, is based on the following key pillars in terms of human rights:

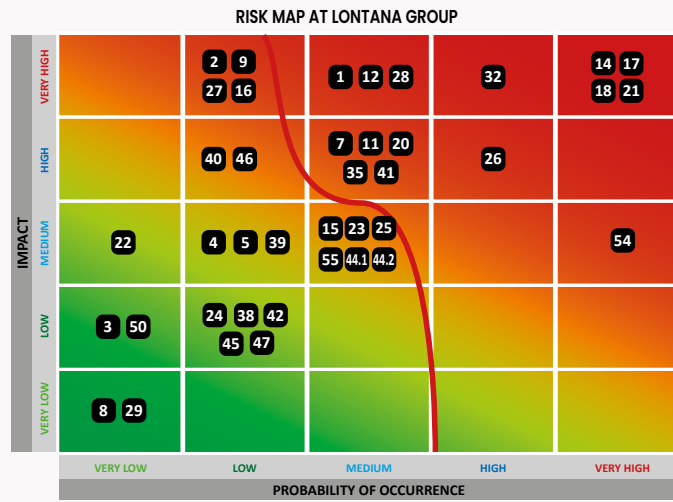
- Exploitation or child labour. The Group is committed to complying with the laws in force in all the countries in which it operates, respecting human rights and rejecting any type of child, forced or compulsory labour.
- Lack of freedom of association and collective bargaining: The Group supports freedom of association and the effective recognition of the right to collective bargaining.
- Discrimination: The Group supports the abolition of discriminatory practices in employment and occupation, eradicating any hint of inequality based on race, gender or religion.
- Environment: The Group maintains a precautionary approach to caring for and protecting the environment. It also undertakes initiatives that promote greater environmental responsibility, further development and the dissemination of environmentally friendly technologies.
- Corruption: The Group works with measures that prevent corruption and punishes it in all its forms, including extortion and blackmail or bribery.
- Measures that promote respect for human and workers' rights: As a means of control and prevention of Human Rights, Lontana Group ensures that all employees work in compliance with these labour standards and rules, enforcing schedules, under strict compliance with labour contracting and both social and trade union obligations.

*No complaints of human rights violations have been received during the 2023 financial year.*

### 3.3 Risk management

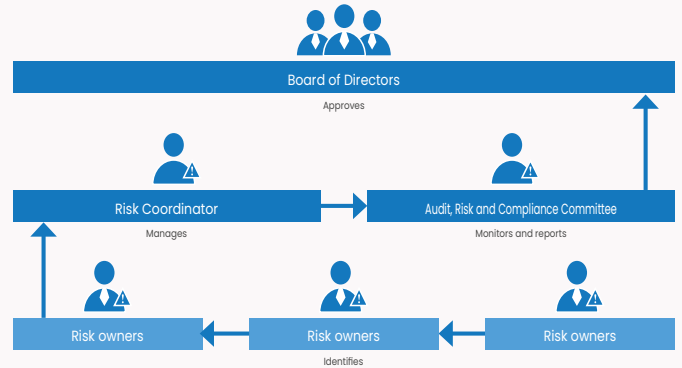
In the 2023 financial year, the Group made progress in consolidating the risk management system as a key tool for informed decision-making and the progressive reduction of risks.

The subsequent updating of the Risk Map and the identification of those priority risks that may affect the business and management has been undertaken from a comprehensive perspective and taking into account all the key business processes.



*In 2023, Lontana Group made progress in consolidating its Risk Map as a tool for decision-making.*

The governance bodies and positions where risks are identified, managed, supervised and approved are detailed below:



The identified risks are classified according to the following types:

- **Business:** serious accidents affecting the business, collapse of raw materials and currencies, obsolescence and overstocking.
- **Financial:** accounting, tax, labour and legal irregularities, credit limitations by entities.
- **Regulatory:** serious accidents that may affect people, accidents linked to the environment, impersonation of clients and suppliers, implementation of the criminal prevention model.
- **Operational:** insecurity in countries where it operates, need for logistical investments, fall in the real estate market due to liquidity needs, adaptation to technological opportunities, loss of key people, reputational risks and attacks on cybersecurity, confidentiality, data integrity and privacy.
- **Information:** cybersecurity, security in information systems that guarantee the sustainability of the activity, and adaptation to new information technologies.

These risks are assessed based on two factors:

- Probability of occurrence (very high, high, intermediate, low and very low).
- Business impact (very high, high, medium, low and very low).

Consequently, once the risk matrix has been defined, the people responsible for the risks, the frequency of their monitoring and control, and the response to how we want to manage them, in terms of the form of action during the current year, are set.

## 3.4 Stakeholder dialogue

Lontana Group has identified the Stakeholders that may be related to the Group along the value chain and in the environment in which it operates: society, competitors, property, banks, clients, people, transport and suppliers.

Stakeholders, once identified, are prioritised based on the business model and value chain, taking into account both their involvement and the possible impacts that this model may have on them.

A specific strategy is developed for each stakeholder group based on their characteristics and needs. Specific objectives, commitments and dialogue tools are defined, the common elements of which are permanent dialogue and transparency.

*A specific strategy is developed for each stakeholder group based on their characteristics and needs.*



# Good people

# 4

## 4.1 2023 Work streams / 2023 Highlights and challenges

75 years of history, 75 years of effort and dedication, 75 years of challenges and overcoming them

Continuing our efforts to promote the communication of our corporate culture and project, on 24 November we celebrated the Group's 75th anniversary. A warm tribute was paid to all the people who have been part of the Group's history and our commitment to those who are part of the organisation today and are key to the Group's sustainable development was promoted.

The celebration was also the perfect occasion to present the company's Purpose to the entire organisation.

In short, at 75 years old, we remain true to our commitment to people and society and, this way, the Purpose serves the Lontana Group's commitment to be proactive and consistent in creating a more prosperous, transparent, ethical and sustainable society within the Industry.

As a result of sustained growth in countries, industries and channels, Lontana Group has reached levels of turnover and profitability that have enabled it to make a leap forward, not only quantitatively but also qualitatively in its management processes and its ability to compete in the market, always with quality, excellence and reliability. In response to this need, the Company's management decided to undertake an audit of the degree of achievement of the finalised PMMP which, above all, has provided it with a diagnosis of the situation and a solid basis for the design of the new 2023-2025 People Management Master Plan.

In this regard, in 2023, and after finalising the 2017-2022 Master Plan, we published a new 2023 - 2025 People Management Master Plan [PMMP] in which the strategic lines of action are directly related to the Group's strategic thinking, the focuses of which are specified in the Key Improvement Goals [KIGs] and Relevant Actions [RAs] defined.



In line with the above, we define the purpose of HR as "Enhancing a people management function that adds value to the Lontana Group through a culture of sustainable growth and organisational performance by becoming a strategic partner of the business". And we impact on our areas of action, such as: organisation, engagement, talent management, leadership, and remuneration and rewards, through the strategic axes of the 2023-2025 PMMP:

- Improve marketing and purchasing effectiveness.
- Continue to improve operational and organisational efficiency.
- Have support areas that highly contribute to the business.
- Foster a culture that enables sustainable growth and organisational performance.
- Ensure leadership sustainability.

All these principles consolidate a framework of action for the Master Plan aimed at working to adapt the structure and ways of working in all areas of the Group, focusing on areas that greatly impact the business, as well as the attraction, consolidation and loyalty of talent, focusing on the value proposition to employees, the corporate culture, and the training and development of people, with the goal of having a committed and motivated team.

In addition to these work streams, we kept from the 2017-2022 PMMP the enabling initiatives, which have been strengthened in 2023: digitisation of the HR dashboard, providing the HR department with a robust, business-oriented structure and regulatory compliance. This latest initiative continues to reinforce the Lontana Group's commitment to ethics and transparency with its employees. Thus, in 2023, progress will be made in developing and rolling out the defined policies and protocols to the entire group: Code of Ethical Conduct, Regulatory Compliance Policy, Anti-Corruption Policy and Harassment Protocol.

In line with the planning, the actions addressed in 2023 have been:

- Analysis and development of a more efficient and effective Recruitment and Hiring procedure.
- Implementation of the talent, training management and performance appraisal modules. Staff training and deployment.
- Operations middle management development.
- Cultural diagnosis. Contrast and assessment of the redefinition of the Corporate Culture Model.
- Consolidation of the people management scorecard.
- Even though action continues after its implementation, the consolidation of the professional development programme for managers and decision-makers takes place, focusing on the execution of the Peer Coaching Programme, with the goal of materialising the leadership skills in management, integrated in previous trainings.

In 2023, the focus has been on consolidating recently launched processes, taking stock of the progress of the Human Resources function and defining the new 2023-2025 Master Plan, specifying how to implement several of its initiatives and being much more ambitious, in terms of implementation of actions, in 2024 and 2025.

*Lontana Group has a Human Resources Master Plan, aligned with the Group's Strategic Plan.*

## 4.2 Lontana Group, a team to grow in

### 4.2.1 Stable and quality employment

Lontana Group's policy expresses the commitment of its companies to decent employment, in line with the labour rights recognised in the legislation of all the countries in which it operates. Thus, permanent employment in the group represents 97.7% of employees (1010 permanent contracts), compared to 2.3% of temporary contracts (24 temporary contracts). Despite there being no educational collaboration contract at the end of the year, in 2023 there have been 3 hires through this modality, as a result of collaboration with entities such as the Business School or the University of La Rioja. In addition, 37 internal promotions took place, demonstrating the commitment of the Group's companies to the training and development of their employees.

