



Engine Power Components Group Europe

# **ENVIRONMENTAL STATEMENT FOLLOWING EMAS REGULATIONS EIBAR PLANT, GIPUZKOA, SPAIN**

## **YEAR 2023**



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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 14001:2015 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.



## 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.

The general details of the company are as follows:

<b>CNAE: (National Classification of Economic Activities):</b>	29.32 - Manufacture of parts, pieces and non-electric accessories for the automotive industry.
<b>TAX ID:</b>	B-75066902
<b>NIRI (Registration number in the Industrial Register):</b>	20-26409
<b>Company Name:</b>	ENGINE POWER COMPONENTS GROUP EUROPE, S.L.
<b>Address:</b>	Polígono Industrial Azitain nº5 Eibar C.P. 20.600 (Gipuzkoa)
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<b>Registration N°:</b>	ES-EU-000090



## 2.2. EPC GE, S.L. in numbers

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

		2021	2022	2023
<b>Camshaft production</b>	Production <u>Steel</u> (t)	683.30	802.14	829.32
	Production <u>Casting</u> (t)	1,178.13	1,337.99	1,173.95
	<b>TOTAL PRODUCTION (t)</b>	<b>1,861.44</b>	<b>2,140.13</b>	<b>2,003.27</b>
<b>Resources</b>	Total consumption of electricity (MWh)	3,985.74	4,175.17	3,954.00
	Consumption of natural gas (MWh)	596.697	773.68	725.81

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.

**Table 2. Environmental Program 2023**

Objectives	Goals and Actions	Supervisor	Completion deadline	Extent of completion of planned actions
<b>2% reduction in energy consumption</b>	Installation of scrubbers (evaporative units) to reduce the temperature in the workshop and avoid the use of individual industrial fans. This improves comfort and sustainability of machines. Large/small scrubbers depending on the m3. 6 installations in August.	Industrial/ Maintenance	August 2023	100%
	Installation of presence detectors in changing rooms and common areas	Maintenance	1st semester 2023	100%

Objectives	Goals and Actions	Supervisor	Completion deadline	Extent of completion of planned actions
<p><b>10% reduction of contaminated absorbents and consumption of filters</b></p> <p><b>Savings on 9 machines of filters, kits and sponges.</b></p>	<p>Installation of joint suction system for the lines.</p> <p>Connecting machines of the same line to a central ventilation system, thus reducing maintenance time on equipment and consumption of filters.</p> <p>Connected HHP2: 39, 38, 2013, 265, 228</p> <p>Connected HHP1: 33, 2012, 228 (enclosure), 274</p> <p>To be connected HHP3+Cam Zone. To be carried out after moving lathe 39. (Connection 10 machines)</p>	Maintenance	2nd half 2023	67%
<p><b>Self-generation of energy approx. 10% of total consumption (solar panels)</b></p>	<p>Study of quotations.</p> <p>Installation of 450 kWh rated power plant</p>	Energy management team	2nd half of 2024	25%
<p><b>2% reduction in water consumption</b></p>	<p>An external tank collects rainwater and water from the evaporator. Possible pre-treatment</p>	Maintenance	Under study	10%
<p><b>27% reduction in waste from coolant lubricant to prevent grinding burns</b></p>	<p>KAIA project with sensor technology to analyse layer depth and feasibility of ultrasonic testing (avoiding metallographic cutting and destructive testing)</p>	Technical assistant	March 2024	40%
	<p>2nd Barkhausen machine, more flexible with improved design.</p> <p>Arrival of machine</p>	Technical assistant	January 2023	100%
	<p>Machine in production</p>	Technical assistant	1st semester 2023	100%

As far as fulfilment of the aforementioned 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 to reduce consumption, motion detectors were installed in changing rooms, transit areas and common areas to reduce energy consumption.

In 2023, energy consumption remained the same in absolute terms compared to the base year (2021) but fell by 8.6% relative to the base year in terms of production. Therefore, the result is favourable, although compared to 2022 it rose by 1.2%.

In the coming years, reduction of consumption will continue to be an area of focus 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, postponed for implementation in 2024, and the installation of solar panels.



**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.

A reduction of 75.4% was achieved compared to 2022.

The concession of the third line will be done by the end of 2023 or early 2024.

**Objective 3: Self-generation of energy approx. 10% of total consumption (solar panels)**

This year, several alternatives along with costs were studied and a feasibility study of the measure was carried out.

**Objective 4: 2% reduction in water consumption**

A study for the installation of an external tank for the collection of rainwater and the use of water from the evaporator, with possible pre-treatment was initiated.

**Objective 5: 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 2023 was not completely eliminated but was significantly reduced. In addition, burn control fluid was processed separately from coolant during the year, so that it could be accounted for on a case-by-case basis.

However, on an aggregate basis, a 40% reduction in waste generation was achieved compared to 2022.

The programme of objectives for **2024** continues to consider significant environmental aspects, including measures that will address those that were not fully completed or reached in 2023, such as:

**Objective 1: Reduction of electricity consumption by 2%** through the installation of scrubbers/evaporative air conditioning on the automotive lines.

**Objective 2: 10% reduction of the waste from contaminated filters and absorbents**, by connecting the HHP3 lines to the central ventilation system.

**Objective 3: Self-generation of energy approx. 10% of total consumption (solar panels)**

Continued implementation of solar panels.

**Objective 4: 2% reduction in water consumption**

Continue with the installation of an external tank for the collection of rainwater and the use of water from the evaporator, with possible pre-treatment.

