VIRTUALWARE

Sustainability Report 2021

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UN Global Compact and 2030 Agenda .

The UN Global Compact is the world's largest corporate sustainability initiative, underpinned by the United Nations principles and values. The UN fosters meaningful cooperation between different sectors to achie ve and scale-up solutions to address global challenges through its unique position.

This global initiative calls for businesses to incorporate ten universal principles related to human rights, labor, environment, and anti-corruption into their strategies and operations. Put forth action that advances social goals while implementing Sustainable Development Goals (SDG).

As a result, the bloom of a genuinely global movement emerges fueled by responsible companies integrating sustainability into their core strategies and operations, looking to benefit society and themselves.

The Global Compact is open to all types of organizations, although companies predominate. There are more than 8,000 corporations and more than 4,000 non-profit organizations globally. In Spain, there are more than 2,600 entities in total, from which 83% of signatories are companies and 17% are other types of organizations (associations, foundations, educational institutions, and many more). Making the Spanish network the most important of the 86 existing ones.

With the approval of the 2030 Agenda, the business world has taken on an unprecedented role in **advancing responsible and inclusive business management models, reducing their negative impacts, and improving their positive contribution to people and the planet.**

Sustainable Committee Virtualware.

At Virtualware, we incorporate sustainability as one of our three core values that everyone in the organization must embrace.

“We believe in sustainable development as the path to a better society. Equality, diversity, improving education, improving working conditions, reducing differences, or reducing the environmental impact are some of our acquired oaths. We are committed as an organization to achieve progress as a society.”

> **It’s time for leaders to ensure sustainability goals are firmly embedded in corporate strategy and company purpose.”**
>
> — PETER LACY, Senior Managing Director – Accenture Strategy

> **The Global Goals are not just a nice thing to do—they are a path to a prosperous world.”**
>
> — ALAN JOPE, CEO, Unilever

> **With a decade to deliver the Global Goals, technology has the potential to accelerate progress while helping companies enhance their competitive agility.”**
>
> — JESSICA LONG, MANAGING DIRECTOR – ACCENTURE STRATEGY

For these reasons, in **January 2021, we created a Sustainability Committee** composed of 11 people in the organization coming from different and diverse departments, whose responsibilities are:

- Identify the SDGs and targets.
- Create the Materiality Matrix.
- Define the programs we will work with to generate actions and measure them.
- Define the ambition of each program, the targets or KPIs, and actions.
- Track KPIs and review the status of actions
- Replantear metas o acciones oportunas.

SDGS AND CHALLENGES.

Industry, Innovation and Infrastructure

By 2030, modernize infrastructure and convert industries to be sustainable, using resources more efficiently and promoting the adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Responsible consumption and production

By 2030, achieve **sustainable management and efficient use of natural resources**.

Reduce global per capita food waste at retail and consumer level by half and reduce food losses in production and supply chains, including post-harvest losses.

Gender Equality

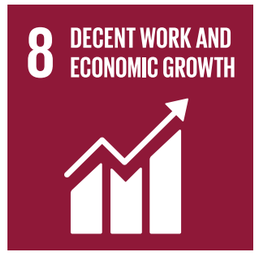
Improve the use of enabling technology, particularly information and communications technology, to **promote the empowerment of women**.

End all forms of discrimination against all women and girls worldwide.

Assure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

Partnerships for the goals

Encourage and promote effective partnerships in the public, public-private and civil society spheres, taking advantage of the experience and strategies for obtaining resources from partnerships.



