

ENVIRONMENTAL STATEMENT FOLLOWING EMAS REGULATIONS

YEAR 2022





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1. Presentation of the Statement

Engine Power Components Group Europe, S.L. (hereinafter EPC GE, S.L.) is a large-scale manufacturer of precision components for engines, more specifically camshafts.

Being aware of the environmental impact caused by its operations, and of the public's increasing awareness of the environment, EPC GE S.L. implemented an Environmental Management System in 2018, based on the UNE-EN-ISO 14.001:2015 standards and EMAS regulations.

This Environmental Statement has been drawn up following the regulatory provisions below:

- Commission Regulation (EU) 2018/2026 of 19 December 2018 amending Annex IV to Regulation (EC) No 1221/2009 of the European Parliament and of the Council on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).
- Commission Regulation (EU) 2017/1505 of 28 August 2017 amending Annexes I, II and III to Regulation (EC) No 1221/2009 of the European Parliament and of the Council on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).
- EC Regulation No 1221/2009 of the European Parliament and the Council on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

With this Statement, EPC GE S.L.'s EIBAR plant aims to provide information on all significant aspects and activities associated with its business to stakeholders.





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2. Profile of the Organisation

2.1. Presentation

EPC GE S.L. is the operational and production base for the European market of Engine Power Components, Inc. Due to operational reasons and the type of product, EPC GE S.L. also has a production plant, EPC MX, in Torreón in Mexico.

However, this environmental statement applies solely to the EPC GE plant in Eibar. Products manufactured both in EPC GE S.L. and EPC MX are mainly destined for the industrial and/or agricultural vehicle sector, and to a lesser extent, passenger vehicles - cars and motorcycles.

The market for these products is divided into spare parts and original equipment, mainly the latter.

CNAE: (National Classification of Economic Activities):	2,932 - Manufacture of parts, pieces and non-electric accessories for the automotive industry.
TAX ID:	B-75066902
NIRI (Registration number in the Industrial Register):	20-26409
Company Name:	ENGINE POWER COMPONENTS GROUP EUROPE, S.L.
Address:	Polígono Industrial Azitain nº5 Eibar C.P. 20.600 (Gipuzkoa)
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Contact:	Silvia González de Herrero
Representative of Management:	Quality and Environment Manager
E-mail:	sgonzalez@epcge.com
Registration N°:	ES-EU-000090

The general details of the company are as follows:





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2.2. EPC GE, S.L. in numbers

Table 1. Characteristics of EPC GE, S.L.

		2019	2020	2021	2022
	Production <u>Steel</u> (t)	835.76	731.24	683.30	802.14
Camshaft production	Production <u>Casting</u> (t)	1,152.66	706.54	1,178.13	1,337.99
	TOTAL PRODUCTION (t)	1,988.42	1,437.78	1,861.44	2,140.13
Resources	Total consumption of electricity (MWh)	4,406.72	3,456.30	3,985.74	4,158.80
	Consumption of natural gas (MWh)	900.87	566.827	596.697	773.68

Source: EPCGE, S.L.

3. Environmental objectives

The environmental objectives of EPC GE S.L. are established and approved by the Steering Committee, which first collects proposals and suggestions and takes into account the environmental and energy aspects that are significant to the company, as well as other opportunities for improvement that could be detected in different processes.

Table 2. Environmental Program 2022

Objectives	Goals and Actions	Supervisor	Compliance degree	Completion deadline
2% reduction in energy consumption	Two scrubbers installed to reduce the temperature in the workshop and prevent the use of individual industrial fans. This improves comfort and sustainability of machines.	Industrial	100%	December 2021
(111)	2 large scrubbers and 1 small one depending on m ³	Industrial / Maintenance	0%	SS 2022 (Postponed)
	Installation of presence detectors in changing rooms and common areas	Maintenance	0%	2nd half of 2022



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Objectives	Goals and Actions	Supervisor	Compliance degree	Completion deadline
10% reduction of contaminated absorbents and consumption of filters Savings on 9 machines of filters, kits and sponges	Installation of joint suction system for the lines. Connecting machines of the same line to a central ventilation system, thus reducing maintenance time on equipment and consumption of filters. Connected HHP2: 39, 38, 2013, 265, 228 Connected HHP1: 33, 2012, 228 (enclosure), 274 Pending to connect HHP3. To be carried out after moving the lathe 39	Maintenance	67%	2nd half of 2022
Self-generation of energy approx. 10% of total consumption (solar panels)	neration of pprox. 10%Study of quotations.onsumption panels)Installation of 200 kWh rated power plant		25%	1st half of 2023
	Approval of investment pending by customer.	Technical Depart.	100%	July 2016
	Implementation of Barkhausen method	Technical Depart.	100%	December 2019
	Approval by customer after presentation of process results Updating of programmes	Technical Depart.	100%	December 2020
27% reduction in	Programme implementation	Technical Depart.	100%	September 2021
waste from grinding burn coolant lubricant (III)	KONAN project with different sensors to analyse hardness and layer depth (avoiding metallographic cutting and destructive testing)	Technical Depart.	100%	September 2021
	KAIA project with sensor technology to analyse layer depth and feasibility of ultrasonic testing (avoiding metallographic cutting and destructive testing)	Technical Depart.	20%	March 2024
	2nd Barkhausen machine, more flexible with improved design	Technical Depart.	50%	October 2022
Reduction of part cost. Increased efficiency of	Automation of the machining process (EEA lines). Installation of a Watt meter to	Technical Depart.	100%	December 2020



