

CORPORATE SOCIAL RESPONSIBILITY REPORT 2024



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At the World Economic Forum in Davos in 2020, the most influential CEOs stressed that the hitherto dominant business goal of creating the greatest possible added value for shareholders is no longer the only and the main one as the business-related expectations of other participants concerning the operations of companies grow and gain an increasingly higher value. A new trend is emerging in the business world: to create the greatest possible added value for the company while contributing to the well-being and progress of society at the same time.

Being the largest group of companies in the marine engineering industry in Lithuania, Western Shipyard develops its activities in a transparent and responsible manner, promoting the name of the State in the European maritime industry market, creating new jobs, and paying taxes to the state budget in a fair

and transparent manner, all of which is based on the feeling of social responsibility that is integral to sustainable business development.

We create economic benefits based on the values of a socially responsible business, the core values of the Group and the principles of ethical and transparent business. We strive to contribute to the creation of public welfare, increasing competitiveness, preservation of the environment, strengthening of the community, as well as we develop long-term relationships with all interest groups based on respect and tolerance.

The goal and ambition of all of us is to continue to ensure a fair sharing of the value created by the Company by combining profitability and responsibility.

The sea is the future for all of us; therefore, we make every effort to develop our marine engineering business while being socially responsible and making decisions based on the principles of social responsibility that will help the Company progress even faster along the path of improvement and sustainable business development.

Arnoldas Šileika
Western Shipyard
CEO

ABOUT THE REPORT

In preparing the corporate social responsibility progress report (hereinafter referred to as 'the report'), the group of companies of Western Shipyard (hereinafter referred to as 'the WSY Group') has been guided by the globally accepted and applied recommendations that help assess performance based on the relevant indicators concerning the economy, environmental protection, employees, human rights, market and relations with society.

This report is published together with the Company's consolidated annual report and financial report. The purpose of the present report is to inform the stakeholders: customers (consumers), shareholders, investors, employees, suppliers, business/social partners and the public about the corporate responsibility of the WSY.

The report presents the activity of the WSY Group in 2024 in the field of corporate social responsibility related to business sustainability and transparency, environmental protection, and relations with employees and society.

The report describes the strategic directions, actions and achievements concerning the corporate social responsibility of the Company.

You are welcome to submit your questions and comments or remarks on the improvement of the corporate social responsibility report via e-mail:

ESG@wsy.lt

The report is published on the intranet and the website.

CSR SECTION IN BRIEF

Sustainable business

Transparent and responsible activities, intolerance to corruption, ensuring competitiveness, and fair payment of taxes.

Environmental protection

In carrying out its economic activities, the WSY Group ensures compliance with the basic principles of environmental protection.

Relations with employees

Social responsibility towards employees means taking a proper care of the health and safety of employees, ensuring equal rights and investments aimed at increasing the competencies of employees in promoting their career and personal well-being.

Relations with the public/stakeholders

The WSY Group maintains open business relations with all stakeholders, provides relevant and comprehensible information about the activities of the WSY Group, and cooperates with public and educational institutions.



SUSTAINABLE BUSINESS

The corporate social responsibility policy is implemented in accordance with the vision, values and objectives, as well as related procedures and other internal documents, of the companies within the WSY Group.

To properly prepare for the preparation of a sustainability report in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), the development of a long-term sustainability strategy was launched in October 2024. The implementation of the strategy will allow the company to align its activities with environmental protection and social goals, thus contributing to the development of sustainable and responsible business practices.

ABOUT THE WSY GROUP

For more than five decades, the WSY Group has been the largest marine engineering company in Lithuania, uniting 20 companies with different specialisations and providing full range of services related to the ship's life cycle. The key areas of activity of the companies of the WSY Group are the implementation of shipbuilding, ship repair and conversion projects, complex ship design and engineering solutions, design and production of modern marine technologies, maritime cargo handling, and the provision of agency services.

Western Shiprepair (WSR), a company that has been smoothly operating in the ship repair field for many years, is one of the three ship repair companies con-

trolled by the BLRT Grupp. The company operates two floating docks designed for the repairs of the Panamax-type ships. One of these docks is the largest dock of its kind in the Baltic States. WSR consistently focuses its activities on ship modernisation projects, such as the installation of ballast water treatment systems and exhaust gas cleaning equipment on ships and the implementation of ship repair and conversion projects. The WSR team completed a total of eighty-three ship repair projects in 2023, ten of which were ship modernisation projects.

In 2024, WSR refined further its business strategy and started focusing on long-term large-scale modernization and conversion projects that take up a

four-month or longer period and require advance preparation. WSR also paid great attention to the implementation of green projects. The company's team contributed to the installation of special sails on gas carriers. After installing the aforementioned devices, the ships work more efficiently and become more environmentally friendly: they sail faster, consume up to 10 percent less fuel and, therefore, emit less pollutants. These are the first gas carriers in the world to have the said engineering solutions installed. The company also accepted extraordinary ships for repair: for the first time in its history, WSR docked a ferry with a rotor installed, as well as carried out repairs of an exceptional research vessel.

Western Baltija Shipbuilding (WBS), a modern ship building yard offering a full range of services from ship design to turnkey shipbuilding, is another company of the WSY Group. The company's specialisation is building tugs, ferries, fishing and multifunctional ships, vessels for the offshore industry, as well as hulls for such ships. The team of professionals at the WBS has earned the reputation as excellent builders of grand blocks for cruise ships, which enables the company to hold a strong position in this market. The significant experience gained in the construction of vessels, ship hulls and blocks help successfully implement even the most complex projects. 2024 was a particularly intense year for WBS, offering a continual flow of ongoing projects. In the middle of the year, the construction of the first hydrogen and electricity-powered ship in the history of Lithuania began based on the order

placed by the Klaipėda State Seaport Authority. The intended purpose of the ship is to collect waste from vessels arriving at the port of Klaipėda. When autumn was in full swing, the second ship with one of the largest and heaviest ship hulls built in the company's history was launched. Its length reaches 104 m, width 20 m, and weight 4.7 thousand tonnes. A total of three such ships were built, and all of them will perform rescue and pollutant collection operations in the water and other similar functions. In addition, these ships stand out for their modernity: they will be powered not by diesel, but by liquefied natural gas. The specifics of the construction and installation work was also shaped by the purpose of the ships themselves, which largely determined the large amount of equipment. The company has also commenced the construction work of two of the four patrol vessels, a turnkey project for a hybrid ferry ordered by a Norwegian company, and the hull of a fisheries research vessel that will be one of the most modern and powerful vessels of its kind in the world. Another ongoing project is the construction and partial outfitting of the hull of a fishing vessel. Construction of large blocks for cruise ships continued as well.