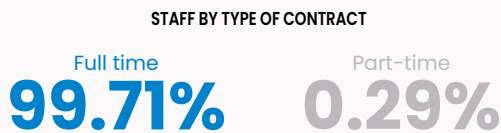


Broken down by sex, age and occupational classification, the data for the years 2023 and 2022 are as follows:

Age group	Sex	Contract	2023				2022			
			MANAGEMENT	MIDDLE MANAGEMENT	STAFF	TOTAL	MANAGEMENT	MIDDLE MANAGEMENT	STAFF	TOTAL
<30	TOTAL			1.41	101.11	102.52	0.15	2.85	111.36	114.36
	Man	Permanent		0.41	61.73	62.14		1	63.28	64.28
		Temporary			4.72	4.72	0.15		6.01	6.16
	Woman	Permanent		1.00	32.77	33.77		1.85	39.73	41.58
Temporary				1.88	1.88			2.34	2.34	
30-50	TOTAL		6.58	53.86	678.05	738.49	7	54.07	615.38	676.45
	Man	Permanent	5.58	37.48	428.70	471.76	6	37.53	390.69	434.22
		Temporary			7.30	7.30			13.48	13.48
	Woman	Permanent	1.00	16.38	238.47	255.85	1	16.54	208.83	226.37
Temporary				3.58	3.58			2.38	2.38	
>50	TOTAL		5.29	26.74	115.40	147.43	6	25.9	106.53	138.43
	Man	Permanent	4.29	24.74	70.84	99.87	5	23.9	65.2	94.1
		Temporary			0.49	0.49			0.38	0.38
	Woman	Permanent	1.00	2.00	43.16	46.16	1	2	40.87	43.87
Temporary				0.90	0.90			0.08	0.08	
TOTAL			11.87	82.01	894.56	988.44*	13.15	82.82	833.27	929.24

\*FTE data

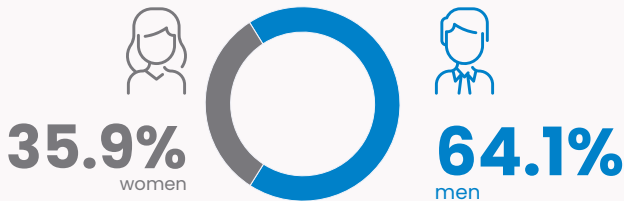
In 2023, 99.7% of the employees had full-time contracts, while a minority had part-time contracts, including the contracts of part-time retirees, as the Group is aware of the importance of generational replacement in the industry and in the companies themselves, with only one part-time contract in the Group at the end of the year.



By the end of 2023, the Lontana Group employed a total of 1,034 professionals (Dato Head Count).

In turn, the Group encourages gender diversity in its workforce, an aspect to be taken into account given the particularly male-dominated industry in which it operates. Therefore, in 2023, the number of female staff members has been increased to 35.9% of the workforce, which means a slight increase in the proportion of women compared to the previous year 2022, thus trying to achieve equity gradually.

DISTRIBUTION OF STAFF BY GENDER



The average length of service of the workforce is 10.15 years, with an average age of 40.91 years.

Lontana Group is located in 5 countries (Spain, Portugal, Germany, Germany, China and Mexico), although it serves clients in more than 100 countries. At the end of 2023, 83.7% of the workforce was employed in Europe, 13.8% in China and the remaining 2.50% in Latin America.

DISTRIBUTION OF STAFF BY GEOGRAPHICAL AREA



The average distribution of the workforce by gender, country, occupational group and age in 2023 is described below:

EUROPE

Age group	2023						2022					
	MANAGEMENT		MIDDLE MAN-AGEMENT		STAFF		MANAGEMENT		MIDDLE MAN-AGEMENT		STAFF	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
<30			1.00		42.53	23.48					44.71	24.38
30-50	4.58	1.00	25.38	13.38	397.38	191.60	5	1	23.98	11.54	371.34	163.42
>50	4.29	1.00	23.15	2.00	61.47	33.07	5	1	22.9	2	59.36	32.37
<b>Total</b>	<b>8.87</b>	<b>2.00</b>	<b>48.53</b>	<b>16.38</b>	<b>501.37</b>	<b>248.15</b>	<b>10.15</b>	<b>2</b>	<b>46.88</b>	<b>13.54</b>	<b>475.41</b>	<b>220.17</b>
<b>Total Europe</b>	<b>10.87</b>		<b>64.91</b>		<b>749.52</b>		<b>12.5</b>		<b>60.42</b>		<b>695.18</b>	

LATAM

Age group	2023						2022					
	MANAGEMENT		MIDDLE MAN-AGEMENT		STAFF		MANAGEMENT		MIDDLE MAN-AGEMENT		STAFF	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
<30					4.00	0.35					4	2
30-50			1.00		11.57	5.22			2		9.39	4.07
>50			0.59		1.78						0.21	
<b>Total</b>			<b>1.59</b>		<b>17.36</b>	<b>5.57</b>			<b>2</b>		<b>13.6</b>	<b>6.07</b>
<b>Total LATAM</b>			<b>1.59</b>		<b>22.93</b>				<b>2</b>		<b>19.67</b>	

CHINA (RMB)

Age group	2023						2022					
	MANAGEMENT		MIDDLE MAN-AGEMENT		STAFF		MANAGEMENT		MIDDLE MAN-AGEMENT		STAFF	
	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
<30			0.41		19.93	10.82			1	1.85	20.58	15.69
30-50	1		11.10	3	27.05	45.23	1		11.55	5	23.44	43.72
>50			1.00		8.09	11.00			1		6.01	8.58
<b>Total</b>	<b>1</b>		<b>12.52</b>	<b>3.00</b>	<b>55.06</b>	<b>67.05</b>	<b>1</b>		<b>13.55</b>	<b>6.85</b>	<b>50.03</b>	<b>67.99</b>
<b>Total China</b>	<b>1</b>		<b>15.52</b>		<b>122.11</b>		<b>1</b>		<b>20.40</b>		<b>118.02</b>	

\* The following parameters were used to calculate the average workforce distribution:

- Weighted by time spent with the company.
- Affected by reductions in working hours.

In terms of terminations, 57 employment contracts were terminated in 2023 as a result of forced termination\*, a slight decrease compared to 2022, when 63 forced terminations took place.

This number of dismissals is based on data for 2021 –56 dismissals–, mostly linked to the termination of temporary contracts. At the time, the uncertainty in the market resulting from the pandemic led to a large number of temporary contracts for the accumulation of specific tasks, a situation that will be replicated in 2023, in this case, motivated by the consolidation in new locations and the specific tasks that result from this.

NUMBER OF FORCED REDUNDANCIES IN 2023

BY GENDER		BY AGE			BY PROFESSIONAL CATEGORY		
Man	Woman	<30	30-50	>50	Management	Middle Management	Staff
39	18	10	38	9	0	1	56

\* Includes disciplinary dismissals, objective dismissals, termination of temporary contracts and terminations due to permanent disability or invalidity.



The Group's remuneration policy, in line with the organisation's goals and as described in the Professional Development section, is based on internal equity, external competitiveness and based on annual salary increases derived from the evaluation of the performance –with ongoing monitoring–, excellence and performance of all its professionals. This is without prejudice to the observance of the different regulations in each country and compliance with the collective provisions laid down in the applicable company and industry collective agreements, the increases of which constitute a guaranteed minimum increase in the company's remuneration policy.

EUROPE (EURO)

Age	Gender	MANAGEMENT		MIDDLE MANAGEMENT		STAFF	
		2023	2022	2023	2022	2023	2022
<30	Man					25,703.27	27,243.92
	Woman					25,316.06	24,894.61
	Difference*					1.51%	8.62%
30-50	Man	129,245.41	179,445	569,964.51	654,478.90	35,650.82	365,531.32
	Woman	---	---	53,345.04	60,948.93	31,189.96	32,318.85
	Difference*		38.61%	6.35%	6.92%	12.51%	11.53%
>50	Man	404,275.42	476,064.70	69,252.28	80,349.19	43,802.61	45,867.58
	Woman	---	---	79,256.80	---	38,974.31	41,052.77
	Difference*		67.51%	-14.45%	-10.90%	11.02%	10.50%
<b>AVERAGE TOTAL</b>		<b>231,960.4</b>	<b>293,163.30</b>	<b>60,796.94</b>	<b>71,033.44</b>	<b>34,437.41</b>	<b>35,543.96</b>

LATAM (MEXICAN PESOS)

Age	Gender	MANAGEMENT		MIDDLE MANAGEMENT		STAFF	
		2023	2022	2023	2022	2023	2022
<30	Man					174,863.09	156,384.30
	Woman					---	---
	Difference*						
30-50	Man			---	---	307,427.65	285,020.90
	Woman					274,437.98	240,540.40
	Difference*					10.73%	15.60%
>50	Man			---	---	---	---
	Woman						
	Difference*						
<b>AVERAGE TOTAL</b>				<b>598,100.50</b>	<b>546,781.20</b>	<b>273,099.89</b>	<b>242,570.60</b>

CHINA (RMB)

Age	Gender	MANAGEMENT		MIDDLE MANAGEMENT		STAFF	
		2023	2022	2023	2022	2023	2022
<30	Man			---	---	89,021.80	84,911.03
	Woman			---	---	80,446.91	71,345.57
	Difference*					9.63%	15.98%
30-50	Man	---	---	176,028.79	157,793.12	115,228.38	95,529.03
	Woman			172,514.60	173,599.50	95,828.71	79,728.51
	Difference*			2.00%	-10.02%	16.84%	16.54%
>50	Man			---	---	107,566.08	104,708.38
	Woman					76,205.04	61,627.15
	Difference*					29.16%	41.14%
<b>AVERAGE TOTAL</b>		<b>---</b>	<b>---</b>	<b>173,567.00</b>	<b>156,874.16</b>	<b>96,662.29</b>	<b>83,207.88</b>

\* Difference = (Average Wage Men - Average Wage Women) / Average Wage Men

\*\* The following parameters were used for the calculation of remuneration:

- Theoretical fixed salary at 100% and actual variable salary supplements, pro-rated to the full year.
- Excluding regularisations.
- Mexico and China - country currency.
- In professional groups where there are only one or two persons, remuneration has been concealed for reasons of confidentiality.

