



WESTERN SHIPYARD GROUP

CORPORATE SOCIAL RESPONSIBILITY REPORT 2022



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At the World Economic Forum in Davos in 2020, the most influential CEOs emphasised that the dominant objective of business until now, i.e., creating the greatest possible added value for shareholders, is no longer the key objective. There are other business-related expectations related to the activities of companies that are growing and gaining in value. Thus, a new trend has emerged in the business world: to create the greatest possible added value for the company, while contributing to the creation and development of social welfare.

Being the largest group of companies operating in the marine engineering industry in Lithuania, Western Shipyard develops its activities transparently and responsibly, proclaiming the name of the State in the European maritime industry market, creating new jobs, paying taxes to the State budget diligently and transparently, and does all of the above with a sense of social responsibility, which is integral to building a sustainable business.

The company creates economic benefits based on the values of a socially responsible business, the core values of the WSY Group, and the principles of ethical and transparent business. We aim to contribute to developing public welfare, through increasing competitiveness, preserving the environment, and strengthening the community, as well as by developing long lasting relationships with all stakeholders based on mutual respect and tolerance.

The goal and aspiration of all of us is to continue to ensure a fair distribution of the values created by the company, combining both profitability and social responsibility.

The sea is the future for all of us, therefore, in developing the marine engineering industry, we make every effort to remain socially responsible and to be guided by the principles of social responsibility when making decisions, which will help the company progress faster on the path of perfection and sustainable business development.

Arnoldas Šileika
Western Shipyard
CEO

ABOUT THE REPORT

In preparing the corporate social responsibility progress report (hereinafter 'the report'), the Western Shipyard Group (Lith. AB Vakarų laivų gamykla įmonių grupė) (hereinafter 'the WSY Group') has been guided by the globally accepted and applied recommendations that help assess performance based on relevant indicators concerning the economy, environmental protection, employees, human rights, the market, and relations with society.

The report is published together with the consolidated annual report and financial report of the company.

The purpose of the present report is to inform the stakeholders: clients, shareholders, investors, employees, suppliers, business and social partners, and the wider society about the corporate responsibility policy of WSY and its activities during 2022.

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 on the improvement of the corporate social responsibility report via e-mail to ala.minkeviciene@wsy.lt

The report is published on the intranet and the website of the company.

CSR SECTIONS IN BRIEF

Sustainable business

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

Environmental protection

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

Relations with employees

Social responsibility towards employees means ensuring proper attention towards the health and safety of employees, equal rights, and investing in the competencies of employees, promoting their careers and personal well-being.

Relations with society/stakeholders

The WSY Group maintains open business relationships with all stakeholders, provides relevant and comprehensible information about the activities of the WSY Group, and cooperates with public and scientific 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 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 nineteen companies with different specialisations providing a full range of services related to the ship's life cycle. The key areas of activity of the companies of the WSY Group: the implementation of shipbuilding, ship repair and conversion projects, complex ship design and engineering solutions, manufacture 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 operating in the ship repair field for many years, is one of the three ship repair yards controlled by the BLRT Grupp. The company operates two floating docks intended 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 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 undertakes about one hundred ship repair projects a year, ten percent of which is ship modernisation.

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 constructing tugs, ferries, fishing and multifunctional ships, vessels for the offshore industry, as well as ship hulls. The team of professionals at WBS 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 valuable experience gained in the construction of vessels, ship hulls, and blocks, contributes towards the successful implementation of the most complex projects.

Not only are ship servicing and shipbuilding being successfully developed but the field of ship design as well. 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 comprehensive ship design and engineering solutions. WBE has earned a good name as a dependable, 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, from concept development and ship strength calculations to the preparation of a detailed design and working drawings.

Marine Technology (MT) is a company whose field of activity is the service of production of complex metal structures, the manufacturing of which require extremely high qualifications. The company has been manufacturing wide-profile, high-quality products for the oil and gas extraction, and renewable energy industries since 2004. The company also specialises in the production of reels for various purposes.

One of 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.

Established in 2001, the Western Ships Agency is another company successfully creating added value for the entire WSY Group. It is a subsidiary of WSY, providing universal ship agency services, 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 several thousand ships as undertaking complex and ambitious projects.