**Objective 5: 27% reduction in waste from liquid to prevent grinding burn (kg of waste from liquid used to prevent grinding / t steel production)**

Implementation of the KAIA Project with sensor technology to analyse layer depth and feasibility of ultrasonic testing (avoidance of metallographic cutting and destructive testing) as well as the 2nd more flexible Barkhausen machine with improved design.

## 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.**

An analysis of the organisational context is carried out annually, in which internal and external issues of relevance that may have an impact on the organisation's environmental management are analysed.

The annual risk and opportunity analysis was also carried out in 2023. Both analyses have yielded the following action or aspects to be considered:

- Carbon footprint calculation with scope 1+2+3
- New heavy-duty vehicle emissions legislation

#### **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:

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

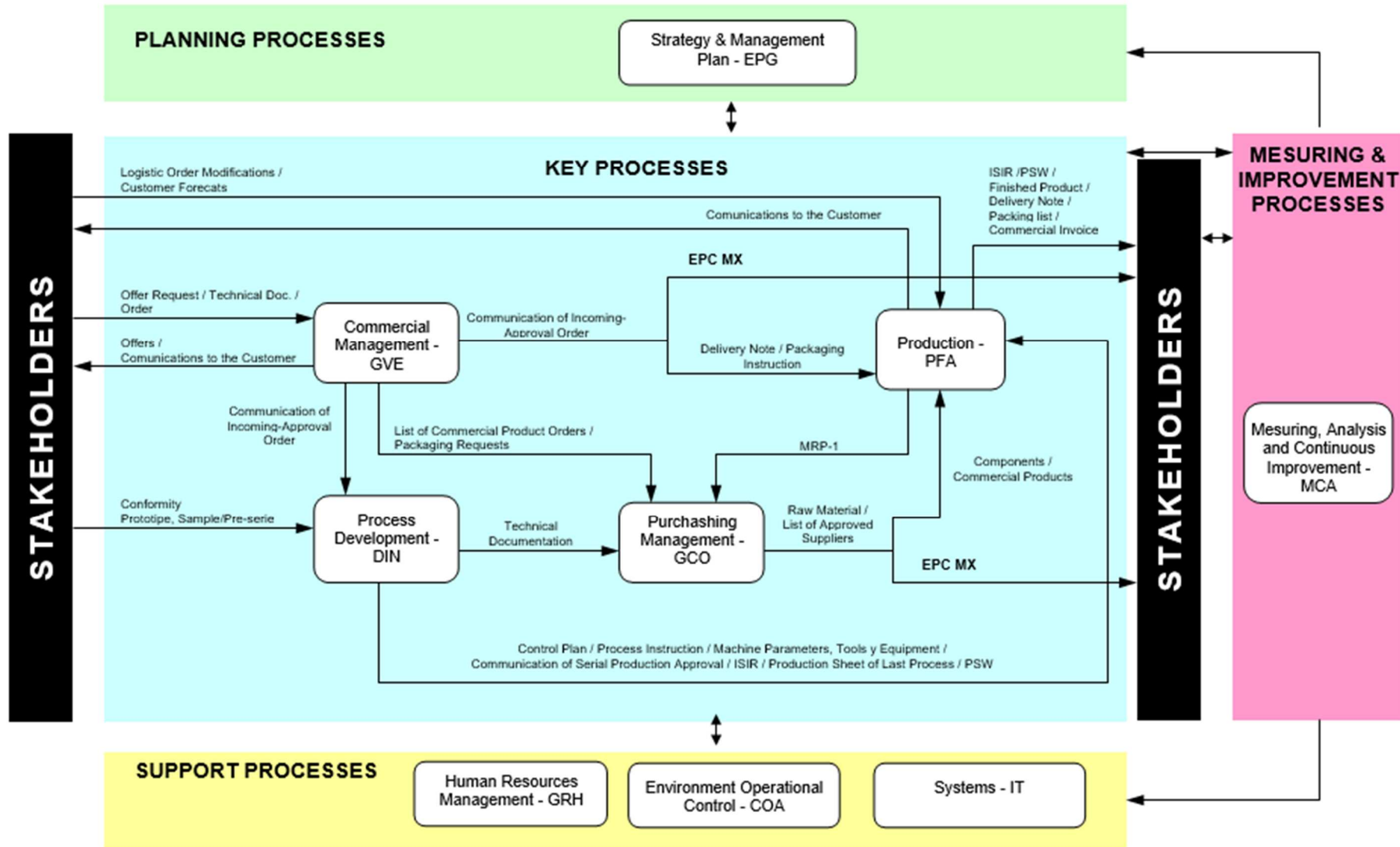
The management at EPC GE S.L. is strongly committed to the development and implementation of the EMS through the following activities:

- 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.

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 EPC GE, S.L. personnel have access to this policy, through publication on the document server and on the notice boards and central offices of the plant.

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](http://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.

Our strategic objectives are the Company's profitability, respect for and commitment to the environment and being leading manufacturers in our sector. To achieve these goals, we recognise that total client satisfaction and minimising our environmental impact, particularly from energy consumption, are essential. Therefore, we are dedicated to purchasing efficient products and services to improve our energy performance.

The products and services, aimed at both the market for OEM parts and spares, must achieve a maximum level of performance, and ensure compliance with all requirements of our customers, as well as with the legal requirements and other applicable requirements.

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.

EPC GE S.L. undertakes to offer equal treatment to all employees of the company, and to anybody related to the company (suppliers, customers, users, etc.), and upholds a firm commitment to non-discrimination by adhering to action plans and protocols with regard to acts or conduct of discrimination.

