

ESG BOOKLET

ENVIRONMENT, SOCIAL AND GOVERNANCE 2022



ENGLISH VERSION



(VERSÃO PORTUGUESA NO VERSO)





Environment



Governance



Social

ESG BOOKLET

Environmental, Social and Governance

2022

"Success in business is all about people, people, people. Whatever industry a company is in, its employees are its biggest competitive advantage".

Richard Branson

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Today, when considering investing in a company, there is a concern by the investors to apply their financial resources in socially responsible, sustainable and profitable organizations, considering that these are better prepared to face risks, particularly those related to social, environmental and economic issues and will still be able to generate profits for shareholders. More and more often, investors are researching information about the social performance of companies before investing their capital.

It is under this context that the ESG criteria arise, an acronym whose meaning – Environmental, Social and Corporate Governance – aims to represent criteria of conduct that responsible companies must adopt to attract socially conscious investors.

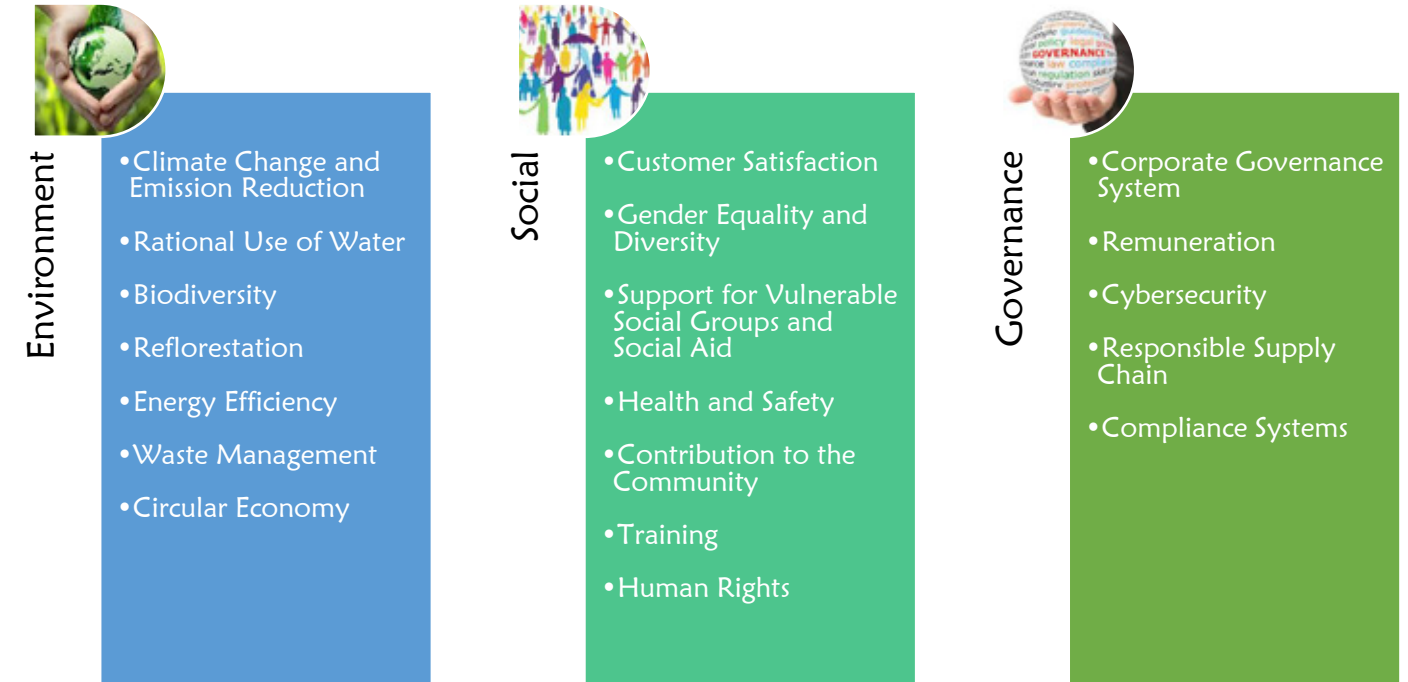
LISNAVE, a non-listed company, is not exposed to the pressure to attract these new socially responsible investors. Still, it has demonstrated its concern with the ESG sustainability criteria, seeking to meet the expectations of its stakeholders, who progressively tend to want companies to have a positive impact on the environment and society, not neglecting the Sustainable Development Goals (SDGs) defined by the UN, which we will address later.