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Objectives	Goals and Actions	Supervisor	Compliance degree	Completion deadline
machining process. Reduction of pain/lower back pain of workers	know the real part cost before and after automation. Project carried out in collaboration with Tekniker	Tekniker	100%	September 2020
	Training of production staff to work on the automated line.	Technical Depart.	100%	August 2021
	Automation of the EEA2	Technical Depart.	50%	September 2022
	Purchase of material	IT	100%	January 2021
Installation of traceability system	Installation of wiring in zone HHP3	IT	50% (wiring hardening zone, grinding pending)	December 2021
for machines pending in HHP3 zone	Equipment programming and commissioning in zone HHP3. - Grinding Supports - Grinding Cams - Hardening and tempering	IT	67%	December 2021
Implementation of new integrated system	mplementation of new integrated system Implementation of new integrated system		10%	1st half of 2023
Improvement of mage both externally and internally.Implementation of 5S HHPImprovement of the order and cleanliness of the different areasImplementation of 5S HHP		Industrial / Management	50%	1st half of 2023
Opening up new markets	Assembled cam shaft technology	Technical Depart.	0%	Project postponed
New activities	Incorporate Foundry into the EPC group	Management	0%	January 2023
Attracting new clients Taking on sales person for new clients		Sales	100%	Continuous

As far as fulfilment of the afore mentioned objectives is concerned, we can conclude that:

Objective 1: 2% reduction in energy consumption (MWh/t total production)

After all lighting in the workshop and offices was replaced with LED lighting, in order to further reduce consumption, motion detectors were installed in changing rooms, transit areas and common areas to avoid unnecessary costs.

In 2022, measures to reduce electricity consumption resulted in savings of 9%.

In the coming years, reduction of consumption will continue by taking measures such as the installation of two scrubbers to reduce the temperature in the workshop and avoid the use of individual industrial fans, which has been postponed for implementation in 2023, and the installation of solar panels.

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Objective 2: Reduction of contaminated absorbents and filter consumption by 10% (kg waste of contaminated material and oil and coolant filters / t steel production)

It has not been possible to implement the joint ventilation project for the last line to be connected. However, the implementation has been postponed, and further steps to achieve the objective of reducing the number of absorbents and filters will be taken. As the project has not been finalised, the increase this year more than doubled compared to last year.

Objective 3: 27% reduction in waste from liquid to prevent grinding burn (kg of waste from liquid used to prevent grinding / t steel production)

Steel products must always be checked for burns to ensure quality. The liquid waste generated in 2022 has not been completely eliminated. This waste is treated through the evaporator and is subsequently processed either as liquid waste for burns or as coolant waste. As both waste types are mixed in the evaporator, it is difficult to determine the exact quantity of each waste. Overall waste this year has increased by 20%.

Next year, control of the liquid waste for burns is improved as it will be processed individually and not through the evaporator.

At the beginning of 2022, the line was completed with a new Barkhausen machine to continue working on the reduction of this waste.

The programme of objectives for 2023 includes measures that will address those that were not fully completed or reached in 2022.

Other action taken in 2022:

Monitoring of 100% of the bus bars and main equipment (compressors and furnaces) After completing the monitoring of all the bus bars and the main equipment (furnaces and compressors) in 2020, analysis of energy consumption of all different areas and work on its optimisation is continued.

The following postponed targets will be implemented by 2023:

- Reduction of electricity consumption by 2% through the installation of scrubbers/evaporative air conditioning on the automotive lines.
 Maintenance is in charge
 Resources € 9,300/unit
 Despite its minor significance in terms of environmental protection, EPC considers it relevant due to the impact it has both economically and environmentally.
- 10% reduction of waste from filters and contaminated absorbents.
 Engineering and manufacturing are in charge of the project.
 The HHP3 lines remain to be connected to the installation of the central ventilation system.
 Resources approx. € 60,000



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4. Environmental Management System

4.1 Introduction

EPC GE S.L., well aware of the environmental impact caused by its operations, which includes transport of raw materials and products, decided in 2013 to start a process to develop and implement an environmental management system.

The company started by implementing an environmental management system complying with the ISO 14001 standard, which was subsequently adapted to comply with EMAS regulations, and entered the Community System for Environmental Management and Audit in late 2014. In 2017, the Management System was adapted to the updated ISO 14001:2015 standard, also new EMAS regulations.

In addition, throughout 2016, an energy efficiency system was implemented and certified, according to the framework ISO 50001:2011 standard, which has been integrated into the current environmental management system.

Organisational context analysis.

In June 2017, a first analysis of the context of the organisation was carried out in which relevant internal and external issues were analysed. This analysis is reviewed annually, the last time in 2022.

The annual risk and opportunity analysis was also carried out in 2022. The following action plan has arisen from both analyses:

- Continued implementation and use of Barkhausen technology on one of the HHP lines, resulting in a reduction of acid consumption.
- Monitoring of energy consumption with data output at the plant and improvements in energy management.
- The possibility of installing solar panels is under study.

Analysis of stakeholders.

In the same way as the identification of stakeholders for the organisation is carried out, their needs and expectations are determined. These needs and expectations of stakeholders are taken into account in the planning of the management system, thereby addressing the interests of customers, suppliers, employees, administration, society and others.

4.2 Environmental Management System at EPC GE, S.L.

EPC GE S.L.'s environmental management system includes the following tools:

- <u>Organisation</u>: To establish the environmental strategy by the quality and environment department together with the other departments comprising the company's management committee.
- <u>Planning</u>: For the required actions and resources to fulfil environmental objectives approved by the management.
- <u>Environmental Audits</u>: Since the main instrument to manage the company's environmental assessment and monitoring and operating practices is the Environmental Audit Plan.
- <u>Training</u>: Actions on training and environmental awareness at all levels in the company are essential in order to be able to implement a sustainable corporate culture.