Not only are the ship repair and shipbuilding directions being successfully developed, but also the field of ship design. Western Baltic Engineering (WBE) is one of the leading ship design and engineering companies in the Baltic Sea region, providing complex ship design and engineering solutions. WBE has earned a reputation as a reliable, flexible

and innovative, as well as highly experienced partner. The company's team designs ships for various purposes and structures for the Offshore Wind and Oil&Gas industries. The design services cover all stages of product development: starting at a concept development and ship strength calculations to a detailed design and preparation of working drawings. In 2024, the company continued to pay close attention to green technologies – new solutions were reflected in the projects being developed and the services provided. The company also maintained the development of R&D activities. In May, the largest barge in the Baltic States designed by WBE for inland navigation was launched in Kaunas Winter Port. The company's team continued to work on the development of the concept of the Perkūnas ship. Efforts were made to strengthen the company's position in the US market: a cooperation agreement was signed with a company from that country.

Marine Technology (MT) provides modern marine technologies' design, production, transportation and maintenance services. Since 2004, the company manufactures wide-profile, high-quality products for the oil and gas extraction and renewable energy industries. The company specializes in the production of reels and structures for various purposes. Being characterized by innovative solutions, the team of MT engineers and production professionals has offered the market quite a number of exclusive engineering solutions. 2024 was a record-breaking year for MT: in over 20 years of its existence, the com-

pany had never before achieved such results. The company ensured and exceeded workload-related expectations: 44 projects were implemented, covering the manufacture of about 250 small and 50 large reels. A greater experience was accumulated in the field of subsea structural solutions as well: four projects in that area were implemented. In 2024, the company paid great attention to improving infrastructure: new modern equipment was put into operation, production areas were expanded, and work on installing additional office premises began. The excellent performance of the company was also determined by the significantly expanded geography of project implementation: MT products are now supplied to all continents of the world.

One of the strategic companies of the WSY Group is Western Stevedoring (WST), which was established in 2003. The company specialises in the handling and storage of dry-bulk and loose cargoes, liquid and packaged products, as well as oversized and heavy equipment. The company operates five specialised terminals for bulk and liquid cargo handling, as well as fly ash cargo handling. WST started 2024 with a record: in February, the largest quantity of scrap metal in the company's history was loaded onto a ship. The second significant achievement was recorded in August: WST reloaded 1 million tons of cargo a week earlier than that in 2023. Such a result was determined by the fact that quantities of scrap metal to be reloaded were steadily growing for several years in a row. The achieved result shows

that continuous investments in the infrastructure aimed at more efficient and sustainable operations are paying off. The largest and most successful investment of the company in the past few years was the acquisition of the electro-hydraulic E-crane. In 2024, WST also paid great attention to updating its equipment and developing infrastructure. In April, the most advanced loader in the Baltic States, which has a diesel engine, but whose controls are electrified, began operating. Integrated latest technologies enable a significantly greater accuracy and speed of the company's operations. WST was the only company in the Baltic States at that time to have such a device in its technological park. In the first half of 2024, the company also began operating a new cargo storage site with a total area of 10,580 sq. m.

Western Ships Agency (WSA) is another company successfully creating added value for the entire WSY Group. It provides universal ship agency, chartering and forwarding services, as well as technical supply and part supply services for all types of ships. WSA supplies ships moored in Klaipėda and Tallinn ports during long-term and extraordinary ship repair and conversion projects, as well as at the time of cargo handling. The company that has been operating successfully for almost twenty years has serviced more than a thousand ships and implemented complex and ambitious projects. 2024 was a breakthrough year for WSA, as well as the year of the greatest growth in the company's history. The company successfully operated in all areas of activity. The most

memorable projects include the shipping of large metal structures to the USA, the transportation of metal products from Turkey to the ports of the Baltic Sea, and the organization of ship repair work in Jamaica.

Over the long years of operation, the WSY Group has earned the reputation of a reliable partner who implements projects within the set time limits, performing high quality work. The experience gained allows the WSY Group to cooperate constructively not only with customers but also with public organisations and the authorities. Thanks to joint efforts and synergies, the well-being of the concern, as well as that of its customers, partners and society, is created.

POLICIES, PROCEDURES AND INTERNAL DOCUMENTS APPLICABLE IN THE WSY GROUP

Guide to Successful Operation:

The document sets out the guidelines for the successful operation of the WSY Group and the basic operational and business development principles.

Corporate Social Responsibility Policy:

The aim of this policy is to improve the processes and practices for the management of business and people, striving to be innovative and modern, while preserving the environment and human health.

Confidential Information Management Regulations:

The document describes the concept of confidential information and regulates how to handle and store such information, as well as the instances and conditions where it may be disclosed.

Integrated Management System Policy:

The purpose of the document is to ensure good management practices in the WSY Group by establishing a unified quality, environmental protection and occupational safety and health policy.

WSY Group Operating Terms and Conditions:

The document sets out the basic requirements for companies operating in the area of the WSY Group to ensure general order and compliance with requirements of the legal acts governing environmental protection, fire safety, occupational safety, port security, customs and other legal acts when operating on the state-owned land plots and the liability for violations of these acts.

Accounting Policy:

The policy sets out the accounting methods and techniques that allow for the accurate and correct recording of the economic transactions conducted by the companies of the WSY Group

and the objective presentation of the financial status and performance of the WSY Group.

Internal procedures of the WSY Group:

- Collective Agreement
- Rules of Procedure
- Equal Treatment Policy
- Violence and Harassment Prevention Procedure
- Manager and Specialist Remuneration Policy
- Employee Performance Appraisal and Training Procedure
- Employee Selection Procedure
- Environmental Protection Instructions
- Activity Planning and Analysis
- WSY Group Management Structure and Description of Activities

MISSION, VISION AND VALUES OF THE WSY GROUP

Mission of the WSY Group:

We are strengthening our leading position in the target markets: maritime transport, renewable energy, machinery manufacturing, offshore oil industry and fish farming. We are continuously developing organisational competencies, processes and investing in technology to meet the needs of our customers and

protect the environment to the greatest extent possible. The WSY Group is an attractive employer.

