

görlan



SUSTAINABILITY REPORT 2022

CONTENTS

	Letter from the President	2
1	About Gorlan.....	4
	1.1. Gorlan up close	5
	1.2. Business model and strategy	10
	1.3. Constantly evolving	18
	1.4. Corporate governance.....	26
2	Sustainability	34
	2.1. People	36
	2.2. Product.....	38
	2.3. Environment.....	40
3	Stakeholders	42
	3.1. Creating strong and lasting bonds	43
4	Materiality	46
5	People	52
	5.1. Our people	53
	5.2. Creating a shared purpose	62
	5.3. Health and safety.....	74
	5.4. Talent management.....	78
6	Product	82
	6.1. Destination sectors.....	83
	6.2. Technology to make the best product.....	86
	6.3. Responsible supply chain.....	90
	6.4. Driving decarbonization under maximum quality standards.....	94
7	Environment.....	98
	7.1. Reducing our environmental impact.....	99
	7.2. Our customers.....	106
	7.3. Collaborating with the environment	110
	7.4. Collaborating with key stakeholders.....	114
8	Annexes	118
	8.1. Annex 1.....	119
	8.2. Annex 2	123



Letter from the President



Jose Julio Gómez Barbero
President

In early 2022, as we awoke from the nightmare of the pandemic, we were challenged by the complexity of the war in Ukraine and an unprecedented energy crisis. In addition, the economy faced runaway inflation and rising interest rates, which rounded off the picture. Given this context, we have proven that our strategy of innovation, growth and long-term sustainability has proven to be the right one. Nevertheless, it has been a complex year and I feel it necessary to pause for a moment to recall and highlight the most significant challenges and achievements we have faced during this turbulent year.

We have faced difficulties in the supply chain due to the increase in raw material prices, the difficulty in finding alternative suppliers and the scarcity of resources. Nevertheless, we have managed to adapt to change, reorganize our supplier network and improve cost efficiency by focusing on flexibility in all aspects of our business. Thanks to the support of some of our customers, which has allowed us to effectively pass on price increases to the market, and to our efforts, we have been able to obtain satisfactory results and maintain a level of service in line with their needs.

In our product portfolio, we have observed a notable increase in the demand for higher value-added products, such as those related to supervision, digitalization, remote management and monitoring. These more technologically advanced products have become more important and represent an increasingly significant part of our operations.

The strategy of technological anticipation that started in 2013 with the creation of Merytronic has proven to be an ideal option in this scenario where the energy transition represents one of the most significant global challenges. This foresight has strengthened the Group and its model in facing the future. It is fundamental that our companies are based on creativity, intuition, innovation and transparency, as we believe these principles are essential to adapt to a constantly changing environment and remain relevant.

Fortunately, the markets we are targeting, such as the electricity distribution, photovoltaic and railway sectors, have shown solid growth and high demand. This has provided us with opportunities to expand our reach and strengthen our position in these sectors.

I also consider it relevant to highlight that, in the second half of the year, we have completely left behind the impacts of the pandemic and have witnessed a recovery and normalization of international markets. We have also been able to resume visits to our customers and our production centers, as well as attending trade fairs as exhibitors and visitors.

However, we have faced difficulties in recruiting personnel for a variety of roles and profiles. Despite this, we have had a total of 123 new hires, which reflects a constant and continuous growth in the Gorlan Family team. I am proud to see how our team is growing and strengthening, an indicator of our commitment to success and sustainable development.

Another milestone is that we continue to make progress in the development of the Darwin project. This project encompasses digitalization initiatives, digital marketing, the implementation of a new ERP (Infor LN) prepared for the Group's current demands and the advent of artificial intelligence, among other aspects. It represents an important milestone on our path to innovation and continuous improvement.

I cannot end this introduction without mentioning the launch of the HUCA project as a sign of our commitment to human capital. I would like to take this opportunity to praise the effort, commitment and dedication of our team. Their contribution has been fundamental in overcoming challenges and achieving outstanding results.

In this Sustainability Report, you will find detailed information about the economic, social and environmental performance of the Gorlan Group during the year 2022. This report has been prepared following the international standards of the Global Reporting Initiative (GRI) Principles and we have related them to the Sustainable Development Goals (SDGs) we decided to focus on.

This is the second year that our "Nemo" project has been launched. For us, Nemo is much more than a document that collects and communicates information about the organization's performance in terms of sustainability. It serves as a framework to inspire us to achieve greater goals each year.

Scope

It covers the period from January 1 to December 31, 2022. The scope of this report has taken into account Gorlan Team, S.L.U. and subsidiaries (hereinafter Gorlan, Gorlan Group or Group), except in areas where so specified. Below are the subsidiaries of Gorlan Team, S.L.U. as of December 31, 2022:

Company	Consolidation
Gorlan Team, S.A.U	Full
Pronutec, S.A.U.	Full
Plastibor, S.L.U.	Full
Telergon, S.A.U.	Full
Inaselec Assembly, S.L.U.	Full
Merytronic 2012, S.L.	Full
Gorlan Germany, Gmbh	Full
Gorlan Electric (Shanghai) CO, Ltd.	Full
Gorlan Polska, Sp.z.o.o	Full
Tripus Systems Gmbh	Full
Tripus Polska, Sp.z.o.o.	Full
Gorlan India Pvt, Ltd	Equity method
S.R. Electric Company LTD	Equity method
Ariadna Instruments, S.L.	Equity method
Pronutec AG	Equity method

The most famous fish in the world and the legendary captain of the submarine Nautilus give their name to a project whose main objective is to dive into the waters of the Gorlan Group and thus sail the seas of each of our companies. From these two characters we draw lessons of adventure and exploration. Entrepreneurship involves facing uncertain situations, overcoming obstacles and discovering new perspectives. These are values that represent us and that we want to transmit.

I invite you to continue reading this report and immerse yourself in this exhaustive internal and external analysis of the Gorlan Group during the 2022 financial year.



1

About gorlan

1.1. Gorlan up close	5
1.2. Business model and strategy	10
1.3. Constantly evolving	18
1.4. Corporate governance	26



1.1.

Gorlan up close

Our purpose

We are an industrial and family-owned business group founded in 1986. Today, we have a team of more than 750 people working with a single purpose: **to facilitate the energy transition in energy distribution models through technological innovation.**

2022 in numbers

We have increased our EBITDA by 58% and our sales by 35% compared to fiscal year 2021 (34% and 15% in 2021 compared to 2020), and our objective is to continue consolidating our growth and profitability path.

EBITDA (MILLIONS €)

2022	17	2021	11
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SALES (MILLIONS €)

2022	143	2021	106
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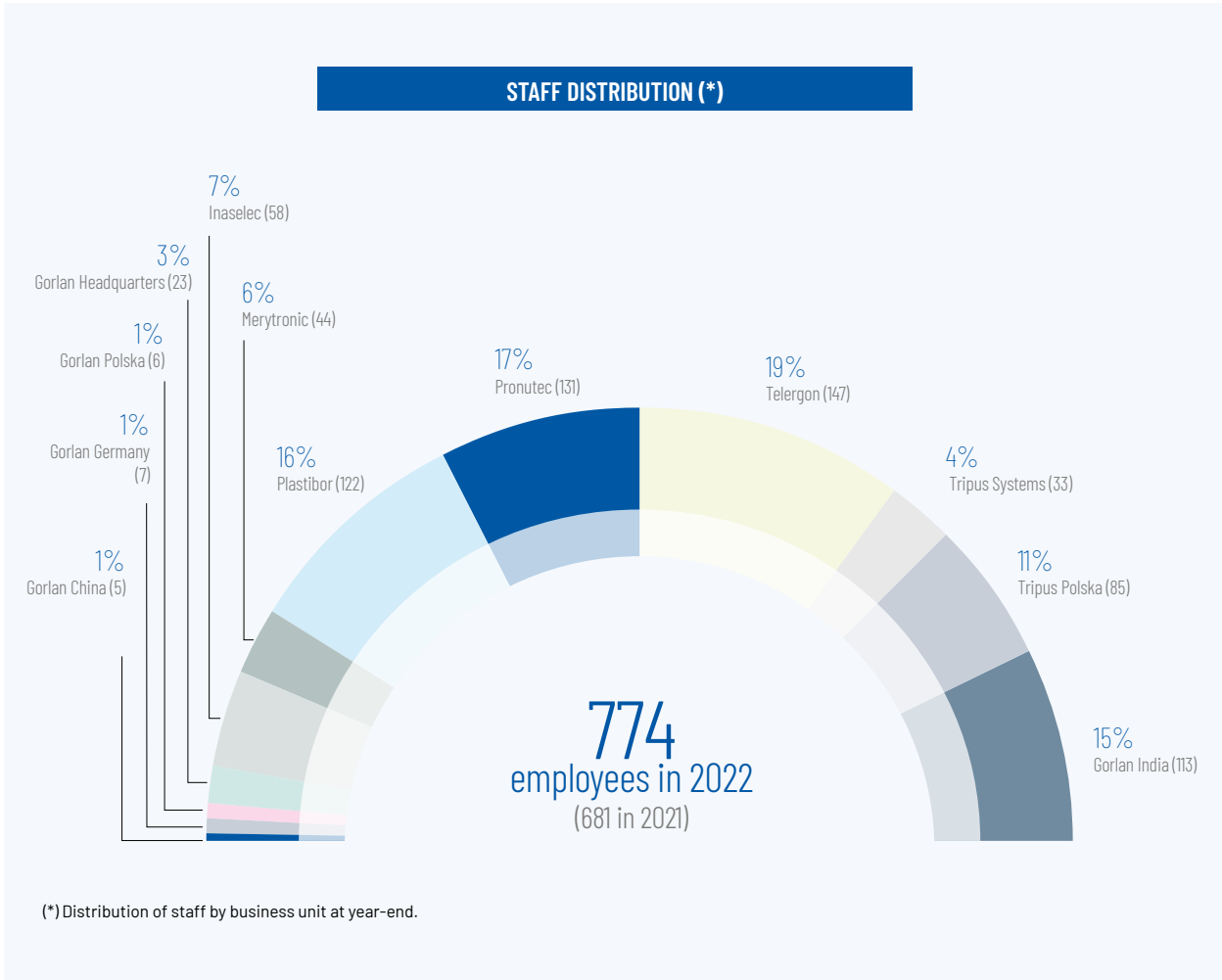
NET FINANCIAL DEBT (MILLIONS €)

2022	13	2021	14
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EMPLOYEES AT YEAR-END (*)

2022	774	2021	681
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(*) In addition to the companies included in the fully consolidated financial statements, the Gorlan India workforce is included.



Looking back

SUMMARY OF AN EXTRAORDINARY YEAR

In spite of the generalized problems caused by the lack of raw materials, we have been able to react and adapt better than our competitors, which has allowed us to gain market share and grow in all magnitudes.

In the past year, our company has experienced an unprecedented achievement, reaching all-time highs in both sales and profitability thanks to increasingly technological and differentiating products.

This success drives us to maintain our ambition to continue to exceed our own expectations and to be a key player in the race towards the energy transition.

However, as we strive to achieve new goals, we are also aware of the importance of promoting growth that takes into account the social, economic and environmental impact of the company's operations.

[>> More information in the letter from the President.](#)

Vision

WHAT DO WE WANT TO BE?

We want to be a global leader in the electricity sector, participating in the technological challenges required by the automation and digitalization of low-voltage networks and promoting the development of renewable energies to create a new energy era that is more solid, clean, sustainable, participatory and open.

Mission

WHAT DO WE DO?

We work with the objective of generating value for all our stakeholders in a sustainable manner. Our activity is mainly dedicated to the electricity sector, providing innovative solutions to meet the needs of a changing, complex, globalized and digital world.

Values

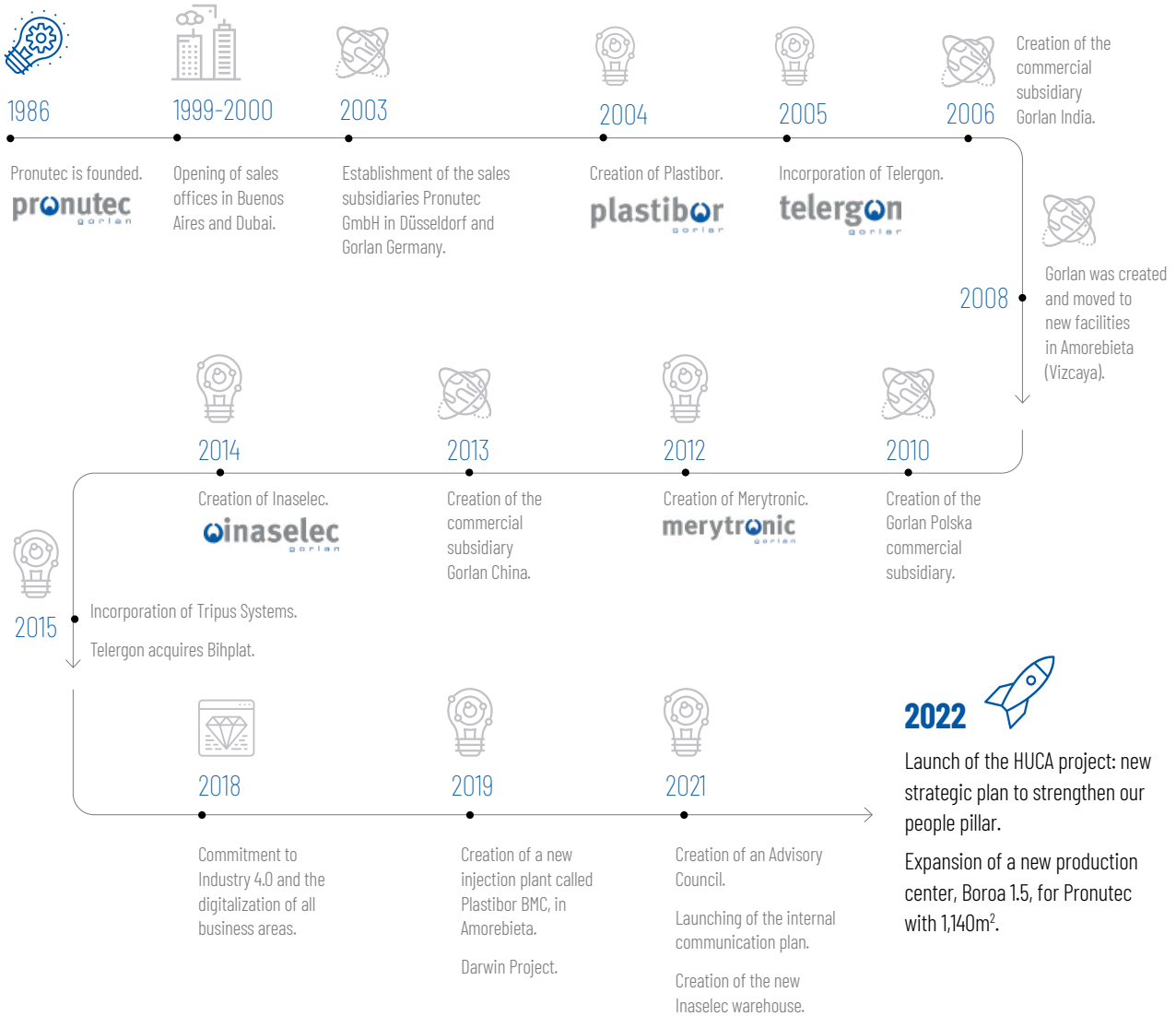
HOW DO WE ACHIEVE THIS?

We focus on 7 core values:

1. Innovation
2. Customer-centric
3. Internationalization
4. Committed to our human capital
5. Leadership spirit
6. Sustainability
7. Adapting to change



Where do we come from?



Where are we headed?

All the companies that make up the Group work in a coordinated manner and move forward together towards common objectives. Because we are all key to achieving Gorlan's purpose. Under the same values and culture, together we add up to much more.

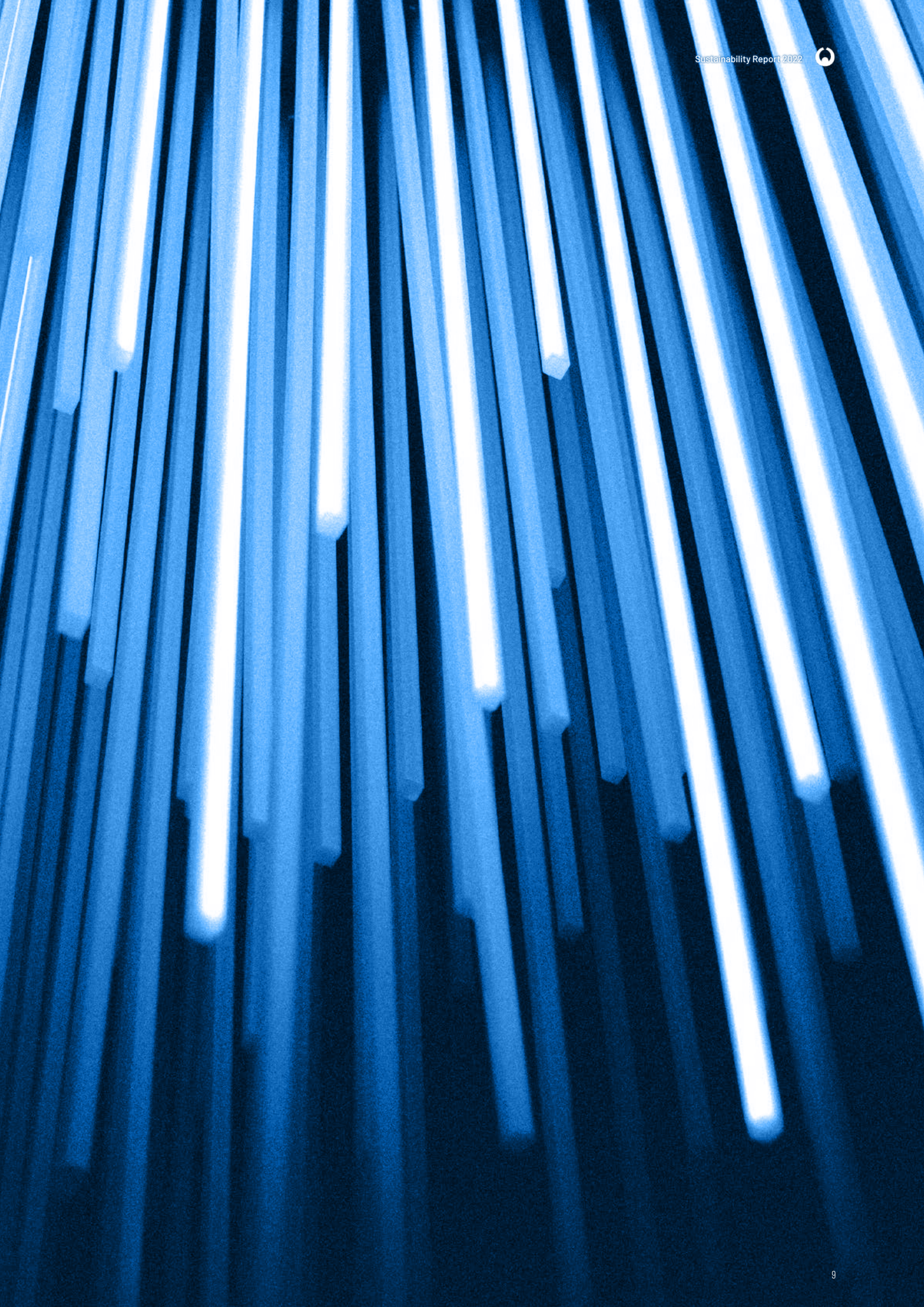
We are fortunate to have different types of companies that allow us to provide greater value to our clients by being differentiated, multidisciplinary and specialized.

- Product companies // Design, manufacture and sale.**
Telergon, Merytronic, Pronutec and Tripus.

- Commercial subsidiaries // International presence.**
Gorlan Germany, Gorlan China, Gorlan India, Gorlan Polska and Pronutec AG.

- Subcontracting companies // Manufacturing according to third party specifications.** Plastibor and Inaselec.

- Technology partner:** Ariadna Grid.



1.2.

Business model and strategy

Design

The R&D&I department in product companies is one of our strengths. We strive every day to create the best solutions, products and services to meet the specific needs of our customers and respond to current and future challenges to enable a more sustainable, innovative and efficient society.

Sales

We carefully consider our business decisions to ensure that they are aligned with our values and ethical principles. We seek opportunities to collaborate with partners who share our vision of responsible growth and work to build long-term relationships based on trust and mutual benefit. Customer satisfaction is our priority, which is why we offer products that are constantly improving and evolving and a service that meets increasingly demanding expectations.



FAMILY-OWNED

100%

Closeness, a sense of belonging and the management of our own assets, which allows for independence, are intrinsic values of the family business.

Supply chain

The automation of processes together with the incorporation of state-of-the-art machinery and systems, allow us to continue customizing a large portion of our products, maintaining optimum quality standards. We prioritize flexibility, which is why most of our suppliers and manufacturers of semi-finished products are located in areas close to our factories. This proximity, together with short production runs, gives us flexibility and control over the processes, allowing us to adapt our commercial offer to any new demand that may arise. In line with our commitments, in 2023 we will incorporate new compliance policies and procedures to ensure that we comply with all laws, regulations and standards applicable to our industry throughout the value chain.

We also have our own commercial companies and a commercial network that allows us to have an international presence in more than 100 markets. All this differentiates us from our competitors and positions us as a leader in our sectors.

Thanks to our vertical integration, we are able to make decisions on the design, manufacturing and marketing activities and processes of our products and services.



YEARS OF HISTORY

36



PRODUCTION CENTERS

10



INTERNATIONAL PRESENCE

in more than

100

countries on 5 continents.



TRANSVERSAL R&D&I DEPARTMENT

with a team of more than

60

people and an investment of more than

€5M



INTERNATIONAL SUBSIDIARIES

5

Our brands

Protection equipment for LV distribution networks.



SWITCHGEAR INNOVATION

Pronutec focuses on driving the smartization and digitization of the power grids of the future through new solutions and services that respond to the challenges of the market. It is constantly present in the standardization departments to understand the needs and develop products based on these needs.

With a current portfolio of more than 2,420 direct customers, it designs, manufactures and markets products for the protection, distribution and monitoring of medium and low voltage electrical networks.

