

NON-FINANCIAL INFORMATION REPORT

2023

LAW 11/2018 on non-financial information and diversity.



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SORALUCE

[2-1] [2-6] [2-1]

SORALUCE is a cooperative group forming part of DANOBATGROUP and MONDRAGON Corporation, with registered office in Bergara (Gipuzkoa), which designs, manufactures and sells an extensive range of milling machines, boring machines and vertical turning machines, multi-purpose solutions and automated lines and systems, with a professional advisory service in machining engineering for the Railways, Energy, Capital goods, Construction machinery, Aerospace, Molds and dies, Gas and oil and General engineering sectors.

Since SORALUCE S. COOP was originally incorporated in 1962 by 52 founding partners as

Talleres SORALUCE S.C.I., SORALUCE has been consolidated as a world leader in the machine tool milling subsector. SORALUCE's success is based on excellent quality, star-quality service, in-house state-of-the-art specialist technology, and a solid international presence. As a brand known for its splendid reliability and high performance, SORALUCE produces innovative solutions with a commitment to the technological progress of its customers, addressing the challenges of the most demanding machining work with efficiency and high levels of productivity, and establishing new standards in milling, boring and turning work.



Identity: perspective, mission and values

[2-23]

Since it was incorporated 62 years ago, SORALUCE has undergone three transformation cycles; cycles that define the vision it addresses and the future it seeks to build, on a clear premise of a personal and collective undertaking to do things better and in a different way.

It was at the outset of the third transformation cycle, during the decade of 2011 to 2020, that it moved on from a more traditional, transactional business model to a relational model on the basis of an extensive offer of a basic product, exceptional technological innovation, the implementation of advanced solutions and services, and a more integral relational model

with its business partners. It was also at this point that a perspective was established which has been in force for the last 10 years and which defines the company's DNA: *"Setting new standards: A personal and collective commitment to trying to do everything we usually do better and differently: from launching a new product to serving our clients, from developing new commercial networks to managing suppliers, from the professional development of our people to our commitment to the environment and our immediate surroundings. In short, the way we learn, cooperate, and compete."*



Since 2012 this perspective has also been accompanied by basic aspirations that guide SORALUCE in its mission to help satisfy the needs of its customers, working alongside them to develop their competitiveness, involving their people in continuous improvement processes to assist with

their professional and personal development, and also involving suppliers and allies in the strategy, helping to generate wealth and employment with an attitude of permanent respect for its surroundings and the environment:



Competing on a global scale and becoming a world milling benchmark.



Development of DANOBATGROUP, MONDRAGON and their investees by means of a global multicultural and multilocalized perspective.



Developing, manufacturing and selling a premium product based on first-class service, technology, quality and reliability.



Open, demanding, changing, collaborative, self-managed international work environments.



Diversification: a range of geographical markets and customer sectors.



Commitment to the immediate surroundings through an increase in cooperative and exponential employment, an international ambassador of technical, educational and cultural capacities in the Basque Country, as a means of boosting its economy and its industry in a global competitive context.



Qualitative growth with singular state-of-the-art projects.

These Basic Aspirations were reformulated in 2023 as a framework for action for the seventh decade of the company's history, in parallel with the start of its fourth transformation cycle and the launch of its new claim: "There is only one first: There is Only One First is our commitment to continue being technological leaders. Leaders who are braver, more demanding, reliable,

tenacious, proud of our origins, and committed to the future. There is Only One First is our message to the market, a promise of (r)evolution from an attitude of respect, improvement, and leadership that we also share with our clients and partners because we want them to lead markets too, because we want them to be first as well.



Setting new standards

Personal and collective undertaking to attempt to do things better and in a manner that is different to our usual way of doing things: from the launch of a new product to a service for our customers, from the development of new trade networks to the management of suppliers, from the professional development of our people to a commitment to the environment and our immediate surroundings. In a word, the way in which we learn, cooperate, and compete.

There is only one first

These Basic Aspirations were reformulated in 2022 as a framework for the company's seventh decade of history, in parallel with the start of its 4th transformation cycle and the launch of its new claim: "There is only one first." The launch of the new Basic Aspirations and the company's new claim is scheduled to take place and be communicated throughout the first quarter of 2023.



Corporate values

SORALUCE's identity and organizational culture feature 6 corporate values, as follows:

01 COURAGE

We constantly like to question whether we can do things differently, faster, more efficiently, or better for our clients. If we stay still, we will fall behind.

We embrace every challenge presented by our clients and the market because we have a brave and curious character, with an innate tendency to think outside the

box. This open attitude towards change and daring is also applied when we reflect on ourselves, always ready to alter any organizational or operational aspect of our team's and the organization's daily activities in order to keep improving.

02 ADAPTABILITY

We approach each case with an open perspective and adaptability always at hand. Whether you need a completely turnkey solution or a standard machine, we are capable of understanding the people, ambitions, and needs behind each request.

From this empathy with the client, we adapt processes, stages, and working methods to provide what you need in a close and straightforward manner.

03 TENACITY

We tackle every technological or business challenge with determination. We don't give up at the first hurdle because we are optimistic and have proven before that what seems impossible is achievable with expertise and dedication.

Our tenacity has helped us silence our own doubts, always drive us forward, and has positioned us as global leaders in the milling subsector.

04 TRUST

For us, trust means being a “forever” option. It means offering you innovative yet proven technology that results in long-term investments due to its durability. Trust means “providing you with peace of mind” through a team that will always be by your side.

Once you become a Soraluze client, you remain a client for life.

A high-trust culture, centered on principles, is what enables us to build significant partnerships both within and outside of SORALUCE. True commitment is a function of the quality of relationships, and at SORALUCE, we foster relationships of trust and dedication.

05 PRIDE

We keep our roots firmly planted to preserve our essence, protect our environment, and stay close to our clients, while extending our branches to see beyond and grow by learning, cooperating, and competing better. We are a sustainable project that adds value and generates wealth for people, the environment, and society.

Our origin supports our history, and new perspectives enhance our commitment to a multi-localized and multicultural future, fueling a shared purpose: to offer innovative solutions and develop pioneering projects from a global brand philosophy that adds value to our surroundings and the world.

06 COOPERATION

Cooperation at SORALUCE comes naturally but requires context, a common language, and motivation born from reciprocity and mutual trust. Performance is always collective, never individual, and requires skills to get the best out of our teams.

Our work environments are increasingly open, demanding, dynamic, collaborative, self-managed, digital, and international. It is here that cooperation and collaboration with our global commercial partners, such as DANOBATGROUP, MONDRAGON, and the rest of the Basque Industry ecosystem, are crucial for scaling up and competing globally.

Part of DANOBATGROUP

SORALUCE forms part of DANOBATGROUP, the machine tool division of MONDRAGON Corporation, one of Europe's largest business groups. This means

its organizational culture is in keeping with the values professed by DANOBATGROUP.

A focus on the customer

— People as a core concern

Global innovation

— Team work / Cooperation

Self-demand / Self-leadership

— Transformer of society



Part of MONDRAGON Corporation

SORALUCE forms part of MONDRAGON Corporation, an organization with more than 264 organizations and over 82,000 people working on a cooperative basis. A partnership-enterprise project seeking to generate wealth for society by creating jobs. It is based on the association of autonomous, sovereign cooperatives

- The creation of wealth, economic development, and the material foundations of social welfare.
- The cooperative challenge: the feasibility of a participative business model with full priority extended to the human factor.

SORALUCE shares and adheres to MONDRAGON's Basic Principles of the Cooperative Experience, approved at the first Cooperative Congress in October 1987. These principles demonstrate the character and responsibility of SORALUCE's commitments:

working together towards institutional solidarity, using shared intercooperation mechanisms, and freely and voluntarily assigning faculties to corporate areas. The cooperative purpose seeks the following objectives:

- A fair and equitable society.
- The ideal of a more solidarity-conscious, free, self-managed, cooperative society.
- Free affiliation
- Democratic organization
- Sovereignty of work
- Remuneration solidarity
- Intercooperation
- Social transformation
- Instrumental subordinated nature of capital
- Participation in management
- Universality
- Education



Business model

[2-1] [2-6] [2-9] [2-26]

Products

SORALUCE's current range is one of the most technologically comprehensive and specialized of the entire group of milling competitors. This is because, amid fully-fledged world economic crisis in 2010, the company decided to focus on organic growth through horizontal integration (extension of the product range) and also vertical integration upstream (internalization of rotary tables for milling and turning work) and also downstream (internal development of knowledge and capacities to become the main contractor in automation projects). This anticyclical strategy was carried out with heavy continuous expenditure on R+D which has made the SORALUCE brand a technology leader, not only in the milling subsector, but also in the entire machine tool sector worldwide.

SORALUCE now offers the market an extensive range of milling machines, boring machines and vertical turning machines, multi-purpose solutions and automated lines and systems, with a professional advisory service in machining engineering. The range is also enhanced by a number of options and/or technological products such as, for example, the DAS™ (Dynamic Active Stabilizer) system, Modular Quill, Ram Balance (a ram drop compensation system), VSET (vision-based set-up system) or DWS (Dynamic Workpiece Stabilizer), all of which have international patents.

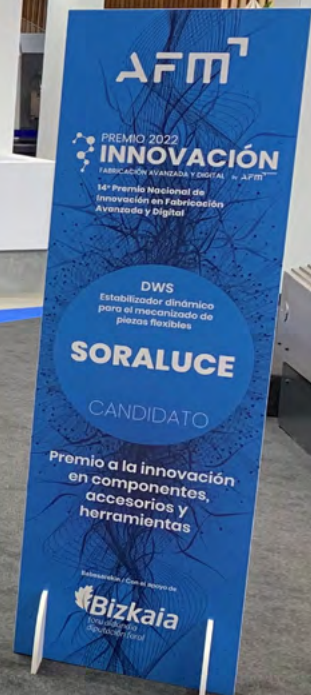




SORALUCE

PMG

In order to ensure that the products/technologies sold by SORALUCE meet the EU Regulation establishing an export control system, brokerage, technical assistance, transit and transfer of Dual-Use goods, our Quality System has a "Management of goods for dual use" document, which stipulates the procedure for analysis and any action that may be required.

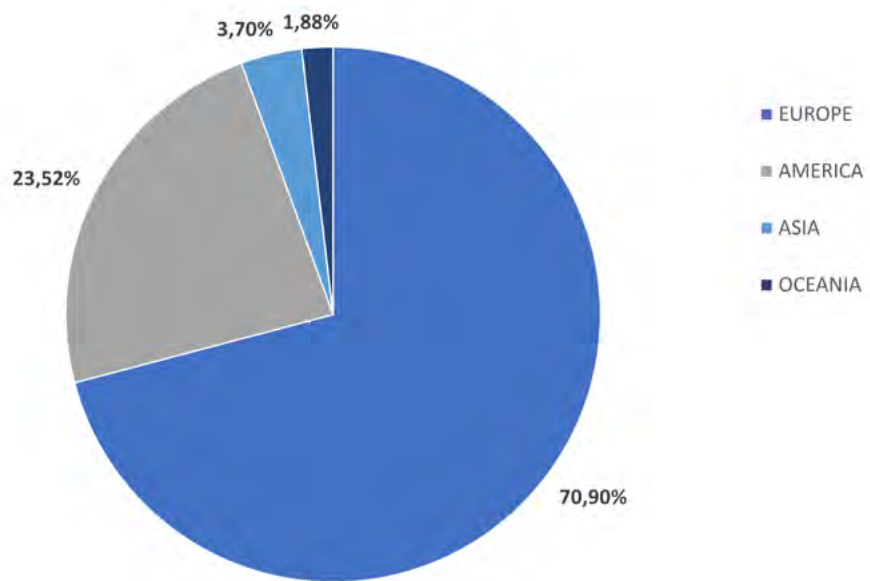


Markets

SORALUCE goods are sent to markets all over the world, and more than 70% to European markets.

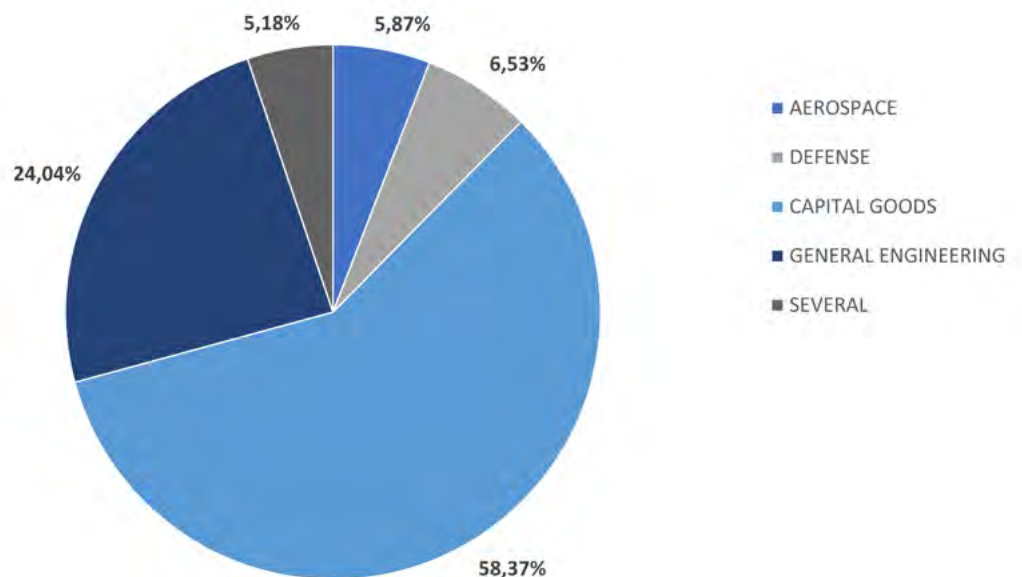
The chart below shows the distribution of orders by continents.

Orders by geographic areas 2023 (%)



By sectors, predominates the equipment goods sector, followed by the subcontractor shops.

Orders by sectors 2023 (%)



Investees

The following are the investees making up SORALUCE:

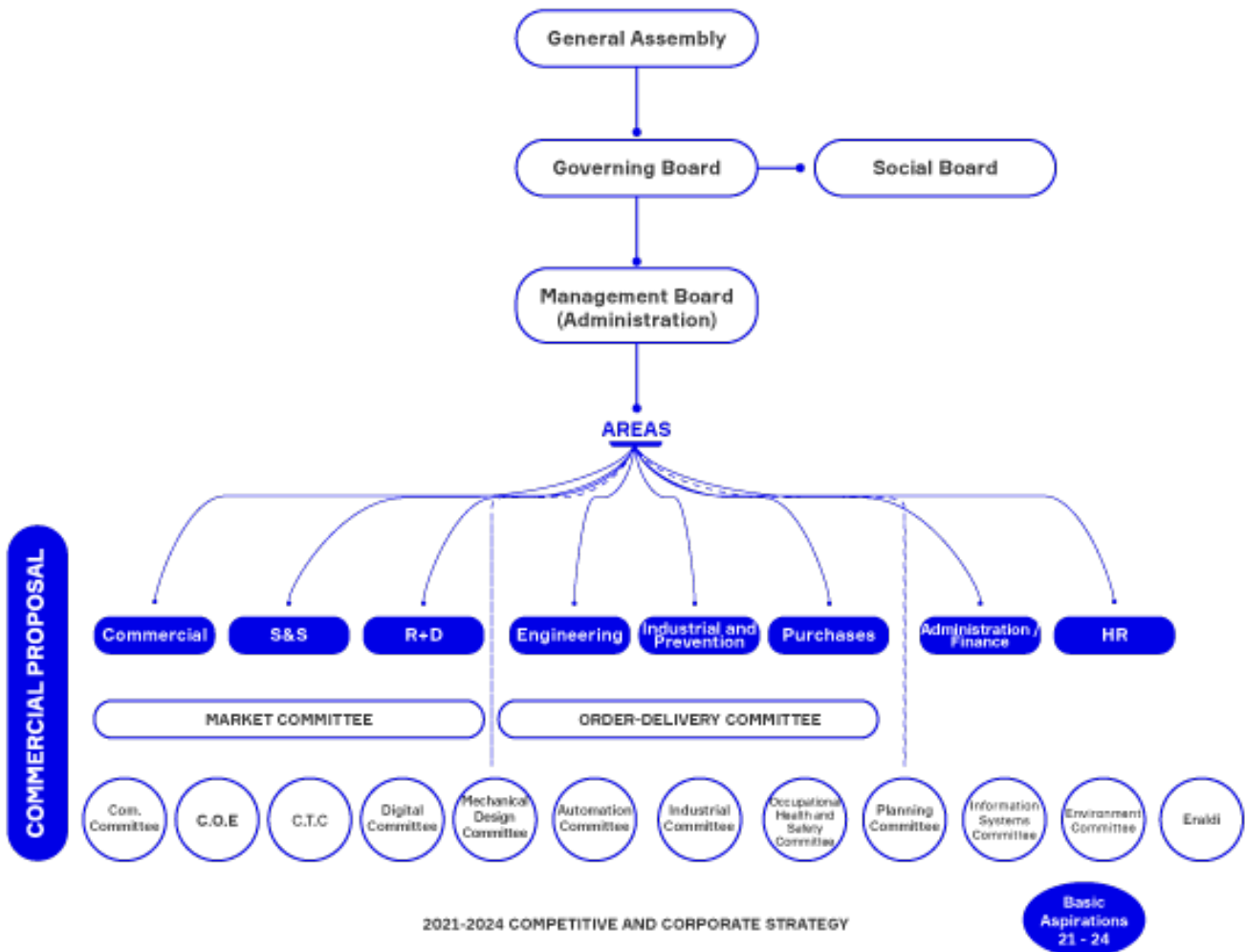
Company	% stake	Activity	Employees	Country
BIMATEC SORALUCE GmbH	63%	Commercial and Service	81	Germany
SORALUCE ITALIA SRL	100%	Commercial and Service	13	Italy
IDEKO	7,6%	Technology Center	122	Spain
GOIMEK	15,2%	Machining	88	Spain
DANOMAR	100%	Machine Assembly	24	Rumania
NOVAK	15%	Machining	38	Spain



Organizational structure

The organizational architecture defined by SORALUCE adapts and responds to the Group's basic aspirations and strategic planning. Twelve Committees implement, manage and monitor the strategy defined, and they are administered by the Management Board ("Consejo de Dirección"), which is

elected by the Governing Board ("Consejo Rector"). These Committees operate as coordinating and decision-making hubs for the implementation of the 2021-2024 Competitive and Corporate Strategy set out in subsections below.