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The management at EPC GE S.L. is strongly committed to the development and implementation of the EMS through the following activities:

- Informing the rest of the organisation of the importance of meeting the client's, legal and regulatory requirements.
- Informing the rest of the organisation and external stakeholders of the main environmental impacts and aspects, and results of EPC GE S.L.'s environmental performance through the Environmental Statement according to EMAS regulations.
- Establishing the quality and environment policy and objectives.
- Review of the system by the management.
- Guaranteeing the availability of resources and information required.



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The processes implemented that guarantee these commitments are documented in the following process map:





4.3 Environmental Policy

EPC GE S.L. expressed its commitment to the environment through its quality and environment and energy efficiency policy in its last edition in December 2017.

All staff at EPC GE S.L. have access to this policy, as it is published on the document server, displayed on bulletin boards and in the plant's central offices.

In addition, this policy is accessible and within the reach of all stakeholders at EPC GE S.L. through publication of the Environmental Statement on the web page www.engpwr.com .

QUALITY, ENVIRONMENT AND ENERGY EFFICIENCY POLICY

Engine Power Components Group Europe, S.A. (EPC GE, S.A.) is a large-scale manufacturer of precision components for engines (camshafts and balancer shafts), for the automotive sector and general industry.

As our strategic objectives are the company's profitability, respect for the environment and leadership within our sphere of action, we accept and understand that the only way to achieve these is through total client satisfaction and minimising environmental impacts, especially those caused by our energy consumption, by purchasing efficient products and services to improve our energy performance.

Our systems, both for quality, the environment and energy management, continuous improvement in our performance, our staff, their development and safety, are the key instruments in reaching our goals.

The products and services oriented to markets for original equipment, as well as spare parts, must have the highest performance level possible to ensure that all our clients' needs are met, also legal requirements for the environment or relating to energy performance, or any others applicable.

The commitments acquired through this policy provide the framework for the company to establish aims and objectives promoting continuous improvement and are key instruments in achieving our purpose. Therefore, the company has made available all the information and resources required for success.

Engine Power Components Group Europe, S.L., 4 December 2017

Iñigo Pérez-Arregui EPC GE General Manager



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4.4 Functions and responsibilities

The quality and environment management is responsible for coordinating and monitoring the environmental management system. It depends directly on the General Management, with there being another 6 management departments in the company: Financial, Sales, Operations, Engineering and IT Management.

The organisational chart at EPC GE S.L. is as follows:



The environmental management system at EPC GE S.L. is fully integrated into the daily activity in the company, and therefore all responsibility arising from its implementation is shared among the various managers, and the whole is coordinated by the quality and environment department.

4.5 Environmental aspects

EPC GE, S.L. has implemented an instruction IN EPG-2, subordinate to the strategy process and management plan, to identify, evaluate and record the environmental aspects of its operations, both in normal conditions (i.e. controlled, normal and planned operating conditions) and abnormal conditions (operations during scheduled shutdown for maintenance and similar), as well as in potential emergency situations.

This instruction applies to all operations/facilities that may have an impact on the environment and that are carried out/present in the main office, plant and storage facilities of EPC GE, S.L.

EPC GE, S.L. identifies, quantifies and evaluates the operations/facilities on a yearly basis or whenever modifications take place in order to determine those with the greatest impact during the performance of its operations.

These most significant aspects resulting from the evaluation are taken into account when the environmental objectives of the enterprise are drawn up.



First, the term Environmental Aspect should be defined as "an element in activities, products or services from an organisation that may interact with the environment."

There are two types of environmental aspect:

- <u>Direct environmental aspect:</u> An environmental aspect arising from the company's operations, products or services, and which the company can deal with directly and be in control of the process.
- <u>Indirect environmental aspect:</u> An environmental aspect not arising from the company's operations, products or services, but in others deriving from these and on which the company has no direct influence and process control.

The criteria for evaluating the direct aspects and defining the significant ones are as follows:

- A. **Magnitude**: meaning the amount of environmental aspects
- B. **Toxicity and hazard**: takes the danger and toxicity of each aspect into account
- C. **Extent**: Interpreted as the area or zone affected by any environmental impact, so that greater importance is given to risks affecting larger areas or zones.
- D. **Probability**: The possibility of a hazardous environmental aspect causing an incident.
- E. **Opinion or complaints** from external interested parties.

To assess each environmental impact identified and decide on which are significant, criteria are applied according to the following table:

Environmental aspects	Criteria applied		
Consumption	A, B and E		
Waste	A, B and E		
Effluents	A, B and E		
Emissions	A, B and E		
External noise	A, B and E		
Contaminated ground	A, B and E		
Environmental emergencies (environmental hazards)	B, C and D		

The overall rating of the aspect, representing its significance, except for environmental emergencies, is obtained by multiplying the partial ratings for each of the assessment criteria.

Minimum global rating = 1 (1*1*1) and maximum = 27 (3*3*3).

Environmental emergencies (environmental hazards) are evaluated by applying the following:



Hazard = Probability x Severity, taking severity as the mean value of the extent and toxicity, i.e.:

Hazard = Probability x Severity = $\frac{(\text{extent + toxicity})}{2}$

After obtaining the global assessment of each aspect as a numerical value, significant aspects are 10% of the aspects that receive the highest score. In the event that a sufficient and representative number of significant aspects cannot be achieved, those that score highest on the magnitude criterion will be included as significant.

