

TRANSFORMING ENERGY INTO SUSTAINABLE DEVELOPMENT | **GENERATING WEALTH WITH A SOCIAL PURPOSE**



2024 MANAGEMENT REPORT 24



MANAGEMENT
REPORT
24

The graphic features the year '2024' rendered in a stylized, bold font. The '2' and '4' are blue, while the '0' is a gradient from blue to orange. The '2' and '4' have arrowheads at their ends. The word 'MANAGEMENT' is in blue, and 'REPORT' is in a smaller blue font below it.

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Our
Higher
Purpose

**TRANSFORMING
ENERGY INTO
SUSTAINABLE
DEVELOPMENT**

**GENERATING
WEALTH WITH A
*SOCIAL PURPOSE***



Summary of achievements challenges, and sustainability vision

As CEO of MAGNETRON, it is an honor to present our sustainability report, which reflects our commitment to a business model that balances financial success with a positive impact on people and the planet, promoting sustainable and responsible growth. We are a company that empathizes with its stakeholders, recognizes their needs, and seeks solutions that generate shared value.

We design, produce, and sell innovative solutions for the global energy sector. Under our overarching purpose, “Transforming energy into sustainable development, generating wealth with a social purpose,” we have expanded innovation and progress in our operations to 35 countries, creating over 1,245 jobs that benefit families and actively contribute to the regions’ growth.

Our vision drives us to offer efficient and flexible energy solutions, ensuring reliable performance and excellent service for our customers.

We are completely satisfied with our performance at the close of 2024, having established our growth and positioning strategy in new markets and achieved record levels in sales, effectiveness, and operational and financial efficiency, successfully strengthening this new strategic cycle. We are also satisfied with our sustainable performance management in our environmental, social, and corporate governance pillars, striving to adapt to the growing challenges of our environment.

In terms of environmental management, we have implemented practices that optimize resource use and reduce our ecological impact. Our commitment to energy efficiency translates into improvements in our products, for developing and implementing solutions that contribute to the environment.

On the social front, we remain committed to the safety, professional development, and well-being of our employees. We promote professional growth and well-being through training and development programs by creating a training center that allows our talent



to develop new skills and move forward in their careers. We are committed to promoting work-life balance, offering flexible arrangements that contribute to the well-being of our employees.

Our general commitment to health has helped us provide significant support to the Revivamos Foundation, the Ama Salvar Vidas League, and the Tatamá Foundation/Santa Fe Foundation. With our contributions, these organizations will benefit the region by offering highly complex medical services, such as hospitalization, emergency care, specialized consultations, diagnostic imaging, and intensive care, to over 60,000 patients every year. We will also focus on training human talent, scientific research, and population health projects. In addition, we will promote socioeconomic development by creating more than 2,000 jobs and establishing a sustainable and environmentally friendly health and infrastructure model.

We promote several initiatives, such as volunteer sessions, donations, and support for social causes, seeking to make an impact on the community. Joining the Global Compact in 2024 provided us a comprehensive guide for evaluating, defining, implementing, measuring, and communicating our sustainability strategy, as well as strengthening our work in human rights, labor standards, the environment, the fight against corruption, and sustainable development goals.

We value innovation and development at MAGNETRON. That is why we strengthened our capacity for innovation this year by investing in infrastructure, technology, and development. In this way, we consolidated our leadership in developing more efficient and sustainable energy solutions.

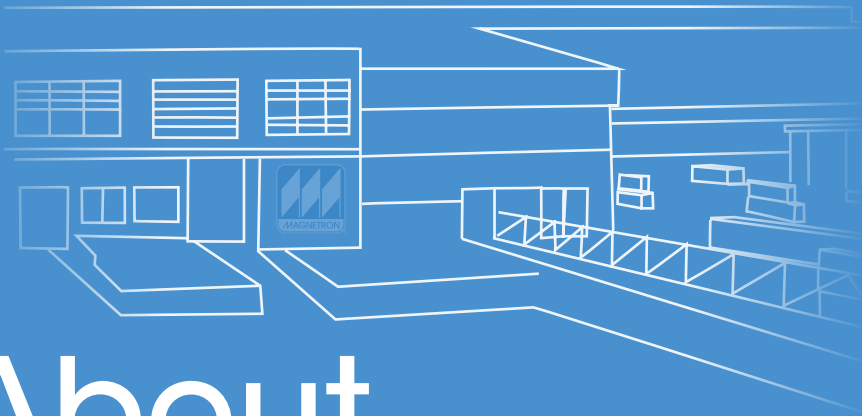
I am deeply grateful to our team, customers, suppliers, and partners for their trust and commitment. Every joint effort brings us closer to a more sustainable future and allows us to consolidate our position as a benchmark in the industry. At MAGNETRON, we will continue moving forward with determination and commitment, transforming energy into development opportunities for all.

Sincerely,
Alejandro Navarro González
CEO





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About **MAGNETRON**

We are **MAGNETRON**,

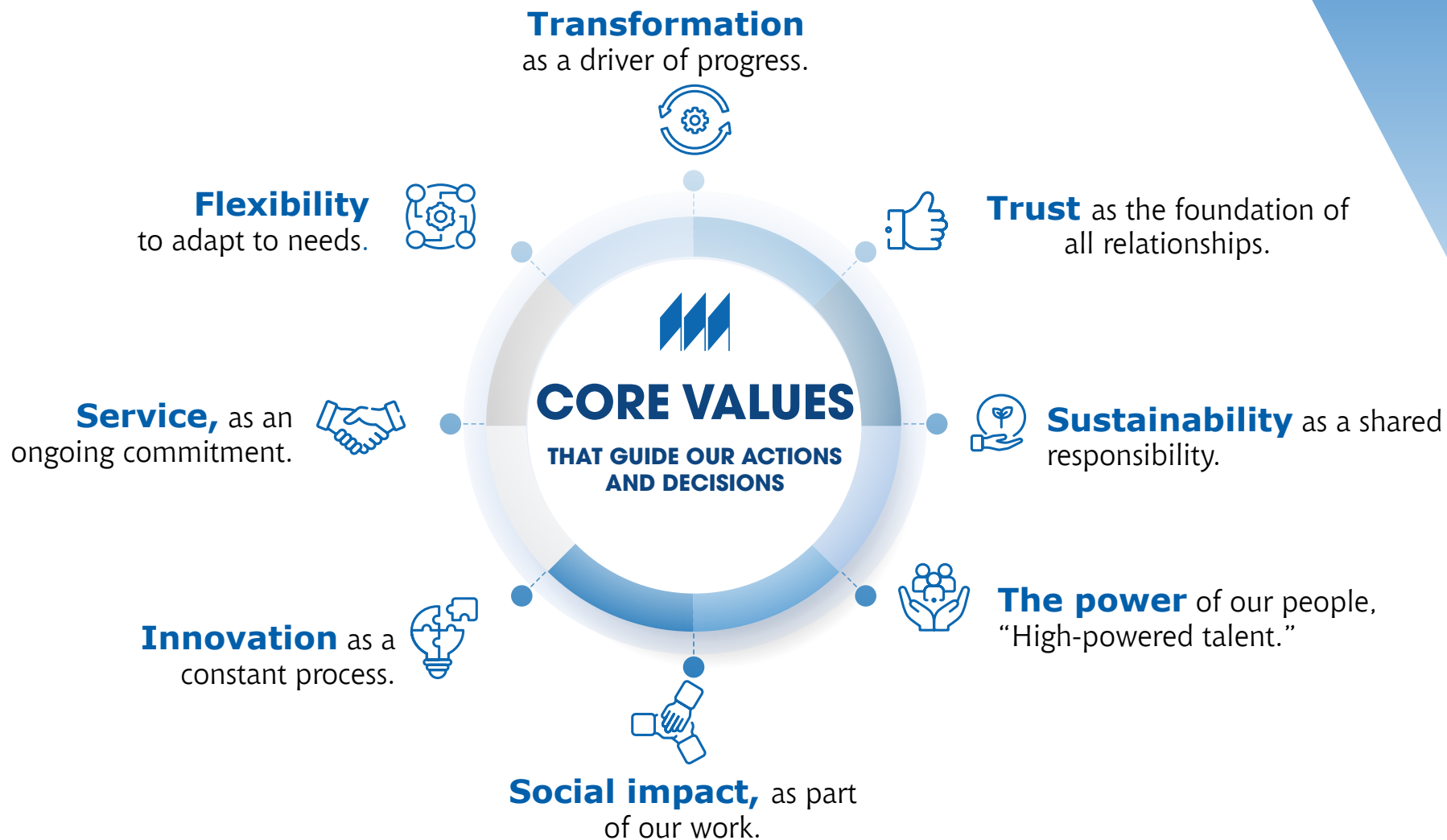
a family business founded in 1971 in Risaralda, dedicated to designing, producing, and selling innovative solutions for the global energy sector. We specialize in a wide range of products, such as conventional single-phase oil-immersed transformers, class 15 kV and 35 kV, pad-mounted transformers, occasionally submersible transformers, and dry class H open-type transformers.

We differentiate ourselves by offering energy solutions tailored to each customer's specific needs, ensuring reliable performance backed by exceptional service.

These qualities work together to ensure efficient operations and a personalized experience, positioning us as a key partner in the development of sustainable and successful projects.

At MAGNETRON, we listen empathetically to our stakeholders, recognize their needs, and seek solutions that generate shared value to ensure a more equitable future. We do so through a set of core values that guide our actions and decisions. These values help us approach sustainability from various angles, ensuring a comprehensive and effective approach.