— **General Assembly**

The partner body composed of the partners, which deliberates liberates and takes decisions in areas within its remit, such as; examination and discharge of corporate management, approval of accounts and balance sheet, agreements on the distribution

of surpluses and establishment of the criteria for application of the Contribution to Education and Cooperative Promotion and other objectives in the public interest, inter alia.

— **Governing Board**

The Cooperative's representation, governance and management body, exercising all powers in this regard, with the exception of any expressly reserved by the Law or these Bylaws for other corporate bodies. In any

case, it is authorized to establish general guidelines for action to be taken by the Cooperative, and for it to take any other action that may be assigned to it by legislation in force and the Bylaws.

— **Social Board**

A body representing the cooperative partners, with basic functions of information, advisory and

consultation with the Governing Board in all and any aspects affecting the working relationship.

— **Administration and Management Board**

Administration is assisted and advised by a Management Board, composed of senior executives of the Cooperative and chaired by the Manager. The Management Board is defined as the body which coordinates the functions of the Governing

Board's management and advisory team, and its main functions are to establish, plan and assist the Cooperative's corporate development, and boost its management of the business.

— **Surveillance Committee**

1.3. Perspective of the environment

[2-12] [2-25]

Machine tools are the capital good par excellence, the origin of modern industry as we know it today, and the substrate of any advanced industrial economy.

It may have a much more cyclical slant than other industrial sectors, featuring a small time discrepancy with respect to the economic cycle, and production downturns of as much as 30% during valley periods. It is also a sector in which, as in a large number of other industries, Asia has steadily increased its presence in terms of both consumption and production.

The sector has been transforming in recent years as never before due to the technological changes associated with robotics, digital twins, additive manufacturing, sensor equipment, digitalization,

automation, multipurpose functions and/or artificial intelligence, changes for which most machine tool manufacturers lack the dimension to assimilate, develop and integrate them in their range of products and services.

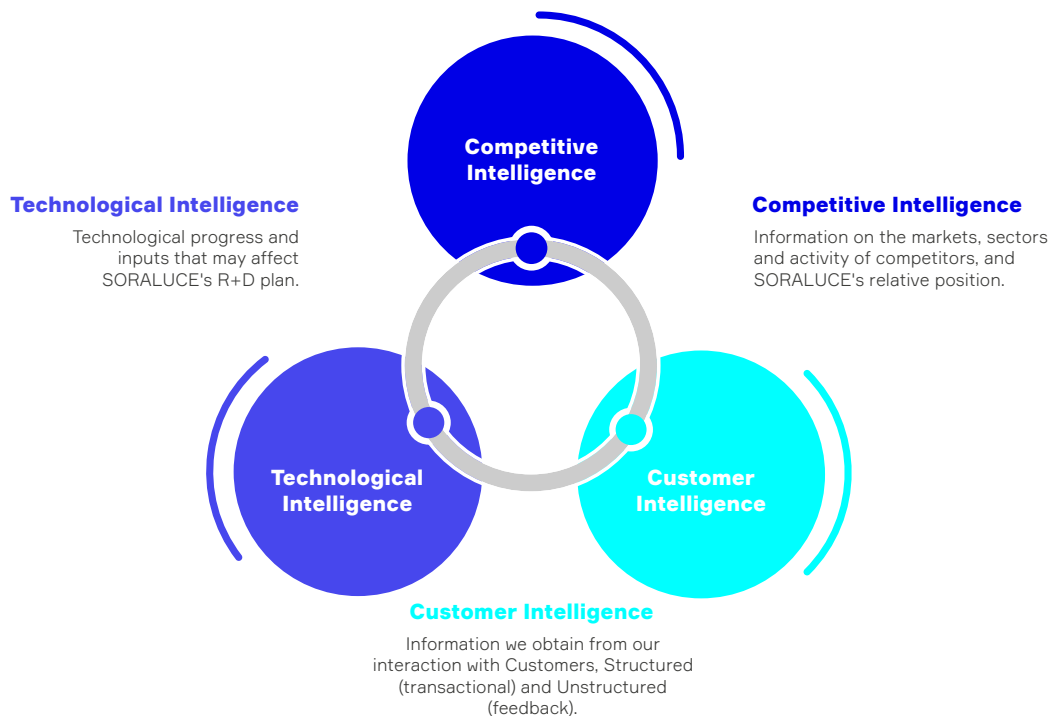
This fact is propitiating a reconfiguration of the map of machine tool manufacturers, in which traditional small and medium-sized Western businesses are being absorbed by multinational conglomerates operating in the same sector, or even outside the sector.



Competitive intelligence

Against this backdrop, in 2021 SORALUCE carried through a project of improvement defining objectives, roles and responsibilities to boost market intelligence and competitive surveillance. The outcome of this is that the company has established a reference to map out the various types of information and knowledge

acquired, and has also identified the various sources (inputs) and reports (outputs), a simple efficient system has been defined for the location of and access to information, and an annual calendar and a list of the parties responsible for working on this information have also been drawn up.



Main trends and opportunities

Historically the good quality-price ratio has been one of the competitive advantages of domestic manufacturers. At the present time we may say that this is necessary, but not sufficient. Companies' capacitation in multiple technologies and their ability to turn these capacities into a unique offer of products and services will be a key concern if companies in the sector are to survive this decade. Companies which must not and cannot remain detached from the digital revolution, in which customers are aware of new technologies and are connected with more information on the products and services available to them than ever before, in which businesses will develop and

supply new related products and services that will be undertaken by digitalization, and in which the value of the brand and the people underscoring the brand will be more important than ever.

Among all these trends, two major opportunities have now emerged for SORALUCE: multipurpose machinery (integration of milling, turning and grinding technologies on a single machine) and automation solutions (whereby one or more machines form a work cell that is as unmanned as possible, using palletization systems, robotized tool warehouse systems and in-process measurement systems).

1.4. Goals and strategies

[2-22] [2-28] [2-23] [2-24] [3-3]

SORALUCE defines its priority lines of action for the period 2021-2024 in its 2021-2024 Competitive Strategy, in keeping with the DANOBATGROUP 2021-2024 Corporate Strategy.

The plan pinpoints 30 strategic priorities, in 4 main areas:



The 30 strategic priorities annually give rise in turn to priority projects in the Management Plans, in accordance with 9 priority areas of action in 2021-2024.

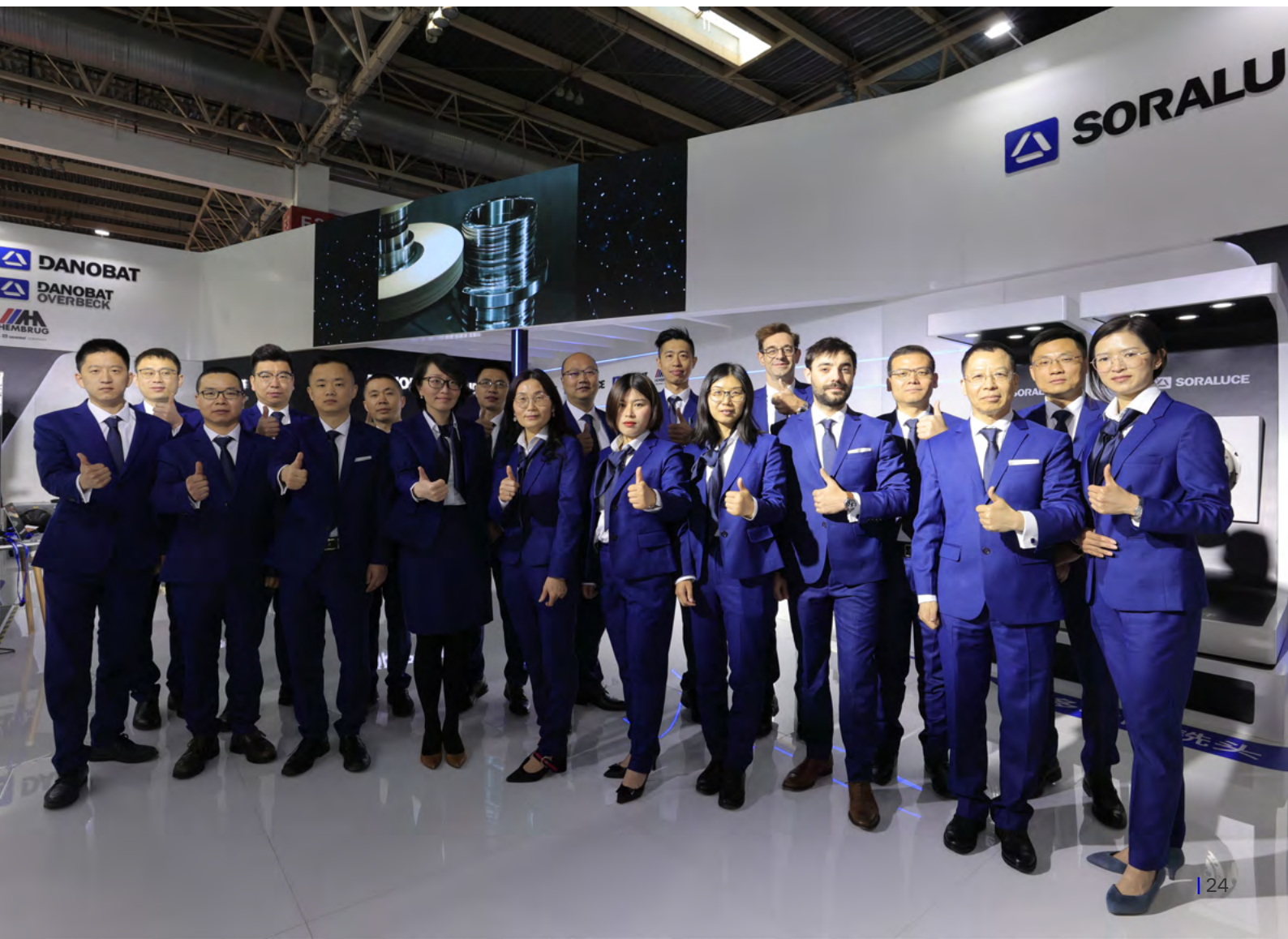
- Country plans
- Technology roadmap
- Product Development
- Service
- Sizing and Organizational Architecture
- Physical Infrastructure
- Brand Identity and Culture
- Digital Architecture
- Supply Chain

This strategic planning pursues a number of strategic goals by way of basic initial premises, as follows:

- Continuing to create cooperative employment between 2021 and 2024.
- Considering Germany, Italy, the US, China, Spain and France as priority strategic markets.
- Addressing generational change in the internal organizational structure.
- Reviewing and improving the management model.
- Continuing to invest in the development of the range of products, technology and new infrastructures.
- Continuing to maintain an open collaborative culture inside and outside the cooperative, while continuing to act as an active component of DANOBTGROUP.

Within this strategic framework, SORALUCE has a clear focus on technological innovation and the establishment of strategic alliances, striving for

customer satisfaction in an environment of continuous intercooperation.



Focus on sustainability and the Sustainable Development Goals

SORALUCE centers firmly on sustainability throughout the entire value chain for the activation of activities that make it possible to implement the partnership-enterprise project. This is materialized through the Sustainability Strategy which it began to draw up in 2021 as part of DANOBTGROUP, on the basis of the UN's 17 Sustainable Development Goals.

Within this strategic framework and through the establishment of a materiality matrix to grant priority to the most relevant issues, specific lines of work and strategies are defined to make a direct contribution to the Sustainable Development Goals. A number of relevant agents were involved in drawing up the materiality matrix. Annex 3.

In 2021 SORALUCE obtained the Ecovadis Silver certification, thereby demonstrating that the Group has embraced sustainability. This certification appraises the quality of companies' sustainability management system by means of an analysis of their policies, actions and specific results, grading the business on the criteria of their performance in terms of environmental sustainability, ethical standards, respect for human rights, and compliance with employment standards.

In this assessment, SORALUCE obtained a global score of 62 points out of 100, making it one of the top 5% of companies appraised in the industry of manufacturers of special-purpose machinery.



ecovadis

SORALUCE SCL
has been awarded a
Silver medal

as a recognition of their EcoVadis Rating

- AUGUST 2021 -



Technological innovation

Technological Innovation is one of SORALUCE's hallmarks, and it has pioneered many of the technologies driving the machine tool sector, such as, for example, the DAS system (Dynamic Active Stabilizer), the modular quill system, and a system to offset ram fall, all of which have been patented.

- Aligning product development and innovation with corporate strategies, centering development in priority markets segments.
- Being proactive in product development and innovation and in capturing technologies with a medium/long-term perspective.

The 2021-2024 Research Plan (Level 1) was defined in 2021, establishing the areas in which IDEKO would conduct research during this 4-year period. In a bid to materialize this approach and the priorities established

SORALUCE's innovation model, which it operates in collaboration with IDEKO, the Basque Research Technology Alliance technology center specializing in industrial production and manufacturing technologies, defines the following policies guiding SORALUCE's technology and product development:

- Having access to information updated on the basis of demands by major customers, the competitive status of products, movements by competitors and the evolution of technologies.
- Making the best possible use of the potential for collaboration and synergies with IDEKO, with customers and suppliers, and with the other areas of business of DANOBATGROUP, BRTA (Basque Research and Technology Alliance) and MONDRAGON.

in the Research Plan, SORALUCE's activities include the production and management of the 2021-2024 Technology Roadmap (Level 2), drawn up in 2021, and the Market and Product Plan ("PPM") (Level 3).

01

2021-2024 Technology Roadmap

Four-year strategic plan updated on an annual basis, in 3 areas:

Product + Technology + Application

The "Product innovation and development" procedure applied by SORALUCE is one of the key processes

02

Product Market Plan ("PMP")

Annual planning. Monthly monitoring by the Management Board and the Governing Board, at SORALUCE and also DANOBATGROUP.

These activities are carried out internally at SORALUCE or through the Annual Collaboration Plan with IDEKO.

for the materialisation of the Product Market Plan, through the launch of new products.