Although its head office is located in Vizcaya, it has an international presence in more than 70 countries through its delegates and commercial subsidiaries, allowing close customer support.

Actively listening to the customer is its **priority**. The objective is to continue to create value for customers through its **innovative products** that will enable them to achieve **energy success**.



MILESTONES 2022

14% of personnel is dedicated to R&D&I.

Approval of the Equality Plan.

Extension to another new pavilion, Boroa 1.5, in response to the large increase in orders.

53% increase in turnover, with growth in both the domestic and export markets, reaching a weighting of 61% of the Group's turnover.

28% increase in employees.



SALES VOLUME*
+ €104.5M



PEOPLE
131



INCREASE OF FOLLOWERS ON LK
+42.4%



WOMEN
27%

* Includes sales of the Pronutec brand as a whole, including products sold through commercial subsidiaries.

Specialist switch manufacturers since 1953.



THE SWITCH SPECIALIST

As a specialist in switches, it designs and manufactures low voltage switching and protection solutions. Telergon anticipates its customers' needs and offers electromechanical equipment for industrial applications, power distribution, railways and green energy.

It is an innovative, customer-oriented company and is firmly committed to R&D&I as a tool to drive the future of the industry. For this reason, they have a wide range of standard products, but also offer the possibility of customization based on specific requirements.

Their knowledge, acquired through more than 70 years of experience, together with the involvement of a diverse

and highly qualified professional team, allows them to have their own commercial network with presence in more than 100 countries, always providing the best service and working under the strictest quality standards.

Thanks to their flexibility they are specialists in creating customized solutions adapted to their customers.



MILESTONES 2022

Adaptation of products with new tests and certifications for the BESS market.

Increased percentage of product recyclability.

With the launch of the M3, the company continues its commitment to increase its product portfolio in the industrial market.

Renovation of offices and production facilities, making the building more efficient and conducive to people's well-being.

213 leads were obtained through new digital marketing tools.



SALES VOLUME*
+€32.7M



PEOPLE
147



INCREASE OF FOLLOWERS ON LK
+36.6%



WOMEN
24%

* Includes sales of the Telergon brand as a whole, including products sold through commercial subsidiaries.

High value-added technology company.



SMART GRIDS SPECIALIST

A young and disruptive company, created to drive innovation in the energy sector.

Merytronic has a team of highly qualified professionals, with extensive experience in different disciplines, which, together with the application of the most advanced technologies and their extensive knowledge of the electricity sector, allows them to develop innovative solutions, both fixed and portable, for the identification, tracking and monitoring of electrical distribution networks.

Their technology and know-how position them as a sustainable company that is a benchmark for innovation.



MILESTONES 2022

87% increase in sales compared to last year.

42% increase in employees.

21% growth in web traffic.

Tenth anniversary celebration.



SALES VOLUME*
+€14.6M



PEOPLE
44



INCREASE OF FOLLOWERS ON LK
+61.3%



WOMEN
18%

*Includes sales of the Merytronic brand as a whole, including products sold through commercial subsidiaries.

Manufacturers of switches and connectors for the construction, DIY, gardening, wood, pump and compressor industries.



SWITCH ON WITH US!

With more than 4,500 references in their portfolio and more than 1,200 customers in Europe, they work for the DIY and construction industry. They are present in two locations, Germany and Poland, which allows them to enhance their proximity to customers. Thanks to this proximity to the market and short development cycles, they can offer individual solutions at the highest level.



MILESTONES 2021

Launch of a new website.

Tripus Polska has purchased electricity from a renewable energy facility, worth 412,0836MWh and reducing CO₂ emissions by 205,757 tons.



SALES VOLUME
+€13.5M



PEOPLE
118



WOMEN
70%

Our international subsidiaries

Distribution, logistics and service.

With customer satisfaction and the creation of customized products and services as our primary objective, we have commercial subsidiaries in different countries to facilitate proximity and communication with our customers.

gorlan
germany

GERMANY

After years of experience in the German market, being able to serve German customers in a more individual, direct and closer way is a priority. That is why we created Gorlan Germany in 2003.

gorlan
polska

POLAND

In order to expand our presence and our products in Poland, we created this company in 2010.



gorlan
india

INDIA

The incorporation of Telergon implicitly led to the incorporation of Gorlan India in 2005.

It has been a leading switchgear assembler in the Indian market for more than 20 years, with its own independent sales force throughout the country.

gorlan
china

CHINA

With the aim of providing localized, customized and efficient services for Chinese customers, this company was founded in Shanghai in 2013.

pronutec AG

SWITZERLAND

Pronutec AG was established in 2017 by transferring the low-voltage activities of PFISTERER SEFAG AG.

Our subcontracting companies

Manufacture according to third party specifications and produce components for demanding sectors such as the electrical and automotive industries, both in-house and for third parties.



Injection of technical plastics.

Dedicated since 2003 to the transformation of plastics by injection processes. Production is divided into thermosetting and thermoplastic materials. In thermoset processing, thermoset polyester parts are injected from wet polyester molding compounds. In the thermoplastics part, parts made of technical thermoplastics such as polyamides, polycarbonates, PBT, PPS, etc. are injected.

MILESTONES 2022

Incorporation of new management.

Launch of a new website.

Creation of the *Plastibor Breakfasts* scheme to be able to have conversations in an environment of trust regarding the concerns of working people.

31% increase in revenues.



Quality and excellence in production.

Dedicated exclusively to the manufacture and complete assembly of electrical switchgear. Created in 2013 and establishing itself as a benchmark for the automation of production lines within the Group. Created as Pronutec's second productive arm, they are fully coordinated and are an essential part of the business.

They help to reduce lead times and thus respond to market demands. This improves the quality in terms of service for all Gorlan Group companies.

MILESTONES 2022

Commencement of the Equality Plan with the objective of its approval in 2023.

23% increase in own staff and an increase in the number of temporary employees with whom we collaborate.



1.3.

In constant evolution

Innovation and **digitalization** as enablers of change.

We are a Group with a great spirit of adaptation and change. We react to the needs of the market and society by using innovation and digitalization as enablers in these processes. For us, collaboration between teams and across business areas is a key requirement to be able to recover from difficulties and setbacks that may arise during change.



HUMAN CAPITAL
R&D&I

63

people dedicated to R&D&I in 2022, which is 17% more than in 2021.



INVESTMENT
R&D&I

5.211

million euros invested in R&D&I in 2022, representing approximately 4% of revenue and 30% of EBITDA.

"The pursuit of excellence and our perseverance drive us to reach **new goals and approaches**. However, it is our ambition to improve on what has been established, our critical and proactive attitude, and our team collaboration that **have led to successful results**".

ESTHER PLASENCIA ALONSO
PRONUTEC R&D&I DIRECTOR

Innovation

At Gorlan we promote innovation at all levels.

Technological innovation has been part of Gorlan's DNA since its inception, but we are evolving towards a transversal innovation model. This new strategic approach involves the application of innovative processes and creative solutions in all areas and departments of the company. It is a concept that seeks to foster collaboration and integration between different teams and disciplines, with the objective of generating new ideas, improving efficiency and promoting business growth.

Rather than limiting innovation to a single department or specific area, we seek to involve all levels and functions of the organization. This means that employees are encouraged to share knowledge, exchange ideas and work together to identify opportunities for improvement in all areas, from production and product development to personnel management and business strategy.

We are convinced that innovation, creativity and responsiveness are values that we must protect in order for our products and services to be benchmarks in a market that is in full transformation. Our philosophy of continuous improvement helps us not to be complacent with what we have achieved and to always seek to push the limits.

These are some examples of the most representative aspects:

Design

Product innovation and technological alliances

For us, product innovation is a fundamental component of our growth. We share a corporate culture rooted in the constant search for new ideas and solutions to create a low-voltage network that is fully digitalized and adapted to new uses, allowing us to move towards more sustainable consumption models.

>> More information in section 6. Product.

In our case, product innovation can involve different aspects, such as improvements to existing products, the launch of completely new products or the introduction of innovative features in established products, designed in total autonomy or in collaboration with technology partners. It may also involve adopting new technologies, exploring new markets or identifying new ways to meet customer needs.

Technological alliances

Thanks to the joint work of Merytronic, Pronutec and Ariadna Grid, we have been able to offer a global solution for monitoring and supervision of low voltage distribution networks and to create fixed and portable solutions for the maintenance and digitalization of electrical distribution networks.



Smart Grids, Low Voltage Monitoring System

Equipping electricity distribution networks with modern information technologies that provide data to both electricity distribution companies and consumers is key. This is an advantage for both parties, now that network distribution is becoming increasingly complex. We have gone from generating electricity only in places far from the point of consumption to having a much more participatory network where we can all be generators and consumers anywhere.

Smartization and digitalization are key aspects that are transforming the industry. As this advances, progress must be made along the same lines to obtain knowledge of the state of the network at all times and thus manage it efficiently.

Ariadna Grid has developed a platform for visualization and interpretation of data in real time, allowing to optimize the process of data capture in the field for the digitalization of the electrical network, which helps distribution companies to ensure the quality of supply to their end customers and to identify the causes of electrical losses among other interesting use cases, allowing a better use of the energy available at each moment.

At this time, having more and better information on the state of the low voltage networks is a priority. Together with our technological partner Ariadna Grid, we have created an integral solution that allows us to offer a complete solution from the protection of low voltage power distribution lines to the visualization and interpretation of data in the control centers of electric companies.

Precisely, our competitive advantage is linked to the fact that we are able to offer a turnkey solution for the complete solution, from the initial capture of the electrical signals in the transformation center to the actual visualization and analysis of the data on the control center screens.

Sales

Innovation in marketing and sales

We want to offer the best service to our more than 4,000 customers, so we must also introduce new sales methodologies that are better suited to their needs. To this end, we have created a corporate marketing department in charge of aligning the marketing strategy of all Gorlan brands and increasing synergies between them. We have increased the team's capabilities by sharing knowledge among profiles with different talents. This collaboration has also allowed us to carry out corporate projects that otherwise would not have been possible.

Supply chain

Process innovation

We continually strive to increase the degree of automation and digitalization in our industrial processes. We are achieving this with the introduction of technology. This is allowing us to reduce lead times and be more efficient in all our companies.



MILESTONES 2022

Inaselec has an improvement committee, in which people from Pronutec and Inaselec both participate, whose objective is to improve processes.

TARGET 2023

Incorporate a MES (Manufacturing Execution System) to enable the capture of plant data, aiming to achieve zero paper consumption.



Finally, the evolution of some of Telergon's processes, which have gone from being manual to incorporating robots and in-line quality controls, has allowed them to increase their capacity and product warranty.



On the other hand, another of our subcontracting companies where processes are key is Plastibor. They have state-of-the-art production means (automation, robots and centralized feeding facilities) and have implemented computer systems to optimize processes (warehouse and production management software, computerization of the plant with touch screens and bar code reading), which allows them to use material resources and time optimally. Below are the actions carried out in the fiscal year 2022 related to the continuous improvement of processes:

MILESTONES 2022

One person has been hired to focus exclusively on process analysis. In this way, it has achieved a 4% improvement in the injection process time.

In collaboration with Gaiker and Leartiker, Plastibor has achieved significant improvements in a highly critical process to ensure the quality of its parts. In addition, it will incorporate a new supplier that will allow them to research and test raw materials to better understand the behavior of the materials.

OBJECTIVES 2023

Implementation of new software that will allow live traceability of the production process and simulation.

A process of the production chain will be improved in collaboration with an external party.

Digital transformation

Our way; always changing and adapted to the environment.

We are currently immersed in a gradual digital transformation process aimed at improving our operational efficiency and flexibility.

Darwin Project

In October 2019, we launched the Darwin project, a transversal project and one that impacts all business areas. This large project is in turn composed of multiple digitalization projects, such as, for example: the digitalization of the warehouses, real-time data capture from machines in the plant, the adoption of new methodologies and digital marketing supports, the incorporation of new digital teamwork environments, the incorporation of artificial intelligence in our analytics or the migration to a new ERP, among others. In all of them, collaboration between departments of different companies has been and continues to be transformative.

Digitalization is a fundamental pillar of our business strategy. We are convinced that it can help us to streamline processes and obtain real-time information that provides greater added value to achieve agility and greater certainty in decision making, as well as to increase the energy efficiency, quality and safety of our plants.

As part of this project, in 2021 we launched the ERP renewal and we expect to have it 100% implemented in a period of three years. This project is one of the most relevant for its impact on the organization, for becoming the central nervous system of our operations and for being the great catalyst to carry out our own metamorphosis project towards the digitalization of the Group.

Within the Darwin project, two of the most noteworthy initiatives of the fiscal year are: Warehouse Mobility and Gorlan Planta.

In addition, we began a project to renovate our websites to update the image of the Group's digital assets to the new visual codes, gain autonomy and flexibility when making changes to them and, above all, make them more intuitive.

Specifically, in 2021, the websites of Pronutec, Telergon and Merytronic were updated and a corporate website was created for Gorlan. In 2022, as a continuation of this

process, the Tripus and Plastibor websites have been updated, and a page has been created within Gorlan for Inaselec. All of this with the objective that our customers can find the information they need at all times.

With this objective in mind, the implementation of a tool that provides a 360-degree view of customers at all stages of their life cycle, thanks to the incorporation of a CRM, multiple marketing automation tools and an after-sales service, was also approved in 2021.

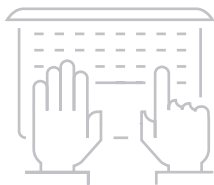
In addition, we must continue to update the internal work tools that enable the Human Capital team to implement our new people strategy (HUCA Project). During the year 2022, the diagnosis of Gorlan's situation and the needs analysis has been completed, which will culminate in 2023 with the implementation of a new talent management software and employee portal in order to execute the action plan developed.

[>> More information in section 5.2. Generating a shared purpose and 7.2. Our clients.](#)

Open communication; inside and out

As part of this digitalization project, we also wanted to take advantage of technology to enhance and improve internal and external communication, to understand first-hand the needs of our stakeholders, and thus be able to provide an appropriate response to each of them.

[>> More information in section 5.2. Generating a shared purpose and 7.2. Our clients.](#)



> Internal actions

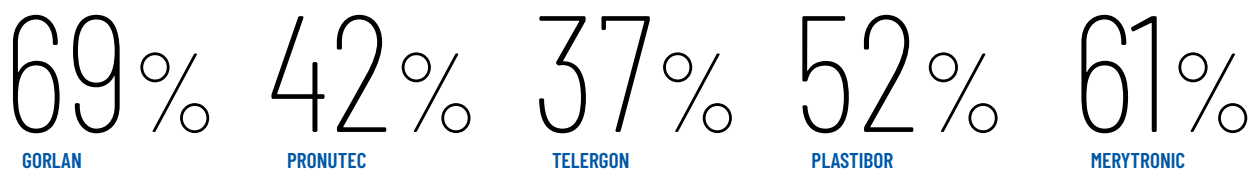
To this end, in the fiscal year 2021, we launched our first digital channel for internal communication, called Nexus, and in 2022 we have evolved the content proposal based on the comments and suggestions received from our readers.

> External actions

Specific content plans have also been developed for each brand (Pronutec, Telergon, Merytronic and Tripus) to share information on product launches and event attendance, among others. These content plans have generated a positive impact by growing the followers of our social networks. In addition, we have created a corporate content plan for Gorlan that publishes information about the Group. In 2022 our LinkedIn community has grown by 69%. The main channels used were LinkedIn, Newsletters and blogs on the Group's companies' websites.

Finally, in 2022, the Gorlan India LinkedIn page was created to provide coverage of the Indian market.

WE HAVE INCREASED OUR POOL OF FOLLOWERS ON SOCIAL NETWORKS:



Cybersecurity

We are aware that all technological advances in digitalization must be accompanied by best practices in cybersecurity. For this reason, in the fiscal year 2021 we conducted an audit in order to get a rundown of our situation. We have set ourselves the objective of performing a cybersecurity audit at least every two years, reducing the frequency to one year in the medium term.

To evolve and improve in this area, in 2021 and 2022, several actions have been carried out, which are detailed below:

ACTIONS SINCE 2021

Updating of all operating systems of all operators.

System changes in telephony to have Microsoft Teams and 4G.

Conducting a cybersecurity risk analysis.

Creation of a work team whose objective is to analyze and develop robust security systems to protect our equipment against cyber-attacks.

With the support of the National Cybersecurity Institute (INCIBE), we have reinforced training and awareness of the importance of cybersecurity in our workforce, through Nexus, creating a monthly content plan aimed at providing resources, guidelines and security tips for the day-to-day work of the Group's employees.



MILESTONES 2022

Second phase of installation and configuration of the active directory: unification of criteria at Group level, integration in the active directory of all users, equipment and systems to monitor and manage all resources centrally and with the same criteria.

Elaboration of a security policy with the objective of making it public and to be implemented in the coming year.

At Merytronic they have carried out several initiatives:

- They are in compliance with cybersecurity lifecycle regulations.
 - Alliances with technology centers to train engineers on cybersecurity issues.
-

Group-wide training and awareness plan 2022

Objectives:

- Inform and educate on the use of computer systems.
- Offer useful tips for everyday use.
- Raise awareness of confidentiality and existing risks.
- Improve security and confidentiality, thereby minimizing existing risks.

Content plan:

- Awareness kits, leaflets with detailed information and tips on how to avoid various hazards:
 - Phishing, what it is and how to prevent it.
 - Mobile data usage: roaming.
 - Computer use in secure rooms.
 - Sending mass mails hiding the recipients.
 - Deletion of files.
 - Secure passwords.
 - Confidentiality.
-

OBJECTIVES 2023



Installation of two-factor authentication on critical applications.

Implementation of the mandatory change of user passwords every 6 months.



They aim to obtain certification in cybersecurity (ISO 27001) by 2023.

They will apply the IEC 62443 standard to their Smart Grids products in collaboration with Ikerlan and ORBIK.



Renewal of server, switches and ap's Wi-Fi.

OBJECTIVES 2024



Conduct a cybersecurity audit.



1.4.

Corporate Governance

Our corporate governance is committed to continuous improvement and to efficient, transparent and rigorous management. Good governance practices contribute to generating value and protecting the long-term interests of the company and its stakeholders.

During the fiscal year 2021, an **Advisory Council as a consultative body** was established, offering the Group a more institutionalized and professionalized governance. The objective is for experienced and knowledgeable independent persons to become part of the Board of Directors on January 1, 2024.

In fiscal year 2022, there have been a total of 5 official councils held and evidenced with their respective minutes (in 2021 the first session was held).

Furthermore, there are management committees for each of the Group's companies that meet periodically in order to have a global vision and to be able to monitor the main management indicators. These management bodies make it possible to monitor the achievement of operational objectives while reacting quickly to the specific needs of each area. Below are the companies that in 2022 have their own management committee, how many members they have and the frequency with which they meet:



Company	No. of members	Frequency
Pronutec	11 people	Monthly
Telergon	9 people	Monthly
Plastibor	7 people	Monthly
Inaselec	7 people	Bimonthly
Merytronic	8 people	Bimonthly
Gorlan	8 people	Quarterly
Tripus Gmbh	10 people	Bimonthly
Tripus Polska	9 people	Bimonthly
Gorlan India	5 people	Biannual

In addition to the steering committee, each company has several committees, such as, among others, **new products committee, improvement committee, quality committee and ICT committee.**

As a highlight of the 2022 financial year, and in line with the Group's expansion and growth objectives, we have established a **corporate development committee**, this committee is made up of the sole director and various members of the management committee, specifically, 7 people who meet every two months.

At Gorlan we have a sole administrator who receives an annual remuneration that is not disclosed for confidentiality reasons.

In the fiscal year 2022, true to its commitment to responsible management, it has continued with its training, obtaining two new certifications: IC-A Certificate and IC-A Diploma in Corporate Governance, by the Instituto de Consejeros-Administradores (I-CA).

With regard to senior management, the average compensation amounts to 125 thousand euros in 2022 (117 thousand euros in 2021). The information disaggregated by gender is not provided due to confidentiality and personal data protection criteria, as there is a woman in senior management.

Ethical framework

Our decision-making, strategy and culture are based on ethics, integrity and good governance.

In order to ensure that all Group personnel conduct themselves in line not only with current legislation, but also with the Group's Ethics Code and other internal regulations, we have a series of systems and mechanisms that help us to prevent, identify and correct undesirable conduct within the organization.

The Ethics Code

The Ethics Code contains Gorlan's fundamental guidelines and the rules of conduct and ethical standards that are imperative for all people who are part of the company.

This commitment to ethics and good governance extends to all stakeholders and the policies that develop it, making it clear that we are strongly opposed to the commission of any illegal act, criminal or otherwise. We promote a preventive culture based on the principle of zero tolerance towards the commission of illegal acts and situations of fraud and on the application of the principles of ethics and responsible behavior.

The Ethics Code, together with the ethics committee and the outsourced anonymous whistleblower channel, will reinforce our new comprehensive ethics system.

As indicated in our Ethics Code, we encourage behavioral guidelines structured into six

COMMANDMENTS



- 1 The power of the 10 principles**
We work in line with the 10 principles of the United Nations Global Compact.
- 2 The value of people**
We value and respect all our stakeholders equally, with the aim of promoting their health and well-being at all times.
- 3 Honesty is the best policy**
We establish clear limits and processes that guarantee proper risk management.
- 4 Team work is best**
We encourage inclusive team work.
- 5 What is not explained, is imagined.**
We promote communication channels in order to achieve synchronisation between business values and social expectations.
- 6 The art of security**
We ensure the highest standards of cybersecurity, privacy and data protection.



WHISTLEBLOWER CHANNEL



E-mail address

To ensure compliance with our Ethics Code and the above commandments, we provide all our stakeholders with a confidential and transparent communication channel where they can report non-compliance actua@gorlan.com.



Physical mailboxes

Additionally, we have physical mailboxes available at different points of the company, so that everyone at Gorlan can have access to the channel.

OBJECTIVES 2023

In order to continue progressing and evolving in this area, we have set ourselves the following objectives:

Signing to confirm understanding and reception of the Ethics Code by all stakeholders.

Creation of an ethics committee

Establish an ethics committee made up of members of the executive management to oversee compliance with the Ethics Code and to establish and apply the corresponding sanctions in the event of non-compliance.

The main objectives of this committee include the evaluation of controversies, conflicts and faults related to the Ethics Code; and to promote an ethical culture within the organization through the review of internal policies, as well as the review of good practices and business conduct.