**At MAGNETRON,
WE HAVE A NETWORK OF
34 WORKSHOPS
AND EXTERNAL SERVICE
PROVIDERS,**



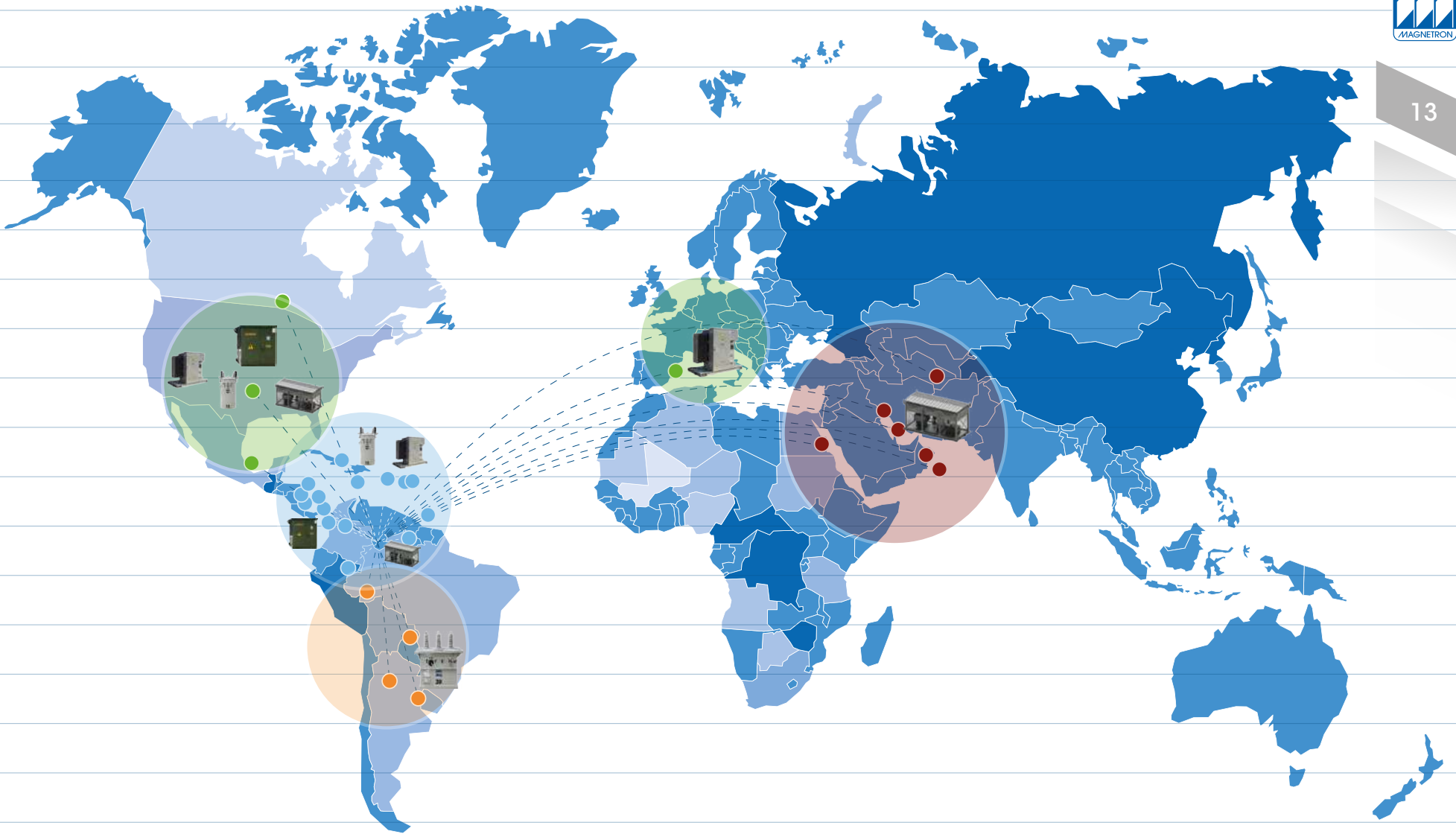
7

OF WHICH ARE
IN COLOMBIA



27

ABROAD.





Our certifications

We hold various certifications that attest to our commitment to quality, sustainability, and social responsibility. These certifications reflect our ongoing efforts to meet the standards and expectations of our stakeholders, ensuring reliable and sustainable business practices.

Carbon neutrality: It validates offsetting our carbon emissions through greenhouse gas (GHG) reduction and mitigation projects, reaffirming our commitment to environmental sustainability and the fight against climate change.

Verified Environmental Product Declaration (EPD): It certifies the transparency and environmental performance of our products throughout their life cycle, which strengthens our competitiveness in markets that prioritize sustainability.

UN Global Compact: A United Nations initiative that aligns us with global principles on human rights, labor standards, the environment, and anti-corruption, in order to consolidate our commitment to business ethics and sustainable development.

ISO Standards Certification: Our organization is certified under the NTC ISO 9001 (Quality), NTC ISO 14001 (Environment), and NTC ISO 45001 (Occupational Health and Safety) standards, reflecting our commitment to continuous improvement, sustainability, and the well-being of our employees.



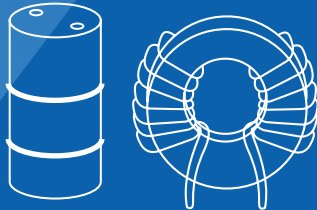
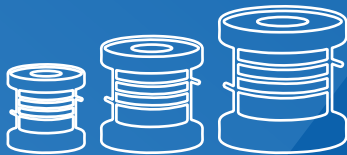


Business model

16

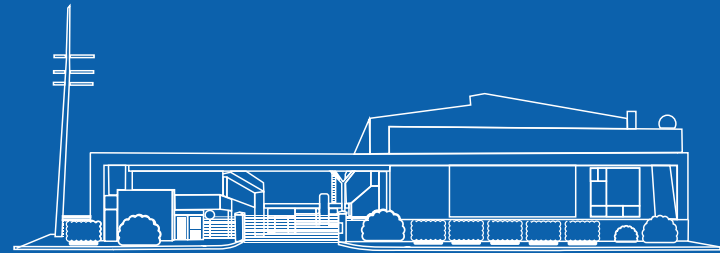


Supply

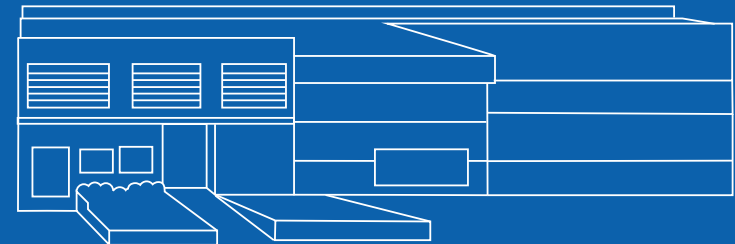


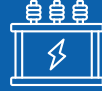
Plants

Metalworking



Assembly





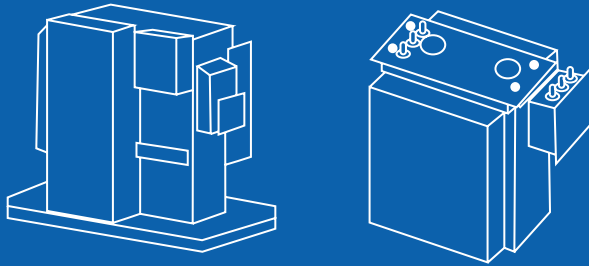
Transformers



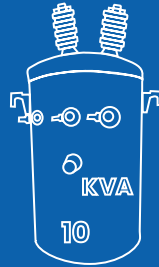
Markets



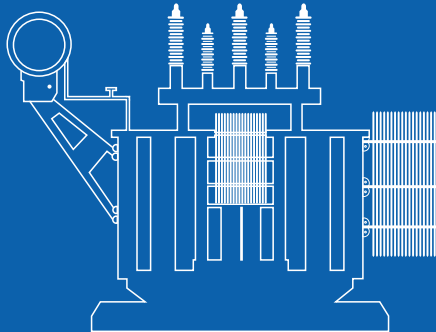
Special



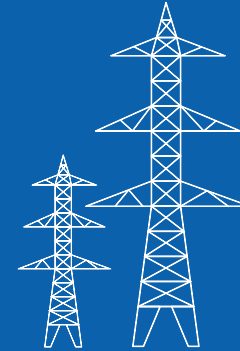
Distribution



Power



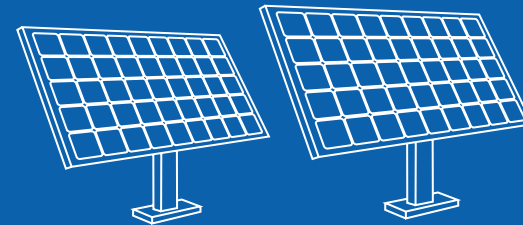
Electricity



Oil



Renewable Energy





Structure of the report

Starting in 2024, we will be sharing our Sustainability Report to keep you informed about how MAGNETRON is working on environmental, social, and corporate governance (ESG) issues. We want to show you our commitment to sustainability and responsibility, and how we continue to make progress in these areas.

This report covers the period from January 1 to December 31, 2024, and its purpose is to provide you with a clear and comprehensive overview of our actions, achievements, progress, and opportunities for improvement on the path toward more sustainable management.

It was prepared with guidance from the Global Reporting Initiative (GRI) standards.

For any questions, clarifications, or comments regarding this edition, please contact us at:

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Corporate profile





WARNING HIGH VOLTAGE

0 kVA

34500 V

WARNING
NO TOUCH
HOT SURFACE



480 V

NO-F



At MAGNETRON, we are guided by principles of ethics, reliability, innovation, and social commitment. Our corporate governance structure is designed to promote sustainable development and competitiveness in the market.

Grupo Magnetron S.A.S. acts as the holding company and parent company of its subsidiaries, exercising strategic, management, and control functions over the operations of Magnetron S.A.S. and Magnetron USA LLC. This structure ensures the alignment of corporate decisions and the consolidation of the group's business objectives in the various areas in which it operates.



