



NON-FINANCIAL INFORMATION ANNUAL  
REPORT 2019

INFORMATION ON ENVIRONMENTAL ISSUES

# TABLE OF CONTENTS

1. INFORMATION CONCERNING ENVIRONMENTAL ISSUES.....	3
1.1 CURRENT AND FORESEEABLE EFFECTS OF ACTIVITIES ON THE ENVIRONMENT.....	3
1.2 ENVIRONMENTAL ASSESSMENT OR CERTIFICATION PROCEDURES.....	4
1.3 APPLICATION OF THE PRECAUTIONARY PRINCIPLE.....	5
1.4 <u>AMOUNT</u> OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS...6	
1.5 MATERIAL ENVIRONMENTAL ASPECTS.....	6
1.5.1 Environmental aspects in the supply chain: material and component obtention...7	
1.5.2 Environmental aspects in the Group's production processes: Design and Production.....	8
Product and Process <u>Ecodesign</u> Criteria	
Sustainable Use of Resources: <b>Power Efficiency of Processes</b>	
Sustainable Use of Resources: <b>Water Consumption</b>	
Climate Change: <b>Greenhouse Gas Emissions</b>	
Pollution: Atmospheric Emissions: <b>Volatile Organic Compounds (VOCs)</b>	
Circular Economy and Waste Prevention and Management: <b>Waste by Type and Disposal Method</b>	
Other environmental issues associated with Production: Justification for non-inclusion as a significant material aspect	
1.5.3 Environmental Aspects in the Use and End-of-Life Stages.....	19

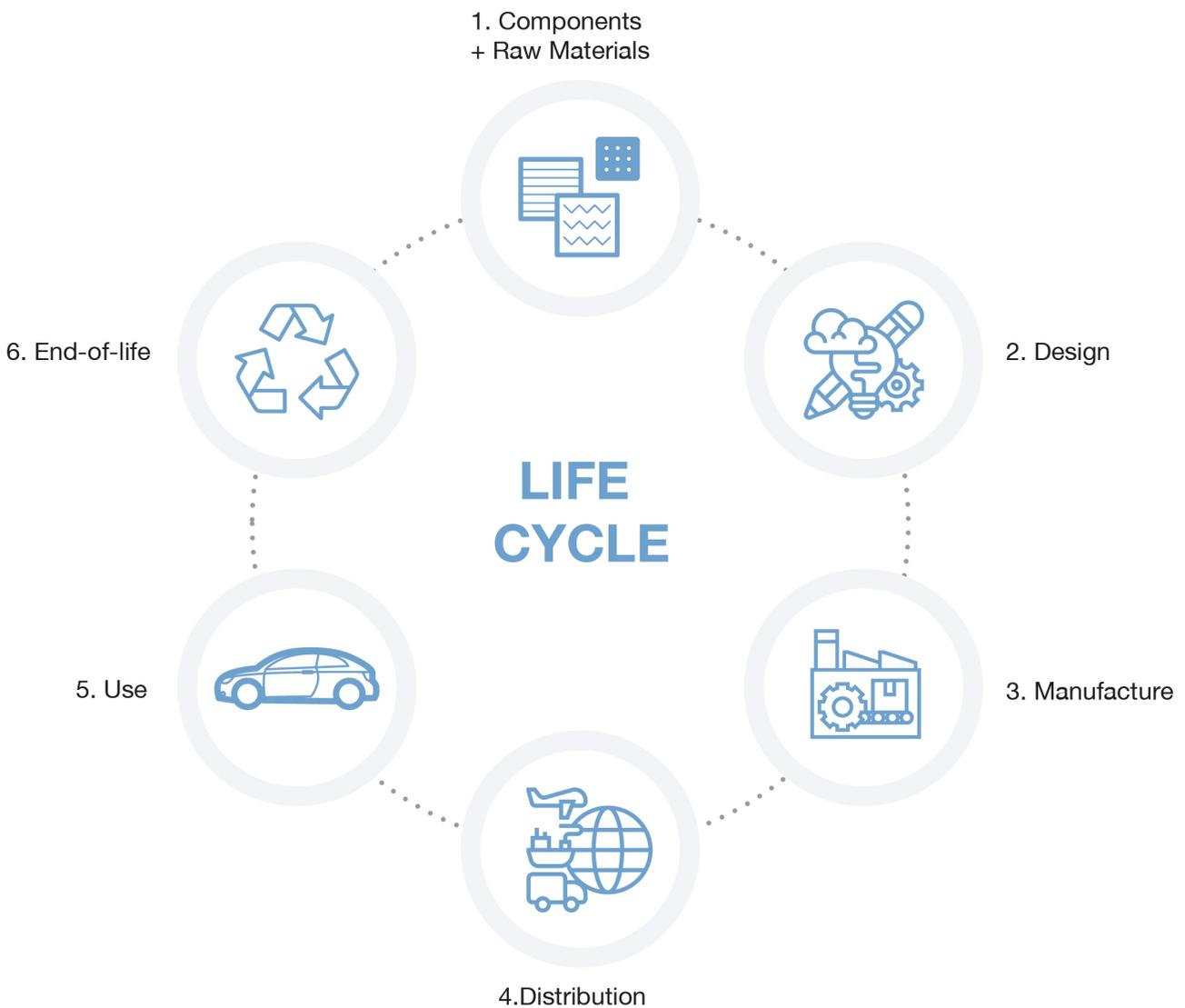


# 1. INFORMATION CONCERNING ENVIRONMENTAL ISSUES

## 1.1 CURRENT AND FORESEEABLE EFFECTS OF ACTIVITIES ON THE ENVIRONMENT

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.

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





## LIFE CYCLE STAGES OF MANUFACTURED PRODUCT

1. Procurement of raw materials and components from suppliers
2. Product/Process Design and Development
3. Product manufacture
4. Internal distribution of the product and/or components
5. External distribution to client
6. Use of product at client premises
7. End-of-life product management

## ASSOCIATED ENVIRONMENTAL IMPACT

- Consumption of resources: Energy, water and materials
- Generation of hazardous and non-hazardous waste
- Atmospheric Emissions
- GHG emissions
- Wastewater discharges

In this report the environmental performance of the ALUDEC Group will be reported in all stages of the product life cycle. Impact analysis during the **external distribution stage** will not be included since, at the moment, there is no quantitative data available to measure the impact of logistic movements for the distribution of raw materials between supplier and our production plants, nor of distribution of the finished product to our clients' plants.

