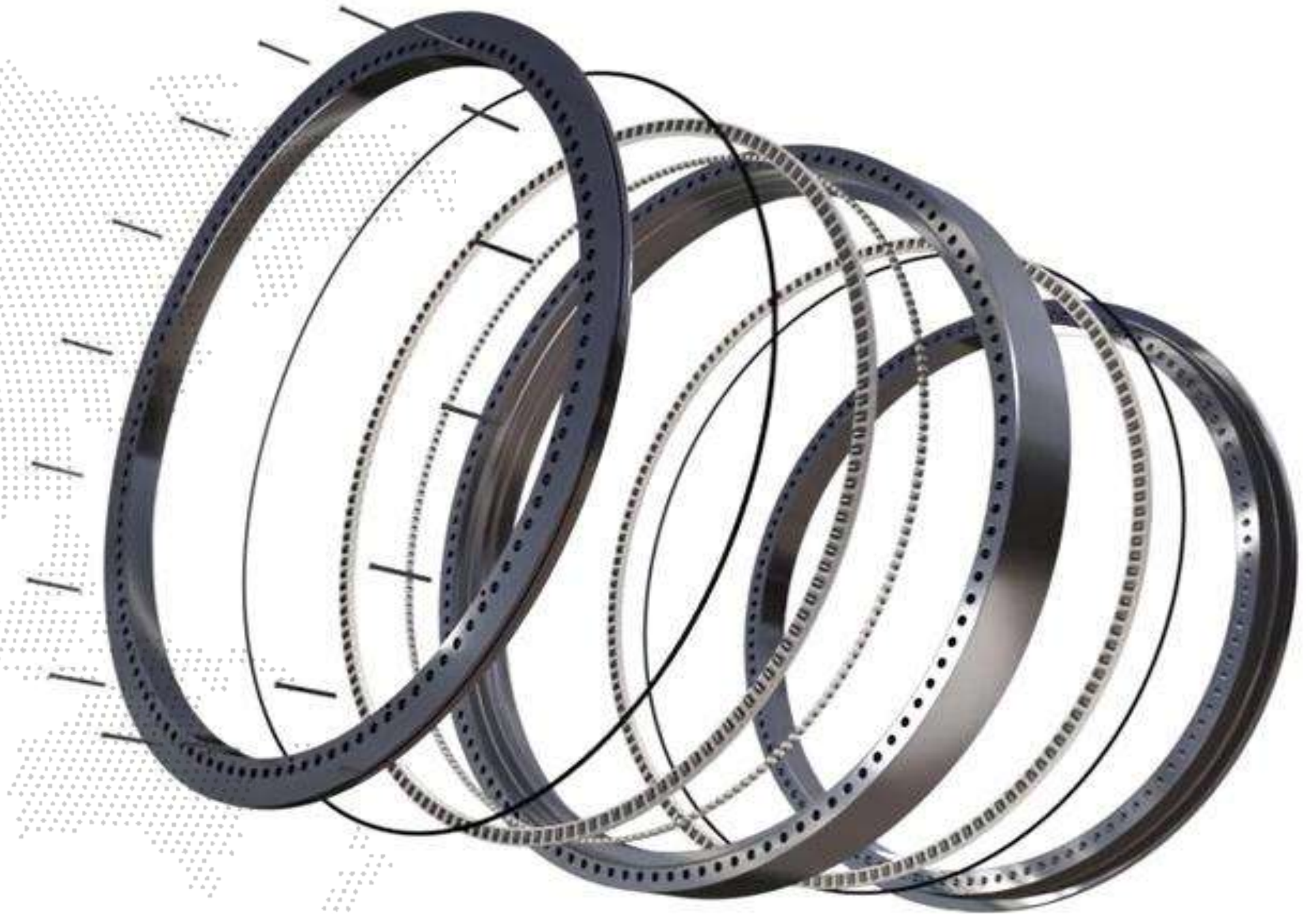


# ESG REPORT

**2023-2024 SCORECARD +  
2025-2026 ACTION PLAN**

19/11/2025

*with reference to GRI Standards (2021)*



- **Introduction**
- **Methodology (Summary)**
- **Laulagun at a glance**
- **Key ESG Achievements 2023-2024**
- **Materiality Assessment**
- **Contribution to UN Sustainable Development Goals (SDGs)**
- **ESG Scorecard 2023-2024:**
  - **Professional Development / Health & Safety / Environment / Innovation / Governance**
- **Action Plan 2025**
- **Action Plan 2026**

## Purpose of the Report

This is Laulagun Bearings' first consolidated ESG Report—and we've built it with a clear purpose in mind.

We manufacture large-diameter bearings that keep wind turbines spinning. Our products are critical infrastructure for the global energy transition. That means our environmental and social performance isn't just about compliance—it's about making sure the renewable energy sector can rely on us to do better, year after year.

This report is our way of being transparent about where we are, what we've achieved, and where we're headed. It's built on real data from 2023 and 2024, covers both our operations in Euskadi and India, and sets out concrete actions for 2025–2026.

We've prepared it with reference to the GRI Standards 2021 and aligned it with the UN Sustainable Development Goals most relevant to our business. It's not a perfect report—it's our first—but it's an honest one.

## Scope

This report covers the entire Laulagun Bearings organization: both Euskadi (Olaberria + Idiazabal) and India (Chennai). It reflects our global footprint and our commitment to manage ESG performance consistently across geographies.

## Reporting Period

We're reporting full-year data for 2023 and 2024, plus a forward-looking action plan for 2025–2026. The year 2023 serves as our verified baseline for greenhouse gas emissions, independently verified by DNV. This baseline is the starting point for our decarbonization roadmap and our future alignment with Science Based Targets.

## Reporting Framework

This report has been prepared with reference to selected disclosures from the GRI Standards 2021. We've also mapped our performance to the UN Sustainable Development Goals (SDGs) that matter most to our stakeholders and our operations. It's not a fully GRI-compliant report yet, but it's structured to allow comparability, transparency, and continuous improvement as our ESG reporting matures.

# Methodology (Summary)

## Reporting scope

This ESG Report covers Laulagun Bearings' global operations (Euskadi + India), consolidating environmental, social and governance data across both sites.

## Reporting period

KPIs are reported for 2023 and 2024, complemented by a 2025 progress update aligned with strategic ESG priorities.

## Data sources

Data has been compiled from internal management systems, ESG Scorecard, HSE registers, HR databases and purchasing records.

## Reporting framework

The report has been prepared with reference to selected GRI Standards (2021) and aligned with material SDG targets relevant to Laulagun's activities.

## Materiality

The selection of topics reflects the 2024 double-materiality assessment performed with Inguru+, complemented by internal expertise and customer expectations.

## Verification

Scope 1 and Scope 2 emissions for the year 2023 were independently verified by DNV. Other ESG metrics are based on internal controls and management system documentation.

## Who we are

Laulagun Bearings designs and manufactures large-diameter bearings for wind turbines. We operate from two locations—Euskadi (Spain) and Chennai (India)—and supply some of the world's leading wind energy OEMs and developers.

Our bearings are engineered to withstand extreme loads and harsh conditions, for 20+ years of continuous operation. When a wind turbine generates clean energy, there's a good chance one of our bearings is making it possible.

## Why ESG matters to us

Because of what we make and how we make it, our main ESG impacts are concentrated in four areas:

- **Raw materials:** We consume significant volumes of steel, mostly sourced from China. Material efficiency and supplier engagement are critical.
- **Energy use:** Manufacturing large bearings requires substantial energy, especially for induction hardening and machining processes.
- **Occupational health & safety:** Working with heavy machinery and large-scale components means safety isn't optional— it's foundational.
- **Supply chain responsibility:** We depend on a global network of suppliers. Their environmental and social performance directly affects ours.

These four areas shape our sustainability priorities and drive our improvement roadmap.