\*\*\* The average remuneration is lower in 2023 than in 2022, as a result of the impact of variable remuneration.

## 4.2.2 Training

At Lontana Group, training is a fundamental pillar in the management of all professionals, a key element in personal and professional enrichment the impact of which is directly reflected in their results and in their evolution towards improved productivity and professional development. For this reason, the Group's philosophy includes fostering the curiosity of its employees and encouraging their interest in broadening their knowledge and learning about other areas or subjects.

After resuming face-to-face training activities normally in 2022 following the pandemic and taking into account the positive result of the inclusion of the online modality, 2023 is characterised by maintaining core training in face-to-face mode, an outstanding feature of our corporate culture; in addition to consolidating and encouraging online training, as a way of reaching target groups on a massive scale, especially in transversal training, for example, training in regulatory compliance or language training.

In fact, language training in 2023 has doubled the values of 2022, a result in line with the group's commitment to internationalisation and growth without borders.

Throughout 2023, we have worked to enhance the development and growth of all professionals, in line with their needs, skills and their duties in each category. In this sense, 26,113.50 hours of training were provided in 2023, the distribution of hours by professional category being as follows:

HOURS OF TRAINING BY CATEGORY

PROFESSIONAL CATEGORY		2023		2022	
		NUMBER OF TRAINING HOURS	% HOURS PER CATEGORY	NUMBER OF TRAINING HOURS	% HOURS PER CATEGORY
Management	MAN	734.21	2.81%	1044.50	3.83%
	WOMAN	318.16	1.22%		
Middle Management	MAN	4725.14	18.09%	5773.91	21.20%
	WOMAN	1313.81	5.03%		
Staff	MAN	11,828.77	45.30%	20,414.89	74.96%
	WOMAN	7193.41	27.55%		
<b>TOTAL</b>		<b>26,113.50</b>	<b>100%</b>	<b>27,233.30</b>	<b>100%</b>

*At Lontana Group, training is a fundamental pillar in the management of all professionals, a key element in personal and professional enrichment.*



### 4.2.3 Professional development

The goal of performance management is to ensure that the organisation has the right talent in the right positions to translate the Lontana Group Vision into current and future reality; "growing without borders and being competitive through excellence".

In line with recent years, the Group continues to being strongly commitment to improving its people management processes, carrying out performance assessment processes for the entire workforce, focused on executives and managers prior to the start of development programmes, which are decisive on the road to excellence.

In order to standardise the performance evaluation criteria within the Group, in 2019, the calibration tables were incorporated into the people management and professional development system, with the participation of the managers who are familiar with the performance and development of the duties of the personnel to be evaluated.

As the assessment of performance is a critical process in people management, closely linked to the main core processes, the calibration tables ensure objective appraisal criteria are shared throughout the Group, which have a direct impact on the ability to attract and, above all, to engage and retain key professionals for the business.

It should be noted that, after annual training of the participants in the calibration tables, these are consolidated as a mature process, with middle management being aware of our personal biases that can influence the assessment of others, as well as the benefits of the tool being used correctly. In this process, it is important to highlight the role of HR as a moderating agent of the sessions.

The current performance assessment system is structured in four phases, with a follow-up meeting in the middle of the year, although feedback is ongoing and adapted to the specific situation. The phases consist of:

1. Preparation by the person in charge, based on actual observations during the year, of the performance assessment of each person in their team.
2. Calibration tables, in which the assessment criteria of the defined groups are homogenised.
3. Individual preparation and personal interview, in which the closing of the year is analysed regarding the planned goals, the effectiveness of the training received is assessed and the needs to be covered in the next financial year are detected. In addition, a comprehensive assessment of the competences of each person is undertaken, focusing mainly on their professional development.
4. Follow-up meeting on goals, commitments and general progress with each employee.

This process provides managers with the required knowledge about their strengths and areas for improvement in order to work on their professional development within the organisation, providing objective, constructive assessments that are adjusted to the individual characteristics and circumstances of each person being assessed. The comprehensiveness of the performance management system is key to driving organisational performance improvement, empowering talent and reinforcing Lontana Group's values and culture.

*The goal of performance management is to ensure that the organisation has the right talent in the right positions to translate the Lontana Group Vision into current and future reality.*

*The comprehensiveness of the performance management system is key to driving organisational performance improvement, empowering talent and reinforcing Lontana Group's values and culture.*

## 4.3 Occupational health and safety

### 4.3.1 Preventive approach

It is a priority for Lontana Group to continue advancing in the strategic framework of prevention, with a proactive approach to improving health and safety conditions in the workplace.

This approach translates into plans and actions that are adapted to the size of each company and to the diversity and singularities of our centres in the different countries.

It is a commitment that is part of the Group's vision and values and the basic objective of which is to make progress in reducing accident rates.

We work along 6 main lines:



- Generate a preventive culture through greater awareness and integration, fostering teamwork with the involvement of the chain of command.
- Integrate preventive activity globally and in each of the tasks we undertake.
- Improve safety conditions at work by making workplaces safer.
- Ongoing improvement of the safety of work equipment.
- Work on psychosocial risks, seeking a balance of social well-being, based on active listening and the participation and involvement of all people.
- Improve our management systems including further simplification and digitalisation.



Lontana Group implements a culture of communication, consultation and participation in matters related to occupational health and safety through a variety of channels: health and safety committees, formal and informal channels for consultation by employees, training plans on preventive matters, panels, use of the corporate intranet, etc.

At a national level, we have an intermediary in each centre with the External Prevention Service with a degree in occupational risk prevention for two-way communication (SPA-Company).

The external prevention service provides the service in the 4 specialities: Safety, Hygiene, Ergonomics-Psychosociology and Occupational Medicine, providing the required advice and support and analysing the information provided in order to undertake modifications or revisions to the documentation on preventive matters.

Lontana Group is committed to developing training in preventive matters at all levels of responsibility, as we are firmly convinced that this is one of the basic pillars in the ongoing improvement of people's health and safety.

In the 2023 financial year, the Group companies have followed the training plans and actions planned, highlighting the theoretical-practical courses of all types of activities. A total of 5,962.5 hours of training were provided in courses on first aid, resuscitation and defibrillation, fire extinguishing, forklift handling, working at heights, electrical risk, platform lifts, overhead cranes, hand tools, ergonomics management and integration, internal auditor of health and safety management systems, etc.

Another important milestone achieved in terms of training is that 100% of middle management in the production and warehouse areas have basic training in occupational risk prevention.

Awareness has also been raised through campaigns on the low perception of risk, a common cause of accidents.



Other campaigns undertaken are related to emergencies, safe driving, use of PPE, safe storage, movement of machinery and people, manual handling of loads, incident investigation, use of slings, etc.

Staff participation activities have been undertaken, such as the competition for the best suggestion for improvement in occupational risk prevention and the poster competition.

Progress continues in improving the safety, environmental and ergonomic conditions of the workplaces:

- Safety conditions:
  - Eliminate line of fire (guiding tools, mirrors, horizontal delimitation signalling, protections to prevent access to installations, etc.).
  - Order and cleanliness (tool panels, roll storage trolleys).

- Signposting (delimitation of aisle circulation, lengths allowed in racks, delimitation of loading/unloading area).
- Improved forklift manoeuvrability (increased space for manoeuvring).
- Environmental conditions of lighting of installations and workstations, thermal conditions (fans).
- Ergonomic conditions (sweeper, equipment, hand tools, cardboard compactor, etc.).

In 2023, progress has been made in the implementation of the psychosocial risk assessment project at national level. The phase of prevention circles has been completed and the next phase has started in which the work teams develop an action plan to reduce and eliminate psychosocial dimensions that are unfavourable to health.

Tools have been developed to advance the digitisation of the preventive management system (ENVIRA, WORDLEX platforms), thus assisting safety analysis.

Progress continues in the consolidation of the INTEGRA software for the coordination of business activities and the management of legal requirements in the areas of occupational safety, industrial safety and the environment.

Lontana Group has updated the Occupational Health and Safety Management System following the guidelines of the international standard ISO 45001:2018, where the roles and responsibilities, goals and indicators, standards and required resources are identified.

Work is being undertaken to integrate this Management System with the ISO 9001 and 14001 Management Systems, and to unify it at all Group centres with the goal of becoming ISO 45001:2018 certified.

As soon as an incident is reported in any facility or country, its possible root causes and contributing factors are assessed, and standard procedures are applied for follow-up, closure of actions arising from the assessment and verification of their effectiveness.

