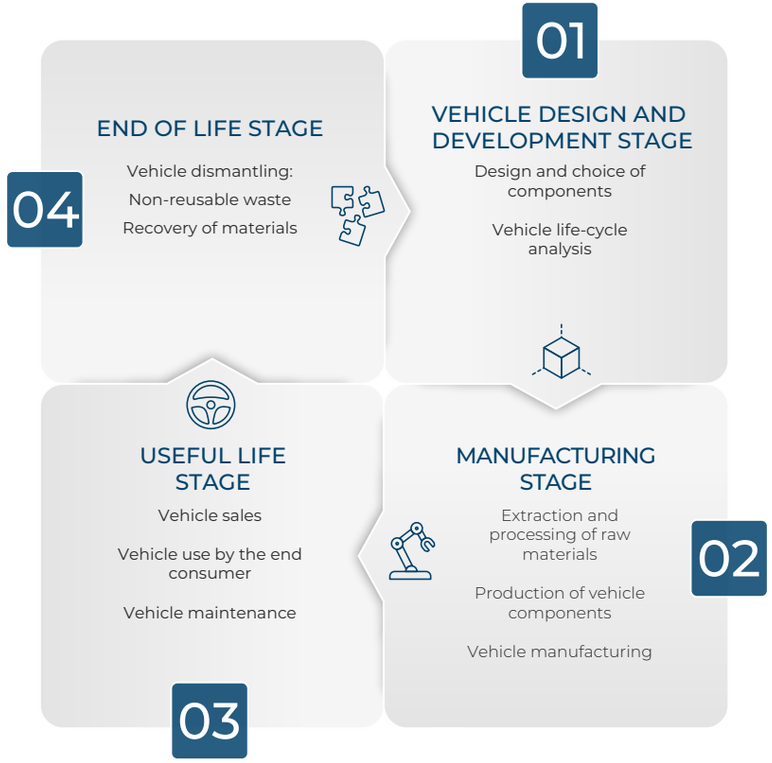
Environmental 5

5.1. Environmental Policy and Management

OUR APPROACH

Gestamp's environmental management is comprehensive. We apply environmental criteria at every stage of production, from the selection of our suppliers and optimisation of raw materials to the way we manage the energy consumed in manufacturing components and management of waste and of greenhouse gas emissions in the product usage stage.



HOW DOES GESTAMP HELP?

STAGE 01 Through our R&D work and our technological developments, in conjunction with our suppliers we offer solutions for reducing the weight of the parts we manufacture, which is a key factor in reducing the emissions generated during a vehicle's useful life.

STAGE 02 At Gestamp, we use environmental and social criteria when selecting our suppliers of raw materials and components.

As suppliers of automotive components, we focus our activities on:

- Optimising the consumption of raw materials and natural resources.
- Optimising production processes and logistics.
- Energy efficiency.
- Seeking the best solution from an environmental perspective when managing waste.

STAGE 03 By reducing the weight of our parts, we help make vehicles consume less fuel, thus reducing greenhouse gas emissions.

STAGE 04 All our products are made from metal and are, therefore, 100% recyclable.

> The decrease in weight in the pieces we produce, is one of the keys towards reducing emissions at each stage of production

ENVIRONMENTAL POLICY

In order to control and minimise the environmental impact of its activity, the Group has established an Environmental Policy that requires the following from all of its production centres:

- Implementation and maintenance of a certified Environmental Management System in accordance with international standards (ISO 14001 or EMAS).
- Quarterly reporting of the main environmental aspects through a management tool for monitoring environmental performance, identifying improvements and sharing the implementation of best practices. In this way, the data from all the production centres on water consumption, raw material consumption, waste management, waste production, energy consumption, environmental incidents and best practices is reported to Corporate, which audits it and carries out comprehensive monitoring of its evolution at each of the centres and for the Group as a whole, based on the following key indicators:

+ ENVIRONMENTAL POLICY

Gestamp has implemented the Systems of Environmental Management ISO 140001 and/or EMAS in all the Group's production centers

WPI
WASTE PRODUCTION INDEX

WMI
WASTE MANAGEMENT INDEX

WCI
WATER CONSUMPTION INDEX

EEI
ENERGY EFFICIENCY INDEX

CO_2 EI
CO_2 EMISSION INDEX

CERTIFICATIONS AND HUMAN, TECHNICAL AND ECONOMIC RESOURCES

Certifications and audits

At 31 December 2021, 92% of the Group's plants were certified in accordance with the ISO 14001:2015 standard and/or EMAS. One new production centre was built or purchased becoming part of the Group and 5 centres disappeared due to closure or a merger with other plants compared to the previous year.

Because of the hiatus and mobility restrictions in place as a result of COVID-19 to ensure the safety of workers in 2021, Gestamp cancelled most of the Group's visits and travel. This has changed the company's certification objective: in accordance with the Environmental Policy, newly incorporated plants have a two-year period in which to be certified. However, given the current situation, the internal objective of certifying all plants, considering the scope of 2019, has had to be put back to 2024, having obtained 4 new certifications this year.

Similarly, each plant is audited both externally and internally every year. In order to carry out internal audits, the Group encourages cross audits in which two specialists from two plants audit a third plant in order to share experiences, replicate solutions, propose improvements, etc. This project is currently implemented in plants in Spain, Portugal, Germany and Brazil. In 2021, the audits were conducted remotely, as they could not be carried out in person.

In the crossed audits, two technicians from different plants audit a third plant in order to share experiences, replicate solutions or propose improvements

Resources allocated to the prevention of the environment: people, provisions and guarantees

At Gestamp, we have a professional team dedicated to complying with environmental requirements both at the corporate level and at each of the plants. Environmental technicians report quarterly to the corporate team, who monitor and evaluate the indicators.

Total investments in systems, equipment and facilities relating to the protection and improvement of the environment amounted to 4.520 million euros gross at year-end 2021, while at year-end 2020 said investments amounted to 5.036 million euros.

The expenses incurred in 2021 in relation to the protection and improvement of the environment amounted to 1.685 million euros, compared to 1.091 million euros in 2020.