Indirect environmental aspects will be evaluated depending on whether they are generated internally in EPC GE, S.L. plants or externally.

Those generated internally in EPC GE S.L. plants will be assessed according to the following criteria:

- 1. **Potential Severity**: possible damage caused by the identified indirect environmental aspect.
- 2. **Control**: the environmental behaviour shown by the originating source, agent or supervisor of the aspect through non-conformities.
- 3. **Frequency:** the number of times per year that the environmental aspect occurs.

Indirect aspects generated outside EPC GE S.L. plants will be assessed according to the following criteria:

- 1. **Degree of environmental impact**: scale of natural resources affected by the environmental aspect.
- 2. Level of preoccupation of interested parties: number of interested parties with complaints, suggestions, needs or expectations relating to the environmental aspect.
- 3. **Viability of implementing improvement actions**: existence and difficulty in implementing improvement opportunities relating to the environmental aspect.

The global rating of the aspect is obtained by multiplying the partial ratings for each of the assessment criteria.

The company considers significant indirect environmental aspects to be those scoring higher than 9 points.

4.5.1 Directs

The significant direct environmental aspects given below refer to the whole of EPC GE S.L., including all facilities, and result from the identification and evaluation made based on information available from 2022.



Table 3. Significant direct environmental aspects

SIGNIFICANT DIRECT ENVIRONMENTAL ASPECTS			
SOURCE	HAZARDOUS WASTE		
	Coolant and Liquid for grinding burn control		
	Oil filters		
	Contaminated material		
Production plant	Metal containers		
	Aerosols		
	Waste mixtures (paper, cardboard, plastic, grinding wheels, abrasives)		
	Refrigerant gases from air conditioning and cooling		
SOURCE	CONSUMPTION		
	HCI		
Production plant	HNO3		
	Methanol		

However, there are other relevant environmental aspects with respect to EPC's operations. Therefore, the company is constantly vigilant to identify opportunities that contribute to containment and minimisation, such as:

Direct:

- Electricity consumption
- Water consumption
- Scrap metal waste generation

Indirect:

- Manufacture and transport of raw materials
- Transport of finished products



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4.5.2. Indirects

Indirect environmental aspects from a life-cycle perspective are as follows:



The environmental aspects involved in each phase are detailed below:



Table 4. Indirect environmental aspects

A list of all indirect environmental aspects according to the life cycle is presented below. It is worth mentioning that none of them have been considered significant after the last evaluation.

SOURCE	INDIRECT ENVIRONMENTAL ASPECTS GENERATED OUTSIDE EPC PLANT, FROM A LIFE-CYCLE PERSPECTIVE
	Consumption of natural resources for the manufacture of raw materials (steel, forging, smelting, etc.)
	Electricity consumption
OBTAINING RAW MATERIALS:	Drinking water consumption
manufacture of raw and auxiliary materials.	Consumption of natural gas
	Non-hazardous waste generation: scrap metal
	Hazardous waste generation: metal containers, plastics, etc.
TRANSPORT OF RAW	Fuel consumption: diesel
MATERIALS	Generation of emissions from combustion.
	Oil consumption
PRODUCT USE AND END OF LIFE	Generation of used oil
	Generation of scrap metal
TRANSPORT OF	Fuel consumption: diesel
GENERATED IN EPC GE	Generation of emissions from combustion
MANAGEMENT OF	Hazardous waste incinerated: Emissions to the atmosphere
GENERATED IN EPC GE	Recycled hazardous waste
	Recycled non-hazardous waste:



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SOURCE	INDIRECT ENVIRONMENTAL ASPECTS GENERATED OUTSIDE EPC PLANT, FROM A LIFE-CYCLE PERSPECTIVE
MANAGEMENT OF NON- HAZARDOUS WASTE GENERATED IN EPC GE	Non-hazardous waste sent to the waste disposal site
EFFLUENT MANAGEMENT	Sewage discharge in treatment plants: generation of sludge.
GENERATION OF WASTE FROM USING THE PRODUCT	Scrap metal

INDIRECT ENVIRONMENTAL ASPECTS GENERATED IN EPC PLANTS

Client's own containers: Wood

Transport for products: Fuel consumption a generation of emissions

Spare parts for machinery. Scrap metal and electrical and electronic waste

4.5.3. Environmental aspects and impacts

Impacts on the environment are the direct cause of environmental aspects, and are related as shown in the table below:



Table 5. Environmental aspects and impacts

ENVIRON	MENTAL ASPECTS			
NATURE OF THE ASPECT	ASPECT LINKED TO EPC GE OPERATION	ENVIRONMENTAL IMPACTS		
	Water consumption	Depletion of natural resourcesIncreased effluent		
USE OF	Consumption of natural gas	Depletion of natural resourcesIncrease in emissions to air		
RESOURCES	Electricity consumption	 Increase in indirect atmospheric emissions 		
	Consumption of raw and auxiliary materials	- Depletion of natural resources		
WASTE	Hazardous waste generation	 Effect of human health from mishandling Contamination of ground or water from spills and accidental discharge 		
	Non-hazardous waste generation	- Overfilled landfill sites		
DISCHARGE INTO WATER	Sewage discharge	 Reduction of dissolved O₂ in the aquatic environment. Contamination of water 		
ATMOSPHERIC	Atmospheric emissions (SO ₂ , NOx, particles)	 Effect of human health Effects on forests Acidification and reduction of oxygen in waters 		
EMISSIONS	Emission of greenhouse gases (CO _{2e})	- Greenhouse effect		
NOISE	Environmental noise	 Noise pollution Harmful effects on human health 		
LAND OCCUPATION	Usage of land	 Land use Reduction in resources Effect on flora and fauna 		



5 Environmental Performance

5.1 Basic indicators

EPC GE, S.L. has a centre with an advanced environmental management system. It uses internal benchmarking to guide its environmental performance. Its facilities have an ISO 50001 certified energy management system in addition to the system forming part of the EMAS. Detailed energy monitoring systems are in place and regularly reviewed.