### 4.3.2 Accidents at work

A total of 149 accidents were recorded in 2023, of which 30 resulted in sick leave and 119 did not require sick leave. Compared to 2022, there has been a 3% increase in the accident rate. The opening of new centres and activities within the Group need to be taken into account.

100% of the accidents were classified as minor. The downward trend in the total number of accidents is confirmed with a reduction of 13% compared to the average of the previous 4 years.

The reduction in the accident rate at the Larrabetzu (L1 and L2) and Trápaga centres is especially noteworthy.

53% of lost-time accidents are line-of-fire accidents, 30% musculoskeletal and 7% due to falls from the same level. Londex accounts for 27% of the total, followed by Index with 17%. 33% are linked to weight handling and 20% to interventions on machines, especially Londex.

In accidents without sick leave, 75% are at the line of fire, 13% musculoskeletal and 8% on route.

In 2023, the overall accident frequency rate is 18.2. The severity index stands at 0.37, similar to previous years.

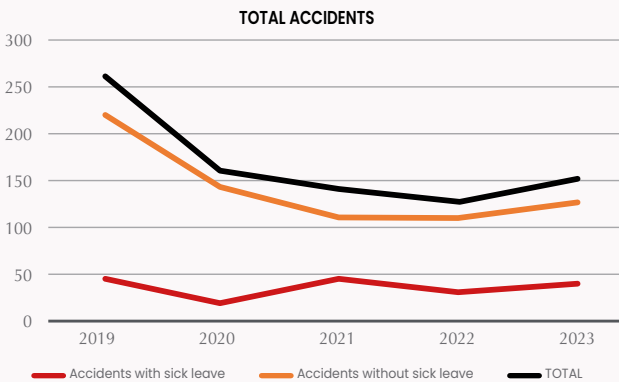
No occupational diseases were recorded in 2023.

The rate of absenteeism due to accidents at work and occupational diseases has decreased to 0.26%, compared to 0.37% in 2022, and is now at 2021 results.

Regarding common illnesses, in the European centres, 470 employees were in a situation of temporary incapacity due to common illness in 2023, of which 10.21% were long-term. At the Mexico site, 6 employees were on temporary incapacity, 1 of them long-term, and at the China site, there were 16 cases of temporary incapacity due to common illness, none of them long-term.

Including the different occupational and common contingencies, the number of hours of absenteeism in the Group as a whole amounted to 80,940 hours, of which 78,639 hours corresponded to the companies based in Europe, 904 hours to the companies based in Mexico and 1,397 hours to the company based in China.

As a result, the total absenteeism rates, by all contingencies, were as follows:



	EUROPE	CHINA	LATAM	GROUP TOTAL
2022	5.90%	0.94%	1.13%	4.90%
2023	5.60	0.40%	1.91%	4.50%

\* Includes Common Contingencies and Accidents at Work or Occupational Diseases.

NUMBER OF ACCIDENTS WITH AND WITHOUT SICK LEAVE

	Number of accidents with sick leave		Number of accidents without sick leave	
	Men	Women	Men	Women
2019	21	10	191	35
2020	11	4	130	10
2021	25	8	95	13
2022	23	2	93	14
2023	24	6	103	16

*The protection of people's health and the establishment and maintenance of safe working environments are a priority for Lontana Group.*

## 4.4 Diversity, equality and inclusion

“Growing without borders and being competitive through excellence”. This is our Vision that guides our commitment to internationalisation. In this line, Lontana Group has an inclusive and internationalised workforce. It is committed to diversity, and its global activity means that, within its workforce of over 1,000 professionals, there are up to 20 different nationalities.

Furthermore, as stated in the section on Group staff, the percentage of female employees in the Lontana Group is lower than that of male employees (35.8% compared to 64.2%), mainly due to the masculinisation of the industry in which the Group's companies operate. However, equality between women and men is a universal legal principle recognised in several national and international texts, and is also part of the Group's culture and identity and, therefore, in order to materialise this equality of treatment and opportunities, since 2021, work has been undertaken on the development of diagnoses of the situation in terms of equality. These plans include a programme with the target measures required to resolve the shortcomings detected, problems and areas of opportunity for the next four years, setting indicators for monitoring and evaluating the degree of compliance with them.

These diagnoses of the situation in terms of equality have included the assessment of positions in Spanish companies, in compliance with the new legislation contained in Royal Decree 902/2020 on equal pay for men and women, demonstrating the Lontana Group's commitment to equality.

For its part, the Group explicitly rejects any situation of harassment, including mobbing, physical or verbal harassment by any means, or sexual and/or gender-based harassment. This is why the Lontana Group guarantees a working environment that is free of harassment by means of a complaints procedure available to any employee who detects conduct that could constitute harassment, whether towards themselves or third parties. This procedure and its quick guide is distributed to all staff, and will be included in the Welcome Handbook in 2023.

The Protocol for the Investigation of Harassment Conduct details the composition of the confidential counselling and investigation committee, as well as the steps by which the Group's management will initiate an investigation process with maximum guarantees for all parties: confidentiality; protection of the privacy and dignity of the persons involved; priority; investigation of the facts; application of the disciplinary regime and protection against retaliation.

Lontana Group continues to advocate for inclusion as it is committed to the incorporation of the best talent, regardless of age, gender or nationality, as well as to promoting the integration of people with different abilities into the workplace. In fact, in relation to universal accessibility to employment for people with functional diversities, since 2019, Lontana Group has acquired different commitments, both from an internal perspective, promoting the direct hiring of people with disabilities, and from an external perspective, through the signing of collaboration agreements with Special Employment Centres.

In this line, the Group has a special employment centre integrated within one of its companies, called Ceteyma, which is the in-house special employment centre of Técnicas Expansivas, where all employees have a degree of disability of at least 33%.

Additionally, indirectly and through collaboration with other organisations and Special Employment Centres, Lontana Group contributes to the employability of people with functional diversities and to the eradication of direct and indirect discrimination against this group.

So much so, that in 2023, the company collaborated with 21 Special Employment Centres in La Rioja, with around 208 employees. This same initiative is carried out in the centres located in Larrabetzu and Trapaga, which collaborate with two other special employment centres, highlighting the participation of Lantegi Batuak.

EMPLOYEES WITH DISABILITIES

2022	19
2023	18

*Lontana Group has an inclusive and internationalised workforce. More than 20 nationalities.*



## 4.5 Labour relations and organisation of working time

Lontana Group promotes social dialogue, with different legal representatives of employees depending on the regulations and customs and practices of the different countries in which it operates, with which it has fluid communication. The usual ways of conducting social dialogue do not vary much between companies, with regular meetings with staff representatives or works councils being the most common way to develop labour relations between the parties. In companies where there is employee representation, regular meetings are held and there is a cordial relationship based on consensus, where issues of mutual interest are discussed.

In companies where there is no legal employee representation, human resources procedures facilitate information and dialogue with the workforce. Of specific relevance in this regard are the performance appraisal and development processes and regular departmental communications mentioned in the Professional Development section. Moreover, regarding the communications that individual employees may require from the companies, the Group has a suggestions box, called "Request for improvement", where employees can make suggestions, propose initiatives or report complaints.

In general terms, Lontana Group aims to create a model of trusting relationships with its social partners. Thus, the group companies are in permanent contact with the legal representatives of the employees, negotiating and reaching agreements when the situation requires it.

At present, practically all employees are covered by a Collective Bargaining Agreement, with the exception of China and Germany, which account for 15.51% of the workforce. Thus, in Spain, 4 company collective agreements apply. The other companies are covered by different industry collective agreements, for the iron and steel industry, the metal trade and offices and firms, depending on the functional and territory scope of each work centre.

Moreover, the Group's company located in Mexico, VBT, has an Internal Labour Code, which regulates different labour matters, such as entry requirements, working hours, holidays, leaves, etc.

Working time is organised in accordance with the working hours set in the collective agreements, adapting it to the type of work.

In production, due to the nature of the duties and the needs of the positions, the work centres are generally organised according to a system of shift work, with timetables in which workers are shown the days and hours of actual work and rest, following an equitable rotation that ensures that the number of hours of the annual working day established in each applicable collective agreement is not exceeded.

Creating a work environment where employees can thrive by promoting a diverse and multicultural workplace, while maintaining a work-life balance, is key to the Group. To this end, in 2023, the Remote Work Policy will be consolidated in the centres in Spain for administrative and office staff, in addition to the already existing flexible working hours, with a focus on commitment, motivation and team efficiency. Depending on each work centre, there is flexibility in the timetable for arriving, meal times and leaving, so that each worker can adapt their working hours to their personal needs.

Lontana Group also has a time and attendance system. In 2022, with the implementation of the Human Resources ERP, in order to adapt to the needs of each group and type of working day, a new digital clocking system was incorporated, which enables each worker to view their own time record, monitor it and request changes to it in an agile manner.

Moreover, the Group makes clear its position on disconnection from work, establishing and communicating to the workforce the right to digital disconnection in order to guarantee respect for employees' rest time, leave and holidays, as well as their personal and family privacy outside working hours. In this regard, the Group continues to work on developing a modern policy adapted to our reality. The goal is to design and implement a digital disconnection policy with guidelines and procedures that contribute to a better quality of work-life balance and well-being of people while ensuring the existence of an adequate balance of support for productivity and the correct provision of services for all members of the Group, together with the protection of information.