## LAULAGUN BEARINGS

330 people, 5 languages, 2 sites = 1 company

### 3 PRODUCTION PLANTS



**LAULAGUN  
HEADQUARTERS**

OLABERRIA,  
Gipuzkoa

8,000 m2



**LAULAGUN  
SPAIN**

IDIAZABAL,  
Gipuzkoa

12,000 m2



**LAULAGUN  
INDIA**

CHENNAI, India

11,000 m2

### 2 R&D CENTERS



**LAULAGUN  
TEST CENTER**

IDIAZABAL, Gipuzkoa



**3-BLADE  
TEST CENTER**

EIBAR, Gipuzkoa

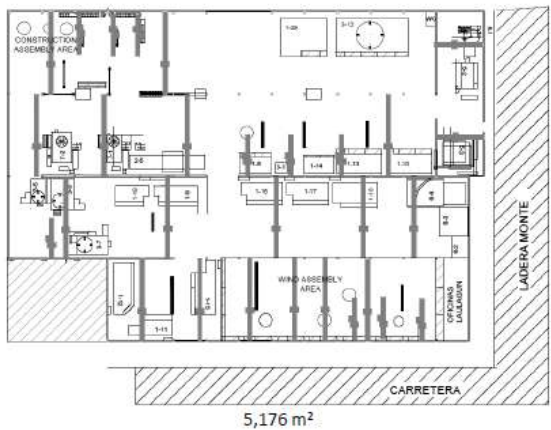
From Olaberria to Chennai, our team share the same commitment: engineering reliable solutions for the renewable energy sector. Different geographies, different languages—but one mission.

# Laulagun at a glance



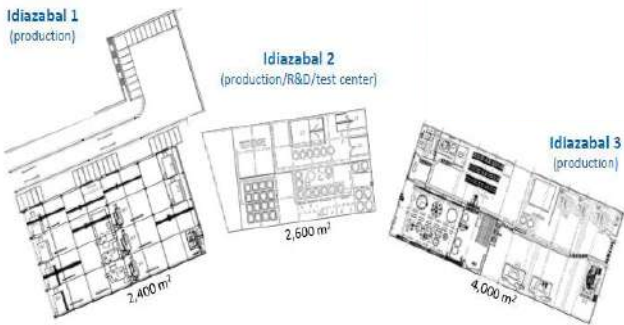
## Olaberria – headquarters & production plant

|                  |             |                     |                    |           |
|------------------|-------------|---------------------|--------------------|-----------|
| 1                | 1           | 5,176 m2            | 8,000 m2           | 49        |
| Production plant | Headquarter | Actual area surface | Total area surface | Employees |



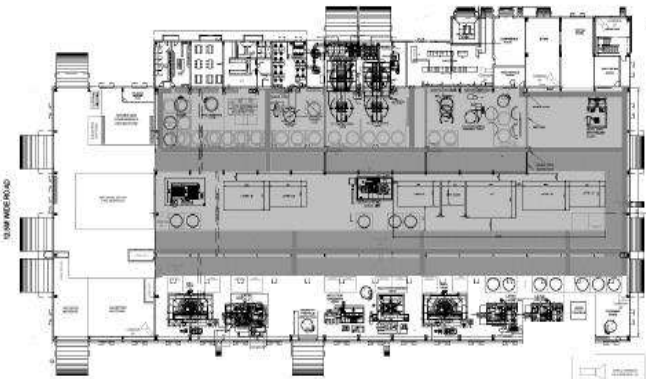
## Idiazabal – production plant & R&D/testing center

|                  |                        |              |                     |                    |           |
|------------------|------------------------|--------------|---------------------|--------------------|-----------|
| 1                | 1                      | 6            | 9,000 m2            | 11,820 m2          | 100       |
| Production plant | R&D and testing center | Test benches | Actual area surface | Total area surface | Employees |

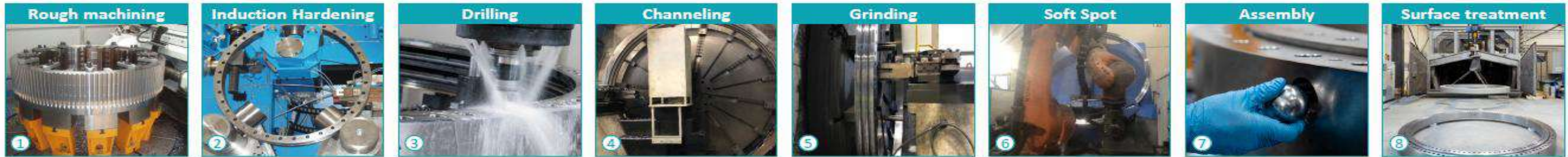
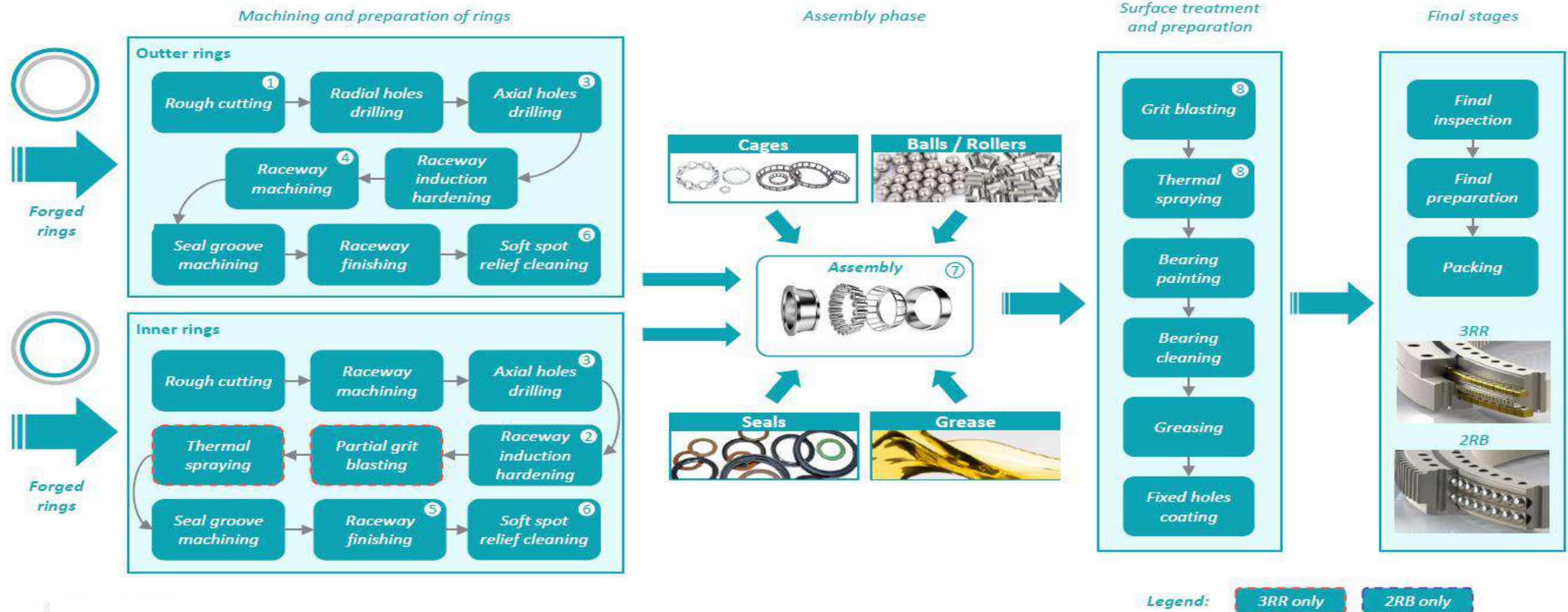


## Chennai – production plant

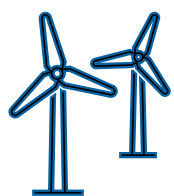
|                  |                     |                    |          |           |
|------------------|---------------------|--------------------|----------|-----------|
| 1                | 9,000 m2            | 11,200 m2          | 23       | 124       |
| Production plant | actual area surface | Total area surface | machines | Employees |



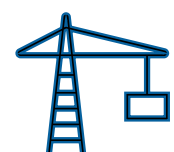
# Laulagun at a glance



# Laulagun at a glance



Service



Thruster

## ESG Focus Areas and Strategic Priorities

Sustainability isn't a separate workstream at Laulagun—it's embedded in how we run the business.