Our vision is to become leaders in the strategic areas of our activity.

Values of the WSY Group:

In our activities and in the daily life of the Company, each of us is guided by the values of the BLRT Group:

Respect for persons:

We believe in and trust our employees. The ideas and feedback of our customers, partners and employees are important to us, therefore, we encourage an open exchange of views, as this leads to the greatest success and development. We respect the individuality of our employees, support their initiatives and recognise their achievements.

Reliability:

We assume responsibility for the decisions we make and all the actions we take, bearing in mind that this affects the performance and the reputation of the entire concern. Close and durable cooperation is important for us; therefore, we carry out our work competently, fulfilling our commitments by ensuring high quality in a timely manner, using verified technologies and complying with established rules.

Efficiency:

Our achievements are high because we act thoughtfully, using sparingly and rationally the resources entrusted to us. We are united by common goals, interested in a common result, we work

as a team, we improve processes, share experience, and help one another, and that is why we are successful.

Development:

We understand the importance of development and envisage prospects. Therefore, we pay special attention to new ideas and development of competences, involve employees, customers and partners in the search for the best solutions, as well as we improve technologies and processes. This way we create prospects for the future.



TARGET GROUPS

Each strategic activity of the WSY involves a number of target groups, therefore, activities are carried out in line with their expectations. We maintain the following formal and cooperative relations with such target groups: invite them to participate in discussions or discuss issues of concern together, listen to their opinions, and provide them with information on the activities of the companies of the WSY Group that is required based on their status as a stakeholder.

Target groups: shareholders, employees, business partners, suppliers, the Trade Union, the public and the media, local communities, and controlling authorities.

We undertake to meet the expectations of the **shareholders** by continuously analysing our activities, identifying risks that hinder the achievement of the set goals, and minimising the possibility of occurrence of such risks.

To our **employees**, we undertake to ensure a timely provision of information on the activities of the companies of the WSY Group and any ongoing changes; to improve the organizational culture in the WSY Group by involving in this process employees at all levels, implementing risk management and raising the production culture, as all of this motivates employees to work for a common future.

We are committed to understanding, satisfying and taking into account current and future expectations of our **customers**.

To our **business partners** we undertake to carry out work in cooperation with partners who are professionals in their field and observe business ethics.

We are committed to ensuring a competitive environment for **suppliers** so that those of them who work transparently and honestly have the opportunity to provide high quality services and products to the WSY Group.

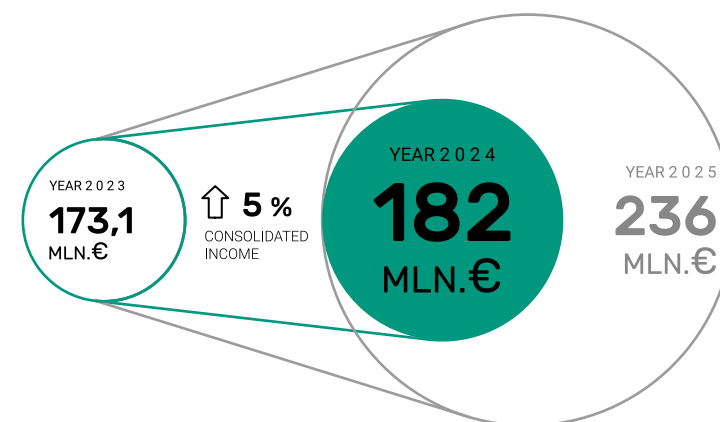
We undertake to maintain a continuous constructive social dialogue with the **Trade Union**.

To **the public** we undertake to act as a socially responsible company, and to **the media** to provide transparent and relevant information.

To the **community of the city**, we undertake to contribute to the full-scale life of the city by creating jobs, providing support for city projects and participating in them.

To **controlling authorities**, we undertake to comply consistently with the legal acts regulating activities of the WSY Group.

KEY PERFORMANCE INDICATORS



YEAR 2023. **42,6** MLN.€

↑ **6,8 %**

SHIP
BUILDING

YEAR 2024 **45,5** MLN.€

YEAR 2023 **62,7** MLN.€

↓ **-9,6 %**

SHIP
REPAIR

YEAR 2024 **56,7** MLN.€

YEAR 2023 **16,8** MLN.€

↑ **2,4 %**

STEVEDORING
SERVICES

YEAR 2024 **17,2** MLN.€

YEAR 2023 **5,4** MLN.€

↑ **18,5 %**

DESIGN
SERVICES

YEAR 2024 **6,4** MLN.€

YEAR 2023 **29,4** MLN.€

↑ **22,8 %**

PRODUCTION
AND PROCESSING
OF METAL
CONSTRUCTIONS

YEAR 2024 **36,1** MLN.€

YEAR 2023 **11,4** MLN.€

↑ **7,9 %**

INFRASTRUCTURE
AND
MANUFACTURING
DEVELOPMENT

YEAR 2024 **12,3** MLN.€

The WSY Group performs financial accounting in accordance with the Business Accounting Standard (the BAS is regulated by the Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry

of Finance of the Republic of Lithuania). The preparation of consolidated financial statements is regulated by the Business Accounting Standard 16 – Consolidated Financial Statements and Investments in Subsidiaries.

MANAGEMENT STRUCTURE OF THE WSY GROUP

The management of the WSY Group consists of two management bodies: a collegial management body, i.e. the Board, and a single-person management body, i.e. the CEO. The following advisory working groups of a consultative nature (commissions, committees, councils, etc.) are formed for the adoption of respective decisions by the single-person management body of the WSY Group:

The purpose of the **Innovation Management Committee (IMC)** is to implement the strategic decisions of the management bodies of the WSY Group, to ensure the competitiveness of the WSY Group and effective control over subsidiaries of WSY Group. Activity directions of the members of the IMC: the strategies of activities of the companies of the WSY Group, formation and implementation of the innovation, technical and information technology policies and the HR management policy, formation and implementation of the corporate communication strategy, improvement of the economic management model, implementation of the accounting policy and quality management policy, optimisation of business management processes, monitoring and assessment of the external legal environment of the business, tax environment and its impact on the business.

The Safety and Health Committee (SHC) is designed to analyse the activities concerning the occupational safety and health care departments of the WSY Group in terms of the occupational safety issues, development of measures for the improvement of safety at work and proposals for collective agreements, as well as examination of the causes and circumstances of accidents and occupational diseases of employees at the WSY Group. The tasks of the Committee, its scope of competence, work organisation, and the procedure for its establishment are specified in the Collective Agreement of the WSY Group.