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., March 21, 2024

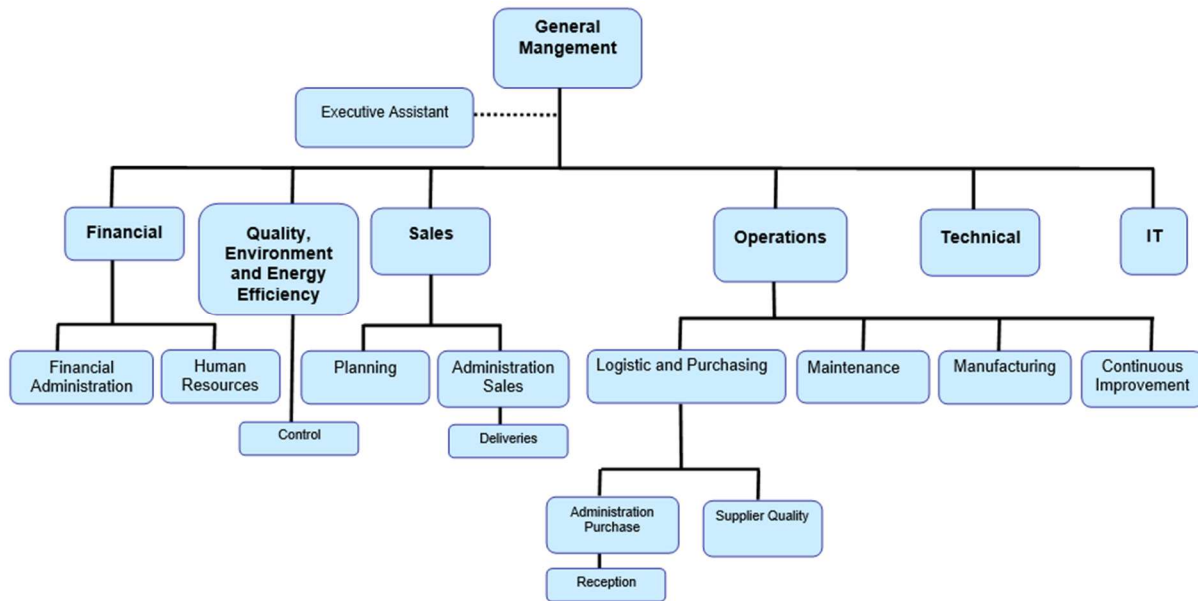


Iñigo Pérez-Arregui  
**EPC GE General Manager**

#### 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 shut down 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 considered 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:

- Direct environmental aspect: 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.
- Indirect environmental aspect: 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.:

$$\text{Riesgo} = \text{Pr obabilidad} \times \text{Gravedad} =$$
$$\text{Pr obabilidad} \times \frac{(\text{extensión} + \text{toxicidad})}{2}$$

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 Direct**

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 2023.

**Table 3. Significant direct environmental aspects**

<b>SIGNIFICANT DIRECT ENVIRONMENTAL ASPECTS</b>	
<b>SOURCE</b>	<b>CONSUMPTION</b>
Production plant	Sepiolite
	Refrigerant gases from air conditioning and cooling

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:

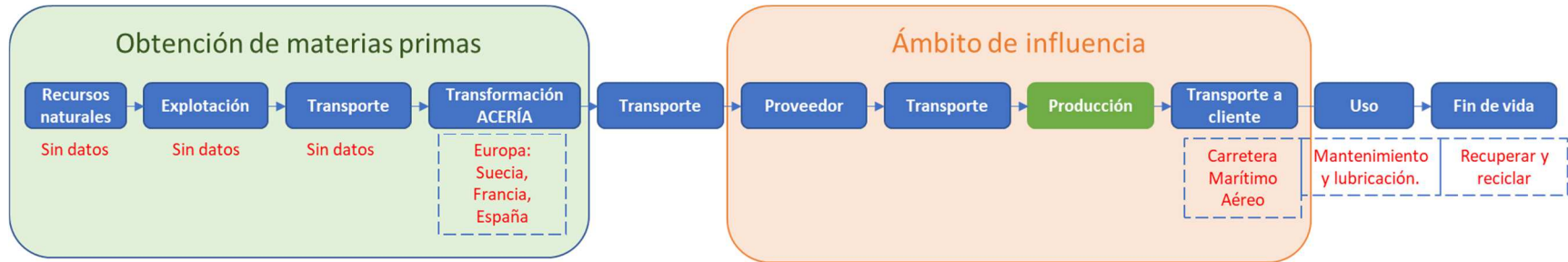
- Electricity consumption
- Water consumption
- Scrap metal waste generation

Indirect:

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

**4.5.2. Indirect**

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.