## 1.2 ENVIRONMENTAL ASSESSMENT OR CERTIFICATION PROCEDURES

ALUDEC ensures respect for the environment by establishing appropriate channels to guarantee its care both inside and outside its installations. 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.

Currently, the scope of the UNE-EN-ISO 14001 certification includes 4 production plants of the ALUDEC Group: ALUDEC STAMPING, ALUDEC GALVANIC 1, ALUDEC GALVANIC 2 and ALUDEC COMPONENTES.

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

As principles of its **Environmental Policy** 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, ALUDEC 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 the Group to transmit to all 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.'*

The promotion of these environmental principles has served the ALUDEC Group to receive in 2019 the **Leaders in Quality Award (Environment section)** granted by Expooourse in its IX Edition of the Quality Leaders Awards.

### 1.3 APPLICATION OF THE PRECAUTIONARY PRINCIPLE

The precautionary principle is reflected in the Group's Environmental and Prevention Policies, **both drawn up by the Management**. As far as the environment is concerned, its practical application materialises in the commitment to protecting the environment by optimising the consumption of raw materials and energy.

The implementation of the **Environmental Management System** (whose central element is the analysis, prevention and mitigation of risks) is a key instrument for the implementation of the precautionary principle in the organization. Regarding Prevention, its practical application is reflected in the attitude of tackling risks in origin and substituting what is dangerous by other options that do not entail any danger.

The preventive approach is reflected in the implementation of the requirements of the Environmental Management System according to ISO 14001, which involves; the analysis of environmental risks associated with the processes, the identification of environmental aspects with a Product Life Cycle approach, the evaluation of the significance of the impacts, the monitoring of environmental performance by means of indicators associated with these impacts and the establishment of improvement objectives on the most significant material aspects.

Monitoring indicators have been incorporated in order to control all significant and non-significant environmental aspects. Operational control procedures are available to aid in control and better keep track of the management 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. In addition, to prevent possible incidents, analyses of the causes of environmental incidents are carried out.

Another essential element of these management systems is training personnel on environmental aspects related to the activity, which enables the dissemination of the principles on which these systems are based throughout the organization.

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.

## 1.4 AMOUNT OF PROVISIONS AND GUARANTEES FOR 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 personal and material damages contemplated in and out of the insured risk situation, third party claims for pollution clean-up costs, additional pollution clean-up costs contemplated in the insured risk situation, prevention costs, damage to biodiversity in accordance with Directive 35/2004 and Law 26/2007 and activity halts due to pollution.

With regard to the time limits for constituting the financial guarantee, on the basis of the fourth additional provision of Law 26/2007 of 23 October 2007 on **Environmental Liability**, the production process of the Galvanic plants is included in Annex III of Law 26/2007, section 2. Production and processing of metals, with level 3 priority. According to which, a financial guarantee must be provided within the period determined by TEC/1023/2019 Order of October 10, which sets the date as from which the provision of the mandatory financial guarantee could be required for the activities of Annex III of Law 26/2007, of October 23, on environmental liability of activities with Level 3 priority.

For all these reasons, the necessary measures will be established to carry out the Environmental Risk Analysis and its monetization, taking into account that the availability of a certified Environmental Management System, as is the case of the Galvanic 1 and 2 plants of the ALUDEC Group, constitutes an exertion factor.

## 1.5 MATERIAL ENVIRONMENTAL ASPECTS

As part of the Environmental Management System systematic according to the ISO 14001 standard, and taking into account the requirements established by the Law 11/2018 of information on environmental issues of 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: **Energy efficiency and Water consumption**
- Climate change: **Greenhouse gas emissions**
- Pollution: **Atmospheric emissions (VOCs)**
- Circular economy and waste prevention and management: **Waste by type and disposal method**

An identification of all the environmental aspects associated with our activities and services has been carried out; whether they are directly associated with the production processes in the Group's facilities, such as those associated with the activities of suppliers and contractors, those associated with the useful life of the products that are marketed, and the following is provided for each material aspect/issue:

- Information on the current and foreseeable effects of the Group's activities on the environment with a focus on describing impacts throughout the product Life Cycle,
- Description of the improvement actions implemented by the Group in this financial year 2019 aimed at reducing the environmental impact of the organisation and its stakeholders.
- Quantitative indicators associated to the previously indicated material issues that allow to assess the environmental performance of ALUDEC Group.



### 1.5.1 Environmental aspects in the supply chain: material and component obtention.

Our objective is to control and improve our environmental management in relation to environmental aspects in external stages of the product life cycle, a series of actions have been established to influence, to the extent of our capabilities, both downstream, towards the supply chain of suppliers, and upstream, towards clients, users and end-of-life product managers.

The main environmental impacts generated by this stage of the life cycle are those associated with the suppliers' manufacturing processes, the selection of materials used in their process/for their product, as well as the packaging of the products they supply to us and the transport of these materials to our facilities.

Considering the previous environmental impacts, ALUDEC has focused its actions towards the control of the use of **restricted substances or pollutants** and the promotion of a **Circular Economy** acting on the Prevention and Management of Waste, through:

- Communication through the Supplier Manual of the requirements of good environmental performance requested from suppliers in the supply chain. ALUDEC aims to work with suppliers who have environmental management systems in accordance with ISO 14001 or EMAS which promote the implementation of good environmental practices in their processes and ensure the monitoring and compliance with environmental legislation affecting their activities.
- In addition, through the Supplier Manual, the requirements and good environmental practices that suppliers must comply with to ensure an environmentally responsible and safe supply chain from the point of view of the substances used in their products and processes are conveyed. In this sense, ALUDEC requests the commitment of its suppliers and asks for the necessary information to give fulfillment to the environmental legal requirements of the Administration and sectorial of our Clients such as:
  - **Control of the use of restricted substances** by the current regulations (**REACH, ELV**) and by the criteria of the automotive industry such as the **Global Automotive Declarable Substance List (GADSL)**.
  - Assurance of commitment to **Non-use of minerals from war zones** through traceability reports on the origin of the metals used according to the **Conflict Minerals Reporting Template (CMRT) criteria** developed by the Responsible Minerals Initiative (RMI).
- ALUDEC promotes joint actions with its suppliers such as the Improvement Plan for cardboard packaging waste reduction by replacing it with **returnable packaging** for the transport of components from their facilities.
  - During 2019, out of a total of **9,561 boxes used**, **30,37%** have been replaced with returnable plastic boxes **in the external supplier circuit**.