Corporate governance structure

(GRI 2-9)

Our corporate governance structure is organized into three main areas:

Ownership area:



The General Shareholders' Meeting, as the highest governing body, establishes strategic guidelines and supervises the management of MAGNETRON.

Senior management area:



The Board of Directors leads the organizational strategy and relies on specialized committees to ensure operational excellence and alignment with sustainability principles.

Management area:



The management team is responsible for operational execution. Its function is to ensure the fulfillment of strategic objectives through technological efficiency and innovation.

Committees of the highest governance authority

The committees of the Board of Directors are made up of its own members, who are assigned based on their specific skills and knowledge in different areas, and play a key role in transparent management, as well as in overseeing MAGNETRON's economic, environmental, and social impacts.

We have the following committees:



Audit Committee

Oversees regulatory compliance, risk management, and financial transparency.



Ethics Committee

It ensures MAGNETRON's alignment with the regulatory and ethical principles that support our social responsibility and long-term sustainability.



Finance Committee

It evaluates financial stability and encourages responsible investment in MAGNETRON.



Strategy Monitoring Committee

It ensures fulfillment of the objective set out in the 2027 Corporate Strategy: To ensure the company's sustainability, growth, and positioning.



Retention, Compensation, Evaluation and Succession (RRES, for the Spanish original) Committee

It promotes labor equality and talent development within MAGNETRON's operations.

Highest governing body

(GRI 2-10)

Our highest governing body is the General Shareholders' Meeting, which is responsible for establishing the strategic direction and overseeing corporate management to make sure our long-term objectives are met.

The Board of Directors is responsible for making strategic decisions. It is composed of five members: one is an executive and acts as MAGNETRON's legal representative, while the other four are non-executives. With respect to independence, two of its members belong to the shareholder family, which guarantees continuity in MAGNETRON's vision and values.

The members of the Board of Directors do not currently hold any other positions that could generate conflicts of interest or interfere with their responsibilities within MAGNETRON.



Appointment and selection of the highest governing body

(GRI 2-10)

The appointment and selection process of the Board of Directors is based on the experience and business background of its members, which ensures management that is aligned with MAGNETRON's strategic objectives

Key criteria for selecting Board members include business experience on a regional and national level, knowledge of the sector and the market, and leadership skills for strategic decision-making.





Chairperson of the highest governing body

The chairperson of MAGNETRON's highest governing body does not hold an executive position within our organization, nor do they perform any management functions. Its role focuses on strategic advice and guidance, thereby ensuring their independence in decision-making and compliance with corporate governance principles. (GRI 2-11)

Role of the highest governing body in overseeing impact management

The Board of Directors, as the main management authority, is responsible for defining and approving MAGNETRON's purpose, mission, and values to ensure their alignment with our strategic objectives. In addition, it establishes and updates corporate strategies, considering the economic, social, and environmental impacts of our operations.

With regard to impact identification and management, the Board of Directors monitors MAGNETRON's due diligence, making sure effective processes are in place to assess, mitigate, and manage risks associated with our operations.

The results of these processes are key to our business management, as they allow us to adjust our strategies, develop more effective policies, and implement corrective measures when necessary. In this way, the Board makes sure MAGNETRON responds proactively to economic, environmental, and social challenges, strengthening our commitment to sustainability. (GRI 2-12)

Delegating responsibility for impact management

The Board of Directors delegates the management of our economic, environmental, and social impacts to the legal representative and senior management, who are responsible for implementing the strategies defined by the highest governing body, ensuring compliance in all areas of MAGNETRON's operations.

On its part, senior management plays a key role in delegating responsibilities within MAGNETRON. It is in charge of providing clear guidelines to work teams, making sure each area takes an active commitment to mitigating risks and promoting sustainable practices aligned with MAGNETRON's values and objectives. (GRI 2-13)





BOARD OF DIRECTORS

Members of the Board of Directors

Luis Carlos Villegas Echeverri

Juan Carlos Navarro González

Alejandro Navarro González

Francisco Antonio Guzmán Cardona

Luis Fernando Durán Falla

Advisor of the Board of Directors

Germán Jaramillo Villegas

Julián Navarro González

Role of the highest governing body in presenting sustainability reports

The Board of Directors is responsible for reviewing and approving the information presented by Senior Management, including material issues relating to MAGNETRON.

All approvals and deliberations are formally recorded in the corresponding minutes of the meeting, which ensures traceability and compliance with our corporate governance guidelines. This mechanism allows the Board of Directors to maintain effective control over the company's management, making sure any decisions that are made are in line with MAGNETRON's strategic objectives and sustainability principles. (GRI 2-14)

Conflicts of interest

At MAGNETRON, preventing and mitigating conflicts of interest is essential to ensuring transparency and ethics in all our operations. These guidelines are set out in our Code of Ethics and Business Transparency, which identifies situations that could lead to a conflict of interest.

The Ethics Committee is responsible for reviewing each case individually to ensure transparency, timely disclosure, and impartial decision-making. As part of this commitment, all employees must complete form F-PR5-16 Notification of Family Relationship upon joining the company. Furthermore, members of the Board of Directors are required to declare any actual or potential conflict of interest related to matters discussed at Board meetings. (GRI 2-15)

In order to reinforce transparency, we disclose the various types of conflicts of interest defined in the Code of Ethics to our stakeholders. In this way, we promote an organizational culture based on ethics and integrity.





Communication of critical concerns

Managing and communicating critical incidents is key to ensuring transparency and the proper functioning of the Business Ethics and Transparency Program.

In addition, the Compliance Officer submits a semi-annual report on the Transparency and Business Ethics Program to the Board of Directors, outlining the status of the program, any identified shortcomings, and the actions implemented to improve it. This process allows evaluating the effectiveness of the system and implementing corrective measures when necessary.

As of December 31, 2024, no critical incidents had been reported through the reporting channels, reflecting MAGNETRON's commitment to ethical management and the continuous improvement of our processes to strengthen the detection, prevention, and response to potential situations that could compromise ethics and transparency. (GRI 2-16)





Evaluation of governing bodies

Performance evaluation of the highest governing body

The Board of Directors monitors and evaluates MAGNETRON's economic, environmental, and social performance during its monthly meetings.

The annual performance evaluation of the Board of Directors aims to measure its effectiveness in fulfilling its responsibilities, including its ability to manage economic, social, and environmental risks and opportunities. This process helps identify strengths and areas for improvement, allowing us to adjust our strategies and strengthen decision-making that is aligned with our objectives.


The results of the performance evaluation are analyzed internally and, if necessary, actions are implemented to optimize the performance of the governing body. This mechanism ensures effective leadership that is committed to sustainability and responsible development at MAGNETRON. (GRI 2-18)



Approach to Stake holders

At MAGNETRON, we recognize the importance of stakeholder participation in decision-making and sustainability management processes. To this end, we have developed a structured approach that allows us to effectively identify, classify, and address the needs and expectations of each stakeholder.

The classification of our stakeholders is based on key variables, such as power, dependency, and urgency, with the purpose of prioritizing their level of influence on MAGNETRON. Under this approach, we differentiate between two main categories:



Primary stakeholders
The individuals or entities directly impacted by MAGNETRON’s operations are employees, customers, providers, and shareholders.



Secondary stakeholders
The people or entities that are indirectly impacted by our activities are the community and relevant authorities.

This classification model facilitates more effective communication and developing engagement strategies tailored to each group, ensuring a management that is aligned with the principles of sustainability and corporate responsibility. (GRI 2-29)

Community relations

At MAGNETRON, we are committed to strengthening our relationship with the community through initiatives, such as donations, volunteer sessions, and support for social causes, focusing on health, education, and culture. We believe that this commitment is fundamental to fulfilling our purpose and values, making sure our actions are aligned with sustainability and corporate social responsibility.

Our donations include financial contributions and material resources to health care entities, educational institutions, and cultural organizations. Through volunteering, our employees actively participate in initiatives that benefit the community, such as the restoration of public spaces and the implementation of educational programs.

By creating the Corporate Social Responsibility area, we will implement a comprehensive strategy in 2025 to plan, document, and manage our actions, with

measurement mechanisms that ensure the positive and sustainable impact of our investments.

These initiatives are aligned with Sustainable Development Goal (SDG) 8, with the aim of promoting sustainable economic growth and community well-being through educational and professional development projects for employees, as well as improvements in quality of life and access to economic opportunities for the region.



Generated economic performance and corporate governance

Economic performance

Economic performance is a fundamental pillar of sustainability at MAGNETRON, since it guarantees financial stability, operational continuity, and long-term growth. Through efficient resource management and a strategy focused on innovation and excellence, we strengthen our competitiveness in the market and generate value for our stakeholders at MAGNETRON.

Maintaining strong financial performance allows us not only to expand our business, but also to support the development of our environmental and social initiatives. Profitability and sustainable growth facilitate investment in technology, process optimization, and creating high-quality jobs, thereby contributing to the economic and social progress of the communities in which we operate.

Direct economic value generated and distributed

In 2024, we generated economic value that was distributed among our stakeholders, including employees, providers, shareholders, and the government through taxes. At the same time, we maintained our goal of strengthening our capacity to invest in innovation, technological upgrades, sustainability, and the company's medium- and long-term financial stability. (GRI 201-1)





Exporting

In-house indicator

In 2024, **exports accounted for more than 91% of our sales**, consolidating our presence in international markets and leaving a 9% of the market share to the local market. The United States remained as our main trading partner, reflecting the trust and stability of our trade relations in this region.

Our high percentage and volume of annual exports reaffirms our ability to compete on a global scale and position our products in strategic markets, driving sustainability and long-term growth in this way.





Transparency and business ethics

At MAGNETRON, transparency and business ethics are essential for the sustainable development of the company. We promote an ethical culture at all levels of the organization to prevent risks, strengthen our reputation, and have a positive impact on society.

