

## INFORMATION CONCERNING ENVIRONMENTAL ISSUES

### POLICY AND MANAGEMENT SYSTEM

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Since the beginning of its activity, the ALUDEC Group has adopted an attitude that makes the company responsible for the environmental impact deriving from its productive and commercial activity, while striving to achieve efficiency in its processes

ALUDEC ensures respect for the environment by establishing the appropriate channels to guarantee its care inside and outside its facilities. To this end, since 2004 it has implemented an environmental management system regulated by the UNE-EN ISO 14001 norm, obtaining the corresponding certification which establishes, on the part of the organisation, a commitment to improve its global environmental management as well as compliance with applicable legislation.

ALUDEC has decided to implement an effective and efficient Environmental Management System by working on the continuous improvement of the environmental management system, the protection of the environment including pollution prevention, legislative compliance and adaptation to new changes. In this regard, the Company is committed to:

- Integrate the Environmental Management System to all its operations, activities, products, and services.
- Respect and comply with the applicable environmental legislation, and the environmental requirements of clients and other environmental requirements to which the company subscribes, as part of a policy of constant commitment to complying with the legislation. Maintain and continuously assess compliance with the environmental policy, objectives and programmes, within the framework of current legal requirements.
- Promote awareness and respect for the environment among its personnel, with the appropriate training and awareness programmes.
- Encourage contractors and suppliers to adopt an environmental management system consistent with our guidelines.
- Adopt the necessary measures to minimize the effects of or to prevent incidents and accidents that may cause environmental damage.

- Make public its Environmental Policy.
- Seek energy efficiency, as well as the optimization of the consumption of raw materials and products, while promoting the use of other resources with lower environmental impact, when economically viable, and working on waste minimization plans.
- Reduce waste production, reusing and recycling as much waste as possible, on the basis of a commitment to continuous improvement and pollution prevention.
- Control pollutant atmospheric emissions and try to dedicate all the necessary resources to reducing them.
- Define timeframes, resources and responsibilities for establishing and reviewing environmental objectives and goals.
- Review and update the Environmental Policy and its Management System, to ensure effectiveness and proper monitoring.

In short, ALUDEC is committed to carrying out its industrial activity with an environmentally friendly approach and to making a rational use of natural resources in order to contribute to sustainable development.

Our commitment to respect the Environment leads us to transmit to our Stakeholders, also through our corporate website, useful information on the possible environmental impacts associated with the life cycle of the products we put on the market, as well as quantitative data that reflect our environmental performance.

‘Our objective is to make our clients and society in general participate in the commitment to protect the environment and prevent pollution, seeking the best solutions to carry out an efficient management’.

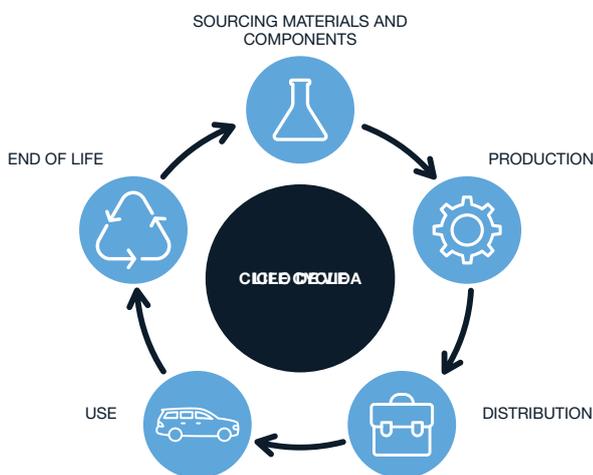
Currently, the scope of the UNE-EN-ISO 14001 certifications includes 4 of the 7 production plants of the ALUDEC Group:

- ALUDEC STAMPING
- ALUDEC GALVANIC 1
- ALUDEC GALVANIC 2
- ALUDEC COMPONENTES

The rest of our production plants, although not certified, follow the same environmental management principles in relation to compliance with all applicable environmental legal requirements.