Regarding environmental risks, Gestamp makes financial provisions to cover their implementation. Additionally, the company has guarantees in the form of insurance that can cover the occurrence of environmental risks:

- Environmental Liability Insurance.
- Third-Party Liability Cover for Sudden and Accidental Pollution in the General Third-Party Liability policy.

In accordance with our internal classification of environmental accidents/incidents in which we establish the reporting of those incidents that affect an area outside our factories or that cannot be solved solely with our own means, during 2021, we had just one incident at Gestamp Santpedor caused by a spillage of wastewater with out-of-range values, which was solved without calling for the activation of the guarantees under the Environmental Liability Policy that the Group has taken out. The analysis of these kinds of events has allowed us to establish prevention and correction measures.

PROTECTED AREAS AND BIODIVERSITY

All of Gestamp's production plants are located in urban and industrial areas.

In 2019, a study was conducted which concluded that, although 69% of our plants are located in an area close (<5km) or adjacent to a protected natural environment, given the characteristics of our processes, the risk of affecting the natural environment is very low in 88% of these plants. In 2021, we continued with the detailed analysis of the situation of our production centres in relation to nearby protected areas.

According to the internal risk assessment, the risk is considered to be high in plants with industrial surface treatment processes that release their waters into public waterways. Only 8 plants in the Group meet these conditions and, through internal audits, we carry out the necessary controls to ensure that they have implemented an accident/environmental incident prevention plan that minimises the occurrence of a possible event.

As a residual risk, Gestamp controls environmental noise and light pollution within the operational control of the environmental management system certified under ISO 14001 and/or EMAS.

At the same time, we continue to voluntarily participate in the European Commission EU Business@ Biodiversity Platform.

On this platform, we work with pioneering companies to develop tools that help integrate biodiversity into different currently existing business models. The work focuses on three main areas:

:

Natural capital accounting
Helping companies identify best practices and available tools for assessing and integrating biodiversity into company decision-making, as well as developing systems for assessing the current natural capital in the different supply chains.

Innovation for business and biodiversity
Promoting innovations that contribute to valuing, protecting and enhancing biodiversity and natural capital by developing a toolkit for assessment and sharing and identifying opportunities and best practices

Finance
Facilitating a Community that provides a forum of dialogue between financial institutions to share experiences, raise awareness and promote best practices at EU level on how to integrate biodiversity and natural capital into financial activity trends.

5.2. Climate Change

OUR APPROACH

Climate Change is becoming increasingly important for society, and also for Gestamp. In our Group, we are committed to this issue by pursuing partnerships to achieve common goals:

- Fulfilling our internal commitment to ongoing improvement set forth in the Group's Environmental Policy.
- Responding to the expectations of society today, which is demanding solutions to this issue. This social movement is reflected at the institutional level through the entry into force of the first universal agreement to fight climate change, the Paris Agreement, which confirms governments' commitment to reduce CO_2 emissions and promote low carbon economies, and through the European Union's recent approval of the Green Deal, which aims to make Europe the first climate-neutral continent by 2050.
- Meeting the expectations of our stakeholders in terms of climate reporting and transparency
    - Requirements imposed by our upstream customers in the supply chain.
    - Diverse surveys by our investors, who rate our performance in terms of Climate Change.

GESTAMP'S COMMITMENT REGARDING THE REDUCTION OF EMISSIONS

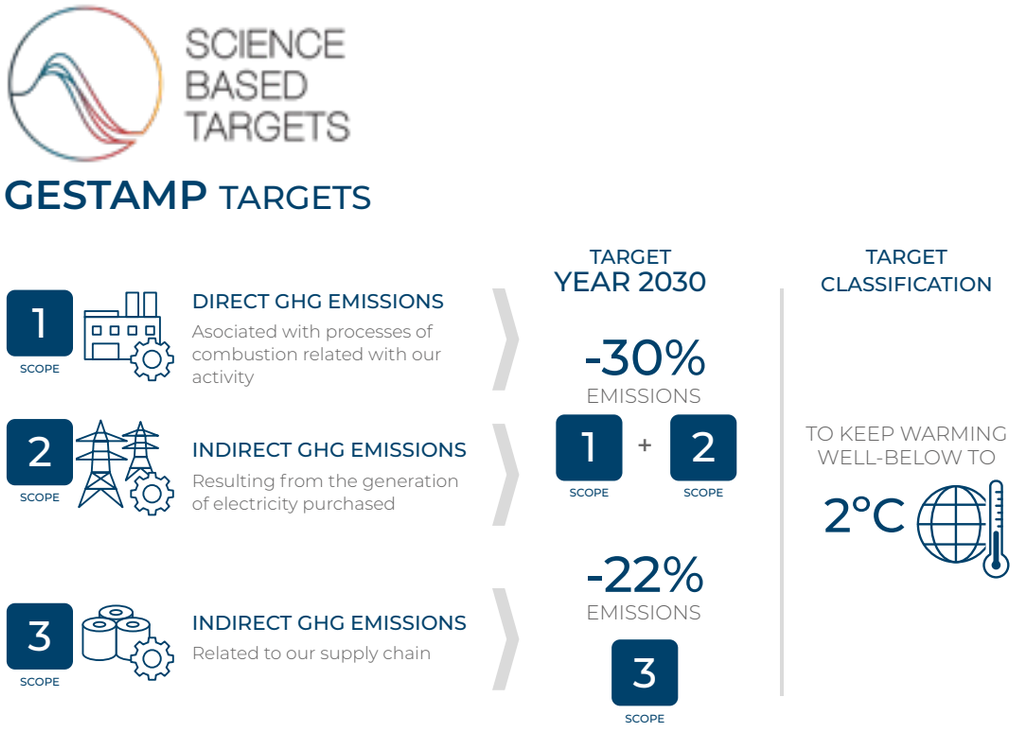
AIn line with the global commitment to limit the temperature increase adopted in the Paris Agreement, in 2020 Gestamp achieved official validation of its emissions reduction targets by the Science Based Target initiative, committing to a 30% reduction of its absolute emissions in scopes 1 and 2, and 22% in scope 3 by 2030 based on 2018.