We proactively manage issues, such as conflict of interest prevention, anti-corruption, and regulatory compliance. We reinforce our commitment to transparent management aligned with international best practices through clear policies, monitoring processes, and ongoing training.

We have an ethics and transparency program that is in accordance with the guidelines of the Superintendence of Corporations. It is reflected in our Code of Ethics, which applies to all staff and stakeholders. In 2024, our employees were trained in anti-corruption policies. In addition, we work to strengthen this process with programs for senior management, making sure they are informed of best practices and regulations in business ethics.

Through these initiatives, we reaffirm our commitment to integrity, transparency, and developing an ethical and sustainable corporate culture. (GRI 205-2)

Risks and opportunities

When it comes to transparency and business ethics management, we have identified several opportunities for improvement that are part of our work plans:



Training and communication

Implementing induction, reinduction, and annual training programs to reinforce ethical principles within the organization.



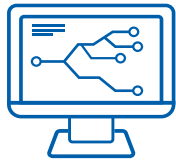
Preparing an ESG (environmental, social, and corporate governance) report

Developing an ESG sustainability report that projects confidence and credibility to our stakeholders.

Customer privacy and cybersecurity

At MAGNETRON, we consider cybersecurity to be a fundamental pillar of our operations. No security incidents were reported in 2024. We have a Disaster Recovery System that protects our technological infrastructure and seeks to minimize economic, reputational, and operational risks.

We have implemented specialized policies, procedures, and tools to strengthen information security and protect personal data. Our key initiatives include:



Policies on secure digital contact

with third parties, to mitigate cyber risks.



Awareness-raising programs on cybersecurity for staff.



Provider audits

to ensure compliance with safety standards.

We have a comprehensive approach to cyber risk management and have established clear objectives, such as achieving an 85% maturity level in cybersecurity which is in line with the ISO 27001 and National Institute of Standards and Technology (NIST) regulatory frameworks.



Cybersecurity training and maturity

We continuously strengthen our cybersecurity capabilities to make sure information is protected and we are resilient against digital threats. As part of this effort, we assess our level of maturity and preparedness in cybersecurity under recognized standards.

Under the OAS framework, we achieved 100% compliance with the required controls, reflecting the effectiveness of our security strategies and mechanisms.

One of the pillars of this approach is the **Cybersecurity Roadmap**, which consists of a periodic disclosure program of best practices and awareness-raising processes regarding potential digital threats within MAGNETRON.

Business continuity

Business continuity is crucial to ensuring our sustainability in light of high-impact events. In an uncertain and dynamic environment, it is essential to have strategies in place to mitigate disruptions, minimize losses, and ensure an effective response to emergencies. To this end, we have implemented a Business Continuity Plan that protects our operations and facilitates efficient recovery in the event of any contingency.

This plan defines criteria for its activation, identifies key areas and personnel, and addresses events that could threaten the stability of the company, such as communication failures, cyberattacks, natural disasters, sabotage, power outages, and dependencies on international suppliers. It establishes specific response protocols for each type of incident, allowing MAGNETRON to anticipate contingencies and reduce their impact on operations.





Emerging risks and management

At MAGNETRON, we have identified and assessed emerging risks that could affect the continuity of our business, focusing on events that could compromise operations, information security, and financial stability. Our business continuity plans are designed to mitigate disruptions, losses, emergencies, or crises that may impact our operations.

In order to manage these risks, we have developed prevention and response strategies that reduce the business's vulnerability to incidents and strengthen our resilience. We have also conducted ongoing assessments of our critical processes, identifying potential points of failure and establishing appropriate mitigation mechanisms.

Events and incidents that caused damage

There were no events or incidents that affected business continuity during the reporting period. This reflects the strength of our risk management processes and our ability to maintain stable and efficient operations, making sure we fulfill our commitments to customers, suppliers, and other stakeholders.

Best practices and continuity strategies

At MAGNETRON, we follow an approach based on international best practices, as outlined in the ISO 22301 standard, for business continuity management. This has allowed us to strengthen our incident response capabilities, reduce downtime, and improve coordination between key areas for incident management.

Innovation and technology

Continuous improvement and sustainable development are very important to us at MAGNETRON, which is why we foster a culture of creativity, flexibility, and optimization through initiatives that actively involve our employees, make strategic investments in innovation and technology, and forge partnerships with research institutions.

As part of our continuous improvement system, we receive and manage innovative ideas, which may be **suggestions** or come from **Kaizen groups**.

Supply efficiency and management

At MAGNETRON, efficient supply management is key to ensuring operational continuity, product quality, and value chain sustainability. We promote the efficient use of materials, the traceability of inputs, and strong relationships with suppliers based on trust and transparency through a responsible purchasing strategy.

We comply with regulations, such as SAGRILAF and those of the OAS, and apply ethical and transparency criteria. These practices help us protect our reputation, ensure timely deliveries, and offer products with high quality standards.

35% of our purchases of raw materials and supplies are from local suppliers, reflecting our commitment to boosting the local economy and helping to reduce risk in our supply chain. (GRI 204-1)

Analysis of photovoltaic power generation system components and their effects on transformers

The Engineering Department conducted research aimed at understanding the effects of photovoltaic generation and other renewable sources on electrical transformers. The study, based on our experience and fieldwork, analyzed the components of these systems and the phenomena associated with their operation, identifying conditions that can impact the service life and reliability of the equipment.

Through technical evaluations, such as dissolved gas analysis and power quality studies at various locations, relevant patterns were detected to prevent failures and optimize performance. These findings strengthen our design, operation, and maintenance capabilities, helping to generate value and knowledge for the development of more efficient and sustainable solutions.



Third generation

The Magnetron Group, as a third-generation family business with 54 years of tradition, has consolidated **generational succession** within its corporate governance framework as an ongoing strategic process. This approach requires leadership, planning, and organizational commitment, helping the company be better prepared to face challenges, adapt to change, and ensure a smooth transition that preserves the family legacy and continues its evolution with a clear commitment to society.



The effectiveness of this process was reflected in the exemplary transition at a critical moment: the handover from the founding partners, from **Engineer Marcial Navarro Bazurto** to **Engineer Alejandro Navarro González**, a member of the second generation, was carried out during the pandemic and in a context of the company's expansion and internationalization. This transition enabled not only operational continuity, but also transferring responsibilities, knowledge, and strategic functions, in order to avoid losing organizational knowledge accumulated over time.

The company has currently reached an excellent position thanks to the leadership of Alejandro Navarro and has begun a structured transition process to the third generation, led by **Engineer Juan José Navarro Arcila**, who represents both the present and the future of the organization. This transition is based on a plan that incorporates training strategies, mentoring and career development programs, as well as the systematization of lessons learned and best practices, all aimed at facilitating an effective transfer of organizational knowledge and ensuring the continuity of the company's legacy with a vision for the future.



Materiality process





Materiality process

(GRI 3-1; 3-2; 3-3)



Our sustainability strategy is based on identifying, assessing, and managing the issues that are most relevant to our stakeholders, as well as their impact on the environment, society, the economy, and our operations. To this end, we carried out our first dual materiality approach at the end of 2024, seeking to assess two key dimensions:



- **Impact materiality**, which analyzes how MAGNETRON’s activities generate significant impacts on the environmental, social, and economic environment, both positively and negatively.



- **Financial materiality**, which identifies ESG factors that may influence the company’s financial performance, either through risks that may affect the profitability and stability of the business, or through opportunities that contribute to its growth and competitiveness. To develop the financial materiality exercise, we used our risk methodology and assessed the impacts based on the effect they may have on three financial categories relevant to MAGNETRON.

The double materiality analysis helped us define priority issues for the organization, ensuring their integration into corporate strategy and long-term decision-making. This structured process included mapping risks and opportunities, as well as consulting with our stakeholders.

ESG factors not only have the potential to strengthen MAGNETRON’s financial performance, but they can also pose significant risks if not managed properly.

This list of topics emerged as a result of context analysis using the Datamaran® artificial intelligence tool, with which:



We processed sustainability reports from 30 industry peers.



We identified 2,113 regulations, voluntary initiatives, local and international initiatives that apply to the industry.



We reviewed 5,000 news items and articles from the region and the sector to which we belong.

Using the above input, we generated a list of the 30 issues of greatest relevance to MAGNETRON.

The initial list of 30 topics was refined to select the topics to be evaluated from an impact and financial perspective. This process was based on grouping related subtopics and on the preliminary results provided by the artificial intelligence tool, analyzing various sources of information from stakeholders and leading companies for MAGNETRON. As a result, we obtained a list of 13 topics with their respective subtopics.

The next step was to conduct the assessment from a financial perspective. This exercise helped us identify how managing risks and opportunities related to these issues affect various financial categories in the short, medium, and long-term, such as cash flow, access to financing, and the company's reputation.