## RISK ANALYSIS AND MANAGEMENT APPROACH

As an integral part of the automotive sector, ALUDEC Group analyses its environmental performance through an approach based on risk analysis according to the Life Cycle of the manufactured product, considering the impacts and solutions in each of the stages on which the Group has the capacity to take action.



LIFE CYCLE STAGES OF MANUFACTURED PRODUCT	ASSOCIATED ENVIRONMENTAL IMPACT
PROCUREMENT OF RAW MATERIAL AND COMPONENTS FROM SUPPLIERS	RESOURCE CONSUMPTION
PRODUCT/PROCESS DESIGN AND DEVELOPMENT	WASTE GENERATION
PRODUCT MANUFACTURE	ATMOSPHERE EMISSIONS
INTERNAL DISTRIBUTION OF PRODUCT AND/OR COMPONENTS	GREENHOUSE GAS EMISSIONS
EXTERNAL DISTRIBUTION TO CLIENT	SEWAGE DISCHARGES
USE OF PRODUCT AT CLIENT PREMISES	
END-OF-LIFE PRODUCT MANAGEMENT	

## Resources for protection against environmental risks

The ALUDEC Group has general civil liability insurance and the ALUDEC Galvanic plant has specific insurance coverage against environmental accidents such as: third party claims for pollution clean-up costs, prevention costs, damage to biodiversity in accordance with Directive 35/2004 and Law 26/2007.

We have identified all the environmental aspects related to our activities and services that are carried out at the plant; those directly associated with our productive processes in our facilities (direct aspects), those associated with the activities of our suppliers and contractors (indirect aspects), and those associated with the useful life of the products marketed (indirect aspects). All aspects identified are evaluated to determine their significance.

### Direct Aspects:

We set environmental improvement objectives and actions annually to ensure proper environmental management and performance. These objectives and actions are established taking into account the significant aspects and with the purpose of reducing the environmental impact.

Likewise, we establish control of all significant and non-significant environmental aspects through monitoring indicators. And we have established operational control procedures that help us control them and maintain evidence of the process carried out.

Emergency Plans have been established in order to prevent potential hazards. Furthermore, drills are periodically carried out to train our workers and raise awareness, and to ensure we have the necessary means (technical and human) to act in the event of an incident.

### Indirect Aspects:

Our objective is to control and improve our environmental management in relation to indirect environmental aspects, working on such aspects to the extent of our capabilities and influencing their management. We intend to do so through the following actions:

- The creation of a 'Survey on Requirements and Good Environmental Practices', which is sent to our suppliers and subcontractors requesting their commitment to know and comply with current legislation applicable to their activities.

- The publication on our Website of those aspects associated with the lifetime of the products marketed, in order to raise environmental awareness between our stakeholders (especially clients and consumers), and work towards greater respect for the environment.

Taking into account all of the above and the requirements established by Law 11/2018 on information on environmental issues:

- Pollution
- Circular economy and waste prevention and management
- Sustainable use of resources
- Climate change and
- Protection of biodiversity

The ALUDEC Group has carried out a materiality analysis prioritizing those direct aspects of greatest relevance to the company and its stakeholders by selecting the following material issues to report on the Group's environmental performance:

- Sustainable use of resources: Power efficiency
- Climate Change: Greenhouse gas emissions
- Pollution: Atmospheric Emissions
- Circular economy and Waste prevention and management

## MATERIAL ENVIRONMENTAL ASPECTS

### **Sustainable Use of Resources: Power Efficiency**

Energy is one of the main resources needed to carry out the Group's activities. The technologies used to manufacture our products require considerable energy consumption, mainly in certain processes such as injection and galvanization lines of plastic parts. This production activity, like the air-conditioning activity of the group's facilities, is mainly fed by energy from purchased power and, to a lesser extent, from natural gas consumption.