### 1.5.2 Environmental aspects in the Group's production processes: Design and Production

#### Product and Process Ecodesign Criteria

For projects where clients allow freedom of design, ALUDEC has standards to promote, identify and quantify the degree of implementation of **Ecodesign criteria** in the product design and process phase. The aim is to obtain the maximum information about the environmental impact associated with the products and to try to minimize its impact according to the technological capacity and requirements of the clients.

ALUDEC design teams can determine the degree of implementation of ecodesign criteria in a project offered and identify on which environmental aspects these ecocriteria are impacting, so that they can present various design alternatives taking into account the environmental criteria, offering clients the possibility of selecting the design offer that represents the least environmental impact.



When implementing the **Ecodesign methodology**, the following criteria, among others, are prioritized:

- Designs involving **fewer industrial processes** and prioritizing the **lowest environmental impact**, such as:
  - MIC (Molded In Color) injection technique instead of two industrial processes (injection and painting)
  - Replacement of CrVI chrome processes with another Cr III chrome process or with another technology that gives the part a chrome appearance, such as PVD or paint finishing processes.
- **Recyclability optimisation** through designs with fewer types of materials and alternatives to hard-to-recycle materials, such as:
  - Use of ultrasonic welding or clipping techniques for assembly instead of using adhesive materials.

The degree of implementation of Ecodesign criteria is monitored by means of different performance indicators, among which the following data for the fiscal years 2018 and 2019 should be highlighted.

Indicator	2018 results	2019 results
% of projects awarded per Client with freedom of design	5%	5%
% of projects with freedom of design that include Ecodesign criteria	67%	56%
% of projects that include Ecodesign in relation to the total number of projects awarded	3%	3%

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

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.

With regard to the sustainable use of resources, special mention should be made of the **use of renewable energies** through the implementation, in September 2018, of **photovoltaic solar panels** that power both the process operations and the air conditioning of the ALUDEC INYECCIÓN facilities, and which have been in operation throughout the fiscal year 2019, thus promoting self-generated renewable energies.

In addition, **100% of the power purchased by the ALUDEC Group** comes from **renewable sources** and has an **emission factor of 0 kg CO<sub>2</sub> / kWh** as accredited by the publications '*Acuerdo sobre el etiquetado de la electricidad relativos a la energía producida en el año 2019*' (Agreement on power labelling for energy generated in 2019) by the CNMC (National Commission on Markets and Competition) and '*Emission factors. Carbon Footprint Registry, compensation and carbon dioxide absorption projects*' as of April 2020 by the Ministry for the Ecological Transition and the Demographic challenge.

It is also the Group's purpose to implement tools for detecting best consumer practices, to promote external and internal audits, as well as regular procedures for evaluating, controlling and preventing business activity in relation to the environment. In this regard, in order to ensure compliance with the framework of the Royal Decree 56/2016, all the Group's plants carry out **third-party energy audits** every four years, starting as of October 2016.



Each plant monitors the improvement actions proposed in these audits in order to optimise energy consumption. For example, monitoring the consumption levels of individual equipment facilitates the detection of critical consumption points and the assessment for the modification or replacement of equipment by lower-consumption alternatives.

In addition, during 2019, other actions have been implemented to optimise energy use in the various plants of the group, such as:

- Installation of luminance meters in the plants to better exploit **natural light** and thus minimise the use of interior lighting dependent on purchased electric power.
- Further replacements of 480W fluorescent lights with 200W **LED technology**, thus reducing annual energy consumption by 84,000kWh as well as the thermal radiation released to the environment, as well as reducing CO2 emissions and extending the life of the lighting system.

**Procurement** of longer raw material coils in order to reduce machine changeover times from coil to coil, thus reducing process times and associated energy consumption.

All of the above actions have enabled the ALUDEC Group to reduce its **carbon footprint by 78% in 2019<sup>1</sup>**, as compared to the footprint generated in 2018, by actively contributing to the responsible management of resources and the reduction of environmental impacts due to Greenhouse Gas.

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 improvement objectives.

The power sources that feed the Group's processes and facilities and that have been taken into account in the following consumption indicators are: diesel fuel, natural gas, purchased power, and self-generated power from photovoltaic panels.

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<sup>1</sup> Data resulting from the indicators included in the section "Climate Change: Greenhouse Gas Emissions" on the Group's carbon footprint of 2018-2019.