Decent work and economic growth

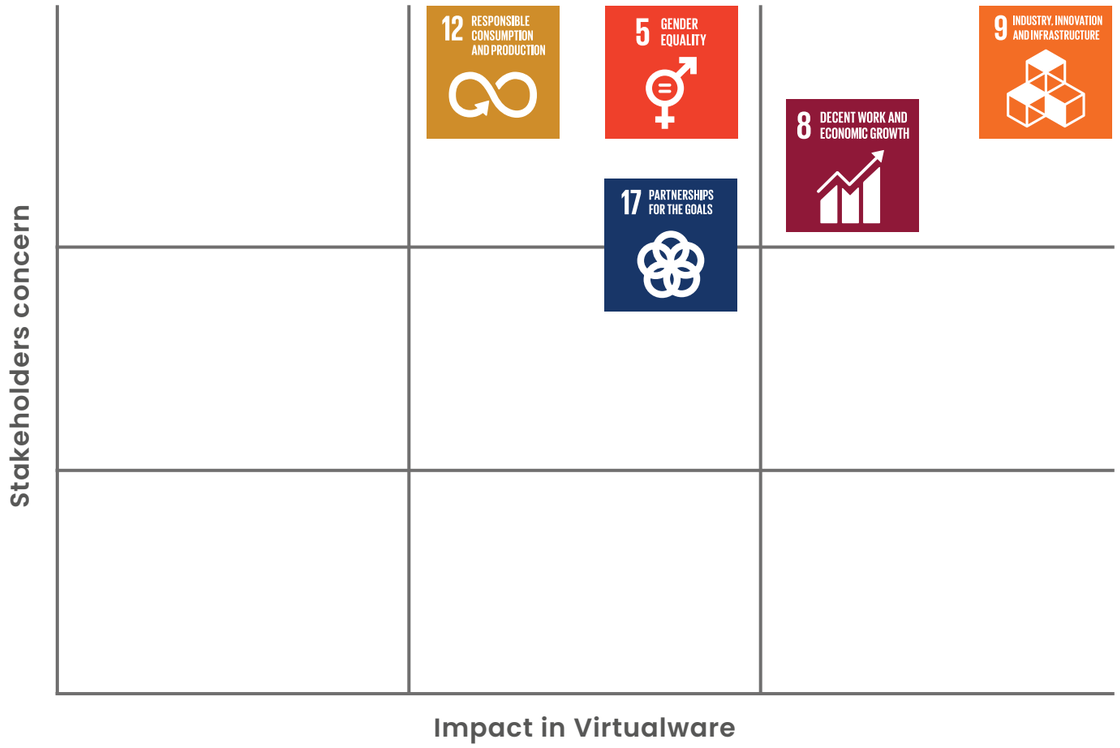
Progressively improve, by 2030, the **efficient production and consumption of the world's resources** and strive to decouple economic growth from environmental degradation, in line with the 10-Year Framework of Programs on Sustainable Consumption and Production Patterns, starting with developed countries, in line with the 10-Year Framework of Programs on Sustainable Consumption and Production Patterns, starting with developed countries.

By 2030, achieve full and **productive employment and decent work for all women and men**, including young people and people with disabilities, and equal pay for work of equal value.

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including by focusing on high value-added and labor-intensive sectors.

Protect labor rights and promote a safe and secure working environment for all workers, including migrant workers, particularly women migrants and those in precarious employment.

Materiality Matrix



Progression Programs 2021-2023.

As a result of the SDGs and the Materiality Matrix analysis, **the committee has identified three Progression Programs** to create the framework and Strategic Plan 2021-2023 to guide our actions and goals for the next three years.

1 Sustainable Innovation

We understand innovation as a lever for improving sustainability and increasing the competitiveness of organizations.

Innovation is part of Virtualware's DNA, and as such, it is one of our values deeply connected to our culture, principles, and systems necessary to generate constant refinement of our processes and technology.

We view Virtual Reality as one of the most progressive and disruptive enabling technologies in today's market.

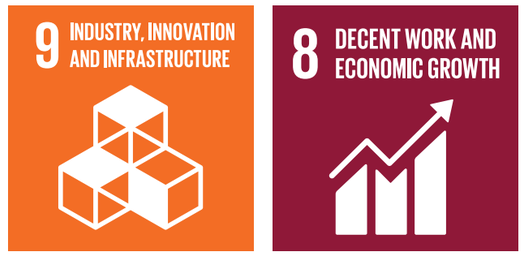
For this reason, we invest significantly in promoting this technology as a medium to influence industries and educational institutions towards sustainable improvement and transformation.