Implement an outsourced anonymous whistleblower channel

We already had an internal whistleblower channel, but with the implementation of an outsourced tool that responds to the new regulatory requirements, we will reinforce our commitment. The channel will be accessible at all times on the home page of the Group's websites, so that employees, customers and suppliers can report bad practices and the Ethics Code will be applied accordingly.

Implementation of a criminal risk prevention model.

Creation of a Gift Policy.

Corruption and bribery

Since our beginnings, honesty, fair dealing and full compliance with all laws have guided our practice.

We declare our rejection and prohibit any conduct related to bribery and/or similar practices both to individuals and

to authorities and public officials, expressly prohibiting any unethical behavior or behavior likely to influence the will of people outside the organization in order to obtain any benefit, advantage or consideration.

We establish clear boundaries and processes to ensure that risks are properly managed.

✔ **Zero tolerance for corruption, bribery, and money laundering through internal control of the financial department and external audits.**

- Segregation of duties: we establish an adequate segregation of duties at all hierarchical levels of the Group.
- Transaction control: we have specific controls on economic transactions of large amounts or that are unusual in nature, as well as on unforeseen extraordinary payments or collections or those made to bank accounts/entities opened in tax havens, always verifying the real identity of the payer of the payment, the characteristics of the operation, among others.
- Double signature for all transactions.

✔ **All gifts, entertainment, donations, hospitality packages and sponsorship activities that we offer or receive must be in accordance with the Gifts and Hospitality Policy that we will approve in 2023.**

✔ **We comply with the laws in force in the countries in which we operate, adopting, in a complementary manner, international commitments, standards and guidelines where there is no adequate legal development.**

✘ **Offering or accepting bribes of any kind.**

✘ **False records in accounting books.**

- Accounting guarantees: we guarantee that the financial information is reliable, accounting for all payments and transactions in the commercial accounting.

With the instruments described above, we are implementing our anti-corruption and anti-bribery measures.

Finally, we want to continue implementing analysis and control measures that minimize the intrinsic risks of our business and therefore in 2023 we will create a compli-

ance department whose function will be to ensure that the company complies with applicable laws and regulations, thus protecting the reputation of the organization, mitigating legal risks and promoting a culture of ethics and compliance throughout the company.

Responsible taxation

Our management is aligned with current international tax standards (OECD Guidelines), ensuring a transparent tax compliance model based on best tax practices, and guaranteeing the correct tax contribution of the Group in each of the territories in which we operate.

As we have a growing international presence, our impact on the populations in which we operate is increasing. Therefore, good fiscal management is key.

The Group's economic-financial management is the area responsible for the correct governance and supervision of all of the above, raising those aspects it considers relevant to the corresponding management committee.

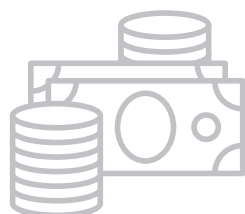
We have certain commitments and principles of action that govern the entire Group and that reinforce our responsibility for sustainable economic development:

- To ensure compliance with tax regulations in the different countries and territories in which we operate, paying the taxes that are due in accordance with the legal system.
- To foster a relationship with the tax administrations inspired by the principles of trust, good faith, professionalism and collaboration.

- Prohibition of the use of opaque or artificial corporate structures for the purpose of concealing or reducing the transparency of activities.
- Supervise that taxation is adequately related to its structure, location of its activities and business risks.
- Periodically review our transfer pricing policy in order to update and adapt it to current regulations and the reality of the Group. In fact, in the fiscal year 2022 we have carried out a review and update of our "Master File."
- To provide truthful and complete information about our operations.

In relation to public subsidies, in 2022 we received 433 thousand euros, as detailed in the consolidated financial statements of Gorlan and subsidiaries 2022.

Our commitment to the territories in which we operate is demonstrated through responsible management and the generation of opportunities. Reflecting our contribution to the environment and to the fulfillment of our tax responsibilities, we detail below the profit before tax by country and the income tax paid for the 2022 and 2021 fiscal years:



TAX ON PROFITS

€630,961

2022

€507,677

2021

PROFIT BY COUNTRY BEFORE TAXES

SPAIN

€11,232,847 €5,462,570

2022

2021

GERMANY

€670,507 €756,861

2022

2021

CHINA

€447,616 €661,211

2022

2021

POLAND

€558,247 €314,264

2022

2021

DEFENSE OF HUMAN RIGHTS



In line with our ethical commitment, we have a Ethics Code that establishes our fundamental guidelines and principles. In addition, we offer reporting channels to report any violations of the Code or inappropriate behavior. In 2023, to ensure compliance with Law 02/2023 on Whistleblower Protection in an efficient manner, we will implement a simple, customizable and user-friendly system.

During the year 2022, 2 complaints related to the violation of human rights were received and resolved at the end of the year (in 2021, no complaints were received for violation of human rights).

Finally, it should be noted that we are analyzing the different impacts of the Human Rights and Environmental Due Diligence Directive, in order to establish a roadmap for the organization that will allow us to move towards compliance with the Directive.





Ensuring respect for human rights throughout our value chain is one of our top priorities.

We work in line with:

- The Universal Declaration of Human Rights.
- The United Nations Guiding Principles on Business and Human Rights.
- The Fundamental Principles and Rights of the International Labor Organization (ILO).



2

Sustainability

2.1. People	36
2.2. Product	38
2.3. Environment	40



We strive to protect the environment and improve the quality of life of the communities in which we operate, as well as that of our team, while applying best governance practices.

Thanks to the trust placed in us by **our customers and our extensive experience**, we have become a strategic player in driving the energy transition and transforming the electricity sector.

Our business model seeks to combine sustainable growth and long-term profitability, generating value for our stakeholders and society as a whole. We focus on three clear objectives:

Objectives

1. Generate positive net results on a recurring basis over time.
2. Care for the environment and our people.
3. Provide added value to our customers with a differential, innovative and sustainable product and to support our suppliers so that they can grow with us.

For us,
sustainability is a
commitment and an
opportunity to create
value for all our
stakeholders.

To achieve these objectives, we have 3 key pillars that form our way of working and acting: **people, product and environment**.

In the fiscal year 2021, we reflected on and laid the foundations for our objectives and commitments in each of the 3 key pillars mentioned above. To demonstrate our continued progress, we will monitor the fulfillment of these commitments on a year-by-year basis.

Generating a positive impact on the environment and society cannot be achieved without addressing the complexity of the challenges defined by the Sustainable Development Goals (SDGs). They are central to our strategy and underline our commitment to the United Nations' plan for a better, fairer and more sustainable future for all. Therefore, we have reflected upon which of them are most relevant to Gorlan, monitoring the fulfillment of the commitments associated with each of them.



2.1. People

We move forward without leaving anyone behind.



Our aspiration

We want Gorlan to be supported by a multidisciplinary and diverse team, with excellent training and motivation, with critical and courageous thinking, ready to take on the challenges of the energy transition.

The people who form part of our team are Gorlan's strategic allies and therefore we must take care of them and offer them an appropriate, properly remunerated and secure job.

Thanks to the experience and excellent work of our people, we are able to create value for our stakeholders by offering standout products. If there is one thing that is part of the DNA of our great team, it is dedication, effort and commitment.

Commitments adopted (work areas)

- Perform a diagnosis of the current situation of the policies governing the development of our team, which will allow us to subsequently implement a talent management plan adapted to each person to enhance their career within the Group, based on performance indicators.
 - As detailed in chapter 5, in the fiscal year 2022, within the context of the HUCA project, a new strategic human resources plan, we have carried out this diagnosis that has allowed us to establish the lines of action to be worked on in the future.
[» More information in section 1.3. Constantly evolving and 5.1. Our people.](#)
- Promote an inclusive culture where diversity and equal opportunities are ensured at all stages of professional development, paying special attention to hiring and promotion processes.
 - In terms of recruitment, we are collaborating with different study centers to encourage both genders to pursue technical careers. Regarding promotions, in the fiscal year 2022 we have conducted a job analysis that allows us to have an objective promotion model.
[» More information in section 5.4. Talent management.](#)
- Foster a healthy work environment: promote a positive and respectful work environment, encouraging effective communication, collaboration and teamwork, and establish policies against workplace harassment and discrimination.
[» More information in section 5.2. Creating a shared purpose.](#)



- Establish open communication channels: facilitating two-way communication between employees and management, where employees can express their ideas, concerns and suggestions in a safe and confidential manner.
 - In the fiscal year 2021 we launched a communication plan that continues to progress and evolve year by year, having requested the opinion of our team in this regard to enhance the detected opportunities for improvement.
 - >> [More information in section 5.1. Our people and 5.2. Creating a shared purpose.](#)
- Unify the Group's most demanding health and safety standards in those companies with less developed control procedures.
 - We have incorporated a Group health and safety manager who is driving us to achieve higher levels of maturity in this area.
 - >> [More information in section 5.3. Health and safety.](#)
- Support professional and personal development*: providing learning and growth opportunities, training, mentoring programs and skills development both on and off the job.
 - The first step of the HUCA project has been to make a clear definition of each job. Once this area has been completed, we will proceed to create ad hoc professional careers, with the necessary training, to promote professional development.
 - >> [More information in section 5.1. Our people and 5.4. Talent management.](#)
- Offer wellness programs*: organizing physical, emotional and mental wellness activities. Providing access to health care services, regular health check-ups, disease prevention programs and promotion of healthy lifestyles.
 - We continue to support healthy and wellness initiatives in the workplace, such as pilates classes or training on healthy eating.
 - >> [More information in section 2.1. People and 5.2. Creating a shared purpose.](#)
- Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.
 - Year after year we continue to increase our workforce, mainly with full-time permanent contracts.
 - >> [More information in section 5.1. Our people.](#)
- Promote a culture of integrity through example and the dissemination of our Ethics Code.
 - As mentioned in Chapter 1, we have set certain dissemination and training actions in this area for the coming year.
 - >> [More information in section 1.4. Corporate governance.](#)
- Promote a balance between work and personal life: by implementing policies that allow employees to have time to rest, enjoy personal activities and dedicate themselves to their life outside of work by incorporating the flexibility and work-life balance measures described below.
 - >> [For more information, see section 5.1 Our People](#)
- Provide benefits and rewards: offering incentives and recognition for performance and achievements.
 - >> [More information in section 5.1. Our people.](#)
- Encourage participation and sense of ownership: involve employees in decision making and project planning.
 - >> [More information in section 5.1. Our people.](#)

2.2. Products

Creativity and teamwork are the key to innovation.



Creativity and teamwork are key to promoting innovation within our organization. By fostering a culture of creativity and collaboration, we can stimulate the generation of innovative ideas and harness the collective potential of our teams to drive the development of products that have a positive impact on society.

Our aspiration

We want to position our companies as the best option in terms of service, quality, technology and sustainability to lead the energy transition and the promotion of renewable energies through the development of highly technological Smart equipment.

Society, technology and the market are constantly changing. At Gorlan, we are willing to assume the changes and face the risks they entail, naturally and responsibly. We have built our management system on this premise to serve as a catalyst and provide us with the flexibility and agility necessary to respond to the changes derived from progress and advancement.

Commitments adopted (work areas)

- Foster innovation and technology development to facilitate the building of more resilient infrastructures through continued investment and the creation of alliances with customers and technology partners.
- We continue to work on forming alliances with the main key players in the sector. In addition, our workforce and associated investment in R&D continues to grow year after year, while we promote ongoing technical training to incorporate the most rigorous technical features and functionalities into our equipment. In 2022, product cybersecurity training has been conducted.

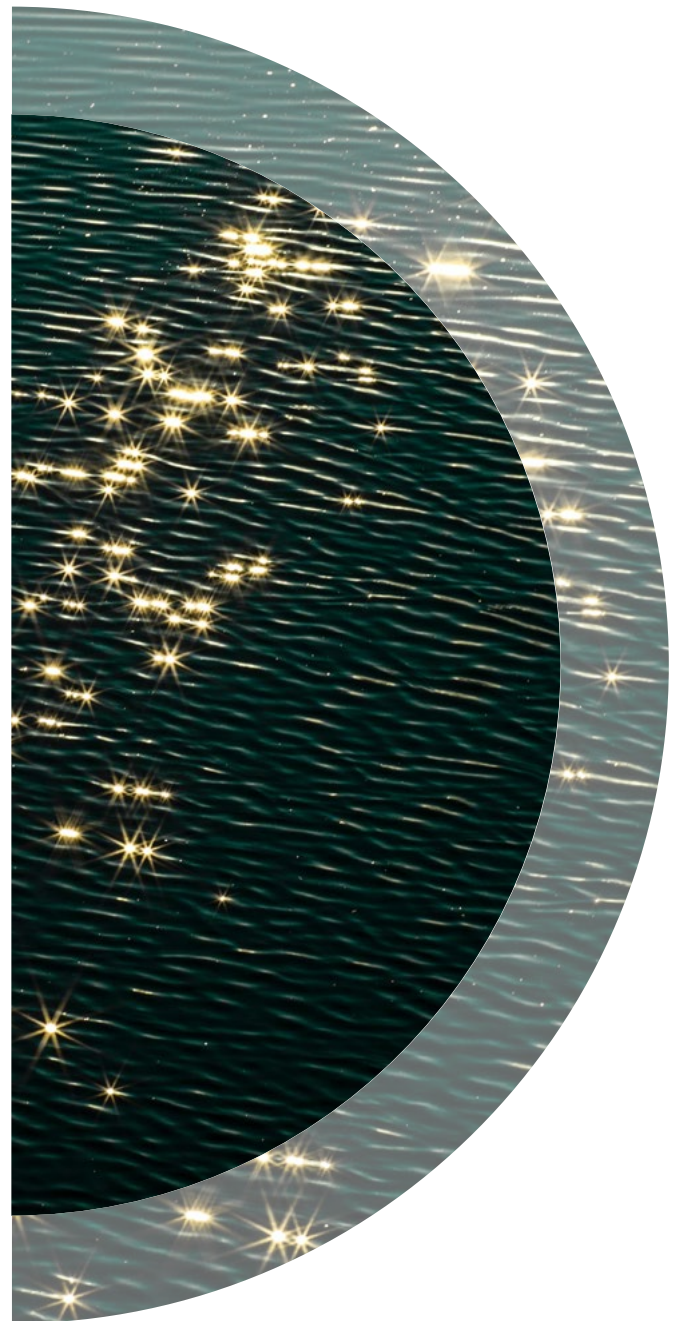
>> **More information in section 1.3. Constantly evolving. Innovation and digitalization as enablers of change.**



- Develop equipment to help reduce electricity consumption:
 - In homes; thanks to the incorporation of Smart systems in electricity distribution centers that will allow the design of consumption plans adapted to each individual.
 - In the electrical grid; reducing technical losses during its distribution throughout the cities.

[>> More information in section 6.2. The technology to make the best product.](#)
- Ensure sustainable consumption and production patterns.
 - Guarantee the quality of supply. Digitalization and smartization of networks are the key levers of the sector today. Thanks to our knowledge and experience, and by working hand in hand with our customers, we are making products that protect the planet.

[>> More information in section 6.2. The technology to make the best product.](#)



2.3.

Environment

As a collective, it is our duty to make a positive impact.



We have never wanted to ignore the environment that surrounds us in this journey that we have been on for more than three decades. The Gorlan Group companies were founded in Biscay, in a privileged natural environment and with a strong social conscience.



Our aspiration

We want to generate a positive impact in the different environments in which we operate, becoming an example of social and environmental responsibility and governance for other companies in our surroundings.

Commitments adopted (work areas)

- Increase the proportion of available renewable energy and improve energy efficiency.
- Make cities more inclusive, safe, resilient and sustainable.
- Strengthen the means of implementation and enhance partnerships to achieve sustainable development.
- Ensure respect for human rights throughout our value chain.
- To promote the collaboration of human capital in different social and cultural actions that favor the improvement of the environment and the quality of life of the people who inhabit it.
 - Our product portfolio is focused on driving the energy transition and we want to continue advancing with our new products in this line. We do our bit by promoting the development of renewable energies such as photovoltaic or the introduction of Smart technologies in low-voltage distribution networks so that the current infrastructure can evolve towards a more complex model allowing distributed generation or the widespread charging of electric vehicles, among others, without affecting the quality of supply.
[>> More information in section 6. Product.](#)
 - As detailed in chapter 7, we encourage our team to participate in social causes, such as participation and contests for charitable purposes.
[>> More information in section 7.3. Collaborating with the environment.](#)





3

Stakeholders

3.1. Creating strong and lasting bonds 43

3.1.

Creating strong and lasting bonds

Stakeholder management is fundamental to our organization. We are committed to transparency in information, constantly improving communication with them. We provide complete and reliable corporate information covering financial, environmental, social and governance aspects.

In line with our commitment to excellence and the environment, we operate with fairness, transparency and equity, protecting the common interest of our stakeholders and safeguarding those of the Group. We understand that trust and the quality of the service provided are the pillars to maintain a professional relationship with a long-lasting vocation.

Thanks to this high level of communication, we will be able to know what our stakeholders' expectations are and set actions to meet the needs of each one of them without losing sight of the values of our companies.

The following is a description of the purposes of each stakeholder group, the current communication channels and the goals we have set for ourselves, along with some monitoring indicators.

STAKEHOLDERS

COMMUNICATION CHANNELS

Customers

Our customers are our main asset, they are at the center of our decisions and we want to be part of their challenges, accompanying them in their development and providing solutions to new challenges that the markets may demand.

Our relationship with them is characterized by education, professionalism and active listening.

Therefore, we appreciate your loyalty and will always treat you with honesty and transparency.

- Customer site visit programs
- Direct customer service
- Internal and external events (trade fairs...)
- Customer surveys
- Corporate and business websites
- Regular meetings
- Social networks
- By telephone and mail

People

The people who form part of our team are Gorlan's strategic allies. We are currently working on different projects to boost talent in our organization with the aim of maintaining a company that operates in an innovative, dynamic and collaborative environment.

We work to foster the personal and professional growth of the entire Group's workforce, promoting two-way communication between the different layers of the organization, providing work-life balance measures and promoting equal opportunities.

- Internal events
- Corporate and business websites
- Regular meetings
- Social networks
- By telephone and mail
- Whistleblower channel
- Mailboxes and physical suggestion and complaint boards
- Open online channels for our human capital
- Employee surveys
- Workers' committees

Partners and Shareholders

It is our obligation to maintain the current trajectory of profitability, comply with the guidelines derived from the work of the Advisory Board, analyze and minimize the risks inherent to the business, the economic cycle in which we find ourselves or other issues that could affect the Group's performance.

Thanks to 360° communication with our technology partners, we have a better understanding of the market and are able to design more innovative products through partnerships.

- Corporate and business websites
- Regular meetings
- Social networks
- By telephone and mail

Funders

The support of our funders is key to driving the energy transition of the economy. We promote continuous communication, and provide adequate and truthful information.

Our objective is to be able to maintain the level of indebtedness established in the management plans from year to year in order to continue on the path of growth, and for this reason we attach great importance to maintaining the levels of liquidity and solvency required by our financial backers in all our companies.

- Corporate and business websites
- Regular meetings
- Social networks
- By telephone and mail

Value chain

In our commitment to maintaining cordial, professional relationships and active listening, our suppliers and creditors play an important role. We therefore maintain close relationships of mutual trust with all of them.

We believe that our work would not be possible without the close collaboration of our strategic allies and suppliers. To them we owe the commitment that they will always be given the necessary support to promote their sustainability and progress.

- Internal and external events (trade fairs...)
- Corporate and business websites
- Regular meetings
- Social networks
- By telephone and mail

Local community

Since the origins of Gorlan 36 years ago, we have been and continue to be committed to the development of the local communities in which we operate, trying to position ourselves as an excellent employer option, favoring the purchase from local suppliers, and generating employment for disabled people. What is more, we encourage the participation of our staff in socio-cultural and charitable events and activities to support disadvantaged groups and those at risk of poverty or social exclusion.

- Corporate and business websites
- Social networks
- Training and volunteer participation activities.