## EVOLUTION OF ANNUAL ENERGY CONSUMPTION BY PLANT

2017



2018



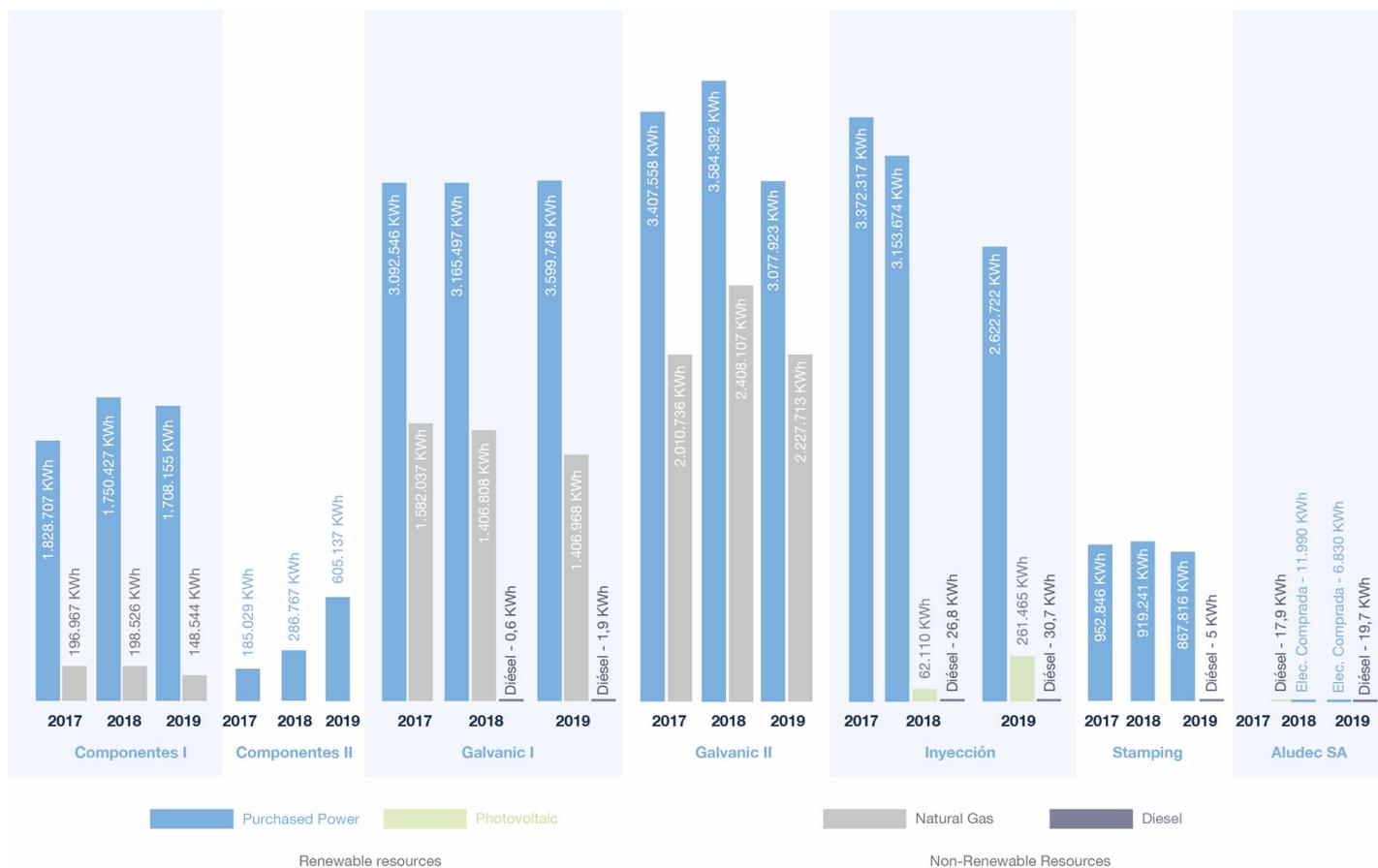
2019



Taking into account the type of fuel and origin of the power purchased, the distribution of energy consumption in 2017, 2018 and 2019 for the ALUDEC Group is shown in the following graph.



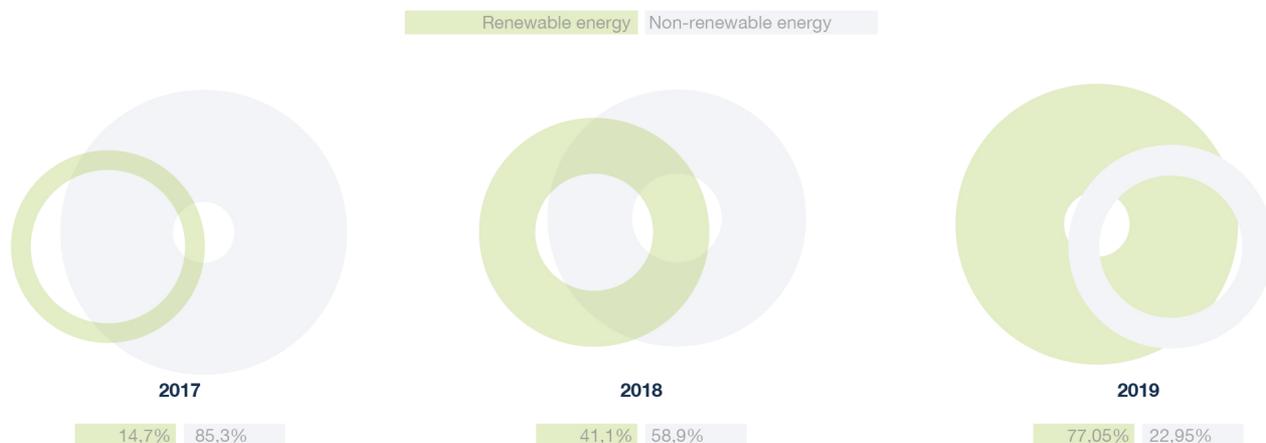
## EVOLUTION OF ENERGY CONSUMPTION BY PLANT AND TYPE



Over the years 2017-2018-2019, the Group has managed to reduce its total energy consumption and significantly increase its renewable energy consumption. This has been made possible mainly due to the use of **self-generated power from photovoltaic solar panels** installed in the ALUDEC Inyección plant, as well as the incorporation of electricity trading companies with a **guarantee of renewable origin**, thus increasing renewable energy consumption from **14%** in 2017 to **77%** in 2019.



## EVOLUTION OF RENEWABLE/NON-RENEWABLE ENERGY CONSUMPTION



In this renewable/non-renewable energy 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**