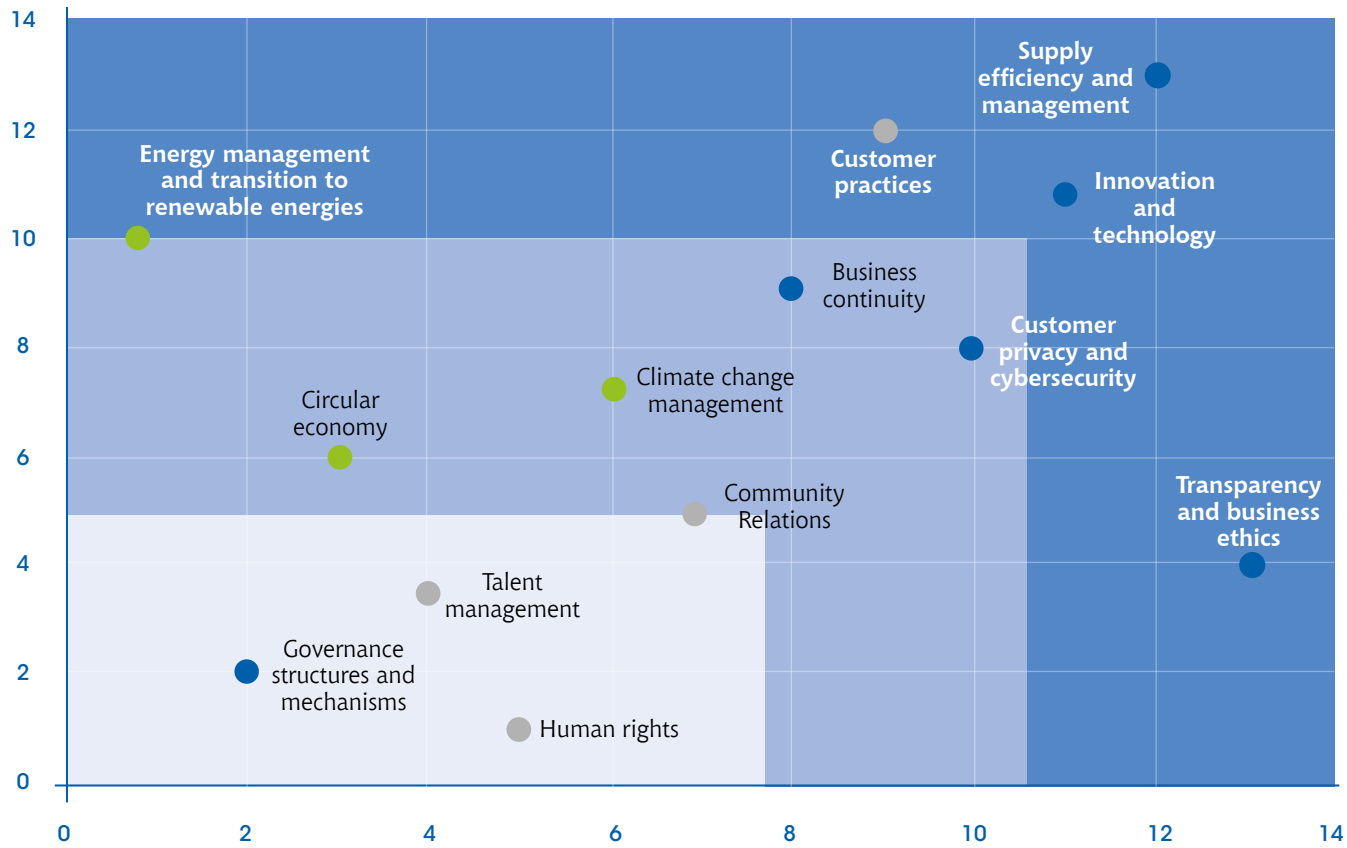
In addition, the impact on stakeholders was assessed through online surveys, in which MAGNETRON's domestic and international customers, suppliers, employees, and shareholders participated, inquiring about the level of impact of each one of the issues.



We have presented the prioritization of the 13 material topics, from the perspectives explained above, below.

Financial materiality

Double materiality matrix




Impact materiality

- Environmental topics
- Social topics
- Governance topics



Supply efficiency and management, innovation and technology, and customer practices are currently strategic priorities for our operation, since properly managing them helps us strengthen our ability to adapt to a changing environment.



Moreover, energy management and the transition to renewable energies have a significant impact on financial stability, although the impact is less externally visual. Meanwhile transparency and business ethics are more relevant from the perspective of stakeholders.

Aspects such as business continuity, customer privacy, and cybersecurity are becoming increasingly important in our operations. As regulations and market expectations evolve, we are preparing to strengthen our initiatives in these areas at MAGNETRON.



50



Social performance







Human rights

Training employees on human rights policies or procedures

GRI 412-2 Human rights training

At MAGNETRON, we are deeply committed to ensuring respect for and compliance with human rights throughout our value chain, from suppliers to customers. Promoting a fair and equitable environment is part of our corporate culture, and it drives us to create an empathetic, pleasant, and respectful workplace for everyone.

We focus on key objectives, such as equality, transparency in selection processes, fair wages, and creating spaces where all points of view are heard and valued. We also offered a training program to raise awareness of human rights among our employees. In 2024, **we dedicated 523 hours to this program**, and we hope to expand it even further in the future. (GRI 412-2)



Talent management

Attracting and retaining staff

GRI 401-1 New employee hires and staff turnover

At MAGNETRON, we implement fair labor practices throughout the employee life cycle, covering attraction, retention, training, and development. We promote a safe and empathetic work environment, ensuring equal opportunities and fair treatment for all employees.



Hiring (GRI 401-1)			Turnover (GRI 401-1)		Total employees	
Gender	Number	Rate	Number	Rate	Number	Percentage
Men	500	49%	288	28%	1026	82%
Women	85	39%	33	15%	219	18%
Total	585	47%	321	26%	1245	100%
Age Group						
Under 30 years of age	314	58%	187	35%	540	43%
Between 30 and 50 years of age	264	41%	128	20%	645	52%
Over 50 years of age	7	12%	6	10%	60	5%
Total	585	47%	321	26%	1245	100%



In addition to our efforts to create new job opportunities, we are aware of the importance of retaining our talent, which is why, in 2024, we managed to reduce staff turnover **by 30%**. It was the result of analyzing and intervening in the main causes recorded in our withdrawal surveys. (GRI 401-1)

In line with the performance of our workforce, 2024 closed with 1,245 employees on permanent, full-time contracts. (GRI 2-7)



Performance and training

GRI 404-1 Average hours of training per year per employee

GRI 404-2 Employee skills enhancement programs and transition assistance programs

GRI 404-3 Percentage of employees who receive regular performance and professional development evaluations

At MAGNETRON, we have a comprehensive training, development, and performance model that seeks to strengthen the technical and organizational skills of our team, thereby ensuring their suitability to achieve the company's objectives. (GRI 404-2)

This model is applied in both operational and administrative areas, adapting to the specific needs of each environment.

In 2024, we allocated 31,386 hours of training, with an average of 25 hours per employee, reaffirming our commitment to the continuous development of our human talent. (GRI 404-1)





In addition, we evaluated the performance of 83% of our workforce, prioritizing the performance management of direct labor (DL) and indirect labor (IL) staff due to their impact on the production process. At the same time, we are improving the performance model for administrative staff, which is scheduled to be implemented in 2025. (GRI 404-3)

Diversity, equity, and inclusion

GRI 2-7 Employees

GRI 2-8 Workers who are not employees

GRI 401-3 Parental leave

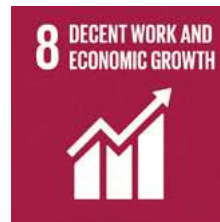
GRI 405-1 Diversity in governing bodies and employees

GRI 406-1 Cases of discrimination and corrective actions taken

Thanks to our hiring and turnover processes, we had a workforce of **1,245** employees by 2024, of whom **82%** were men and **18%** were women. In addition, our organizational structure is designed so that younger employees predominate in operational roles, while experience and leadership are concentrated in the 30-50 age group. Employees over the age of 50 play key roles in management. (GRI 405-1)

Employment category (GRI 405-1)	Operational		Administrative		Executive		Total
	Number	Percentage	Number	Percentage	Number	Percentage	Number
Men	812	91 %	191	60 %	23	62 %	1.026
Women	79	9 %	126	40 %	14	38 %	219
Total	891	100 %	317	100 %	37	100 %	1.245
Age Group							
Under 30 years of age	416	47 %	123	39 %	1	3 %	540
Between 30 and 50 years of age	424	61 %	192	61 %	29	78 %	645
Over 50 years of age	51	1 %	2	1 %	7	19 %	60
Total	891	100 %	317	100 %	37	100 %	1.245

At MAGNETRON, we ensure fair work conditions that are in line with our decent employment policies and current labor regulations. This practice reflects our commitment to **SDG 8: Decent work and economic growth**, promoting responsible and sustainable labor relations. (GRI 2-8)



Private security personnel and other outsourced services are managed through specialized providers. Although they are not part of MAGNETRON's direct workforce, we maintain a monitoring and control process to make sure they comply with the work ethics, safety, and well-being standards established in our corporate responsibility framework. (GRI 2-8)

Furthermore, we grant parental leave benefits, in accordance with Colombian law. (GRI 401-3)

Thanks to our promotion of a positive work environment, there were no cases of discrimination in 2024. (GRI 406-1)



Occupational health and safety



At MAGNETRON, we have an Occupational Health and Safety Management System (OHSMS) that is a part of our integrated management system and is applied across all our sites, processes, employees, providers, and visitors. This system complies with legal regulations (Decree 1072 of 2015, Resolution 0312 of 2019) and the international standards of ISO 45001:2018. (GRI 403-1)

Currently, we have achieved 96% implementation of the OHSMS, in accordance with Decree 1072 of 2015.

