



arteche



# 2023 EXECUTIVE SUMMARY



**Alexander Artetxe Panera, Chairperson**

With the end of a financial year, it is time to look back and take stock of how it has gone. For the sixth consecutive year, in Arteché, this accountability task is also done through the Statement of Non-Financial Information, where we transparently show all our stakeholders what we have done, through what actions and with what objectives.

At Arteché, we always walk forward knowing where we come from. With solid roots linked to our origins and, at the same time, with an international vocation, we defend the legacy of the people who, more than 77 years ago, began this adventure looking with responsibility and enthusiasm at the challenges of the energy sector, such as the energy transition, which are also the challenges of the planet.

As the latest UN report states, these are challenges we need to act on urgently. We, as signatories of the UN Global Compact, are firmly committed to the Sustainable Development Goals and the 2030 Agenda goals and realise that to be successful, companies putting “how” things are done at the heart of our strategy is essential.

At Arteché, this is how we do it. Sustainability is closely linked to our values and embedded in our purpose. Arteché was born out of the dream of setting up a company that would

contribute to ensuring universal access to electricity for people and society. That dream was realised in 46, and that idea has been our purpose ever since “to ensure universal access to clean, efficient and quality electricity”. This is even more important today if we want to secure and accelerate the planet’s energy transition and decarbonisation.

And that is our goal and our commitment. ESG decisions guide Arteché’s strategy to create sustainable value for our shareholders and stakeholders.

2023 has been a year in which we have taken necessary steps towards the objectives defined in our sustainability roadmap to remain leaders in our sector and market niches.

It is being recognised by the market with important awards such as the Trophées Fournisseurs of RTE, the French operator, as the best supplier, the Grand Atlas Award for Export 2022 from DHL, or nominations for Innovation Star in the Small and Mid Cap Awards of the European stock exchanges, among others.

In line with our transparency policy, we continue to externally evaluate our commitment to the energy transition with the certification of our sustainability performance by two prestigious international organisations, such as CDP and Ecovadis. In both rankings, we have improved our overall score, and we remain on average in our sector and within the top 35% of the companies evaluated.

One of the main objectives of reducing our carbon footprint is to advance the development of top-quality and environmentally friendly products. In 2023, we have continued to develop innovative and sustainable solutions to further deliver value to the energy sector and society. Projects such as ZEPAS (Zero Emission Portable Auxiliary Source; a portable, emission-free alternative energy source developed together with Elewit); BIOAT (a project together with Tekniker to replace conventional mineral dielectric fluid with a biodegradable one in instrument transformers); and the development of nuclear fusion (where Arteché has positioned itself as the option of choice for the most cutting-edge research entities in the USA and Europe) would not have been possible without continuing to invest 3% of our turnover in innovation, something we are very proud of. It is clear that innovation is imperatively sustainable and

that we cannot progress in sustainability without investing in innovation. A clear example of this commitment is the market launch of the world’s first transformer over 400 kV with eco gas insulation.

These milestones only confirm that our sector is full of opportunities and that it is essential to maintain our good positioning to take advantage of them. We are experiencing years of investment in renewable generation, electrification, grid digitalisation... and this will be the trend over the next few years. We have considered all this when drawing up our Strategic Plan for 2026, the new roadmap that will guide Arteché’s destiny in the coming years.

A roadmap in which our contribution to the much-needed energy transition is a priority. Not only because it responds to our commitment to sustainability but also because the energy transition opens up significant opportunities associated with transforming the energy sector that Arteché, as a leading company in our industry, wants to and will take advantage of.

In 2024, we will be a listed company for three years. It was undoubtedly one of the highlights of the Strategic Plan that we closed in 2023. I am sure the new chapter we are starting towards 2026 will also be written with golden letters in Arteché’s history book. Despite external uncertainties, our order book is growing at double digits in all businesses and markets, which is the best indicator that Arteché’s foundations are solid and that we are facing a project with a past, present and very, very bright future.

We rely on the enthusiasm and commitment of a team of more than 2,800 people spread across four continents and the trust of shareholders, customers and suppliers.

Enthusiasm, commitment and confidence for a more sustainable future. A global challenge to which Arteché is committed.

# Main indicators

## ECONOMIC

### PERFORMANCE

#### Orders

€474.1M

(+16%)

#### Revenue

€401.3M

(+16%)

#### EBITDA

€40.7M

(+35%)

#### Net Financial Debt

€41.7M

15% reduction

#### Net Financial Debt / EBITDA

1.0

37% reduction



## ENVIRONMENTAL

### PERFORMANCE

#### Reduction emissions 1 and 2

39.30%

(Vs 2021)\*

#### Renewable energy consumption

33.80%

(+19%)

#### Recycled waste (hazardous and non-hazardous)

57.80%

(+8%)

#### Environmental incidents

0

(\* Emission reductions 1 and 2 are measured on the base year 2021.



