



WESTERN SHIPYARD GROUP

CORPORATE SOCIAL RESPONSIBILITY REPORT 2023



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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 goal but the business-related expectations of the other participants concerning company operations and their respective growth, have an increasingly higher value. A new trend is emerging in the business world: to create the greatest possible added value for the company by contributing to the well-being and progress of society.

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 market, creating new jobs, and paying taxes to the state treasury in a fair and transparent manner, all of which is based on the premise 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, the preservation of the environment, strengthening the community, as well as developing long-term relationships with interested groups based on respect and tolerance.

The goal and ambition of all of us is to continue to ensure an equitable 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 'the report'), the group of companies belonging to Western Shipyards (hereinafter '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, the 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 2023 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, 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 ensuring a proper care of the health and safety of employees, equal rights, and investments to increase the competencies of employees, 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 companies of the WSY Group.

ABOUT THE WSY GROUP

For more than five decades, the WSY Group has been the largest marine engineering company in Lithuania, uniting 21 companies with different specialisations and providing a full range of services related to a ship's life cycle. The key areas of activity in the group's companies are the implementation of shipbuilding, ship repair and conversion projects, complex ship design and engineering solutions, manufacturing of large and complex metal structures and equipment, 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 controlled by the BLRT Grupp. The company operates two floating docks designed for 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 mod-

ernisation 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 seventy-three ship repair projects in 2023, eleven of which were ship modernisation projects. WSR achieved a number of records in its activities: in January, the company accepted for repair, DELPHINE, the largest car carrier – 234 m long and 35 m wide, in the company's history; February brought another challenge when ARC INTEGRITY, one of the tallest ships was accepted. The length of this car carrier measured 228 m with a width of 32 m, while the height reached nearly 35 m. Yet another record was set in November, when the company's team accepted the biggest dredger in the company's history. It was the VOX AMALIA with a length of 159 m, and a width of 36 m. The year saw quite a number of large-scale complex ship repair and modernisation projects completed.

Western Baltija Shipbuilding (WBS), a modern shipyard 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 has earned the reputation of being 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, has helped to successfully implement even the most complex projects. One of the most important events at WBS in 2023 was the construction of the largest and heaviest ship hull in the history of the company. The construction of the hull with a length reaching 104 m, and a width of 20 m, and weighing 4.7 thousand tons was completed and partially equipped. Two such identical ships are still under construction. All of them will carry out rescue and water decontamination operations and other similar functions. The construction of the ships was ordered by Abeking & Rasmussen, a German company, while the end customer is the German Federal Government. Furthermore, these ships are distinguished by their modernity, as instead of the usual fuel, i.e., diesel, they are powered by liquefied natural gas. The specifics of the construction and installation work was determined by the ships' purpose itself, requiring a large amount of equipment.

Not only ship servicing and shipbuilding but ship design is also being successfully developed. Western Baltic Engineering (WBE), a company established in 2003, 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, innovative, and highly experienced partner. The company's team designs ships for various purposes and structures for the Offshore Wind, Oil and Gas industries. The design services cover all stages of product development: starting with concept development and ship strength calculations to a detailed design and preparation of working drawings. In 2023, the company continued to pay a lot of attention to green technologies: new solutions were evident in the projects developed and the services provided. The company also maintained the development of its R&D activities.

Marine Technology (MT) provides complex metal structures' design, production, transportation, and maintenance services requiring highly qualified specialists. Since 2004, the company has manufactured wide-profile, high-quality products for the oil and gas extraction and renewable energy industries. The company also specialises in the production of reels for various purposes. Being characterised by innovative solutions, the team of MT engineers and production professionals has offered the market quite a number of exclusive engineering solution, such as modular reels. In 2023, the company not only engaged in the manufacture of its usual

products, i.e., reels of various types, but also gained experience by successfully implementing underwater structures' production projects, as well as manufacturing bridges and ramps. The customers of MT appreciated the contribution of the company to the implementation of complex projects of global significance.

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 break-bulk 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. In 2023, the company handled one million tons of cargo even within a shorter period than the previous year, which shows that continuous investments in infrastructure for more efficient and sustainable operations are paying off. Moreover, two records were set by WST when in September the vessel ULTRA CRIMSON was loaded with 50,400 tons of scrap metal, the largest amount in the company's history; and the selected loading technology and work experience made it possible to achieve another record – loading the ship with a record capacity of 11,443 tons of scrap metal per day.