The Research Plan in figures

The collaboration plan signed with Ideko for 2023 had a budget of €1,084,491, which is 26% more than the amount for 2022. SORALUCE continues to invest in expanding its product range, and 2023 has also seen progress in this area. Notably, the incorporation of high-traverse gantry machines stands out. This expansion was achieved inorganically through the transfer agreement reached with CMI, resulting in the sale of the first two units.

On the other hand, SORALUCE is continuing to develop its gantry machine range and has developed the PR-W model, the prototype of which has been acquired by the subsidiary GOIMEK. Additionally, the validation, launch, and industrialization of the “Performance Line” range have been completed, and the commercial network has been introduced to the TA, FA, and SA models that make up this family. These

models have been eco-designed following the ISO 14006 guidelines, as has the rest of SORALUCE’s product range.

Finally, it is also worth mentioning the development of the user interface for the new TNC7 numerical control from HEIDENHAIN. This interface is more visual and intuitive, offering greater differentiation through its graphical and user interaction capabilities, and we expect it to become the preferred option soon.

The initially planned product development plan has had a relatively low level of completion, standing at 58% at the end of the fiscal year. This indicator also reflects the dedication of engineering and R&D resources to special customer projects, which are increasingly relevant in the project mix.

Strategic alliances and intercooperation

Cooperation is one of SORALUCE’s corporate values, and as such it is essential to seek out constant synergies at MONDRAGON Corporation and also through strategic collaboration and alliances with customers, suppliers, other manufacturers and social institutions. This means that, in addition to its natural alliances with MONDRAGON Corporation, DANOBATGROUP and IDEKO, the Group operates long-term agreements with education facilities

and certain strategic customers, making a direct contribution to the Group’s partnership enterprise project.

As already mentioned in the “Technological innovation” subsection, an Annual Collaboration Plan has been set up with IDEKO as part of the SORALUCE-IDEKO Integral Collaboration Plan.



Alliances with education facilities:

The alliance with education facilities is particularly important; firstly, it is closely linked to the Basic Cooperative Principle of Education, and secondly these facilities constitute essential allies in the search for talent.

- Constant intake of student interns, dual format and final-year degree and master's projects. We ended the year 2022 with a total of 18 people who somehow combined their studies with stays in SORALUCE (internships, scholarships, dual modalities...), compared to 32 people in 2021.
- Participation in the employment forums organized at schools and universities.

In connection with intercooperation, in 2021 and 2022 SORALUCE was involved in the development of synergies on the MONDRAGON Corporation Capital Goods Master Project, which included the DANOBATGROUP cooperatives and cooperatives in the MONDRAGON Automation Division (FAGOR ARRASATE, FAGOR AUTOMATION and MONDRAGON ASSEMBLY).

SORALUCE works alongside local Vocational Education and Training centers (Miguel Altuna, IMH, MU and Armeria Eskola) and with the universities MU, EHU-UPV, Tecnun and Deusto.

- Organization of visits to showcase the facilities and raise awareness about the Group's activities. Through these visits, we aim to specifically encourage early interest in STEM-related fields, as well as to promote a message of equality and diversity, particularly in the industry.
- Collaboration with education facilities to adapt future profiles to the company's actual requirements.

Within this framework of cooperation and collaboration, SORALUCE is involved with several external organizations working to defend collective interests, and these organizations also become allies of the Group in the implementation of the partnership-enterprise project. Participation arises directly on an individual basis through SORALUCE or collectively through DANOBATGROUP.



Association	Activity
AFM / ADIMAT	Additive manufacturing
AFM	Machine tool manufacturers
AFM / AFMEC	Machiners
APD	Training
ATEGI	Corporate purchasing unit of MONDRAGON
ERKIDE	Federation of associated work cooperatives
UPV / EHU	CFAA Advanced Aerospace Manufacturing Center
HEGAN	Basque Country aerospace cluster and space
IMH	Education campus specializing in advanced and digital manufacturing
INNOBASQUE	Innovation
MAFEX	Spanish railway association
M-H Museum	Culture
SIDEREX	Association of metallurgy exporters
WIND EUROPE (EWEA)	Wind power
OSARTEN	Collective POH
IMQ Prevención	Prevención Health monitoring
NAMRC	Innovation
IDEKO	Technology center
ZTIM – HUB	Promotion of early interest in STEM degrees

Generation of value and guidance for customers

The entire SORALUCE organization is customer-focused, to bring value to customers, providing expertise across all functional areas. The customer-centered mindset has led the Group to produce the most innovative solutions with a commitment to their technological progress, addressing the most demanding machining challenges with efficiency and high levels of productivity. As part of the strategy

to maximize value for customers, SORALUCE develops products and services, tailor-made to their requirements. This is done through a strategy based on proximity and direct relations to gain their loyalty and trust, and the Group makes a difference with customization and flexibility to meet customers' requirements.

Customer satisfaction survey

This survey collects and evaluates the customer's experience with the product and the company, to be considered within a framework of continuous improvement. After reflecting on the survey, it has been decided to

modify the criteria and the procedure for obtaining it, in order to optimize the information and assessment received and offer a better response to our customers. The first results of this new procedure will be obtained in 2024.

1.5. Management model and policies

[2-12] [2-23] [2-25] [3-3]

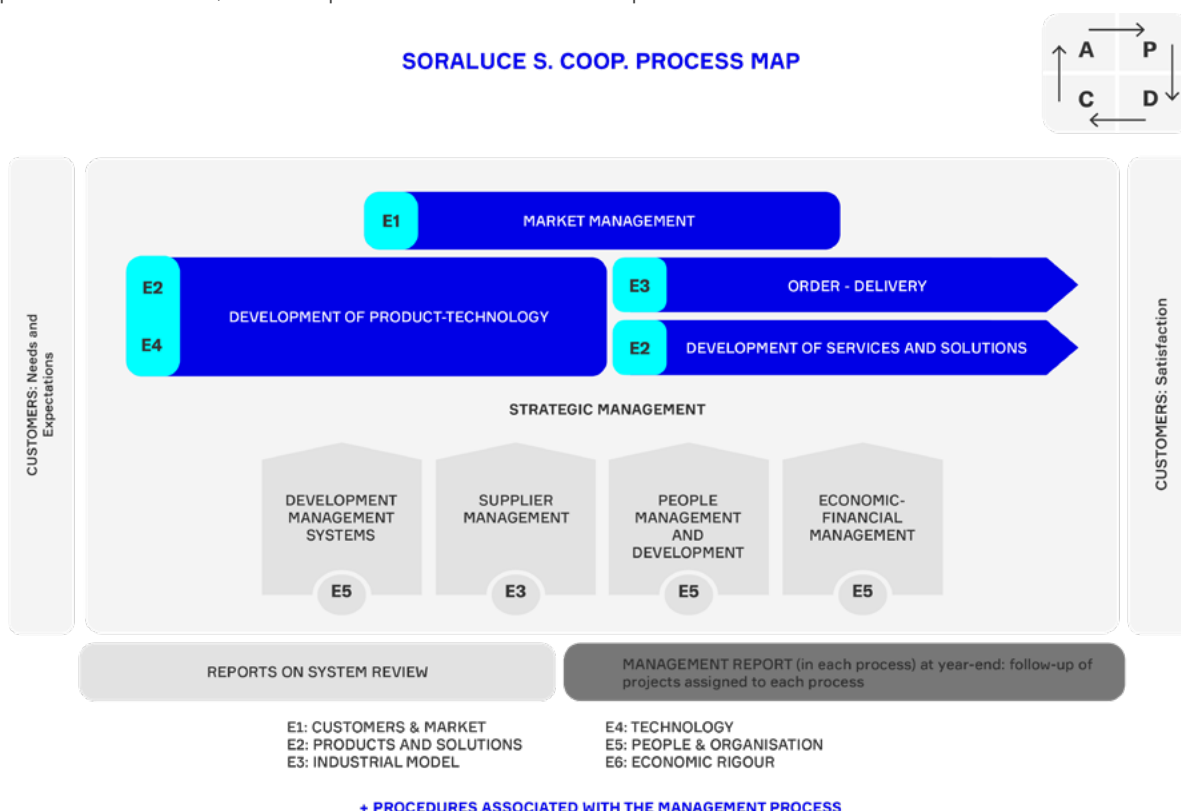
The 2021-2024 Strategic Plan, which includes SORALUCE's Competitive Strategy and the SORALUCE's Corporate Strategy, is carried out through annual Management Plans which deploy

priority projects and monitor them, on the basis of a PDCA format (Plan / Do / Check / Action) as part of the Group's Quality, Environmental and Ecodesing System.

Quality, Environmental, Ecodesing and Prevention System and Management

SORALUCE seeks to avail itself of its Integrated Safety, Quality, Environmental and Ecodesign Policy to maintain its status as a world leader in the design and manufacture of milling machines, boring machines and vertical turning machines, providing the market with state-of-the-art machining solutions and services with high added value to assist with customer development. To this end, it has implemented a

quality, environmental, eco-design and prevention management system, through which a map of 9 processes is defined, which are continually reviewed by various monitoring committees and monitoring bodies, giving rise to the annual System Review Report document and the Management of the System and the management reports of each of these 9 processes.



This management system meets the requirements of the ISO 45.001:2.018, ISO 9.001:2.015, ISO 14.001:2.015 and ISO 14.006:2.011 standards, and is audited on an

annual basis by the AENOR certification body. The management system is composed of 49 procedures.

Main management, analysis and supervision instruments

The strategic planning carried out every four years, mirroring the periods established for MONDRAGON Corporation, helps to quantify the resources needs to implement projects granted priority, and also to define a strategic scorecard to monitor the progress of these projects. Organizational architecture, through the committees of which it is composed, as mentioned above, is the main tool used to draw up and implement the strategy.

Strategic planning is deployed through implementation of the annual management plan, which defines responsibilities and schedules courses of action for the current year. The courses of action to be implemented are monitored by the score panel, which

is reviewed monthly and annually on two different levels; by the Management Board and the Governing Board at SORALUCE, and also at DANOBATGROUP.

Work teams are also assigned for the implementation of each priority project at the operational level, with the parties responsible for planning, executing and monitoring the projects. Each department is responsible for defining and monitoring its own targets, in due consideration of the targets granted priority within this action scope.

There follows a summary of SORALUCE's management focuses for each of the non-financial issues addressed in this document.

Issue	Management Focus
Environmental Issues	Integrated management system: ISO 14.001 and ISO 14.006 Certifications.
Occupational Health and Safety Issues	Integrated management system: ISO 45.001 Certification
Social and Personal Issues	Bylaws Internal Cooperative Regulations ("RIC") Employment Regulations
Respect for Human Rights	Criminal Compliance
Fight against corruption and bribery	Criminal Compliance
Society	COFIP Mechanism - Intercooperation

The following chapters describe each of these focuses, setting out additional procedures and projects

applied by the Group in relation to each of the issues addressed.

Risk management

The SORALUCE management model includes risk management as an important concept in the achievement of its objectives and priorities. Potential risks are identified and monitored on a number of levels by the different monitoring bodies.

Risks are not only assessed at operational level or order level, but an exhaustive risk analysis is also conducted of procedures, in relation to the integral quality, environmental and prevention policy. This means that economic, financial, technological, market and environmental risks are identified, in addition to risks in connection with occupational health and safety.

Risk grading is reviewed on a monthly basis by both the Management Board and the Governing Board, and also periodically by other specific Committees, such as the Environmental Committee and the Occupational Health and Safety Committee.

On the basis of identification and review of risks and in accordance with the PDCA cycle (Plan / Do / Check / Action), the necessary adaptations are made, and any mitigation measures that may be advisable are defined and implemented.





Commitment to the environment

[2-27] [3-3] [2-23]

SORALUCE is committed to sustainable development and respect for the environment, as an example of efficiency and a guarantee of a future. This commitment is clearly reflected in its Safety, Quality,



Designing and developing products which respect the environment, improving their main environmental features and preventing any environmental impacts in their life cycle phases.

All actions undertaken by SORALUCE are conducted in accordance with the legislation and regulations applicable to its activities and the products it develops throughout their entire lifecycle, with the guiding principle being based on the precautionary principle through a preventive approach. In 2023, as in 2022, no fines or penalties were recorded for non-compliance with environmental laws or regulations.

The Environmental Committee, consisting of the industrial director, the systems coordinator, the procurement technician, and the heads of machining and assembly, is responsible for monitoring all activities in this area through biannual meetings. Additionally, based on the SWOT analysis conducted by the Environmental and Eco-design Committees, and through the identification of risks and opportunities, an Environmental Management Plan is defined annually.

Regarding the resources dedicated to preventing environmental risks at Soraluze S.coop, the cost of waste disposal in 2023 reached €19,000, the treatment of emissions due to periodic filter changes in the painting booths amounted to approximately €5,000, and the expenditure for environmental prevention and

Environmental and Ecodesign Policy, establishing the following priorities as essential components of its activity:



Protecting and improving the environment, preventing or minimizing any adverse environmental impacts caused by SORALUCE's processes and its products throughout their entire life cycle, and also by encouraging energy-saving schemes and energy efficiency.

management, represented by personnel and facility maintenance, was €20,000.

In 2023, the Sustainable Mobility Plan Ciclogreen was launched to analyze the mobility to SORALUCE's workplace with the aim of initiating its implementation. This Mobility Plan was developed following the methodology recommended by the Basque Energy Agency (EVE) and the Institute for the Diversification and Saving of Energy (IDEA), as well as the technical specifications of Law 4/2019 of February 21 on Energy Sustainability of the Basque Autonomous Community. The methodology included a communication campaign to inform and raise awareness among the staff, data collection from the workplace, analysis of mobility options, conducting a digital survey to gather information, and proposing an action plan, objectives, and indicators following the analysis.

Finally, it is worth noting SORALUCE's participation in the Mondragon Environmental Forum, along with other cooperatives from the Corporation, with the aim of engaging in initiatives promoted by the Forum, including organizing training sessions and other activities to improve the organization's environmental profile.



2.1. Environmental management system and ecodesign certification

[3-3] [2-23] [302-5]

Since SORALUCE obtained its first ISO 14001 certification for its production plants in Osintxu in 2002, a total of four plants are currently managed under this environmental management system (P1, P3, P4, and P5). The Mekolalde plant (P5) was certified in 2022. Additionally, SORALUCE was the first company in the machine tool sector to achieve certification for its product design and development process management system (eco-design) according to the ISO 14006 standard in 2010. Since then, the Group has incorporated a total of 23 machine models (including redesigns) under the ISO 14006 standard.

In 2023, SORALUCE certified four machine models: SAD Mobile Column Milling Machine on Table, SAM Mobile Column Milling Machine on Table, FA Mobile Column Milling Machine, and TA Fixed Bench Milling Machine, achieving global environmental impact

reductions of 3%, 11.13%, 8.5%, and 11% (lubricant consumption during the usage phase), respectively. The actions were aimed at reducing impact in various areas. The first was related to the “Manufacturing Phase,” which involved reducing the mass of several main structural elements of the machine. The second and third actions targeted reducing energy consumption and consumables during the “Usage Phase.” The Life Cycle Analysis of the eco-designed models is completed in the “Distribution Phase” with the creation and delivery of personalized recommendations on the best way to transport the machine through the document “Good Distribution Practices.” Additionally, related to the “End-of-Life Phase,” each machine includes instructions for its final management (Components and Materials of the Machine + Hazardous Waste) in its Instruction Manual (decommissioning chapter).



Environmental Program and other activities

Since the initial certification in 2002, the Group has maintained a record of environmental aspects, including “waste,” “emissions to the atmosphere,” “water,” “noise,” “hazardous substances,” “consumption of natural resources,” and “soil contamination.” These aspects are evaluated annually, and after assessing the environmental aspects, the Environmental Program to be implemented is agreed upon.

In this context, the Environmental Program defined by SORALUCE for 2023 focused primarily on improving processes to reduce hazardous waste and energy

- Reduce electricity consumption for lighting by 15%.
- Implement a photovoltaic system to reduce grid electricity consumption and harness solar energy at the Osintxu facilities (Plants 3, 4, and 6). Additionally, in 2023, Soraluce, along with a group of Mondragón companies, has invested in a project with Urora Power to generate green energy through photovoltaic panels.

consumption, through the implementation of a control system and the installation of photovoltaic panels, as well as enhancing the significant environmental aspects of the eco-designed products (models SAD, SAM, FA, and TA).