## SOCIAL

### PERFORMANCE

#### Hours of training per person

26.14 h

(+19%)

#### Staff on permanent contracts

91%

(+5%)

#### Women in the workforce

26%

(+1%)

#### Adaptation of posts for men and women

67%

(+8%)

#### Women in management positions

28.1%

(+0.3%)

#### Accident frequency rate

11.6

30% reduction



## CORPORATE GOVERNANCE

### PERFORMANCE

#### ICFR (Internal control over financial reporting)

Continuation of the implementation project

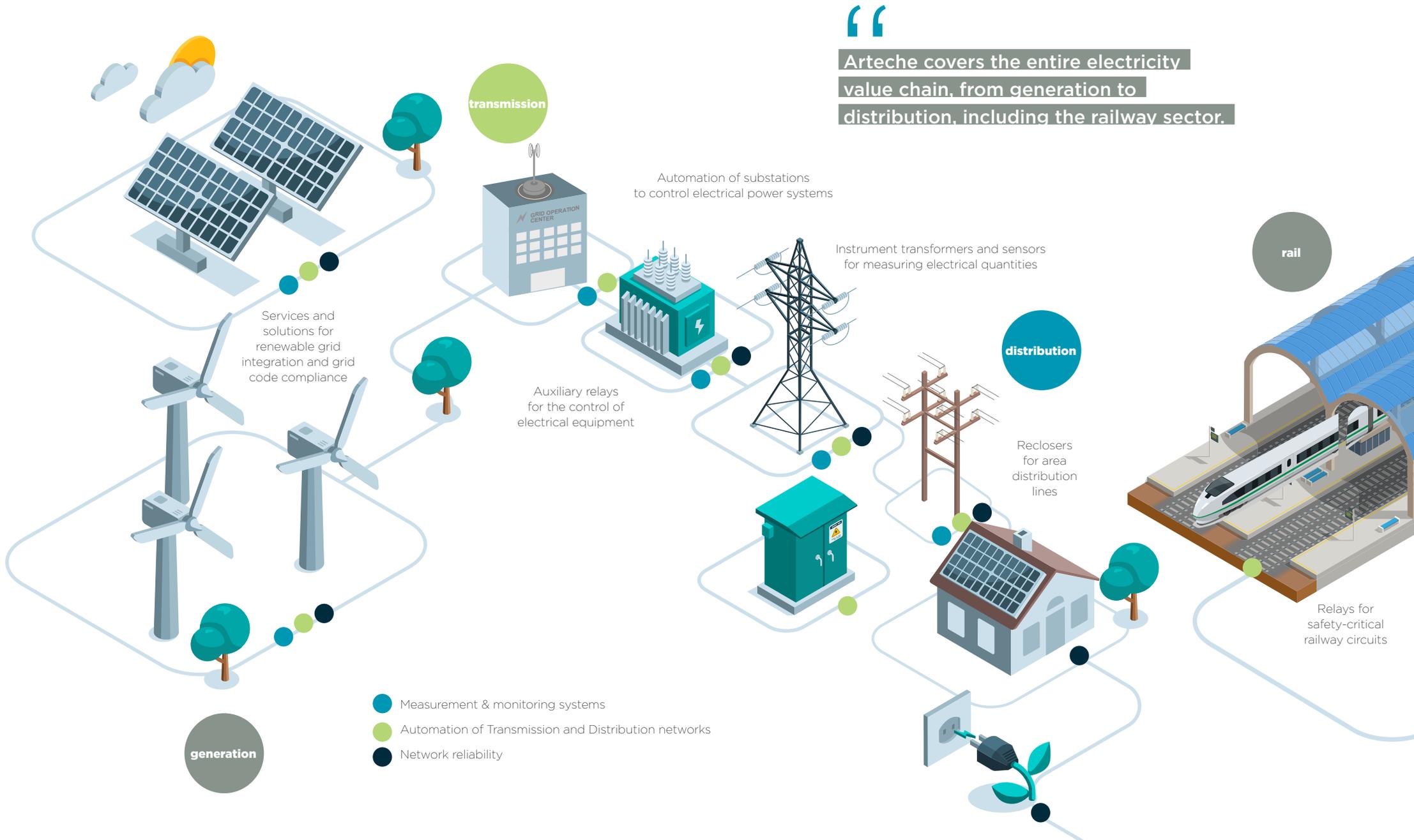
#### % Women on the Board of Directors

11%



At Arteche we are aware of our leading role in energy transition and we are committed to the challenges of the economic, good governance, social and environmental spheres.