ALUDEC maintains a proactive policy to get to know new energies and machinery with technologies that are less harmful to the environment, trying to implement them to the extent of the Group's possibilities.

The use of renewable energies through the implementation, in September 2018, of photovoltaic solar panels that feed both the process operations and the air conditioning of the facilities in the ALUDEC INYECCIÓN plant should be noted. This has enabled us to reduce the consumption of purchased power, thereby contributing to the reduction of our carbon footprint.

It is also our purpose to implement tools to detect best consumer practices, promote external and internal audits, as well as regular procedures for the assessment, control and prevention of business activity that take care of the environment. In this regard, within the framework of compliance with Royal Decree 56/2016, all of the Group's plants carry out third party energy audits every four years, starting this cycle in October 2016. Each plant monitors the improvement actions proposed in these audits in order to optimise energy consumption.

In order to continue optimizing energy consumption, the ALUDEC Group is participating in the Auto-Energy 4.0 Project promoted by the Instituto Tecnológico de Galicia and CEAGA, with the purpose of applying new technologies aimed at the digitalisation of energy, allowing companies to have ICT tools (Information and Communication Technologies) that facilitate the updating of companies in the field of energy and power efficiency.

In addition, other specific actions have been implemented to optimise the use of energy, such as the following in the different plants of the group:

- Changes from fluorescent lighting to LED technology: we reduce energy consumption, heat emission to the environment, CO2 emission reduction, extend the life of the lighting and remove mercury from our consumables.
- Installation of a server and 14 individual analysers to measure and record the electrical consumption of each electrical subframe in order to correctly analyse the largest centres of consumption and take more efficient measures. As well as, the independence of light area by area and, when possible, individualization by machine.
- Installation of a heat recovery system that recirculates the residual heat from the compressed air installation, dispensing with heating equipment with higher electricity consumption.
- Replacement of unit heaters with adjustable heat output electric infrared heaters.

- Installation of presence detectors in interior areas and twilight detectors in the exterior lighting of warehouses.

In order to monitor the impact of previous optimisation practices, each production plant establishes monthly electricity consumption indicators, which allow us to analyse the annual consumption trend and take the relevant actions to meet the planned improvement objectives.

## ALUDEC'S ENERGY CONSUMPTION (KWh) IN 2017



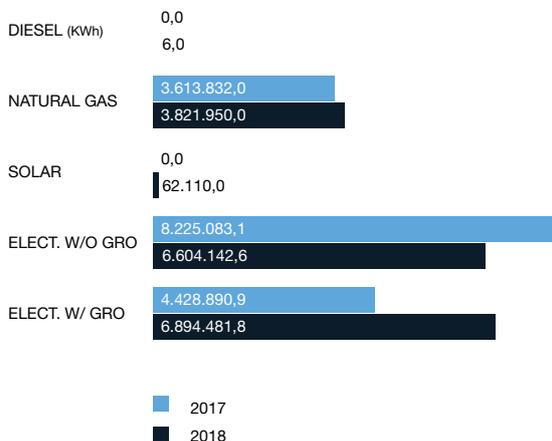
## ALUDEC'S ENERGY CONSUMPTION (KWh) IN 2018



The energy sources taken into account are diesel consumption, natural gas, purchased power and solar energy. The increase in energy consumption of the ALUDEC Group has increased with respect to the figure for 2017 because the new facilities of ALUDEC SA and the Components II production plant have been incorporated. For this reason, 2018 will be taken as the base fiscal year of reference.