Our OHSMS includes periodic safety inspections (facilities, equipment, PPE, organization and cleanliness, etc.), and its results feed into the hazard and risk matrix. In addition, any member of the organization can report unsafe conditions or acts through various channels, such as the “Let’s Take Care of Each Other” report, management, or the OHS team. (GRI 403-2; 403-4)



Controls to minimize risks are defined in conjunction with employees, making eliminating the hazard at its source the priority. This entire process is led by trained personnel with industry experience. (GRI 403-3)

We have a Joint Committee on Occupational Health and Safety (Copasst, for the Spanish original) and a Labor Coexistence Committee (Cocola, for the Spanish original), which meet periodically to discuss safety, health and work environment topics. We also offer occupational health services, such as medical examinations, industrial hygiene studies, nursing care, and absenteeism management, in compliance with current regulations. (GRI 403-4)

We promote well-being with initiatives, such as Health Week, prevention campaigns, psychological care, assistance for glasses and agreements. (GRI 403-6)

We guarantee that our suppliers comply with OHS requirements from the moment they are selected and when supplying raw materials and/or providing services by implementing documentary and process checks. We also ensure compliance with applicable legal requirements and OHS standards in our relationship with customers. (GRI 403-7)

The main types of injuries are: blows, bruises or crushing injuries, fractures, wounds, among others. No occupational accidents were reported in 2024. (GRI 403-9)





Benefits for full-time employees

At MAGNETRON, the well-being of our employees is a priority. For that reason, we offer a wide range of benefits, organized into several categories: support, education, health care and well-being, work-life balance, economic development, financial growth, and well-being plans. These benefits reflect our commitment to talent and social responsibility, recognizing the seniority and effort of our employees. (GRI 401-2)



- 22** Approved extra-legal benefits
- 14** Well-being plan activities
- 81 %** Participation in the well-being plan
- 95 %** Benefit plan satisfaction
- 93 %** Well-being plan satisfaction

Educational and professional development



For MAGNETRON SAS, training and educating its staff is a key tool for achieving high levels of quality and productivity. The Navarro González Foundation was established in order to contribute to this goal. It is a non-profit organization dedicated to supporting both company employees and members of the Navarro González family who are interested in taking courses, pursuing technological, undergraduate or graduate degrees, or studying English, with the aim of improving their academic level as well as their economic and social situations. The Foundation offers educational loans to employees, subject to an evaluation of applications, taking into account economic feasibility and the benefits this represents for the company.



We offer support for higher education with forgivable amounts and percentages, depending on seniority and performance. We support academic growth with educational loans and grants and offer loans with debt forgiveness of up to 70%, depending on academic performance.

Bonuses and recognition

Our incentive program rewards our employees' commitment and performance, continuous improvement, and professional development: vacation bonus, bonus for submitting suggestions and Kaizen projects, bonus for continuous improvement, seniority bonus (five-year increments), among others.





Financial growth

FODEMAG

Energía para tus sueños

We have the Fodemag employee fund at MAGNETRON, which is an initiative that offers our employees various savings options, loans with competitive rates, financial assistance, agreements, and gifts on special dates. During 2024, Fodemag continued its growth process, strengthening its capabilities and consolidating the trust of its associates. One of the most notable achievements was the increase in the membership base, which reached 67% of the company's 1,245 employees, representing a 40% increase compared to 2023.

Customer practices

At MAGNETRON, we continuously strive to improve our customers' experience and strengthen our business relationships. To this end, we have implemented various initiatives aimed at personalized attention, service optimization, and developing tailor-made solutions.

We have created the position of **Project Manager (PM)** to provide personalized services, improved order tracking, and a continuous flow of quality information. Additionally, we have incorporated a **customer service analyst**, who is responsible for handling inquiries, plan approvals, and payment milestones for customers who require more detailed business monitoring.

We have had a marketing position since 2023, which is designed to improve communication with our customers and optimize their experience with our brand.

Finally, we make our engineering team available to our clients to help develop customized solutions that meet their specific needs.



Goals and objectives related to customer practices

During 2024, a satisfaction survey was conducted among external customers to assess their perception of the products they purchased. The sample consisted of 44 customers, selected from a total of 180 customers who made purchases during the year.

The survey covered various aspects related to customer experience, including overall satisfaction, product quality, reliability, and compliance with technical specifications.

As a result, it was observed that 93% of the surveyed customers identified themselves as brand advocates, reflecting a positive perception of the offered products and services.

Furthermore, the product's rating in terms of quality, reliability, and compliance with specifications reached levels above 86%, placing it in the excellent category, which reaffirms the organization's commitment to high performance and customer satisfaction standards.





As part of our marketing plan, we monitor the fulfillment of our projects through comments and feedback from customers and our sales team. This helps us set clear compliance goals and continuously improve the quality of our services.

Safety, product and service quality are the key practices to improve customer experience.

Reliability is a fundamental pillar of our processes, which is why we seek to guarantee the excellence of our products through rigorous quality controls and continuous improvement processes in our operations.

MAGNETRON has developed an extensive network of specialized workshops to offer reliable and accessible technical services on a global scale.





Environmental performance





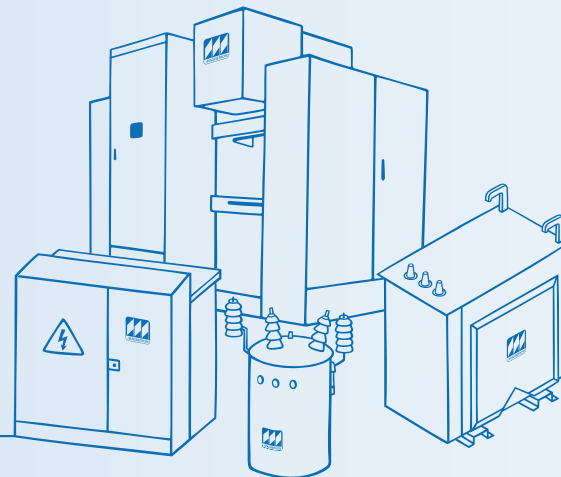
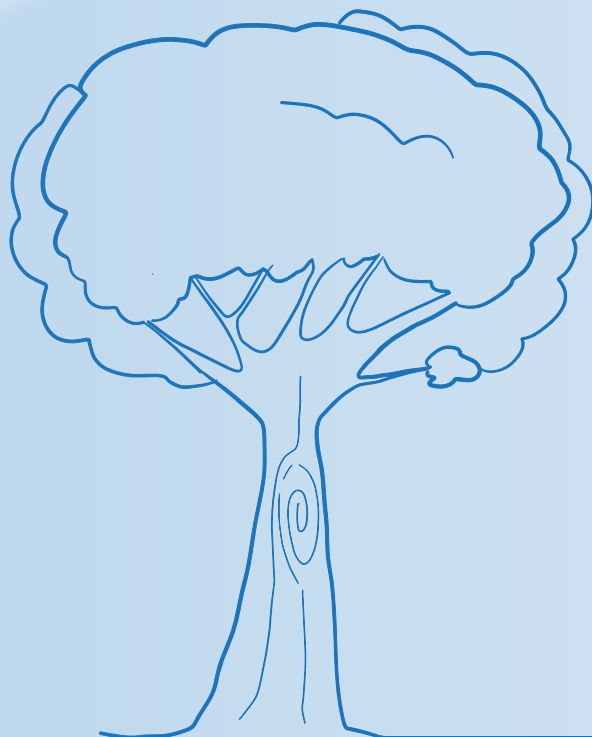


TRANSFORMING
ENERGY INTO
SUSTAINABLE
DEVELOPMENT

GENERATING
WEALTH WITH
A SOCIAL
PURPOSE



We create value
with ethics
and empathy,
and we build a
PROSPEROUS
future for everyone
around us.



MAGNETRON sustainability timeline

The most important milestones the company achieved in terms of sustainability in 2024 are listed below.

20
24

Quantification of Greenhouse Gases (Measurement)

VERIFICATION

Carbon Neutrality (Emissions Offsetting)

CERTIFICATION

Global Compact, a United Nations Initiative

ADHERENCE

Sustainability Management Implementation of ESG Criteria

CREATION





Greenhouse gas (GHG) emissions

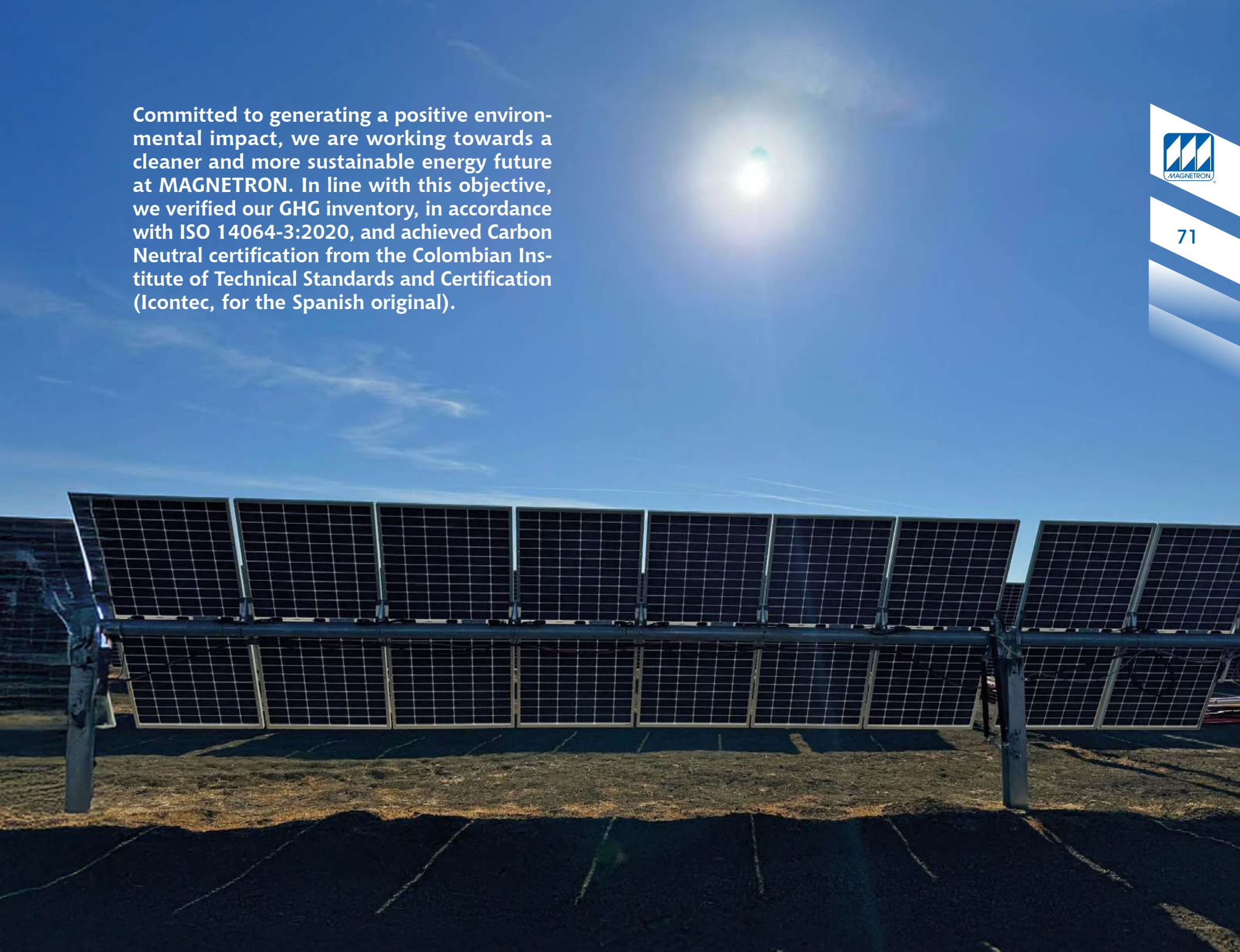
(GRI 305-1) (GRI 305-2)