# Arteche's presence across the value chain

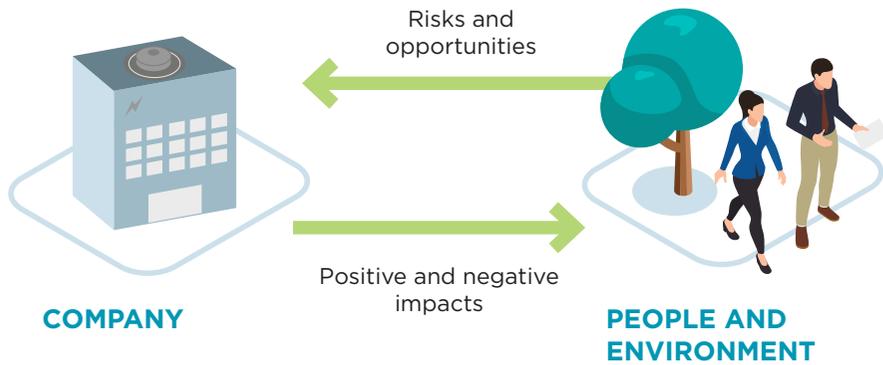


Arteche covers the entire electricity value chain, from generation to distribution, including the railway sector.

# Our material sustainability issues

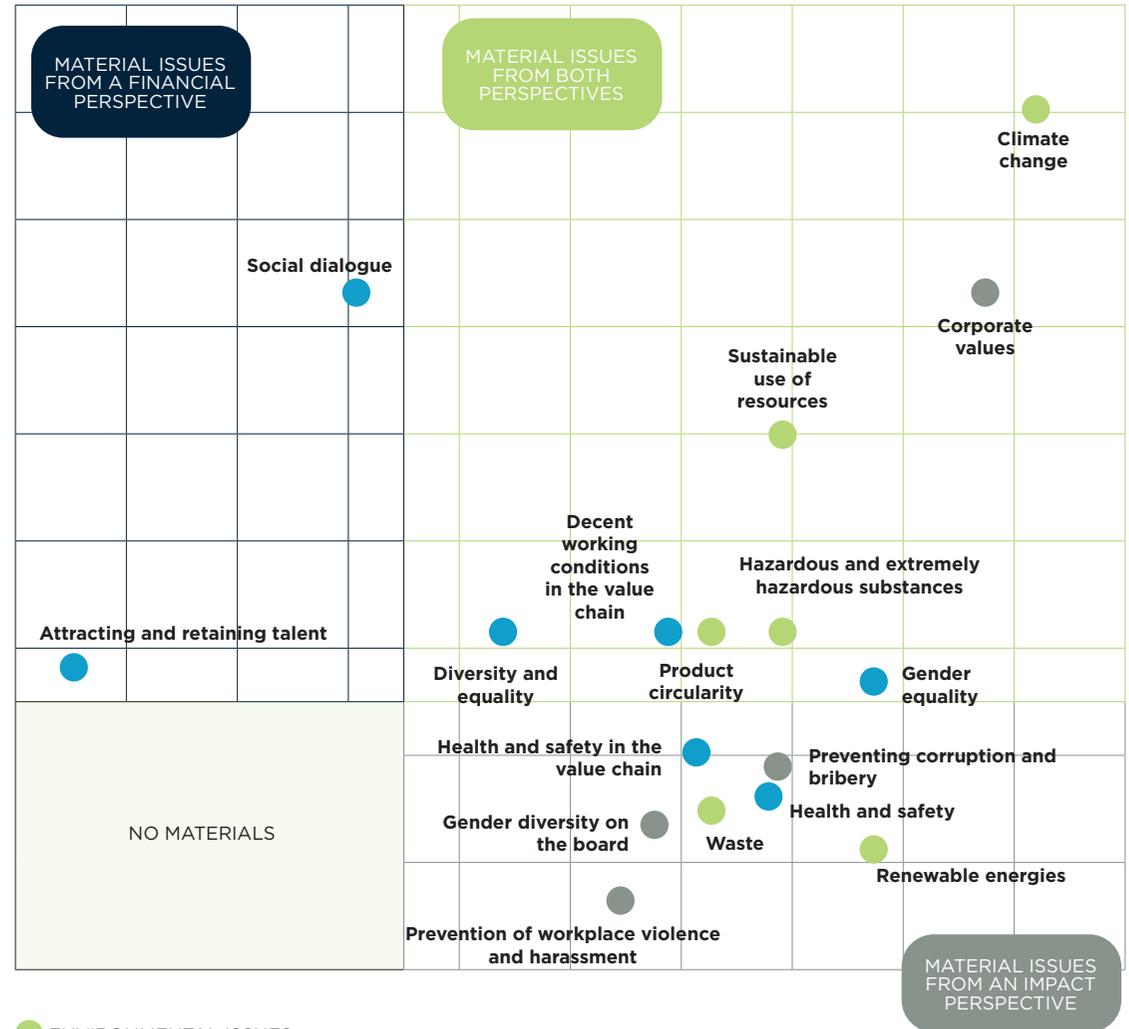
## FINANCIAL PERSPECTIVE

Assessment by the functional areas and the CEO of the principal risks and opportunities identified through the analysis of material impacts and the Group's risk map.



## IMPACT PERSPECTIVE

We consult our main stakeholders on the most relevant issues related to our activities: Staff, workers' representatives, customers, suppliers, investors, financial institutions and public institutions.



- ENVIRONMENTAL ISSUES
- COMPANY MATTERS
- GOVERNANCE ISSUES



# Environment

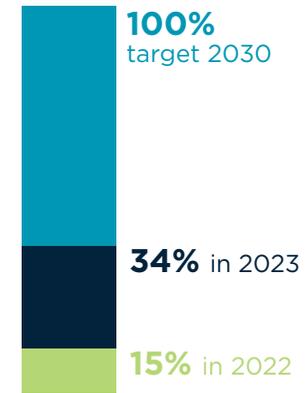
## Material issues:

- Climate change
- Sustainable use of resources
- Hazardous substances
- Product circularity
- Waste
- Renewable energies

## 1&2 scope emissions



## Renewable energy



## Applying innovation to reduce carbon footprint

Realisation of certified product carbon footprints

Developing solutions with reduced carbon footprints

Training for R&D teams on life-cycle analysis and carbon footprinting

Development of the world's first 420 kV inductive voltage transformer for SF6-free GIS in cooperation with Hitachi Energy

Collaboration with Red Eléctrica on the ZEPAS solution, an alternative energy source to generator sets for substations that reduces CO<sub>2</sub> emissions.

## EU Taxonomy

### OBJECTIVE: CIRCULAR ECONOMY

Manufacture of electrical and electronic equipment:

**1.3% eligible**

Alignment from 2024 onwards