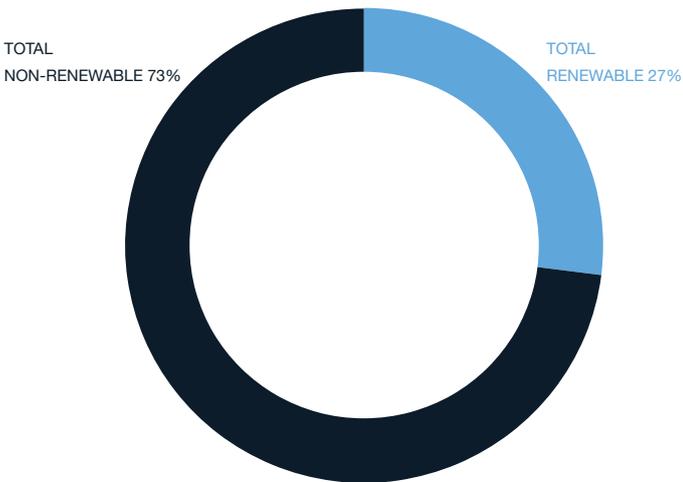
Taking into account the type of fuel and origin of the power purchased, the distribution of energy consumption in 2017 and 2018 for the ALUDEC Group is shown in the following graph.

## ENERGY CONSUMPTION (KWh)

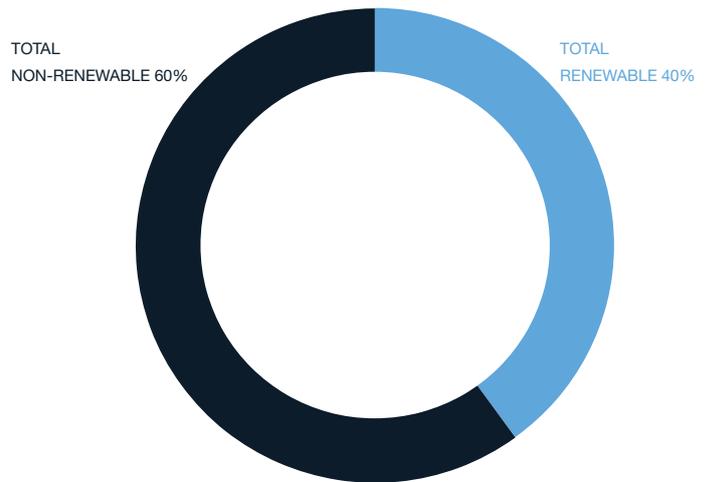


With the incorporation of solar panels and the incorporation of power marketers with a Guarantee of Renewable Origin, the ALUDEC Group has been able to advance in the use of energy from renewable sources, reaching 40% of the total energy consumed in 2018, compared to 35% in 2017.

RENEWABLE / NON-RENEWABLE ENERGY RATIO 2017



RENEWABLE / NON-RENEWABLE ENERGY RATIO 2018



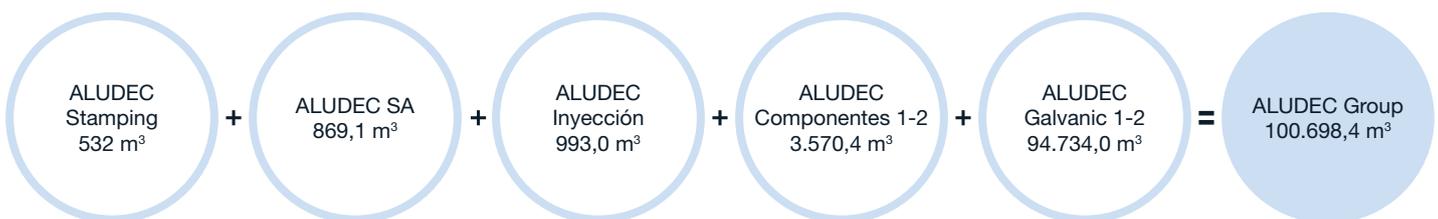
In this renewable/non-renewable ratio, non-renewable energy sources have been considered the consumption of diesel, natural gas and power without Guarantee of Origin; and as a source of renewable energy, solar energy and power with Guarantee of Origin.