These targets address the greenhouse gas emissions generated in the Group's operational processes and they are consistent with the reductions required to keep global warming well below the 2°C established in the Paris Agreement.

As such, Gestamp became one of the top 10 Spanish companies and the first in the automotive sector to obtain official endorsement of their emissions-reduction goals, demonstrating its firm commitment to the fight against climate change.

This commitment can be achieved by working on the following lines of action:

- **Analysis and Evaluation of risks and opportunities.** Identify and quantify potential impacts of climate change.
- **GHG environmental impact management.** Monitor and control the main environmental indicators that affect GHG.
- **Energy efficiency.** Reduce energy consumption and, consequently, greenhouse gas emissions in production processes.
- **Renewable energy supply.** Incorporate clean energies into the supply system.
- **Technological and R&D capacity.** Provide added value through its technological and R&D capacity, to develop new products and innovative solutions that allow lighter parts to be obtained, which help its customers to reduce their CO_2 emissions, since the lower the weight, the lower the consumption of fuel, and lower generation of emissions during the use of the vehicle.



Agreements and partnerships

In 2021, the Group continued to work towards achieving the SBTI targets. To this end, the following agreements were signed which will allow us to progressively reduce our Carbon Footprint:

Renewable energy supply
Agreement with Naturgy for 100% renewable electricity consumption from 2022 for all the group's production and R&D centres in Spain. The company thus becomes the first in the automotive sector in Spain to operate with electricity generated entirely from renewable sources.

Specifically, Gestamp will receive a supply of energy equivalent to 203 GWh per year from solar and wind renewable energy, in an agreement that includes PPAs (power purchase agreements).

Thanks to this agreement, with a term of 10 years and starting in January 2022, the multinational automotive components group will reduce its atmospheric emissions by 50,000 tonnes of CO_2 per year. This represents a 13% reduction in the total carbon footprint due to the Group's electricity use and an amount equivalent to the CO_2 absorbed by 350,000 trees and has a direct impact on the 30% reduction target for Scope 1 and 2 emissions.

AGREEMENT WITH NATURGY

Collaboration with strategic suppliers
Agreement with ArcelorMittal to use XCarb® green steel certificates for the production of automotive components. Thanks to this initiative, Gestamp has become the first Tier 1 supplier in the automotive sector to offer its customers, the world's leading vehicle manufacturers, products with a lower carbon footprint resulting from project-based CO_2 savings achieved through ArcelorMittal's decarbonisation initiatives.

With this agreement, the company has acquired ArcelorMittal's XCarb® green steel certificates which allow customers to purchase the CO_2 emissions saving made during the steelmaking process and report this saving as a reduction in scope 3 emissions (indirect emissions from the purchased goods.

AGREEMENT WITH ARCELOR MITTAL

Opportunity and risk analysis and assessment

In 2021, at Gestamp we updated the analysis of the risks and opportunities of Climate Change that affect our business in order to:

- Anticipate and adapt to the climatic risks that affect business, as well as take advantage of the opportunities it may offer
- Measure the financial impacts of climate change according to different scenarios and possible futures.

As a result of the study, we have identified the following risks and opportunities:

Risks

Physical:

- Extreme climatic phenomena in own factories that may bring production to a halt or cause damages in the facilities.
- Critical water stress in areas of operation affecting the communities where it operates.
- Increase in the outdoor ambient temperature that may have an impact on the indoor temperature of the facilities.

Transition:

- Uncertainty about technology leading to lower sales.
- Increased emission requirements from customers due to market changes.

Opportunities

- Improving energy efficiency and cost reduction as a result of regulations in this regard.
- Better positioning with respect to competitors by reducing the weight of the products (less emissions).
- Opening new business lines and developing new products as a result of emission regulations.
- Business growth through demonstration of competitiveness.

Following the TFCD methodology, we have estimated the potential financial impact for our Group of the materialisation of each of these risks and opportunities individually. With regard to risks, we have established procedures for their internal management in the event that they materialise, also assessing, where necessary, the costs of implementing these management methods. At the same time, for the opportunities, we studied the best strategies to develop them, also assessing whether they entailed any associated costs. This full paper has been published and can be found in our 2021 Climate Change report on the Carbon Disclosure Project platform.

In 2022, we will carry out an analysis of climate scenarios that not only enables us to identify the main present and future risks, but also to assess the potential effects and impacts that may result in the different assets and geographies from the different climate scenarios, and it is expected that this will inform us and serve to define mitigation and adaptation measures.

Environmental Indicators and Carbon Footprint

Every quarter since 2006 we have monitored the carbon footprint of all our production centres corporation-wide. Each plant reports its energy consumption levels in a database and, based on this information, the carbon footprint of each centre and the overall footprint are calculated according to GHG Protocol and IPCC procedures.

Energy consumption

All our processes need a source of energy in order to function. Therefore, we comprehensively track the different sources of energy consumed at our facilities: Electricity, natural gas, diesel oil and LPG.

The overall distribution of energy consumption is divided into 56% electricity, 39% natural gas and 5% other fuels.

Electricity is the main type of energy consumed by the Group, given that its plants use electricity as an energy source for most of the production processes, and also to power the facilities. Natural gas is used mainly for air conditioning in buildings, so consumption is usually seasonal. In addition, some production plants use it in processes like hot stamping and in painting lines. The other fuel types are linked primarily to the fleet of forklifts at the plants.