Our ESG priorities are shaped by three things:

- **Operational risks:** What could go wrong if we don't manage energy, emissions, safety, and suppliers well?
- **Stakeholder expectations:** What do our customers, employees, and investors need from us?
- **Regulatory developments:** What's coming down the line (CSRD, carbon pricing, supply chain due diligence)?

We focus on four interconnected areas:

- **Climate change mitigation:** Decarbonizing our operations and value chain, starting with verified Scope 1 & 2 emissions and expanding to Scope 3.
- **Responsible sourcing:** Ensuring our suppliers meet ESG standards, especially given the carbon intensity of steel production.
- **Employee safety & development:** Keeping people safe, skilled, and engaged across both plants.
- **Ethical business conduct:** Operating with integrity, transparency, and respect for human rights throughout our value chain.

This framework is supported by certified management systems (ISO 9001/14001/45001), internal KPIs tracked through our ESG Committee, and external assessments like EcoVadis.

# Key ESG Achievements 2023-2024

## What we've accomplished

### Climate & Energy

- ✓ Established 2023 as our verified carbon footprint baseline (Scope 1 & 2 independently verified by DNV)
- ✓ Achieved 100% renewable electricity in Spain
- ✓ Launched solar PPA in India covering ~80% of yearly consumption

### Occupational Health & Safety

- ✓ Reduced accident severity rates significantly across 2023–2024 (TF0 from 73.0 to 18.5)
- ✓ Delivered structured HSE training programs to all employees in both locations

### Responsible Business Conduct

- ✓ Updated our Integrated Company Policy and CSR Policy to embed ESG principles aligned with GRI, SDGs, and UNGC
- ✓ Reinforced supplier sustainability through our Sustainable Purchasing Policy and Supplier Code of Conduct

### Circularity & Waste

- ✓ Improved waste segregation and increased recycling rates at both plants
- ✓ Published updated maintenance instructions including end-of-life guidance for bearings

### Governance & Strategy

- ✓ Conducted Laulagun's first double-materiality assessment (Inguru+ methodology)
- ✓ Established the ESG Committee to oversee progress and accountability

## ESG Roadmap 2025-2027

- Laulagun Bearings is progressively strengthening its ESG framework through a structured roadmap aligned with international standards and stakeholder expectations.
- Key milestones:
  - 2025: ESG governance consolidation, Scope 1 & 2 verification (DNV), expansion of renewable electricity in India, supplier ESG integration.
  - 2026: Scope 3 improvement, ESG external audit, submission of Science Based Targets (SBTi).
  - 2027: SBTi target validation, expanded product carbon footprint coverage and mature ESG reporting (VSME).
- This roadmap supports continuous improvement, risk management and long-term value creation.

## What matters most: our first double-materiality screening

In 2024, we conducted our first structured materiality assessment using the Inguru+ methodology, supported by ADEGI.

We asked employees, clients, and industry peers: What ESG topics matter most to you? And where does Laulagun have the biggest impact—positive or negative?

### Five priority topics emerged:

1. **Greenhouse gas emissions** (SDG 7, 13) → High stakeholder concern + high business impact. Decarbonization is non-negotiable.
2. **Life-cycle environmental impacts** (SDG 9, 12, 13) → From material choice to end-of-life treatment, our bearings' full lifecycle matters.
3. **Health, safety & employee well-being** (SDG 3, 8) → Rated as critical by all stakeholder groups. Safety first, always.
4. **Labour relations & social dialogue** (SDG 8) → Fundamental for operational stability and team well-being.
5. **Remuneration, participation & inclusion** (SDG 5, 8) → Fair pay and equity are non-negotiables for a healthy workplace.

### What we heard across the board:

Emissions, resource efficiency, circularity, packaging, and supply-chain practices are where stakeholders expect us to improve most.

### Next steps:

This screening is our starting point. During 2025–2026, we'll conduct a full CSRD-aligned double materiality assessment using Greenly, with deeper stakeholder engagement and direct integration into strategic planning.

## How the Assessment Informs Our ESG & SDG Strategy

### Direct links to Laulagun's ESG priorities and the SDGs

The outcomes of the Inguru+ screening align naturally with the SDGs highlighted in our ESG Scorecard:

- **SDG 7 & SDG 13 – Climate and Energy:** Emissions emerged as one of the most material topics, supporting our decarbonisation efforts and 2030 climate target.
- **SDG 9 & SDG 12 – Innovation, Circularity and Resource Efficiency:** Life-cycle impacts, waste, packaging, and raw-material use were identified as priority areas, strengthening our focus on circular steel, product durability and responsible production.
- **SDG 3 & SDG 8 – Health, Safety and Decent Work:** Employee well-being, labour relations and safety performance were considered highly material by all stakeholder groups.
- **SDG 5 – Equality & Participation:** Equity, remuneration and inclusion were also identified as relevant areas for future improvement.

### Next steps: toward a full CSRD-aligned double materiality analysis

This initial assessment provides a solid baseline and confirms that climate, circularity, life-cycle impacts, and people-related topics are central to Laulagun's sustainability agenda.

During 2025–2026, Laulagun will strengthen this work with:

- A full double materiality assessment using a more advanced framework (Greenly),
- Stronger stakeholder engagement,
- Integration of material topics directly into strategic planning, risk management, and KPI definition.

### Strategic relevance

The results reinforce the ESG priorities already embedded in our scorecard and provide clear guidance for our Action Plan 2025–2026, ensuring alignment with stakeholder expectations and the SDGs.

# Climate-related Risks & Opportunities

## Climate-related risks and opportunities: How climate change affects our business

We've identified climate-related risks and opportunities as part of our ESG governance framework. Here's what they look like for Laulagun:

### Key risks:

- **Regulatory pressure:** Carbon pricing, emissions reporting requirements (CSRD, CBAM), and energy efficiency mandates are coming fast.
- **Energy price volatility:** Our manufacturing depends on stable, affordable energy. Price spikes directly hit our cost structure.
- **Supply chain disruption:** Steel production is carbon-intensive. If our suppliers face carbon costs or operational constraints, we feel it.

### Key opportunities:

- **Market demand for low-carbon solutions:** Wind energy customers increasingly ask for Product Carbon Footprints and eco-designed components.
- **Operational resilience:** Renewable energy sourcing (solar PPA in India, 100% green electricity in Spain) protects us from fossil fuel volatility.
- **Product innovation:** Projects offering added value to the customers, in order to create competitive differentiation.

### How we're responding:

These risks and opportunities are progressively integrated into strategic planning, capital allocation decisions, and R&D projects. Our ESG Committee reviews climate-related issues at least quarterly, and they're escalated to senior management through the annual Management Review process.

How we measure our contribution to global goals

We've mapped our core ESG indicators to five UN Sustainable Development Goals that align with our operational impacts and stakeholder priorities.

Progress is tracked annually through quantitative KPIs covering 2023–2024, reviewed in our Management Review process, and disclosed in this report.

| SDG                                                    | SDG Target  | Laulagun focus                                            | GRI reference                                                            | Reporting period (KPIs) |
|--------------------------------------------------------|-------------|-----------------------------------------------------------|--------------------------------------------------------------------------|-------------------------|
| <b>SDG 7</b> - Affordable and Clean Energy             | 7.2 / 7.3   | Energy Efficiency and Renewable Electricity in operations | GRI 302: Energy<br>GRI 305-2: Renewable energy                           | 2023-2024               |
| <b>SDG 8</b> - Decent Work and Economic Growth         | 8.8         | Health & Safety, Training                                 | GRI 403: Occupational Health & Safety<br>GRI 404: Training and Education | 2023-2024               |
| <b>SDG 9</b> - Industry, Innovation and Infrastructure | 9.4         | Process Optimisation, Quality & Reliability               | GRI 306: Waste<br>GRI 301: Materials                                     | 2023-2024               |
| <b>SDG 12</b> - Responsible Consumption and Production | 12.2 / 12.5 | Circular Steel and Waste                                  | GRI 301: Materials<br>GRI 306: Waste                                     | 2023-2024               |
| <b>SDG 13</b> - Climate Action                         | 13.2        | Decarbonisation and Climate Targets                       | GRI 305: Emissions                                                       | 2023-2024               |

# Contribution to UN Sustainable Development Goals (SDGs)



## SDG 7 & SDG 13 – Energy and Climate Action

### Why this matters to Laulagun

Manufacturing large bearings requires serious energy—mainly for induction hardening and machining. That energy use translates directly into GHG emissions, and those emissions are our single biggest environmental impact.