Throughout its years of its operation, the WSY Group has earned the reputation of being a reliable partner who implements projects as scheduled and performs high quality work. The experience gained has allowed the company to cooperate constructively not only with clients but also with public organisations and governmental authorities. Thanks to joint efforts and synergies, the well-being of both the concern and its customers, partners and the society is being built up.

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 its 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 the business and its people, striving to be innovative and modern, while preserving the environment and the wellbeing of its people.

Confidential Information Management Regulations.

The document describes the concept of confidential information and regulates the requirements for handling and storing such information, as well as the instances and conditions for its disclosure.

Integrated Management System Policy.

The purpose of the document is to ensure good management practices across the WSY Group by establishing a unified approach to quality, environmental protection, and an occupational health and safety 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 legal requirements governing environmental protection, fire safety, occupational safety, port security, customs, and of other legislation when operating on state-owned land and any liabilities for violations of these acts.

Accounting Policy.

The policy sets out the accounting methods and procedures that allow for the accurate and correct recording of 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.

STRATEGY, VALUES AND OBJECTIVES OF THE WSY GROUP

WSY Group Strategy.

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 in terms of organisation and technology to meet the needs of our customers and protect the environment to the greatest extent possible.

Our goal is to become leaders in the strategic areas of our activities.

Values of the companies in the WSY Group.

Through our activities and in the daily life of the company, each of us is guided by the values of the BLRT Grupp:

Personal Respect.

We believe in and trust our employees. The ideas and feedback from our customers, partners, and employees are important to us, therefore, we encourage an open exchange of views, as this leads to even 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 group of companies. Close and long-lasting cooperation is important to us, therefore, we carry out our work competently, fulfilling our commitments through the provision of high quality products 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 team results, we improve processes, share experiences, and help each other, and that is why we are successful.

Development.

We understand the importance of development and what can envelop. Therefore, we pay special attention to new ideas and the development of competences, involve employees, customers, and partners in the search for the best solutions, as well as improving technologies and processes. This leads to the creating of more prospects for the future.

STAKEHOLDERS

Each strategic activity of WSY involves a number of interested parties, i.e., stakeholders, and therefore our activities are conducted in line with the expectations of those parties. We maintain formal and cooperative relations with such interested parties and individuals, invite them to participate in discussions, as well as consult with them and listen to their opinions. Such persons are provided with the information about the activities of the companies of the WSY Group that is required based on their status as stakeholders.

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

We undertake to meet the expectations of **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 the timely provision of information on the activities of the companies in the WSY Group and any ongoing changes; to improve the internal culture in the companies in the WSY Group by involving employees at all levels in the continuous improvement process, implementing risk management measures, and raising the production culture, as all

of the above has the decisive impact on employee motivation to work towards a better future.

We are committed to considering and fulfilling any current and future expectation 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 for the WSY Group.