Established in 2001, Western Ships Agency 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. Agents supply 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. In 2023, the team had an opportunity to service an exceptional vessel – the world's largest floating pontoon built a few months earlier for the construction of an underwater tunnel between Denmark and Germany. The tunnel will have railway tracks and a road laid. This underwater tunnel, reaching 18 km in length, will be the longest in the world. WSA's activities received recognition on the scale of the entire BLRT Grupp – it received the Best Service Company 2023 award.

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

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 principles of operational and business development.

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 within 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 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 Opportunities 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 activities.

Values of the WSY Group: In our activities and in the daily life of the company, each person is guided by the values of the BLRT Group:

Respect for others: We believe in and trust our employees. The ideas and feedback from our customers, partners, and employees are important to us, and we encourage an open exchange of views, as this leads to greater 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 a high quality in a timely manner, using verified technologies and complying with established rules.

Efficiency: Our achievements are high because we act diligently, efficiently using the resources entrusted to us. We are united by common goals, interested in a common result, work as a team, improve processes, share experiences, and help each other, and that is why we are successful.

Development: We understand the importance of development. Therefore, we pay special attention to new ideas and the development of competences, involving employees, customers, and partners in the search for the best solutions, as well as improving technologies and processes. This is how we create improved prospects for the future.

TARGET GROUPS

Each strategic activity of the WSY involves several target groups, therefore, activities are carried out in line with their expectations. We maintain formal and cooperative relations with such target groups: invite them to participate in dis-

cussions or discuss issues of concern together, listen to their opinions, and provide them with the 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 **shareholders** by continuously analysing our activities, identifying risks that hinder the achievement of set goals, and minimising the possibility of the occurrence of such risks.

To our **employees**, we undertake to ensure the timely provision of information on the activities of the companies of the WSY Group and any ongoing changes; to improve the organisational 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 can provide high quality services and products to the WSY Group.

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

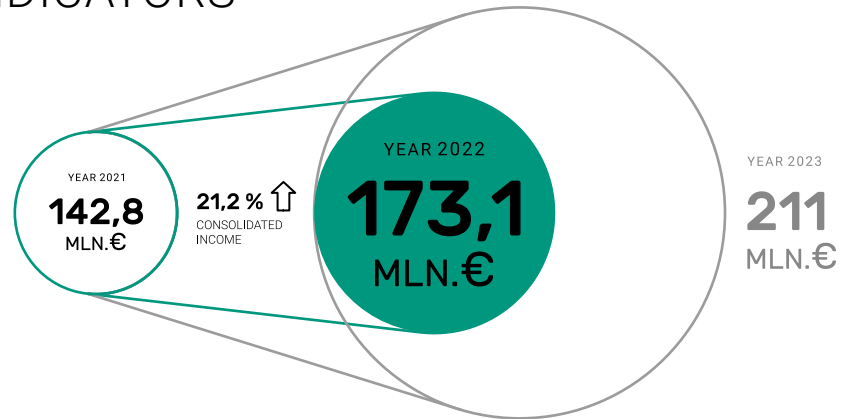
To the **public** we undertake to act as a socially responsible company, and to the **media** to provide transparent and relevant information.

To the **residents of the city** we undertake to contribute to the life of the city by creating jobs, providing support for and participating in the city's projects.

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



KEY PERFORMANCE INDICATORS



YEAR 2022 55,8 MLN. €

↑ 12 %

SHIP REPAIR

YEAR 2023 62,7 MLN. €

YEAR 2022 34,1 MLN. €

↑ 25 %

SHIP BUILDING

YEAR 2023 42,6 MLN. €

YEAR 2022 14,1 MLN. €

↑ 19 %

STEVEDORING SERVICE

YEAR 2023 16,8 MLN. €

YEAR 2022 17,2 MLN. €

↑ 71 %

PRODUCTION AND PROCESSING OF METAL CONSTRUCTIONS

YEAR 2023 29,4 MLN. €

YEAR 2022 10,8 MLN. €

↑ 5,5 %

INFRASTRUCTURE AND MANUFACTURING DEVELOPMENT

YEAR 2023 11,4 MLN. €

The WSY Group undertakes 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 - the Board, and a single-person management body - 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 of subsidiaries of the 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, 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 evaluation 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 of the work safety and health care departments of the WSY Group in terms of the occupational safety issues, to develop measures for the improvement of safety at work, proposals for collective agreements, and to examine 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.