So decarbonization isn't optional. It's strategic.

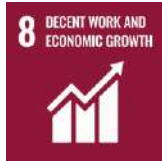
### What we're doing:

- **100% renewable electricity in Spain** (already achieved)
- **Solar PPA in India** covering ~80% of consumption (ramping up in 2025)
- **Verified carbon baseline:** 2023 Scope 1 & 2 emissions independently verified by DNV
- **2030 target:** Reduce Scope 1 & 2 emissions by 50% from 2023 baseline

### How we track progress:

Energy consumption and GHG emissions (Scope 1, 2, and selected Scope 3 categories) are monitored annually through our ESG Scorecard, reviewed by the ESG Committee, and escalated through the Management Review process.

We're also preparing to align with Science Based Targets (SBTi) during 2026–2027.



## SDG 8 – Decent Work and Economic Growth

### Why this matters to Laulagun

We're an industrial manufacturer working with heavy machinery, large-scale components, and complex processes.

That means safety isn't just a KPI—it's the foundation of everything we do.

Beyond safety, we believe decent work means investing in people's skills, providing stable employment, and ensuring fair conditions across both our plants.

### What we're doing:

- **Safety as a priority:** Accident frequency rates tracked rigorously (TF1, TF0, TG0) and reviewed at plant and management level
- **Skills development:** Training hours per employee monitored and increasing year-on-year (1,923 → 2,420 hours)
- **Stable employment:** Permanent contracts grew from 256 to 312 employees
- **Fair remuneration:** Commitment to living wage reflected in our CSR Policy and internal practices

### How we track progress:

Occupational health and safety metrics and training performance are monitored through our ESG Scorecard, reviewed quarterly by the ESG Committee, and integrated into continuous improvement actions.

Our goal isn't just compliance—it's creating a workplace where people can develop, contribute, and go home safe every day.



## SDG 9 – Industry, Innovation and Infrastructure

### Why this matters to Laulagun

Wind energy is critical infrastructure for the global energy transition. Our bearings are what keep turbines spinning—often for 20+ years in harsh, offshore environments.

If our bearings fail prematurely, it doesn't just cost money. It means downtime, lost renewable energy generation, complex replacements, and unnecessary material waste.

So reliability, quality, and process efficiency aren't optional—they're how we contribute to resilient, low-carbon energy infrastructure.

### What we're doing:

- **Process optimization:** Lean manufacturing, digital process monitoring, and quality tools to reduce defects and stabilize production
- **Scrap rate tracking:** Monitored through our ESG Scorecard as a proxy for material efficiency and process quality
- **R&D investment:** €2.58M (2024) focused on performance improvements, durability, and predictive monitoring
- **Test infrastructure:** 2 R&D centers + 6 test benches to validate designs before they reach the field

### How we track progress:

Process quality and innovation performance are reviewed through our integrated management system (ISO 9001) and reported annually in our ESG Scorecard.

By increasing product reliability, we support more efficient and resilient renewable energy infrastructure—directly contributing to SDG 9.



## SDG 12 – Responsible Consumption and Production

### Why this matters to Laulagun

We consume significant volumes of steel—a carbon-intensive material. How we source it, use it, and manage waste directly impacts our environmental footprint.

Circular thinking isn't just good practice—it's essential for managing our material flows responsibly and reducing unnecessary waste.

### What we're doing:

- **Steel scrap management:** Metal scrap segregated, tracked, and sent to authorized recycling channels (2,398 → 3,071 tons)
- **Waste recycling:** Selective collection of paper, cardboard, plastic, and wood waste maintained at both plants (~190 tons/year)
- **Supplier engagement:** Working with suppliers on packaging reduction and material efficiency
- **Product maintenance guidance:** Updated end-of-life instructions published to support bearing refurbishment and material recovery
- **Life Cycle Assessment:** Conducting LCAs (ISO 14040/14044) to identify circularity opportunities across the product lifecycle

### How we track progress:

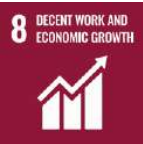
Waste generation and recycling rates are monitored annually through our ESG Scorecard, reviewed at plant level, and integrated into our environmental management system (ISO 14001).

### Looking ahead:

Our current R&D projects are focused on closing material loops and supporting more circular production and consumption patterns.

# Contribution to UN Sustainable Development Goals (SDGs)

## SDG Progress Monitoring – Selected Indicators

|                                                                                     | SDG                                                    | Laulagun focus                                            | Progress indicators                                         | GRI reference                  | Trend             |
|-------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|--------------------------------|-------------------|
|    | <b>SDG 7</b> - Affordable and Clean Energy             | Energy efficiency and renewable electricity in operations | Electricity consumption (kWh)<br>Renewable energy share (%) | GRI 302-1<br>GRI 302-1 / 302-4 | ↑ Renewable share |
|    | <b>SDG 8</b> - Decent Work and Economic Growth         | Health & safety, training and skills                      | TF1 / TF0 accident ratios<br>HSE training hours             | GRI 403-9<br>GRI 403-5         | ↓ Accidents       |
|    | <b>SDG 9</b> - Industry, Innovation and Infrastructure | Process optimisation and innovation                       | R&D expenditure (€)<br>Research centers                     | GRI 201-1<br>GRI 2-6           | Stable            |
|  | <b>SDG 12</b> - Responsible Consumption and Production | Circular steel and waste management                       | Metal scrap waste<br>Hazardous and non-hazardous waste      | GRI 306-3<br>GRI 306-4         | ↓ Waste intensity |
|  | <b>SDG 13</b> - Climate Action                         | Decarbonisation and climate targets                       | Scope 1, 2 and 3 GHG emissions<br>GHG emissions intensity   | GRI 305-1/2/3<br>GRI 305-4     | Monitored         |

Progress towards the Sustainable Development Goals is monitored through the company’s ESG Scorecard. Indicators are reviewed annually to assess trends and continuous improvement.

## How we measure ESG performance

This scorecard consolidates ESG performance data from both Laulagun Bearings Euskadi and Laulagun India, covering 2023–2024.

We follow the five-pillar ESG framework developed by Groupe Legris Industries (our parent group), which organizes indicators into:



All data is aligned with our ISO 9001/14001/45001 management systems, follows consistent collection procedures, and maintains full traceability to internal records.