The purpose of the **Non-production Costs and Unforeseen Losses Commission** is the minimisation of non-production costs/unforeseen losses and improvement of work organisation, increasing the responsibility of structural units and specific employees for the occurrence of such costs or losses, and the improvement of the economic activity of the WSY Group.

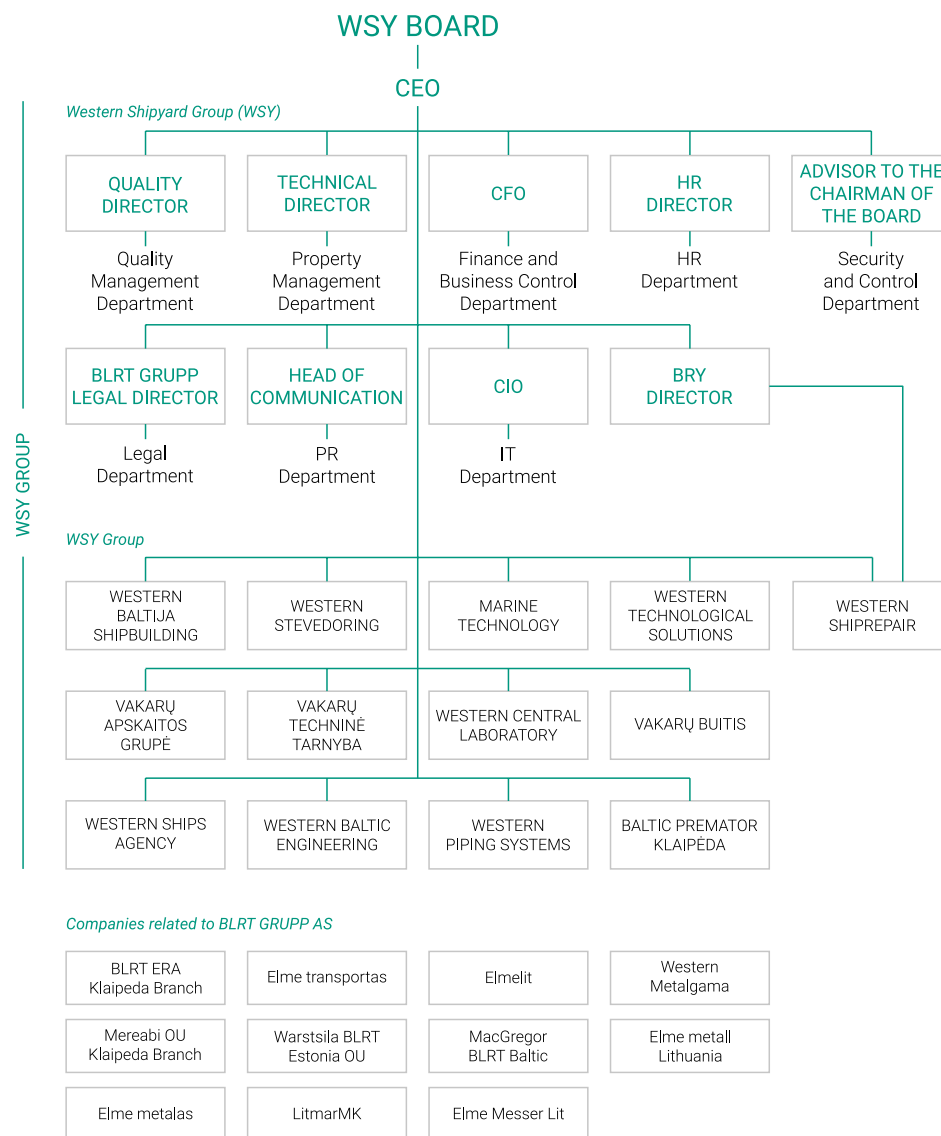
The Production Culture and Work Safety Commission is designed to control the fulfilment of the requirements concerning the condition of the areas, premises, technological and treatment facilities used by the WSY Group, as well as the requirements concerning the environmental protection, work safety and fire safety.

The management structure of the WSY Group consists of WSY (the parent company) and its subsidiaries carrying out different activities. Based on the

specifics of the relationship, the WSY Group has:

1. Departments controlling the activities of subsidiaries of WSY and servicing companies of the WSY Group, and

2. Subsidiaries of WSY in respect of which WSY is the parent company. These are companies engaged in production and in servicing production activities and/or providing other services.



SHAREHOLDERS

The major shareholder in the WSY Group is the BLRT Grupp.

MEMBERSHIP OF ORGANISATIONS

The WSY Group is a member of the following associations/organisations:



Lithuanian Engineering Industries Association



Association of Lithuanian Shipbuilders and Ship Repairers



Association of Lithuanian Stevedoring Companies



Association of Industrialists of Klaipėda

PREVENTION OF CORRUPTION

In its activities, the WSY Group follows the principle of intolerance to any form of corruption and advocates honest, open business and transparent communication with all stakeholders.

In order to realize the above-stated goal, ensure an impeccable reputation, increase awareness of the damage caused by corruption and create an effective corruption prevention system, the WSY Group has put in place the Transparency Policy, which was approved back in 2023. The policy applies to all employees of the Company, as well as to its suppliers, contractors, subcontractors, other business partners, and stakeholders.

The Transparency Policy emphasizes the intolerance of the WSY Group to all forms of corruption and specifies preventive measures to be implemented to avoid any possible preconditions for corruption.

The WSY Group consistently adheres to the policy of zero tolerance for corruption and trade in influence, as well as implements measures to prevent any corporate and private conflicts of interest. The employees and other stakeholders are encouraged to report any possible violations, unethical or unfair behaviour via the WSY Group Trust Line at: pranesk@wsy.lt, whether directly or anonymously, without fear of any negative consequences.

ENVIRONMENTAL PROTECTION

The WSY Group strives to implement innovative solutions and advanced technologies in order to reduce the impact of production activities on people and the environment, to use work equipment, materials, and energy resources efficiently and sparingly, to sort generated waste responsibly and to use less toxic and less hazardous alternative chemicals. The WSY Group complies with the relevant environmental protection requirements of the legal acts of the Republic of Lithuania and international legal acts, participates in the processes of harmonisation of legal acts and strictly adheres to the environmental protection conditions set out in the Integrated Pollution Prevention and Control and Pollution Permits.