Energy consumption by fuel type (GJ)

	2019	2020	2021
Electricity	3,983,194	3,578,762	3,762,902
Natural gas	2,368,867	2,187,052	2,604,914
LPG	297,741	220,054	282,400
Diesel	36,203	32,280	26,342

Direct Electricity Consumption (GJ)

	2019	2020	2021
Europe	2,124,539	1,758,964	1,769,388
North America	1,036,176	1,025,083	1,106,996
South America	300,939	243,824	281,134
Asia	521,539	550,892	605,384
Total	**3,983,194**	**3,578,762**	**3,762,902**

Direct Electricity Consumption (GJ)

	2019	2020	2021
Europe	1,653,130	1,391,020	1,524,111
North America	483,680	576,794	868,250
South America	57,370	55,137	53,681
Asia	174,287	164,101	158,872
Total	**2,368,867**	**2,187,052**	**2,604,914**

Direct LPG Consumption (GJ)

	2019	2020	2021
Europe	98,718	74,408	75,907
North America	127,599	78,475	118,098
South America	54,559	51,757	63,903
Asia	16,865	15,414	24,492
Total	**297,741**	**220,054**	**282,400**

Direct Diesel Consumption (GJ)

	2019	2020	2021
Europe	14,714	11,973	13,200
North America	16,912	16,912	9,078
South America	344	120	210
Asia	4,234	3,276	3,854
Total	**36,203**	**32,280**	**26,342**

GHG MANAGEMENT

GHG emissions

In recent years, despite the increase in production plants and the introduction of hot stamping, technology that is more intensive in the use of energy, Gestamp has managed to reduce CO_2 emissions (in relative terms) thanks to improved environmental management and process improvement.

Internally, we use the CO_2 Emissions Index (defined as tCO_2 Scope 1 and 2/€100,000 AV) as a tool to assess our Group level performance in terms of emissions. In 2021, a reduction in this index was achieved thanks to the implementation of energy efficiency measures and contracting energy from renewable sources which have enabled us to contain the increase in emissions despite the recovery of the business after the hiatus caused by the COVID-19 crisis in 2020.

Greenhouse gas emissions ($TnCO_2eq$)

	2019	2020	2021
Direct Emissions: Scope 1	249,717	223,155	209,106
Indirect Emissions: Scope 2	429,417	389,911	356,500
Indirect Emissions: Scope 3	9,861,701	8,581,475	9,674,616
Category 1. Acquisition of goods and services	7,554,157	6,678,513	7,559,053
Category 2. Capital goods	344,481	314,417	218,778
Category 3. Activities related to energy production	146,811	143,967	158,479
Category 4. Upstream transport and distribution	156,470	124,994	136,646
Category 5. Waste generated during operation	29,050	22,933	26,300
Category 6. Business travel	25,304	11,371	11,430
Category 7. Employees' commute home/work	36,557	20,183	31,988
Category 8. Assets leased by the organization	43,116	39,959	44,147
Category 9. Downstream transport and distribution	0	0	0
Category 10. Processing of products sold	0	0	0
Category 11. Use of products sold by the organization	0	0	0
Category 12. Waste derived from products sold by the organization	1,494,655	1,191,883	1,445,465
Category 13. Assets leased to the organization	0	0	0
Category 14. Franchises	0	0	0
Category 15. Investments	31,100	33,254	42,330

Evolution of the CO_2 Emission Index

	2019	2020	2021
CO_2 Emission Index (tonnes of CO_2 scopes 1 and 2)	22	24	21

SO2 and NOx Emissions (Tn)

	2019	2020	2021
SO2 Emissions	2.4	2.0	1.9
NOx Emissions	302.7	267.9	322.4

VOC's (Tn) Emissions

	2019	2020	2021
VOC's Emissions	222	203	210

GHG reporting

Each year, Gestamp voluntarily reports its emissions performance through the international Carbon Disclosure Project (CDP) initiative. In 2021, Gestamp has held on to its 'B' score, which is higher than average for companies in the metal sector, with an average 'C' score.

CDP DISCLOSURE INSIGHT ACTION

CDP 2021 Climate Score		CDP 2020 Supplier Engagement Rating	
Gestamp	**B**	**Gestamp**	**A**
Average of metal sector Companies	C	Average of metal sector Companies	B-

ENERGY EFFICIENCY

At Gestamp, controlling the energy consumption of our plants is essential. Our objective is to reduce said consumption to meet our efficiency principles and our commitment to reducing CO_2 emissions.

In 2013, based on this principle, we commenced an ambitious Energy Efficiency project aimed at making improvements through several areas:

- Analysis of consumption and knowledge of the energy performance of our individual facilities.
- Study of good practices implemented in the Group.
- Research into new improvement channels.
- Sharing of all acquired knowledge.
- Setting of aims and the involvement of all organisational levels of the company.

To achieve our aims, we monitor the instantaneous consumption of electricity and gas of our equipment in order to create a model of its performance. Based on those consumption patterns, we establish algorithms to identify, quantify and notify of deviation.

Results achieved in 2021

In 2021, over 40 plants formed part of our Energy Efficiency initiative.

Specific Energy Efficiency measures were identified and implemented at each of these plants to optimise the functioning of equipment and to reduce its consumption. These measures enabled the Group to achieve a reduction of almost 27 GWh in 2021.

In 2022, we will continue to consolidate the initiative, achieving a high degree of maturity at the European plants and implementing improvements at the North American and Asian plants.

>40 PLANTS INVOLVED
Return on investment period: around 2.5 years

115 IMPROVEMENT MEASURES IMPLEMENTED
>30% have required no investment

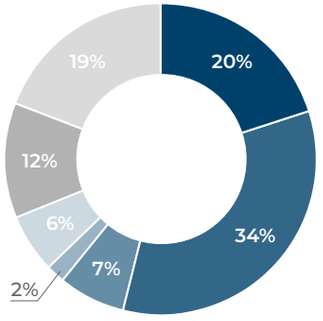
REDUCTION OF 10.500 Tn CO_2
Reduction of consumption: 27 GWh

Consumption reductions achieved in 2021

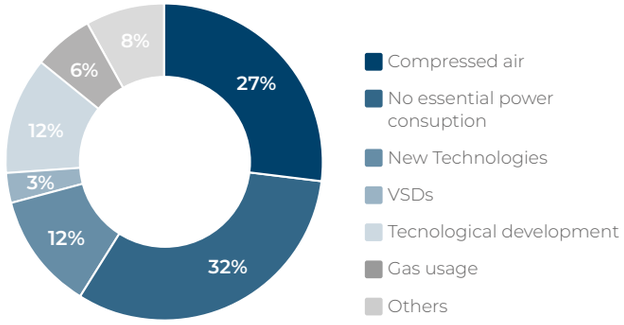
	Electricidad MWh	Gas MWh
Recurring 2016 - 2020	115,000 MWh	69,000 MWh
Achieved in 2021	20,500 MWh	6,500 MWh
TOTAL	**135,500 MWh**	**75,500 MWh**