This structure allows us to benchmark performance across the group while maintaining focus on the topics most material to our operations.

| GRI code                 |                        | ESG KPIs                                             |     | 2023  | 2024  | 2025<br>(TARGET) |
|--------------------------|------------------------|------------------------------------------------------|-----|-------|-------|------------------|
| PROFESSIONAL DEVELOPMENT |                        |                                                      |     |       |       |                  |
| GRI 2-7                  |                        | Workforce on payroll                                 |     | 301   | 319   | -                |
| GRI 405-1                |                        | Women in the workforce                               |     | 22    | 23    | -                |
| GRI 405-1                |                        | Men in the workforce                                 |     | 279   | 292   | -                |
| GRI 2-7                  |                        | Permanent employees                                  |     | 291   | 312   | -                |
| GRI 405-1                | Workforce by age group | 20 to 29 years old                                   | 107 | 97    | -     |                  |
|                          |                        | 30 to 35 years old                                   | 103 | 102   |       |                  |
|                          |                        | 36 to 45 years old                                   | 69  | 86    |       |                  |
|                          |                        | 45 to 55 years old                                   | 16  | 26    |       |                  |
|                          |                        | >55 years old                                        | 6   | 7     |       |                  |
| GRI 404-1                |                        | Number of employees who received training            |     | 231   | 266   | -                |
| GRI 404-1 / GRI 405-1    |                        | Number of women trained                              |     | 12    | 17    | -                |
| GRI 404-1 / GRI 405-1    |                        | Number of men trained                                |     | 219   | 257   | -                |
| GRI 405-1                |                        | Number of women on Executive Committee               |     | 2     | 2     | -                |
| GRI 2-12 / GRI 2-15      |                        | Number of professional meeting held                  |     | 171   | 180   | -                |
| GRI 404-3                |                        | Number of training and performance reviews conducted |     | 108   | 174   | -                |
| GRI 401-2 / GRI 404-1    |                        | Number of interns and work-study participants hosted |     | 3     | 14    | -                |
| GRI 401-1                |                        | Turnover rate (%)                                    |     | 11,7% | 14,1% | -                |
| GRI 402-1                |                        | Number of collective agreements / charters signed    |     | 2     | 2     | -                |

**Growing team, growing stability:**

- Workforce grew from 271 to 319 employees
- Permanent contracts increased from 256 to 312—a clear sign of employment stability

**Investing in skills:**

- Employees trained jumped from 194 to 266
- Performance reviews more than doubled (71 → 174), showing stronger focus on development and feedback
- Interns hosted increased from 4 to 14—we're committed to bringing young talent into the business

**Diversity progress:**

- Women in the Executive Committee increased from 1 to 2—small numbers, but we're moving in the right direction
- Overall female representation remains stable at ~7%, which reflects broader challenges in the industrial manufacturing sector

**Retention challenge:**

- Turnover rate increased from 6.7% to 14.1%—mainly driven by India, but we're tracking it closely in Euskadi too.
- We conduct exit interviews to understand why people leave and what we can improve.

**What's next:**

- We're working on retention strategies, including career development pathways, improved onboarding, and targeted engagement initiatives.

| GRI code        | ESG KPIs                            | 2023  | 2024  | 2025 (TARGET) |
|-----------------|-------------------------------------|-------|-------|---------------|
| HEALTH & SAFETY |                                     |       |       |               |
| GRI 403-9       | TGO Leave days ratio                | 0,61  | 0,16  | < 0,4         |
| GRI 403-9       | TF0 Accidents with leave days ratio | 27,7  | 18,5  | < 20          |
| GRI 403-9       | TF1 Total accidents ratio           | 63,3  | 62,3  | < 40          |
| GRI 403-5       | Number of HSE training hours        | 1.923 | 2.420 | -             |

Translation: **fewer accidents, and when accidents do happen, they're far less severe.**

**What's driving improvement:**

- HSE training hours increased significantly (1,923 → 2,420)
- Preventive programs rolled out across both plants
- Machine certification and safety upgrades (assembly tables, lathes, drilling machines)
- Improved PPE (anti-cut gloves, impact protection)
- Standardized handling procedures for large bearings

**The challenge:**

- We see a significant difference in safety performance between Euskadi and India, despite identical processes. In Euskadi, overconfidence appears to be a factor in ~80% of incidents—experienced workers sometimes skip safety protocols.

**What's next:**

- We're reinforcing safety culture initiatives, particularly targeting behavioral risk factors and ensuring lessons learned are shared systematically between sites.

Significant safety improvements across 2023–2024

**The numbers tell a clear story:**

- **TF0** (accidents with leave) dropped dramatically: 73.0 → 18.5
- **TF1** (total accidents) nearly halved: 119.1 → 62.3
- **TGO** (leave days ratio) collapsed: 2.4 → 0.2

| Laulagun Euskadi        | 2023    | 2024    |
|-------------------------|---------|---------|
| Total accidents         | 28      | 33      |
| Accidents with leave    | 14      | 12      |
| Accidents without leave | 14      | 21      |
| Total leave days        | 309     | 112     |
| Total worked hours      | 187.051 | 239.799 |

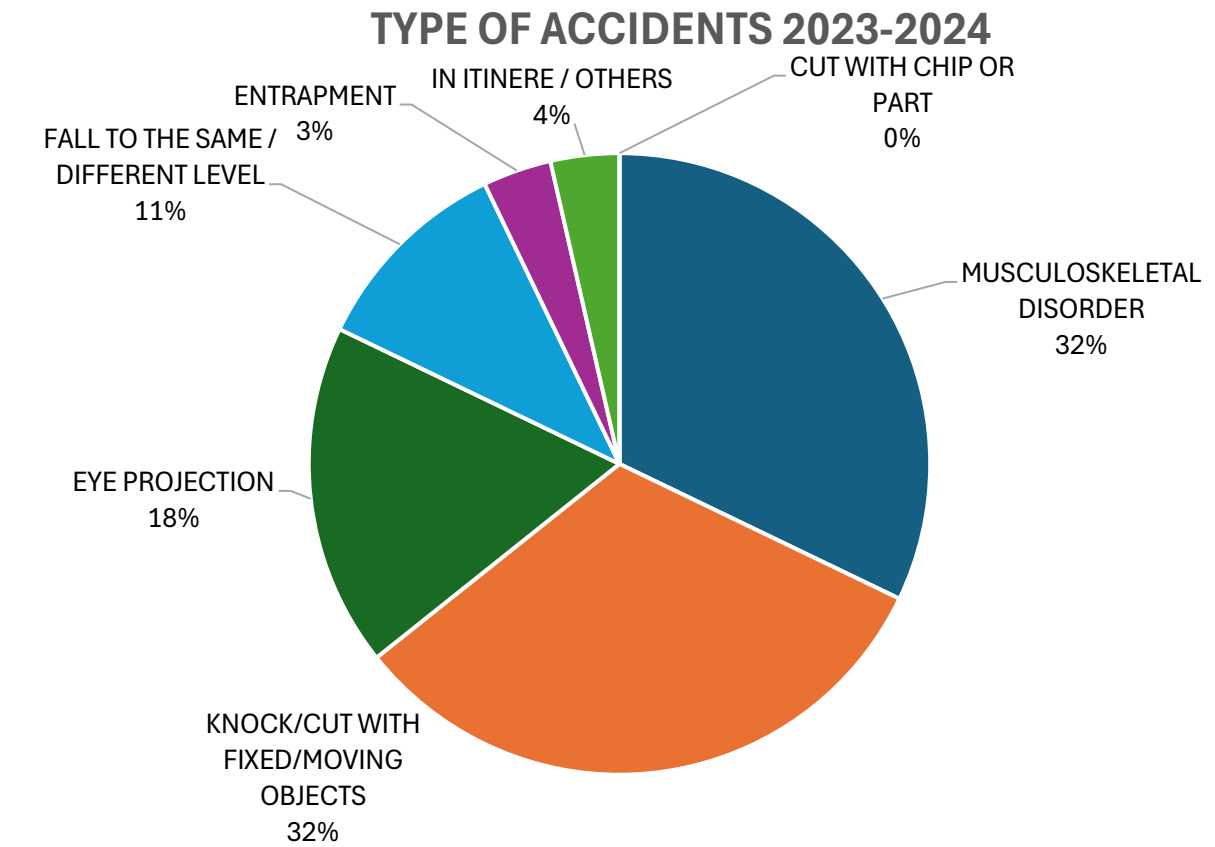
| Laulagun India          | 2023    | 2024    |
|-------------------------|---------|---------|
| Total accidents         | 4       | 5       |
| Accidents with leave    | 0       | 0       |
| Accidents without leave | 4       | 5       |
| Total leave days        | 0       | 0       |
| Total worked hours      | 318.107 | 353.653 |