Additionally, based on the SWOT analysis and the identified risks and opportunities, around thirty topics have been defined to assess potential actions for the period 2022-2025. These identified aspects were translated into six action measures to be included in the Environmental Management Plan for 2023.

- Complete the implementation of the energy management system for monitoring consumption.
- Implement a carbon footprint management system and obtain the 2022 results.
- Explore other sources of inspiration beyond Ideko (Design).
- Include models SAD, SAM, FA, and TA among the eco-designed models.



The following actions are planned for 2024:

- Implement a photovoltaic system in the new Plant 7 to reduce grid electricity consumption and harness solar energy.
- Implement a temperature control system in workshops within the energy management system.
- Obtain the carbon footprint of the entire organization.
- Include models HGA and HGR among the eco-designed models.

Additionally, the implementation and monitoring of the Waste Minimization Study 2020-2024 and actions for improving energy efficiency (2020-2024), included in the 2020 Energy Efficiency Audit, have continued.

It is also worth noting that in 2023, the new plant, P6 - Sustainable and Healthy, achieved LEED GOLD certification. This certification confirms that the

building or project meets eco-efficiency standards and sustainability requirements. It rewards the 'use of sustainable strategies' throughout all phases of the building's construction, from site suitability to water and energy efficiency, selection of sustainable materials, and providing a high level of indoor environmental quality.





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BOSSNACE

Software und Digital-IT

2.2. Sustainable use of resources

[3-3]

Encouragement of sustainable use of resources is a clear priority established in the SORALUCE environmental policy, with particular attention paid to reduction of the use of raw materials and other

items throughout the entire life cycle of products, and also to reduction of energy consumption, through the implementation of measures to boost energy efficiency.

Consumption of materials

[301-1]

As outlined in the Environmental Program 2023, this year actions have been implemented to reduce waste generation, particularly used oil waste. Work has been done with the organization, order, and cleanliness improvement group (OOL) at the plants to ensure efficient use and management of oil, achieving an 8%

reduction despite the increase in production in 2023. Regarding the consumption of raw materials (metals), there has been a reduction in consumption (due to higher stock purchases in 2022) and an increase in packaging materials, owing to the higher production levels in 2023.

Consumption of materials and raw materials (kg)	2023			2022		
	Non-renewable materials	Renewable materials	Total	Non-renewable materials	Renewable materials	Total
Raw materials (metals)	1.780	2.887.341	2.889.121	1.710	3.235.751	3.237.461
Process materials (lubricants, taladrine, coolants)	21.296	0	21.296	19.785	0	19.785
Packaging materials	43.985	442.681	486.666	21.923	221.490	243.413
Total	67.061	3.330.022	3.397.083	43.418	3.457.241	2.500.659

Energy consumption and energy efficiency

[302-1] [302-3]

The energy audit carried out in 2022 in Osintxu (P1, P3 and P4) and Mekolalde (P5) allowed us to establish a series of actions in 2023 focused on energy

- Creation of the Energy Committee, consisting of the Industrial Director, Plant Managers, Maintenance, and Systems Coordinator.
- Development of an indicator dashboard
- Optimization of contracted power capacities
- Definition of temperature standards in workshops and offices.
- Review of gas programming and schedules in the production plants.

improvements. The most important actions are in the following areas:

- Monitoring of consumption.
- Installation of solar panels in Plants 3, 4, and the new Plant 6.
- Development of plans for detecting and eliminating compressed air leaks.
- Installation of LED lighting in the headquarters offices.
- Thermographic inspections.

Energy consumption by sources (kW)	2023	2022
Electricity	1.702.462	2.142.458
Natural gas	1.896.417	2.139.633
Total	3.598.879	4.282.090

The energy intensity in 2023, considering the total revenue for that year, is 0.02 kW/€, compared to 0.04 kW/€ in 2022.

Water consumption

[303-3]

Due to the nature of SORALUCE's activity, the impact of water consumption during production processes is quite low, and so in 2023 no specific measures were implemented in this regard.

Extraction - Consumption of water by sources (m3)	2023	2022
Municipal mains system	2.596,00	4.018,00

2.3. Waste management and the circular economy

[3-3] [306-2] [306-3]

In 2023, efficient waste management has continued to be a priority for SORALUCE. Among the objectives set in the Environmental Program 2023, actions have been implemented to reduce the generation of hazardous waste (used oil waste). Additionally, the

— Improvement and monitoring of operational procedures by means of periodic analyses of coolant to maintain the fluid's proper status (machining). Production of an instruction for qualitative and quantitative preparation of the mix. Reuse of coolant in machine-to-machine testing (assembly and tests).

implementation of actions included in the 2020-2024 Hazardous Waste Minimization Study has continued, focusing on the reduction of cutting fluid and used oil in the machining and assembly processes at Osintxu and Mekolalde.

— Reuse of oil in proper status in subsequent machinery.

The following shows the volume of waste generated in 2023 and 2024:

Volume of waste generated, by types (metric tons)	2023	2022
Non-hazardous waste	157,1	150,3
Hazardous waste	27,1	38,3
Total	184,2	188,7

The overall volume of waste generated decreased by 2% in 2023 compared to the previous year, mainly due to the reduction in hazardous waste. However, non-hazardous waste increased by 5%.

SORALUCE does not undertake specific actions to combat food waste because the impact of its activities in this area is minimal.

2.4. Climate change and measures to prevent and reduce pollution

[3-3] [305-1] [305-2]

SORALUCE not only fully complies with the emission thresholds established by legislation in force, but it also makes a continuous effort to reduce the environmental impact of its products and activities, mainly through the manufacture of ecodesigned

products (certified to the ISO 14006 standard) and the implementation of energy efficiency measures and the use of renewable sources, and therefore through the reduction of greenhouse gas emissions.

GHG emissions (tCO₂eq)	2023	2022
SCOPE 1		
Natural gas	1.235,67	897,27
SCOPE 2		
Electricity	485,44	495,81
Total	1.721,11	1.393,08

* Source: Table 2: Sources of emission factors used in the document "Databases used in the MONDRAGON Corporation's companies organization carbon footprint project"

In the area of carbon footprint, 2023 saw the first organizational-level calculation for SORALUCE after joining the working group organized by MONDRAGON.

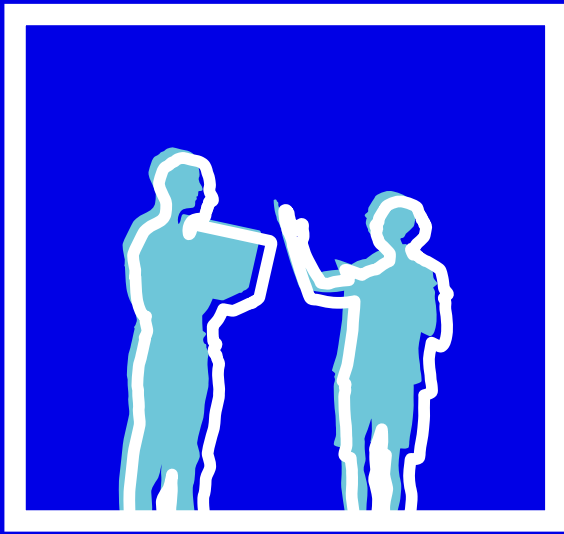
Lastly, it is worth mentioning that the impact of SORALUCE's activities in terms of acoustics and

lighting is not considered significant. Therefore, no additional measures beyond those already included in the usual monitoring systems, as required by regulations, have been established. These include external noise controls and internal noise controls related to safety and health.

2.5. Protection of biodiversity

All SORALUCE facilities are located in industrial complexes, and therefore the activities carried out there do not have any significant impact on biodiversity or other protected areas.





Commitment to people

[3-3] [2-23]

In view of its international status and corporate innovation model, the SORALUCE mindset is based on interrelation, cooperation and exchange of knowledge among employees with different profiles and cultures. In a bid to create stable employment, SORALUCE gives priority to integral human development; a clear emphasis on training, transparency and participation, with proactive management of talent and development of the potential of people in a secure, top-quality working environment.

- The company encourages collective work by all staff in its investee organizations, irrespective of their geographical location or legal format, understanding and accepting that working environments are increasingly open, demanding, changing, collaborative, self-managed and international, where the important factor is the experience and knowledge gleaned by people from the projects in which they are involved.
- It is essential to implement the global perspective throughout the entire organization, place trust in people, in governing bodies and in one's own management abilities, and to propitiate and facilitate the capacitation and commitment of one and all.

This means that, in order to maintain the status of a cooperative experience, professional competence and a service-oriented mindset to generate value and boost the perspective of the Cooperative, management style and culture, and in accordance with the basic aspirations guiding SORALUCE's activity:

- The upsurge in cooperative employment is transformed into the greatest commitment with the immediate surroundings; SORALUCE acts as an exponent and international ambassador of the Basque Country's technical, educational and cultural capacities, as a means of giving a boost to the economy and not lagging behind the world's most industrialized nations.



Moreover, among the corporate values on which SORALUCE's activities are based, the central focus on people is seen as an essential component, in concepts such as cooperation, participation or social responsibility.

- **Bylaws:** The Bylaws are the cooperative's supreme regulations, and they are implemented in and reflect the provisions of the Basque Country's Law on Cooperatives. They regulate the main organizational issues of the cooperative, such as the rights and obligations of partners, the economic system and the organic structure, inter alia. They are approved by the General Assembly, the only body that is allowed to amend them.
- **Internal Regulations ("RRI"):** The Internal Regulations implement in greater detail issues stipulated in the Bylaws which require more specific attention. Regulations concerning corporate bodies, the economic system and organization of employment are of particular importance.

The recently approved Compliance Program, described below, also establishes the action framework

In this context, management of people at SORALUCE is administered using the following management instruments as a reference:

The Bylaws are different for each cooperative within the group, and the Regulations are common to SORALUCE, and also to the other cooperatives making up DANOBATGROUP. They may only be approved and amended by the Assembly.

- **2022 Employment Regulations:** The Employment Regulations are those which implement the provisions of the Bylaws and the Internal Regulations concerning the employment relations of the partners at the cooperative. They regulate the finer details of the day-to-day functioning of staff administration. They cannot contradict either the Bylaws or the Internal Regulations under any circumstances, merely implement them, and they are approved or amended by the DANOBATGROUP Governing Board. These regulations are also shared by the entire group, they are reviewed on an annual basis, and are valid for one year.

and behavior criteria that must guide the daily work of all Group employees.



3.1. Employment

[2-7] [405-1]

As of December 31, 2023, SORALUCE employs a total of 386 people, with 84% of the workforce being men.

Number of employees by sex	2023	2022
Women	62	61
% women	16%	17%
Men	324	302
% men	84%	83%
Total	386	363

Number of employees by countries	2023	%	2022	%
Spain	292	76%	271	75%
Women	40		37	
Men	252		234	
Germany	81	21%	80	22%
Women	20		22	
Men	61		58	
Italy	13	3%	12	3%
Women	2		2	
Men	11		10	
Total	386	100%	363	100%

Number of employees by age

	2023				2022			
	Men	Women	TOTAL	%	Men	Women	TOTAL	%
Under 30								
30 - 50	77	10	87	23%	57	9	66	18%
Over 50	171	35	206	53%	185	43	228	63%
Total	76	17	93	24%	60	9	69	19%
Total	324	62	386	100%	302	61	363	100%

Number of employees by professional classification

	2023				2022			
	Men	Women	TOTAL	%	Men	Women	TOTAL	%
Manual workers – Administrative staff								
Technical staff	130	26	156	40%	125	27	152	42%
Managers	128	27	155	40%	116	25	141	39%
Supervisors	23	4	27	7%	20	5	25	7%
Directors	31	4	35	9%	31	3	34	9%
Total	12	1	13	3%	10	1	11	3%
Total	324	62	386	100%	302	61	363	100%

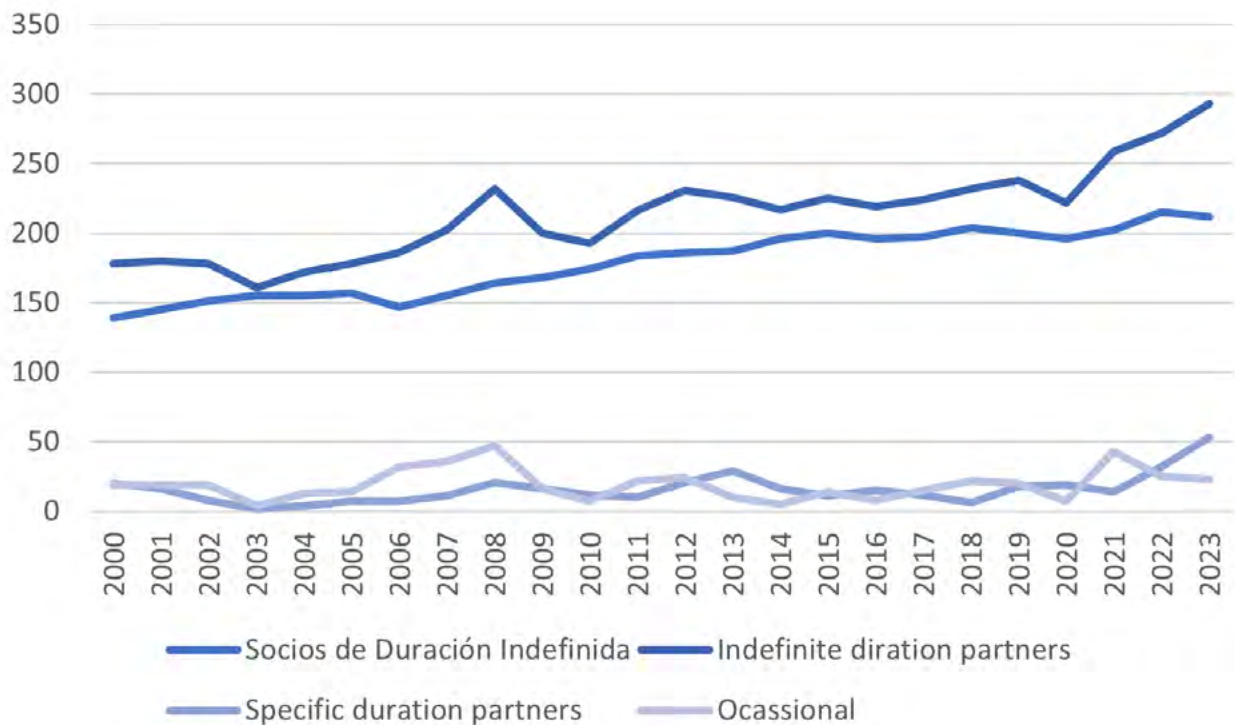


Trends in employment and new hires

[401-1]

The number of employees has steadily increased in recent years, as a faithful reflection of SORALUCE's efforts to create jobs and, in particular, thanks to the encouragement of cooperative employment.

The graph below shows trends in employment at the parent company, with a distinction made between partners and non-partners.



In this context, it is worth mentioning that the employment growth of the Group is mainly due to new hires in Spain, with a new hire rate of 12.3% in 2023, compared to 11.1% in 2022. There is a positive

turnover rate of 9.6%, and employment in Spain has grown significantly. In contrast, in Germany, the turnover rate is zero, primarily due to a higher number of voluntary departures.

	2023				2022			
	New hires	Departures*	Rate of new hires	Rate of rotation	New hires	Departures*	Rate of new hires	Rate of rotation
Spain	36	8	12,3%	9,6%	30	3	11,1%	10,0%
Germany	9	9	11,1%	0,0%	8	27	10,0%	-23,8%
Italy	0	0	0,0%	0,0%	0	0	0,0%	0,0%
Total	45	17	11,7%	7,3%	38	30	10,5%	2,2%

	2023				2022			
	New hires	Departures*	Rate of new hires	Rate of rotation	New hires	Departures*	Rate of new hires	Rate of rotation
Men	39	16	12,0%	7,1%	31	23	10,3%	2,6%
Women	6	1	9,7%	8,1%	7	7	11,5%	0,0%
Total	45	17	11,7%	7,3%	38	30	10,5%	2,2%

	2023				2022			
	New hires	Departures*	Rate of new hires	Rate of rotation	New hires	Departures*	Rate of new hires	Rate of rotation
Under 30	27	3	31,0%	27,6%	19	11	28,8%	12,1%
30 - 50	15	8	7,3%	3,4%	15	14	6,6%	0,4%
Over 50	3	6	3,2%	-3,2%	4	5	5,8%	-1,4%
Total	45	17	11,7%	7,3%	38	30	10,5%	2,2%

In 2023, as in 2022, there were no redundancies or deaths.