Regarding the work-life balance of employees, Lontana Group implements all the systems provided for in current legislation and in the applicable collective bargaining agreements. Thus, our professionals have the possibility of requesting an adaptation of their working hours on specific and temporary occasions in order to facilitate work-life balance, and several professionals have already availed themselves of this possibility.

In addition, Group employees have the right to take paid time off from work for a variety of reasons, such as caring for family members.

In particular, in 2023, 18 men and 58 women at Lontana Group took advantage of reduced working hours due to the legal guardianship of minors.

Finally, it is worth mentioning that in 2023, a total of 48 birth and childcare leaves have been requested, 8 for women and 40 for men.

*Lontana Group promotes social dialogue, with different legal representatives of employees depending on the regulations and customs and practices of the different countries in which it operates, with which it has fluid communication.*



# Client focus and supplier relations

## 5.1 Client focus

### 5.1.1 Our value contribution

At Lontana Group we focus on the client and client satisfaction is the main goal of our value-added strategy.

The deployment of this strategy involves improving the client experience, ensuring the excellent quality of our products and services, adjusting our delivery times and further strengthening relationships of trust.

### 5.1.2 Quality in everything we do

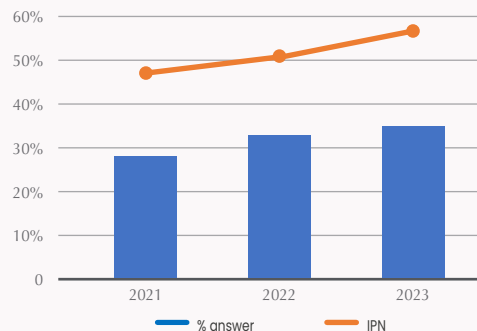
The quality of the products and services we provide to our clients is a key element of our value proposition. We have several indicators that enable us to measure the satisfaction of our clients in order to guarantee ongoing improvement and achieve excellence in the services provided. In addition, we have tools that enable us to anticipate possible deviations in the products and services we offer.

Nevertheless, when a complaint occurs, we handle it in the shortest possible time and promote improvement actions. We register the complaints in the system, categorise them, analyse the root causes and detail the actions to contain, correct and improve, which automatically reach each responsible person. The following table shows the claims registered in 2023 and their comparison with 2022 for 10 Group companies, showing a positive evolution with a reduction of close to 3%.

	Number of Complaints		% of Complaints		Evolution vs. 2021
	2023	2022	2023	2022	
Alustock	976	1035	1.21%	1.33%	-5.7%
Chavesbao	2167	2819	0.40%	0.64%	-23.1%
Bronmetal	857	812	0.58%	1.75%	5.5%
Bronmetal GmbH.	37	39	1.56%	2.19%	-5.1%
Linemetal	20	11	4.81%	1.54%	81.8%
Metalle Schmidt	145	130	2.02%	1.83%	11.5%
Londex	31	39	0.30%	0.47%	-20.5%
Index	4121	3944	0.43%	0.43%	4.5%
VBT	317	254	1.77%	1.38%	24.8%
VINCO	1073	944	3.79%	3.20%	13.7%
<b>TOTAL</b>	<b>9744</b>	<b>10,027</b>	<b>0.54%</b>	<b>0.65%</b>	<b>-2.82%</b>

The personalised relationship with each client is one of the levers of excellence for Lontana Group. Understanding their needs, responding with flexibility and being outstanding in the fundamentals is the basis of our activity.

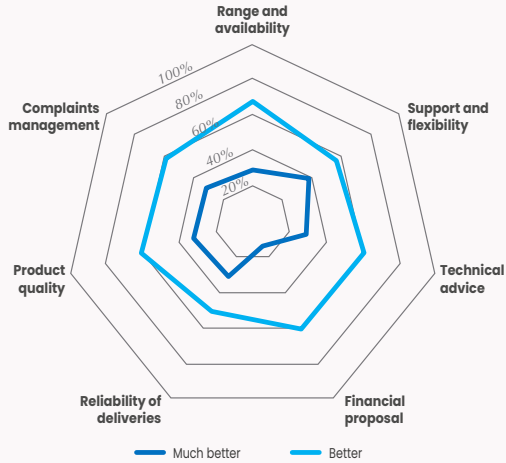
The ongoing monitoring of different quantitative parameters, as well as the trust generated, enable us to keep our finger on the pulse of the market and of each of our clients. In the Group, we have several mechanisms in place to measure the level of satisfaction with the goal of improving and achieving excellence with the client. One of these tools is the Net Promoter Index (NPI), which enables satisfaction to be assessed based on the surveys carried out. In 2023, we have sent surveys to 2,486 clients. The results show an improvement on previous years, both in the number of responses and in the scores received, with an average NPI rate of 56.3%.



*The client is at the centre of all Lontana Group's activities. Our goal is to strengthen trusting relationships by providing the best client experience with excellent quality products and services.*

The ratings obtained regarding other market players are also highly positive and attest to the appropriateness of the strategies implemented in previous years.

In these surveys, clients rate us on 7 dimensions. The average for the companies evaluated indicates high ratings in all 7 dimensions, with the most important ones being range and availability, service and flexibility, technical advice and product quality.



In 2023, work has been undertaken on an internal Guide for resolving answers to different relevant questions in terms of meeting the requirements of our clients with different internal objectives:

- Speeding up the resolution of client queries. Improve the response time to our clients' queries through the different communication channels of the business lines.
- Ensure awareness of client requirements in all areas of the organisation involved in meeting them. Training in the different areas of the more standardised requirements that our clients demand from us, as well as new sustainability requirements to ensure upstream and downstream communication and response.
- Reduce administrative tasks through the use of standard certificates, minimising response times. Achieve a more automated and standardised way of channelling FAQs from our clients/products and Lines of Business.

## 5.2 Supplier relations

### 5.2.1 Long-term commitment

Lontana Group is aware that the appropriate management of the purchase process and of suppliers guarantees our sustainability and supports the key factors of our project.

Five basic principles govern the ethical management of purchases with the end goal of generating value for Lontana Group:

1. The development and maintaining of long-term relationships with suppliers.
2. Guaranteeing the global competitiveness of the sources of supply.
3. Contributing in a distinguishing manner to the optimum management of working capital.
4. Have a clear vocation for client service.
5. Working with criteria of due diligence with a view to identifying opportunities and preventing or minimising risk in any section of the supply chain.

### 5.2.2 Supplier management

The global geopolitical situation and the consequences of new situations are having a major impact on global uncertainty and, in particular, on the supply of raw materials.

2023 has again involved a challenge for businesses and supply chains. The different speeds and response of the market to consumption expectations have required ongoing adjustments throughout the year.

All of this has implied a rethinking of the resupply parameters, the consequent ongoing and in-depth review of the supply pipelines and constant negotiations with suppliers to achieve the required adaptation to the real demand of each market.

Moreover, in all business lines, external management of suppliers and contacts was boosted in order to expand our options and to ensure more sustained and robust approval processes.

The competitiveness of the businesses was largely conditioned by the evolution of raw material prices, both in terms of the metal and base effects. Despite this, the Group was able to be aligned at all times with market-compliant purchase prices and acted early enough to mitigate to a large extent the negative effect of this situation.

# Sustainable environmental management

## 6.1 Environmental management system

Environmental management is undertaken in accordance with the guidelines of the head office, but the different centres are responsible for implementing the measures and ensuring compliance with environmental standards.

In 2023, a new ISO 14001:2015 environmental certification has been added to the new centre opened in Agoncillo for VINCO.



This certification is in addition to the existing certification of the Group's reference centres: Larrabetzu 1 headquarters

of Vinco and Central, Larrabetzu 2- Bronmetal and Trápaga- Chavesbao.

In this scope of certification, we undertake different awareness-raising campaigns, highlighting in 2023:

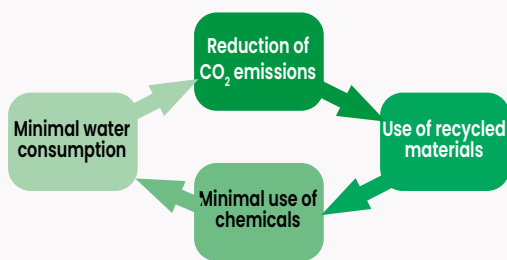
- 2nd national edition of the Best Environmental Suggestion Awards.
- Significant environmental aspects in 2022.
- Environmental targets and improvements by 2023.
- World Water Day.
- World Energy Saving Day.
- World Recycling Day.
- International day against climate change
- Environmental achievements in 2022.
- Quarterly evolution of environmental indicators.
- European Mobility Week.



## 6.2 Towards a circular economy

Lontana Group is working on a model of responsible production and consumption, through the implementation of the "5Rs" as far as possible.

The five Rs stand for Refuse, Reduce, Reuse, Repurpose, Recycle. Together, they form a more holistic initiative through which all organisations can preserve the environment and, at the same time, promote the circular economy: products should remain in the value chain for as long as possible, reuse is increased and waste generation is minimised.



We encourage the use of recycled materials in raw material supply chains, always ensuring that the incorporation of hazardous substances is reduced, as these make their reuse difficult.

We prevent the generation of waste and, where required, we ensure that it is properly managed. We work to make water and energy consumption as efficient as possible.

### 6.2.1 Waste management

In 2023, 3,294 tonnes of waste will be generated in the 10 main Spanish centres, of which 99.5% is non-hazardous.