Distribution of measures according to type (%)

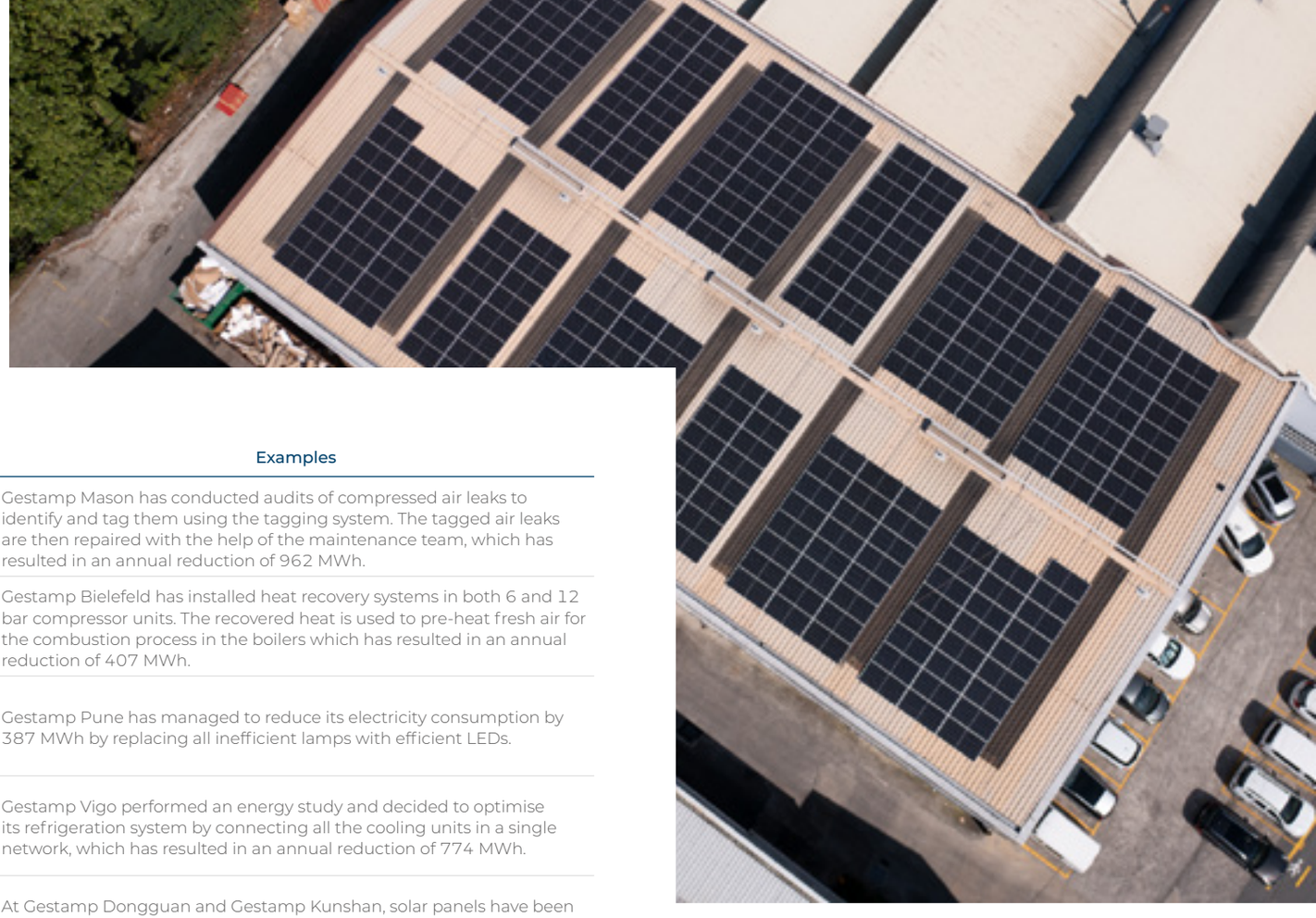
MWh Reduced (%)



Reductions of consuption in terms of economic value (%)



5. ENVIRONMENTAL



Types and examples of measures undertaken

Type of energy efficiency measure	Number of measures	Mwh saved	Tn CO_2 emissions avoided	Examples
Compressed air	20	5,266	2,083	Gestamp Mason has conducted audits of compressed air leaks to identify and tag them using the tagging system. The tagged air leaks are then repaired with the help of the maintenance team, which has resulted in an annual reduction of 962 MWh.
Gas usage	10	3,355	682	Gestamp Bielefeld has installed heat recovery systems in both 6 and 12 bar compressor units. The recovered heat is used to pre-heat fresh air for the combustion process in the boilers which has resulted in an annual reduction of 407 MWh.
Lighting	29	1,839	789	Gestamp Pune has managed to reduce its electricity consumption by 387 MWh by replacing all inefficient lamps with efficient LEDs.
Non essential power consumption	38	9,347	3,338	Gestamp Vigo performed an energy study and decided to optimise its refrigeration system by connecting all the cooling units in a single network, which has resulted in an annual reduction of 774 MWh.
Others	9	5,234	2,925	At Gestamp Dongguan and Gestamp Kunshan, solar panels have been installed on rooftops to consume renewable energy and achieve an annual reduction in CO_2 emission of 2,712 TON CO_2.
Technological development	7	1,717	400	Gestamp Le Theil has installed efficient chillers that support hot stamping and welding cell processes, which leads to an annual reduction of 711 MWh.
VSDs	2	531	306	Gestamp Kunshan has improved the performance of its 6-bar air compressor units by installing variable speed drives, which lead to an annual reduction of 444 MWh.
Total general	**115**	**27,290**	**10,523**	

Project expectations and plan for 2022

The reductions in consumption achieved through the measures implemented from 2016 to 2021 will continue in 2022. Furthermore, the new objectives for 2022 will be added.