GOALS

KPIs 2022

ESG PILLAR

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Guarantee the quality and safety of the products. • Promote customer satisfaction. • Collaborate jointly to offer solutions with greater added value. | <ul style="list-style-type: none"> • All our plants are ISO 9001 certified. • Pronutec is working on a new survey to be launched in 2023. • Telergon biannual survey (in the 2021 survey 91% responded that they would recommend us). • We are a technology partner collaborating with Iberdrola's Global Smart Grids Innovation Hub. • In 2022, three new products have been launched. | <ul style="list-style-type: none"> • PRODUCT • ENVIRONMENT |
|---|--|--|

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Offer decent employment. • Promote career development within the Group. • Provide a work environment of well-being. | <ul style="list-style-type: none"> • 94% indefinite-term contracts. • Average hours of training per professional: 8 hours/person. • Turnover rate 3%. | <ul style="list-style-type: none"> • PEOPLE |
|---|--|--|

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • Generate value for partners and shareholders. | <ul style="list-style-type: none"> • EBITDA/sales 2022 = 12%. • 58% growth in EBITDA over sales in the last year. | <ul style="list-style-type: none"> • RESPONSIBLE LEADERSHIP • PRODUCT |
|---|---|---|

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • Guarantee solvency and liquidity. | <ul style="list-style-type: none"> • Net financial debt/EBITDA 2022 = 0.74. • Improved Net debt-to-EBITDA ratio by 41%. | <ul style="list-style-type: none"> • CORPORATE GOVERNANCE • PRODUCT |
|---|---|---|

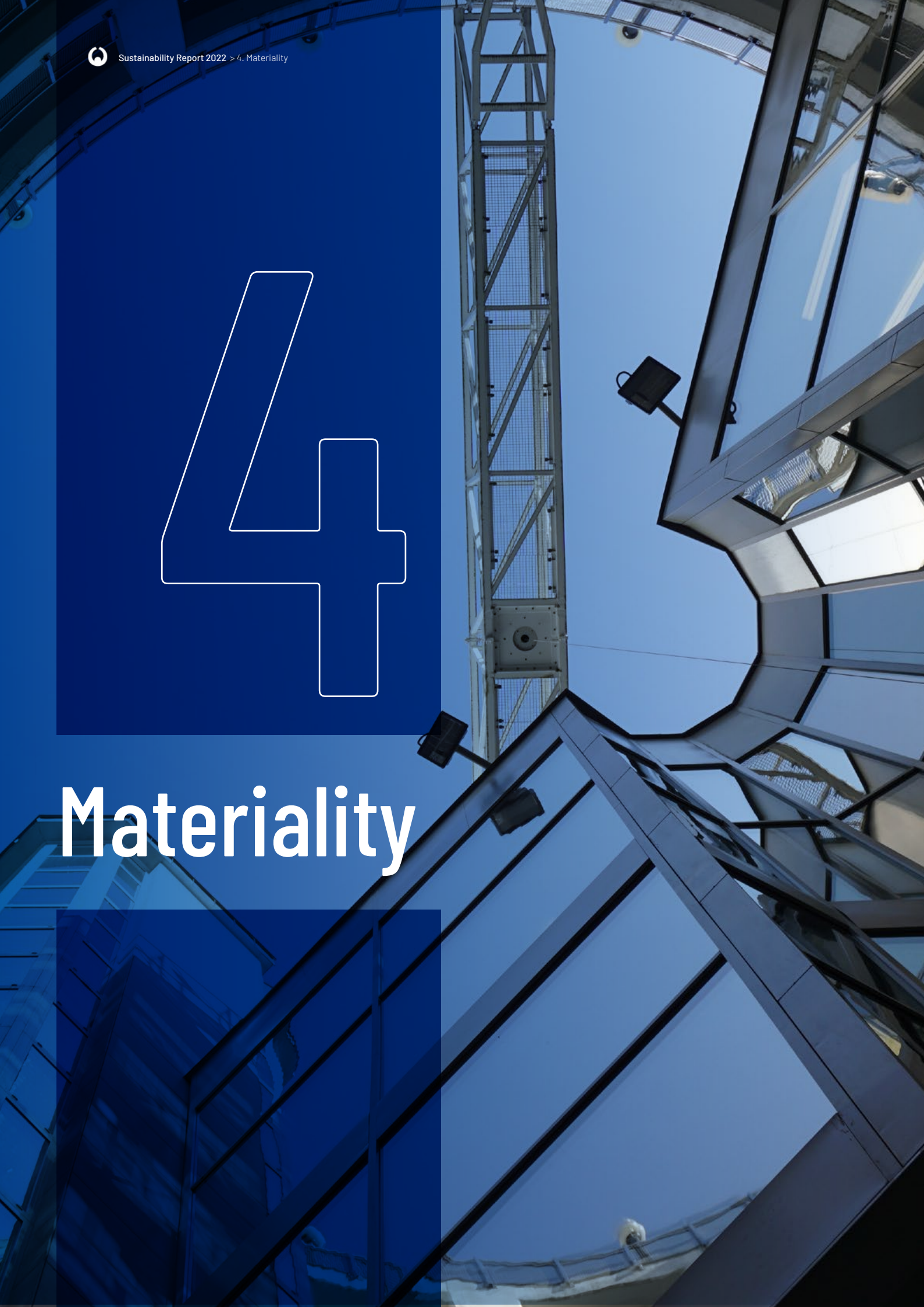
- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Promote responsible practices in the value chain. | <ul style="list-style-type: none"> • Work is underway to identify and evaluate ESG risks in the value chain, which will lead to the identification of KPIs to be monitored. • In 2023, we will create a new unified supplier manual for the entire Group. • By 2023 all our suppliers will adhere to Gorlan's Ethics Code. | <ul style="list-style-type: none"> • PRODUCT • ENVIRONMENT |
|---|---|--|

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> • Exercise our work as a driving force in the generation of employment and wealth responsibly in the environments in which we operate. | <ul style="list-style-type: none"> • 97% of our team is made up of local people in the areas where we operate. • We directly employ 9 people with disabilities and 94 indirectly. • This work represents a turnover to Gorlan of 9.2 million euros. | <ul style="list-style-type: none"> • ENVIRONMENT |
|--|--|---|



4

Materiality



In our management model, we identify potential sustainability impacts, risks and opportunities that we may have on the economy, the environment and people, as well as possible impacts, risks and opportunities that could affect our business, with the aim of detecting material aspects for our stakeholders and our activities.

Based on what we identify, we develop and implement various commitments, policies, management procedures and measures associated with the material issues.

In the fiscal year 2021 we conducted our first materiality analysis, giving us a vision of which sustainability aspects we should focus on. In this fiscal year, we have proceeded to update this, including surveys to all Group staff, and following the guidelines defined by the Global Reporting Initiative (GRI) standard, as well as by Law 11/2018.

The methodology applied, described below, takes into account the characteristics of the sector in which we operate, the activities we carry out, the policies we apply in the area of sustainable development, our long-term objectives, especially those in the ESG area, and our relations with our stakeholders. It consists of three phases: Identification, Evaluation and Prioritization.





1. IDENTIFICATION OF MATERIAL ASPECTS OF SUSTAINABILITY

The objective of this first phase is to understand the needs and requirements of the different stakeholders, as a source for defining the main ESG issues to focus on. To this end, we have held meetings with the company's main stakeholders and conducted an analysis of the internal and external context:

Internal context analysis

Review of all ESG-related information available within the company and of communications and demands received from stakeholders.

External context analysis

- » Review of competitors' public documentation.
- » Examination of the legal obligations that affect or could affect us in terms of sustainability. Among others, the Non-Financial Reporting Act, the Corporate Sustainability Reporting Directive, the Directive on Corporate Due Diligence on Sustainability and Human Rights, the Environmental Taxonomy, the Climate Change and Energy Transition Act and the amendments to directives derived from the Circularity and Sustainability Strategy.

- » Review of sustainability standards and trends (Sustainable Development Goals, United Nations Global Compact, CNMV and ESMA recommendations, SASB, TCFD, Global Reporting Initiative), as well as future European sustainability reporting standards (EFRAG's ESRS).
- » Review of current market analysts' reporting requirements (CDP climate, DJSI).
- » Checking the news published about Gorlan in the press, identifying the issues reflected during the fiscal year 2022.

As a result, 17 material issues have been identified in the environmental, social and governance areas, which have served as the basis for the second phase of the process.



2. EVALUATION OF THE IMPORTANCE

In order to evaluate the 17 topics identified in the previous phase, we have taken into account the assessment for external importance and the assessment for internal importance.

External importance assessment

The number of times each of the 17 topics is mentioned/appears as relevant topics for the different stakeholders has been counted and weighted. In addition, stakeholder surveys have been carried out, receiving responses from 123 employees.

Internal importance assessment

Surveys and individual sessions have been held with the people responsible for the key areas for their assessment. Specifically, 25 people participated in the assessment, 8 of them from management. These surveys and meetings have highlighted the operational and reputational importance of each of the relevant issues previously identified.



3. PRIORITIZATION OF TOPICS

All of the above has allowed us to prioritize the issues according to the degree of relevance for Gorlan's stakeholders and for the business.

Once the analysis was completed and quantified, the results obtained were consolidated, weighted and validated.

Main results

As a result of this work, knowledge of the most relevant aspects for both stakeholders and Gorlan was obtained. All of these issues influence our ability to create value, with a special focus on priority issues:



- Decarbonization and climate change
>> For more details see chapter 6. Product

- Product quality and safety
>> For more details see chapter 7. Environment

- Product innovation
>> For more details see chapter 6. Product

- Customer satisfaction
>> For more details see chapter 7. Environment

- Transparent and sustainability ethics and corporate governance
>> For more details see chapter 1. Gorlan up close

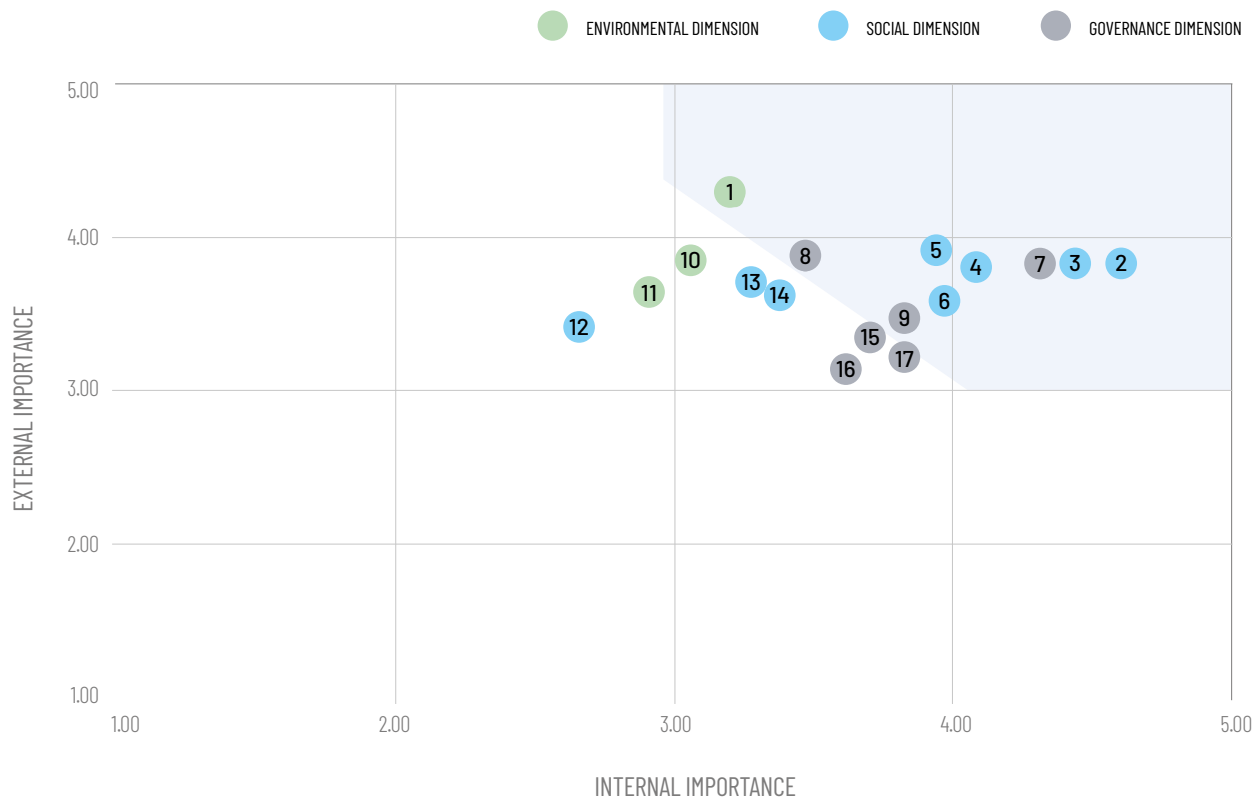
- Attraction, retention and development of people
>> For more details see chapter 5. People

- Digitization
>> For more details see chapter 1. Gorlan up close

- Health and safety
>> For more details see chapter 5. People

- Well-being of employees
>> For more details see chapter 5. People

Materiality matrix



MATERIAL ASPECTS

PRIORITIZED MATERIAL ISSUES

- 1 Decarbonization and climate change
- 2 Product quality and safety
- 3 Customer satisfaction
- 4 Attraction, retention and development of people
- 5 Health and safety
- 6 Staff welfare
- 7 Product innovation
- 8 Ethics and transparent corporate governance and sustainability
- 9 Digitization

OTHER MATERIAL ISSUES

- 10 Circular economy and sustainable use of resources
- 11 Environmental management system and environmental culture
- 12 Commitment to the local community
- 13 Equality, diversity and inclusion
- 14 Responsible supply chain
- 15 Risk management
- 16 Communication with stakeholders
- 17 Cybersecurity



5

Prioritize the development of our talent



People

5.1. Our people	53
5.2. Creating a shared purpose	62
5.3. Health and safety	74
5.4. Talent management	78

5.1. Our people

People are at the heart of our strategy.

Business transformation involves bringing out the best in each of the people who form part of the Group. This individual and collective effort has been key in 2022 and we will work to continue supporting and accompanying our human capital to face the challenges that lie ahead.

Gorlan currently employs 774 people (*) located in 5 countries and distributed among 12 companies. Of this international total, 68% are located in Spain.

Despite being a strongly masculinized sector and less attractive to women, we are working to break down this barrier, trying to make the advantages that our industry can offer them visible. In the last fiscal year we hired 28 women.

Our business is located in a sector in which innovation makes the difference, so when it comes to hiring talent, we place considerable value on experience. This criterion, together with our low staff turnover, means that our workforce has an average age of approximately 47. However, we also want to incorporate young profiles by helping recent graduates to enter the working world.

"A great company is created by great people who have great ideas.

Behind a successful job there are always

successful people. And

that is Gorlan, a Group based on the knowledge, experience, work and dedication of the people who form part of it".

JOSE JULIO GÓMEZ BARBERO
PRESIDENT

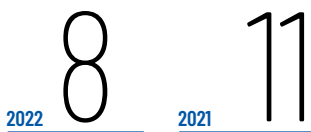
PEOPLE	COUNTRIES	COMPANIES
774	5	12

(*) In addition to the companies included in the fully consolidated financial statements, the Gorlan India workforce is included.

2022 in numbers



AVERAGE HOURS OF TRAINING PER PERSON



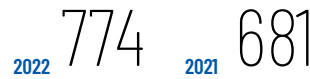
TURNOVER RATE



INDEFINITE-TERM CONTRACTS



STAFF AT YEAR-END



The average hours of training per person and the number of indefinite-term contracts have decreased with respect to the previous year due to the high growth in the number of people in the Group. On the one hand, training hours have remained similar to last year, but with such a large increase in the number of employees, the average hours have been reduced.

On the other hand, the number of indefinite-term contracts has been reduced due to the fact that 80% of the 123 new hires have indefinite-term contracts, which causes a reduction in the total, as it was previously close to 100%.

In relation to the turnover rate, it has been reduced by one point, which shows that in addition to continuous growth, we are creating quality employment and a climate of well-being that encourages people to want to stay and work in the Group's companies. In the fiscal year 2022 we have had 9 dismissals (2 dismissals in the fiscal year 2021), all of them have been agreed with their due severance pay according to current labor regulations and without any type of claim.



MILESTONES 2022

Launch of the HUCA project, our strategic plan aimed at the People pillar.

Definition of job positions in Merytronic, Telergon, Pronutec, and Plastibor, with the objective of strengthening talent.

Approval of investment for a new talent management ERP.

Approval of Pronutec's Equality Plan.

Formal approval of the remote working procedure.

Monthly breakfasts with Plastibor's CEO as a dynamic of the internal communication plan.



HUCA Project

Accompanied by a new ERP.

Our human capital strategy is based on a new project that we have launched in the fiscal year 2022 and will be developed over 2023 and 2024 in collaboration with a specialized external consultant.

At Gorlan, we promote evolution through a learning environment that promotes knowledge sharing, innovation and effective communication, with the "HUCA project" being essential to achieve it.

HUCA is an accelerator plan that is enabling us to implement our people strategy with greater strength and speed. It is based on four pillars: fostering our values and culture, emphasizing diversity, inclusion and equal opportunity; enhancing our commitment to talent, constantly providing opportunities for professional development and advancement; ensuring high-quality, rewarding and stable jobs; and safeguarding the safety, health and well-being of our teams.

The main purpose of the HUCA Project is to establish and implement welfare policies and new state-of-the-art personnel management tools that enable our people to evolve and develop professionally with equal opportunities.

3S Program

As part of the HUCA project, we have begun to activate corporate initiatives and activities, with voluntary participation, aimed at improving the well-being of our staff. This set of actions, which we will develop further on, are included in the 3S program and their main objective is to raise awareness of the importance of taking care of physical, mental and emotional health for the well-being of our human capital.

>> **More information in section 5.2. Creating a shared purpose.**



MILESTONES 2022

We have carried out a SWOT analysis to determine the degree of maturity of each company that makes up the Group, extending the best practices from the most advanced to the least advanced.

We have set up a strategic committee, of which the President is a member, to define the main strategic lines of action.

OBJECTIVES 2023

In the next fiscal year we will set up an operating committee that will be responsible for the operation and supervision of the project.

We will conduct a 360° evaluation of all management, department heads and the rest of the organization.

We will carry out a study of the needs of the workforce.

New talent management ERP

In order to move forward and implement the HUCA project, it is necessary to implement a new ERP for people management. This ERP will allow us to have a higher quality of the results and needs of human capital to make more agile decisions that help to enhance the professional careers of all our people, and become a benchmark for talent.

In 2023, we will be immersed in a payroll ERP migration project, which will enable us to standardize and centralize the payroll management data of the companies that make up the Group. We will also implement an employee portal and a new tool for managing attendance data.

Alongside all of the above, we are reinforcing and supporting the internal communication plan, which helps us to strengthen the corporate culture, an essential lever for all the area's projects.

By 2024, we aim to work on a competency assessment project that will allow us to address the talent module, with everything associated with evaluations and development.



Employment

We strive to create the necessary conditions for development, commitment, pride and motivation by investing in talent and recognition.



The people from temporary employment agencies who performed the best have become part of the company's own workforce.

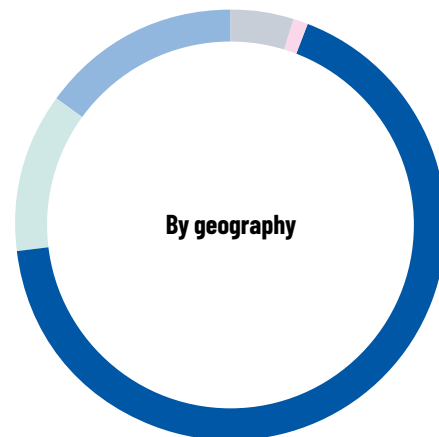


Improvements have been introduced in the compensation of sick leave due to common contingencies, occupational accidents and pregnancy from the 37th week, as long as the insurance company does not recognize any occupational risk during pregnancy.

By the end of 2022, we have an internal headcount of 774 people (*), representing a net increase of 14% compared to the previous year (2% in 2021). This extraordinary growth we have experienced has been an enriching challenge for everyone in the Group, especially for the Human Capital team and the receiving teams that have welcomed and trained 123 new people.

By geography

Our main growth has been in Spanish companies, with Pronutec's incorporations predominating.

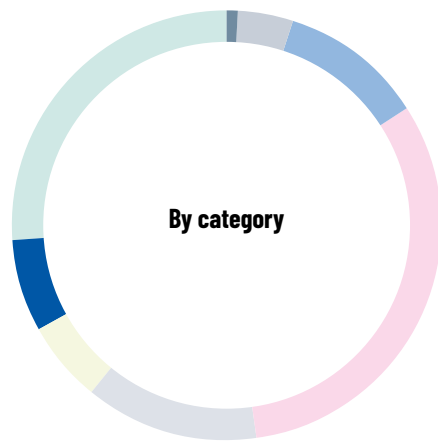


Country	2022	2021
Spain	68% (525)	67% (456)
India	15% (113)	14% (98)
Poland	12% (91)	12% (82)
Germany	5% (40)	6% (40)
China	1% (5)	1% (5)

Total workforce

2022	774	2021	681
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(*) In addition to the companies included in the fully consolidated financial statements, the Gorlan India workforce is included.



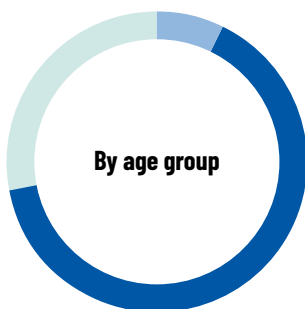
Senior Management	Management	Technicians and professionals	Salespeople
2022 1% (8)	2022 6% (39)	2022 26% (169)	2022 4% (28)
2021 1% (8)	2021 7% (40)	2021 22% (128)	2021 4% (26)
Qualified level 1	Qualified level 2	Qualified level 3	Employees and administrative staff
2022 11% (76)	2022 32% (209)	2022 13% (84)	2022 7% (48)
2021 8% (47)	2021 31% (178)	2021 16% (95)	2021 10% (61)

By category*

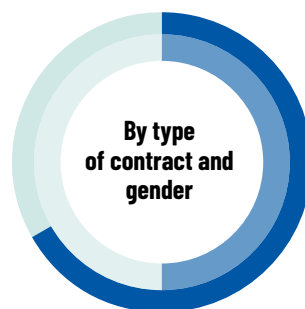
Our main growth has been in qualified level 2 and in technicians and professionals, although we have had new incorporations in most of the categories. Once again, we take pride in our role in society and in our environment by

acting as generators of employment, promoting the incorporation of **diverse profiles**, thus signaling our **commitment** to diversity and inclusion.

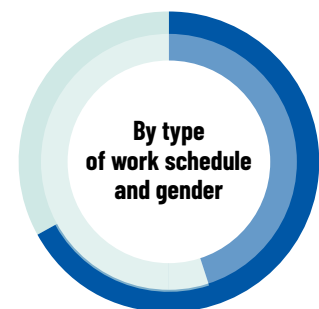
(* As a result of the redefinition of job positions, some categories have been reevaluated in 2022 with modifications with respect to the criteria followed in the data published in 2021, and the data for 2021 have been modified in this report for a proper comparison with 2022.



<30	30-50	50+
2022 48	2022 429	2022 184
2021 35	2021 375	2021 173



Indefinite-term male	Indefinite-term female
2022 412	2022 205
2021 369	2021 189
Part-time male	Part-time female
2022 22	2022 22
2021 15	2021 10



Full-time male	Full-time female
2022 416	2022 205
2021 370	2021 176
Part-time male	Part-time female
2022 18	2022 22
2021 14	2021 23

By age group

Our main growth in absolute values has been in the 30 to 50 age bracket, and in percentage terms, the highest growth has been in the under 30 age bracket. Therefore, we are incorporating both specialized profiles with experience, as well as profiles with recently completed studies, promoting the creation of youth employment.

By type of contract and gender

Our main growth has been in indefinite-term contracts and in both genders. In 2022, 66% of the workforce is male. This represents a more equal average than the industry average, which is 74% male according to INE2022 data.

By type of work schedule and gender

We encourage the application of flexibility measures that allow us to reconcile professional and personal development, which is why practically all of our new hires have been full-time.