Our purpose is to design, develop, and promote innovative and responsible products and services with the highest security, privacy, and sustainability standards.

To this end, we define the following lines of work:

- **Innovative products and services that generate sustainable impact**: Ensure that all products and services comply with Virtualware's innovation attributes, enhancing and promoting sustainability values.
- **Privacy, data protection, and intellectual property**: Ensure privacy and data protection in all our products and services.
- **Eco-efficiency and safety of products and services:** Ensure efficiency and sustainability in the usage of resources and resource management in all processes related to the design, manufacturing, and operation of products and services.

SDG Targeted Impact:



2 Sustainable Environment.

Virtualware, like any other organization, generates a direct or indirect impact on the environment derived from the actions, manufacturing, and development processes.

Consequently, **we will prioritize the necessary steps to minimize the environmental impact of Virtualware's process, activities, and developments.**

Purpose: To manage all our activities in an excellent way to minimize Virtualware's environmental impact on the planet.

Lines of work:

- **Sustainable Consumption**: Ensure efficient and sustainable consumption and use of resources in all processes, actions, and development of Virtualware's projects and products.
- **Sustainable Production**: Ensure the most negligible impact on the environment and social environment through the development and manufacturing processes of Virtualware's projects and products throughout their life cycle.
- **Green purchasing**: Contribute to the circular economy and carbon footprint reduction by selecting and acquiring products that meet the sustainability and social responsibility criteria.social identificados.

SDG Targeted Impact:

3 Sustainable Individuals.

People are our main asset and the element that will allow us as a company to be competitive and sustainable. Furthermore, we clearly understand that people must find in Virtualware a place that will enable them to develop professionally and personally, sharing common values, ambitions, and purpose.

We understand our organization as a space where the well-being and care of people are fundamental; it is essential.

For this reason, we work hard to ensure a flexible and adaptable work environment for everyone. We consider diversity and equality as core values in all our processes, contributing to generating greater satisfaction and commitment to the business project.

Purpose: To be an inclusive organization composed of diverse talents who identify with Virtualware's purpose and values while driving individual professional and economic development, impacting our social environment.

Lines of work:

- **Culture and policy of equality and respect for diversity**: Ensuring an egalitarian culture and policy, valuing diversity in all senses at Virtualware.

- **Attracting and managing talent**: Identify and attract the right talent to ensure their development, align professional and economic growth, and generate a higher added value and competitiveness.

- **Wellness and Health**: Ensuring the proper work-life balance, taking care of people, and generating high degrees of wellness satisfaction.

SDG Targeted Impact:

4 Sustainable Partnership.

We intend to create alliances with other institutions, companies, and organizations that will allow us to promote and expand our capacity for impact on the SDGs.

Ambition: To establish a network of allies that will allow us to enhance our positive impact and contribution to the different SDGs identified.

Lines of work:

- Alliances with educational entities and initiatives.

- Alliances with entities and initiatives related to sustainability, environment, and human and social rights.

- Alliances with entities and initiatives promoting innovation.

SDG Targeted Impact:

Results 2021.

In 2021, the Sustainability Committee met four times to review progress, identify new actions and establish mechanisms to implement initiatives that allow us to reach better outcomes.

Below, we highlight some initiatives (led by the committee or developed by the organization) incorporating the criteria and mechanisms defined by the committee to promote and improve our contribution to the SDGs.

Sustainable Innovation Program.

NMERSO Panels Upgrade.

Virtualware's flagship product is VIROO®, a VR platform that allows organizations to easily create, manage, and deploy immersive multi-user content over PCs, VR HMDs, and advanced VIROO® ROOMs.

The advanced VIROO® ROOM is a physical space equipped with two main hardware components that allow people tracking and high precision positioning.

These two hardware components are the NMERSO® positioning tracker and the NMERSO® ceiling panel tiles.