True to the Lontana Group's commitment to sustainability and circular economy, 99.7% of waste is recycled. This way, we guarantee the recovery (reuse, recycling or energy recovery) of the waste generated, thus avoiding landfill management.

We undertake different actions towards the goal of 0 waste:

- Training in waste management (own staff and subcontractors).
- Correct separation of waste at source into its different fractions.
- Use of large volume containers.
- Compacting of low-density waste.
- Search for the best manager for each waste fraction –avoiding landfill treatment.

### Hazardous waste management

In 2023, 17 tonnes of hazardous waste will be generated in the 10 main national centres.

The Larrabetzu (L1 and L2), Trápaga, Logroño and Vitoria centres account for 70% of the total hazardous waste generated. There is a slight reduction of 1.3% compared to 2022. However, the ratio of waste generated to Tn sold increases by 1.6%.



**-1.3%** 11.86 Tn  
**+1.6%** 0.159 kg/Tn sold

Centres on L1, L2, Trápaga, Logroño and Vitoria (70% of the total in Spain).  
Reduction of the amount generated by 1.3% vs. 2022.  
Slight increase in the ratio vs. tonnes sold.

### Non-hazardous waste management

The main non-hazardous waste generated in 2023 at the centres in Spain is ferrous (steel) and non-ferrous (aluminium, copper, brass, etc.) scrap as well as packaging (wood, paper and cardboard, and plastic).



**-3.0%** 1,927,982 Tn  
**-4.1%** 20.93 kg/Tn sold

**Reduction vs. 2022 in both the total amount generated and the ratio vs. tons sold.**

The generation of scrap has been reduced by 3.0% compared to 2022 as well as the ratio of scrap to Tn sold.

Regarding packaging waste, it increased by 36%, especially for wood. The centres with the greatest increase are Vitoria and Larrabetzu (L1).

## 6.2.2 Sustainable use of resources

In 2023, the environmental aspects at the Larrabetzu (L1, L2), Trápaga and Agoncillo centres have been identified and those regarding packaging consumption (wood and plastic) and, to a lesser extent, waste generation, have been determined as the most significant.

Several initiatives have been launched, including the use of thinner plastic packaging with a higher recycling rate.

### Energy

Total absolute electricity consumption increases by 1.1% compared to 2022. The new Agoncillo Centre has been included.

The centres in Logroño, Vitoria, Barcelona, Amorebieta and Valencia recorded a reduction in consumption, while L1 and Getafe increased their consumption.



**+1.1%** 3,257,410 kWh  
**+1.5%** 35.35 kWh/Tn sold

Total absolute consumption increases by 1.1% compared to 2022. The new Agoncillo Centre has been included. Centres on L1, L2, Trápaga, Logroño, Vitoria and Barcelona (90% of the total in Spain). Slight increase in the consumption ratio vs. tons sold.

Larrabetzu (L1), Logroño, Vitoria and Trápaga are the centres with the highest relative consumption. Between the 4 Centres, they consume 80% of the total.

DISTRIBUTION OF ELECTRIC CONSUMPTION IN SPANISH CENTRES



In 2023 we have installed photovoltaic panels in the Logroño Centre, which will reduce CO<sub>2</sub> emissions by 39,852 kg.

All the electricity consumed at the centres in Spain is of renewable origin.

### Water

Water consumption in centres in Spain has increased by 26%. Considering that we do not use water in our production processes, consumption is associated with a greater number of centres and an increase in the number of employees. Water consumption per person remains stable compared to 2022.

In the Amorebieta centre, we recorded higher consumption due to a water leak, which was located and repaired.

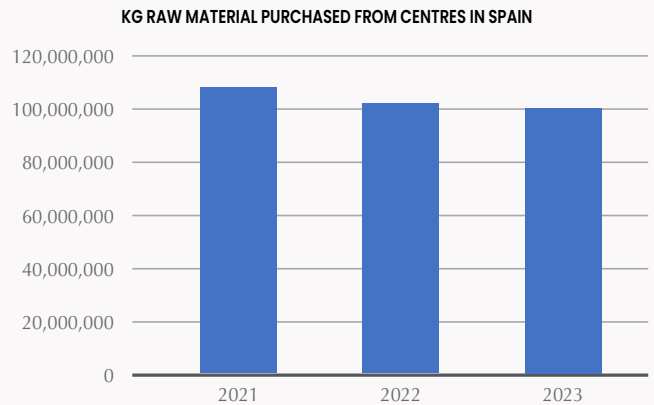


**+26.3%** 5,269 m<sup>3</sup>  
**+0.5%** 4.78 m<sup>3</sup>/person

Total consumption increases by 26.3% vs 2022 mainly due to the new Agoncillo centre and a water leak at the Amorebieta centre. Consumption per person is similar to 2022.

### Raw materials

In 2023, the raw materials purchased for the Centres at national level have been reduced compared to 2022 by 2.8%.



The materials that are transformed in our production processes are mainly steel, aluminium and copper. The generated waste is controlled with the goal of reducing its production, in addition to being managed through authorised managers, thus entering the recycling process.

## 6.3 Emissions and climate change

### 6.3.1 Pollutant emissions

100% of the electricity consumed by Lontana Group at national level is renewable and mostly green (wind and solar), so no carbon emissions are generated regarding this consumption.

### 6.3.2 Light and noise pollution

Even though the different centres are located in industrial areas, and due to our activity, light and noise pollution is a non-material issue, we ensure that it is reduced to the bare minimum.

As part of the operational control of the integrated management system, we undertake environmental noise measurements at the centres located in the Basque Country by accredited entities, which are reviewed on a planned basis. In 2023, measurements were taken at the Trápaga centre with favourable results.

### 6.3.3 Combating climate change

According to a report by the World Meteorological Organisation on the state of the climate, 2023 is confirmed to be the warmest year on record. In 2022, concentrations of the three main greenhouse gases reach unprecedented levels and in particular, CO<sub>2</sub> levels are 50% higher than in the pre-industrial era.

Organisations have been greatly responsible in leading the process of climate change mitigation. Calculating the carbon footprint is a crucial step in this fight, as it enables us to quantify and control emissions in order to move towards a more sustainable world with lower environmental impacts.

With these calculations, we will be able to define emission reduction targets and have a management tool available to guide the Group towards the process of decarbonisation, adaptation and mitigation of climate change.

Strategies to reduce the carbon footprint are many, although there is a consensus that improving energy efficiency and the use of renewable energies are effective ways of reducing greenhouse gases.

At Lontana Group, we have been aligned with this approach for some time, as demonstrated by the investments we have made to reduce our carbon footprint in terms of energy. By way of example:

- The vast majority of our forklift trucks are electric and do not use fossil fuels.
- The electricity we use in all our centres in Spain comes from renewable sources and we have achieved zero Scope 2 emissions.
- We have installed photovoltaic energy panels in one of our centres.
- We have installed light sensors in the warehouses and offices, as well as LED lights in most of the centres.

In 2022, we will measure the carbon footprint of scopes 1 and 2 referring to the activity of 2021 for 8 centres in Spain. In 2023, we faced the challenge of also measuring scope 3 and to include all Centres at national and international level and we have achieved it.

The calculation has been undertaken in accordance with ISO 14064-1:2019, with an analysis of the GHG emissions derived from the activity in 2022.

Emissions are expressed in tonnes of CO<sub>2</sub> equivalent, thus determining the contribution to climate change. The tonne of CO<sub>2</sub> equivalent is the universal unit of measurement indicating the Global Warming Potential (GWP) of each of the GHGs.



SCOPES IN THE FIGHT AGAINST CLIMATE CHANGE

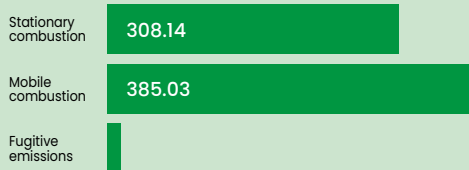
**SCOPE 1**  
DIRECT EMISSIONS

**712.6** <sub>TN</sub> (0.31%)

Scope 1 emissions are direct emissions from sources owned by the organisation.

Mobile combustion has a significant contribution from vehicles owned by Lontana Group, followed by stationary combustion from the consumption of natural gas, butane and propane. The total number amounts to 712.6 TCO<sub>2</sub>e, which is relatively low considering all the Centres included in the calculation.

**SCOPE 1 EMISSIONS (TCO<sub>2</sub>e)**



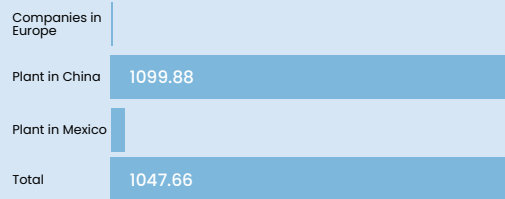
**SCOPE 2**  
INDIRECT EMISSIONS

**1047.66** <sub>TN</sub> (0.45%)

Scope 2 emissions are indirect emissions from the generation of electricity consumed by the organisation.

For companies in Spain and Germany, we have achieved zero emissions through the purchase of energy with Guarantees of Renewable Origin (GDO).