Compensation policy

Our compensation policy is based on the evaluation of each job position, considering its functions and responsibilities, and is in line with the company's collective bargaining agreements. In this way, we guarantee a competitive and equitable position for the entire workforce, **ensuring that compensation is commensurate with the position, commitment and performance of each individual, always exceeding the established minimum wage.**

In order to accomplish all of the above, we follow the following 5 fundamental principles:

FIVE FUNDAMENTAL PRINCIPLES:

1. Equity principle
2. Legality principle
3. Competitiveness principle
4. Non-discrimination principle
5. Performance principle

Below is a detailed description of the average annual compensation for the years 2022 and 2021 for all employees, broken down by gender, age range and professional category (*), excluding the senior management category, based on fixed compensation:

By age group	2021	2022
Under 30	21,450	24,156
Between 30 and 50	28,292	30,275
Over 50	33,278	35,872

By category	2021	2022
Managers	65,786	71,667
Salespeople	52,060	54,806
Technicians and professionals	36,111	38,195
Employees and administrative staff	26,931	27,811
Qualified level 1	27,899	30,262
Qualified level 2	21,371	22,775
Qualified level 3	16,437	16,559

By gender	2021	2022
Male	33,570	35,883
Female	21,104	22,814

On average, salaries have increased by 7%, from 29,247 euros to 31,331 euros, with increases in all categories, for all professional groups. According to a survey published on 06/20/2023 by INE, the average annual earnings per worker during 2021, in our industry, was 25,896.82 euros.

The average remuneration of men exceeds that of women mainly due to the following factors:

- The presence of a majority of men in positions of high responsibility, such as managers and salespeople in marketing companies, whose salaries are linked to above-average remuneration.
- The geographical distribution of the workforce, since in countries such as Poland, where the average remuneration is lower, women predominate.
- The average seniority of men is higher than that of women due to their previous entry into the labor market.
- Belonging to a highly masculinized sector and the difficulty of recruiting female profiles in technical positions or positions of greater responsibility.



AVERAGE MALE REMUNERATION

€33,699



AVERAGE FEMALE REMUNERATION

€21,360

(*) As a result of the redefinition of job positions, some categories have been reevaluated in 2022 with modifications with respect to the criteria followed in the data published in 2021, and the data for 2021 have been modified in this report for a proper comparison with 2022.

Wage gap

During the fiscal year 2022 and hand in hand with the Equality Plans, we have begun to establish various actions with the aim of reducing the wage gap. However, there is still a predominance of men in the more technical roles, making it difficult to incorporate women in specialized positions. This complexity also exists in the hiring of positions of greater responsibility.

Likewise, the average length of service of men continues to be higher than that of women, making it difficult to reduce the wage gap.

Another aspect to consider is that at Gorlan we encourage internal promotions, and despite being a very positive aspect for our people to develop, as there are more men in the workforce and with more seniority, it is more difficult for a woman to access positions of greater responsibility.

In any case, we make sure to establish fair compensation based on objective criteria, regardless of the identity of the person holding the position. We are committed to avoiding any form of discrimination in wage setting, whether based on gender, religion, race or other characteristics.

To assess the pay gap, we have calculated the difference between the average fixed remuneration of men and women in jobs with representation of both genders in each of our companies. The results reflect the percentage by which women earn less compared to men. Below is a breakdown of the pay gap by geography and professional category:

Geography	Professional category	Wage gap 2021	Wage gap 2022
Germany	Management	17%	11%
	Technicians and professionals	22%	-5%
	Qualified level 3	5%	N/A
Spain	Management	8%	11%
	Technicians and professionals	18%	18%
	Employees and administrative staff	5%	7%
	Qualified level 1	8%	5%
	Qualified level 2	3%	7%
Poland	Qualified level 3	10%	11%
	Technicians and professionals	N/A	14%
	Qualified level 1	N/A	13%
	Qualified level 2	N/A	5%

The wage disparity is attributed to several factors, including the distribution of different jobs within each professional category, where men occupy the roles with greater responsibilities. In addition, the historical under-representation of women in the labor market has resulted in lower average seniority for women, with an average of 11 years compared to 16 years for men.

Analysis by country

In Germany the differences between men and women have narrowed, and in all categories they are increasingly close to zero.

In Spain those figures that are higher than the previous year are mainly due to the promotions given. Specifically, there have been promotions of women from qualified level 3 to qualified level 2, which has led to an increase in the qualified level 2 gap, as the new promotions fall into the lowest subcategory in the qualified level 2 category. However, if we analyze the information at the subcategory level, we observe that the

remuneration for men and women is very similar. Consequently, the disparities between men and women, as well as the change in the gap, are mainly explained by the composition of the subcategories within the category. If we analyze the subcategories individually, there are no significant distinctions.

In Poland in previous years there were no representatives of both genders in the same category. This year the team has increased by 12%, which has incorporated new people in different categories.

According to the World Economic Forum report "Global Gender Gap 2022", there is a wage gap of 28% in Spain, 14% in Germany and 9% in Poland.

In our case, if we take the gap by country, in Spain we have a gap of 20%, in Germany 17% and in Poland 23%.

We continue working on our strategy to contribute to reducing these disparities, seeking to surpass the average for our sector, in all the countries where we operate, as a priority goal.



5.2.

Creating a shared purpose

The work and commitment of all the people who make up the Group are essential for the achievement of the great challenges we have faced in recent years. We want our people to achieve personal and professional success, which is why we promote wellness ecosystems based on development, fairness and balance.



Welfare

At Gorlan, we value the individual capabilities of each member of our team. We are committed to fostering an environment in which everyone can reach their full potential. We seek to take advantage of the innate talents of each person to promote their personal and professional growth.

People are fundamental and play a key role in the growth of any company. At Gorlan, we have a committed team and a shared culture that allows us to face future challenges, always guided by our aforementioned 7 values.

We have implemented various measures and commitments to promote the well-being of our employees in the workplace and to promote our values.

These are the main actions we have developed within the 3S Program in 2022.

Internal communication

We value dialogue as a basis for building trust. For this reason, we encourage open communication and dialogue between everyone who forms a part of Gorlan. We believe that the exchange of ideas and opinions enriches us, thus promoting a collaborative and participatory environment in which everyone feels heard and valued.

Communication should be conceived as a strategic process that requires the implementation of adequate means to support it.

We should not consider communication as an obligation or as a mere transmission of information. Rather, we must understand it as something inherent and necessary for the proper functioning of the organization. Communication plays a fundamental role in aligning people towards a common goal, allowing the gears of the company to work in harmony.

We use several communication channels, which will be gradually increased in the future:

Internal digital channel - Nexus >> Discussed further on page 65.

Cascade communication (person-person) >> Discussed further on page 65.

Corporate events >> Discussed further on page 65.

Satisfaction surveys >> Discussed further on page 65.

Traditional channels:

- Corporate and personal e-mail
- Bulletin board
- Meetings
- Exhibitions
- Circulars



Through communication, we pursue the following objectives

- **Improve communication:** an effective internal communication plan promotes clear, open and fluid communication within the organization. This helps to avoid misunderstandings, conflicts and rumors, and fosters collaboration and teamwork.
- **Encourage innovation and creativity:** responsive communication fosters the exchange of ideas and knowledge. This can stimulate innovation, creativity and joint problem solving, which can generate improvements and new opportunities for the organization.
- **Achieving goals and objectives:** allows the company's vision, mission and strategy to be transmitted to all levels. This helps to align our teams with organizational objectives and to work in the same direction, which contributes to achieving common goals and objectives.
- **Improve the work environment:** by promoting transparent communication, listening and valuing people's opinions, a more positive and motivating work environment is created.
- **People engagement:** helps employees feel informed, valued and committed to the organization.
- **Organizational identity and culture:** internal communication plays an important role in building and strengthening organizational identity and culture. Through the communication of values, beliefs and expected behaviors, a greater cohesion and sense of belonging is promoted.
- **Change management:** during periods of change or transformation, effective internal communication is essential to inform staff, address concerns and resistance, and keep them engaged and motivated during the change process.



MILESTONES 2022

A) NEXUS: DIGITAL CHANNEL

The contents within Nexus are differentiated by subject matter to facilitate reading and capture the reader's attention.

As a relevant milestone in the fiscal year 2022, it is worth mentioning that we have launched a satisfaction survey in reference to communication, having obtained a participation rate of 70%.

With the results of this, we have decided to restructure the entire communication plan to meet the demands of the group of people who make up Gorlan.

As in the fiscal year 2021, cybersecurity has been given great prominence in the topics to be discussed. In addition, in 2022, we have strengthened everything associated with health and safety.

B) CASCADE COMMUNICATION: PERSON-TO-PERSON

Cascading communication is a key tool to promote transparency. It is all formal or informal information transmitted through person-to-person channels. Since the profiles of the issuers are different, Gorlan establishes fixed minimum activities that must be held throughout the year by the different teams and departments:

- Official presentation of the approved management plan to the entire company.

- Follow-up of the company's operational objectives on a semi-annual basis with all personnel and on a monthly basis with management.
- Annual conclusions presented at a Christmas event before the end of the year.

Through cascade communication, an information flow is established so that the information that must be transmitted to the whole organization from the management is transmitted correctly.

C) CORPORATE EVENTS

For the first time in 2022, we have conducted **annual Gorlan sales conferences** bringing together sales, marketing, R&D and general management to present the annual sales results, new product developments and the sales strategy for 2023. In addition, various team activities of a recreational nature were organized to promote good relations between the different companies. This event took place in Pamplona in December.

In addition, at Christmas we organize a **Christmas Lunch** to which the entire organization is invited, to bid farewell to the year and take stock of the main challenges overcome.

Finally, with the incorporation of Plastibor's new general manager, **Plastibor Breakfasts have been created.**

The entire workforce has had the opportunity to express their concerns and talk with the general manager, enhancing the closeness between the different categories of the organization. This action was created to fulfill two important objectives. First, the entire workforce should be able to meet at least once with management in a relaxed environment to get to know each other better. Secondly, during these meetings, the topics that, according to the satisfaction survey conducted among the workforce in 2021, Plastibor should improve the most as a company were discussed: communication, innovation and training. This initiative has proved to be a success and our objective is to be able to transfer this event to other companies to cover other objectives related to communication.

D) SATISFACTION SURVEYS

Pronutec has conducted a psychosocial survey that will provide insight into the work environment and the employee's perception of the company. Specifically, during the fiscal year 2022 they have completed the quantitative phase of

the psychosocial study, and in the next fiscal year they will continue with the qualitative phase and the final results will be reported. As a next step linked to this initiative, they will conduct confidential interviews in 2023.

Voluntary participation activities

During this fiscal year we have continued to develop and increase the number of volunteer activities related to health care and physical exercise. These optional activities allow our staff to actively participate and improve their physical and mental well-being. We believe that these initiatives contribute to strengthening the sense of community and promote a healthy work-life balance.



MILESTONES 2022

Companies located in Boroa: in our companies in Boroa we provide a space for pilates classes to be organized, with the aim of improving the well-being and quality of life of all our people.

telergon
gorlan

Annual participation in the Carrera de las Empresas organized by ESIC Business & Marketing School in Zaragoza. 8km of effort, fun, sport and teamwork.

gorlan

Conscious and healthy eating. In this sense, we have carried out several actions:

- We changed the vending machine supplier to one that provided a wider selection of healthy products.
- We have labeled 100% healthy products.
- We have organized an online workshop with science communicators María Hernández-Alcalá and Elena Pérez from FuturLife 21, on healthy food and shopping habits that promote healthy eating and responsible consumption.
- We have provided weekly menus with recipes that serve as an example to establish these habits.

Benefits and rewards

We are especially proud of the commitment, loyalty and diligence of our people, and for this reason we want to recognize them year after year.

MILESTONES 2022

Retirement celebration: the organization celebrates the retired person's career with a gift of recognition and a joint celebration with their colleagues.

In December, we presented a special gift to all those who have been **with the organization for more than 25 years**. From this moment on, "the orbital", a sculpture forged in iron on alabaster by the renowned artist Jon Alberdi, will be given. Each banner is personalized, numbered and signed by the artist.

We greatly value the effort our people make to visit our customers anywhere in the world. These visits are an additional effort for them, as they have to spend weekends away from home; and an additional value for us, as we can be close to our customers. These types of gestures made by our people for the Group are rewarded with extra days for themselves.



Flexibility and work-life balance

Seeking to create an environment of well-being and ensure equal opportunities, we promote initiatives that promote family reconciliation and offer flexibility.

The actions we implement to promote work-life balance provide our employees with options that, on many occasions, avoid the need to opt for a part-time work schedule.

The development of work-life balance measures has proven to be a positive reinforcement in achieving our objective of attracting, retaining and developing talent. Thus, we continue to maintain our objective of trying to facilitate the work-life balance for all our people. The Group has certain universal measures for work-life balance, which are described in detail below. In addition, we take into account the particular case of each person to try to provide a solution to specific or long-term personal events without needing to reduce their working hours when they do not wish to do so.

AMONG THE MOST IMPORTANT MEASURES AT THE GROUP LEVEL

Teleworking: in the current fiscal year, we have approved the teleworking procedure. This modality is allowed in those enabled workstations that, due to the necessary material and the daily activity performed, it is possible to work away from the workstation. Throughout the year, we allow up to 40 days of remote work.

Flexible working hours: we have flexible arrival, departure and lunch schedules, so that our people can adapt their working day as they need.

Calendar: each company has its own personalized work calendar, which is previously communicated to the entire team to facilitate day-to-day organization.

Disconnection from work: we apply certain practices to promote disconnection. These include having separate company telephones rather than personal telephones and promoting a culture of effort during working hours by making it compulsory to clock in and out of work.

MILESTONES 2022

Telergon: incorporated some improvements to facilitate flexibility and work-life balance, including:

- Indirect labor has up to 8 hours per year for own business (to be made up during the intensive summer workday).
- Expansion of the flexibility of entry and exit hours.

Telergon: in 2022, 14 people benefited from work-life balance measures, which shows that 10% of the workforce is currently benefiting from such measures.



FULL TIME

2022 **94%** 2021 **94%**

We continue to maintain our objective of trying to facilitate the work-life balance for all our people.

Absenteeism

During the fiscal year 2022, we have carried out a homogenization of concepts of absenteeism in the Group so that we can compare and monitor it in an appropriate manner and establish the appropriate measures to reduce it as far as possible. Proof of this is that in the fiscal year 2021 we only provided data on absenteeism hours for the companies Pronutec, Merytronic, Gorlan, Telergon, Inaselec, Plastibor and Tripus Germany, which was 61,498 hours, while in the fiscal year 2022, thanks to an improvement in the collection of information, we have obtained the information for all the companies that make up the Group, totaling 91,420 hours not worked for different reasons. The same is true for the **absenteeism rate**, in the fiscal year 2021 it was 8.87% taking into account only the companies Pronutec, Merytronic, Telergon, Inaselec, Plastibor and Gorlan, while in the fiscal year 2022 it is **8.95% for the entire Group**.

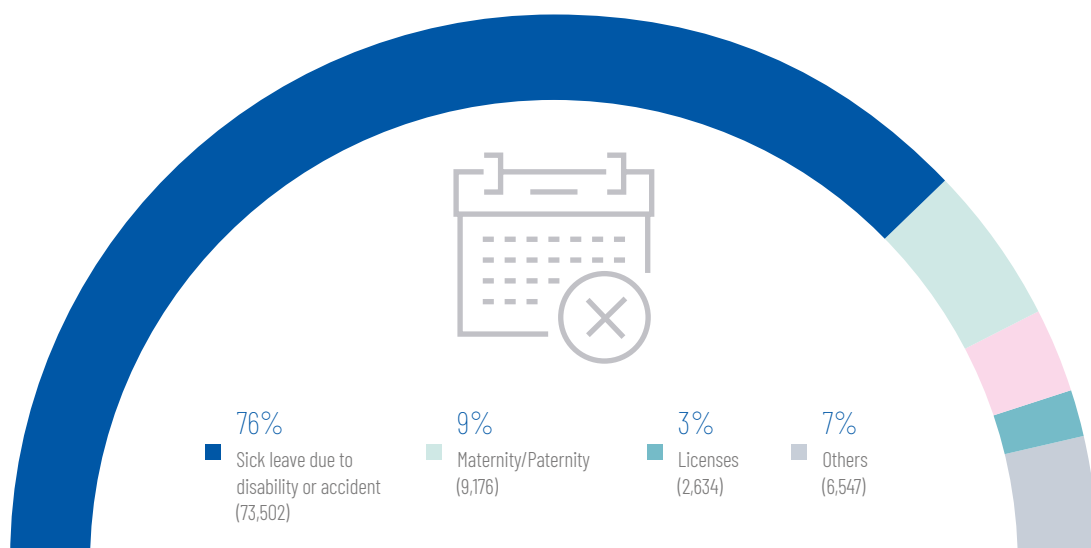
The absenteeism hours that we are measuring in the Group mainly include: union activity, leave due to work-related accidents, maternity/paternity, breastfeeding, strikes, leaves of absence, leave due to temporary disability, leave due to work-related accidents, visits to the doctor's office and medical rest. The following are the absence hours by nature in 2022:

We are working to reduce absenteeism rates by monitoring the main causes. In this regard, specific actions have been established to promote staff motivation and reduce accidents to zero, with the process that initiates, guides and maintains behaviors aimed at achieving professional and personal development.

MILESTONES 2022

Our team is getting bigger and bigger, so the risk of an accident increases if we do not undertake more rigorous control measures. For this reason, we have set up a new health and safety department with a corporate manager for occupational risk prevention.

We want to increase the commitment and motivation of all our people, and to this end we are offering collective activities of different kinds that are not directly related to the fulfillment of operational objectives, but are aimed at personal development.



Equality

One of our main commitments is to equal rights and opportunities for all our people. We have therefore continued to work on specific policies and commitments to promote diversity and equity throughout the Group.

We ensure that equal opportunities are present in all processes of the organization, including the hiring of new personnel. For this reason, we apply selection procedures that favor the effective equality of women and men.

Our Ethics Code represents Gorlan's values, which are the foundation of our Group and must always be respected. To ensure that non-compliance does not occur, we have a confidential and transparent communication channel: actua@gorlan.com, as well as physical mailboxes distributed throughout our companies.

Equality Plan

In the Group, we have an equality plan that will be progressively implemented in all companies until 100% of the Group's employees are covered by the same framework. Telergon and Plastibor already have an Equality Plan 2021-2025 and an equality committee. Actions have been carried out in 37% of the lines of work. Pronutec, whose plan was approved in the first half of the year and whose evolution was 11%, joined this good practice in the fiscal year 2022. At Inaselec, work has begun on this project, which was well underway at the end of the year. The rest of the organizations are in the process of analysis and diagnosis in order to adopt the Equality Plan as soon as possible.

Across all organizations, a strong commitment to equity and fair treatment is shared, even in the absence of a specific action plan. The measures adopted are applied across the board, reaffirming our commitment to non-discrimination.

In line with the signed Equality Plans, we have identified 3 challenges to achieve in Gorlan, for which we will implement specific actions:



CHALLENGES OF THE EQUALITY PLAN

1. Promoting equality in the ORGANIZATIONAL CULTURE
2. Integrating the commitment to equality in PEOPLE MANAGEMENT
3. Participation in the equality value chain in OUR SOCIAL ENVIRONMENT

Under the umbrella of the Equality Plan, each company has set out the actions contemplated in the plan together with their level of priority (high, medium and low). For programming in the annual operational plans, the actions will be ordered based on the level of priority defined (high priority first, followed by medium priority, and finally low priority).

Objectives and lines of work of the Gorlan Equality Plan 2021-2025

OBJECTIVE 1: PROMOTING EQUALITY IN ORGANIZATIONAL CULTURE

1. Make visible and integrate gender equality in all documents or supports that define strategies or policies of the organization.
2. Incorporate aspects related to equality in the "Welcome Manual."
3. Review and present the progress of the Equality Plan to management in particular and to the staff in general.
4. Agree on a policy of equality and non-discrimination by the company.
5. Make the Equality Plan known to the entire workforce.
6. Establish contacts and alliances with state and international and regional networks working on equality.
7. Review the use of language and images used in internal documentation and correct when necessary.
8. Maintain the negotiating commission for the promotion of the Plan.
9. Economically evaluate the actions derived from the development of the Equality Plan.
10. Elaborate an operative plan on the actions to be developed annually with the Equality Plan.
11. Prepare an annual report on the actions of the Equality Plan.
12. Disseminate this impact report among the staff.

19. Promote the use of inclusive language and images in every job offer.
20. Verify that (and modify if necessary) that the selection criteria for each vacancy do not contain requirements that are irrelevant to the job and that may hinder the candidacy of women.
21. Review externally contracted selection processes by analyzing language used in offers, job requirements, etc.
22. Review communication about existing vacancies.
23. To meet the needs of balancing personal, family and work life for women and men.
24. Identify positions of equal value.
25. Annual monitoring of the salary situation according to gender.
26. Correct the deviations detected in positions that exceed 10% difference, analyzing the reasons and promoting a salary balance.
27. Make reports for deviations detected that exceed 25%.
28. Develop a specific protocol or procedure for dealing with cases of sexual or gender-based harassment.
29. Designate a sexual harassment mediator or person responsible for offering advice and assistance, as well as participating in problem solving in both formal and informal procedures.
30. Communicate the existence of the protocol to the staff, as well as to new hires.
31. Raise awareness among the entire workforce on the detection and identification of sexual or gender-based harassment.
32. Incorporate the gender perspective in the occupational risk prevention plan and include specific actions for the assessment and monitoring of women's health.
34. Conduct the evaluation of occupational risks taking into account gender-specific risks.
35. Conduct a psychosocial risk assessment from a gender perspective and design the corresponding preventive actions.
36. Conduct internal campaigns to raise awareness of equality issues among the entire workforce.

OBJECTIVE 2: PEOPLE MANAGEMENT

13. Improve the tools for collecting information on people management by incorporating the gender variable and incorporating corrective measures in the event of detecting deviations: salary gap, vertical and horizontal segregation, internal promotion, internal training, reconciliation measures, qualifications, internal vacancies, personnel selection, leaves of absence and their reason, scholarship program, etc.
14. Share with the staff the results of the processes in which they participate (surveys, general evaluations, etc.) taking into account the integrated gender approach (i.e. analyzing the results disaggregated by sex and applying the theory of the sex/gender system to the results).
15. Conduct staff opinion surveys on equality mainstreaming.
16. Review the criteria used in the job profiles to detect gender bias.
17. Collaborate with the Group's companies in communication actions.
18. Carry out internal dissemination actions on the management plan and the policies adopted.

OBJECTIVE 3: OUR ENVIRONMENT

37. Participate in awareness campaigns that can be promoted from educational areas in order to break down gender stereotypes and roles related to the incorporation of women in "masculinized" sectors such as industry.
38. Collaborate with educational centers to increase the number of women in the industrial sector.