The analysis of the three indicators already mentioned enables verification, on the one hand, whether it is a financially healthy and profitable company and, on the other hand, if a conscious and sustainable conduct at the social and environmental level is maintained:

- ③ **Environmental:** evaluation of the behaviour of the company in relation to environmental problems, such as climate change, resource depletion, waste treatment and pollution.
- ③ **Social:** understanding how the company manages the relationship with its Workers, Customers, Suppliers, respective Community and other Stakeholders, including issues related to health, safety, ethics, conduct, human rights, training, among others.
- ③ **Governance:** evaluation of the form of governance of the company, including its policies, management models, aspects related to tax strategy, remuneration policy, code of conduct, leadership model, rights of Partners or Shareholders and structural and anti-corruption aspects.

For investors it is important to follow this trend of looking for investments that consider sustainability criteria. The ESG was created to help in this new affair and acts as a metric that evaluates the performance of companies in these areas. Therefore, being a company with a strong profile in ESG brings several benefits, especially for stakeholders.

Following the ESG criteria will also tend to increase socially positive investment and long-term competitiveness, as the natural trend is that companies that do not have environmental and social concerns will be rejected in the future by consumers themselves who value not only the price and quality but also the positive impact generated on society.



The world economy is now facing a time of profound transformation and adjustment, imposed in particular by the need to make long-term progress compatible with the protection of the sustainability of nature, social life and corporate governance.

It is therefore urgent that managers integrate sustainable commitments into the mission of their companies and, in particular, accelerate the integration of the United Nations' Sustainable Development Goals into their strategies:

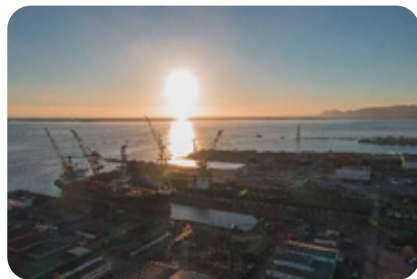


The effects of today's actions will not have repercussions only after a few centuries; they will be felt in the coming years and this is a situation that younger generations are already fully aware of.

LISNAVE, aware of all these changes, aims to keep in tune with the demands of today's world.



ESG AND LISNAVE:

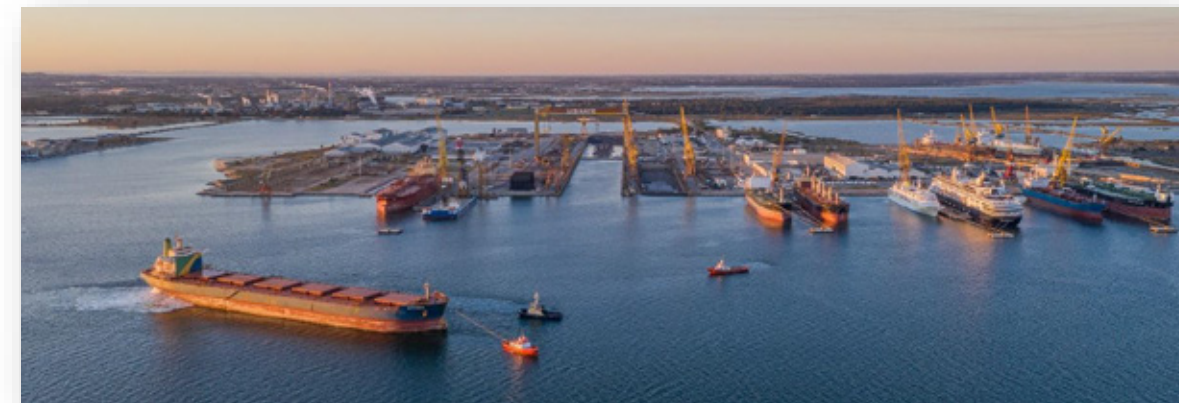


LISNAVE, as part of society, seeks to guide its management and decision-making model taking into account not only its Shareholders and Workers, but also its Customers, Suppliers, Public Entities, Local and Regional Community and all other Stakeholders. It is in this context that it has expressed, over the years, the concern to adopt a conscious and sustainable stance on environmental, social and governance causes. The most relevant examples will now be depicted.