Table 6. Number of indicators

	Units	2022
Environmental performance indicators that are in general use throughout the organisation or reported in environmental statements	No. of indicators	64

Source: EPCGE, S.L.

5.1.1 Consumption

Table 7. Consumption raw materials

		Units	2019	2020	2021	2022
	Steel	t	1,035.88	827.19	994.33	1,172.12
Raw	Foundry	t	1,420.42	889.00	1,446.08	1,495.94
material	Forging	t	0	0	0	0
	TOTAL	t	2,456.30	1,716.19	2,440.41	2,668.05
-	Total production	t	1,988.42	1,437.78	1,861.43	2,140.13
Production	TOTAL consumption of raw material/total production	t/t	1.24	1.19	1.31	1.25
	Trend (Base 1)	-	1	0.96	1.06	1.01

Source: EPCGE, S.L.

In the last four years, the consumption of raw materials has remained constant.

The consumption of forging material this year has been nil.

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	Units	2019	2020	2021	2022
Oil	t	24.68	22.18	28.48	32.36
Corrosion inhibiting oil	t	7.85	7.35	10.00	8.80
Coolant	t	28.3	30.20	36.50	36.00
Hydrochloric acid	t	2.15	1.53	1.55	2.05
Nitric acid	t	1.62	1.23	1.35	1.90
Methanol	t	4.525	1.56	1.65	2.53
TOTAL	t	69.135	64.03	79.53	83.64
TOTAL consumption of auxiliary material/TOTAL production	t / t TOTAL production	0.035	0.045	0.043	0.039
Trend (Base 1)	-	1	1.28	1.23	1.12

Table 8. Consumption of auxiliary materials

Source: EPCGE, S.L.

These acids are used exclusively in the manufacture of steel parts. An analysis of the consumption of acids in steel production yields the following results:

	Units	2019	2020	2021	2022
Hydrochloric acid	t	2.155	1.525	1.55	2.05
Nitric acid	t	1.625	1.225	1.35	1.90
Methanol	t	2.225	1.558	1.65	2.53
TOTAL	t	6.005	4.308	4.550	6.478
TOTAL acid consumption / TOTAL STEEL production	t acid/ t TOTAL STEEL production	0.007	0.006	0.007	0.008
Trend (Base 1)	-	1	0.820	0.927	1.124
Consumption HCl/ t steel production	t HCI/ t TOTAL STEEL production	0.003	0.002	0.002	0.003
Trend (Base 1)	-	1	0.809	0.880	0.992
HNO3 consumption/ t Steel production	t HNO3/ t TOTAL STEEL production	0.002	0.002	0.002	0.002
Trend (Base 1)	-	1	0.862	1.016	1.219



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	Units	2019	2020	2021	2022
Consumption Methanol/ t Steel production	t Methanol/ t TOTAL STEEL production	0.003	0.002	0.002	0.003
Trend (Base 1)	-	1	0.800	0.907	1.183

Source: EPCGE, S.L.

We would like to remind you that the reduction of acids in 2020 and 2021 was due to the implementation and use of the Barkhausen technology on one of the HHP lines which does not use acid. In 2022, this consumption has increased due to the implementation of a new HHP3 line, which has been operational since last year.

Insofar the consumption of coolant is concerned, the improvement (by 14.2% over the total production) of the smart automatic coolant dosage unit to fill the coolant tank with mains water and coolant is significant. This unit has a dosing device that supplies the desired mixture to the tank in the established proportion. optimising the consumption of coolant. Also, monthly analyses of coolant are carried allowing a more prolonged use as it is kept in in optimum condition.

	Units	2019	2020	2021	2022
Plastic	t	6.85	4.38	6.42	7.41
Wood	t	9.81	6.31	18.62	14.37
Cardboard	t	14.94	11.02	36.93	22.08
Paper	t	0.56	0.54	0.75	0.27
Wood and cardboard	t	0.73	1.90	0.43	0.13
TOTAL	t	32.89	24.16	63.16	44.26
TOTAL containers / t production	t / t total production	0.017	0.017	0.034	0.021
Trend (Base 1)	-	1	1.02	2.05	1.25

Table 9. Consumption of containers and packaging

Source: EPCGE, S.L.

The consumption of containers and packaging has fallen by 39,05% this year. This reduction is mainly due to the use of wooden crates adhering to the policy of using returnable boxes and optimisation of cardboard consumption.

The customer's requirement to ship products in a certain way directly affects the products used for packaging, making it difficult to make any changes in this respect.

As far as possible and when the customer agrees, the use of returnable packaging is preferred by EPC.



A. POWER CONSUMPTION

Table 10. Power consumption

	Units	2019	2020	2021	2022
Electrical energy	MWh	4,406.72	3,456.30	3,985.74	4,175.17
Electricity consumption / t TOTAL production	MWh / t TOTAL production	2.22	2.40	2.14	1.95
Trend (Base 1)	-	1	1.08	0.97	0.88

Source: EPCGE, S.L.

Electricity consumption has decreased by 9% compared to the previous year as a result of the action taken.

It should also be noted that 100% of the electricity consumed in 2022 will come from renewable sources.