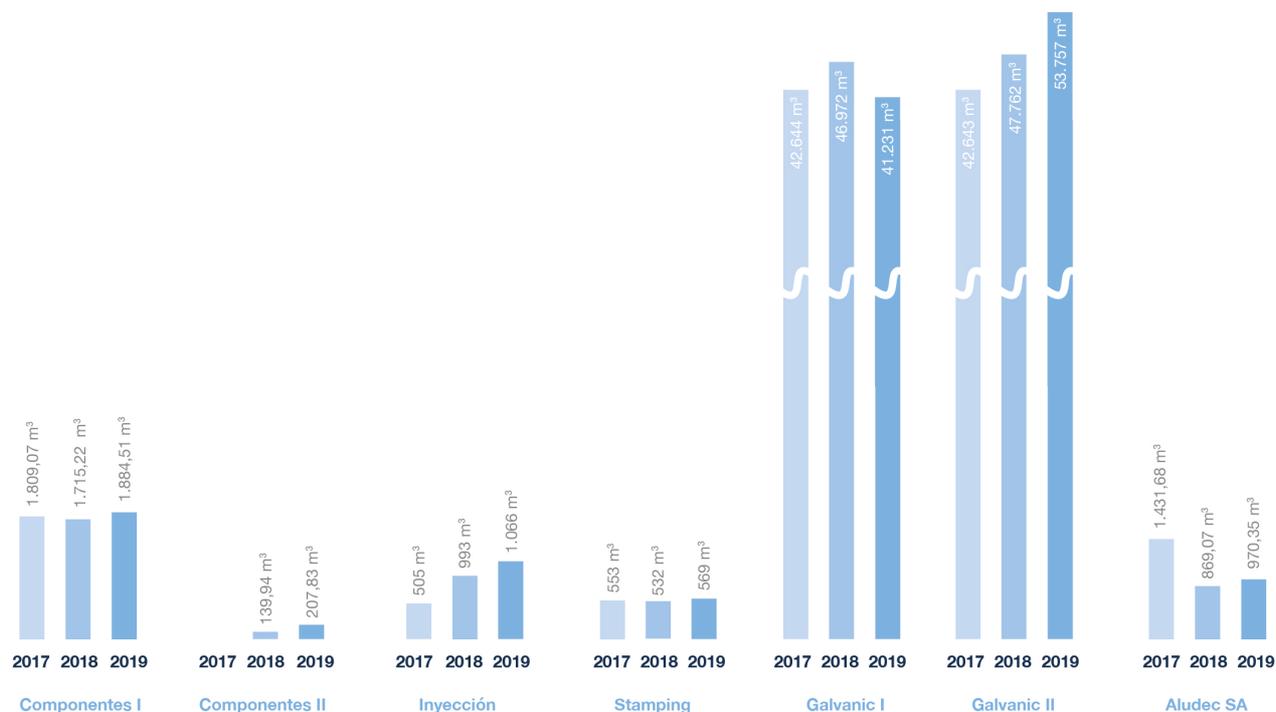
The main plants that use water for their production process are the Galvanic, Componentes and Aludec S.A plants. The Inyección plant only uses water for the cooling systems; and for the rest of the plants, only one uses sanitary water.

The water consumed by the ALUDEC Group comes from the municipal water supply. Water consumption is monitored by means of certified meters and the evolution of this consumption is followed up by means of performance indicators, thus observing consumption trends and the impact of consumption optimisation measures. These measures include preventive maintenance operations of the facilities to avoid leaks and the implementation of improvement plans focused on the **reuse of the water** consumed. Therefore, during 2019, the facilities at the Galvanic plant were adapted so that non-suitable water from the osmosis purification treatment is reused in the production line cleaning processes. These measures are expected to generate a 3% reduction in the plant's performance indicators associated with water consumption in the 2019-2020 period,

Water consumption by the Group's plants in recent years has been the following:



## WATER CONSUMPTION EVOLUTION



### 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.

To measure the impact of the emissions associated with the operation, ALUDEC has followed not only the GRI (Global Reporting Initiative) indicators, but also the *Guide for calculating the carbon footprint and for preparing an improvement plan for an organisation* published by the Ministry for the Ecological Transition and the indications of the Greenhouse Gas Protocol (GHG). The emission factors used correspond to those published in the document Emission Factors. Carbon Footprint Register, Offset and Carbon Dioxide Absorption Projects Published in June 2019 by the Ministry for the Ecological Transition and the Demographic Challenge.

To perform the GHG inventory, the organisations in which ALUDEC has 100% financial and operational control have been considered, these are ALUDEC SA, ALUDEC Inyección, ALUDEC Stamping, ALUDEC Galvanic 1 and 2 and ALUDEC Componentes 1 and 2. Production, administration and internal transport activities carried out using in-house resources shall be considered within these plants.

For the first time, the ALUDEC Group has calculated the carbon footprint associated with its activity for the 2018 period, so this period will represent the baseline data when it comes to assessing the progress of our carbon footprint due to GHG consumption.

The activity of the ALUDEC Group generates both direct and indirect emissions and therefore generates Scope 1, 2 and 3 emissions. Within this 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



With regard to coolant gas emissions (Scope 1) generated by air conditioning systems, no data on refills during maintenance operations were recorded in 2018 and were therefore not included in the calculation. However, during the 2019 financial year, coolant gas refills were carried out which contributed to GHG emissions and these have been considered in this financial year.

Considering the above assumptions, the inventory of GHG emissions for 2019 has been updated, both partially by plant and for the entire Group, and it has been noted that **the ALUDEC Group's carbon footprint has decreased by 79% in 2019** compared to the footprint associated with 2018.

This significant reduction is due to the measures already introduced in the section on *Sustainable Use of Resources: Energy Efficiency of Processes*:

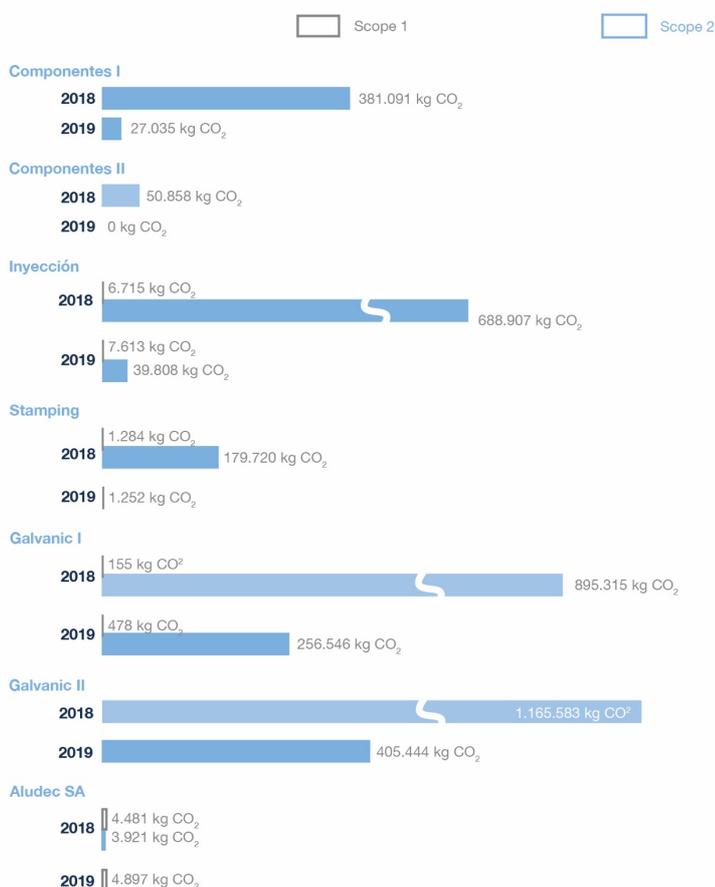
- **Photovoltaic energy** consumption throughout the 2019 period by plant A. Inyección.
- Consumption of **100% of electricity purchased from renewable sources** by the entire Group.