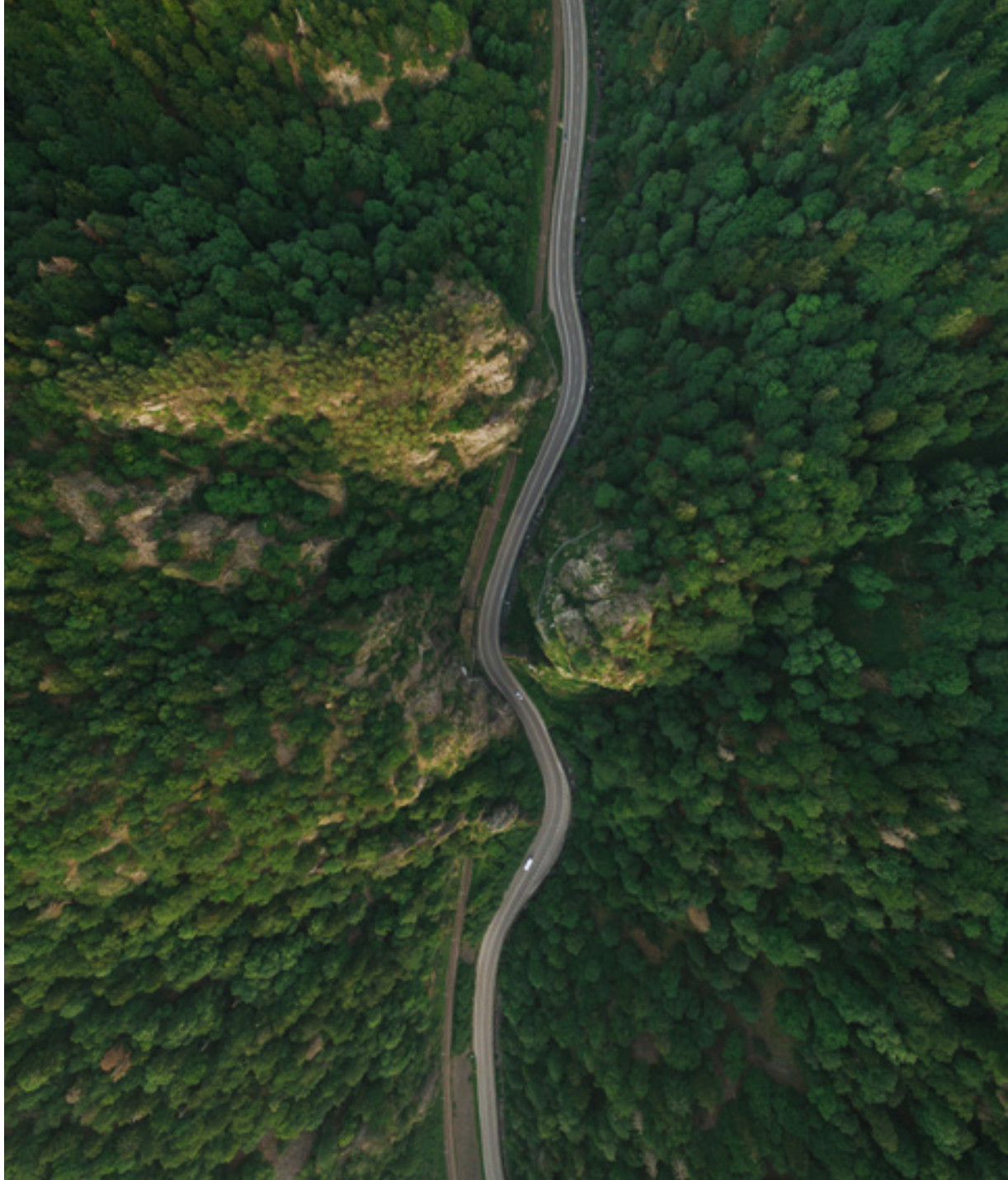
	Electricity MWh	Gas MWh	
Recurrent	135,500 MWh	75,500 MWh	
Estimated 2022	42,000 MWh	23,000 MWh	
TOTAL	**177,500 MWh**	**98,500 MWh**	**276,000 MWh**

The reduction in emissions proportional to a 276 Gwh reduction from the baseline is 95,000 tonnes of CO_2.

Long-term expected outcomes

From 2022 forward, we will continue to optimise consumption at the plants involved in the project, endeavouring to find ideal consumption levels for production and auxiliary equipment. We will consolidate the dynamics of responsible consumption at the plants by implementing an energy performance standard at the plants. In this way, and by monitoring energy consumption, we will be capable of standardising the expected performance and assessing and predicting deviations by using energy production indicators for equipment and energy management at the plants.

Energy-related best practices are being integrated and consolidated in a cross-disciplinary manner across all the Group's policies: R&D, new construction, expansions, etc.



RENEWABLE ENERGY SUPPLY

To guarantee compliance with the targets validated by the SBTI, Gestamp is drawing up a strategy for the purchase of green energy that is sustainable over time and that contributes, together with the energy efficiency actions implemented, to achieving a 30% reduction in emissions in scopes 1 and 2 within the agreed timeframe.

This strategy will result in a combination of three possible supply channels: the signing of long-term renewable energy agreements or PPAs (Power Purchasing Agreements), the installation of solar self-consumption systems and the purchase of green energy certificates or guarantees of origin.

In 2021, the production plants in the United Kingdom, Gestamp Nitra, Slovakia, and Gestamp Hardtech, Sweeden, used green energy with guarantees of origin, while in Poland green certificates were made available by the electricity company. It should also be noted that Gestamp has signed a PPA for the electricity supply of its plants in Spain, becoming the first industrial group in the automotive sector to sign this type of contract in this country. Specifically, from 2022, Gestamp will receive an energy supply equivalent to 203 GWh per year from solar and wind energy, which will reduce its atmospheric emissions by 40,000 tonnes of CO_2 per year.