## What the data shows:

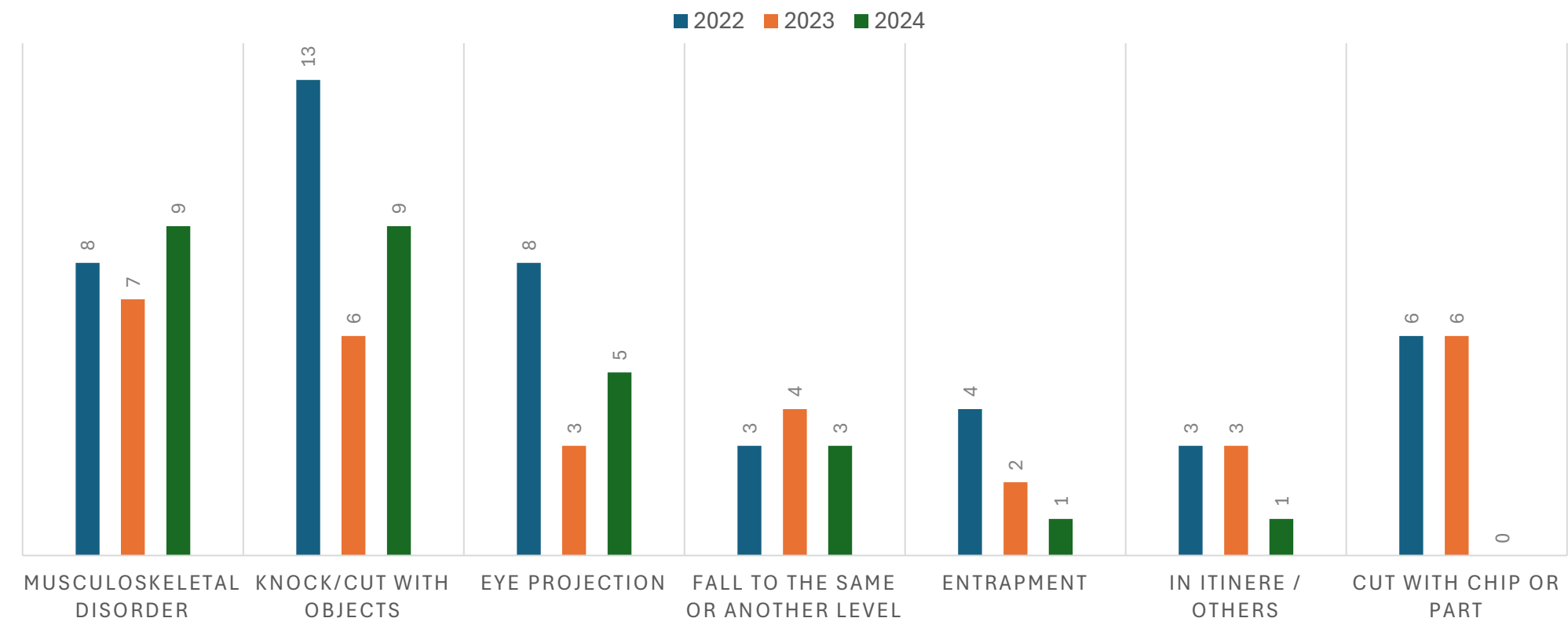
- Musculoskeletal disorders and knocks/cuts with objects remain the top risks (32% each)
- Eye projections stable at 18%—PPE compliance is critical here
- Positive trend: cuts with chips or parts dropped to 0 cases in 2024

## Actions taken:

- Anti-cut gloves, improved slings, standardized tooling, and machine guarding upgrades are all contributing to these improvements.



## TYPE OF ACCIDENTS - EVOLUTION 2022-2024



- **ISO 45001** certified Health & Safety Management System → **Multi-site Integrated Management System** (ISO 9001 + 14001 + 45001).
- **Full alignment** between Spain and India plants in sharing **lessons learned**.
- Many **actions** performed during 2023 & 2024. Some of them are:
  - **Adequation and certification of machines:** assembly tables, lathes & drilling machines.
  - Improved **slings and protectors** for moving rings and bearings.
  - Implementation of **anti-cut and anti-impact gloves**.
  - **Special tooling for handling** TLA/TLD bearings.
  - Standardized and safer **supports for rings and bearings**.
  - Implementation of **racks for rings** in Olaberria.



| GRI code              | ESG KPIs                                                                                                            | 2023        | 2024        | 2025 (TARGET) |
|-----------------------|---------------------------------------------------------------------------------------------------------------------|-------------|-------------|---------------|
| ENVIRONMENT           |                                                                                                                     |             |             |               |
| GRI 302-1             | Electricity consumed (KWh)                                                                                          | 4.039.610,6 | 5.939.201,5 | -             |
| GRI 302-1             | GLP consumed (KWh)                                                                                                  | 259.178,9   | 219.616,0   | -             |
| GRI 306-3             | Metal scrap waste (metric tons)                                                                                     | 2.398,0     | 3.071,0     | -             |
| GRI 306-3 / GRI 306-4 | Hazardous waste (metric tons)                                                                                       | 104,0       | 115,0       | -             |
| GRI 306-3             | Other waste: paper+cardboard+plastic+wood (metric tons)                                                             | 194,2       | 190,9       | -             |
| GRI 303-5             | Water (m <sup>3</sup> )                                                                                             | 9.169,0     | 11.855,0    | -             |
| GRI 305-1             | Scope 1 GHG emissions (TnCO <sub>2</sub> eq)                                                                        | 433,88      | 400,85      | < 360         |
| GRI 305-2             | Scope 2 GHG emissions (TnCO <sub>2</sub> eq)                                                                        | 2.294,66    | 2.797,83    | < 1.960       |
| GRI 302-1 / GRI 302-4 | Renewable energy %                                                                                                  | 99,64%      | 99,30%      | -             |
| GRI 305-3             | Scope 3 GHG emissions (TnCO <sub>2</sub> eq)                                                                        | 25.129,0    | 26.972,0    | -             |
| GRI 305-4             | Intensity factor - GHG emissions (TnCO <sub>2</sub> eq / Tn produced) ppm<br><b>Scope 1 &amp; 2</b>                 | 289.869     | 228.265     | < 200.000     |
| GRI 305-4             | Intensity factor - GHG emissions (TnCO <sub>2</sub> eq / Tn produced) ppm<br><b>TOTAL (Scope 1 &amp; 2 &amp; 3)</b> | 2.669.606   | 2.865.399   | -             |

## Renewable energy leadership:

- ~100% renewable electricity maintained across both years—this is a huge win for Scope 2 emissions
- Spain already at 100%; India ramping up solar PPA to cover ~80% in 2025

## Emissions trends:

- **Scope 1** (direct emissions): decreased from 433.9 to 400.8 tCO<sub>2</sub>e
- **Scope 2** (market-based, electricity): increased from 2,294.7 to 2,797.8 tCO<sub>2</sub>e—driven by higher activity in India
- **Scope 3** (value chain): grew from 25,129 to 26,972 tCO<sub>2</sub>e—consistent with increased production and logistics

## Emissions intensity improved significantly:

- Scope 1+2 intensity: 289,869 → 228,265 tCO<sub>2</sub>e per ton produced—a 21% improvement
- Likely driven by production mix, but we're analyzing further in 2025 to isolate efficiency gains

## Waste performance:

- Metal scrap: 2,398 → 3,071 tons (increased with production volume)
- Hazardous waste: stable at ~110 tons
- Non-hazardous waste (paper/cardboard/plastic/wood): stable at ~190 tons

## Water use:

- Total consumption: 9,169 → 11,855 m<sup>3</sup> (increased with production)
- No water stress identified in our locations, but we're monitoring usage efficiency

Scope 3 – Emissions Tracking

- Scope 3 emissions tracked in AKTIO carbon accounting platform.



- **Total Upstream emissions: 40.972,28Tn (88,7%) → related to purchased or acquired goods and services.**
- **Total Downstream emissions: 5.221,72Tn (11,3%) → related to sold goods and services.**
- Key takeaway: 72% of our Scope 3 emissions come from raw material production—mainly steel from China. This is why supplier engagement and material efficiency are critical to our decarbonization strategy.