Another activity that generates GHG emissions in the ALUDEC Group's activity is the transport of intermediate products between plants by means of diesel vehicles. Improvement actions have also been established for this activity, aimed to **optimise the planning and frequency of transport routes** between the plants and thus try to reduce the consumption of this fuel and its associated GHG emissions.

At the moment, there are no data available to quantify GHG emissions associated with Scope 3 such as emissions associated with the transport of raw materials from suppliers or the transport of products to the Client. These activities with Scope 3 emissions are not arranged or controlled by the ALUDEC Group, however an attempt has been made to promote improvement actions in connection with GHG emissions generated by external transport with waste management suppliers. In this sense, the ALUDEC Galvanic 1 and 2 plants have increased the capacity of waste containers such as treatment plant sludge, contaminated solids and wood waste to reduce collection frequencies and contribute to the **reduction of GHG emissions generated by the transport** of these wastes. In line with this objective, a system has been implemented to centralise waste management requests for all the Group's plants, enabling optimisation of the volume of loads and frequency of collection by the manager.



## EVOLUTION OF DIRECT AND INDIRECT GHG EMISSIONS



Direct GHG emissions (Scope 1) and indirect GHG emissions when generating energy (Scope 2), are summarised in the following table, in which the significant reduction in the ALUDEC Group's carbon footprint can be seen. During the 2018 period 3,378 tonnes of CO<sub>2</sub> equivalent were emitted into the atmosphere, while in the 2019 period 742.59 tonnes of CO<sub>2</sub> equivalent were emitted, achieving a **78% reduction in the Group's carbon footprint**.

### Pollution: Atmospheric Emissions: Volatile Organic Compounds (VOCs)

The direct atmospheric emissions generated by ALUDEC's activity are essentially those derived from the process of enamelling chrome-plated parts and from the serigraphy and varnishing of plastic, steel and aluminium elements. The parts, after the serigraphy or enamelling process, 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 the plants, ALUDEC Stamping, where the bulk of the serigraphy and varnishing of parts takes place. In this plant, VOC measurements are taken every three years for type C emission sources (classification according to applicable legislation) and every five years for sources without assigned groups. The results of these controls are carried out by a Control Body authorised by Management and communicated to the relevant environmental body of the Autonomous Community of Galicia.

It should be noted that all VOC measurements carried out by the Authorised Control Body have always been below the legal limits established in Royal Decree 177/2003, section 3 of Annex II for the VOC limit value. With the purpose of further minimising these emissions, the decision was made to introduce an emission reduction system based on the implementation of consecutive activated carbon filters, characterised by their capacity to absorb the polluting substances contained in a gas or liquid.



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.

Regarding the ALUDEC Inyección and ALUDEC S.A. plants, their activities do not generate atmospheric emissions, except for the GHG emissions indicated in the previous section.

### Circular Economy and Waste Prevention and Management: **Waste by Type and Disposal Method**

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

The ALUDEC Group promotes sustainable practices with the aim of reducing the waste generated both upstream, towards the suppliers, and downstream, towards the Clients and the managers of product's end-of-life, trying to reduce the impact on the entire Life Cycle of its productive activity. (These practices on the supply chain are described in the sections "Environmental aspects in the supply chain: Obtaining materials and components" and "Environmental Aspects in the Use and End-of-Life stages" associated with the corresponding Life Cycle stage).

During the operations associated with the production life cycle stage, one of the main environmental aspects is the generation of waste, both hazardous and non-hazardous. During the raw materials reception and finished products dispatch operations, waste is mainly generated from plastic, cardboard and wood packaging. The various operations that make up the production processes generate waste from raw materials such as plastic, metal, inks and varnishes, films, adhesive materials and rejected manufactured products.

The ALUDEC Group is carrying out practices to promote reuse, recycling and minimisation in the generation and management of waste, among which the following measures can be highlighted:

Promote the use of returnable containers in the internal transport circuits between the different plants of the ALUDEC Group. Currently there is an action plan to replace cardboard boxes, which have a relatively short useful life, with returnable plastic boxes and thus minimise the consumption of cardboard and the generation of its waste. During the 2019 period, out of a total of **107,489 boxes** used in the internal transport circuit, **95.57%** of them were **returnable boxes**.

The use of returnable metal containers for the management of hazardous waste is being promoted at the ALUDEC Galvanic 2 plant. In this way, the packaging used for managing this waste by the authorised manager is carried out in a returnable and closed circuit, reducing the generation of high-volume packaging waste.

Standardised recirculation of packaging components between plants, extending their useful life and reducing the generation of packaging waste. For example, cell-air plastic components, separators and plastic or cardboard lids that are delivered to the group's plants as packaging for intermediate products are returned to the plants of origin to be reused until the end of their useful life.

Implementation of compacting practices on site to minimise the volume of waste generated (mainly the plastic and cardboard waste fraction) and reduce the frequency of collection and therefore the impacts associated with transporting it. For example, plastic compactors have been installed in the ALUDEC Componentes plants and cardboard compactors in the ALUDEC Stamping plant.

Reduction of paper consumption and generation of its waste through:

- 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.
- Reuse of paper printed on one side for a second use.

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.