In 2023, MAGNETRON began its journey toward decarbonization by measuring its carbon footprint in scope 1, 2, and 3 emissions, using 2022 as the baseline year. Scope 1 emissions correspond to the consumption and burning of fuels in direct operations, vehicles, and refrigerant gas leaks, while Scope 2 emissions are indirect emissions derived from the consumption of electricity from the national grid. Scope 3 covers indirect GHG emissions generated throughout the value chain, both upstream and downstream.

The guidelines of ISO 14064:2020 and the Greenhouse Gas Protocol (GHG Protocol) were applied to quantify these emissions, under the operational control approach, which involves accounting for 100% of the emissions associated with the operations under its control.

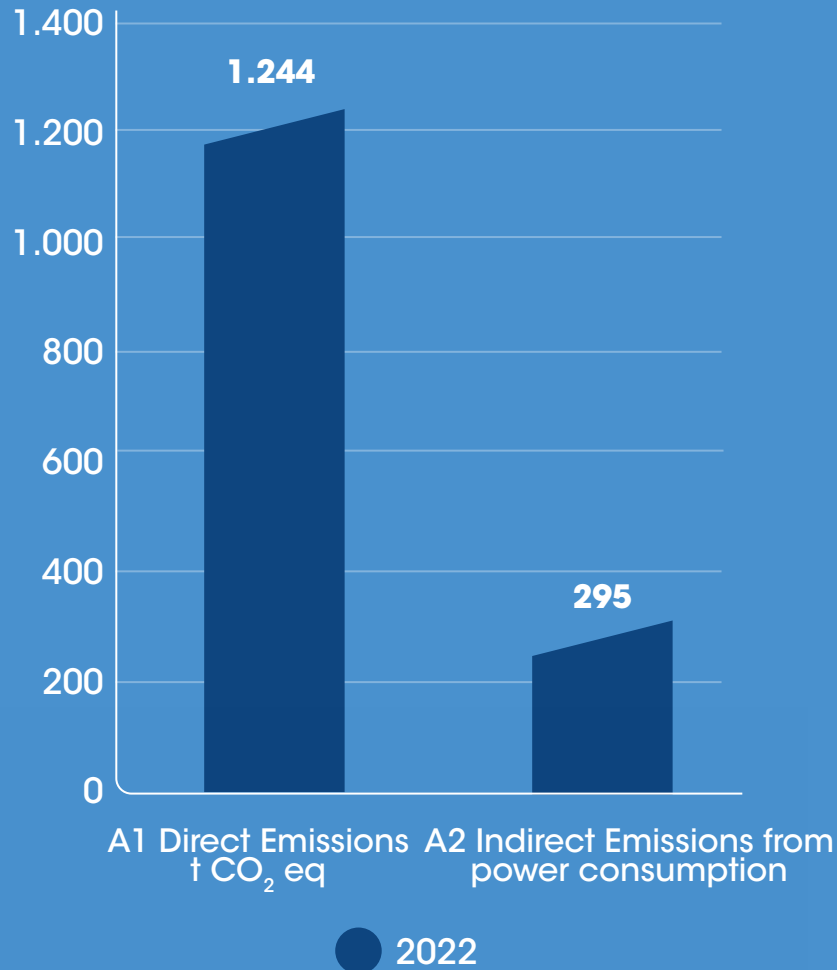


Committed to generating a positive environmental impact, we are working towards a cleaner and more sustainable energy future at MAGNETRON. In line with this objective, we verified our GHG inventory, in accordance with ISO 14064-3:2020, and achieved Carbon Neutral certification from the Colombian Institute of Technical Standards and Certification (Icontec, for the Spanish original).





GHG baseline for 2022



Using 2022 as the baseline year, we offset our Scope 1 and 2 carbon footprint by purchasing 1,539 carbon credits through the renewable energy incentive program. This program promotes implementing renewable energy generation projects in Colombia.

Climate risks

We have identified climate risks that could impact our operations, and we are working on our infrastructure and emergency and continuity plans to make sure the normal flow of our operations is not interrupted.

Water

(GRI 303-1) (GRI 303-2) (GRI 303-3)



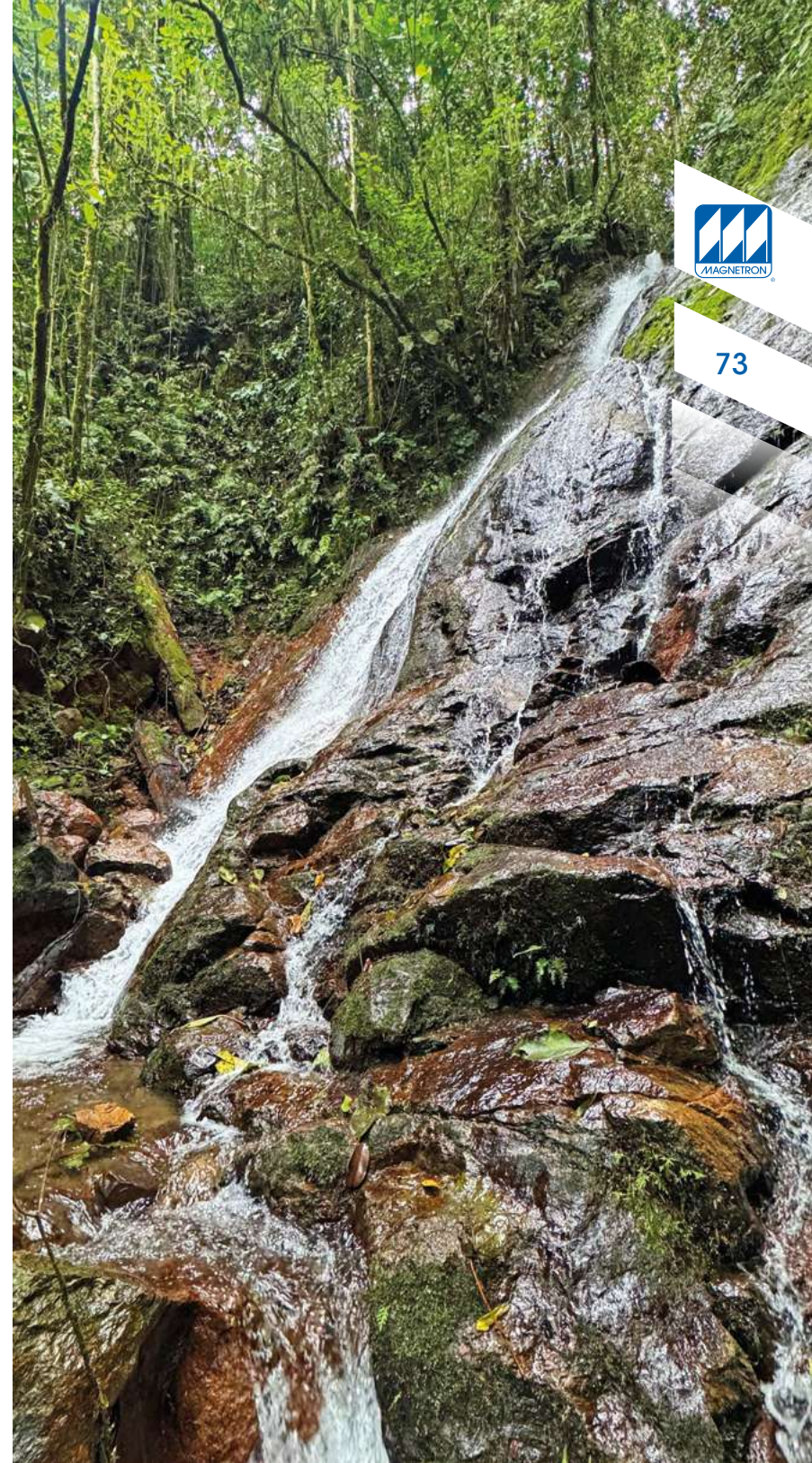
At MAGNETRON, we make sure our operations have a minimal environmental impact. To this end, we have three sources of supply that guarantee a stable and continuous supply of water, avoiding operational risks.

In 2024, we extracted a total of 13,275 m³ of water from different sources. Below, we present the details of our extraction by type of source.

Source	Water extraction (m ³) 2024
Surface water	NA
Groundwater	2.253
Sea water	NA
Produced water	NA
Water from third parties	11.022
Total water extracted	13.275

As shown in the table above, our water source is groundwater, and we mainly acquire it from third parties, which correspond to municipal provisions or purchased water. We do not currently extract from surface water, sea water, or produced water sources.

Each of the utility company's bills is reviewed to determine the exact data. For groundwater, monitoring is carried out using meters, which allows us to keep a daily record.