ENVIRONMENT

1. CLIMATE CHANGE AND EMISSION REDUCTION

- ① Replacement of HVAC (Heating, Ventilation and Air Conditioning) units by systems with lower global-warming potential coolants;
- ① Replacement of greenhouse gases from firefighting systems;
- ① Reduction of fossil fuel consumption by installation of SHW (Sanitary Hot Water) systems using solar thermal panels;
- ① Installation of a photovoltaic plant for self-consumption;



- 🌱 Ongoing, study for the installation of tide graphs to monitor the increase in tides and to predict the drafts of the manoeuvres;
- 🌱 Ongoing, study for the construction of a barrier next to the inter-docks pumping station to prevent its flooding in the sequence of the sea level rise;
- 🌱 Renewal of internal transportation equipment, reducing emissions of harmful gases (CO₂, NO_x);
- 🌱 Replacement of the car fleet by plug-in hybrid electric vehicles and installation of the respective charging stations.

2. RATIONAL USE OF WATER

- 🌱 Users awareness campaigns;
- 🌱 Progressive replacement of faucets and showers by timed systems;
- 🌱 Improvement of the SHW system;
- 🌱 Distribution and use of reusable bottles in order to promote the drinking of water and at the same time to reduce the associated consumption of disposable plastic.

3. BIODIVERSITY

- 🌱 Support in initiatives promoted by local NGOs and university projects in the context of the protection of the marine environment.

4. ENERGY EFFICIENCY

- 🌱 Introduction of the ECRP (Energy Consumption Rationalization Plan) which includes several measures to increase energy efficiency:

- 🌱 Lighting replacement;
- 🌱 Solar Thermal Panels for SHW;
- 🌱 Compressed-air leaks reduction plan;
- 🌱 Photovoltaic power plant for self-consumption.

- 🌱 Replacement of air conditioners with more efficient new equipment.

5. REFORESTATION

- 🌱 Under study, participation in the project "Biodiversity Islands" consisting of the creation of a fast growing urban micro forest with the aim of contributing to the improvement of the visual aspect of the Shipyard, making it more pleasant and welcoming and environmentally more sustainable and biodiverse. It also helps to recover soil, sequester carbon and reduce pollution.

6. WASTE MANAGEMENT

- 🌱 Promotion of the segregation of produced waste for the best possible utilization, always favouring recycling solutions;
- 🌱 The recycling rate is more than 80%.

7. CIRCULAR ECONOMY

- 🌱 The abrasive used in steel blasting, the grit, comes from the waste of the copper industry and after use in the LISNAVE process it is sent to almost all national cement plants as an iron additive for the manufacture of cement;
- 🌱 Part of the waste produced is sent to the production of WSF (Waste Derived Fuels).



SOCIAL

1. CLIENT SATISFACTION

- 6 Customer Satisfaction Questionnaire: aiming to ensure continuous improvement, LISNAVE promotes the completion of a questionnaire by all its Customers, in order to analyse and evaluate their satisfaction with the company's performance with the service provided and to correct and improve it in future services.

2. GENDER EQUALITY AND DIVERSITY

6 Company Ethics Policy

Since equality is a fundamental right inscribed in the Portuguese Constitution, and trying to develop good relationships between Workers, Business Partners and Clients, LISNAVE included this theme in its Company Ethics Policy:

(...) LISNAVE recognizes that its Customers have individual needs and expectations that provide unique opportunities to achieve **mutual success**. The Company therefore bases its relations with its Customers and Partners on fundamental concepts such as **honesty, justice, mutual regard, absence of discrimination as well as the right to protection of personal data**. It encourages ongoing support for its Customers, leading to cordial and lasting relationships (...)

Code of Conduct



LISNAVE considers that its attitude translates the culture, vision, mission and values of the company. In order to prevent and oppose attitudes and practices potentially conducive to situations of inequality and discrimination, LISNAVE has developed a Code of Conduct to ensure the safeguarding of the interest and dignity of all:

(...) General principles of Conduct

LISNAVE respects the dignity and values of each Worker, without discriminating against any person based on education, geographical origin, gender, race, age, sexual orientation, political opinions, philosophical ideas, religious creeds or physical characteristics. Respect and cooperation among all Workers in a respectful and dignified working environment is encouraged.(...)

(...) Customer Service

Workers may not discriminate, on the basis of education, geographical origin, race, gender, age, physical characteristics, sexual orientation, political opinions, philosophical ideas or religious creeds.

Workers and Customers must demonstrate sensitivity and mutual respect and refrain from any behaviour taken as offensive or insulting by another person.(...)