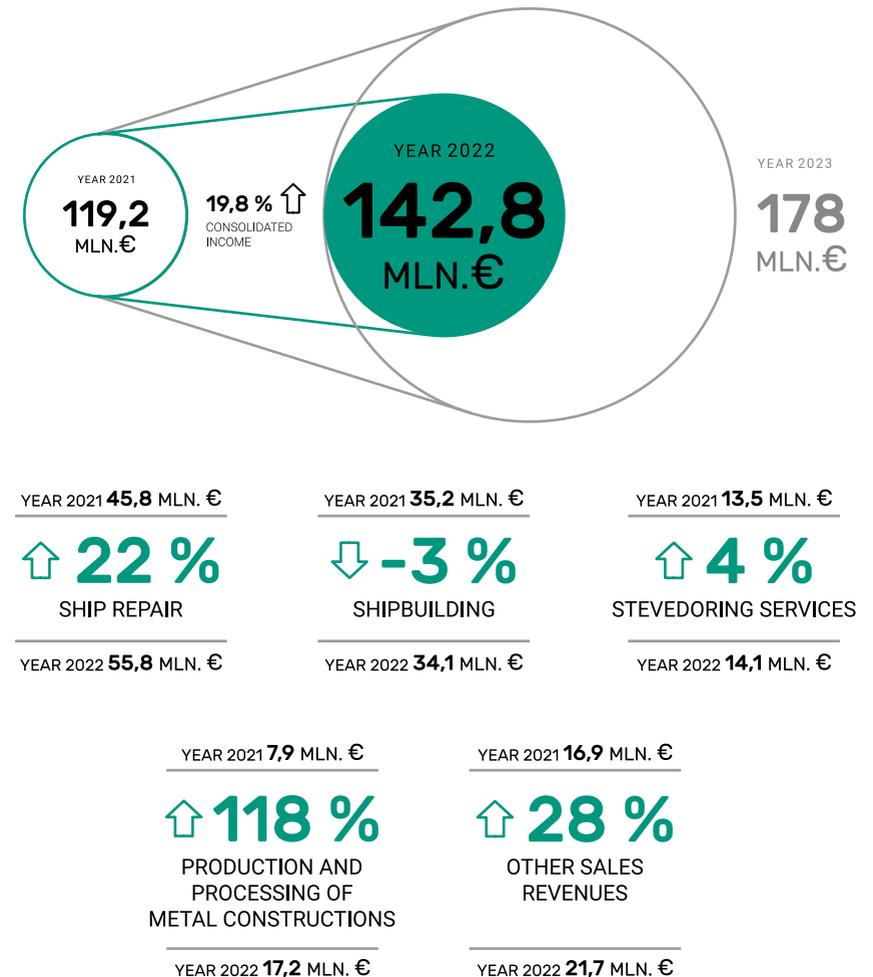
We undertake to maintain a continuous constructive social dialogue with **the Trade Union**.

To the public and the media, we undertake to function as a socially responsible company.

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

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

KEY PERFORMANCE INDICATORS



The WSY Group conducts its 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 sole management body - the CEO. The following working groups of advisory and a consultative nature (commissions, committees, councils, etc.) have been formed to facilitate the adoption of respective decisions by the sole management body of the WSY Group:

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

The Safety and Health Committee (SHC) – 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 in the WSY Group. The tasks of the Committee, its competence, work organisation, and the procedure for its establishment are specified in the WSY Collective Agreement.

The Non-production Costs and Unforeseen Losses Commission – to minimise non-production costs and unforeseen losses, to improve work organisation, to strengthen the responsibility of structural units and specific employees for the occurrence of such costs or losses, and to improve the economic activity of the WSY Group.

The Production Culture and Work Safety Commission – 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.

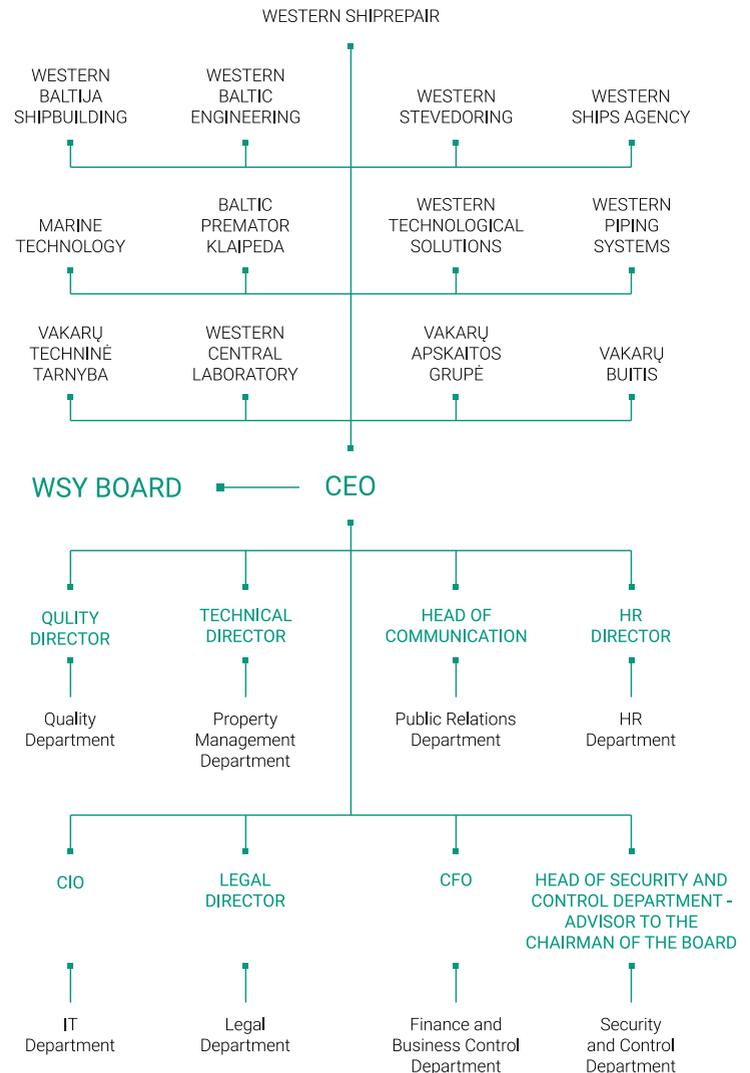
The management structure of the WSY Group consists of WSY (the parent company) and its subsidiaries that undertake different activities.