+ PPA FOR THE ELECTRICITY SUPPLY OF ITS PLANTS IN SPAIN

In terms of self-consumption systems, 5 GWh of solar PV energy was consumed in 2021 thanks to the two plants that came on stream in 2020 in Chennai (India) and Hengersberg (Germany) and two other plants in Kunshan and Dongguan (China) that were commissioned in 2021. With the aim of further reducing emissions, it is important to stress that, in 2022, Gestamp will significantly boost self-consumption in its plants. There are 24 additional projects under study that are expected to be completed this year, including 20 projects in Spain, 2 in Portugal and 2 in China. Thanks to this, it is expected that, by the end of 2022, Gestamp will have 37 MWp of photovoltaic power installed in its plants, which will give it an annual energy generation capacity of 42 Gwh.

By way of summary, the following table shows the green energy consumed at Gestamp's plants and the tonnes of CO_2 derived from the use of electricity that were prevented from being emitted into the atmosphere in 2021 and the forecast for 2022.

	Green Energy (Mwh)	% Green Energy VS Total Consumption	Tn CO_2
2021	118,772	11%	36,797
2022	284,102	27%	70,655

Lower impact products

Our commitment to mitigate climate change also extends to the conception, design and development of our products by our R&D teams around the world. This is one of the strategic cornerstones for innovation within the Group.

As mentioned in the Innovation chapter of the Economic Block, we invest heavily to include increasing amounts of manufacturing technology that enables us to offer customers lighter products.

We have a wide variety of products in our portfolio that, due to the lighter-weight design achieved by Gestamp, help improve energy consumption and the environmental impact of vehicles.

5.3. Circular Economy

OUR APPROACH

Gestamp has a perfectly implemented circular economy model according to which the use of natural resources is optimised and responsible waste management practices are encouraged, aimed at segregating, reusing, recycling and recovering the vast majority of waste, avoiding landfill as the final destination.

In 2021, it was decided to certify this management model with AENOR through its Regulation for Zero Waste Certification in order to demonstrate our position on this issue in relation to:

- Implementation at Gestamp of SDG 12 Responsible Production and Consumption, in line with our commitment to the Sustainable Development Goals.
- Preparing the Group for the development of the regulatory framework that is being promoted in this direction (European Green Deal) in order to provide the best possible response to customers, investors and society in general.

SUSTAINABLE USE OF RESOURCES

Water

Water is a limited natural resource, and while we do not use it intensively, we do have savings and efficiency plans in place.

Water consumption at our production plants is predominantly for domestic use. At plants where surface treatment processes take place, such as painting or galvanising parts, or hydroforming processes, there is an industrial use of water. Only 27% of the Group's centres have such a process.

To monitor the development of water consumption, we use the Water Consumption Index, or the WCI, which measures the m3 of consumed water/€100,000 of added value. The significant variation experienced in this index depends on the part being painted, which directly relates to the projects being worked on with the customer at any given time.

The painting of skin parts, which will eventually be placed on the outside of vehicles, involves certain quality requirements that make it essential to frequently change the baths on the cataphoresis lines. As such, there is a considerable increase in water consumption. Conversely, the baths can be reused in the treatment of structural parts, which entails a low water consumption and a reduction in the WCI.

In 2021, we recovered a great deal of activity after the hiatus caused by the COVID-19 crisis in 2020, thus increasing both water consumption and Added Value. However, water consumption increased at a lower rate than Added Value as a result of the saving measures implemented in the production centres and, thus, we have achieved a reduction in the Water Consumption Index.

Water consumption according to the source (m^3)

	2019	2020	2021
Public Network	1,471,513	1,329,641	1,383,704
Surface Water	240	240	241
Underground Water	256,354	244,504	255,162
Total	**1,728,107**	**1,574,385**	**1,639,107**

Water consumption per region (m^3)

	2019	2020	2021
Europe	798,754	701,066	711,006
North America	355,219	361,170	350,078
South America	160,653	146,843	162,326
Asia	413,480	364,407	415,697
Total	**1728106**	**1574385**	**1,639,107**

Water Consumption Index Evolution

	2019	2020	2021
Water Consumption Index (m^3 of water consumed /100,000 euros of added value)	56	61	59

In addition, since 2015, we have completed the CDP Water Disclosure questionnaire, which specifically regards water issues, publicly disclosing our water footprint and providing information on the different aspects in managing the resource. The rating obtained in the CDP Water 2021 was “B”, above the “B-” average for companies in the Metal Sector.

CDP
DISCLOSURE INSIGHT ACTION

Gestamp	**B**
Average of Metal Sector Companies	B-

RAW MATERIALS

The manufacture of Gestamp parts requires the use of raw materials (steel, non-ferrous metals) and auxiliary materials (wire, welding gases, oils, etc.).

Raw materials represent approximately 42% of the Group's sales in the last three years, and steel represents around 88% of raw material purchases. In 2021, approximately 66% of the steel purchased in the Group was purchased through vehicle manufacturers' resale programmes, i.e., the manufacturer directly negotiates the price of the steel used to manufacture its parts with the steel suppliers.

Furthermore, our plants are constantly working on the characteristics of the procured materials, striving to gradually improve the way they are used, replacing oils and toxic or hazardous chemicals with other, less hazardous products or products that have a lower impact on the environment or human health.

Steel and aluminium are the most commonly used raw materials in our production processes, representing a weight of 97% and 2%, respectively, in relation to the total materials consumed. Gestamp is working to reduce all this consumption by identifying and implementing good practices.

To a lesser extent, representing 1% of total consumables, products such as oil, paint and chemical products required as auxiliary materials to carry out our production activities are used in our plants.

Efficiency in processes, quality, product and tool design are fundamental in order to optimise and reduce raw material consumption. Therefore, Gestamp monitors all of this every quarter by means of different management systems of the Group controlled by the plants, divisions and corporate from different perspectives, in addition to the environmental perspective, such as the areas of finance, purchasing, quality and the technical office, with the ultimate goal of achieving operational excellence.