(...) Relationship with other employees

In the context of the daily relationship with other employees, and regardless of their hierarchical level, the Worker must adopt a professional, serious, competent, loyal, integral, transparent, accessible, available, rigorous and conscientious attitude, with concern for the fundamental duties of conduct.(...)

(...) Harassment in the workplace

The document aims to provide a guiding framework for action to identify, prevent and manage harassment problems at work, as well as to respond to existing regulations (...)

In addition, LISNAVE also issued Service Order No. 001/2017: Code of Conduct for the Prevention of Harassment at Work, which remains in force and available for consultation, synthesizing the most relevant information on this matter, including a system of sanctions for cases of non-compliance with the defined rules and procedures. This SO applies to all internal or external Workers who provide service at the Mitrena shipyard, and the violation of the defined procedures, in the case of the latter, may lead to the permanent inhibition of access to the Shipyard.

3. SOCIAL AID

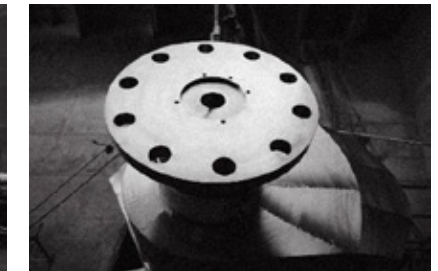
- ⊖ Contribution to the Diocesan Caritas of Setúbal (donation);
- ⊖ Contribution to the Red Cross, Delegation of Setúbal (donation);

4. HEALTH AND SAFETY

Based on its concern for health and well-being, LISNAVE has been promoting the implementation of some initiatives that translate into various benefits for its Workers and family members, namely:

- ⊖ Possibility to use the CUF Tejo Hospital with more advantageous conditions for Workers and immediate family members with substantial reimbursement of expenses by the company;
- ⊖ Contribution from LISNAVE in 8 medical appointments per year;
- ⊖ Promotion of an annual anti-influenza vaccination campaign for all Workers;
- ⊖ Medical service on a daily basis for scheduling appointments in case of need;
- ⊖ Promotion of testing and free tests under the Covid-19 pandemic;
- ⊖ Company canteen including bread, soup, choice of four main dishes and dessert, upon a symbolic fee;
- ⊖ Possibility to use the company's transport network, through a symbolic contribution;
- ⊖ Protocols with several entities in different areas, including optics, medical clinics, dentists, auto workshops and gyms, with advantageous commercial conditions and discounts for Workers;
- ⊖ Distribution of PPE (Personal Protective Equipment) to all Workers;
- ⊖ Distribution of facial masks with LISNAVE logo, as a collaborative and appealing way for its use in the Covid-19 pandemic;

- ⊖ Existence of an IEP (Internal Emergency Plan) and implementation of emergency drills: its main objective is to provide all Workers with a comprehensive action plan to be implemented in case of a serious event of natural or technological origin, in order to protect lives, infrastructures, natural resources and activity. It contains a set of rules and actions to mitigate, prepare, respond to, and recover from emergency situations that may affect the company.
- ⊖ Definition of an Occupational Health and Safety Policy: in addition to constituting a legal and social obligation, LISNAVE considers that compliance with these requirements promotes the success of its performance, since it brings the following additional advantages:
 - ⊖ Improved image, value and reputation;
 - ⊖ Better ability to respond to commitments related to social responsibility;
 - ⊖ Customer-trust promotion;
 - ⊖ Increase of Workers' productivity;
 - ⊖ Reinforcement of Workers' commitment to LISNAVE;
 - ⊖ Encouragement of Workers to stay active longer;
 - ⊖ More competent and healthy labour;
 - ⊖ Costs and production-breakdowns prevention.



5. CONTRIBUTION TO THE COMMUNITY

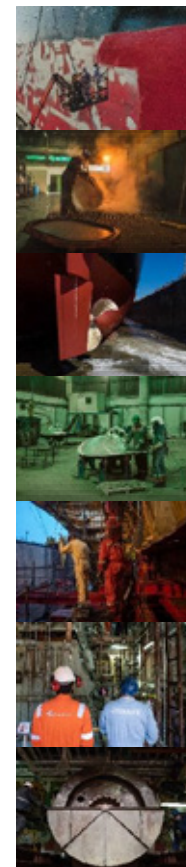
Within the framework of its social responsibility, LISNAVE has been collaborating in several initiatives with the aim of involving and helping the local community and the region in which it is located, namely:

- Annual Collaboration Protocol with the Association of Volunteer Firefighters of Setúbal (donation);
- Cooperation Protocol for the construction of a Civil Protection Risk Centre (donation);
- Regular insertions in the local Newspapers (“Setubalense” and “Sem Mais”) in order to contribute to the survival of these local publications;
- Job creation in the region. In addition to its Workers, LISNAVE also promotes the indirect employment of hundreds of additional Workers who daily operate in the shipyard through Service Providers;
- Promoting the development of the local economy, in particular with regard to catering services, accommodation, taxis, rent-a-car and public transport, associated with the transportation and lodging of own and third party workers, suppliers, inspectors, technicians and representatives of equipment, customers and crew of vessels under repair.