### OBJECTIVE: CLIMATE CHANGE MITIGATION

Transmission and distribution of electricity:

**11.5% eligible**

11.5% aligned



### OBJECTIVE: CLIMATE CHANGE MITIGATION

Manufacture of high and medium voltage devices:

**87.2% eligible**

Alignment from 2024 onwards

The results for Capex and Opex KPIs are similar. More information in the Sustainability Report

We continue to step up our commitment to the environment in 2023 around two main axes: climate change mitigation and circular economy

## Circularity milestones of product

New eco-design policy

New internal eco-design tool

## Recycled waste

**100% target 2030**

**58% in 2023**

**50% in 2022**

## Lines of sustainable financing linked to environmental objectives

**Syndicated factoring**

**COFIDES loans**

**Sustainable reverse factoring**

**Syndicated loan**

# S



## A diverse and multicultural team



## Moving towards equality

### Women in management positions

**40%**  
target 2030



2022: 27.8%  
**2023: 28.1%**

### Adapted jobs for men and women: a project launched in 2023

**100%**  
target 2030



### Women in top technical positions

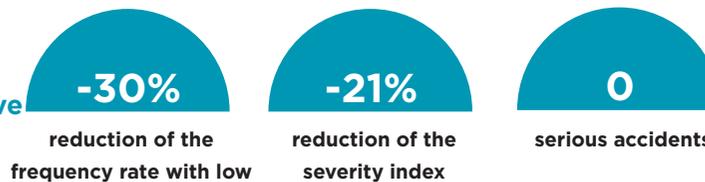
**40%**  
target 2030



2022: 25.6%  
**2023: 27.7%**

## Health and safety

### Ensuring health and safety: priority objective



## Value chain

### Two pillars of our supplier management

Procurement Policy with ESG requirements

Monitoring ESG risks in the supply chain using an IT platform

Upstream: suppliers



Raw materials and components



Sustainability in the value chain is crucial to ensure a positive impact on the environment, society and business success.