## Scope 3 – Methodology & Improvement Plan

- Scope 3 emissions are calculated using the AKTIO platform, based on activity data, supplier information and sector-average emission factors.
- Current status:
  - Scope 3 represents the largest share of Laulagun's carbon footprint.
  - Main drivers: raw material production and logistics.
  - Data quality is heterogeneous due to supply chain complexity.
- Improvement plan:
  - Enhance data collection from strategic suppliers.
  - Refine emission factors and system boundaries.
  - Prepare Scope 3 verification in the medium term.
- Scope 3 management is a key focus area of Laulagun's decarbonisation strategy.

## Environment – 2025 Emissions Reduction Targets (Scopes 1 & 2)

### 2025 target:

- Reduce Scope 2 emissions by at least 30% vs. 2024

### How we'll get there:

- Ramp up solar PPA in India (targeting >75% renewable electricity coverage)
- Continue 100% renewable electricity in Spain
- Energy efficiency projects (lighting, compressed air, HVAC optimization)
- Monitoring and action tracking through ESG Committee (quarterly reviews)

### Tracking & accountability:

- Targets and progress are reviewed quarterly by the ESG Committee, with results integrated into the annual Management Review and disclosed in our next ESG reporting cycle.

### Looking ahead:

- This is a stepping stone toward our 2030 target: **50% reduction in Scope 1+2 emissions from 2023 baseline**, and future alignment with Science Based Targets (SBTi).

Product Carbon Footprint: Understanding the environmental impact of our products

We've conducted Product Carbon Footprint (PCF) assessments on two of our high-volume bearings: **TLA and WN pitch bearings**.

These assessments follow internationally recognized standards:

- ISO 14040 & ISO 14044 (Life Cycle Assessment)
- ISO 14067 (Product Carbon Footprint)

| Category                  | TLA (t CO2e) | WN (t CO2e) | Comment                       |
|---------------------------|--------------|-------------|-------------------------------|
| Raw materials             | 11.90        | 6.89        | Proportional to steel mass.   |
| Inbound transport         | 18.30        | 9.88        | Same reason.                  |
| Manufacturing electricity | 0.002        | 0.002       |                               |
| Manufacturing             | 0.11         | 2.35        | Different modelling in lhobe. |
| Waste mgmt                | 4.86         | 4.5         | Similar.                      |
| Distribution              | 15.6         | 9.66        | Explicit only for WN.         |
| Use phase                 | 0.68         | 0.68        | Same assumption.              |
| End of life               | 10.90        | 5.10        | Steel mass-driven.            |
| Total                     | 62.50        | 39.05       | TLA +36.8%.                   |

Why this matters:

- PCF studies help us identify environmental hotspots across the product lifecycle—from raw material extraction to manufacturing, use phase, and end-of-life. This enables targeted improvements in material selection, process efficiency, and circular design.
- We're expanding PCF coverage to additional bearing families as part of our 2026 action plan.

## Water Management – How we use water:

Laulagun uses water primarily for:

- Induction hardening (quenching medium)
- Machining operations (drilling, water-based cutting fluids)
- Sanitary and auxiliary uses

## Current performance:

- Total water consumption: 9,169 m<sup>3</sup> (2023) → 11,855 m<sup>3</sup> (2024)
- Increase aligned with higher production volumes
- Sewage treatment plant: treated water is used for irrigation purposes in India
- Rainwater ponds used in rainy season also for harvesting purposes
- No significant water stress identified in our operating locations (Euskadi, Chennai)

## Monitoring & compliance:

- Water consumption tracked annually at site level (ISO 14001)
- Integrated into ESG Scorecard
- Full compliance with local water use and discharge regulations

## 2026 improvement actions:

- Differentiate water consumption by process (induction vs. machining)
- Evaluate opportunities for water reuse or extended lifecycle of process water

While water is not currently a material risk for Laulagun, we're committed to responsible management and continuous monitoring.



STP: Sewage Treatment Plant



Rainwater harvesting pond

## Complete modules for Marine sector – Extending our impact beyond wind energy

In 2025, Laulagun entered the marine decarbonization sector with orders from **Chantiers de l'Atlantique** and **CWS** to develop complete modules for rigid sails.

### What are rigid sails?

They're Wind Assisted Propulsion Systems (WAPS) that help cargo vessels reduce fuel consumption and GHG emissions during sea transit.

### Our role:

We're supplying the complete rotating module system—critical components that enable the rigid sails to function reliably in harsh marine conditions.

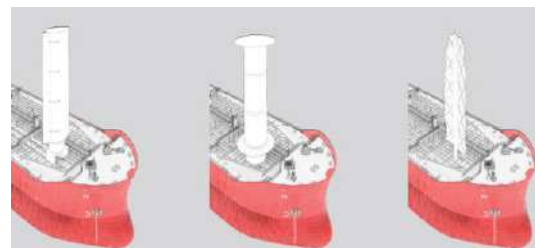
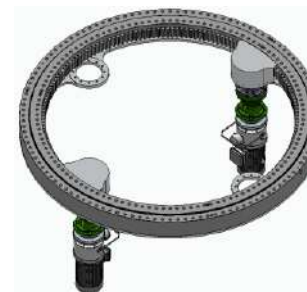
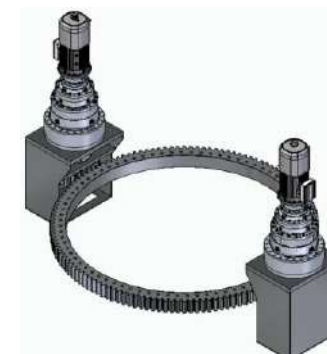
### Why this matters:

- Maritime shipping accounts for ~3% of global GHG emissions
- New regulations (IMO, EU ETS for shipping) are forcing vessel operators to decarbonize
- WAPS technology can reduce fuel consumption by 10-30% depending on route and wind conditions

### ESG contribution:

This diversification directly supports **SDG 13 (Climate Action)** and aligns Laulagun with decarbonization trends across multiple sectors—not just wind energy.

It also demonstrates our capacity to apply our bearing and rotation expertise to emerging low-carbon technologies.



| GRI code            |  | ESG KPIs             | 2023  | 2024  | 2025<br>(TARGET) |
|---------------------|--|----------------------|-------|-------|------------------|
| INNOVATION          |  |                      |       |       |                  |
| GRI 2-6             |  | Research centers     | 2     | 2     | -                |
| GRI 201-1           |  | R&D (€M)             | 2,93  | 2,58  | -                |
| GRI 2-6 / GRI 203-1 |  | Patents + Blockchain | 4 + 2 | 6 + 4 | -                |

IP portfolio growth:

- Patents increased from 4 to 6
- Blockchain-secured designs increased from 2 to 4
- Translation: **more innovative solutions with more efficient resource use**

Infrastructure for innovation:

- 2 R&D centers (Idiazabal + 3-Blade Test Center in Eibar)
- Windbox test center acquired in 2022, significantly expanding testing capacity

R&D investment:

- €2.93M (2023) → €2.58M (2024)—slightly leaner budget, but more output

## 1. Design innovations that reduce operational impacts

### Advanced sealing solutions:

- Redesigned 3-lip sealing system developed and validated with Suzlon (WN project)
- Field-tested in wind turbines in India
- **Impact:** Significantly reduces grease leakage and contamination ingress → lower lubricant consumption, reduced environmental risk from leaks

### 3-row roller bearing (3RR) technology:

- Extensive testing and monitoring of S175 prototype (Suzlon) to validate design models and understand technology limits
- **Impact:** Enables weight reduction of hub modules, better load optimization across connected components, future standardization

## 2. Circularity and material efficiency initiatives

### Packaging optimization:

- Improved pallet designs for maritime transport to India (WN bearings)
- Replacement of wooden boxes with optimized pallets where feasible
- **Impact:** Reduced packaging material consumption while maintaining product protection standards

### Bearing redesign for durability and life extension:

- Engineering services to prevent premature failures: increased outer diameters (prevents structural fatigue), protective coatings (prevents corrosion)
- **Impact:** Although some solutions may increase local material use, they significantly extend component lifetime and reduce overall environmental and operational impacts

## 3. Customer support for extended bearing life

### Maintenance training and support:

- Detailed maintenance instructions and training provided to customers
- Dedicated maintenance kits supplied to support correct lubrication practices and seal replacement in the field
- **Impact:** Prevents grease loss, reduces failure rates, extends bearing service life