In terms of lighting, individual light zones have been delimited in 100% of the plant areas in order to improve the lighting efficiency.

Table 11. Luminous Efficiency

	Units	2022
Average luminous efficiency in the whole plant	lm/W	100

Source: EPCGE, S.L.

The average efficiency of the lighting in the plant is 100 $\rm Im/W.$ The same lighting is used throughout the plant.

There are 4 compressors for compressed air systems. The m³ of compressed air consumed is not available, but the energy consumption of the compressed air is available.

Table 12. Power Consumption Compressed Air System

	Units	2022
Power consumption of the compressed air system	MWh	638.52

Source: EPCGE, S.L.



B. <u>CONSUMPTION OF NATURAL GAS</u>

Table 13. Consumption of Natural Gas

	Units	2019	2020	2021	2022
Natural gas	MWh	900.87	566.83	596.70	773.68
Natural gas consumption / t TOTAL production	MWh / t TOTAL production	0.453	0.394	0.321	0.362
Trend (Base 1)	-	1	0.87	0.71	0.80

Source: EPCGE, S.L.

Gas consumption is seasonal, as it is only used for heating in winter, so the consumption depends largely on the seasonal weather conditions. As such, the consumption this year was up by 13%.

Consumption is considered to have been optimised over the last few years.

C. ELECTRICITY CONSUMPTION

Table 14. Energy consumption

	Units	2019	2020	2021	2022
Electrical energy	MWh	4,406.72	3,456.30	3,985.74	4,175.17
Natural gas	MWh	900.87	566.83	596, 70	773.68
Total Energy	MWh	5,307.59	4,023.13	4,582.44	4,948.85
Energy consumption / t TOTAL production	MWh / t TOTAL production	2.67	2.80	2.46	2.31
Trend (Base 1)	-	1	1.05	0.92	0.87

Source: EPCGE, S.L.

Total energy consumption, i.e. electricity and natural gas consumption, decreased by 6% compared to the previous year.



Table 15. Energy Source

	Units	2022
Power consumption of the centre coming from renewable sources	% consumption	84%
Fossil fuel power consumption per functional unit	MWh/t production	0.362

Source: EPCGE, S.L.

All fossil fuel power consumption is from natural gas as 100% of the electrical energy is from renewable sources.

D. WATER CONSUMPTION

Table 16. Water Consumption

	Units	2019	2020	2021	2022
Water	m ³	4,193	3,101	3,404	4,605
Water consumption / t TOTAL production	m ³ / t ^{TOTAL} production	2.11	2.16	1.83	2.15
Trend (Base 1)	-	1	1.02	0.87	1.02

Source: EPCGE, S.L.

In 2022, water consumption in relation to total production rose by 17.6% with respect to the previous year, showing an adverse trend.

This upward trend started in the last two quarters of this year. This was mainly due to the low flow rate in the supply system because of the rejection of the osmosis which resulted in a high hardness of the scrubber circuit. This lack of flow has also led to conductivity problems because adequate flushing was not maintained due to the problem of insufficient flow. All this has made it necessary to provide mains water for proper operation.

This will be remedied by the installation of a water softener for the cooling circuit, which will process the supply water.







5.1.2 Atmospheric emissions

A. DIRECT EMISSIONS

EPC GE, S.L. has natural gas boilers used for heating. The APCA code (by its Spanish initials that stands for Activities with Air-polluting Potential) for these is 02 01 03 03 and they are currently not included in the Resolution as a potential air pollutant.

The metal cutter (saw using coolant as a refrigerant) and the extractor hood in the laboratory are not included in Annex I of RD 100/2011 for potential air pollutants.

Two new sources are in the process of being legalised, this being a non-substantial modification of the APCA authorisation for confined emissions, the resolution of which will be issued in 2023. The sources correspond to ventilation facilities of the HHP1 and HHP2 lines.

On an annual basis, some refrigerant gas leaks on existing air conditioners are detected during leakage checks carried out as part of preventive and corrective maintenance.

	Units	2019	2020	2021	2022
CO ₂ e	t CO2e	3.74	10.39	9.09	13.26
Total emissions / t production	t / t production	0.002	0.007	0.005	0.006
Trend (Base 1)	-	1	3.84	2.60	3.29

Table 17. Estimated direct emissions from refrigerant gas

Source: EPCGE, S.L.

Direct emissions from refrigerant gas leaks are controlled through preventive and corrective maintenance of the installations. However, the greater or lesser amount of CO2 equivalent emitted is related to the type of gas used and its global warming potential.

Table 3	18.	Estimated	direct	emissions	from	natural	aas	consum	ption
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	Units	2019	2020	2021	2022
CO2	t CO _{2e}	181.62	114.27	120.29	155.97
CH₄	t CO _{2e}	81.08	51.02	60.14	77.99
N ₂ O	t CO _{2e}	96.65	60.81	56.92	73.81
Total	t CO _{2e}	359.34	226.10	237.36	307.77
Total emissions / t production	t / t production	0.181	0.157	0.128	0.144



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		Units	2019	2020	2021	2022
Trend 1)	(Base	-	1	0.87	0.71	0.80

Source: In-house compilation based on emission factors according to:

- Spain, GHG inventory report (Ed. 2021).

- IPCC 2006-Seasonal combustion, Industry

- IPCC - AR 5



In collaboration with the Lower Deba Development Agency (Debegesa), a working group has been formed with other companies to obtain and calculate the Carbon Footprint within the framework of the aid programme "Subsidies for innovation in circular economy 2022" .