From the Purchasing and Hardware team, we have worked to reduce the thickness of the methacrylate that makes up these plates. Initially, we were working with 3mm plates, but since mid-2021, they have been reduced to 2mm. Still maintaining their functionalities but reducing the material and weight.

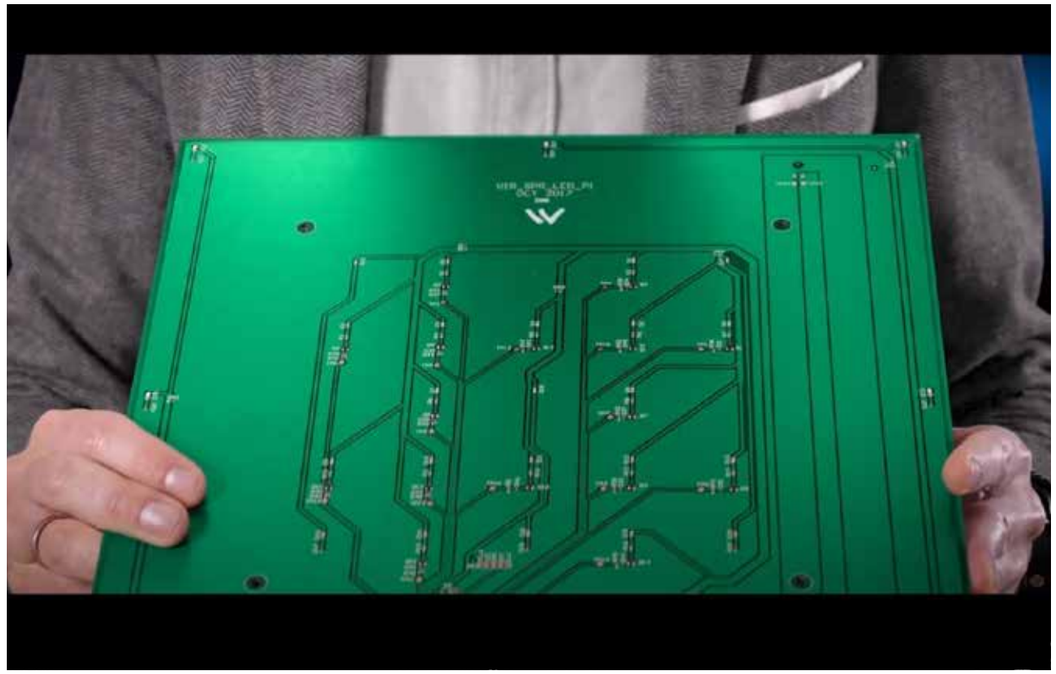
With this, we have managed to reduce the volume of shipped materials and the cost of the cargo itself.

In figures, of the total 4000 units acquired throughout 2021, the last 2000 were 2mm. To achieve a weight reduction of almost 1000kg, compared to the previous 2000 units (3mm).

Methacrylate 3mm thick = 2000 x 1,30kg = 2.600kg

Methacrylate 2mm thick = 2000 x 0,83kg = 1.660kg

Savings of 940kg



Sustainable Innovation Program.

VIROO Innovation Days (VOIDays).

Virtualware launched the VIROO® Innovation Days for three days in June 2021. **A program aimed to accelerate innovation and boost ideas to explore potential use cases, business models, and future features.**

This internal competition allowed everyone in the organization to learn more about VIROO® while encouraging collaboration between multidisciplinary teams.

In the VIROO® JAM sessions, each team worked around a different idea/project, which needed to develop under three main evaluation aspects: technical demonstration, business model, and sustainability.

Sustainability was a key factor when choosing the best project. It gave teams a focus point for their project proposals, to work under this lens to identify and emphasize the importance of sustainability and its impact on SDG.

For the first 2021 edition, the winning idea was Design Review, a tool to validate 3D designs in VR.

Sustainable Partnership Program.

Waste and Upcycling Management.

In 2021, Virtualware intensified the management and treatment of WEEE waste and other non-hazardous waste generated by our activities (cardboard, plastic...). Through authorized entities responsible for recycling and analyzing the possibility of donating equipment to educational centers or social projects.