MAINTAINING THE ENVIRONMENTAL PROTECTION MANAGEMENT STANDARD

The WSY Group has an Environmental Protection Management System (hereinafter referred to as 'the EPMS') implemented and periodically certified in accordance with the requirements of the ISO 14001 standard. The system is based on five basic principles: environmental policy, planning, implementation and operation, control and management supervision. To ensure the smooth operation of the EPMS, the companies of the WSY Group have appointed employ-

ees responsible for the coordination of the management processes, while the specialists of the Quality Management Department of the WSY Group (hereinafter referred to as 'the QMD') carry out periodic reviews of the EPMS and make suggestions for its improvement. Furthermore, in 2024, specialists of the QMD began conducting continuous monitoring of the environmental conditions, which allows for prompt response to potential problems and for ensuring

compliance with environmental protection requirements.

The companies of the WSY Group follow the key requirements for the identification, monitoring, management and improvement of environmental protection aspects. Thus, understanding the impact of their activities on the environment, the companies identify significant aspects of environmental protection, set the relevant goals, and focus their attention and allocate the necessary resources for the implementation of those goals, pollution prevention and measures to reduce environmental pollution.

MEASURES TO REDUCE ENVIRONMENTAL POLLUTION

To improve continually their activities in terms of environmental protection, economical and rational use of resources and pollution prevention, the companies of the WSY Group constantly improve processes, fulfil their obligations and implement measures to reduce environmental impact, investing in new energy-saving and less environmentally polluting technologies.

In 2024, the WSY Group implemented the following measures to reduce environmental pollution:

- Western Stevedoring (WST) purchased a bulk cargo unloading station, ensuring the use of a clean technology and reducing pollution of the area with agricultural products. The said equipment reduces the amount of sweepings and their entry into wastewater collection systems, thus contributing to a cleaner environment and reduced water pollution. The company also purchased three water cannons, which are used to suppress dust during scrap metal loading.
- Vakarų Buitis, UAB gives priority to the use of power equipment and, therefore, purchased two electric lawnmowers. Using battery-powered equipment contributes to the reduction of ambient air and noise pollution.
- No longer used old machines in the MT production facilities were dismantled and utilized, thus reducing the generation of oil products and waste contaminated with such products. Apart from that, the company replaced old bridge cranes with four new ones and installed two new welding columns. The new equipment enables to reduce power consumption, ambient air pollution and noise pollution, as well as the quantities of waste (slag, ceramic waste) generated during the welding process.
- Vakarų Techninė Tarnyba, UAB (in the territory at Pilies Str. 8) has implemented a project to utilize the heat released by a compressor producing compressed air. Condi-

tions have been created to use it for heating the administrative premises of WBS.

In 2024, companies of the WSY Group successfully implemented a number of environmental initiatives. In order to reduce greenhouse gas (GHG) emissions, projects were implemented that will help customers reduce their dependence on fossil fuels and contribute to the implementation of international and national goals concerning climate change. Such projects include:

- Design and construction of hydrogen and electricity-powered ships
- Installation of gas scrubbers that reduce air pollution with sulphur and nitrogen oxides on ships
- Onshore power supply stations for ships, so that they do not use their own engines that cause air pollution
- Installation of rotor sails on ships that help to reduce fuel consumption by 8 to 10%.

When drawing up their long-term operational strategies, companies continue to consistently plan the implementation of projects focused on reducing environmental pollution, implementing sustainability principles, and applying innovative technologies.

WASTE MANAGEMENT

The companies of the WSY Group specialise in various activities, therefore, a wide variety of waste streams is generated. The companies set waste sorting-related goals every year and strive for an advanced waste management system: the collection of individual waste streams at the place of their generation.

In the course of their activities, the companies of the WSY Group pay great attention to waste sorting: working groups are organized to solve waste management issues, as well as employees are continuously encouraged to sort out responsibly secondary raw materials that can be recycled and used to make new products, and to separate industrial, hazardous, electrical and electronic waste and reuse the waste generated in the production processes.

The safe disposal of waste is another waste management priority of major significance. Therefore, the companies of the WSY Group select waste handlers for continuous cooperation very responsibly in order to contribute to the protection of the environment and the reduction of pollution. In assessing their performance in the field of environmental protection, the companies set themselves the goal of collecting as much as possible waste for recycling, thus reducing the quantity of waste directed to the landfill. To assess the situation, monitoring is carried out.

In 2024, the WSY Group generated and transferred to waste managers 2,489 tonnes of sorted out waste (excluding metal, non-ferrous metal, and aluminium waste), which accounted for 72.7% of the total waste directed to a landfill.

We are pleased that the projects and initiatives implemented within the WSY Group contribute to the achievement of the Lithuania's Green Deal goals.

TRAININGS IN THE FIELD OF ENVIRONMENTAL PROTECTION

The WSY Group organises annual trainings/exercises to maintain preparedness for environmental pollution accidents, emergencies and mitigation of their consequences. To be able to react promptly and professionally to real emergency situations, the theoretical knowledge and practical skills of employees concerning the response to emergency situations are improved, as well as the adequacy of tools available for the mitigation of negative consequences is assessed during such training/exercise. In 2024, the trainings/exercises to check the preparedness for environmental pollution emergencies were conducted 4 times. During the training/exercises, situations

related to the spillage of oil products and hazardous chemicals on the pavement in the area, on floating docks, into the sanitary and rainwater sewers and other engineering networks and the water area of the port were simulated.



EMPLOYEES

Work with employees is the direct responsibility of the WSY Group managers. In this global world, competition is growing, so it is important for the WSY Group to attract and retain the right employees, retaining exactly the staff that is needed most for the successful activities and for strengthening of competitive abilities of the WSY Group.

HUMAN RIGHTS, EQUAL RIGHTS

The WSY Group develops an organisational culture based on values and advocates equal rights and treatment for all employees regardless of their gender, race, nationality, language, origin, social status, age, sexual orientation, disability, ethnicity, membership in a political party or association, religion, faith, beliefs or opinions, intention to have a child (children), as well as of any other circumstances unrelated to the performance-related qualities of employees. The WSY Group does not tolerate any direct and indirect discrimination, abuse, sexual harassment, psychological violence, bullying, and misuse of a position. The implementation of the above provisions is governed by the Rules of Procedure, including annexes thereto. A Violence and Harassment Prevention Procedure has also been approved and put in place and presented to all employees of the WSY Group for acquaintance.