### Sustainable Use of Resources: Water Consumption

The ALUDEC Group is not characterised by intensive consumption of water resources. The plants that consume water for the process are the Galvanic and Components and Injection plants, which consume water for the cooling systems. The rest of the plants and facilities only uses water for sanitary purposes.

The water consumed by the ALUDEC Group comes from the municipal water supply. Water consumption is controlled and monitored by means of environmental indicators in order to observe consumption trends and the impact of consumption optimisation measures promoted by the Group. These measures include preventive maintenance operations of facilities to prevent leaks and the installation of flow monitors.

The water consumption in the plants during fiscal year 2018 is as follows:



## Climate Change: Greenhouse Gas Emissions

With regard to greenhouse gas emissions, the main activities of the ALUDEC Group that contribute to the emissions are the consumption and transport of raw materials, the energy consumption during the production process, the conditioning of facilities and the internal and external distribution of our product.

In addition to the practices included in the tangible aspect of Power Efficiency, such as the availability of photovoltaic solar panels at the ALUDEC Inyección plant, an important milestone in 2018 that has contributed to the reduction of the ALUDEC Group's carbon footprint is the purchase of Green Energy. The trading company that supplies the Group with power counts with a Guarantee of Origin that certifies that 100% of the power produced has been generated from renewable sources. This practice was implemented at the end of 2018 and a greater impact is expected during the period of 2019.

To measure the impact of the emissions associated with our activity, ALUDEC has followed the indications of the Greenhouse Gas Protocol (GHG), in addition to the GRI (Global Reporting Initiative) indicators. The emission factors used correspond to those published by the Ministerio para la Transición Energética (Ministry for Energy Transition), Version dated April 12th of 2019.

In order to carry out a greenhouse gas inventory, the organizations in which ALUDEC has 100% financial and operational control have been included: ALUDEC SA, ALUDEC

Inyección, ALUDEC Stamping, ALUDEC Galvanic 1 and 2 and ALUDEC Componentes. The activities under consideration within these facilities include the activities related to production, administration and own internal transport,

The ALUDEC Group had not previously estimated its greenhouse gas emissions, so the 2018 estimation will constitute our baseline year when evaluating the progress of our carbon footprint.

The activity of the ALUDEC Group generates both direct and indirect emissions and therefore generates Scope 1, 2 and 3 emissions. Within this initial inventory, only Scope 1 emissions will be considered:

- Diesel consumption from own vehicles
- Consumption of natural gas devoted to facility and process heating

and Scope 2:

- Power consumption from trading companies, with and without Guarantee of Origin

As for cooling gas emissions (Scope 1) generated by air conditioning installations, no recharging data was recorded during maintenance operations in 2018.

An inventory of greenhouse gas emissions was carried out in 2018 taking the aforementioned criteria into account, and the calculation of the partial carbon footprint by plant and the total for Group is as follows:



Direct greenhouse gas emissions (Scope 1) and indirect greenhouse gas emissions from power generation (Scope 2) are summarised in the following table.

## GREEN HOUSE GAS EMISSION INVENTORY

	GHG SCOPE 1+2 (KgCO <sub>2</sub> e)	SCOPE 1 (KgCO <sub>2</sub> e)	SCOPE 2 (KgCO <sub>2</sub> e)
EMISSION SOURCES FROM ALUDEC SA	2.047,11	698,8	1.350,3
EMISSION SOURCES FROM ALUDEC INYECCIÓN	376.765,28	559,6	376.207,7
EMISSION SOURCES FROM ALUDEC STAMPING	107.960,29	128,4	107.831,9
EMISSION SOURCES FROM GALVANIC I Y II	1.545.652,14	772.552,3	773.099,9
EMISSION SOURCES FROM ALUDEC COMPONENTES I Y II	238.446,76	3.458,1	234.988,7
<b>TOTAL CARBON FOOTPRINT (TnCO<sub>2</sub>e)</b>	<b>2.270,87</b>	<b>777,4</b>	<b>1.493,5</b>

## Atmospheric Emissions: Volatile Organic Compound (VOCs) Emissions

The emissions originated by ALUDEC's activity are essentially those derived from the process of enamelling plastic parts and serigraphy of plastic, steel or aluminium elements. The parts, after serigraphy or, similarly, those that are varnished after serigraphy, undergo a curing process in drying ovens, where the evaporation of solvents takes place in the form of Volatile Organic Compounds (VOCs) that are channelled through chimneys outside the facilities.