### Windlife project (life extension & remanufacturing):

- Laulagun is actively involved in developing inspection protocols, in-field repair techniques, remanufacturing technologies, and predictive tools
- **Impact:** Extends functional life of wind turbine bearings, enables reuse strategies, supports circular business models

### ESG contribution:

These initiatives directly support:

- **SDG 9** (Industry, Innovation & Infrastructure) → more resilient, efficient renewable energy infrastructure
- **SDG 12** (Responsible Consumption & Production) → circular material flows, reduced waste
- **SDG 13** (Climate Action) → lower LCoE enables faster renewable energy deployment

| GRI code              | ESG KPIs                                                                        | 2023    | 2024 | 2025 (TARGET) |
|-----------------------|---------------------------------------------------------------------------------|---------|------|---------------|
| GOVERNANCE            |                                                                                 |         |      |               |
| GRI 308-1 / GRI 414-1 | % of suppliers checked that have gone through CSR self assessment questionnaire | 60%     | 60%  | > 80%         |
| GRI 308-1 / GRI 414-1 | % of suppliers who have signed the Supplier Code of Conduct                     | 55%     | 60%  | > 80%         |
| GRI 308-2 / GRI 414-2 | Average CSR risk level of Supply Chain                                          | 8,1     | 7,4  | < 7,2         |
| GRI 404-1             | % of Procurement employees trained in Sustainable                               | 0%      | 100% | -             |
| GRI 205-2             | Workers trained in Business Ethics (Code of Conduct)                            | -       | 22%  | -             |
| GRI 418-1             | Number of confirmed information security incidents                              | 0       | 0    | -             |
| GRI 205-3             | Number of confirmed corruption incidents                                        | 0       | 0    | -             |
| GRI 2-26              | Number of reports related to whistleblowing procedure                           | 0       | 0    | -             |
| GRI 2-5               | EcoVadis certification                                                          | 64      | 70   | -             |
|                       |                                                                                 | 87th    | 93th | -             |
| GRI 405-1             | % women in management team                                                      | 18%     | 18%  | -             |
| GRI 2-23              | Code of Business Conduct                                                        | Updated | -    | -             |

- In 2024, Laulagun established a formal **ESG Committee** to ensure sustainability is embedded in business strategy and decision-making.

### Structure & responsibilities:

- **Composition:** Cross-functional team including QHSE, HR, Purchasing, Operations, and senior management representatives
- **Meeting frequency:** Minimum 3 times per year (quarterly reviews)
- **Key responsibilities:**
  - Monitor ESG KPIs and progress against targets
  - Review and approve ESG action plans and resource allocation
  - Escalate material ESG risks and opportunities to executive leadership
  - Ensure alignment with external frameworks (GRI, SDGs, CSRD roadmap, SBTi)

### Integration into governance:

- ESG performance is reviewed annually through the **Management Review** process (ISO 9001/14001/45001)
- ESG risks and opportunities are integrated into strategic planning and investment decisions
- Action plans are owned by function leads (QHSE, HR, Purchasing, IT) with documented progress tracking

## Sustainable Procurement & Supply Chain Responsibility

A significant share of our environmental and social impacts occurs in the supply chain, particularly in steel production (our main raw material). Sustainable procurement is therefore a strategic ESG priority.

### **Supplier ESG coverage (2023-2024):**

- **60%** of suppliers completed CSR self-assessment questionnaire
- **60%** of suppliers signed the Supplier Code of Conduct
- **Average CSR risk score:** improved from 8.1 to 7.4 (lower = better)
- **100%** of purchasing department staff trained in sustainable procurement (ISO 20400 standard, delivered by DNV)

### **Key policies & frameworks:**

- **Sustainable Purchasing Policy:** Defines ESG criteria for supplier selection, evaluation, and monitoring
- **Supplier Code of Conduct:** Sets minimum standards for environmental performance, human rights, labor practices, business ethics, and regulatory compliance
- **Extended ESG questionnaire:** Rolled out to strategic suppliers in 2024, covering emissions, waste, energy, labor practices, H&S, and anti-corruption

### **2025-2026 targets:**

- Expand ESG coverage to **>80%** of strategic suppliers
- Strengthen monitoring and engagement with high-risk suppliers (particularly steel suppliers)
- Integrate supplier ESG performance into purchasing decisions and contract renewals

## Ethics, Integrity & Anti-Corruption

Laulagun is committed to conducting business with integrity, transparency, and respect for ethical standards.

### **Policies & commitments:**

- **Code of Business Conduct:** Applies to all employees and relevant third parties, covering anti-corruption, conflicts of interest, fair competition, human rights, and data protection
- **CSR Policy:** Updated in 2024 to integrate ESG principles aligned with GRI, SDGs, and UN Global Compact (UNGC)

### **Training & awareness:**

- **100%** of new employees receive training on Business Ethics and Code of Conduct during onboarding
- Targeted training campaigns on ethics, integrity, and anti-corruption rolled out across both plants in 2025
- Regular communications reinforcing ethical expectations

### **Whistleblowing & reporting:**

- Confidential **whistleblowing procedure** in place to enable reporting of concerns
- **Zero tolerance for retaliation** against individuals who report in good faith

### **Track record (2023-2024):**

- **0** confirmed corruption incidents
- **0** confirmed integrity-related incidents
- **0** reports received through whistleblowing procedure

## Cybersecurity & Data Protection

Information security and data protection are managed through defined governance structures, risk-based controls, and compliance processes.

### **Information security governance:**

- Defined roles and responsibilities for IT security management
- Access management with periodic review of user permissions
- Continuous monitoring of key systems with incident logging and response protocols

### **Data protection compliance (GDPR/LOPD):**

- Periodic compliance checks and internal/external reviews
- Employee awareness communications on confidentiality and data handling
- **Track record: 0** confirmed information security incidents (2023-2024)

### **Training & awareness:**

- Recurring awareness sessions for office staff, including phishing risk reminders and password management

## Public disclosure & endorsements

- CDP
- SME Climate Hub (UNFCCC/SME Climate Hub)
- Women's Empowerment Principles (WEPs)



## Carbon Footprint

- External verification by DNV of Organizational Carbon Footprint, scopes 1+2 (reference year: 2023)
- Development of Product Carbon Footprint report → TLA and WN bearings

## Living Wage

- Analysis report 2025, including Euskadi + India
- Living Wage declaration

## Renewable energy consumption

- Purchase of solar energy in India plant (% target >75% in 2025)

## Sustainable Procurement

- Modification of Supplier Homologation Procedure, including ESG requirements
- Development & submission of Extended ESG Questionnaire for critical suppliers (target: 100% of strategic suppliers in 2026)

## Ethics

- Training campaign of employees on Ethics, Integrity and Anti-corruption

Together, these actions reflect our intention to integrate climate ambition into our business strategy, strengthen our ESG governance, and provide consistent, data-driven disclosures to customers, partners and financial stakeholders.

## **Public disclosure & endorsements**

- SBTi (Submission in 2026; expected validation 2027)

## **External sustainability audit**

- External audit by third party on ESG standard (still to be defined)

## **Carbon Footprint**

- External verification by DNV of Organizational Carbon Footprint, scopes 1+2+3 (2024 & 2025)
- External verification of Product Carbon Footprint of main bearing families

## **Information Technologies (IT)**

- Development of NIS2 cybersecurity scheme

## **Psychosocial evaluation**

- First assessment to be done with Previtek external company in Q1/2026.

## Continuous improvement & external alignment

- Laulagun Bearings views ESG management as a continuous improvement process. External frameworks and assessments are used as reference tools to benchmark performance, identify gaps and prioritize actions.
- Public disclosures, external assessments and voluntary initiatives support transparency and structured progress, while internal governance ensures that sustainability actions are aligned with business strategy and operational reality.
- The company's focus remains on generating tangible environmental, social and governance improvements, supported by measurable indicators and regular management oversight.



Thank you

நன்றி

Gracias

Eskerrik asko

Merci beaucoup