Based on the specifics of the relationship, the WSY Group has:

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

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.

The management structure is given below:



SHAREHOLDERS

The main shareholder in the companies of the WSY Group is the BLRT Grupp.

PREVENTION OF CORRUPTION

The WSY Group consistently follows the principle of intolerance to corruption and various forms of trading by influence and implements measures to prevent conflicts of interest in the company. 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 with anonymity assured, without fear of any negative consequences.

MEMBERSHIP OF ORGANISATIONS

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



Lithuanian Engineering Industry Association



Association of Lithuanian Shipbuilders and Ship Repairers



Lithuanian Confederation of Industrialists



Association of Lithuanian Stevedoring Companies



Association of Industrialists of Klaipėda



Lithuanian Maritime Cluster

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 on the environment, to use work equipment, materials, and energy resources sparingly, to sort out any accumulating 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 implemented the Environmental Protection Management System (hereinafter 'the EPMS') and it is 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 a smooth operation of the EPMS, the companies of the WSY Group have designated employees responsible for the coordination of the management processes, and the specialists of the Quality Department in the WSY Group conducts periodic reviews of the EPMS and makes suggestions for improvement accordingly.

The companies in the WSY Group follow the key requirements for the identification, monitoring, management, and improvement of aspects of environmental protection. 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 on and allocate the necessary resources for their implementation, pollution prevention, and the measures to reduce existing environmental pollution.

WASTE MANAGEMENT

The companies in the WSY Group specialise in various activities, therefore, a wide variety of waste streams is generated. Each year, the companies set the goals for sorting out waste and strive for an advanced waste management system: the collection of individual waste streams at the place of their generation. Employees are continuously encouraged to responsibly sort out secondary raw materials that can be recycled and used to make new products, as well as to separate industrial, hazardous, electrical, electronic, and other types of waste. Waste generated during the activities of the companies in the WSY Group is disposed of in accordance with written agreements with waste management enterprises that have the right to manage the respective waste.

In 2022 - The WSY Group generated and transferred 13,242 tons of waste, to waste managers, which was 10% less (including metal) than in 2021.

A total of 11,205 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.

The WSY Group generated and transferred to waste managers 1,347 tons of sorted waste (excluding metal, non-ferrous metal, and aluminium waste), which marked an increase in the quantity of sorted waste by 80% compared to 2021. The quantity of landfill waste was down 17% compared to the previous year. We are pleased that the projects and initiatives implemented by the WSY Group have contributed to the creation of a more sustainable environment.

RESPONSIBLE USE OF ENERGY RESOURCES

In striving to use natural resources rationally, the WSY Group continuously monitors and analyses the quantities of energy resources consumed, as well as periodically replacing old equipment with energy-saving installations.

Lighting systems in its the production premises have been upgraded by installing LED luminaires, and in the adminis-

trative premises, motion sensors have been installed, wood-framed windows have been replaced with more heat-efficient plastic-framed surrounds, as well as insulating unused rooms thus reducing the need for heating to a minimum. Furthermore, over the past few years, the companies have made investments in and purchased new installations that not only help to reduce energy costs but also improve the quality of work, reduce the likelihood of production defects, and keep any negative impacts on the environment to a minimum.