The emission of these compounds mainly affects one of our plants, ALUDEC Stamping, where the bulk of the serigraphy and varnishing of parts takes place. In this plant, VOC measurements are performed annually and the results are sent to the competent environmental body.

Emissions are controlled annually through an entity which is accredited by the administration. It should be pointed out that, throughout the history of VOC quantification performed by the Authorised Control Body, these have always remained below the legal limits of 100 as established in the Royal Decree 177/2003, section 3 of Annex II for the limit value of VOCs.

The Group has established various procedures to reduce its emissions. Some of them are:

- Given the increase in orders for parts manufactured using serigraphy technology, ALUDEC, following its environmental commitment, has opted to introduce an emission reduction system based on the implementation of activated carbon consecutive filters, characterized by the capacity to absorb pollutant substances contained in a gas or liquid.
- Air conditioning temperature is controlled.

Regarding the other plants, and following the initial estimation of their sources, the emission sources of ALUDEC GALVANIC (production line emissions and natural gas combustion boilers) and ALUDEC COMPONENTES (emissions coming from the serigraphy and enamelling rooms), the Administration determined that these are now exempted from periodic controls by Authorised Control Bodies.

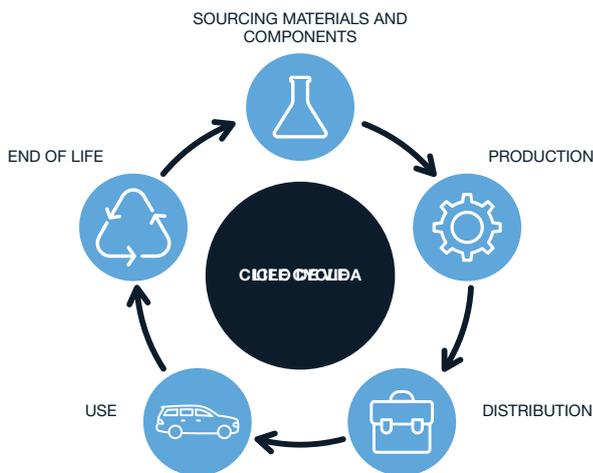
The activities conducted at the Stamping, Inyección and ALUDEC SA plants do not generate atmospheric emissions.

## Waste Management

The ALUDEC Group works towards sustainable development and one of its objectives is to reduce the environmental impact through the efficient use of resources in all of our activities. An efficient use of raw materials leads to a reduction in waste generation, and therefore a minimization of the impact of our waste on the environment.

The ALUDEC Group promotes sustainable practices with the aim of reducing the waste generated both upstream, from our suppliers, and downstream, in relation to our clients, in order to try to reduce our impact arising from the entire life cycle of our productive activity.

To this end, we promote awareness and the implementation of environmental care practices, both within our organization and among clients, suppliers and the rest of the community. When it comes to the reduction of material consumption, we can distinguish between external and internal consumption.



## External intervention regarding the Raw material procurement and components: our suppliers.

- Use of returnable packaging between ALUDEC plants with our suppliers and clients whenever possible. This reduces the consumption of cardboard and plastic packaging and, therefore, the waste production at destination.
- Annual monitoring of the type of environmental management of our suppliers, requesting accreditation in relation to the implementation of an EMS and/or the commitment to the implementation of the associated Environmental Best Practices, among others, to the

correct management of waste, to the extent of the supplier's possibilities.