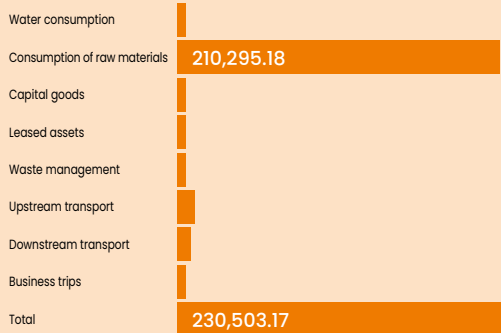
**SCOPE 2 EMISSIONS (TCO<sub>2</sub>e)**



**SCOPE 3**  
OTHER INDIRECT EMISSIONS

**230,503.17** <sub>TN</sub> (99.24%)

**SCOPE 3 EMISSIONS (TCO<sub>2</sub>e)**



91.2% of Scope 3 emissions correspond to the consumption of raw materials.

One of the main raw materials we use is steel, the production of which requires large amounts of energy with a high impact on CO<sub>2</sub> emissions. In this sense, and in order to reduce this scope 3 footprint, we support initiatives such as green steel, which has led us to acquire the first green steel coils in 2023.

Green steel is an innovation in the steel industry starting the way towards decarbonisation of its manufacture. It is produced with zero CO<sub>2</sub> emissions thanks to the use of

Scope 3 emissions are emissions that occur at sources that are not owned or controlled by the company but are a consequence of its activity.

This scope represents the largest share of emissions with 99.24% of the total



Reception of the first two coils of ARANIA green steel strip at VINCO's facilities located in Larrabetzu, Bizkaia. ARANIA and VINCO collaboration team.

renewable energy and the replacement of carbon with hydrogen also produced by renewable energy.

The coils have been produced using hot-rolled material made by melting recycled steel scrap and environmentally friendly energy sources. This achieves a 71% lower CO<sub>2</sub> footprint than the conventional production using the blast furnace route for the raw materials required for the cold rolling process.

- The Organisation's total emissions amount to 232,263.43 tCO<sub>2</sub>e.
- Bronmetal, Vinco and Index are the companies with the largest carbon footprint (67% of the Group's total).
- Almost the entire footprint is concentrated in Scope 3.
- All companies (except Londex and VBT) have 0 Scope 2 emissions thanks to the purchase of energy from renewable sources.

## 6.4 Protection and conservation of biodiversity

The activities undertaken by the Lontana Group do not have a significant direct impact on biodiversity; however, we are aware that our contribution is necessary to minimise the impact on ecosystems, avoiding overexploitation of natural resources and preventing any source of pollution (spills, waste generation, etc.).

*At Lontana Group, we take care of our environment. For this reason, we establish a number of behavioural guidelines aimed at preventing or reducing the environmental impact that we may have in our daily work environment.*



# 7 Contribution towards Society

The Group contributes value to society in the countries in which it operates through its activities and the quality employment it generates. It also supports the industrial development of companies in the localities close to its industrial plants.

Lontana Group collaborates with the inclusion of its own Special Employment Centre "CETEYMA", integrated within Técnicas Expansivas, which currently has 14 employees with a minimum disability of 33%. Moreover, we consider contributions to not-for-profit companies, their responsibility for social impact and their commitment to improving the Group's role as an active part of society to be of critical importance. The largest initiative is in the area of Diversity, Equality and Inclusion with the collaboration with 21 Special Employment Centres in Spain, employing 208 people.

This same initiative is carried out in the centres located in Larrabetzu and Trapaga, which collaborate with two other special employment centres, highlighting the work undertaken by the Lantegi Batuak foundation.



*At Lontana Group, we consider it important to contribute to not-for-profit companies, their responsibility for social impact and their commitment to improving the Group's role as an active part of society.*

The Group also works with the Adecco foundation devoted to the inclusion in the labour market of people with the greatest difficulties in accessing employment: people with disabilities, the over-45s who are long-term unemployed, the over-55s, single-parent families, victims of gender-based violence and other people with a certificate of risk of social exclusion.



In 2023, we will continue to work on the Group's collaboration projects with Vocational Training Educational Centres and Universities.

This year, 3 educational collaborations have taken place in the Lontana Group. Here, it is worth highlighting the collaboration agreement we have signed with the University of La Rioja, in order to undertake a practical training programme for students in the company, scholarships for postgraduate studies at the University or other actions that facilitate employability and the attraction and retention of talent in the company, as part of a strategy and commitment to stable and quality employment.



Lastly, Lontana Group has made several contributions to non-profit organisations over the course of 2023 for the following amounts: DYA (€320), Red Cross (€250) and Caritas (€720).

In line with these contributions, and as a highlight in 2023, a new procedure has been implemented for the purchase and delivery of the usual toys awarded as prizes to all participants of the XII Christmas Card Competition, aimed at the children of the Group's employees aged 0 to 14. As an additional step in Lontana Group's contribution to society and as a continuation of the initiative implemented in 2022, where participants were given the opportunity to donate the amount of the gift to the RED CROSS, in 2023, an agreement has been reached with the association "SEEDS FOR CHANGE" for the purchase of solidarity gifts to be given to the participants. The products are handmade by people from the slums, bringing about great changes among the most disadvantaged social groups in India.



# About the Report

## 8.1 Materiality analysis

In 2023, we undertook the materiality analysis by first identifying the sustainability aspects to be analysed through the benchmarking of competitors and industry prescribers. Secondly, we gather a number of internal and external inputs on what is relevant to the different Stakeholders. Thirdly, we ranked the information according to the relevance that each aspect could have on the decisions and/or assessments of the Lontana Group's Stakeholders and its relevance for the Group in its ability to deliver on its strategy.

With all this, we made the materiality matrix:

External relevance (Stakeholders)	VERY HIGH	<ul style="list-style-type: none"> <li>● Energy consumption, efficiency and use of renewable energies</li> <li>● Atmospheric emissions</li> </ul>	<ul style="list-style-type: none"> <li>■ Compliance with applicable legislation</li> <li>■ Good Corporate Governance</li> <li>● Efficient materials management</li> <li>■ Ethics, conduct and human rights</li> <li>▲ Governance and strategic management of sustainability</li> <li>● Staff well-being and work-life balance</li> <li>▲ Employment creation and positive impact on the community</li> <li>● Medium and long-term environmental management</li> <li>● Circular economy: efficient use of raw materials and waste management</li> </ul>	<ul style="list-style-type: none"> <li>■ Product quality</li> <li>■ Service quality</li> <li>● Employee Health and Safety</li> <li>▲ Innovation and digitalisation</li> <li>■ Client relations and business practices</li> <li>● Training and development</li> <li>▲ Responsible value chain management</li> <li>■ Development of new products and services</li> <li>● Attracting, retaining and managing talent</li> <li>▲ Consideration of selection criteria for suppliers and contractors</li> </ul>
	HIGH	<ul style="list-style-type: none"> <li>● Diversity, inclusion, integration and a level playing field</li> <li>▲ Consideration of proximity for suppliers and contractors</li> <li>● Water use and conservation</li> <li>● Climate change and carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>▲ Relationship with the local community</li> <li>■ Reputation and information transparency</li> <li>▲ Active dialogue with stakeholders</li> <li>■ Fighting corruption and bribery</li> <li>▲ Organisational culture and working environment</li> </ul>	<ul style="list-style-type: none"> <li>▲ Economic performance</li> <li>▲ Business strategy</li> <li>▲ Risk management and business opportunities</li> <li>■ Complaint management and client satisfaction</li> </ul>
	MEDIUM	<ul style="list-style-type: none"> <li>● Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>▲ Audits of suppliers and contractors</li> <li>▲ Responsible financing and investment</li> </ul>	
		MEDIUM	HIGH	VERY HIGH
Internal relevance (Lontana Group)				

<p><b>TYPE</b></p> <ul style="list-style-type: none"> <li>▲ Increase</li> <li>▼ Decrease</li> <li>● Unchanged</li> <li>■ New</li> </ul>	<p><b>TOPIC</b></p> <ul style="list-style-type: none"> <li>■ Procurement and value chain</li> <li>■ Responsibility towards employees</li> <li>■ Economic and strategic management</li> <li>■ Ethics and Corporate Governance</li> <li>■ Environmental management</li> <li>■ Stakeholder relations and social contribution</li> <li>■ Client relations</li> </ul>
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In the quadrant of very high external relevance for Stakeholders and very high internal relevance for Lontana Group, we find the most significant material issues. They are all linked to different UN Sustainable Development Goals (SDGs).

Material Aspect	Material Issue	ODS Associates
Economic and strategic management	Innovation and digitalisation	
Responsibility towards employees	Employee health and safety Training and development Attracting, retaining and managing talent	  
Client relations	Client relations and business practices Development of new products and services Product quality Service quality	  
Procurement and value chain	Responsible value chain management Consideration of selection criteria for suppliers and contractors	    

We update our sustainability strategy on an ongoing basis, which is integrated into our annual strategic reflection.