TRAINING IN THE FIELD OF ENVIRONMENTAL PROTECTION

The WSY Group organises annual training/exercises to maintain its preparedness for any accidents or emergencies that might have an impact on environmental pollution and for any mitigation and its 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 its mitigation are assessed during

such training/exercises. These training activities involve not only simulating situations pertaining to the environmental protection, but a great deal of attention is also paid to the areas of fire safety and occupational safety and health.

On average, the WSY Group carries out 20 to 25 training/exercises per year, however, due to the Covid-19 pandemic 2020,16 training/exercises were organised.

The emergency preparedness training/exercises plan for 2022 provided for fifteen such events to be carried out by the companies in the WSY Group based on different scenarios, and all of them took place as planned.

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 employees most suitable for us, that is to retain exactly the staff that is of utmost importance for the success of the company and for strengthening its competitiveness.

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 in a political party or association, faith, beliefs or opinions, intention to have a child (children), as well as any other circumstances unrelated to the qualities concerning the performance of employees' duties. The company 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 and annexes thereto. In 2022, the Violence and Harassment Prevention

Procedure came into effect, with which all employees in the WSY Group were acquainted.

All employees have 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 recruitment procedures are determined solely based on personal characteristics and criteria relating to the performance of duties in the relevant position.

WORKING REMOTELY AND FLEXIBLE WORKING HOURS

In 2020, the description of the remote work 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 in the WSY Group. The employees can make use of the possibilities to work remotely or have flexible working hours.

EMPLOYEE PERFORMANCE APPRAISAL

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

and specialists in the WSY Group participate in this process. In 2022, training on the topic of feedback was conducted, which strengthened the competence of managers in providing

EMPLOYEE INVOLVEMENT

The WSY Group systematically analyses the work environment and takes continuous improvement measures. To ensure the continuous growth and improvement of the WSY Group through the perfection of the organisational culture, employee opinion assessment is carried out at least every eighteen months to two years based on the employee surveys. The results of the surveys are used for developing activity plans and envisaging actions to improve the situation. For two years in a row, together with TMD partneriai, UAB, a training and consulting company, we have been conducting an employee engagement survey. The purpose of the survey is to measure the level of engagement of the company's employees, determine the areas for improvement and propose solutions on how to perfect them, reveal the matters of concern of the employees, and find out how the employee opinion and engagement have changed over the year. 1,174 employees in the WSY Group took

part in the assessment of situation in 2022, which is 138 employees more than in the previous year. The questionnaires were completed by 70.8 % of the respondents compared to 60.6 % a year earlier. The results revealed that the employees rate the company better than a year ago. The general percentile assessment of the WSY Group increased by 8 points and reached a percentile of 71.

The WSY Group continued implementing the Bank of Ideas initiative, which is a system to encourage employees to contribute their own ideas to the improvement and efficiency of work processes, the 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 by their own initiative their 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 of the WSY Group, the employees themselves, their

line managers and the Director of the WSY HR Department are involved as the parties responsible.

The WSY Group organises the development of competencies purposefully, according to the competence areas and directions that the companies in the WSY Group require. We organise the Talent Academy for young specialists recommended by their respective managers. The Talent Academy is a coherent programme to develop 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 which has been designed for the development of their competencies to pursue senior managerial positions.

The Academy of Production Leaders is a training programme intended for supervisors and production managers. The goal is to strengthen their managerial competencies. Participants in the Talent and Sales Alumni Club continue to strengthen their competences and deepen their knowledge. The members of Talent Academy Alumni Club act as mentors for new students in the Talent Academy programme.

The Academy of Production Leaders took place in 2022. The activities of the Sales and Talent Academies continued as an Alumni Club, and the activities of the New Talent Academy group started in January 2022.

In 2022, nearly 100 employees took part in the activities of the academies and alumni clubs.

Each company is also engaged in the development and strengthening of professional competencies based on its needs, and consistently ensures that employees are trained in line with the respective areas of their activity.