Diversity and inclusion

In the Group, we carry out a series of measures and projects aimed at promoting the inclusion of people with disabilities.

Selection Processes

When we publish offers, under equal conditions we favor the incorporation of people with disabilities.

Collaborations

To promote the social inclusion and labor integration of people with disabilities, we collaborate with special employment centers such as Lantegi Batuak, Gureak and DFA (physically handicapped of Aragon). During the fiscal year 2022, we have generated employment for more than 94 people, which represents a significant increase compared to the 84 people employed in 2021. In addition, in 2022, we have increased our turnover to these companies, reaching €9,143,000, compared to €6,457,000 in the previous year, a growth of 42%. Importantly, these individuals work exclusively for the Gorlan Group for approx-

imately 81% of their time, reflecting our commitment to providing them with stable and meaningful employment opportunities. In 2021, the percentage was 80%.

In-house staff

At the end of the fiscal year 2022, we have 9 people with disabilities in our team (the same as in 2021).

Accessibility

In our offices we have implemented adapted access routes that allow easy and comfortable entry for people with disabilities. In addition, we ensure that we comply with current regulations and standards when making new investments in buildings, as well as when adapting or upgrading our facilities and general services. These investment plans are carried out considering the specific needs of disadvantaged groups to ensure an inclusive and accessible environment.





5.3.

Health and safety

Risk prevention.

The prevention of occupational hazards is a **collective responsibility in our organization.**



Internalizing health and safety standards as key aspects of daily work is a critical point to ensure a healthy environment and to achieve the goals set in this area.

Health and safety form part of our values. As mentioned above, in order to strengthen this pillar in the fiscal year 2022, we have incorporated a corporate manager to promote this culture. This has helped us to deploy measures and actions aimed at ensuring the total safety and health of our professionals and collaborators, and to reinforce training in this area.

All this with the ultimate goal of always having "zero accidents", and having the firm belief that all accidents can and should be avoided.



WE HIGHLIGHT THE FOLLOWING ACTIVITIES IN THE FISCAL YEAR 2022

- > Creation of a corporate occupational risk prevention department that coordinates the entire Group.
- > Obligation to monitor and report accidents involving subcontractors and/or temporary employment agencies.
- > Corporate platform to manage the required documentation in the area of occupational risk prevention.
- > Creation of a procedure at Group level for investigation, control and accidentability.
- > Health and safety training.
- > Start of a Group-level project for a platform for the control and coordination of business activities.

MILESTONES 2022

Telergon

- They have made an investment to improve the safety measures associated with machinery and have drawn up a specific accident reduction plan.
- Follow-up of the 5S methodology, also in offices.

Plastibor: assessed the entire plant from a health and safety point of view, resulting in the modification of the floor in the BMC area and implementing measures to improve ergonomics.

Pronutec: conducted a psychosocial survey, which has resulted in measures that have been converted into awareness campaigns.

Inaselec: several ergonomic studies have been carried out, adapting breaks and job rotation to improve ergonomics, as well as installing safety bars.

Gorlan: actions taken at the Group level

- We have conducted a healthy eating workshop to boost the health of our people.
- We provide our team with regular medical check-ups.
- In order to be as well prepared as possible for any unforeseen event that may arise, we have given CPR and first aid courses and have designed protocols for emergency cases, as well as installed defibrillators in most of our plants.

INVESTMENT

2022 **12**
thousand euros of investment in improving health and safety

SUPERVISION

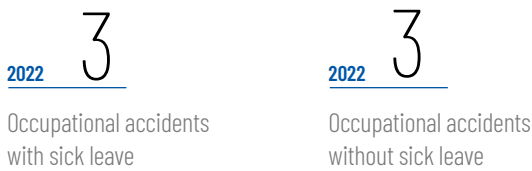
2022 **8**
people dedicated exclusively to health and safety monitoring



IN-HOUSE STAFF



EXTERNAL STAFF (*)



Frequency rate: number of occupational accidents resulting in sick leave per million hours worked.
 Severity rate: number of days lost due to occupational accidents resulting in sick leave per thousand hours worked.

(*) Comparison with 2021 is not made as 2022 is the first year in which data on external staff was collected.

During the fiscal year 2022, the following indicators have been increased: number of accidents, frequency rate and severity rates. This was mainly due to the incorporation of 123 new people into the Group. In addition, we include new data from companies that were not reporting indicators in 2021. In the fiscal year 2021 we reported data for Pronutec, Merytronic, Inaselec, Plastibor and Telergon, and Gorlan, which accounted for 78% of the total workforce, while in 2022 we reported information for the entire workforce, an additional 82 people. The increase in the accident rates was therefore mainly due to the large growth in the workforce, as well as the unfortunate occurrence of long-term sick leave.

On the other hand, as we anticipated, and maintaining our commitment to complying with the European directive on due diligence in the value chain, we have begun to monitor and implement measures on the accidents of external staff (temporary employment agencies and subcontractors), since it is our obligation and duty to preserve the

health and safety of all the people who make up our value chain, regardless of whether they are our own staff or not.

External prevention services

In the area of prevention, in our main companies, we have external prevention services specialized in different areas, such as health and safety, hygiene, ergonomics-psychosociology and health surveillance. This collaboration allows us to ensure that both our employees and collaborators have the necessary benefits for their well-being and safety.



Social relations

In our companies, we ensure the legal representation of workers through delegates or works councils. We establish appropriate communication channels with them to encourage consultation and participation of all people. In addition, we promote the achievement of formal agreements with legal representatives, which allows us to advance in the processes of dialogue and social concertation. Likewise, in those companies where applicable, we have health and safety committees, such as Pronutec, Telergon and Plastibor, with which we hold regular meetings to address issues related to occupational health and safety.

With regard to labor agreements, all our employees benefit from collective bargaining agreements, company agreements and other labor regulations specific to the country in which they are located. **These instruments regulate and protect their rights and working conditions.**





5.4.

Talent management

We promote the **personal and professional growth** of everyone in the Group.

In the fiscal year 2022, we have designed a talent management plan, within the HUCA project, which allows us to further design and develop personalized professional careers for our human team. Specifically, in the different business areas, we have made the following advances:



- Merytronic has proceeded with the definition of job positions that will allow them to focus on their own talent. They have job descriptions, a salary per position, and a 5-year career plan. Thus, through annual evaluations, they will be able to assess and reward career development.



- Pronutec has initiated the process of defining job positions.



- At Plastibor, the definition of job positions, initiated in the previous year, has been completed.



- Telergon has continued with the process of allocation and definition of job positions already started in 2021, and has managed to agree on job steps and a salary scale for each job step, all of which has been agreed with the legal representation of the workforce.



- Inaselec has conducted a job analysis and job description.

As mentioned above, it is important to emphasize that we give priority to internal promotions. Before looking for external profiles to fill new vacancies, we always consider and evaluate the possibilities of internal promotion. In the fiscal year 2022 we have had internal promotions of both genders.

We offer professional development opportunities by establishing different challenges to improve skills within the company, linked to training plans that are periodically reviewed and evaluated.



Continuous learning environment

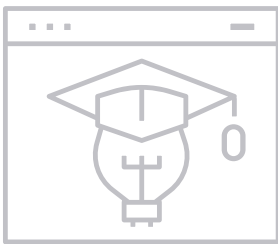
At Gorlan, we take care to ensure that our professionals have the appropriate training, as we believe it is essential for their growth and success of the Group.

To this end, we have implemented a welcome plan for all the people who join our team, providing them from the beginning with all the training and tools necessary to perform their work and develop as professionals.

As the industry requires new approaches to meet the challenges, we strive to be more efficient, sustainable and responsible. This can only be achieved if we use the most effective and dynamic methodologies.

In collaboration with the corresponding departments, we carry out a diagnosis of the needs of the team members in order to improve their professional qualification and develop competencies that benefit both the individual and the Group. In this way, we seek to promote continuous improvement and growth at both a personal and professional level.

Likewise, the job definitions carried out, together with the promotion of evaluations and the career plan, will be another factor in defining the necessary training for our team.



TRAINING HOURS





HIGHLIGHTS 2022

merytronic
sorian

Given the importance of network automation and digitization, one person has completed a master's degree in "Cybersecurity Professional" to be able to apply it later to the product, as well as to be able to train the rest of the team.

6

Creating
**innovative &
sustainable**
solutions

Product

6.1. Destination sectors	83
6.2. Technology to make the best product	86
6.3. Responsible supply chain	90
6.4. Driving decarbonization under maximum quality standards	94



6.1.

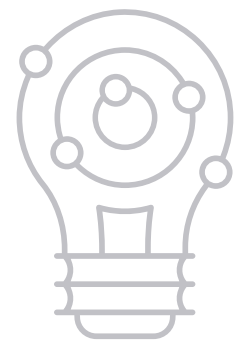
Destination sectors

Energy distribution

We specialize in products that encompass the integral management of low voltage electrical networks, offering advanced solutions in switching, protection, monitoring and control.

Low Voltage Distribution Solutions

Low voltage distribution poses new challenges that require automation and digitization of networks. At Gorlan we focus on developing new solutions to adapt the distribution system towards a sustainable and efficient future.



telergon
gorlan

- Switch-disconnectors and switches, both manual and motorized, with enclosure mounting options. They also offer cam switches and modular switches.

pronutec
gorlan

- Distribution panels for Transformer Substations, NH type fuse bases, low voltage network monitoring systems, link network, and medium and low voltage fuses.

merytronic
gorlan

- Solutions for digitization of electrical networks, monitoring of low voltage networks, line and phase identification in low voltage networks, location and tracing of subway cables, fault detection and cable identification for electrical safety.

Green energy

Our investment in research and development is focused on creating products that drive the adoption of renewable energy in homes around the world, thus facilitating the transition to a sustainable future based on clean energy sources.

Driving the energy transition

We are experts in solutions for renewable energy sectors, especially in photovoltaic energy. Our investment in research is focused on developing products that facilitate the adoption of renewable energies. We offer comprehensive solutions including combiner boxes, string inverters, low voltage switchboards, energy storage systems and charging points for electric vehicles.



- Switch-disconnectors up to 1500V DC, AC DC hybrid switches and disconnectors.



- AC/DC photovoltaic distribution boards and protection cabinets, 800V AC fuse bases and fuses for AC/DC photovoltaic applications.

Industry

We specialize in tailoring our products to meet the requirements of the industrial sector and power electronics applications, offering customized and high quality solutions.

Meeting the demands of the industrial sector

We offer a wide variety of solutions for alternating current (AC). We adapt to the needs of industrial panel builders and OEMs in various sub-sectors, providing high quality products that are easy to apply and handle. Our designs are backed by accredited laboratory certifications and comply with IEC/EN 61439 standards, ensuring exceptional quality in each of our products.



- Switch-disconnectors with fuses, modular switches and cams.



- Distribution panels for subscriber transformer substations, metering cabinets, metering elements, medium and low voltage fuses, and modular switchgear.

Railroad

We have extensive experience in command and control, access, traction and grounding solutions. In addition, we stand out for our ability to adapt by offering customized solutions according to the specific needs of our customers.

Creating innovative solutions that drive sustainable mobility

We focus on the development of customized and standard solutions in rolling stock and fixed installation for 1000V AC and 1500V DC systems. Thanks to our wide range of solutions, we have participated in almost one hundred projects worldwide. In addition, we have carried out more than 60 railway projects in more than 30 countries, offering comprehensive solutions ranging from fixed installation to other areas of the transportation industry.



- Grounding systems, battery disconnectors, cabin inverters, command and control switches and pedals.





6.2.

The **technology** to make the best product

In recent years, power grids have been and are undergoing continuous transformation. With the entry of new players in the market, such as electric vehicles, smart meters, microgrids, distributed renewable generation or distributed storage batteries, they have become increasingly complex. It is now essential to be continuously innovating and applying the latest technology in order to be able to respond to the global challenges we face.

Thanks to our products and the supervision, monitoring and automation technologies that we develop internally, it is possible to control and monitor power grids to gain in efficiency and safety and improve the guarantee of supply, thereby curbing climate change.

We believe that the development of new, environmentally friendly products based on technological innovation is the lever of change that allows us to differentiate ourselves from our competitors in the race towards energy transition.

To achieve all this, it is necessary to have a committed and enthusiastic team like ours, as we work hand in hand with our suppliers and customers. All this, together with our experience and knowledge, as well as the collabora-

We collaborate with research centers for the development of new products. Among others, we collaborate with **Azterlan** (Metallurgical Research Center) and **Gaiker** (Plastics Research Center) in the analysis of materials.

tions we maintain with technology centers and external laboratories, allows us to keep abreast of the latest technological developments.

We have certain elements in the Group that help us to make this a reality. One of them is the "new products committee." All product companies have their own committee that meets at least monthly. As this is a strategic area for us, this committee is composed of the main executives and technical managers. The objective is to work to promote the creation of new products that allow us to anticipate market challenges and be more agile than our competitors. We evaluate market trends and share our customers' concerns, which then leads to new product lines.

In addition to the aforementioned external collaborations, we have our own innovation observatories and laboratories. This allows us to continually develop new designs and validation tests, giving us greater flexibility to adapt quickly to our customers' new requirements.

THANKS TO THE JOINT WORK OF THE COMPANIES THAT MAKE UP GORLAN, WE ARE ABLE TO OFFER COMPREHENSIVE SOLUTIONS TO LARGE PROJECTS.



- Its Innovation department closely follows the customer, which allows them to create high value-added solutions. In addition, they have their own laboratory available to customers for testing.
- Among its main challenges is automation. Pronutec has already started working to offer a solution to the market as soon as possible, and is in the process of developing the first prototypes.
- Innovation is one of its values.
- Since 2012 they have 14 granted patents, 28 validated and 9 in the process of being granted.
- Telergon has its own innovation observatory, with one person dedicated to pure research work.
- In addition to their own laboratory and technical office, they collaborate with external laboratories.

Merytronic, catalyst for innovation

Within the Group, Merytronic is our strongest commitment to innovation. Our goal is to develop systems, from start to finish, that allow us to have traceability of the status of the low voltage distribution network, with accessibility to real-time data. To this end, we are creating technological tools that enable our customers to face the new business models in the electricity sector.

We are at the forefront of technology, forming part of different national and international working groups where the architectures of the networks of the future are defined. This allows us to keep abreast of new technologies: virtualization, artificial intelligence and cybersecurity are some of the areas to be researched and implemented in the networks of the future.

"It is part of our corporate culture to renew, innovate and face new challenges. Merytronic is made up of a great group of professionals who use the most cutting-edge technologies as tools to anticipate future needs and improve the value proposition in all our solutions."

IRATXE ZULUAGA LÍBANO
GENERAL MANAGER OF MERYTRONIC, BILBAO

Smartization of electrical networks

Low voltage Smart Grids

The way electricity is generated and consumed is changing. A network that had traditionally been solely a consumer is becoming a generator as well. In order for the quality of electric power to remain optimal in this transforming sector, it will need to be monitored at all times through the introduction of Smart Grid technologies.

Spain is a world leader in the deployment of these technologies, and at Gorlan, together with several companies of the Group, we are able to offer comprehensive solutions for smart grids, which allows us to continue increasing our presence throughout the world.



Something that highlights our great knowledge, as we have already mentioned, is that Pronutec and Merytronic are technological partners collaborating in the Global Smart Grids Innovation Hub. We provide our knowledge and experience in the development of projects related to network digitization. A continuous commitment to research and product development in the world of electrical distribution.



6.3.

Responsible supply chain



Being sustainable does not depend only on us, it also depends on those with whom we have a relationship and those who help us to market our product: our suppliers. Our supply chain strategy aims to contribute to creating sustainable production environments, being efficient in the use of natural resources and energy, guaranteeing respect for the human and labor rights of our suppliers' workers, without forgetting the importance of quality and on-time delivery.

For this reason, we are committed to establishing relationships that follow the stipulations of the reference regulations in this area, such as the human rights due diligence directive and the conflict minerals and metals regulation. In this way, we help to promote the sustainable development of the economy.

It should be noted that if there is one thing that characterizes us, it is our solid supply chain management. We are agile in reacting and adapting to this changing environment, which has allowed us to avoid breakages, despite the fact that the last three years have been marked by a widespread lack of supply. Our purchasing team has done an excellent job of searching for and approving new suppliers, which has made it possible to guarantee supply.

At Gorlan in the fiscal year 2021 we started a path for the professionalization of the purchasing department that we have continued during fiscal year 2022. As a goal for 2023, we want to have a corporate purchasing policy that unifies all those that currently exist per company and an ethical supplier manual.



- In the fiscal year 2022, Merytronic has restructured the purchasing department, reinforcing it with one more addition to the area. It has centralized purchases with fewer distributors and assemblers in line with the policy of proximity.



As a target for 2023, we want to have a single corporate purchasing policy.

Suppliers

In relation to the supplier selection, management, approval and evaluation process, although each of the Group's companies has its own individual procedures, they all share the same basic pillars. In all cases there is a criticality variable (either due to the volume of purchases from a supplier, the relevance of the associated product/service, etc.) that determines the process to be followed.

Supplier approval process

Before entering into any working relationship with a supplier, the Group conducts an initial approval process to determine whether it can begin working with that supplier. The process begins with a request for information ranging from social and environmental areas, to technical and quality areas, as well as compliance with purely legal requirements. Among the main aspects analyzed were: quality, the degree of compliance with delivery dates, price and the environmental management system.

Given the typology of our products, quality is a critical issue, that is why we request ISO 9001 certification from all our suppliers. If they do not have it, further documentation and/or a specific action plan is required.

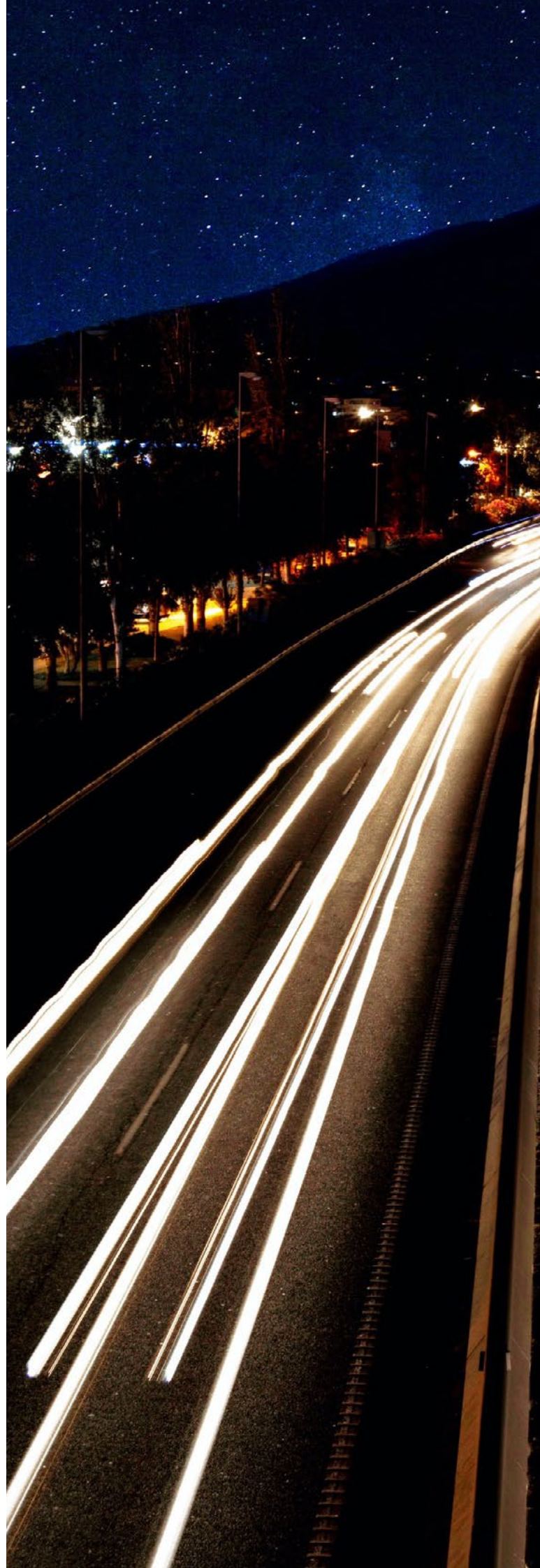
Once a supplier is approved, it is included in the list of approved suppliers, and from that moment on, it is monitored periodically.



- They require suppliers to comply with conflict minerals and metals regulations and associated reporting, ensuring the protection of human rights in the supply chain.



- Quality is our maxim. Therefore, the supplier selection criteria include the application of the ISO 9001 standard, the IATF 16949 standard and the performance of audits either by Plastibor itself or by a specialized external company.





Periodic follow-up of suppliers

As we have already mentioned, quality is a key issue for us, so the area responsible for the periodic monitoring of the supplier is the quality department, keeping a continuous record that allows us to verify that its performance and supplies are satisfactory. It is also responsible if a supplier incurs a certain number of non-conformities in twelve months, the supplier will be removed from the list of approved suppliers, and will have to start the whole approval process from the beginning if it wants to continue to work with Gorlan. Such a supplier may be re-approved if there is sufficient evidence that the service provided in the future will be in accordance with what is specified in Gorlan's system.

Re-evaluation is done on a continuous basis so that, when recording a nonconformity report, the quality department is assured that the maximum number of nonconformities allowed has not been exceeded.

It should be noted that if it is detected by the Group that the material is inadequate or faulty, suppliers are required to provide specific action plans, with responsible persons and dates.



- One of the priorities of the purchasing department is to contract local suppliers. Whenever possible, products are consumed locally.
- Merytronic requires the ISO 9001 and ISO 14001 to all the assemblers with whom they collaborate.
- They audit two suppliers per year selected by random sampling.



- The quality department leads a system of supplier supervision and audits. When an incident is detected, an action plan is proposed to them, and the action plan is followed up.



- Plastibor audits suppliers on a regular basis.

Driving decarbonization under **maximum quality** standards

Our products
are **key to
driving the
transformation
of the economy.**

MILESTONES 2022



- Launch of a true 2P switch capable of reaching 550A -1500V DC (750V DC per pole) and the S7, which offers optimized and consistent performance throughout its lifetime thanks to the patented MAGIC magnetic blowing cut-off technology. This switch is assembled on a semi-automatic assembly line that guarantees the highest safety standards.
- Specific "Isolation Only" solutions with short-circuit tests adapted to the protection and isolation needs of battery energy storage systems (BESS).