All employees are given equal opportunities at work. The WSY Group ensures for employees the opportunity to improve their qualifications in the relevant positions, to pursue vocational training or higher education, to retrain, and to gain practical work experience. Recruitment conditions or the course of recruitment are determined solely on the basis of personal characteristics and criteria relating to the performance of work in the relevant position.

WORKING REMOTELY AND FLEXIBLE WORKING HOURS

As of 2020, we have the description of the remote work procedure approved. Employees who can work remotely based on the specifics of their job are covered by the remote work procedure. A flexible work schedule applies to employees who, due to family reasons, are unable to work according to the approved work schedules of the WSY Group. Employees use these options for remote work and flexible hours.

EMPLOYEE PERFORMANCE APPRAISAL

Employee performance appraisal (EPA) is one of the key tools for effective governance and operational management. During this process, the employee's annual performance is reviewed, personal goals are set, and the career opportunities, training and educational directions are envisaged. All WSY Group managers and specialists participate

in this process. In 2024, trainings on the topic of feedback were conducted further, which strengthened the competence of managers in providing feedback to employees not only during performance appraisals but also on a daily basis. The Getting to Know Coaching trainings organized for managers helped to enhance the management efficiency and enabled a better conduct of performance appraisal interviews.

EMPLOYEE ENGAGEMENT

The WSY Group systematically analyses the work environment and takes continuous improvement measures. Employee opinion assessment is carried out at least everyone and a half to two years in order to ensure a sustainable growth and improvement of the WSY Group and a strong organisational culture. The assessment is carried out based on the employee surveys, the results of which are used for developing activity plans and envisaging actions to improve the situation. For three years in a row, together with TMD partneriai, a training and consulting company, we were conducting an employee engagement study. The purpose of the study was to determine the level of the company employee engagement, to identify the areas to be improved, and to propose solutions on

how to improve them, as well as to find out the issues of employee concern and reveal how the employee opinion and engagement changed over a year. Based on the results of the 2024 employee engagement survey, each company of the WSY Group identified its weakest areas, developed action plans to improve the situation and began implementing them. The main focus was on strengthening teamwork and cooperation, as well as improving situation concerning communication and feedback.

The Bank of Ideas initiative, which is a solution designed to encourage all employees to contribute with their ideas to the improvement and efficiency of work processes, environment, quality, safety, and, at the same time, to create a competitive and friendly work and organizational culture, continued within the WSY Group throughout the year 2024.

DEVELOPMENT OF COMPETENCES

Team development, expanding the boundaries of competencies, and increasing engagement are among the key goals for every company head. The WSY Group encourages employees to assess at their own initiative the career expectations, analyse career opportunities and plan consistent career-related

steps. All interested parties: the employees themselves, their line managers and HR Department Director are involved in this process.

The WSY Group organises competence development purposefully, it is based on current needs. Ongoing training programmes include:

- The Talent Academy designed for young specialists that are recommended by the heads of the companies. The Talent Academy is a programme designed to develop the entry-level managerial competencies to help to consistently seek both horizontal and vertical career progression.
- The Executive Academy is a training programme for middle managers with leadership experience. It is designed for the development of their competencies to pursue senior managerial positions.
- The Academy of Production Leaders is a training programme designed for foremen and production managers to strengthen their managerial competencies.

There are also Talent Academy and Sales Academy alumni clubs, where participants continue to strengthen their competences and deepen their knowledge. Talent Academy alumni club members become mentors to new participants in the Talent Academy.

In 2024, the Academy of Production Leaders training was organized. The activities of the alumni clubs of the Sales Academy and Talent Academy also continued. In 2024, a new Talent

Academy group began a year-and-a-half-long training programme, as well as the first Project Management Academy was completed in June. The decision to organize the latter academy was taken in view of the fact of dealing with increasingly complex projects, which, in turn, makes their management more complex. The aim was to provide employees with the knowledge and skills required to enable them to achieve high project management competences and to develop a project management standard that would be followed by all companies of the WSY Group. The work was organized in groups: two teams of project managers and one joint team consisting of heads of companies and heads of project management departments took part. As many as 51 employees of the WSY Group engaged in various areas of activity joined the five-month training programme.

Nearly 100 employees participated in the academies organized by companies of the WSY Group and in the activities of the alumni clubs of such academies in 2024.

Assessing its needs and activity direction, each company on its own is also engaged in the development and strengthening of professional competencies. The aim is to ensure that each employee has the necessary knowledge in view of the respective area of his or her activity.

In 2024, the WSY Group allocated for various trainings and employee education, that is, invested in its employees, nearly **602 thousand euro**, which is 102 thousand euro more compared to the previous year.

REMUNERATION SYSTEM

The WSY Group uses the time rate and piece rate remuneration forms in accordance with the Collective Agreement and the remuneration regulations approved in the companies of the WSY Group.

The amount of remuneration for a potential or actual employee is determined based on the objective criteria relating to the employee's abilities, competence, qualifications, experience and knowledge. The motivational policies approved by the WSY Group and in the companies of the WSY Group encourage remunerate appropriately the employees who achieve the set objectives. In 2024, remuneration in the companies of the WSY Group increased on average by 6 percent compared to the previous year. Some companies also updated their financial incentive systems.

THE TRADE UNION AND COLLECTIVE AGREEMENT

The WSY Group respects the right of the employees to voluntary associate and join a trade union and supports their

initiatives to bargain with the employer through a constructive dialogue.

The Trade Union of the WSY Group has been operating since 1992. As on 31 December 2024, 280 employees of the WSY Group were members of the Trade Union.

The Collective Agreement is reviewed and actualized every four years. This document contains the main agreements between the employer and the employees' representatives on the specifics of employment contracts, training, attestation and professional development, working and rest time, remuneration, occupational safety and health, and social welfare. The WSY Group also provides additional financial guarantees (accident insurance, bereavement support, support related to the start of the school year on the 1st of September, incentives on occasion of anniversaries and work anniversaries, retirement guarantees for long-term employees (working with the WSY Group for over 30 years)).

The parties to the Collective Agreement have agreed that it covers, without exception, all employees of the WSY Group, regardless of whether an employee is a member of the Trade Union or not.

OCCUPATIONAL HEALTH

The WSY Group implements and develops solutions based on international best practices to reduce occupational risks for customers and employees. The WSY Group is certified in accordance with the requirements of the ISO 45001:2018 standard for the occupational safety and health (OSH) management system and meets the requirements of the said standard.