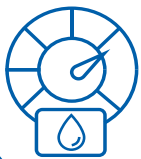
Current water management

In the framework of our commitment to sustainability, we have implemented the Water Saving and Efficient Use Program, which aims to identify, establish, and implement preventive and control measures to optimize water and energy consumption in our operations.

At MAGNETRON, through a *matrix of environmental aspects and impacts*, we have identified impacts associated with water resources, such as:



Water pollution



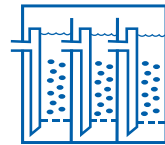
Pressure on water

Training and activities are developed through the Water Saving and Efficient Use Program and wastewater management to strengthen our commitment to minimizing water-related environmental impacts.

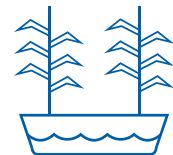
The water used in our facilities undergoes a rigorous treatment process, differentiating between domestic and industrial waste. Our treatment system consists of:



Primary treatment: Two parallel septic tanks (ST).



Secondary treatment: Two parallel upflow anaerobic filters (UAF).



Tertiary treatment: Two vertical flow wetlands and two parallel horizontal subsurface flow wetlands





In addition, we developed the Domestic and Industrial Waste Management Program, focused on improving the physical and chemical characteristics of waste through responsible management. To this end, we implemented environmental awareness and education strategies that promote the conscious use of water resources, consolidating it as a key element for sustainable development.

Every year, we characterize domestic and industrial waste to assess its composition and quality. The minimum standards these discharges must meet are determined by Resolution 631 of 2015 and the discharge permit, which is endorsed by the competent environmental authority at the departmental level. This process ensures compliance with current regulations.

Finally, we implement optimization strategies that reduce water loss through the Maintenance area, preventing unnecessary waste and improving efficiency in the use of water.





Waste and hazardous materials

(GRI 306-3; 306-4; 306-5)



At MAGNETRON, we comprehensively manage the generation, treatment, recovery, recycling, and reduction of hazardous and non-hazardous waste, as well as the handling, storage, and final disposal of hazardous materials generated in our operations. This aspect is fundamental, since we generate hazardous waste during our operations, and we are committed to reducing it.

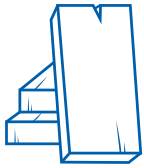
We have a comprehensive solid and hazardous waste management program. Its main objective is to reduce waste generation through proper management in the production process. We focus on efficiently using raw materials and implementing strategies that minimize waste generation, ensuring more sustainable and environmentally responsible management in this way.

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In 2024, we generated a total of 2,000 tons of waste. The waste generated for each type of waste is listed below, providing specific data on the volumes generated in each category.

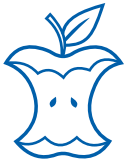
Generated waste (t)	2024	Percentage
Hazardous waste	70	3 %
Non-hazardous waste	1.930	97 %
Total waste generated	2.000	100 %

We generate different types of waste within the operation, both hazardous and non-hazardous. Below, we present the types of waste and their sources:



Wood waste (such as pallets):

Generated upstream, they arrive with the raw materials. The waste generated by the pallets, with which the transformer is packaged, is downstream.



Organic waste: It is generated by the green areas surrounding the production plant.



Usable waste: It is generated upstream - cardboard boxes containing raw material, paper from the administrative process, and waste such as copper, aluminum, bronze, silicon, iron, stainless steel are generated due to the production process of the transformer.



Hazardous waste: It is generated in the production process (paper, cardboard and rags contaminated with mineral and vegetable dielectric oil, thinner and dust from the painting process).



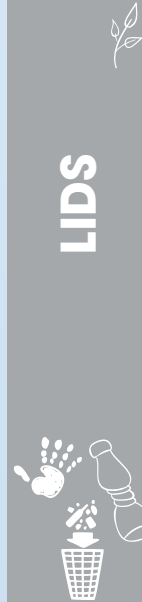
Unusable waste: Generated by the daily activity of personnel (dust, waste from machines and waste that cannot be used).



PAPER AND
CARDBOARD



LIDS



ELECTRICAL AND
ELECTRONIC DEVICES



BATTERIES



PLASTICS



Waste disposal

Waste not for disposal	2024 (t)
Total non-hazardous waste disposed	1.791
Non-hazardous waste - Preparation for reuse	NA
Non-hazardous waste - Recycled	1.791
Non-hazardous waste - Others	NA

We do not send hazardous waste for recycling or reuse.

Waste intended for disposal	2024 (t)
Total non-hazardous waste disposed	138
Non-hazardous waste - Landfill	138
Non-hazardous waste - Incineration with energy recovery	NA
Non-hazardous waste - Incineration without energy recovery	NA
Total hazardous waste disposed	70
Bioremediation	2
Final disposal in a safety cell	31
Final disposal in a safety cell - High	1
Incineration	2
Thermodestruction	1
Certified transportation and demercurization	0,03
Energy recovery	21
Energy recovery	11
Final disposal in a safety cell	1





Current waste generation management

As part of our commitment to sustainability, we have implemented a series of practices to optimize how we use materials in our production processes. We prioritize efficiency in the consumption of raw materials, with the purpose of minimizing waste and maximizing the use of available resources.

In addition, we have established rigorous source separation techniques, clearly differentiating between hazardous and non-hazardous waste. This differentiation facilitates proper management and treatment, making sure each type of waste follows the most appropriate process for its disposal.

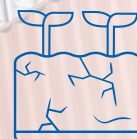
We actively promote the reuse and internal recycling of materials within our operations. Whenever it is possible, the generated waste is recycled, which helps contribute to reducing our environmental footprint and efficiently using resources.

We conduct training and awareness programs for our employees to ensure the effectiveness of these practices. These programs are designed to improve waste management and promote good environmental practices among all members of our organization.

As for hazardous waste, it is managed through an entity authorized by the Regional Autonomous Corporation (CAR). This manager provides us with final disposal certificates, ensuring the traceability of the delivered waste and guaranteeing that it is handled in accordance with current regulations.

Risks

We have identified several risks in our organization related to solid hazardous waste management, including:



Soil contamination due to improper storage or disposal.



Water contamination due to improper storage or disposal.

We implement rigorous source separation techniques to minimize this impact, making sure this waste is correctly sorted and managed. This process allows us to prevent hazardous waste from coming into contact with the soil or nearby water sources, thereby reducing the risk of damage to ecosystems and protecting the environment.



Eco-innovation in our products



As part of our efforts to promote sustainability throughout the value chain, we are developing a project focused on reducing the size, weight, and cost of our distribution transformers. This development seeks to achieve multiple objectives:



Reduce the environmental impact resulting from using raw materials, transportation, and the space required for installation and storage.



Improve logistics efficiency by facilitating handling maneuvers and optimizing warehouse space utilization.



Increase the competitiveness of the product, making it more attractive to the end customer due to its compact and functional design.

This approach not only responds to current market demands but also contributes to long-term sustainability by offering solutions that are more environmentally responsible and aligned with our principles of innovation and continuous improvement.



Using vegetable oil in our equipment

Using vegetable oil in our electrical transformers represents a significant advancement in environmental sustainability. Unlike conventional mineral oil, vegetable oil comes from renewable resources, such as oilseeds, and is biodegradable. This significantly reduces the environmental impact in the event of leaks or spills, minimizing risks to ecosystems and facilitating environmental remediation processes, making them more environmentally friendly. In addition, its low toxicity level provides greater safety for operating personnel and the environment surrounding substations. According to life cycle analysis studies, producing this fluid generates fewer GHG emissions than mineral oil, which supports compliance with environmental regulations.

From a technical performance perspective, vegetable oil offers superior insulation and cooling properties that help extend the service life of transformers. Its ability to operate at higher temperatures without degrading facilitates better thermal management, which translates into greater operational efficiency and reduced long-term maintenance costs. These technical benefits, combined with the fluid's resistance to oxidation, substantially improve the reliability of electrical equipment.

In economic terms, the use of vegetable oil also offers specific advantages, as mentioned above.

Therefore, adopting the use of vegetable oil not only strengthens our organization's environmental commitment, but also adds strategic value by positioning us as an innovative and environmentally responsible company.





Value added to society





At MAGNETRON, we firmly believe in giving back to the environment more than we take from it. Aware of our responsibility as agents of social transformation, we assess the indirect impacts of our operations to estimate the net value we generate for society. In 2024, this value was distributed as follows:



Retained earnings represented 97% of the value added to society (VAS).



From a social perspective, we generated value equivalent to 2% of the VAS.



In terms of the environment, the estimated net value reached 1% of the VAS, considering both positive and negative external factors.





- | | | | | |
|---------------|-----------------|-------------------|-----------------|-----------------|
| MARTÍN VÉLEZ | WILLIAM CASTAÑO | DIEGO LARA | ETHA MEDINA | ALEXANDER MARIN |
| LUIS QUINTANA | ANDRÉS CAÑO | DAVINSON CLAYLJO | JEFFERSON VÉLEZ | DIEGO LONDONO |
| JOSÉ BEDOYA | JHON LOAIZA | ALEXANDRA VELASCO | LEYDER ROSALES | HECTOR MONTOYA |
| | | | | JHON MUNOZ |





Social benefits from avoided emissions (Scope 3) in 2024

External factors quantified by emissions avoided corresponding to MAGNETRON's Scope 3 emissions: Equipment sold and intended for renewable energy customers in the United States and Puerto Rico.

Benefit from CO₂ equivalent emissions not generated: **23 million dollars.**

1. These emissions were calculated independently and are not included in the value generated for MAGNETRON's society..

**TRANSFORMING
ENERGY INTO
SUSTAINABLE
DEVELOPMENT** | **GENERATING
WEALTH WITH
A SOCIAL
PURPOSE**

**MANAGEMENT
REPORT
24**