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

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

<b>INDIRECT ENVIRONMENTAL ASPECTS GENERATED IN EPC PLANTS</b>
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**

ENVIRONMENTAL ASPECTS		ENVIRONMENTAL IMPACTS
NATURE OF THE ASPECT	ASPECT LINKED TO EPC GE OPERATION	
<b>USE OF RESOURCES</b>	Water consumption	<ul style="list-style-type: none"> <li>- Depletion of natural resources</li> <li>- Increased effluent</li> </ul>
	Consumption of natural gas	<ul style="list-style-type: none"> <li>- Depletion of natural resources</li> <li>- Increase in emissions to air</li> </ul>
	Electricity consumption	<ul style="list-style-type: none"> <li>- Increase in indirect atmospheric emissions</li> </ul>
	Consumption of raw and auxiliary materials	<ul style="list-style-type: none"> <li>- Depletion of natural resources</li> </ul>
<b>WASTE GENERATION</b>	Hazardous waste generation	<ul style="list-style-type: none"> <li>- Effect of human health from mishandling</li> <li>- Contamination of ground or water from spills and accidental discharge</li> </ul>
	Non-hazardous waste generation	<ul style="list-style-type: none"> <li>- Overfilled landfill sites</li> </ul>
<b>DISCHARGE INTO WATER</b>	Sewage discharge	<ul style="list-style-type: none"> <li>- Reduction of dissolved O<sub>2</sub> in the aquatic environment.</li> <li>- Contamination of water</li> </ul>
<b>ATMOSPHERIC EMISSIONS</b>	Atmospheric emissions (SO <sub>2</sub> , NO <sub>x</sub> , particles)	<ul style="list-style-type: none"> <li>- Effect of human health</li> <li>- Effects on forests</li> <li>- Acidification and reduction of oxygen in waters</li> </ul>
	Emission of greenhouse gases (CO <sub>2e</sub> )	<ul style="list-style-type: none"> <li>- Greenhouse effect</li> </ul>
<b>NOISE</b>	Environmental noise	<ul style="list-style-type: none"> <li>- Noise pollution</li> <li>- Harmful effects on human health</li> </ul>
<b>LAND OCCUPATION</b>	Usage of land	<ul style="list-style-type: none"> <li>- Land occupation</li> <li>- Reduction in resources</li> <li>- Effect on flora and fauna</li> </ul>

## 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.

#### 5.1.1 Consumption

**Table 6. Consumption raw materials**

		Units	2021	2022	2023
Raw material	<b>Steel</b>	t	994.33	1,172.12	1,139.48
	<b>Pig-iron</b>	t	1,446.08	1,495.94	1,306.81
	<b>Forging</b>	t	0	0	0
	<b>TOTAL</b>	<b>t</b>	<b>2,440.41</b>	<b>2,668.05</b>	<b>2,446.29</b>
Production	<b>Total production</b>	<b>t</b>	<b>1,861.43</b>	<b>2,140.13</b>	<b>2,003.27</b>
	<b>TOTAL consumption of raw material/total production (*)</b>	<b>t/t</b>	<b>1.31</b>	<b>1.25</b>	<b>1.22</b>
	<b>Trend (Base 1)</b>	-	<b>1</b>	<b>0.95</b>	<b>0.93</b>

*\*Indicator i1 of Decision 2021/2053*

*Source: EPCGE, S.L.*

In the last 3 years the consumption of raw materials has remained fairly constant or has decreased slightly in relative terms.

The consumption of forging material this year has been nil.

**Table 7. Consumption of auxiliary materials**

	Units	2021	2022	2023
<b>Oil</b>	t	28.48	32.36	26.38
<b>Corrosion inhibiting oil</b>	t	10.00	8.80	7.50
<b>Coolant</b>	t	36.50	36.00	33.00
<b>Hydrochloric acid</b>	t	1.55	2.05	1.75
<b>Nitric acid</b>	t	1.35	1.90	1.55
<b>Methanol</b>	t	1.65	2.53	1.88
<b>TOTAL</b>	<b>t</b>	<b>79.53</b>	<b>83.64</b>	<b>72.06</b>



	Units	2021	2022	2023
<b>TOTAL consumption of auxiliary material/TOTAL production (*)</b>	<b>t / t TOTAL production</b>	<b>0.043</b>	<b>0.039</b>	<b>0.036</b>
<b>Trend (Base 1)</b>	<b>-</b>	<b>1</b>	<b>0.91</b>	<b>0.84</b>

*\*Indicator i46 of Decision 2021/2053 and Benchmark of Excellence b17)*

Source: EPCGE, S.L.

Auxiliary materials are indispensable for the correct performance of manufacturing processes. Oils and cutting fluids are mainly used as lubricants and coolants for machining processes. Acids are used exclusively in the manufacture of steel parts to carry out so-called "burn control". An analysis of the consumption of acids in steel production yields the following results:

	Units	2021	2022	2023
<b>Hydrochloric acid</b>	t	1.55	2.05	1.75
<b>Nitric acid</b>	t	1.35	1.90	1.55
<b>Methanol</b>	t	1.65	2.53	1.88
<b>TOTAL</b>	<b>t</b>	<b>4.550</b>	<b>6.478</b>	<b>5.175</b>
<b>TOTAL acid consumption / TOTAL STEEL production</b>	<b>t acid/ t TOTAL STEEL production</b>	<b>0.007</b>	<b>0.008</b>	<b>0.006</b>
<b>Trend (Base 1)</b>	<b>-</b>	<b>1</b>	<b>1.213</b>	<b>0.937</b>
<b>Consumption HCl/ t steel production</b>	<b>t HCl/ t TOTAL STEEL production</b>	<b>0.002</b>	<b>0.003</b>	<b>0.002</b>
<b>Trend (Base 1)</b>	<b>-</b>	<b>1</b>	<b>0.127</b>	<b>0.930</b>
<b>HNO3 consumption/ t Steel production</b>	<b>t HNO3/ t TOTAL STEEL production</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>
<b>Trend (Base 1)</b>	<b>-</b>	<b>1</b>	<b>1.200</b>	<b>0.946</b>
<b>Consumption Methanol/ t Steel production</b>	<b>t Methanol/ t TOTAL STEEL production</b>	<b>0.002</b>	<b>0.003</b>	<b>0.002</b>
<b>Trend (Base 1)</b>	<b>-</b>	<b>1</b>	<b>1.304</b>	<b>0.936</b>

Source: EPCGE, S.L.