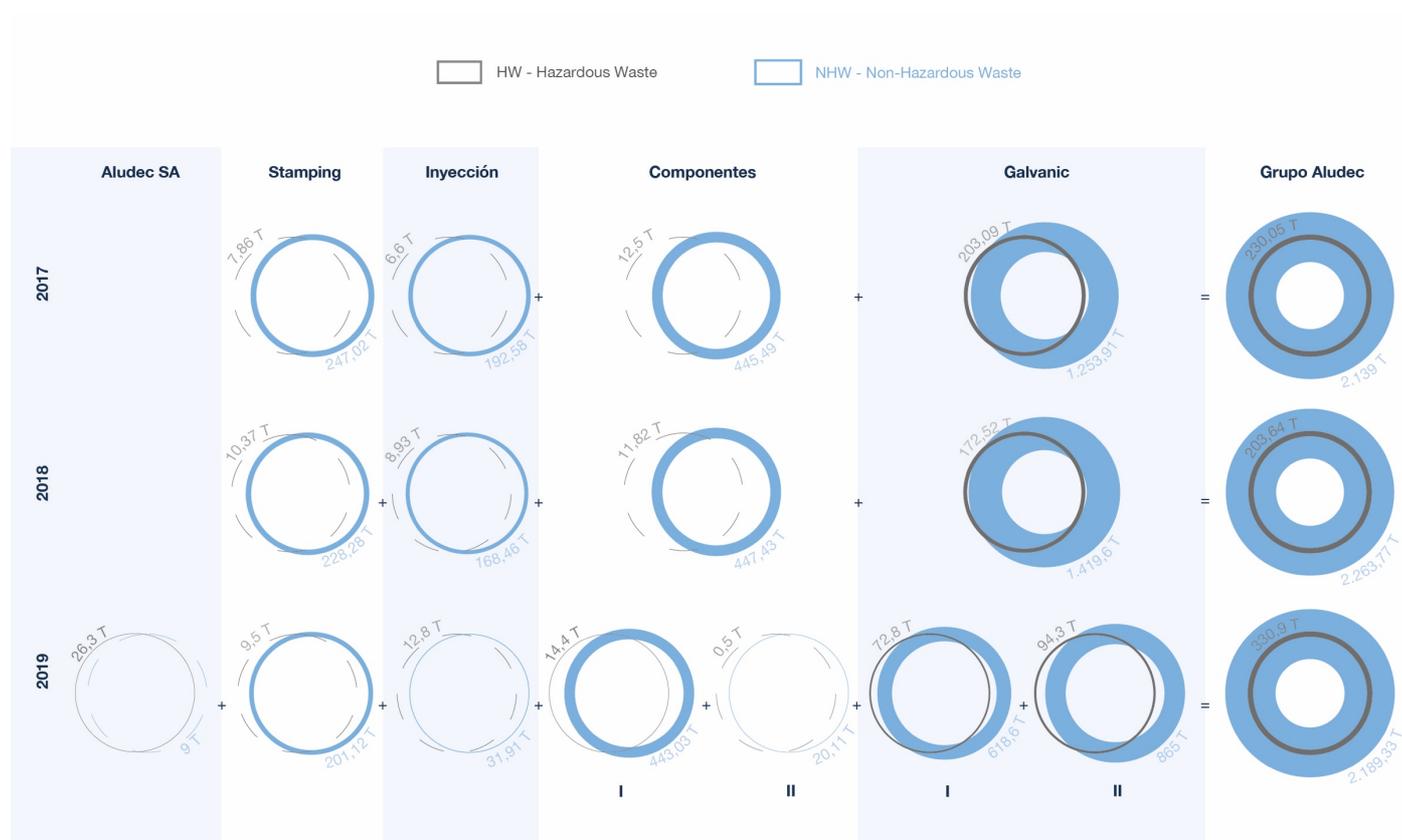


In order to evaluate the impact of the previous practices and to carry out an operational control, a monthly weight control of all types of waste generated in each production plant is carried out, and environmental indicators are available in order to follow the evolution of waste generation according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

The total volume of waste (Dangerous and non-dangerous) generated by each of the plants and by the entire ALUDEC Group is summarised below.

### EVOLUTION OF HAZARDOUS AND NON-HAZARDOUS WASTE GENERATION

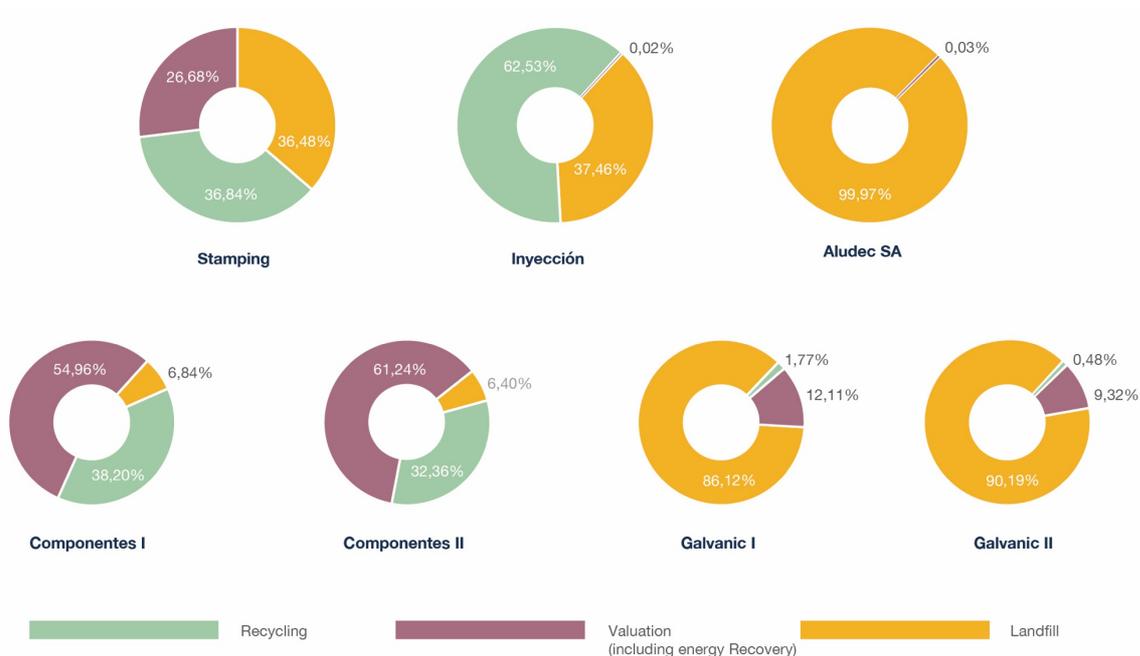
The plants of ALUDEC SA and Componentes II have been incorporated in the data for the 2018 period, which means that 2018 is taken as the baseline reference year.