Remuneration

[2-19] [2-20]

The SORALUCE remuneration model, as a conceptual and regulatory definition of all the components of the remuneration formula for all Group employees, complies with the basic cooperative principles, which include the principle of solidarity remuneration. This principle lays down sufficient solidarity remuneration. This remuneration model, based on the effectiveness and performance by employees in their posts, is based on an objective system, with due consideration given to the knowledge and experience required, and the responsibility and effort involved in each post. This remuneration policy is the same for all employees, with no distinctions made for management staff. The Human Resources Committee, with direct involvement by the Governing Board, approves and takes decisions concerning staff remuneration. The

remuneration map is reviewed on a constant basis, and every year in January any adjustments and improvements considered necessary are made in the wake of organizational changes or substantial changes in the responsibilities of each of the posts. Every so often a number of remuneration benchmarks are also established with other external organizations, in order to maintain the external competitiveness of the remuneration system.

This model is a methodological reference for the different plants operated by the Group. On the basis of respect for and compliance with these premises, each plant adapts to the idiosyncrasy of the country concerned, observing the regulations and agreements to be applied in each case.

Average remuneration	Spain		Germany		Italy	
	2023	2022	2023	2022	2023	2022
By sex						
Men	38.506,56 €	37.385,13 €	52.690,60 €	46.600,67 €	62.564,02 €	59.192,80 €
Women	35.034,64 €	34.072,16 €	38.838,46 €	36.492,84 €	60.963,76 €	62.518,50 €
By age group						
Under 30	26.173,69 €	22.860,89 €	37.881,18 €	34.610,36 €	46.992,82 €	38.438,00 €
30-50	39.287,06 €	36.393,58 €	54.583,29 €	43.433,75 €	65.358,21 €	64.008,90 €
Over 50	52.,490,63 €	50.867,16 €	52.976,84 €	38.562,74 €		
By occupational classification						
Manual workers – Administrative staff	28.311,83 €	26.944,25 €	48.542,14 €	34.366,33 €	60.963,75 €	62.518,50 €
Technical staff	38.109,31 €	35.176,51 €	44.933,33 €	40.295,84 €	58.682,96 €	52.214,25 €
Managers	55.314,72 €	44.692,71 €	72.086,67 €	71.895,04 €	63.668,71 €	87.107,00 €
Supervisors	47.442,54 €	51.576,87 €			70.609,37 €	
Directors	85.227,26 €	80.197,68 €				

**Information regarding the category of subsidiary directors is omitted due to the small number of individuals in this category, to ensure the required confidentiality, as well as the coherence and comparability of the data.

Average salary Board Members and Managers

	2023	2022
Total remuneration for their work	1.349.369 €	1.235.567 €
Monetized returns + Interest on capital contribution	369.791 €	369.424 €
Total	1.719.160,6 €	1.604.990,2 €
Average remuneration per person	85.958 €	80.250 €

The wage¹ gap at Soralue, S. Coop was just 9.02% in 2023, compared to 8.86% in 2022, primarily due to the higher proportion of part-time positions held by women. In Italy, the wage gap was 2.56% in 2023, compared to -5.62% in 2022. In Germany, the wage

gap increased to 26.29% in 2023, up from 21.69% in 2022. The higher wage gap percentage in Germany is mainly due to the larger number of part-time positions and “mini jobs,” which are more prevalent among female employees.

¹The difference between the average salary of men and women, divided by the average salary of men.

3.2. Organization of work. Work/family measures.

[2-7] [3-3]

The table below shows the distribution of employment contracts, by types.

Total number and distribution of types of contract and working days ²	2023				2022			
	Men	Women	TOTAL	%	Men	Women	TOTAL	%
Type of contract								
Indefinite	304	59	363	94%	283	43	326	90%
Temporary	20	3	23	6%	35	2	37	10%
Total	324	62	386	100%	318	45	363	100%
Working day								
Full-time	311	50	361	94%	291	44	335	92%
Part-time	13	12	25	6%	11	17	28	8%
Total	324	62	386	100%	302	61	363	100%

	2023			2022		
	Indefinite	Temporary	TOTAL	Indefinite	Temporary	TOTAL
Spain	269	23	292	234	37	271
Germany	81	0	81	80	0	80
Italy	13	0	13	12	0	12
Total	363	23	386	326	37	363

Total number and distribution of contracts by age	2023				2022			
	Indefinite		Temporary		Indefinite		Temporary	
	N°	%	N°	%	N°	%	N°	%
Under 30	70	19%	17	74%	47	14%	19	90%
30 - 50	200	55%	6	26%	226	66%	1	5%
Over 50	93	26%	0	0%	69	20%	1	5%
Total	363	100%	23	100%	342	100%	21	100%

Total number and distribution of contracts by professional classification	2023				2022			
	Indefinite		Temporary		Indefinite		Temporary	
	N°	%	N°	%	N°	%	N°	%
Manual workers – Administrative staff	143	39%	13	57%	136	40%	16	76%
Technical staff	146	40%	10	43%	136	40%	5	24%
Managers	27	7%	0	0%	25	7%	0	0%
Supervisors	34	9%	0	0%	34	10%	0	0%
Directors	13	4%	0	0%	11	3%	0	0%
Total	363	100%	23	100%	342	100%	21	100%

Total number and distribution of contracts by working day, by age	2023				2022			
	Full Day		Half Day		Full Day		Half Day	
	N°	%	N°	%	N°	%	N°	%
Under 30	87	24%	0	0%	66	20%	0	0%
30 - 50	186	52%	20	80%	204	61%	23	77%
Over 50	88	24%	5	20%	63	19%	7	23%
Total	361	100%	25	100%	333	100%	30	100%

Total number and distribution of contracts by working day, by professional classifications	2023				2022			
	Full Day		Half Day		Full Day		Half Day	
	N°	%	N°	%	N°	%	N°	%
Manual workers – Administrative staff	136	38%	20	80%	132	40%	20	67%
Technical staff	151	42%	4	16%	133	40%	8	27%
Managers	27	7%	0	0%	24	7%	1	3%
Supervisors	34	9%	1	4%	33	10%	1	3%
Directors	13	4%	0	0%	11	3%	0	0%
Total	361	100%	25	100%	333	100%	30	100%

Working conditions related to the organization of working hours are governed by the usual schedule stipulated in the 2023 Labor Standards (reduced working hours and special schedules). Although SORALUCE does not have an official policy on work disconnection, the Internal Regulations include measures for balancing personal and work life. These measures aim to alleviate difficulties in addressing urgent family needs of employees through specific leaves and licenses. They regulate aspects such as working hours, reduced hours, paid and unpaid leave.

In 2021, the Telework Standard was approved, initially implemented through a pilot program to manage telework after the exceptional circumstances associated with Covid. However, today it is a fully normalized practice, both in its recurring and occasional formats. By the end of 2023, a total of 28

employees were teleworking on a weekly basis.

Additionally, in April 2021, the Flexible Hours Standard was updated. This standard sets the rules for flexible hours, allowing each employee, within certain limitations, to freely set the start and end times of their working day.

Throughout 2023, a total of 13 employees took parental leave, compared to 14 in 2022. Of these 13 employees, 10 were men and 3 were women (in 2022, 10 were men and 4 were women).

Regarding absenteeism, we ended the year with a rate of 5.85%, down from 6.7% the previous year. This figure includes only illness and work accidents. If we were to include maternity, paternity, and other paid leaves, the absenteeism rate would rise to 6.17%.

3.3. Occupational health and safety

[3-3] [2-23] [403-1] [403-2] [403-3] [403-4] [403-5] [403-8] [403-9] [403-10]

As stipulated in its Integrated Safety, Quality, Environmental and Ecodesign Policy, SORALUCE considers the health and safety of its partners and employees an essential aspect for achievement of the company's mission, and these are guarantees by an Integrated Occupational Health and Safety Management System. Through implementation of this system, the organization undertakes to grant safe, healthy working conditions for the prevention of employment-related injuries and illnesses, and to eliminate hazards and lower risks, generating a preventive culture and the culture of a healthy company to this end. The organization does not only undertake this commitment as a legal obligation, but also on a voluntary basis. This management system has been certified by AENOR as per the ISO 45001:2018 standard, for both the Osintxu and Mekolalde plants.

In order to make an active contribution to the professional and personal development of partners and employees, SORALUCE operates communication, training and promotion schemes as a means of constantly improving the quality and safety of jobs and the company's own competitiveness.

All these schemes are implemented pursuant to the legislation and regulations applicable to its activity and its products throughout their life cycles, and to any other requisites that the company may have undertaken, and the criteria for the action to be taken are preventive.

The SORALUCE cooperative members are governed by the Special Cooperatives System, which also regulates aspects of Occupational Health and Safety. In the case of non-cooperative staff in Spain, these aspects are regulated by the Metal Collective Agreement, although there are no differences in the treatment of both groups (cooperative and non-cooperative). Additionally, in the case of other staff at the external plants, aspects of Occupational Health and Safety are regulated in accordance with the legislation in force in each country.



Application and assessment of the system

The Integrated Health and Safety Management System, which affects all employees, is applied on a PDCA criterion (Plan / Do / Check / Action) by means of a map of 9 clearly defined processes. Preventive activity is planned annually, on the basis of the risk assessment performed and reviewed periodically. An assessment of activity and of the system is not only conducted annually on an external basis by AENOR (ISO 45001), but is also performed internally on a continuous basis by the Occupational Health and Safety Committee, composed of the management team, the prevention delegates representing the employees, and other guest agents such as the

prevention service, technical officers and plant managers. The annual internal audits also provide an additional guarantee of proper operation of the system.

SORALUCE also has a system for the coordination of business activities whereby a number of requisites are demanded of non-employee workers carrying out activities at its facilities (contractors), thereby meeting the legal requirements established pursuant to Royal Decree 171/2004 on the Coordination of Business Activities.

Participation and communication

In order to guarantee the participation of representatives of employees on the Occupational Health and Safety Committee, which meets quarterly, SORALUCE has defined a number of means of

- Weekly meetings of employees: Plant managers with staff reporting to them. In the case of production plants, in addition to the monitoring of workloads, prevention activity is also monitored (records, videos etc.)
- The “Danon Ataixa” portal, accessible to all employees (intranet with all relevant documentation)
- Welcome plan for new arrivals

Therefore, all activity carried out in this regard is made known to employees, and is supervised by

communication, in order to guarantee maximum participation by all employees.

- Information management panels
- Informative talks by management and senior executives (at least half-yearly), with reports on prevention and data concerning health and safety
- Meetings of the Social Board and the Governing Board

their representatives in all cases, to give them the opportunity to voice their opinion and grant approval.

Identification of hazards and assessment of risks

The identification of hazards and assessment of risks is an essential activity, carried out through the Osarten Prevention Service. This prevention service is tasked with drawing up the Occupational Hazards Assessment report, an ongoing document that analyses and assesses the risks inherent to each post. It is reviewed every year, and whenever changes are made to posts and their conditions, by the prevention officer. The full review is conducted every 5 years.

Regular quarterly inspections of areas are also carried out by the prevention delegates and set out in an annual plan, the results of which are presented to the Occupational Health and Safety Committee. Depending on the risks and hazards identified, SORALUCE establishes targets and measures to reduce and eliminate the risks, through the Occupational Health and Safety Committee.

Action procedures established

SORALUCE has a number of clearly defined procedures as part of its integrated quality, environmental and prevention system, which guarantee the minimization of occupational risks, and

also safe, healthy working conditions.

The following are the main procedures and protocols:

- Protocol for action to be taken in situations of special risk
- Procedure concerning Personal Protection Equipment (PPE)
- Procedure for the handling of hazardous substances

- Health supervision procedure
- Procedure for reception and maintenance of means of production and facilities

These procedures include the process that must be carried out by employees to notify hazardous work situations, in which contact with the direct superior or prevention delegates is the most appropriate channel.

The organization provides information on these procedures for any individuals who, due to the specific conditions or risks associated with their post, must be aware of this, and the information is also accessible through the aforementioned communication channels.

Most of the work instructions are available in Spanish, Basque, English, Italian and German.

The procedures and protocols are reviewed periodically through the meetings established by the Occupational Health and Safety Committee in a continuous improvement process.

Training in health and safety

As defined in the SORALUCE Safety, Quality, Environmental and Ecodesign Policy, training is an essential component to guarantee health and safety in the workplace. A training plan is devised every year, targeting employees and also subcontractors, to

teach courses on issues directly related to safety and health. All new arrivals also receive specific health and safety training associated with their posts, through the Welcome Plan on Occupational Hazards.

Injuries due to occupational accidents and occupational illnesses

All information related to accident and injury results is included in a Risk Prevention System Review Report. In 2023, as in 2022, there have been no fatalities resulting from work-related accidents. A total of 16

work-related injuries were recorded (11 with leave and 5 without leave), compared to 17 in 2022 (8 with leave and 9 without leave).

Injuries due to occupational accidents	2023			2022		
	Women	Men	Total	Women	Men	Total
Deaths arising from occupational accidents	0	0	0	0	0	0
Injuries due to occupational accidents, with time off work (not including deaths)	0	11	11	0	8	8
Injuries due to occupational accidents, with no time off work (not including deaths)	0	5	5	0	9	9
Total occupational accidents	0	16	16	0	17	17
Number of hours worked	87.492	541.162	628.654	67.915	398.648	466.563
Number of lost days	0	379	379	0	118	118
Frequency rate	0,0	20,33	17,50	0,00	10,03	8,57
Total work-related accidents	0,0	0,70	0,60	0,00	0,30	0,30

The main injuries are due to minor cuts or superficial injuries. However, there have also been three fractures.

Below are the frequency and severity rates for Spain and Italy.

No cases of occupational diseases have occurred.

Injuries due to occupational accidents	2023			2022		
	Women	Men	Total	Women	Men	Total
Frequency index	0,00	20,33	17,50	0,00	10,03	8,57
Seriousness index	0,00	0,70	0,60	0,00	0,30	0,30
Number of hours worked	87.492	541.162	628.654	67.915	398.648	466.563
Number of days lost	0	379	379	0	118	118

All occupational accidents are investigated by the direct superior and the prevention service, to enable corrective measures to be taken, and to ensure there

is no repetition of the accident. In addition to the actual quantitative results, the report contains specific sections on:

- The status of investigations and courses of corrective action
- Risk reduction targets
- Risk assessment
- Training given

- Health supervision (medical checks and care activities)
- Audits performed
- Other aspects to be assessed

This is how SORALUCE uses the results of the processes applied to assess and improve its

occupational health and safety management system on a continuous basis.

Health supervision

All SORALUCE employees have healthcare cover, and medical checks are carried out in accordance with the health supervision procedure. Health supervision activities are planned on the basis of the results of the risk assessment and on the individual characteristics of employees exposed to these risks. The various health supervision techniques are used

gradually, depending on the level of exposure and the complexity of the problem concerned, and preference is given to the simplest techniques or to those which are easier to apply, with due consideration for the privacy and dignity of employees, guaranteeing proper confidentiality of information relating to their state of health.



3.4. Corporate relations

[3-3] [404-1] [404-2] [401]

Participation and social dialogue are constants in the day-to-day operations of the organization, as reflected both in the Social Statutes and in the established work dynamics and communication channels. This organizational model is a true reflection of the open and horizontal leadership style promoted at SORALUCE.

Through continuous interaction between the Board of Directors, the Social Council, and the Management Council, as well as the establishment of other participation channels (open meetings, talks, etc.), it is ensured that every employee has the opportunity to make proposals and that their voice is considered

on social and organizational matters beyond specific departments.

Finally, it is noteworthy that, throughout 2023, a Protocol for harassment situations was developed, building on the existing one related to conflict management. Additionally, a Psychosocial Risk Survey for the entire organization was conducted, with no particular concerns detected.

In 2023, as in 2022, 100% of SORALUCE's employees are covered by labor standards and/or collective agreements or similar regulations.