Employees are encouraged to contribute to creating a safer working environment within companies of the WSY Group. A significant number of the community members are very actively involved in this process. In 2024, 306 employees noticed, recorded and provided information for action on non-consequential incidents (NCEs), i.e., unsafe situations in the work performance area, and the total number of reports reached 5,174. The reporting employees made up about 18.4 percent of all employees of the production companies of the WSY, and the number of such reports increased by 30 percent compared to 2023. There is also an increasing number of active participations in the BOS initiative, where efforts are made to shape safe employee behaviour through safety interviews. This is especially relevant when performing hazardous work. In 2024, the number of such interviews conducted and recorded reached 4,051, which marks an increase by 9 percent compared to the year 2023.

Expert risk mitigation is also performed, assessing the following:

- Risks concerning planned and completed projects
- The significance of the risks concerning the existing and planned new positions in accordance with the annual risk mitigation plan prepared by the safety and health specialists
- Newly purchased/put into use equipment or structure: principal risks are reviewed from the perspective of modern standards and specific activities/nature of work performed in the company

Safety trainings for new employees, as well as updated repeat safety trainings for existing employees, are organised every year. Occupational safety and health specialists also conduct trainings to the heads of departments and to employees' representatives for occupational safety and health, as well as to employees performing hazardous work. Healthy lifestyle, stress management and first aid trainings are organized as well. Scheduled practical trainings (exercises) and theoretical trainings (table exercises) are conducted by simulating dangerous situations and identifying areas for improvement during subsequent discussions. The emergency preparedness training/exercise plan of the WSY Group for 2024 provided for 11 scheduled exercises based on different scenarios, all of which were organized. One table exercise concerning Civil Protection was held additionally.

The occupational safety and health specialists perform internal audits in the

companies to check whether the companies comply with the requirements of the ISO 45001 standard and the legal acts of the Republic of Lithuania, and to identify the areas for potential improvement. Fourteen of such audits were conducted in 2024. Additionally, the companies were represented in 6 audits of existing and future clients of the WSY Group, during which the specialists of the Safety Risk Management Department presented the Occupational Health and Safety Management System of the company.

Occupational safety and health specialists monitor changes in the normative legal acts that regulate the field of safety. About 11 legal acts relevant to the company were updated in 2024.

Periodic inspections of the production culture in the companies are organized, which also cover the field of occupational safety. In 2024, 138 such inspections were carried out, showing that the situation in the companies in the said field is improving to some extent based on the relevant indicators that have risen by 1% compared to the situation a year ago.

To ensure the highest possible safety at work, companies of the WSY Group organize safety-related discussions of various forms: safe conduct education, weekly team discussions, talks with employees' representatives for safety and health, providing information and suggestions to company managers. The initiative, which has been practiced for several years, has undoubtedly paid off and has a visible impact on the occupational safety situation in the company.

In 2024, 2,669 weekly and monthly team discussions on safety issues were held, which shows an increase by 12.7 percent compared to the year 2023. There were also 38 meetings of the employee representatives for safety and health with heads of companies to discuss current issues concerning safety at work.

An electronic safety training system for visitors, employees of contracting organizations and crew members is used, enabling to acquaint them in a faster and more convenient manner with the safety requirements valid in the companies of the WSY Group. 2,865 guests to the company, contractor employees and crew members were instructed in this manner in 2024, which is 2.2 times more than in 2023.

We are happy about the growing employee engagement in the field of occupational safety and health. The total number of safety-related entries recorded, including both non-consequential event reports and safety talks, reached 11,894 in 2024, which is 18 percent more than in 2023.

The company has employee health check-ups carried out annually both in accordance with the procedure established by legal acts and additional check-ups for the employees in the risk groups due to age or existing health problems. We also organize annual vaccination of employees against influenza and other diseases, as well as targeted preventive health examinations relating to employee professional activities. For the convenience of employees, licensed medical

aid centres operate in the company on weekdays, providing first aid, consultations and preventive health care services to the employees. In 2024, the staff of such medical aid centres provided outpatient assistance 775 times.

In addition, in 2024, each employee of companies of the WSY Group was further allocated 200 euro for health-related needs. They could spend the said amount on various tests, vaccinations, as well as other health-related services or goods intended for that purpose.

The company investigates and collects data on all registered accidents and occupational diseases. Measures for prevention of such events are put in place. Measurable indicators are used to monitor employee safety and health, i.e., the lost time incident rate (LTIR), which in 2024 was 4.3, and the number of days lost due to injuries at work, which in 2024 was 654 days.

The WSY Group continues to implement its Mission 0 strategy – work without accidents and damage to health, therefore, the necessary effective measures are taken in that regard: recurring systemic errors are eliminated, and a great attention is paid to the observance of the rules of safe behaviours at work. Every year, based on established criteria, the situation in the field of occupational safety is assessed, achievements are celebrated and issues that need to be worked on are highlighted, as well as the safest company in the WSY Group is elected.

SPORTS ACTIVITIES AND OTHER INITIATIVES

The WSY Group promotes and supports sports initiatives the participation in which helps its employees to maintain the required physical activity and satisfy the need to do certain sports. The Company's basketball, volleyball and other sports teams can train in the sports facility available. Employees enthusiastically participate in the spartakiade of companies of the WSY Group and, at the end of the season, the best-performing teams and athletes are rewarded with gifts marking their victory. The community of the WSY Group is also a participant in other sports events taking place in the city and in the country. In 2024, our representatives participated in the Run for Hope, Dragon boat competition organised by the KSSA, and the Olympic Day.

In addition to sports events, many other initiatives are organized, some of which have deep-rooted traditions. The year 2024 marked the 55th anniversary of the operation of the WSY Group, and the company celebrated this event together with its community. About 3,500 employees, their family members, former long-term employees and guests gathered at the festive event held at the Švyturio Arena. It is symbolic that, during the celebration, 55 employees were

awarded certificates of appreciation for their long-term (over 30 years) work with the company, the education of the younger generation and sharing experience, the dedication to the company, activity and profession, the leadership and effective cooperation, the creation of added value for the WSY Group, and for breaking stereotypes. The festive event was crowned by a concert, which was performed by Linas Adomaitis and the New Ideas Chamber Orchestra (NIKO) and appreciated by all those gathered.