Sustainable Individuals Program.

New channels for internal communication.

As part of the continued efforts to grow a participative and transparent culture across Virtualware, **we launched a weekly video newsletter** hosted by Aida Otaola, Director of Communication. This dynamic space helps broadcast company updates regarding events, project advances, client and community visits, interviews with new personnel, stakeholders, and client testimonials.

This space, **open to everyone in the company** , allows all teams to easily keep up to date with all Virtualware projects, productivity, wellness suggestions oriented towards mental and emotional well-being, promoting good habits, and sharing tips and novelties.

Sustainable Individuals Program.

Salary Gap.

Virtualware's first Equality Plan took place in 2017. The diagnosis of this first initiative was favorable as the company was able to identify perceived gender-based salary differences among women. Based on this finding, the company started to design transformative measures for the Second Equality Plan 2018-2021 to work towards reducing the perceived gap with genuine efforts..

The measures included creating an internal working group comprised of the Management Committees participation and the BAI SAREA (Network of collaborating entities for the Equality of Women and Men, promoted by EMAKUNDE-Basque Institute for Women) support. In 2019, BAI SAREA conducted the first pay gap analysis based on the relationship between roles and gender in Virtualware.

Over the years, Virtualware has embraced a more horizontal organizational structure, in which the distribution of leadership is between self-managed teams. These teams are empowered to set and achieve objectives, including those accountable for promoting awareness and action to reduce gender bias.

In December 2020, Virtualware adopted a new compensation model focused on eliminating the inequitable salary distribution between positions of equal value. . Intend to avoid favoring salaries based on gender or the ability to negotiate.

The new proposed model moved away from an individual negotiation model to a transparent position-based model defined by the following criteria: position market value, years of experience and annual development (with 360º team feedback) and internal equity (between jobs of equal value).

The new compensation model with scales accessible by everyone in the organization contemplates both the individual and group contribution to Virtualware. With the understanding that the achieved results are from the dedication of each person in the company and teamwork.

It is a living compensation model, reviewed annually to incorporate new positions and to know the evolution and market situation by job post. Provides Virtualware with the possibilities to remain competitive in attracting and retaining talent.

The compensation model and the transparency measures are helping to increase the confidence of existing employees and opening the conversation to actively act on factors that may be influencing the salary gap. Such as high-paying senior positions with a low presence of female professionals, absence of women in the Management Committee, vertical segregation, and many more.

Sustainable Environmental Program.

BBK Kune 2030 Kideak Partnership.

In 2021, our goal was to enhance our positive impact by integrating with allied companies. In June 2021, we joined the 83 companies of the Alliance BBK KUNA 2030 KIDEAK. With a shared and public commitment to the transformation of Bizkaia towards a more sustainable, fair and equitable future.

BBK KUNA 2030 KIDEAK is a multi-sector alliance that accelerates collaboration and innovation. Their 2030 Agenda aims to promote companies to take essential steps to achieve the Sustainable Development Goals (SDGs) in Bizkaia.

For Unai Extremo (Virtualware CEO) to act as an active member of this network, collaborating with research centers, large and small companies, associations, and foundations, will help promote the 2030 agenda.

All associations and individuals who are part of the alliance have the opportunity to be part of the BBK Kuna ecosystem. They can join local and international partnerships that arise from this initiative and gain access to specific training on subjects related to the SDGs. Also participating in Learning Communities, Research-Action Projects, The Future Game and other potential projects in this initiative.

We continue participating in networks such as BAI SAREA (Emakunde) and DENBBORA (work-life balance and time management measures).

Sustainable Individuals Program.

OTHERS.

Irene Gallardo. STEAM Women

Female visibility in STEM Initiative

Nicole Presnell: International Women´s Day

Michael Rosas: International Women´s Day

International Day of Women and Girls in Science

17M Campaign

Youth entrepreneurship Initiative (Egin eta Ekin)

Youth entrepreneurship Initiative (Egin eta Ekin)

#thepowerofwe