We would like to remind you that this reduction since 2019 is entirely due to the implementation and use of the Barkhausen technology on one of the HHP lines, which does not use acid. This reduction was most significant in 2023, with a very favourable trend and a reduction of 40% compared to the previous year.

On the other hand, the consumption of coolant and oils remained fairly stable since the installation of the smart automatic coolant dosage unit to fill the coolant tank with mains water and coolant. 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 optimum condition.

**Table 8. Consumption of containers and packaging**

	Units	2021	2022	2023
<b>Plastic</b>	t	6.42	7.41	6.55
<b>Wood</b>	t	18.62	14.37	11.20
<b>Cardboard</b>	t	36.93	22.08	38.42
<b>Paper</b>	t	0.75	0.27	0.11
<b>Wood and cardboard</b>	t	0.43	0.13	1.00
<b>TOTAL</b>	<b>t</b>	<b>63.16</b>	<b>44.26</b>	<b>57.28</b>
<b>TOTAL containers / t production</b>	<b>t / t total production</b>	<b>0.034</b>	<b>0.021</b>	<b>0.029</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>0.61</b>	<b>0.84</b>

Source: EPCGE, S.L.

During this year, the consumption of packaging has increased compared to 2022, but the trend is favourable with respect to the base year (2021). EPC makes every effort to use wooden boxes and optimise the consumption of cardboard, but since we are bound to customer requirements for packaging and shipping of their products, we are rather limited in terms of modification and reduction.

A. POWER CONSUMPTION

**Table 9. Power consumption**

	Units	2021	2022	2023
<b>Electrical energy</b>	MWh	3,985.74	4,175.17	3,954.00
<b>Electricity consumption / t TOTAL production (*)</b>	<b>MWh / t TOTAL production</b>	<b>2.14</b>	<b>1.95</b>	<b>1.97</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>0.91</b>	<b>0.92</b>

\*Indicator i3 of Decision 2021/2053

Source: EPCGE, S.L.

Electricity consumption remains fairly stable compared to the previous year and the trend compared to the base year remains positive. Tight monitoring of electricity consumption continues through the Energy Management System implemented in

accordance with the ISO 50001 standard and the available process-level monitoring tool (*Indicator i12 and benchmark of excellence b6*) of Decision 2021/2053).

It should also be noted that 100% of the electricity consumed in 2023 is from renewable sources (wind power). (*Indicator i40 and benchmark of excellence b14*) of Decision 2021/2053).

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

**Table 10. Luminous Efficiency**

	Units	2022	2023
<b>Average luminous efficiency in the whole plant (*)</b>	lm/W	100	100

*\*Indicator i33 of Decision 2021/2053*

Source: EPCGE, S.L.

The average luminous efficiency of the light sources in the plant is 100 lm/W; the same model is available throughout the plant.

There are 4 compressors for compressed air systems. The m<sup>3</sup> of compressed air consumed is not available, but the energy consumption of the compressed air is available.

**Table 11. Power Consumption Compressed Air System**

	Units	2022	2023
<b>Power consumption of the compressed air system</b>	MWh	638.52	801.55

Source: EPCGE, S.L.

B. CONSUMPTION OF NATURAL GAS

**Table 12. Consumption of Natural Gas**

	Units	2021	2022	2023
<b>Natural gas</b>	MWh	596.70	773.68	725.81
<b>Natural gas consumption / t TOTAL production</b>	<b>MWh / t TOTAL production</b>	<b>0.321</b>	<b>0.362</b>	<b>0.362</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>1.13</b>	<b>1.13</b>

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 remained stable.

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

C. ENERGY CONSUMPTION

**Table 13. Energy consumption**

	<b>Units</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Electrical energy</b>	MWh	3,985.74	4,175.17	3,954.00
<b>Natural gas</b>	MWh	596, 70	773.68	725.81
<b>Total Energy</b>	MWh	4,582.44	4,948.85	4,679.81
<b>Energy consumption / t TOTAL production (*)</b>	<b>MWh / t TOTAL production</b>	<b>2.46</b>	<b>2.31</b>	<b>2.34</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>0.94</b>	<b>0.95</b>

\*Indicator i11 of Decision 2021/2053

Source: EPCGE, S.L.

Total energy consumption, which consists of electricity and natural gas consumption, has remained stable compared to the previous year and shows a favourable trend since the base year.

**Table 14. Energy Source**

	Units	2022	2023
<b>Power consumption of the centre coming from renewable sources</b>	% consumption	84%	84.5%
<b>Fossil fuel power consumption per functional unit</b>	MWh/t production	0.362	0.362

Source: EPCGE, S.L.

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

D. WATER CONSUMPTION

**Table 15. Water Consumption**

	Units	2021	2022	2023
<b>Water</b>	m <sup>3</sup>	3,404	4,605	5,405
<b>Water consumption / t TOTAL production (*)</b>	<b>m<sup>3</sup> / t TOTAL production</b>	<b>1.83</b>	<b>2.15</b>	<b>2.70</b>
<b>Trend (Base 1)</b>	<b>-</b>	<b>1</b>	<b>1.18</b>	<b>1.48</b>

\*Indicator I5) of Decision 2021/2053

Source: EPCGE, S.L.