Every year, employees and their close ones are invited to participate in the WSY Family Day. This event is very popular and attracts large numbers of people. The WSY Family Day 2024 held in the area of Western Baltija Shipbuilding was a record-breaking event in terms of the number of participants: as many as 2,100 employees of the WSY Group and their family members came to the event, while a year ago this number reached 1,500. Participants not only enjoy a good time together but also have the opportunity to acquaint closer with the activities of companies of the WSY Group and to take a look at the production spaces and equipment. Apart from the above, Christmas event is held annually for employees and their children, where the little ones can enjoy a festive programme and gifts.

Another traditional and quite a unique event is the Best Welder Competition held at the WSY Group. Every year there is no shortage of employees ready to challenge each other and demonstrate their skills. The winners of the com-

petition are awarded prizes, including cash prizes. In 2024, the scope of the said competition expanded after a long break: the participants were competing not only for the title of the best welder but also for the best hull assembler. Apart from that, for the first time, the said non-traditional competition was held in another space – the Klaipėda Paul Lindenau Training Centre, which is a long-standing partner of our company. A total of 25 employees of the WSY Group participated in the competition.

Other initiatives, campaigns and contests also take place to promote bonding and community spirit among our employees.



SOCIETY

SUPPORT AND ITS DIRECTIONS

The WSY Group strives to participate in public activities as actively as possible and to contribute to the dissemination of culture and art within the country, to support various sports, educational and other events and initiatives, as well as to contribute to the organisation of such events.

In 2024, the Company demonstrated involvement by providing financial support to Lithuanian Olympic athletes, thereby promoting the popularisation of sports activities in the country. We have been cooperating with the Lithuanian National Olympic Committee (LNOC) since 2019. Being a company operating in the field of marine engineering industry, the WSY Group actively participates in and supports events and celebrations that bring society closer to maritime culture: the company has been a sponsor of the Klaipėda Sea Festival for many years, as well as takes part annually in the theatrical procession that marks the opening of the festival and designs an impressive moving installation for that purpose. In 2024, a record number of the WSY Group community members, i.e.

about 2,000 employees and their family members marched in the grand Sea Festival procession, creating the sea of blue T-shirts, amidst which a striking ship of the future, built through the combined efforts of employees, floated. A great deal of attention is devoted to promoting maritime engineering professions and apprenticeships among Lithuanian youth through financial support allocated for this purpose. The company also provides financial aid to the Klaipėda Paul Lindenau Training Centre that educates future graduates with the following specialisations: welders, hull assemblers, electricians and other professionals in the field. Scholarships have been established for students in the ship hull assembly study programme at this educational institution. By offering scholarships, the WSY Group also contributes to the promotion of engineering studies at Klaipėda University (KU). The aforementioned institution is allocated financial support to advance scientific research activities. The WSY Group was among the founders of and shareholders in KU's Future Endowment Fund, which finances

research and projects, facilitates the introduction of modern technologies, and fosters competences and abilities that are relevant now and needed for future generations. In 2024, with contributions exceeding 100,000 euro, the WSY Group became a patron of KU's Future Fund.

The Company has always striven and will continue to strive to be open to and share good practices with the public, and to show that the synergy of seemingly difficult-to-combine fields of art, culture and maritime industry can produce a valuable heritage and significant added value to the society.

SOCIAL INITIATIVES

Being a socially responsible company, the WSY Group understands the importance of disseminating education, art and culture within society. For educational and familiarisation purposes, the company opens its doors and spaces widely to Klaipėda residents and guests from other Lithuanian cities, the young, schoolchildren. The aim of the organised tours is to acquaint the visitors more closely with the marine engineering industry and the ship's life cycle. Expressing support for artists, the Company allocates spaces for cultural events and, if necessary, helps to organise the necessary attributes and products for them. It was not once that photographers, video and filmmakers came to the WSY Group and showed their creative potential, being given the opportunity and the necessary conditions to work and create in the premises and area of the companies of the WSY Group.

COOPERATION WITH EDUCATIONAL AND RESEARCH INSTITUTIONS

Synergies between a business and educational and research institutions help to ensure the sustainability and continuity of the business itself. Having a good understanding of the significance and importance of this process, the WSY Group shows engagement and organises various initiatives in this field. We are glad about the already five years of active cooperation between the companies of the WSY Group and the Baltic Gymnasium where university engineering education classes were formed.

A long-standing partner of the WSY Group is Klaipėda Paul Lindenau Training Centre. Thirty students from this centre are given opportunity to undergo

a traineeship in the companies of the WSY Group each year. Part of them become successful employees in those companies. Representatives of the WSY administration participate in the activities of the Council of the Training Centre. The year 2024 saw the continuation of the tradition of awarding scholarships to students in the ship hull assembler study programme. Five young people received the scholarships, which means that they will be paid 200 euro each month within the entire duration of their studies.

The WSY Group also has close contacts with KU and cooperates with it in a number of interrelated areas. A significant part of the graduates from this educational institution are employed by the companies of the WSY Group. The specialists of the company contribute to the improvement of programmes, participate in the activities of examination committees, and implement other joint projects together with KU. In 2024, Arnoldas Šileika, CEO of the WSY Group, who is also the Chair of the Council of KU, was granted the Initiative of the Year award by this educational institution. This award was granted in recognition of his initiative and support in developing a strategy to increase the competitiveness of KU's engineering studies and science for 2024-2028 period. Monthly scholarships of 300 euro have been established for students in engineering study programmes at KU. Students receive the said scholarships throughout the entire period of study. In 2024, another 6 students were granted these scholarships, while the overall number of future engineers receiving this financial support amounts to 23.

Professionals of the WSY Group participate in the life of other educational institutions as well, by contributing to the improvement of programmes and providing employer insights concerning competencies. The company also provides scholarships to employees' children who study in engineering study programmes, as well as covers part of the tuition fees for employees who decide to continue their studies in the field of engineering.

In 2024, WSY Group also supported *PORTATHON 2024* the international port technology hackathon organized by Klaipėda Science and Technology Park together with the Lithuanian Maritime Cluster and long-term partners. Apart from contributing to the prize fund, the company also submitted a challenge and delegated a team. Grouped into 18 teams assisted by nearly 20 mentors, over 80 participants tested their strength in the 48-hour marathon for generating technological solutions. The team representing the WSY Group was among the top four winners.

LET'S BUILD FUTURE SHIPS TOGETHER!



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