Our products are designed to achieve a more sustainable economy by promoting the use of renewable energies, a key aspect to achieve a greener planet.

Electric mobility

It is not possible to achieve the European objectives of climate neutrality by 2050 without electrification of transport. The transportation sector is responsible for 35% of domestic greenhouse gas emissions, as well as for the deterioration of air quality and noise levels in the population.

Thanks to our solutions, we can make electric mobility a reality through the storage of electricity.



GREEN ENERGY

CHARGING STATIONS



CHARGING POINTS



CENTRALIZATION OF METERS



E-BUSES



PHOTOVOLTAIC

Photovoltaic energy

The characteristics of photovoltaic energy, clean, inexhaustible and renewable energy, make it essential to achieve a better world. As specialists in the sector, we offer switching and protection solutions adapted to the different needs of each installation.

COMBINER BOXES



BATTERY CONTAINERS



STRING INVERTERS



INVESTORS



Reliable quality

As we anticipated, the quality of our products is our maxim. We have the most demanding standards required by our different customers, which means that the key players in the market are trusting us. This quality is implicit in all the processes involved: research, design, manufacturing, commercial and administrative management, etc. And to achieve this, collaboration and continuous communication with customers and suppliers is necessary.

We have a quality policy in which we detail the following commitments

- Demonstrate leadership and commitment through the use of the process approach and risk-based thinking.
- Ensure focus on increasing customer satisfaction.
- Understand the needs and expectations of all stakeholders including our external suppliers.
- We are committed to maintaining a safe and healthy environment for all employees, ensuring their ongoing training and competence, while efficiently managing the human resources and infrastructure necessary for our manufacturing processes.
- Periodically evaluate the performance of the objectives and the effectiveness of the Quality Management System.
- Comply with customer requirements, as well as applicable legal and regulatory requirements and others considered necessary by the organization.

In addition to the customer's own standards, all our companies have ISO 9001 and others such as UL and CCC.

telergon
gorklar



FROM
CERTIFICATIONS TO
EXCELLENCE

ISO 9001 / ISO 14001

Certified by TÜV Rheinland

GENERAL STANDARDS

IEC 60947-1 & 3

IEC IECCE CB REPORTS

AIT approved by OVE

UL

UL98 and UL98B certified
by UL and ETL

CCC

According to GB 14048.3

INDEPENDENT CERTIFICATIONS

- Bureau Veritas
- Lloyd's Register
- EAC Gost Russia
- IEL Poland
- TÜV Rheinland

TESTS IN EXTERNAL LABORATORIES

- AIT (Austrian Institute of Technology)
- IPH Berlin
- UL



The products and services of our companies take into consideration all the quality and safety parameters contemplated in the applicable regulations in each case.

In relation to the management of claims and complaints, we have different customer service channels and ways to make claims, the most commonly used being e-mail and telephone. Each company has its own system of claims and complaints adapted to its reality, which are received by the quality department, and from there they are redirected to the applicable department according to their nature. This allows us to continuously improve and to apply the pertinent corrective actions.

In addition, a periodic follow-up of the claims received is performed, identifying the type of claim, the status of the claim and the closing date of the claim.



7

Seeking a better future

Environment

7.1. Reducing our environmental impact	99
7.2. Our customers	106
7.3. Collaborating with the environment.....	110
7.4. Collaborating with key stakeholders	114



7.1.

Reducing our environmental impact

"We recognize that **long-term success** is not just about achieving great numbers, but about building a **solid foundation** that allows us to develop by adopting sustainable business practices that **minimize our environmental impact and maximize social well-being**".

BORJA GÓMEZ ORMAZABAL
CORPORATE DEVELOPMENT DIRECTOR

In order to create a sustainable environment, not only are our products and services necessary, but the impact we have on the planet when producing them is also of special relevance. For this reason, we pay special attention to our environmental management system. Within our way of working and our principles is the objective of preserving the environment, mainly through 3 ways:

1

INCREASING THE LIFE CYCLE of our products

2

Increasing the **RECYCLABILITY** of our products

3

REDUCING THE IMPACT of our activity on the environment

In this area, we have made the following commitments on environmental matters:

- Demonstrate leadership and commitment by assuming responsibility for the effectiveness of the environmental management system.
- Understand the needs and expectations of all stakeholders that affect the environmental management system.
- Protect the environment and prevent pollution, including the sustainable use of resources, climate change mitigation and adaptation, and the protection of biodiversity and ecosystems.
- Ensure the necessary competence of people performing work that affects the organization's environmental performance through ongoing training and efficiently manage human resources and infrastructure support.
- Periodically evaluate the performance of the objectives and the effectiveness of the environmental management system, as well as the associated environmental impacts from a life cycle perspective.



MILESTONES & ACTIONS 2022

Ongoing refurbishment of Telergon's facilities affecting most of the offices and a significant part of the workshop, converting the building into a much more energy efficient and accessible one.

Start-up of a 135Kwp (129,033Kwh/year) photovoltaic plant at Pronutec in December 2022.

Acquisition and installation of a new air compressor that will help us reduce kWh consumption and reduce CO₂ emissions.

Implementation of a schedule and maximum and minimum temperatures for general and individual air conditioning in closed offices.

Implementation of a 2-year energy plan.

Completed the study for the installation of electric chargers in 2023, establishing the number of chargers to be installed at each plant (Pronutec 4; Plastibor 1; Telergon 4).

Extension of the Ambilamp platform (scrap from luminaires and light bulbs) and Ambiafme (scrap from other lighting material).

Appointment of a person in the Group to monitor and supervise environmental indicators to set targets.

Monthly monitoring and supervision of consumption.

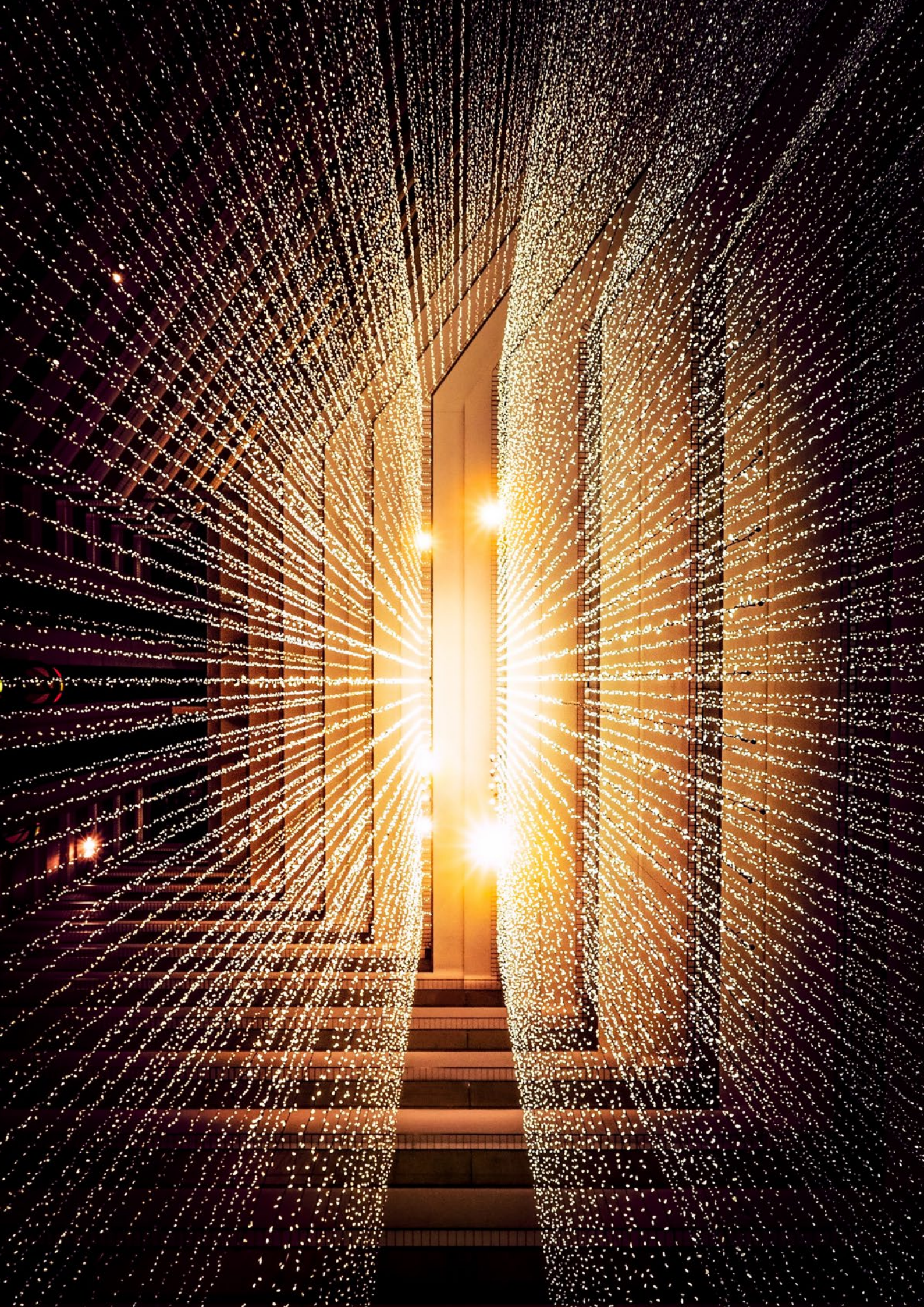
OBJECTIVES 2023

Every year we prepare an environmental aspects and impacts assessment report. As a result of this evaluation, our main objective for 2023 is to replace ordinary lighting fixtures with LEDs, which offer clear improvements in terms of energy efficiency in all plants that do not currently have them.

Likewise, and as a continuation of the solar panel installation project started in 2022, it is planned to continue with the installation of solar panels in those companies in which it is approved.

In terms of circular economy, work will be done on the recyclability of thermoset polyester.

Telergon will implement a bicycle and scooter parking area to encourage the use of these vehicles as opposed to motorized ones.



Environmental management system

Our environmental management system is the foundation on which we base our activity and our environmental culture. We have follow-up indicators that allow us to monitor the main elements of consumption and define objectives and strategies to help us reduce our environmental impact. It should be noted that three of our main plants, Pronutec, Telergon and Merytronic, are ISO 14001 certified, which is the most widely used technical standard

worldwide for the implementation and assessment of environmental management systems.

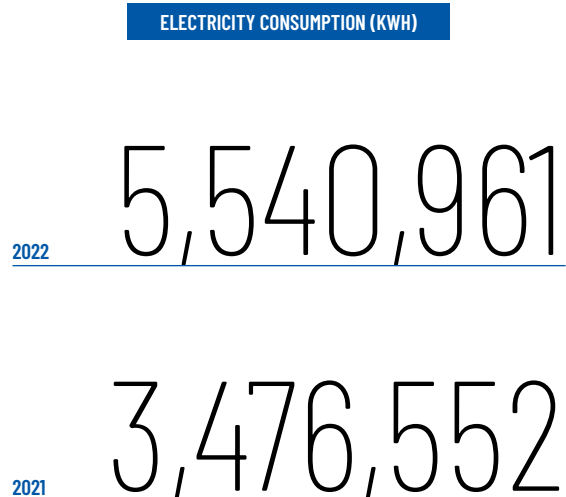
Neither in 2022 nor in 2021 have we recorded provisions for possible contingencies related to the improvement and protection of the environment, nor are there any known liabilities and/or compensation to be received.

Below are the main environmental figures for fiscal years 2022 and 2021:



Energy consumption

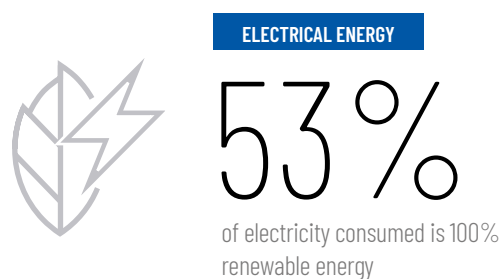
We carry out periodic energy audits in order to encourage and promote actions within the energy consumption processes that contribute to the saving and efficiency of the energy consumed. The following are the data associated with consumption:



In the fiscal year 2021, information from the companies Pronutec, Merytronic, Inaselec, Plastibor and Telergon was included. However, in the fiscal year 2022 information has been obtained for the entire Group. If we were to compare consumption with the same parameter as in 2021, consumption in 2022 would amount to 4,931,721kWh. This increase is mainly due to Pronutec's increased activity. If we look at the evolution of the figures, we see that the percentage increase in electricity consumption is very similar to the growth in sales (around 40%).

Promotion of the contracting of 100% renewable energy.

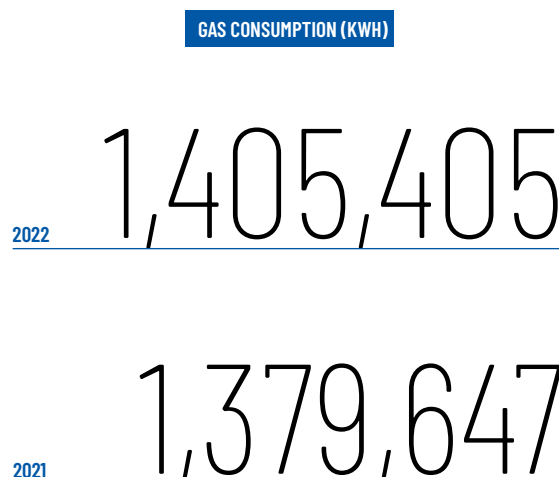
In relation to electricity sourced from renewable sources, we have gone from **32% of total consumption in 2021 to 53% in 2022**, which demonstrates our commitment to reducing greenhouse gas emissions.



Activity has increased by 39% and gas consumption by only 1.8%, so we can conclude that we are becoming more efficient.

Furthermore, it should be noted that as of fiscal year 2022, in addition to those already mentioned, we have begun to monitor other energy consumptions, which are detailed below:

PELLETS	GASOLINE
15,000 kg	241 liters
PROPANE GAS	DIESEL
19,200 liters	47,217 liters



Water consumption

Our production activities are not intensive in water consumption, so the data shown below refer mainly to the use of water by the people in the team: **1,925m³ in 2022**.

Consumption of raw materials

The three main raw materials consumed by the Group are plastic, copper and steel. The associated consumption is as follows: **plastic 3,424,084 kg; copper 1,794,416 kg; steel 341,092 kg**.

Waste generation

Two of the Group's objectives are to promote the correct collection and segregation of waste to enable its subsequent recovery, as well as the reduction of waste generation. We have contracts with companies specialized in waste management that cover the complete cycle, from collection and transportation to waste handling (and, when possible, return for reuse), as well as the responsibility of both parties. It is also noteworthy that we are on the sectorial steering committee and in the general assembly of **AMBILAMP and AMBIAFME**.

The following is a breakdown of waste generated in 2022 by type and destination:

- **Hazardous waste:** 2,587kg, of which 61% was disposed of, 31% was recovered for its value and 38% was recovered.
- **Non-hazardous waste:** 1,004,442kg, of which 53% was recovered for its value, 5% was recovered, 26% went to landfill and 14% to disposal. In other words, most of it was given a second life.



- We collaborate with Recirsa to collect and recycle 100% of the waste generated.
- We collaborate with Palets Bakiola to take advantage of all those broken pallets that Inaselec can no longer use.



We are part of a working group whose objective is to comply with the regulatory requirements established in Law 11/1997 on Packaging and Packaging Waste. This team is made up of several companies associated with ADEGI, CEBEK and SEA and establishes as a priority strategy the principles of minimization and prevention at source of packaging waste.

Circular Economy

Creation of products with the highest possible degree of recyclability and durability.



Merytronic, in collaboration with the HUB of the University of the Basque Country, has made a process analysis that allows them to move towards life cycle analysis.



Pronutec recycles 100% of the scrap generated.



Plastibor injects 100% recycled raw material in some products.



- It has product ranges that reach 100% recycled material.
- With respect to the fiscal year 2022, Telergon has increased the percentage of product recyclability.
- They have set as a requirement for new product ranges that they must have at least 15% more recyclability compared to the previous version.

Carbon footprint

The first steps have been taken to calculate the organization's footprint, such as supervision and monitoring of the consumption from which the calculation will be made.



- We have begun to calculate the carbon footprint of certain products.

For all of the above indicators, the Group will set specific monitoring and continuous reduction targets to improve our impact on the environment through our business and our products.





7.2.

Our customers

"We greatly value interaction with our customers, as we believe it is essential to understand their needs directly. We are proud to say that we are prepared to go to them. We strive to be the leading choice in terms of cost, quality and service, and we adapt flexibly to your demand".

ROBERTO DELGADO TARANCÓN
GENERAL MANAGER OF TELERGON, ZARAGOZA

Building trusting relationships

Customers are at the heart of what we do and how we do it. For this reason, we consider it key to continuously exceed your expectations with the best solutions, products and services. We accompany their growth and provide them with answers to the emerging challenges that the markets may pose, promoting the energy transition through the implementation of technological innovations.

Proof that we are moving in the right direction is that, despite the supply problems in the economy in general, we have managed to increase our sales and customer base.

To continue on this positive path, some of the initiatives we have started in the fiscal year 2022 include:

CRM Tool

The implementation of this new tool for monitoring the Group's contacts is part of the Darwin project, our strategic digital transformation plan, and has been designed to analyze and monitor all relevant customer data, with the aim of subsequently providing a better service. This tool will allow us to meet the increasingly demanding requirements of our customers in a more agile and centralized way.

Marketing automation

We have implemented digital marketing software that will help increase traffic to our websites, convert more visitors into customers and execute complete inbound marketing campaigns. At the same time, we have a single contact base for the entire Group.

Unify the marketing strategy and digitize it. Our DigiMark project

DigiMark was created in 2021 with the aim of developing a digital commercial marketing project oriented towards the use of the Internet as a channel to capture new business opportunities. This project has allowed us to completely update the websites of Pronutec, Telergon, Mertronic in 2021 and Plastibor in 2022. During the year 2023, we will carry out the renovation of the pages of the international subsidiaries. These new websites will be the landing place for digital customers and prospects. In this way, we want

to improve the user experience, provide a fresher and more current image, and carry out digital marketing actions that help us to attract new business, monitor what has been done and measure the result of its impact.

Our relationship is based on trust and continuous communication. As part of our philosophy, we visit our clients frequently, offering a totally personalized service.

Thanks to the increased presence we are gaining in the market as a result of our differential and transformational solutions, we are managing to increase high-level relationships with our customers.



- They invite their customers to visit their factory and learn first-hand about their capabilities and the differential value they provide.



- The trust of their customers is reflected in their partnership with renowned multinationals, who have chosen them to manufacture product lines under their brand name.



- From the corporation, we hold meetings with the management team of our clients.



- They have modified their commercial strategy after conducting a comparative analysis of competitors. This has helped them to focus on those parts that add the most value.
- They have reinforced the delivery monitoring team to improve customer service.

Internationalization

Thanks to our international presence, we can be close to our customers to accompany them in their projects. Proximity is our strength.

We are committed to internationalization, taking advantage of all the opportunities it offers us. This pushes us to optimize our supply chain and logistics, ensures greater security by diversifying into different markets, boosts our growth and anticipates industry trends. We are committed to capitalizing on these opportunities to the fullest to remain at the forefront of our industry.

"Internationalization is a challenge that Gorlan has more than met. Proof of this is that our products are present in more than 100 countries and are able to comply with any international standard".

ASIER BARBARIAS JUARISTI
GORLAN INTERNATIONALIZATION
DIRECTOR, BILBAO



Service

Our website is the meeting point with our digital customers.

In the fiscal year 2021, we began a process of creating and updating our web pages to improve their functionalities, which, together with our aforementioned **DigiMark** project, will allow us to improve the user experience and product search. During the fiscal year 2022 we have improved design aspects and continued to implement new features.

On our social networks we share all the news and events held by our companies. In addition, at Pronutec, Telergon and Merytronic, we have customer satisfaction surveys, and we seek to expand this practice to the entire Group, with the objective of guaranteeing customer satisfaction in all our divisions.



According to the results of the 2021 survey, customers highlight the excellent service in exports, both from sales representatives and the support team at the factory. They appreciate their promptness in responding and resolving their doubts and requirements. The rating obtained is 9 out of 10. In the case of customers in the domestic market, the score is 8 out of 10. During the fiscal year 2022, they have focused on improving the survey for implementation in 2023.



In 2021, 91% of surveyed customers expressed their willingness to recommend Telergon's products to other colleagues in the industry. This survey is conducted biannually and the next one will be conducted in 2023.

OBJECTIVES OF THE SURVEY

- 1 Keep updated indicators of general satisfaction.
- 2 Evaluate and compare the opinion of the internal team, as well as domestic and export customers, to identify possible discrepancies.
- 3 Collect feedback from our sales team and our customers on the quality of our products.
- 4 Identify specific actions and steps to improve negative indicators and strengthen positive indicators.
- 5 Analyze how quality issues and lead times affect customer satisfaction.
- 6 Evaluate the company's position in comparison with competitors and to know the perception of our main customers.

7.3.

Collaborating with the environment

Connecting with our communities and the environment around us is **essential**. We therefore strive to have a positive impact on the people and the environment in which we work, supporting economic development and job creation everywhere we operate.

We promote participation and collaboration programs with the community and local entities to create social value where we are present.

We are committed to new generations and local employment

merytronic

- They maintain close collaboration with leading universities in their area to attract and recruit the best talent for their team.
- They collaborate with schools to promote and disseminate technical careers and encourage the participation of women in these fields.
- They offer a long-term career vision.
- They collaborate with special employment centers, promoting social integration.
- Most of their suppliers are local (less than 100km radius).
- Their team has an average age of 37.

plastibor

- They promote dual training to incorporate new generations.

merytronic

plastibor

pronutec

- We have held open days at our Boroa facilities.

Promoting social integration

plastibor gorlan

- They contract different productive activities to Lantegi Batuak and Gureak, promoting social integration.
- In 2022, the increase in turnover was 56%, reaching 481,396 euros.

pronutec gorlan inaselec gorlan

- They contract different productive activities to Lantegi Batuak, a non-profit organization that generates job opportunities for people with disabilities in Vizcaya, promoting their integration.
- In 2022, the increase in turnover was 40%, reaching 8,327,042 euros.

telergon gorlan

- They collaborate with DGA (Physically handicapped people of Aragon).
- In 2022, the increase in turnover was 28%, reaching 222,058 euros, which represents an additional 5,800 employment hours compared to other years.