## External intervention regarding the Use of our product:

Derived from the assembly of our parts in the client line, waste such as cardboard, plastic protective film, or release paper may be generated. In accordance with current legislation, these wastes must be properly managed.

- The client will find all the information about the composition of our products at the IMDS System.
- The components that make up our product are identified to facilitate their use and valorisation during assembly and when the vehicle reaches the end of its useful life.

## External intervention regarding the end of the useful life of our product:

With regard to end-of-life-cycle waste, our parts are components of the car from the client's assembly line until the end of its useful life. The authorised managers in charge of the management at the end of a vehicle lifetime, are in turn responsible for the correct treatment of derived waste generated during their activity, always acting under the environmental legislation in force. To improve management:

- ALUDEC facilitates and informs managers, as well as the clients, by individually marking the parts, the composition of the plastic component and, in certain cases, the aluminium/steel component contained in our item.

ALUDEC also carries out waste management aimed towards social actions: by collecting and separating plastic cups generated by the staff of the different production plants, and which are destined to solidarity causes. The proceeds obtained from the sale of this type of waste are exclusively devoted to contribute to the coverage of medical treatment for sick children.

## Internal intervention regarding Production:

Recycling and reuse within the company: Utilisation of waste derived from the production of components to be used in the organization itself, for example:

- Reuse of the internal packaging boxes (an internal flow is created between plants to reuse them until the end of their useful life).

- Whenever possible, returnable containers are used within the different ALUDEC plants.
- We optimise the use of printers: Reduction in paper waste generation (reduction in the number of prints, reuse of single-sided printed paper, double-sided printing, etc.).
- Digitalisation of documents and records used both during the process and by the administration, through the production management software and the use of mobile devices by the staff.
- Staff training and awareness: definition of Emergency Plans to guide ALUDEC's staff, as well as training aimed at protecting the environment in the event of impacts arising from any emergency situation.

- In order to encourage the environmental participation of its workers, ALUDEC has developed and implemented an internal environmental communication system (suggestion boxes) in which any worker can suggest, express their opinion, raise doubts, make observations, etc., on any environmental issue. ALUDEC commits to analyse and reply to all these communications and rewards workers' participation.

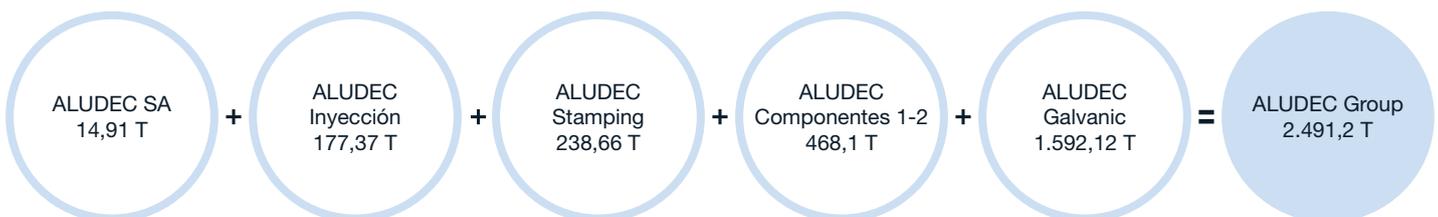
In order to evaluate the impact of the previous practices and to carry out an operational control, a monthly weight control of all types of waste generated in each production plant is carried out, and environmental indicators are available in order to follow the evolution of waste generation according to the production activity.

We present below the total volume of waste (Dangerous - DW and non-dangerous - NDW) generated by each of the plants and by the entire ALUDEC Group.