3.5. Talent and Training

[103-1] [103-2] [103-3] [404-1] [404-2]

The professional development of all individuals and the management of talent as a tool to boost their employability is one of SORALUCE's priorities to develop people on a comprehensive basis, clearly centered on training and a continuous learning process. Each area/department head is responsible for the professional development of each of the employees making up the work team, implementing policies to grant priority to internal promotion and the retention of talent.

SORALUCE has a number of tools and models to this end. In 2019 it launched its strategic talent management model "Aireratu", which structures professional development and defines the procedure to be followed by means of the "Conversations for

development" formula. This model sets business targets, defines the critical knowledge and attitudinal and personal skills required and identifies people's aspirations, giving employees the freedom to devise their own development plans, and therefore their training plan, in a customized fashion.

Regular meetings are held to monitor and assess the performances of employees in order to ensure that targets are met, and new individual development plans are updated and defined each year, in accordance with the appraisals performed. All new arrivals also received all the necessary information on talent management and on other aspects relating to their posts, in the initial welcome plan.

Hours of training by sex	2023		2022	
	Hours	Average number of hours per person	Hours	Average number of hours per person
Men	6.678,8	20,6	5.346,5	17,7
Women	1.577,2	25,4	1.686,6	27,6
Total	8.256	21,4	7.033	19,4

Hours of training by professional categories	2023		2022	
	Hours	Average number of hours per person	Hours	Average number of hours per person
Manual workers – Administrative staff	3.965,8	25,4	3.655,1	24,0
Technical staff	3.686,5	23,8	2.661,0	18,9
Managers	254,5	9,4	292,0	11,7
Supervisors	308,0	8,8	365,5	10,8
Directors	41,2	3,2	59,5	5,4
Total	8.256	21,4	7.033	19,4

aireratu
barruan daramazun talentua

3.6. Equality and non-discrimination

[3-3] [2-23] [405-1] [406-1]

Following the completion of a situation diagnosis in 2020, SORALUCE approved its first Equality Plan in 2021, which outlines actions in four major areas for the next four years. This plan includes the implementation

- Culture of equality
- Responsible work/family balance

Throughout 2023, work continued with the assistance of EMUN (a consultancy specializing in equality-related issues) on the plan defined in 2021.

In 2023, as in 2022, no cases of discrimination were identified. Additionally, the Compliance Program includes policies on conflict and harassment.

of annual management plans and the establishment of monitoring and impact indicators to assess the effectiveness of the implemented measures. The four main areas of focus are:

- Female presence
- Co-responsible society

It is also worth noting that SORALUCE's Compliance Program emphasizes equal opportunities in employment, promotion, and development for all individuals, regardless of their employment or corporate relationship, sex, origin, or religion, through the third ethical principle on "Labor Relations.

Diversity

SORALUCE is composed of diverse people, not only in terms of their knowledge, skills and experiences, but

also diverse work teams in terms of sex and age.

% of people in governing bodies	2023	2022
Men	78,3%	72,0%
Women	21,7%	28,0%
Total	100,0%	100,0%

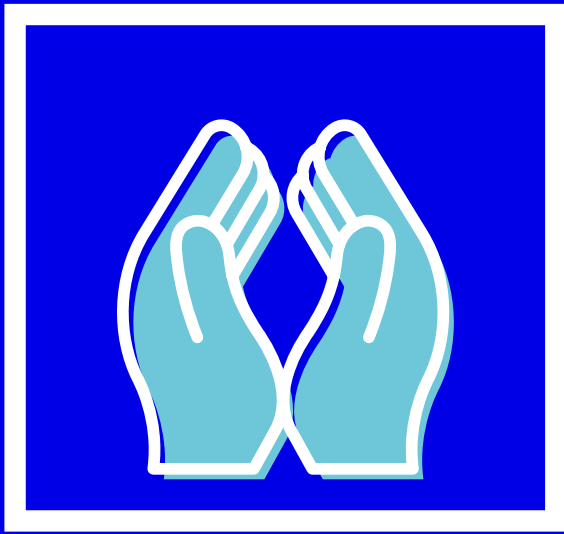
% of people in governing bodies	2023	2022
Under 30	0,0%	0,0%
30 - 50	56,5%	64,0%
Over 50	43,5%	36,0%
Total	100,0%	100,0%

Employees by professional classification (%)	2023			2022		
	Women	Men	Total	Women	Men	Total
Manual workers – Administrative staff	83,3%	16,7%	156	82,2%	17,8%	152
Technical staff	82,6%	17,4%	155	82,3%	17,7%	141
Managers	85,2%	14,8%	27	80,0%	20,0%	25
Supervisors	88,6%	11,4%	35	91,2%	8,8%	34
Directors	92,3%	7,7%	13	90,9%	9,1%	11
Total	83,9%	16,1%	386	83,2%	16,8%	363

Employees by professional classification (%)	2023				2022			
	Under 30	30 - 50	Over 50	TOTAL	Under 30	30 - 50	Over 50	TOTAL
Operator – Administrative	26,3%	55,1%	18,6%	100%	21,7%	61,8%	16,4%	100%
Technician	30,3%	51,6%	18,1%	100%	22,7%	60,3%	17,0%	100%
Responsible	3,7%	74,1%	22,2%	100%	4,0%	76,0%	20,8%	100%
Manager	0,0%	74,3%	25,7%	100%	0,0%	70,6%	29,4%	100%
Director	0,0%	30,8%	69,2%	100%	0,0%	36,4%	63,6%	100%
Total	89	216	81	386	66	226	71	363

Finally, it should be pointed out that all Group facilities (offices, lavatories etc.) are considered adequate, and

have been adapted for people with disabilities, thereby meeting universal accessibility criteria.



Respect for human rights and the fight against corruption and bribery

[2-23] [2-16] [2-26] [3-3] [2-27] [407-1] [408-1]
[409-1] [419-1]

SORALUCE's cooperative model is built on a clear premise of individual and collective commitment to do things, better and differently. The objective is to foster an integrational, solidarity-conscious, sustainable, transformative partnership-enterprise project, in due observance of the inspirational principles of the 1948 United Nations Universal Declaration of Human Rights. This means that SORALUCE is committed to people and to the surroundings, implementing a culture of responsibility and respect for human rights.

SORALUCE also carries on its business at all times in due observance of the stipulations of the basic agreements drawn up by the International Labor Organization (ILO), in relation to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupations; the elimination of forced or compulsory labor and the effective abolition of child labor.

Within this general framework of measures, and

particularly to fight corruption and bribery, among other aspects, in November 2021 SORALUCE approved the Compliance Program with a Code of Ethics, together with an anticorruption policy, a policy of conflicts of interests, a privacy and confidentiality policy, a policy for action to be taken against conflict and harassment and a Manual for the Prevention of Criminal Risks.

In connection with subcontracting and suppliers, it also operates another Code of Conduct for suppliers, whereby the supplier organization declares that its activity is carried on in accordance with the central values of respect for human rights, employment, the environment, and anticorruption practices.

There follows a list of the main procedures and measures applied by SORALUCE to guarantee respect for human rights and the fight against corruption and bribery.



4.1. Compliance Program

[205-2] [205-3] [206-1]

In November 2021 the Governing Board approved SORALUCE's Code of Ethics, which contains four specific policies and a manual for the prevention of criminal risks. A Whistleblowing Channel has also been created as an internal confidential channel for all employees to submit any doubts in relation to the interpretation or clarification of dubious situations and to report any potential infringements of ethical principles, along with a Compliance Committee. Among other functions, the Committee must manage and

foster dissemination and knowledge of the Code of Ethics; respond to any doubts of interpretation or clarification of possible situations of conflict in order to prevent non-compliance; investigate reports and possible non-compliances, taking the action required; gather information annually on compliance and conduct the annual review of the Code of Ethics and notify the outcome of the review and courses of action for improvement to employees.

Code of Conduct:

The Code of Conduct sets out to establish the criteria of behavior that must guide the daily work of SORALUCE employees in relation to its stakeholders. The Code establishes ethical principles to be adhered to with respect to general rules of conduct, behavior within the legal and regulatory framework, employment relations, loyalty to the organization and conflicts of interests, measures against bribery and

corruption, confidential information and the duty of secrecy and records, and financial integrity. It also defines the channels of communication through the Whistleblowing Channel, the functions of the Ethics Committee and other criteria for compliance and monitoring. The Code of Ethics also contains four specific policies in relation to the ethical principles defined.

— **Anticorruption policy:** The anticorruption policy determines the necessary measures to prevent, detect and punish fraudulent actions and the utilization of SORALUCE's functions and means for economic or other benefits, by employees, executives or members of management bodies.

— **Policy of privacy and confidentiality:** This policy sets out to establish the requisites pursuant to which all SORALUCE employees must treat the information generated at the company, protecting this information and preventing its unauthorized disclosure to third parties which could jeopardize achievement of the company's objectives.

— **Policy concerning conflicts of interests:** This policy sets out to prevent any actions by employees, executives or members of management bodies at SORALUCE that may interfere with the independent exercise of activity, through investment, interest or association or other channels or procedures.

— **Policy for action to be taken in the event of conflict and harassment:** The fourth policy defined the systems guaranteeing proper treatment of possible conflicts and psychological harassment that may arise in the workplace and affect or are carried out by employees, executives or members of SORALUCE's management bodies.

Manual for the Prevention of Criminal Risks:

Finally, this Manual of Criminal Risk Prevention details SORALUCE's management and prevention principles regarding crimes and the structure and functions of the Compliance Committee in relation to Organic Law 1/2015 of March 30, which amends Organic Law 10/1995 of November 23, the Penal Code. Its purpose is to serve as a means to prevent criminal acts by SORALUCE staff and to exercise control, thus complying with the requirements set forth in the Penal Code.

Both the Code of Ethics and the associated policies and Manual have been communicated to all employees via the Group's Intranet and usual communication

channels, and all relevant information has been included in the Induction Plan for new hires.

In 2023, as in 2022, no reports were received regarding human rights violations or breaches of other ethical principles. No legal actions related to unfair competition, monopolistic practices, or violations of social and economic laws or regulations were identified either.

Finally, this year 2023, we have updated the Manual of Criminal Risk Prevention and its policies to align with the Whistleblowing Directive according to Law 2/2023 on the Protection of Whistleblowers.

4.2. Respect for human rights in the supply chain

As described in a later section, SORALUCE has a Code of Conduct to be accepted and signed by the suppliers with whom we work. Through the acceptance of this Code of Conduct, the supplier not only declares compliance with the laws of the applicable legal

environment, but also that its activity is carried out in accordance with the core values of respect for human rights, labor, the environment and anti-corruption practices.



4.3. Other issues and rules to be borne in mind in this area

- Articles 15 and 16 of the Bylaws define the types of social and labor misconduct of members and the corresponding sanctions, among other aspects, in relation to corruption, conflicts of interests, fraud, money-laundering or practices to the detriment of competition.
- Information security regulations: SORALUCE has information security regulations and protocols in place, which guarantee the involvement of all people in relation to the confidentiality of information and proper use of IT equipment (Regulations on Confidentiality, Industrial and Intellectual Property, non-competition, responsibility and proper use of Information Systems).



Commitment to society and sustainable development

SORALUCE makes an active contribution to sustainable development and to the generation of a positive impact on society and the immediate surroundings, a faithful reflection of the cooperative principles and values that guide its business. Concepts such as the generation of employment, distribution of wealth in solidarity, cooperation and intercooperation, social transformation and commitment form part of

the Group's DNA, and this therefore ensures that the Group has a positive direct effect on the community in which it operates.

This commitment is faithfully reflected in the way in which SORALUCE manages its supply chain and the health and safety of its customers.

5.1. Contribution to Education and Cooperative Promotion and Other Objectives in the Public Interest - COFIP

[3-3] [2-23] [203-2] [413-1]

SORALUCE, as a cooperative group that is part of MONDRAGON CORPORATION and in accordance with the Cooperative Law of the Basque Country (Law 11/2019), has a fund called COFIP, which contributes

to Education and Cooperative Promotion and Other Purposes of Public Interest. SORALUCE annually contributes 10% of its profits to this fund, just like the rest of the cooperatives in DANOBATGROUP.

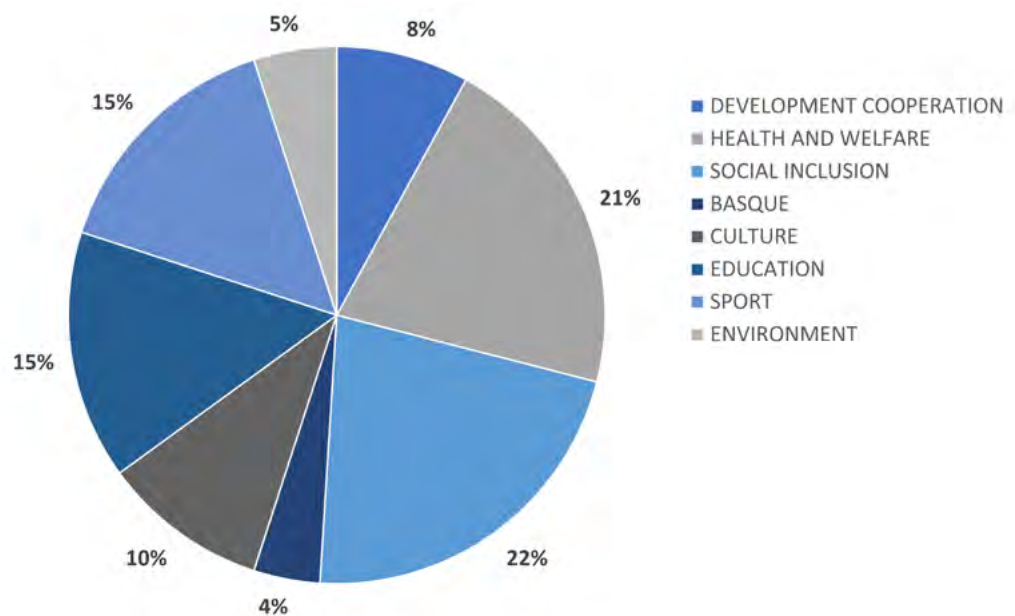


Criteria for distribution of the funds

In 2023, a total of €480,024 was allocated to COFIP from the results of 2022, of which 20% was allocated to MONDRAGON's FEPI and another 40% to DANOBATGROUP's COFIP fund, leaving a total of €192,010 for SORALUCE's COFIP fund. From

SORALUCE's fund, a total of €176,437 was allocated to 48 different projects during 2023, leaving the remaining balance in the fund to fulfill commitments to projects already defined for future years.

Typology of projects funded in 2023 through the COFIP Fund



The impact of these projects is evaluated annually, among other criteria, by the number of beneficiaries, which is one of the key factors in deciding the distribution and selection of projects (4 categories of projects: 0-50 / 50-100 / 100-300 / +300 beneficiaries). In 2022, a gender equality criterion was added to promote projects that address this area. The results of the selected and implemented projects are presented to the General Assembly, as well as in informational talks to the employees.

Among the notable projects is the Elkar Ekin Eragin initiative, which is developed in collaboration with DANOBATGROUP. This initiative involves the selection of 3 projects by the cooperative members, which are developed over the following three years (triennial launch), with a total budget of €550,000. In 2021, the three selected projects were:

- **“Bizipoza”**; assistance with the creation and publicizing of the “Elkartasunean hezi eta bizi: Bizipoza gida” and “Tokian tokiko boluntariotza:

Bizipozakm0” projects to bring social inclusion issues into formal education, informal education, and society.

- **“Walk On Project (WOP)”**; assistance to fund the clinical trials of initial research for a therapy to save children with neurodegenerative illnesses, and to develop the activities of the organization.

- **Gautena”**; assistance to refurbish the Santa Clara facilities in Elgoibar and to buy a special vehicle to assist families in the Bajo Deba district.

Additionally, work has continued on the neighborhood transformation project, named “Osintxu Bizi,” which was initiated in 2021, with an additional allocation of €20,000 in 2023. The project aims to coordinate

actions between the city council, neighborhood representatives, and SORALUCE to improve the well-being of the residents. Within the “Osintxu Bizi” project, the following areas are being addressed:

- To make pre-school classes possible in the Osintxu center.

- Improvement of the area’s image by creating murals.

- Urban regeneration with the support of public institutions for facade renewal, accessibility improvements, etc.

- Acquisition of a space for cultural purposes and as a community center.

- Drawing up a strategic urban development plan for the Osintxu neighborhood.

- Industrial regeneration of the A-44 area in the Osintxu neighborhood.