In 2022, the WSY Group allocated the sum of EUR 359,000 for various training and employee education needs.

REMUNERATION SYSTEM

The WSY Group uses the time rate and piece rate forms of remuneration for work in accordance with the Collective Agreement and the remuneration regulations approved in the companies belonging to 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 encourage the appropriate remuneration of employees who achieve objectives. In 2022, the re-

muneration in the companies in the WSY Group rose on average by 26%.

THE TRADE UNION AND COLLECTIVE AGREEMENT

The WSY Group respects the right of employees to voluntarily join a trade union and supports their initiatives to bargain with the employer through constructive dialogue.

The Trade Union in the WSY Group has been operating since 1992. According to the data of 31 December 2022, 260 employees were Trade Union members.

The review and actualisation of the Collective Agreement is undertaken 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 provides additional financial guarantees for employees (accident insurance, benefits in the event of death of a family member, support related to the 1st of September, incentives on occasion of anniversa-

ries 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 clients and employees. The WSY Group is certified in accordance with the requirements of ISO 45001:2018 standard for the occupational safety and health (OSH) management system.

The WSY Group is gradually involving employees in the process of OSH management and the creation of a safer working environment. During 2022, 409 employees were involved in the occupational risk reduction processes, i.e., about 34 percent of all employees in the production companies in the WSY Group. To reduce occupational risks, employees provide information on any potentially dangerous situations observed (non-consequential events) in the

workplace. During 2022, 1629 records concerning such observations were registered, which is 139 cases more than in 2021. Apart from that, managers, engineers, and technicians are encouraged to promote the safe behaviour of employees, especially when carrying out hazardous work, and to register in the prescribed format (BOS). In 2022, the above-mentioned employees discussed the safety of their colleagues and made as many as 2,109 respective records, which is 283 records more than in the previous year.

Expert risk mitigation is also conducted, 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/newly introduced equipment or structure. Principle risks are reviewed from the perspective of modern standards and specific activities/nature of work performed in the company.

Safety training for new employees, as well as updated repeated safety training for existing employees, are organised every year. Occupational safety and health specialists provide training to the staff, starting with the heads of departments to the occupational safety and health representatives of employees and the employees undertaking hazardous work. A healthy lifestyle, 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 company's occupational safety and health specialists perform internal audits of 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 potential areas for improvement. On average, about 30 such audits are conducted per year. In addition, about 10-15 audits of various current and future clients of the WSY Group with the active involvement of the OSH Department take place annually. Occupational safety and health specialists monitor changes in the normative legal acts that regulate the field of safety. On average, about 20 legal acts relevant to the company are updated annually.

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

The company is developing various formats of safety-related discussions. We see that the safe behaviour promotion interviews, weekly team safety interviews, and interviews with employees' representatives for safety and health have proved to be successful. The representatives are active employees designated by the company's team and trained by the WSY Group who provide

information and suggestions directly to management. In 2022, more than 50 employee and management meetings were organised in this format.

Safety interviews among managers are also gathering momentum. 1,890 weekly and monthly meetings of the team on safety issues were recorded in 2022.

The employee involvement in the field of OSH in all formats in 2022 totalled 5,628, 1,445 (26 percent) more than in 2021. The company organises employee health checks annually both in accordance with the procedure established by law and additional checks for the employees in risk groups due to age or existing health conditions. Annual vaccinations against influenza and other diseases, as well as targeted preventive occupation-related employee health examinations also take place.

The company investigates and collects data on accidents and occupational diseases registered in the company. Measures for prevention of such events are taken.

In order to implement the Mission 0 strategy – work without accidents and damage to health – effective measures have been taken: recurring systemic errors are eliminated, and great attention is paid to the observance of the rules of safe behaviour at work. The company evaluates and compares annual progress based on selected indicators, selects 'the safest' company of the Group and awards incentives to the most active employees each year.