## GENERATION OF HAZARDOUS AND NON-HAZARDOUS WASTE IN 2017



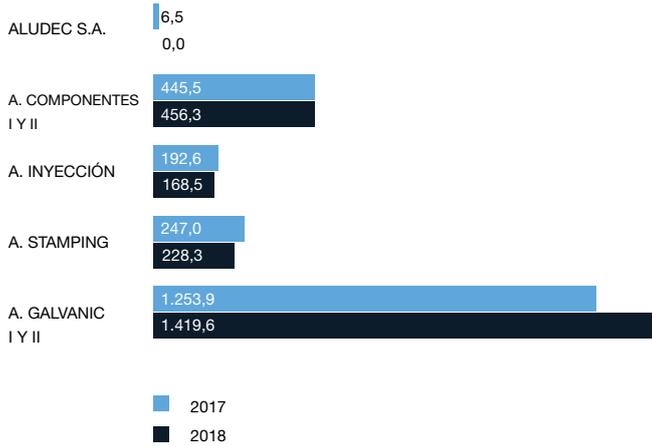
## GENERATION OF HAZARDOUS AND NON-HAZARDOUS WASTE IN 2018



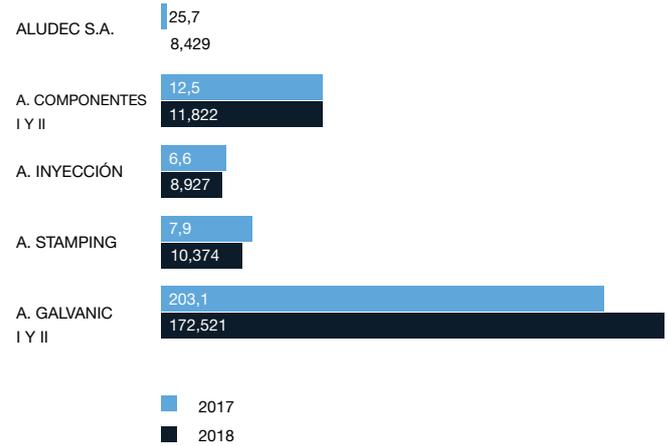
The plants of ALUDEC SA and Componentes II have been incorporated in the data for the 2018 period, which means that 2018 is taken as the baseline reference year.

During 2018, 100% of the non-dangerous waste was recycled or valorized according to the information reported by the Authorized waste management services hired.

## NON HAZARDOUS WASTE (TN)



## HAZARDOUS WASTE (TN)



Improvement Plans and objectives for the reduction on the generation of types of waste in the plants that had been evaluated as having a significant impact within the scope of the EMS, were established in 2018.

### ALUDEC COMPONENTES

5% reduction in the generation of cardboard waste

5% reduction in wood waste generation

### ALUDEC STAMPING

5% reduction in the amount of contaminated plastic containers

### ALUDEC GALVANIC 1

20% reduction in paper consumption

15% reduction in the generation of contaminated solids

15% reduction in the generation of waste cardboard/paper

### ALUDEC GALVANIC 2

20% reduction in paper consumption

In relation to the established objectives, in the light of the environmental indicators results throughout 2018, and taking 2017 as a reference year:

- ALUDEC Galvanic 2 has managed to reduce paper consumption by 23%, surpassing the objective of a 20% reduction.
- ALUDEC Galvanic 1 has achieved a 40% reduction in the generation of cardboard/paper waste, comfortably surpassing as well the objective of 15%.
- ALUDEC Stamping has reduced the generation of contaminated plastic containers by 24.5%, exceeding the objective of 5%.

## Light or noise pollution

The activity carried out by the ALUDEC Group is neither characterised by the light intensity nor by the generation of noise outside the limits set by the applicable legislation, so these are not considered within the scope of significant impacts for the Group or for any of our stakeholders.

## Protection of biodiversity

All the plants of the ALUDEC Group are located in Industrial Estates and the environmental impacts generated by the activity are not received by any protected natural area. The plants of ALUDEC SA and Componentes II have been incorporated in the data for the 2018 period, which means that 2018 is taken as the baseline reference year.