In 2023, water consumption in relation to total production rose by 25.4% with respect to the previous year, showing an adverse trend.

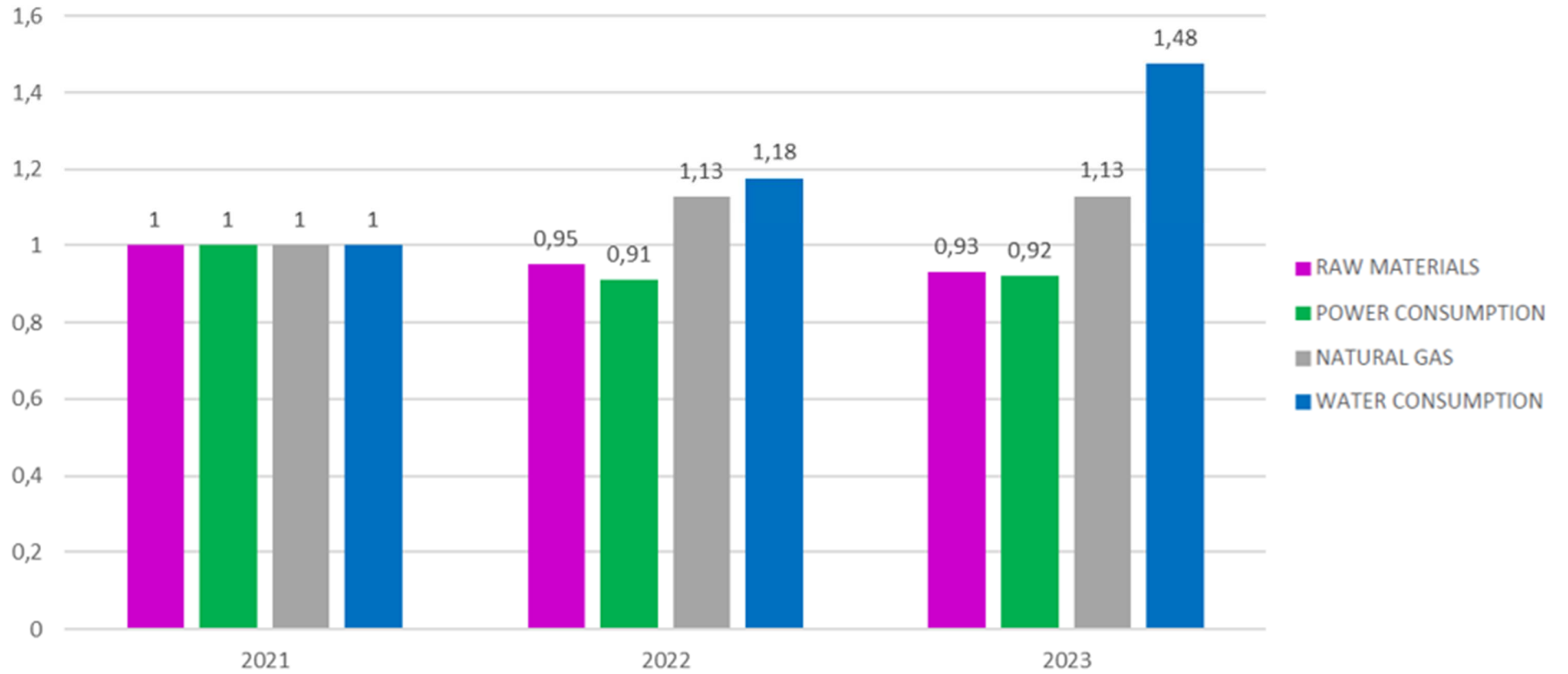
This high consumption was detected in the last two quarters of the year and was mainly due to low flow rate in the supply system because of the rejection of the osmosis which resulted in a high hardness of the scrubber circuit. This low flow rate has also led to conductivity problems as adequate flushing was not maintained because of this condition.

This made it necessary to use mains water for proper operation.

This will be remedied in 2024 by the installation of a water softener for the cooling circuit, which will process the supply water.

If this is not sufficient, further measures will be taken.

### Consumption Trends





## 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.

In 2023, we received the latest APCA resolution, legalising two new sources. This modification of the previous authorisation is not substantial in itself. The sources are for ventilation of the HHP1 and HHP2 lines. The first measurement of these will take place in the course of 2024 and will be included in the next EMAS statement.

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.

**Table 16. Estimated direct emissions from refrigerant gas**

	Units	2021	2022	2023
<b>CO<sub>2</sub>e</b>	t CO <sub>2</sub> e	10.65	15.54	43.23
<b>Total emissions / t production</b>	<b>t / t production</b>	<b>0.005</b>	<b>0.006</b>	<b>0.018</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>1.27</b>	<b>3.76</b>

Source: EPCGE, S.L.