The application for the subsidy for circular economy in SMEs was sent on 18 November 2022. With much delay, a positive response fully funding the project was sent on 23/05/2023.

EPC wishes to be involved the project "Decarbonisation in Lower Deba SMEs" with the aim of improving the environment in full support of decarbonisation. The carbon footprint of the company will be calculated.



5.1.3 Waste

A. <u>HAZARDOUS WASTE</u>

Table 19. Hazardous Waste Generated

	Units	2019	2020	2021	2022
Metal containers (contaminated with hazardous substances)	kg	80	10	15	70
Plastic containers (contaminated with hazardous substances)	kg	3200	2180	6340	1060
Coolant	kg	22,220	52,160	35,280	61,650
Grinding sludge	kg	253,200	193,300	287,040	299,830
Contaminated material	kg	6,240	2,460	2,100	8,380
Oil and coolant filters	kg	60	20	115	180
Office equipment	kg	1360	940	900	540
Grinding burn coolant lubricant	kg	118,888	37,360	107,720	152,080
Aerosols	kg	58	8	11	40
Fluorescent tubes and bulbs containing mercury	kg	50	35	56	27
Batteries and used batteries	kg	1.36	21.68	20	1.49
Laboratory waste	kg	15	20	0	5
TOTAL	kg	405,372	288,515	439,597	523,863
HW GENERATED / t PRODUCTION	kg HW / t production	203.87	200.67	236.16	244.78
Trend (Base 1)	-	1	0.98	1.16	1.20

Source: EPCGE, S.L.



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	Units	2019	2020	2021	2022
Coolant	kg	22,220	52,160	35,280	61,650
Grinding burn coolant lubricant	kg	118,888	37,360	107,720	152,080
TOTAL	kg	141,108	89,520	143.00	213.73
Coolant + Burn Control Liquid / t TOTAL PRODUCTION	kg HW / t TOTAL production	70.96	62.26	76.82	99.87
Trend (Base 1)	-	1	0.88	1.08	1.41

Source: EPCGE, S.L.

In terms of Hazardous Waste, there has been an increase in the combined waste of coolant and burn control liquid. This waste has increased because it is processed together in an evaporator where all kinds of liquids are also processed for the production of distilled water. The entire waste is stored in a joint 10,000-litre tank.

This generated waste is managed as coolant waste or burn control liquid depending on the resulting pH.

As a major technological improvement, EPC has a large volume evaporator that allows processing of all hazardous and non-hazardous liquid waste for the production of distilled water used in the induction hardening processes, enabling self-management of the plant.

B. NON-HAZARDOUS WASTE

Table 20. Non-hazardous Waste Generated

	Units	2019	2020	2021	2022
Scrap metal and tips	t	224.06	93.83	148.77	160.44
Metal chips	t	384.57	288.70	348.39	391.20
Wood	t	53.16	50.62	52.19	97.11
MIXES: Paper, cardboard and plastic	t	11.82	11.49	13.02	24.18
Toner	t	0.018	0.035	0.008	0
Wheels and abrasives	t	3.48	0	0	6.12
TOTAL	t	677.1	444.6	562.3	679.05
NHW GENERATED / t PRODUCTION	t NHW / t production	0.34	0.31	0.30	0.32
Trend (Base 1)	-	1	0.91	0.89	0.93

Source: EPCGE, S.L.



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The trend for non-hazardous waste was negative, with an increase of 5.02% compared to the previous year.



Table 21. Generated Waste Containers

	Units	2022
Waste generation containers	t	98.28
Generated waste containers / t production	t NHW / t production	0.05

Source: EPCGE, S.L.

5.1.4 Noise

In June 2014, EPC GE S.L. hired APPLUS to take noise measurements in accordance with specifications in the company's business licence; max. 60 dB (A) in adjacent industrial operations, regardless of municipal regulations.

The range of results was between 49 and 53 dB(A), fully meeting requirements, and therefore no action was needed to reduce the level of ambient noise.

Since the last measurement report on outdoor noise, no modifications to facilities and processes have been done that could affect the impact of environmental noise.



5.1.5 Biodiversity

EPC GE S.L does not have facilities or areas dedicated to the conservation or restoration of nature or to promoting biodiversity, either inside or outside the organisation. The premises are located in an industrial estate and as such it is not considered a sensitive area, and no biodiversity indicators beyond land use are calculated.

The data on land use are given below.

Та	ble	22.	Land	use
			Eana	

	Units	2019	2020	2021	2022
Constructed area	m²	6,017.44	6,017.44	6,017.44	6,017.44
Total sealed area	m²	10,400.00	10,400.00	10,400.00	10,400.00
Total area of the centre (plot)	m²	10,400.00	10,400.00	10,400.00	10,400.00
Total area outside the centre	m²	0	0	0	0
Built-up area/ t production	m ² / t production	3.03	4.19	3.23	2.81
Trend (Base 1)	-	1	1.38	1.07	0.93

Source: EPCGE, S.L.

5.2 Other indicators of environmental performance

Within its environmental management system, EPC GE S.L. has procedures for measuring and monitoring non-conformities, corrective and preventive actions, implementing environmental audits and training given to several members of the company.

The internal audit for the environmental management system took place in April 2023, with a comprehensive review of the documentation created and implemented including the previous EMAS Statement.