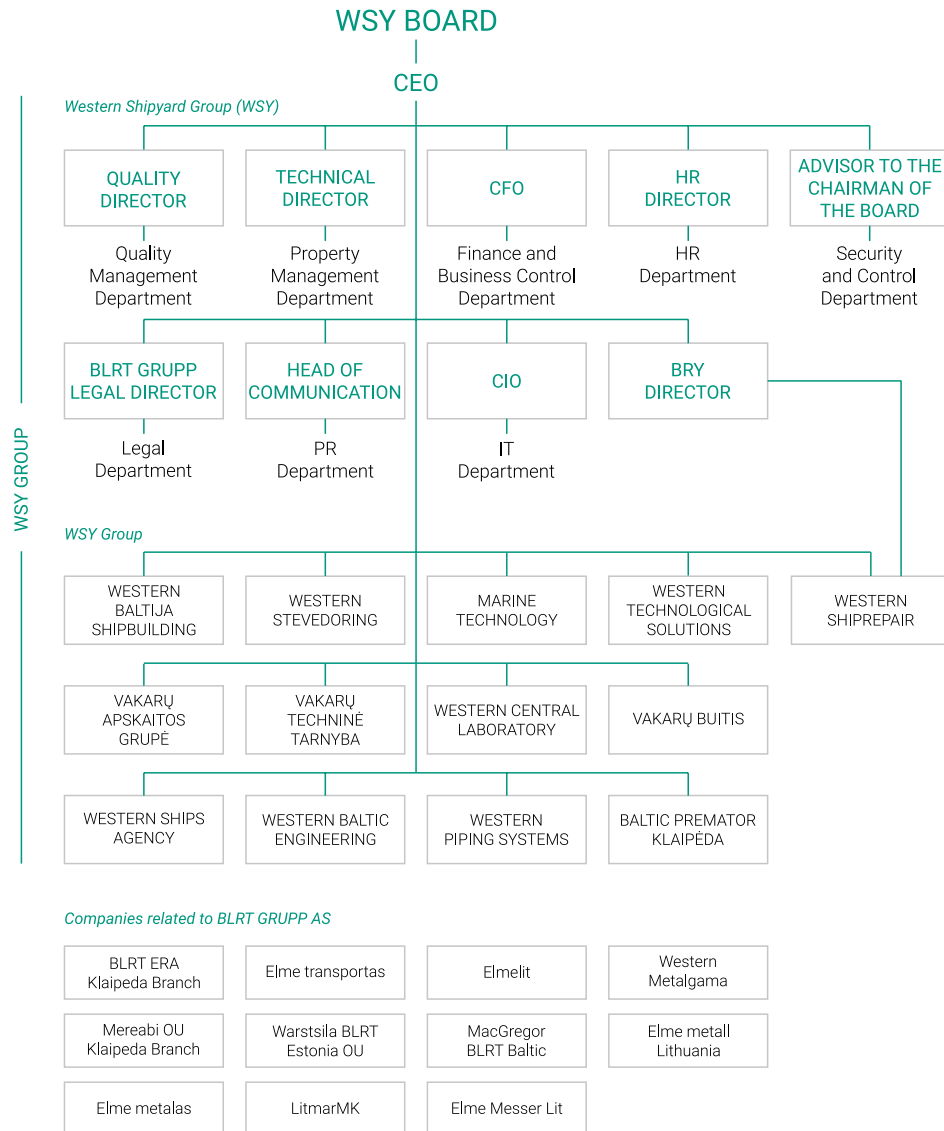
The purpose of the **Non-production Costs and Unforeseen Losses Commission** is the minimisation of non-production costs and unforeseen losses, improvement of work organisation, increasing the responsibility of structural units and specific employees for the occurrence of such costs or losses, and the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

The **Production Culture and Work Safety Commission** is designed to control the fulfilment of 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, 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.



WSY GROUP

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



LIETUVOS LAIVŲ
STATYTOJŲ IR
REMTININKŲ
ASOCIACIJA

Association of Lithuanian Shipbuilders and Ship Repairers



LIETUVOS JŪRŲ
KROVOS KOMPANIJŲ
ASOCIACIJA

Association of Lithuanian Stevedoring Companies



KLAIPĖDOS
PRAMONININKŲ
ASOCIACIJA

Association of Industrialists of Klaipėda

PREVENTION OF CORRUPTION

The WSY Group consistently follows the principle of intolerance to corruption and various forms of trading in influence and implements measures to prevent conflicts between the interests of the company and private interests. The companies of the WSY Group encourage their employees and other stakeholders to report any possible violations, unethical or unfair behaviour via the WSY Group Trust Line at: pranesk@wsy.lt directly or anonymously without fear of any negative consequences.

