
ESG Policy

(Environmental, Social, and
Governance)

ARMANDO ALVAREZ GROUP





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1. INTRODUCTION TO AND PURPOSE OF THIS POLICY

The Armando Alvarez Group, hereinafter referred to as “GAA” or “Group”, is not only governed by economic criteria, but also by social, environmental and good governance criteria. The ESG criteria (stands for Environmental, Social and Governance in English) have an impact both on the companies that are part of the Group and on the environment where they operate. This is why all Group companies adhere to these criteria and take them into account to make business decisions.

This Policy aims to establish principles for action, monitoring and control that the Group must adhere to in matters of ESG in order to guarantee that all the Group's activities are conducted in accordance with the principles of the UN Global Compact, i.e. respect for Human Rights, protection of labour rights, prevention of corruption, and care for the environment. We joined as signatory members in 2018 and accordingly we endorse the Sustainable Development Goals (SDGs) of the 2030 Agenda.

2. SCOPE

This is a global Policy that applies to the entire Group, including all business activities in the different regions where it operates and all the Group's relationships with stakeholders.

3. ESG PRINCIPLES

The Armando Alvarez Group considers its main mission to be the adoption of manufacturing processes that provide sustainable solutions, based on a circular economy model, through optimisation of resources, reduction of raw material consumption and reuse of waste products. This guarantees preservation of biodiversity and progress toward decarbonisation. Our commitment to ongoing improvement includes reinforcing employees' health and safety as well as talent management, and ensuring a positive impact on the community, by extending our business ethics and the principle of sustainability to the entire value chain. The Group, based on its corporate values, including innovation, trust, commitment and responsibility, sets forth a set of ESG action principles:

- Promoting circular business models in the industries where it operates, encouraging the reuse and recycling of the Group's products, as well as the reduction of waste generation during the Group's production processes.
- Encouraging efficient use of natural resources, contributing, starting even from the design, purchasing and production phases, to a more rational and adequate use of these resources.
- Protection and respect for biodiversity in all operations, preventing damage to local ecosystems, and protecting and taking care of natural capital.
- Committing to decarbonisation and fighting climate change by promoting energy efficiency as well as renewable energy, innovation and the development of solutions to reduce the environmental impact of both the company and its clients.

- Health and safety, by providing a healthy and safe work environment, and by mitigating risks at the workplace.
- Care for individuals, regarding employees as a key factor, setting up measures for recruitment and loyalty, encouraging diversity, quality and inclusion as well as professional development and ongoing education, and providing opportunities for training and growth.
- Social contribution, collaborating to generate a positive social and environmental impact for society as a whole, and in particular for the local communities where the Group operates, through corporate social responsibility programmes.
- Sustainability in the value chain, supporting clients with innovative solutions and providing them with a quality service, and also raising suppliers' awareness so that the supply chain is aligned with ESG principles.
- Ethics, honesty and transparency in all activities, avoiding conflicts of interest and ensuring commitment to zero tolerance for any illegal action.
- Ensuring enforcement of Human Rights and all relevant legal regulations, together with the internal standards, codes and procedures approved by the Group's Board of Directors, as well as the requirements that GAA has agreed to with other organisations to ensure the smooth operation of internal control mechanisms.

4. APPLICATION OF ESG PRINCIPLES, ASSOCIATED RISKS, MANAGEMENT AND MONITORING

To further develop their responsible business leadership, the Board of Directors has asked one of its members to encourage and promote the different aspects of the ESG criteria within the Group. The responsible Board Member, together with a multi-disciplinary and interdepartmental team, monitors that the company's practises in matters of environment, social responsibility and corporate governance adhere to this policy and to the strategy established by the Group.

This Policy falls within the context of management of the ESG risks identified in the corporate risk map, supplementing the Group's Risk Management Policy, and it is applicable to all Group companies.

The Internal Audit, together with the Compliance Department, are essential to control non-financial risks, including those related with the ethical and business conduct issues addressed in the standards, codes and procedures implemented within the Group, including this policy.

The Internal Audit function provides the Board of Directors with independent and objective auditing services for the Risk Management System and the Internal Control System, as well as for financial information and information on sustainability.

Apart from this, the Compliance department has implemented a solid programme to mitigate existing risks through different controls, tools and supportive elements, such as training programmes, communication and awareness campaigns.

5. DIALOGUE AND COMMUNICATION CHANNELS WITH STAKEHOLDERS

The culture of business ethics is reflected in the Group's day-to-day work, and GAA's goal is to promote this vision in its relationship with both internal and external stakeholders. Accordingly, understanding stakeholders' needs and expectations regarding the Group's activities is essential for making progress together and generating shared value.

For that reason, at GAA we conduct a materiality analysis based on GRI standards, bundling topics into four categories as follows: issues regarding respect for Human Rights, environmental issues, social issues and governance issues, thereby addressing the aspects that are most relevant to the company and that have a substantial impact on our stakeholders' decisions.

This analysis enables us to improve social, environmental and governance performance, which in turn means better management of risks and opportunities, as well as greater transparency and trust in the organization.

The Group makes different communication channels available to its stakeholders, owners, staff, clients, suppliers, organisations and to society at large in order to encourage a collaborative space where any concerns can be raised. The most noteworthy of these are: the corporate website, the Safety Committee, the safety officers, company committees, Complaint Channel, Intranet, message boards, Annual Financial Report, Corporate Report on Sustainability, corporate magazine, social networks, meetings, training opportunities, collaborations, alliances and participation in forums and trade fairs.

6. RESPONSIBLE COMMUNICATION PRACTISES

Transparency is one of the Group's hallmarks and one of the fundamental goals of its communication strategy, since it is essential for building confidence and trust among all stakeholders. To achieve transparency, the Group commits to:

- a) communicate true, accurate, relevant, complete, clear, reliable, and useful information on the performance and the relevant activities of the Group companies
- b) encourage transparency, by making a commitment to submit the Tax Transparency Report to the tax authorities as appropriate and to draw up and publish business financial and non-financial information every year, submitting the information for independent, external auditing
- c) communicate on the corporate website all the policies and codes of conduct that support the responsible governance of the Group
- d) market its products with statements based on their reduced, neutral or positive environmental impact, underscoring the ecological claims that it makes on a voluntary basis in its sales practises to promote its products.

7. APPROVAL

This Policy was approved by the Board of Directors in their meeting held on 23 November 2023. It will be reviewed as necessary to make any relevant amendments to ensure compliance with the Group's commitments on ESG issues.



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