We sponsor the local soccer team

tripus gorlan



Generating employment in Haro

inaselec gorlan

- Inaselec is the largest employer in Haro.
- They work together with the Vocational Training Institute.
- They collaborate with the Employment Accelerator.
- They collaborate with the city council and with centers in Miranda de Ebro.
- They have created an association of companies in the industrial park to highlight the shortcomings they see in the industrial park where they are located.

Our humble acts of solidarity

We are committed to aligning ourselves with the Sustainable Development Goals and taking concrete actions to promote a more sustainable and equitable world. Among them, in the fiscal year 2022 we can highlight the following:

Promoting the allocation of resources to underprivileged communities

Solidarity is a feeling of unity that drives us forward.

Ukraine Emergency

After the outbreak of the war, we have made several financial donations for humanitarian aid through the NGO Entreculturas. A first donation at company level of 30,000 euros, and a second collaborative donation among employees. This second action was carried out through an online form provided by Entreculturas and was available to all Gorlan Group employees. For every euro that the workers donated, Gorlan donated another euro and in this second collaborative donation, which was active for a month and a half, a total of 3,620 euros was collected (1,810 each group).

11,600 masks

We have donated and distributed 11,600 masks to non-profit organizations: Gizakia Foundation (social entity for the prevention of risky behavior in adolescence, treatment of people with addictions and social and labor inclusion) and the NGO Entreculturas.



Our solidarity children's contest

In December, we organized a children's drawing contest as a Christmas greeting, in which we invited children from our employees' families to participate with the question "What do you want for Christmas?" 42 children participated. The winning drawing was published on our LinkedIn and for each like received we donated one euro to the Tximeleta educational project of Cáritas Bizkaia, thereby donating 374 euros.



Solidarity toy drive

For the second consecutive year, all the national companies have organized a solidarity campaign to collect toys and school supplies, together with the Federico Ozanam Foundation in Zaragoza and Koopera de Cáritas Bizkaia in Boroa and Haro. Thanks to the great support and commitment of our entire team, we have managed to collect 363kg of toys which, together with the 2021 campaign, brings the total number of toys collected to help children with fewer economic resources or at risk of exclusion to 933kg.

A great team supporting initiatives for a good cause

With a little support from many people we can change the world.

Participation in the race against breast cancer

We have joined the annual race against breast cancer in Bilbao. The race was organized by ACAMBI, Breast and/or Gynecological Cancer Association of Vizcaya, and the more than 51,000 euros raised were donated to a research project developed at the BioGune center in Zamudio.



Solidarity collection of bottle caps in collaboration with the SEUR Foundation

In 2019, an initiative was launched at Plastibor, with which they manage to collect approximately 15,000 plastic caps every year. In the fiscal year 2022, all of the Group's national companies have joined this initiative, demonstrating our commitment to sustainability while at the same time helping a charitable cause. The proceeds go to children with serious health problems to improve their quality of life and that of their caregivers and family members.

Support for our language

Purchase of 1 kilometer of the Korrika in support of our native language, Basque.

The Forest of Los Zaragozanos

Telergon, along with other companies in the area, collaborated in sponsoring the planting of trees and shrubs in Peñaflores and Las Planas. The objective is to open new spaces not only for the present and future enjoyment of citizens, but also, and above all, to improve its future environmental quality, to generate a real lung for a city that wants to be an example for other large cities in Spain and abroad. More than 168 hectares and almost 135,000 trees and shrubs were planted in two seasons.



In addition, we collaborate purely altruistically with different cultural, educational, health and sports associations. In the 2022 fiscal year, we made a total contribution to foundations and non-profit organizations of 35,658 euros.



Well-being environment for our people in India

- They provide different social benefits to their people.
- They ensure that they have decent housing.
- They have an assistance fund to ensure that families with problems are in a welfare environment.
- They have offered a free COVID-19 vaccination dose for their team and medical insurance for the whole family.
- They have a sexual harassment committee.
- They provide their team with a bus service so that they can get to work.
- Holding of a breast cancer awareness day in 2022.



7.4.

Collaborating with key stakeholders

We are active members of the main renowned industry associations. This allows us to have a greater impact on the sustainable development of the economy and to be relevant decision-makers in the sector.

We are involved in the activities of relevant economic and sectoral entities, and actively participate in the governing and management bodies of innovation-focused associations and knowledge centers, recognizing the importance of specialized talent.

Associations we form part of

- AFME (Association of Electrical Material Manufacturers).
- AEFAME (Basque Family Business Association).
- KIMUA (Association of Young Family Businesses of the Basque Country).
- AVEQ (Biscayan Association of Chemical Companies).
- AMEC (Association of Internationalized Industrial Companies).
- FVEM (Biscayan Federation of Metal Companies).
- ICA (Institute of Board Members-Managers).
- FEMZ (Federation of Metal Entrepreneurs of Zaragoza).
- AECOC (Spanish Association of Commercial Codification).
- UNICEF (United Nations Children's Fund).



We are members of the Board of Trustees of CIRCE, a technology center founded in 1993, which seeks to provide innovative solutions for sustainable development. The objective is to improve the competitiveness of companies by generating technology transfer through R&D activities and market-oriented training in the areas of sustainability and resource efficiency, energy networks and renewable energies.

We have been selected in the CEPYME500 list, as leaders in business growth.



In order to attract the best talent and incorporate the most innovative professionals into our team, we collaborate with the Official College of Engineers.

Our alliances

Official College of Engineers

We are part of the Spanish electricity grid platform FUTURED, and one of our directors is a member of the steering committee. The objective is to integrate all the agents involved in the electricity sector to define and promote strategies at a national level that will allow the consolidation of a much more advanced network, capable of responding to the challenges of the future.

E4S Alliance

Merytronic is part of the "E4S Alliance" consortium, which aims to accelerate the creation of a standards-based, open, interoperable and secure architecture that addresses the technical and commercial challenges faced by utilities around the world. For the digitization of the Transformer Centers, the consortium has adopted the premise of greater efficiency in the development of a reference architecture for the Transformer Center Platform (SSP).



As of fiscal year 2019, we are collaborating partners with Tecnalia.

Prime Alliance

PRIME Alliance was formed for the purpose of developing and using open and standardized solutions to support smart metering and smart grid functionalities. Merytronic is a member of this alliance.



We participate in the Energy Cluster, being a member of the board of directors.

Back to normality in conferences & workshops

After a few years of limitations due to the epidemiological situation, we are pleased to see that we are returning to normality with respect to our fairs and exhibitions, allowing us to regain our closeness to our stakeholders.

Exhibitors at trade fairs



They returned to Intersolar 2022 with their own stand. A must-attend event for all companies involved in the photovoltaic and energy storage industry.



Proof of their commitment to the digitization of the low-voltage distribution network with Smart Grids solutions, they attended the Energetab fair in Poland. They presented their solutions for distribution, including photovoltaics.



They participated as exhibitors at EnerGäia 2022.



They jointly participated in the Middle East Energy 2022, an event with more than 800 international exhibitors, where their global solution for monitoring the low-voltage grid in the context of Smart Grids was presented.



They attended the main European event on Smart Grids, ENLIT Europe 2022. It brings together the main players in the energy sector and the electricity industry. Merytronic, Pronutec and Ariadna Grid presented their global monitoring solution for low voltage networks, this year with some new features that make it even more interesting.



telergon
gorlan

pronutec
gorlan

merytronic
gorlan

After a two-year hiatus due to the pandemic, we have returned to Hannover Messe, the world's leading industrial trade fair, with the future of the sector focused on digitalization and sustainability.

sps
smart production solutions

telergon
gorlan

They exhibited at SPS 2022, the Smart Production Solutions event for industry Nuremberg, Germany.



Visitors to trade fairs

- Pronutec attended the Light and Building 2022 fair. This edition focused on finding new lighting and technological solutions.
- Through a distributor, Pronutec attends the SolarEx fair, the most important renewable energy fair held in Turkey.

Through our alliances and collaborations, we participate in the main events in the sector

- The first edition of the Smart Grids Congress organized by FutuRed took place in Madrid this December. Merytronic delivered their presentation: "A new model of resilient LV network for mass charging of electric vehicles and distributed generation."
- Porto hosted the CIRED Porto Workshop 2022, focused on "Electric mobility and energy distribution systems." Merytronic prepared and presented a technical paper "A new model of resilient LV network for massive EV charging and distributed generation" in collaboration with Ariadna Grid, Pronutec and I-De (Iberdrola).
- The WORKinn Talent Hub was attended by Pronutec, Merytronic and Plastibor, and our partner Ariadna Grid to bring young talents closer to our job offers.

8

Annexes

8.1. Annex 1	119
8.2. Annex 2	123

8.1.

Annex 1

Supplementary information on individuals

Table 1 - Average number of contracts by type of contract and age group

2022

Type of contract and working schedule/Age group	Under 30	Between 30 and 50	Over 50	TOTAL
Indefinite-term contract	32	384	166	582
Full time	32	363	160	555
Part-time	-	21	6	27
Temporary contract	4	13	20	37
Full time	4	13	4	21
Part-time	-	-	16	16
TOTAL	36	397	186	619

2021

Type of contract and working schedule/Age group	Under 30	Between 30 and 50	Over 50	TOTAL
Indefinite-term contract	31	367	161	559
Full time	31	352	158	541
Part-time	-	15	3	18
Temporary contract	7	8	3	18
Full time	6	8	1	15
Part-time	1	-	2	3
TOTAL	38	375	164	577

Table 2 - Average number of contracts by type and by gender

2022

Type of contract and working schedule/Gender	Male	Female	TOTAL
Indefinite-term contract	384	198	582
Full time	377	178	555
Part-time	7	20	27
Temporary contract	18	19	37
Full time	5	16	21
Part-time	13	3	16
TOTAL	402	217	619

2021

Type of contract and working schedule/Gender	Male	Female	TOTAL
Indefinite-term contract	373	186	559
Full time	369	172	541
Part-time	4	14	18
Temporary contract	9	9	18
Full time	6	9	15
Part-time	3	-	3
TOTAL	382	195	577

Table 3 - Average number of contracts by type and by category

2022										
Type of contract and working schedule/ Age group	Sole Adm.	Upper management	Management	Sales-people	Tech. and prof.	Employees and adm.	Qualifi. level 1	Qualifi. level 2	Qualifi. level 3	TOTAL
Indefinite-term contract	1	9	39	28	154	42	68	176	65	582
Full time	1	9	36	28	149	32	67	170	63	555
Part-time	-	-	3	-	5	10	1	6	2	27
Temporary contract	-	-	-	-	8	3	7	8	11	37
Full time	-	-	-	-	2	2	1	6	10	21
Part-time	-	-	-	-	6	1	6	2	1	16
TOTAL	1	9	39	28	162	45	75	184	76	619

2021										
Type of contract and working schedule/ Age group	Sole Adm.	Upper management	Management	Sales-people	Tech. and prof.	Employees and adm.	Qualifi. level 1	Qualifi. level 2	Qualifi. level 3	TOTAL
Indefinite-term contract	1	9	37	26	123	56	44	174	89	559
Full time	1	9	36	26	122	47	43	170	87	541
Part-time	-	-	1	-	1	9	1	4	2	18
Temporary contract	-	-	-	-	4	5	1	2	6	18
Full time	-	-	-	-	4	4	-	1	6	15
Part-time	-	-	-	-	-	1	1	1	-	3
TOTAL	1	9	37	26	127	61	45	176	95	577

Table 4 - Number of dismissals by gender, age and professional category

2022

Gender	Number of dismissals
Male	5
Female	4
TOTAL	9

Professional category	Number of dismissals
Senior Management	1
Qualified level 2	3
Qualified level 3	1
Managers	1
Employees and administrative staff	3
TOTAL	9

Age group	Number of dismissals
Over 50	2
Between 30 and 50	7
TOTAL	9

Table 5 - Accident rates disaggregated by gender

2022

	Male	Female
Frequency rate	33.78	5.70
Severity rate	0.87	0.07

8.2.

Annex 2

Parameters of this report

Coverage

This Sustainability Report 2022 is part of the management report, as an annex to it, and includes information on the environmental, social and governance areas, according to the results obtained in the materiality analysis conducted in 2022. It covers the period from January 1 to December 31, 2022. The information contained therein referring to the fiscal year 2021 is presented for comparative purposes with the information for the fiscal year 2022. In this regard, except as explained in the section on headcount and average compensation, the Group has not been obliged to restate any information from previous years.

Index of contents required by Law 11/2018 and GRI content index

Contents of Law 11/2018 INF	Standard used	SDG	Comment/Section
Business Model			
• Description of the business model	GRI 2-1, GRI 2-2, GRI 2-6	SDG 9 SDG 11	1. About Gorian
			2. Sustainability
			1. About Gorian
			2. Sustainability
			Scope
			3. Stakeholders
• Organization and structure	GRI 2-1, GRI 2-2, GRI 2-6	N/A	1.4. Corporate governance
• Geographic presence	GRI 2-1, GRI 2-2, GRI 2-6	N/A	1. About Gorian
• Objectives and strategies • Main factors and trends affecting future developments	GRI 2-1, GRI 2-2, GRI 2-6	SDG 9 SDG 11	1. About Gorian
			2. Sustainability
			3. Stakeholders
			1.4. Corporate governance

Index of contents required by Law 11/2018 and GRI content index

Contents of Law 11/2018 INF	Standard used	SDG	Comment/Section
Strategy and risk management			
<ul style="list-style-type: none"> • Description of the policies applied by the company • Results of the policies applied by the company • Main risks related to issues related to the company's activities 	GRI 2-1, GRI 2-2, GRI 2-6	SDG 3, 5, 7, 8, 8, 9, 11, 12, 17	2. Sustainability 3. Stakeholders
Profile of the non-financial information report			
<ul style="list-style-type: none"> • Materiality analysis 	GRI 3-2, GRI 3-3	SDG 3, 5, 7, 8, 8, 9, 11, 12, 17	4. Materiality
Environmental issues			
Environmental management			
<ul style="list-style-type: none"> • Current and foreseeable effects of the company's activities on the environment and, if applicable, on health and safety • Environmental assessment or certification procedures • Resources dedicated to environmental risk prevention • Application of the precautionary principle • Amount of provisions and guarantees for environmental risks 	GRI 3-2, GRI 307 - 1, GRI 2-24, GRI 3-1	SDG 12	1.3. Constantly evolving 6.3. Responsible supply chain 6.4. Driving decarbonization under maximum quality standards
Environmental issues			
Contamination			
<ul style="list-style-type: none"> • Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment • Any other form of air pollution 	GRI 302-4	SDG 7 SDG 11	1.3. Constantly evolving 6.3. Responsible supply chain 6.4. Driving decarbonization under maximum quality standards

Contents of Law 11/2018 INF	Standard used	SDG	Comment/Section
Environmental issues Circular economy and waste prevention and management			
<ul style="list-style-type: none"> Waste prevention, recycling, reuse, other forms of recovery and disposal measures 	GRI 306-2	SDG 12	6.3. Responsible supply chain
<ul style="list-style-type: none"> Actions to combat food waste 		N/A	Not applicable, identified as non-material
Environmental issues Sustainable use of resources			
<ul style="list-style-type: none"> Water consumption and water supply in accordance with local constraints Consumption of raw materials Direct and indirect energy consumption Measures to improve energy efficiency Use of renewable energies 	GRI 303-3, GRI 303 - 5 GRI 302-1, GRI 302-3, GRI 302-4	SDG 12	6.3. Responsible supply chain
Environmental issues Climate change			
<ul style="list-style-type: none"> Greenhouse gas emissions Measures taken to adapt to the consequences of climate change Greenhouse gas reduction targets 	GRI 305-5	SDG 7 SDG 11	1.3. Constantly evolving 6.3. Responsible supply chain 6.4. Driving decarbonization under maximum quality standards
Environmental issues Biodiversity			
<ul style="list-style-type: none"> Actions taken to preserve or restore biodiversity Impacts caused by activities or operations in protected areas 		N/A	Not applicable, identified as non-material

Contents of Law 11/2018 INF	Standard used	SDG	Comment/Section
Social and personnel issues			
Employment			
• Total number and distribution of employees by gender, age, country and job classification	GRI 2-7	SDG 8	5.1. Our people
• Total number and distribution of employment contract modalities	GRI 2-7	SDG 8	5.1. Our people
• Average annual number of permanent, temporary and part-time contracts by gender, age and professional classification	GRI 2-7	SDG 8	Annex 1. Supplementary information on individuals
• Number of dismissals by gender, age and occupational classification	GRI 401-1	SDG 8	5.1. Our people Annex 1. Supplementary information on individuals
• Average salaries and their evolution broken down by gender, age and professional classification or equal value	GRI 405-2	SDG 8	5.1. Our people
• Wage gap	GRI 405-2	SDG 8	5.1. Our people
• Remuneration for equal or average jobs in the company	GRI 3-3	SDG 8	5.1. Our people
• Average remuneration of directors and executives	GRI 3-3, GRI 405-2	N/A	1.4. Corporate governance
• Implementation of work disconnection measures	GRI 3-3	SDG 8	5.2. Creating a shared purpose
• Employees with disabilities	GRI 405-1	SDG 8	5.2. Creating a shared purpose
Social and personnel issues			
Work organization			
• Organization of working time	GRI 2-7	SDG 8	5.2. Creating a shared purpose
• Number of hours of absenteeism	GRI 403-9a Work-related injuries	SDG 8	5.2. Creating a shared purpose
• Measures to facilitate work-life balance	GRI 3-3	SDG 8	5.2. Creating a shared purpose

Contents of Law 11/2018 INF	Standard used	SDG	Comment/Section
Social and personnel issues			
Health and safety			
<ul style="list-style-type: none"> Occupational health and safety conditions 	GRI 403-2, GRI 403-6	SDG 3	5.2. Creating a shared purpose
<ul style="list-style-type: none"> Occupational accidents (frequency and severity) disaggregated by sex 	403.9a-b Work-related injuries	SDG 3	5.2. Creating a shared purpose Annex 1. Supplementary information on individuals
<ul style="list-style-type: none"> Occupational diseases disaggregated by sex 	403.10a Occupational diseases and illnesses	SDG 3	No occupational diseases in 2022
Social and personnel issues			
Social relations			
<ul style="list-style-type: none"> Organization of social dialogue Percentage of employees covered by collective bargaining agreements by country Review of collective bargaining agreements, particularly in the field of occupational health and safety 	GRI 2-29, GRI 2-30, GRI 3-3	SDG 8	5.2. Creating a shared purpose
Social and personnel issues			
Training			
<ul style="list-style-type: none"> Policies implemented in the field of training 	GRI 404-2	SDG 8	5.4. Talent management
<ul style="list-style-type: none"> Total number of training hours by professional category 	GRI 404-1	SDG 8	5.4. Talent management
<ul style="list-style-type: none"> Universal accessibility for people with disabilities 	GRI 405-1	SDG 8	5.2. Creating a shared purpose

Contents of Law 11/2018 INF	Standard used	SDG	Comment/Section
Social and personnel issues			
Equality			
<ul style="list-style-type: none"> Measures taken to promote equal treatment and opportunities for men and women Equality plans and measures taken to promote employment Protocols against sexual and gender-based harassment Integration and universal accessibility of people with disabilities Policy against all types of discrimination and, where appropriate, diversity management 	GRI 405-1	SDG 5	5.2. Creating a shared purpose
Information on respect for human rights			
<ul style="list-style-type: none"> Implementation of human rights due diligence procedures Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress possible abuses committed Complaints about human rights violations Promotion and enforcement of the provisions of the ILO core conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labor, and the effective abolition of child labor 	GRI 2-26, GRI 3-3, GRI 411-1	SDG 8	1.4. Corporate governance 2. Sustainability 5.2. Creating a shared purpose 7.4. Collaborating with key stakeholders
Social and personnel issues			
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<ul style="list-style-type: none"> Policies implemented in the field of training 	GRI 404-2	SDG 8	5.4. Talent management
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Information related to the fight against corruption and bribery			
<ul style="list-style-type: none"> Measures taken to prevent corruption and bribery Measures to combat money laundering 	GRI 2-26, GRI 205-2	N/A	1.4. Corporate governance
<ul style="list-style-type: none"> Contributions to foundations and nonprofit organizations 	GRI 2-28; GRI 413-1	N/A	7.3. Collaborating with the environment

Contents of Law 11/2018 INF	Standard used	SDG	Comment/Section
Company information			
Company commitments to sustainable development			
<ul style="list-style-type: none"> Impact of the company's activities on employment and local development Impact of the company's activities on local populations and the territory Relationships maintained with local community stakeholders and the modalities of dialogue with them Partnership or sponsorship actions 	<p>GRI 413-1</p> <p>GRI 2-28</p>	<p>SDG 11</p> <p>SDG 17</p>	<p>2. Sustainability</p> <p>3. Stakeholders</p> <p>7.3. Collaborating with the environment</p> <p>7.4. Collaborating with key stakeholders</p>
<ul style="list-style-type: none"> Inclusion of social, gender equality and environmental issues in the procurement policy Consideration in relations with suppliers and subcontractors of their social and environmental responsibility Monitoring and auditing systems and audit results 	<p>GRI 308-2</p> <p>GRI 424-2</p>	<p>SDG 12</p>	<p>1.4. Corporate governance</p> <p>6.3. Responsible supply chain</p>
Company information			
Customers			
<ul style="list-style-type: none"> Consumer health and safety measures Complaint systems, complaints received and their resolution 	<p>GRI 416-1, GRI 2-26</p>	<p>SDG 3</p>	<p>7.2. Our customers</p> <p>6.4. Driving decarbonization under maximum quality standards</p>
Company information			
Tax information and transparency			
<ul style="list-style-type: none"> Profits obtained by country 	<p>GRI 207-4b.vi</p>	<p>SDG 8</p>	<p>1.4. Corporate governance</p>
<ul style="list-style-type: none"> Taxes on profits paid 	<p>GRI 207-4b.viii</p>	<p>SDG 8</p>	<p>1.4. Corporate governance</p>
<ul style="list-style-type: none"> Public subsidies received 	<p>GRI 201-4</p>	<p>SDG 8</p>	<p>1.4. Corporate governance</p>

CONTENT MANAGEMENT

Gorlan's communication and marketing department.

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Laura Hoyal.

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