- Regeneration of the neighborhood square and library.

- Creation of new parking spaces for residents in the neighborhood.



Initiatives for participation in the community carried out externally

In Germany, during 2023, initiatives with a clear impact on the local community were developed, amounting to €14,000, compared to €26,300 in 2022. These initiatives include contributions to the Lebenshilfe Limburg-Diez e.V. Institute for people with disabilities, the annual charity bicycle ride for children and young

people with cancer organized by the “Tour of Hope” association, the “Kinderschutzbund Ortsverband Hagen e.V.” child protection association, the German Red Cross in the Limburg district for rescue dogs “Deutsches Rotes Kreuz Kreisverband Limburg e.V.”, and other local community associations or centers.

5.2. Sustainability of the supply chain

[3-3] [2-23] [204-1] [407-1] [408-1] [409-1]

SORALUCE’s commitment to its central values of respect for human rights, employment, the environment, and anticorruption practices is also

reflected in its purchasing policy, favouring a more responsible and sustainable supply chain.

Code of Conduct for Suppliers

Aware of the impact and the potential risks that suppliers may generate along the local supply chain and in relation to stakeholders various, in a bid to reduce these adverse effects SORALUCE operates a Code of Conduct for Suppliers, to be accepted and signed by the suppliers with which it works.

Through their acceptance of this Code of Conduct, not only do suppliers declare their compliance with the laws applicable, but their business is also carried on with all due respect for the following criteria:

— Prohibition of corruption and bribery.

— Employee health and safety.

— Respect for the basic human rights of their employees.

— Protection of the environment.

— Prohibition of child labor.

— A commitment to foster these values in their own supply chains.

All the Group's current suppliers received this Code of Conduct. No operations or suppliers have been identified in the SORALUCE supply chain with a significant risk of cases which infringe human rights, such as instances of child labour, forced labour, or situations in which freedom of association and bargaining may be at risk.

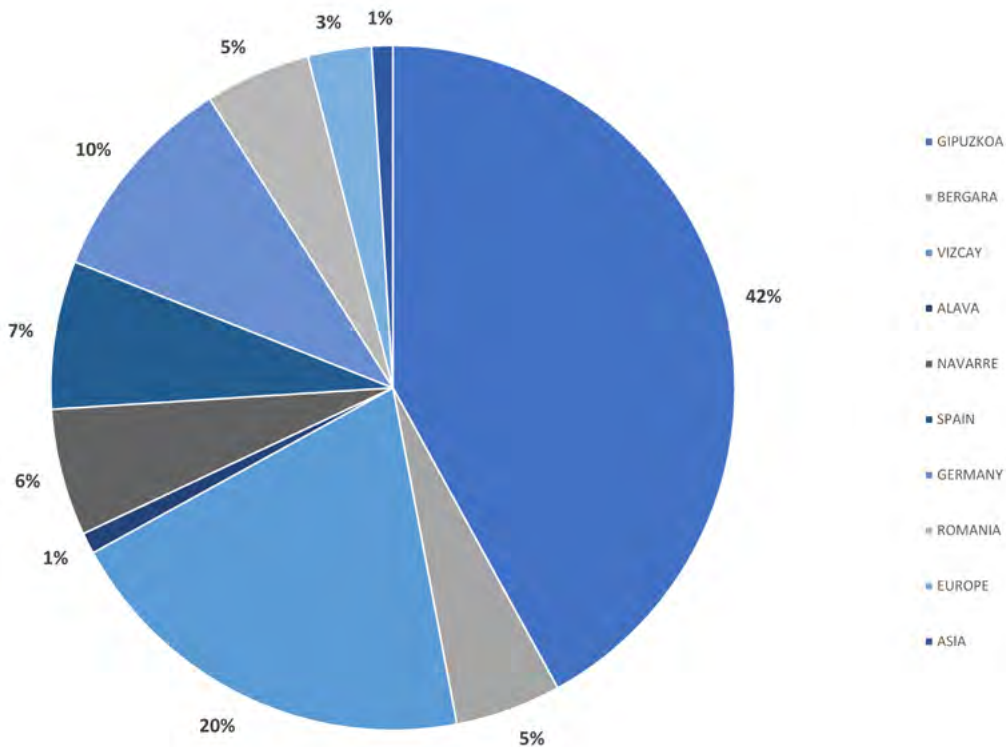
New suppliers are selected on the basis of the purchasing policy defined by DANOBATGROUP, which classifies suppliers across a range of risk levels, depending on the sector of business activity and material families.

Local suppliers

SORALUCE is positively highlighted for its high level of purchases from local suppliers, as shown in the following charts. In 2023, 47% of the purchases were made in Gipuzkoa (with 5% in Bergara), and

27% in Álava, Bizkaia, and Navarra; thus, 74% of the purchases were from local suppliers located in the Basque Country and Navarra.

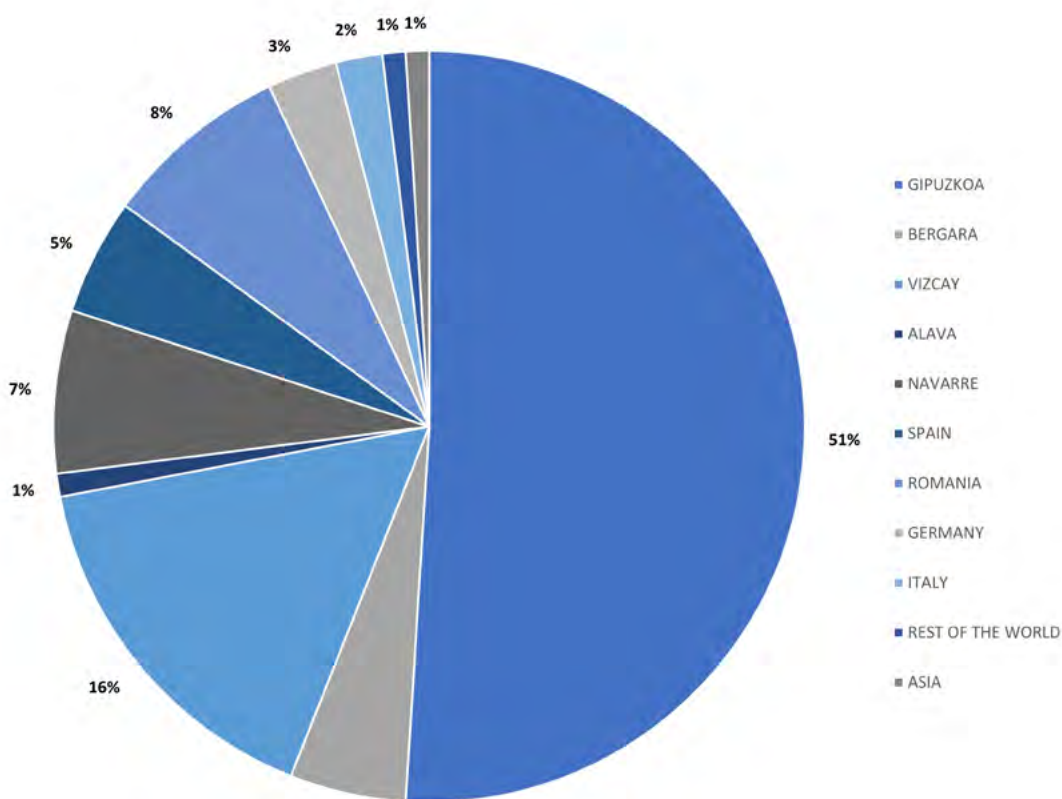
Distribution of the volume of purchases in 2023 by supplier locations



The predominance of local suppliers is maintained over time, as a result of the local purchases policy operated by the Group. Over the last 12 years, 47% of the total volume of purchases was accounted for by

suppliers in Gipuzkoa, 15% by suppliers in Bizkaia, and 6% by suppliers in Navarra. This means that 76% of total purchases was made from suppliers in Spain, and the remainder from European suppliers.

Distribution of the volume of purchases in 2021 by supplier locations in 2014-2023



Monitoring of hazardous chemicals

SORALUCE guarantees the non-utilization of conflict minerals in the manufacture of its products, and meets the legal requirements in relation to the use of hazardous substances. In 2023 all suppliers working with SORALUCE received notice of the requirements

of the European Union's Waste Directive, in order to compile the necessary information on the possible use of hazardous substances (ECHA candidate substances), for the purposes of notification in the SCIP database.

5.3. Health and safety of users of the product

[2-29] [3-3][416-1] [416-2] [417-1] [418-1]

SORALUCE has implemented and systematized a number of procedures to guarantee the safety and health of users of machines produced and sold. The risk analysis is drawn up and updated for each product on a regular basis, and whenever the regulations change the safety information supplied to the customer is adapted and personalized, thereby ensuring that this information is continuously updated. This means there is strict compliance with all requirements in relation to product information and labelling.

By contract, all machinery installed for customers also includes the provision of training, by way of a final step in delivery of the product. Training includes contents on the functioning of the machine and also health and safety issues, among others. SORALUCE also

offers ad hoc training in this area, irrespective of the training included on delivery of the product. There is a possibility of an online training offer if face-to-face instruction is not possible.

It should be noted that as a result of Covid-19 SORALUCE can carry out remote pre-acceptances. This is the approval of the order with the customer before the machine is sent to its destination. In cases in which the customer has been unable to travel to SORALUCE, the validation tests have been conducted online.

In 2023, as in 2022, no cases of non-compliance related to the health and safety impacts of machines sold by SORALUCE were identified, nor were there issues regarding the information provided about them.

Claims and complaints system - mySORALUCE

In addition to the annual satisfaction survey and regular communication channels, SORALUCE provides its customers with the “mySORALUCE” portal, allowing all clients to easily and directly contact SORALUCE for comments or requests regarding any aspect they consider.

In 2023, new strategies for “mySORALUCE” were defined. On one hand, the application was extended to the American market, with the particularity that it is the distributor who manages direct interactions with SORALUCE in this case. On the other hand, the strategy continues to include this option as a standard feature in all machines sold in both the national and French markets.

Additionally, in 2023, development continued in the areas of maintenance management and interactive spare parts catalogs. Initial pilots were defined for further development of the customer portal.

The main objectives in 2023 focused on implementing the defined pilot developments for maintenance management, including planning and spare parts acquisition. Regarding communication, various webinars are planned to further expand the platform.

In 2023, as in 2022, no complaints were received regarding violations of customer privacy or data loss.

5.4. Plan de Euskera

SORALUCE is sensitive to the Basque language and culture and has tried to make it easier for people to work in their mother tongue. For this reason, it has established a Basque Plan to promote and develop knowledge and use of Basque in the workplace. It obtained the BIKAIN Language Management Quality Certificate in 2015, a certificate awarded by the

Basque Government that accredits a certain level of standardization in the presence, use and management of Basque by an organization. In 2023, 36.950,69 € was allocated to the Basque Language Plan, promoting training and participation in social initiatives related to the Basque language.

5.5. Tax information

[201-4]

With a consolidated revenue of 118.066 thousand € in 2022, compared to 99,444 thousand € in 2021, there

follows information on the profit earned and profit tax paid out, by countries, in thousands of euros:

Country	Profit earned (thousands of €) (*)		Profit tax paid out (thousands of €) (**)	
	2023	2022	2023	2022
Spain	11.231	6.035	221	44
Italy	1.073	1.857	430	735
Germany	1.831	666	756	303

(*) Net profit earned according to aggregate financial information by countries.

(**) Tax paid out on profit according to the Consolidated Profit and Loss Statement.

In relation to public subsidies received, the amount of operating subsidies booked on SORALUCE's profit and loss statement stood at 1,139 thousand in the financial year 2023, as against 1,294 thousand

euros in 2022. Assistance from public authorities for SORALUCE's activities is mainly accounted for by Research and Development and Innovation.

Annex

Annex 1 - Contact data

[2-1]

Soraluce S.Coop is the parent cooperative of SORALUCE. For further information:

Denomination	Soraluce S. Coop.
Address	Osintxu Auzoa E-20570 BERGARA (Gipuzkoa) Spain
Telephone	(+34) 943 76 90 76
E-mail	soraluce@soraluce.com
Web page	www.soraluce.com

Annex 2 - Table showing compliance traceability with Law 11/2018

There follows a list of the GRI contents used in each area defined in the Law (GRI Standards published in 2016 and subsequent updates).

Area: Business Model

Contents: A brief description of the group's business model, which will include its corporate environment, its organization and structure, the markets in which it operates, its goals and strategies, and the main factors and tendencies that may affect its future development.

GRI Standard	Section	Page
2-1	1. Soraluce	5
2-6	1. Soraluce	5
2-1	1. Soraluce	5
2-1	1. Soraluce 1.2. Business model	5 14
2-1	1. Soraluce Anex	5 85
2-6	1.2. Business model	14
2-22	1.4. Goals and strategies	23
2-28	1.4. Goals and strategies	23
2-12	1.4. Goals and strategies	21 31
2-12 2-25	1.3. Perspective of the environment 1.5. Management model and policies	6
2-23	1.1. Identity: perspective, mission and values	14
2-9	1.2. Business model	14
2-26	1.2. Business model	23 31
2-23 2-24 3-3	1.4. Goals and strategies 1.5. Management model and policies	22 30

Area: Due diligence procedures and policies

Contents: A description of the policies applied by the group with respect to these issues, which will include the due diligence procedures applied for the purposes of identification, assessment, prevention and attenuation of significant risks and impacts and verification and monitoring, including the specific measures that have been taken.

GRI Standard	Section	Page
3-3	1.5. Management model and policies	31
2-12 2-23 2-25	1.5. Management model and policies	31

Area: Assessment of non-financial risks

Contents: The main risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact in those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each issue. This should include information on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks.

GRI Standard	Section	Page
3-3	1.5. Management model and policies	31
2-12 2-23 2-25	1.5. Management model and policies	31

Area: Environmental Issues

Contents: Detailed information on the current and foreseeable effects of the company's activities on the environment and, as the case may be, on health and safety, procedures for environmental certification or appraisal; the resources allocated to the prevention of environmental hazards; application of the principle of precaution, the amount of provisions and guarantees concerning environmental hazards.

GRI Standard	Section	Page
3-3	2. Environmental commitment	34
2-23	2.1. Environmental management system and ecodesign certification	37
2-27	2. Environmental commitment	34

Area: Measures to prevent pollution

Contents: Pollution: measures to prevent, reduce or make good carbon emissions with a serious impact on the environment; in due consideration of any kind of atmospheric pollution that is specific to a particular activity, including noise and light pollution.

GRI Standard	Section	Page
3-3	2.4. Climate change and measures to prevent and reduce pollution	44
NO GRI	Noise and light pollution	-

Area: The circular economy and waste prevention and management

Contents: The circular economy and waste prevention and management: measures for prevention, recycling, reuse, other ways of recovering and eliminating waste; action to combat food wastage.

GRI Standard	Section	Page
3-3	2.3. Waste management and the circular economy	43
306-2	2.3. Waste management and the circular economy	43
306-3	2.3. Waste management and the circular economy	43
NO GRI	Food wastage	-

Area: Sustainable use of resources

Contents: Water consumption and water supply in accordance with local limitations; consumption of raw materials and the measures taken to increase the efficiency of their use; direct and indirect consumption of energy, measures taken to boost energy efficiency and the use of renewable energies.

GRI Standard	Section	Page
3-3	2.2. Sustainable use of resources	41
301-1	2.2. Sustainable use of resources	41
302-1	Energy consumption and energy efficiency	42
302-3	Energy consumption and energy efficiency	42
302-5	2.1. Environmental management system and ecodesign certification	37
303-3	Water consumption	42

Area: Climate change - Emissions

Contents: The major features of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces; the measures taken to adapt to the consequences of climate change; the reduction targets established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented to this end.

GRI Standard	Section	Page
3-3	2.4. Climate change and measures to prevent and reduce pollution	44
305-1	2.4. Climate change and measures to prevent and reduce pollution	44
305-2	2.4. Climate change and measures to prevent and reduce pollution	44

Area: Protection of biodiversity

Contents: Measures taken to preserve or restore biodiversity; impacts of activities or operations in protected areas.