ENVIRONMENTAL PROTECTION

The WSY Group strives to implement innovative solutions and advanced technologies 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 the Environmental Protection Management System (hereinafter '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 employees responsible for the coordination of the management processes, and the specialists of the Quality Department of the WSY Group carry out periodic reviews of the EPMS and make any necessary recommendations for improvement.

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, and set the relevant goals, and focus attention and allocate the necessary resources for their implementation, pollution prevention and measures to reduce environmental pollution.

MEASURES TO REDUCE ENVIRONMENTAL POLLUTION

To continually improve their activities in terms of environmental protection, the 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.

Measures implemented to reduce environmental pollution:

1. Western Stevedoring (WST) invested in E-Crane, a new genera-

tion electro-hydraulic crane, whose efficiency and technical parameters helps to reduce air pollution and the number of noisy loading operations and to increase loading efficiency.

2. Vakarų Buitis, UAB also contributed to reducing environmental pollution by purchasing the ITALA 135 BT electric vacuum street sweeper. The machine is characterised by its quiet operation, while a powerful filtration system captures fine dust particles and does not allow it to spread into the environment.

3. MT replaced three bridge cranes in the production premises. It is estimated that the electricity consumption of each new crane based on their technical characteristics will be reduced by up to 40% compared to the previous ones.

4. Vakarų Techninė Tarnyba, UAB has implemented a project for utilising the heat released by a compressor that produces compressed air.

Conditions were created to use it for heating the compressor room and administrative premises of Baltic Premator Klaipėda, UAB. It is estimated that this will enable to reduce gas consumption by up to 4,500 m³ per year and electricity consumption by approximately 120 MWh per year.

5. Western Shiprepair (WSR) purchased boom barriers to control the spread of pollutants into the Curonian Lagoon and to collect pollutants. In addition, to reduce the emissions of particulate matter released into the environment in the course of technological processes, the company in previous years installed

curtains at both ends of the floating docks No. 170, 12, and 219 and in 2023, additionally installed curtains in all dock stairwells.

6. Western Piping Systems installed updated rooms for non-ferrous metal welding and hydraulic testing of pipes, as well as the new equipment required for that purpose. Such new installations not only help to reduce energy consumption but also support improving the quality of work, safety, and reducing the probability of defects and the negative impact on the environment.

7. Elme Transportas, UAB purchased two new tractors enabling the reduction of environmental pollution and sold the old ones. In addition, the company continually optimises its fuel consumption.

8. The lighting systems in the production spaces of the companies of the WSY Group were renewed by installing LED luminaries; stationary fans which automatically switch off during breaks, lunch, and rest periods; and motion sensors were installed in offices and administrative spaces so that the lighting turns on only when it is needed. Wooden window frames were replaced with heat-saving plastic frames, and any unused rooms are insulated, and heating is reduced to a minimum.

When drawing up their long-term operational strategies, the companies continue to make plans for the consistent implementation of projects that will help reduce environmental pollution.

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 organised to solve waste management issues, as well as employees who are always 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 responsibly select waste handlers for continuous cooperation 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 waste as possible for recycling, thus reducing the quantity of waste sent to landfill. To assess the situation, monitoring is carried out.

In 2023, a total of 11,207 tons of sorted waste (including metal, non-ferrous metal, and aluminium waste) was generated by the WSY Group and transferred to waste managers, which accounted for 85% of the total waste generated.

In 2023, the WSY Group generated and transferred to waste managers 1,638 tons of sorted out waste (excluding metal, non-ferrous metal, and aluminium waste), which accounted for 45% of the total waste directed to a landfill.

We are pleased that the projects and initiatives implemented by the WSY Group contribute to the creation of a more sustainable environment.