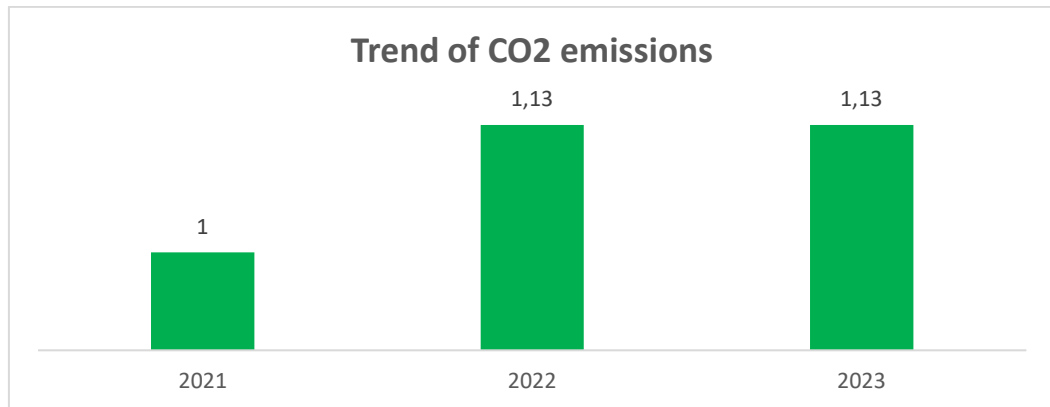
Direct emissions from refrigerant gas leaks are controlled through preventive and corrective maintenance of the installations. However, the greater or lesser amount of CO<sub>2</sub> equivalent emitted is related to the type of gas used and its global warming potential.

**Table 17. Estimated direct emissions from natural gas consumption**

	Units	2021	2022	2023
<b>CO<sub>2</sub></b>	t CO <sub>2</sub> e	108.59	140.81	132.10
<b>CH<sub>4</sub></b>	t CO <sub>2</sub> e	0.27	0.35	0.33
<b>N<sub>2</sub>O</b>	t CO <sub>2</sub> e	0.00	0.00	0.00
<b>Total</b>	t CO <sub>2</sub> e	108.86	141.16	132.42
<b>Total emissions / t production</b>	<b>t / t production</b>	<b>0.058</b>	<b>0.066</b>	<b>0.066</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>1.13</b>	<b>1.13</b>

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

- MITERD Calculator, 2023
- IPCC - AR 6



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 in the project "Decarbonisation in Lower Deba SMEs" with the aim of improving the environment in full support of decarbonisation. The calculation of the company's carbon footprint scope 1+2 was made, with the base year being 2022. Work will continue during this and future years on the calculation of the carbon footprint and especially on the incorporation of Scope 3. This can then be verified by an independent entity, with the aim of offsetting and reducing the company's impact on the environment. Work will also begin on calculating the carbon footprint of the product, which is intended to be done by product categories.



### 5.1.3 Waste

#### A. HAZARDOUS WASTE

**Table 18. Hazardous Waste Generated**

	<b>Units</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Metal containers (contaminated with hazardous substances)	kg	15	70	0
Plastic containers (contaminated with hazardous substances)	kg	6,340	1,060	160
Coolant	kg	35,280	61,650	111,000
Grinding sludge	kg	287,040	299,830	283,560
Contaminated material	kg	2,100	8,380	1,920
Oil and coolant filters	kg	115	180	50
Office equipment	kg	900	540	0
Grinding burn coolant lubricant	kg	107,720	152,080	20,000
Aerosols	kg	11	40	10
Fluorescent tubes and bulbs containing mercury	kg	56	27	0
Batteries and used batteries	kg	20	1.49	2.07
Laboratory waste	kg	0	5	0
<b>TOTAL</b>	<b>kg</b>	<b>439,597</b>	<b>523,863</b>	<b>416,702</b>
<b>HW GENERATED / t PRODUCTION (*)</b>	<b>kg HW / t production</b>	<b>236.16</b>	<b>244.78</b>	<b>208.01</b>
<b>Trend (Base 1)</b>	<b>-</b>	<b>1</b>	<b>1.04</b>	<b>0.88</b>

\*Indicator i1 of Decision 2021/2053  
Source: EPCGE, S.L.

	Units	2021	2022	2023
Coolant	kg	35,280	61,650	111,000
Grinding burn coolant lubricant	kg	107,720	152,080	20,000
<b>TOTAL</b>	<b>kg</b>	<b>143,000</b>	<b>213,730</b>	<b>131,000</b>
<b>Coolant + Burn Control Liquid / t TOTAL PRODUCTION (*)</b>	<b>kg HW / t TOTAL production</b>	<b>76.82</b>	<b>99.87</b>	<b>65.39</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>1.3</b>	<b>0.85</b>

\*Indicator i14 and benchmark of excellence b7) of Decision 2021/2053

Source: EPCGE, S.L.

In terms of Hazardous Waste, on the whole, the trend was favourable: a significant reduction in burn control liquid, contaminated material and filters. The use of coolant residue was on the rise because of the need for more frequent maintenance of the quality of the coolant circuit.

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

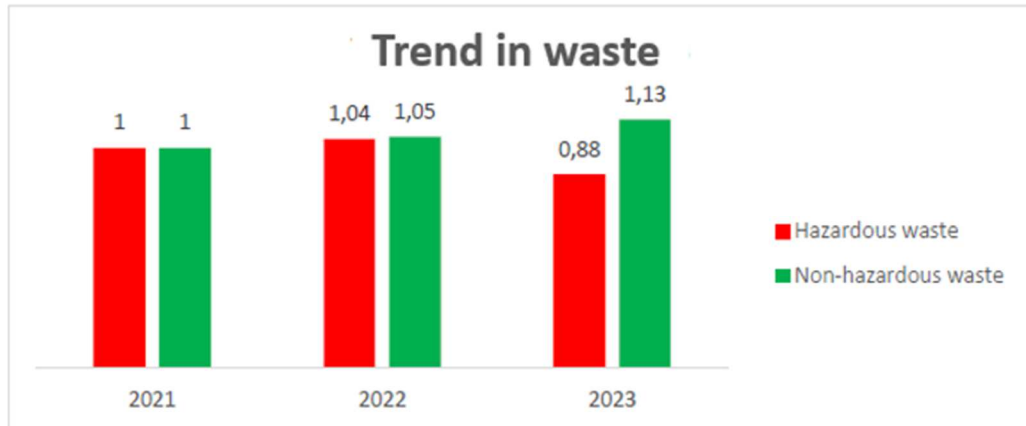
**Table 19. Non-Hazardous Waste Generated**