6. TRAINING

With regard to vocational training, LISNAVE is undoubtedly recognized as a true "School". Throughout its many years of existence, it has been training its Workers in different areas of knowledge, promoting the realization of various activities, namely:

- Training and awareness-raising activities for Safety and Health at Work;



- Training for Environment and Quality Management;
- Awareness-raising actions on the Regulation on Alcohol and Drug Use;
- Reception of trainees from various educational institutions, such as ATEC (Training Academy), IST (Instituto Superior Técnico), Professional Schools, IPS (Polytechnic Institute of Setúbal) in the framework of "Training in the Context of Work";
- Involvement of former Workers in the promotion of training and mentoring of more inexperienced Workers;
- Partnership with IPS in the dissemination of job offers particularly at the level of Engineers, in view of the performance of "Project Manager". Also under analysis are other partnerships for technical, behavioural and professional opportunities for engineering students;
- Participation in job fairs and other events related to the recruitment and advertising of job vacancies, particularly in the areas of Engineering;
- Collaboration with IPS and other educational establishments to carry out BScs and other academic works;
- Promotion of LISNAVE as a Reference Employer Company in the region, advertising its activity and human resources needs in events such as "The Industry at School" promoted by AISET (Industry Association of the Peninsula of Setúbal).

7. HUMAN RIGHTS

LISNAVE has been identifying, preventing, mitigating and responding to the current and potential adverse human rights impacts it might cause or to which it could contribute through its activity. In this sense, it promotes in its Code of Conduct the protection of human rights:

(...) PRINCIPLES AND RULES

LISNAVE assumes, as a basic and essential principle of responsible conduct in business, compliance with the laws, rules and regulations relating to its activities, and is responsible for strict compliance with the legal obligations in force, in particular those arising from labour, tax, health, hygiene and safety at work, protection of the environment, protection of individual freedoms and rights, prevention of laundering of advantages from illicit provenance and promoting fair competition. LISNAVE also considers it is essential that all its Workers, as well as other employees from external entities that collaborate with the company, identify and stick to their conduct in accordance with those principles, including rejecting any kind of disrespect for human rights, forced and child labour, discrimination, violation of rights of equal opportunities and recognition of the right of association.(...)



GOVERNANCE

1. CORPORATE GOVERNANCE SYSTEM

- ⑨ LISNAVE bases its management and conduct on four principles it considers fundamental:
 - ⑨ Transparency: Provision of relevant information to shareholders, disclosure of the Management Report and Accounts on the organizational site (even if not required for a private company) and Legal Certification of Accounts;
 - ⑨ Equity: All Workers are treated equally, taking into account their interests, rights, expectations and needs;
 - ⑨ Financial reporting: Made on a regular basis, clearly, objectively and subject to various Audits;
 - ⑨ Corporate Responsibility: Financial, human, social and environmental responsibility in the short, medium and long term.
- ⑨ Ongoing, the implementation of whistle-blower protection measures. LISNAVE has set up a specific work team, responsible for the implementation and subsequent and permanent control of the "complaints channel" that will be created.

2. REMUNERATIONS

- ⑨ Periodic reassessment of salary tables;
- ⑨ Evaluation of the annual performance of Workers, with impact on salary and career progression;
- ⑨ Possibility of career progression with the corresponding salary evolution;
- ⑨ Possible Balance-Bonus to Workers.

3. CYBERSECURITY

- ④ HP Network Structure (Switching): aims to keep information as secure as possible by segregating different telephones, server stations, etc., to prevent viral dissemination on all networks simultaneously in the event of an incident;
- ④ External attacks: existence of a firewall controlling the internet information input and output, as well as the anti-spam filtering solution that controls the flow of email and detects threats;
- ④ Use of the Bitlocker feature: applied in the server and workstation structure, so that information and data available in a lost computer cannot be used;
- ④ Using Checkpoint Sandblast: for malware and virus security;
- ④ Protection of SAP S/4HANA and SAP Success Factors Systems: servers hosted with security levels similar to those of other Softinsa/IBM Customers such as banks and other vital services of utmost importance for national security. In addition, a dedicated system is continuously monitoring attack risks and detecting of vulnerabilities and threats to the systems.