TRAINING IN THE FIELD OF ENVIRONMENTAL PROTECTION

The WSY Group organises annual training/exercises to maintain preparedness for any accidental environmental pollution incidents, emergencies, and mitigation as a consequence. To be able to react promptly and professionally to actual 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 during such training/exercises. In 2023, the emergency preparedness training/exercise plan of the companies of the WSY Group included three joint exercises under different scenarios. During the training/exercises, situations relating to the spillage of oil-based products on the pavement, on floating docks, into the sanitary and rainwater sewers and other engineering networks and water areas 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. It is essential to retain 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 has developed an organisational culture based on values and advocates equal rights and opportunities for all employees regardless of their gender, race, nationality, language, origin, social status, age, sexual orientation, disability, ethnicity, membership of 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 qualities concerning the performance of employees. The WSY Group does not tolerate any direct or indirect discrimination, abuse, sexual harassment, psychological violence, bullying, and misuse of a position. The implementation of these provisions is governed by the Rules of Procedure, including annexes. The Violence and Harassment Prevention Procedure has also been approved and implemented and presented to all employees in the WSY Group.

All employees have equal opportunities at work. The WSY Group ensures that employees have 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 is determined solely based on personal characteristics and criteria relating to the performance of work in the relevant position.

WORKING REMOTELY AND FLEXIBLE WORKING HOURS

As of 2020, the description of the remote working procedure was approved. Employees who can work remotely based on the specifics of the 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 can make use of the possibility to work remotely or to have flexible working hours.

EMPLOYEE PERFORMANCE APPRAISAL

Employee performance appraisal (EPA) is one of the key tools for effective governance and activity management. In the course of this process, the annual performance of employees is discussed, personal goals are set, and the career opportunities, training and educational directions are envisaged. All managers

and specialists in the WSY Group participate in this process. In 2023, training on the topic of feedback was conducted, 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 training organised for managers gave insight on how this competence helps management and enables a better management of performance appraisal interviews.

EMPLOYEE INVOLVEMENT

The WSY Group systematically analyses the work environment and continuously takes measures for improvement. To ensure the continuous growth and improvement of the WSY Group through the improvement of the organisational culture, employee opinion assessment is carried out at least every eighteen months to two years based on employee surveys. The results of the surveys are used for activity plans and actions to improve conditions/situation. For three years in a row, together with TMD partneriai, a training and consulting company, we have conducted an employee involvement study. The purpose of the study is to determine the level of employee involvement, to identify the areas to be improved, and to propose solutions,

as well as finding out matters of employee concern and reveal how employee opinion and involvement have changed over the year.

The invitation to assess the situation for 2023 was delivered to the 1,172 employees in the WSY Group. 61.5 percent of employees filled out the questionnaires, which is nearly 10 percent less than during the previous survey. The results obtained showed that the areas for improvement remain the same, although the overall rating of the Company rose by several points and reached the 74th percentile (up from 71). Areas that need further attention are teamwork and collaboration, communication, and feedback.

The initiative of the Bank of Ideas system continued within the WSY Group throughout 2023. It 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 organisational culture.

DEVELOPMENT OF COMPETENCES

The WSY Group encourages employees to assess at their own initiative the career expectations, analyse career opportunities and plan consistent career-related steps. It is emphasised that to educate employees and encourage their efforts and involvement is one of the key goals of a manager. In managing the careers of employees in the WSY Group, the employees themselves, their line managers, and the Director of the WSY Group HR Department are involved as the parties responsible.

When carrying out the development of competencies, the WSY Group organises this purposefully, according to the competence areas and directions that the companies in the WSY Group need. The following programmes are carried out in the Company:

- The Talent Academy designed for young specialists that are recommended by the managers of the companies. The Talent Academy is a programme to develop the entry-level managerial competencies with the goal of developing them consistently in both horizontal and vertical career directions.
- The Executive Academy is a training programme that involves middle managers with leadership experience and is designed for the development of their competencies to pursue senior managerial positions.

- The Academy of Production Leaders is a training programme intended 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 competencies and deepen their knowledge. Talent Academy alumni club members are mentors to new participants in the Talent Academy.

In 2023, the Academy of Production Leaders training took place. The activities of the alumni clubs of the Sales Academy and Talent Academy also continued. In August 2023, a group of trainees in the Talent Academy completed their one and a half year training.

Nearly 100 employees participated in the academies organised by companies of the WSY Group and in the activities of the alumni clubs of such academies in 2023.

Furthermore, each company on its own is engaged in the development and strengthening of professional competencies based on its needs and activity direction, and consistently ensures that employees are trained according to the respective areas of their activity.

In 2023, the WSY Group allocated almost €499,000 for investment in its employees, which is €140,000 more than within 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 appropriately remunerated employees who achieve objectives. In 2023, remuneration across the WSY Group increased on average by 6 to 8 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 voluntarily associate with and join a trade union and supports the

initiatives to bargain with the employer through a constructive dialogue.