GRI Standard	Section	Page
NO GRI	2.5. Protection of biodiversity	45

Area: Social and staff issues: Employment

Contents: Total number and distribution of employees by sex, age, country and professional classification; total number and distribution of types of employment contract, annual average of indefinite contracts, temporary contracts and part-time contracts by sex, age and professional classification, number of redundancies by sex, age and professional classification; average remuneration and developments in remuneration by sex, age and professional classification or equivalent value; pay gap, remuneration for the same or similar posts, the average remuneration of board members and executives, payments towards long-term savings and any other incomings, by sex; implementation of work disconnection policies, and employees with disabilities.

GRI Standard	Section	Page
3-3 2-23	3. Commitment to people	46
2-7	3.1. Employment	49
2-19	Remuneration	53
2-20	Remuneration	53
401-1	Trends in employment and new hires	51
405-1	3.1. Employment 3.6. Equality and non-discrimination	49 68
No GRI	Disconnection policies: 3.2. Organization of work. Work/family balance measures	55

Area: Social and staff issues: Organization of work

Contents: Organization of working hours; number of hours of absenteeism; measures to enable staff to enjoy a work/family balance and encourage co-responsible exercise of these aspects by both parents.

GRI Standard	Section	Page
3-3	3.2. Organization of work. Work/family balance measures	52
2-7	3.2. Organization of work. Work/family balance measures	52

Area: Social and staff issues: Health and safety

Contents: Health and safety conditions in the work place; accidents in the work place, particularly their frequency and seriousness, and professional illnesses; broken down by sexes.

GRI Standard	Section	Page
3-3 2-23	3.3. Occupational health and safety	56
403-1	3.3. Occupational health and safety	56
403-2	3.3. Occupational health and safety	56
403-3	3.3. Occupational health and safety	56
403-5	3.3. Occupational health and safety	56
403-8	3.3. Occupational health and safety	56
403-9	3.3. Occupational health and safety	56
403-10	3.3. Occupational health and safety	56

Area: Social and staff issues: Social-employment relations

Contents: Organization of social dialogue, including procedures to notify and consult staff and negotiate with them; percentage of employees covered by a collective bargaining agreement, by countries; the outcome of collective agreements, particularly in the field of occupational health and safety.

GRI Standard	Section	Page
2-29	3.4. Corporate relations	65
2-30	3.4. Corporate relations	65
2-29	3.4. Corporate relations	65
403-4	3.4. Corporate relations	65

Area: Social and staff issues: Training

Contents: The policies implemented in relation to training; the total number of hours of training, by professional categories.

GRI Standard	Section	Page
3-3	3.5. Talent and training	66
401	3.5. Talent and training	66
404-1	3.5. Talent and training	66
404-2	3.5. Talent and training	66

Area: Social and staff issues: Universal accessibility for people with disabilities

Contents: Universal accessibility for people with disabilities.

GRI Standard	Section	Page
No GRI	3.6. Equality and non-discrimination	68

Area: Social and staff issues: Equality

Contents: Measures taken to foster equal treatment and opportunities for women and men; equality plans (Chapter III of Organic Law 3/2007 of 22 March for the effective equality of women and men), measures taken to foster employment, protocols to combat sexual harassment and harassment due to gender, integration and universal accessibility for people with disabilities; policy against all kinds of discrimination and, where applicable, policy for the management of diversity.

GRI Standard	Section	Page
3-3 2-23	3.6. Equality and non-discrimination	68
405-1	3.6. Equality and non-discrimination	68
406-1	3.6. Equality and non-discrimination	68

Area: Information on respect for human rights

Contents: Application of due diligence procedures in relation to human rights; prevention of risks of infringement of human rights; and, where applicable, measures to mitigate, manage and make good possible abuses committed; reports of instances of infringement of human rights; promotion and fulfilment of the provisions of the basic agreements drawn up by the International Labour Organization in relation to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupations; elimination of forced or compulsory labour; the effective abolition of child labour.

GRI Standard	Section	Page
3-3 2-23 2-27	4. Respect for human rights and the fight against corruption and bribery	70
2-23	4. Respect for human rights and the fight against corruption and bribery	70
2-16 2-26	4. Respect for human rights and the fight against corruption and bribery	70
407-1	4. Respect for human rights and the fight against corruption and bribery	70
408-1	4. Respect for human rights and the fight against corruption and bribery	70
409-1	4. Respect for human rights and the fight against corruption and bribery	70
2-27	4.1. Compliance program	72

Area: Information concerning the fight against corruption and bribery

Contents: Measures taken to prevent corruption and bribery; measures to combat moneylaundering, contributions to foundations and non-profitmaking organizations.

GRI Standard	Section	Page
3-3 2-23 2-27	4. Respect for human rights and the fight against corruption and bribery	70
2-23	4. Respect for human rights and the fight against corruption and bribery	70
2-16 2-26	4. Respect for human rights and the fight against corruption and bribery	70
205-2	4.1. Compliance program	72
205-3	4.1. Compliance program	72
206-1	4.1. Compliance program	72

Area: Information on the company: Commitment of the company to sustainable development

Contents: The impact of the company's business activity on employment and local development; the impact of the company's business activity on local populations and on the territory; relations with the representatives of local communities and formats for dialogue with them; action for the purposes of association or sponsorship.

GRI Standard	Section	Page
3-3 2-23	5.1. Contribution to Education and Cooperative Promotion and Other Objectives in the Public Interest - COFIP	76
203-2	5.1. Contribution to Education and Cooperative Promotion and Other Objectives in the Public Interest - COFIP	76
413-1	5.1. Contribution to Education and Cooperative Promotion and Other Objectives in the Public Interest - COFIP	76

Area: Information on the company: subcontracting and suppliers

Contents: Addition to the policy on purchases, social, gender equality and environmental issues; consideration in relations with suppliers and subcontractors of their social and environmental responsibility; supervision and audit systems and their findings.

GRI Standard	Section	Page
3-3 2-23	5.2. Sustainability of the supply chain	79
204-1	5.2. Sustainability of the supply chain	79
407-1	5.2. Sustainability of the supply chain	79
408-1	5.2. Sustainability of the supply chain	79
409-1	5.2. Sustainability of the supply chain	79

Area: Information on the company: consumers

Contents: Measures in relation to the health and safety of consumers; claim systems, complaints received and resolution of complaints.

GRI Standard	Section	Page
3-3	5.3. Health and safety of users of the product	82
2-29	5.3. Health and safety of users of the product	82
416-1	5.3. Health and safety of users of the product	82
416-2	5.3. Health and safety of users of the product	82
417-1	5.3. Health and safety of users of the product	82
418-1	5.3. Health and safety of users of the product	82
No GRI	1.4. Goals and strategies: Customer satisfaction survey	23

Area: Information on the company: consumers

Contents: The profit earned, country by country; tax paid out on profit, and public subsidies received.

GRI Standard	Section	Page
No GRI	5.4. Tax information	83
201-4	5.4. Tax information	83

Anex 3 – Materiality analysis

The content of this report focuses on the Sustainable Development Goals that are most closely aligned with the actions set out in DANOBTGROUP's 2021-2024 Strategic Plan. Soralue, as an integral part of DANOBTGROUP, adapts to the materiality study carried out by DANOBTGROUP. This report explains how the Group's activities contribute both to the fulfilment of the goals set out in the strategic plan and to achieving a sustainable future for everyone. From this perspective, this sustainability report explains DANOBTGROUP's activities and focuses on initiatives aimed at responsible production and consumption, innovation applied to industry and products, with an emphasis on energy efficiency (reduction of GHG emissions, use of renewable energy sources, etc.) and environmental management (waste, use of resources, etc.). Furthermore, from the outset, the Group has paid special attention to strengthening corporate governance and building a working environment that improves the quality of life of people and develops them in a comprehensive manner, encouraging entrepreneurship, participation in management and accountability for the results obtained. Diversity, gender equality and non-discrimination are also considered to be factors that enrich the organization. Finally, DANOBTGROUP values and actively develops inter-cooperation, collaborating with companies and companies of other sectors.

During the 2nd half of 2020, DANOBTGROUP launched a materiality study with the objective of defining the issues relevant to the Group's sustainability, considering the priorities of our stakeholders and the way in which DANOBTGROUP manages these priorities.

In parallel, the DANOBTGROUP companies embarked on a strategic reflection process that led to a new strategic plan for the period 2021-2024. Thus, the new Strategic Plan 2021-2024 introduces sustainability among its 8 priority strategic lines of action. The materiality analysis has been carried out as a four-step process, which has allowed us to prioritize the areas of our action.

Stage 1

Definition of relevant issues

Through an analysis, on the one hand, of external sources relating to, among other aspects, trends, sector benchmarking and applicable regulations, and, on the other hand, internal sources, an initial identification of relevant issues was made. Based on this list of issues, after a validation process, a list of material issues on which to advance in the process was concluded.

Stage 2

Contrast and internal validation of relevant issues

DANOBTGROUP assessed the relevance of each topic, considering factors such as: the business impacts of the issues, the risks involved, the impact on brand and corporate reputation.

As a result of this process, a final list of material issues for further study was drawn up.

Stage 3

Consultation with external and internal stakeholders

During the last months of 2020, 312 internal and external stakeholders were consulted through meetings with relevant individuals and entities and, above all, through online surveys.

Stage 4

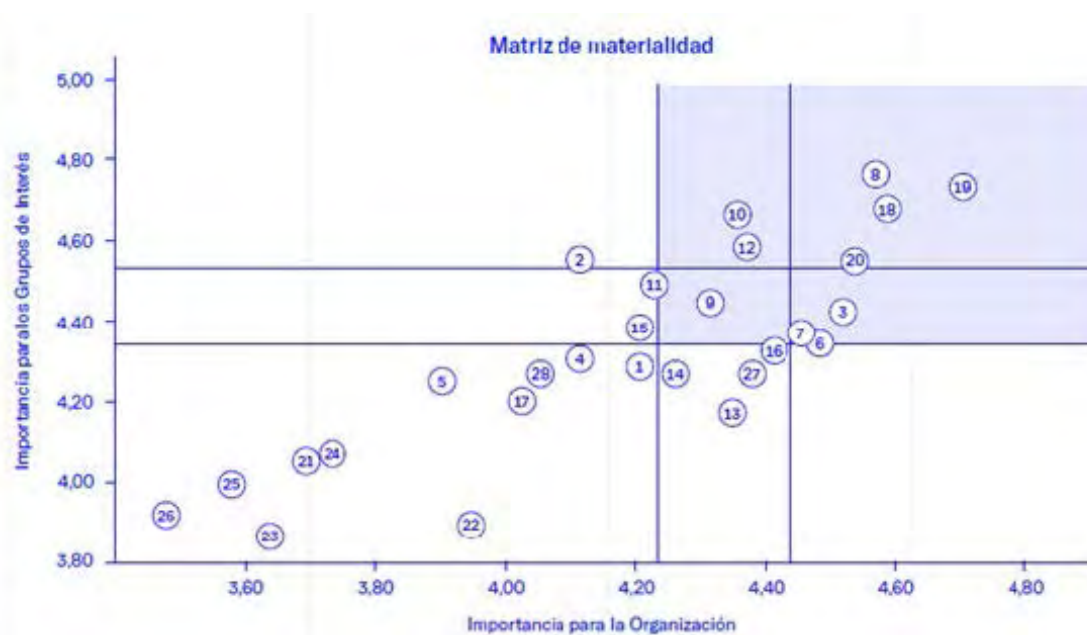
Materiality matrix

As a result of the stakeholder consultations, a matrix of priority material issues was developed, defined along two axes: the relevance of the issue for internal stakeholders and the relevance for external stakeholders.

The matrix takes into account the weighting given to each stakeholder group. For internal stakeholders, the weighting is based on their economic, environmental and social influence on the company. For external stakeholders, the weighting is based on the degree to which they are affected by the company's economic, environmental and social performance.

Analysis and definition of material issues

The total number of issues assessed was 28, grouped into 6 categories: (1) environment, (2) labour practices, (3) ethics and corporate governance, (4) products and services, (5) society, and (6) economy. Using the materiality matrix, 28 topics have been ranked from highest to lowest relevance. The 11 topics of high relevance are those that were then transferred to DANOBATGROUP's Sustainability Plan, integrating them transversally in the 2021-2024 Strategic Plan.



No. Material issues

1 Energy

2 Emissions and climate change

3 Waste management

4 Life cycle and resource management

5 Circular Economy

6 Training and professional development

7 Talent management

8 Health and safety at work

9 Diversity and equality

10 Non-discrimination

11 Respect for human rights

12 Business ethics and integrity

13 Learning culture

14 Democratic Organization

15 Transparency and information management

16 Advanced business culture

17 Implementation of best practices in corporate governance

18 Product quality and safety

19 Customer satisfaction

20 Innovation applied to the development of new products

21 Involvement in local communities. Social transformation

22 Solidarity mechanisms

23 Stakeholder relations and engagement

24 Local suppliers

25 Environmental assessment of suppliers

26 Social assessment of suppliers

27 Profitability and performance

28 Alliances / Strategic Partnerships / Inter-cooperation

To determine the relevance of issues, both internal and external perspectives are considered.

In the process of validating the topics with management, it was decided to merge “diversity and equality” with “non-discrimination” on the one hand, and “training and professional development” with “talent management” on the other. Furthermore, in order to broaden the scope and to be in line with market trends, it was decided to include the topic of “energy” in the material topic of “emissions and climate change”.

Furthermore, given the importance attached by management to the topics “strategic alliances/collaborations and inter-cooperation” on the one hand, and “local community implications/social transformation” on the other, it is decided to include both as material topics.

In terms of the sum of the two relevances, the priority issues are:

Material issues	Description	GRI Indicator
Emissions and climate change	Reducing atmospheric emissions and combating climate change.	GRI 305
Waste management	Reduce waste generation by promoting reuse, recycling, etc. and reduce the impacts associated with wastewater generation.	GRI 303 / GRI 306
Training and professional development	Create spaces and a culture that facilitate both professional and personal development in a comprehensive manner through internal training and capacity building.	GRI 404
Talent Management	Promote the attraction, development and retention of talent. Carry out strategic planning of people in order to foresee what profiles will be needed and where the skills of our current groups should evolve. Work on the employer brand and implement strategies to attract the required profiles. Establish a culture of lifelong learning at all levels so that people have the capacity to learn and adapt to change.	GRI 401
Health and safety at work	To foster a healthy and safe environment through the prevention of occupational risks and the promotion of the health and safety of workers.	GRI 403
Diversity and equality	Promote an inclusive work environment based on diversity, equal opportunities between men and women and multiculturalism.	GRI 405
Non-discrimination	Ensure non-discrimination through measures to prevent differential treatment of any person (workers, clients, customers, users, etc.) on the basis of race, dryness, etc.	GRI 406
Business ethics and integrity	Ensure ethical and responsible behavior of the company's governing and management bodies and establish mechanisms to prevent practices such as corruption, bribery, fraud or unfair competition.	GRI 205 / GRI 206
Product quality and safety	To achieve high levels of competitiveness by developing high quality and very safe products and services that are useful and beneficial.	GRI 416
Customer satisfaction	Customer satisfaction.	NO GRI
Innovation applied to the development of new products	Promote continuous innovation and adaptation of products and services that respond to changing customer, market and societal needs, including climate change (eco-sustainable products and services).	NO GRI

The relationship and dialogue with DANOBATGROUP's stakeholders is essential in order to be aware of their concerns and take them into account in the development of the Group's activity.

The process of communication with stakeholders results in certain advantages for DANOBATGROUP, which make this communication a fundamental factor in the definition of the strategy and in the corporate culture:

It improves risk management, by including the opinion of stakeholders in the selection of relevant issues for the company.

It raises awareness of the social, economic and environmental context, both present and future, which makes it possible to identify opportunities.

Improves corporate reputation and stakeholder confidence in DANOBATGROUP.

Internal Stakeholders

Board of Directors

Governing / Social Board

External Stakeholders

Customers

Suppliers

Public Administration

Regional Public Administration

Local Public Administration

National Public Administration

Partners

External delegations

Sectoral associations

Technology centers

Universities

MONDRAGON Corporation

MONDRAGON

MIA

Laboral Kutxa

Lagun Aro

Social partners

Press and Social Networks

TV and Radio Stations

NGOs

Cultural associations

Soraluce

Osintxu Auzoa - E-20570 Bergara (Gipuzkoa) - Spain
+34 943 76 90 76

www.soraluce.com

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