4. RESPONSIBLE SUPPLY CHAIN

- ④ Creation of a Planning and Subcontracting Office with an effective database enabling the rapid and efficient contracting of skilled labour or services, according to the actual needs of the company's sectors, ensuring greater success in procurement;
- ④ Prioritisation of local, regional or national suppliers to expedite the arrival of materials to the shipyard, thus also contributing to the development of the national economy;
- ④ Preferential choice of products and materials with the lowest environmental impact and without harmful substances for human health;
- ④ Use of agglutinated transport (multiple loads in the same transport), reducing the CO₂ footprint in transport and reducing costs.

5. COMPLIANCE SYSTEMS

- ④ Self-sustaining and effective Quality Management System, according to one of the company's strategic objectives: to be a leader in its market segment and to ensure the continuous satisfaction of its Customers and other stakeholders;
- ④ Licensing by the competent environmental authorities, under which it has an environmental liability insurance policy;
- ④ All certifications are considered as an essential tool for LISNAVE, increasing the trust on the part of Customers, Workers and society in general. LISNAVE is certified in:

- ⓪ **ISO 9001:2015:** This quality standard aims to set standards for organizations in all countries in order to ensure the quality of products and services. This certification brings benefits both internally and externally, which revert into the management of more efficient and effective processes, the improvement of productivity, the definition of the responsibilities and competencies of people, greater motivation of workers, access to new markets, improvement of communication and relationship with the Client and, very importantly, increasing Customer Satisfaction;
- ⓪ **ISO 14001:2015:** This standard supports LISNAVE with an environmental management system associated with the internal processes of the developed activity, assuming a commitment to environmental protection, legal compliance and socio-economic needs. By assuming this commitment, in addition to reducing the environmental impact of its activity, Lisnave secures confidence from the part of Customers, Investors, Workers, Community and Society;
- ⓪ **Accreditation of the Calibration Laboratory,** according to NP EN ISO/IEC 17025:2018. This standard is exclusive to testing and calibration laboratories. An accredited laboratory carries out its activities accurately, ensures reliable results and evidences technical competence and an effective management system. It is a natural trend of companies that are committed to quality, to seek laboratories that offer services that transmit trust and that are competent worldwide, as is the case of the LISNAVE Laboratory;



- ⓪ **ISPS Code Protection Certificate (International Ship and Port Facility Security Code):** this code was created with the aim of structuring the threat assessment and defining appropriate protection actions for ports, vessels and terminals. It is an international tool for cooperation between governments, public and local administration and port and shipping industries to define methods for preventing "protective incidents";
- ⓪ **Promotion of Supplier Audits,** identifying trusted business partners, taking into account the compliance with Quality, Environment, Safety and Legal requirements (e.g. anti-corruption, child labour, labour laws, human rights) and assess the level of performance of the supply chain with a view to Continuous Improvement;
- ⓪ **GDPR (General Data Protection Regulation):** LISNAVE has implemented a set of supporting actions and documentation in order to comply with the requirements imposed by this Regulation;
- ⓪ **Update of the Code of Conduct,** which defines the rules related to professional ethics, complying with the laws and legal obligations in force;
- ⓪ **"Global Safe Site" certificate issued by Bureau Veritas under Covid-19:** Ensures compliance with safety measures as a result of the pandemic and covers three distinct areas: people, processes and facilities;
- ⓪ **In preparation, ISO 45001:2019 Certification: Occupational Safety and Health Management Systems:** this standard requires the company to take into account stakeholders' expectations regarding the management of the occupational health and safety of its Workers;
- ⓪ **Compliance with accounting rules and standards,** in particular the SNC (Accounting Standardisation System) as well as tax procedures and good practices;
- ⓪ **Compliance with Labour Laws.**

CONCLUSION

It is possible to conclude that the ESG criteria are cross-cutting across all sectors and involve all internal or external actions of LISNAVE.

Applying the ESG criteria is not only a matter of common sense, but also of long-term thinking. LISNAVE shows a strong concern in meeting these criteria, which it considers essential to continue to have a credible and sustainable image, but above all to be a stronger LISNAVE and better prepared for the great challenges of the future.