The Trade Union has been operating across the WSY Group since 1992. As on 31 December 2023, 260 employees were members of the Trade Union.

The Collective Agreement is reviewed and actualised 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, benefits in the event of death of a family member, support related to the start of the school year, incentives on the occasion of anniversaries and work anniversaries, retirement guarantees for long-term employees (working 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.

In 2023, 372 employees, i.e., about 21 percent of employees of all production companies in the WSY Group, were involved in the occupational risk reduction processes. To reduce occupational risks, employees provide information on any potentially dangerous situations observed (non-consequential events) in the workplace. In 2023, 3,646 records concerning such observations were registered. Additionally, managers, engineers, and technicians are encouraged to promote the safe behaviour of employees, especially when performing hazardous work, and to register relevant information in the prescribed format (BOS). In 2023, the above-mentioned employees discussed the safety of their colleagues and made 3,689 respective records, which is 1,580 records more compared to 2022.

Expert risk mitigation is also undertaken assessing the following:

- Risks concerning planned and completed projects.

- The significance of the risks concerning 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 relevant company.

Safety training for new employees, as well as updated repeat safety training for existing employees, are organised every year. Occupational safety and health specialists provide training to the heads of departments and to employees' representatives for occupational safety and health, as well as to employees performing hazardous work. The promotion of healthy lifestyles, stress management and first aid training are conducted as well. Scheduled practical training (exercises) are carried out by simulating dangerous situations and identifying areas for improvement during subsequent discussions.

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 identify the areas for potential improvement. Eight such audits were conducted in 2023. In addition, thirteen audits of current and future customers of the WSY Group with an active involvement of specialists from the OSH Department took place in 2023.

Occupational safety and health specialists monitor changes in the normative legal acts that regulate the field of safety. On average, about 19 legal acts relevant to the company are updated annually.

The WSY Group carries out inspections of the production culture in the companies. Compliance with standards is determined based on assessment scores showing the ability of companies to continuously maintain compliance.

Periodic inspections of the production culture in the companies are organised, which also cover the field of occupational safety. In 2023, 127 such inspections were carried out, showing that the situation in the companies in the said field is improving based on the relevant indicators that have risen by 5% compared to the situation a year ago.

To ensure the highest possible safety at work the companies in the WSY Group organise various formats of safety-related discussions: 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 had a visible impact on the occupational safety situation in the company. In 2023, 2,368 weekly and monthly team discussions of safety issues were held. There were also 55 meetings of employee representatives for safety and health and heads of companies to discuss current issues in the said area. An electronic safety training system

was installed in 2023 for visitors and employees of contracting organisations, enabling them to become acquainted with the safety requirements valid in the companies of the WSY Group faster and more conveniently. 1,263 guests and employees of the Company were instructed in this manner during 2023.

We are pleased with the growing employee involvement 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, as well as other initiatives, reached 9,703, which is 4,075 records or 41 percent more than in 2022.

The company has employee health checks carried out annually both in accordance with the procedure established by legislation and additional checks for the employees in the risk groups due to age or existing health problems. We also organise 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 centres operate in the company on weekdays, providing first aid, preventive health care services and consultations to employees. In 2023, the staff of such medical centres provided outpatient assistance 513 times, advised employees 1,196 times, and made 26 referrals to other medical care institutions.

In addition, during 2023, each employee across the companies in the WSY Group

was given 200 euros 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 accidents and occupational diseases registered in the company. Measures for prevention of such events are put in place. To monitor employee safety and health, we use measurable indicators, i.e., the lost time incident rate (LTIR), which in 2023 reached 0.56, and the number of days lost due to injuries at work, which in 2023 reached 626 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: recurring systemic errors are eliminated and a great attention to the observance of the rules of safe behaviour at work is paid. 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 group is selected and the most active employees are encouraged for their leadership in the field of occupational safety.

SPORTS ACTIVITIES AND OTHER INITIATIVES

The WSY Group promotes and supports sports initiatives the participation in which help employees maintain physical ability and strength. The Company's basketball, volleyball, and other sports teams can train in the sports facility available. Employees enthusiastically participate in the spartakiade of companies across the WSY Group and at the end of the season, the best-performing teams and athletes are rewarded with gifts. The community of the WSY Group is also a participant in other sports events that take place in the city and in the country. In 2023, our representatives participated in the Run for Hope, Dragon boat competition organised by the KSSA, the Olympic Day, and the OCR Baltic Warrior Race extreme running competition.