*In order to design the contents of this report and select the aspects that are relevant, Lontana Group has undertaken a materiality analysis that has enabled it to identify the most relevant aspects on which to inform its Stakeholders, as well as to respond to the requirements of non-financial information based on the regulations in force.*

# Appendix 9

## 9.1 Traceability table

### GENERAL SCOPE

	Scopes		Reporting framework	Section
Business Model	Description of the Group's business model, including: <ul style="list-style-type: none"> <li>• Business environment</li> <li>• Organisation and structure</li> <li>• Markets in which it operates</li> <li>• Goals and strategies</li> <li>• Main factors and trends that may affect its future development</li> </ul>	2-1 (2021) 2-6 (2021) 2-7 (2021) 2-22 (2021)	Company details Activities, value chain and other business relationships Employees Sustainable Development Strategy Statement	1.1. About us 1.2. 2023 In numbers 1.3. Milestones in 2023 2.1. Our history 2.2. Organisation and structure 2.2. Main business lines 2.3. Geographical presence 2.3. Location of operations and markets served 2.4. Current economic, social and industry environment and its influence on our activity. 3.1. Sustainable strategy 3.2. Good governance 3.4. Stakeholder dialogue
Policies and Policy Outcomes	A description of the policies applied by the Group, and the results of such policies, including relevant non-financial key performance indicators	3-3 (2021) 2-23 (2021) 3-3 (2021) 2-24 (2021)	Management approach to each area, highlighting existing policies in the company Commitments and policies Management approach for each area Implementation of commitments and policies	3.2.2. Policies and commitments
Risks in ST, MT and LT	Measures to prevent, reduce or remedy carbon emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution  Measures to prevent, reduce or remedy carbon emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	3-3 (2021)	Management approach for each area	3.3. Risk management

## SOCIAL AND STAFF ISSUES

	Scopes		Reporting framework	Section
Employment	Total number and distribution of employees by gender, age, country and occupational category	3-3 (2021) 2-7 (2021) 405-1 (2016)	Employment Management Approach Employees Diversity in governing bodies and employees	4. Good people – Lontana Group a team to grow with – Stable and Quality Employment
	Total number and distribution of types of employment contracts	2-7 (2021)	Employees	4. Good people – Lontana Group a team to grow with – Stable and Quality Employment
	Average annual number of permanent, temporary and part-time contracts by gender, age and occupational category	2-7 (2021) 405-1 (2016)	Employees Diversity in governing bodies and employees	4. Good people – Lontana Group a team to grow with – Stable and Quality Employment
	Number of dismissals by gender, age and occupational category	401-1 (2016)	New employee recruitment and staff turnover	4. Good people – Lontana Group a team to grow with – Stable and Quality Employment
	Average remuneration by gender, age and professional category	405-2 (2016)	Ratio of basic salary and remuneration of women vs. men	4. Good people – Lontana Group a team to grow with – Stable and Quality Employment
	Wage gap, the pay for equal positions or the average in society,	3-3 (2021) 405-2 (2016)	Employment Management Approach + Diversity and Equal Opportunities Ratio of basic salary and remuneration of women vs. men	4. Good people – Lontana Group a team to grow with – Stable and Quality Employment
	Average remuneration of directors broken down by gender	3-3 (2021) 2-19 (2021)	Diversity and Equal Opportunities management approach Remuneration policy	4. Good people – Lontana Group a team to grow with – Stable and Quality Employment
	Implementation of work disengagement policies	3-3 (2021)	Employment Management Approach	4. Good people – Labour relations and organisation of working time
	Employees with disabilities	405-1 (2016)	Diversity in governing bodies and employees	4. Good people – Diversity, equality and inclusion
Work organisation	Working time organisation	3-3 (2021)	Employment Management Approach	4. Good people – Labour relations and organisation of working time
	Number of absence hours	403-9 (2018) 403-10 (2018)	Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to occupational accidents or diseases	4. Good people – Health and safety at work
	Measures aimed at enabling a good work-life balance and encouraging the co-responsible exercise of work-life balance by both parents	3-3 (2021)	Employment Management Approach	4. Good people – Labour relations and organisation of working time
Health and safety	Health and safety conditions at work	3-3 (2021)	Occupational Health and Safety management approach	4. Good people – Occupational health and safety – preventive approach
	Number of accidents at work and occupational diseases by sex, frequency and severity rate by gender	403-9 (2018) 403-10 (2018)	Injuries due to accidents at work Occupational diseases and illnesses	4. Good people – Occupational health and safety – work accidents
	Organisation of social dialogue	3-3 (2021)	Worker-company relationship management approach	4. Good people – Labour relations and organisation of working time
Social relationships	Percentage of employees covered by collective bargaining agreements by country	2-30 (2021)	Collective bargaining agreements	4. Good people – Labour relations and organisation of working time
	Overview of collective agreements, specifically in the field of occupational health and safety at work	403-4 (2018)	Employee participation, consultation and communication on occupational health and safety at work	4. Good people – Labour relations and organisation of working time
	Mechanisms and procedures that the company has in place to promote the involvement of employees in the management of the company, in terms of information, consultation and participation	3-3 (2021)	Worker-company relationship management approach	4. Good people – Labour relations and organisation of working time
Training	Policies implemented in the field of training	3-3 (2021) 404-2 (2016)	Training and education management approach Programmes to improve employee skills and transition assistance programmes	4. Good people – Lontana Group a team to grow with – Training
	Total number of training hours per professional category.	404-1 (2016)	Average hours of training per employee per year	4. Good people – Lontana Group a team to grow with – Training
Universal accessibility for people with disabilities	3-3 (2021)	Diversity and Equal Opportunities management approach + Non-discrimination	4. Good people – Diversity, equality and inclusion	
Equality	Measures taken to promote equal treatment and opportunities for women and men	3-3 (2021)	Diversity and Equal Opportunities management approach + Non-discrimination	4. Good people – Diversity, equality and inclusion
	Equality plans; measures implemented to promote employment, protocols against sexual and gender harassment			4. Good people – Diversity, equality and inclusion
	Anti-discrimination and, where appropriate, diversity management policy			4. Good people – Diversity, equality and inclusion

## SOCIAL AND STAFF ISSUES

Scopes		Reporting framework	Section
Global Environment	Current and foreseeable effects of the company's activities	3-3 (2021)	Management approach to each area of the different environmental issues
	Environmental assessment or certification procedures	2-23 (2021)	Commitments and policies
	Resources devoted to environmental risk prevention		
	Application of the precautionary principle		
	Amount of provisions and guarantees for environmental risks		
Pollution	Measures to prevent, reduce or remedy carbon emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	3-3 (2021)	Emissions / Biodiversity management approach
		305-5 (2016)	Reduction of GHG emissions
Circular economy and waste prevention and management	Circular economy	3-3 (2021)	Effluent and waste management approach
	Waste: waste prevention measures, recycling, reuse, other forms of recovery and disposal of waste	306-3 (2020)	Generated waste
	Actions to combat food waste	3-3 (2021)	Effluent and waste management approach

## INFORMATION ON RESPECT FOR HUMAN RIGHTS

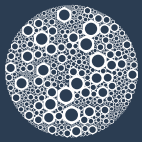
Scopes		Reporting framework	Section
Implementation of human rights due diligence procedures. Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses.		3-3 (2021)	Human rights assessment management approach + Freedom of association and collective bargaining + Child labour + Forced or compulsory labour
		412-1 (2016)	Operations subject to human rights impact assessments or reviews
		2-23 (2021)	Commitments and policies
		2-24 (2021)	Implementation of commitments and policies
Complaints of human rights violations		406-1 (2016)	Cases of discrimination and remedial action taken
Promotion and enforcement of the provisions of the ILO core conventions regarding 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		407-1 (2016)	Operations and suppliers the right to freedom of association and collective bargaining of which may be at risk
		3-3 (2021)	Non-discrimination management approach
		406-1 (2016)	Cases of discrimination and remedial action taken
		409-1 (2016)	Operations and suppliers with significant risk of cases of forced or compulsory labour
		408-1 (2016)	Operations and suppliers with significant risk of child labour cases
Measures taken to prevent corruption and bribery		3-3 (2021)	Anti-corruption management approach
Measures to combat money laundering		2-23 (2021)	Commitments and policies
		2-24 (2021)	Implementation of commitments and policies
		205-3 (2016)	Confirmed cases of corruption and measures taken
Contributions to foundations and non-profit organisations		413-1 (2016)	Operations with local community participation, impact assessments and development programmes

## INFORMATION ABOUT THE COMPANY

	Scopes		Reporting framework	Section
Company commitments to sustainable development	Impact of the company's activity on employment and local development	3-3 (2021)	Local communities management approach + Indirect economic impacts	7. Contribution towards society
		203-1 (2016)	Investments in infrastructure and supported services.	
		413-1 (2016)	Operations with local community participation, impact assessments and development programmes	
	203-1 (2016)	Investments in infrastructure and supported services.		
	Impact of the company's activity on local populations and the territory	413-1 (2016)	Operations with local community participation, impact assessments and development programmes	
	Relations with local community actors and dialogue modalities	2-29 (2021)	Approaches to Stakeholder Engagement	
	Partnership or sponsorship actions	2-28 (2021)	Association memberships	
Subcontracting and suppliers	Partnership or sponsorship actions	2-6 (2021)	Activities, value chain and other business relationships	5.2. Relations with suppliers
		3-3 (2021)	Supplier environmental assessment management approach + Supplier social assessment + Procurement practices	
		414-1 (2016)	New suppliers that have passed selection filters according to the social criteria	
	Monitoring and audit systems and audit results	3-3 (2021)	Acquisition practices management approach	
Consumers	Consumer health and safety measures	3-3 (2021)	Client Health and Safety management approach	5.1. Client focus 5.1.1. Our value contribution 5.1.2. Quality in everything we do
		416-1 (2016)	Health and safety impact assessment of product or service categories	
	3-3 (2021)	Marketing and labelling management approach + Client privacy		
Tax information	Country-by-country benefits	3-3 (2021)	Economic performance + Tax management approach	2.4. Location of operations and markets served
	Taxes on profits paid	207-4 (2019)	Country-by-country reporting	
	Public aid received	201-4 (2016)	Financial assistance received from the government	



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