Our plants



Downstream: customers

At Artech we value our proximity as a competitive advantage



Customers

Satisfaction survey from customer support



## Social

### Material issues:

- Diversity
- Gender equality
- Health and safety
- Talent attraction
- Social dialogue
- Working conditions in the value chain

People: our biggest source of energy

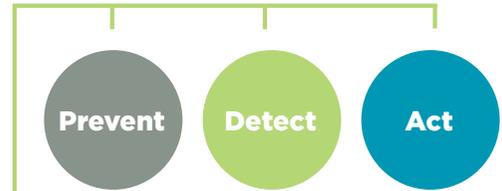


# Government

## Our values



## Code of Conduct



Our ethics channel is accessible both on our Intranet and on our website

### Material issues:

- Corporate values
- Preventing corruption and bribery
- Prevention of violence and harassment at work

## Compliance



Continued implementation of the Internal Control over Financial Reporting System (ICFR)



Continued implementation of the Criminal Risk Management System (CRMS)

## NEW APPROACH

Boost a Compliance culture based on our values, where training and transparency are vital to leading by example and being a role model.

## Corporate governance system

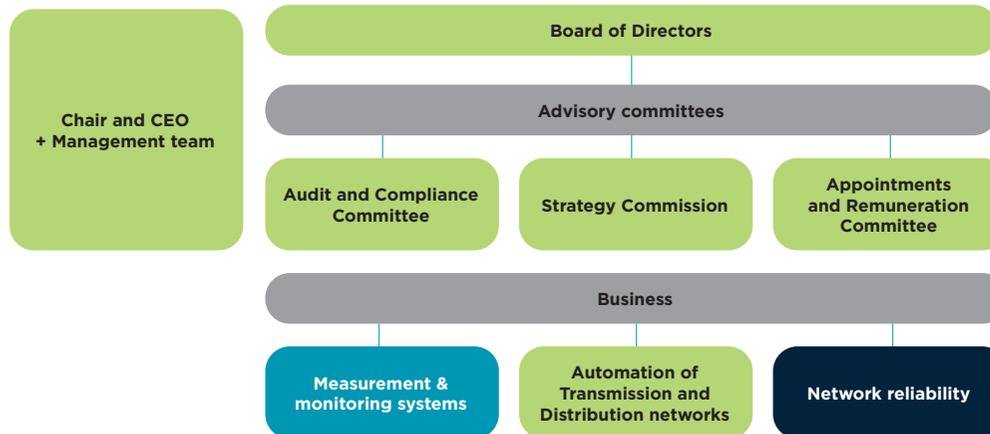
### Arteche's shareholding composition



	2023	2022
Ziskua Ber, S.L.	52.45%	52.45%
ECN Cable Group	20.21%	20.21%
Basque Fondo de Capital Riesgo	6.40%	6.40%
Onchena S.L.	5.64%	5.63%
Free float*	15.30%	15.31%

\*Free float includes 0.25% of treasury stock (0.24% in 2022).

### Corporate and governance structure of the Arteche Group



### Women on the Board of Directors



0 in 2022

(\*) 12.5% as of June 2022

# Challenges and next steps

## TRANSVERSAL

Action plan for the adaptation to the new CSRD sustainability reporting standards  
ESG data automation

# E

Development of a roadmap for alignment on the EU Taxonomy

**Decarbonisation plan** of Scope 3 emissions

# S

**Increase in the proportion of women** in technical and managerial positions in all regions

Integration of the **value chain** in our improvement plans

# G

**Implementation of GRC tool** (Governance, Risks and Compliance)

**Awareness raising and training**

We continue to drive forward our 2030 roadmap

# E

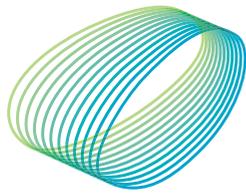
INDICATOR	Results 2023	Target 2030
Scope 1 and 2 carbon footprint reduction compared to base year 2021	39.3%	50%
Total renewable electrical energy consumption / Total electrical energy consumption (%)	33.8%	100%
Total P+NP waste (reused + recycled) / Total P+NP waste generated (%)	57.8%	100%

# S

Women in managerial positions/ Total number of persons in managerial positions	28.1%	40%
Hours of training per person	26.14h	40h
Accident frequency rate	11.56	0
Accident severity rate	0.18	0

# G

Percentage of women on the Board of Directors	11%	40%
External auditor's report on SCIIF	14/70	Certification
% of risk models integrated in the MGS	2/6	6/6



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