In addition to sports events, many other initiatives take place, and some of these have deep-rooted traditions. Every year, employees and family members are invited to participate in the WSY Family Day. This event is very popular and attracts large numbers of people up to 1,500. Employees and their family members not only enjoy a good time together but also have the opportunity to socialise more closely and find out more about the activities of the WSY Group

of companies and to take a look at the production spaces and equipment. And of course, there is our annual Christmas event for employees and their children, where the little ones can enjoy a festive programme and gifts.

Another traditional and quite unique event is the Best Welder Competition of the WSY Group. Every year there is no shortage of people ready to challenge each other and demonstrate their skills. The winners of the competition are awarded prizes, including cash prizes.

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

SOCIETY

SUPPORT AND ITS DIRECTIONS

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

In 2023, the Company provided financial support to Lithuanian Olympic athletes and towards promoting the popularisation of sports activities in the country. We have been cooperating with the Lithuanian National Olympic Committee (LNOC) since 2019. The company has been a traditional sponsor of the Klaipėda Castle Jazz Festival for 19 years. Being a company operating in field of the marine engineering industry, we actively participate in and support events and celebrations that bring society closer to maritime culture: we have been a sponsor of the Klaipėda Sea Festival for many years and annually participate in a theatrical march that opens the festival. The WSY Group not only provides support for but also participates in sports events. Another initiative of the Company is aimed at developing a

sporty young generation: we contribute to the basketball tournament organised by the Rytas orphanage in Klaipėda. We also pay a lot of attention to the education of the young and the promotion of maritime engineering professions and apprenticeships in Lithuania by planning respective financial support. In addition, the Company provides financial support to the Klaipėda Paulius Lindenau Training Centre that educates future graduates with the following specialisations: welders, hull assemblers, electricians, and other professionals in the field. We also contribute to the development and promotion of engineering studies at Klaipėda University by granting scholarships and providing support to this institution for the expansion of their research and development activities. The WSY Group was among the founders and shareholders in the Klaipėda University Future Support Fund, which provides financing for scientific research and projects, implements modern technologies, develops competences and abilities that are relevant now and needed for future generations.

SOCIAL INITIATIVES

Being a socially responsible company, the WSY Group understands the importance of disseminating education, art, and culture in society. For educational and familiarisation purposes, the company opens its doors widely to Klaipėda residents and guests from other Lithuanian cities, young adults, schoolchildren, and even the youngest pre-school and kindergarten attendants. The aim of the organised excursions is to acquaint them more closely with the marine engineering industry and a ship's life cycle. Expressing support for artists, the Company allocates spaces for cultural events and if necessary, helps to organise any necessary requirements or equipment. More than once have photographers, video, and filmmakers come to the WSY Group and showed their creative potential and have being given the opportunity and the necessary conditions to work and create in the premises and area of the WSY Group.

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 the maritime industry can produce a valuable heritage and significant added value to the society.

WORK 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 its involvement and organises various initiatives in this field. We are pleased about the four years of active cooperation between the WSY Group and the Baltic Gymnasium where university engineering education classes have taken place.

We have been cooperating with the Paulius Lindenau Training Centre for quite a number of years. Thirty students from this centre are given the opportunity to undergo a traineeship in our companies each year. Some of them become successful employees in the WSY Group. Representatives of the WSY administration participate in the activities of the Council of the Training Centre. The year also saw the continuation of the tradition of awarding scholarships to students learning the profession of ship hull assemblers. Five young people received the said scholarship, which means that they will be paid 200 euros each month during the entire duration of their studies.

We contribute to the improvement of study programmes and participate in the activities of examination commissions. We cooperate with Klaipėda University in all interrelated areas. Quite a number of the university graduates work in WSY Group. Professionals of the WSY Group are also involved in the activities of other educational institutions: we participate in the development of programmes and provide employer insights concerning competencies. We award scholarships to our employees' children engaged in engineering related studies, as well as we pay a part of the tuition fee to our employees who decide to continue their studies in the field of engineering. Monthly scholarships of 300 euros are allocated for students in engineering specialties at Klaipėda University. In 2023, five Klaipėda University students were awarded this scholarship, while the overall number of students entitled to receive it totals sixteen. We also cover the tuition fees for one student from Ukraine.



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