	Units	2021	2022	2023
Scrap metal and tips	t	148.77	160.44	138.80
Metal chips	t	348.39	391.20	398.16
Wood	t	52.19	97.11	129.80
MIXES: Paper, cardboard and plastic	t	13.02	21.34	0.00
Plastic	t	0	2.84	8.28
Toner	t	0.008	0	0
Wheels and abrasives	t	0	6.12	8.36
<b>TOTAL</b>	<b>t</b>	<b>562.38</b>	<b>679.05</b>	<b>683.40</b>
<b>NHW GENERATED / t PRODUCTION (*)</b>	<b>t NHW / t production</b>	<b>0.30</b>	<b>0.32</b>	<b>0.34</b>
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>1.05</b>	<b>1.13</b>

\*Indicator i1 of Decision 2021/2053.

Source: EPCGE, S.L.

The trend for non-hazardous waste was negative, with an increase of 7.52% compared to the previous year, particularly because of more waste from wood. It is also worth highlighting that plastic waste material is now sorted at the plant itself, and the data are now processed differently, allowing for more detailed monitoring of the waste. Previously, this process was carried out at the waste manager's facilities.



**Table 20. Generated Waste Containers**

	Units	2022	2023
<b>Generation of packaging waste (plastic and wood)</b>	t	99.95	138.08
<b>Packaging generated / t production (*)</b>	<b>t NHW / t production</b>	<b>0.05</b>	<b>0.07</b>

\*Indicator i10 of Decision 2021/2053.

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.

**Table 21. Land use**

	Units	2021	2022	2023
<b>Constructed area</b>	m <sup>2</sup>	6,017.44	6,017.44	6,017.44
<b>Total sealed area</b>	m <sup>2</sup>	10,400.00	10,400.00	10,400.00
<b>Total area of the centre (plot)</b>	m <sup>2</sup>	10,400.00	10,400.00	10,400.00
<b>Total area outside the centre</b>	m <sup>2</sup>	0	0	0
<b>Built-up area/ production</b>	t m <sup>2</sup> / t production	3.23	2.81	3.00
<b>Trend (Base 1)</b>	-	<b>1</b>	<b>0.87</b>	<b>0.93</b>

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 June 2023, with a comprehensive review of the documentation created and implemented including the previous EMAS Statement.

After analysing the sectoral reference document on best environmental management practices, environmental performance indicators and benchmarks of excellence for the metal product manufacturing sector (EU Decision 2021/2053), the company plans to continue improving the monitoring of some indicators, such as those related to the annual control of chemical products (comparative parameter b7) and the indicator of coolant consumption (cooling lubricant according to indicator i47), although it should be noted that EPC has already implemented a system for extending the useful life of coolant through additives and controlled dosage.

Below are some indicators of interest relating to Decision (EU) 2019/62 and Decision (EU) 2021/2053 that have not been reported in the previous sections:

**Table 22. Other indicators of environmental performance**

	<b>Units</b>	<b>2022</b>	<b>2023</b>
<b>Use of internal or external benchmarking to guide environmental performance</b>	Y/N	YES (Internal)	YES (Internal)
<b>Installations with detailed energy monitoring systems</b>	% facilities	100%	100%
<b>Facilities with an ISO 50001 certified energy management system or integrated in EMAS</b>	% facilities	100%	100%
<b>Carrying out periodic system checks, automation, repair, maintenance and actions</b>	% plants	100%	100%
<b>Fossil fuel power consumption per functional unit</b>	%	16%	16%
<b>Improving the location and energy efficiency of lighting</b>	% of lighting zones in a plant	100%	100%
<b>Implementation of areas with independent, individual lighting</b>	% of lighting zones in a plant	100%	100%
<b>Waste sent to specific waste flows, including recycling, energy recovery and landfilling</b>	% of total waste	100%	100%
<b>Establishment and implementation of a comprehensive waste strategy with improvement and monitoring targets</b>	Y/N	Yes	Yes
<b>Plants with advanced waste management plans in place</b>	No. of plants	1	1
<b>Plants that monitor water use</b>	%	100%	100%

## **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.
- Modification of the APCA (Potentially Atmosphere-Polluting Activities) permit of 08/05/2023.

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 2023, the report on operations for loading, unloading and transporting hazardous goods was submitted to the public administration, in compliance with obligations for environmental communication.

In 2024, registration in the CBAM registry was finalised to report on the purchase of imported steel.

## **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. In 2023, this survey was taken in February and September, and several suggestions were received regarding the application of good energy consumption practices by switching off machines and pumps, as well as the possibility of installing solar panels or joining the energy community of the industrial estate.



On the other hand, suggestions and opportunities for improvement received from the meetings of the Energy Management Committee are also periodically collected. Noteworthy in 2023 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: [sgonzalez@epcge.com](mailto:sgonzalez@epcge.com)

No environmental complaints or claims were received in 2023.

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.

## **8 Environmental verification**

The EMAS 2023 Environmental Statement, Revision 1, was validated in compliance with article 8 of Regulation 1221/2009 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.