SPORTS ACTIVITIES AND OTHER INITIATIVES

The WSY Group promotes and supports sports initiatives the participation in which helps employees maintain the required physical activity and satisfy the need to do certain sports. The company's basketball, volleyball, and other sports teams are provided with opportunities to train in the sports facilities belonging to the WSY Group. Employees participate enthusiastically and at the end of the season, the best-performing teams and athletes are awarded with gifts marking their achievements. The community of the WSY Group also participates in other sports events held in the city or other parts of the country including the Amber Sea Mile, the Run for Hope, the Dragon boat competition organised by the KSSA, and the Olympic Day.

In addition to sports events, many other initiatives take place, and some of these have long traditions. Every year, employees and their relatives are invited to take part in the WSY Family Day. Being extremely popular, the event attracts a truly enormous number of up to 1,500 people. Employees and their families not only have an enjoyable time together but also have the opportunity to see at first hand the activities of the companies in the WSY Group. Last year, the seventh WSY Family Day took place. For the first

time, the event was held in the area of the Western Baltija Shipbuilding, dedicating it to the 70th anniversary of this shipyard. Employees and their children are also invited to the Christmas event every year, where a festive programme and gifts await the little ones.

Another traditional and unique event is the annual WSY Best Welder competition. There is no shortage of participants in the contest striving to challenge one another and demonstrate their skills. The winners of the competition are awarded with gifts and cash prizes.

Various other initiatives, campaigns, and contests to promote community spirit among employees are organised as well.



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.

Since 2019, in cooperation with the Lithuanian National Olympic Committee (LNOC), the company has been demonstrating its involvement by providing financial support to Lithuanian Olympic athletes and promoting the popularisation of sporting activities in the country. The company has long developed a tradition of sponsoring the Klaipėda Castle Jazz Festival, which it has been doing for 18 years. Being a company operating in the 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 pageant of maritime companies and organisations during the opening of the festival. The WSY Group not only provides support for but also participates in the following sports events: the Amber Sea Mile

and Run for Hope. Another initiative of the company is aimed at developing a sporty younger generation: we contribute to the basketball tournament organised by the Rytas children guardianship home in Klaipėda, and we also pay a lot of attention to the education of the young and the popularisation of maritime engineering professions and apprenticeships in Lithuania by planning respectful financial support. In addition, the company provides financial support to the Klaipėda Paulius Lindenau training centre that offers professional training for the following specialisations: welders, ship 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 scientific research activities. The WSY Group was among the founders and shareholders of the Future Support Fund of Klaipėda University, which was established to finance scientific research and projects, implement modern technologies, and develop competences and abilities that are relevant now and will be relevant 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 and spaces wide to Klaipėda residents and guests from other Lithuanian cities, including 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 the necessary attributes and products for them. On more than one occasion have photographers, video, and filmmakers who came to the WSY Group and showed their creative potential, been given the opportunity and the necessary conditions to work in the premises and area of the company. Back in 2014, the film *The Gambler*, which won as many as five Silver Crane Awards, was made here.

The company has always striven and will continue to strive to be open to the public and share good practices, as well as showing that the synergy of the seemingly difficult to combine fields of art, culture, and the maritime industry can produce a valuable heritage and a significant added value to 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 delighted with the active cooperation between the companies of the WSY Group and the Baltic Gymnasium continuing for the third year in a row: the university engineering education classes have been formed in the gymnasium, where engineers from the company carry out work with gymnasium students, enabling them to become acquainted with the basics and peculiarities of engineering work.

We have been cooperating with the Klaipėda Paulius Lindenau training centre (former Public Institution Maritime Sector Employee Training Centre; Public Institution Klaipėda Shipbuilding and Repairing School) for several years, and we provide internships for over 30 students from this centre each year. Some of them remain with us and become successful employees in the companies of the WSY Group. Representatives of the WSY administration departments participate in the activities of the board

of the said institution.

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. Many university graduates work in the companies of the WSY Group. Professionals in the WSY Group are also involved in the activities of other research institutions: we participate in the development of programmes and provide employer insights

concerning competencies. We award scholarships to our employees' children who study engineering, as well as paying a part of the tuition fee to employees who decide to continue their studies in the field of engineering. Monthly scholarships of 300 euros are granted for those studying engineering specialties. 2022 marked the start of awarding this scholarship to five KU students. Thirteen students in all are awarded such a scholarship.



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