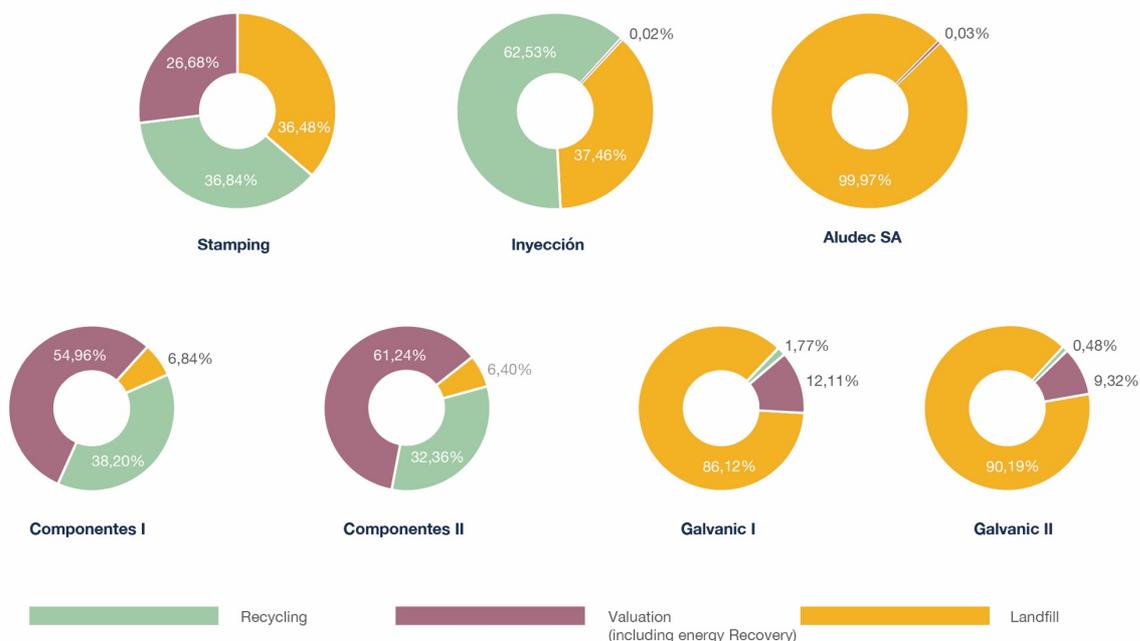
During the 2019 period ALUDEC planned to improve the information available regarding traceability of the management for the waste generated once it leaves its facilities. Based on the information provided by the authorised waste management services with whom we collaborate and the categories established in GRI indicators, the waste management treatments have been classified in the following categories: **Reuse, Recycling, Recovery, Recovery including energy recovery and Landfill**



## MANAGEMENT OF NON-HAZARDOUS WASTE IN 2019



## MANAGEMENT OF HAZARDOUS WASTE IN 2019



In the 2019 period, **Improvement Objectives** on environmental impacts that have been evaluated as having a significant impact on the plants within the scope of the EMS have been established.

In relation to the established objectives, in the light of the environmental indicators results throughout 2019, and taking 2018 as a reference year:



- **ALUDEC Galvanic 2** is in the process of implementing actions to improve the type of container used in production line reagents, moving towards using containers with a greater capacity and with the manager's capacity to reuse them.
- **ALUDEC Galvanic 1** is in the process of reducing water consumption by implementing the reuse of water from the purification process and using it for maintenance and cleaning of production line elements.
- **ALUDEC Stamping** has reduced polymerised resin waste generation by 28%, exceeding the 10% target.
- **ALUDEC Componentes** has reduced paper consumption by 13.26%, exceeding the 10% reduction target. The generation of wood waste has been reduced by 14.7%. Regarding the objective of reducing hazardous metal packaging, a trend towards reduction is maintained, pending the implementation of the proposed improvement actions, which consists of replacing small volume metal packaging with a feeding circuit with larger capacity containers that can be reused.

#### Other environmental issues associated with Production: Justification for non-inclusion as a significant material aspect

##### 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 the 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.



### 1.5.3 Environmental Aspects in the Use and End-of-Life Stages

One of the most important aspects to consider during the product's use and end-of-life is the identification and management of the materials that make up the product. The Client has all the information on its composition, as the ALUDEC Group communicates this composition through the IMDS System (International Material Data System), a tool used by the companies that make up the automotive supply chain. In this way, information is available regarding restricted or potentially dangerous substances and information on the recyclability of the materials that make them up.

Another impact of our products during their use by our Clients is the generation of waste from product components used for integration into the vehicle and the generation of packaging waste from the product supplied. For example, waste such as cardboard, plastic protective film, silicone paper may be generated as a result of parts assembly on the client's line and, in accordance with current legislation, this waste must be correctly managed.

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 this management, ALUDEC marks each part with the symbol of the plastic polymers used in its manufacture, thus simplifying its recyclability.

Furthermore, with the purpose of minimising the environmental impact of the products, the ALUDEC Group carries out informative actions to the stakeholders involved in these stages of the Life Cycle, such as: Clients, Users and Managers of vehicles at the end of their life cycle. To reach these Stakeholders, the corporate website [www.aludec.com](http://www.aludec.com) is used, where the necessary environmental information is published so that, at each stage of the



life cycle, a sustainable management of the materials that make up our product and the packaging that accompanies it is carried out.

In this way, ALUDEC aims to minimise the environmental impact associated with the use of the product and to contribute to the objectives of reuse, recycling and recovery through the end-of-life management of the products by providing information on:

- E.g.: information on the design of the product and materials for the correct management of the waste generated in the use and installation of the product in the vehicle, as well as the management of the waste generated at the end of its life cycle.
- E.g.: information on the type of packaging material accompanying the products to encourage the use of reusable and recyclable materials and have sufficient information for their proper management.

In addition to relevant information documents on the impacts of its product throughout its Life Cycle, the ALUDEC Group complements the **information provided to its stakeholders on environmental performance** by publishing the Environmental Information included in this Statement of Non-Financial Information on its website.



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