> Our plants work on a progressive improvement in the use of oils and dangerous chemical products for others with better environmental behaviour or less toxicity

Consumption of Raw Materials and Procured Materials (% Tn)

	2019	2020	2021
Steel	98	96	97
Aluminium	1	3	2
Other procured materials ▾	1	1	1
Paint	0.06	0.08	0.05
Oil	0.09	0.06	0.05
Binder agent	0.07	0.08	0.09
Welding wire	0.28	0.27	0.26
Electrodes	0.01	0.01	0.01
Chemical products	0.10	0.09	0.09
Welding gases	0.39	0.41	0.44

Steel consumption per region (tonnes)

	2019	2020	2021
Europe	1,933,146	1,737,760	1,485,081
North America	685,863	533,873	1,112,524
South America	272,737	214,775	250,737
Asia	248,285	233,415	188,349
Total	**3,140,031**	**2,719,823**	**3,036,691**

WASTE MANAGEMENT

In 2021, a total of 46,511 tonnes of waste was generated, not including scrap metal. 23,222 tonnes represented non-hazardous waste and 23,289 tonnes hazardous waste.

Out of the total non-hazardous waste, 98% represented scrap metal. Scrap metal is a waste product that is 100% recyclable. Its reintroduction into the steel production process contributes to closing its life-cycle in accordance with our circular economy model.

Types of waste generated (Tn)

	2019	2020	2021
Hazardous Waste	23,449	32,993	23,289
Non-Hazardous Waste	24,517	21,585	23,222
Scrap	1,150,818	927,340	998,309

Non-hazardous waste

The most frequently generated non-hazardous waste categories are wood, solid urban waste and paper/cardboard:

Type of waste (%)

	2019	2020	2021
Wood	43	37	33
Solid urban waste	25	24	25
Paper/cardboard	15	12	13
Non-hazardous sludge	5	3	4
Other non-hazardous metals	5	5	12
Other non-hazardous waste	4	4	8
Plastic containers	3	3	3
Non-hazardous oil	0	13	2

Hazardous waste

In the hazardous waste category, the most frequently generated type is contaminated water, sludge, used oils and contaminated materials (cloths and gloves stained mainly with oil).

Type of hazardous waste (%)

	2019	2020	2021
Polluted water	54	73	69
Used oil	18	11	8
Sludge	10	6	8
Other waste	7	4	6
Contaminated material	3	2	3
Used oil filters	2	0	0
Blasting dust	2	2	2
Cutting oil	1	0	1
Welding powder	1	1	1
Contaminated packaging	1	0	1
Remainder ▾	1	1	1
Electronic and electrical devices	0,3	0,3	0,2
Mastics	0,2	0,2	0,4
Welding filters	0,2	0,2	0,1
Toner	0,1	0,04	0,07
Solvents	0,1	0,05	0,1
Medical waste	0,05	0,01	0,02
Fluorescents	0,03	0,01	0,02
Batteries	0,02	0,03	0,1

Plastics

In 2021, we collected 725 tonnes of plastic containers at Gestamp, 79% of which are recycled, 2% reused and 4% sent for energy recovery, with the other alternatives, such as, for example, being sent to landfills, being the last final destination option for this waste product, with only 15%.

Waste-related indexes

Group-wide, we work with two indexes that show us the trends in waste generation and management. As a consequence of the recovery of the business after the decline caused by the COVID crisis in 2020, added value has increased to a greater extent than waste production and, therefore, the Waste Production Index has decreased compared to the previous year. However, the general price increase in waste management costs prevents the Waste Management Index from decreasing to the same extent.

Waste Production Index Evolution

	2019	2020	2021
Waste Production Index (tonne of waste/€1,000,000,000 of added value)	15	21	17

Waste Management Index Evolution

	2019	2020	2021
Waste Management Index (cost of waste management in thousands of euros/€10,000,000 of added value)	17	19	19

FINAL DESTINATION OF WASTE AND ZERO WASTE CERTIFICATION

In 2021, Gestamp obtained the AENOR Zero Waste certification, highlighting its Circular Economy model, capable of reintroducing the waste it generates back into the supply chain.

The Zero Waste Regulation takes into account two types of certifications:

- **ZERO WASTE**
  Recovery of more than 90% of waste (excluding scrap metal)

- **TOWARDS ZERO WASTE**
  Recovery of more than 60% of waste (not taking scrap metal into account)

The verification has confirmed that the waste management systems of 63% of the Group's plants comply with the requirements of full traceability of waste from generation to delivery to a waste manager for recovery, ensuring the non-existence of waste destined for landfill and the verification of the legal requirements associated with the waste management process.

Out of the percentage of verified plants, 15% obtained the Zero Waste certification (more than 90% of waste) and the remaining 48% meet the requirements for Towards Zero Waste (more than 60%).

The audit also highlighted the high level of collaboration and involvement of all participating staff in the process of implementing the scheme, the tidiness and cleanliness of the waste storage areas in all the plants audited, and the integration of some specific requirements of the Zero Waste Management System into the ISO 14001 Environmental Management Systems.

Final Destination of Waste (%)*

	2019	2020	2021
Recycling	97.9%	97.4%	98%
Reuse	0.3%	0.3%	0.2%
Landfill	0.5%	0.6%	0.8%
Energy recovery	0.3%	0.3%	0.3%
Other	0.9%	1.4%	0.7%

*Including scrap metal

If we include scrap metal in these percentages, we have managed to ensure that 98.5% of our total waste ends up recycled, reused or with its energy recovered.

Gestamp has been the first international automotive Group to acquire the "Zero WASTE" certification

Residuo Cero AENOR conform

01 RECYCLING AND MATERIAL RECOVERY

Scrap	100%
Heavy and hazardous metals	100%
Hazardous used olis	71%
No hazardous used olis	34%

02 ENERGY RECOVERY

Solvents / Thinners	70%
Polluted material	49%
Adhesives / Mastics	43%

02 REUSE

Other non hazarddous metals	36

ZERO WASTE

16 PLANTS

98% SCRAP
100% Recycling and material recovery

2% OTHER WASTE
>90% Recycling and material recovery

MOVING TOWARDS ZERO WASTE

51 PLANTS

98% SCRAP
100% Recycling and material recovery

2% OTTHER WASTE
>60% Recycling and material recovery

+ CERTIFIED AS ZERO WASTE BY AENOR