A. <u>INDICATORS OF INTEREST ACCORDING TO DECISION (EU) 2019/62 AND DECISION</u> (EU) 2021/2053

The indicators relating to these provisions not reported in the previous sections are set out below:

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	Units	2022
Use of internal or external benchmarking to guide environmental performance	Y/N	YES (Internal)
Installations with detailed energy monitoring systems	% facilities	100%
Facilities with an ISO 50001 certified energy management system or integrated in EMAS	% facilities	100%
Carrying out periodic system checks, automation, repair, maintenance and actions	% plants	100%
Fossil fuel power consumption per functional unit	MWh	16%
Improving the location and energy efficiency of lighting	% of lighting zones in a plant	100%
Implementation of areas with independent, individual lighting	% of lighting zones in a plant	100%
Waste sent to specific waste flows, including recycling, energy recovery and landfilling	% of total waste	100%
Establishment and implementation of a comprehensive waste strategy with improvement and monitoring targets	Y/N	Yes
Plants with advanced waste management plans in place	No. of plants	1
Plants achieving the target zero waste to landfill	No. of plants	0
Rate of specific products or materials recovered from ELVs	%	0
Plants that have carried out a review of their water strategy	% of facilities / operations	0
Plants that monitor water use	%	100%
Plants that monitor different water for production processes and sanitary use	%	0%
Operations in existing plants adapted with water- saving sanitary devices and processes	%	0%



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	Units	2022
New plants designed with water-saving devices and processes	%	0%
Installation of a wastewater recycling system	Y/N	No
Installation of a rainwater recycling system	Y/N	No
Annual amount of used stormwater and reusable wastewater	m³/year	No stormwater is used. Evaporated water from the evaporator is reused to an undetermined %.
Total water consumption from rainfall or recycled wastewater	%	Undetermined
Plants that have green roofs installed and are suitable for stormwater management	%	0%
Water retention capacity of the green roof	water retention percentage (%) // runoff water (m ³)	0%
Cooling effect: reduction of HVAC energy demand	MJ	0
Qualitative biodiversity indicators depending on local conditions	No. of species	0
Application of methodologies for valuing ecosystem services in the value chain	Y/N // % coverage	No
Coverage of the relevant scope, according to prioritisation	Y/N // % coverage	No
Collaborative projects with stakeholders to address biodiversity issues	No. of projects	0
Existence of procedures or tools to analyse feedback from customers, stakeholders and suppliers in relation to biodiversity	Y/N	0
Existence of a biodiversity-friendly landscaping plan for facilities or other areas owned, leased or managed by the company	Y/N	No
Biodiversity index	-	Not applicable



6 Legal environmental requirements and degree of compliance

EPC GE S.L complies with all applicable legal requirements, among which are the following principal permits:

- Business Licence form the Eibar town council, dated 16/06/1998.
- Permit to discharge sewage and rainwater from the Gipuzkoako Ur Kontsortzioa (Water Board Gipuzkoa), updated in 2020.
- HW Producer permit of 1/10/2009, updated and extended on 04/07/2014 by the Basque government's Dept. of the Environment and Land Planning.
- APCA (Air Pollution Control Association) permit of 17/12/2014. Within the stipulated period in 2020, EPC GE S.L. has submitted an update of the initial ECA report required for the permit. To date, no resolution has been issued.

EPC GE S.L. has identified and assessed the legal environmental requirements, enabling the company to know which ones applies to it, and the degree of compliance. In addition, the company uses the ECONET application, which provides users with updated information on new and projected regulations at all levels (EU, national, autonomous community, municipal, etc.).

In 2022, the Packaging Statement and the report on operations for loading, unloading and transporting hazardous goods were submitted to the public administration, in compliance with obligations for environmental communication

7 Interrelationship with interested parties

EPC GE, S.L. informs all its interest groups on relevant aspects and activities in the environmental field through this report.

The following stakeholders have been identified by EPC GE S.L.:

- Clients
- Company staff
- Suppliers
- Owners and investors
- Institutions
- The public as a whole
- Competitors
- Plants of the group

All employees can take part in improving the company's environmental performance, by contributing suggestions or actions for improvement directly to Quality and Environment Management, or through a supervisor. Suggestions are analysed for possible implementation. A survey is held amongst all staff on a yearly basis, and responses are analysed. In 2022, the survey was held in June. No environmental proposals were received.

On the other hand, suggestions and opportunities for improvement received from the meetings of the Energy Management Committee are also periodically collected. Noteworthy in 2022 in this sense were the update of previous studies and new projects for the installation of solar panels.



Anyone interested can request information on the environment by writing to the following e-mail address: <u>sgonzalez@epcge.com</u>

No environmental complaints or claims were received in 2022.

In collaboration with some companies, customers, EPC continues to establish good practices to minimise the generation of containers and container waste by using returnable containers.

In 2022 and coinciding with Asteklima, The Climate and Energy Week in the Basque Country, the Lower Deba town councils, together with Debegesa, the Lower Deba Development Agency, launched an initiative to stress good environmental practices of industrial companies in the region.

EPC participated in this ASTEKLIMA project in collaboration with different types of industries in the region. The aim was to share good environmental practices, focussing on the reduction throughout the production process of negative environmental impacts. A video was made of these practices for dissemination in society and in other companies in **the Lower Deba region**. EPC presented several projects it implemented such as the joint ventilation of manufacturing lines, reduction of electrical energy consumption with LED lights in the workshop and offices and the installation of a variable compressor.

VIDEO: <u>EPC | Ingurumen ekimenak Debabarreneko enpresetan/Iniciativas ambientales en</u> <u>empresas - YouTube</u>

8 Environmental verification

The EMAS 2022 Environmental Statement, Revision 5, was validated in compliance with article 8 of Regulation 1221/2009 by by LRQA España S.L.U., ES-V-0015, during verification of the Management System.

The validated statement is the Spanish statement, if any doubt, Spanish version is mandatory.